

Review of the Scaling Frontier Innovation Program

OCTOBER 2020



Executive Summary

Final review of the Scaling Frontier Innovation program

This Final Review details the findings and recommendations from an evaluation of the first three years (2017-2020) of the The Scaling Frontier Innovation (SFI) Program, explores the SFI Program’s key learning question—What was the effect of applying innovative approaches to design, implementation, and monitoring and evaluation of the SFI Program?—and assesses the performance of the SFI Program against its performance framework (See page 13).

SFI supports social entrepreneurship in the Asia-Pacific region to scale development impacts. The program partnered and collaborated with a diverse group of impact-focused organisations to trial and learn about innovative ways of supporting social entrepreneurship. The program was designed with three components aimed at:



Supporting high potential social entrepreneurs with training and business development support



Strengthening the capacity of incubators and accelerators and empower them to build their entrepreneurial ecosystems



Supporting intermediaries to unlock increased and more appropriate capital for social enterprises, incorporating gender lenses to promote a gender equitable ecosystem

The components used a combination of innovative approaches to achieve results against the SFI performance framework.

 <p>CO-CREATION</p>	<p>is bringing together diverse stakeholders during procurement to develop solutions that draw on each participant’s unique experiences and design interventions coherent with broader ecosystems.</p>
 <p>CO-DESIGN</p>	<p>is a collaborative approach used to design solutions or services with end-users to ensure that they are relevant to their needs and realities.</p>
 <p>APPLYING A GENDER LENS TO INCUBATION AND INVESTING</p>	<p>is ensuring that gender dynamics and disparities are considered in program design, implementation and evaluation.</p>
 <p>ADAPTIVE MANAGEMENT</p>	<p>uses the systematic, iterative, and planned use of emergent knowledge and learning throughout implementation to better achieve desired results.</p>
 <p>COMPLEXITY AWARE RESEARCH AND DIAGNOSTICS</p>	<p>enhances adaptive management by strongly linking effects from changes in context to data that can inform decision making.</p>
 <p>FLEXIBLE FUNDING</p>	<p>helps support organisational growth by not tying grant-making to specific, predetermined program objectives and milestones.</p>

Methodology

Data for this report was gathered and assessed by the SFI monitoring, evaluation, and learning (MEL) Partner team through a hybrid approach of developmental and traditional evaluation. The qualitative methods utilised for evaluation included desk review, reflection sessions with SFI

stakeholders and key informants and direct observations over two and a half years when the MEL Partner was integrated into the implementation team. Quantitative data included surveys both conducted by the MEL Partner team and self-administered.

Findings

Increasing the capabilities of social enterprises

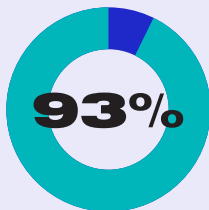


INTERVENTION

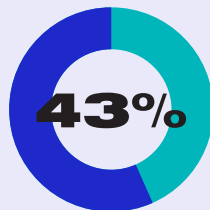
Frontier Innovators aimed to increase the capabilities of social enterprises to measure and communicate their development impacts by providing 14 social enterprises with AUD100,000 grants and technical assistance. The program was designed with the hypothesis that the enterprises would most benefit from communications and impact measurement support however, through needs assessments and consultations with each enterprise, it became apparent that the enterprises had more diverse and individualised needs. Instead of pursuing a standardised support program, each enterprise was given the opportunity to **co-design** their program with input from external experts.

The co-design approach was combined with the use of **flexible funding** to enable enterprises to identify how they wanted to allocate resources. While donor funding is traditionally assigned to specific activities with predetermined targets, this flexibility enabled enterprises to decide what was most relevant to their needs. Pratap Thapa, the Co-Founder & Commercial Director of participating enterprise aQysta, commented that this flexibility was unique in allowing enterprises to focus on “long-term growth and sustainability”, rather than shorter-term targets (e.g. number of beneficiaries during program duration).

RESULTS



Of the participating enterprises reported increased knowledge and skills and that they were able to implement these knowledge and skills in their work.



Of participating enterprises saw their performance improve.



Of participating enterprises had positive perceptions of the program and valued the flexible funding, with some enterprises citing that the flexibility had created a sense of trust that was atypical for grantee relationships with donors.

\$ 21 MILLION

(AUD) in additional funding raised to continue activities designed and tested under Frontier Innovators

170,000 +

lives impacted by activities funded by DFAT within one year



INTERVENTION

Frontier Incubators aimed to increase the access to effective incubators and accelerators by providing capacity development support. 31 incubators and accelerators received a combination of custom support partnerships, thematic webinars, virtual mentoring, and peer learning. From the outset, **complexity aware research and diagnostics** were used to ensure the program responded to the needs of the entrepreneurial ecosystem. The Frontier Incubators Implementing Consortium (SecondMuse, Conveners.org, and ygap) used this research to identify partners and collaborators, test the program design and understand how regional factors might necessitate the need for additional support to ensure practices are contextualised to have local relevance.

Frontier Incubators took an innovative approach to creating its capacity-building content. 'Program Partners' (global incubators and accelerators with valuable skills

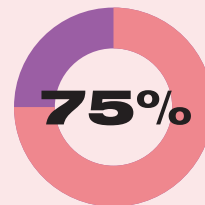
and experience) **co-designed** support approaches with 'Cohort Partners' (participating Asia-Pacific incubators and accelerators) and were able to self-match to create customised support plans responsive to expertise and needs. In allowing such active participation, 100% of the Cohort Partners reported that their Program Partners had been the right option for achieving their objectives.

The program was implemented with an **adaptive management** approach. Contracting was made flexible to enable opportunities for learning and adaptation, to encourage the relevance and effectiveness of the program. DFAT and the MEL team used ongoing dialogues and strong relationships with the Program and Cohort Partners to mitigate the risks of this flexibility and build openness and trust.

RESULTS



Of the incubators and accelerators reported increased knowledge/skills and that these knowledge/skills were applicable to their work



Of the incubators and accelerators increased their performance immediately after the program

288

social enterprises supported with incubator and accelerator programming catalysed through DFAT's funding

\$3.1 MILLION

AUD in funding for entrepreneurial support services was raised by leveraging the strategies developed under Frontier Incubators

2

open-source toolkits were developed on Gender Lens for Incubation and Acceleration



INTERVENTION

Frontier Brokers supports four initiatives to increase the availability of appropriate capital for emerging market, early stage social enterprises across the Asia-Pacific. The four projects (Asia Pacific Notes Series, BIDUK, Equity@Scale, and Impact Connect) incorporate gender lenses in diverse ways to promote gender equitable outcomes. DFAT has also created a networking component, which is convened by one of Impact Connect's implementing partners, Good Return. As a network, the 'Brokers' engage with collaborative activities to share knowledge, foster increased cooperation between intermediaries and raise awareness about gender lens investing.

DFAT used **co-creation** in procurement to leverage industry expertise. In a two-day interactive workshop, participants mapped current brokering activities and considered how brokering mechanisms could best address regional needs and gender inequities. The outcomes of the activities were used to finalise the criteria for Frontier Brokers proposals. **Co-creation** also allowed DFAT to understand the potential

of 4 distinct but complementary projects that collectively met the design criteria.

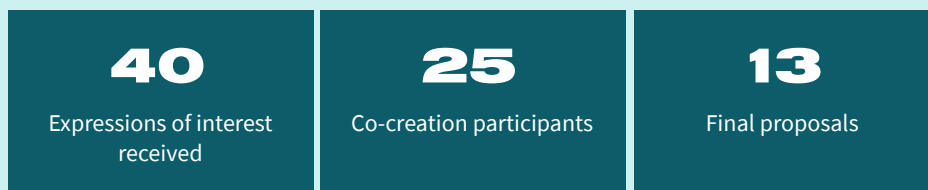
Frontier Brokers has benefitted from a **co-design** approach by developing project offerings with local partners. As Frontier Brokers is operating in countries where it can be challenging to build an investable pipeline, partnering with local organisations is useful in deal-sourcing and building local trust in projects and approaches.

Frontier Brokers has used **adaptive management** to capitalise on learning opportunities. As the projects are all proof of concepts and there was limited opportunity for experimentation before selection, the set up and design phases of the projects required more time than expected. Unforeseen disruptions to the impact investing markets caused by COVID-19 have also caused delays. The ability of the projects to stay on course towards result achievement despite these challenges is testament to the outcomes focus of the grants.

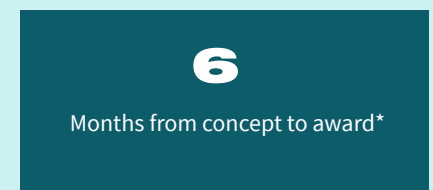
RESULTS

DFAT's use of **co-creation**:

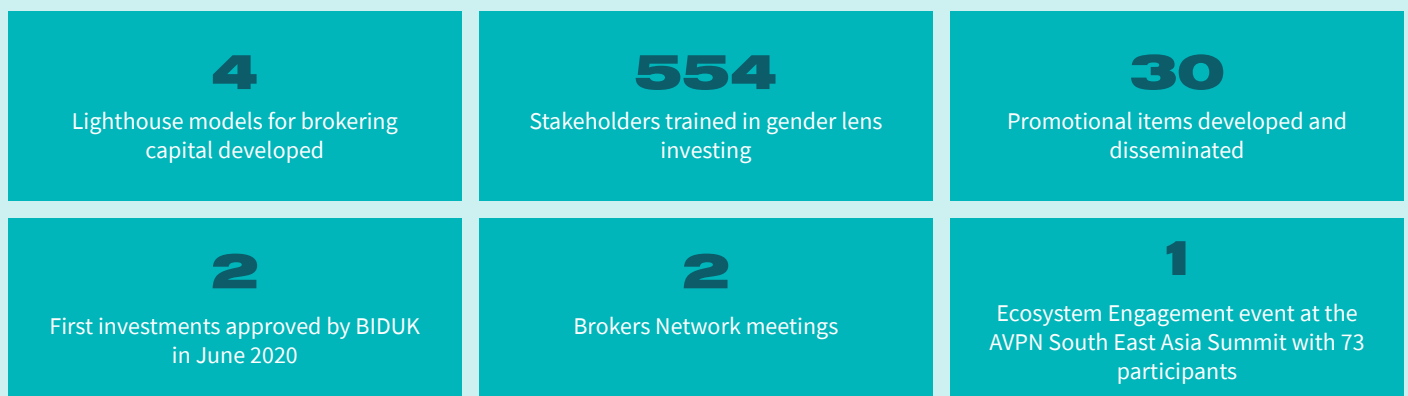
1. Attracted strong participation



2. Improved procurement efficiency



The Frontier Brokers program commenced in April 2019 and will run through until December 2021 however the following preliminary results have already been reported:



Applying a gender lens to programming

INTERVENTION

DFAT is strongly committed to being at the forefront of efforts to empower women and girls and promote gender equity in the Asia-Pacific region, as enshrined in DFAT's Gender Equality and Women's Empowerment Strategy. To ensure that gender inclusion was infused in SFI, The Criterion Institute, a leading expert in the GLI field, was engaged to develop an SFI Program Gender Strategy. The Strategy defined a gender lens as a study of how power, privilege and bias interact with gender in varying contexts and gave a framework of considerations before applying a gender lens, such as context, assumptions and bias in approaches and power dynamics in structures. It also affirmed three commitments:

1. To recognise and value voices, ideas and perspectives from the Asia-Pacific context
2. To include and call attention to varied and diverse perspectives in our work, and
3. To pay explicit attention to power dynamics in our work and call out these dynamics publicly.

SFI's innovative approaches have bolstered its results relating to gender. The GLIA Toolkit was developed under Frontier Incubators and is a free, interactive resource to support incubators and accelerators in gender inclusivity. It was co-designed through sponsorship from the Sasakawa Peace Foundation, which shared an aligned objective of building the gender capacity of regional incubators and accelerators. The development of the Toolkit was furthermore collaborative in utilising six Cohort Partners (Agile Development Group, Instellar, ONOW, Phandeeyar, SHE Investments, and xchange) to pilot the Toolkit's strategies and contribute case studies on their learnings. This **co-design** process demonstrated how context-specific nuances are critical to perceptions of gender and encourages organisations to recognise such nuances in their use of the Toolkit.

Under Frontier Brokers, **flexible funding** has allowed the projects to use diverse approaches to engaging their clients, partners, investors and the wider ecosystem on GLI. Outside of their project work, the Brokers Network has begun implementing GLI initiatives. While the bulk of the funding was provided by the Network Convenor, the

flexibility of the funding ensured that the Brokers Network could design initiatives that were best placed to leverage the implementing partner's experiences, expertise, and professional networks.

The MEL Partner has adopted an **adaptive management** style to use research and ongoing consultation to measure the performance of programs and to ensure harmonisation of indicators and definitions across DFAT. For the design of the Frontier Brokers metrics, the MEL Partner was able to draw on learnings from the previous SFI components, the latest gender research and feedback from the implementing partners to create a measurement framework which tracks progress against six gender lenses.



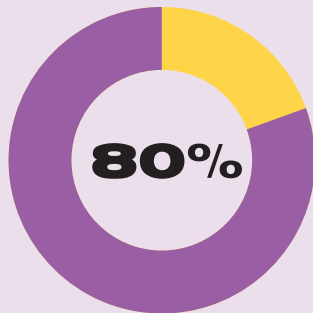
Source: SFI Program; adapted from Suzanne Biegel (*Catalyst-at-Large*) and Cathy Clark (*Duke*)

This has encouraged the Frontier Brokers projects to measure impact through a comprehensive gender lens. As an example, the Frontier Brokers project BIDUK is experimenting with measuring impact in a way that values women, rather than solely counts them. Through capturing social equity metrics voluntarily contributed by their clients, they intend to demonstrate causality between valuing the various roles of women in enterprises and reduced business risk.

Applying a gender lens to programming

RESULTS

As a focus on gender inclusion remained embedded throughout the SFI program, participants and partners have increased their prioritisation of gender equality through their involvement. The results to date include:



Of respondents reported increased focus on ensuring benefits to women and girls and an increased prioritisation of gender equality

70

Incubation and acceleration stakeholders trained in gender lens incubation

4

Gender Lens Investing Projects launched

1

Open-source Gender Lens Incubation and Acceleration Toolkit developed

536

stakeholders in GLI and impact assessment

6

pilots applying the Gender Lens Incubation and Acceleration Toolkit



Strengthening the connections between Innovators, Incubators, and Brokers

INTERVENTION

The SFI program incorporated a combination of partnerships and peer learning to strengthen connections between the entrepreneurial ecosystem for scaling the impact of social enterprises. The intentionality behind this evolved over the duration of the program as learnings continued to surface on the positive effects of these collaborations.

Co-design was a key factor in enabling strong connections between the SFI participants. Learnings surfaced through

Frontier Incubators demonstrated that peer networks have led to increased connections and contributed to results. This encouraged a focus on partnerships and collaboration in Frontier Brokers. DFAT's openness to incorporating **co-design** and the Brokers Network approach, led by the Network Convenor, of valuing diverse perspectives and ensuring equity of members had established strong collaboration in the operations and decision-making of the Network.

RESULTS

Frontier Innovators



Felt more connected to the entrepreneurial ecosystem in their region

Frontier Incubators



Reported increased ability to network with others in the entrepreneurial ecosystem

Frontier Brokers



Reported that the benefits of being involved in the Brokers Network outweighed their investment

Engagement has also been strong across different components of the SFI Program. To date, 7 formal partnerships have emerged:

1. The TA provider to ATEC* joined their Board of Directors.

2. SkyEye and their support provider, Akina, signed a formal contract to continue collaborating.

3. xchange and Villgro are working together to develop an angel investing network in the Philippines.

4. Brightlight included SecondMuse as a partner on the Frontier Brokers project.

5. BIDUK is partnering with Frontier Innovator Amaritha on their board.

6. BIDUK is partnering with Instellar, a participant in Frontier Incubators, for due diligence whom they met at the Brokers co-creation.

7. BIDUK is partnering with Frontier Incubator Cohort Partner Moonshot Ventures on their board.

Strategic Recommendations

Through the SFI Program, DFAT aimed to test innovative approaches to creating sustainable poverty reduction in the Asia Pacific region through scaling the development impact of social enterprises and to influence the delivery of aid in the region by demonstrating the efficacy of new, market-based approaches in achieving development impacts. The following strategic recommendations seek to assist DFAT in identifying relevance to other programs and leveraging innovative approaches to promote development by supporting social enterprises and entrepreneurship.

1

Design and support ecosystem building to most effectively support scaling the development impact of social enterprises

Through SFI, DFAT engaged in an experiment to test hypotheses around what types of support may scale the development impact of social enterprises most efficiently, effectively, and sustainably. Frontier Innovators shed light on the range of unique challenges experienced by social enterprises at varying stages of development and demonstrated that with flexible support and a minimal additional investment by DFAT, it was possible to help social enterprises raise an additional \$21 million AUD and directly impact 177,000 lives within two years. However, SFI results and experience demonstrated that increased efficiency came from support to entrepreneurship support organisations (ESOs). Compared to Frontier Innovators, which supported 14 social enterprises, the effects of supporting 31 incubators and accelerators under the Frontier Incubators component reached 288 social enterprises. The potential is now there for some of these social enterprises to scale similarly to the Frontier Innovators.

On future initiatives, DFAT should consider supporting in-country ecosystem strengthening by creating a fund to empower ESOs and other intermediaries to address barriers or seize opportunities related to social enterprise growth and scaling. These ESOs and other intermediaries could apply for seed capital for ecosystem strengthening activities that emerge. Such a fund would lead to better linkages across these actors in the entrepreneurial ecosystem.

2

Support the further development of a well functioning set of collaborative partnerships among organisations that fund and/or implement entrepreneurial ecosystem strengthening activities

Collaborative partnerships among a diverse set of ecosystem actors were foundational to SFI. Results—both expected and unexpected—achieved through the Program have demonstrated the importance of investing in the further development of these and similar partnerships. The work done under SFI to form partnerships, to develop an understanding of the partnership models that DFAT applied, and to uncover the types of added value that SFI partners realised should be carried over into DFAT's other multifaceted programming, especially private sector development programming.

Specifically,

- Maximise continued cooperation to pursue shared goals with traditional development actors such as bilateral and multilateral overseas development assistance donors and development finance institutions by developing networks of cooperation to help ensure coherence of resources;
- Develop specific plans to expand partnerships with the private sector and foundations to align efforts and leverage complementary goals;
- Look across the Australian whole of government investments to identify benefits to deepening connections between SFI participants with complementary strengths and shared interests and other programs' implementing partners and/or beneficiaries;
- Continue the deliberate labeling, measurement, reflection, and analysis of partnerships' effects to ensure that DFAT efforts are informed by experience and coordinated and lead to the most effective response and the maximisation of direct resources.

3

Support the creation and curation of a knowledge network to raise awareness and exchange learning about and promote sustainability of entrepreneurship ecosystem strengthening initiatives

Particularly in light of the COVID-19 pandemic, it is imperative to continue to engage and empower the full range of ecosystem players in entrepreneurial ecosystem strengthening, including local and regional actors, DFAT staff and implementing partners, and DFAT's other donor partners. DFAT should consider investing in robust knowledge sharing to enhance the sustainability of SFI's results and continue to catalyse learning about entrepreneurship ecosystem strengthening. Such a knowledge network could be developed as a pilot with a limited investment in an electronic platform and a moderator to plan virtual activities, curate content, and engage participants. A core group of volunteer advisors can be enlisted to help maintain momentum and help build network membership.

4

Ensure that gender and inclusivity are incorporated into program design

The overall focus on gender and inclusivity at DFAT and the SFI Gender Strategy raised the profile of gender and inclusivity on SFI and led to adaptations to programming and measurement to prioritise results that have positive effects on women and girls. As recognised in Partnerships for Recovery: Australia's COVID-19 Development Response, the effects of COVID-19 are exacerbating the inequalities and hardships faced by already vulnerable groups, particularly women and girls. In this context, DFAT should adopt a unified approach to applying a gender lens across programs that support private sector development and do so at the design stage. This approach should include building capacity and developing and testing tools relevant to context and a common set of harmonised metrics and learning questions to capture results and investigate learning. The six gender lenses adapted from good practice and applied to SFI is a good place to start. Additional process indicators should also be added.

5

Provide more targeted and localised support to the Pacific to enable them to better respond to unique market conditions and challenges and to facilitate understanding and application of the learning

While the design of Frontier Innovators as an Asia-Pacific program made some elements more efficient, such as access to networks, grants management, and covering entrepreneurs, it became clear that entrepreneurs operating in the Pacific have unique needs and face challenges different from those entrepreneurs in Asia and that building capabilities to address these challenges would require tailored interventions.

Based on learning from SFI, there are already plans to deepen the focus on relevant contextual interventions and increased peer learning in a potential follow-on project to build further capacity among ESOs and in turn the social enterprises they serve. DFAT should ensure that Pacific-specific case studies and good practices are identified, developed, and leveraged to support improved entrepreneurship support services in the region. DFAT also should work to create the space to further test how proven good practices used for incubators and accelerators globally may be adapted to the Pacific case. In light of COVID-19, there also may be a need to engage Pacific-based organisations in scenario planning and build their capacity for resilience given that their supply chains are even more impacted by travel bans and issues around the movement of goods and services.

6

Continue to take an adaptive approach to the measurement and management of programs

Adaptive management was a key feature of SFI, and data and analysis gathered through supporting MEL processes informed iterations that occurred in SFI design, implementation, and measurement frameworks. This approach, which involved reflecting and capturing the complexity and perspectives of those involved and remaining agile and responsive to changing conditions, gave DFAT the ability to identify the drivers of success and understand true impact. DFAT should expand its use of adaptive approaches to management, applying developmental evaluation methodologies and reflective processes to maximise learning and evidence-based iteration. While these approaches are present in other DFAT projects, they are a 'must have' tool for designing and implementing, on overall context and effectiveness, capturing lessons, and reporting on and communicating the results and impact of Australia's development program and its effectiveness of responding to COVID-19.

Table of Contents

1.0	INTRODUCTION	
1.1	About Scaling Frontier Innovation	1
1.2	About this Report	5
1.3	Methodology	7
1.4	Innovative Approaches	10
2.0	FINDINGS & LESSONS LEARNED	
2.1	Increasing the capabilities of social enterprises	14
	Impact Stories:	16
	How custom capability assistance helped Jeeon pivot their business model	
	Testing Amarth's proof of concept in Indonesia with grant fundings from Frontier Innovators	18
	Building SkyEye's reputation and capacity to scale impact within and beyond Samoa	19
2.2	Increasing the capabilities of incubators and accelerators	22
	Impact Story: KisStartup's journey to piloting new projects and products for entrepreneurs	26
2.3	Increasing social entrepreneurs' access to private capital	29
	Case Study: The effectiveness and efficiency of using co-creation to facilitate procurement under Frontier Brokers	32
2.4	Increasing stakeholder capacity in gender lens investing	39
	Case Study: BIDUK: Applying Innovative Approaches in Design and Implementation of a GLI Lending Platform	43
	Impact Story: IIX's Equity@Scale: Building capacity in gender lens investing and measurement across the impact investing ecosystem	51

2.5	Strengthening connections between innovators, incubators, and brokers	54
------------	------------------------------------------------------------------------------	-----------

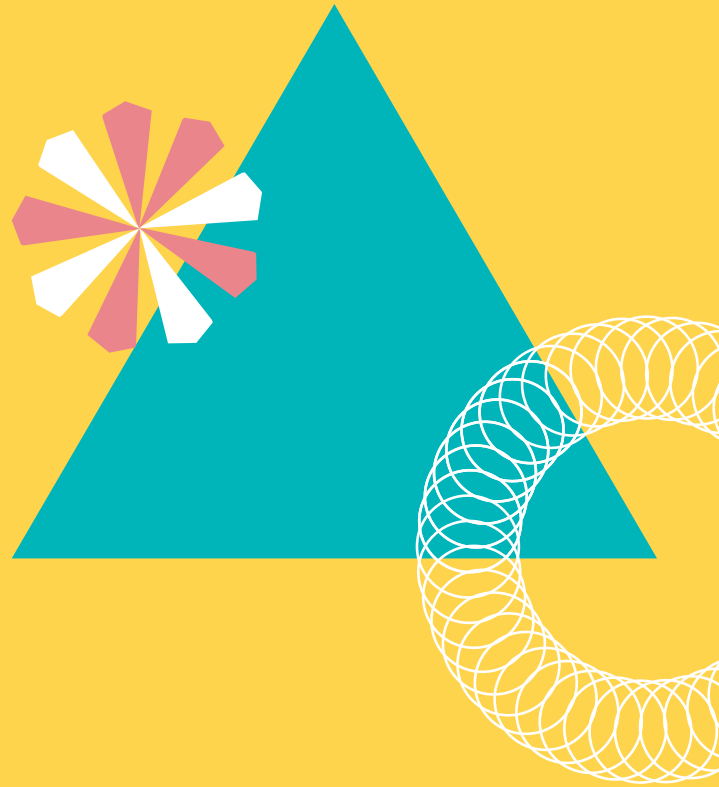
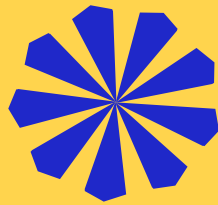
Impact Story:	Impact Story: Creating Space for Intersections in the Philippine’s Entrepreneurial Ecosystem	60
----------------------	----------------------------------------------------------------------------------------------	-----------

STRATEGIC RECOMMENDATIONS

BIBLIOGRAPHY

FIGURES & TABLES

Figure 1:	The Scaling Frontier Innovation Timeline	4
Figure 2:	The Scaling Frontier Innovation Performance Framework	13
Figure 3:	DFAT Procurements Applying Collaborative Design Approaches	36
Table 1:	The Scaling Frontier Innovation Program Components	3
Table 2:	Data Sources	7
Table 3:	Innovative Approaches Mapped Against the Whistler Principles	10
Table 4:	Indicators Added to Measure Performance on Building Capacity of Stakeholders on Gender Lens Investing across the SFI Program	49
Table 5:	Indicators Added to Measure Performance of Frontier Brokers’ Positive Effects on Women and Girls	50



1.0 Introduction

This section introduces the Scaling Frontier Innovation program and explains the objectives of and methodology used to inform this report.

