

Management Response: Innovation for Social Impact Partnership (ISIP) Evaluation

Summary of Management Response

The recommendations in this report cover the three sub-components of the Innovation for Social Impact Partnership (ISIP) project: Entrepreneurship, Education and Policy. It provides recommendations specific to the project finances, monitoring and evaluation and responsiveness to gender, disability and social inclusion. The review makes a number of forward-looking recommendations. At the outset, the Australian Government Department of Foreign Affairs and Trade (DFAT) welcomes the report and expresses its gratitude to the evaluator and to stakeholders who participated in the evaluation. ISIP is a program of the Australian Embassy in the Philippines that highlights Australia's capacity to drive development outcomes through private-sector innovation.

Since this report was drafted, the COVID-19 pandemic has had an immense global impact. The Philippines is one of the many countries that has struggled to contain the effects of the ongoing pandemic. Government-mandated quarantines, decreased trade, and a reduction in normal purchasing behaviour resulting from the crisis have devastated businesses. The crisis has had significant socioeconomic impacts – especially for the large population of vulnerable and poor Filipino communities. ISIP found that micro, small and medium enterprise (MSME) and higher education institution (HEI) beneficiaries have been seriously adversely affected. Research and development, instruction and extension activities of HEIs have either ceased or changed. Many MSMEs have paused operations or shifted their product or service offering. One business supported by ISIP's social enterprise accelerator has shut down.

Given the COVID-19 pandemic, ISIP's suite of program support has adapted to provide urgent support to MSMEs and HEIs. This shift to supporting COVID-19 response and recovery initiatives is something that has been echoed across all of the Embassy's development programs. The impacts of COVID-19 have been felt across all sectors – exacerbating many existing challenges. Aside from moving activities online, ISIP launched an Innovative Response Grants Scheme to help MSME beneficiaries realign their product or service offering to respond to the impacts of COVID-19. Noting this, DFAT supports incorporating findings from this evaluation into the ISIP work plan through to the end of the project. DFAT encourages the program to ensure changes are responsive in the context of COVID-19.

DFAT supports the conduct of a sector/ecosystem policy review which may support a future design of a possible second phase of the project. Given the budget burn rate, the impact of the COVID-19 crisis and the time required to complete this activity, we support a six month, no-cost extension to the ISIP Project through to the end of June 2021, under the existing cost-sharing arrangement between UNDP and DFAT which has an end date of June 2023. DFAT's agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of phase two. We would encourage all future work to be responsive to private sector development in light of COVID-19 and economic recovery in alignment with Australia's two-year, interim development assistance strategy, 'Partnerships for Recovery'.

DFAT conveyed our response to the evaluation report to members of the program steering committee. These views have been supported by other members of the committee. We look forward to working closely with all parties to ensure the forward work plan and outcomes of the review are incorporated carefully in light of ongoing COVID-19 impacts.

Management Response to the Recommendations

Recommendation	Response	Explanation	Action plan	If practical, please specify timeframe here
<p>Recommendation 1</p> <p>General: Substantial savings are expected given the low level of expenditure over the past two years. The COVID-19 pandemic and the uncertainty of lockdowns are also expected to negatively impact on project operations. On the other hand, there are developments in the venture impact acceleration that may further enhance the gains from the project. In view of these, the general recommendation is to pursue the planned activities of the three components up to December 2020 with specific recommendations for each of the components.</p>	<p>Agree in part</p>	<p>DFAT supports the recommendation to continue planned activities under the project components, noting the other recommendations.</p> <p>However, given the budget burn rate, the impact of the COVID-19 pandemic and the time required to complete the conduct of sector/ecosystem policy review, we support a six month, no-cost extension to the Project through to the end of June 2021. All activities must ensure that value for money is achieved and the project is responsive to the COVID-19 situation.</p> <p>The Australian Government Department of Foreign Affairs and Trade's (DFAT's) agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of phase two.</p>	<p>The Project should be extended to 30 June 2021 at no cost (note that the existing cost-sharing arrangement between DFAT and UNDP with an end date of June 2023 supports this). The Philippine Development Foundation (PhilDev) should propose a work plan for consideration by the Steering Committee. UNDP should procure a consultant to conduct the sector/ecosystem policy review. We would encourage ongoing work under the components to be highly responsive to supporting the private sector respond to and recover from COVID-19. DFAT's agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of Phase 2.</p>	<p>To June 2021.</p>

