REGIONAL PROJECT DOCUMENT
[Asia and the Pacific]

Empowered lives.
Resilient nations.

Project Title: *Harnessing Private Sector for Social Impact Investing (UNDP - UN Social Impact Fund)*

Project Number:

Implementing Partner: UNDP; **Start Date:** 1 January 2017 **End Date:** 31 December 2020 **PAC date:** 16 Nov 2016

Brief Description

Briefly describe the overall development challenge and the expected results of the project.

The Sustainable Development Goals (SDGs) outline a compelling vision of a desired future for our planet and the people within it. Achieving these global goals will cost an annual estimated $5-7 trillion dollars and will likely shape the next 15 years of financing for development[1]. Approximately half of these investments in the SDGs can be privately financed. In this context, new sources of capital that can help finance SDGs are required, ranging from large institutional investors to the private wealth industry to help promote sustainable development. The UN's Financing for Development Conference held in Addis Ababa in July 2015, recognized the role of the private sector as an increasingly important source of financing for development. In addition South-South investment and financial flows, have become a key source of financing for developing countries, supporting increased regional integration, connectivity and regional trade with the potential to generate more jobs for the poor to help achieve the SDGs.

According to the Global Impact Investing Network (GIIN), although some businesses have embraced the SDGs, this has not been the case across the board. GIIN notes that corporations are integrating the concept of social impact into their core business strategy. The motivation for these companies is a recognition that poverty, lack of education and inequality inhibits economic growth and opportunity across the globe. This resonates with the challenge for Asia's emerging economies which is to balance growth with inclusivity, so as to create jobs and increase wealth for the poor and disadvantaged. To this end, social enterprises and mSME financing are seen as one part of the solution for inclusive economic growth and income opportunities at the base of the pyramid.

In 2014, UNDP, UNEP, UNFPA and UNCDF established the UN Social Impact Fund administered by UNDP's Multi-Partner Trust Fund Office (MPTFO) to attract funding from both public and private sectors to support the scaling up of actions to achieve the SDGs in partnership with socially responsible private sector entities that benefit the SDGs. Unfortunately, the fund was not capitalized compelling UN agencies to seek agency specific platforms to promote social impact. UNDP's UN Social Impact Fund is in response to the need for activating an UNDP led social impact investing project, that enables on a pilot basis, to achieve the following results:

- Social Impact Investments facilitated through investment advisory services to public and private investors using elevated assessment standards with quality assurance criterion that are SDG based resulting in the development of a robust pipeline of social impact projects which attract investor funding;
- SDG related impact investment certification developed to quality assure and raise the investibility of social impact projects along social, economic and environmental standards building upon UNDP's work on environmental and social screening standards as well as its gender marker seal;
- Building upon UNDP's South-South cooperation strategy and corporate partnership initiatives, an online and offline platform/ eco-system for impact investing rolled out and subsequently institutionalized, to facilitate project pipeline development, research and advocacy for policy reform for upscaling social impact investments for SDG attainment;

Contributing Outcome (SP outcome 7):
Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles **Indicative Output(s):**
Output 1.1: National and subnational systems and institutions enable to achieve structural transformation of productive capacities that are sustainable and employment- and livelihoods- intensive
Output 7.5: South-South and Triangular cooperation partnerships established and/ or strengthened for development solutions;

Total resources required:		$12.5million
Total resources allocated:		
	UNDP TRAC:	-
	Donor 1:	$5m
	Donor :	-
	Government:	-
	In-Kind:	-
Unfunded:		$7.5m

Agreed by (signature):

Executed and Implemented by UNDP
Print Name: Haoliang Xu
Date: 22 November 2016

[1] http://aiddata.org/sdg

I. DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

1. In September 2015, 193 Member States of the United Nations committed to adopting the Sustainable Development Goals (SDGs), comprising of 17 core goals that range from ending hunger to stemming climate change, and that altogether provide a critical roadmap to a sustainable future and more prosperous world. As part of this aspirational agenda, the UN put out a strong call to action for the private sector to play a fundamental role in achieving the goals.

2. The preliminary analysis of available sector studies shows that SDG-related incremental spending needs in low and lower-middle-income countries may amount to at least $1.4 trillion per year ($343-360 billion for low-income countries and $900-944 billion for lower-middle-income countries). Over the period this corresponds to some 4% of these countries' GDP measured in $ PPP and 11.5% of GDP in US dollars at market exchange rates.

3. Approximately half of these investments in the SDGs can be privately financed. Domestic resource mobilization can increase significantly leaving an external financing gap of perhaps $152-163 billion per year (equivalent to 0.22-0.26% of high income countries' GDP) that must be met through international public finance, including Official Development Assistance. Globally an incremental 1.5-2.5% of world GDP needs to be invested each year by the public and private sectors to achieve the SDGs in every country.[2] Governments alone will not be able to foot the bill. Countries will require a strong private sector that creates jobs and can mobilise a substantial share of the required financing. In return, private sector will benefit and be incentivized to engage if there are good domestic policies, rule of law and an effective regulatory framework.

4. FDI inflows, in developing Asia surpasses half a trillion dollars and remains the largest FDI recipient region in the world[3]. Public and private investors recognize that weak infrastructure hinders regional trade, exchange of information and goods, and are investing in this area to support regional connectivity and integration. The rolling out of southern led initiatives such as Belt and Road offer an opportunity to direct more investment towards SDG implementation and develop South-South initiatives which improve environmental and social operating standards, promote experience sharing in areas like clean technology, renewable energy, energy efficiency, climate resilient infrastructure and green industrialization to name a few.

5. The Global Compact asked companies for voluntary compliance and commitment to a set of sustainable business practices and principles with the aim to build a culture of corporate social responsibility. This however was not enough to enable a more substantial contribution of the private sector to poverty eradication. The SDGs, on the other hand, ask the private sector to be a driver in global development through the promotion of good governance and financial support. This expanded focus comes at the right time and requests a more profound transformation of businesses with development at its core.

6. The UN's Financing for Development Conference held in Addis Ababa in July 2015, recognized the role of the private sector as an increasingly important source of financing for development. The key contribution of the private sector to the implementation across all the new Sustainable Development Goals (SDGs) has been formally acknowledged, particularly in reference to Goal 1 on ending poverty, Goal 7 on energy, Goal 8 on economic growth and Goal 9 on infrastructure. In addition, Goal 17, seeks among other things, to "Encourage and promote effective public, public–private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

[2] Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions, Guido Schmidt-Traub, SDSN Working Paper, Version 2, 12 November 2015

[3] 2016 World Investment Report, UNCTAD

7. According to the Global Impact Investing Network, although some businesses have embraced the SDGs, this has not been the case across the board. GIIN notes that corporations are graduating beyond uncoordinated corporate social responsibility programs and integrating the concept of social impact into their core business strategy. The motivation for these companies is not necessarily altruism, but more a recognition that poverty, lack of education and inequality inhibits economic growth and opportunity across the globe. Businesses also recognize that younger employees are drawn to working in purpose-driven organizations with a community connection, qualities on which the SDGs are based. Brand sensitivity motivates more active participation in solving social challenges, and most business leaders are moving to show leadership on societal as well as corporate development.

