

**United Nations Development Programme Asia-Pacific Region  
Regional Project Document**

<b>Project Title:</b>	<b>Secretariat - United Nations Social Enterprise Facility for the South (UNSEF) 2015-2020</b>		
<b>UNDP Strategic Outcome 1:</b>	Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods particularly for the poor and excluded		
<b>Project Outcome(s):</b>	UNSEF, through the coordination and management of the Secretariat, will structure financial and technical assistance to Social Enterprises in an effort to a) expand their social and development impacts, b) support the creations of social enterprise, mSME/SME development policy options for governments and c) support new financing mechanisms in support of the Global Development Goals (SDGs)		
<b>Implementing Agency(ies):</b>	UNDP, UNEP and UNFPA		
<b>Implementing Partner(s):</b>	UNDP Bangkok Regional Hub		
<p>Social impact investment is the provision of finance to organisations addressing social needs with the explicit expectation of a measurable social, as well as financial, return. Social impact investment has become increasingly relevant in today's economic setting as social challenges have mounted while public funds in many countries are under pressure. New approaches are needed for addressing social and economic challenges, including new models of public and private partnership which can fund, deliver and scale innovative solutions from the ground up.</p> <p>Social impact investment has evolved over the past decade as the result of a number of factors, including a growing interest by individual and institutional investors in tackling social issues at the local, national or global level. Governments are seeking more effective ways to address these growing challenges and recognizing that private sector models can provide new innovative approaches.</p> <p>This Regional Project Document (RPD) outlines the Secretariat for the United Nations Social Enterprise Facility for the South (UNSEF) which provides an intermediary financial and technical assistance (TA) platform that focuses on the importance of inter-agency and multi-sector collaboration to achieve better implementation of South-South Cooperation (SSC) and the post-2015 SDGs goals.</p> <p>Based on the successful UN Multi-Partner Trust Fund (MPTF Office) model, UNSEF creates a unique platform to connect, partner, collaborate and assist SEs that are delivering a high level of social, environmental and financial impact and utilizing sustainable and inclusive social business models.</p> <p>This in turn supports UNDP programming by a) establishing new Public-Private Partnerships that support the development agenda of SSC and Trilateral Cooperation and the post 2015 SDGs and b) established an alternative and innovative financing mechanism for UNDP programming and c) builds capacity and utilizes UNDP staff for CO programming where investments are actualized.</p>			
Programme Period:	2015-2020	Total resources required (2015)	\$800,000.00
Key Result Area (Strategic Plan)	A-P Region/Global	Total allocated resources:	\$0
Atlas Project ID:	_____	• Regular:	\$0
Start date:	Oct. 1, 2015	• Other:	\$0
End Date	Sept. 31, 2020	Unfunded budget:	\$800,000.00
PAC Meeting Date	Sept. 30, 2015		

Abbreviations and terminology

AVPN	The Asian Venture Philanthropy Network (AVPN) is a funders network headquartered in Singapore that seeks to increase the flow of financial, human and intellectual capital to the social sector across the Asia Pacific region. It promotes venture philanthropy in the broader philanthropic and social investment communities and provide specific networking and learning services to members from 28 different countries spanning from various different sectors. Members include private equity firms, private banks, wealth management institutions, other financial services organisations, professional service firms, family businesses, corporations, foundations, universities and government related entities.
CSR	Corporate Social Responsibility - <a href="https://en.wikipedia.org/wiki/Corporate_social_responsibility">https://en.wikipedia.org/wiki/Corporate_social_responsibility</a>
HNWI	High Net-Worth Individuals - <a href="https://en.wikipedia.org/wiki/High-net-worth_individual">https://en.wikipedia.org/wiki/High-net-worth_individual</a>
MPTFO	Multi-Partner Trust Fund Office
PUNO	Partnering United Nation Organizations. Specifically for UNSEF, this includes UNDP, UNEP and UNFPA.
SE	Social Enterprise - <a href="https://en.wikipedia.org/wiki/Social_enterprise">https://en.wikipedia.org/wiki/Social_enterprise</a>
SRI	Socially Responsible Investing - <a href="https://en.wikipedia.org/wiki/Socially_responsible_investing">https://en.wikipedia.org/wiki/Socially_responsible_investing</a>
TSEO	Thailand Social Enterprise Organization - <a href="http://www.tseo.or.th/">http://www.tseo.or.th/</a>

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## I. SITUATION ANALYSIS – NEW DEVELOPMENT FINANCE OPPORTUNITIES

### Requirement for new and innovative financing mechanisms to fund SDG programming

In today's complex world, all sectors require agile entrepreneurial and innovative solutions that anticipate and rapidly respond to adverse changes in the global environment, while at the same time addressing sustainable and inclusive economic growth. Innovative financing mechanisms are also required to fund these initiatives.

Launched at a special session on social enterprise and impact investing held during the UN Global Compact's Rio+20 Corporate Sustainability Forum, in Rio de Janeiro, Brazil on 17 June 2012, a new Framework for Action offers investors, large corporations and Governments a valuable resource for engaging with and supporting an escalating global business trend – the rising number of for-profit social enterprises whose goods and services address social and environmental needs.

In terms of market potential, the UN Global Compact Office estimates that in the coming years as much as \$12 billion in early stage investment in social enterprises could be generated by large corporations and mainstream investors participating the UN Global Compact and UN-backed Principles for Responsible Investment. This could potentially seed the creation of approximately 100,000 social enterprise start-ups.<sup>1</sup>

More recently, the Third International Conference on Financing for Development in Addis Ababa (July, 2015) was the first in a series of landmark events leading up to the adoption of a new development agenda by the end of 2015.

The successful outcome gave important positive momentum to the last stretch of negotiations on the post-2015 development agenda, which culminated on 2 August with a final draft of the Sustainable Development Goals to be adopted by Member States at the Sustainable Development Summit in September in New York.