- 1.1** About Scaling Frontier Innovation
- 1.2** About this Report
- 1.3** Methodology
- 1.4** Innovative Approaches

About Scaling Frontier Innovation

In 2015, the Australian Department of Foreign Affairs and Trade (DFAT) launched the innovationXchange (iXc). The mission of the iXc was to “achieve impact through applying new tools and approaches, scaling capability and culture, empowering DFAT staff, and utilising innovation to maximise opportunity, security, and strength for Australia and our region.”¹ Scaling Frontier Innovation (SFI) is one of the initiatives that emerged to help reach these objectives.

The concept for SFI came at a time when DFAT and the broader international development community saw an increasing need to unlock innovative solutions and capital from the private sector, as official development assistance (ODA) is no longer the primary source of development financing. Globally, the funds required to achieve the Sustainable Development Goals (SDGs) fall short of the total global aid budget, with an estimated funding gap of USD 2.5 trillion. New solutions that support social innovation through leveraging private sector financial capital are needed to fill this gap. SFI was designed to leverage Australian Government investment to begin filling critical market gaps by stimulating private sector contributions to help more social innovators and their social enterprises grow their reach and impact in the Asia Pacific region.

The original four components were:

- Frontier Innovators to support selected high-potential innovators in the region with grants of up to AUD100,000 to promote business growth, as well as range of business development support services
- Frontier Incubators to build the capacity of incubators and accelerators in the region to support and promote connectivity among ecosystem actors
- Frontier Brokers to connect impact investors focused on increasing access to capital to enterprises generating impact
- Frontier Capital to impact investing funds that incentivise investment and reduce the costs of doing business.

According to DFAT staff involved in SFI’s design, there was an intention to test, learn from, and iterate on approaches throughout implementation—both within and across the components. Consequently, the implementation of SFI’s components was planned asynchronously. Rather than issuing a single procurement for one contract to manage and implement all three components, DFAT sought expressions of interest and completed each component. With the assistance of the Innovation Resource Facility (IRF) operated by DT Global to handle ongoing contractual needs, iXc program staff took a hands-on role in program management.

WHAT IS THE INNOVATION RESOURCE FACILITY?

“The innovationXchange has established an Innovation Resource Facility to provide Australian Aid with efficient access to high quality technical advisory services in frontier fields of aid and development. The IRF has been designed to provide access, more broadly, to non-aid-related innovation skills to enhance DFAT and other Commonwealth Government departments’ innovation capabilities.”²

The IRF is a contracting mechanism set up to support the iXc and other DFAT teams working on innovation. The IRF has a brief to engage new partners and private sector organisations, reflecting iXc’s objective to partner with new and diverse organisations. The IRF managed the procurement for Frontier Innovators and Frontier Incubators for the monitoring, evaluation, and learning (MEL) and communications partners.

1. <https://ixc.dfat.gov.au>

2. <https://ixc.dfat.gov.au/innovation-resource-facility/>

During implementation, SFI streamlined its focus on three components: Frontier Innovators, Frontier Incubators, and Frontier Brokers. SFI's Frontier Capital component was eliminated in light of budget cuts and the emergence of the concept of the Emerging Markets Impact Investment Fund (EMIIF).³ Influenced by the iXc's mission to embed innovation practices across DFAT programming, SFI intended to test and apply a range of iterative-adaptation strategies and innovative approaches to achieve results and contribute to the broader development goals.

Program outcomes were revised to reflect a dual focus on:

- Creating sustainable poverty reduction in the Asia Pacific region through scaling the development impact of social enterprises and
- Influencing the delivery of aid in the Asia Pacific region by demonstrating the efficacy of new market-based approaches in achieving development impact.

Table 1 on the following page further describes the objectives and activities of the three components and some of the other adaptations that occurred throughout implementation.



3. The EMIIF is a fund with the capacity to use non-grant instruments to help impact-focused small and medium-sized enterprises to access the finance they need to grow.

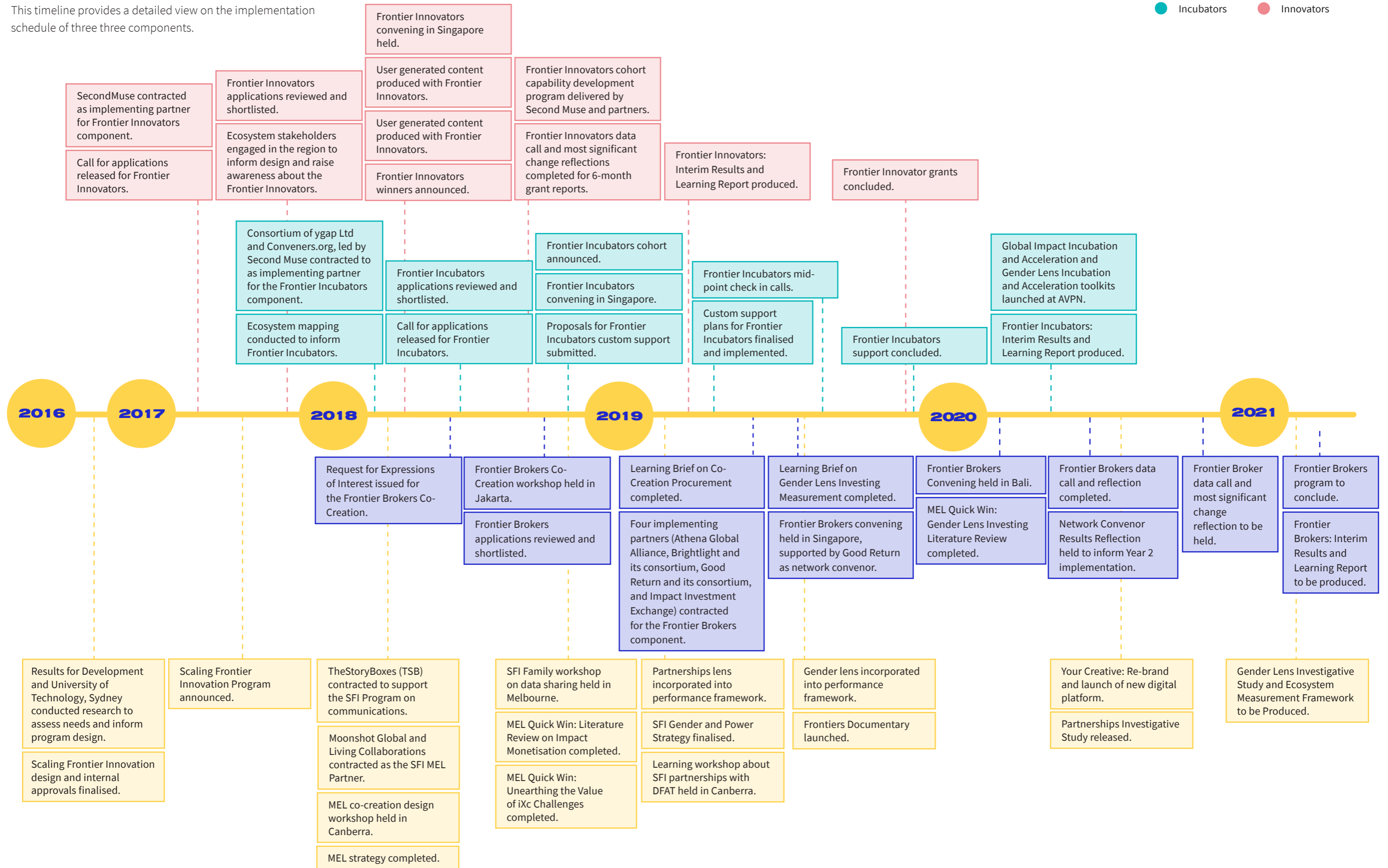
FIGURE 1:

The Scaling Frontier Innovation Timeline

This timeline provides a detailed view on the implementation schedule of three three components.

KEY:

- Brokers
- Cross Component
- Incubators
- Innovators





1.2

About This Report

This report details the findings and recommendations from an evaluation of the first three years (2017-2020) of the SFI program. The SFI evaluation is intended to explore the SFI Program’s key learning question:

What was the effect of applying innovative approaches to design, implementation, and monitoring and evaluation of the SFI Program?

This evaluation has the dual focus of reviewing performance of innovation programming and development outcomes achievement, seeking to understand the extent to which the SFI Program achieved results identified under the SFI Performance Framework (page 13) and the broader effects of applying innovative approaches to design, implementation, and monitoring and evaluation of the program. The Performance Framework evolved over time as SFI applied adaptations based on lessons surfaced through the adaptive management approach. SFI had four specific outcome areas but no specific targets. This was in response to the complex

nature of SFI and its framing as an ecosystem change project.⁴

Drawing upon the definition of innovations in the Whistler Principles to Accelerate Innovation for Development Impact, innovative approaches under SFI are defined as concrete solutions — new technologies, business models (such as social businesses and the disruptive models they implement), policies, practices, partnerships, and insights — that effectively address intractable development challenges and barriers to empowerment.⁵

4. During the MEL Strategy Design workshop the iXc agreed that since SFI was experimental in nature, the technical approach to achieving results may need to evolve during implementation based on lessons learned and/or changes in country context. Consistent with tactics to support an adaptive management approach, outcome areas and indicators were developed but specific targets that may limit the desired flexibility were not set.
5. The Whistler Principles represent a G7 commitment to encourage path-breaking ideas and actions for inclusive and sustainable development that leaves no one behind. Available at https://www.international.gc.ca/world-monde/international_relations-reactions_internationales/g7/documents/2018-05-31-whistler-development-developpement.aspx?lang=eng.

The Whistler Principles to Accelerate Innovation for Development Impact

Promote inclusive innovation, with a focus on supporting the poorest and most vulnerable, such as women and adolescent girls and persons with disabilities, to have lasting development impact;

Use evidence, including disaggregated data, to drive decision-making to improve impact and cost-effectiveness by developing clear metrics early on and measuring progress against milestones on an ongoing basis to help identify the most effective innovations and the remaining gaps;

Invest in locally-driven solutions and support and encourage local innovators and their partners in developing countries, including by sharing talent and resources from global networks with them;

Facilitate collaboration and co-creation across public, private, and civil society sectors and coordinate the application of innovations to leverage resources from all, and share data, standards, results and learning widely;

Identify scalable solutions, including technologies, that demonstrate high potential to achieve and sustain significant impact and cost-effectiveness, and open the potential to reach millions of people in need in developing countries; and,

Integrate proven innovations into organisations' larger programming by removing the internal and external barriers to using these solutions in current and future projects, and support the acceleration of growth and impact of proven innovations.

Take intelligent risks by experimenting and using rigorous data and investing once initial steps yield evidence of the demonstrated impact and financial viability through proof of concept;

Seize opportunities to learn quickly, iterate and ensure the impact of promising innovations before scaling them up by also acknowledging failure and inefficiencies.

These principles were used as a basis for defining and identifying such innovative approaches implemented under SFI. Following two Results Reflection sessions with SFI stakeholders (see methodology section), the MEL partner compiled the list of SFI Innovative approaches applied throughout design and implementation of SFI. These are described in the table on page 10, which maps SFI innovative approaches to the Whistler classifications.

This evaluation also considers how the SFI Program performs against the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee's (DAC) evaluation criteria revised in December 2019.⁶ The MEL Partner explored the following questions under each of the Criteria across SFI:

- **Relevance:** Were the activities the right ones to achieve the intended results?
- **Coherence:** Are there synergies and linkages between SFI and other DFAT programs?
- **Effectiveness:** To what extent were objectives achieved? What were the major factors influencing the achievement or non-achievement of the objectives?

- **Efficiency:** How did innovative approaches contribute to maximisation of resources?
- **Impact:** Are there early indications of enduring changes in systems or norms, and potential effects on people's well-being, especially applying the gender lens?
- **Sustainability:** To what extent did SFI contribute to other resources geared toward achieving SFI objectives and/or continuing after the end of the Program?

The target audiences for the evaluation are DFAT staff, SFI partners who implemented and participated in all three components, and ecosystem players who will benefit from learning about the approaches taken under SFI.

6. Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. OECD/DAC Network on Development Evaluation, Available at: <https://www.oecd.org/dac/evaluation/revised-evaluation-criteria-dec-2019.pdf>

Methodology

This evaluation, which is the culmination of two years of monitoring and review of SFI activities by the MEL Partner consortium of Moonshot Global (Moonshot) and Living Collaborations, was conducted in the April–June 2020 timeframe by a six-person team.⁷

The hybrid approach taken to the evaluation, which combined developmental evaluation (DE) with traditional monitoring and evaluation mechanisms, echoed the MEL Partner’s strategy throughout SFI implementation. What sets DE apart from standardised approaches to evaluation is the following:

- DE supports innovation and adapting in dynamic environments in order to achieve objectives.
- In DE the evaluator is integrated into the implementation team to gather and interpret data, framing issues and surfacing and testing and observing data from implementation.
- DE employs reflection mechanisms that identify and consider lessons as they emerge, and feeds these back into implementation.

- DE features feedback that is rapid and real time and delivered in diverse and usable forms.⁸

The MEL partner leveraged this hybrid approach to conduct a non-experimental, mixed-methods evaluation. A range of methods was used to gather data from people involved in SFI activities in varying capacities (as project clients, project implementers, and project beneficiaries). Specifically, the evaluation used qualitative and quantitative data collection methods to facilitate triangulation and enable the examination of the same questions from different perspectives.

Both qualitative and quantitative data were collected through a wide range of sources, throughout SFI implementation, as well as during the evaluation period. Table 2 below summarises the range of data sources, their periodicity, and which stakeholder assisted in the data collection. A description of methods follows the table.

TABLE 2:

Data Sources

This table illustrates the various data sources that were used to inform the findings and lessons learned in this evaluation.

One Time Research	Periodic Research	Continual Data Points
Document Review; Periodic Self-administered Surveys; Learning Events (e.g., Partnerships Extra Credit, Bali Gender Lens Investing Literature Review presentation); Component Close Out Review Meetings; Evaluation-specific key informant interviews; Evaluation-specific self-administered surveys	Document Review; Periodic and Ongoing Grant Reporting and Most Significant Change Inquiries	Process Historian Observation; Results Reflections; iXc strategy meetings

Who is Co-Facilitating Reflection and Learning	
<ul style="list-style-type: none"> • Donor Partner: DFAT 	<ul style="list-style-type: none"> • Managing Partner: IRF • Implementing Partners: Conveners.org, Good Return, Second Muse, ygap

7. The MEL Partner was contracted in February 2018 through the IRF by DFAT. Evaluation team members included Courtney Roberts and Claire Daley, supported by Ana Acosta and Tran Thu Trang, of Moonshot Global and Michelle Halse, supported by Jess Kitchen, of Living Collaborations.

8. Patton, Michael Quinn. 2010. Developmental Evaluation: Applying Complexity Concepts to Enhance Innovation and Use

QUALITATIVE METHODS:

Desk Review: The MEL partner reviewed all existing SFI materials, including grant reports, capacity development materials, other documents, as well as notes gathered from observations made over the course of the SFI program. Much of this had already been coded by theme to develop previous reviews on progress of all three components. Findings were re-reviewed to identify takeaways, lessons, and quotations from SFI stakeholders that were relevant to the evaluation.

Results Reflection: Results Reflections are ‘pause and reflect’ workshops with SFI stakeholders to facilitate key questions. Learning Briefs are produced following these interactive, participatory sessions. Over the course of SFI implementation the MEL Partner conducted six Results Reflections, including three designed specifically to gather data for the evaluation on innovative approaches applied to SFI: 50+ SFI stakeholders engaged in two 1.5-hour Results Reflection sessions which featured guided inquiry into SFI’s key learning question.

Key Informant Interviews (KIIs): Semi-structured KIIs with 10 stakeholders from DFAT were conducted to explore issues around SFI design, 21 implementing partners were interviewed to shed light on partnerships, and 10 interviews were conducted in the field during case study data collection. An additional 25 other stakeholders responded to semi-structured but directed interviews conducted via emails through a series of back and forth interactions via email.

Direct Observation: Since August 2018, the MEL Partner was embedded with component managing and implementing partners and collected and analysed data gathered through Process Historian observation. Process Historian is a foundational developmental evaluation methodology that employs network analysis, social learning, participatory evaluation, outcomes harvesting, rapid feedback loops, and data visualisation. It relies on the meaningful engagement with and incorporation of feedback from stakeholders—ranging from the organisations planning and carrying out the activities to those benefiting from them—as well as on interactions with ecosystem players that are part of the complex context surrounding SFI. The approach supported adaptive management and enabled the MEL Partner to raise emergent performance management issues while responding to learning questions.

QUALITATIVE ANALYSIS:

All qualitative data was analysed using thematic content analysis. For data gathering in the desk reviews, results reflections, KIIs, and direct observation, the MEL Partner team took summary notes, capturing salient points verbatim, or recorded the interviews. Case study analysis complemented other qualitative analysis and enabled the MEL Partner to delve more deeply into real-life events and context around specific activities. The following two themes, which were deemed to have the potential to influence the delivery of aid in the Asia Pacific region, were thoroughly examined:

- **Innovative design process under Frontier Brokers,** at both the component and initiatives levels, highlighting the DFAT and “Berinvestasti Dalam Usaha untuk Kemajuan” (BIDUK) approaches: In February 2020, observations were made through site visits to BIDUK, its partners, and potential clients in Indonesia. Conversations on findings continued via email through June 2020.
- **SFI’s contribution to the development of the entrepreneurial ecosystem** and whether and how these may be sustainable or coordinated with other donors’ programs. In May–June 2020, data were collected through a Results Reflection with lead staff from three Frontier Incubators participant organisations in Vietnam—Centre for Social Initiatives (CSIP), KisStart Up, and Women’s Initiative for Startups and Entrepreneurship (WISE). This was followed by site visits in Hanoi. Additionally, semi-structured interviews were conducted and followed up via email with Villgro and xchange in the Philippines and SkyEye in Samoa.

Following the case study analysis, the MEL partner produced two descriptive case studies to highlight the innovative design and implementation processes Frontier Brokers and several shorter pieces highlighting SFI’s contribution to the development of the entrepreneurial ecosystem. These Impact Stories are integrated throughout the Findings section of this report.

QUANTITATIVE METHODS:

Self-administered Surveys: This evaluation drew upon 17 self-administered surveys conducted throughout SFI implementation and one survey to inform the evaluation specifically. Past surveys targeted to specific stakeholder groups, recorded responses rates of 70 to 100 percent. These included: baseline and endline surveys of Frontier Innovators and Frontier Incubators; three sets of pre and post surveys from design workshops for Frontier Innovators (March 2018), Frontier Incubators (November 2019), and Frontier Brokers; pre and post-surveys from the Brokers Co-Creation Workshop (October 2019); three component-specific surveys to measure performance at the interim of implementation of Frontier Innovators (February 2019), Frontier Incubators (November 2019), and Frontier Brokers (April 2020); two Partnership Learning Loop surveys (September 2019 and April 2020). The MEL Partner released a self-administered survey in May 2020 to investigate questions specific to the overarching learning question for this Final Evaluation. This was circulated to all SFI stakeholders, and the response rate was 26 percent.

LIMITATIONS

The following limitations are important to take into account when considering the evaluation findings:

- **Inability to travel to conduct site visits and work jointly with DFAT:** In the context of the COVID-19 pandemic, which restricted travel, the evaluation design had to be altered to eliminate 1–2 site visits to the Pacific and colocation with DFAT to develop the final recommendations. While this limitation reduced the amount of new data collected, the evaluation was able to draw upon a tremendous amount of data already available from the MEL Partner’s application of the process historian methodology since August 2018. The MEL Partner was able to meet relevant DFAT staff in Canberra in February.
- **Attribution versus contribution:** SFI aimed to influence the entrepreneurial ecosystem, which is, by nature, an open system affected by multiple factors. While it was not possible to ensure that changes observed were the direct result of SFI activities, it was possible to determine contributions to outcomes achieved.
- **Lack of comparison groups:** This was a performance rather than an impact evaluation. The non-experimental approach (i.e., lack of control groups or appropriate counterfactuals) means that the direct causality of findings cannot be asserted.
- However, this limitation was offset both by before-and-after data and the availability of consistent monitoring data and implementation-oriented data from the process historian method, which provided depth and breadth in terms of understanding SFI’s contributions.
- **Potential for selection bias:** Purposive selection of informants may have affected the findings. The MEL Partner probed all responses and both the diversity of data sources and strategies to review qualitative data against quantitative sources helped mitigate the effects of selection bias. Interviews may also have suffered from reporting bias, as the remote nature of many interviews may have limited information flow. Furthermore, since this evaluation included no third-party resources, there was a constraint on getting an independent review of the MEL Partner’s performance in supporting adaptive management. The presence of the MEL Partner during interviews and reflection processes where adaptive management was discussed may have caused respondents to limit their observations and/or tone down any critical comments. The unsolicited feedback from SFI stakeholders regarding the value and volume of learning that emanated from the adaptive management approach pointed out that the benefits of an embedded MEL team outweighed this constraint.
- **Implementation challenges experienced by Frontier Brokers:** Initially, this evaluation included an interim review of performance in Outcome Area 3.0, which covers Frontier Brokers’ activities. However, findings from the April 2020 data call uncovered that the majority of Frontier Brokers implementing partners had experienced delays due to the COVID-19 pandemic and a related pause in the flow of private capital investments. Consequently, the MEL Partner decided to postpone a detailed analysis of Outcome Area 3 performance to avoid the risk of reaching inaccurate conclusions. The MEL Partner will conduct an evaluation of Frontier Brokers in the January–February 2021 timeframe, and there is an opportunity to update this report at that time.
- **Missed opportunity to interview some key stakeholders:** Too late into the data gathering process, the MEL Partner realised that additional interviews could have been sought with donors partners and intermediaries to gather additional data relevant to Outcome Area 4. There is an opportunity to conduct these interviews in the January–February 2021 timeframe as the MEL Partner conducts the final review on outcome area 3. This may be advantageous for determining more accurate questions around sustainability.

Innovative Approaches

This section outlines the innovative approaches identified by participants and surfacing results achieved against the program’s performance framework.

Overarching Evaluation Question: What was the effect of applying innovative approaches to design, implementation, and monitoring and evaluation of the SFI Program?

To respond to this evaluation question and understand the ‘effect’ of applying innovative approaches, the evaluation

team first needed to determine which approaches taken under the program were viewed as ‘innovative’ in the given context. The MEL Partner conducted two Results Reflections with 50+ SFI stakeholders, who shared their views on and experiences with innovative approaches applied throughout design, implementation, and monitoring and evaluation.

Table 3 below maps these innovative approaches to the Whistler Principles. Once these approaches were identified, the MEL Partner reviewed their effects on outcome areas 1, 2, and 4 of the SFI Performance Framework. Effects on outcome area 3 will be reviewed in March 2021 at the two-year mark of implementation of Froniter Brokers.

