Evaluation of Sida’s Global Challenge Funds
Lessons From a Decade Long Journey
Challenge Funds is one of Sida’s methods to engage more and new actors, including the business community, in development cooperation. Sida’s rationale behind Challenge Funds includes using open competition to trigger innovative and cost-effective solutions to development challenges we don’t have the answers for and mobilizing private capital to match grants. Although the purpose can vary widely depending on sectors, a Challenge Fund should always address a key development issue which otherwise is not addressed by market forces. In the implementation of the Swedish development strategies, the Challenge Fund mechanism is meant to be used when there is a clear benefit in using the fund model in relation to other forms of donor support.

After 10 years of funding challenge funds there are some fundamental questions that need to be answered, such as; is it an appropriate instrument in development cooperation and if so, in what contexts? And how can Sida improve and develop the design and implementation? Therefore, Sida commissioned an evaluation in 2017 with a focus on 10 global Challenge Funds financed by Sida independently or as one of several donors. The purpose of the evaluation has been to compile knowledge and test Sida’s rationale and underlying assumptions for the use of Challenge Funds in development cooperation and to broaden the evidence base regarding in which contexts Challenge Funds are appropriate to use in relation to other mechanisms.

We wish to express our thanks to the evaluation team and gratitude to the time and interest invested by all individuals who have participated in the evaluation. The evaluation process has served as a learning tool for Sida to compile our knowledge and the collected contribution of experiences and knowledge from staff at fund management, Sida, DFID, USAID and beneficiaries has been an important input to Sida’s efforts to further strengthen our capacity in designing and implementing Challenge Funds.

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Head of Evaluation Unit

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Head of Global Sustainable Economic Development Unit
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<th>Description</th>
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<tbody>
<tr>
<td>AAW</td>
<td>Agribusiness Africa Window</td>
</tr>
<tr>
<td>AC</td>
<td>AmplifyChange</td>
</tr>
<tr>
<td>AECF</td>
<td>Africa Enterprise Challenge Fund</td>
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<tr>
<td>AGRA</td>
<td>Alliance for a Green Revolution in Africa</td>
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<tr>
<td>AMK</td>
<td>Angkor Mikroheranhvatho Kampuchea - Cambodian microfinance institution</td>
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<tr>
<td>AWDF</td>
<td>African Women's Development Fund</td>
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<tr>
<td>B4D</td>
<td>Business for Development</td>
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<tr>
<td>BMZ</td>
<td>Federal Ministry for Economic Cooperation and Development, Germany (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)</td>
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<tr>
<td>CF</td>
<td>Challenge Fund</td>
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<tr>
<td>CONNECT</td>
<td>Service to AECF grantees to raise capital</td>
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<tr>
<td>CSCF</td>
<td>Civil Society Challenge Fund</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
</tr>
<tr>
<td>DCED</td>
<td>Donor Committee Enterprise Development</td>
</tr>
<tr>
<td>DE</td>
<td>Demo Environment</td>
</tr>
<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade (Australia)</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<tr>
<td>DIV</td>
<td>Development Innovation Ventures (USAID)</td>
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<tr>
<td>DOP</td>
<td>Dimensions of Poverty (Sida)</td>
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<tr>
<td>E/CC</td>
<td>Environment/Climate Change</td>
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<tr>
<td>ECF</td>
<td>Enterprise Challenge Fund</td>
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<tr>
<td>FM</td>
<td>Fund Manager</td>
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<tr>
<td>GBV</td>
<td>Gender Based Violence</td>
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<td>GIF</td>
<td>Global Innovation Fund</td>
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<td>GTZ</td>
<td>German Technical Cooperation Agency</td>
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<td>IAP</td>
<td>Innovations Against Poverty</td>
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<td>IB</td>
<td>Inclusive Business</td>
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<td>IDS</td>
<td>Institute of Development Studies</td>
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<td>KII</td>
<td>Key Informant Interview</td>
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<tr>
<td>MAVC</td>
<td>Making All Voices Count</td>
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<tr>
<td>MEL</td>
<td>Monitoring Evaluation and Learning</td>
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<tr>
<td>MEQ</td>
<td>Main Evaluation Question</td>
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<tr>
<td>OECD/DAC</td>
<td>OECD Development Assistance Committee</td>
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<tr>
<td>OEQ</td>
<td>Overarching Evaluation Question</td>
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<tr>
<td>PA</td>
<td>Powering Agriculture</td>
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<tr>
<td>PAX</td>
<td>Power Agriculture Xcelerator (USAID)</td>
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<tr>
<td>PCW</td>
<td>Post Conflict Window</td>
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## Abbreviations and Acronyms

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>PGD</td>
<td>Policy for Global Development</td>
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<tr>
<td>POP</td>
<td>Perspectives on Poverty (Sida)</td>
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<td>PwC</td>
<td>PriceWaterhouseCoopers</td>
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<tr>
<td>RAG</td>
<td>Red-Amber-Green ratings</td>
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<tr>
<td>REACT</td>
<td>Renewable Energy &amp; Adaptation to Climate Technologies</td>
</tr>
<tr>
<td>REACT SSA</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>S&amp;R</td>
<td>Sustainability &amp; Resilience</td>
</tr>
<tr>
<td>SAERG</td>
<td>Swedish Agency for Economic and Regional Growth</td>
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<td>SDC</td>
<td>Swiss Development Corporation</td>
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<tr>
<td>SEK</td>
<td>Swedish Kroner</td>
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<tr>
<td>SEQ</td>
<td>Sub-Evaluation Questions</td>
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<tr>
<td>SNV</td>
<td>Netherlands Development Organisation (Stichting Nederlandse Vrijwilligers)</td>
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<tr>
<td>SRHR</td>
<td>Sexual Reproductive Health and Rights</td>
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<tr>
<td>SWFF</td>
<td>Securing Water for Food</td>
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<tr>
<td>TA</td>
<td>Technical Assistance</td>
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<tr>
<td>ToC</td>
<td>Theory of Change</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
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### Global Challenge Funds

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<th>Enterprise Challenge Funds (ECFs)</th>
<th>Civil Society Challenge Funds (CSCFs)</th>
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<td>AECF</td>
<td>MAVC</td>
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<td>PA</td>
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<th>AECF Windows</th>
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<td>REACT</td>
<td>Renewable Energy &amp; Adaptation to Climate Technologies</td>
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<td>REACT SSA</td>
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<td>PCW</td>
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<td>CONNECT</td>
<td>Service to AECF grantees to raise capital</td>
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Sida commissioned IPE Triple Line to undertake a utilisation focused Evaluation of Sida’s Global Challenge Funds. The purpose of the evaluation is to learn lessons from the design and implementation of 10 global Challenge Funds supported by Sida. The IPE Triple Line team included David Smith (Team Leader), Matthew Kentridge, Martin Wright, Juliette Seibold, Katharine May and Theo Sands, The evaluation was conducted between December 2017 and October 2018 and included an extensive document review, key informant interviews with Sida personnel and Fund Managers, a grantee survey and two field visits to Bangladesh and Kenya where the team facilitated grantee workshops and interviewed wider stakeholders.

Key findings were presented to Sida personnel in June 2018 for discussion and validation. In September 2018, key findings were shared with a wider group of interested parties at an open seminar in Stockholm. This was followed by a further seminar with Sida personnel to refine the recommendations, informing the finalisation of the evaluation report.
BACKGROUND AND AIMS OF THE EVALUATION

Sida has defined a Challenge Fund (CF) as a: “financing mechanism to allocate (donor) funds for specific purposes, using competition among organisations as the lead principle”. CFs are different from conventional funding processes as the grantees typically have a large degree of freedom in finding and designing innovative solutions. The funds are therefore focused on a desired outcome and the means are not prescribed.

Sida has been funding CFs since 2007, to an estimated value of SEK 2,000 million. 60% is distributed through global CFs. This evaluation reviews 10 global CFs in the Sida portfolio. There are a variety of funds, with Sida’s contribution ranging from SEK27m (Sustainability & Resilience) to SEK336m (AECF). Grant sizes vary from SEK20,000 (for small grants under IAP1) up to $15m (for One Acre Fund, through GIF). Some funds have over 250 grantees (AECF, AmplifyChange), while others have no more than 20 (Sustainability & Resilience).

The purpose of this evaluation is to assess the 10 CFs supported by Sida, to test Sida’s rationale and underlying assumptions for the use of CFs in development cooperation, and to broaden the evidence base in order to understand the contexts where CFs rather than other aid mechanisms are appropriate. The evaluation uses a ‘utilisation focused approach’ to ensure that the findings serve the practical information needs of Sida and their engagement with Fund Managers (FMs).

METHODOLOGY

The evaluation has been conducted over a 9 month period from January 2018. It has involved a desk review, key informant interviews, and a survey of FMs and fund grantees. Site visits were undertaken to Bangladesh and Kenya in May.

The Terms of Reference set two overarching evaluation questions (OEQs) divided into six main evaluation questions (MEQs).

- OEQ1: To what extent and under what circumstances has the use of the CF mechanism proved to be the most appropriate way of achieving the specific development objectives of the intervention?
- OEQ2: To what extent have fund management arrangements and processes supported the successful achievement of individual programme objectives?
Data was analysed using judgment criteria related to each MEQ to identify examples of best practice. Key findings were discussed with Sida staff and recommendations were identified during a co-creation workshop in Stockholm in June 2018, and further discussed in a meeting with Sida staff in September 2018.

CONCLUSIONS

The overall conclusion is that for the majority of the 10 programmes reviewed, **CFs have been an appropriate instrument for addressing development objectives** and the intended outcomes for the majority of the funds have been broadly achieved. Three funds stand out for their achievement of planned outcomes and impact: AECF, Powering Agriculture and SWFF. The preparation and selection of a CF as the preferred instrument was not compelling for Demo Environment, MAVC and Sustainability & Resilience. For these funds, the CF was not considered to be the appropriate instrument of support.

Enterprise Challenge Funds (ECFs) have proven effective in opening up and **reducing the risk of untapped or hard-to-reach** markets and in discovering hidden innovation across a wide range of sectors and geographies. CFs are most effective when they address well-articulated challenges where the outcomes are narrowly defined (e.g. Powering Agriculture) or where the project outcomes are broader (e.g. GIF). Sida has been lucky in the relative success of the portfolio, given that an explicit consideration of alternative support instruments was not undertaken as part of their appraisal process. In future, at the appraisal stage, Sida could give more detailed consideration to other aid instruments, before selecting a CF. The **preconditions for using a CF** are assessed under MEQ3.

The experience from the 10 CFs is that in general the **more intensively managed funds**, with a more hands-on approach, had a greater degree of success in ensuring sustainable development outcomes than the lighter touch funds. CFs which enlist wider stakeholder support, are more likely to deliver impact.

Experience has also shown that engagement by **Sida at all stages of the project cycle is of critical importance**, but especially in the design of the fund. This needs to be undertaken collaboratively with the other donors in the case of multi-donor funds.

The evaluation showed inconsistencies in the understanding of the barriers, challenges and opportunities to address the **cross-cutting issues** of gender equality, environment, climate change and local ownership. The experience has shown that clarity in the definitions of these terms, as well as an understanding of what objectives might be relevant and achievable is essential.

While the responsibility of project implementation remains with the grantee, the task of the FM is becoming increasingly complex and demanding. There is an expectation that the FM should have a skill set which covers cross cutting issues and a range of skills beyond grant management and due diligence.

The evaluation also found that **regional engagement by Sida in an oversight and influencing role** improved not only the outcomes of the CFs, but also the process of local engagement with individual CF projects which in turn offered the opportunity to learn and inform Swedish country development strategies.
The evaluation concluded that engagement by Sida in the design, management and learning from Global CFs is essential. From an organisational perspective, Sida’s Global CFs are mainly managed from head office, and greater stakeholder engagement would imply greater deployment of technical Sida staff attached to embassies.

RECOMMENDATIONS

Ten recommendations are set out and divided into short term (immediate), and medium to longer term (1-2 years and beyond). They are focused on actions that can be taken by Sida during its oversight of the implementation of CFs, and at all stages of the project management cycle.

The majority of the funds in Sida’s global portfolio are multi-donor CFs and it is essential that Sida is engaged as an equal partner to influence the design of the fund. At the initial appraisal design phase resources should be assigned to prepare an explicit intervention logic or theory of change with clearly articulated outcome and impact statements, consideration of key assumptions, pre-conditions and pathways to impact at scale.

While not playing a direct implementation role, Sida needs to provide greater oversight of, and engagement in all stages of implementation, including on cross cutting issues. Sida should maintain the power of veto and a no objection basis on project selection. Sida also needs to be involved in the specification of the eligibility and selection criteria. More generally Sida needs to ensure that FMs implement according to the high expectations set for achieving results for poverty impact, gender equality, local ownership and the environment.

Finally, Sida is now a major player in the design, funding and oversight of CFs. This level of involvement implies the need to institutionalise knowledge and develop a cadre of expertise around CFs. Specifically, programme managers responsible for individual global CFs should have enough time allocated to work on each fund to ensure that they can give them the necessary attention. Sida-only funds, where Sida works in partnership with the FMs, will necessarily require more input from the Sida programme managers than multi-donor funds, where donor oversight is shared between a number of partners.

Sida should therefore undertake a review of the organisational implications for the management of CFs. This will lead to changes in roles and responsibilities which may have a longer term time horizon for full implementation.
1 Introduction

Sida has been funding Challenge Funds (CF) since 2007, to an estimated value of SEK 2,000\(^1\) million, of which 60\% is distributed through global CFs. This evaluation reviews 10 global CFs in the Sida portfolio (see Table 1.1) which have been subdivided into 6 primary funds and 4 funds of secondary interest.

Sida introduced the CF instrument in 2007 following a change in Government in 2006, which initiated a broad change in development policy towards a greater engagement with the private sector. A further turning point was the High Level Forum on Aid Effectiveness in Busan in December 2011 which formalised the principle that the private sector had become an active partner in the development agenda.

The Swedish Government then scaled up appropriations for Sida’s support through the private sector from the 2011/12 financial year, and there was a change within Sida to develop new and innovative ways of funding development assistance. CFs were in this category of innovation.

Sida’s decision to get involved in CFs was therefore driven by a number of mutually reinforcing factors:

- A new government in office, which saw the private sector as an essential driver in solving global challenges;
- A focus on innovative ways of working, in line with Sida’s broader Policy for Global Development (PGD) which prioritised finding opportunities for partnership with a range of actors including the private sector;
- The approval of the Business for Development (B4D) programme and the formation of a private sector collaboration unit; and
- A new direction at Sida, marked by a higher appetite for innovation and risk.

Sida defines a CF as a: “financing mechanism to allocate (donor) funds for specific purposes using competition among organisations as the lead principle”.\(^2\) CFs are different from conventional funding processes as the grantees typically have a large degree of freedom in finding and designing innovative solutions. The funds are therefore focused on a desired outcome and the means are not prescribed. It is the process of competition that identifies the best solution.

Whilst CFs were initially launched for enterprise development initiatives the creation of enterprise challenge funds (ECFs), the instrument was then used for

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\(^1\) Source: Sida Terms of Reference for the Evaluation – Annex A

\(^2\) Sida (2017) Challenge Funds Guidelines for Internal Use
engagement with civil society through the use of civil society challenge funds (CSCFs). The growth and expansion of Sida’s portfolio of global CFs, starting with Demo Environment in 2007 and running through to Sustainability and Resilience (launched in 2016 and due to close in 2021) is shown in Figure 1.1 below.

![Figure 1.1: Mapping Sida’s Portfolio of Global Challenge Funds Over Time](image)

### 1.1 EVALUATION OBJECTIVES AND SCOPE

The purpose of this evaluation is set out in the Terms of Reference (ToR) (Annex A).

To compile knowledge and test Sida’s rationale and underlying assumptions for the use of CFs in development cooperation and to broaden the evidence base regarding in which contexts CFs are appropriate in relation to other aid mechanisms.

In the course of the evaluation individual funds were assessed against a number of design and performance criteria (see Annex F), but the evaluation was not intended to provide case studies or a detailed analysis of the performance, impact and cost-benefit ratio of individual programmes. Instead, the evaluation takes a meta, portfolio-wide view of the CFs as a whole, drawing on examples and learnings from different funds, to inform an institutional, Sida-wide approach to the use of CFs. Whilst the primary users of this evaluation are Sida, the donor partners and the Fund Managers (FMs), secondary intended users are other donors and the broader development community with an interest in CFs. The evaluation is taking a ‘utilisation focused approach’ to ensure that the findings serve the practical information needs of these different groups of users.
Although poverty reduction is the focus of all of the CFs under review, the evaluation has not directly surveyed or captured the perspectives of end beneficiaries. This is both for practical and methodological reasons: even a large sample of beneficiaries is unlikely to be representative of the 10 CFs under review. Furthermore, as a meta-analysis, the evaluation has worked at a higher level, focusing on the processes for selecting a Challenge Fund instrument and how the management of the fund has influenced the results. Details of the results achieved by the different CFs and the extent to which poor beneficiaries are reached are shown in Annex B.

In summary the evaluation has been designed to meet the following objectives:

- **Test the rationale and assumptions** underpinning the decision to use a CF to address a specific development problem;
- Gather **evidence across the portfolio on when CFs are an appropriate** mechanism for tackling specific challenges, and when other mechanisms and funding instruments might be more effective;
- Assess to what extent CFs have achieved the **outcomes and impact** projected when each fund is established, and whether they have been a relevant, effective and efficient mechanism for solving specific development problems;
- Identify **good practice examples of fund design and implementation** at different stages of the CF lifecycle as guidance for Sida programme officers and third-party Fund Managers; and
- Use this evidence to create an **institutional, Sida-wide approach** to the use of CFs.

The evaluation is structured around six main evaluation questions (MEQs) set by Sida and is in five sections. Section 1 sets out the **background information** on the 10 global CFs and the characteristics of the portfolio. Section 2 sets out the **methodology** of the evaluation and the data collection methods. Section 3 sets out the **key findings** which are structured by evaluation question3. The **conclusions** are in Section 4 and **recommendations** in Section 5. 12 annexes (A-K) supplement the methodology and analysis.

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3 Note. Under OECD DAC criteria, relevance (MEQ3) would be answered first, but the report has been structured according to the Terms of Reference
1.2 PRINCIPLES OF SWEDISH DEVELOPMENT COOPERATION AND CHALLENGE FUNDS

Swedish development cooperation aims “to create preconditions for better living conditions for people living in poverty and under oppression.” The rights perspective and the perspective of the poor are also fundamental to all development cooperation and must underlie all Sida’s decisions as approved by Parliament and set out in Policy for Global Development (PGD). This is further elaborated in the policy framework for Swedish Development Cooperation and Humanitarian assistance that sets out the direction for Swedish aid. The policy framework is a central document in Sweden’s aid policy and forms the point of departure for the Government’s management of Swedish aid. In addition to the two underlying perspectives of Swedish aid, the policy framework adds three thematic perspectives: peace and conflict, gender equality and environment and climate.

Sida has four guidance instruments/tool boxes to support the analysis and integration of these different perspectives throughout Sida’s operations:

- Poverty tool box;
- Green tool box;
- Gender tool box; and
- Peace and conflict tool box

It is noted that when Sida started using CFs in 2007 as part of a change in the Government approach to working with the private sector, while there was an appetite to develop new and innovative ways of working there was still no formal guidance or policy on the use of CFs. However, it was noted that Sida’s briefing paper on poverty, Sida (2002) Perspectives on Poverty (POP) effectively opened the door for new funding mechanisms in its call for ‘a high degree of flexibility’ in procedures and funding mechanisms. The POP also identified new and essentially experimental areas

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4 Sida (2017) How we work: About Swedish Development Cooperation  
7 https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/poverty-toolbox/  
8 https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/green-toolbox/  
9 https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/gender-toolbox/  
10 https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/peace-and-conflict-tool-box/
of programming, for example the creation of an enabling environment for entrepreneurship and markets for the poor – two areas where CFs have subsequently been used by Sida.

Sida produced guidance in 2017 on the use of CFs with the key requirement that: “micro-level results alone are insufficient justification as Sida aims for systemic impact at a macro level”. Sida advises that systemic change can be assessed beforehand, to influence decisions to use a CF in the first place, and afterwards, to assess its impact. This issue is explored in Section 3. Initially all the CFs were in the enterprise development space and had to meet Sida’s five core principles of engagement with the private sector:

- **Additionality**: Sida’s involvement triggers a pro-poor development impact that would not have emerged without Sida;
- **Catalytic**: partnership with other donors and the private sector generates a multiplier effect on the development impact of an intervention;
- **Core business**: partnerships are formed where Sida’s poverty reduction objective overlaps with a company’s core business objective and where companies are committed to improve social and environmental responsibility in their operations;
- **Cost and risk sharing**: partnerships are always based on risk and cost sharing with a 50% contribution from the private sector partner; and
- **Systemic change of markets**: interventions are designed to have systemic impact and contribute to market reforms.

The current Sida guidance on CFs sets out the key requirements for a fund. While the concepts of innovation and risk sharing are central to the rationale for CFs, the overarching requirement for a CF is that there is a clear line between a challenge or programme proposition and results for poor people by gender and/or improvement in environmental protection/climate change adaptation and resilience.

### 1.3 OVERVIEW OF SIDA’S PORTFOLIO OF GLOBAL CHALLENGE FUNDS

The CFs under review are set out in Table 1.1 and Table 1.2, categorised by ECFs and CSCFs. For this evaluation Sida has further categorised the funds as primary and secondary evaluation objects, the primary objects being funds that have been longer in implementation and secondary objects being those that are earlier in their implementation lifetime.
Table 1.1: Sida Global Challenge Funds by Value SEK 12

<table>
<thead>
<tr>
<th>Type</th>
<th>Name of Fund</th>
<th>Total Amount SEK (Fund Currency)</th>
<th>Sida Contribution (%)</th>
<th>Duration of Fund</th>
<th>Sector Focus</th>
<th>Geographic Focus</th>
<th>No. of Grantees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECF</td>
<td>AECF</td>
<td>SEK 2,020m ($265m)</td>
<td>SEK 336m (16.6%)</td>
<td>2008-ongoing</td>
<td>Agriculture/Agribusiness; Energy; Climate Change</td>
<td>SS Africa</td>
<td>257</td>
</tr>
<tr>
<td></td>
<td>Powering Agriculture</td>
<td>SEK 401.2m ($49.1m)</td>
<td>SEK 165m (38.9%)</td>
<td>2012-2019</td>
<td>Agriculture; Energy</td>
<td>Global</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Securing Water for Food (SWFF)</td>
<td>SEK 279.2m ($34m)</td>
<td>SEK 104.8m (37.5%)</td>
<td>2013-2020</td>
<td>Agriculture/Food; Water</td>
<td>Global</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Global Innovation Fund (GIF)</td>
<td>SEK 1456.7m ($178.1)</td>
<td>SEK 94.5m (6.5%)</td>
<td>2014-2018</td>
<td>Multiple</td>
<td>Global</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Innovations Against Poverty 1 (IAP 1)</td>
<td>SEK 83.5m</td>
<td>SEK 83.5m (100%)</td>
<td>2011-2015</td>
<td>Multiple</td>
<td>Global</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Innovations Against Poverty 2 (IAP 2)</td>
<td>SEK 78.5m</td>
<td>SEK 78.5m (100%)</td>
<td>2016-2020</td>
<td>Agriculture; Energy; WASH; ICT</td>
<td>Cambodia; Ethiopia; Uganda; Zambia</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Demo Environment</td>
<td>SEK 81.9m</td>
<td>SEK 81.9m (100%)</td>
<td>2007-2019</td>
<td>Environment &amp; Climate Change</td>
<td>SS Africa; SE Asia; Balkans; E.Europe; LAM</td>
<td>162</td>
</tr>
<tr>
<td>CSCF</td>
<td>AmplifyChange</td>
<td>SEK 1,036.7m ($103m)</td>
<td>SEK 186m (19%)</td>
<td>2014-2021</td>
<td>Sexual &amp; Reproductive Health and Rights</td>
<td>SS Africa; South Asia</td>
<td>410</td>
</tr>
<tr>
<td></td>
<td>Making All Voices Count (MAVC)</td>
<td>SEK 368m ($45m)</td>
<td>SEK 105m (28.5%)</td>
<td>2013-2017</td>
<td>Governance &amp; Accountability</td>
<td>Africa; Asia</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>Sustainability &amp; Resilience</td>
<td>SEK 57m</td>
<td>SEK 27m (47.4%)</td>
<td>2016-2021</td>
<td>Environment &amp; Climate Change</td>
<td>Horn of Africa; Sahel, S/SE Asia</td>
<td>10</td>
</tr>
</tbody>
</table>

12 Value of Sida funding as of December 2017; SEK 100 = €9.72 = £8.63 = $11.37; Note: AmplifyChange receives contributions from other donors so the 19% Sida contribution was correct at the time of the evaluation but will change over time.
The portfolio encompasses a mixture of large and small funds, with Sida’s contribution ranging from SEK27mn (Sustainability & Resilience) to SEK336mn (AECF)\. Grant sizes vary from SEK20,000 (for small grants under IAP1), all the way up to $15m (for One Acre Fund, through GIF). Some funds have over 200 grantees (AECF, AmplifyChange), while others have no more than 24 (Sustainability & Resilience, Powering Agriculture). The diversity of the portfolio is also reflected in wide variation by geography (regional vs. global), sector and thematic focus (sector / issue specific vs. sector agnostic), and maturity (early stage, mature and complete funds).

In addition, Sida has experience both of bringing the fund management function in-house and of utilising a range of third parties - private companies, donor agencies, research organisations and NGOs - as FMs of the different funds in the portfolio.

### Table 1.2: Sida Global Challenge Funds—Objectives, Fund Managers, and Partners

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Name of Fund</th>
<th>Fund Objective</th>
<th>Fund Manager</th>
<th>Donor Partners</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECF</td>
<td>AECF</td>
<td>Reduce rural poverty by supporting commercial business in agribusiness, renewable energy and climate change adaptation</td>
<td>AGRA/ KPMG; AECF ltd.</td>
<td>DFID; DFAT; Canada Aid; Danida; IFAD; CGAP; AGRA; NDC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Powering Agriculture</td>
<td>Fund innovative and sustainable business models at the intersection of agriculture and clean energy sectors in developing countries</td>
<td>USAID</td>
<td>USAID; BMZ; Duke Energy; OPIC</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Securing Water for Food (SWFF)</td>
<td>Improve water sustainability and food security by helping farmers produce more food with less water and/or utilise new sources of water</td>
<td>USAID; Kaizen</td>
<td>USAID; MFA-NL; DST-SA</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Global Innovation Fund (GIF)</td>
<td>Improve the quality of life for millions of people by supporting innovations that solve development problems more efficiently than available solutions.</td>
<td>GIF</td>
<td>USAID; DFID; DFAT; DST-SA; Omidyar</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Innovations Against Poverty 1 (IAP1)</td>
<td>Share risk with innovative, inclusive businesses which target the base of the pyramid in developing countries</td>
<td>PwC; Sida</td>
<td>None</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Innovations Against Poverty 2 (IAP2)</td>
<td>Share risk with innovative, inclusive businesses in agriculture, energy, WASH and ICT sectors which target the base of the pyramid in developing countries</td>
<td>SNV</td>
<td>None</td>
<td>Ongoing</td>
<td></td>
</tr>
</tbody>
</table>

\[13\] Additional pledges during 2018 will take this figure to over SEK800mn
### Introduction

#### Demo Environment
Contribute to climate change mitigation, reduced poverty, increased resilience and better health outcomes by supporting the dissemination and adoption of proven environmental and clean technologies in programme countries.

<table>
<thead>
<tr>
<th>CF</th>
<th>Description</th>
<th>Implementing Partners</th>
<th>Status</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSCF AmplifyChange</td>
<td>To contribute to securing universal recognition of Sexual &amp; Reproductive Health and Rights (SRHR) as human rights, through support to civil society, enabling women, men and young people to realise their full potential in safe and supportive environments</td>
<td>Mannion-Daniels; GFW; AWDF</td>
<td>None</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Making All Voices Count (MAVC)</td>
<td>Use mobile and web technology to amplify the voices of citizens in civic engagement, enabling governments to listen and respond effectively</td>
<td>Hivos; Ushahidi; IDS</td>
<td>DFID; USAID; Omidyar</td>
<td>Complete</td>
</tr>
<tr>
<td>Sustainability &amp; Resilience</td>
<td>Deal with the challenges of environmental and climate change by strengthening research and institutional capacity in low and lower middle income countries</td>
<td>Vetenskapsrådet</td>
<td>Swedish Research Council</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

Figures 1.2 and 1.3 show the distribution of the 10 CFs by size of fund and geographic spread.
Figure 1.2: Sida Global Challenge Funds by Value SEK (million)\textsuperscript{14}

Figure 1.3: Sida Global Challenge Fund Portfolio by Country

\textsuperscript{14} Amounts as of December 2017
2 Methodology

2.1 EVALUATION QUESTIONS AND FRAMEWORK

The evaluation was conducted in three key phases. Firstly, an inception phase and evaluability assessment, which involved reviewing the data and evaluation questions with the Sida team in Stockholm on 16-17 January 2018, and at an inception workshop 11-12 April 2018. The inception report set out the detailed methodology for conducting the evaluation. The second phase included completion of the desk review and a series of key informant interviews, which were used to prepare for two field validation workshops with grantees and FMs in Nairobi and Dhaka during May. The final stage of the evaluation involved the presentation of the key findings and the co-creation of key recommendations with Sida in June for presentation in September 2018.

The approach undertaken separates the main evaluation questions (MEQs) set by Sida in the Terms of Reference (ToR), into two broader overarching evaluation questions (OEQs). OEQ1 covers the design of CFs and the selection of the CF as an instrument, and OEQ2 covers issues concerned with fund implementation and project management. The evaluation questions are set out in Table 2.1.

Table 2.1: Evaluation Questions

<table>
<thead>
<tr>
<th>EQ No.</th>
<th>Evaluation Questions</th>
<th>Impact</th>
<th>Sustainability</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEQ 1</td>
<td>To what extent and under what circumstances has the use of the CF mechanism proved to be the most appropriate way of achieving the specific development objectives of the intervention?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEQ 1</td>
<td>What outcomes have been achieved at portfolio/fund level as a result of using CFs as a mechanism to address targeted development problems?</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>MEQ 2</td>
<td>How and to what extent has the use of the CF mechanism supported the achievement of sustainable impacts?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>
### 2. METHODOLOGY

<table>
<thead>
<tr>
<th>MEQ 3</th>
<th>Under which conditions are global CFs a relevant mechanism and when not?</th>
<th>x</th>
<th>x</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEQ 2</td>
<td>To what extent have fund management arrangements and processes supported the successful achievement of individual programme objectives?</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>MEQ 4</td>
<td>To what extent have the design, implementation and risk management (including risk appetite) been appropriate to steer towards additionality, and positive externalities to address the targeted development problems? What are the strengths and weaknesses?</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>MEQ 5</td>
<td>To what extent has Sida’s engagement (with other donors, FMs and external stakeholders) been appropriate for the successful achievement of the Fund’s objectives?</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>MEQ 6</td>
<td>To what extent have cross cutting issues: poverty reduction, local ownership and inclusion, gender mainstreaming, and environment and climate change considerations been integrated in design, implementation and follow-up of CFs: i.e., are they visible?</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

OEQ1 is centred on the relevance of the CF instrument selected by Sida and the extent to which the design of the programme achieved the intended results. OEQ2 covers all aspects of the fund implementation including the specific elements of designing the challenge and launching the call for proposals, through contracting to monitoring and learning. The group of questions for OEQ2 thus ‘sits in the middle’ between the element of OEQ1 on instrument design and objectives and the key results and outcomes. A simplified schematic illustration of the evaluation framework is presented in Figure 2.1.