*“Financing needs for sustainable development is high, but the challenges are surmountable,”* said UN secretary-General Ban Ki-moon at the opening of the Conference. *“The Addis Ababa Action Agenda will help to turn these needs into investment opportunities.”*

All stakeholders including governments agreed on a package of over 100 concrete measures that draw upon all sources of finance, technology, innovation, trade and data and that will support the implementation the Sustainable Development Goals.<sup>2</sup>

In the past decade, and more recently within the Asia-Pacific region, there has been a surge of interest to apply traditional business models to social development as a way that prioritizes and balances social and financial returns. This has introduced the demand for Social Impact Investments (SII) and Impact Investment funds, which invest in Social Enterprises (SEs<sup>3</sup>) that produce environmental, social and economic value<sup>4</sup>. Socially responsible investing (SRI) and impact investing has fundamentally changed the way businesses – and their investors – partner to support sustainable development.

Increasingly, Corporate Social Responsible (CSR) funds are also exploring investing in social business models as a means of addressing a variety of societal issues such as youth unemployment, growing inequity, marginalized groups and natural resource management.

The recent build-up of innovation capacities and creation of new social business models has played a central role in the growth dynamics in both Middle Income Countries (MICs) and Least Development Countries (LDCs), but challenges still remain particularly on how to increase support for SE enabling them to not only generate sustainable social dividends but also to remain financially sustainable and resilient through expansion and growth.

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<sup>1</sup> UN Global Compact and The Rockefeller Foundation Announce A Framework for Action on Social Enterprise and Impact Investing New Model Designed to Scale Up Global Social Enterprise Movement Across Key Sectors – Food, Water, Energy, Health, June, 2012

<sup>2</sup><http://www.theguardian.com/sustainable-business/2015/jul/23/impact-investing-social-environmental-profit-united-nations-developing-countries>

<sup>3</sup> "Social Enterprise - Harvard Business School". Hbs.edu. Retrieved 2013-05-24.

<sup>4</sup> World Economic and Social Survey 2013 Sustainable Development Challenges, UNDESA

## **Secretariat Office for the United Nations Social Enterprise Facility for the South (UNSEF)**

*Please Note: As of November 2015, by agreement of all PUNOs, the official title of the fund has been changed to the United Nations Social Impact Fund (UNSIF). To avoid confusion for this document, please refer to the previous name of UNSEF.*

The United Nations Social Enterprise Facility for the South (UNSEF) was established in January 2015 as a unique Growth Capital Social Impact Investment Fund that provides a financial and technical assistance platform for national development as well as South-South, Triangular and Regional Cooperation.

UNSEF is a Multi-Partner Trust Fund partnership between UN Development Programme (UNDP), UN Environmental Programme (UNEP), and UN Population Fund (UNFPA) together with selected public, civic and private sector capital market and equity investors. Administered by the UN Multi-Partner Trust Fund (MPTF Office) model, UNSEF creates a unique platform to connect, partner, collaborate and assist SEs that are delivering a high level of social, environmental and financial impact and utilizing sustainable and inclusive social business models.

UNSEF provides a facility that, in cooperation with the implementation capacity of the UN and its partners, rigorously promotes measurable social impacts, economic sustainable for all its stakeholders. This creates a new financing architecture that leverages the traditional development funding pathways of pooled grants with the private Social Impact debt, equity and quasi-equity investments. UNSEF will focus on the resource efficiency, sustainability and technology-enhanced products and services sectors.

Establishing the UNSEF Secretariat operationalizes UNSEF as a global fund, providing coordinating and oversight role for investments and implementation of thereof. The role of the UNSEF Secretariat is summarized below. Expanding the current beneficiary levels of social, environmental and financial impact from local or community-based to national and regional levels, increasing overall impact, resilience and sustainability;

- Expanding the exchange of resources, technology and knowledge between countries of the global south facilitating increase awareness and capacity of social business models and promoting these ideas supporting SSC;
- Improving the effectiveness and efficiency of policy and market frameworks in order to better address social, environmental and economic barriers and challenges to inclusive growth;
- Enabling SEs to achieve self-sustainability within their respective marketplace, thus amplifying social impacts and reducing the need for non-working capital, grants and development aid;
- Establishing new M+E and results frameworks that support the quantification and monetization of social impacts over the short and long-term.

The UN SIF Secretariat staff shall be staffed to fulfil its requirements effectively and efficiently with the following minimum positions:

1. Chief, UNSIF Secretariat (P6): Overall responsibility for UN SIF Secretariat management, coordination, strategic planning and partnerships
2. Advisor, Social Impact Investments (P5): Support to all subsequent fund activities and investor relations including pipeline development, financial SROI, KPI and M&E design
3. Advisor, Private Sector Partnerships (P4): Support to all subsequent fund activities and partnership/outreach relations including sourcing potential grant and or donor partnerships, defining donor requirements and all SDG, social impact and development M&E performance
4. Communication Specialist (P3 or NOB): Ensure that all communications are designed and delivered effectively and transparently
5. UN Finance/M+E Specialist (G5/6): Ensure that all financial and grant processes, measurements, reporting are accurate and in accordance with UN SOPs.

For more detail, please refer to Annex 1: UNSEF ToR

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## II. STRATEGY

### Social Impact Investments as a new Development Finance Mechanism

Impact investing refers to investments "made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return". It is a form of socially responsible investing that serves as a guide for various investment strategies.

The number of funds engaged in social impact investing grew quickly over the last five-year period and a 2014 report from research firm the Monitor Group estimated that the impact investing industry could grow from around US\$50 billion in assets to US\$500 billion in assets within the next decade<sup>5</sup>.

Such capital may be in a range of forms, including equity, debt, working capital lines of credit, and loan guarantees. Examples in recent decades include many investments in microfinance, community development finance, and clean technology. The growth of social impact investing is partly attributed to the criticism of traditional forms of philanthropy and official development assistance (ODA), which have been characterized as unsustainable and driven by the goals of the corresponding donors and locked within project dimensions which often worked against natural market dynamics<sup>6</sup>.

Many development finance institutions, such as the British Commonwealth Development Corporation or Norwegian Norfund, can also be considered impact investors, because they allocate a portion of their portfolio to investments that deliver financial as well as social or environmental benefits.

