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, ≤ 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)
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

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