The MEQs are then broken down into a series of sub-evaluation questions which is set out in the overall evaluation framework in Annex E and the detailed judgement criteria shown in Annex F.
2. METHODOLOGY

It is important to make the distinction here between the design elements of the fund that lie within the scope of the FM and the design that is conducted by the donor prior to engaging the FM. Design therefore falls into two stages:

- Design of the overall objectives of the fund which is the responsibility of the donor and includes an overview of the objectives of the fund, and the nature of the challenge to be addressed. It will include Sida’s appraisal of the design or the assessment of another donor’s design and the framing of the FM responsibilities.
- Design of the challenge, which is more the responsibility of the FM, to design the more detailed aspects of eligibility and selection criteria and targeted profiles of the grantees. This design aspect comes under the implementation phase and is covered under OEQ 2. It will include how the FM responds to the ToR set by the donor, which is then presented to the donor in the inception phase.

Where the FM and donor are the same organisation, the distinction blurs. Nevertheless, there are two important factors to consider in relation to the aspects of design in these two phases. Firstly, FMs should not be held accountable for faults in the original design of a CF. Secondly, the design issues in OEQ2 relate to how the FM learns and adapts to the contextual issues from running the challenge and grant management processes. These are discussed in more detail in Section 3.4 below.
2.2 DATA COLLECTION & QUALITY ASSURANCE

The judgements of the evaluation team have been drawn from the following sources:

- Document review including independent evaluations and monitoring reports (See Annex L);
- Key interviews with the Sida programme officers and directors responsible for global CFs and other Swedish Government stakeholders (See Annex L);
- Other key informant interviews (KIIs) based on interview guides (see Annex I) with a range of key stakeholders, as structured in the stakeholder mapping in Annex D and the list of interlocutors in Annex L);
- Survey of CF grantees which generated 298 responses for the 10 funds (see Annex I); and
- Field validation with Fund Managers, Sida field staff, KIIs and CF grantees (see Annex L). Site visits were undertaken to Nairobi 14-18 May 2018 and Dhaka 21-25 May 2018.

Grantee and FM workshops were undertaken in Nairobi and Dhaka. In Nairobi 27 grantees from 7 different funds participated including companies, civil society organisations (CSOs), and researchers. In Dhaka a smaller number of grantees participated from 3 funds. In Nairobi this was then followed up with a workshop with the FM. The online grantee survey was conducted and analysed in April and May 2018 and used to structure the focus group discussions in Nairobi and Dhaka.

2.3 DATA ANALYSIS & DATA LIMITATIONS

The utilisation focused approach means that the evaluation has concentrated on collecting data from the FM, grantees and donors rather than seeking the views of wider stakeholders or end beneficiaries. This poses a limit on the extent to which the evaluation can be considered comprehensive in assessing the performance of the funds or the poverty reducing impacts. Although there were limitations on the representativeness of the data from the survey undertaken (Annex I), it served the purpose of shaping focus group discussions. Details of the results achieved by the different CFs and the extent to which poor beneficiaries are reached are shown in Annex B.

The judgements presented in this report are based on the range of data sources outlined above and specified in Annex E, Table 6.5. Answers to each question by fund are presented and recorded in a large database and shown in detailed data capture sheets and in Annex G. The data capture and assessment and scoring methodology used in the RAG rating of individual funds are shown in the Judgement Criteria Annex F1 and Results Annex F2. The results have been subject to internal quality assurance procedures and consistency checks to eliminate any potential bias. Key facts and statements have been checked with the FM and/or Sida programme officer.
3 Evaluation Findings

3.1 OUTCOMES AND IMPACT

The majority of the global CFs reviewed for this evaluation are, according to their respective results frameworks achieving, or on track to achieve their stated objectives. In most cases good performance has been achieved as a result of adjustments and course corrections, and in some cases the addition of new components to the programme approaches on the basis of learning from implementation. There is clearly scope to use learning from these funds to improve the initial design of new funds.

A key success factor for both ECFs and CSCFs is an understanding of context. For ECFs it is about reviewing the impact of entering a market and whether there will be market making/crowding in benefits. For CSCFs, contextual analysis provides insight into the specific social, political and cultural challenges the fund will encounter, and the stakeholder groups whose support and engagement are crucial to the success of the programme. Contextual understanding and a clear articulation of programme objectives provide the basis for the development of a clear intervention logic and definition of pathways towards the achievement of development impact, which in turn, inform the design of challenge calls.

The evaluation has identified cases where grantees have crowded in other donor funds in the project, but the assessment has not identified significant cases of displacement, or any significant negative impacts.

3.1.1 What Outcomes Have Been Achieved at Portfolio / Fund Level (MEQ 1)?

This section looks at how the CFs define and measure progress towards the achievement of their respective outcomes and development impact as well as the programme design features and considerations that support achievement.

CFs comprise portfolios of funded projects which contribute to the achievement of overall programme objectives. At the individual project level, outcomes and impact are specific and relatively easy to define. But at the portfolio level a variety of approaches are used to aggregate the results of individual projects in the portfolio, often achieved by establishing common indicators.

The processes and frameworks that are used to measure progress towards outcome and impact across the 10 CFs vary considerably. Some, most notably those at earlier stages of development focus more on processes than measurable indicators of
progress towards development outcomes and impact on poverty. Others have established clear and simple metrics to indicate development impact such as measured increases in household income or agricultural production, and numbers of targeted individuals or households benefitting from project interventions, which can be aggregated to demonstrate programme level impact, as well as ways of tracking and recording systemic impact.

A number of CFs focus specifically on supporting earlier stages of innovation or establishing conditions for achievement of development impacts beyond the lifetime of the fund. In these cases the link between the achievement of fund outcomes and development impact is less clear. Indicating programme level impact of CSCFs focused on advocacy can be particularly challenging, particularly in the early stages and will necessarily be focused on more qualitative appraisal process steps towards achievement of outcomes and impact.

For Sida, the broader objectives of engaging with other donors to support a CF may also include an implicit objective of influencing the programme focus and delivery in relation to Swedish Government priorities on poverty and human rights, as well as the key cross cutting issues of gender, environment and local ownership. Examples of the ways in which Sida has exercised such influence are presented in section 3.5 on Sida Engagement.

Figure 3.1: MEQ 1 Assessment of the Achievement of Fund Outcomes

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See also section 3.6.2 for findings on articulation of CF objectives in relation to poverty alleviation
3.1.2 Findings

i. Progress towards development outcomes and impact
Figure 3.1 provides an indication of how well the funds are assessed to be progressing towards the achievement of their explicit or implicit development outcomes and impact.

Funds appearing towards the right are those considered to be on track to achieve milestones related to clearly defined outcome and impact metrics, which have clear pathways to development impact including tracked progress towards systemic impacts. Those to the left are either off-track to achieve their specified outcomes or achieving outcomes that are on long pathways to impact without a clear roadmap of how systemic change and development impact will be achieved. 7 of the 10 CFs are assessed to be on track to achieve their stated outcomes and to make a clear contribution to development impacts. See Annex B for a detailed overview of objectives and reported achievements of each fund.

ii. Design factors affecting performance
The review of the 10 CFs has indicated that good performance has resulted from adjustments and course corrections, and in some cases the addition of new components to the programme approaches on the basis of learning from implementation. The following sections review some of the key factors that have either been included in the programme design or addressed at a later stage to steer projects towards successful achievement of outcomes and impact. These provide a rich source of information on factors that need to be considered for inclusion in programme design.

The AmplifyChange theory of change is considered to be strong, particularly for the development of the demand side of sexual and reproductive health and rights (SRHR). It recognised that longer term and systemic changes will require coalitions and collaborations, including many small grantees supported by networks and coalitions, and potential for longer term funding. AECF established early on that it would focus mainly on medium sized, well-established organisations with innovative approaches to engaging poor people which would not require significant technical assistance or support from the programme. AECF also recognised that the size of the grants would need to be big enough to attract the interest of these organisations and increase the potential to achieve impact at scale.
iii. Understanding context
A key success factor for both ECFs and CSCFs is an appropriate level of understanding of the context in which the CF is operating. In the case of ECFs, contextual analysis helps determine the impact of entering a market – will the fund result in market-making/crowding in benefits, or is there a danger of creating market distorting effects? For advocacy-focused CSCFs, contextual analysis provides insight into the specific social, political and cultural challenges the fund will encounter, as well as an understanding of the different stakeholder groups whose support and engagement is crucial to the success of the programme.

iv. Clear and explicit definition of objectives and intervention logic
The review of the ten CFs has indicated the importance of establishing from the early design phase, a very clear and explicit definition of development objectives which is shared by all stakeholders including other donors and any fund management agents identified at that stage. The objectives need to state clearly what outcomes and impacts are expected to be achieved by the end of the programme, with a clear understanding of how the CF mechanism will be used to address contextual factors and contribute to their achievement.

v. Stage of innovation to be supported
Innovation is a central component of CFs which can give rise to terminological confusion as to what constitutes a challenge versus an innovation fund. They are by and large simply different descriptions of the same mechanism. In reality, it may be difficult to find truly novel solutions other than for specific technical challenges. In addition, novel technical solutions need to be embedded in systems, requiring time and effort to achieve acceptance and adoption. A CF may choose to invest in existing, imported, or tweaked solutions which need strengthening. The test for successful innovation should require that the solution be demonstrably more cost-effective than current mainstream practice in a given area, rather than simply the ‘newness’ of the idea. The focus on effectiveness means that CFs can be a relevant mechanism for marshalling multiple organisations working on a single issue or problem towards a measurable outcome.

For programmes focused on innovation, it is important to be clear about the stage of innovation to be supported, what can realistically be achieved within the lifetime of the programme, what kind of technical assistance will be required to support innovators during programme implementation and what kind of additional support mechanisms may be required to support further development towards impact at scale. This may also include consideration of whether the CF mechanism can deliver the desired development impact as a stand-alone programme or if it should be considered as a component of a more broadly focused programme.
vi. Type of organisations targeted and size of grants
Learning from the CFs in the Sida portfolio has demonstrated the benefit of careful consideration of the types of organisations to target in the marketing of challenges.

Some funds have learned from experience of early calls where the targeted organisations have not generated the expected volume or quality of applications, or where the potential for impact has been limited due to the size and maturity of the applicants. CF management responses have included extending the eligibility criteria for country of origin or targeting larger or better established organisations.

The sizes of grants offered can also affect the type of organisation applying and the potential to achieve impact at scale. Best practice examples indicate that careful consideration of the type of organisation to be targeted by CFs and an indication of the size of grants offered should be part of the process of articulating the CF intervention logic at the initial design stage.

vii. Additionality and displacement
There is a wide variation in how FMs approach additionality. Some Sida-supported challenge funds, such as AECF, have highlighted it more, with a clearly defined additionality framework and an explicit assessment of additionality within the application process (See Figure 3.2 and Annex H). IAP1 also had an explicit assessment of additionality as part of the selection process.

The review of the portfolio identifies many cases where grantees have crowded in other donor funds in the project but the assessment has not identified significant cases of displacement, or any major negative impacts.

“We would have started also without AECF funding, but the funding has been essential to bridge the famous valley of death. We have now passed that valley and are bound to grow big.” – AECF Grantee
3.1.3 Conclusions

- **7 of the 10 CFs are assessed to be on track** to achieve their stated outcomes and to make a clear contribution to development impact.
- **Learning** from implementation across the 10 funds has **informed adaptations** that have helped programmes move towards successful achievement of outcomes and impact. Based on this learning, Sida is now better placed to design CF programmes with due consideration of these factors from the outset, at the initial design and appraisal stages.
- **Key considerations for initial design and appraisal include:**
  - the understanding of programme contexts;
  - clear and explicit definition of objectives and intervention logic;
  - the stage of innovation to be supported; type of organisations to be targeted and size of grant; and
  - associated consideration of the intensity and type of fund management support required; and
  - whether the CF is expected to achieve impact as a standalone programme or as a component of a larger programme.
- **Incorporating the learning** from implementation at the initial design stage should help to **improve the efficiency of implementation**, as programmes designed on the basis of learning should be able to exclude some of the pitfalls experienced across the global portfolio.

Figure 3.2: AECF and Additionality. *Source: AECF (2017): AECF at 8 Impact Report 2016*
3.2 SUSTAINABILITY

Sustainability has always been seen as an indicator of success for CFs, but only in recent years has it been built into fund planning and design from the start. In the case of ECFs, FMs are taking more responsibility for helping grantees become investor-ready to secure post-grant financing. With CSCFs, there is greater understanding of the need for wider stakeholder management and engagement to create enabling policy environments for innovative approaches to development challenges.

Across the Sida portfolio of global CFs there are numerous examples of design features and direct interventions by FMs to drive sustainability, ranging from creating a tiered grant system to providing business advisory services, all the way through to direct venture capital investment in high potential projects.

Measures to drive sustainability require longitudinal studies to assess both the long-term impacts of a CF, and the role of specific interventions to drive success.

3.2.1 Do Challenge Funds Lead to Sustainable Outcomes (MEQ 2)?

Many funds describe their objective as ‘starting races, rather than picking winners’ in order to create a level and transparent competitive environment for grant applicants, with no single organisation privileged above any other.

In the case of ECFs, the sustainability of the funded project is assured if the business remains profitable. A key part of the logic behind the creation and deployment of ECFs, with their support for private sector innovators, is that they produce inherently more stable outcomes than other types of development programme. Just as a stone thrown into a pond sends out ripples long after the act itself, seed funding from CFs create the conditions for the long-term growth and sustainability of not just the individual funded project, but the enterprise itself. For CSCFs sustainability is a more complex issue and focuses on whether grantees have a strengthened capacity to continue operating after the end of the fund.

Although sustainability of funded organisations has always been seen as an indicator of success, in the early days of CFs this aim was little more than an aspiration listed in the ToR as a desirable outcome. Driving sustainability through a series of defined interventions was not specified as a responsibility of the FM. Sustainability – or commercial viability in the case of ECFs – was seen as the responsibility of the individual grantee.

In recent years, however, there has been a greater focus on understanding and tracking the long-term outcomes and impact of CFs – do they achieve their objectives, and does the investment result in sustainable benefits to target beneficiaries?

As the debate around the efficiency and effectiveness of CFs has widened, donors and FMs have been criticised for taking what is termed a ‘fund and forget’ approach, i.e. devoting significant energy and resources to set up and launch the fund, disburse
money, and implement project activities, at the expense of ensuring that the planned development impact is actually achieved.

Originally, CFs were seen as mechanisms to provide initial capital for innovations to prove themselves, take root and flourish without the need for further intervention. However, while that logic still holds, it is now accepted that achieving sustainability is a more complex challenge. CFs may lay a foundation for growth, but unless actively supported by the FM, grantees are unlikely to reach long-term sustainability on their own.

With ECFs, donors and FMs recognise that achieving commercial viability for grantees and innovators often takes longer than the life-span of an individual grant. As a result, there is now more focus on helping grantees secure post-challenge fund sources of funding (from banks, impact investors and other sources of capital), and on tracking performance beyond the actual duration of the grant. It is now more common to hear terms like ‘patient capital’, ‘partnership’, ‘investor readiness’ and ‘direct investment’ as CFs look for ways to extend financial and non-financial support to help grantees move to long-term commercial viability.

At the same time, the FMs of CSCFs are taking greater responsibility in helping grantees confront the challenges faced by advocacy-based projects to achieve and maintain traction beyond the life-time of the fund. The focus now is for the FMs to engage key stakeholders at national, regional, or local government level and identify long-term sources of funding such as global NGOs and philanthropic foundations.

Not all projects in a CF portfolio are expected to succeed and continue operating into the future: there is an implicit or explicit expectation that a certain percentage of funded innovations will not make it past the seed funding or testing phase. There is a higher expectation of success for projects which receive larger grants, specifically designed to bridge the ‘missing middle’ between early stage and commercial capital, to achieve sustainable scale following the end of the CF contract.

What is different from before is that all grantees receive business advisory and other types of support to increase the likelihood of success, while higher performing projects receive significant support to help them secure future sources of capital.

3.2.2 Findings
The review of Sida’s portfolio of funds shows a range of different ways that donors and FMs can promote sustainability. These include the use of design features such as tiered grants and provision for tracking studies, as well as direct intervention by FMs, from providing basic business advisory support, all the way through to taking on a venture capital role and making a direct equity investment in the project.
The design features and types of direct intervention in Figure 3.3 above represents a menu of options available to donors and FMs alike to promote the sustainability of CF grantees and their organisations and enterprises. In reality, CFs may adopt only some of these measures. The question of sustainability can be raised at the outset, incorporated into fund design through features such as tiered grants for grantees at different points along the innovation pathway and the use of an ‘escalator’ mechanism to help projects move from one level to the next. Funds may also use the launch process to introduce government and potential private investors to the work of the fund, creating links for future investment and support.

Figure 3.4 shows the options adopted by the funds in Sida’s global portfolio to drive sustainability at different points along the fund management cycle.
Many funds are designed to have a tiered, or ‘escalator’ structure, providing small, short-term funds to start up projects; larger grants to medium-scale, transitional initiatives; and, in some cases, large grants to help a small number of grantees achieve scale targets.

If a fund creates a series of windows or calls for proposals over the course of its existence, then, in theory, start-up grantees could transition through different grants types within the same Challenge Fund to achieve scale and sustainability. In practice, however, this is difficult to do in the limited timescale of an individual fund as funding windows tend to be short, and the time required for a grantee to move from start up to scale can take many years. In long-term, less time-bound funds, such as GIF and AECF, there is more scope for this to happen, but in general the recipients of seed, testing and scaling grants tend to be different projects.

Tiered grants allow CFs to support projects at different phases of innovations. Allocating a limited number of large grants to take proven projects to scale, enables innovators to bridge the ‘missing middle’ between early stage seed funds and access to commercial capital.
ii. Knowledge sharing

CFs are mechanisms to test new ideas, creating knowledge around innovative solutions to development challenges, so a key indicator of sustainability is a fund’s record in disseminating that knowledge to a wider market or development community and having it taken up and trialled by other organisations. This is particularly important for funds such as MAVC, Sustainability & Resilience and SWFF, where generating evidence-based knowledge is a key outcome.

Most funds produce documentation of fund activity through reports, case studies, websites and presentations. They also arrange knowledge sharing events among grantees either formally through regularly scheduled meetings and events or on an informal, ad hoc basis. However, with one or two exceptions, there is less evidence of targeted knowledge sharing, driving impact by identifying particular stakeholders to learn from and trial specific innovations in other locations and contexts.

iii. Tracking

The results of an ECF will rarely be seen at impact level within the first three years of funding, by which time grant funding for individual projects will be coming to an end. At a minimum, funds should aim to track progress of grantees towards sustainability, both during the lifetime of the fund and beyond, as this is a leading indicator of whether the activities of a fund are likely to lead to systemic change or not.

Tracking is generally an area of weakness for funds. Most funds do not track the progress of grantees beyond the timeframe of each individual contract, which means that data on long-term sustainability and impact of individual grantees is not generally available either for evaluation purposes or, more practically, to identify high potential recipients for further support (e.g. through bespoke TA or scaling grants).

Some funds, however, do take a longer-term view of their relationship with, and responsibility to grantees, reflected both in longer contract periods, requirements that grantees continue to report progress after the end of the funding contract, or through monitoring of, and ad hoc assistance to different cohorts of grantees to drive long-term sustainability.

iv. Business advisory

Funds that provide business advisory services to grantees to address gaps in the business plan, bolster organisational strength, and develop financial and management accounting capability all of which contribute to the grantees being more ‘investor ready’ at the end of the funding period. Many grantees have technical rather than commercial skills, and business advisory services enable them to survive market pressures such as inconsistent cash flow, strict loan repayment schedules and the challenges of marketing and distributing new products and services in immature
markets. Sound business practices also increase the likelihood of securing commercial loans once the grant has expired.

Business services may be offered directly by the FM through business accelerators which provide peer mentoring and coaching for grantee cohorts. Similarly, local field officers, such as the Inclusive Business Advisors used by IAP2 in its target countries and MAVC’s Country Engagement Directors, are recruited by the FM and assigned responsibility for technical and business assistance to groups of grantees in specific geographic areas. For more specialist services, funds may offer grantees third party expert advice on specialist capabilities on an ad hoc, call-off basis, either free of charge, or for a fee.

Anecdotal evidence, drawn from a survey of grantees and input from grantee workshops in Kenya and Bangladesh, indicates that this type of support is valued more highly than other types of technical assistance.

v. Stakeholder management
Sustainability is a combination of internal activities by donors, FMs and grantees, and external support from key stakeholders. In the case of ECFs, tax or regulatory regimes may impact on the ability of grantees to create commercially viable businesses. For CSCFs, external stakeholder support from philanthropic foundations, government bodies and CSOs is critical to the continuation of advocacy projects beyond the life of a grant.

Stakeholder engagement can happen at a one-to-one level for individual innovations, as well as at the ecosystem level to shape policies supportive of fund objectives. Funds recognise the importance of the external environment to the long-term success of grantees, and have adopted different approaches to stakeholder engagement. In some cases, stakeholders are brought in early into the design and launch of the fund, as was the case with both IAP1 and IAP2 where private and public sector representatives advised on fund design, and were present at launch events in different countries. Stakeholder engagement can also occur through direct representation on governance structures (e.g. MAVC aimed to include government representatives in target countries on the steering committee; though in the end official engagement mainly occurred at local level). Engagement can also occur through FM and grantee participation at relevant events such as global conferences and expert panels as demonstrated by AmplifyChange which is committed not just to individual projects, but to building a broader sexual & reproductive health and rights (SRHR) movement for change.

AECF Connect is a bespoke fund, which to date has provided investment facilitation services to 27 AECF grantees in agribusiness and renewable energy free of cost, and has helped 12 of them raise investments totalling $39m. Connect activities include investment market analysis, providing information on investment options, preparing companies to pitch to investors, and assisting in deal-making.

IAP2 focuses on matchmaking, connecting grantees with prospective investors through an inclusive business platform, working with Inclusive Business Sweden to create a ‘deal book’, building a growing network of investors, and planning events at which IAP2 grantees can pitch to multiple investors.
vi. Investor readiness, matchmaking and brokering

The most active steps by FMs to support grantee sustainability involved matchmaking and brokering between grantees and external sources of finance. These activities include: inviting potential investors to the launch of the CF and maintaining contact through the fund period; identifying preferred investors for specific projects; providing training to grantees on how to pitch ideas to impact investors; and organising events for grantees to pitch to investors.

These activities go beyond original concepts of technical assistance, which focused on operational or reporting problems that grantees might face, and business advisory services, which focus on instilling professional business and financial practices. The recent shift towards helping grantees become investor ready reflects an acceptance on the part of FMs that, unassisted, grantees will struggle to achieve sustainability, and that the FMs need to take greater responsibility for ensuring the long-term sustainability of funded projects beyond the contract period.

vii. Bridge finance and direct investment

CFs increasingly set aside part of the budget to support grantee sustainability. As we have seen, this may be used for advisory, matchmaking or brokering services, but may also be used to provide bespoke bridge funding for grantees after the expiry of the fund period. Funds such as AmplifyChange and GIF use patient capital16 - funds set aside to make further investments in high-performing projects, giving grantees access to more predictable funding flows beyond the immediate contract term.

Beyond bridge financing, funds can promote sustainability through direct, post-grant investment in grantee operations. In this instance, the CF takes on the role of an impact investor, and while there are no examples within the Sida portfolio of such activity, there are indications that funds may move in this direction in the future.

Taking an equity position in funded projects as well as the use of repayable grants, loans, impact bonds and other types of financial instrument represents a significant change. CFs were originally conceived as a simple vehicle for awarding public funds, in the form of grants to produce well-defined public goods. New forms of finance, by contrast, are as yet relatively untested. They require FMs to bring different skill sets from the world of investment banking and venture capital, and may have unintended negative consequences ranging from perverse incentives to recipients of repayable loans (who only have to pay back the money if they become

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16 Patient capital: the investor is willing to make a longer-term financial investment in a business with no expectation of turning a quick profit.
profitable), to crowding out of commercial capital from banks and private investors. It is noteworthy that only CFs which are independent entities (GIF and AECF) are currently considering these mechanisms.

### 3.2.3 Conclusions

CFs use a range of design features and direct interventions to ensure that funded projects have impact and are sustainable beyond the lifespan of the fund itself.

All such interventions carry cost and involve trade-offs as they require the FM to spend time and resources (either directly or by outsourcing to experts) on specific activities. In the past, these costs were subsumed in FM fees or general TA costs, but now, as TA expands to include technical, business, and investor-ready support, they tend to be named as specific budget line items. This means that although the percentage of the total Fund budget disbursed as grants is lower, the growing prevalence of interventions to drive sustainability, and the importance ascribed to them by FMs and grantees alike, indicates that this is a trade-off which donors are willing to make.

Analysis of efforts to promote sustainability points to the following conclusions:

- **Potential for a new ‘hybrid’ venture capital model:** Funds such as GIF and AECF which, as independent entities have greater flexibility and fiduciary control than funds managed on a limited basis by contracted FMs, are experimenting with a venture capital model which would see them taking a direct stake in certain innovations as they grow to scale. While still a nascent idea, the result would be a hybrid funding instrument with a more traditional CF structure at the front of the innovation funnel to bring in a wide range of new ideas for testing and a venture capital model at the end to invest in the ‘winners’.

- **Lack of focus on adoption of innovative solutions:** Challenge Funds are good at gathering evidence on ‘what works’ around innovative solutions to development challenges, but less good at using that knowledge productively. There is a notable imbalance between the effort devoted to seeding and testing new products, processes and services, and the limited focus on dissemination and uptake of these innovations.

- **Inadequate tracking of outcomes and impact:** Although this evaluation has identified a growing CF trend towards actively fostering sustainability, it remains extremely difficult to establish whether CFs have actually achieved long-term sustainability of their projects or not. This gap in the evidence base is a direct result of the fact that, with very limited exceptions, CFs do not use longitudinal studies conducted some 3-5 years after the end of project funding to track outcomes and impact of Fund activities. The absence of long-term tracking studies also makes it difficult to conduct a definitive cost benefit analysis of the effectiveness of different activities to support sustainability.

There are structural reasons why donors and FMs focus on CF design and implementation, rather than long-term tracking and diffusion of ideas. Donor funding tends to be short-term and limited to the duration of particular programmes. Unless these rules change, the best chance of tracking sustainability over time will be
through funds like AECF and GIF which, as independent entities, have greater flexibility to allocate funds and greater incentive to devote resources to tracking long-term impact.

3.3 RELEVANCE OF INSTRUMENT

<table>
<thead>
<tr>
<th>CFs are an appropriate mechanism for tackling development challenges when specific conditions are met. These include the following:</th>
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<td>1) <strong>A well-defined challenge</strong> with no tested solution available;</td>
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<tr>
<td>2) The <strong>potential for the CF to deliver systemic change</strong> by partnering with a range of organisations and addressing constraints to both supply and demand in target markets and sectors;</td>
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<tr>
<td>3) <strong>Immature, risk averse capital markets</strong> (which open the space for additionality); and</td>
</tr>
<tr>
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In the case of multi-donor CFs, all partners must ensure that they are aligned around fund objectives, with ToR for the FM that avoids a mismatch of expectations.

CFs are an appropriate mechanism for tackling development challenges when specific conditions are met. These include the following:

1. **A well-defined challenge** with no tested solution available;
2. The **potential for the CF to deliver systemic change** by partnering with a range of organisations and addressing constraints to both supply and demand in target markets and sectors;
3. **Immature, risk averse capital markets** (which open the space for additionality); and
4. **Open, conducive political environments** which provide the CF with space to operate.

In the case of multi-donor CFs, all partners must ensure that they are **aligned around fund objectives**, with ToR for the FM that avoids a mismatch of expectations.

### 3.3.1 When Are Challenge Funds Relevant for Development (MEQ 3)?

The choice of whether to use a CF or some other type of programming to address particular challenges is dependent on whether a Fund mechanism meets certain preconditions for relevance.

Among these, two overarching requirements are the potential for a CF to **achieve additionality**, and to be a **catalyst for systemic change**. Without these two key tests being met, the use of the CF instrument becomes questionable and more efficient grant funded instruments should take their place.
3.3.2 Findings

MEQ3 is about understanding the relevance or appropriateness of using a CF as an instrument of support. Much of the decision on whether to use a CF needs be considered in the context of meeting a number of preconditions.

i. Systemic change

For a CF to be successful, there needs to be an element of change which generates outcomes outside of the direct scope of the project activities. In an ideal situation, the change needs to pervade all parts of a system: the interrelationships, the interdependencies, the systems and processes that will ensure a degree of sustainability in moving people away from poverty, marginalisation and vulnerability, towards well-being and protection.

Systemic change is a product of creating or transforming markets (in the case of ECFs) or of changing the structures and policies that restrict opportunities and keep people poor, vulnerable and marginalised (for CSCFs).

It is not possible to predict with certainty beforehand if a CF will ultimately produce an impact greater than the sum of its parts – this can only be seen afterwards – but there are leading indicators of systemic change visible through monitoring and tracking studies:

- **ECFs**: successful project portfolios will have a direct impact on reducing poverty by providing goods, services and employment for poor people. In addition, the portfolio as a whole will play a market-making role with economic multiplier effects driving increased demand for supply chain, manufacturing and distribution capacity.

- **CSCFs**: CFs based on the philosophy of ‘let 1000 flowers bloom’ can create systemic change through the sheer weight of the fund portfolio. The multiplicity of initiatives drives change in policy to address poverty, gender equality, climate and environmental impact and other forms of social exclusion.

It is important to recognise that the drive to systemic change can be direct (e.g. making a specific market, or working to change specific government policies) or indirect (e.g. testing the relevance and effectiveness of inclusive business models, or strengthening CSOs). Both are relevant approaches, depending on the level of ambition of the fund, but must be described and agreed in advance to ensure alignment of expectations among donors, FMs and grantees.

It is also important to note that the level of ambition for a CF may vary, with higher or lower expectations for impact based on whether space is already open for a
CF to operate (e.g. in relatively mature markets such as Kenya and Zambia) or whether the CF itself is a key component in creating that space (e.g. in post-conflict markets such as South Sudan). In failed and/or fragile states, a donor may relax the definition of what constitutes systemic change: a CSCF may simply provide the delivery of basic services and an ECF may do little more than bring in idle resources.

ii. Additionality
As we have seen in Section 3.1 above, understanding additionality is critical to evaluating CFs, with an onus on FMs to demonstrate that donor funds are making a positive contribution that would otherwise not have occurred. It is particularly critical for ECFs, given the potential for crowding out commercial sources of finance and thus having a negative impact. In the 2017 CF Guidelines, Sida set out the following definition of additionality:

“Sida’s involvement triggers a pro-poor development impact that would not have emerged without Sida, i.e. shows development additionality. Alternatively, Sida’s involvement can also have financial additionality and enable development that would not have taken place at the same size or scale without Sida”.

Measurement of additionality beforehand is particularly critical for ECFs in assessing the extent to which the grant may potentially displace commercial funding. It is therefore critical for the application process to scrutinise the extent to which commercial funding was available to support the project. The key test question is not whether the company could have funded the project, but would the company have funded it without the ECF.
iii. The challenge is well-defined

There needs to be a well-defined development challenge with no clear or tested solution or alternative pathway to implementation already available. A viable solution to the challenge will require a combination of technical, organisational and political factors to be in place:

- New technologies capable of delivering products and services to poor people more efficiently and effectively than anything currently in use;
- New organisational and/or business models to drive adoption of innovative solutions, and
- An enabling political environment that promotes rather than blocks implementation of the solution.

CFs can be focused around a tightly-defined challenge with a clearly defined desired outcome such as improving SRHR conditions for women and girls in specific countries (AmplifyChange). Alternatively, the CF can respond to very broad challenges (alleviating poverty, improving conditions for people at the base of the pyramid) with no specified geographic or sector focus (GIF, IAP1). In some cases, such as Demo Environment, IAP1 and IAP2, the CF was set up not only to address a specific development challenge but also, explicitly, to test the effectiveness of CFs, and the involvement of the private sector, as a driver of change.

iv. Capital markets are immature

Capital markets in CF target countries are generally immature and risk averse. ECFs have the highest potential to deliver real change in situations marked by the absence of commercial solutions to development problems. ECFs have a unique role to play in spaces which commercial capital has avoided. CFs are essentially risk-sharing mechanisms, prepared to open up and reduce the risk of hard-to-reach and untapped markets, using their leverage to crowd in new entrants and new sources of finance.
ECFs are also effective in situations where a pool of innovators and entrepreneurs exists but they are unable to create prototypes, test or scale their ideas because of limited access to capital or commercial credit. In these situations, such as the Sida-funded Post Conflict Window of AECF, the donor takes on first-mover risk as a way of inducing commercial investors to follow suit.

v. The supply side / enabling environment is weak

CFs have a greater opportunity to create additionality in situations where supply side factors – market maturity, strength of public institutions, quality of infrastructure, existence of supply chains and distribution networks – are all weak. At the same time, by trialling innovations which increase both the affordability and relevance of innovative goods and services for poor consumers, CF’s have the capacity to unlock nascent demand.