TABLE 3:

Innovative Approaches Mapped Against the Whistler Principles.

This table maps the innovative approaches used in the SFI Program against the Whistler Principles they promote.

SFI Innovative Approaches

 CO-CREATION	→
 CO-DESIGN	→
 APPLYING A GENDER LENS TO INCUBATION AND INVESTING	→
 ADAPTIVE MANAGEMENT	→
 COMPLEXITY AWARE RESEARCH AND DIAGNOSTICS	→
 FLEXIBLE FUNDING	→

Whistler Innovative Principles

Facilitate collaboration and co-creation across public, private, and civil society sectors
Invest in locally-driven solutions
Promote inclusive innovation to have lasting development impact
Seize opportunities to learn quickly, iterate and ensure the impact of promising innovations
Use evidence, including disaggregated data, to drive decision making
Identify scalable solutions, including technologies, that demonstrate high potential

INNOVATIVE APPROACHES TO PROCUREMENT

DFAT applied several approaches to procurement, which supported flexibility and adaptation throughout design and implementation.



Flexible Funding: Access to funding for untested ideas and emerging business models is a ubiquitous challenge. Grants are a common form of donor support and are desirable to many early-stage enterprises. However, traditional grant-making tends to be tied to specific, predetermined program objectives and milestones. Terms can be onerous; expectations can conflict with the core business; it can lack the flexibility required, [and] rarely does it come with quality support.⁹ As a result, social entrepreneurs tend to favor unrestricted grants that help support organisational growth.¹⁰ Frontier Innovators awarded unrestricted grants of AUD100,000 intended to help social enterprises scale, enabling the organisations to choose which activities were most pressing for their current stage of growth. Likewise, on Frontier Brokers, funding was awarded based on a promise to achieve results against allocations to activities proposed by successful applications to the competitive tender rather than based on pre-prescribed approaches.



Co-Creation: During the Results Reflection, participants from across components noted the unique nature of collaboration under the SFI Program. Across the international development landscape, donors have been adopting approaches to promote greater participation in program design, implementation, and evaluation. Co-creation is an innovative approach to procurement that brings together diverse stakeholders to develop solutions that draw on and are informed by each participant's unique experiences. The public sector has increasingly used co-creation to surface “new practices that traditionally would have emerged only from a bureaucratic, top-down process (if, indeed, those practices would have emerged at all).”¹¹ The goal is to design interventions coherent with the broader ecosystems and more effectively contribute to sustainable development. SFI piloted co-creation in the Frontier Brokers procurement process. Expressions of interest were requested and evaluated. Potential partners were invited to attend a co-creation workshop to encourage connections with other workshop attendees and collaborate to refine their final responses to a Request for Proposals.

INNOVATIVE APPROACHES TO IMPLEMENTATION

The implementing partners also applied innovative approaches throughout implementation.



Co-Design: Like co-creation, co-design is a collaborative approach used to design solutions or services with end-users to ensure that they are relevant to their needs and realities. Here, co-design is distinguished from the formal co-creation approach used in procurement. Co-design was used during the Frontier Innovators and Frontier Incubators programs to develop custom support plans and partnerships to help scale their development impact and improve their service offerings. Ultimately, co-design ensures that the support provided is relevant to those involved and contributes to its overall effectiveness.

9. SecondMuse, Stage One Report, Pg. 4

10. Halais, F. “Making sense of funding opportunities for social enterprises,” DevexImpact. 17 September 2015. Available at: <https://www.devex.com/news/making-sense-of-funding-opportunities-for-social-enterprises-86632>

11. Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. OECD/DAC Network on Development Evaluation. Available at: https://ssir.org/articles/entry/co_creation_in_government



Adaptive Management: Adaptive management is an approach to implementation that seeks to better achieve desired results through the systematic, iterative, and planned use of emergent knowledge and learning throughout implementation. Adaptive management can increase the ability to respond quickly both to changing environments and when assumptions are proven to be false. The MEL Partner's approach supported this innovative approach. To support this approach, the MEL Partner applied both traditional and developmental evaluation methodologies and developed processes (e.g., reflection points and learning events) and knowledge products (e.g., interim reviews and learning briefs) which called for ongoing engagement by stakeholders and helped to promote shared learning and inform implementation.



Complexity-Aware Research and Diagnostics: Complexity-aware monitoring is appropriate for projects or activities where causal relationships are uncertain; diverse perspectives are involved; contextual factors are likely to influence programming; new opportunities or new needs continue to surface, and the pace of change is unpredictable. Complexity-aware monitoring can play an essential role in the adaptive management of complex aspects of strategies, projects, and activities. Where complexity is high, more adaptive approaches are necessary to manage the uncertainty and respond to dynamic changes. Complexity-aware monitoring elements are flexible and enhance adaptive management by strongly linking effects from changes in context to data that can inform decision making related to both implementations of current projects and design of subsequent projects.



Applying a Gender Lens to Incubation and Investing: DFAT is strongly committed to being at the forefront of efforts to empower women and girls and promote gender equality around the world, especially in the Asia-Pacific region. This commitment is codified in the Gender Equality and Women's Empowerment Strategy, which requires that, at a minimum, 80 percent of all aid investments must effectively address gender issues in their implementation.¹² SFI engaged the Criterion Institute in 2018 to develop an SFI Program Gender Strategy to further define an approach to gender and inclusion to drive innovation through social-entrepreneurship in the Asia-Pacific region. SFI's subsequent programs adopted a gender lens to incubation and investing for Frontier Incubators and Frontier Brokers respectively. Gender lens incubation, a concept pioneered under Frontier Incubators, is the intentional application of a gender lens to all aspects of incubators and accelerators from organisations' own mission and teams to how they attract, select, and support social enterprises. The Frontier Incubators and Frontier Brokers components incorporated gender lens elements. The Frontier Incubators introduced the concept of gender and power to incubators and accelerators and built capacity in applying a gender lens across all stages of implementation of programming as well as when evaluating their own organisations. Gender lens investing (GLI) is defined by the Global Impact Investing Network as a set of strategies that either 'seek to intentionally and measurably address gender disparities' or 'examine gender dynamics to better inform investment decisions'. Frontier Brokers incorporated GLI across all projects, and the MEL Partner introduced the application of a six gender lens approach to results measurement. This approach goes beyond counting women to capture women's performance as investors, workplace equity, products and services, women in the supply chain, women's access to capital, and women in leadership in the Frontier Brokers investment portfolios.

12. <https://dfat.gov.au/aid/topics/investment-priorities/gender-equality-empowering-women-girls/gender-equality/Pages/gender-initiatives.aspx>



2.0 Findings and Lessons Learned

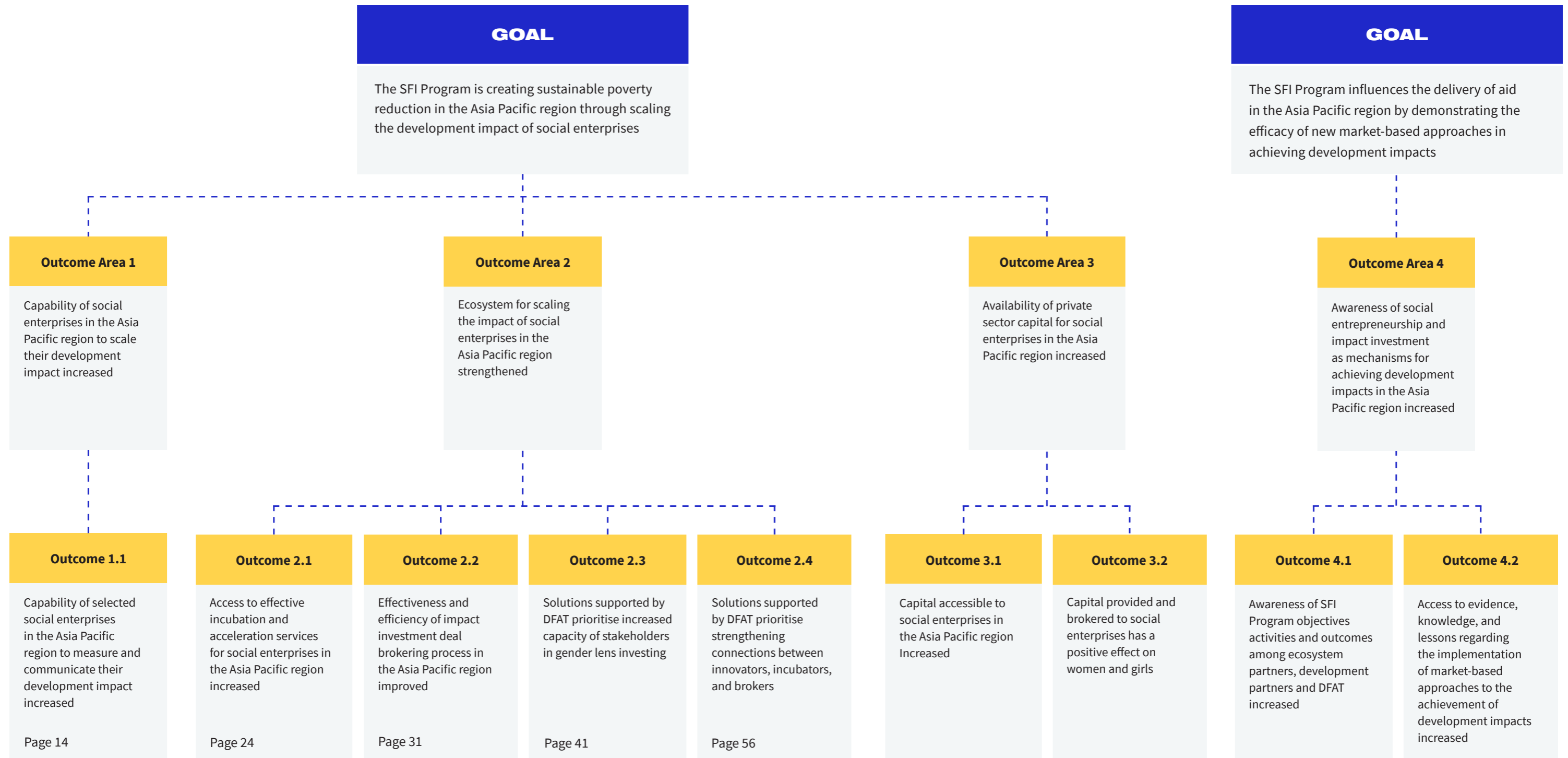
This section outlines innovative approaches applied and results achieved against the Scaling Frontier Innovation Performance Framework and lessons learned from implementation.

- 2.1 Increasing the capabilities of social enterprises
- 2.2 Increasing the capabilities of incubators and accelerators
- 2.3 Increasing social entrepreneurs' access to private capital
- 2.4 Increasing stakeholder capacity in gender lens investing
- 2.5 Strengthening connections between innovators, incubators, and brokers

FIGURE 2:

The Scaling Frontier Innovation Performance Framework

This figure illustrates the SFI Performance Framework. This section looks more closely at how innovative approaches applied were applied, what results were against this framework, and lessons learned from implementation. This review focuses on the areas highlighted in pink.





Capability of selected social enterprises in the Asia Pacific region to measure and communicate their development impact increased

Frontier Innovators supported 14 social enterprises to increase their capability to scale their development impact by providing them with AUD100,000 grants and custom technical assistance.



CO-DESIGN

Using co-design to help use evidence to drive decision-making and increase the relevance and effectiveness of capability support provided for social enterprises

The majority of the social enterprises selected for Frontier Innovators were selected as high growth potential enterprises. During the design of Frontier Innovators, it was hypothesised that each innovator would need (or benefit from) strategic communications and impact measurement support to help them achieve high growth. However, needs assessments and consultations with each social enterprise were used to identify priority areas of support required by and co-design plans for each of the Frontier Innovators. Several inputs informed the needs assessments: application data, expert notes from application review, innovator self-diagnostics, review from their guides, review by experts at the workshop, independent assessment by impact measurement and strategic communications experts.

During these assessments, it became apparent that not all of the innovators needed the same types of support

for a range of reasons.¹³ For example, some organisations had already invested in impact measurement or strategic communications support; others had more pressing needs based on their context and stage of growth). In fact, only three of the participants, all of which were based in the Pacific, were assessed as needing both strategic communications and impact measurement support. As a result, instead of pursuing impact measurement and strategic communications support, the program adapted to technical assistance based on the identified needs and requirements of each social enterprise. This ultimately contributed to the relevance of program support, with 100% of social enterprises reporting that the assistance provided was relevant to and was appropriate for their businesses.

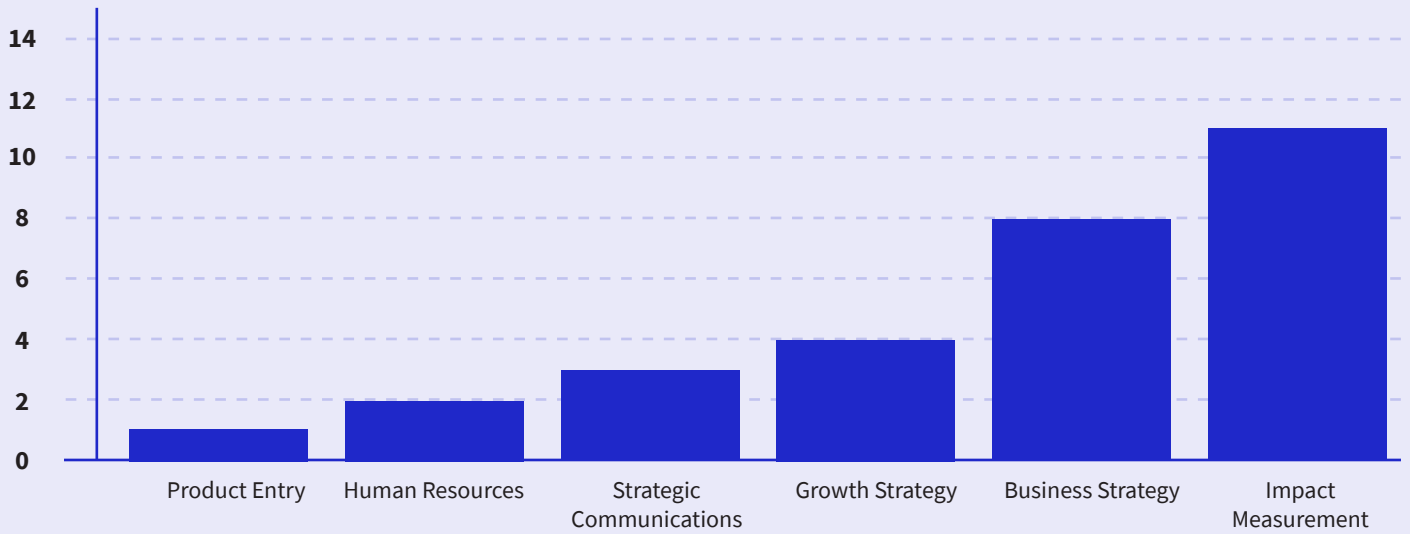
“The freedom in letting us choose the most important areas we need focus and support on is fundamental...What we have gotten out of the program far exceeds our expectations of the support and the relevance of the help we received. [I] cannot stress enough the growth we have achieved being part of Frontier Innovators.”

Sam Sali, CEO, SkyEye

13. 21% of social enterprises (all from the Pacific) assessed to need both strategic communications and impact measurement support, 14% of social enterprises received both strategic communications and impact measurement support, and 78% of social enterprises received some form of impact measurement or strategic communications support

TYPES OF ASSISTANCE RECEIVED

This graph shows the types of support each Frontier Innovators actually received. Most of the grantees focused on two topics.



FEEDBACK ON ASSISTANCE PROVIDED

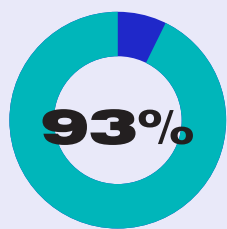
Reported that the capability assistance was appropriate for their business

Felt their business was in a better place to succeed as a result of the program

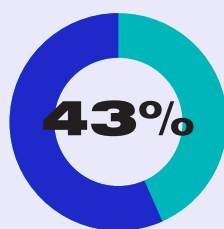
Valued flexibility of grants

IMPROVED CAPABILITY OF SOCIAL ENTERPRISES

Feedback from social enterprises involved in the program



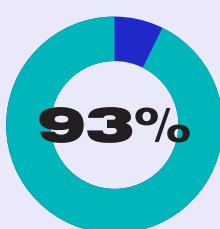
Increased knowledge/skills



Increased performance



A positive perception of the program



Application of new knowledge/skills to their work



Felt more connected to the entrepreneurial ecosystem in their region as a result of the program

RESULTS

14

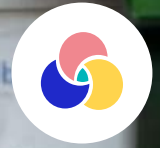
Social enterprises given custom technical assistance and AUD100,000 unrestricted (flexible funding) grants

\$ 21 MILLION

(AUD) in additional funding raised to continue activities designed and tested under Frontier Innovators

170,000 +

lives impacted by activities funded by DFAT within one year



IMPACT STORY

HOW CUSTOM CAPABILITY ASSISTANCE HELPED JEEON PIVOT THEIR BUSINESS MODEL

Jeeon

Proof of Concept → Transition to Scale

“When we ran up against a wall we were able to walk around it.”

Rubayat Khan, Co-Founder and CEO, Jeeon

Based in Bangladesh, Jeeon is an enterprise creating a digital marketplace of 1,000+ pharmacies and hospitals delivering high-quality, affordable healthcare to last-mile patients. Jeeon underwent a major pivot during Frontier Innovators resulting from the advice received from the custom technical assistance they received. This improved the company’s resilience and brought them one step closer to sustainability.

“Our original goal was to increase the range of products and services we offered through our e-learning platform, in order to increase the stickiness and appeal to pharmacies.” With funding from Frontier Innovators, Jeeon piloted expanding their e-learning platform that allows village doctors to upskill themselves and connect/refer patients to quality formal providers. Through case solving games and triage algorithms, village doctors can learn and apply the proper treatment and prescription protocols for simple cases. During implementation, Jeeon reached 1800+ village doctors using their e-learning application from its launch in April 2018 to September 2018. However, Jeeon soon realised that “adding new products and services involved too much effort” and they could not scale fast enough to retain pharmacies on the platform, leading to lower than

expected monthly active user numbers, and in turn reducing the likelihood of attracting new product and service partners on the platform.

At the same time that Jeeon was implementing this pilot, they were receiving custom capacity building support from IDInsight and LightCastle Partners under Frontier Innovators to help validate their impact and commercial pathway to scale, respectively. “We realised through Lightcastle’s support that our best commercial bet was not e-learning but rather pursuing e-commerce with pharmaceutical companies. That led to a pivot in our operational focus, and we invested the remainder of the grant in designing and building out the e-commerce platform, which was later launched in February 2019.”

Today, Jeeon is still pursuing an e-commerce based strategy to disintermediate wholesalers and connect retail pharmacies directly with manufacturers. They have secured three pharmaceutical partners and have processed over \$150,000 of orders through the platform as of June 2020. Jeeon also rolled out a non-pharmaceutical distribution footprint to 800 pharmacies across two districts in Bangladesh. “Overall, noted Khan, “we feel that we are on a more promising path towards financial sustainability at the moment, even though our initial hypotheses and trajectory did not fully yield results.”

Since Frontier Innovators, Jeeon has gone on to be a part of Equity@Scale’s Future 500 program, which is part of Frontier Brokers.



Providing flexible funding to contribute to social enterprises’ abilities to scale their development impact and their operations

The Frontier Innovator grants were designed to provide the flexibility to adapt and enable each enterprise to identify how they wanted to allocate resources. This differs from traditional grantmaking where grantees are required to set specific milestones at the beginning of implementation. The IRF was responsible for distributing and managing these grants over two years.

100% of social enterprises interviewed valued the flexibility of the grants.

During the SFI evaluation Results Reflection, several of the Frontier Innovators cited the ability to allocate this funding

based on their understanding of needs and priorities, as an innovative approach. While much donor funding is often earmarked/designated for specific projects or activities, this enabled them to focus on particular needs that are not necessarily funded by donors. Funding was allocated to what grantees viewed as most relevant to their needs. Similarly, during the Frontier Innovators Interim Review, participating social enterprises cited that the flexibility helped create a sense of trust within the program that is atypical with traditional donor-beneficiary dynamics.

We focused grants being used to set entrepreneurs on a pathway to scale, rather than a set of predetermined activities or outputs (e.g., number of beneficiaries). Flexible grants proved to be an important tool in supporting growing and innovative enterprises, who often need to pivot or adapt to new circumstances or opportunities rapidly.

Janka Geckova, Programme Manager, DFAT

HOW DID FRONTIER INNOVATORS USE THEIR FUNDING?

5/14 Research and Development	5/14 Operations and Procurement	4/14 Running Pilots - Proof of Concept	4/14 Scaling Operations
-----------------------------------------	-------------------------------------------	--------------------------------------------------	-----------------------------------



“This grant differs in flexibility as we are not beholden to reaching a certain number of beneficiaries but can focus on what we think is essential to long term growth and sustainability -- making more efficient, affordable products. As a startup, from our experience it is difficult to receive financial support and advise in improving product and service offerings (more support is available at research and development phase or implementation activities), and with Frontier Innovators, we have the chance to use the fund to improve the product and service so that we are better equipped and prepared to scale the business.”

Pratap Thapa, Co-Founder & Commercial Director, aQysta

“Frontier Innovators was not imposing and actually gave us a free hand to design our plan and meet impact at scale keeping the business interest in mind for sustainable growth.”

Libby McCarthy, Senior Product Manager, Proximity Design

“The approach to reporting really changed the dynamics compared to other programs. We had a different pace and method of engaging. That helped us focus on our own vision of success.”

Makkiya Jawed, Operations Director of Sehat Kahani



IMPACT STORY

TESTING AMARTHA'S PROOF OF CONCEPT IN INDONESIA WITH GRANT FUNDING FROM FRONTIER INNOVATORS

Amartha

Scaling → Sustainable Scale

“Unrestricted funding enables us to shift course and be agile to emerging needs and new ideas.”

With SFI support, Amartha, an Indonesia-based peer-to-peer lending platform that serves women in rural villages, expanded their reach to 53,000 women in need of affordable loans with lenders seeking a financial return to improve their living conditions through access to affordable financial products and financial and entrepreneurship education.

Amartha prototyped and rolled out a proof of concept for three pillars of intervention: entrepreneurship, health and sanitation, and environmental awareness programs. Amartha developed new modules of financial literacy education specifically designed for women from low education, socioeconomic status, and business skills training for micro-entrepreneurs. Additionally, Amartha offered free medical check-ups for 112 rural families, distributed eyeglasses to 1,092 visually impaired women micro-entrepreneurs, and 1,766 reusable bags.

This proof of concept validated Amartha's hypothesis that combining health and hygiene activities to benefit borrowers would improve performance. Chief Risk and Sustainability Officer Aria Widyanto noted, “We saw an increased quality of the borrowers' loan and business. This reduced nonperforming loans, and the attendance rate of borrowers at meetings improved as a result. The attendance rate (90%) in these villages was 10% higher than in other groups. Once the attendance rate improves, the repayment rate improves as well.” Further, in the areas where Amartha operates, the poverty level decreased by 12% per year. Compared to 0.5% in other communities.

The new program will be sustainable and scaled through two new partnerships formed with Unilever and Java's Government. The Government of West Java adopted the financial literacy module and has already used it to teach 2,799 women trainers from 100 villages who will engage women entrepreneurs' communities in rural areas in all 27 regencies across West Java. Unilever is supporting the expansion of Amartha's activities, with more than 68,000 women reached by March 2020.



IMPACT STORY

BUILDING SKYEYE'S REPUTATION AND CAPACITY TO SCALE IMPACT WITHIN AND BEYOND SAMOA

SkyEye

Scaling → Sustainable Scale

The SFI Program built the capacity and readiness of SkyEye Pacific (SkyEye), a family-owned and operated business headquartered in Samoa. In Samoa, there is a very nascent entrepreneurial ecosystem where there are few clear pathways for social enterprises to grow or find support. Frontier Innovators was the first grant program SkyEye accessed. It enabled SkyEye to build their reputation and organisational resources and capabilities to be ready to connect with ecosystems and players outside of Samoa and the Pacific to achieve greater scale and impact across their business practices.

Many of the Pacific Island nations have challenging logistics due to limited infrastructure. SkyEye develops mobile and geospatial technologies that are tailor-made to address logistics challenges in Pacific Island countries and meet local needs. SkyEye has service offerings in vehicle tracking, Unmanned Aerial Vehicle (UAV) remote sensing, geographical information systems (GIS), data management systems, data collection tools, and mobile application development.