Impact investing is distinguished from crowdfunding sites, such as Indiegogo or Kickstarter, because impact investments are typically debt or equity investments. Although some social enterprises are non-profits, impact investing typically involves for-profit, social- or environmental-mission-driven businesses.

A list of the Impact Investment top 50 funds can be found here: [http://impactassets.org/ia50\\_new/](http://impactassets.org/ia50_new/)

### Purpose for the UNSEF Secretariat

The purpose of UNSEF as a platform is to use alternative and innovative financing mechanism that utilize market dynamics to scale social impacts that support the post-2015 SDGs and South-South Cooperation. This is done by establishing new partnership models that can deliver financial and technical assistance (TA) resources to established social enterprises.

Focusing on inclusive and sustainable social, environmental and financial benefits, UNSEF serves as a social impact investment platform designed to identify, pool and match traditional and non-traditional technical and financial assistance partners with established Social Enterprises (SEs) that have a high-potential to amplify and scale inclusive social and economic impacts supporting the post-2015 sustainable development goals.

The degree to which the investment community is ready to invest in SII has been comprehensively researched in the past few years with the amount and level of investments increasing yearly. Potential sources of funding include the following:

- Foundations, corporate CSR and individual philanthropic funds see Social Impact Investing (SII) as an valuable and complimentary investment option that ‘blends’ grants with debt and equity increasing the sustainability and benefits of their funds. They are motivated to include social investments and they are programmed to scale and expand successful social enterprises. They recognize the need to complement project-based grants with economic-based social investments that use actual market dynamics for growth providing a reality and evidenced based outcomes.
- Private equity, venture capital and high net worth individuals (HNWI or Venture Philanthropists), see SII as an innovative approach to achieve positive and measurable social impact with relatively

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<sup>5</sup> Inclusive Business Finance Field Guide 2012 A Handbook on Mobilizing Finance and Investment for MSMEs in Africa  
UNDP African Facility for Inclusive Markets

<sup>6</sup> Ted London and Stuart Hart (2010) Next Generation Business Strategies for the Base of the Pyramid: New Approaches for Building Mutual Value

small initial investments (under USD20mil). This is very advantageous from a portfolio perspective as it balances the risk-return formulas. In this regard, private investors are willing to accept below-market returns for significant periods of time. The opportunity for investors to personally identify with their investment and to see their impact at the national level will also make SII interesting for retail investors in the future<sup>7</sup>.

- For professional and institutional capital market investors, the overall understanding of the interplay between risk, return and social impact is of crucial long-term significance. The integration of SII into large capital asset portfolios (including sovereign, pension and insurance funds) has grown significantly in the last years and further growth is predicted.

UNSEF differentiates from other Social Impact Investment Funds through our unique value proposition that is attractive to institutional/private sector investors and foundation/CSR/philanthropic contributors:

1. **Reach:** UNSEF offers an unparalleled global reach by accessing the expertise of UNDP staff in more than 170 countries and territories around the world - UNSEF expertise and knowledge base is truly and uniquely global. The reach also enables a network of 'eyes and ears' on the ground to search out project investment and market expansion opportunities.
2. **Depth:** UNSEF can engage a wide-breadth of development experts and technical assistance that is unmatched by any organization. This includes a wide-range of thematic experts from SME Development to Climate Adaption Funding to Disaster Preparedness to Renewable Energy to Women and Youth Entrepreneurial programmes.
3. **Neutrality and Transparency:** UNSEF offers a politically neutral investment environment that depoliticizes funds and promotes transparency that guarantees a 'blended return' priority to both social impact and financial sustainability. This will attract SE that have a high potential to scale to UNSEF as well as funders that prefer to reduce the risk of corruption and accountability.
4. **Policy Options<sup>8</sup>:** UNSEF has both downstream implementation and upstream policy influence that can kick-start open dialogues between sectors to create the enabling space that optimizes conditions, effective policy options and market frameworks to address the legal and financial barriers for social that promote, for example youth employment, SME development, formalizing the informal markets and the development of Social Impact investments policies and legislation
5. **Global:** UNSEF expands opportunities beyond standard local expansion by seeking and prioritizing opportunities for regional and global expansion ensuring that SEs have the opportunity to reach and exceed their expectations for success
6. **Risk Management:** Through its multi-stakeholder partnerships, UNSEF can employ best-in-class industry investment and portfolio level social impact and financial risk and return frameworks that support the quantification and eventual monetization of environmental, social and economic impacts.

## Coordinated Regional and National Programming

UNSEF is a global fund but will be initiated regional in scope within Asia-Pacific, with specific country level programming.

The UNSEF Secretariat, coordinated together with national PUNO COs, will identify and initiate discussions with potential national partners. PUNO CO offices will be informed and included in national level discussions to ensure that they are informed, engaged and can advocate for the UNSEF with consistency.

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<sup>7</sup> Muhammad Yunus, Bertrand Moingeon, Laurence Lehmann-Ortega, "Building Social Business Models: Lessons from the Grameen Experience", April–June, vol 43, n° 2-3, Long Range Planning, 2010, p. 308-325

<sup>8</sup> Communication from the Commission: Social Business Initiative: Creating a favorable climate for social enterprises, key stakeholders in the social economy and innovation, 25.10.2011 COM(2011) 682 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF>

## National Programming

The reason for national level activities is that any project impact on people's lives will be experienced at local level, in families, schools, workplaces etc.

The focus of country level programming is on enhancing capacity of social entrepreneurs and SEs activities focusing on inclusive financial, technical and organisational support to the expansion of social impacts, local networks and policy advocates. UNDP country offices will be involved in the decision-making of specific investments that support local development programmes.

Depending on portfolio grants associated with UNSEF, country level programming is proposed for Pakistan, India, Malaysia, Nepal, Maldives, Cambodia, Viet Nam, Indonesia, Philippines, Bangladesh, China, & Thailand. Countries have been selected on the basis of social enterprise maturity (availability of established SEs with a 2-3 year track record and potential to scale) and opportunities – additional country programming is subject to additional resources and research.