- **ECFs**: Successful measures to link supply and demand combine a focus on cross-cutting public goods such as a focus on poverty, gender equality and environmental protection with the need to develop innovative solutions which are commercially viable.

- **CSCFs**: Successful measures combine creating new civil society and political institutions with activities to drive cultural acceptance and adoption of innovations. As set out in 3.2 (above) CSCFs need to mobilise a wide array of stakeholders to create the conditions of institutional and cultural change.

vi. Conducive political environment

CFs need a mandate from government to operate in target countries. Without this, a CF may actually do more harm than good if a government feels threatened and sets out to discredit CF-sponsored innovations or clamps down on grantees, for example by prohibiting the disbursement of aid funding to private sector companies and NGOs.

Conducive political environments are characterised by a lack of corruption, an open and competitive market for private sector firms and a tax regime that does not place restrictions on the use of donor funds. However, CFs often operate in political environments that are not necessarily open or conducive. In such cases donors and
FMFs need a detailed understanding of context and a political engagement strategy in order to open channels to government and lobby for specific policy changes. These may include:

- **ECFs**: lifting restrictions on paying donor grants directly to private sector grantees; lifting import duties on key inputs; creating tax incentives to encourage private investment in key sectors;
- **CSCFs**: changes in policy and the repeal of laws which restrict opportunities for people at the base of the pyramid; encouraging government to adopt and maintain innovative approaches trialled through the CF (e.g. supporting girls’ education or making provision for SRHR for poor women).

**vii. There is space to enter partnerships with business and CSOs**

Sida set up IAP1 in 2010 after several years of studying how best to engage with the private sector. In the original appraisal document, the explicit objective of the Fund was stated as stimulating ‘the private sector to contribute to pro-poor green growth by focusing more of its efforts, innovative ability, and resources to develop and invest in products, systems and services which will benefit people living in poverty’. CFs can be resource intensive when FMFs have to sift through thousands of applications to find a few ‘nuggets’ to fund, but this investment is deemed to be necessary and appropriate in situations where:

- There is scope to bring in a wide range of potential applicants;
- It is not clear where a solution is likely to be found; and
- Instead of relying on a single ‘winner’, there might be multiple solutions to a specific challenge.

**viii. Additional preconditions for multi-donor CFs**

Before setting up a CF, donors should consider whether alternative programme mechanisms would be more appropriate and effective, but in practice this does not always happen. Only four of the ten global CFs in Sida’s portfolio were established by Sida itself – IAP1, IAP2, Demo Environment and Sustainability and Resilience (in conjunction with the Swedish Research Council) – while the other six were set up by donor partners with Sida only joining during or after the inception phase.

In these instances, Sida’s decision to join was based more on appraisal of the likelihood of the fund meeting its objectives, than on a rational consideration of whether a CF was the best mechanism for addressing the specific development challenge, the assumption being that such an analysis had already been carried out by the lead donor.
That said, in the case of multi-donor funds there are additional requirements that donors must consider before committing funds and resources:

- Non-lead donors are able to influence both the ToR of the FM and the overall design of the CF; and
- All donors share the same focus on the importance of securing and measuring results for poverty alleviation and other cross-cutting objectives.

Despite joining late, Sida has been influential in shaping fund designs and aligning overall objectives in accordance with Sida’s focus on cross cutting issues (see MEQ6). Sida has also been instrumental in widening the sectoral focus (e.g. including water, sanitation and hygiene (WASH) in the overall ToR for AmplifyChange), and scope of existing funds through the introduction of new windows and new challenges.

3.3.3 Conclusions

CFs are an effective mechanism for tackling development challenges when specific preconditions are met:

- In **immature capital markets** where risk reduction activities by donors have both a multiplier and crowding-in effect on economic activity, and in **open political environments** there is greater space for CFs to operate and work towards creating systemic change.
- In situations where the political and economic environment is less conducive – e.g. **in post-conflict countries or highly regulated and restricted economies** – **donors and FMs will need to modify their ambitions**. Here the focus needs to be on de-risking the market for future commercial investment by lobbying governments to lift restrictions which hamper both grantees and new market entrants.
- CFs have long been the mechanism of choice for **engaging a wide range of private sector and CSOs in finding innovative solutions to development challenges**. Transparent eligibility requirements and a competitive process allow donors to make public funds available to private companies in the form of grants and other financial instruments. CFs allow donors to cast their net wide in the search for new ideas and approaches, although at high cost, as FMs typically have to sift through thousands of applications to find the most promising proposals.
- Multi-donor funds are more successful when **all donors are able to influence fund objectives and ToR**, even if follower donors only join the fund after the launch and the start of operations. Misalignment of objectives among donors and between donors and the FM can lead to negative unforeseen consequences with long-term negative impact of the relevance, efficiency and effectiveness of the fund as a whole.

Before setting up, or joining, a CF, donors should therefore ask themselves how intractable the development challenge is to be addressed and how amenable to innovative solutions; how likely are these solutions to come from non-traditional sources; how additional would a Fund be to existing activity; and whether the socio-
political and economic environment is conducive to creating systemic, and not just incremental, change.

These questions will only be answered through detailed contextual analysis of the geographic and sectoral context in which the Fund will operate. Such analysis should underpin the decision whether to use a CF or some other type of programme. A baseline understanding of context provides a line of sight from inception through to completion, and over the course of the Fund, will enable donors to assess whether the CF was able to achieve its predicted impact and was indeed an effective mechanism for development.

3.4 CHALLENGE FUND MANAGEMENT

A key finding under MEQ 1 was the importance of the initial overall design of the fund. Of equal importance is the design of the specific challenge of each funding round, including: the marketing of calls, guidance to applicants and the application processes that can influence the quality of applications and the efficiency of selection processes.

CFs were originally designed for a light touch engagement by both the donor and the FM, with the onus of responding to the development challenge lying with the grantee. The experience from the 10 CFs is that in general the more intensively managed funds, with a more hands-on approach, had a greater degree of success in ensuring sustainable development outcomes.

The appropriate intensity of fund management depends on the nature of the fund, the risk appetite of the donors and the amount or proportion of the programme budget the donors are prepared to allocate to fund management. There are good examples of best practice in the Sida portfolio.

3.4.1 Has Challenge Fund Management Been Appropriate (MEQ 4)?

This part of the evaluation is focused on the management of the CFs in relation to the six defined stages of the management cycle highlighted in Figure 2.1. The review of the 10 Sida–supported global challenge funds has identified a number of common features among better performing funds and some common challenges experienced by funds with lower ratings. The findings are presented in relation to the main stages of the management cycle and identify some of the key factors that need to be considered in setting up appropriate fund management processes.
3.4.2 Findings

i. Design of challenges
Under MEQ1, the evaluation focused on the overall programme design usually undertaken by donors at the programme design/appraisal stage. This section focuses more on the detailed design of the challenges and individual funding rounds although it is important to recognise that the initial design clearly influences the design of the individual calls and many of the important factors highlighted for consideration for the initial design stage also apply here.

Across the reviewed funds, good practice examples are those where the design of challenges is informed by adequate consideration of:

- The nature and scale of the challenge objectives;
- The characteristics of the organisations that are likely to identify and present quality solutions;
- The nature and scale of initiatives to be supported;
- The contexts in which the projects will operate; and
- The anticipated pathways to change and impact, including any requirements for non-monetary support such as technical assistance and capacity building (and how this should be provided).

Consideration of these factors enables the design of calls to be tailored to attract the most appropriate organisations to apply with good quality initiatives of adequate scale that are focused on the programme objectives. It also helps to ensure that the necessary fund management mechanisms are in place to support the successful delivery of project outcomes and impact.

Funds that are designed to run multiple and sequential funding rounds, benefit from opportunities to review and refine the design criteria from one round to the next, supporting a process of continuous adaptation and improvement.

ii. Launch and selection
Targeted outreach and stakeholder engagement
The main objective of launch activities (including marketing of CFs and specific calls, guidance to applicants and application processes) is to attract an appropriate number of good quality applications from organisations that are well-placed to deliver desired changes and address the challenges.

CF outreach activities have included the appointment of marketing companies, openly advertised promotional events, seminars, webinars, newspaper advertisements and web-based information, as well as more targeted approaches through e.g. relevant NGO networks for CSCFs and business associations for ECFs.

The challenges themselves may be broadly defined, providing applicants with flexibility to address specific issues that they identify within their own spheres of activity; or more narrowly focused either by theme or geography. More narrowly focused challenges can manage down the volume of applications received and enable
the preparation of very specific guidelines and support to applicants; theme-specific assessment criteria; easier comparison of proposals; aligned capacity building and TA; and the development of communities of practice. On the other hand, in some cases it may be beneficial to cast a wider net with a broadly focused call designed to capture disruptive innovations which may come from unforeseen sources or address specific but important development issues identified by applicants.

**Accessible guidelines and support to applicants**

A number of funds have learnt the importance of appropriate pitching of style and content of application guidelines and processes to ensure that they are accessible and do not become barriers to identified target groups. In response, FMAs have simplified application processes, adjusted the language used in guidelines, or provided additional forms of support to applicants. In some cases, grant conditions and parameters have acted as barriers to potential applicants. For example, smaller or newer civil society organisations can be put off by high match-funding requirements or prohibition of grant funds for salaries. Short duration or small-sized grants may be unattractive to better established or larger business applicants to ECFs.

The CFs have generally responded well to lessons learnt about call guidance materials and processes and feedback from grantees via the grantee survey and regional workshops indicates that the grantees are generally happy with the application process and the clarity of guidelines, and appreciated additional support from FMAs. One of the CSCFs provides guidelines and supporting webinars via the programme website which grantees considered to be effective. Some ECFs provided shortlisted candidates with business plan preparation support in the form of business plan workshops, or one-to-one business plan support. Direct interviews of short-listed applicants or face-to-face pitches are considered particularly important for the ECFs. Apart from direct questions related to assessment criteria, these encounters have been used to assess the ‘coachability’ of applicants, i.e. their apparent capacity to be self-critical and accept opportunities for capacity building and technical assistance support.

**Robust selection processes**

It is clearly very important that CF selection processes are well structured and robust. This is important both for accountability to donors for the allocation of funding commitments, as well as to applicants to assure that the judgements are based on fair and thorough process.

The majority of CFs use multi-stage assessment processes with early screening stages to exclude ineligible applications and those that don’t meet minimum quality standards. This can significantly improve the efficiency of appraisal by reducing the volume of applications that require full appraisal. Light touch initial screening of applications is particularly important for new global funds and those with a broad focus that can attract very large numbers of applications, particularly when targeting organisations and initiatives that are underfunded.
The early screening stage is commonly followed by technical assessments by experts with relevant sectoral and/or regional experience, following published appraisal criteria. Best practice selection processes are supported by clear appraisal guidelines and mechanisms to ensure consistency of judgements such as appraisal criteria scorecards and quality assurance or peer review processes. Assessment recommendations are presented to independent awards committees with donor representation, which consider the evidence supporting funding recommendations and make final recommendations or decisions.

The selection process ends with the announcement of decisions. At this stage, feedback to unsuccessful applicants is often considered a low priority for the allocation of FM resources, but from the perspective of the applicant, bespoke constructive feedback on unsuccessful applications is highly appreciated and provides the opportunity for applicant organisations to consider reapplying to subsequent rounds or to prepare better applications for funding from other sources.

iii. Grant management and contracting
The contracting stage in the CF management process usually occurs between the announcement of provisional awards and the confirmation of the funding agreement, with associated terms and conditions. It often includes due diligence of the awardee organisation, some capacity building, and may also include co-development of results frameworks and identification of performance-related milestones.

Proportionate due diligence
Survey feedback from grantees indicated that in general they found the due diligence process challenging but useful for the development of their organisations. The best processes appear to be those where the approach taken is proportionate and focused on risk assessment and organisational capacity building rather than an ‘audit’ approach. Establishing proportionate approaches is dependent on the donor and FM agreeing on acceptable risk thresholds which may be differentiated by size of grant or the nature of the funded organisation.

Where risks related to organisational governance, policies or practices are identified but considered to be manageable, there are good examples where the FM provides advice and capacity building support to grantees to address the identified areas of weakness.

Results frameworks and measurable milestones
FMs engage with awardees during the contracting period to clarify terms and conditions of grant and in most cases, to develop and clarify results frameworks. This helps to establish a clear and common understanding of what the project is expected to deliver and may also form a basis for the release of payments. Determination of the best approach requires balanced consideration of the higher

**SWFF** works intensively with grantees to set output-based milestones which become the basis for performance related payments and annual assessments that inform decisions on continuation of funding. **Powering Agriculture**, which supports earlier-stage innovations, has a more flexible approach. For the better-established organisations, ‘Fixed Amount Works’, milestone plans are agreed as part of the contracting process, and are followed with payments on completion of activity-based milestones. For grantees assessed to have lower capacity, ‘Cooperative Agreements’ are used with no requirement for milestones to be agreed ahead of award, and costs reimbursed at an interval determined by the grantees.
performance leverage of output-based payments, the capacity of the awardee, the level of inherent risk associated with the intervention and contextual factors that may have an over-riding impact on performance.

**Fund manager-grantee relationship**

FM experience and feedback from grantees has emphasised that an open, transparent and productive relationship between the grantee and the FM is critical to success. For both the FM and the grantee, a consistent point of contact with a good understanding of the intervention supports the development of an open and honest relationship, which in turn facilitates open discussion of risks and issues affecting performance. On the other hand, multiple contacts or frequent changes to a single point of contact can be disruptive and inefficient. Intensive FM-grantee engagement during contracting provides a good opportunity to invest in establishing a good relationship at an early stage.

It should be noted that as FMs are usually responsible to donors for assuring grantee compliance with terms and conditions and accountability of grant funds as well as performance management, maintaining an appropriate balance between compliance management and a collegiate partnership relationship with grantees can be quite challenging.

**Technical assistance and capacity building**

The intensity of FM technical assistance and capacity building support to grantees varies significantly across the portfolio. Capacity building support is provided to grantees to help them to comply with basic grant management processes such as financial management and reporting, or meeting required standards in relation to cross-cutting issues such as of gender equality. For the ECFs, support may also cover business acceleration services, supporting grantees to become investor ready and capacity building in relation to e.g. inclusive business models (see Section 3.2 on sustainability for findings related to business advisory services). In addition, some ECF programmes provide more tailored technical assistance support related to specific technologies.

Both the models used and extent of these support services vary across the funds. Factors influencing the determination of appropriate capacity building and technical assistance packages include the innovation stage of the interventions, the maturity of the funded organisations, and contextual factors such as the maturity of relevant markets and the availability of local expertise.
Learning from early implementation of technical assistance models has emphasised the importance of enabling grantees to determine their own technical assistance needs and ensuring their participation in the selection of more locally sourced suppliers.

**Risk and performance management**

The intensity of risk and performance management also varies significantly across the portfolio. Funds with intensive fund management engagement and a high level of capacity building and technical assistance support enable the fund management to exert a high level of control over risk and performance, reducing the risk of continuing to fund underperforming interventions. Such high-intensity FM models provide both the ‘carrot’ in the form of intensive guidance and support, as well as the ‘stick’ in terms of the possibility of funding and support ceasing if the project underperforms.

However, it is also important to note that increasing intensity of fund management, technical assistance and capacity building inputs is usually associated with higher management costs.

**iv. Monitoring and evaluation**

**Support to grantees**

It is clear that CF management benefits from clear and robust systems to monitor the progress of funded projects towards achievement of their intended outcomes and impact as well as their contribution to the overall programme objectives. This helps to inform management decisions to keep programmes on track.

The review of fund approaches to monitoring, evaluation and learning has also highlighted the need to recognise the incentives, interests and capacity of the grantees. For the ECFs, where private sector grantees may not have any experience (and little interest) in tracking development impact, it is important for the FM to establish an appropriate level of engagement. The FM can encourage and support ECF grantees to collect data themselves, but this is only likely to succeed when the data is also useful to them in driving business decisions. However, under some circumstances when data is required to monitor programme performance, it may be appropriate for the FM or a separate monitoring and evaluation contractor to assume the role of directly measuring development impact, or validating project and programme performance based on grantee data.
Learning and sharing experiences
Some FMs facilitate processes that enable grantees to share experience, learn from each other, and test whether there are opportunities for synergies between them, for example by combining products and services to create an improved offer to the market or to leverage resources.

These relationships are fostered through:
- Structured partnerships between individual projects;
- Formal meetings of grantee cohorts;
- Mentor networks; and
- Online platforms.

For many grantees, the opportunity to be part of a cohort of organisations experiencing the same pressures and challenges is an important benefit of being a Challenge Fund grantee. Participating in a community of peers allows grantees to share ideas and advice and learn what strategies other organisations have used to drive scale and sustainability. This informal network complements the grantee-FM relationship, which is mediated by formal, contractual reporting requirements and expectations.

3.4.3 Conclusions
There are two key conclusions that cut across the findings related to the six stages of CF management highlighted above. One relates to the fact that the majority of findings suggest that the more successful approaches to fund management require a higher intensity of fund management support and that this implies higher costs, and the other refers to the need for fund management processes to be flexible and adaptive.

1) Setting the appropriate intensity of fund management depends on the nature of the fund, the risk appetite of the donors and the amount or proportion of the programme budget the donors are prepared to allocate to fund management. Figure 3.5 illustrates our assessment of the relative intensity of fund management across the ten reviewed CFs. Annex K presents a rudimentary analysis of management costs across the CFs that largely reflects the assessed level of intensity.

2) Flexible and adaptive management is essential to respond to learning from implementation. Many of the examples of good practice outlined above reiterate the importance of using learning from implementation to continuously adapt and improve fund management practices.
The conclusion is that there are some basic principles to follow in relation to each of the stages in the CF management cycle, and which factors need to be considered to determine the most appropriate processes for any particular fund.

- **Design of Individual challenges and funding rounds**: CFs are most likely to lead to successful achievement of objectives if they are based on a clear intervention logic, including considerations of the types of organisation best equipped to address the challenge, the pathways to achievement of outcomes and impact, and how organisations can be incentivised and supported to deliver.

- **Launch**: In order to attract an appropriate number of good quality applications, from organisations best-equipped to address programme objectives it is important to consider marketing approaches and funding criteria that will attract the targeted organisations and support them to present good quality applications.

- **Selection**: Best practice selection processes include initial screening out of ineligible and low quality applications, robust appraisal processes that ensure the objectivity and consistency of judgements, independent panels with donor representation to inform funding decisions and tailored feedback to unsuccessful applicants.

- **Contracting**: Appropriate due diligence processes are those that are designed to be proportionate to level of risk and type of organisation and used not only for assessment of organisational risk but also as a basis for organisational capacity building. Similarly, appropriate terms and conditions of grant and payment mechanisms are those that incentivise good performance and accountability while also recognising limitations of organisational capacity and providing support to enhance capacity where it is required.
• **Grant management and technical assistance:** Both FMs and grantees have indicated that establishing and maintaining an open and honest partnership between FM and grantees supports the successful achievement of outcomes as well as risk management and accountability. Factors to consider in the determination of appropriate capacity building and technical assistance packages include the innovation stage of the interventions, the maturity of the funded organisations, and contextual factors such as the maturity of relevant markets (for ECFs) and the availability of local expertise.

• **Monitoring, evaluation and learning:** Appropriate approaches to monitoring and evaluation are those that maintain a focus on intended outcomes and impact; consider the incentives and capacities of grantees to monitor progress towards development impact; and provide direct support to enhance monitoring and evaluation processes where there are gaps. The evaluation has also found that FM efforts to support the sharing of learning between CF grantees can enhance the achievement of programme objectives.

### 3.5 SIDA ENGAGEMENT

Sida has played a key role in engaging with other donors in the design and implementation of CFs especially in ensuring the focus on poverty reduction and cross cutting issues.

**Project screening and selection** is a key success factor in CFs. Success has been achieved where Sida has an arm’s length role in project selection but with a veto power to ensure adherence to Sida’s development objectives.

Sida’s experience with CFs has been positive, but a key lesson is that more patience is needed before seeing results at impact level. Sida has also learned that it needs to have the capacity to ensure that the FM has robust results management systems in place.

The regional engagement by Sida and embassies has supported the effectiveness of CFs and the results from funds provide an important evidence base to enhance Sida’s country programmes.

#### 3.5.1 Has Sida’s Engagement Been Appropriate for the Successful Achievement of the Funds’ Objectives (MEQ 5)?

The assessment has examined the experience and effectiveness of Sida’s engagement in fund management processes (launch, selection and contracting) and in monitoring and evaluation.

#### 3.5.2 Findings

**i. Design of challenges**

The key finding of the evaluation is that the design stage of the CF is of critical importance for Sida. There has been a tendency in some CFs to place greater emphasis on viewing the success of the CF by the quality of individual projects funded, rather than the way in which the design of the challenge was critical in
contributing to the success of the fund. A poorly designed fund, where the nature of the challenge specified by the donor is unclear or untested in terms of potential uptake, will generally not succeed. Once a fund is in the process of implementation, it is harder to exert influence for repair, even if there is a good project cycle management system in place.

There is a key message throughout this evaluation of the importance of donor engagement in the design phase, although there has been some learning in improving programme design from multiple phases of funding. So while there positive adaptations to programmes, for example in the change from IAP1 to IAP2 and changes made in AECF, the key lesson is that in future there should be less adaptations afterwards, and more upfront input into the initial design.

The experience of CFs is that greater focus on the nature of the challenge in terms of geography and/or theme produces better results\(^\text{17}\). While broader challenges are also acceptable as in the case of GIF, the key issue is to have clarity on the objectives of the CF. Thus Sida needs to take a view on the design of the challenge and have some evidence that the design has addressed the key contextual issues. Sida’s engagement at the design stage is also essential to ensure that the Swedish Government priorities in terms of poverty and human rights are addressed in design as well as the issues of gender, environment and local ownership.

A key finding from the evaluation field visit to Nairobi was the strategic advantage for Sida in having a country presence. This provides Sida with hands on influence with both the FM and other donor partners. For example while there was substantial early engagement in the AECF from Stockholm, the Sida presence in Kenya and Tanzania enabled ongoing dialogue with the Alliance for the Green Revolution in Africa (AGRA)\(^\text{18}\) in relation to the implementation of Sida funded windows of AECF (Connect, and REACT\(^\text{19}\)) where lessons around the gender dimensions of poverty reduction were included in the design of the new phase of REACT.

\textbf{ii. Launch and selection}
Best practice in CF management supports keeping some distance between the FM and the project selection process with the use of an independent investment or selection

\footnotesize{In the case of Powering Agriculture, Sida was only able to exercise some influence in project selection in the second round when a more active role was taken by participating in the panel reviewing proposals. Sida was able to push for criteria such as impact on gender equality in the assessment criteria, as well as gender competence in programme management. The need for common agreement on objectives and clear rules of engagement by the donors was highlighted in the case of MAVC. The decision-making between the Investment Committee and the Donor Group became blurred. The Donor Group used its veto role to request more information and analysis about proposals, effectively acting as a second Investment Committee. Whilst the scrutiny by the Donor Group may be a seen as a justified response to dissatisfaction with the quality of MAVC grant proposals during the first year, this led to a drawn out approval process, resulting in a low approval/no objection rate by the donor group.}


18 The Alliance for the Green Revolution in Africa (AGRA), an international NGO, was the contracting body for the AECF until 2017.

19 Specifically for REACT SSA (Sub-Saharan Africa) and REACT Tanzania agreed in Nov 2017}
iii. Grant management and contracting

A key finding from Nairobi was the importance of Sida engagement in support of the CF which can lead to a more effective acceptance and ownership of the CF activities. Sida can also play a key role in influencing the implementation of a successful fund drawing on the capacity of the Embassy staff.

ECFs are to some extent a de-risking instrument for the private sector and it is the role of the donor to set the risk appetite of the challenge. However, the evaluation found a lack of clarity on the level of risk appetite by Sida and on the extent to which this needs to be shared with the FM. The implication is that Sida needs to be comfortable with the level of risk appetite set and establish clear parameters of risk management with the FM.

Sida has recognised that there is a need to have strong oversight systems to ensure that the FM has strong grant management systems to prevent fraud. For the AECF it was necessary for the FM to request more funding for due diligence processes to prevent such occurrences. The key finding is that Sida needs to ensure that there are sufficient oversight skills within Sida to assess whether the FM has the right systems and competences in place.

iv. Monitoring, evaluation, and learning

Sida is usually dependent on its FMs for the reporting on results and impact and while in some cases this has worked adequately, in other cases Sida has been unable to influence the key performance measurement of the fund. A key finding of the evaluation is that there is a responsibility for Sida to ensure that the FM has a robust results measurement system in place which is free from reporting bias.

An example of where the results reporting mechanism was not satisfactory was the Sustainability & Resilience fund. In this case, Sida prepared the reporting framework which placed emphasis on local ownership, sustainability, applicability, gender consideration and poverty, but there is no requirement for grantees to report

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20 De-risk: to take steps to make something less risky or less likely to involve a financial loss for the CF grantee

21 FMs are often collating evidence from their grantees who can have an incentive or milestone payment which encourages optimistic reporting.
progress (other than financial reporting) and Sida had little influence to improve the quality of the reports.

Sida recognised the need to exercise this form of conditionality with GIF. While Sida was broadly satisfied with the results framework produced, an agreement was established stipulating that Sida should approve grantee results frameworks before making the second disbursement of funds. This need for Sida to be proactive in ensuring adequate result monitoring has also been recognised in the new AECF REACT window, as they are funding a monitoring and learning advisor who will report directly to the Sida office in Nairobi.

A key feature of ECFs has been the long delay between the launching of the fund and the reporting on any outcomes and impact. The lesson from the literature and Sida’s funds is to manage expectations of the time delay between the launch of the fund and the achievement of impact by the end beneficiaries. Many of the ECFs are working with a long chain between the activities of the grantee business and the potential increase in incomes for the end beneficiary (e.g. smallholder farmer). For the ECFS there is typically a lag between the use of better inputs and improved business or farm practices, and the change in net income. Monitoring reports from the FM in the first few years can do little more than report on disbursements and activities undertaken. There is a similar problem with the CSCFs engaged in a range of advocacy activities which are unlikely to lead to immediate change in government policies or quick impact on end beneficiaries.

There is also an increasing realisation that results measurement, in particular at outcome and impact level, is time consuming and often beyond either the interest or capacity of the grantee to report on. It is therefore the role of the donor to use their influence to ensure that either the FM carries out an evaluation, or an independent evaluation has been provided for. Sida can then expect that there will be a lag of at least 5 years after the contracting of the FM before significant results at impact level can be measured.

3.5.3 Conclusions

- Sida plays a key role in the design of a CF before it is contracted and launched by the FM. Well designed and focused CFs with clearly defined eligibility criteria by theme and geography specified in the FM’s terms of reference work better than a fund that speculatively waits for ‘a thousand flowers to bloom’ across continents.
- Experience has shown that funds work better if Sida commits resources in the design process, and it is preferable for Sida to be engaged as an equal partner in order to influence the design of the fund. It is crucial, therefore, that sufficient resources are allocated to allow Sida programme managers to spend the necessary time on appraisal and design of the CF, and to provide the necessary level of oversight during the fund management process. This is particularly important for Sida-only funds where Sida is in a partnership relationship with FMs, working jointly to manage risk, overcome obstacles and, where necessary, adjust focus and allocation of resources.
3. EVALUATION FINDINGS

- Sida can participate in global funds, but the experience to date has shown that some regional focus is more effective and Sida field staff can play a key role in ensuring effective delivery of the CF. Regional engagement by Sida with the CF also provides the opportunity to enhance the evidence base for Sida’s bilateral programmes.
- Sida now has considerable CF experience and it will be essential that staff resources are maintained in order to provide oversight of the CF implementers capacity at all stages of the project management cycle from launch and selection through to monitoring, evaluation and learning.
- Patience in waiting for results at impact level is required and Sida resources are required to support results measurement activities and ensure that the FM can meet Sida’s expectations in the quality of data provided.

3.6 INTEGRATION OF CROSS-CUTTING ISSUES

Sida’s strong intentions and aspirations to integrate poverty reduction, gender equality, environmental protection and climate change mitigation and adaption are visible at the fund appraisal and inception phases.

Less visible is the analysis of context that sheds light on the barriers, challenges and opportunities. Consequently, programme propositions, theories of change and results frameworks do not always make cross cutting issues visible. A key finding of the evaluation is the absence of consistency in defining the terms which describe cross cutting issues. It is therefore difficult to assess the changes achieved by CFs in the gendered dimension to poverty reduction, local ownership, environmental protection or climate change adaptation. Without indicators and data sets identified from the outset, an understanding of the impact on cross cutting issues has been limited to qualitative case studies.

Moreover many grantees did not see alleviating poverty as their primary or even secondary objective. FM’s are often more focused on intermediate aspects of implementation: a viable business; a functioning civil society organisation.

As a result of Sida exercising its influence to good effect, some CFs catch up on the cross cutting agenda during implementation, by commissioning studies, conducting audits, creating learning platforms and applying tools.

There is an opportunity for Sida to take a leading role in ensuring that cross cutting issues are adequately defined and measured for both Sida and multi-donor CFs.

3.6.1 Are Cross-Cutting Issues Visible in Challenge Fund Management (MEQ 6)?

The assessment has examined the extent to which CFs have integrated issues of poverty alleviation, gender equality, local ownership, environmental protection and climate change into the overall appraisal and design of CFs, in fund management processes (launch, selection and contracting) and in monitoring and evaluation.
3.6.2 Findings
There are few examples across the CF portfolio of best practices in integrating Sida’s strong aspirations for a nuanced analysis of multi-dimensional poverty, highlighting poor people’s perspectives, rights, the influence of conflict and insecurity, extent of gender equality, environmental protection and climate change mitigation and adaptation into the design of challenge funds. These issues, taken individually, are expressed as aspirations in Sida programme appraisals and often repeated again as such in FM inception reports. The contextual analysis that deconstructs the barriers and challenges that need to be addressed, and that informs objectives and strategies for FM processes is missing.

i. Design of challenges
Aspirations for cross cutting issues are strong but contextual analysis is missing
Sida’s appraisal process provides the rationale for investing in enterprise and civil society CFs. At this stage of the decision-making process, cross cutting issues are broadly visible as statements of intent and aspiration. However, there is relatively little in terms of actual analysis of how issues could be taken forward by FMs and grantees.

The preparation of ToRs for FMs provides an opportunity to signal expectations of how cross cutting issues should be integrated into all aspects of the fund. At present it is not clear from an analysis of programme documents whether Sida is using its influence early enough to steer FMs towards best practice.

Inception phase reports produced by FMs are not systematically translating Sida’s aspirations into a coherent fund management strategy for tackling cross cutting issues. There is an absence of:
- Evidence identifying which cross cutting objectives are relevant and achievable;
- Coherent, relevant, context specific objectives that are measurable and achievable;
- Well-articulated strategies and an action plan to support grantees through fund management processes; and
- Analysis of capabilities and resources required to implement cross cutting issues.

In the design phase, the emphasis of the FM’s focus is often placed on the direct means of addressing the challenge, with insufficient attention on how the key development objectives such as poverty alleviation or environmental protection are to be achieved. For example, in the case of ECFs, there is emphasis on good business ideas, or on how enterprises might harness the power of science and technology. Likewise NGOs may need to demonstrate their ability to use social media technology or to advocate around reproductive health issues. But there is only limited attention on targeting the poor.