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<p>Recommendation 2</p> <p>Entrepreneurship Component: As noted in the findings, the current 15 social enterprises (SEs) still have numerous needs which need to be addressed. The Steering Committee should consider not adding to the 15 SEs and instead focus on addressing their needs in terms of financing access, business systems and others as cited in the Annual Progress Report (APR). The Social Impact Acceleration process takes six months and more time is needed for nurturing them after the process. This may just add to the frustration of new SEs as even the needs of the current 15 SEs have not been fully addressed.</p> <p>With regard to SE financing, the Project should explore existing loan and grant programs of the Philippine Departments of Agriculture (DA), Agrarian Reform (DAR) and Environment and Natural Resources (DENR) and link SEs to these facilities. It would also help to conduct an inventory of loan windows (and their specific requirements) of the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and other local development sector-related banks and disseminate this information to SEs to help them identify appropriate loan windows.</p> <p>Finally, the Project will benefit by linking with UNDP impact venture acceleration (IVA) programs and facilities to enhance project operations. A new development is the abbreviated acceleration process that takes just two to three months.</p>	<p>Agree in part</p>	<p>DFAT considers that the core of the ISIP Project is around supporting social enterprises. A key way it does this is directly through the entrepreneurship component. DFAT recommends supporting social enterprises through a hybrid social impact accelerator or impact boost camp model – where a six-month no-cost extension is supported (refer to recommendation ‘1’ response),</p> <p>The program should continue to support current SEs – including through the Innovative Solutions Grants Facility to help them respond to the impacts of COVID-19.</p> <p>DFAT supports the social enterprise financing and linking components of this recommendation.</p>	<p>PhilDev to develop and include a hybrid social impact accelerator or impact boost camp model in the 2020 and 2021 work plan.</p> <p>The Innovative Solutions Grants Facility should be approved and implemented.</p> <p>UNDP and PhilDev should explore and formally respond to enterprise financing and linking recommendations. Including linkages to UNDP’s IVA program,</p>	<p>To June 2021.</p>

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<p>Recommendation 3</p> <p>Education Component: Apart from its remaining planned activities and if time and resources allow, it is recommended that the component consider the following:</p> <p>a) Conduct Trainer’s Training on teaching Technopreneurship 101 to widen the reach of trained professors to HEIs’ cohorts;</p> <p>b) Encourage the Philippines Commission on Higher Education (CHED) and assist HEIs in formulating syllabus for Technopreneurship 102;</p> <p>c) Encourage HEIs to forge partnership with their respective local government units (LGUs) for financial, technical and other support for SE development;</p> <p>d) Encourage and support HEIs/ techhubs and their cohorts to:</p> <ul style="list-style-type: none"> • Engage grade school and high school students in SDG-oriented pitch competition and other activities promoting social impact; and • Include in PTA meetings/seminars (grade school and high school) messages on social entrepreneurship. <p>e) Encourage HEIs to organize local Volunteer Corps for SEs in there and cohorts’ areas.</p> <p>f) Encourage HEIs to have fulltime officers in their techhubs; and</p> <p>g) Conduct orientation to HEI presidents and deans on social enterprise development.</p>	<p>Agree</p>	<p>DFAT supports this recommendation. However, given the limited timeframe remaining on the Project through to June 2021 where a six-month no-cost extension is supported, action items should be prioritised based on what can be realistically included in the 2020 and 2021 workplans. Other action items should be considered in the sector policy review.</p>	<p>PhilDev should carefully examine the recommendations and incorporate as appropriate into the work plan through to the end of the Project. UNDP should ensure the findings of the evaluator are incorporated into the terms of reference consultant conducting the sector/ecosystem policy review. DFAT would encourage all recommendations be looked at in the context of how the COVID-19 situation has impacted relevant sectors.</p>	<p>To June 2021.</p>