8. The Asia-Pacific region is diverse in terms of most indicators of economic development. For example: GDP per capita differs by a factor of one hundred between the poorest and the wealthiest economies; The size of the agricultural sector varies between essentially 0% of GDP in some economies to close to 60% in others; Industrial sector value added accounts for less than 10% of GDP in the least industrialized economies to between 40 and 50% in the most industrialised ones, and the size of the service sector varies between 30 and 90%.

9. In Cap Gemini's, Asia-Pacific Wealth Report 2016, the region reached a milestone in 2015. Boosted by the engines of China and Japan, the region generated both the most high net worth individual (HNWI) wealth and the highest number of HNWIs globally. Asia-Pacific HNWI wealth could surpass US$42 trillion by 2025, propelled by the Emerging Asia markets of China, India, Indonesia, and Thailand.

10. High net worth individuals (HNWIs)[4] in Asia were more active in the social-impact investing sphere than similar wealthy individuals in other parts of the world, allocating 37.3 percent of their portfolios to social-impact investments, in comparison to the 31.6 percent allocated by HNWIs in the rest of the world. They are also the most likely of any in the world to increase their allocations to social impact investments over the next two years, (58.2% compared to 50.4% in the rest of the world), with the greatest boost coming from Indonesia (77.9%), India (75.6%), and Malaysia (72.3%). The highest portfolio allocations for social-impact investment were made by wealthy individuals in Indonesia (45.8 percent), Malaysia (43.6 percent) and China (40.8 percent).

11. In recent years, a number of firms have sought to address growing demand for social impact products. One of the biggest Japanese financial holding companies, for example, served as an underwriter and distributor of 'green bonds' issued by the World Bank, which aim to finance projects related to reducing global warming. One of the globe's largest managers of private assets introduced the first-ever development impact bond in education to improve learning outcomes at targeted schools in India. New sustainable investment management funds analyse environmental, social, and governance aspects in the hunt for investment opportunities that can also have a positive impact on the world. Several large asset management firms are also launching social impact funds and bonds that focus specifically on social impact enterprises (SIEs) in Asia-Pacific. For example, in 2015, Thailand's Social Enterprise Organization (TSEO) collaborated with two state-owned banks to set up a social enterprise loan program of 2bn Baht (USD50m).

12. But challenges still remain. Economic inclusion and addressing wealth inequality is a large and intensifying challenge for emerging economies across Asia. In Hong Kong, one of Asia's most developed economies, wealth inequality has continued to worsen and upward mobility for the poor and disadvantaged is increasingly constrained, creating structural poverty among the working poor. The challenge for Asia's emerging economies is to balance growth with inclusivity, so as to create jobs and increase wealth for the poor and disadvantaged. To this end, social enterprises, mSMEs and public good infrastructure financing, are seen as one part of the solution for inclusive economic growth and income opportunities at the base of the pyramid.

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[4] HNWIs are defined as those having investable assets of US$1 million or more, excluding primary residence, collectibles, consumables, and consumer durables

13. Social Enterprises belong to the broader rubric of micro Small and Medium Enterprises (mSMEs). mSMEs in Asia and the Pacific they play a key role in delivering inclusive economic growth, are the hosts of business dynamism and innovation, and serve as an important source of job and income creation. Supporting the SME sector is widely acknowledged to be a crucial component of economic development, whether in less developed, developing or developed economies of the region[5]. Since informal sector including the SMEs is the main source of employment of the poor workers in these countries, an integrated policy response is needed taking into account the diversity and heterogeneity of the informal economy.

14. Channelling public and private impact investments in mSMEs to generate social goods requires a conducive policy, regulatory and institutional environment to raise the productivity of informal enterprises through access to capital, business development services, infrastructure, and supportive regulations and policies. In promoting such policies, public investment has to play a key role in growth and development along with massive programmes to strengthen education and training as well as in providing social protection, ensuring representative voice, legal identity and rights, and health services.[6]

15. Financial institutions such as the World Bank, regional development banks and new development finance institutions such as the Asian Infrastructure Investment Bank[7],[8] will be aligning their portfolios with the SDGs to stimulate private finance This is important but not sufficient, given the magnitude of needs of social impact enterprises.

16. The interest surrounding social enterprise across Asia has been intensifying, with the movement spurring the launch of many start-ups, funds, impact investors, incubators, accelerators and training programs all promoting social entrepreneurship. The main issue seems to be attracting investors to finance social businesses mainly on account of 1/ lack of commonly agreed performance standards that enable investor and mSMEs to demonstrate social impacts; 2/ limited capacity in private sector companies to align their core business to relevant SDGs; and 3/ limited incentive structure that encourages investors to finance social businesses e.g., by reducing risks, advocacy etc., and 4/ existing institutional mechanisms are insufficient to bring together investors and social businesses for SDG attainment.

II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

17. Over the last decade UNDP's engagement with the private sector be it through the Growing Inclusive Markets initiative, Carbon Financing, Innovation Funds like the Malawi Challenge Fund, UNDP's Istanbul International Centre for Private Sector in Development and UNOPS's impact infrastructure fund, to name a few, have been advocating for inclusiveness business models to development. In addition, the Rockefeller Foundation's lessons on social impact investment resonate with those of UNDP. These are:

[5] Briefly, 'information asymmetry' is when the borrowers of funds, such as SMEs, know more about their business (and what they intend to do with the funds) than lenders or other finance providers. This imbalance puts an added risk burden on the finance provider, which then must incur higher transaction costs when lending to SMEs, such as in conducting due diligence, compared to larger firms (on which more information is known and already in the public domain). Those additional transaction costs (and risks) are typically passed on to the borrower through higher processing fees and/or interest charges. This 'pricing for risk' then puts SMEs at a distinct disadvantage when seeking to find external sources of funds. Financing Small and Medium Sized Enterprises for Sustainable Development: A View from the Asia-Pacific Region, Macroeconomic Policy and Development Division (MPDD), Economic and Social Commission for Asia and the Pacific

[6] ESCAP/FfD/April 2015 Mustafa K. Mujeri, Financing Development Gaps in the Countries with Special Needs in the Asia-Pacific Region

[7] http://euweb.aiib.org/html/2016/NEWS_1017/174.html

[8] http://www.worldbank.org/en/news/press-release/2016/10/09/delivering-on-the-2030-agenda-statement §PARA 7: "we will redouble our efforts to scale-up financing for development as well as the capacity to achieve the SDGs by leveraging, mobilizing, and catalyzing resources at all levels. To that end, we are stepping up our efforts to further build up our range of instruments that share risk in non-sovereign operations with private investors, including syndications, structured finance, mezzanine financing, credit guarantee programs, hedging structures, and equity exposure."

a. Impact investing is highly diverse. While all impact investing is united by a dual intent to generate both financial and social returns, the opportunities within the umbrella are vast. They include microfinance, affordable housing development, conservation and renewable energy finance and social impact bonds, to name just a few. And it varies by asset class, the investor's risk tolerance and expectation of return, sector and geographical scope. Impact investments can take the form of equity, debt, cash deposits or another hybrid form. Investors are as diverse as impact investing itself—ranging from private bankers, institutional investors, board members of nonprofits, or the smaller-scale crowd-funders who represent an array of goals, appetite for risk, amount of capital to spare and time horizon. This diversity calls **for social impact advisory services** which are calibrated to the needs of the investor and the investee.