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22 e.g. Formative research in relation to context, or how fund processes will support raising awareness, the use of relevant methodologies and tools and the integration of key issues into results frameworks.
**Awareness of addressing multidimensional poverty reduction**

Many grantees did not see alleviating poverty as their primary or even secondary objective. FMs are often more focused on intermediate aspects of implementation: a viable business; a functioning civil society organisation. FM documents, including inception and progress reports, for the most part do not define or deconstruct ‘poverty’ in relation to programme propositions or the theory of change. Most funds talk very generally about: “reducing poverty”, “improving the living conditions of poor people”; reaching the “base of the economic pyramid.” What is often missing is analysis of the perspectives of poor people (by gender/age) and insights into the associated challenges and barriers businesses and civil society organisations may face and how results might be measured.

**Awareness of gender equality**

Some FMs are beginning to consider what realistically can be achieved for gender equality in specific sectors, and in the processes associated with programme management, implementation and monitoring and evaluation. However, there is a tendency, particularly in ECFs, to consider “what can be done to include women”. Fund managers often conflate ‘including women’ with ‘equality’ with the result that leaves women’s voices and experiences of inequality unexamined. What is often absent is a systematic analysis of the differences between men and women in how they might benefit, with qualitative insights on voice, opportunity, access and control.

**Defining local ownership**

In CF documents, narratives around local ownership include: ‘seeking collaboration with local and national partners’; ‘selecting experts who live in developing countries’, ‘including local experts as evaluation panel members’, as ‘board members’; and ‘selecting African owned businesses’. One programme has an indicator to measure progress on ‘proportion of people from developing countries on board’ (sic).

A general finding is that CFs would benefit from a clearer definition of local ownership at the design stage and an articulation of why it is important in terms of empowerment, capacity strengthening and sustainability.

**Meeting Sida’s ambition on environmental protection and climate change**

Sida’s strong commitments and intentions in this area are clear at the appraisal stage as statements of intent. Less visible is an analysis of the barriers that need to be overcome. Environmental objectives are visible in some CF documents. For example,
for ‘responsible business approaches, and ensuring adherence to local environmental policies’; or that ‘the (project) idea is environmentally sustainable or provides a solution to a natural resource or climate issue’; ‘that environmental assessments have/or will be carried out’. What is missing is formative research to inform coherent, realistic and achievable objectives in local contexts through well-defined strategies.

ii. **Launch and selection**

**Terminology in relation to local contexts**
For the majority of CFs, grantees are required to demonstrate abilities to reach poor people, to include women and to adhere to local legislation on the environment. However, feedback from some grantees considered that the language used to define cross cutting issues was too complex, vague and insufficiently explained for application in local contexts.

iii. **Grant management and contracting**

**Importance of grantee’s contractual obligations on cross cutting issues**
Sida has played a role in ensuring CF grantees are contracted to address cross cutting issues and some grantees demonstrated contractual obligations to have human resources policies supporting gender equality in their own organisations. Some grantees were able to provide insight into how they take forward climate resilience actions in the communities where they work. In two of the CFs, each project is subject to an environmental examination and the grantees agree to comply with applicable local laws and regulations. It is less clear how FMs monitor progress in relation to the implementation of these initiatives; or whether grant terms and conditions are regularly reviewed and assessed.

**Sida influence during CF implementation**
There is good evidence that Sida has used its influence to persuade stakeholders to increase the focus on cross cutting issues during implementation. This is particularly true for gender equality. On three of the funds, studies were commissioned at the mid-term stage to investigate how to integrate gender equality as an objective. A gender audit was also commissioned for on one ECF, which provided important insights into where and how action could be taken by the FM and by grantees.

In funds where the environment and climate change are not primary objectives, the lack of reporting and learning insights in this area suggests that once environmental assessments are completed during the contracting phase, Sida’s influence is weaker, the issue is side-lined, and the strong level of ambition at the design stage is lost.

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In its fourth call, SWFF explicitly gave preference to female innovators from developing countries. Local innovators now constitute over 50 percent of the grantees in the programme and 35 of the innovations are women-led.

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24 Evaluation field visit- Bangladesh May 2018
Using methodologies, tools, and approaches
CSCF grantees are using tools and methodological approaches for understanding poverty and these include: baseline surveys (qualitative and quantitative); peer outreach; surveys; and national data sets. There was less evidence of tools to understand the gendered dimensions of poverty. Some ECFs are beginning to apply the DCED25 standards of reporting on poverty, including women’s empowerment in private sector development.

iv. Monitoring, evaluation, and learning
Results on outcomes by gender are not reported
CFs are not routinely reporting results in terms of outcomes for target beneficiaries by gender. This deficit is visible when the main body of progress reports cite results for beneficiaries, people, farmers, and innovators. Gender and other indicators of inequality are often invisible. Some FMs provide standalone sections of results reporting on women as beneficiaries.

Achieving outcomes and impact for beneficiaries takes time. In the early years the focus may be quite rightly placed on reporting progress against outputs and activities.

Limited understanding of data requirements to report on gender equality
While CFs are increasing efforts to collect gender disaggregated data, not all are analysing the data, and few are using it to shed light on the challenges and barriers that need to be overcome. Integrated monitoring and evaluation approaches to address gender equality in programming, and to measure results based on a contextual understanding of gender inequality is not yet visible in the portfolio of funds reviewed. One FM described frustration with ‘a near obsession’ for quantitative sex-disaggregated data when there was also a clear requirement for an investment in smaller qualitative studies to inform strategies and approaches grantees could use to implement and measure results. This suggests a requirement for more utility focused monitoring and evaluation on cross-cutting issues.

Aggregation of data for results reporting
Across the portfolio, the presentation of results on cross cutting issues is weak at an aggregate level but stronger in individual grantee case studies. This stems from results frameworks that do not include cross cutting objectives with outcomes or outputs and corresponding indicators. This means that overall there is a lack of data at


When I think of a farmer, I think of a man, if you want to help women then create a fund to do this and understand what problems women are facing and then address them”.
– Fund Manager, ECF (not funded by Sida), Bangladesh.

AECF has had some success in reporting on poverty reduction at an aggregate level, using indicators around increases in income/employment by gender (with the exception of youth). Reporting of results is quality assured with field visits where programme officers are supported with guidance notes and templates to capture data useful for learning and case studies. However, the template questions first ask about ‘beneficiaries’ and then about ‘women’ missing an opportunity to compare and contrast benefits accruing to women and men. One AECF study claimed to look at gender in a specific supply chain, but in fact it just looked at women. These are common shortcomings that emphasize the importance of ensuring FMs have the capacity to take forward the agendas of cross cutting issues.
aggregate level to assess: who benefits by gender and why; who is employed (by gender) and at what level; whose income is increasing by gender; the extent to which environmental business standards are improving; and the extent to which communities more resilient to climate shocks.

3.6.3 Conclusions

• **There are strong intentions expressed to address cross cutting issues at the design phase of most CFs in the portfolio:** what is less visible is evidence of analysis to understand the socio-political and economic context in which funds are operating, the potential opportunities and the barriers for translating cross cutting intentions into realistic, achievable and measurable objectives.

• **Awareness of Sida’s objectives for addressing multidimensional poverty** is not always at the forefront of what donors and implementing partners are aiming for. Programme objectives, theories of change and results frameworks do not yet sufficiently deconstruct how interventions will lead to poverty reduction, gender equality, improved environmental protection and climate change adaptation.

• **Local ownership is interpreted in multiple ways across funds, with no single definition.** There are promising examples of indicators to measure progress. Delivery models in some instances are designed to build and secure local ownership.

• **The level of ambition on environment and climate change weakens considerably during implementation.** The opportunity to leverage understanding in ECFs on the way businesses operate in relation to these issues is often lost after contracting grantees.

• **During implementation there is evidence that CSCFs, and to some extent ECFs are using tools and approaches to understand poverty.** There is less evidence that gender equality is being integrated into programme approaches. Funds are still talking about beneficiaries with ‘women’ and including ‘women’ as an afterthought. There is little recognition of the way in which fund processes may impact on men and women differently.

• **Funds are not consistently reporting results for beneficiaries by gender** and nor are they yet acting to understand and address gender inequality.
4 Conclusion

Over the last 10 years, Sida has gained substantial experience from the portfolio of 10 global enterprise and civil society challenge funds under review for this evaluation. During this time an investment by Sida of SEK 1.2bn has leveraged additional development funds from donors of SEK 5.8bn. The scale of the engagement is even greater when account is taken of the match funding by grantees, more than doubling the figure. Sida has therefore become a significant CF player in international development.

There has been key learning since 2007, as CFs have become more sophisticated, using a wider range of funding mechanisms, providing a wider range of technical assistance, and taking greater responsibility for the sustainability of outcomes and impacts beyond the life of the fund. Sida’s decision to commit to CFs as a mechanism appears to be well justified in supporting Sweden’s contribution to the Sustainable Development Goals.

Figure 4.1 sets out a summary of the success factors identified in the evaluation for Sida’s engagement with CFs. There is clear evidence that CFs as a mechanism have a proven ability and flexibility to adapt to situations with a high degree of economic and political risk but experience has highlighted the importance of good contextual
analysis with a clear logic and pathway to impact (MEQ 1, 2, and 3). Innovation is a core principle of CFs but learning from the funds indicates the importance of ensuring that the planned outcomes are poverty reducing and consistent with the preconditions for choosing the CF instrument as listed in Section **Error! Reference source not found.**, and presented in Figure 4.2. The importance of flexibility in implementation and of learning from experience and adapting the management of subsequent funding rounds is highlighted by the findings in Section 3.4.2. The findings detailed in Sections 3.4.2 and 3.5.2 also highlight the importance of defining and agreeing on the risk appetite for the fund and providing for appropriate systems and resources to support performance and risk management.

![Figure 4.2: Pre-Conditions for Use of Challenge Funds](image)

The key conclusion of this evaluation is that there has been considerable experience that Sida has gained over the last 10 years, which has been reflected in the improvement in the design and delivery of CFs. However, this learning has not yet been accompanied by the formal institutional changes in the procedures and processes of engagement by Sida, or by agreement on the allocation of staff resources.

The evaluation set two overarching questions: OEQ 1 on the **choice of the CF instrument** and OEQ 2 on **implementation management and processes**. Three evaluation questions (MEQs) were set under each overarching question. The conclusions are structured under the two OEQs.
4. CONCLUSION

4.1 CHOICE OF CHALLENGE FUND INSTRUMENT

OEQ 1: To what extent and under what circumstances has the use of the CF mechanism proved to be the most appropriate way of achieving the specific development objectives of the intervention?

Whilst Sida embarked on many CFs without an explicit consideration of alternative instruments, the finding from this evaluation is that planned outcomes for most of the funds have been achieved or are on track. The successful outcomes of the CFs have been the result of Sida and the FM changing the course of action during implementation, rather than good design at the outset. There are clear examples of how learning from implementation contributed to improved design for IAP1 to IAP2, and to the on-going development of the proposed new water and energy fund particularly building on the lessons of Powering Agriculture and SWFF.

The overall conclusion is that for the majority of the 10 programmes reviewed, CFs have been an appropriate instrument for addressing the programme objectives, and the intended outcomes for the majority of the funds have been broadly achieved (see Section 3.1 and Annex B). The preparation and selection of a CF as the preferred instrument was not compelling for Demo Environment, MAVC or Sustainability & Resilience, either in terms of the suitability of the CF instrument or in terms of the expected development outcomes that were designed.

CFs have proven effective in opening up and de-risking untapped or hard-to-reach markets and in revealing hidden innovation across a wide range of sectors and geographies. CFs can be used to address specific challenges where the outcomes are quite narrowly defined (e.g. Powering Agriculture) or where the project outcomes are broader (e.g. GIF). Both types of challenge have their place, but the conclusion of this evaluation is that the outcomes of the challenge need to be directed towards ensuring that projects will produce a scalable poverty reducing solution. To this end, CFs with a greater regional and sectoral focus have achieved better outcomes.

Experience has also shown that engagement by Sida at all stages of the project cycle is of critical importance, but especially in the design of the fund which needs to be undertaken collaboratively with other donors in the case of multi-donor funds. CFs should not only be viewed as a complete solution; they can be equally effective as an element of a wider Sida programme intervention.

4.2 CHALLENGE FUND MANAGEMENT

OEQ 2: To what extent have fund management arrangements and processes supported the successful achievement of individual programme objectives?

CFs were originally conceived as an instrument that only required a light touch engagement by both the donor and the FM with the onus of responding to the development challenge lying with the grantee. The experience from the 10 CFs is that in general the more intensively managed funds with a more hands-on approach had a greater degree of success in ensuring sustainable development outcomes.
than the lighter touch funds (Figure 3.1 and Figure 3.4). CFs which enlist wider support in market-making activities for ECFs and regulatory and policy reforms for CSCFs by involving bodies with political, economic and social authority to promote the innovations, are more likely to deliver impact.

Whilst the CF offers Sida the opportunity and flexibility of enabling civil society and the private sector to engage in innovative solutions on development issues, the experience of the evaluation is that more proactive engagement by the fund manager in all areas, including technical assistance is likely to lead to more sustainable development outcomes.

The evaluation showed inconsistencies in the understanding of the barriers, challenges and opportunities to address the cross cutting issues of gender equality, environment, climate change and local ownership. The experience has shown that clarity in the definitions of these terms as well as an understanding of what might be relevant and achievable in terms of objectives is essential to ensure that the FM takes forward Swedish Government priorities in terms of addressing multidimensional poverty and human rights.

The evaluation also found that the regional engagement of Sida staff in Swedish Embassies in an oversight and influencing role not only improved the outcomes of the CFs but also offered the opportunities for learning from fund implementation to inform Swedish country development strategies.
5 Recommendations

The conclusion on Sida’s engagement with CFs is positive and Sida has become a significant global player in the use of CFs. In accordance with the ToR and the utilisation approach of the evaluation, the recommendations presented below are primarily concerned with Sida’s approach to the use of the CF mechanism.

The recommendations are therefore centred on enhancing Sida’s strengths in improving CF design and the efficiency and effectiveness of CF implementation, and are divided into short (immediate), medium (1-2 years) and long term (2 years+). No specific long term recommendations are presented but it is recognised that the institutional changes proposed may take more than 2 years to implement.

5.1 SHORT TERM

The evaluation concluded that Sida’s global CFs work better when Sida commits resources throughout the project cycle. This is particularly important in the design phase, but resources are needed at all stages of the cycle. The following short term recommendations can be adopted immediately as there are no significant Sida resource implications or planning processes required.

1) Fund Design: Clear Intervention Logic and Partnerships
   a) Sida should engage in understanding the scope and political, geographic and economic context of the challenge, and the ecosystem of stakeholders in which the CF is operating.
   b) At the initial appraisal design phase resources should be assigned to prepare an explicit intervention logic or theory of change with clearly articulated outcome and impact statements, consideration of key assumptions, pre-conditions and pathways to impact at scale.
   c) In the case of partnerships with other donors, Sida should be engaged, where possible, as an equal partner in order to influence the design of the fund.

2) Challenge Launch and Selection: No Objection Approval Basis
   a) Sida should be involved in the specification of the eligibility and selection criteria of projects.
   b) Sida should ensure the use of an investment or project selection committee, which is independent of the FM.
   c) Sida should where possible maintain an arm’s length approach to the decision making processes on grant selection, while exercising a ‘no objection’ approval basis and the right not to fund a project.

This power is an essential safety mechanism for a Fund and can be useful when Sida has concerns about reputational risks associated with a potential grantee or project.
3) **Institutionalise Knowledge: Develop Clarity in the Understanding and Definitions of Key Terms**
   
   a) Sida should update the tool boxes on poverty and gender to ensure that there are improved definitions on poverty, local ownership, and environment from a multidimensional poverty perspective that makes gender inequality visible. This should be included in guidelines and TRAC processes for each stage of the CF cycle.

   Clarity in the definitions of these terms is essential to ensure that the FM adheres to the Swedish Government priorities in terms of poverty and human rights. This should include targets and indicators for ensuring that poor, local people (men and women) benefit and for measuring how differences between them are narrowed.

   b) Sida should increase the level of demands on FMs to work with their implementing partners to manage the interface between cross cutting issues, the intervention logic and the results framework.

   c) Sida needs to ensure that FMs have adequate capacity to assess development outcomes and address cross cutting issues.

   FMs need to have a proven capacity to elaborate a clear intervention logic for a challenge, develop strategies and results frameworks that make visible the reduction of poverty by gender and the progress towards environmental protection, climate change adaptation and promoting local ownership. This skill set is needed for all CFs.

5.2 **MEDIUM TO LONG TERM**

4) **Link CFs to Sida Country / Regional Programmes**

a) **Sida needs to improve the engagement between global CFs and country programmes**

   Regional engagement by Sida staff attached to embassies enhances the effectiveness of the CF, but also provides the opportunity to enhance the evidence base for Sida’s bilateral programmes.

   b) **The objectives of the CFs should be included in Sida’s bilateral programmes where this is relevant, and accordingly, provision should be made for in-country Sida staff resources to engage with CFs.**

5) **Contracting and Grant Management: Risk Management**

a) **Sida needs to review its overall risk profile and risk management strategy as applied to CFs;**

   This recommendation has a more medium term profile given the need for internal consultation. Part of the review of risk management is to ensure that there is more
explicit understanding of the de-risking nature of ECFs and that Sida works towards an agreed framework of risk share between the FM, the grantee and Sida. Sida needs to be clear at the outset on the level of risk that they are prepared to take with an innovative fund and for there to be an explicit understanding of the acceptable level of project failure. Sida should also consider the option of extending the risk frontier of the CF, by moving towards an explicit sharing of risk of project failure and fraud with the FM.

b) Sida needs to have oversight of the risk management processes adopted by the FM.
There is a balance to be drawn between risk appetite and the risk management processes. Whilst it is the responsibility of the FM to ensure that adequate and proportionate risk management procedures are in place, Sida needs to have adequate oversight of the systems in place.

6) Strengthen the Level of Ambition Around Environmental Protection
Sida needs to give greater attention to ensuring that FMs undertake appropriate environmental assessments which are commensurate with the scale of the project and meet with the Swedish Government’s expectations from a development assistance programme.

The Swedish government and Sida have taken a leadership role in emphasising the importance of promoting environmental protection and supporting climate change adaptation. While Sida has clear aspirations and intentions at the appraisal stage, these need to be consistently translated into tangible objectives and strategies visible in programme design or in implementation processes including technical support and monitoring.

7) Flexibility in Resource Allocation
a) Sida should ensure that mechanisms are in place to enable FMs to provide agile and responsive management, including flexibility in the allocation of funds between challenges and across grantees.

Experience has shown that CFs need to adapt to changing economic and political conditions in the often fragile environments that they are working in.

b) FMs should be required to maintain good systems of activity-based accounting to demonstrate efficient resource use and enable comparisons across funds.

8) Institutionalise Knowledge: Develop a Cadre of CF Expertise
Sida should ensure that it develops a cadre of expertise and a repository of knowledge to support the oversight of CFs.

Sida has become a major international CF player with SEK 2,000mn of grant funds of which 60% is through global CFs under review. This portfolio is generating considerable learning for Sida and an evidence base for formulating Sida’s country
programmes and other development assistance. Sida now has considerable CF experience and it is essential that staff resources are maintained in order to provide oversight of the CF implementers’ capacity at all stages of the project management cycle, from launch and selection, through to monitoring, evaluation and learning.

Specifically, programme managers responsible for CFs should have enough time allocated to work on each fund to ensure that they can give them the necessary attention. Sida-only funds, where Sida works in partnership with the FMs, will necessarily require more input from the Sida programme managers than multi-donor funds, where donor oversight is shared between a number of partners. In addition, programme managers should have dedicated time allocated to networking and the dissemination of CF results and learning.

9) **Institutionalise Knowledge: Develop Sida Guidelines and Processes for CF Implementation**

Sida should update the guidelines on CFs to provide more insight into the choice of instruments and when to use CFs, considerations for the design of Funds, and clear guidance for the preparation of terms of reference for FMs.

This evaluation has demonstrated elements of best practice in CF design and implementation which need to be incorporated into a revised set of guidelines.

10) **Review Organisational Implications for Sida**

A review of the organisational implications for the management of CFs should be undertaken. This will lead to changes in roles and responsibilities which may have a longer term time horizon for full implementation.

Whilst the overall experience of Sida with CFs has been positive, greater attention is needed to improve the systems supporting the design and implementation of CFs. A detailed review of roles and responsibility of Sida staff resources is beyond the scope of this evaluation, but the implication of this evaluation is that there are a number of organisational issues for Sida to consider.

Figure 5.1 sets out the key points of the project cycle where Sida staff and the relevant expertise would need to be engaged. There are resource and cost implications that need to be thoroughly assessed. It is also essential that Sida’s engagement should not be viewed as an administrative overhead, but as an integral part of the programme delivery.
Figure 5.1: Sida Resource Engagement
ANNEX A: TERMS OF REFERENCE

Evaluation of Sida’s Global Challenge Funds

Case number: 2017-000749
Date: 2017-09-27

1. Background

Information about Sida

Sida, the Swedish International Development Cooperation Agency, is a government authority. Our goal is to contribute to enabling poor people to improve their living conditions.

As other Swedish government agencies, Sida works independently within the framework established by the Swedish Government and Parliament. They decide on the financial limits, the countries with which Sweden (and thus, Sida) will cooperate, and the focus and content of that cooperation.

For additional information, please visit Sida’s website, www.sida.se.

Information about the responsible units

The responsibility for global challenge funds lies within three units at Sida; the unit for Global Economy and Environment (commissioning unit), Democracy and Human Rights and Global Social Development. The units are responsible for the implementation of four strategies decided by the Swedish Government that focus on the environment and climate change, sustainable social development, human rights and democratisation, and sustainable services as well as sustainable economic development. In each strategic thematic area, the most important normative multilateral organisations are identified and considered for funding in combination with support to other relevant actors, such as global civil society organisations, research institutions, Funds and other initiatives. The units also support other initiatives that are

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26 Results strategies may be found http://www.sida.se/Svenska/Om-oss/Sa-styrs-vi/Policyer-och-strategier/
assessed to be implemented more effectively in a global context rather than at regional or bilateral (national) level.

**General information**

Sida is commissioning an evaluation that will draw on the experiences and lessons learned from global Challenge Funds financed by Sida independently or as one of several donors. Previous evaluations have been conducted at programme level and have assessed the results of Challenge Funds separately. The planned evaluation is framed in the context of ten years of experience of designing and implementing Challenge Funds, where a breadth of experiences can be collected and shared.

Based on Sida’s definition, a Challenge Fund is a financing mechanism to allocate (donor) funds for specific purposes using competition among organizations as the lead principle. Although the purpose can vary widely depending on sectors, a Challenge Fund should always address a key development issue which otherwise is not addressed by market forces. Challenge Funds are part of Sida’s aim to engage more actors, including the business community, in development cooperation. Sida’s rationale behind Challenge Funds also includes using competition to trigger innovative and cost-effective solutions to development issues and mobilizing private capital to match grants. In the implementation of the Swedish development strategies, the Challenge Fund mechanism is meant to be used when there is a clear benefit in using the fund model in relation to other forms of donor support.

A Challenge Fund invites proposals from individuals, companies, organizations and institutions working in or targeting a specific field to submit project proposals. Challenge Funds are always set up to meet specific objectives such as extending financial services to poor people or stimulate innovation for effective use of water resources in developing countries. Sida supports Challenge Funds targeting different development issues and regions and sees this tool as a creative problem-solving mechanism. Challenge Funds vary, and in some cases, are not limited to providing financial support. They can also include technical assistance, secondment programme to the Fund Manager, brokering mechanism to identify new sources of more commercial capital, support to developing markets and advocacy amongst others.

Many, Challenge Funds share the following characteristics:

- **Competitiveness** as applicants compete for the resources
- **Transparency** of the rules, processes and requirements for assessment and selection of grantees are open and available beforehand
- **Autonomy** of the grantees regarding the design and implementation of the solution to the given challenge
- **Risk-taking** as the Challenge Fund support risky projects, failure of some of the financed grantees is expected.
- **Continuity** of the fund as most Challenge Funds would have several calls (competition rounds) and/or windows (funds allocated for different specific purpose).
Proposals from applicants are assessed against transparent and pre-determined criteria. Successful applicants must usually match a certain percentage of the grant with own financing. The Challenge Fund awards grants and/or other types of support such as guarantees, technical assistance and development credit, to those projects that best meet the objectives of the fund and fulfil various pre-established eligibility criteria. Challenge Funds are different from conventional competitive bidding processes as Challenge Funds focus on a desired outcome or result but do not prescribe the means of how such results should be achieved, and they allow several solutions.

A common distinction is made between Enterprise Challenge Funds (ECF), and Social and Civil Society Challenge Fund (CSCF). ECF refer to funds targeting the private sector oriented to serving the poor, marginalised groups or others to achieve a development impact. In addition, the proposals should pass the business test of being potentially viable without recurrent subsidy; i.e. have a positive rate of return on investment within a reasonable time frame. CSCF contribute primarily to wider social, economic and civic goals and are not expected to pass a strict business test of being potentially sustainable without further public support.

Sida has funded over 18 Challenge Funds since 2007, to an estimated volume of over 2 000 million SEK. About 60% of the funds are distributed through global Challenge Funds, followed by bilateral Challenge Funds. The most common implementing partner (fund manager) of Sida supported Challenge Funds (including the global Challenge Funds) is an international NGO or another donor.

2. Evaluation purpose: intended use and intended users

The purpose of the evaluation is to compile knowledge and test Sida’s rationale and underlying assumptions for the use of Challenge Funds in development cooperation and to broaden the evidence base regarding in which contexts Challenge Funds are appropriate to use in relation to other mechanisms. For Sida, the intended use of the evaluation will thereby be conceptual as well instrumental in that it will:
- develop Sida’s approach to Challenge Funds and provide advice on when they should/could be appropriate, and
- improve and develop the design and implementation methodologies of Challenge Funds.

Primary intended users of the evaluation will be Sida staff as well as the other donors and fund managers of the 10 Challenge Funds. Secondary intended users are other donors and the broader development community with an interest in innovation and Challenge Funds.

The evaluation process will serve as a learning tool for Sida to compile our knowledge and capacity in designing and implementing Challenge Funds. The evaluation shall identify risk scenarios and lessons learned for Challenge Funds to contribute to a better evidence base in the design and implementation of Challenge Funds. The evaluation shall provide recommendations that can guide primary intended users in how the design of Challenge Funds can be improved and developed as well as recommendations to Sida on how to manage
Challenge Funds. The recommendations will be instrumental to update Sida’s internal guidelines for the design and monitoring of Challenge Funds.

3. Evaluation objects and scope

The evaluation shall cover 10 global Challenge Funds, listed in Annex A. Challenge Funds with a longer implementation trajectory shall be the primary evaluation objects for which all evaluation questions, as listed under section 2.4, are to be answered. For the secondary evaluation objects, the focus shall be on the evaluation questions on efficiency of the Challenge Funds, related to their governance, design and implementation methodology. Key basic information about each individual Challenge Fund is provided in Annex B.

The focus of the evaluation shall be Sida’s approach to Challenge Funds and the findings from the respective global Challenge Funds shall be used to compile findings and knowledge and to test Sida’s rationale and underlying assumptions for the use of Challenge Funds. The inception phase should be used to further specify the scope of the evaluation in terms of e.g. geographical area and/or themes and it shall be presented and justified in the draft inception report as well as discussed at the inception meeting before finalised. Moreover, the inception report should take into consideration the outcomes of the upcoming DFID Innovation Fund Portfolio Review and avoid any overlap or duplication.

4. Evaluation objective and questions

The objectives of the evaluation are to assess impact and whether Challenge Funds have been relevant, effective and efficient mechanisms for finding solutions to development problems as well as to provide advice and recommendations to the intended users.

The following areas and questions should be addressed when assessing the Challenge Funds. It is expected that the evaluation questions are further developed and detailed by the Consultant in the tender and that a full evaluation design is presented in the inception report.

The questions outlined below should be addressed in their entirety for all the primary evaluation objects. For the secondary evaluation objects, only questions on efficiency should be addressed.

**Impact**

- What outcomes have been achieved at portfolio/Fund level, as a result of using Challenge Funds as a mechanism to address the targeted development problems? Can any unintended positive or negative effects be observed, for example market distortion? Is there a differentiation between theory failure and implementation failure?

**Effectiveness**

- To what extent have the design, implementation and risk management (including risk appetite) as well as the breadth of Sida’s support been appropriate in order to steer towards systemic change, additionality and positive externalities to address the targeted development problems? What are the strengths and weaknesses?
• To what extent has Sida’s risk assessment and management been appropriate to determine risk level and mitigate risks? This includes both risk for corruption but also the risk not to achieve the overall results.
• To what extent can the outcomes verify the theory of change for the respective Challenge Funds and for Sida’s approach in using the financing mechanism and how can Sida’s approach be strengthened?

Relevance
• If, and in that case under which conditions are global Challenge Funds a relevant mechanism and when not?
• Could the same development problem have been solved through allocating the resources to another type of intervention/cooperation/instrument seen from the perspective of the needs and priorities of countries/regions concerned?

Efficiency
• What has been the most efficient approach in terms of light-hand management (fund management that focuses on the selection of eligible grant holders, fund disbursement, limited risk management and appraisal of results), compared to more comprehensive interventions (in-depth approach to monitoring and evaluation of outcomes, and additional support provided to the grant holders, and overall Fund) to attain the expected results?
• To what extent has the design (including the preparation phase) and management set up of the funds been efficient from the perspective of the donor as well as the fund manager? Could any alternative approaches have been more efficient? For example, with regards to the allocation of resources at Sida for staff to manage, and influence Challenge Funds, as well as engagement in donor coordination.
• Could the use of a different instrument have solved the same development problem with less resources? (This question is not expected to be addressed through elaborate cost-efficiency and cost-benefit analyses but rather through analytical reasoning.)

Cross-cutting issues
• To what extent has gender mainstreaming; poverty reduction; local ownership and inclusion; and environment and climate change considerations been integrated in design, implementation and follow up of Challenge Funds? How could integration of these cross-cutting perspectives be strengthened?

5. Methodology and methods for data collection and analysis

It is expected that the Consultant describes and justifies an appropriate methodology and methods for data collection in the tender. The evaluation design, methodology and methods for data collection and analysis are expected to be fully presented in the inception report.

Sida’s approach to evaluation is utilization focused, which means the Consultant should facilitate the entire evaluation process with careful consideration of how everything that is
done will affect use of the evaluation. It is therefore expected that the Consultant, in their tender, presents i) how intended users are to participate in and contribute to the evaluation process and ii) methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

The Consultant should consider appropriate measures for collecting data and presenting information that might be sensitive or confidential, to avoid harm to stakeholder groups.

6. **Organisation of evaluation management**

Sida has formed a steering group (decision making role) as well as two reference groups with advisory roles, one internal with Sida staff and one external with USAID and DFID who are currently partnering with Sida in design and implementation of a large number of Sida supported Challenge Funds. The steering group has been responsible for developing the ToR and will evaluate the tenders and approve reports. The reference groups have provided input to the ToR and will also provide input to reports produced.

7. **Evaluation quality**

All Sida's evaluations shall conform to OECD/DAC’s Quality Standards for Development Evaluation\(^\text{27}\). The Consultant shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation\(^\text{28}\). The Consultant shall specify how quality assurance will be handled during the evaluation process.

8. **Time schedule and deliverables**

The Consultant shall provide a detailed time and work plan in the tender that shall be further elaborated in the inception report. The plans should outline the role and responsibilities of the respective team members. The evaluation shall be carried out between December 2017 and October 2018. The timing of field visits, surveys and interviews needs to be settled in dialogue with the main stakeholders during the inception phase.

The **inception report** will form the basis for the evaluation process and shall be approved by Sida before the evaluation proceeds. The report shall include a specification of the scope, cover evaluability issues and interpretations of evaluation questions, present the methodology, methods for data collection and analysis as well as the full evaluation design. The Consultant is expected to elaborate on the theory of change for Sida’s approach for using Challenge Funds and present this is in the inception report. A specific time and work plan shall be included which caters for the need to create space for reflection and learning between the intended users of the evaluation.

The **evaluation process** itself shall be a learning opportunity for the primary users as outlined under section 2.2. The workshop (deliverable no. 7 see section 2.8) is one suggestion

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\(^{28}\) Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014.
on how space can be created for reflection and learning and how evaluation results can be translated into recommendations that could increase the use of the evaluation. The Consultant is encouraged to propose additional or alternative deliverables that can serve this purpose.

