



Australian Government
AusAID

Achieving Systemic Change

Challenges and Lessons from AusAID's Enterprise Challenge Fund (ECF)

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Overview

- > ECF origins
- > How did thinking on systemic change inform design, implementation
- > So what's happening?
 - Basic 'results'
 - Signs of systemic change
- > What are the challenges, what are we learning?



Origins

- > AusAID context
 - White Paper
 - Business culture
- > FDCF, BLCF insights; AECF under design
- > A ‘Second Generation’ ECF (systemic change)
 - Scaling up
 - Replication
 - Crowding in
 - Behavioural change



Analysis of Systems (Asia Pacific wide..?!)

- > Rationale for ECFs
- > Testing feasibility
 - 86 firms, 5 business assocn
 - 80% aware of pro-poor opportunities,
 - Agriculture, forestry and fishing, transport, distribution, renewable energy, banking and telecommunications sectors,
 - 318 potential projects, \$65m: \$100k:800 beneficiaries, but
 - Barriers: finance, infrastructure (trp), workforce, market information, over-regulation

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ECF – rules of the game (basics)

- > \$20m pilot, 6 yrs, Asia-Pacific, countries opt-in
- > \$100k-\$1.5m, for-profit firms, $\leq 50\%$, pro-poor, c/would not finance project, commercially sustainable by 3 yrs,
- > Fund Manager, Independent Panel



ECF – rules of the game (systemic change)

- ✓ Project selection criteria (pro-poor, scale (direct and indirect reach), leverage,
- ✓ Resources provided for Fund Manager to conduct research, become a centre of excellence...
- ✓ Additional resources provided for to facilitate those additional 'linkages' (beyond the competitive grant admin)

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Results: now, expected

- > 21 projects, 7 countries, \$12m
- > Outreach 150,000
- > 35,000 people and 970 businesses direct beneficiaries
 - Jobs
 - Increased or new incomes
 - Improved access to goods and services

Signs of systemic change:

Scaling Up

- > WING - \$11m leveraged from ANZ; fast growth
- > Carnival – increased calls, expand to remote sites PNG and Fiji, SPTO incorporating lessons
- > SAMIC – growth beyond expected levels





Signs of systemic change:

Replication

- > Sarami – strong interest in Fiji. Solomons plans to purchase cattle to rehabilitate industry; possible PNG.
- > ? Wing – Peruvian company looking to replicate model
- > ? Didao – sustainable fisheries model, suitable elsewhere

Signs of systemic change:

Crowding in

- > Wing – second mobile payment platform established; potential future growth in related services e.g. payroll, billpay functions
- > MCS – two firms began freight services
- > SAMIC – other providers looking to partner to launch additional services (life insurance, loan protection)

Behavioural change

- > ? None to date?
- > ANZ-Wing story?





Signs of systemic change:

Regulatory change

- > Wing – prompted (enabling) regulation of mobile banking industry, enabling further expansion of Wing services
- > ? SAMIC – micro insurance decree

Other 'effects'

- > Didao – wider commercial interest in sustainable fisheries management...
- > Mobile phone coverage extended to remote areas partly due to Carnival visits and MCS service to Banks
- > Trial of new commercial bank's micro loan product with Reddy Farms contractors



Challenges

- > Finding **the** catalytic project
 - ECF a blunt instrument
 - Geographical, sectoral spread
 - Resources for deep sector analysis
 - Recruiting panellists with deep and wide knowledge
 - Regional panels approved ‘narrow-minded’ projects



Challenges

- > Maintaining a focus on systemic change
 - Exciting projects vs high impact
 - Timeframes for decision makers
 - Resourcing for market system analysis
 - M&E ‘blind alleys’ (BEE confusion)
 - M&E weaknesses mean lack of prioritised plan for ‘linkages’ work



Lessons

For Challenge Fund instruments

- Lessons from applying DCED standard
- Need for sectoral focus to permit analytical depth
- Need for a clear strategy (of systemic change) to guide all aspects of ECF
- More up front analysis and of proposals to test for systemic impact potential
- More focused marketing approach to find catalytic projects

For donor systems and culture

- Lack of familiarity with private sector
- Appetite for risk vs control (adopting a portfolio approach?)
- ‘Country/partner government-led’ strategy
- Contracting (for milestones not systemic change – lessons learned and applied to MDF contract)
- Supervision ‘styles’ and capacities
- Bigger is more beautiful
- Timeframes