b. Of all the support mechanisms needed for successful impact investing, **impact rating and measurement systems** are among the most critical. These systems not only help mission-focused investors and fund managers assess the social and environmental performance of their investments, but also enable impact enterprises to measure and improve their operations and services. Today, effective measurement systems such as the Global Impact Investing Rating System (GIIRS) and the Impact Reporting and Investment Standards (IRIS) are leading the pack, but continued refinement of these tools will only increase investors' confidence and enterprises' performance.

c. Social Impact Enterprises (SIEs) are at the heart of impact investing. Impact enterprises—more traditionally referred to as social enterprises—combine passion with good ideas. They are creating jobs, providing critical goods and services, and creating social and environmental benefits. Without these enterprises and other, non-enterprise destinations for capital—such community facilities and sustainably managed natural resources—impact investors could not translate their dollars into their desired impacts. More work is needed to build a robust pipeline of social impact investment projects (SIEs, SMEs, PPPs and the complimentary development of green or smart industrial parks/free trade zones) to absorb the incoming capital. **On and off line platforms that can bring investors and investible SIEs together** can be of great help.

d. Data on investments that fail are as valuable as positive track records. Many investments—even mainstream investments—have the potential to fail, and often do. Understandably, investors are often hesitant to share this kind of data. But the open sharing of information, **documentation of best practices, research on quantitative techniques** can be disseminated through such ecosystems to promote an enabling environment for SIEs and help both investors and companies spend more time on scaling up models that work. It might not be immediately obvious to the average investor, but governments can make their lives easier or harder, depending on the kind of environment they create for impact investing. Some of the ways that governments can enable impact investing include introducing benefit corporation legislation, providing lower corporate income taxes for high-impact businesses, funding incubators, and making equity investments. **The off line platforms can play a critical role to share best practices and advocate for SIE friendly investment policies.**

Based on these lessons learned and the context surrounding impact investing, UNDP-UNSIF theory of change towards promoting social impact investment in the Asia Pacific is captured diagrammatically as follows:

Development Challenge

Private sector plays a limited role towards achieving the SDGs

Immediate Causes
Significant capacity gap within:
-the private sector/ SIEs to develop socially responsible and investible business ideas;
-Financial sector to assess the investibilty of SIEs

Immediate Causes
Lack of documented knowledge and metrics that quantify contribution of social businesses in achieving SDGs discourages investors;

Immediate Causes
Absence of globally recognized industry standards for performance measurement and risk management of social businesses discourages investors from investing;

Underlying Causes
Regulatory environment and government policies do not incentivize private sector to engage in social business;

Underlying Causes
Existing institutional mechanisms that share experiences, knowledge and advocate for change, are insufficient to facilitate social impact investing;

Root Causes
Rampant poverty, illiteracy, poor quality of education and skills gap makes youth and women unemployable in Asia and the Pacific; High level of corruption and vested interests in favor of large scale manufacturers undermine mSMEs/SIEs

Internal Assumptions

- Sensitized Government's reform policies and their programmes to be more SDG compatible as well as enable social impact enterprises to grow and expand
- Introduction of SDG based certification standards will attract investors to engage in social impact investing
- Increased funding for social impact investing will result in the growth and scaling up of successful social impact business

External Assumptions

- Developed and developing economies will grow enabling the growth of social businesses
- There is a political will to facilitate mSMEs/SIEs

18. In order to address the development challenge, UNDP will work with socially conscious and responsible Micro Small and Medium Enterprises (mSMEs), Governments, Investors/ financial institutions as well as academia (see section on partnerships) to achieve the following:

a. The first output area of the project will facilitate social impact investing by extending project development advisory services potentially on fee basis to market stakeholders including impact investors, institutional investors, companies and government counteroarts so as to build their capacity on SDG based social impact investing. The focus on such advisory support will be to raise the assessment standard of existing social impact business with quality assurance criterion that are

SDG based resulting in the development of a robust pipeline of social impact projects which attract investor funding.

As an investment advisor, or, part of the management team to co-manage the impact investing fund, UNDP-UNSIF may generate resources through receiving a management fee by the investment fund for investment and portfolio management services. The fee may cover investment advisory as well as administrative services. UNDP-UNSIF will aim at directing more South-South financial flow towards SDG priorities.

b. In the second output area of the project, UNDP will be working with relevant partners including think tanks and academic institutions to refine the certification standards and associated monitoring frameworks. Building upon the work of the Global Impact Investing Rating System (GIIRS), the Impact Reporting and Investment Standards (IRIS), UNDP's social and environmental standards and gender equality seal, the project will broaden the landscape of assessment criteria aligned to the SDGs. UNDP is well positioned to harness capital markets and commercial business in support of the SDGs. UNDP will draw on industry leading monitoring and evaluation models and internal capacities to evaluate development and ESG impact that can be used by mSMEs/SIEs, investors and governments alike to determine the quality of the social business venture and facilitate decisions on funding (for concreate examples refer to the section on partnerships)

The quality assurance and SDG based certification is aimed to provide an opportunity for all organizations to share their experiences of dealing with the attribution challenge and to explore how to promote more transparency about claims to impact within the sector not least through more consistent use of terminology.

c. In the third output area of the project, UNDP will attempt to address the underlying causes that affect the growth of social businesses. UNDP-UNSIF will convene social businesses, governments and investors under one (on and offline) platform/ ecosystem to exchange ideas, best practices on social impact investing.

Networked with UNDP's Istanbul Center on Private Sector in Development as well as other corporate initiatives, the institutional platform will provide an avenue to influence and lobby with governments on much needed policy measures (for examples refer to the section on partnerships) to motivate mSMEs/SIEs to develop and implement social impact projects.

The institutional platform will commission research consortium to produce top quality and rigorously tested case studies, social impact reviews and policy reform briefs which inform investors and governments alike, on the business potential of such projects coupled with measures needed for their growth. The supply of research and quantitative data will help connect the dots between mSMEs/SIEs and their investors, potentially resulting in increased funding for social businesses. Tangible results of ecosystems support relating to policy reform measures will probably be witnessed in the second phase of the project (subject to the result of the mid- term evaluation).

19. UNDP UNSIF will seek government commitment even before the project is launched. The project document will be circulated to all UNDP Country Offices in the Asia Pacific region with the request of sharing and seeking government engagement in the project. Based on the response, assistance requested and partnership proposed, all three output areas of the project will be brought to bear to support social impact investing in the country. Given that part of the project will be based in Hong Kong, the involvement of the China office will be necessary to facilitate implementation.

20. During the pilot phase, the project will establish an offline institutional mechanism in the form or a national legal entity to sustain and systemize the established business lines of advisory, certification and research services that will evolve into an "SDGs Project Development Centre", extending capacity development to a wide-range of stakeholders to develop higher quality project pipeline for impact investing, convene impact investment stakeholders for resourcing social impact business to contribute to SDG achievement and leverage additional finance into SDG based projects.