The **final report** shall have clear structure, be illustrated to facilitate understanding and reading and follow the report format in Sida’s Decentralised Evaluation Report Template for decentralised evaluations (See Annex C). The methodology and methods used shall be described and explained, and all limitations shall be made explicit and the consequences of these limitations discussed. **Lessons learned and recommendations** shall primarily concern Sida’s approach to Challenge Funds and not be made at the level of each Challenge Fund. Recommendations shall be specific, directed to relevant users and categorised as a short-term, medium-term and long-term. The final report shall be no more than 35 pages, excluding annexes. The report shall have an executive summary of two pages.

All reports shall be written in English and be professionally proof read.

9. **Budget and resources**

The total cost for the assignment must not exceed 3 000 000 SEK, including fees and reimbursable costs. A detailed budget including all expenses, shall be submitted to Sida as part of the tender response for the assignment.
ANNEX B: GLOBAL CHALLENGE FUNDS – SUMMARY OUTCOMES AND ACHIEVEMENTS

This Annex sets out more detailed analysis in relation to the planned outcomes (MEQ1) as stated by each Fund, the achievements to date and some analysis on the strength of evidence of the stated level of achievement.
<table>
<thead>
<tr>
<th>CF</th>
<th>Objectives</th>
<th>Outcomes (as per design)</th>
<th>Achievements / progress to date</th>
<th>Judgement Comments (Strength of evidence &amp; level of achievement)</th>
</tr>
</thead>
</table>
| Securing Water for Food | SWFF is designed to identify and accelerate innovative technologies and market-driven approaches that improve water sustainability to boost food security and alleviate poverty by assisting farmers to produce more food with less water and/or make more water available and increase the use of saline water and saline soil in food production. | • At least 8 proposals / innovations that improve water availability and efficiency in the food chain have been adopted, brought to scale and/or commercialized by businesses in least developed and low-to-middle income countries;  
• Demand for and availability of these innovations have increased;  
• More food (at least 1.5 million metric tons) has been produced with less water (water consumption reduction of at least 6.75B litres), or more water has been made available for food production in the eligible countries;  
• This program will also contribute to increased water-related resilience to climate change (climate change adaptation). | SWFF innovators have:  
• helped farmers and other customers reduce water consumption by more than 11.4 billion litres of water compared to traditional agriculture practices;  
• helped produce more than 3 million tons of food, and impact nearly 6.25 million farmers and their families  
• leveraged SWFF funding for almost $20 million in additional funding through more than 150 partnerships, and achieved more than $3.5 million in sales; and  
• more than 2 million hectares of rangeland and cropland are under improved practices due in part to SWFF innovations. | Achievement taken from SWFF Annual Report 2016. SWFF has conducted 7 external impact evaluations of SWFF projects and in addition has completed more than 25 performance monitoring and evaluation visits to verify and validate the data that SWFF reports to the public. In addition, SWFF has had an external impact evaluation that also validated that the SWFF program reports are an under-estimation of the outcomes and impact of the program. This method of reporting aggregated results achieved by diverse projects operating in very different environments may be effective for marketing of the fund. But in the case of poverty indicators this may not be considered robust enough, e.g. in terms of assessing substitution effects. Indications are that SWFF is on track to achieve its outcomes. |
| Powering Agriculture | To support new and sustainable approaches to accelerate the development and deployment of clean energy solutions for increasing agricultural productivity and/or value in developing countries. | Agriculture production and value increases through the adoption of innovators’ clean energy solutions.  
Achieved via 3 intermediate results (IR):  
• IR 1: Increase in farmers and agribusinesses’ access to and/or use of clean energy solutions;  
• IR 2: Increase in agricultural production and/or value among farmers and agribusinesses; and  
• IR 3: Increase in support for low carbon economic growth within the agriculture sector. | • 37 clean energy technologies and/or business models developed  
• 857kW of clean energy generation capacity installed  
• 1,902 clean energy systems deployed through Africa, Asia/Pacific, Latin America and Middle East  
• 30,090 beneficiaries reached, such as farmers, households and agribusinesses  
• Between 4% and 300% increase in yield obtained by beneficiaries  
• USD $9.2 million additional funding leveraged from public and private investments by innovators  
• 1,810 tCO2e reduction, as a result of innovators field activities  
• 4,610 people (including 1,130 women) trained on O&M of clean energy systems and their benefits,  
• 37,170 people (including 13,270 women) increased their knowledge on clean energy technologies through attending demonstrations  
• 1,040 professionals (170 women) provided services to clean energy system users | Achievements as reported in Annual Report 2017. These results were aggregated among innovators, based on Powering Agriculture’s review of innovators’ self-reported data available to date. ECO Consult is excluded because its award was managed by USAID Jordan Mission with a different performance indicator framework. FY 2017 data includes partial data from SunCulture; complete data was not received by the time of the report’s publication. Progress in relation to indicators appears reasonable but not possible to say definitely whether the programme is on track, as no target figures seen. There is no attempt to disaggregate the beneficiaries by type e.g. individual farmer versus agribusiness, or individuals by income categories, to establish...
### ANNEXES

<table>
<thead>
<tr>
<th>Demo Environment</th>
<th>AECF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To accelerate the spread and adaptation of new environmental technology to countries where there are untapped opportunities and markets.</strong></td>
<td><strong>To support innovative commercial businesses in the agribusiness, renewable energy and adaptation to climate change technology sectors with the aim of reducing rural poverty, promoting resilient rural communities and job creation through private sector development.</strong></td>
</tr>
</tbody>
</table>
| To develop self-supporting relationships between parties to find solutions on an environmental problem. Dissemination of knowledge and skills in new environmental technology. In the long run, the spread of new environmental technologies is expected to lead to a reduction of negative environmental/climate impact, and thus better living conditions, health and adaptability for poor people in partner countries. | **AECF uses 6 key indicators to measure outcomes:**  
**Impact indicators:**  
1) no of beneficiaries;  
2) benefit per beneficiary;  
3) jobs created;  
4) wage bill increase from new jobs  
**Sustainability indicators:**  
4) turnover of business;  
5) profitability of business  
**Systemic impact assessed qualitatively.** |
| • At the time of the mid-term evaluation (May 2017), 145 projects had been awarded grants (68 in pilot DE 1 (33 Demo); 59 in DE 2 (6 Demo); 18 in DE 3 (4 Demo).  
70 - 80% of respondents said the program has led to a self-supporting relationship and increased knowledge of technology market.  
80 - 90% said demonstration projects have increased their knowledge of environmental technology and they have obtained new knowledge or skills, which they are then able to pass on to others.  
70 - 80% said the program has contributed to new contacts developed, helped to identify new business opportunities and that the program has contributed to strengthening operator competitiveness;  
Partner countries indicate that the projects contributed to creating business opportunities with partners overseas, while it led to increased knowledge about the market.  
62% of respondents who completed the demonstration projects have indicated that the original plant is still in operation. Of those who stated that the plant is not in operation, the majority are those in Africa and from phase II of the program. | **Fund has exceeded its targets. From the 2017 Impact Report:**  
$350mn of total net benefit to poor households per annum, 320,000 tonnes of CO2 emissions displaced, 11,500 jobs created with an annual wage bill of $58mn, and over $658mn (cumulative) of private sector funds leveraged.  
Verification processes in place to establish accuracy of grantee self-reporting on business metrics and beneficiary outcomes.  
Line of sight causation modelled through results chains from fund interventions to outcomes.  
Additionality and system change in key areas - e.g. no activity outside of AECF interventions in PCW countries; REACT seen as additional in driving renewable energy sector in East Africa (though alternative views are that this was happening ‘would have happened anyway’). |
| The mid-term evaluation (MTE) covered all three phases from 2007-2016 including phase III which had just started. The MTE data on achievements is based on self-reporting by grantees with little if any field verification. There is no up to date information on the current status of the demonstrations in partner countries. However, the quality of applications in the last two rounds has been very disappointing with only one planning grant awarded in the Spring Call 2018. | **if the technology is benefiting the poor. Programme also appears to be raising the profile of energy and agriculture nexus but there is no attempt to track the contribution made by PA.** |
### IAP1

**To stimulate the private sector to contribute to pro-poor green growth by focusing more of its efforts, innovative ability, and resources to develop and invest in products, systems and services which will benefit people living in poverty.**

- Access to more affordable essential products and services for people living in poverty, produced in a sustainable manner.
- Learning, development and use of the Base of the Pyramid (BoP) concept and responsible business practices.

Aggregated BoP-reach was estimated to be in around 60,000 individuals for the entire IAP portfolio by late 2013. Based on grantees’ forecasts this number is expected to increase to 3,000,000 people in the foreseeable future. Limited evidence of wider learning and systemic outcomes.

### IAP2

**The overall objective (impact) is to reduce poverty and improve living conditions for the BoP population by supporting innovative business initiatives across four sectors in four focus countries**

- Improved growth opportunities and access to markets for inclusive businesses and entrepreneurs.
- Improved delivery of goods and services for the BoP population.

Programme has only been in implementation for 1 year but has already committed all its funds available, having disbursed 40% of its funds to a portfolio of 35 grantees. Two investment forums are being organized in 2018 and 2019 to connect grantees with a network of investors - laying the basis for future funding of IAP2 grantees by impact investors.

Focus on achieving add-onality. Programme has only been in implementation for 1 year so too soon to assess outcomes, but some anecdotal evidence of early synergies between grantees.

At inception, no targets were set, but the key parameters and evaluation criteria were agreed. Targets are set when contracts are signed, and these are defined by the business model of each grantee.

Wide range of technical assistance (TA) offered to grantees through IAP Inclusive Business (IB) Advisors.

Additional specialist business skills training available on a fee-paying basis from trained IB consultants.
| GIF | The Global Innovation Fund (GIF) supports social innovations with the potential to improve the lives and opportunities of people living on less than $5 a day, with a very broad focus that aims to reach researchers, businesses, and public entities with an interest in developing new social innovations. | • Diffusion and take-up of the GIF model of operation: other development financiers and implementers taking up the evidence-based, stage wise approach.  
• Financial outcomes of GIF’s risk capital investment.  
• Attraction of follow on investments.  
• Learning from and across projects.  
• Behavioural changes by development financiers and implementer. | Initial evidence that programme is on track, with pockets of individual success. Projection of outcomes over a 10 year period using GIF Practical Impact Assessment model predict that GIF investments will generate 4.7m person years of income by year 10. | GIF uses clear metrics to measure outputs and outcomes.  
Potential to contribute to systemic change through agricultural, education and health projects. |
|---|---|---|---|---|
| Amplify Change | To contribute to securing universal recognition of sexual and reproductive health and rights (SRHR) as human rights, enabling women, men and young people to realise their full potential in safe and supportive environments. AC does this by supporting civil society and grassroots organisations that advocate for and promote better SRHR as well as water, sanitation and health (WASH) related to health. | • Stronger movements for SRHR  
• Changes in policies & laws  
• Access to sexual health, reproductive health (SRHR) info and services  
• Transforming social norms  
• Improving awareness of SRHR as human rights. | As at Jan 2018 (latest annual report), AC was on track or exceeding expectations at the outcome level, meeting or exceeding all milestones except 1: “We have already achieved or are exceeding 11/12 milestones (91%).“  
“By achieving or exceeding milestones across all of the Outcomes we can be confident that change is happening: the strategies of our grantees are contributing to stronger and more inclusive movements for change; are changing and implementing policies and laws; are improving awareness of SRHR as a human right; are improving access to SRHR services, information and products; and are transforming social norms on SRHR, as per our Theory of Change.” Annual Report 2017. | Outcomes indicators are focused on SRHR, including inclusion of marginalised groups, but are measured at grantee organisational level and are not disaggregated (at beneficiary level) by gender at portfolio level (although gender disaggregated figures are captured at project level). Outcome indicators are actually tracking grantees' participation in processes, or grantees' participation in removing barriers to services i.e. they are process indicators that capture how grantees are achieving changes in policy or service delivery, not the actual final outcome (e.g. improved services/policy change/behaviour change). Process related benchmarks are used to assess progress towards outcomes.  
As an advocacy fund where these higher level changes are likely to take several years to come about, and where they lie outside the direct control of grantees' to deliver, this seems an appropriate way to capture the change process, and the way in which the grantees’ strategies and activities are contributing to higher level changes.  
In terms of assessing higher level results, it is too soon. The fund is only 3 years into implementation - which is early days for a fund focused on advocacy changes. Context should also be factored in: the global context for SRHR has been very challenging (e.g. with the Global Gag rule) as well as the fact that civil society space is reducing in many AC countries. This highlights the importance of a
## Theory of Change (ToC) with clearly stated assumptions.

### MAVC

- To support innovative ideas that improve citizens’ engagement with governments, which in turn could lead to less corruption and a more effective government response. The global fund also seeks to catalyse global action and participation by building a global community of people working to identify solutions to increase and improve citizen and government engagement.

- Improved relationships and increased opportunities for dialogue between citizens and governments in target countries.

  - Four bridging objectives:
    - increased access to innovative solutions for citizens and government;
    - more citizens using innovative solutions to demand change from government;
    - evidence and learning generated through MAVC taken up by grants, donors, governments; and
    - increased global network of funders and mobilisers supporting MAVC.

- The external evaluation report (April 2018) found that:
  - There is evidence that two outcome indicator targets have been achieved (relating to number of citizens receiving a response from government agencies and number of changes in government policy).
  - The third outcome indicator target (a 20% increase in the number of citizens in contact with MAVC who believe reporting deficiencies in public services is likely to lead to some improvement) has not been met.

  - The evaluation also found that: "just one of the 11 representative grant case studies (Caritas Kitui) has delivered at the MAVC outcome level and has strong potential for scaling up (although it has not been). This is consistent with expected returns for early stage innovation."

- Further evidence required to judge the long-term impact of MAVC across the portfolio.

- Pockets of success have been achieved in environments where government was open to listening to the voices of citizens (e.g. Black Sash initiative in South Africa).

- Final evaluation finds that “Comparison of grantee reporting and Evaluation Management Unit case studies, suggest there was some ‘rosy reporting’.”

- There were indications that the programme was starting to get back on track - narrower country focus, deployment of Country Engagement Developers, improved stakeholder engagement, better functioning FM consortium, greater emphasis on sustainability - when it was halted by the DFID Assurance Assessment 6 months before the fund closed.

### Sustainability & Resilience

- To fund research into tackling environmental and climate changes which is relevant to poverty reduction and sustainable development in low-income countries

  - Research Studies on sustainability & resilience published in peer reviewed international journals (indicators relate to analysis of calls for applications and awards)
  - Application of research among policy makers (indicators as above)
  - Strengthened research capacity especially for sustainability & resilience in low income countries and regions
  - Strengthened research capacity especially for sustainability and resilience in low income countries in the longer term
  - Strong understanding of the problems around sustainability and resilience
  - Research results on sustainability and resilience presented and discussed with policy makers and other stakeholders in Sweden and in partner (countries?).

- Too early, no progress reported to date.

- As achievements are only formally assessed at the end of research it is very difficult to predict the level of achievement other than assessing the composition of awarded grants and potential indicated at the time of the selection.
## ANNEX C: KEY EVALUATION DELIVERABLES AND TIMING

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Timeline</th>
<th>Comment/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Start-up Meeting in Stockholm</td>
<td>16-17 January 2018</td>
<td>Completed</td>
</tr>
<tr>
<td>1 Draft Inception Report</td>
<td>28 March 2018</td>
<td>Submitted</td>
</tr>
<tr>
<td>2 Inception Meeting</td>
<td>11-12 April 2018</td>
<td>Discuss and agree field visits and evaluation methodology</td>
</tr>
<tr>
<td>3 Final Inception Report</td>
<td>20 April 2018</td>
<td>Changes agreed to IR at April workshop</td>
</tr>
<tr>
<td>4 Survey of grantees Debriefing/validation workshops</td>
<td>1-31 May 2018</td>
<td>- 298 responses to survey received</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Nairobi field work 16-17 May</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Dhaka field work 23-24 May</td>
</tr>
<tr>
<td>5 Draft Evaluation Report</td>
<td>13 June 2018</td>
<td>Submitted</td>
</tr>
<tr>
<td>6 Workshop in Stockholm to discuss findings</td>
<td>18-19 June 2018</td>
<td>Included co-creation of recommendations</td>
</tr>
<tr>
<td>7 Draft Evaluation Report including recommendations</td>
<td>23 August 2018</td>
<td>Submitted</td>
</tr>
<tr>
<td>8 Comments on Draft Evaluation Report</td>
<td>10 September 2018</td>
<td>Comments received and revised draft submitted 19 September 2018</td>
</tr>
<tr>
<td>10 Final Report</td>
<td>05 October 2018</td>
<td>Submitted</td>
</tr>
</tbody>
</table>

### Completed activities
ANNEX D: STAKEHOLDER MAPPING (SEE ANNEX L FOR STAKEHOLDERS INTERVIEWED)

Stakeholder Mapping
The stakeholders are different for each fund, but have been categorised at three levels according to how they engage with a challenge fund, as set out in Figure 6.1. For each fund, a range of stakeholders was consulted to provide a range of perspectives on how the fund is/was designed, managed, implemented and ‘received’. This is set out in Table 6.1.

![Figure 6.1: Stakeholder Categorisation](image)

Table 6.1 maps the key stakeholder groups or individuals according to the above categories. It further identifies those stakeholders which have the greatest interest or value in a fund, and those that have the greatest influence in a fund. This stakeholder analysis is generic to all challenge funds and was broken down at the level of the individual fund during the early stage of implementation, to define specific stakeholders relevant to each specific fund. The stakeholder analysis in Table 6.1 also demonstrates which fund stakeholders fall into which of the two evaluation ‘user groups’ as defined in the evaluation ToR.29

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29 The evaluation ToR defines two user groups: Primary Intended Users = Sida staff, Fund Managers, other donors of the fund; Secondary Intended Users = other donors, Broader development community.
### Table 6.1: Key Relevant Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Level of value/interest in the fund</th>
<th>Level of influence in the fund</th>
<th>Rationale</th>
<th>Evaluatation user group (as stated in TOR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Stakeholders: Directly involved in fund design and strategic management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sida Programme Managers</td>
<td>4</td>
<td>4</td>
<td>Responsible for oversight of fund for Sida, including fund design and strategic management</td>
<td></td>
</tr>
<tr>
<td>Sida Heads of Depts./ Units</td>
<td>4</td>
<td>4</td>
<td>Provide overall direction for fund design and strategic management, from Sida’s perspective; accountable for the fund to Sida.</td>
<td></td>
</tr>
<tr>
<td>Sida Staff in Embassies</td>
<td>4</td>
<td>4</td>
<td>Provide some comments on grant applications and some liaison with other donors and FMs.</td>
<td></td>
</tr>
<tr>
<td>Embassy staff</td>
<td>2</td>
<td>2</td>
<td>Provide direction for fund design and strategic management; accountable for the fund.</td>
<td></td>
</tr>
<tr>
<td>Other donors of the fund</td>
<td>4</td>
<td>4</td>
<td>Day to day strategic and operational management of the fund.</td>
<td></td>
</tr>
<tr>
<td>Fund Manager</td>
<td>4</td>
<td>4</td>
<td>Involved in specific elements of fund implementation, with oversight from the Fund Manager.</td>
<td></td>
</tr>
<tr>
<td><strong>Connected Stakeholders: Directly engaged/involved in fund implementation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund management partners: e.g. research institutions, professional mentors, business coaches etc.</td>
<td>3</td>
<td>2</td>
<td>Involved in specific elements of fund implementation, with oversight from the Fund Manager.</td>
<td></td>
</tr>
</tbody>
</table>

---

30 This role varies as some Sida staff in Embassies have delegated responsibilities for oversight and coordination (e.g. in Nairobi)
## Stakeholder Analysis

| Stakeholder | Level of value/interest in the fund | Level of influence in the fund | Rationale | Evalua
tion user group (as stated in TOR) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grantees:</strong> NGOs (international/national), businesses, social enterprises, community based organisations etc.</td>
<td>4</td>
<td>2</td>
<td>Direct recipients of the fund activities.</td>
<td></td>
</tr>
<tr>
<td><strong>Beneficiaries:</strong> e.g. Women, men, youth, children, marginalised groups etc</td>
<td>4</td>
<td>1</td>
<td>Ultimate beneficiaries/end users of the fund.</td>
<td></td>
</tr>
<tr>
<td><strong>External Stakeholders: Indirectly involved in fund activities, or interested in the outcomes of the fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Government representatives:</strong> e.g. national, local</td>
<td>2</td>
<td>1 - 2</td>
<td>May be engaged in fund activities in fund design and/or implementation; outcomes of fund likely to influence local/country level strategies.</td>
<td></td>
</tr>
<tr>
<td><strong>Non-governmental stakeholders:</strong> e.g. Chambers of commerce, private sector bodies, trade associations, banks, IFIs</td>
<td>2</td>
<td>1 - 2</td>
<td>May be engaged in fund activities, in fund design and/or implementation; outcomes of fund likely to influence their work.</td>
<td></td>
</tr>
<tr>
<td><strong>Other donors</strong> working in the same sectors</td>
<td>2</td>
<td>2</td>
<td>Interested in the challenge fund (CF) mechanism and its effectiveness in delivering development cooperation.</td>
<td></td>
</tr>
<tr>
<td><strong>Broader development community/ interested players/ thought leaders</strong></td>
<td>2</td>
<td>1</td>
<td>Interested in the CF mechanism and innovation.</td>
<td></td>
</tr>
</tbody>
</table>

31 We recognised that beneficiaries involved in a CSCF will have a closer line of sight to the fund compared to those in an ECF. However, for the purposes of this generic stakeholder analysis across all funds, we have categorised beneficiaries as ‘connected’ to the fund.
### Spectrum of Engagement with Stakeholders

The ‘utilisation focus’ of the evaluation is understood and ultimately used to inform decisions. Our spectrum of engagement with identified stakeholders during the evaluation will depend on their level of interest and influence in a fund. The range of stakeholders identified above will therefore be engaged in different ways during the evaluation. Table 6.2 sets out a broad framework for this.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Level of value/interest in the fund</th>
<th>Level of influence in the fund</th>
<th>Rationale</th>
<th>Evaluation user group (as stated in TOR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Essential</td>
<td>Significant control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Necessary</td>
<td>Strong influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Desirable</td>
<td>Moderate influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Non-essential</td>
<td>Limited influence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ‘utilisation focus’ of the evaluation is understood and ultimately used to inform decisions. Our spectrum of engagement with identified stakeholders during the evaluation will depend on their level of interest and influence in a fund. The range of stakeholders identified above will therefore be engaged in different ways during the evaluation. Table 6.2 sets out a broad framework for this.
### Table 6.2: Spectrum of Engagement with Stakeholders During Evaluation

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Information provision</th>
<th>Information gathering and /or consultation</th>
<th>Active participation/ collaboration/ validation</th>
</tr>
</thead>
</table>
| **Core Stakeholders**   | • Sida Programme Managers  
                            • Sida Heads of Depts.  
                            • Sida Embassy staff  
                            • Other donors of the fund  
                            • Fund Manager | • Sida Programme Managers  
                            • Sida Heads of Depts.  
                            • Sida Embassy staff  
                            • Other donors of the fund  
                            • Fund Manager | • Sida Programme Managers  
                            • Sida Heads of Depts.  
                            • Fund Manager |
| **Connected Stakeholders** | • Fund Manager partners | • Fund management partners  
                            • Grantees (Surveys) | • Grantees (Field visit workshops) |
| **External Stakeholders** | • Other donors working in the same sector  
                            • Broader development community | • Government representatives  
                            • Non-governamental stakeholders | • Key local stakeholders (Field visit workshops) |

*To provide information to stakeholders on the evaluation e.g. evaluation briefing and online bulletins or webinars*

*To collect specific information / primary data e.g. key informant interview, workshop, group discussion*

*To actively involve stakeholders in the evaluation to ensure their inputs are heard and incorporated e.g. evaluation validation workshop*
### Table 6.3: Analytical Framework and Judgement Criteria for OEQ 1

<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>On specific programme criteria and decision to use CF</th>
<th>Outcomes &amp; Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEQ 1</strong> What outcomes have been achieved at portfolio/fund level as a result of using Challenge Funds as a mechanism to address targeted development problems?</td>
<td>Clearly defined outcomes &amp; rationale for use of CF mechanism</td>
<td>On track to meet or exceed outcome and impact expectations</td>
</tr>
<tr>
<td><strong>MEQ 2</strong> How and to what extent has the use of the challenge fund mechanism supported the achievement of sustainable impacts?</td>
<td>Clear rationale for achievement of sustainability using the CF mechanism</td>
<td>Outcomes and impact are /are expected to be sustainable</td>
</tr>
<tr>
<td><strong>MEQ 3</strong> Under which conditions are global Challenge Funds a relevant mechanism and when not?</td>
<td>CF is the most appropriate mechanism to achieve specific programme objectives</td>
<td>No evidence of negative unintended impact</td>
</tr>
</tbody>
</table>

Table 6.4 presents the summary judgement criteria for MEQs 4, 5 and 6, which relate to the key CF management and implementation issues with a focus on improving efficiency (use and cost of inputs) and effectiveness (translating activities into outputs). The judgements have been broken down into a series of sub-questions relating to the six stages of the CF management cycle.
Table 6.4: Analytical Framework and Judgement Criteria for OEQ 2

<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>Design</th>
<th>Launch</th>
<th>Selection</th>
<th>Contracting</th>
<th>Grant Mangmt.</th>
<th>M&amp;E &amp; Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEQ 4</strong> To what extent have the design, implementation and risk management (including risk appetite) been appropriate to steer towards, additionality and positive externalities to address the targeted development problems? What are the strengths and weaknesses?</td>
<td>Clear theory of change for CF based on well evidenced assumptions</td>
<td>Targeting of CF/calls generate appropriate volume and quality of applications</td>
<td>Selective processes are efficient and identify projects with high potential</td>
<td>Due diligence &amp; compliance framework balance risk mangmt. &amp; support for innovation</td>
<td>Intensity of performance &amp; risk mangmt. &amp; TA supports successful achievement</td>
<td>MEL frameworks are efficient &amp; support sharing of learning &amp; adaptive mangmt.</td>
</tr>
<tr>
<td><strong>MEQ 5</strong> OEQ 2 To what extent has Sida’s engagement (with other donors, Fund Managers and external stakeholders) been appropriate for the successful achievement of the Fund’s objectives?</td>
<td>Sida engagement in design is efficient &amp; supports successful achievement</td>
<td>Sida engagement in marketin of calls supports successful achievement</td>
<td>Sida engagement in selective is efficient &amp; support successful achievement</td>
<td>Sida engagement in due diligence &amp; compliance is efficient &amp; supports successful achievement</td>
<td>Sida engagement in performance &amp; risk mangt. is efficient &amp; supports successful achievement</td>
<td>Sida engagement in M&amp;E &amp; learning is efficient &amp; supports successful achievement</td>
</tr>
<tr>
<td><strong>MEQ 6</strong> To what extent have the cross cutting issues poverty reduction, local ownership and inclusion, gender mainstreaming, and environment and climate change considerations been integrated in design, implementation and follow-up of Challenge Funds: i.e., are they visible?</td>
<td>Effective integration of cross cutting issues in design</td>
<td>Effective integration of cross cutting issues in CF calls</td>
<td>Effective integration of cross cutting issues in selective processes</td>
<td>Effective integration of cross cutting issues in due diligence &amp; contractin g</td>
<td>Effective integration of cross cutting issues in grant mangmt.</td>
<td>Effective integration of cross cutting issues in MEL frameworks</td>
</tr>
</tbody>
</table>
Overarching Evaluation Question (OEQ) 1: To what extent and under what circumstances has the use of the CF mechanism proved to be the most appropriate way of achieving the development objectives of the intervention?

<table>
<thead>
<tr>
<th>DAC Criteria</th>
<th>Main Evaluation Questions (MEQs)</th>
<th>Sub Evaluation Questions (SEQs)</th>
<th>Data sources (including methods for collection)</th>
<th>FM cycle stage</th>
</tr>
</thead>
</table>
| Impact Effectiveness | 1. What outcomes have been achieved at portfolio/fund level as a result of using Challenge Funds as a mechanism to address targeted development problems? | 1.1 What outcomes have been achieved at portfolio/ fund level? 32 1.2 How are outcomes and impact defined at project, portfolio and programme levels? 1.3 How and to what extent are outcomes and impact reported and verified? 1.4 How have contextual factors affected outcomes and impact achieved by the Challenge Funds? 1.5 To what extent is the expected or realised impact performance of the programmes in accordance with the respective Theories of Change and underlying assumptions i.e. did the programme Theories of Change hold true? 1.6 Is there evidence of unintended positive or negative impacts of the Challenge Fund programmes? 1.7 To what extent do projects demonstrate additionality? 1.8 To what extent do projects displace commercial funding? | PRINCIPAL SOURCES  
- Desk review of programme-level and some project level documentation: including Sida Appraisals, Donor Annual Reviews, Mid-term and final evaluations, Fund Manager Reports  
- Key Informant Interviews: with Sida PMs, Fund Managers, Partner Donors  
- Field visit interviews – particularly regarding contextual factors and unintended outcomes: with higher level beneficiaries (e.g. trade associations), Sida Embassy staff, FM staff based in-country, NGO networks  
- Field visit grantee workshop: with sample of grantee organisations  
- Online perception survey with Sida and FM staff | 1. Design  6. Monitoring, Evaluation and Learning (MEL) |

32 This includes analysis of systemic change to markets for ECFs and responses from Government and policy changes for CSCFs
### Sustainability

| 2. How and to what extent has the use of the challenge fund mechanism supported the achievement of sustainable impacts? | 2.1 How do contextual factors influence the sustainability of challenge fund outcomes and impact? | 2.2 How and to what extent is sustainability tracked and reported? |

<table>
<thead>
<tr>
<th>PRINCIPAL SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Desk review of programme-level and some project level documentation: including Sida Appraisals, Donor Annual Reviews, Mid-term and final evaluations, Fund Manager Reports</td>
</tr>
<tr>
<td>• Key Informant Interviews: with Sida PMs, Fund Managers, Partner Donors</td>
</tr>
<tr>
<td>• Field visit interviews – particularly regarding sustainability: with higher level beneficiaries (e.g. trade associations), Sida Embassy staff, FM staff based in-country, NGO networks</td>
</tr>
<tr>
<td>• Online perception survey with Sida and FM staff</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECONDARY SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Field visit grantee workshop: with sample of currently supported grantee organisations</td>
</tr>
<tr>
<td>• Online grantee perceptions survey (supported by interviews as necessary) with a sample of supported grantees, with set of questions specifically focused on sustainability of impacts</td>
</tr>
</tbody>
</table>
### ANNEXES

<table>
<thead>
<tr>
<th>Relevance</th>
<th>PRINCIPAL SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Under which conditions are global Challenge Funds a relevant mechanism, and when not?</td>
<td><strong>To what extent were the Challenge Funds in line with Sida’s development objectives</strong>&lt;sup&gt;33&lt;/sup&gt;</td>
</tr>
<tr>
<td>3.1 To what extent were the Challenge Funds in line with Sida’s development objectives&lt;sup&gt;33&lt;/sup&gt;</td>
<td><strong>Desk review</strong> of programme-level and some project level documentation</td>
</tr>
<tr>
<td>3.2 To what extent were the Challenge Funds designed and delivered in response to local, national and global development priorities (MDGs/Sustainable Development Goals (SDGs))?</td>
<td><strong>Key informant interviews</strong> with Sida, Fund Managers</td>
</tr>
<tr>
<td>3.3 To what extent were relevant country-level agencies (Swedish embassies, national government, civil society, beneficiaries) engaged in the design of the Challenge Fund programmes?</td>
<td><strong>Field visit interviews</strong> with Embassy staff, relevant host governments counterparts (where feasible), civil society partners, higher level beneficiaries</td>
</tr>
<tr>
<td>3.4 Could the same development problem(s) have been solved by allocating resources to another type of instrument/ intervention/ financing mechanism? <strong>(NB. This will not be a detailed analysis of each programme, rather a reasoned judgement made at portfolio level).</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Secondary Sources
- Desk review of documentation on Sida’s development objectives

### OEQ 2: To what extent have fund management arrangements and processes supported the successful achievement of individual programme objectives?