## Regional Programming

The reason for regional programming is that national level change can be facilitated by regional developments. With the advent of digitalization and low-cost eCommerce or internet-based platforms, all enterprises are linked to international markets. Therefore, as UNSEF is a 'scale-up' fund, it offers the opportunity to channel "impact-seeking" grants and capital beyond the national social sector. This offers the opportunity to scale social impacts beyond national borders.

Through the multi-partner and multi-country nature of UNSEF, services and programs can be adopted and adapted across borders.

The focus is regional programming<sup>9</sup> is on 1) technical support to regional organizations of duty bearers (e.g. SAARC, ASEAN, APEC) to promote and develop supportive legislation and policies that enable social entrepreneurs and SEs<sup>10</sup>; and 2) organizational support for regional networks and ecosystems (e.g. Asia Venture Philanthropy Network, AVPN based in Singapore, the Centre for Social Initiatives Promotion based in Vietnam, Social Enterprise Alliance Malaysia<sup>11</sup>, Thai Social Entrepreneurship office (TSEO<sup>12</sup>) to in turn support their national counterparts with regional initiatives, e.g. training or pilot programs. This support will be provided by UNSEF in collaboration with national PUNO COs.

A regional/multi-country approach is proposed for the following reasons:

- It is more effective because of the many similarities across the countries in the region that affect social entrepreneurs and SEs, including social norms, legislation (informal to formal markets), access to knowledge, markets and appropriate financial mechanisms to improve the outcome of initiatives in other countries within the region, as these initiatives and optional policy/programming frameworks will be better informed, better managed, and better resourced. For advocacy and policy development targeting sensitive issues, utilizing regional platforms can help overcome barriers that would exist if these issues were just addressed at a country level (for example, women's empowerment and entrepreneurship, SEs that focus on LGBT and HIV/AIDS support, open access to information, security, human rights, privacy and other sensitive areas, and which can create more effective dialogues, and encourage necessary change.
- It is a more efficient because of the minimization of duplication of activities between the countries, and the learning, skills and resources required in each country can be more easily accessed from these shared resources, without having to duplicate the efforts. For example, capacity building for country-level SEs will be done by holding joint multi-country trainings, templates will be developed

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<sup>9</sup> Park, C., and Wilding, M. (2013). "Social enterprise policy design: Constructing social enterprise in the UK and Korea". *International Journal of Social Welfare*, 22(3): 236-247.

<sup>10</sup> Ridley-Duff, R. J. and Bull, M. (2011) *Understanding Social Enterprise: Theory and Practice*, London: Sage Publications.

<sup>11</sup> "Social Enterprise Alliance Malaysia". *Social Enterprise Alliance - Malaysia Chapter*. April 1, 2014. Retrieved May 2, 2014.

<sup>12</sup> สำนักงานสร้างเสริมกิจการเพื่อสังคมแห่งชาติ. สำนักงานสร้างเสริมกิจการเพื่อสังคมแห่งชาติ (in Thai). [tseo.or.th](http://tseo.or.th)

regionally that can be adapted to each locale, and the knowledge and expertise gained in one locale, will be used and adapted to inform work in another.

- It is more economic because of the need for fewer resources, as resources will be shared across countries, rather than having to have them duplicated, and from the economies of scale gained from the regional and global financial and grant partners.

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### III. UNSEF OPERATIONAL ARCHITECTURE

**Investment Target:** Legally established businesses with a measurable track record of financial and social impact that have a high potential for growth –nationally and optionally, internationally

**Investment Size:** Up to US\$10 million per portfolio SE using a combination of grant, debt and equity.

**Geographic Focus:** Global, with primary South-South focus

**Industry and Sector Focus:** Areas of investment remain in line with the MDGs and post-2015 SDGs and focus on SEs that create products and services that contribute to any of the MDG and/or post-2015 SDG targets.

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### IV. UNSEF PROGRAMMING ARCHITECTURE