A key element of their work is addressing challenges faced by the lack of a national addressing system and inaccuracies in existing maps. This makes it difficult for small businesses to market themselves and to use e-commerce to grow their business. For example, offered Women In Business Development Inc technical solutions to enable the

successful delivery of Farm-To-Table initiative and Geo Mapping of 700 Organic Coconut Farms, among other solutions that are a first in the Pacific Islands.

SkyEye used their flexible funding under Frontier Innovators allowing the enterprise to expand its operations by bidding on more regional projects:

- Scale-up their GIS human resource capacity and tools adding two additional women employees
- Expand their human resource and operational capacity in Vanuatu
- Upgrade UAV equipment increasing their range by 650% and certify UAV Pilots to Australian Standards to support climate change projects that require surveys of an immense area of land and sea
- Formalise and expand partnership with Women In Business Development Inc. to further provide direct intervention to rural and vulnerable communities for better living conditions.
- Reduce the risk of expansion and launch operations in Tonga earlier than they had anticipated.

SkyEye also received custom technical assistance related to impact measurement and business strategy from the Akina Foundation.

“The engagement with Akina to help SkyEye identify, verify and measure our social impact has been a tremendous learning and new knowledge for SkyEye, and we believe this has elevated SkyEye’s value and competitiveness compared to the competition as most organisations in the Pacific are not aware of how to identify, verify or measure their social impact.” -- Sam Saili, SkyEye

The relationship was so successful that SkyEye and Akina signed a contract to maintain ongoing business support.

“We are always looking for opportunities to further interact with other professionals. Locally, it’s difficult to find peers to talk to...When you’re connected regionally and globally, that leads to growing and tracking new opportunities and improved confidence.”

Through SFI, SkyEye was connected to Dr. Catherine Ball and invited to participate and present at the World of Drone Congress in 2018. Through that linkage, SkyEye accelerated its learning of new drone technology and made vital connections to others within the Drone industry. “We now have qualified people we can tap into.” Additional human resources and connections to expertise enabled SkyEye management to conduct research that led to new product development and new projects, such as the mapping of Samoa and the expansion into e-commerce.

Shortly after the Frontier Innovators award, SkyEye became the first Pacific company accepted to the GSM Association (GSMA) Ecosystem Accelerator program to help launch their app, Mau. Mau is an integrated platform to match supply and demand and facilitate the moving of goods between buyers and sellers. Mau intends to help consumers and vendors find each other using GPS to locate their customers or product directly. Saili noted, “We were at a stage where we thought some things were too big for us and we should narrow and keep to our lane but with the help of the FI and the fellow Innovators, we have embraced what we feel is our calling in providing our service that benefits many people and countries that require our services.”

The combined support helped propel SkyEye from ‘slowly scaling’ to sustainable scale. “The recognition gained from the Frontier Innovators award to SkyEye has been substantial. Government agencies are more confident in using our cutting-edge services, and we believe that it helped us secure further funding from GSMA and UNCAP.”

SkyEye is featured in the [Frontiers documentary](#).



Lessons learned for increasing capability of social enterprises to scale their development impact



Co-design and flexible funding are critical to ensuring the relevance of support aimed at increasing social enterprises' capabilities to overcome barriers and scale their development impact. Providing social enterprises the flexibility to adapt also promotes resilience and sustainability as new, often unanticipated challenges arise. This is especially important as the COVID-19 pandemic necessitates pivots in fundamental areas ranging from daily operations to business models.

Collaborative needs assessments can help test assumptions about the type of technical assistance needed by innovators, and involving participants in the selection of providers helps promote transparency. Combining an assessment with flexible funding will help guide those who aren't sure how to use the funding and ensure that resource allocations are informed by data/ validated by a third party. Additional opportunities should be created to ensure social enterprises are developing and applying the capabilities they need and are satisfied with service provision. Furthermore, relationships should be productive and enhance networks for both social enterprises and service providers.



Flexible funding should include accountability mechanisms to ensure that decision-making is informed by evidence and that results are tracked and reported. In line with the flexible funding, DFAT took a different approach to grantee-reporting to focus most on learning and understanding impact from the grantee perspective, applying outcome harvesting and the Most Significant Change method, rather than concentrating on predetermined milestones and key performance indicators. Ideally, the reporting period would extend beyond the funding period to capture outcomes that come later from investments made by grantees with flexible funding.



Consider combining direct support to social enterprises with other interventions that support local and regional ecosystems. Technical assistance and flexible funding can be catalysts to help social enterprises move along the stages of scaling innovation, but sustainable scale cannot be achieved if other dimensions of the ecosystem (e.g., access to capital, support services, policy/ enabling environment, human capital, etc.) are constraints. An increased focus on facilitating collaboration and co-creation across public, private, and civil society sectors in the ecosystem to ensure that available resources from other donors are aligned and harmonised also can help ensure that benefits to capacity achieved are able to be applied without encountering constraints.¹⁴

Interested in learning more about Frontier Innovators?

For more information on the Frontier Innovators program and detailed lessons learned and recommendations from each phase of implementation, consult the [Frontier Innovators Interim Results and Learning report](#).

14. The International Development Innovation Alliance (IDIA) has identified six stages of innovation. To learn more check out: <https://static1.squarespace.com/static/5b156e3bf2e6b10bb0788609/t/5b1717eb8a922da5042cd0bc/1528240110897/Insights+on+Scaling+Innovation.pdf>



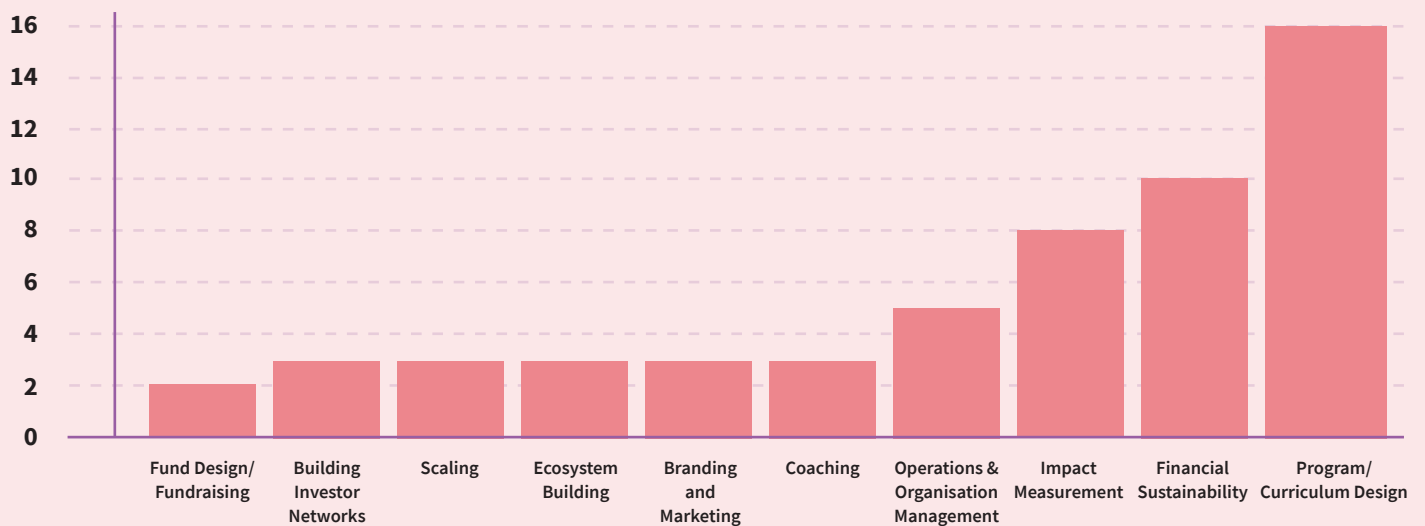
Access to effective incubation and acceleration services for social enterprises in the Asia Pacific region increased

Frontier Incubators aimed to increase access to effective incubation and acceleration services by providing capacity building to 31 incubators and accelerators through

custom support partnerships, thematic webinars, virtual mentoring, and peer learning—improving access to effective incubation and acceleration services for social enterprises in the Asia-Pacific region. More than 288 social enterprises have accessed improved or completely new programming provided by participants in the Frontier Incubators program, with all providers reporting an increase in knowledge and skills related to providing effective incubation and acceleration services.

TYPES OF SUPPORT RECEIVED

This graph shows the types of support the Frontier Incubators received.



IMPROVED CAPABILITY OF INCUBATORS AND ACCELERATORS

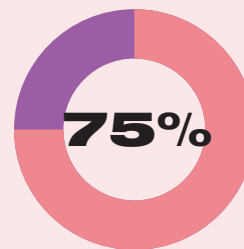
Feedback from incubators and accelerators involved in the program



Of incubators and accelerators increased knowledge/skills



Reported application of knowledge/skills



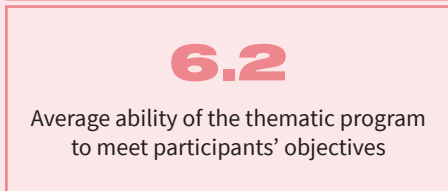
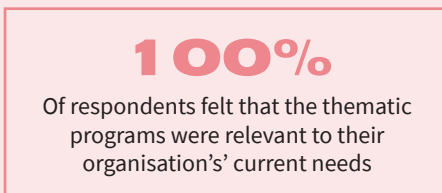
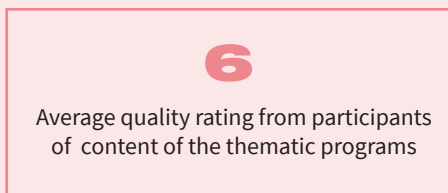
Increased performance immediately after the program



Reported increased ability to network with others in the entrepreneurship ecosystem

FEEDBACK ON ASSISTANCE PROVIDED

ON A SCALE OF 1 TO 7



Of incubators and accelerators felt that their Program Partners were the right partners for their organisation to help them achieve their objectives

“The [areas of support] were the right areas for our organisation as they were rooted in our actual needs... all three partners tailored their program as per our requested to best fit our time and human resource budget. They are also willing to continue their support beyond the program's timeframe.”

Hoang Le Trang, Inclusive Business Project Manager, Centre for Social Initiatives Program (CSIP)

“In my opinion, the genuine collaborative approach makes all the difference. There is so much openness and trust between us and our program partners that we had the freedom to work on challenges with the appreciation of our context and the effort to understand our local experience deeper.”

Cohort Partner

“The support we received was the right match especially as One to Watch is endeavoring to set up multiple impact investment funds in multiple frontier economies.”

Ada Chai, Program Coordinator, One to Watch

“With the knowledge we gained from our partners, we were able to formulate experimental strategies to test in new cities. Their range of expertise in scaling their program to many different regions and countries was the right match for us.”

William Hendradjaja, Co-Founder, Social Innovation Accelerator Program (SIAP)

“The program has been very supportive and adaptive. They really listen to the challenges we are facing and that has made the program go beyond expectations.”

Cohort Partner

RESULTS

\$3.1 MILLION

AUD raised using strategies developed under Frontier Incubators to scale up entrepreneurship support services available in the region.

31

Incubators and accelerators received custom technical support

25

New cohorts of entrepreneurs run by incubators and accelerators

11

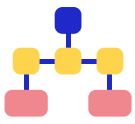
Program partners mobilised

288

Social enterprises supported



One open-source, online toolkit for Guide to Impact Incubation and Acceleration



Applying complexity-aware diagnostics to help ensure relevance and coherence

From the beginning of its design, Frontier Incubators sought to be relevant to the entrepreneurial ecosystem needs and coherent with other activities being pursued in the Asia-Pacific region. Starting in February 2018, the Frontier Incubators Implementing Consortium (SecondMuse, Conveners.org, and ygap) began a global search to identify and interview incubation and acceleration experts. More than 20 experts were engaged directly to help identify potential Program Partners (mature incubators and accelerators with valuable skills and experience, and a willingness to assist with the development of other organisations) and test the Frontier Incubators program design. This process identified two organisations—the Aspen Network of Network Entrepreneurs (ANDE) and the Asia Venture Philanthropy Network (AVPN)—as essential ‘collaborators.’

The Implementing Consortium further conducted a detailed ecosystem mapping activity, conducting primary and secondary research to inform program design and implementation and provide recommendations for additional support at the country and regional levels in the Asia-Pacific. This process identified over 500 organisations in target countries that provided some form of support to enterprises and resulted in 30 countries’ assessments.



Co-designing partnerships to increase relevance and effectiveness of capability support provided to incubators and accelerators and create added value that further expanded the reach of the program

Incubators and accelerators are structured support programs for entrepreneurs, typically aimed at helping them develop their business model, prepare for growth, and secure investment.¹⁵ Research suggests that access to quality support services can strengthen enterprises and help them scale their impact. However, support for social enterprises is a critical gap in the Asia-Pacific region where the incubation and acceleration space is relatively nascent.

While capacity building support is commonly provided to social enterprises in the form of mentorship, discrete technical assistance, or through time-bound incubator and accelerator programs, few organisations provide comprehensive capacity building support to incubators and accelerators. This design element of Frontier Incubators is very innovative. The Frontier Incubator’s approach to supporting incubators and accelerators went beyond typical support contracts by creating a network where global best practice providers (referred to as ‘Program Partners’), who were incubators and accelerators, co-designed capacity building content for incubators and accelerators across the Asia Pacific (‘Cohort Partners’).

This approach achieved results beyond SFI’s intended outcomes, namely, the development of an open-source learning materials and toolkits, which expanded the reach of the program beyond the initial cohort of 31 incubators and accelerators. One of these was a [Gender Lens Incubation Toolkit](#) that helped incubators and accelerators embed a gender lens into their programs. The other was the Guide to Impact Incubation and Acceleration. These toolkits were launched at the 2020 AVPN South East Asia Summit and through a series of webinars with ANDE, the Impact Hub network and Accelerating Accelerators. The program also used online masterclasses produced under Frontier Incubators, which to date have had over 530 views.

The first step to co-design was to bring everyone together in-person to understand everyone in the program’s needs and expertise. Rather than competing for contracts, Program Partners were able to work with Cohort Partners to co-design support approaches and work together to self-match based on need and expertise. This resulted in customised plans leveraging the Program Partners’ unique expertise. Participants who had been involved in the Frontier Incubators component noted this co-design approach to provide custom capacity building as innovative. Kalsoom Lakhani, Founder and CEO of invest2innovate, said this created ‘radical transparency’ amongst those involved

15. SFI Program. 2019. Mapping and Analysis of Entrepreneurial Ecosystems Incubators and Accelerators in the Asia-Pacific p. 4

that resulted in the sense of true collaboration between organisations that otherwise would have been competing for contracts.

Another Frontier Incubator participant noted, “They understood our existing solutions and supported the gap so that support was built around what we need. Our partners have been able to support and build around our DNA instead of insisting on their way of doing things.” Capacity building approaches also sought to localise content from global good practices to the Asia-Pacific context. It was acknowledged that “the most successful Frontier Incubator partnerships were open to local adaptation to ensure fit for local needs and considerations.”



**ADAPTIVE
MANAGEMENT**

Integrating adaptive management into implementation to enable partners to seize opportunities to learn quickly, iterate, and ensure that custom support provided to incubators and accelerators was relevant and effective

Contracting was intended to be flexible to adapt to the evolving needs of incubators and accelerators (e.g., priorities and timelines were adapted). Both DFAT and the IRF, supported by the MEL Partner, engaged in continuous communication and regular check-ins with Program Partners and Cohort Partners, which created trust and openness at the start of the capability-building contracts. Intensive engagement and communication continued throughout delivery of the capability building. Formal mid-program check-ins surfaced challenges that needed to be addressed. Nearly all of the plans were adapted in some way—whether timelines, shifting delivery modalities, or areas of focus—during implementation. One participant noted, “We could go back to [the grants manager or technical assistance provider] and say this was the issue we were facing.” According to the program’s contracts manager, Luke Marston, DT Global, creating this flexibility requires trust:

“It comes back around to trust, having relationships, meeting people face-to-face and building genuine relationships... we’re explicitly writing [flexible, outcome-focused] contracts which can accommodate adaptation; which carries risks for everyone. But relationship management then becomes important, so you’ve got to be aware of what’s going on and where.” - Luke Marston, Contracts and Program Manager, DT Global

Like Frontier Innovators, co-designing capacity building allowed for the flexibility to adapt over time to ensure that the program was relevant to participants’ needs and delivered in the most effective manner. Further, adapting existing good practices to be context relevant has resulted in co-designed material available to innovators, incubators, and accelerators in the broader ecosystem. Having relevant, contextualised resources is believed to contribute to the sustainability of support.



IMPACT STORY

KISSTARTUP'S JOURNEY FROM FOCUSING MORE ON IMPACT TO PILOTING NEW PROJECTS AND PRODUCTS FOR ENTREPRENEURS

KisStartup was established in 2015 with the mission to accompany entrepreneurs and startups in enhancing their innovation capacity, to support them to innovate more effectively and bring more practical benefits to the community. Their vision is to become a flourishing community of innovators, rooted in Vietnam and acting globally, creating a long-lasting impact.

Under Frontier Incubators, KisStartup worked with invest2innovate and Spring to co-design a support plan focused on increasing their capabilities in building investor networks, impact measurement, and financial sustainability.

Ta Huong Thao, Investor Network Development Manager/ Capacity Building Manager at KisStartup notes, “Spring has experience in building startup ecosystems and investor networks and also understands the situation in Vietnamese and Asian startup communities. As for i2i, we recognise that Vietnam somehow has the same condition as Pakistan at the time i2i launched. Therefore, with experience from Spring and i2i, we can begin to enhance our capabilities and develop our current community.”

Before Frontier Incubators, KisStartup had a focus on impact but lacked the tools and frameworks to measure it. Through Frontier Incubators, KisStartup furthered their impact measurement framework; sharpened their vision, mission, and values; and improved their own capacity to support innovation enterprises and start ups in Vietnam; and enhanced their financial sustainability. They went on to train eight social enterprise teams in impact measurement as part of UNDP’s SDG Challenge 2019.

Influenced by their work with Spring, KisStartup also co-developed and launched the Center for Food and Beverage Innovation (CBFI) in partnership with the Restaurant Association of Vietnam. CBFI is Vietnam’s first program that offers food and beverage-related projects, startups, and existing enterprises a unique resource to accelerate their companies. KisStartup has made connections with people and organisations to strengthen a quality network of different stakeholders in the startup ecosystem in both the public and private sectors.

KisStartup was also inspired by the Angel Accelerator thematic webinar led by Fledge, who went beyond their mandate to support KisStartup in creating a framework and tools localised to the Vietnamese market to better understand the current landscape of existing angels and begin developing a local angel network in Vietnam. In November 2019, a local fund of angel investors officially signed a cooperation agreement with KisStartup to fund projects in agritech and e-commerce. Within this agreement, KisStartup delivered a pilot Angels Conference to test the model in Vietnam, and another training is planned for July or August 2020.

By building new partnerships and creating opportunities for a more diverse set of entrepreneurs, KisStartup is contributing to the expansion of the ecosystem for start-ups. Such collaboration is essential to ensuring that their work is coherent in the ecosystem.

“For a small and new organisation like us, every support counts... step by step we have a clearer plan for our growth and impact. Above all, we strongly believe that we are going the right way to have a better impact on the startup community in Vietnam.”

KisStartup was one of three Vietnam-based organisations involved in Frontier Incubators which also involved the Centre for Social Initiatives Promotion (CSIP) and the Women’s Initiative for Startups and Entrepreneurship (WISE). All three organisations knew one another, but since Frontier Incubators, KisStartup and WISE exchanged ideas, particularly around how KisStartup can incorporate gender in their curriculum. WISE and KisStartup also are in discussions about a possible training for angel investors about women-led businesses.

KisStartup sees the possibilities for the Frontier Incubator participant organisations in Vietnam to expand their collaboration by capitalising on their respective strengths. They see potential for joint activities and deepening existing relationships. “We hope that after the program we can focus on cohort-cohort relationships, how to be a stronger community among cohort members, rather than focus on partners-cohort.”

Lessons learned for increasing access to effective incubation and acceleration services for social enterprises

1

Localising good practices and tools are essential to ensure their relevance and usability. While global case studies can be helpful, regional and country-level case studies should be sourced to contextualise good practices to the Asia-Pacific. Global good practices are transferable to the Asia-Pacific, but they require contextualisation—and often translation—to resonate with local organisations. This evaluation found that transferring and adapting good practices were less of a challenge when countries are proximate (e.g., applying lessons learned from Pakistan to Bangladesh); however, good practices required further contextualisation to the Pacific. Internal organisational tools and strategies were fairly easy for Cohort Partners to adapt, but materials that involved engagement with local enterprises and investors typically required some adaptation. Cohort Partners wanted more Case Studies on how global good practices had been applied in the Asia-Pacific region. Working with regional incubators and accelerators to source regional case studies can help fill this gap and serve as an asset to others.

2

Embedding processes to encourage adaptive management throughout implementation is critical to implementing programs to support the evolving needs of incubators and accelerators. Frontier Incubators incorporated mid-point check-ins to resolve challenges (and replicate identified good practices) across the custom support programs. However, building in further flexibility, including options to re-match with new partners or shift focus areas as needs evolved, may have enabled participants to get even more out of the program.

3

Incubators and accelerators are uniquely positioned to serve as ecosystem builders, but other elements of the entrepreneurial ecosystem also need to be aligned to realise the maximum benefits from this approach. Incubators and accelerators inherently serve as intermediaries between social enterprises, mentors, and technical experts that provide support services, educational institutions, and investors. Providing capacity building support to incubators and accelerators helps build viable foundations for them to effectively engage as ecosystem builders, by ensuring that they can deliver quality support to social enterprises and establish a sense of stability as organisations. However, for incubators and accelerators to be able to play the intermediary role, the major elements of ecosystems must be present. Kaufmann Foundation identified several elements of an entrepreneurial ecosystem.¹⁶ Key among them were people and institutions with knowledge and resources to help entrepreneurs, for example with access to patient capital and impact investment, onramps (or access points) to the ecosystem so that anyone and everyone can participate, and intersections that facilitate the interaction of people, ideas, and resources. The incubators and accelerators in Frontier Incubators are now better positioned to serve as ecosystem builders, and donors, including DFAT, should continue to investigate the value of supporting incubators and accelerators as ecosystem builders. Targeted future support could further scale their capabilities and promote activities to help incubators and accelerators to work as advocates to address other missing elements from the entrepreneurial ecosystem.

Interested in learning more about Frontier Incubators?

For more information on the Frontier Innovators program and detailed lessons learned and recommendations from each phase of implementation, consult the [Frontier Incubators Interim Results and Learning report](#).

16. Kaufmann Foundation, Entrepreneurial Ecosystem Building Handbook 3.0. accessed at <https://www.kauffman.org/ecosystem-playbook-draft-3/ecosystems/>

2.3 Effectiveness and efficiency of impact investment deal brokering process in the Asia-Pacific region increased



The Frontier Brokers component, which began implementation in April 2019 and runs through December 2021, supports four initiatives: Asia Pacific Notes Series, BIDUK, Equity@Scale, and Impact Connect. The initiatives are leveraging philanthropic, institutional, local debt, and equity investment and structuring their vehicles to meet the specific needs of emerging market early stage social entrepreneurs and are intentionally designed using a gender lens to ensure gender equality and empowerment outcomes for target communities. DFAT also supports the Frontier Brokers through a Broker's Network mechanism designed to promote collaboration and knowledge sharing. Good Return, which leads the Impact Connect team, also plays the role as Network Convenor, implementing a series of activities to promote peer learning, knowledge management, and awareness of gender lens investing.

For a detailed description of each Brokers project, see page 34 of the Case Study on the effectiveness and efficiency of using co-creation to facilitate procurement under Frontier Brokers.

Findings in this section are from regular observations made by the MEL Partner, an April 2020 survey to capture quantitative data on Brokers' performance, and a Results Reflection to gather qualitative information and insights across SFI. Please note that this section will be updated in March 2021 to measure whether Brokers component projects achieved expected outcomes, i.e., availability of private sector capital for social enterprises in the Asia-Pacific region increased by making capital accessible to social enterprises and brokering this capital to social enterprises that are having a positive effect on women and girls.

RESULTS



Several innovative approaches have facilitated the achievement of results to date.



CO-CREATION

The case study on page 34 describes in detail how DFAT used the innovative approach of co-creation in the procurement process for Frontier Brokers.