(N.B. includes the governance arrangements as well as the fund management in relation to each of the stages in the FM cycle, and cross-cutting areas)

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>PRINCIPAL SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. To what extent have the design, implementation and risk</td>
<td><strong>Are the individual Challenge Funds and their projects supported by clear Theories of Change/rationales as</strong></td>
</tr>
<tr>
<td>4.1 Are the individual Challenge Funds and their projects supported by clear Theories of Change/rationales as</td>
<td><strong>Key Informant Interviews:</strong> with Sida PMs, Fund Managers, Partner Donors, other donors</td>
</tr>
</tbody>
</table>

#### PRINCIPAL SOURCES
- **1. Design**
- **2. Launch**
- **3. Selection**
- **4. Contract**

---

<sup>33</sup> Sida’s Development Objectives:
- To create optimal conditions that help poor people and countries in their struggle to overcome poverty. (POP 2002)
- To create preconditions for better living conditions for people living in poverty and under oppression. (http://www.regeringen.se/sb/d10423)
- To contribute to the achievement of equitable and sustainable global development. (DOP 2018)
- We exist to stimulate sustainable development and save lives…we strive to lead the change to end poverty. (cited in SIDA’s environment policy 2017)
<table>
<thead>
<tr>
<th></th>
<th>4.1 Have programme management (including risk appetite) been appropriate to steer towards, additionality and positive externalities to address the targeted development problems? What are the strengths and weaknesses?</th>
<th>based on well-evidenced assumptions related to the intended systemic changes?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>Are programme Theories of Change reviewed during the funding period to check that underlying assumptions still hold true?</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>To what extent is the achieved impact performance of the programmes associated with programme management and implementation?</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>To what extent did the design of funding rounds, outreach and marketing take into account efficiency factors related to allocation of resources?</td>
<td></td>
</tr>
<tr>
<td>4.5</td>
<td>Have the programme mechanisms to support successful delivery, been successful in keeping interventions on track to deliver their intended outcomes?</td>
<td></td>
</tr>
<tr>
<td>4.6</td>
<td>Did the selection and post-award processes optimise opportunities for programme-level interventions to support positive systemic change (e.g. through stimulating partnerships between actors addressing the same development issue?)</td>
<td></td>
</tr>
<tr>
<td>4.7</td>
<td>Have the fund management arrangements and processes provided sufficient flexibility to allow the programmes (and supported projects) to respond and adapt to emerging opportunities, changing situations and need, and broader funding/political environment?</td>
<td></td>
</tr>
<tr>
<td>4.8</td>
<td>What factors were considered in</td>
<td></td>
</tr>
</tbody>
</table>

- **Field visit interviews** : with higher level beneficiaries (e.g. trade associations, NGO networks)
- **Online grantee perceptions survey** (supported by interviews as necessary) with a sample of supported grantees – for grantee perspectives on fund management processes, levels of FM/TA support provided and compliance expectations

**SECONDARY SOURCES**

- **Desk review** of programme-level and some project level documentation: As for MEQ 1 plus:
  - Data on numbers of applications received and reaching each stage in the selection process;
  - Example calls for proposals;
  - FM guidance documents and forms provided to applicants and grantees;
  - Guidelines and process documents for selection and decision making)

- **Field visit grantee workshop**: with a sample of currently supported grantees – to investigate in more depth, issues identified from the online surveys
| Efficiency Effectiveness | 5. To what extent has Sida's engagement (with other donors, Fund Managers and external stakeholders) been appropriate for the successful achievement of the Fund's objectives? | 5.1 What are the key factors considered in determining the level of engagement of Sida staff with other stakeholders?  
5.2 To what extent do Sida staff, both in Sweden and in the target countries / regions engage with the fund management processes (design, launch, contracting, financial, risk and performance management and MEL)?  
5.3 To what extent has the design (including the preparation phase) and management set up of the funds been efficient from the perspective of the donor?  
5.4 To what extent has Sida's risk assessment and management been appropriate to determine risk level and mitigate risks? (includes risk for corruption plus risk of not achieving overall results) | PRINCIPAL SOURCES  
• Key Informant Interviews: with Sida PMs, Fund Managers, Partner Donors  
• Field visit interviews: with Sida Embassy staff  
SECONDARY SOURCES  
• Desk review of programme-level documentation: Including Sida Appraisals, Donor Annual Reviews, Mid-term and final evaluations, Fund Manager Reports, Donor partnership agreements |
### Effectiveness

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.5</strong> How did Sida’s risk appetite influence the selection of the projects with the best potential to contribute to the achievement of the respective programme outcomes?</td>
<td></td>
</tr>
<tr>
<td><strong>5.6</strong> To what extent has Sida’s engagement enabled programmes to enhance their impact, including on cross cutting issues (e.g. through advocacy support)?</td>
<td></td>
</tr>
</tbody>
</table>

#### 6. To what extent have the cross-cutting issues poverty reduction, local ownership and inclusion, gender mainstreaming, and environment and climate change considerations been integrated in design, implementation and follow-up of Challenge Funds: i.e. are they visible?

| **6.1** To what extent have the specified cross-cutting items been addressed in programme design, in the guidance provided to applicants and funded bodies, in the way that applications are assessed, in due diligence processes, in project risk and performance management, in project level monitoring, evaluation and learning and at portfolio level (analysis and reporting of results in these areas). |
| **6.2** What is the level of engagement by the fund manager in ensuring that good practice is implemented by the projects? |
| **6.3** To what extent has Sida influenced the way that these cross cutting issues are addressed? |

#### PRINCIPAL SOURCES

- **Desk review** of programme-level and some project level documentation: including Sida Appraisals, Donor Annual Reviews, Mid-term and final evaluations, Fund Manager Reports; FM guidance to grantees focusing on cross-cutting issues, for applications, reporting, MEL etc.
- **Key informant interviews**: Sida staff at HQ and sample of Embassies, Fund Managers, Partner Donors

#### SECONDARY SOURCES

- **Field visit interviews**: with sample of Sida Embassy staff
- **Online grantee perceptions survey**: (supported by interviews as necessary) with a sample of supported grantees
- **Field visit grantee workshop**: with a sample of currently supported grantees – to investigate in more depth, issues identified from the online surveys
ANNEX F1: JUDGEMENT CRITERIA

The evaluation has rated the performance of each of the 10 CFs in relation to each MEQ and at each stage in the CF intervention framework, using the key judgement criteria with a view to understanding best practice for Sida at each stage of the project cycle. The purpose is not to compare the performance of each fund but to identify areas of best practice which could be applicable to other funds and become part of guidelines for Sida’s future funding of CFs.

<table>
<thead>
<tr>
<th>Green</th>
<th>Green/Amber</th>
<th>Amber</th>
<th>Amber/Red</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meets or exceeds criterion expectations (on track)</td>
<td>Nearly meets expectation, only minor adjustments required</td>
<td>Some scope for improvement</td>
<td>Significant scope for improvement</td>
<td>Serious concerns</td>
</tr>
</tbody>
</table>

The summary key to the ratings is shown in Table 6.6. To ensure consistency of judgments across the team, scorecards were prepared for each MEQ, identifying the characteristics associated with key Green, Amber and Red ratings. The scorecard rating tables are presented below. An internal quality assurance and consistency check was undertaken to eliminate assessment bias.
# Annexes

## Table 6.7: Judgement Criteria

<table>
<thead>
<tr>
<th>MEQ 1: What outcomes have been achieved at portfolio/fund level as a result of using Challenge Funds as a mechanism to address targeted development problems?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specific programme criteria and decision to use CF</strong></td>
</tr>
<tr>
<td><strong>Outcomes and Impact</strong></td>
</tr>
<tr>
<td><strong>Judgment Points</strong></td>
</tr>
<tr>
<td>1. Clear intervention logic for the programme</td>
</tr>
<tr>
<td>2. Assessment case considers different funding options and shows clear case for selecting a CF as the best mechanism</td>
</tr>
<tr>
<td>3. Internal assessment and verification procedures followed to sign off on creation of CF to meet the development challenge</td>
</tr>
<tr>
<td>4. External verification of decision to use CF</td>
</tr>
<tr>
<td>5. ECF: Significant number of grantees are contributing to systematic change in markets</td>
</tr>
</tbody>
</table>

## Table 6.8: Specific programme criteria and decision to use CF

<table>
<thead>
<tr>
<th>MEQ 2: How and to what extent has the use of the challenge fund mechanism supported the achievement of sustainable impacts?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specific programme criteria and decision to use CF</strong></td>
</tr>
<tr>
<td><strong>Outcomes and Impact</strong></td>
</tr>
<tr>
<td><strong>Judgment Points</strong></td>
</tr>
<tr>
<td>1. Sustainability and performance of CF design</td>
</tr>
<tr>
<td>2. FM takes responsibility for supporting grantee efforts to achieve scale and sustainability</td>
</tr>
<tr>
<td>3. FM works jointly with grantees to promote adoption of project innovations</td>
</tr>
<tr>
<td>4. Post-hoc reviews after expiry of grant to see if project(s) are able to continue in the absence of the CF grant</td>
</tr>
</tbody>
</table>

## Table 6.9: Specific programme criteria and decision to use CF

<table>
<thead>
<tr>
<th>MEQ 3: Under which conditions are global Challenge Funds a relevant mechanism and when not?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specific programme criteria and decision to use CF</strong></td>
</tr>
<tr>
<td><strong>Outcomes and Impact</strong></td>
</tr>
<tr>
<td><strong>Judgment Points</strong></td>
</tr>
<tr>
<td>1. Due consideration of when a CF is the best mechanism to address a development challenge, and when not</td>
</tr>
<tr>
<td>2. Analysis conducted to test relevance of CF in a specific development context (e.g. market/society maturity in a particular country)</td>
</tr>
<tr>
<td>3. Results of evidence demonstrate that a CF is the best mechanism in the context</td>
</tr>
<tr>
<td>4. Analysis shared with and verified by 3rd parties</td>
</tr>
</tbody>
</table>

---

Table 6.7. Judgement Criteria

Table 6.8. Specific programme criteria and decision to use CF

Table 6.9. Specific programme criteria and decision to use CF
<table>
<thead>
<tr>
<th>MEQs 4-6 (by stage in fund management cycle)</th>
<th>Design of Fund</th>
<th>Launch of Fund</th>
<th>Selection of grantees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Judgment Points</strong></td>
<td><strong>Green</strong></td>
<td><strong>Amber</strong></td>
<td><strong>Red</strong></td>
</tr>
<tr>
<td><strong>MEQ 4</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To what extent have the design, implementation and risk management (including risk appetite) been appropriate to steer towards, additionality and positive externalities to address the targeted development problems?</td>
<td><strong>What are the strengths and weaknesses?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>The CF intervention logic is based on well-evidenced assumptions and includes consideration of plans for scaling, systems change and sustainability. The CF intervention logic includes some articulation of the underlying assumptions, but they are not supported by evidence.</td>
<td>Launch communications and outreach strategies are not/well-defined/appropriate.</td>
<td>Criteria for approval of proposals are/well-defined/appropriate.</td>
</tr>
<tr>
<td>2</td>
<td>The CF intervention logic is regularly reviewed to test continuing validity and relevance of the assumptions. There is no programme intervention logic or it is not regularly reviewed.</td>
<td>Guidelines include some information on criteria used for appraisal and appraisal processes.</td>
<td>Selection process is/well-definition of criteria used for appraisal and appraisal processes.</td>
</tr>
<tr>
<td>3</td>
<td>Appropriate for risk is clearly defined. Guidelines reflect impacts of proposal on target group, in the context of target area, target group, and type of target organisation.</td>
<td>Guidance documents and forms are prepared in a language and style appropriate to the specific CF target group.</td>
<td>Selection process is/well-definition of criteria used for appraisal and appraisal processes.</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td></td>
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</tbody>
</table>

**Annexes**

1. **Guidance Documents and Forms**
   - **Criteria for Approval of Proposals**
   - **Selection Process**
   - **Proposals**

2. **Proposals**
   - **Applicants**
   - **Applicants**

3. **Applicants**
   - **Application Process**
   - **Applicants**

4. **Applicants**
   - **Application Process**
   - **Applicants**

5. **Applicants**
   - **Application Process**
   - **Applicants**

6. **Applicants**
   - **Application Process**
   - **Applicants**

7. **Applicants**
   - **Application Process**
   - **Applicants**

8. **Applicants**
   - **Application Process**
   - **Applicants**

9. **Applicants**
   - **Application Process**
   - **Applicants**

10. **Applicants**
    - **Application Process**
    - **Applicants**
## MECs 6-6 (by stage in fund management cycle)

<table>
<thead>
<tr>
<th>Group</th>
<th>Contracting</th>
<th>Grant Management</th>
<th>MIT</th>
<th>Annexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Due diligence procedure ensures the accountability of programme funds (but may be disproportionate to the level of risk)</td>
<td>Due diligence procedure ensures the accountability of programme funds (but may be disproportionate to the level of risk)</td>
<td>Clear funding strategy is developed and approved by the decision-making body</td>
<td>Due diligence procedure ensures the accountability of programme funds (but may be disproportionate to the level of risk)</td>
</tr>
<tr>
<td>Amber</td>
<td>Due diligence procedure ensures the accountability of programme funds (but may be disproportionate to the level of risk)</td>
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<tr>
<td>Red</td>
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</tbody>
</table>

**Budget clarification and regulation process is established and operational (ensures proportionality and accountability, and supports the development of grant organizational objectives):**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Green</td>
<td>Budget clarification and regulation process is established and operational (ensures proportionality and accountability, and supports the development of grant organizational objectives)</td>
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<tr>
<td>Amber</td>
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</tr>
<tr>
<td>Red</td>
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</tbody>
</table>

**Grantees are provided with adequate intensive support to develop robust project intervention logic models, clarifying how their proposed activities are expected to lead to change:**

<table>
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<tbody>
<tr>
<td>Green</td>
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</tbody>
</table>

**The format & content of the grant agreement is appropriate for successful & accountable delivery of the project & programme objectives:**

<table>
<thead>
<tr>
<th>Group</th>
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<th>Grant Management</th>
<th>MIT</th>
<th>Annexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>The format &amp; content of the grant agreement is appropriate for successful &amp; accountable delivery of the project &amp; programme objectives</td>
<td>The format &amp; content of the grant agreement is appropriate for successful &amp; accountable delivery of the project &amp; programme objectives</td>
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<td>Due diligence procedure ensures the accountability of programme funds (but may be disproportionate to the level of risk)</td>
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</table>

**To what extent have the design, implementation and risk management (including risk appetite) been appropriate to steer towards, additionally and positively, any constraints to address the targeted development problems? What are the strengths and weaknesses?**

<table>
<thead>
<tr>
<th>Group</th>
<th>Contracting</th>
<th>Grant Management</th>
<th>MIT</th>
<th>Annexes</th>
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<td>Green</td>
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<td>Clear funding strategy is developed and approved by the decision-making body</td>
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</tr>
<tr>
<td>Red</td>
<td>To what extent have the design, implementation and risk management (including risk appetite) been appropriate to steer towards, additionally and positively, any constraints to address the targeted development problems? What are the strengths and weaknesses?</td>
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</tr>
</tbody>
</table>
### MEQs 4-6 (by stage in fund management cycle)

#### Design of Fund

<table>
<thead>
<tr>
<th>Output Area</th>
<th>Green</th>
<th>Amber</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection of grantees</td>
<td>amber</td>
<td>green</td>
<td>red</td>
</tr>
<tr>
<td>Launch of Fund</td>
<td>green</td>
<td>amber</td>
<td>red</td>
</tr>
<tr>
<td>Design of Fund</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida engagement and influence is sufficient to ensure that Sida's development priorities and standards are considered in the programme design</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Helpfulness in evaluating the relevance of the proposed projects to Sida's development priorities and standards</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida's influence over decisions if there are project selection processes</td>
<td>red</td>
<td>amber</td>
<td>green</td>
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</table>

#### Contracting

<table>
<thead>
<tr>
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<th>Green</th>
<th>Amber</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting</td>
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<td>amber</td>
<td>red</td>
</tr>
<tr>
<td>Design of Fund</td>
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<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida's influence on the selection process is satisfactory</td>
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<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Helpfulness in ensuring that the selection process is fair and impartial</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida's ability to provide a 'no objection' to recommendations</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
</tbody>
</table>

#### Grant Management

<table>
<thead>
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<tbody>
<tr>
<td>Grant Management</td>
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<td>amber</td>
<td>red</td>
</tr>
<tr>
<td>Sida's influence on the grantee MEL strategy to ensure that Sida's development priorities and standards are adequately addressed</td>
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<tr>
<td>Helpfulness in ensuring that Sida's development priorities and standards are considered in the programme design</td>
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<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida's ability to influence the selection process including criteria for selection of projects</td>
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<td>amber</td>
<td>green</td>
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#### MEQs

<table>
<thead>
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<th>Amber</th>
<th>Red</th>
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<tbody>
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<tr>
<td>Sida's engagement and influence is sufficient to ensure that Sida's development priorities and standards are considered in the programme design</td>
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<td>green</td>
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<tr>
<td>Helpfulness in evaluating the relevance of the proposed projects to Sida's development priorities and standards</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
<tr>
<td>Sida's influence over decisions if there are project selection processes</td>
<td>red</td>
<td>amber</td>
<td>green</td>
</tr>
</tbody>
</table>

### ANNEXES

**A N N E X E S**

**Judgment Points**

- 1
- 2
- 3
- 4
- 5
- 6
- 7

**Standards**

- Adequately addressed
- Addressed
- Not addressed

**Sida's Engagement and Influence**

- Sida is able to influence the selection process including criteria for selection of projects.
- Sida's engagement is sufficient to ensure that Sida's development priorities and standards are considered in the programme design.
- Helpfulness in evaluating the relevance of the proposed projects to Sida's development priorities and standards.
### MEQs 4-6 (by stage in fund management cycle)

<table>
<thead>
<tr>
<th>MEQ:</th>
<th>Design of Fund</th>
<th>Launch of Fund</th>
<th>Selection of grantees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contextual analysis of cross cutting issues is included in decision to invest. Poor peoples’ perspectives are visible including gender dimensions.</td>
<td>Ground made visible the fund’s goal for poverty alleviation, including for women/girls, EP, and CC (where EP/CC are a primary focus).</td>
<td>Very little to no emphasis on poverty alleviation objectives.</td>
</tr>
<tr>
<td>2</td>
<td>Fund has cross cutting objectives, strategies and approaches, particularly for gender. Where environment and climate change are primary objectives, there is a clear articulation.</td>
<td>Cross cutting guidance notes, advice, help desk for grantees to prepare full proposals offered.</td>
<td>Criteria in place and used to assess ability of grantees to achieve fund’s aims.</td>
</tr>
<tr>
<td>3</td>
<td>Local Sida office involvement in design.</td>
<td>Cross cutting window or other initiatives to promote, for example GE, EP and CC.</td>
<td>Criteria in place and used to assess how grantees can apply approaches that promote and achieve results for gender equality.</td>
</tr>
<tr>
<td>4</td>
<td>Design includes provision for local experts on steering committees, local entrepreneurs, local CSOs, etc.</td>
<td>Guidance notes on cross cutting issues. Templatization options for reporting on cross cutting issues.</td>
<td>Criteria in place and used to assess how grantees can apply approaches to protect the environment (e.g., reduction).</td>
</tr>
<tr>
<td>5</td>
<td>There are design elements or components supporting GE, EP, CC (e.g., windows, learning, guidance).</td>
<td>No cross cutting design elements or components.</td>
<td>Criteria in place and used to assess how grantees approach issues including with gender focus.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage</th>
<th>Green</th>
<th>Amber</th>
<th>Red</th>
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</thead>
<tbody>
<tr>
<td>Design of Fund</td>
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<tr>
<td>Launch of Fund</td>
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<td></td>
</tr>
<tr>
<td>Selection of grantees</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
### MEQ 6: To what extent have cross-cutting issues (poverty reduction, local ownership, gender equality, environment protection, climate change) been integrated into the design and launch of the fund?

<table>
<thead>
<tr>
<th>MEQs 4-6 (by stage in fund management cycle)</th>
<th>Contracting</th>
<th>Grant Management</th>
<th>MEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>T&amp;C of grants</strong></td>
<td>Green</td>
<td>Amber</td>
<td>Red</td>
</tr>
<tr>
<td>Statements of intent only</td>
<td>Inadequate</td>
<td>Cross-cutting policies specified in the T&amp;C's with right management level to address change (results, measurement, gender equality)</td>
<td>Some experts, e.g., MEL, but not all integration on GCoC level. There's room for improvement.</td>
</tr>
<tr>
<td>T&amp;Cs at an organisational level, child protection policies are in place</td>
<td>Broad statements of intent only</td>
<td>Inadequate</td>
<td>Dialogue between donors on cross-cutting issues (measuring poverty impacts; integrating gender equality)</td>
</tr>
<tr>
<td>T&amp;Cs at an organisational level, environmental protection policies are in place</td>
<td>Broad statements of intent only</td>
<td>Inadequate</td>
<td>Dialogue &amp; technical support from donors to FM to integrate cross-cutting issues (measuring poverty impacts; integrating gender equality)</td>
</tr>
<tr>
<td>T&amp;Cs at an organisational level, bribery and corruption are in place</td>
<td>Broad statements of intent only</td>
<td>Inadequate</td>
<td>Integration of cross-cutting issues in grantee reporting templates, GCoC, etc.</td>
</tr>
<tr>
<td>T&amp;C: Enterprise grantees - Internal policies on decent work agenda are visible</td>
<td>Broad statements of intent only</td>
<td>Inadequate</td>
<td>Follow-up of T&amp;C policies.</td>
</tr>
<tr>
<td><strong>T&amp;C of grants</strong></td>
<td>Green</td>
<td>Amber</td>
<td>Red</td>
</tr>
<tr>
<td>Enterprise grantees - Internal policies on supplier codes of conduct are visible</td>
<td>Broad statements of intent only</td>
<td>Inadequate</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Green: Adequate
- Amber: Some evidence
- Red: Evidence not found
ANNEX F2: RAG SCORES BY EVALUATION QUESTION

The evaluation has rated the performance of each of the 10 CFs in relation to each MEQ and at each stage in the CF intervention framework, using the key judgement criteria presented in Annex F1. The ratings help to identify best practice for Sida at each stage of the project cycle which could be applicable to other funds and become part of guidelines for Sida’s future funding of CFs. The following Tables 6.8 to 6.13 present the comparative ratings in relation to each of the six MEQs, and an analysis, drawing out examples of best practice.

Table 6.8: MEQ 1 Assessment of the Achievement of Fund Outcomes

<table>
<thead>
<tr>
<th>MEQ1</th>
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<th>DE</th>
<th>AECF</th>
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<th>IAP2</th>
<th>GIF</th>
<th>AC</th>
<th>MAVC</th>
<th>S&amp;R</th>
</tr>
</thead>
</table>

The Red-Amber-Green (RAG) ratings for MEQ1 are based on two overall criteria related to Design and Relevance, and Outcomes and Impact. The assessment of the 10 global CFs identifies a number of common features among higher scoring funds and some common challenges experienced by funds with lower ratings.

**Design and Relevance**
- Funds scoring Green had designs based on a clear and explicit intervention logic, indicating how programme activities would lead to outcomes and impact, and evidence of internal assessments and decisions on the use of the CF mechanism.
- Amber-Green funds presented implicit rather than explicit intervention logics and lacked evidence of internal verification or did not present key supporting assumptions or pre-conditions.
- Funds rated Amber or Amber-Red generally had poorly articulated intervention logics and little or no evidence of consideration of choice of mechanism.

**Outcomes and Impact**
- Green ratings were awarded to funds considered to be on track to achieve milestones related to clearly defined outcome and impact metrics, and which had had clear pathways to development impact and indications of progress towards systemic impact.
- Amber-Green funds generally had clear metrics for measuring progress but links to achievement of development impact and systemic change were less evident.
• Funds rated Amber or Amber-Red were considered off-track against milestones, had unclear or very long pathways to development impact, and little or no evidence of systemic change.

### Table 6.9: MEQ 2 Assessment of the Achievement of Sustainability

<table>
<thead>
<tr>
<th></th>
<th>SWFF</th>
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<th>AECF</th>
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<tr>
<td><strong>MEQ 2</strong></td>
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<tr>
<td><strong>Design and Relevance</strong></td>
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</tr>
<tr>
<td>Amber</td>
<td>Amber</td>
<td>Amber-Red</td>
<td>Green</td>
<td>Amber</td>
<td>Amber-Red</td>
<td>Green</td>
<td>Amber</td>
<td>Amber-Red</td>
<td>Amber-Red</td>
<td></td>
</tr>
</tbody>
</table>

### Design and Relevance

- Funds that scored Green have adopted a range of different initiatives to create sustainable outcomes, from helping grantees become investor ready, to committing dedicated financial and non-financial resources to securing follow-on financing beyond the life of the challenge fund.
- **Amber-green** scores reflect the presence of some business acceleration and post-grant support, but on an ad-hoc and piecemeal basis, while **Amber** funds tend to focus technical assistance on operational challenges, rather than business building activities for the future.
- Funds that are scored **Amber-Red** have only considered the question of sustainability at the end of the life of the fund, offer very limited support to grantees, and have no means of tracking outcomes or impact beyond the end of the contractual period.

### Outcomes and Impact

- No funds scored Green, but Amber-Green funds can point to measurable impact from fund activities, both qualitative and quantitative. Where results are self-reported by grantees, the FM has commissioned independent verification of the grantees’ claims.
- Amber funds can provide anecdotal evidence of continued operations by grantees after the expiry of the funding period, but there are no tracking or verification studies to verify long-term outcomes and impact.
- Amber-Red funds can point to examples of moderately successful projects, but cannot show that innovations have been adopted on even a limited (let alone widespread) scale, or that grantees are able to secure funds to continue operations after the end of the contract period.

RAG assessment of the sustainability of Sida’s 10 global challenge funds identifies a number of common features among higher scoring funds, and gaps and challenges experienced by funds with lower ratings:
- **Newer funds which incorporate the learnings from precursors**, and or build on wide institutional knowledge, score higher on design and relevance criteria:
  - **IAP2** building on **IAP1**; **AECF REACT** and **AECF Connect** building on the original **AECF AAW** and previous rounds of the respective windows; **GIF** following on from USAID’s Development Innovation Ventures (DIV);
  - **SWFF** and **Powering Agriculture** which incorporate experience from across USAID into fund design; and
  - **ECFs** generally score higher on design and relevance, as sustainability measures are easier to define and observe.

- Funds **which score highest on the criterion of sustainability outcomes**, have either built in early assistance to grantees (e.g. the provision of business accelerator support from the outset for **SWFF** and **Powering Agriculture**), or direct action to raise additional, post-challenge fund funding (e.g. **Amplify Change**’s renewals fund for high potential projects; **AECF Connect** facility for the most ‘market ready’ grantees).

- **Significant implementation challenges are reflected in lower sustainability ratings**, as FM energy is directed to keeping the programme on track, rather than building measures to sustain grantees after the expiry of the grant period:
  - **IAP1** which shifted FMs midway through the programme; **MAVC** which underwent a significant redesign, following a critical review after the first call.
  - These examples aside, ratings for sustainability outcomes score lower in general than for design, reflecting **weaknesses in tracking and measuring** the long-term viability of grantees (e.g. in the closed funds, **IAP1, MAVC**), **lack of indicators** to measure sustainability; or the fact that in some cases it is **too early to tell** whether actions to promote sustainability have been successful or not, so a neutral (amber) score is assigned (e.g. **GIF, IAP2**).

### Table 6.10: MEQ 3 Assessment of Relevance of Challenge Fund Mechanism

<table>
<thead>
<tr>
<th></th>
<th>SWFF</th>
<th>PA</th>
<th>DE</th>
<th>AECF</th>
<th>IAP1</th>
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<td>Amber-Green</td>
<td>Amber-Green</td>
<td>Amber-Green</td>
<td>Amber-Green</td>
</tr>
</tbody>
</table>
Design and Relevance

- Funds that scored **Green** were successful in mobilising the private sector and CSOs in tackling development challenges. Donors assessed the relevance of the CF mechanism before inception and tested the decision to establish a CF with outside stakeholders.

- **Amber-Green** funds had conducted contextual analysis and ensured alignment of donor objectives in the case of multi-donor funds but showed no evidence of external studies to verify the choice, design and set-up of the fund.

- **Amber** scores reflect limited contextual analysis to understand the likely impact of a CF, as well as limited or no evidence of external verification of the relevance of a CF as the best mechanism to address the specific challenges articulated in the ToR.

- Funds that scored **Amber-Red** showed no evidence that alternative mechanisms for achieving the development objectives had been considered or (in the case of multi-donor funds) that partners had conducted this analysis. They also showed little analysis of how the differences between ECFs and CSCFs affect the likely impact of different CFs.

Outcomes and Impact

- **Green** funds have grown significantly since inception and can show quantitative evidence of impact in terms of additionality and systemic change.

- **Amber-Green** funds show evidence of input and outcome additionality, but not of behavioural change. Evidence of systemic change is piecemeal and anecdotal.

- Funds which score **Amber** show limited evidence of additionality or, alternatively, have not been running long enough for a meaningful assessment of outcomes and impact.

- **Amber-Red** funds show a low response rate to calls for proposals, the presence of significant negative unintended consequences and lack of evidence of measures taken to mitigate these effects.

Scoring the funds for relevance implies that CFs were set up following a rational process of comparison, assessing a range of different instruments before settling on a CF as the best mechanism for achieving the stated development objectives. In reality, however, only 4 of the 10 global challenge funds were established by Sida – **IAP1, IAP2, Demo Environment and Sustainability & Resilience** (where Sida shares funding with the Swedish Research Council), and these have markedly different scores for both design and relevance, and outcomes and impact.

- In the case of **IAP1**, no other type of funding instrument could have been used, as the programme was explicitly set up to test the capacity of a CF to address a particularly intractable development challenge – mobilising the private sector to address people at the base of the pyramid in developing countries. The fund scored well on outcomes as the final evaluation found evidence of both input and output additionality that could be attributed to the fund.

- **IAP2** addresses the same challenges as **IAP1** but was explicitly set up as a challenge fund in order to apply learnings from its precursor, so other mechanisms were not considered. It is still too early to make any findings on outcomes, so was assigned a neutral score on that measure.
• By contrast, both Sustainability & Resilience and Demo Environment score badly against the assessment criteria.
• It is too soon to make any findings on outcomes for Sustainability & Resilience but there is no evidence of a process leading to the considered categorisation of this programme as a CF.
• In the case of Demo Environment, the use of a CF mechanism was ‘taken as an assumption’ rather than as the best candidate among a range of options, and there have been persistent concerns that the programme has been spread too thinly across a large geographic scope with limited funding and resources and was not justified in terms of its potential for learning and building networks. The assessment has found the possibility of unintended negative consequences (potential collusion between buyers and sellers of new technology) and indication that the fund is losing good candidates to another similar fund, with more favourable terms for grantees.

The evaluation has reviewed the management of the CFs in relation to the six defined stages of the CF management cycle. Key findings and insights are presented in relation to each of the CF management stages.

**Table 6.11: MEQ 4 Assessment of Challenge Fund Effectiveness**

<table>
<thead>
<tr>
<th>MEQ 4</th>
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<th>DE</th>
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<td>Amber-Green</td>
<td>Amber-Green</td>
<td>Amber-Green</td>
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<td>Green</td>
<td>Amber-Green</td>
<td>Amber-Green</td>
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</tbody>
</table>
The RAG ratings for MEQ4 are applied using criteria related to each stage in the CF management cycle. The assessment of the 10 global challenge funds identifies a number of common features among higher scoring funds and some common challenges experienced by funds with lower ratings.