21. Evolving as a multi-stakeholder Financial Innovation Platform, UNDP-UNSIF three tiered support of technical advisory, certification and eco systems support will generate business opportunities for

partnering with established fund managers to raise substantial investment funds. Options to design, offer and manage other instruments such as equity and private capital investments will be exercised for positive social gains. Private equity will add the rigor of private investor evaluations to tackle some of society's most pressing concerns while maintaining a sustainable exit for UNDP-UNSIF, as the equity investors remain with the project until their targets are reached. To maximize on these business prospects, UNDP-UNSIF will identify and select general partners (GP/holding company) to mobilize investment funds for the SDG certified social businesses. In some cases, where appropriate, UNDP-UNSIF will also act as a co-GP. The institutional mechanism will link up with the GP offering a pipeline of SDG certified business as well as facilitating tripartite arrangement whereby the GP/holding can benefit from UNDP's seal of SDG based impact rating and measurement system which facilitates investors and fund managers assess the social and environmental performance of their investments but also enable impact enterprises to measure and improve their operations and services.

Based on this strategy the solutions pathway for UNDP-UNSIF is as follows:

Development Outcome
Private sector engaged in social impact investing for achieving the SDGs

Solution to an immediate cause
Output 1: **Social Impact Investment facilitated through SDG based advisory services using research and quantitative metrics which build capacity of and incentivize private capital/ commercial business/ governments to invest in mSMEs/SIEs**

Solution to an immediate cause
Output 2: **Quality assurance and SDG based certification developed as a industry standard on rating social impact projects and addresses the critical need of investors in performance measurement**

Solution to an underlying Causes
Output 3: **Online and offline platforms on impact investing rolled out and institutionalized to facilitate SIEs and investors to use research and quantitative metrics to exchange ideas, best practices and advocate on policy reforms on social impact investing.**

Influence on the root causes
Informed and aware SIEs engage and employ youth.

22. In 2019, the mid-term evaluation of the project will be an important juncture to reflect on the pro and cons of different institutional options so as to chalk out a strategy that helps sustain the gains achieved under the three outputs, beyond the life of the project.

Envisioning the project's results over the 2030 period, we can indicatively project the following:

Now
Limited capacity of private sector and governments to fund socially responsible and investible businesses;

Uncoordinated and disconnected platforms on social impact investment

Phase 1 period until 2021
Trusted certification standards on impact investing rolled out enabling mSMEs, SIEs, investors and governments to measure social benefits

An institutional mechanism for impact investing related services is fully operational and attracting sustainable financial resources and clients

Accredited knowledge products and case studies published supporting a common understanding of how social impact investing can be applied across sectors

Phase 2 period until 2030
Private sector has become a key player in achieving the SDGs through the provision of resources both grant, loans and equity;

Governments are implementing policy reforms to create an enabling environment that incentivizes social impact investing that support mSMEs and SIEs that benefit BoP and marginalized communities

A critical mass of financially sustainable socially responsible businesses generate jobs and livelihoods for the poor

Increase in private sector and market capital flows supporting SDG-related entrepreneurship that tackles social problems

Social investment part of mainstream investment portfolios

III. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

Expected Results

Based on the Theory of Change and the proposed strategy of UNDP UNSIF project, key results include:

20 **Social impact investment advisory services extended** to mSMEs. These services will address some of the immediate causes preventing the private sector from implementing socially responsible business ideas. UNDP SIF will serve as a social impact investment advisor to other funds and projects, and guide and support public and private investors on how to integrate SDG and other social impact considerations across their portfolios. This service line will be used in combination with the certification service, so that UNDP can assess, certify and help improve the environmental and social impact with continuous advisory and implementation support. The provision of advisory services will help build the capacity of mSMEs to develop business ideas that meet SDG based certification standards and are therefore highly investible.

Key advisory areas for UNDP-UNSIF include:

- Selection criteria and structural design of investment projects
- One-off investment project advisory;
- Ongoing impact investment strategy[9];
- Large scale impact investing engagement structuring;
- General quality assurance design of the impact investment project;

21 **Quality assurance and SDG based certification developed and recognized** as an industry standard on rating social impact projects and addresses the critical gap in performance measurement which presently impedes the provision of funding to social businesses. The certification will limit itself to SDG related impact investments balancing social and economic returns. More specifically, the certification can support the aims:

- To assess the appetite for credible attribution of social impact among impact investors, and to assess how adequately it is currently being met;
- To review how ambitious investors should be in going beyond quantitative monitoring of social change indicators by gathering evidence of the causal drivers of observed changes;
- To assess the role that industry standards and benchmarks can play in promoting better monitoring and assessment of social impact investment;
- To assess scope for addressing the attribution challenge through methodological innovation;
- To identify opportunities for building social impact assessment demand and supply capacity.

22. In line with the SDG and the 2030 agenda, UNDP will examine the evolution of corporate reporting on social investment activities in the context of a global move toward transparency and integrated reporting approaches. UNDP UNSIF will co-design a *hybrid* SDGs Impact Investment Certification (SDGs-IIC) that integrates a sector respected social impact assessment tool plus SDG indicators together with industry respected partners (GIIN, IRIS, ISO etc.) to include:

- the standard economic performance indicators
- SDG related indicators
- UNDP SES and gender equality indicators

UNDP UNSIF would combine primary market research and local knowledge of impact investment opportunities to perform social impact quality assurance on potential investment opportunities to better inform selection, design and monitoring decisions. Key interventions include:

- Sector mapping to establish the basic demand for an SDG based social investment certification programme;

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[9] no Impact Investment Certification - only fee-based advisory

- Design initial guidance and recommendations on how to structure, evaluate, and improve the social responsibility indices, including stakeholder relationships and community impacts including:
    - Accountability
    - Transparency
    - Ethical behaviour
    - Respect for stakeholder interests
    - Respect for the rule of law
    - Respect for human rights
- Develop a monitoring and evaluation system based on SDG related data needs to ensure targeted beneficiaries are reached, using quantitative data and analysis, shared within an open data framework
- Develop a concept note on the UNDP UNSIF social impact park programme;
- Pilot the certification and convene a series of consultations to refine and build consensus on the certification;
- Identify avenues and options for getting the certification approved at the industry level;
- Develop training manuals on the application and use of the certification by mSMEs, investors and governments;
- Communicate and disseminate the certification to help stimulate the demand for developing and investing in socially responsible business projects;

22 An **online and offline platform/ecosystem on social impact investing developed, rolled out and institutionalized focusing on two key areas:**

a. **Commission research and document knowledge and experiences on SDG based Social Impact Investing**. Knowledge management and research will aim to address the critical information gap that currently prevails between eligible mSMEs,/SIEs, PPP projects and investors on social impact businesses. It is common place for social impact investors to offer capital pricing discounts or financial subsidies, to more or less of a degree, in order to stimulate the creation of positive societal impact. In other words, investors seem to be driven by the notion of risk-adjusted ROI that are additionally optimized for the creation of positive societal impact. The project under this output will partner with relevant academia, think tanks and research consortium to:
    - Harmonize the conceptual framework and global narrative, economic principles, incentive structures and policy framework for optimizing the interrelationship between subsidy and commercial capital, within a model for risk-adjusted and impact optimized returns;
    - Enhance the analytical framework and quantitative underpinnings to incentivize private capital/commercial business/governments to invest in SDG based social impacts, influence market mechanisms and inform SDG friendly investment policies[10];
    - Prepare guidelines for evolving an SDG aligned investment mind-set across public, private and philanthropic sectors, which frames all capital deployment as an investment in society with the potential for generating positive returns across financial, social and environmental dimensions;
    - Examine the policy levers that will incentivize private capital and commercial business to be naturally drawn towards delivering the SDGs. Explore and identify market mechanisms that may need to be established, or how existing market mechanisms as well as associated legislation and regulatory environment impacts social businesses;
    - Develop a conceptual framework for a "risk-adjusted and impact optimized Returns on Investment (ROI)". It is anticipated that this may be achieved through introducing a unified investment mind set for assessing both the financial and non-financial performance as bona fide ROI. This will seek to identify how market activity can be incentivized to create financial and social ROI respectively, or to drive a blend of both;
    - Develop an implementation toolkit identifying how existing financing instruments and mechanisms can be better harnessed for mainstreaming social business models and SDG based impact investment to reach radical scale. Identify options for streamlining, simplifying and industrializing financial innovations together with a resource mobilization strategy;