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<p>Recommendation 4</p> <p>Policy Agenda Component: Upon completion of the four knowledge papers, they should be vetted by multi-disciplinary specialists and circulated to concerned agencies/institutions prior to publication.</p> <p>With regards to the conduct of sector/ecosystem policy review by UNDP, a multi-disciplinary team of policy specialists need to be constituted. The minimum team composition consists of economist/financial analyst, institutional development specialist and business development specialists, preferably with working knowledge on impact venture acceleration. The team is expected to build on the outputs of the Policy Agenda Component. The key product of this assignment is a policy agenda covering various aspects of the sector and draft policy instruments. In conducting this review which may take at least four months, the specialists should work closely with government agencies which have the mandates for specific policies.</p>	<p>Agree</p>	<p>DFAT supports this recommendation. We support a process where all policy products undergo a review process by multi-disciplinary specialists. This process includes incorporating the views of the Philippine Government.</p> <p>We would encourage a UNDP-led sector/ecosystem policy review to be responsive to the impacts of COVID-19 and be able to provide recommendations for future private-sector development initiatives. This should be completed by June 2021 in conjunction with a no-cost extension of the ISIP Project.</p>	<p>PhilDev to incorporate longer review timeframes for policy products and identify a number of relevant reviewers – including government agencies.</p> <p>UNDP to ensure that this recommendation is taken into account when developing the terms of reference (ToR), and providing oversight for the sector/ecosystem policy review. DFAT would encourage UNDP to ensure that impact and recovery from the effects of the COVID-19 pandemic is a key theme of the policy review.</p>	<p>To June 2021.</p>
<p>Recommendation 5</p> <p>Financial and Operational Planning - Given the inclusion of two major activities (project formulation and sector/ecosystem policy review) and the expected substantial savings, there is a need for the Steering Committee to review the Project plan and budget up to December 2020 to determine the accrued and potential savings; and reallocate financial resources with the concurrence of the DFAT project team in the Australian Embassy Manila. This should be done once the lockdown is relaxed or lifted. With the financial reallocation, it may be necessary to revise the agreement between UNDP and PhilDev for Australian Embassy project team approval/concurrence.</p>	<p>Agree in part</p>	<p>As noted in Recommendation ‘1’, DFAT supports a six month, no-cost extension of the ISIP Project through to the end of June 2021. Given the low burn rate of the budget, we consider this to be appropriate.</p> <p>We support the undertaking of the conduct of sector/ecosystem policy review. The review should look to the future and may make design recommendations that could inform a possible second phase of the project or support the work by other stakeholders in this sector. All policy should ensure that value for money is achieved and the project be responsive to the current COVID-19 situation.</p> <p>DFAT’s agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of phase two</p>	<p>The Project should be extended to 30 June 2021 at no cost (note that the existing cost-sharing arrangement between DFAT and UNDP with an end date of June 2023 supports this). PhilDev should propose a work plan for consideration by the Steering Committee.</p> <p>UNDP should procure a consultant to conduct the sector/ecosystem policy review. DFAT will work with UNDP to finalised the consultant’s ToR. Activities should be highly responsive to supporting the private sector respond to and recover from COVID-19.</p> <p>UNDP should closely monitor the budget during the remaining project timeframe.</p>	<p>To June 2021.</p>