Forming partnerships to ensure locally-driven solutions and support and encourage local innovators

Three of the projects have benefited from forming partnerships and co-designing their offerings with local organisations during the set up of their projects. Building a pipeline of investable social enterprises can be challenging, especially when setting up a new product or service. Athena Global Alliance and Good Return have found that having local connections and partners is helpful in getting referrals to credible entrepreneurs and building trust locally in their approach and organisations. For example, Athena Global's BIDUK has partnered with Instellar to conduct due diligence and identified leadership from Amarthia and Moonshot Ventures to serve in various advisory roles, and Good Return's Impact Connect is partnering with local banks.

Brightlight also has identified local intermediaries to help connect them with social enterprises in Indonesia for the Asia Pacific Notes. Memoranda of Understanding have been signed with two intermediaries, and arrangements with three other intermediaries to formalise partnerships are in the works. According to Brightlight's Mark Ingram, a challenge is "identifying local innovators is aligning investor and investee objectives and needs. Similarly, when working with intermediaries as local partners, investors need to consider their entire portfolio's alignment."

Seizing opportunities to learn quickly and iterate to help ensure the impact of promising innovations

Given the flexibility of the DFAT grants to Brokers, there has been time to learn from implementation and market feedback to iterate on initial project plans. For example,

- BIDUK decided to localise their team in response to a change in their initial partnership arrangements. Although the team needed time to pivot, the change expanded their partner network and brought them closer to the market.
- The Asia Pacific Note Series (APN) has changed the size of its offering from \$40-50 million to a minimum of \$100 million, based on market feedback.
- The technical assistance delivery model under Equity@Scale has been adjusted to enhance effectiveness of the training after observing and receiving feedback that expecting diverse cohorts of enterprises to progress through material at the same pace was challenging.
- The Brokers Network has co-developed an informational video, led by Good Return, to help explain the concept and value of gender lens investing in response to lack of understanding amongst local and international stakeholders.

These iterations have been essential to the Brokers' ability to stay on the path toward achieving expected results and illustrate the outcomes focus of the grants made under this component.



All Frontier Brokers were expected to be making their first investments by September 2020; however, more lead time needed to inform the design of Brokers concepts and unexpected disruptions to the impact investment market due to COVID-19 led to only one of the four Brokers' approving investments as of the end of June 2020.

Limited experimentation took place before ideas were selected, and consequently, beginning in April 2019, the implementing partners selected as Frontier Brokers needed time to inform the design of their concepts. In particular, Frontier Brokers that were launching new activities needed more time than anticipated to conduct market research to inform their setup and design.

The pandemic influenced the Asia-Pacific impact investing market in a number of ways that were unfavorable to Frontier Brokers:

- As a result of pressure facing SMEs during this time, **debt burdens are increasing** and raising new considerations around expected rates of return. As a result, **loan durations may look different** before issuance than anticipated and the process of **matching investor and investee needs on the ground are continuing to change** over time.
- Brightlight noted that some investor surveying they recently conducted found that investors are actually **doubling down on impact allocations because of increased demand** for impact investment at this time. At the same time, **investors are reticent to make new investments** due to market fluctuations and contraction of the global economy.
- At the project level, social distancing guidelines and lockdown measures have **limited opportunities to interact with clients**. BIDUK noted that this is “further delaying our ability to disburse a loan.”

- For Impact Connect, **field visits have been prohibited** and have delayed the [social enterprise] diagnostics, however, they are in discussion with partners to conduct these stakeholder meetings online via Zoom, rather than face-to-face.
- Equity@Scale staff noted that, “[m]any SMEs have been forced into emergency measures and pivoting their business plans. Timelines for capital raise have also been pushed back in light of delayed growth plans and negative investor sentiments. **More technical assistance support will be required by enterprises to refine their strategy to cope with the current situation** and also to receive advice on managing their operations to tide over the next few months.”

Brokers are already responding to these factors and will continue to do so in FY2021.

Case Study: The effectiveness and efficiency of using co-creation to facilitate procurement and implementation under Frontier Brokers

Frontier Brokers seeks to address gaps in access to capital in the Asia-Pacific entrepreneurial ecosystem by directing more appropriate types of capital to social enterprises to scale their development impact.

Using co-creation in procurement to facilitate collaboration and co-creation across public, private, and civil society sectors and source coherent solutions to improve impact investment deal brokering in the region

The iXc collaborated with DFAT's procurement area to pilot this innovative approach to sourcing solutions in the design and implementation of the Frontier Brokers component of the SFI program. The Frontier Brokers procurement was run as part of the Adaptive Design and Procurement Trial that was running at the time to test new approaches to procurement.

DFAT issued a request for expressions of interest in August 2018, seeking responses from “organisations experienced in the field of impact investing ecosystem building to share ideas and co-create with others a new mechanism for better connecting entrepreneurs to appropriate types of capital—the Frontier Brokers.” In particular, DFAT sought “innovative solutions to bridge the significant gap that exists between social enterprises and the capital they need to scale their impact” that had gender lens investing approaches featured prominently.¹⁷

DFAT received 40 expressions of interest and invited 25 participants from 18 organisations to a two-day workshop in Jakarta, Indonesia. The group comprised a diverse set of players in the social entrepreneurship–impact investing ecosystem—including consultants, fund managers, accelerators and incubators, brokering platforms, program managers, enterprise support providers, and conveners.

The iXc partnered with the Criterion Institute, who drafted SFI's Gender Strategy and are at the forefront of the GLI field, to help design and facilitate the co-creation. The goal was to weave the themes of ‘gender and power’ throughout the workshop, creating a baseline understanding of these concepts among participants, to ensure that GLI would be

at the heart of the program. One participant noted that “[a]nchoring on the ‘gender 101’ session on Day 1 was a very effective way of ensuring that participants could at least appreciate comments around gender and power dynamics even if they were not necessarily able to speak as knowledgeably about them as others. Not only did this set the tone for the conversations in Jakarta.” Another participant reflected, “[the facilitator] brought a powerful framing to it that leaves one thinking about the role of power dynamics across all of one's work.”

The interactive workshop was further designed to leverage the shared knowledge in the room to map current brokering activities in the region, prioritise brokering needs in the region that would also address gender inequities, and finalising the criteria for final Frontier Brokers proposals.

Ultimately, the group reached a consensus that solutions should fall into one of two categories: **bespoke brokering** or **networked intermediaries**. Within these two categories, the group spent time developing design considerations that should be featured in each proposal. This is unique as participants who were selected based on their technical and regional expertise were able to shape the final RFP, meaning that the group had a stake in the design, even if they were not selected for funding.

Bespoke Brokering refers to the customised transactions that move capital to social entrepreneurs through trusted relationships. Customised transactions require high-touch interactions with both investors and entrepreneurs. Due to the cost of these types of brokering activities, most actors are only able to complete small numbers of transactions per year. Participants prioritised customised over standardised transactions because they felt more room for innovation in these types of transactions within our region. The workshop participants agreed that DFAT would call for proposals for experiments in bespoke brokering that would significantly increase actors' ability to move capital for gender equality and contribute to an evidence base for GLI. These experiments should contribute to an evidence base on different approaches to brokering that could be replicated across the region.

Networked Intermediaries are those who undertake brokering to be more networked, and to collaborate more actively together was agreed to be a priority for the workshop. Participants of the workshop were encouraged by DFAT to find ways to collaborate to benefit the ecosystem. The organisations in the room agreed that they wanted to

17. DFAT REOI 2 August, 2018.

continue to learn from each other more formally and started brainstorming structures for that to happen. While no arrangement was agreed in the room, there was discussion of a managed community of practice, network, that would continue to explore collaborations to enhance brokering and potentially attract both financial and non-financial support for these collaborations. DFAT agreed to receive proposals to support an inclusive network of individuals and organisations who want to innovate brokering practices throughout the regions.

After the co-creation, participants were given a few weeks to form new partnership configurations and submit final concept notes. The process sourced 13 proposals and resulted in funding for four gender lens investing projects focused on bespoke brokering that began implementation in March 2019. Additional funding was provided to one organisation to promote the idea of the ‘network intermediary’ by serving as the ‘Network Convener’ across the four Frontier Brokers projects.

Effects of the Innovative Procurement Approach

- **Successful pilot of a pioneering procurement mechanism that increased efficiency and stakeholder engagement and led to uptake across DFAT and beyond**

The Frontier Brokers co-creation created a proof of concept for DFAT that can help surface innovative, relevant solutions while improving procurement processes. Based on DFAT Procurement data, the average time from concept to contract for DFAT-funded projects is over two years. The Frontier Brokers Co-Creation engaged a myriad of ecosystem actors as described above. Among the four winning projects, two included new configurations of partners from among organisations at the co-creation workshop.

This process demonstrated to participants that DFAT is committed to engaging with and being guided by stakeholders across ecosystems to inform program design.¹⁸

In an anonymous survey to encourage learning about the new process, one participant “the ethos of co-creation developed went beyond collaboration between bidding organisations to include the contracting organisation, signalling to participants how serious DFAT is about working with and being guided by those organisations closest to the opportunities. This was well-reinforced by the agenda and the fluidity ... to ensure that we had ample structured and

unstructured time to connect with different participants.”

As a result of this innovative procurement mechanism pilot, DFAT was shortlisted for the final round of judging for Procurement and Supply Australasia’s “Breaking The Mould – Best example of non-traditional procurement” award. The award highlights and recognises public procurement examples where there has been a demonstrably new, unique, or non-traditional approach taken.¹⁹

This innovative approach is now being replicated across other DFAT programs. “Frontier Brokers was the pioneer for us. It was the first time that we designed and implemented an open process for procurement. We’ve now got a half a dozen projects that range in total value from 5 million to 20 million that are doing a reasonably similar process. They are incorporating collaborative design approaches instead of a more formal design process.” observed Simon Cann-Evans from DFAT.

Efficiency in the procurement process has been a feature of all projects that have applied or are applying collaborative procurement approaches. Across the six, the average concept to contract time was eight months, and for some this was in the context of COVID-19, which has delayed the timelines of most projects.²⁰

- **Launch of four novel approaches to bespoke brokering using GLI created and driven by market actors**

The co-creation workshop allowed DFAT to leverage the expertise of multiple stakeholders to generate ideas that were relevant to and cohesive with ecosystem needs and activities that would not have existed if DFAT were to have designed the program alone. Stephanie Kimber of the iXc noted.

Participants who were selected based on their technical and regional expertise were able to shape the final RFP, meaning that the group had a stake in the design, even if they were not selected for funding who shaped the content of the concept.

The iXc’s Jane Haycock noted, “The decentralised approach to program design encouraged higher risk, higher reward, and more ambitious proposals and helped bring informed perspectives on market needs and potential solutions to address barriers to bespoke brokering in the region.”

The four projects that were ultimately funded each take a different approach to delivering bespoke brokering.

18. <https://procurementandsupply.com/2019/10/dfataward>

19. Ibid.

20. These findings are based on KIIs with DFAT procurement staff for this evaluation.

Together, the group makes up a set of projects that meets design criteria that would have been very challenging to meet in one project:

- Gender lens analysis to challenge/change power dynamics including looking beyond capital to women entrepreneurs
- Contribution to the work of a broad set of intermediaries
- Potential financial sustainability by incorporating results into the operations of the organisation
- Building upon existing programs, players, platforms, and knowledge
- Ability to create economies of scale or scope if the experiment is successful
- Ability to tap into sources of local capital and respond to local contexts
- Ability to respond to the power dynamics of who pays for brokering and in whose interest the broker acts

RESULTING FRONTIER BROKERS PROJECTS

BIDUK “Berinvestasi Dalam Usaha untuk Kemajuan” (Investing in Business for Progress) or BIDUK for short is a lending platform aimed at meeting the needs of Indonesia-based small and growing businesses, with an emphasis on those owned by women. BIDUK aims to show that flexible debt products are well suited to meet the needs of women owned and led enterprises in Indonesia (and throughout Southeast Asia). Ultimately, this project will help refine which debt products and services meet the needs of these underserved businesses.

The Asia Pacific Notes Series comprise the world’s first fixed income securities to aggregate bespoke, fit for purpose loans to social enterprises from across the Asia Pacific region. The Notes Series, issued regularly depending on demand, enables social enterprises to access the capital markets in a timely, cost efficient and flexible manner while providing impact investors with a scalable, standardised, high-impact and diversified investment product that

RESULTS



“The design of the innovative procurement approach for Frontier Brokers allowed for early collaboration early with the market actors.”

– Jane Haycock, Director, Research, Special Projects, North American Liaison, iXc, DFAT



“At procurement, we’d already been looking at a more collaborative basis of procurement. SFI as a program was an opportunity to roll out the model for collaborative procurement in an environment that was not only safe but had enthusiasts driving the process...The idea of doing a Co-Creation to procure the implementing partners for Frontier Brokers was good because iXc had credibility and license to do so and [had] prior exposure to the USAID Broad Agency Agreement that proved that it could and does work. Particularly for a project with a research and development focus, we could do a pilot of this.”

Simon Cann-Evans, Director, Aid Procurement, DFAT

“The workshop allowed all the delegates to explore synergies and opportunities for collaboration that would help advance the space, particularly for delegates that had a common mission to bring a gender lens to their work.”

– Co-Creation Participant

embeds GLI principles into its design. Working with regional and local intermediaries to understand the bespoke financing needs of the social enterprises as well as with capital market distributors to market the Asia Pacific Notes to mission-aligned investors in key markets in Asia Pacific and Europe. The Asia Pacific Notes are designed to meet institutional investor requirements of scale, standardisation, diversification and liquidity.

Impact Connect is an innovative brokering mechanism that leverages risk capital from impact-first investors operating locally and internationally, to stimulate financing for social enterprises and improve lender confidence in missing middle social enterprises. Through the strategic use of social impact capital and GLI, the brokering leverages the resources and expertise of local banks to stimulate financing, creating income and employment for low-income households. Impact Connect will focus on Indonesia and Cambodia. The Impact Connect model will use an innovative loan structuring method, basing principal repayments on business cash flow (rather than a fixed repayment schedule) to meet early-stage enterprise needs, ultimately reducing risk to both the banks and the investee enterprises.

Equity@Scale led by IIX is developing the ecosystem for GLI by mobilizing three types of capital for social enterprises—human capital in the form of investment

readiness training; social capital in access to mentoring and corporate networks; and financial capital in the form of private sector equity and debt investments. With a decade of experience building the impact investing market in Asia-Pacific and driving women’s empowerment, IIX will leverage its ecosystem and gender-focused approach to support the growth of social enterprises across the region.

- **Delivery of support to nurture the network of partners implementing the Frontier Brokers projects**

While there was no award made for Network Intermediaries proposals that were regional in scope, in response to a stated need from Brokers, DFAT made a grant to one of the Frontier Brokers organisations (Good Return) to fulfill the role of a Frontier Brokers Network Convenor. The creation of the Network Convenor role blended well into SFI Program objectives to increase awareness of SFI Program objectives, activities, and outcomes among ecosystem partners, development partners, and across DFAT.

FIGURE 3:

DFAT Procurements Applying Collaborative Design Approaches

1. Economic Cooperation Program for the Indonesia Australia – Comprehensive Economic Partnership	2. Kiribati Education Improvement Project
3. New Colombo Plan	4. Scaling Frontier Innovation
5. Solomon Islands Infrastructure Program	6. South East Asia Infrastructure and Economic Governance Facility

Key informant interviews revealed other parts of the Australian Government considering co-creation or co-design elements to procurement: Department of the Prime Minister and Cabinet, National Indigenous Australians Agency, National Disability Insurance Scheme.

Lessons learned for improving the effectiveness and efficiency of impact investment deal brokering processes in the Asia-Pacific region

1

Co-Creation is an efficient procurement approach to facilitate collaboration across public, private, and civil society and contributes to interventions that are coherent with the existing ecosystem.

There already are six major initiatives (see Case Study on page 45) that are applying collaborative design, and DFAT should consider using co-creation when designing any program where solutions are unknown, or when existing expertise is being sought from a diverse range of ecosystem players. Training more DFAT staff in procurement that leverages co-creation would also be beneficial to ensure that this approach can be adopted more widely.

2

Leaving room for adaptive management is essential to allow the opportunity to learn quickly and iterate to help ensure the impact of promising innovations. This approach, combined with flexible funding, has allowed Brokers to have the time and space to learn from implementation and market feedback and to iterate on initial project plans.

3

Applying a gender lens is critical to ensuring the effectiveness of brokering approaches and promoting inclusive innovation in order to meet the needs of the poor, vulnerable, and marginalised.

To ensure a gender lens is applied to future DFAT programs, it is necessary to

- Research the best way to communicate gender inclusivity with the target market. The way in which a gender lens is applied should ideally be further informed by field research by implementers to ensure relevant to local realities. To put potential customers at the heart of their design, BIDUK undertook qualitative market research, with focus group discussions and key informant interviews, to better understand the behaviours and needs of women entrepreneurs in Jakarta. What BIDUK hadn't anticipated was that their approach to eliminating power-barriers by offering unconditional loans was that the concept was entirely foreign to their target audience, requiring more time and investment to educate potential borrowers.
- Apply a common framework for measurement and learning. A common measurement methodology, like one that was introduced on Frontier Brokers with six gender lenses— women as investors, women in leadership, women in the supply chain, women's access to capital, workplace equity and investing in products and services that benefit women and girls —will help DFAT capture more specific results across each project as well as enable aggregation of results across the portfolio.

4

In general, partnerships are invaluable for delivering informed, coherent solutions to strengthen investment deal brokering processes. As described above, three of the Frontier Brokers projects have benefited from forming partnerships with local organisations during the set up of their projects, which is essential when international organisations are working in multiple countries, or an organisation is establishing themselves in a new context. Partnerships help identify locally-driven solutions and ensure alignment with local market needs. Partnerships also help build pipelines of investable social enterprises and develop a reputation as a credible investor among clients in any particular market.

5

Technical assistance (TA) for social enterprises is needed for investments to be most effective, and DFAT should consider either including it in projects or helping to ensure collaboration across the ecosystem with other donors and/or providers of technical assistance. Across all of the Frontier Brokers projects, TA has been noted as needed by social enterprises. In particular, Brokers implementing partners have identified investment readiness, impact measurement, and financial literacy have been identified as key areas in which there is a need for support. To address these gaps, the Frontier Brokers have sought to provide assistance themselves or source partners who can provide subsidised support.

- Over the first year of implementation, Equity@Scale has delivered virtual capacity building to social enterprises in gender lens investing and investment readiness taking a cohort approach. They identified that having many enterprises at differing stages was a challenge to their delivery model. They are now looking to adapt their approach. Equity@Scale staff also see a greater need for technical assistance as a result of COVID-19, which is elaborated on on the next page.
- BIDUK has similarly identified a need for and interest in TA, especially around financial management, through consultations with social enterprises in Jakarta. They entered into a partnership with Swiss Contact, which not only provides their clients with TA but also serves to de-risk the investment.

Interested in learning more about Frontier Brokers?

For more information on the Frontier Brokers program go to scalingfrontierinnovation.org/initiatives/brokers/. The Frontier Brokers Interim Results and Learning report is forthcoming in March 2021.

2.4 Increasing stakeholder capacity in gender lens investing

While not integrated in the design or early implementation phases, applying a gender lens emerged as a key feature of the SFI Program, which led to the development of the capacity of stakeholders across the Asia-Pacific region and influenced practice both within DFAT and among other donors and practitioners.

Global research supports the argument for greater diversity and inclusion, especially regarding gender, to promote both social and economic benefits across sectors and regions.

Still, global inequality persists even in the social entrepreneurship spaces where access to education, technical assistance, mentoring, and funding remains inaccessible to many.

DFAT is strongly committed to being at the forefront of efforts to empower women and girls and promote gender equality around the world, especially in the Asia-Pacific region. This commitment is codified in DFAT's Gender Equality and Women's Empowerment Strategy, which requires that, at a minimum, 80 percent of all aid investments must effectively address gender issues in their implementation.²¹ DFAT recently reaffirmed this in its COVID-19 response strategy. In the three core action areas that were laid out—health security, regional stability, and economic recovery—there was a renewed commitment that efforts will “be underpinned by a strong emphasis on protecting the most vulnerable, especially women and girls” through, among other approaches, investments in gender equality and women's economic empowerment.²²

In mid-2018, the iXc engaged The Criterion Institute to develop an SFI Program Gender Strategy to further define

an approach to gender and inclusion to drive innovation through social-entrepreneurship in the Asia-Pacific region. The Criterion Institute drew on their existing knowledge of DFAT's goals from earlier work across DFAT's portfolio of initiatives leveraging private sector capital. The SFI Program Gender Strategy did three things.

1. It defined a gender lens as a study of how power, privilege and bias affect people of different genders within their context and noted that a gender lens should drive innovation and entrepreneurial approaches to create and prioritise inclusive approaches necessary for thriving ecosystems across Asia-Pacific where all stand to benefit from the outcomes of innovation and entrepreneurship.
2. It identified important steps to take before applying a gender lens—grounding innovation in context, checking assumptions about what ideas and approaches are valued, and examining the power dynamics in our structures and processes.
3. It laid out three commitments:
 - a. To recognise and value voices, ideas and perspectives from the Asia-Pacific context,
 - b. To include and call attention to varied and diverse perspectives in our work, and
 - c. To pay explicit attention to power dynamics in our work and call out these dynamics publicly.

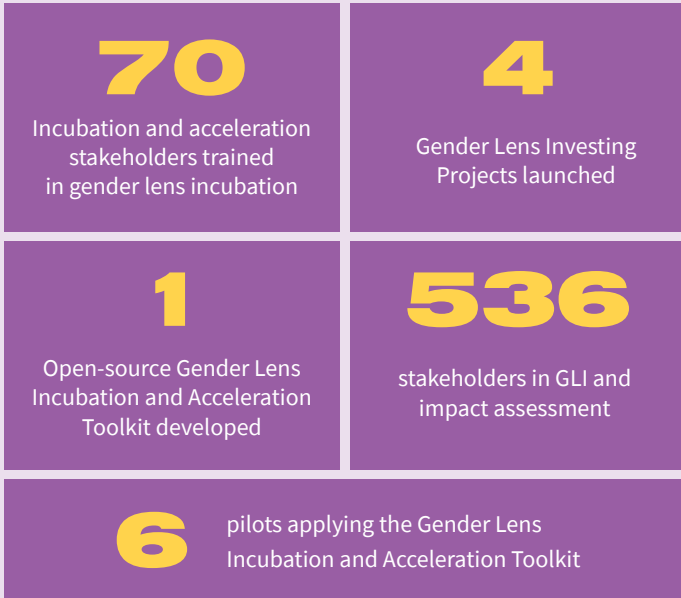
Around this time Frontier Incubators was kicking off with a call and review of applications, and the design of Frontier Brokers was being finalised, with the call and review of expressions of interest. Consequently, activities were added to help Frontier Incubators component participants understand how gender considerations could be incorporated into their work, and the focus on gender lens investing was made explicit in the procurement of implementing partners on the Frontier Brokers component.

21. <https://dfat.gov.au/aid/topics/investment-priorities/gender-equality-empowering-women-girls/gender-equality/Pages/gender-initiatives.asp>

22. DFAT. 2020. Partnerships for Recovery: Australia's COVID-19 Development Response. Available at: <https://www.dfat.gov.au/publications/aid/partnerships-recovery-australias-covid-19-development-response>

RESULTS

Feedback from Scaling Frontier Innovation Participants



Of respondents reported increased focus on ensuring benefits to women and girls



Of respondents reported increased priority on gender equality

EXAMPLES OF PRIORITISING GENDER EQUALITY

Stakeholders involved across SFI have increased their prioritisation of gender equality as a result of participation in the program. How this has been operationalised has taken different forms across organisations as follows:

- Designing and implementing organisational gender strategies,
- Reframing marketing materials to be inclusive of women entrepreneurs,
- Adding women as new board members,
- Running women-focused acceleration programs,
- Identifying and training more female mentors, and
- Applying a gender lens to investment.

As a result, stakeholders have reported outcomes such as increased applications to programs by women entrepreneurs, increased employment of female staff, new partnerships focused on promoting women-led businesses, increased funding raised from donors focused on gender.

One respondent noted, “we are now reviewing and exploring the very foundation of our organisation and working on making sure it directly supports women and girls. This transformation is a commitment we’re looking to work on, starting with strategy and proceeding with execution of plans.”