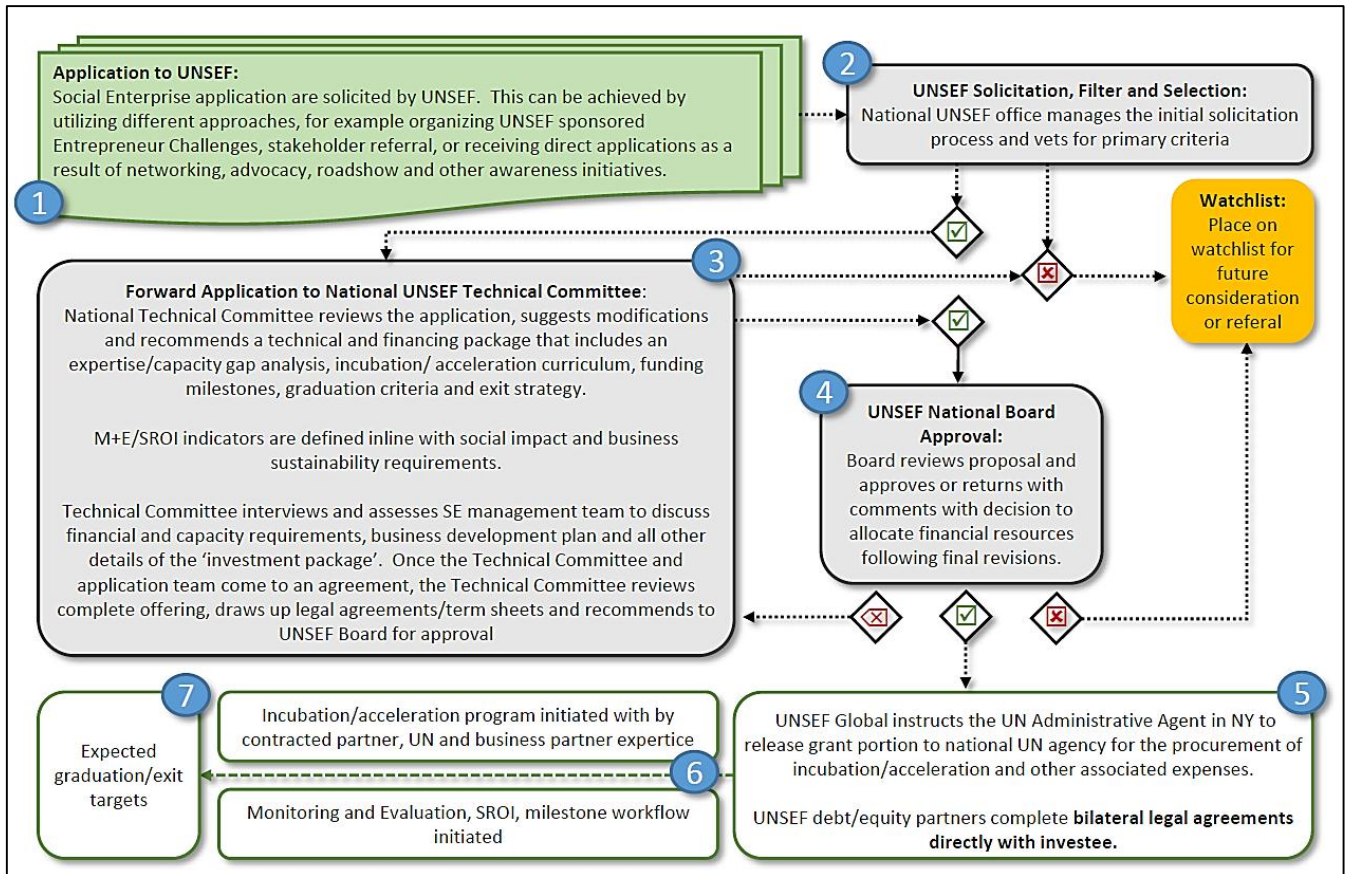
*Note: The UNSEF Secretariat programming architecture will consist of regional and country level initiatives as per section 'Regional and National Programming' outlines above on Page 5. From a regional perspective, the UNSEF Secretariat role of overall portfolio and individual management (selection, design, coordination and monitoring/managing) while the CO level of engagement will focus on local design and programming adaption, technical assistance and grant implementation. UNSEF Secretariat may design specific financial and technical assistance programmes at the regional level where the initiative is designed to scale impacts affecting more than one nation. In these cases, the UNSEF Secretariat will manage the grant implementation as regional support (RPPS) in cooperation with specific PUNO Cos with an appropriate split on GSM and expense cost recovery to be decided on the situation.*

The UNSEF Secretariat will be responsible for all strategic and global operations for UNSEF and associated subordinate funds, excluding direct fund management. This includes but not limited to:

- Sourcing investment projects (SEs)
- Sourcing external financial and TA partners
- Composing investment syndicates/cooperation
- Structuring financial and TA resource packages
- Support for due diligence and vetting of sourced investment projects
- Communication, advocacy, outreach and brand management
- Oversight and coordination of projects and partners
- Support to national component of specific projects in coordination with implementing PUNOs

Pls see UNSEF TOR Para 2.1.3 for a detailed outline of the roles and responsibilities. An Operations manual will be finalized when the UNSEF Secretariat is established.





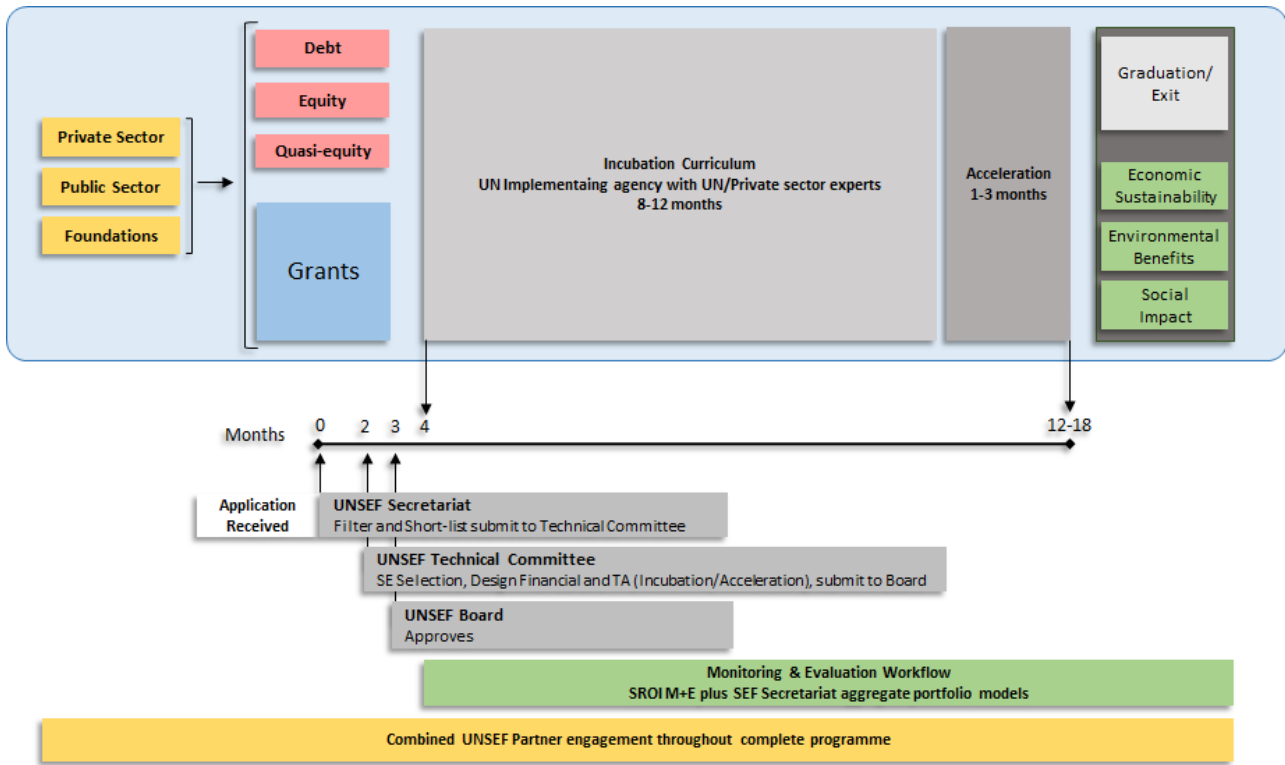
UNSEF will coordinate and encourage all UNSEF partners to engage and assist selected portfolio companies in developing and executing growth strategies, building the board and executive management team capacities, exploring new capitalization structures, pursuing growth mergers and acquisitions, enhancing market presence and leverage their high-potential to scale and expand into new markets and business sectors –including transnational expansion.