- Funds rated as **Green** or **Amber-Green** for design, launch and selection are generally based on clear intervention logic for the funding rounds, which informs the focus and guidance of the calls and preparation of transparent criteria to attract an appropriate number of applicants, and good quality applications.
- **Amber** and **Amber-Red** ratings are applied where the focus, criteria and guidance for funding rounds do not generate the required volume or quality of applications.
- **Green** or **Amber-Green** ratings for selection are characterised by thorough, fair and efficient selection processes, including feedback to unsuccessful applicants.
- Funds rated **Amber** for selection generally have clear and thorough processes with the application of appropriate criteria but may be less efficient or provide only limited feedback to unsuccessful applicants.
- **Green** rated funds have proportionate due diligence and contracting terms that support accountable delivery of project and programme objectives; a well-justified intensity of support to grantees for performance and risk management; and an effective monitoring, evaluation and learning strategy including support to grantees in developing intervention level frameworks and validation of achievements.
- **Amber** and **Amber-Red** ratings are applied where the due diligence, contracting processes or intensity of performance and risk management provided to grantees is inadequate or disproportionate.

### Table 6.12: MEQ 5 Assessment of Sida Engagement

<table>
<thead>
<tr>
<th></th>
<th>SWFF</th>
<th>PA</th>
<th>DE</th>
<th>AECF</th>
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</table>

*There is no rating for the ‘contracting’ stage for MAVC as there was insufficient evidence to judge this fairly across the whole portfolio of projects.*
There is potentially less influence that Sida can exert in the design and implementation of this second category of funds.

- **Sida (or Swedish Government) designed initiative:** Demo Environment, IAP, Sustainability & Resilience.
- **Other Donor designed initiatives or co-funded by Sida:** SWFF, Powering Agriculture, AECF (Connect and REACT), GIF; MAVC; Amplify Change.

It should be noted here that the CF instrument is a particularly suitable vehicle for multi-donor engagement as there is an opportunity for a donor to fund a particular “window” or “challenge” according to their specific objective. Sida has done this for AECF Connect, PCW and REACT SSA.

In terms of Sida’s performance in engagement:

- Funds that scored **green in design** are those where Sida’s engagement and influence has been sufficient to ensure that the funds own development priorities and standards are adequately considered;
- Funds that scored **amber** or below in launch and selection are those where Sida has been unable to influence the launch and selection of projects to bring them in line with Sida’s development priorities and standards;
- Funds that scored **amber-red or red** in contracting and grant management are those where there are concerns regarding Sida’s ability to influence and ensure that due diligence processes by the FM are adequate, and/or where there are concerns about the FM providing Sida with adequate updates of programme performance.

The table contains some blank cells which is where there is insufficient evidence to draw a judgement on Sida’s engagement, or where Sida has been unable to influence programme engagement.
Table 6.13: MEQ 6 Assessment of Cross-Cutting Issues

<table>
<thead>
<tr>
<th>M E Q 6</th>
<th>SWFF</th>
<th>PA</th>
<th>DE</th>
<th>AECF</th>
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</table>

- Funds that scored **amber-green in design** have firm intentions to integrate cross cutting issues and some contextual analysis on barriers to progress. They may not have fully explained the gender and poverty dimensions of their programme propositions, or made poverty and gender equality and environment/climate change visible at outcome and output level, but they have intentions to ensure this happens in fund management processes.

- Funds that scored **amber and amber red** have weak statements of intention for cross cutting issues with little or no contextual analysis on, for example the barriers faced by poor people (by gender). They are also weak on strategies to take forward gender equality and promote environment and climate change issues. In addition, the programme propositions of these CFs tend to focus more directly on other objectives such as promoting science and technology, or innovation, or mobile technology, with less emphasis on poverty reduction, gender equality, environmental protection, and climate change adaption and mitigation.
• Funds that scored **amber red or red** in launch, selection and contracting do not demonstrate clear processes to select grant partners that enable review of their abilities to address poverty, gender and environmental and climate change issues. Rather, their preference will be for partners with other capabilities such as technology, innovation, and advocacy.

• Funds that score **red or amber** in monitoring and evaluation have theories of change and results frameworks that do not clearly include poverty, gender, environment and climate change aspects, and which lack quality assurance.
ANNEX G: DATA CAPTURE SHEETS

Data capture sheets have been prepared in Excel for each of the Sida CFs. Each data capture spreadsheet comprises a series of worksheets including a schedule of documents reviewed and a worksheet for each of the 6 main evaluation questions (MEQs).

The Schedule of Documents
The schedule of documents lists all documents reviewed for the evaluation with an indication of which MEQs the data relates to and a brief description of the content.

Individual MEQ sheets
There are two formats for the MEQ sheets, with one format covering MEQs 1–3 and another for MEQs 4–6.

Data Capture and Analysis for MEQs 1-3
The data sheets for MEQs 1-3 have a matrix structure that enables information from each document review, interview or other sources to be logged in columns relating to the relevant sub-evaluation questions (SEQs). See below for extracted sample of a data sheet for MEQ 1.

As data from different sources is added, the data relating to each SEQ can be analysed by reading down the relevant SEQ data column and summarised at the bottom of each column. Scanning the data as the sheet is completed also helps to identify any key data gaps and informs subsequent interviews and/or data requests.

The top section of each MEQ data sheet is used to record information only and does not include reviewers’ emerging insights or judgements. At the bottom of the sheets there are judgment boxes relating to the two scored judgment criteria for MEQs 1-3 (see Annex F for the relevant judgment points). When the data capture is complete the analysis against each of the SEQs is used to inform the scoring in relation to the judgment criteria. The narrative text in the judgment criteria box at the bottom of the sheet should justify the allocated rating e.g. if the rating is Amber, the text should be a balance of positive statements about how the CF adequately meets the criterion and indications of where there is room for improvement. If the rating is Amber Red or Red then the judgment text should indicate more serious concerns.

Data Capture for MEQs 4-6
As MEQs 4-6 all relate closely to the six stages in the CF management cycle, the data capture sheets for these MEQs are structured to enable data from document reviews and interviews to be collated in relation to each stage in the cycle.

As above, the data entered in the top section of the form represent summaries of information gathered from documents or interviews rather than judgements or reflections. The data for each stage can then be analysed to inform the judgment criteria rating at the bottom of the section (informed by the scorecard relevant to each MEQ). In this case, the text in the ‘summary’ box should justify the rating for each stage in the cycle.

The judgments and data in relation to specific stages can then be used to answer the respective SEQs.
### Table 6.14: Extract of Data Capture Sheet

**MEQ1** What outcomes have been achieved at portfolio/fund level as a result of using Challenge Funds as a mechanism to address targeted development problems?

<table>
<thead>
<tr>
<th>SEQs</th>
<th>1.1</th>
<th>1.2</th>
<th>1.3</th>
<th>1.4</th>
<th>1.5</th>
<th>1.6</th>
<th>1.7</th>
<th>1.8</th>
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<tr>
<td></td>
<td>What outcomes have been achieved at fund level?</td>
<td>How are outcomes and impact defined at project, portfolio and programme levels?</td>
<td>How and to what extent are outcomes and impact reported and verified?</td>
<td>How have contextual factors affected outcomes and impact achieved by the Challenge Funds?</td>
<td>To what extent is the expected or realised impact performance of the programmes in accordance with the respective Theories of Change and underlying assumptions?</td>
<td>Is there evidence of unintended positive or negative impacts of the Challenge Fund programmes?</td>
<td>To what extent do projects demonstrated additionality?</td>
<td>To what extent do projects displace commercial funding?</td>
</tr>
<tr>
<td>With IAP no clear metric from the start, so success was more anecdotal. Look at the comparison of the 318 initiatives (see source below) to see how successful (also, From Paper to Practice)</td>
<td>Key learning – look at portfolio level – something tried to build into IAP2. Built into metrics</td>
<td>Overall IAP was a success: on field visits saw how some grantees had succeeded in developing, growing to point where they could apply to other CFs. This was a target group that no-one else was touching, so it was a success to see them grow and access other sources of funding.</td>
<td>Nothing new was added to the fund from 2014, as there was no money, no staff. See ‘From Paper to Practice’ for evidence of Systemic Change. What was expected was replication, adoption of approach, but this requirement was later dropped (check with Jenny). Final report says limited evidence of systemic change, but Paper to Practice sees more.</td>
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</tr>
<tr>
<td>MEQ1</td>
<td>Summary</td>
<td>Outcomes and Impact</td>
<td>RAG Rating</td>
<td></td>
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<tr>
<td>What outcomes have been achieved at portfolio/fund level as a result of using Challenge Funds as a mechanism to address targeted development problems?</td>
<td>Design and Relevance</td>
<td>Outcomes and Impact</td>
<td>Design and Relevance</td>
<td></td>
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<tr>
<td></td>
<td>Clear intervention logic to stimulate demand and provide goods and services at the BoP through support for inclusive business, but no specific ToC</td>
<td>MTR was positive (based on grantees self-reporting likelihood of achieving commercial viability)</td>
<td>Green</td>
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<td></td>
<td>Did not specifically consider other funding options, as IAP 1 was designed specifically to test CFs as a mechanism for development</td>
<td>However, knowledge exchange paper finds only 2 grantees had reached break-even by Year 2 of the fund</td>
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<td></td>
<td>Internal assessment was carried out and identified clear development benefits from the initiative</td>
<td>Prediction that ~70% would be profitable within 5 years is not proven</td>
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<tr>
<td></td>
<td>Clear focus on achieving additionality through use of Inclusive Business models for the poorest of the poor</td>
<td>29 projects submitting development impact reports claim to have reached 50,000 beneficiaries at the BOP, with plans to reach up to 3 million ‘in the foreseeable future’</td>
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<td></td>
<td>Conducted external verification of gender impact of IAP 1 (Report was critical)</td>
<td>Final independent evaluation estimates that 37% of grantees are still operating with or without additional funding, while the rest are either looking for funding, on hold, or abandoned.</td>
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<tr>
<td></td>
<td>Key indicators either out of scope or not measured in final evaluation report</td>
<td>No evidence of systemic change, but this was not seen as a requirement or objective at the outset of the Fund</td>
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<tr>
<td></td>
<td>Pockets of success (innovations developed through IAP1 and picked up elsewhere) and high likelihood of additionality as 18 grantees operating at the BoP is a market gap filled by IAP1. Fund successful in generating learning for next incarnation of fund (IAP2)</td>
<td></td>
<td>Amber</td>
<td></td>
<td></td>
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</table>
ANNEX H: APPROACH TO ADDITIONALLY WITHIN SIDA-SUPPORTED ECFS

AECF
The AECF uses a two-stage definition of additionality, using the terms input additionality and development additionality. Input additionality is defined as “the resources provided which are in addition to what the recipient could provide from its own funds or from other sources of commercial or donor finance”. Development additionality “looks at what outcomes and impacts the projects achieved with the AECF funds over and above what they would have achieved without” 35. Development additionality is segmented into 4 separate categories – faster, bigger, more inclusive, and wider scope – as summarised in the diagram below. The additionality review of AECF’s AAW window, which was part-funded by Sida, found that broadly the grants were additional, although in a small minority of cases it seems likely that the project would have been financed through other mechanisms.

![Diagram of AECF and Additionality](image)

Figure 6.2: AECF and Additionality

35 AECF 2015 Impact Report
IAP 1
Additionality was a criterion at the selection stage for grantees, as demonstrated in the diagram below. The external evaluation of IAP 1 found the following with respect to additionality:

“The IAP grant may be viewed as a “breath of fresh air”, a way to accelerate project development, rather than a make or break opportunity.”36

Whilst this may suggest that IAP 1 was not fully additional, that is true for many enterprise challenge funds, where donor funding is often used to significantly speed up or scale up a business plan that the company was in the process of implementing regardless. This is supported by the review of failed IAP 1 applicants carried out as part of the external evaluation, which found that just 11% continued the project with no external funding, and that the most popular alternative form of funding was other development mechanisms rather than commercial financing.37

Figure 6.3: IAP Eligibility Criteria

36 The Evaluation of the Challenge Fund Innovations Against Poverty
37 The Evaluation of the Challenge Fund Innovations Against Poverty
IAP 2
Additionality is one of the guiding principles of IAP 2, and the fund manager’s marketing strategy mentions additionality as a core reason for their targeted grantee segment. Additionality also forms part of the selection criteria for grantees. However, the IAP 2 inception report states:

“IAP is designed to test and achieve additionality along its different stages to ensure there is evidence that the investments made were necessary to achieve the impact, rather than substituting/crowding out other commercial investment that would have brought about the same results.”

It is less clear how they intend to test for additionality.

GIF
In GIF the appraisal document states:

“GIF will seek to avoid displacing private funds, and will target its support to areas where clearer market failures exist and commercial incentives do not match social needs. In making investment decisions, GIF will consider the impact on other firms and seek to avoid harmful market distortions.”

How that has translated in reality appears less clear. Additionality, or the potential for commercial funding, is not assessed at selection stage. Interviews with the other GIF donors (DFID) also suggested that the Fund was not focused on the potential for market distortion and was comfortable providing financing to projects which had already attracted investment from commercial sources.

Powering Agriculture
Powering Agriculture does not appear to provide a definition of additionality, and the appraisal process for grants does not involve an assessment of additionality or an evaluation of the likelihood of these projects attracting commercial funding. Interviews with the fund manager suggested that the risk appetite was set low and it was possible that some of the projects could have attracted commercial financing.

38 IAP 2 Inception Report
39 IAP 2 Inception Report
40 IAP 2 Inception Report
41 GIF Appraisal
42 Lessons Learned - New Innovation Fund - Aug. 2015
43 Interview with Olivia O’Sullivan 21/05/2018
44 Program-level Mid-term evaluation
45 KII Augusta Abrahamse (27/03/18 & 03/05/18) USAID PA Programme Manager since March 2017 (previously deputy from October 2016)
Securing Water for Food (SWFF)
SWFF does not appear to have a clear definition of additionality. However, interviews with the fund manager found that they actively target a perceived gap in the market between early-stage funding available from other donor mechanisms and commercial funding. This suggests that they do seek to generate some form of input additionality.

46 KII 02-05-18 - Ku McMahan, Team Lead, Securing Water for Food, Centre for Development Innovation
ANNEX I: SURVEY AND KEY INFORMANT GUIDE

GUIDE FOR KEY INFORMANT INTERVIEWS

Please note that this interview guide should be checked and partially filled in by the interviewer (or person doing the desk review) prior to the interview with as much data as possible extracted from the desk review/data capture sheet. During the interview this guide should be used selectively as a flexible tool to verify and fill in data gaps. Please colour code data as follows: extracted from desk review vs obtained during the interviews. Prompts and introductory statements to questions are denoted in italics underlined below. Numbers in brackets (4) or (4.1) refer to MEQs and SEQs respectively addressed by each question.

Introduction
1. Introduce yourself and colleague/s participating in the interview
2. Explain the purpose of the interview and confirm the interviewee is familiar with the evaluation (otherwise provide a brief overview)
3. Explain that:
   a. they are free to leave the interview process at any time; and that
   b. when findings are presented, all evaluation participants will be anonymised so that, as much as is possible, specific findings and comments cannot be traced back to individuals.
4. Request verbal consent for the interview and to take notes.

General information
(to be filled in by the interviewer prior to the interview, when data should only be verified as required)
1. Full name and Job title (and time in this role):
2. Fund Manager(s) for which Challenge Fund/s and time in this role (if different):

Outcomes at portfolio/fund level (MEQ1)
Re-state the purpose and objectives of the CF to kick-start the interview (taken from desk review)
3. What specific outcomes have been achieved at portfolio/ fund level?47 (1.1)
4. Has the challenge fund achieved its overall objectives / is it on track to achieve objectives in terms of both outcomes and impact? (1.3)
5. Have there been any shifts in the context or external environment that have affected programme outcomes and impact? (1.4)
6. The design of a challenge fund is based on a set of assumptions and projection of the future. Reality is always different from what was expected – both for better or worse.

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47 this includes analysis of systemic change to markets for ECFs and responses from Government and policy changes for CSCFs
Have there been unintended positive or negative impacts of the fund so far? What evidence is there for this? (1.6 / MEQ3) In the case of unintended negative consequences, how did you identify and manage these?

7. Challenge funds often aspire to create systemic change in markets, or in policies and behaviours. How do you define systemic change, and to what extent are grantees (and thus the fund) contributing to systemic change in the market? (for ECFs) or to systemic changes in government policies, legislation and/or accountability? (for CSCFs)

8. What evidence is there that innovations supported through the fund have been / will be more widely adopted?

9. How and to what extent do you as the fund manager support grantees to achieve scale and systemic impact?

10. To what extent do projects displace commercial funding? (for ECFs) (1.8)

**Sustainability (MEQ2)**

11. A key question facing all challenge funds is what happens to grantees and their projects after the end of the life of the fund. To what extent is sustainability considered at the outset/design of the fund, and how do you define sustainability?

12. To what extent do you as the fund manager support grantees to achieve sustainability (during implementation and at project end)? To what extent is sustainability tracked and reported (during implementation and beyond the life of the project)? (2.2)

13. **Relevance of CFs (MEQ3)** In your opinion, could the same development problem(s) have been solved by allocating resources to another type of instrument/ intervention/ financing mechanism? (3.4).

14. Could the use of a different instrument have solved the same development problem with less resources? What alternative instruments could have been used? What (do you think) was the overriding rationale for using a CF? (4.10)

**MEQ 4, 5, 6: FM design & implementation process; Sida’s engagement in the fund; cross-cutting**

15. What % of total challenge fund budget is allocated to administration? How is this broken down? (Prompt for costs of marketing; selection; contracting; general administration; TA) (MEQ4)
DESIGN

16. Funds are underpinned by a theory of change (ToC) or intervention logic, which may be explicit or implicit. What do you see as the intervention logic of fund, i.e., if you do x, y will follow? (Check against desk research version)

17. Is the ToC / intervention logic reviewed at all/ periodically / regularly during the funding period? Is there a process to check that underlying assumptions still hold true? (4.2)

18. What level of engagement did Sida have during the design phase (after appointment of the FM) and how do you think this has shaped the programme or influenced its impact? (Note that influence on the focus of the different calls is covered in Launch section below)

19. To what extent are each of the following cross-cutting areas considered or addressed in programme design (e.g., to a greater extent, to some extent, to a lesser extent)? (6.1) (For future questions, these will be referred to as ‘cross-cutting themes’). To what extent do you feel these themes are relevant?
   a. Poverty reduction
   b. Local ownership and inclusion (and the perspectives of poor people)
   c. Gender equality
   d. Environment protection and climate change mitigation

20. And to what extent has Sida influenced the way in which these cross-cutting issues were addressed during the design phase? (if not answered already)

LAUNCH

21. How were individual funding rounds designed? E.g. was it an open call for proposals? (4)

22. How is/has Sida been involved and able to influence the focus of the different calls for proposals? How did Sida use their influence? (5.2)

23. Check what is available via desk research and use to anchor this question where possible. What was involved in the marketing of the fund? Targeted outreach to specific organisations? Online or face to face? (4). And how does Sida support the communication of the different calls? (5)

24. Have you changed your approach to marketing and outreach over the lifetime of the fund? In what ways and why? (e.g. have marketing processes changed in order to attract a pipeline of higher quality applications and proposals?) (4.7)

25. Check what is available via desk research and only ask this question in interviews if there is no other information. What guidance to applicants was provided and on what specific issues? (E.g. written guidance? Online support? FAQs? Helpdesk?) (4)

26. At the time of the launch were applicants aware of the criteria that would be used for appraisal and appraisal processes, and did these include specific requirements around cross-cutting themes of poverty reduction, gender equality, environmental protection and climate change mitigation? (4)
SELECTION

27. Check what is available via desk research and use the interview to clarify and triangulate. Can you talk us through the selection process? (E.g. selection criteria, who is involved (FM staff, external assessors) and for how long (inputs and over what period etc.). (Does this differ for different rounds? Has the process changed over the lifetime of the fund?) Are the assessment criteria weighted to reflect importance? (4)

28. Do you provide feedback to all applicants – unsuccessful and successful? At what level of detail? Has the approach changed over time? How do applicants respond to the feedback? Could we get a copy / example of a feedback letter? (4)

29. What is the level of Sida’s engagement in the selection process, if any? Does this level of engagement work for you as a FM? (5)

30. What weighting is given to a project’s planned approach to: reduce poverty; programme for gender equality; demonstrate measures to protect the environment and introduce approaches to mitigate against climate change in the selection process? Do you have technical advisors on these areas on the selection panel? (6.1) And to what extent did Sida influence the way in which these cross-cutting issues were addressed during the scoring and selection process? (if not answered already)

CONTRACTING (i.e. between announcement of award and confirmation of grant)

31. Check what is available via desk research and use the interview to clarify and triangulate. What level & type of due diligence do you conduct on grantees (examples: financial management; child protection policies; gender equality in the workplace policies)? Is it the same for all grantees, or proportionate to grant size? Do grantees ever comment on this (e.g. too onerous? Helpful for organisational capacity building in the long term?) (4)

32. Do you provide any support to grantees during the contracting period regarding their project’s ToC/ intervention logic - i.e. how their proposed activities are expected to lead to the stated changes and how progress will be measured? (4)

33. Does the due diligence process verify claims made by the grantees in their applications about how they will tackle the cross-cutting themes (poverty reduction, gender equality, environment and climate)? (6.1) Did Sida influence how the cross-cutting themes are approached during this contracting phase (e.g. in the DD process?)

34. What is the level of Sida’s engagement in the contracting process? How has this influenced the FM contracting process?

GRANT MANAGEMENT

35. Check what is available via desk research and use the interview to clarify and triangulate. How are grant payments disbursed (e.g. By results? In arrears? Advance? Quarterly?) How well does this work? (4)

36. What level of TA/capacity building support do you provide to grantees during the lifetime of a grant? (i.e. light touch? Heavy etc?) Please describe in more detail the type of support provided and the level of FM/TA resources committed to providing the support. (4)
37. How do you decide the level of TA on offer? Is it standard for all grantees, or tailored on a case-by-case basis? (4)

38. What formal and informal communication do you have with both grantees and donors?  
(Prompt for: frequency of communication; use of different reporting media – written reports, quarterly phone calls, video reporting, blogs etc?) (4)

39. Do you conduct in-field monitoring visits? If so, how often, and what do you look for? How useful are these visits, and for what? (4)

40. How do you engage with grantees to manage project level performance and risk? To what extent do you feel that this approach been successful in supporting projects to remain on track to deliver their intended outcomes? (4)

41. Do you broker or facilitate networks and partnerships between grantees? (Prompt for e.g. partnering together on a grant; peer learning between grantees; stimulating partnerships between actors addressing the same development issue; etc) (4)

42. How flexible are your fund management arrangements and processes? Can you give an example where you have adapted and responded to emerging opportunities and/or changes in the political/economic environment which affect grantees and the fund as a whole? (4)

43. How involved is Sida in the ongoing management of the programme? (Prompt for e.g. regular feedback, reporting from the FM on programme performance, risk management, etc.) (5.2)

44. Do you monitor/check grantees progress on addressing: poverty alleviation; gender equality; environmental protection; climate change mitigation? If so, how do you monitor this? Can you provide examples? (6.2)

45. How Sida influences the way the cross cutting themes are addressed during grant management phase?

Monitoring, Evaluation and Learning (MEL)

46. How do grantees monitor and report their achievements at output, outcome and impact levels? Is this disaggregated by gender/age for all categories(4)

47. What support do you provide to grantees to assist with MEL? (4)

48. Do you have a programme level MEL strategy which enables you to aggregate grantee performance at programme level? (4)

49. To what extent does the challenge fund report explicitly on the cross-cutting themes at project and portfolio level: poverty reduction; gender equality; environmental protection and climate change mitigation? What kind of analysis is conducted around these themes? (6.1)

50. How is Sida involved in MEL processes (if at all) and how has this influenced the process?

51. How Sida influences the way the cross cutting themes are addressed during in MEL processes (e.g. in MEL frameworks, reporting, etc.)?
**SURVEY QUESTIONNAIRE**

**Introduction**
This survey is being conducted on behalf of the Swedish International Development Cooperation Agency, Sida, one of the donors who provided the funding for your project through a Challenge Fund. This is a survey of your experience of receiving a grant, your relationship with the Fund Manager who administers the funds and the donor(s) providing the funding. The findings from the survey will be used to develop the challenge fund instrument.

The survey will take up to 10 minutes to complete. The survey is anonymous and your answers will not be shared individually. Please be frank: there are no right or wrong answers.

If you are at the early stages of your grant you may find some of the questions more difficult to answer. Please answer as best you can or go on to the next question.

Thank you for taking the time to complete this survey. If you have any questions, please contact katharine.may@tripleline.com who will be able to provide support.

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**Organisation Profile and Fund**

v. *How would you describe your organisation?*
- For profit organisation, including for profit social enterprise
- Non-profit organisation: International NGO
- Non-profit organisation: civil society organisation
- Non-profit organisation: social enterprise
- Non-profit organisation: academic or research institution
- Other (please specify): [ ]

vi. *Please indicate the name of the Challenge Fund which provided the grant you received.*
- Securing Water for Food
- Powering Agriculture
- Demo Environment
- African Enterprise Challenge Fund
- Innovations Against Poverty I
- Innovations Against Poverty II
- Global Innovation Fund
- Sustainability and Resilience
ANNEXES

☐ Making all Voices Count
☐ Amplify Change
☐ None of the above

Application and Start-Up Process

vii. How did you hear about the Challenge Fund? Please tick all that apply.
☐ Launch Event
☐ Web Search
☐ Other Media
☐ Referral /Network
☐ Direct Approach from Fund Manager
☐ Other (please specify): [ ]

viii. To what extent do you agree with the following statements about the application process for the grant you received?

Please add any further comments in the box below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>The call for proposals for the grant was written in language we could easily understand.</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
<td>☒</td>
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</tr>
<tr>
<td>Information available to us about the application process was easy to understand.</td>
<td>☐</td>
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<tr>
<td>We could contact the Fund Manager easily</td>
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and ask for help if we needed it.

The time required to complete the application process from start to finish was reasonable.

Grant Set-Up Process

ix. What orientation or training support did you receive from the Fund Manager? Please tick all topics that apply.

☐ We were offered training but did not take it up.

☐ The fund’s broad objectives

☐ The fund’s objectives for poverty reduction

☐ The fund’s objectives for promoting gender equality

☐ The fund’s objectives for addressing concerns around environmental/climate change

☐ Budgeting and financial management

☐ Financial reporting

☐ Annual reporting

☐ Final project reporting

☐ Collecting and presenting evidence for results

☐ Collecting and presenting for results by gender (male, female) and age

☐ We did not receive any training or support from the Fund Manager

☐ Other (please specify):
x. To what extent do you agree with the following statement:
“We found the training and other support we received from the Fund Manager useful”.
- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- N/A

Logic: Show/hide trigger exists.

xi. Did the Fund Manager check your organisation’s financial management and governance systems?
- Yes
- No
- Not yet
- Don’t know

Logic: Hidden unless: #7 Question "Did the Fund Manager check your organisation’s financial management and governance systems?" is one of the following answers ("Yes")

xii. To what extent do you agree with the following statements about the financial management checks you received?

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>The financial checks were reasonable considering the size of the grant.</td>
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<td></td>
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</tr>
<tr>
<td>The financial checking process was useful for the development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please add any other comments you have on the application or grant set up processes for your grant.

Grant Management Process

To what extent do you agree with the following statements about the grant management processes for your project?

If you would like to add anything further about grant management processes, please share in the box below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;We find that project funds are released on time.&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The process for the release of funds is clear.&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The tools (templates, reporting formats) we receive for reporting results are easy to use.&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The Fund Manager helps us</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

xi.
ANNEXES

<table>
<thead>
<tr>
<th>to identify project risks.*</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;There is good support to enable the project to adapt to difficulties and the changing environment.&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

xv. Do you experience any difficulties in reporting on project results as required by the programme?  
Please explain your answer.

| | | | | | |
|---|---|---|---|---|

Relationship with Fund Manager and Donors

xvi. The level of management and technical support provided by the Fund Manager, is:

- Not enough for us
- Enough for us
- Too much for us

Please add any further comments on management and technical support below:
xvii. To what extent do you agree with the following statement:

“The Fund Manager responds to requests for help / support / advice.”

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- N/A

Validation: Min = 1 Max = 10

xviii. How would you rate the support have you received from the Fund Manager?

(Please rate on a scale of 1 to 10 where 1 = not at all useful and 10= extremely useful, or select the N/A button if you did not receive this type of support.)

If you have any further comments, please add them in the box below.

<table>
<thead>
<tr>
<th>Support Area</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical/subject matter assistance during implementation</td>
<td>1</td>
</tr>
<tr>
<td>Technical assistance with measuring impact or monitoring and evaluation</td>
<td>N/A</td>
</tr>
<tr>
<td>Support on reporting as required by the fund</td>
<td>1</td>
</tr>
<tr>
<td>Support in project financial management</td>
<td>N/A</td>
</tr>
<tr>
<td>Support in mainstreaming gender and /or environment protection issues into our project</td>
<td>N/A</td>
</tr>
<tr>
<td>Support in ongoing/ long term fundraising or scaling</td>
<td>1</td>
</tr>
</tbody>
</table>
15) Do you have any other comments regarding the support you received from the Fund Manager, including any recommendations or areas for improvement?

Internal Organisational Policies and Principles

**Logic: Show/hide trigger exists.**

xix. To what extent do you agree with the following statement:

“Addressing poverty is a central part of our project?”

- [ ] Strongly Agree
- [ ] Agree
- [ ] Neutral
- [ ] Disagree
- [ ] Strongly Disagree
xx. **What approaches do you use to address poverty in this project? Please tick all options that apply**

- [ ] Targeting specific groups of poor people
- [ ] Prioritising employment opportunities for specific groups
- [ ] Women’s economic empowerment
- [ ] Providing access to finance
- [ ] Other (please specify):

xxi. **To what extent do you agree with the following statement:**

"Promoting gender equality and the empowerment of girls and women is a central part of this project"

- [ ] Strongly Agree
- [ ] Agree
- [ ] Neutral
- [ ] Disagree
- [ ] Strongly Disagree

xxii. **What approaches are you taking to promote gender equality and women’s empowerment in this project? Please tick all options that apply.**

- [ ] Research to understand specific challenges girls and women face and their needs
- [ ] Specific action to ensure women and girls are part of the project
- [ ] Working with men and boys to address discrimination
- [ ] Behaviour change methodologies
- [ ] Equal employment opportunities for men and women
Analysis of project results by gender, age and other dimensions

Other (please specify): 

**Logic: Show/hide trigger exists.**

**xxiii.** To what extent do you agree with the following statement:

"Protecting the environment and combating climate change is a central part of our project."

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

**Logic: Hidden unless: #20 Question "To what extent do you agree with the following statement: "Protecting the environment and combating climate change is a central part of our project" is one of the following answers ("Strongly Agree", "Agree")**

**xxiv.** What approaches are you taking with respect to the environment in this project? Please tick all options that apply.

- Research to understand impact of climate change and other environmental degradation
- Specific action to ensure that environmental (including climate change) challenges are addressed
- Using an Environment Management System
- Using Environmental Impact Assessments
- Other (please specify): 

**Logic: Show/hide trigger exists.**
xxv. To what extent do you agree with the following statement:

"Creating a safe workplace with equal rights is part of our organisation's or company's written policies."

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Logic: Hidden unless: #22 Question "To what extent do you agree with the following statement:

"Creating a safe workplace with equal rights is part of our organisation's or company's written policies." is one of the following answers ("Strongly Agree", "Agree")

xxvi. What written policies do you have in place?

Please tick all relevant options where you have supporting documents.

- Human resource policies that ensure equal rights to employment for men and women; equal pay; zero tolerance for sexual harassment, violence, abuse, bullying,
- Policies that ensure people living with disability can work easily in your workplace
- Child protection policies
- Orientation for staff on workplace policies and expected standards of behaviour
- Policies on green workplace practices (e.g. eco-friendly lighting; energy audits to identify resource and cost savings; community involvement in waste collection and recycling)
- None of the above
- Other (please specify): ____________________
Sustainability

xxvii. To what extent do you agree with the following statements about the sustainability of your project?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The Fund Manager started to engage with us to consider sustainability from the beginning of the project”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“We are required to report on progress towards sustainability”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“The Fund Manager has supported us to ensure that the impact of our project is sustainable”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“The Fund Manager has supported us to ensure that our project, service or innovation can continue and develop beyond the lifetime of this grant”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

xxviii. To what extent do you agree with the following statement:

“If we had not received a grant from the Challenge Fund, we would have gone ahead with the project anyway”.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- N/A

xxix. Please tell us what aspects of your experience with the Challenge Fund were particularly successful.

xxx. Please tell us what aspects of your experience with the Challenge Fund could have been improved.