Co-designing gender tools to ensure they are locally-drive and relevant

A significant outcome of introducing the concept of Gender Lens Incubation was a partnership established between the implementing partner consortium and the Sasakawa Peace Foundation (SPF). Following communication with DFAT, the SPF engaged with the Consortium and attended the in-person convening to discuss a shared interest in expanding SPF’s role in promoting GLI in the region. Based on what

they saw as a demand in the ecosystem for increased guidance on how to apply a gender lens to incubation and acceleration, the SPF funded the development of the Gender Lens for Incubation and Acceleration (GLIA) Toolkit.

The [GLIA Toolkit](#) is a free, interactive resource that provides 80+ practical tools, strategies, and real-world case studies to support making the work of incubators and accelerators more accessible and inclusive to all genders. This partnership ensured the coherence of resources and efforts towards promoting a gender lens application across the region. The SPF is continuing to work with ygap to update, expand on, and adapt the toolkit to ensure its effectiveness and sustainability beyond the Frontier Incubators program.

Six organisations (Agile Development Group, Instellar, ONOW, Phandeeyar, SHE Investments, and xchange) across South East Asia participated in piloting and adapting the content for the toolkit and contributed case studies from their experiences, which were ultimately included in the GLIA Toolkit. Context is critical to understanding how incubators and accelerators view and are impacted by gender dynamics. Culture, language, religion, social structures, politics, and other context-specific nuances affect how gender is perceived. The GLIA Toolkit highlights examples from multiple regions and countries to illustrate how the toolkit has been applied in different contexts and encourages organisations to consider and apply the relevant elements to them. One of the organisation included in the pilot noted:



“By contextualising the toolkit to our work, we were able to define the areas that need to be more gender-inclusive; in our case, the incubation program itself. We learned about how marketing collateral, as well as our application process, can affect the gender diversity of selected participants. We also learned that applying a gender lens to create a more gender-inclusive program would require teamwork, both internally within our organisation but also in how we engage with and educate our external partners.”

Cohort Partner



FLEXIBLE FUNDING

Leveraging flexible funding to raise awareness and knowledge about gender equity through finance and to test different approaches to delivering results that contribute to inclusive development impact

As mentioned above GLI was integrated as a key design element of the Frontier Brokers component. This resulted in the funding of four projects that test different approaches to providing or brokering capital to social enterprises that have a positive effect on women and girls to social enterprises, ultimately contributing to inclusive development impact. While it is too early to report on the results of the different approaches being tested by the four projects, Frontier Brokers are educating their partners—both clients and investors—in GLI. This has resulted in both an increase on the focus on GLI within implementing partner organisations and raised awareness and increased knowledge of GLI across the ecosystem.

“Frontier Brokers allowed us to expand our impact investing work to Asia and build knowledge on investing with a gender lens specific to this context. This work will now continue to be expanded further into Asia. Brokers also facilitated a new and valuable partnership for our organisation, where we have benefitted from learning about their approaches to gender.”—Implementing partner organisation, Frontier Brokers

In their partnership outreach and engagement activities, the Frontier Brokers leveraged flexible funding to implement several activities to raise awareness about GLI across the ecosystem. Although the bulk of the efforts and funds to support these activities were covered by Good Return’s contract to act as converter of a Frontier Brokers Network, the efforts all drew upon the knowledge and experience and donated time of members from all four of the Frontier Brokers implementing partners consortia. Three examples are

- The Brokers Network hosted a GLI-focused workshop at the AVPN Southeast Asia Summit attended by more than 73 stakeholders working across the impact investing space. One Frontier Broker noted, “the opportunity to have so many organisations facilitating together with a focus on GLI may not have been there without the networks’ existence. It gave a great opportunity to promote our work and advocate for GLI.”

Interested in learning more?

For more on the partnership with the SPF, consult the [Partnership Investigative Study](#). For more on lessons learned and experiences applying Gender Lens Incubation, consult the [Frontier Incubators Interim Results and Learning report](#).

- Frontier Brokers Network members co-developed an informational animated film to introduce common ideas in a simple way, for example to financial services providers, institutional investors, and even retail investors. Good Return explained, “It’s a short practical video that illustrates the core of GLI. The point is to make it easy for others to understand, and hopefully spark a discussion that will lead to other gender-focused actions.”
- Emerging from a joint proposal developed with challenge funds of \$15,000, a group of Brokers Network members are co-developing a podcast series on GLI.²³

The March 2021 update of this evaluation will provide more information on the results of introducing GLI through each of the four Frontier Brokers projects. The Spotlight below shares highlights of the Impact Investment Exchange’s

Equity@Scale program’s awareness raising efforts. IIX’s Frontier Brokers project was the first to launch since it did not need to go through a new partnership development and design phase.



“Frontier Brokers allowed us to expand our impact investing work to Asia and build knowledge on investing with a gender lens specific to this context. This work will now continue to be expanded further into Asia. Brokers also facilitated a new and valuable partnership for our organisation, where we have benefitted from learning about their approaches to gender.”

Implementing partner organisation, Frontier Brokers



23. <http://villgrophilippines.org/2020/06/12/the-herculean-challenges-of-women-entrepreneurs-2/>

Case Study: BIDUK: Applying Innovative Approaches in Design and Implementation of a GLI Lending Platform

While all of the four Brokers projects use innovative approaches to develop and deploy GLI products and services, Athena Global Alliance has developed a bespoke brokering proof of concept for the prototype BIDUK model. The lending platform—aimed at meeting the needs of Indonesia-based small and growing businesses, with an emphasis on those owned by women (WSGBs)—seeks to address the funding gap experienced by WSGBs which are often too large for microfinance lending, yet too small to meet the requirements of commercial lenders.

Most formal financial intermediaries require standard collateral and audited financials when lending to businesses. This poses an unintentional bias against WSGBs, particularly in many emerging markets like Indonesia, where women are less likely to own assets (collateral) or receive financial loans without permission from male family members and are more likely to run informal businesses.

The BIDUK model combines flexible financial products and business advisory services to close this funding gap for WSGBs in Indonesia. BIDUK's model is built around removing implicit bias; one of how BIDUK does this is by providing unsecured loans (loans without collateral) to WSGBs, thereby minimising or eliminating barriers to these businesses accessing capital from the formal financial sector. Risk is partially managed through a relationship-based approach to building healthy businesses where trust between investor and investee goes beyond a monetary transaction. BIDUK's \$15,000-\$70,000 loans, which may cover working capital needs, operating expenses, or revenue smoothing, is disbursed and repaid in 6 to 12 months. As such, BIDUK will demonstrate that flexible, commercially priced, debt products are well suited to meet the needs of WSGBs in Indonesia (and potentially, throughout Southeast Asia). The goal is for BIDUK to learn and grow with the client over several loan cycles, reinforcing their partnership between financial service providers and enterprises.²⁴

BIDUK was the first of the Frontier Brokers to disperse funding applying a gender lens under the program, approving and dispersing their first two loans in June 2020. The first loan was to a woman-owned business that sources locally produced products for customised gift baskets using BIDUK's rebate product in partnership with Swisscontact. The second loan was for replacing inventory finance for a company that creates biodegradable takeaway products made out of seaweed and bamboo sourced in Indonesia to help fulfill committed purchase orders.

• **Hallmarks of BIDUKs model have been the following innovative approaches:**

- **Employing adaptive management and responsiveness to local context,**
- **Establishing partnerships to supplement a start up operation,**
- **Building a pipeline based on referrals,**
- **Designing financial products tailored to clients' needs and risk profiles**
- **Measuring impact through a comprehensive gender lens**

Employing Adaptive Management and Responsiveness to Local Context

BIDUK is unique among Brokers products because it is being built from scratch and lending its funds. In designing the model, Athena Global conducted primary market research to analyse client behaviors and needs, which enabled the development of a highly adaptive approach to design and early implementation. The methodology used was designed by Athena Global over years of experience to help put 'clients' at the center of the design. Fifty individuals were consulted through seven focus groups and multiple in-depth interviews. All were SME owners, and 70% were women.

BIDUK partnered with the local branch of international firm Ipsos to conduct qualitative research to understand better the market context and challenges and opportunities and pain points (financial and non-financial) of potential clients in the Jakarta area. BIDUK chose to pilot their approach in Jakarta based on the hypothesis that "the capital city tends to have the most sophisticated and diverse types of businesses, which is a good market opportunity to test a variety of products and services." Further, "most technical assistance providers are in Jakarta, which we recognise our clients will need. We can learn a lot quicker because of the size and diversity in Jakarta, which will help us make an informed approach as to how and when scaling BIDUK outside of Jakarta might look like."

During market research, it became apparent that borrowers were unfamiliar with unsecured loans (lending without collateral). This made it difficult to understand their perceptions as participants answered questions and

24. <https://www.bidukindonesia.com/our-value-to-clients>

demonstrated difficulty imagining scenarios in which they would be able to access capital without collateral. Still, BIDUK was able to develop a deeper understanding of potential clients, captured in three personas: holistic developers, agile accelerators, and cautious expanders.

- **Holistic Developers** are driven by the desire to make a difference, meaning that their products are mindful of ecosystems (e.g., swim diapers - reusable diapers with low environmental impact). They focus on tapping extensive networks; therefore, while they initially look for seed capital, they require later more substantial sums as their businesses expand, in increasing increments. In supporting them financially, it is crucial to understand the vision and values of the business.
- **Agile Accelerators** often are niche or innovative businesses with unclear visions, for which financial providers may not have the products they need. One example of this is branded coffee lounges, merging local coffee production with the events management/hospitality industry. These businesses tend to have no seed capital; however, as they usually seek expansion, they are interested in large sums of investment with low interest.

- **Cautious Expanders** are typically small, family, or individual owned small businesses, such as a retail shop. They have modest goals of wanting to remain their boss and be financially independent. They do not necessarily want to expand on a large scale. These businesses are generally skeptical about financing, especially informal or “newer” financial service providers like FinTech and P2P lending, because they appear risky in their eyes.

The BIDUK team is “globally led and locally managed.” The concept emerged from Athena Global as an adaptation and resulted in the team being more responsive to the local context. The project’s desire for increased local ownership led to a shift from an all-expat team to a team with four local staff based in Indonesia, one ex-pat in the region, and the founder of the United States. The diverse team, which leverages technology to collaborate, helps to challenge assumptions, and bring ‘fresh eyes.’



Establishing Partnerships to Supplement a Start-up Operation

Early-on, BIDUK intentionally identified partners in Jakarta, recognising that local partnerships would be essential to their success as a start-up operation. BIDUK has an evolving relationship with Instellar, an Indonesia-based participant in Frontier Incubators and the Brokers Co-Creation Workshop. Instellar is a purpose-driven company supporting social enterprises to grow their businesses and boost their impact. They work to accelerate innovation towards scalable and sustainable social impact through training, incubation, and consultancy. Initially supported with due diligence and local connections, this has been a mutually beneficial relationship as BIDUK has helped build Instellar's experience conducting due diligence and underwriting for loans. BIDUK has also developed an Advisory Board with local leaders in the field, including Aria Widyanto, the Chief Risk and Sustainability Officer of Amarta. This Indonesia-based firm was also a participant in Frontier Innovators. All of these partners have proven vital in helping build out BIDUK's pipeline of local enterprises.

BIDUK also formed a partnership with DFAT's Investing in Women (IW). IW was a 'natural ally' for BIDUK. Whereas IW targets a small number of larger sized investments, BIDUK aims to provide capital to the smaller end of the market. The two approaches have common goals:

- Seeking to catalyse a change in the market by demonstrating a strong business case for investing in women,
- Shifting the gaze of investors and financiers towards WSGBs through effective communications and marketing, and
- Providing evidence to support their GLI hypotheses and aligned metrics.
- The four original IW partners have also been invaluable sources of the pipeline, references, and guides in the Jakarta market.

BIDUK is partnering with Swisscontact's Regional Investment Support for Entrepreneurs (RISE) Platform funded by the United States Agency for International Development (USAID), promoting collaboration between the two donor-funded projects. RISE provides investor readiness support services and technical assistance (TA) to companies with

potential impacts in Southeast Asia. RISE aims to create an impact on the base of the pyramid by providing inclusive and sustainable support to small and medium enterprises with high potential for positive social, economic, and environmental impacts.²⁵

For BIDUK's rebate product, Swisscontact provides targeted, pre-loan technical assistance to enterprises over a two-to-three week period in developing pro-forma financials, conducting financial analysis, and building strategic plans, which helps reduce the risk of lending for BIDUK. Swisscontact's technical assistance is subsidised and repaid on a sliding scale. With BIDUK, the last repayment made by their borrowers is a 'rebate' with an interest rate reduction that goes to covering the technical assistance that was provided by Swisscontact.

Additional Indonesian collaborators include Kinara, PULSE, Moonshot Ventures, and SIAP. The latter two were members of the Frontier Incubators program.



“The entire hiring process – from creating new positions to having candidates in place, took months and slowed down the activities by a quarter, at least... [However] the unforeseen team changes have actually led to a stronger team composition than the one mentioned in the original proposal, especially the Jakarta-based team.”

– **Kaylene Alvarez, Athena Global Alliance**

Building a Pipeline based on Referrals

New to the market, BIDUK has been relying on a referral-based approach to build its pipeline. Using referrals establishes a sense of mutual credibility on both sides of the relationship instead of simply opening up to the public. For BIDUK, this credibility has been especially valuable as an 'unknown' player in Jakarta and an atypical lender. In building their pipeline, BIDUK has found that:

- **Not all entrepreneurs have the financial literacy to understand different terms of loans.** 'They only hear the nominal figure.' This can influence clients' abilities to understand the terms that are in their best interest

25. <https://www.swisscontact.org/nc/en/country/laos/projects/projects/project/-/show/rise-en.html>

when borrowing. Beyond improving their understanding of borrowing, BIDUK saw the need to assist WSGBs in applying financial tools and develop leadership, coaching, and role models for WSGBs owners and staff. This includes helping entrepreneurs understand how to calculate interest rates to compare, understand how debt and equity can and should be used for different purposes, and think strategically about leveraging capital.

- **Identifying technical assistance providers that understand the WSDG segment has been a challenge.** “Most technical assistance providers focus on investors’ readiness for venture capital or later stage angel investing; the typical BIDUK client is 5-7 years away from this type of investment. The [technical assistance] providers are not wrong, but their services are a function of demand. Investors, donors, and others interested in impact investing need to be realistic about the current state of investment.”
- **Relationships between lenders and borrowers are more than transactional. On this topic, there are several findings:**
 - Finalising a deal requires guidance and a sense of ‘partnership’ between BIDUK and the WSDG. Trust---going both ways---is key.
 - Having the referrer attend initial meetings to make “introductions” seems to bring further credibility and help communicate BIDUKs unique value-add.
 - There is a delicate balance to ensure that the relationship does not guarantee funding. Partnerships need to be formalised.
- **Extra care is taken in underwriting.** BIDUK focuses on both the ability (measured by quantitative ability to repay the loan) and willingness (whether the client wants to make repayment a priority) to repay a loan. BIDUK takes extra care to determine that it will not put borrowers in positions in which they cannot repay loans responsibly. Most WSGBs have an apparent willingness to pay, but the ability to repay is sometimes not well understood by the enterprises themselves. In Indonesia, many women will seek validation or permission from their husbands. As a result, husbands are often included in the ‘sales’ process. The dynamics at home will also contribute to their ultimate willingness to pay.

Designing Financial Products Tailored to Clients’ Needs and Risk Profiles

“BIDUK’s product is bespoke as compared to existing financial products, in a way that the structure of the financial product is built based on the result of the due diligence, not before the due diligence. This way, BIDUK can customise the product to match the client’s cash flow, while also pricing for the perceived risk.”

– Daniel Marantika, Business Development Manager, BIDUK

BIDUK develops flexible financial products that are highly customised to clients’ needs and risk profiles. These include but are not limited to the introduction of a grace period for principal payments, considering moveable assets as collateral, and having variable repayment schedules based around actual cash flows. These products also reduce the focus typically placed on exit strategies for equity investments, as traditional liquidity events may not be realistic in these markets.

BIDUK recognises that women value relationships and seek partners with whom they can grow the business. Subsequently, BIDUK makes efforts to build relationships with clients and engage them in larger local WSGBs ecosystems.

Removing Unconscious Bias in the Investment Process, and as an Organisation

As a completely new financial intermediary, BIDUK was founded with an awareness of gender bias in the historical financial sector, and has built a system and structure devoid of some of the common structural biases found in most financial institutions. These include:

- Gender balanced team (67% women; 33% men), and deal team (50% women)
- Gender balanced Loan Approval Committee (2/3 women)

- Gender balanced Advisory Board (50% women)
- Remove need for spousal consent in loan agreements
- Remove need for collateral
- Equitable family leave time that encompasses maternity and paternity leave; it also includes non-biological parents (for adoption and in vitro fertilisation) as well as care for family members other than children
- Non COVID-19 work from home and flexible work policies

Measuring Impact through a Comprehensive Gender Lens

BIDUK will gender disaggregate all data from inception, hoping to demonstrate the proof of concept that investing in women is investing in success. BIDUK, along with the other Frontier Broker projects, will track how their portfolio performs against six gender lenses: women as investors,



“One of BIDUK’s innovations is also that gender is embedded in the fabric of our model, meaning that the core of our business is to demonstrate a successful investment process free from gender bias, rather than trying to retrofit gender equitable measures in an existing, discriminating process of investments. This means that gender lenses have been applied to all steps of our project cycle (or investment process), from building our pipeline, through running due diligence and collecting impact metrics.”

– Kaylene Alvarez, Athena Global

women in the supply chain, women’s access to capital, women in leadership, products, and services, and workplace equity. BIDUK will also apply finance industry-standard metrics and test metrics that value women to understand their impact under Frontier Brokers. The team notes, “As part of the experimental nature of Frontier Brokers, we have committed to experimenting with metrics to work toward measurement paradigms that aim to VALUE women, not just count them ...our goal is to move the conversation on better ways to value impact, both socially and financially for investments made into SGBs, with the owners of any gender.” The project will also attempt to capture more substantive social equity impact through specific metrics,

voluntarily reported by investee companies. The goal is to test the hypothesis that there is a positive correlation between transparency in reporting and reduced risk, to show causality between valuing women — as WSGB business owners, in leadership roles, and as employees — and reduced business risk.’

Responding to COVID-19

Notably, BIDUK disbursed its first two loans in the height of the COVID-19 pandemic. The BIDUK response to COVID-19 is to focus on resilience, calculated risk taking, and supporting longevity for SGBs. The flexible and short term nature of its products is well suited to seeing enterprise through difficult circumstances resulting from unforeseen, external events.

- BIDUK enhanced its due diligence process to include pre-screens actual or strong prospects for income; references from long-term partners, clients, or suppliers; less focus on historical cash flows; and more focus on year-on-year expenses and incoming cash flows.
- BIDUK’s underwriting places substantial weight on leadership and resilience; nimbleness to strategise in uncertainty; realistic grasp on immediate market trends and recovered expectations; and team commitment and attitude.
- BIDUK helps clients see TA for longer term pivots in a post-COVID-19 environment.



Adjusting to the SFI Performance Framework to capture and learn from the effects of applying the gender lens

Leveraging a hybrid traditional–developmental approach to support adaptive management of the SFI Program, the MEL Partner conducted research and worked with SFI implementing partners and DFAT to ensure that SFI metrics and processes were in place to measure and learn from the effects of applying a gender lens to incubation and investment.

In February 2019, the MEL Partner revised the SFI Performance Framework to reflect these adaptations, operationalising the SFI Gender Strategy and identifying outcomes to be intentionally monitored throughout the remainder of implementation. The MEL Partner conducted research to develop a comprehensive approach grounded in emerging practice and coordinated with the Investing in Women project to help ensure harmonisation of indicators and alignment on language and definitions across DFAT.

To measure the gender lens across SFI components, the MEL Partner added a new outcome area (2.3) and indicators, which are illustrated in the table below.

TABLE 4:

Indicators Added to Measure Performance on Building Capacity of Stakeholders on Gender Lens Investing across the SFI Program

New Outcome Area 2.3	New Indicators
Solutions supported by DFAT prioritise increased capacity of stakeholders (incubators, brokers, and capital providers and all associated social enterprises) in gender lens investing	# of stakeholders trained in gender inclusive strategies or gender lens investing
	% trained who report:
	Increased knowledge/skills
	Applied knowledge/skills
	Increased performance based on knowledge/skills
	Increased ability to network
	% who report positive perceptions of the program

To develop the metrics to capture in more detail any outcomes from applying the gender lens to the Brokers component, the MEL drew upon the latest gender indicators designed by IRIS+ and the six gender lenses developed by Duke University’s Center for the Advancement of Social Entrepreneurship and Catalyst at Large and took into consideration approaches already in place among SFI Program implementing partners. The MEL Partner also convened a webinar with SFI Brokers component implementing partners to solicit feedback on the proposed new metrics.

The resulting common measurement framework among Brokers goes beyond counting women to capture intermediate outcomes on the effects of capital provided and brokered to social enterprises has a positive effect on women and girls. Each Brokers project will track the type of progress that is relevant to their project across six gender lenses: women as investors, women in leadership, women in the supply chain, women’s access to capital, workplace equity, and investments in companies with products and services that address the needs of women and girls.

These intermediate outcomes and associated indicators are illustrated in the table below.

TABLE 5:

Indicators Added to Measure Performance of Frontier Brokers' Positive Effects on Women and Girls

Outcome Area 3.2	Indicators
Outcome 3.2.1 Women as investors are prioritised	% women asset managers (among brokers and capital providers involved in SFI)
	% women on investment committees (among brokers and capital providers involved in SFI)
Outcome 3.2.2 Women in company leadership are prioritised	% of companies supported with female ownership (aggregate average)
	% of female board members on portfolio supported (aggregate average)
	% of female managers in companies supported (aggregate average)
Outcome 3.2.3 Investments that have positive effects on workplace equity are prioritised	% of companies supported with workplace equity policies in place (aggregate average)
	% of companies supported with training on policies in place (aggregate average)
Outcome 3.2.4 Investments that include women in the supply chain are prioritised	% of female employees in supplier entities (aggregate average)
	% of companies supported with supplier policies in place (aggregate average)
	% of companies supported with training on supplier policies in place (aggregate average)
Outcome 3.2.5 Investments in companies with products and services that address women's/girls' needs are prioritised	# of products and services that address women's/girls' needs
	# women/girls users



IMPACT STORY

IIX'S EQUITY@SCALE: BUILDING CAPACITY IN GENDER LENS INVESTING AND MEASUREMENT ACROSS THE IMPACT INVESTING ECOSYSTEM

IIX is taking a multi-stakeholder, multi-pronged approach to moving capital to promote gender equality through the Equity@Scale project. The hypothesis is that there is a unique opportunity to systematically incentivise all ecosystem players (including enterprises, investors, foundations, banks, financial service partners, lawyers, corporate partners, mentors, etc.) to graduate up the gender lens investing ladder from gender awareness to gender-transformative approaches. The ultimate goal is to shift the gendered power dynamics in favor of women entrepreneurs and gender equality by increasing their knowledge of gender lens investing.

IIX is testing this assumption through four activities funded by Frontier Brokers:

- **Supporting enterprise growth** through the Future 500 Fellowship Program that provides access to a suite of services including technical assistance, capital raise, mentorship, new market entry (valued at over US\$100,000).
- **Developing a network of leaders and mentors** under the Future 500 Network for global business leaders who are stepping up to embrace sustainable innovation and women's empowerment
- **Providing access to capital and investments** with the Impact Partners platform that is the largest crowdfunding platform for impact investing connecting enterprises with +1,200 accredited impact investors with a total assets under management of +\$12B.
- **Building market access and corporate partnerships that enable** enterprises to gain broader market access to scale their impact.

Through these activities, IIX aims to

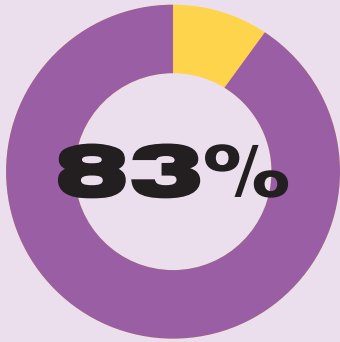
1. Connect impact enterprises to a pool of mentors to establish relationships that are mutually empowering;
2. Reduce the time cost of the investment capital raise process through underwriting risk, increasing competition among investors, and expanding specialist support networks; and
3. Connect more mature impact enterprises to negotiate supply contracts with corporate partners in the value chain.