UNSEF Secretariat will work together with PUNOs to source potential investment projects. This can take several modalities from ‘grand challenges’, applications and referrals.

Due to the diverse nature of SEs that could be eligible, selection and validation criteria will be established in accordance to current requirements at the time of selection. A common set of selection key performance indicators (KPIs) will be established once the Secretariat is established (See Annex I). The workflow process is illustrated above.

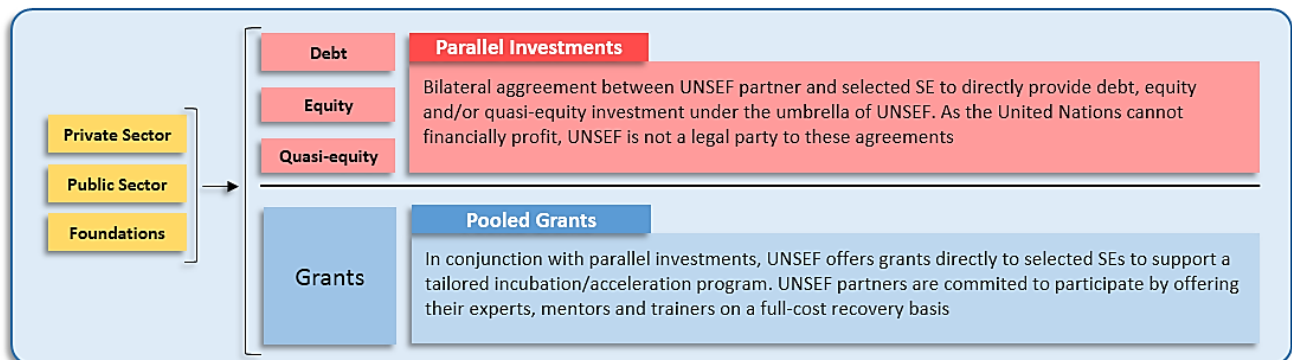
Providing a customizable curriculum of capacity development, incubation and acceleration services to both individuals and organizations, these programs focus on four core areas of support:

- Capacity development - Providing a holistic series of skills training and transfer opportunities (incubation and acceleration curriculum) ranging from monthly workshops to on-demand mentoring sessions and coaching services.
- Impact Investing and Capital Sourcing - Educating both entrepreneurs, investors and philanthropists about the rapidly expanding field of impact investing in order to increase deal flow and grow the types and amount of capital available for social innovation.
- Network Building - Proactively creating new nodes and strengthening existing ties within government, social innovation and impact investing networks both locally and abroad.
- Academic Collaboration - Working with academic institutions to create access points for social entrepreneurs and impact investors to leverage both curricular and co-curricular resources and provide a unique universe of research opportunities new M+E models and tools.



## V. UNSEF FINANCIAL ARCHITECTURE

The UNSEF Secretariat, in coordination with PUNO national COs, will support the design and management of the finance and technical assistance components of specific projects. An outline of the UNSEF Financial Architecture is illustrated below.



The ‘Pooled Grants’ window is the traditional MPTF window where UNSEF can accept contributions from all sectorial stakeholders including governments, private sector, foundations, corporate CSR funds and High Value Net-worth Individuals (HNWI) through their Venture Philanthropy platforms. This financing pathway is unchanged from other MPTF programmes.

All grant contributions are received and managed by the UN Multi-Partner Trust Fund Office. In turn, the MPTF Administrative Agent (AA) deduct a 1% charge for their activities (pls see the Annex: II).

Implementing PUNOS deduct 8% GMS from grant funding supporting UNSEF national programming components.

For regional and global initiatives that are lead from the UNSEF Secretariat, UNDP/RBAP will deduct 8% GMS from grant funding for administrative and operational support.

The ‘Parallel Investment’ creates a new modality for debt and equity partners to support SE scaling-up through their long term investments. The Parallel Investment partners offer the following benefits:

- Increased SE resilience and sustainability through their long-term investments and commitment;

- Increase success potential by gaining access to valuable business development, market dynamics, business operations, business expansion expertise plus the potential for ‘re-upping’ or increasing their initial investments after SE graduating from the UNSEF programme;
- This offers UNSEF a viable exit strategy as the vested partners will continue financial and TA engagement that enables future SE expansion – socially and economically.

A risk mitigation ‘firewall’ is purposely designed to separate the two financial windows. All contractual arrangements through the ‘Parallel Investment’ window are bilateral agreements between the investor and investee. UNSEF is not a party to any legal contractual arrangements ensuring that the investors are responsible for 100% of the financial risk.

