

# Market Briefing Wrap-Up:

## Aboriginal economic development

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30 July 2018

Sebel Hotel, Kiama NSW

The following provides a summary of the questions asked at the session, and the answers provided.

**Will the SII process include capacity building of the service provider in, for instance, governance or an outcomes focus/practices?**

We will work with organisations during the co-development phase. The co-development phase will be tailored according to the needs of the service provider and their proposal. OSII will be working through the detailed proposal with them and are flexible with the timing to match the maturity of the service provider.

During this phase, we will also connect the service provider with our Expert Advisory Exchange members to fill any gaps in their capacity to deliver a SII. The service provider may also want to consider partnering with an intermediary when developing the proposal, for the co-development phase and for the ongoing implementation of the SII. While we do not endorse any one intermediary, we have a list of intermediaries on our website and are able to provide a connection for Service Providers.

**Aboriginal economic development is not always the primary focus of our community based organisations. However, what they do focus on such as overall wellbeing does have a multiplier effect that improves economic development. Would this be considered relevant to this RFP?**

If there is a connection to economic development and that can be demonstrated in the proposal, it is still relevant for this opportunity. One of the benefits of SII is that the outcomes and measures can be built according to the proposal, providing that there is data available. OSII is open to having these discussions around the holistic effects of services during the co-development phase.

**What will be important to consider is the “exit strategy”. So many times, an organisation provides for e.g. job opportunities to local Aboriginal people but once “the job is done”, that Aboriginal person is left without a job again.**

This involves consideration of the breadth and length of the outcome measures agreed. OSII and the service provider will need to consider the measurement period and what happens after the SII is over in 4,5,6,7 years' time.

For some of our other programs, such as TBS and Newpin, while they are coming to the end of the investment period, we are putting in place evaluations that will tell us the impact of the investment more holistically as well as the ongoing impact.

### **Are you leveraging green bonds? Because there is a lot of potential there for Aboriginal communities working with the environment**

In the 2018-19 Budget it was announced that the NSW Government will for the first-time issue sustainability bonds, the proceeds of which will fund projects that deliver environmental and social benefits to the residents of NSW. OSII has not considered green/sustainability bonds in the context of this SII opportunity but will take it back to consider further.

### **What constitutes an Aboriginal service provider / Aboriginal business / Aboriginal person**

OSII will follow Government guidelines on this, consistent with the NSW Government's Aboriginal Procurement Policy.

### **How has the field been levelled for small community based organisations vs. larger organisations with more resources etc. to submit a proposal that will be considered?**

Our evaluation criteria include an organisation's experience and capability to work with the Aboriginal community. We will also work with our colleagues in Aboriginal Affairs and Regional DPC to validate the responses to this question.

### **What is out of scope?**

If it can be connected to outcomes in economic development, then yes, it is in scope. And if not, there is another opportunity that will be coming to the market shortly called SII Evolve where SII ideas in other policy areas can be submitted.

### **Is the \$10 million a service or outcomes payment?**

The \$10 million over four years is the outcomes payment of the social impact investment. Government pays for the outcomes, and do not define how these outcomes are achieved.

### **How are you (OSII) ensuring the community is involved and heard in the process?**

We expect the service provider to have the right cultural capability to engage with their communities. As outlined in the RFP, proponents are asked to outline how communities have and will be engaged.

### **Does the successful proponent need the working capital to implement the program?**

This is where the investor has a role. The investor will provide the working capital required for the service to be implemented until outcomes are achieved and Government provides an outcome payment. Government has in the past provided a "Standing Charge" upfront which is a prepayment of the outcome payment. This is negotiated during the co-development of the proposal phase / joint development phase.

If the service provider is able to, they may also "invest" and have "skin in the game" and this provides confidence to potential investors of the effectiveness of your program. It should be noted that there is no typical design for the investment, OSII does not want participants to feel constrained by the previous examples of SII. Different models and ways of structuring the investment is open for consideration.

### **What if the program fails, is the service provider at financial risk?**

It will depend on if they have any "skin in the game." Who takes on that financial risk and to what extent is up to the service provider and their partners including investors to agree.

If the program is not achieving outcomes as expected, there is room to make changes to the way the program is delivered to improve outcomes i.e. apply continuous improvement. And in any case, there

will be lessons learnt that will help build the evidence base for what works / does not work in Aboriginal economic development.

**The focus seems to be on “place based” opportunities. What if a service provider has an idea that can easily be applied state wide? For e.g. a digital idea? Will you consider that proposal?**

Yes, as long as the program meets the additionality criteria i.e. does not duplicating existing services.

**Do you bring the investors on board?**

No, but we can provide a contact point to a range of intermediaries. You also do not need to have secured an investor at this stage of the process. This can be explored and finalised during the co-development phase.

**Is this similar to the Youth Unemployment Innovation Challenge?**

OSII has had discussion with the Department of Finance, Services and Innovation and the Department of Industry which run the Innovation Challenge to understand their process and gain insight into what works best.

**Can we come talk to you about potential programs to discuss their relevance to the opportunity before preparing a submission?**

We are bound by probity and procurement rules but can provide general information about social impact investing and provide information on RFP processes, timing and requirements.