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<p>Recommendation 6</p> <p>Monitoring and Evaluation (M&E): For the remaining period of the project, as there is limited time to revise the M&E reporting system, the Project should include important indicators in its quarterly reports and ultimately in the Final Project Report. The indicators in the M&E framework will be scrutinized during the Terminal Evaluation of ISIP. Other recommendations on M&E are included in Item 6.</p>	Agree	DFAT supports this recommendation. Assessing the performance and impact of the project relies on a robust monitoring and evaluation system. The project should focus on ensuring we can report against key M&E indicators for the end-of-project report. In light of the COVID-19 situation, it is essential that we have the ability to use insights from the M&E system to effectively respond to the changing environment.	Steering committee member should review the Theory of Change and Results Framework to ensure they are relevant and responsive to the evaluator recommendations. The 2020 and 2021 work plan may need to be updated as a result. DFAT will work with implementing partners to ensure that the M&E system is responsive to new needs brought about by COVID-19.	To June 2021.
<p>Recommendation 7</p> <p>Gender and Marginalized Groups - For the remaining period of the project, it should continue its commendable work related to gender equality and the special concerns of the marginalized groups including the youth. It could further encourage SEs and HEIs to engage them in project activities. Similar and other recommendations are included in Item 6 (new project).</p>	Agree	DFAT supports this recommendation and acknowledges the strengths of the project in supporting gender, disability and social inclusion (GEDSI). The sector policy review should also explore issues related to GEDSI - especially in response to additional challenges for disadvantaged groups as a result of COVID-19.	UNDP and DFAT to include GEDSI elements in the ToR for the sector policy review. Ongoing reporting through to the end of project should continue to provide a GEDSI narrative especially in light of COVID-19.	To June 2021.

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<p>Recommendation 8</p> <p>New Project Formulation: In formulating the new project, the terms of reference (ToR) of the project team should build on the gains and experiences under ISIP; integrate appropriate approaches under UNDP's Impact Venture Acceleration (IVA) which is more comprehensive and inclusive of all enterprises; link the project with the five support institutions such as the UNDP Private Sector Learning Hub in Denmark; IVA Network Support Facilities; Business Call to Action (BCTA); Center for Technology, Innovation and Sustainable Development (CTISD); SGS Summit Geneva; Accelerator 2030 and other UN funding institutions. Further, given the uncertainty of the pandemic, it should consider the provisions under the UNDP COVID-19 Response Venture Acceleration. The theory of change (ToC) of the ISIP Project may still be largely valid but need to be expanded to cover non-SE enterprises. The new project should have a robust M&E plan and framework with clear indicators and participatory reporting system. Further, depending on the eventual scope and nature of the project, an appropriate governance and implementation arrangement should be formulated. As policy reform is expected to be one of the components, it should engage concerned government agencies during implementation. And new trends in policy reform such as incentivizing enterprises that have 2030 Sustainable Development Goals (SDG) consideration should be reviewed and considered in the design.</p> <p>Project formulation is estimated to last a minimum of six months. Given the remaining 7 months up to December 2020, assuming that the lockdown ends in May 2020, there may be no need for no cost project extension.</p>	<p>Agree in part</p>	<p>DFAT supports the conduct of a sector/ecosystem policy review. The review should look to the future and may make recommendations that could inform a possible second phase of the project or support the work by other stakeholders in this sector. All policy should ensure that value for money is achieved and the project is responsive to the current COVID-19 situation.</p> <p>DFAT does not support the project undertaking design work for a second phase of the project as it is not able to commit to be the funding partner – this may constitute a potential conflict of interest. DFAT will consider the project's final report and any recommendations from the sector review and will make a separate decision around funding any future design work for a potential phase two.</p> <p>DFAT's agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of phase two.</p> <p>As noted in Recommendation '1', DFAT supports a six month, no-cost extension of the ISIP Project through to the end of June 2021. Given the low burn rate of the budget, we consider this to be appropriate.</p>	<p>The Project should be extended to 30 June 2021 at no cost (note that the existing cost-sharing arrangement between DFAT and UNDP with an end date of June 2023 supports this). PhilDev should propose a work plan for consideration by the Steering Committee.</p> <p>UNDP should procure a consultant to conduct the sector/ecosystem policy review. DFAT will work with UNDP to finalised the consultant's ToR. We would encourage ongoing work under the components to be highly responsive to supporting the private sector respond to and recover from COVID-19.</p> <p>DFAT's agreement to use remaining project funds to fund the sectoral policy review must not be interpreted as an indication or commitment it will provide funding for the implementation of Phase 2.</p> <p>DFAT will make a separate decision around funding any future design work for a potential phase two.</p>	<p>To June 2021.</p>