[10] See annex 6 – Research Concept Note

b. Using the knowledge generated from the UNDP UNSIF research programme, the eco system will operationalize the on and offline platforms **to share and disseminate experiences, best practices and advocate for policy change**:
   - Convene dedicated fora for investors including government and mSMEs on social impact investing;
   - Harness a coalition of “Impact Investing for SDGs”, including mSMEs, governments and investors as a means to build awareness as well as stimulate the supply of resources for impact investing;
   - Sponsor an “Asia-Pacific Impact Investment Policy Forum” in partnership with governments and private sector to share best practices as a means to enhance resources for impact investing and promote South-South Investment and Financial Cooperation;
   - Roll out an “SDG’s project pipeline development initiative”, to provide capacity development to a wide-range of stakeholders to develop higher quality project pipeline for impact investing, and learn about blended financing model to leverage additional finance into SDGs projects.

23. The project will explore **institutional options to** sustain the interventions of the on-and off- line platform/eco system on social impact investing, particularly those relating to sharing knowledge, accessing expertise, disseminating best practices that service investors and fund managers assess the social and environmental performance of their investments but also enable impact enterprises to measure and improve their operations and services. The proposed institution may also partner with a potential General Partner GP/holding company to mobilize investment funds for the SDG certified investment projects, thereby expanding the resource base for businesses to achieve scale and contribute to SDG attainment (see section on sustainability).

Resources Required to Achieve the Expected Results

24. **People:** The project will be staffed by 5 professionals (refer to the project management section) and one general service staff entirely financed from the project. All professional staff performing development effectiveness functions will be charged to the different outputs. The RBAP Deputy Director will provide the overall leadership to this regional project. The project will be coordinated by the Regional programme manager as part of the portfolio of regional initiatives. RBAP’s Strategic Planning Unit in NY will provide backstopping support as required. Country Office staff may be consulted depending upon the project’s intervention and request by the government on support on social impact investment.

    Each staff member will have a dedicated function in order to operationalize and to manage risk mitigations strategies of UNDP-UNSIF. These include:

    a. Project Manager, Programme, Finance and Operation, P5 based in BRH who will be responsible for the financial and operational management, audit, compliance, project M&E, etc. S/he will also ensure that all financial and grant processes, measurements, reporting are accurate and in accordance with UNDP SOPs.

    b. Senior Advisor, Impact Investment: P5, based in Hong Kong to manage overall responsibility for UNDP-UNSIF Hong Kong office duties including strategic management, coordination, planning, positioning and partnerships.

    c. Advisor Investment Analysis/Compliance, P4 or NOC based in Hong Kong to ensures policies, processes and procedures comply with the industry standard Legal Regulatory Compliance Risk Management policies, ensure that Operational Risk Management Framework and the Risk and Control Assessments maintained accurately reflect the level of UNDP Regulatory and Related Risks, advise the UNDP-UNSIF Programme manager and UNDP of any compliance issues, changing regulations, new and/or changes to existing products/offerings, procurement, and other change management due diligence activities which may impact the operation of UNDP-UNSIF, support pipeline development activities including investment assessments, IRR/SROI estimations, fund M+E supervision, legal and regulatory assessments, quality assurance and legal compliance, etc.

d. Manager, UNDP- Impact Investment Certification, P4 based in Hong Kong to design and operationalize a hybrid SDGs Impact Investment Certification (SDGs-IIC) that integrates a sector respected social impact assessment tool plus SDG indicators together with an industry respected partners (ISO, OECD, GIIN, IRIS, etc.) that will include
    i. the standard economic performance indicators,
    ii. SDG related indicators and
    iii. UNDP ESG indicators

25. The Project Manager, Impact Investment Advisor, Manager Impact Investment Certification and a support staff will be hired as soon as the project is approved. The manger business relations can be staggered to the following year (2018), to allow time for the project to initiate outputs 1 and 2 and be able to demonstrate some results to showcase to investors.

26. **Purchases:** UNDP-UNSIF will procure the services of industry recognized organizations for developing the SDG based certification services. The on-and off ecosystem on social impact investing will require procuring technological services, subject expertise, as well as convening high level dialogues that enable investors, mSMEs and governments to learn, share and disseminate lessons and best practices on social investments.

27. The project will work closely with the Bangkok Regional Hub and on developing a robust procurement system based on a thorough due diligence of the partner. While the project will develop its due diligence procedures for partnering with private sector companies, it will as required, access the inputs from the HQ based due diligence panel to mitigate risks, as required.

28. Depending on the situation, this may include the procurement of the following services which will be staggered as per the approved annual workplan, budget and the RRF:
    - Research/Knowledge Manager, a consultant based at home and in Hong Kong to design and operationalize the a) research consortium and b) the Social Impact Investment Certification;
    - External due diligence researchers (for example the Dow Jones research unit);
    - Subject matter consultants to advise on legal compliance, development impacts, and partnership structures to best leverage specific investment opportunities;
    - Incubation training and trainers;
    - Acceleration curriculum designers and service delivery agencies;
    - Event organization and management specialists or agencies;
    - Writers, researchers, editors and graphic designers for communication materials, research and knowledge product publication

Partnerships: Please refer to the section on partnerships.

Partnerships

Government and Development Financial Institutions (DFIs):

29. Governments play a critical role in enabling the environment for social impact investments. For example, governments can convene/establish high level groups for resourcing social impact projects. In June 2013, the UK government established the Social Impact Investment Taskforce to catalyse the global social impact investment markets in Australia, Brazil, Canada, France, Germany, India, Israel, Italy, Japan, Mexico, Portugal, United Kingdom, USA, and the European Union. Governments can also increase the effectiveness of their existing programmes to benefit social responsible businesses. Regrettably Government agencies often lack the flexibility and range of tools needed to achieve social and environmental goals. With the right incentives governments can draw new private social impact investment. For instance, India's entrepreneurial eco-system has attracted Social impact investments to the tune of $500 million in 2015 and expected to double to $1 billion by 2020. Governments can play a key role in removing regulatory barriers to unlock additional private impact investment. For example, the signing of the Korean Social Enterprise Promotion Act in 2007 created a space for the social sector to advocate for social change. There are now over 1,550 certified social enterprises,

defined as "an organization that engages in business activities". The U.S Government Department of Labor's new guidance on "economically targeted investments" for pension funds gave coverage to fund managers that consider the social and environmental impact of their investments while fulfilling their fiduciary duty to beneficiaries.