A fundamental element of this work is the introduction to and building capacity in gender lens investing, which is woven into each activity, providing online training on the fundamentals of measuring impact with a gender lens and various impact measurement and gender lens analysis methodologies. Impact enterprises are being trained to self-report impact metrics, including gender-aware metrics. When paired effectively with financial documents in discussions with potential investors, the impact assessment enables investors to incorporate gender lens investing in their investment approach. This provides them with the risk-return-impact profile of the investment, thus embedding gender into the evaluation of their portfolio. IIX is also partnering with Women Organizing for Change in Agriculture and Natural Resource Management and regional partners as gender trainers. These gender trainers educate mentors on the acute gap in access that women have to mentors' networks and the need to consciously shift the power dynamic in mentoring relationships by seeking to learn from mentees' insights, life experiences, and talents. Finally, IIX works with investors to incorporate gender lens investing in their investment approach.

STAKEHOLDERS TRAINED IN GLIA UNDER EQUITY@SCALE

123

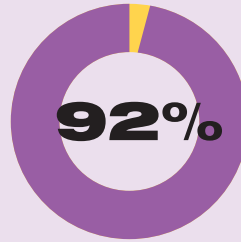
Corporate Partners



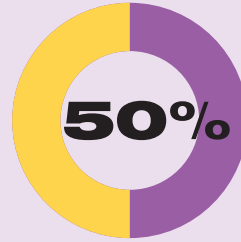
Corporate partners who report increased knowledge/ skills in gender lens investing

113

Mentors



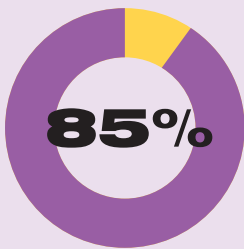
of mentors reported a high or very high increase in knowledge/ skills in investment readiness and gender lens impact assessment



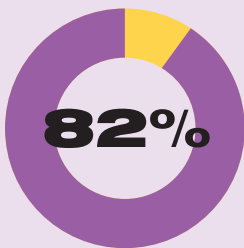
Of specialists trained reported high or very high increase in knowledge/ skills in investment readiness and gender lens impact assessment

20

Investors



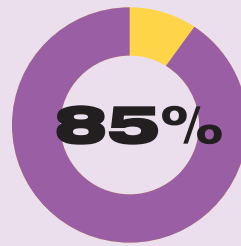
Of investors increase in awareness in gender lens investing



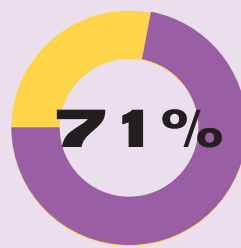
Investors who report an ability to apply gender lens investing into their investment approach

280

Social enterprises



of social enterprises reported a high or very high increase in knowledge/ skills



of social enterprises reported a high or very high ability to apply knowledge of investment readiness and gender lens impact assessment to their work



Lessons learned for increasing capacity of stakeholders in gender lens investing

1

Gender lens incubation and gender lens investing, which are not yet mainstream, require a degree of awareness raising and capacity building to encourage adoption across the Asia-Pacific region. What it means to apply a gender lens to incubation and investing and how to operationalise this within organisations, such as incubators and accelerators, and in investments is not yet widely understood or embraced in the Asia-Pacific. Introductory guidance and tools are necessary to help make the concept of a gender lens relevant and provide practical advice for applying this concept to organisations' operations and investment decision making processes. For Frontier Incubators, introductory workshops were critical in supporting organisations. These provided grounding and context for organisations as they took the first steps in understanding how gender relates to them and their work and how they might use the GLIA Toolkit to improve their impact. Participant feedback revealed that the first few introductory sessions were vital to unlocking what participants knew subconsciously but had never considered deliberately. These sessions helped participants understand what potential issues were, and the GLIA Toolkit then provided the frameworks for addressing these issues.

The Frontier Brokers Network has jointly produced a series of awareness raising activities to promote the concept of gender lens investing in the Asia-Pacific. Guidance and tools to provide practical advice for applying this concept will help further the goal of influencing ecosystem approaches in this area. A Gender Lens Investigative Study is planned in February 2021, and comparing the different approaches that each Broker has taken to influencing the ecosystem in their contexts is an exercise that should be considered. Collaborating with Investing in Women research activities also will add value by contributing to coherence across DFAT initiatives.

2

Capacity building tools should be designed with stakeholders to ensure relevance and effectiveness of support delivery. There is no one size fits all approach to applying a gender lens to incubation and acceleration and investing. Determining what works within a specific context and environment, calls for small, controlled experiments and work with stakeholders to design capacity development tools. Applying a gender lens requires an acknowledgment that the process takes time and dedicated resources to get it right—and even then, it will likely continue to evolve and adapt to changing contexts.

Lily Yu, Senior Advisor, Gender Investment and Innovation, Sasakawa Peace Foundation noted, “We’ve been doing work around developing a toolkit from the research side, but working with practitioners and having pilot partners involved in the design and continuous feedback—resulted in a fruitful collaboration. I’ve learned so much from seeing this process from their eyes as well. I highly recommend the partners to other organisations—if we were to try to do it alone, the final output would not be as good as what we’re coming towards. Collective action has brought a lot of extra value for us.”

3

Donors are well placed to promote the application of a gender lens across all programs to promote inclusive poverty reduction. The example of integrating a Gender Lens into Frontier Incubators and Frontier Brokers highlights the significant role donors can play in catalysing partnerships around and investment in furthering the application of a gender lens in the region through commitments and providing platforms for collaboration and collective exploration and action. Such work must be supported with mechanisms that make it possible for multiple parties to engage. The work under Frontier Incubators emerged from interest from another donor partner, and it was able to be incorporated into the component thanks to the adaptive management approach that the iXc took to SFI implementation. The work under Frontier Brokers demonstrated DFAT's ability to incorporate a more recently articulated organisational strategy into programming, and it was able to be incorporated into the component thanks to the innovative procurement approach that solicited views from across the ecosystem.

As a flagship program of the iXc, which was established in 2015 to facilitate greater experimentation, partnership building, and learning across DFAT, the SFI Program was a collaborative endeavour from its origins.

The design of SFI emerged from research and conversations that DFAT undertook with many people involved in the entrepreneurship and impact investing ecosystem globally with particular consideration of the Asia-Pacific context. DFAT actively sought out entities who were a part of that ecosystem to come together in various types of partnerships to implement SFI components and cross-cutting activities.

As mentioned in earlier sections of this report, SFI implementation not only incorporated partnerships but also applied peer networks as an approach to build and strengthen connections within and across SFI's components. The extent to which partnerships and peer networks were incorporated evolved over the course of implementation. Based on findings from the MEL Partner's investigative study of partnerships,²⁶ DFAT adapted its approach after learning about the positive effects that collaborative partnership and peer networks were having on results. Among these positive effects was the contribution of partnerships and peer networks on strengthening connections between ecosystem players within and across SFI components.

- **The Frontier Innovators component**, which was implemented first, kicked off with an in-person convening to help build capacity and a sense of connection to encourage peer learning within the cohort of social enterprises. Several cohort calls were facilitated and a WhatsApp group was established to encourage peer learning amongst the cohort. Data showed that the in-person convening and the follow up cohort calls effectively facilitated the formation of connections among grantees and encouraged grantees to learn from one

another. The WhatsApp group was reportedly still used informally to share occasional updates more than a year after the program's official close.

- **The Frontier Incubators component** had dedicated time set aside in the contract for the Implementing Consortium to form and facilitate a peer learning network and strengthen connections among participants. Peer learning was built into implementation more deliberately. SecondMuse's role as implementing partner of Frontier Innovators brought knowledge and experience as well as other partners (e.g, Conveners.org) that were skilled in peer network formation and support. Mechanisms of face-to-face convenings, virtual thematic learning sessions, online discussions, and ask/offer exchanges via the Slack platform led to the weaving of new connections throughout the implementation phase. The Implementing Consortium took an active role as network hosts, conveners, and activators. DFAT participated as a contributing member rather than as a top-down presence or an active curator, which are roles often played in networks created with donor support. Incubator program participants noted in surveys that this unique and non-traditional mode of engagement by DFAT was deeply collaborative.
- **The Frontier Brokers component** had an explicit and intentional network building workstream. DFAT dedicated funds to support the formation of the Brokers Network, which includes all members of the organisations engaged to design and implement four impact investing projects. The aim of the Brokers Network is to contribute to building and strengthening existing ecosystems by encouraging collaboration and cooperation, not only among the projects, but also with other ecosystem players in the Asia-Pacific region. Good Return, which is also one of the Frontier Brokers, led a co-design process and convened the network in a mix of face-to-face, virtual gatherings, and collective activities that supported the goals of shared learning, collaboration and engaging the wider ecosystem. DFAT are members of the network, and the MEL team supports Good Return by contributing to the co-design and co-facilitation of network convenings,

26. Moonshot Global and Living Collaborations. 2020. Partnering for Impact: Results and Insights from the Scaling Frontier Innovation Program.

adding a learning dimension to the work, and supporting review and reflection with data collection and analysis through a range of traditional and DE approaches.

Solutions supported by DFAT prioritise strengthening connections between innovators, incubators, and brokers. Highlights of these results are presented in the box below.²⁷

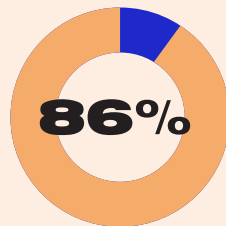
To ensure that lessons from the experience of collaborative partnering and peer networks were surfaced and disseminated to others at DFAT, the MEL Partner added a new outcome area (2.4) to the performance framework:

RESULTS

Frontier Innovators



felt more connected to the entrepreneurial ecosystem in their region



of cited collaboration of some form with another program participant

Frontier Incubators



reported increased ability to network with others in the entrepreneurship ecosystem

Frontier Brokers



reported that the benefits of being involved in the Brokers Network outweighed their investment

SFI PROGRAM WIDE

As of the writing of this evaluation, 7 formal partnerships have emerged among SFI participants.

1. The TA provider to ATEC* joined their Board of Directors.

2. SkyEye and their support provider, Akina, signed a formal contract to continue collaborating.

3. xchange and Villgro are working together to develop an angel investing network in the Philippines.

4. Brightlight included SecondMuse as a partner on the Frontier Brokers project.

5. BIDUK is partnering with Frontier Innovator Amaritha on their board.

6. BIDUK is partnering with Instellar, a participant in Frontier Incubators, for due diligence whom they met at the Brokers co-creation.

7. BIDUK is partnering with Frontier Incubator Cohort Partner Moonshot Ventures on their board.

27. Some of the component-level results, which were included in earlier sections of the report, are repeated in the box for easy reference.

Beyond the quantitative results, there was evidence that the SFI Program in its setup and design stage demonstrated the following hallmarks of collaborative partnerships:

- The SFI’s Program’s focus on identifying and attracting organisations that had shared objectives and mission alignment with SFI Program goals underpin collaborative partnerships.
- The flexible, purpose-built procurement created opportunities for learning. Combined with the adaptive management approach DFAT took to implementation, flexible procurement gave DFAT both the data to draw upon and the opportunity to refine the scope, type of organisation, selection criteria and even procurement method from one component to the next.
- Procurement through the IRF and through DFAT’s first-ever co-creation attracted organisations comfortable with ambiguity and adaptation. Once contracted, these organisations formed partnerships with other subcontractors which also held shared objectives and mission alignment.

The use of collaborative partnering on SFI resulted in more integrated, adaptive, and agile implementation, rather than a siloed approach focused on achieving predetermined

objectives, and created the conditions conducive to serendipitous opportunities for collaboration. Data gathered by the MEL Partner showed that SFI activated global networks to gather insights to inform feasibility and design, to expand recruitment of entrepreneurs and accelerators, to surface evidence from selection processes, and to activate ties between program participants and key players in the ecosystem.

The application of peer networking, most notably through support of an Incubators Network and creation and support of the Brokers Network, led to added value. The charts below illustrate the average scores on a 7-point scale on the degree to which these SFI participants experienced particular types of added value.

SURVEY RESULTS

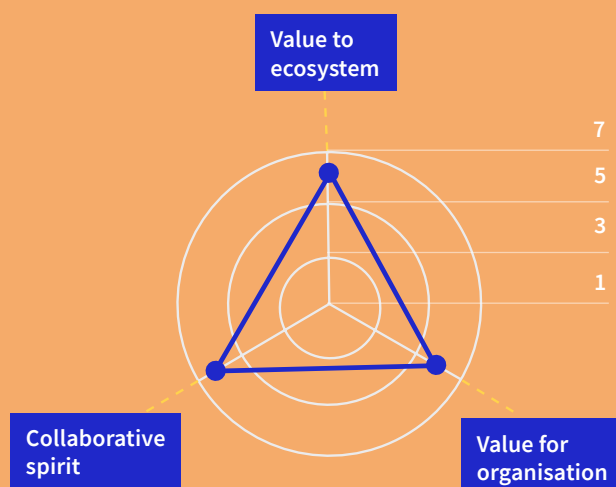
Incubators Network Added Value

The results indicate a high level of value was realised from the Incubators Network.

This chart shows the average scores across the full set of respondents, for the indicators for Network Value. (i.e., Added value for entrepreneurs and the entrepreneurial ecosystem, Added value for their own organisation and Collaborative Spirit of the Network)

- The scores are consistently high (avg 6.3/7) for all indicators from all respondents.
- The average score across the whole group for the set of questions addressing collaborative spirit was 6.21 out of 7.
- The average score across the whole group for the set of questions addressing benefits to their own organisation was 5.85 out of 7.

- The average score across the whole group for the set of questions addressing benefits to the ecosystem was 6.21 out of 7.



SURVEY RESULTS

Brokers Network Added Value

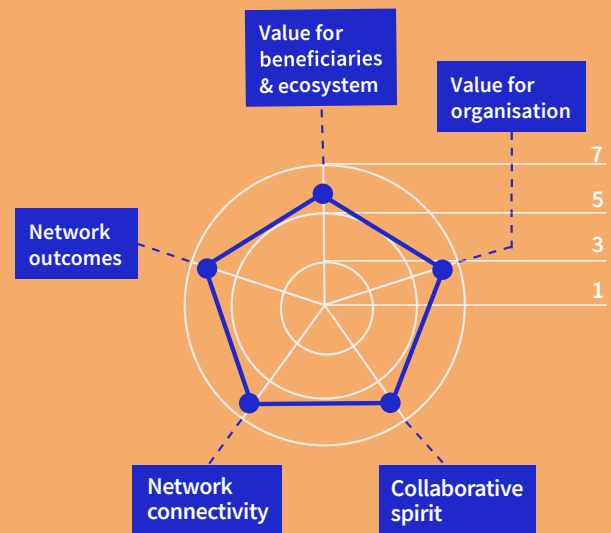
The results indicate a high level of added value was realised from the brokers network.

This chart shows the average scores across the full set of respondents, for the indicators for Added Value (ie. Added Value for Entrepreneurs and the Entrepreneurship Ecosystem, Added Value for Organisations, Collaborative Spirit, Network Connectivity and Network Outcomes).

The scores are consistently high (avg 6.1/7) for all indicators from all respondents.

- The average score across the whole group for the set of questions addressing added value for entrepreneurs and the entrepreneurship ecosystem was 5.8 out of 7.
- The average score across the whole group for the set of questions addressing benefits to their own organisation was 6.23 out of 7.
- The average score across the whole group for the set of questions addressing network connectivity was 6.4 out of 7.

- The average score across the whole group for the set of questions addressing network outcomes was 6.2 out of 7.
- The average score across the whole group for the set of questions addressing collaborative mindsets was 6.1 out of 7.



The Frontier Incubators Network added value to the entrepreneurial ecosystem through the creation of the Best Practice Guide and Gender Lens Incubation and Acceleration Toolkit, neither of which were initially envisaged and both of which emerged from network connections, collaborative mindsets, and openness to innovation

“We are very excited about the added value created by the Best Practice Guide and the Gender Lens Incubation and Acceleration Toolkit. These resources are going to be a significant asset to our community of accelerators... to improve the effectiveness of their programs.”

– North American Consortium partner

“...the opportunity to create the world’s first gender toolkit for incubators and accelerators. The importance here is that this focus did not exist at the start of the SFI program... So to be able to create this knowledge with key players in the ecosystem has been powerful.”

– SE Asia Cohort Partner

“Participating in the Gender Lens Incubation and Acceleration Toolkit process has been valuable, and has provided us with additional ecosystem influence around that core industry issue.”

– SE Asia Cohort Partner

The Frontier Brokers Network, after one year of intentional network formation and facilitation, shows encouraging and increasing levels of connectivity, establishing a solid basis for a resilient network with the potential to extend beyond the SFI period of support. Data gathered by the MEL Partner for this evaluation indicate that the deliberate support of the Brokers Network, the start up of the Network at the beginning of Frontier Brokers’ activities, and the application of co-design to plan network activities have increased connections between Brokers and contribution of the Network to positive results.

“Our team are now more connected and better aware of the range of brokering activities taking place in the region, and having established personal relationships with other brokers we are better placed to collaborate, seek information and make referrals for new opportunities.”

– Aus/NZ, Network Convenor

Continuing to track how the Broker’s Network has contributed to the achievement of results in this outcome area in Year 2 will help determine the value of supporting a Network Convenor and help other parts of DFAT determine the applicability of the approach of supporting an intermediary among intermediaries. Data on the Frontier Broker’s Network will be updated in March 2021.

“The Network Convenor is playing a learning function across the Brokers. This is not something that is seen. We’re looking at how we can get that sharing experience. That’s an interesting process for us to watch the Network Convenor role unfold on Frontier Brokers.”

– Kristy Graham, Director, Private Finance for Development, DFAT



Co-design led to clarity and alignment on objectives

in the Broker’s Network set up and design and laid the groundwork for a collaborative approach in the daily operations.

The learning surfaced through Frontier Incubators showed that peer networks led to increased connections between SFI participants and contributed to results and the demand voiced by participants in the Frontier Brokers co-creation activity for strengthened connections and opportunities for networking among impact investors active in the Asia-Pacific.

Data gathered by the MEL partner points to early success of the Brokers Network, and findings from results reflections with SFI participants pointed to the innovative approach of co-design as a key contributor to this success. Co-design was able to occur thanks to

- The desire of all organisations to establish the network and seeing value in being a collective
- The openness of DFAT to incorporate co-design by and for the members
- The principles underpinning Good Return’s approach including openness to others’ ideas and valuing difference, co-design, equity for members, and prioritising value for all



- Extensive data collection from network members about their expectations, objectives, contributions, and preferences

In June 2019, Good Return conducted a Network Design Workshop. Outputs from the co-design process were a Year 1 Activity Plan and Communications Plan, a Code of Conduct, mechanisms for ongoing engagement between Brokers—which included bi-monthly virtual meetings, a Slack channel, and a shared Google Drive—and a small fund set aside to both support individual Broker participation in the network and generate benefits to the ecosystem. Brokers agreed to the following objectives and activity streams:

- **Collaboration:** to identify leverage points between the Brokers where the collective efforts of Brokers will be more impactful for achieving network aims of catalysing capital to social enterprises in Asia-Pacific.
- **Shared learning:** to provide opportunities for insights and reflection which can be translated into lessons learnt for the ongoing internal improvement of the Frontier Broker’s Network and disseminating learnings externally to stimulate growth and improvement of the wider impact investment ecosystem.

- **Engaging and influencing the ecosystem:** to advocate for gender lens investing and strengthen connections and opportunities in the impact investing ecosystem; increased cooperation within the ecosystem will assist with stimulating the flow of capital to social impact-focused, small and growing businesses in Asia-Pacific.

Co-design of activities also led to three substantial collaborative projects. As of the end of Year 1 of the Broker’s Network, articulation of interests by Brokers has led to joint work on the development of:

- A workshop that engaged the ecosystem on gender lens investing was held at the AVPN’s Southeast Asia Summit in February 2020 attracted 73 participants from across the region,
- A podcast series, which is being planned jointly by several in the Broker’s Network and is aimed at increasing awareness of SFI and GLI in the Asia-Pacific, and
- A practical, short animated video, which includes input from all Brokers and is aimed at promoting GLI to a wide range of audiences by illustrating its core goals and sparking discussion to stimulate interest and lead to action either in GLI or gender-focused actions.



IMPACT STORY

CREATING SPACE FOR INTERSECTIONS IN THE PHILIPPINE'S ENTREPRENEURSHIP ECOSYSTEM

“Getting to the place where things fall in line for ecosystem building cannot be short-circuited, but Frontier Incubators has shown that it can be accelerated. A journey of thought that might otherwise have taken months or years was done in a week because the necessary touchpoints on the journey were assembled in one place.”

Rico Gonzalez, Managing Director, xchange

xchange joined Frontier Incubators to improve their approach to incubation but left inspired to pursue something more. The Villgro and xchange teams, which were matched in the Frontier Incubators Program to provide and receive capacity development services, extended this partnership to co-design and develop the Impact Pioneers Network. Frontier Incubators created the space for their collaboration, which led to the first of its kind angel investment network.

This extended partnership is an example of an “intersection” achieved through the contributions of the SFI Program. As one of the key elements of a thriving entrepreneurial ecosystem,²⁸ intersections facilitate the interaction of people, ideas, and resources. The partnership between Villgro and xchange, which was enhanced by Frontier

28. The concept of “intersections” is taken from the Kauffman Foundation. For the complete list of elements, Reference Kauffmann Foundation, Entrepreneurial Ecosystem Building Handbook 3.0, available at <https://www.kauffman.org/ecosystem-playbook-draft-3/ecosystems/>.

Incubators activity and AUD155,000 in DFAT direct support, is poised to contribute to meet urgent working capital needs of enterprises in the post-Covid-19 world.

“The Frontier Incubators program has given us the platform to build a deeper connection with xchange and is now setting us on a new path as true collaborators and partners, to strengthen the Philippine ecosystem.”— Priya Thachadi, Co-Founder, Villgro Philippines

Villgro is India’s oldest and one of the world’s largest social enterprise incubators supporting innovative, impactful, and successful for-profit enterprises who are tackling some of the most pressing challenges in the developing world. Villgro recently launched operations in the Philippines, led by Program Partner Priya Thachadi. Villgro was matched with xchange under Frontier Incubators to provide custom capacity building support.

xchange is an incubator in the Philippines that invests in early-stage social enterprises while providing tailored mentorship and support to help them achieve scale. Their mission is to catalyse the growth of the Philippine social enterprise sector by helping individual social enterprises reach sustainability and scale in the shortest possible time.

Thachadi noted, “xchange and Villgro have been strategic in the collaboration and used the FI platform as an opportunity to create specific interventions in the Philippine ecosystem. The synergy and flexibility of the program allowed this collaboration to take place.” Throughout the program this flexibility allowed them to ‘reframe thoughts’ and learn inline with the needs of the ecosystem, ultimately allowing the concept of the Impact Pioneers Network to emerge.

Under Frontier Incubators, Villgro supported xchange to improve their approach to incubation and develop a new organisational strategy currently being implemented and tested. Erika Tatad, Director of xchange, noted, “We absolutely increased our skills in three priority areas and discussed things we hadn’t even thought about ourselves... We completely incorporated everything into our new [organisational] strategy, which we are now testing.”

“It is not unlikely that we would have collaborated eventually anyway, but it may have taken two or three years to build the level of trust. Frontier Incubators gave us dedicated space to make this actionable, and pursuing an ecosystem initiative together was only possible because of this support and space. This we attribute directly to Frontier Incubators.” — Priya Thachadi, Co-Founder, Villgro Philippines

“For us there is a unique benefit - that Villgro is trying to build a presence on the ground here—so it has been easier for us to reach out to Priya and have a conversation. Both getting involved in ecosystem building here” — Rico Gonzalez, Co-Founder and Managing Director, xchange

“We have seen a change [in] performance and excitement! Prior to the program we were stuck and trying to figure out ‘how do we evolve as an organisation?’ This process has allowed us to think and learn from others and their experience. Frontier Incubators opened our world. and blew our minds from day one.” — Erika Tatad, Director, xchange

Collaborating to Build the Entrepreneurial Ecosystem in the Philippines

When xchange was founded in 2011, the idea of building the entrepreneurial ecosystem was at their core. They identified the shortage of viable impact-driven market players as the most significant mission-critical need in the ecosystem and set out to develop a startup incubator focused on figuring out getting social enterprises to viability, which they define as the ability to deliver impact and achieve financial sustainability.

“Nine years ago, many people I would talk to then got lost if I tried to talk about building an ecosystem. But startups, they could understand. So we focused on that and immersed ourselves entirely in it,” said Gonzalez.

However, in the course of the incubation work they kept running into gaps within the current ecosystem. “The first of these was the need for advisory service providers responsive to entrepreneurs’ needs. We couldn’t find these so we built [them] ourselves. We put lawyers on retainer to give enterprises access to sound legal advice; we hired accountants to provide guidance and structure to building financial systems.” Then, it became clear that without increasing the access to available capital and broader support services from other stakeholders, their efforts to support social enterprises would remain ineffective if there wasn’t opportunity for them to continue to scale.

