

ENTERPRISE CHALLENGE FUND LESSONS LEARNED

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WORKSHOP

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Results of ECF

- ≡ Overall Results from the ECF in 9 countries is a mixed picture.
- ≡ 4 out of 10 selected projects from ECF achieved a positive Economic Internal Rate of Return.
- ≡ EIRR including all fund manager costs : return of 17%.
- ≡ The results from Asia and Cambodia in particular are much more positive than in the Pacific.
- ≡ 6 years is a long time for a pilot but important lessons in process, implementation and monitoring have been learned.

What Have We Learnt- Donors?

- ≡ Demonstrated that the business sector can play a significant role in poverty reduction.
- ≡ Gaining the confidence of a business to be reactive, innovative and find a solution. How you get there does not matter!
- ≡ Success of one company can lead to a change in the market system.
- ≡ Can provide a valuable learning platform for private sector development policy.
- ≡ Can be an efficient use of donor funds.

What Have We Learnt- Fund Managers?

- ≡ Understanding the need for a focused approach
- ≡ Understanding the importance of good project selection.
- ≡ Local/Regional Presence
- ≡ Need for critical Mass of Projects
- ≡ Understanding the needs of a good results measurement system and the roles and responsibilities for undertaking results measurement. DCED

What Have We Learnt- Businesses?

- ≡ Key role that business can contribute to poverty reduction- results chains and measurement processes
- ≡ Building of a mutually beneficial relationship between the business community and donors.
- ≡ Alignment of motivations:
 - ≡ Business of Business is Business
 - ≡ Business of Donors is impact on poverty

When Not to Use Challenge Funds

- ≡ Is the pool of businesses big enough and/or interest in market from investors?
- ≡ Can scale be achieved by project or others?
- ≡ Is there a business community facing market failures and starved of equity, debt and or liquidity?
- ≡ Are there big gaps in provision of support to the poor and high income inequality?

What Type of Instrument ?

- ≡ Grants (-v- Returnable Capital?)
- ≡ Grant Funds to leverage debt and/or Equity?
- ≡ Focused in Sectors and Countries?
- ≡ Relevance with Government and Donor Priorities.

Next steps

- ≡ Stronger regional presence
- ≡ Targeted Marketing of Fund
- ≡ Windows:
 - (1) Grants to test business models
 - (2) Scale Grants (minimum size)?
- ≡ Establish Results Framework at beginning
- ≡ Define Objectives, Priority Sectors and Target Groups