30. These and other examples are instructive on the kind of interventions that are needed to motivate mSMEs to invest in areas that generate social goods while being profitable. However, innovative impact oriented businesses are in need of investment, and certain regulatory barriers stand in the way—leaving much private capital on the side lines. This is compounded by the dearth of social impact platforms whereby investors including governments can learn about the work of social businesses and the projects which are available for funding. The social impact eco system will aim to bridge this information gap providing an on and offline platform for businesses, government and investors to connect.

31. The platform/ecosystem will help lobby with Governments to get social impact investing off the ground. Following the ToC, the project will aim to build awareness amongst Asia Pacific governments and DFIs on the role and contribution of social impact investments. Specific case studies documenting successes from state interventions and reforms will be presented, with the assumption that this awareness will lead governments to reform policies putting in place measures to attract private investment favouring important social and environmental goals.[11] The realism of this strategy will be reviewed in the mid-term evaluation of the project in 2017 to determine changes if any are required towards a regional strategy for governments to incentivize social businesses.

Investors (Institutional, family trusts/philanthropic and private sector):

32. The 2016 Global Impact Investment Report identifies three key roles performed by investors in the arena of impact investing. These are: 1/Increasing the supply of and motivation for market capital to be invested in a manner that is socially responsible, adheres to Environmental Social Governance, guidelines and produce a balance of economic and social dividends; 2 Providing client investment opportunities to both individuals and institutions with an interest in general or specific social and/or environmental causes; and 3/Leveraging significantly greater assets (especially by institutional and family foundations) to advance their core social and/or environmental goals, while maintaining or growing their overall endowment.

33. Examples of investors engaged in social impact investing includes amongst others institutions like Encourage Capital, an asset management firm specialising in developing investment strategies in five impact areas aligned to the SDGs: financial inclusion, climate change, sustainable infrastructure, sustainable seafood and water conservation. Robecosam manages and advises a $10.7billion portfolio, which includes a substantial allocation to companies that seek to improve access to basic services such as clean water, energy, health and food security as well as to improve gender equality.

34. There are many other investors who are sitting on the margins of investing in socially responsible businesses but have yet to take the plunge. UNDP UNSIF's assumption is that lack of engagement is fuelled by the absence of an industry recognized standard on social impact investing[12]. Investors simply do not understand how to measure the performance of social responsible businesses and are therefore reluctant to invest. Based on UNDP's record and system of quality assuring projects based on certain globally recognized criterion – social development, environmental sustainability and gender equality, as well as experience in engaging private sector through the inclusive markets and connecting business initiatives, makes it well placed to develop certification standards that are globally recognized and incentivize existing and new investors to finance socially responsible mSMEs/SIEs and PPP/infrastructure projects.

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11 http://www.socioeco.org/bdf_fiche-document-815_en.html;

12 https://www.rockefellerfoundation.org/blog/7-things-weve-learned-about-impact/

35. Another reason for the limited engagement is that the present set of tools are rather limiting in terms of investing in socially businesses. Grant or loans are the main instruments at play. Grants are few and loans target mainly medium sized businesses with large capital asset inventories. This naturally leaves out the whole technology-based social innovation sector that has developed new solutions to the great development challenges.

36. The Investors' Council of the Global Impact Investing Network (GIIN), a group of leading impact investors recognize the convergence between private equity and impact investing to seek long-lasting and sustainable change by focusing on supporting profitable social business models that create an enduring impact. The inaugural Impact Investing Benchmark Report[13], published by the GIIN and Cambridge Associates, shows that private funds with an impact focus can earn returns that are comparable or superior to similar funds without an impact focus while measurements such as the IRIS standards support the tracking of social or environmental impact. Therefore the projects strategy to institutionalize the ecosystem on social impact investing and link it with a General Partner to mobilize investment funds, will enable investors to make open ended equity investments that focus on long-term growth, as opposed to the fixed-duration of debt and grants that focus on short to middle –term fixed income payback, are better suited and are in bigger demand by social enterprises.

Micro, Small and Medium Enterprise/ Social Impact Enterprises

37. Partnerships with micro, small and medium Enterprises/ Social Impact Enterprises are at the heart of this project. In Asia Pacific there are some notable examples of mSMEs investing in social impacts. For example, Thailand now has some 120,000 social enterprises, helped by government through the creation in 2010 of the Thailand Social Enterprise Office, which provides support and advice. AbleThrive in Singapore, is a one-stop platform with curated high-quality resources about living well with a disability, sourced from a growing network of over 100 blogs, organizations, companies and hospitals worldwide. In addition, it provides consulting services for companies interested in fostering disability inclusion. Kamal Kisan in India, develops machines and tools suitable for smallholder farmers to reduce their dependence on labour and increase their profitability. One of their products, a sugarcane planter, has been able to demonstrate improvements in process efficiency by up to 80%. Naireeta Services in Sri Lanka develops "Bhungroo", a unique rainwater management solution which helps poor farmers adapt to disasters like drought and prolonged water logging. Bhungroo filters, injects and retains excess storm water underground for reuse in dry season.

38. UNDP-UNSIF believes that there is potential to exponentially grow and upscale successes of social impact businesses. UNDP UNSIF attributes three key drivers behind the limited growth of this sector: 1/ the lack of funding available to resource mSMEs, SIEs to undertake socially responsible projects; 2/ limited if any interest by the Government to incentivize mSMEs/SIEs to grow and expand their businesses; and 3/ lack of availability of knowledge, documenting the work of successful social businesses and their impact in contributing to SDGs to inform investors and governments to become more enabling towards this sector.[14] These drivers serve as the key assumptions for promoting the mSMEs/SIEs and PPP/infrastructure projects to expand and dive deeper in achieving social impacts. Specifically, the project will aim to build capacity to develop a pipeline of investible projects that pass the certification standards for attracting resources from governments, banks and other investors. The project's on and offline platform will serve as an important mechanism that brings together all the different stakeholders to facilitate mutually beneficial partnerships and also serve to showcase successes for further replication.

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[13] http://www.cambridgeassociates.com/our-insights/research/introducing-the-impact-investing-benchmark/ - comprises 51 private investment (PI) funds. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Funds in the benchmark pursue a range of social impact objectives, operate across geographies and sectors, and were launched in vintage years 1998 to 2010;

[14] https://www.rockefellerfoundation.org/blog/7-things-weve-learned-about-impact/

Academic and M+E Organizations (GIIN, IRIS, etc.)

39. The project envisages coordinating its work with institutions like the Global Impact Investment Network a non-profit organization which offers IRIS as a free public good to support transparency, credibility, and accountability in impact measurement practices across the impact investing industry. Other institutions like the City University of Hong Kong 'CityU' offer accredited social enterprise courses and involve social entrepreneurs in both the delivery of curriculum teaching and extracurricular activities. Harvard University (USA) established the Social Enterprise Initiative has built a foundation of knowledge that has both responded to and influenced the changing field of practice. Columbia Business School has also adopted several Social Impact Investment courses within its undergraduate and graduate academic curriculum. Centurion University of Technology and Management, India, created a 'livelihood incubator' in 2012 – the Urban Micro Business Centre (UMBC). Rather than insulate it within the university campus, they made the unique decision to locate the centre alongside one of the largest slum clusters in Bhubaneswar to create social entrepreneurial based solutions to urban poverty and urban development.