This realisation hit just as xchange was selected to participate in Frontier Incubators. Then, in Singapore at the Capacity Building and Partnership Workshop, the xchange team were exposed to Program Partner Fledge’s approach to building angel networks as a method of increasing access to impact investing capital. This helped xchange make the ‘critical jump from speculative exploration to conviction’.

They saw the possibility to test creative approaches to

ecosystem building that would crowd in other players in the Philippines. The first step: building an angel network in the Philippines. And they knew they needed help which is where their partnership with Villgro played a pivotal role. The network would go far beyond raising capital for social enterprises. It would develop a network of other ecosystem players to help ensure that the most suitable social enterprises would be identified and receive the support they needed to grow.

As part of the Frontier Incubators program, xchange completed a field study in India, visiting the Villgro headquarters. Erica Tatad noted, “During the study tour in India, we met Angels for Impact; we saw super different models for investing and engaging entrepreneurs...It was so enlightening.”

“In India,” Thacadi expanded, “xchange really saw what an impact investing ecosystem could be and how the ecosystem in the Philippines could grow.”

Tatad continued, “ Our objective is to make sure we have a robust ecosystem for impact. There is a critical stage in between starting and raising Series A investment that no one is funding. A lot of impact enterprises fail because no one is supporting this or giving them a chance to make it to a later stage. We want to help fill this gap. In India we started to see what an impact network could look like... and it’s not just money, but also mentorships and support.”

Thanks to the flexibility of Frontier Incubators, xchange was able to request working with Villgro and the two organisations were given the opportunity to add initial discussions and exploration around angel networks to the custom support plan for xchange.

Collaborating to Respond to Ecosystem Needs

According to Villgro and xchange, Filipino enterprises serving the poor are often Pioneers. Thus, they face challenges and risks like barriers in operating in a difficult environment, delivering products or services last mile, and generating significant financial returns, especially in their early stages. They find it difficult to find resources, raise capital, and grow their business as few investors are willing to finance and absorb the risks involved in pioneering new business models. This challenge is often referred to as the ‘Pioneer Gap’.²⁹

xchange and Villgro partnered to provide equity investments to help fill the pioneer gap. In the wake of the global coronavirus pandemic, however, the pair pivoted to a model of a network to help Filipino impact entrepreneurs ‘survive and thrive in a post-COVID-19 world’. In the Philippines, COVID-19 has hampered the ability of social enterprises to reach customers and access investment capital and resulted in revenue loss, closed operations, and inability to retain staff leaving them struggling to survive.

Villgro and xchange aim to mobilise and disburse up to USD 500,000 to meet urgent working capital needs of enterprises in the Philippines between July 2020 and June 2021. Coined the Impact Pioneers Network, the goal is to provide zero-interest working capital loans, venture debt, or equity based on social entrepreneurs’ needs to ease cash flow distress, as well as six months of tailored support to build resilience and to adapt their models for a recession year. The Network will structure flexible repayments from enterprises; once collected, return to Impact Pioneers or reuse funds to support other enterprises.

29. The term the ‘Pioneer Gap’ was coined in 2013 by Sasha Dichter, Robert Katz, Harvey Koh, and Ashish Karamchandani who found that “that few impact investors are willing to invest in companies targeting the poor, and even fewer are willing to invest at the early stages of the creation of these businesses.” See “Closing the Pioneer Gap,” Stanford Social Innovation Review. Winter 2013, available at https://ssir.org/articles/entry/closing_the_pioneer_gap.

Lessons learned for supporting solutions to strengthen connections between innovators, incubators, and brokers

1

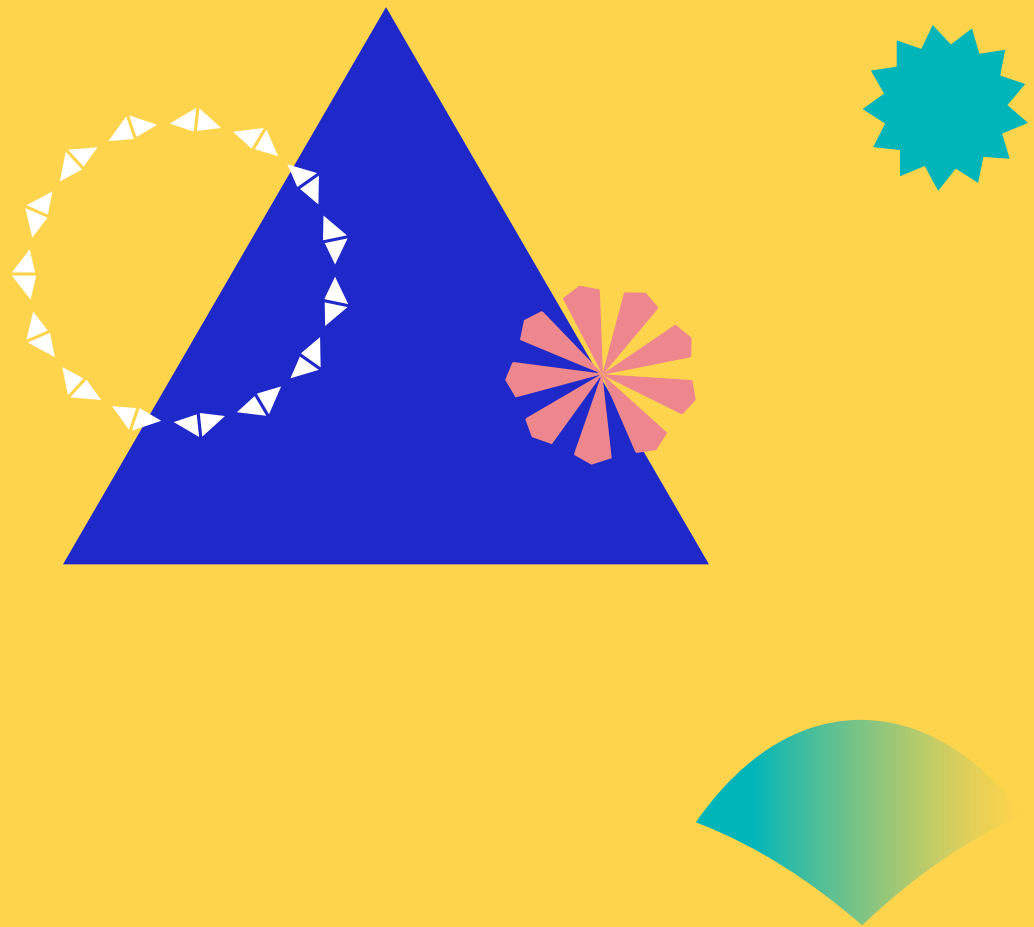
The development and support of network building activities are essential to facilitate contributions to ecosystem change. As demonstrated through SFI, networks create the potential to add diverse types of value to innovation programming and expand the potential of the programming to contribute to ecosystem change. On SFI networks have been the vehicle for delivering added value by creating the space for and reinforcing connections, sharing learning, and forming a collective identity. This in turn enhanced the capacity of players in the entrepreneurial ecosystem to connect to one another and with a wider set of stakeholders and find opportunities to leverage diversity, spark creativity, and pursue shared objectives through collaboration. DFAT should leverage the experience of network building on SFI on other initiatives as an approach that can contribute to ecosystem change.

2

While SFI created opportunities to bring ecosystem players together for serendipitous collaboration, further investment is needed to encourage intermediaries such as incubators and accelerators to work together on entrepreneurial ecosystem building activities. Frontier Incubators was successful in increasing the capacity of participating incubators and accelerators; however, impacting the ecosystem for social enterprises to address development challenges requires more than capacity building. DFAT can contribute to entrepreneurial ecosystem building activities by facilitating opportunities to collaborate and form partnerships and providing resources for collaboration within these partnerships or to sustain these partnerships. The Villgro-xchange partnership is an excellent example.

Interested in learning more?

For more on the partnerships and networks in the design and implementation of SFI, consult [Partnering for Impact: Results and Insights from the Scaling Frontier Innovation Program](#).



3.0 Strategic Recommendations

This section outlines strategic recommendations for programs seeking to leverage innovative approaches to promoting development by supporting social enterprises and entrepreneurship.

Through the SFI Program, DFAT aimed to test innovative approaches to creating sustainable poverty reduction in the Asia Pacific region through scaling the development impact of social enterprises and to influence the delivery of aid in the region by demonstrating the efficacy of new, market-based approaches in achieving development impacts. This report has documented the innovative approaches tested under the program that helped promote development impact. This section lays out strategic recommendations relevant to other programs that seek to leverage innovative approaches to promoting development by supporting social enterprises and entrepreneurship.



Design and support ecosystem building to most effectively support scaling the development impact of social enterprises

When evaluated against the performance framework, SFI has achieved a series of impressive results by component which contribute to the overall program goal of scaling the development impact of social enterprises. However, it has become clear through implementation that social enterprise growth requires entrepreneurial ecosystem strengthening both to sustain these results among SFI program participants and extend them to other social enterprises in the Asia Pacific region. The World Economic Forum believes that entrepreneurs rely on four layers of support and that the combination of these four types of “enablers” allows entrepreneurs to succeed. These enablers are: personal enablers such as mentors and education, financial enablers such as banks, investors and microfinance, businesses enablers such as incubators and networking associations, and environmental enablers such as regulatory framework, infrastructure and culture.³⁰ While SFI addressed some of these enablers, programming was fragmented across the region and was not as focused on environmental enablers, an important element if ecosystem change is to be achieved and sustained.

What is an Entrepreneurial Ecosystem?

Entrepreneurship is often discussed and best understood as occurring within an ecosystem. A simple definition of an ecosystem is a community of living organisms taken together with the nonliving components of their environment, interacting as a system. There are a number of approaches to describing entrepreneurial ecosystems. Two that resonate with SFI’s goals are:

- The six-part model laid out by Babson Global, a subsidiary of Babson College: Culture (success stories and societal norms), Markets (networks and early customers), Human Capital (labor and educational institutions), Finance (financial capital), Supports (support professions, infrastructure, and nongovernmental organisations), and Policy (leadership and government).³¹
- Kauffman Foundation’s description of an entrepreneurial ecosystem as people and the culture of trust and collaboration that allows them to interact successfully. Elements necessary for thriving ecosystems are thought to be: entrepreneurs, talent, knowledge and resources, champions and conveners of entrepreneurs and the ecosystem, onramps (or access points), intersections that facilitate the interaction of people, ideas, and resources, stories that people tell about themselves and their ecosystem, and culture.³²

Through SFI, DFAT engaged in an experiment to test hypotheses around what types of support may scale the development impact of social enterprises most efficiently, effectively, and sustainably. Frontier Innovators shed light on the range of unique challenges experienced by social enterprises at varying stages of development and demonstrated that with flexible support and a minimal additional investment by DFAT, it was possible to help social enterprises raise an additional \$21 million AUD and directly impact 177,000 lives within two

30. World Economic Forum. 2014. Entrepreneurial Ecosystems Around the Globe and Early-Stage Company Growth Dynamics – the Entrepreneur’s Perspective. Available at: <https://reports.weforum.org/entrepreneurial-ecosystems-around-the-globe-and-early-stage-company-growth-dynamics/>

31. International Strategic Management. “The Six Domains of the Entrepreneurship Ecosystem,” November 7, 2017. Available at: <https://medium.com/@myISMinc/the-6-domains-of-the-entrepreneurship-ecosystem-a297571f58be>

32. Kauffman Foundation. Entrepreneurial Ecosystem Building Handbook 3.0. Available at: <https://www.kauffman.org/ecosystem-playbook-draft-3/ecosystems/>

years. However, SFI results and experience demonstrated that increased efficiency came from support to entrepreneurship support organisations (ESOs). Compared to Frontier Innovators, which supported 14 social enterprises, the effects of supporting 31 incubators and accelerators under the Frontier Incubators component reached 288 social enterprises. The potential is now there for some of these social enterprises to scale similarly to the Frontier Innovators.

DFAT should take the learnings from SFI and develop a framework for entrepreneurial ecosystem strengthening to apply across its programming. A framework would define what DFAT means when referring to an entrepreneurial ecosystem and what constitutes strengthening in the Asia Pacific region. The framework would be applied to design the DFAT programs that contribute to ecosystem strengthening, to conduct baseline assessments to determine the most pressing needs that this programming should address, and to track, measure, and learn from the interventions. Mapping the fragmented and evolving landscape of international, regional and particularly local stakeholders with a role to play in entrepreneurial ecosystem strengthening would help DFAT identify other actors' goals and align contributions to ecosystem strengthening and spur outcomes beyond the direct participants of SFI.

Once this framework is defined, it may become apparent that DFAT's incremental investment could be best channeled into support of existing ecosystem players in addressing the challenges they see as the most pressing. On future initiatives, **DFAT should consider supporting in-country ecosystem strengthening by creating a fund to empower ESOs and other intermediaries to address barriers or seize opportunities related to social enterprise growth and scaling.** These ESOs and other intermediaries could apply for seed capital for ecosystem strengthening activities that emerge. Such a fund would lead to better linkages across these actors in the entrepreneurial ecosystem.

2

Support the further development of a well functioning set of collaborative partnerships among organisations that fund and/or implement entrepreneurial ecosystem strengthening activities

Collaborative partnerships among a diverse set of ecosystem actors were foundational to SFI. Results—both expected and unexpected—achieved through the Program have demonstrated the importance of investing in the further development of these and similar partnerships. **The work done under SFI to form partnerships, to develop an understanding of the partnership models that DFAT applied, and to uncover the types of added value that SFI partners realised should be carried over into DFAT's other multifaceted programming, especially private sector development programming.** Examples of these partnerships range from contractual relationships with consortia of mission-driven organisations already active and committed to entrepreneurial ecosystem strengthening and the support of networks such as the Asia Venture Philanthropy Network and The Aspen Network of Development Entrepreneurs to alignment of common goals among other donors such as the Sasakawa Peace Foundation. Specifically, DFAT should:

- Maximise continued cooperation to pursue shared goals with traditional development actors such as bilateral and multilateral overseas development assistance donors and development finance institutions by developing networks of cooperation to help ensure coherence of resources;
- Develop specific plans to expand partnerships with the private sector and foundations to align efforts and leverage complementary goals. There is a particular need to identify and leverage partners that have access to a wider range of forms of support than DFAT has;
- Look across the Australian whole of government investments to identify benefits to deepening connections between SFI participants with complementary strengths and shared interests and other programs' implementing partners and/or beneficiaries;
- Continue the deliberate labeling, measurement, reflection, and analysis of partnerships' effects to ensure that DFAT efforts are informed by experience and coordinated and lead to the most effective response and the maximisation of direct resources. This includes applying performance indicators, such as those developed and applied under SFI, to DFAT's strategic partnerships.

3

Support the creation and curation of a knowledge network to raise awareness and exchange learning about and promote sustainability of entrepreneurship ecosystem strengthening initiatives

Particularly in light of COVID-19 pandemic, it is imperative to continue to engage and empower the full range of ecosystem players in entrepreneurial ecosystem strengthening, including local and regional actors, DFAT staff and implementing partners, and DFAT's other donor partners. **DFAT should consider investing to DFAT should invest in robust knowledge sharing to enhance the sustainability of SFI's results and continue to catalyse learning about entrepreneurship ecosystem strengthening.** A knowledge network would help prevent the loss of benefits from past efforts at building economic and strategic partnerships and help offset the difficulties in maintaining relationships when travel is restricted. OECD research shows that a knowledge network that focuses on knowledge generation, knowledge transfer, and knowledge application can play a crucial role in boosting organisational performance, contributing to what is often a major networking gap between knowledge sources and entities that need to utilise the knowledge.³³ In addition, a knowledge network will fill an immediate void left by reduced face-to-face interaction in the short term and lead to more frequent and better coordination in the medium term.

The knowledge network should have the following goals:

- Facilitate shared learning and exchange of good practices and tools, leveraging members' existing knowledge activities through its structures, incentives and norms,
- Commission, accumulate, and distribute new knowledge,
- Identify and adapt knowledge to their specific local challenges, and
- Support network members in their work.

Support for a knowledge network could start small by expanding on the model of DFAT's Entrepreneurship Working Group to include a wider group within DFAT, DFAT's partners, and other interested entrepreneurial ecosystem players in countries in the Asia Pacific. Creating a more expansive knowledge network, which includes external actors, will enable DFAT to play a central role in providing connective tissue among those already engaged in entrepreneurial ecosystem strengthening and may attract new players, especially new funders.

Such a knowledge network could be developed as a pilot with a limited investment in an electronic platform and a moderator to plan virtual activities, curate content, and engage participants. A core group of volunteer advisors can be enlisted to help maintain momentum and help build network membership. KM4Dev (www.KM4Dev.org), which focuses on knowledge management for development, and the Peregrine discussion group (<https://www.betterevaluation.org/en/peregrine-opt-in>), which focuses on monitoring, evaluation, and learning for development, are examples of similar networks that facilitate robust knowledge exchange with limited investment.

4

Ensure that gender and inclusivity are incorporated into program design

The overall focus on gender and inclusivity at DFAT and the SFI Gender Strategy raised the profile of gender and inclusivity on SFI and led to adaptations to programming and measurement to prioritise results that have positive effects on women and girls. Other donors also are measuring gender effects; for example, the Global Innovation Fund now has a metric for transformational gender equality. As recognised in Partnerships for Recovery: Australia's COVID-19 Development Response, the effects of COVID-19 are exacerbating the inequalities and hardships faced by already vulnerable groups, particularly women and girls,

33. Proto, A., et al. (2012), "Knowledge Networks and Their Impact on New and Small Firms in Local Economies: The Case Studies of the Autonomous Province of Trento and Magdeburg", OECD Local Economic and Employment Development (LEED) Papers, No. 2012/02, OECD Publishing, Paris, <https://doi.org/10.1787/5k9gs1cr080x-en>.

In this context, **DFAT should adopt a unified approach to applying a gender lens across programs that support private sector development and do so at the design stage.** This approach should include building capacity and developing and testing tools relevant to context and a common set of harmonised metrics and learning questions to capture results and investigate learning. The six gender lenses adapted from good practice and applied to SFI is a good place to start. Additional process indicators should also be added. Together these indicators can form a crucially important, standardised way for DFAT to measure its annual portfolio-level results and effectiveness in achieving development impact in the areas of improved livelihoods and inclusive growth.

5

Provide more targeted and localised support to the Pacific to enable them to better respond to unique market conditions and challenges and to facilitate understanding and application of the learning

While the design of Frontier Innovators as an Asia-Pacific program made some elements more efficient, such as access to networks, grants management, and covering entrepreneurs, it became clear that entrepreneurs operating in the Pacific have unique needs and face challenges different from those entrepreneurs in Asia and that building capabilities to address these challenges would require tailored interventions. Similar to the Frontier Innovators' experience, adapting the existing Frontier Incubators model for providing support to focus on unique needs of organisations in the Pacific is likely to lead to better outcomes on programs and more effective support of entrepreneurship. The Pacific region's context differs from that in Asian countries, with smaller market sizes, unique supply chain challenges, cultural attitudes toward business ownership, and a wide diversity of models for supporting local entrepreneurship. In addition, Pacific-based actors in the entrepreneurial ecosystem desire increased opportunities to engage in peer learning and knowledge exchange.

There are already plans to deepen the focus on relevant contextual interventions and increased peer learning in a potential follow-on project to build further capacity among ESOs and in turn the social enterprises they serve. **DFAT should ensure that Pacific-specific case studies and good practices are identified, developed, and leveraged to support improved entrepreneurship support services in the region. DFAT also should work to create the space to further test how proven good practices used for incubators and accelerators globally may be adapted to the Pacific case.** In light of COVID-19, there also may be a need to engage Pacific-based organisations in scenario planning and build their capacity for resilience given that their supply chains are even more impacted by travel bans and issues around the movement of goods and services.

6

Continue to take an adaptive approach to the measurement and management of programs

Adaptive management was a key feature of SFI, and data and analysis gathered through supporting MEL processes informed iterations that occurred in SFI design, implementation, and measurement frameworks. The ability to identify the drivers of success and understand true impact goes beyond tracking inputs and outputs. It requires evaluation methodologies that reflect and capture the complexity and perspectives of those involved. When testing innovative approaches it is essential to remain agile and responsive to changing conditions. This is especially true when applying innovative approaches to ecosystem strengthening activities, which are inherently complex. Further, in light of COVID-19 and its aftermath, it is necessary to be able to learn from experience and iterate in response to evolving demands and needs.

DFAT should expand its use of adaptive approaches to management, applying developmental evaluation methodologies and reflective processes to maximise learning and evidence-based iteration. While these approaches are present in other DFAT projects, they are a 'must have' tool for designing and implementing, on overall context and effectiveness, capturing lessons, and reporting on and communicating the results and impact of Australia's development program and its effectiveness of responding to COVID-19.

Abbreviations

ADAPT	Adaptive Design and Procurement Trial
ANDE	Aspen Network of Development Entrepreneurs
APN	Asia Pacific Notes Series
AVPN	Asia Venture Philanthropy Network
BIDUK	“Berinvestasti Dalam Usaha untuk Kemajuan” or Investing in Business for Progress
CBFI	Center for Food and Beverage Innovation
CSIP	Centre for Social Initiatives
DAC	Development Assistance Criteria
DE	Developmental Evaluation
DFAT	Department of Foreign Affairs and Trade
EMIIF	Emerging Markets Impact Investment Fund
ESOs	Entrepreneurship Support Organisations
GIS	Geographic Information Systems
GLI	Gender Lens Investing
GLIA	Gender Lens for Incubation and Acceleration
GSMA	GSM Association
IIX	Impact Investment Exchange
IRF	Innovation Resource Facility
IW	Investing in Women
iXc	innovationXchange
KIIs	Key Informant Interviews
MEL	Monitoring, Evaluation, and Learning
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
RISE	Regional Investment Support for Entrepreneurs
SDGs	Sustainable Development Goals
SFI	Scaling Frontier Innovation Program
SkyEye Pacific	Sky Eye
SIAP	Social Innovation Accelerator Program
SPF	Sasakawa Peace Foundation
TA	Technical Assistance
TSB	The StoryBoxes
UAV	Unmanned Aerial Vehicle
USAID	United States Agency for International Development
WISE	Women’s Initiative for Startups and Entrepreneurship
WSGBs	Women-owned Small and Growing Businesses

Bibliography

DFAT. 2018. REOI for the Scaling Frontier Innovation Program.

DFAT. 2020. Partnerships for Recovery: Australia's COVID-19 Development Response DFA. [Access here](#). Accessed 26 June 2020.

Dichter, S., Katz, R., Harvey Koh, H., and Karamchandani, A. "Closing the Pioneer Gap," Stanford Social Innovation Review. Winter 2013. [Access here](#). Accessed 26 June 2020.

Gouillart, F. and Hallett, T. "Co-Creation in Government," Stanford Social Innovation Review. Spring 2015. [Access here](#). Accessed 26 June 2020.

Halais, F. "Making sense of funding opportunities for social enterprises," DevexImpact. 17 September 2015. [Access here](#). Accessed 26 June 2020.

International Strategic Management. "The Six Domains of the Entrepreneurship Ecosystem," November 7, 2017. [Access here](#). Accessed 26 June 2020.

Kaufmann Foundation, Entrepreneurial Ecosystem Building Handbook 3.0. [Access here](#). Accessed 26 June 2020.

Moonshot Global and Living Collaborations. 2020. Partnering for Impact: Results and Insights from the Scaling Frontier Innovation Program.

OECD/DAC. 2020 Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. [Access here](#). Accessed 26 June 2020.

Patton, Michael Quinn. 2010. Developmental Evaluation: Applying Complexity Concepts to Enhance Innovation and Use.

Proto, A., et al. 2012. "Knowledge Networks and Their Impact on New and Small Firms in Local Economies: The Case Studies of the Autonomous Province of Trento and Magdeburg", OECD Local Economic and Employment Development (LEED) Papers, No. 2012/02, OECD Publishing, Paris. [Access here](#). Accessed 26 June 2020.

SecondMuse. Stage One Report, Scaling Frontier Innovation Program.

SFI Program. 2019. Mapping and Analysis of Entrepreneurial Ecosystems Incubators and Accelerators in the Asia-Pacific.

World Economic Forum. 2014. Entrepreneurial Ecosystems Around the Globe and Early-Stage Company Growth Dynamics – the Entrepreneur's Perspective. [Access here](#). Accessed 26 June 2020.