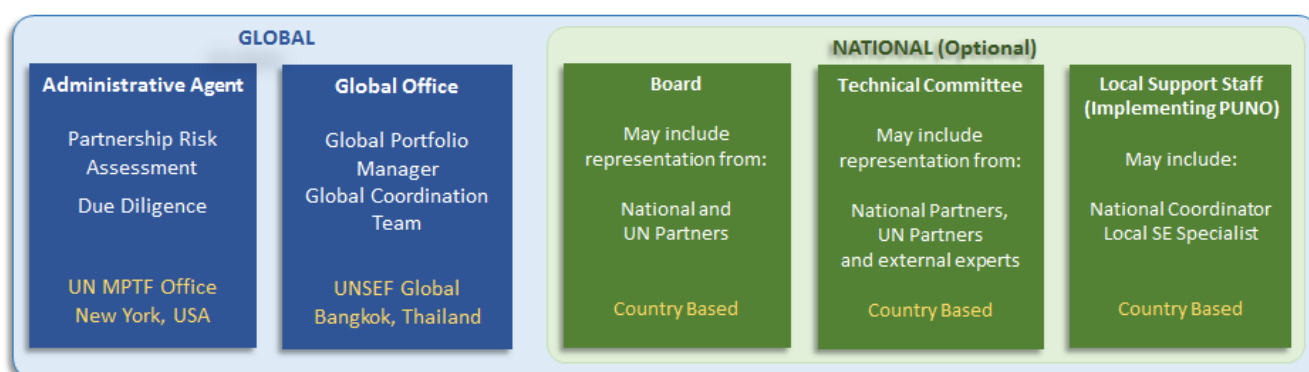
Milestones in the M+E monitoring framework will be established in the event that the parallel investment is discontinued or fails to be realized. In this event, an assessment will be made by the UNSEF Technical Committee to establish a modified procedure that will mitigate future risks while maintaining to the extent possible of all pro forma benefits.

Depending on the circumstances, this could result in a grant-only continuation of the initiative or termination of all future funding. The UNSEF Secretariat, together with the designated PUNO will decide on any continuation or contingency planning.

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## VI. GOVERNANCE ARCHITECTURE

### UNSEF – Governance Architecture



As agreed to by all partnering agencies, the UNSEF Secretariat will be hosted by UNDP/RBAP/Bangkok Regional Hub (see Annex II). The UNSEF Secretariat is composed of three tier coordination with the establishment of UNSEF Board, Technical Committee and operational staff. UNSEF PUNOs and global partners will nominate members to the Board on an annual basis. UNSEF PUNOs, global and national partners may recommend members to the Technical Committee as required.

UNSEF will access PUNOs for required development specialists with domain expertise in their respective fields. UNSEF will partner with local and regional incubation/acceleration platforms to operationalize incubation and acceleration curriculum designed by the national UNSEF Technical committee

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## VII. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP Program and Operations Policies and Procedures (POPP), the project will be monitored through the following:

### Within the annual cycle

- An Issue Log shall be activated in Atlas and updated by the UNSEF Secretariat to facilitate tracking and resolution of potential problems or requests for change.

- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

### Annually

- Annual Project Review. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

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## **VIII. LEGAL CONTEXT**

This regional project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAAAs for the specific countries; or (ii) in the Supplemental Provisions attached to the Regional Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof

This UNSEF Secretariat will be hosted by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Regional Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

## IX. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome				
UNDP Strategic Plan Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods particularly for the poor and excluded				
UNSEF Secretariat will contribute to Outcome 1 through the establishment of new partnerships and inter-agency collaboration that offer a new financing and technical assistance support that promotes inclusive growth, economic development, the expansion of social impact and South-South Cooperation.				
Partnership Strategy: Develop PSPP (Public-Social-Private Partnerships) model, and build inclusive partnerships at national and regional levels.				
Project title and ID (ATLAS Award ID):				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1  UNSEF Secretariat is operational and supports South-South Partnerships among governments, private sector and SEs  Indicator 1.1: Number of South-South and Triangular cooperation partnerships as defined through UNSEF Letters of Agreements (LoUs) that deliver measurable and sustainable development financing for SEs (national, regional, sub-regional, inter-regional entities)  Baseline 1.1: 0 (October, 2015)	Indicator 1.1 target:  No. of UNSEF LoU partnership frameworks signed:  2015: 2 2016: 3 2017: 5 2018: 2 2019: 2 2020: 6  Total = 20 LoUs	Establish budget and source funding for the UNSEF Secretariat Establish Operational structure and orggram outlining roles and responsibility of required staff Hire required staff Establish work plan with respect to initial LoU agreements Refine RR, M+E framework Engage partnerships and supporting financial and technical assistance	<i>UNSEF/UNDP/ partnering country</i>	2015: USD800k  2020: estimated USD 2.4 million

<p>Output 2: Social Enterprises can effectively access financial and technical assistance resources to measurably scale-up their development impact</p> <p>Indicator 2.1: Number of SEs that have received financial and technical support from UNSEF</p> <p>Baseline: 0</p> <p>Indicator 2.2: The marginal increases in development impact of SE investees measured through an appropriate set of KPIs (for example, increased market share/sales, jobs created, additional beneficiaries, gender parity KPIs, etc.)</p> <p>Baseline: baseline data will be collected at the start of the investment period</p>	<p>Targets for Indicator 2.1: Number of SEs supported</p> <p>2015: 2 2016: 5 2017: 8 2018: 10 2019: 10 2020: 10</p> <p>Total: 45 SEs</p> <p>Target for Indicator 2.2: 2015-2010</p> <p>Targets depend on different KPIs established for each SE investment (put common KPIs)</p>	<p>SEs will be identified through a combination of activities including challenges and referrals, and funded through an evaluation for social impact scale-up and sustainability potential</p> <p>Investment partners, the level and number of funded SEs will depend on a unique set of KPIs that are dependent on the SE nature of business and potential to scale.</p> <p>UNSEF will establish a standard base set as well as unique SE specific KPIs applicable to all SEs to measure baseline and marginal change.</p> <p>Designated PUNOs COs will be engaged to implement country-components of SE activities as designed by the UNSEF Technical Committee</p>	<p><i>UNSEF/PUNOs/Investment Partners</i></p>	<p><i>Dependent on the number and size of investments.</i></p>
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**X. RISK LOG**