40. In addition, UNDP's Growing Inclusive Market initiative, the Connecting Business initiative, and various innovation funds like the Malawi Challenge Fund offer important learnings on inclusive business models and sectors that have relevance to social impact investments.

41. Academic institutions with ongoing business programmes will be important partners to research quantitative underpinnings which incentivize private capital/commercial business/governments to invest in SDG based social impacts, influence market mechanisms and inform SDG friendly investment policies;

42. Given that lack of certification standards and dearth of knowledge are identified as the inhibitors to expanding the growth of social businesses, UNDP-UNSIF will partner with relevant industry certification leaders (the International Standards Organization – ISO), academic institutions and think tanks to develop certification standards building upon the UNDP's quality assurance criterion that are aligned to the SDGs and are recognized by the industry as a seal of quality. These standards will provide the much needed information to investors to gauge the projected social benefits and for governments to potentially consider the application of such certification to their own projects.

Risks and Assumptions

Risk 1 Lack of demand for UNDP-UNSIF services

43. **Mitigating Strategy:** The UNDP-UNSIF project team has been engaged with the supply and demand side of the marketplace for several years and has a strong understanding and initial commitment for the offered services. That being said, UNDP-UNSIF will continue to engage with priority stakeholders to understand the evolution of the marketplace and the modifications required to all services.
UNDP- UNSIF will design and initiate awareness and advocacy material/campaigns to ensure that the internal and external financial literacy and behaviours are correlated

Risk 2 Limited uptake of the certification programme amongst stakeholders

44. **Mitigating Strategy:** The UNDP-UNSIF certification programme focuses on two main areas to increase awareness, build value and address the supply and demand forces on social impact investment. Initially, the programme will focus on the importance of addressing organizational capacity to initiate interventions. By partnering with a-level certification partners and building on their success, for example, by expanding on the success for the ISO 26000 standard for Social Responsibility. This will add value to investment projects that are 'certified' and allow for crowding in extra investment partner interest. As the certification will include SDG targets, this will become attractive to all sectors, especially public sector investments where governments are seeking additional methods to increase their SDG achievement ratings.
Secondly, the UNDP-UNSIF certification would be standardized across sectors and thematic areas to

ensure a comparative nature. This will allow different clients, private, public and civic sectors to compare social impact returns balanced against economic returns.

Risk 3 **Governments demonstrate limited interest in policy or institutional reforms favouring social impact investments**

45. **Mitigating Strategy:** UNDP-UNSIF will enlist the participation and engagement with governments to identify the best value proposition for each. Naturally, governments will be looking to strengthen different areas. UNDP-UNSIF will work with governments to demystify social impact investing as the provision of finance to organizations and funds addressing social needs with the explicit intention to generate a measurable social, as well as a financial return[15]. UNDP-UNSIF will develop awareness that focus on the supply side policies for example public matching finance, investment rules, tax incentives or reporting requirements. The focus of such sessions will be to build government capacity to access knowledge and capital market finance they need and to strengthen the demand for their products of services through social and green public procurement. By convening knowledge sharing events that target governments, UNDP-UNSIF will show that more recently, governments have started to recognize the importance of building market infrastructure that parties need in monetary and non-monetary exchange of goods, services and information such as investments advisory services, rating, or capacity building services.

Risk 4 **Partner activity (outside of UNDP-UNSIF project initiatives) has a reputational issue i.e. public bankruptcy, conviction of fraudulent[16] and/or illegal behaviour that impacts on project and potentially UNDP**

43 **Mitigating Strategy:** Ensure that all contributions and associated investments are transparent and available to the public offering evidence of what specifically is within and out of scope for UNDP-UNSIF project. UNDP-UNSIF will engage on an outside-in strategy to have a full understanding on the working environments, and the emerging stakeholders. An agile due diligence process will be institutionalized with a no-compromise rule that will ensure that all projects and partners are vetted. An advisory board will be established as a 'sounding board' that is made up of well experienced cross-sectorial stakeholders in order to have the best advice available when making any binding decisions.

Risk 5 **Conflict of interest – For example partner x or UNDP staff leverage or leak inside information to make investments for profits**

44. **Mitigating Strategy:** As required by or publication of forward-looking statement that predicts, projects, or uses future events as expectations or possibilities. In addition, information barriers that prevent the transmission of investment information between UNDP- UNSIF and any external partners will be discussed and monitored to ensure that no partner - internal or external - may profit from investment evaluations, assessments, designs or discoveries. If UNDP is presented with evidence of insider trading by PARTNER X, a request for additional information to PARTNER X will be issued to clarify the validity of the claims. If established, arrangements for termination in line with the signed MoU will be initiated;

Risk 6 **Private sector and Investors perceive conflict of interest on UNDP advising, certifying and also facilitating funding for the SIEs, mSMEs and PPP Infrastructure projects**

45. **Mitigating Strategy:** The online/off line platform on social impact investing will allow an open sharing of information on certified social businesses. This transparency will help minimize and potentially mitigate impressions of any favouritism by UNDP for any particular SIE, mSME or PPP/Infrastructure project.

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[15] OECD 2015, Social Impact Investment: Building the Evidence Base

[16] See annex 7

Risk 7 **UNDP-UNSIF fails to gain and maintain market confidence in the financial system, with social impact investors, donors' governments and other stakeholders**

46. **Mitigating Strategy:** In the initial year, UNDP-UNSIF will be extremely selective in the investment project and associated partners to ensure that the projects selected are in-line with the UNDP programme, clearly support identifiable SDGs, has robust monitoring and evaluation milestones and has a partnership structure that on completion, provides an excellent test-case for future investment models. An advisory board will be established to ensure that strong experience guides the selection process. A comprehensive knowledge and communication strategy will be in place to ensure that the project successes are well recorded and promoted.

Risk 8 **UNDP-UNSIF fails to raise sufficient funds to reach financial sustainability of the and project business model**

47. **Mitigating Strategy:** In the initial year, a comprehensive resource mobilization and communication/ relationship building exercise will be designed to target new and traditional funders. An initial target of 3-year budget funding (USD 6 million) will be established in order to establish a budget reserve. Building on the initial contribution of USD 5 million, UNDP-UNSIF will be extremely selective in the investment project and associated partners to ensure that the projects selected provides an excellent test-case for future investment models and crowd in additional resources.

Risk 8

Stakeholder Engagement

48. **Micro Small and Medium Enterprises (mSMEs)/Social Impact Enterprises**: that have at least a 2-year track record in social impact investment are interested in certification as well as have promising ideas for investment. Detailed due diligence criterion will be developed by the project on mSME selection.

    Engagement strategy: UNDP-UNSIF will engage in relationship building exercises to curate a pipeline of mSMEs through a) an open marketplace platform that seeks to match mSMEs that are seeking financial and technical assistance support with potential investors and donors, b) initiating an open 'challenge' that seek proposals from mSMEs within specific geographic or thematic areas and c) offer the service of 'certifying' investment proposals to increase the viability of attracting financial investments.

