

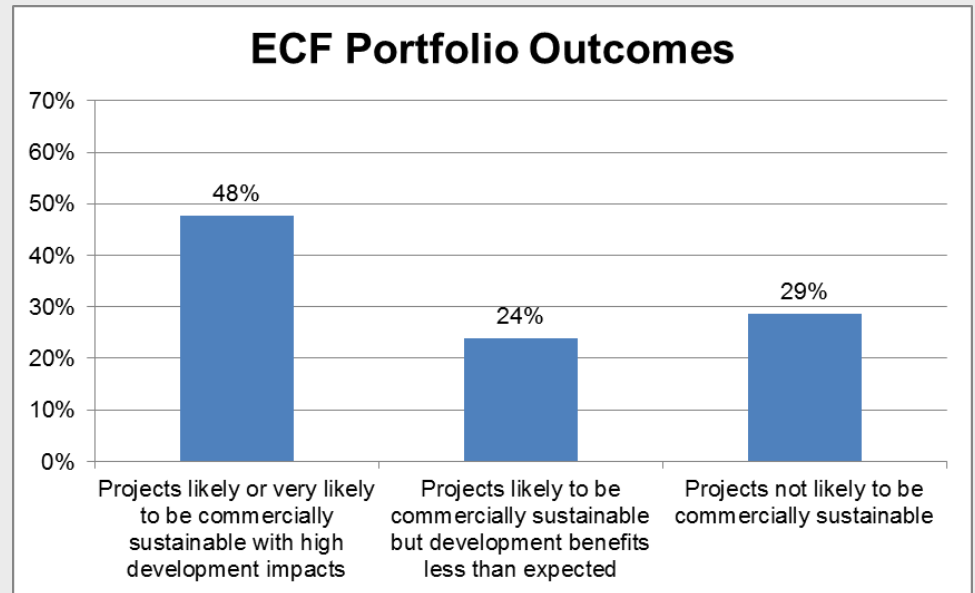


ENTERPRISE CHALLENGE FUND for the Pacific and South East Asia

AID FOR TRADE LESSONS FROM THE ECF

About the Enterprise Challenge Fund

- Private sector development program managed by Coffey International
- 21 funded projects in 7 countries
- 14 funded in Pacific Islands
- Portfolio overview
 - 10 business projects have done very well
 - 5 projects remain commercially viable but development outcomes below expectations
 - 6 projects may not remain commercially viable



Results from the Pacific

- 14 projects = \$9.4 million.
- Mostly agribusiness and tourism.
- 10 projects have direct or indirect export focus.
- 5 are very good projects, 5 with mixed success.
- 4 (30%) under-performed and unlikely to be sustainable (3 in PNG).



Tourism – Carnival Australia, Vanuatu

- Carnival Australia invested in additional infrastructure and community development programs.
- Increased incomes for over 300 community members through increased calls.
- Slow progress on tours and improved merchandise that would increase community incomes.
- Average spend by passengers per call around \$A35, elsewhere \$US120.
- Useful case study and plans for additional support to beneficiaries.



Fishing - Didao, Solomon Islands

- High risk seafood capture, processing and export.
- Facilities and supply logistics organised but has stalled.
- Working capital shortfall.
- Needs experience GM and working capital to progress and develop exports.
- Could be excellent model but future uncertain.



Beef Cattle – Sarami, Vanuatu

- Upgrade/expansion of cattle operation
- Successful project that benefits small holders and very good model
- Export abattoir can't get enough and sales of 800 live cattle to Solomon Islands
- Successful promotion of model in Fiji
- Solomon Islands promotion in near future



How ECF type projects support Pacific enabling environment

Improvements in the business enabling environment important grant assessment process.

- Supply chain and logistic improvements
- Training of workers
- Access to technology and competitive production processes
- Access to appropriate and affordable finance
- Models for replication
- But more could have been achieved with a modified approach.



Lessons from the Enterprise Challenge Fund

- Funding support alone not sufficient in Pacific
- “Management capital” weaknesses
- Need detailed assessment and business implementation strategies from outset
- “Light touch” methodology does not lead to best possible outcomes
- Where appropriate, commercial finance should be included in program

Lessons

- Building export capable companies requires more than initial grant – working capital, management support, financial planning.
- Follow up program currently under consideration – possible equity **investment** approach and technical assistance/collaboration.
- ECF provides valuable insights a practical case studies in Pacific environment.



Enterprise Challenge Fund for the Pacific & South East Asia

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