And finally...
xxx.i. What is the name of your organisation?
You do not have to answer this question. We will not use it to attribute findings or identify you.

xxx.ii. What is the name of your project (if different)?
You do not have to answer this question. We will not use it to attribute findings or identify you.

xxxiii. What is your role in your company/organisation?

You do not have to answer this question. We will not use it to attribute findings or identify you.

xxxiv. What is your gender?

You do not have to answer this question.

Thank you!
Thank you for taking part in this survey. Your answers are confidential and will not be shared individually. The findings will be used to develop the challenge fund instrument. Information on the findings of the evaluation will be available tentatively in November, at sida.se.
## ANNEX J: RISK MANAGEMENT

### Table 6.15: Risk Matrix

<table>
<thead>
<tr>
<th>Risk</th>
<th>Nature of the risk</th>
<th>Probability</th>
<th>Impact</th>
<th>Mitigation Measure</th>
</tr>
</thead>
</table>
| Complexity and scale of the evaluation    | 10 large multi-donor funded global funds with a large group of interests and stakeholders involved: donor partners, fund managers, grantees and end beneficiaries means that access to the key actors to evaluation is difficult. | Medium      | Medium | • The approach taken is a meta evaluation, i.e., focus placed on analysing the CFs through a series of evaluation questions across the Sida CF portfolio, rather than a comprehensive assessment of impact of the individual funds on end beneficiaries.  
  • Ensure that the evaluation team and Sida address the evaluability issues identified in the inception report.  
  • A range of quantitative and qualitative tools are being used to conduct the evaluation to address the complexity,  
  • Ensuring that key stakeholders/interlocutors are identified and that key findings are adequately triangulated, |
| Communication and Response                | The evaluation is dependent on good response from the fund managers and other stakeholders within a relatively short time period to conduct the evaluation.                                                                 | Medium      | Medium | • A range of quantitative and qualitative tools are being used to conduct the evaluation.  
  • The Evaluation team will work with Sida if required to ensure good response from grantees and fund managers. |
| Data quality issues, including triangulation bias | Some stakeholders could be biased in favour of continuing/expanding the fund which may compromise the objectivity and affect data quality.                                                                 | Medium      | Medium | • Identify stakeholders with an independent perspective  
  • Data cleaning |
<table>
<thead>
<tr>
<th>Stakeholder Expectation</th>
<th>There is a large number of stakeholders within Sida and others including grantees, governments, civil society and the business community who are interested in different aspects of this evaluation.</th>
<th>Medium</th>
<th>Medium</th>
</tr>
</thead>
</table>
|                          | • The focus of the evaluation is both conceptual and instrumental and there will be a large element of practical advice on the design and implementation of the funds. The recommendations will be co-created with the Sida team in June.  
• Share information about the purpose and nature of the evaluation in our communications with stakeholders in order to manage expectations. |       |       |
| Conflict/ Health and Safety | The Funds operate in a number of post conflict states with fragile political and security issues. | Medium | Medium |
|                          | • The Triple Line team is used to taking adequate precautionary measures in seeking advice prior to undertaking field visits, based on a company-wide Duty of Care policy. Contingency planning should be undertaken if/when visiting countries deemed as high risk. |       |       |
ANNEX K: ANALYSIS OF FUND MANAGEMENT COSTS

Research suggests that for ECFs, management costs (including technical assistance) are between 20-30% of the grant funds disbursed\(^{48,49}\). The business case for the GIF refers to a wider range of 15–40% for management costs on DFID supported challenge funds. The management costs of CSCFs tend to be at the lower end of the range e.g. the management of the DFID Health Partnership Scheme represented 16% of the total programme budget.

Fund management costs typically comprise of the following set of activities:

- **Marketing**: the cost of marketing the opportunities available through the programme. This typically consists of the costs of putting on roadshows and networking events, paying for coverage in newspapers and on social media, and the cost of preparing marketing materials.
- **Selection**: the cost of labour time involved in reviewing, marking, and selecting applications for the programme, as well as the costs of convening meetings.
- **Grant disbursements, programme management and administration**: the costs of monitoring and ensuring compliance with the programme’s guidelines on grant use and managing the administration of disbursement of funds. This also typically comprises the costs of risk and performance management.
- **Monitoring, evaluation, and learning**: the costs of developing and implementing an MEL framework for the programme. This can include the costs of supporting grantees to develop monitoring and evaluation frameworks, conducting data verification visits, baseline and impact studies, or the preparation of research and learning papers.
- **Technical assistance**: the costs of supporting the grantee. This includes both support on technical implementation, and advice and guidance around organisational structure and processes.

Table 6.16 outlines the estimated fund management (FM) costs for the 10 Sida-supported global challenge funds under review.

Comparisons can be challenging and there are a number of reasons to explain the variation in fund management costs between challenge funds:

- **Definition of management costs**. Different programmes will disaggregate and define cost in different ways. For example, SWFF classifies costs associated with networking events as technical assistance, whilst AECF includes it as an administration cost. Cost figures also rarely incorporate the costs associated with the design and programme management.

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\(^{48}\) ODI, Understanding Challenge Funds, 2013

\(^{49}\) Brain, Gulrajani, and Mitchell, Meeting the Challenge: How can enterprise challenge funds be made to work better, 2014.
from the donor perspective. As an illustration, Sida has an internal budget for communication for GIF, as well as an internal budget for monitoring and evaluation on AECF REACT\(^50\). These have not been included in Table 6.16.

- **The extent of technical assistance and organisational development support.** ECFs often provide both technical assistance related to specific technologies as well as business acceleration support and in some cases such as SWFF, additional support to prepare innovators to become ‘investor ready’. This is also one of the reasons why the management costs for ECFs are often higher than those for CSCFS. With respect to the global challenge funds supported by Sida for example, 25% of the total programme costs of Innovations Against Poverty was technical assistance, whilst the comparative figure for AECF was just 10\(^51\). By contrast, the total management costs for Amplify Change represent just over 13% of total programme budget. In CSCFs, smaller and newer grantee organisations also tend to need more organisational capacity building support than the larger better established organisations.

### Table 6.16: Fund Management Costs of Sida's Global Challenge Funds

<table>
<thead>
<tr>
<th>Challenge Fund</th>
<th>Currency Unit</th>
<th>Total Value of Donor Commitments</th>
<th>Total Value of Grants</th>
<th>Total Cost of Admin/FM</th>
<th>Admin/FM as % of total budget</th>
<th>Admin/FM as % of grant value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWFF</td>
<td>m USD</td>
<td>34.91</td>
<td>19.51</td>
<td>15.39</td>
<td>44.1%</td>
<td>78.9%</td>
<td>SWFF Budget Narrative Y4 Update</td>
</tr>
<tr>
<td>PA</td>
<td>m USD</td>
<td>49.09</td>
<td>24.47</td>
<td>18.78</td>
<td>38.3%</td>
<td>76.7%</td>
<td>PA Annual Report Financial Y2017</td>
</tr>
<tr>
<td>Demo Environment</td>
<td>000s SEK</td>
<td>58 800</td>
<td>45 651</td>
<td>13149</td>
<td>22.4%</td>
<td>28.8%</td>
<td>Demo Environment III – AR 2015-16</td>
</tr>
<tr>
<td>AECF REACT SSA</td>
<td>000s SEK</td>
<td>400 000</td>
<td>-</td>
<td>-</td>
<td>30.0%</td>
<td>-</td>
<td>Sida Appraisal for REACT SSA +AECF Interview</td>
</tr>
<tr>
<td>IAP1</td>
<td>000s SEK</td>
<td>50 990</td>
<td>25 500</td>
<td>25 490</td>
<td>50.0%</td>
<td>100.0%</td>
<td>2011-004499 Annex 4, Fees and cost schedule</td>
</tr>
<tr>
<td>IAP2</td>
<td>m EUR</td>
<td>7.40</td>
<td>4.12</td>
<td>3.28</td>
<td>44.3%</td>
<td>79.6%</td>
<td>IAP2-1(^{st}) Progress Report</td>
</tr>
<tr>
<td>GIF</td>
<td>m USD</td>
<td>178.00</td>
<td>-</td>
<td>-</td>
<td>24.1%</td>
<td>-</td>
<td>Progress Report 2016</td>
</tr>
</tbody>
</table>

\(^50\) Sida, REACT-Africa, Appraisal of Intervention

\(^51\) Sida, REACT-Africa, Appraisal of Intervention
<table>
<thead>
<tr>
<th>MAVC</th>
<th>m GBP</th>
<th>24.86</th>
<th>11.67</th>
<th>7.17</th>
<th>28.8%</th>
<th>61.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amplify Change</td>
<td>m EUR</td>
<td>94.42</td>
<td>81.33</td>
<td>12.59</td>
<td>13.3%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Sustainability and Resilience</td>
<td>’000s SEK</td>
<td>57 000</td>
<td>54 000</td>
<td>2811</td>
<td>4.9%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Note: PA- Powering Agriculture; AECF REACT SSA. (sub Saharan Africa)

- **Average grant size.** Given that some costs, such as the cost per grant for selection and grant management, are similar across different programmes with different average grant sizes, a programme with a larger average grant size can generate cost efficiencies through economies of scale.

- **Range of geographic focus.** Finally, funds with a narrower geographic focus can reduce the costs associated with travelling for site visits and for programme workshops and other networking events.

- **Engagement with wider stakeholders.** Some challenge funds incur additional cost for engagement with wider stakeholders. GIZ provides in-kind support to PAEGC valued at USD 10.9m to engage a wider group of relevant stakeholders both globally through dissemination of learning and regionally via the GIZ hub in East Africa.

This is clearly a complex area of analysis and Sida should develop a CF activity costing framework to understand the effective costs and benefits of CF engagement and enable comparison across different models of CF.
ANNEX L: LIST OF DOCUMENTS REVIEWED, AND KEY INFORMANTS INTERVIEWED

DOCUMENTS REVIEWED

Sida policy and governance documents
Analysing Gender 2003; accessed online at: http://www.sida.se/English/publications/121378/Analysing-Gender/
Building Democracy; accessed online at: http://www.sida.se/English/publications/153422/Building-Democracy/
Democracy and Human Rights; accessed online at: http://www.sida.se/English/publications/146429/Democracy-and-Human-Rights/
Gender Equality 2014; accessed online at: http://www.sida.se/English/how-we-work/our-fields-of-work/gender-equality/
Gender Toolbox 2017; accessed online at: http://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/gender-tool-box/
Gender and Education Attainment 2017; accessed online at: http://www.sida.se/English/publications/159022/Gender-and-Educational-attainment/
Gender Equity in Practice 2009; accessed online at: http://www.sida.se/English/publications/112730/Gender-Equality-in-Practice/
Gender Equality Policy Maker – Gender Tool Box 2016; accessed online at: http://www.sida.se/English/publications/142487/Gender-Equality-Policy-Marker-GENDER-TOOL-BOX/
Guidelines for Sida's support to Corporate Social Responsibility 2005; accessed online at: http://www.sida.se/English/publications/117709/Guidelines-for-Sida-s-support-to-Corporate-Social-Responsibility/
Increasing Support for Climate Action 2017; accessed online at: http://www.sida.se/English/publications/158954/Increasing-support-for-climate-action/
Sida's Environment and Climate Change 2015; accessed online at: https://www.sida.se/globalassets/sida/sve/sa-arbetar-vi/environment_and_climate_change_-_a_sustainable_development_within_planetary_boundaries.pdf
Sida Guidelines Challenge Funds, undated; accessed online at: https://www.sida.se/contentassets/3aa2456211934e8dac038ea55fcdedcc/guidelines---challenge-funds_3466.pdf
Social Dialogue in Development Cooperation 2017; accessed online at: http://www.sida.se/English/publications/150293/Social-Discussion-in-Development-Cooperation/
Sustainable Energy Services for Poverty Reduction 2006; accessed online at: http://www.sida.se/English/publications/116684/Sustainable-Energy-Services-for-Poverty-Reduction/
Sustainable Societal Development 2015; accessed online at: http://www.sida.se/English/how-we-work/our-fields-of-work/sustainable-societal-development/

Other documentation
IFC Environmental and Social Performance Standards; accessed online at: https://www.ifc.org/wps/wcm/connect/c8f524004a73daea09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES
UN Global Compact; accessed online at: https://www.google.co.uk/search?q=UN+global+compact&oq=UN+global+compact&aqs=chrome..69i57j0j35i39j0l3.4246j0j4&sourceid=chrome&ie=UTF-8
Women’s Empowerment Principles; accessed online at: http://www.weprotocols.org/

Individual Fund level documents
AECF
AECF. ‘About AECF’
AECF. ‘About AECF – Agribusiness’
AECF. ‘About AECF - Renewable Energy Adaptation and Climate Change (REACT)’
AECF. ‘AECF REACT Sub-Saharan Africa: Catalyst for Transformation’
Annexes

Sida, Agra. (2012) ‘Agreement between Sida and the Alliance for a Green Revolution in Africa (AGRA) on support for the establishment and implementation of an investment unit for the Africa Enterprise Challenge Fund (AECF) during 2012-2015 (3 years)’
Sida, AECF. (2017) ‘Second Amendment to the Agreement on support for the establishment and implementation of an investment unit for the Africa Enterprise Challenge Fund (AECF) during 2012-2015 (3 years) between Sweden and the AECF’
Sida, Agra, AECF (2017). ‘Deed of Notation relating to Agreement dated 3rd of December 2012 and Amendment of Agreement on 28th January 2015 between Sida, Agra and AECF’
Sida. ‘Comments on Draft Key Learnings and Investment Case’
‘Review of AECF Connect’ (2016)

Amplify Change
Amplify Change (September 2017) ‘Amplify Change Progress Report January - June 2017’
Amplify Change (September 2017). ‘Annex 1 Current AmplifyChange Live project list’
Amplify Change (September 2017). ‘Annex 2 AmplifyChange management response to mid-term review’
Amplify Change Live project list (Jan 2018)
Amplify Change Results Framework (Jan 2018) - "Annex 3 AmplifyChange Results
Amplify Change Fund Fiduciary Risk Management Strategy: Summary, May 2017
AC Note on: Grant agreement schedules; Report scoring; Risk rating definitions

Demo Environment
ANNEXES

Tillväxtverket. (January 2017) ‘Demo Environment Information for Applicants’
Sida, (2016) ‘Demo Environment, Conclusion on Performance’
Tillväxtverket. ‘Demo Environment, Phase 3 workshop’
Guidance for Applicants and Grantees; accessed online from:
https://tillvaxtverket.se/english/demo-environment-programme.html

GIF
GIF. (2017) ‘Recently Registered Charity’

IAP I
PwC. ‘Appendix A IAP Project Risk list’
Sida. (2013) ‘From Paper to Practice - Learning from the journeys of inclusive business start-ups’
IAP 2
Sida. (13 April 2015). ‘Q&A - Implementing Partner for Innovations Against Poverty Phase II’
Sida. ‘Innovations Against Poverty Background Document’ (Annex to ‘Call for Proposals: Guidelines for Applicants - Implementing Organisation for Innovations Against Poverty Phase II’)
Sida. ‘Annex 3: Full Application Format’ (Annex to ‘Call for Proposals: Guidelines for Applicants - Implementing Organisation for Innovations Against Poverty Phase II’)

MAVC
DFID (2012) Fund Manager Terms of Reference for Making All Voices Count: A Grand Challenge for Development
DFID (2016) MAVC Annual Review
Evaluation Management Unit (EMU) of the Making all Voices Count (MAVC) Programme - Final Evaluation Report (+ Annexes - separate document)
MAVC (2016) REVISED LOG-FRAME _ COMPLETED BY FMC_29JUNE 2016
MAVC (2014) Learning strategy June 2014
MAVC Year 3 Annual Narrative Report (June 2015 - May 2016)
MAVC (2015) Research and Learning Grants Call for Proposals: Promotion Activities, 30 June-1 Sept 2015
MAVC (2015) Practitioner Research Call - Application Form
MAVC 2015 Research Call Application Form
MAVC Key Stats pdf (no date)
MAVC due diligence checklist
MAVC Key Stats pdf (no date)
Sandstone Consulting. (September 2015) ‘MAVC Management Progress Assessment’
Sida. (2012). ‘MAVC Grand Challenge for Development: In-Depth Relevance Assessment’
Sida. (2012). ‘Arrangement on Delegated Cooperation Between DFID (Lead Donor) and Sida (Co-Donor) Regarding Support to Making All Voices Count: A Grand Challenge for Development Program’

**Powering Agriculture**
PAEGC Funding Partners. (November 2015) Amendment to MoU among.
PASTO. (August 2016) ‘Powering Agriculture: An Energy Grand Challenge for Development Mid-Term Innovators’ Assessment’
PAEGC; SysPons. (August 2016) ‘Program-Level Mid-Term Evaluation, Powering Agriculture; an Energy Grand Challenge’
PAEGC. (2016) ‘Gender Integration Summary Report’
PAEGC. ‘Meeting Agriculture’s Need for Clean Energy to Feed the Developing World’
PAEGC. (February 2018) ‘Ag Cluster – Cross-Fertilization among Innovators’ (Slide deck)
Sida. (2016) ‘Conclusion on Performance’
Sida. ‘Powering Agriculture, Appraisal of Intervention, final’ (Top-up funding)

**Securing Water for Food**
‘Final version of the SWFF Mid-Term Evaluation ToR’
ILPI; SIPU (2016). ‘Gender in the challenge funds SWFF and Powering Agriculture – Overview, challenges, essons learned and recommendations’
SWFF. (2016) ‘Round 4 - Request for Application (RFA)’
SWFF. (September 2017). ‘Securing Water for Food, Performance Monitoring and Evaluation Plan’
SWFF. (October, 2017). ‘Budget Narrative Y4 Update’
SWFF. (December 2017). ‘GCD Brown Bag Lunch’ (Slide deck)
SWFF. (December 2017). ‘SWFF Portfolio Review’ (Slide deck)
SWFF Website. ‘Overview of Poverty Impact’
The Kaizen Company. (December 2017) ‘Final SWFF TA Facility - Budget Realignment’
The Kaizen Company. (December, 2017) ‘Final Budget Realignment Narrative SWFF TA Facility’
USAID. (2016) ‘Final Request for Application, SWFF Round 4’
USAID. (2016). ‘Securing Water for Food, Gender Report’
USAID. (October 2017). ‘Securing Water for Food, Budget Narrative, Year 4 Update’
USAID. (December 2017). ‘Securing Water for Food, Annual Portfolio Review’

**Sustainability and Resilience**
Sida. ‘Sustainability and Resilience - Annex 5: Project description including budget and results framework’
Sida. ‘Sustainability and Resilience - Annex 6: Call for proposals text’

[https://www.vr.se/english](https://www.vr.se/english)
## STAKEHOLDERS INTERVIEWED

### Enterprise Challenge Funds

AECF

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Name</th>
<th>Organisation / Affiliation</th>
<th>Title/Role</th>
<th>Interview Date (s)</th>
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<tbody>
<tr>
<td><strong>Core Stakeholders: Directly involved in fund design and strategic management</strong></td>
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<tr>
<td>Sida Programme Managers</td>
<td>Carmen Lopez-Clavero</td>
<td>Sida</td>
<td>Programme Manager Specialist GECO</td>
<td>16-17 Jan 2018</td>
</tr>
<tr>
<td>Sida staff in Embassies</td>
<td>Maria Stridsman</td>
<td>Sida</td>
<td>Programme Manager Specialist Embassy Kenya</td>
<td>15-May-18 18-May-18</td>
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<td></td>
<td>Paula Kermfors</td>
<td>Sida</td>
<td>Programme Manager Specialist Embassy Kenya</td>
<td>15-May-18 18-May-18</td>
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<td></td>
<td>Henrik Riby</td>
<td>Sida</td>
<td>Private Sector Advisor, EUROLATIN</td>
<td>02-May-18</td>
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<tr>
<td><strong>Fund Manager</strong></td>
<td>Greener, Paul</td>
<td>AECF</td>
<td>CEO, AECF</td>
<td>14-May-18</td>
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<td>Daniel Ohonde</td>
<td>AECF</td>
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<td>14-May-18</td>
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<tr>
<td></td>
<td>Victor Ndiege</td>
<td>AECF</td>
<td>AECF REACT Manager, previously KPMG</td>
<td>14-May-18 12-Jun-18</td>
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<td>Steve Tawia</td>
<td>AECF</td>
<td>Finance Director, AECF</td>
<td>18-May-18 08-Jun-18</td>
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<td>Etienne Ndatimana</td>
<td>AECF</td>
<td>AECF Connect</td>
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<td></td>
<td>Hugh Scott</td>
<td>KPMG</td>
<td>Previous AECF Fund Director (KPMG)</td>
<td>15-May-18 17-May-18</td>
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<td>Mat Hague</td>
<td>AECF</td>
<td>M&amp;E Manager, AECF</td>
<td>14-May-18 17-May-18</td>
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<td>Grantees: e.g. NGOs (international/national), businesses, social enterprises, community based organisations etc.</td>
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### IAP I

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### IAP II

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<td>Jenny Akerbäck</td>
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<td>Thomas Melin</td>
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<td>Programme Manager Specialist GECO</td>
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<td>Carmen Lopez-Clavero</td>
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<td>Programme Manager Specialist GECO</td>
<td>03-May-18</td>
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<td>Fund Manager</td>
<td>Javier Ayala Arnez</td>
<td>SNV</td>
<td>IAP Multi-country Fund Executive Manager, Corporate Lead - Inclusive Business</td>
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<td></td>
<td>Geertje Otten</td>
<td>SNV</td>
<td>Senior Inclusive Business Advisor</td>
<td>08-May-18</td>
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### SECURING WATER FOR FOOD

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<td>Pia Lindström</td>
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<td>Programme Manager GECO</td>
<td>16/01/2018</td>
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<td>12/04/2018</td>
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<td>Thomas Melin</td>
<td>Sida</td>
<td>Programme Manager Specialist GECO</td>
<td>19-Mar-18</td>
</tr>
<tr>
<td>Fund Manager</td>
<td>Ku McMahan</td>
<td>USAID</td>
<td>Team Leader SWFF</td>
<td>14-Mar-18</td>
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<td>02-May-18</td>
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### Connected Stakeholders: Directly engaged/involved in fund implementation

**Grantees:** e.g. NGOs (international/national), businesses, social enterprises, community based organisations etc.

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<th>Title/Role</th>
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### POWERING AGRICULTURE

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<td>Thomas Melin</td>
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## Fund Manager

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<tr>
<td>Augusta Abrahamse</td>
<td>Energy Division Bureau for Economic Growth, Education &amp; Environment, USAID</td>
<td>Energy Specialist - Powering Agriculture</td>
<td>27-Mar-18, 31-May-18</td>
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<tr>
<td>Katharina Meder</td>
<td>GIZ</td>
<td>Hub Manager East Africa for GIZ</td>
<td>29-May-18</td>
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## Connected Stakeholders: Directly engaged/involved in fund implementation

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<th>Grantees: e.g. NGOs (international/national), businesses, social enterprises, community based organisations etc.</th>
<th>Three PA grantee organisations at Nairobi workshop</th>
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## GIF

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<td>Core Stakeholders: Directly involved in fund design and strategic management</td>
<td>Ulrika Hessling-Sjöström</td>
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<td>Programme Manager Specialist GECO</td>
<td>16-17 Jan 2018, 02-May-18</td>
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<tr>
<td></td>
<td>Theodora Frisk</td>
<td>Sida</td>
<td>Investment Advisor and Sida secondee to GIF</td>
<td>24-May-18</td>
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<tr>
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<td>Alix Zwane</td>
<td>GIF</td>
<td>CEO</td>
<td>26-Mar-18, 20-Apr-18, 09-May-18</td>
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<td></td>
<td>Garreth Spillane</td>
<td>GIF</td>
<td>Chief of Staff</td>
<td>26-Mar-18</td>
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<td>Ken Chomitz</td>
<td>GIF</td>
<td>Head of Data</td>
<td>04-May-18</td>
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<td>Joseph Ssentongo</td>
<td>GIF</td>
<td>Senior Evaluator</td>
<td>04-May-18</td>
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<td>Other donors of the fund</td>
<td>Olivia O'Sullivan</td>
<td>DFID</td>
<td>Innovation Advisor, EPIC - SRO for GIF</td>
<td>21-May-18</td>
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## Connected Stakeholders: Directly engaged/involved in fund implementation

| Grantees: e.g. NGOs (international/national), businesses, social enterprises, community based organisations etc. | One GIF grantee organisation at Nairobi workshop | Various | Various | 16-May-18 |

## DEMO ENVIRONMENT

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<th>Title/Role</th>
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<td><strong>Sida Programme Managers</strong></td>
<td>Pia Lindström</td>
<td>Sida</td>
<td>Programme Manager, GECO</td>
<td>16-Jan-18</td>
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<tr>
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<td>Nils Ohlanders</td>
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<td>Programme Manager, Research Unit</td>
<td>12/04/2018, 01/06/2018</td>
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<td></td>
<td>Lisa Roman</td>
<td>Sida</td>
<td>Research Unit</td>
<td>31/05/2018</td>
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<td>Zahra Ayadi</td>
<td>Sida</td>
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<td>31/05/2018</td>
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<td><strong>Fund Manager</strong></td>
<td>Anna Herou</td>
<td>Vetenskapsrådet</td>
<td>Sustainability and Resilience</td>
<td>16-17 Jan 2018</td>
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<td></td>
<td>Dan Wilhelmsson</td>
<td>Vetenskapsrådet</td>
<td>Coordinator - Sustainability and Resilience</td>
<td>17-Jan-18, 01-May-18</td>
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**Connected Stakeholders: Directly engaged/involved in fund implementation**

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<tr>
<th><strong>Grantees:</strong> e.g. NGOs (international/national), businesses, social enterprises, community based organisations etc.</th>
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<td><strong>Fund Manager</strong></td>
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<td>One S&amp;R grantee (via skype)</td>
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| **MAVC** |
|-----------------------------|----------------|----------------|----------------|
| **Core Stakeholders:** Directly involved in fund design and strategic management |

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# Sida Programme Managers

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<tr>
<td>Peeter Kaaman</td>
<td>Sida</td>
<td>Programme Manager Specialist DEMO</td>
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<td></td>
<td></td>
<td>02-May-18</td>
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<tr>
<td>Peter Linner</td>
<td></td>
<td>Former Programme Manager MAVC</td>
<td>24-May-18</td>
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<tr>
<td>Ola Pettersson</td>
<td>FBA</td>
<td>Former Programme Manager MAVC</td>
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# Fund Manager

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<tr>
<td>Fletcher Tembo</td>
<td>Hivos - MAVC</td>
<td>Former Fund Director, MAVC</td>
<td>Email correspondence: 13 March 2018</td>
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<tr>
<td>Rosie McGee &amp; Hannah Hudson</td>
<td>Institute of Development Studies - MAVC</td>
<td>Former Research, Evidence and Learning Coordinator, MAVC</td>
<td>Email correspondence: 12 March 2018; 26 March 2018</td>
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<tr>
<td>Rosie McGee</td>
<td>Institute of Development Studies - MAVC</td>
<td>Former Research, Evidence and Learning Coordinator, MAVC</td>
<td>30-May-18</td>
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<tr>
<td>Declan Ottaro</td>
<td>Ushahidi</td>
<td>Former Competitive Approach Coordinator, MAVC (Ushahidi), previously the Innovation Director</td>
<td>17-May-18</td>
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<tr>
<td>Edwin Huizing</td>
<td>Hivos</td>
<td>Executive Director</td>
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<tr>
<td>Will Janssen (Ms)</td>
<td>Hivos</td>
<td>Director Open Society Programme</td>
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# Other donors of the fund

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<tr>
<td>Martin Tisné</td>
<td>Omidyar Network</td>
<td>Investment Partner</td>
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# Connected Stakeholders: Directly engaged/ involved in fund implementation

**Grantees:** e.g. NGOs (international/ national), businesses, social enterprises, community based organisations etc.

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<td>Eva Charlotte Roos</td>
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<td>Fund Manager</td>
<td>Rolla Khadduri</td>
<td>AmplifyChange - Mannion Daniels</td>
<td>AmplifyChange Fund Director</td>
<td>01-May-18</td>
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<tr>
<td></td>
<td>Alex Le May</td>
<td>AmplifyChange - Mannion Daniels</td>
<td>AmplifyChange Deputy Fund Director; former Technical Lead</td>
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# Connected Stakeholders: Directly engaged/ involved in fund implementation
### Non-fund specific stakeholders

#### Non-Fund Specific Sida staff and other stakeholders

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<th>Title/Role</th>
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<tr>
<td>Sida Heads of Depts./Units</td>
<td>Kerstin Jonsson Cisse</td>
<td>Sida</td>
<td>Director GECO</td>
<td>17-Jan-18</td>
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<td></td>
<td>Susanna Gable</td>
<td>Sida</td>
<td>Chief Economist</td>
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<td>Other Sida staff</td>
<td>Anna Collins Falk</td>
<td>Sida</td>
<td>Gender Policy advisor</td>
<td>16-17 Jan 2018</td>
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<td></td>
<td>Cecilia Oppenheim</td>
<td>Sida</td>
<td>Cecilia Oppenheim-Advisor, USAID partnership-PARTNER</td>
<td>16-17 Jan 2018</td>
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<td></td>
<td>Katarina Perrolf</td>
<td>Sida</td>
<td>Evaluator</td>
<td>16-17 Jan 2018</td>
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<td></td>
<td>Nina Strandberg</td>
<td>Sida</td>
<td>Innovation Advisor-PARTNER</td>
<td>16-17 Jan 2018</td>
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<tr>
<td>Sida Staff in Embassies</td>
<td>Anders Ohrstrom</td>
<td>Sida</td>
<td>Head of Swedish development cooperation Bangladesh</td>
<td>24-May-18</td>
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<td>Celia Branzen</td>
<td>Sida</td>
<td>Financial Controller, Sida, Bangladesh</td>
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<td>Md Reazul Islam</td>
<td>Sida</td>
<td>Financial Comptroller, Sida, Bangladesh</td>
<td>24-May-18</td>
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<td></td>
<td>Various</td>
<td>Sida</td>
<td>Five members of Somalia &amp; Kenya programme staff, Sida Embassy, Kenya</td>
<td>18-May-18</td>
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<td><strong>External Stakeholders:</strong> Indirectly involved in fund activities, or interested in the outcomes of the fund(s)</td>
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<tr>
<td>Broader development community/interested players/thought leaders</td>
<td>Dr. Shamim Imam</td>
<td>Manusher Jonno Foundation</td>
<td>Director, Programme &amp; Capacity Development</td>
<td>23-May-18</td>
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<tr>
<td></td>
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Evaluation of Sida’s Global Challenge Funds

This utilisation focused evaluation was commissioned by Sida to learn lessons from the implementation of 10 global Challenge Funds supported by Sida. It reviewed Sida’s rationale and underlying assumptions for the use of this modality in development cooperation, and identified best practices for Challenge Fund design and management.

The overall conclusion of the evaluation is that the Challenge Fund modality was appropriate for the majority of the programmes and the intended outcomes for the majority of the funds have been broadly achieved. The experience from the 10 Challenge Funds is that in general the more intensively managed funds, with a more hands-on approach, had a greater degree of success in ensuring sustainable development outcomes than the lighter touch funds and that funds which enlist wider stakeholder support, are more likely to deliver sustainable impact. During this 10 year period an investment by Sida of SEK 1.2 bn has leveraged additional development funds from donors of SEK 5.8 bn. The scale of the engagement is even greater when account is taken of the match funding by grantees, more than doubling the figure.

Recommendations are focused on actions that can be taken by Sida during its oversight of the implementation of Challenge Funds at all stages of the project management cycle. This has implications for Sida’s allocation of programme management resources and oversight of fund managers to ensure the achievement Sida’s aspirations of poverty impact, gender equality, local ownership and the environment.