Project Title: Secretariat – United Nations Social Enterprise Facility for the South	Award ID:	Date:
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#	Description	Type	Impact & Probability 1 (low) - 5 (high)	Countermeasures / Mngt response	Owner
1	Low willingness of partners (government, private sector) to fund UNSEF	Financial	$P(2) * I(5) = 10$	All indications are that there is support for funding from governments and private sector. If no funds are available, UNSEF Secretariat will end operations.	UNSEF Secretariat UNSEF Partners
2	Low staff capacity to act effectively to delivering defined outputs.	Operational	$P(2) * I(4) = 8$	UNSEF Secretariat will select only those candidates that are well experienced in business modelling and management. This may increase overall staff expenses. UNSEF will also commit to an in-house training programme for staff to share knowledge and experiences with new financing models, business management and understanding market dynamics	UNSEF Secretariat
3	UNSEF financial support is misappropriated or the SE involved creates other negative image, which results in a reputational risk for UNSEF/PUNO	Financial Political Regulatory Strategic	$P(2) * I(5) = 10$	UNSEF and the MPTFO will vet each and every partner (grantor and grantee) for any financial and reputational risk before any agreements are finalized. UNSEF Secretariat will include 'risk reputational 'KPIs in the ongoing monitoring process to maintain the QA of all financial support.	UNSEF Secretariat UN MPTFO UNSEF Partners
4	Selected UNSEF grantee SEs either fails, result in negative growth or result in no additional measurable growth of social benefits	Strategic Operational	$P(2) * I(3) = 6$	All contributors – grants or institutional debt and equity suppliers understand that not all projects succeed. As a mitigation response, UNSEF Secretariat will employ an iterative approach for achieving time-set milestones within all M+E frameworks to minimize the probability of failure. UNSEF Secretariat will employ the best possible staff to monitor and ensure a proper QA models to all grantees to deliver on the set design and graduation targets of all SEs.	UNSEF Secretariat UNSEF Partners

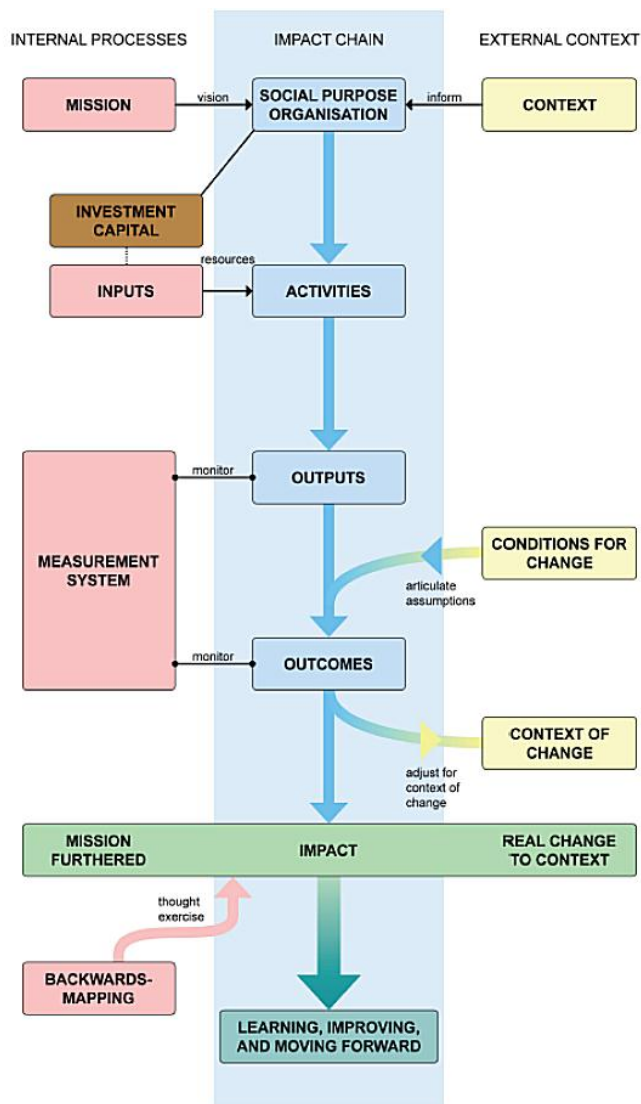
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**XI. ANNEXES**

- Annex I: Example key performance indicators of Social Enterprise
- Annex II: Memorandum of Understanding between Participating UN Organizations and the United Nations Development Programme regarding the Operational Aspects of the United Nations Social Enterprise Facility (UNSEF)
- Annex III: United Nations Social Enterprise Facility for the South (UNSEF) Terms of Reference (ToR), September 2014



## Annex I – Illustrated Key Performance Indicators (KPIs) for measuring UNSEF/SE success



KPI selection should be driven by the purpose of the intervention and by the needs of the organizations that deliver it.

KPIs exist in a real world defined by market context. Templates include:

Social Return on Investment Methodology (SROI)

Global Impact Investment Ratings System (GIIRS)

Sustainability Accounting Standards Board (SASB)

United Nations Principles for Responsible Investment (UNPRI)

Impact Reporting & Investment Standards (IRIS)

B Corp (B Impact Assessment)

Sustainable Livelihoods (SL)

Example detail:

1. Leadership: The commitment and continuity (able to sustain involvement for the long haul) of one or two individuals to lead and coordinate the enterprise is essential.
2. Partnerships: The ability to negotiate and maintain a core set of relationships for the benefit of the enterprise is important for growing the enterprise and ensuring equitable benefits.
3. Proof and clarity of innovative concept: Not only is it necessary to be able to explain the concept clearly, but testing and external validation is essential to demonstrate that a new idea has market potential.
4. Business planning and marketing: Either the leaders of the enterprise have business and marketing skills, or they have access to those skills in their key partners; or they have ready access to training to attain these skills.
5. Triple bottom line planning: The conscious and deliberate alignment of economic benefits with social and environmental benefits is an important element of achieving sustainable development.
6. Short and long term benefits management: The enterprise should demonstrate how it is planning to deliver not only longer term benefits for its stakeholders (including how those benefits will be shared), but the short term benefits that will keep stakeholders engaged and committed to the enterprise.
7. Community engagement: Long term success and sustainability lies with the successful engagement of the local stakeholders and beneficiaries.
8. Risk management: Demonstrated planning for mitigation of risks and externalities helps ensure long term functioning of the enterprise.