49. **Governments:** interested in investing in social impact projects and are open to considering policy reform measures to incentivize financial and development banks to invest in socially responsible business ventures.

    Engagement strategy: UNDP-UNSIF will support policy reform/ development and cross-sector knowledge sharing initiatives to a) increase governments understanding of other national social impact investment environments, successes and challenges, b) offer trainings and workshops with industry leaders to increase capacity to design and implement social impact investment projects and c) offer certification service to de-risk social impact investments.

50. **Institutional and private sector investors, donors, HNWIs and trust funds:** aiming to enhance their portfolio in social impact related investments. This target group will need to buy in to the certification standard developed by the project that serves as an industry standard for mobilizing resources.

    Engagement strategy: Similar to the mSMEs strategy, UNDP-UNSIF will engage in relationship building exercises to convene a consortium of impact investors through a) an open marketplace platform that seeks to match mSMEs that are seeking financial and technical assistance support with potential investors and donors, b) initiating an open 'challenge' that seek proposals from mSMEs within specific geographic or thematic areas and c) offer the service of 'certifying' investment proposals to increase the viability of attracting financial investments.

    UNDP-UNSF will also commission knowledge projects and research to keep all stakeholders up-to-date on influences to the rapidly growing social impact investment environment. This may also include targeted local and/or larger regional events, workshops and trainings.

51. UNDP-UNSIF will also engage internally within the UNDP A-P region and associated COs to develop a potential project pipeline. This can include the establishment of a 'project pipeline centre' that will investigate current programmes for bankable projects including the Innovation Unit, GEF and GCF portfolios.

South-South and Triangular Cooperation (SSC/TrC)

52. The project's output on eco systems development provides a platform for Southern partners to support South South investment and financial cooperation work with southern partners to guide and leverage financial flows into critical SDGs and SSC priorities, i.e. SME development, cross-border trade, integrated area based development, resilient infrastructure, decent jobs, urbanization, etc., and contribute to regional connectivity and regional integration.

53. In addition, the project will support the South-South knowledge sharing among developing countries on impact investing, social entrepreneurship, blended financing and SDGs implementation. The results of this project will further strengthen the global South-South Cooperation policy agenda, highlighting the important role and contribution of South-South Cooperation to SDGs implementation, and strengthening the South-South partnerships across the region. SSC will be mainstreamed throughout this project, from partner selection, project identification and implementation, alliance building and knowledge sharing.

Knowledge

The project will generate knowledge products that support the implementation of the four results areas:

54. SDGs Impact Investment Certification (SDGs-IIC) guidance integrating a sector respected social impact assessment tool plus SDG indicators together with industry respected partners (GIIN, IRIS, ISO etc.) to include:
    - the standard economic performance indicators
    - SDG related indicators
    - UNDP SES and gender equality indicators

55. An implementation toolkit identifying how existing financing instruments and mechanisms can be better harnessed for mainstreaming social business models and SDG based impact investment to reach radical scale.

56. As part of activating the eco-system on social impact investing, the project will facilitate the preparation and dissemination of series of knowledge products around the following themes:
    - Social Impact Investment Value in achieving the SDGs
    - Keeping Ethical Investment Ethical: Compliance Guidance for Policymakers
    - The Role of Social Impact Investors in Financing Development in Asia and The Pacific
    - Innovation to De-Risk Impact Investing

57. In addition, project annual report will attempt to capture lessons learned that influence the following years planning as well as potentially feed into the potential next phase of the project. The project's mid- term evaluation will put to test the fulfilment assumptions made on the different result areas as well as determine the need for the direction of the next phase of UNDP-UNSIF.

Sustainability and Scaling Up

58. As an investment advisor, UNDP-UNSIF may generate resources through receiving a management fee by the investment fund for investment and portfolio management services. The fee may cover investment advisory as well as administrative services. This will help mobilize funds to cover the resource gap. In addition the project will market its results to traditional donors and governments through to mobilize resources.

59. Evolving as a multi-stakeholder Financial Innovation Platform, UNDP-UNSIF three tiered support of technical advisory, certification and eco systems support will generate business opportunities for partnering with established fund managers to raise substantial investment funds. Options to explore other instruments such as equity and private capital investments will be exercised for positive social gains.

60. The projects exit strategy is the establishment of an institutional mechanism that in the future will facilitate impact investing, by providing a platform for pipeline development of certified social businesses to connect with investors for promoting SDG based development. In tandem UNDP-UNSIF will select a general partner (holding company) to mobilize investment funds for the SDG certified social businesses. An important role of the institutional mechanism is to help investors and funds managers through the GE/holding company access the impact rating and measurement systems. The institutional mechanism will link up with the GP offering a pipeline of SDG certified business as well as facilitate tripartite arrangement whereby the GP/holding can benefit from UNDP's seal of SDG based impact rating and measurement system which facilitates investors and fund managers assess the social and environmental performance of their investments but also enable impact enterprises to measure and improve their operations and services.

61. Private equity will add the rigor of private investor evaluations to tackle some of society's most pressing concerns while maintaining a sustainable exit for UNDP-UNSIF, as the equity investors remain with the project until their targets are reached.

62. The creation/ identification of such an institutional platform will be a first step in a much longer journey of impact investment. Subject to a positive mid-term evaluation of the project in 2019, UNDP will design second phase (2021-2025) titled growth phase of the project. A critical element of this phase will be strengthening the mechanisms to sustain and grow the momentum around social impact investments. This phase will also roll out financing models that harness equity investments for smaller enterprise. The growth phase of the project will attempt to widen the application of the different knowledge products (like the certification, quality assurance, development of pipeline of SDG certified investible projects, scale up successes within countries and replicate positive experiences on social impact investing across Asia and the Pacific. UNDP's global knowledge centers will play an important role in dissemination of results.

63. The potential third and final phase of the project 2026-2030 coinciding with the 2030 agenda will serve as the maturation phase where institutional mechanisms developed will serve as a credible and recognized player on social impact investment. There will be a critical mass of knowledge generated that informs the future global agenda from social impact investments. Investors, banks and donors will have industry recognized metrics to gauge the quality of their portfolios on social impacts and their contribution to achieving the SDGs.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

Project Management

64. UNDP-UNSIF will use a direct implementation modality. The project is entirely financed from extra-budgetary resources mobilized by the project. The three tiered strategy necessitates that the project retains a light foot print with minimal albeit strategic core project staff, but has the flexibility to engage individual experts, companies, academia and think tanks to develop the different service lines of the project (refer to the project budget). In this direction, the project will leverage activities and partnerships with other initiatives to minimize duplication but also harness relevant resources to deliver results (refer to the partnerships section.)

65. The project team will be based between the Hong Kong project office using rent free premises and at the Bangkok regional Hub (BRH) in Thailand. The project manager will be based in the Bangkok Regional Hub for programme management, finance and operational coordination and liaison. The Chief Private Sector Partnerships (post to be determined and funded from RBAP budget) will oversee the project as part of other private sector initiatives. Chief Regional Programme Policy Support will coordinate the programme within the portfolio of regional initiatives and the Chief of Strategic Planning and Oversight, RBAP NY will coordinate the programme with UNDP central bureaus and global initiatives. RBAP Deputy Director will provide overall leadership to the programme.

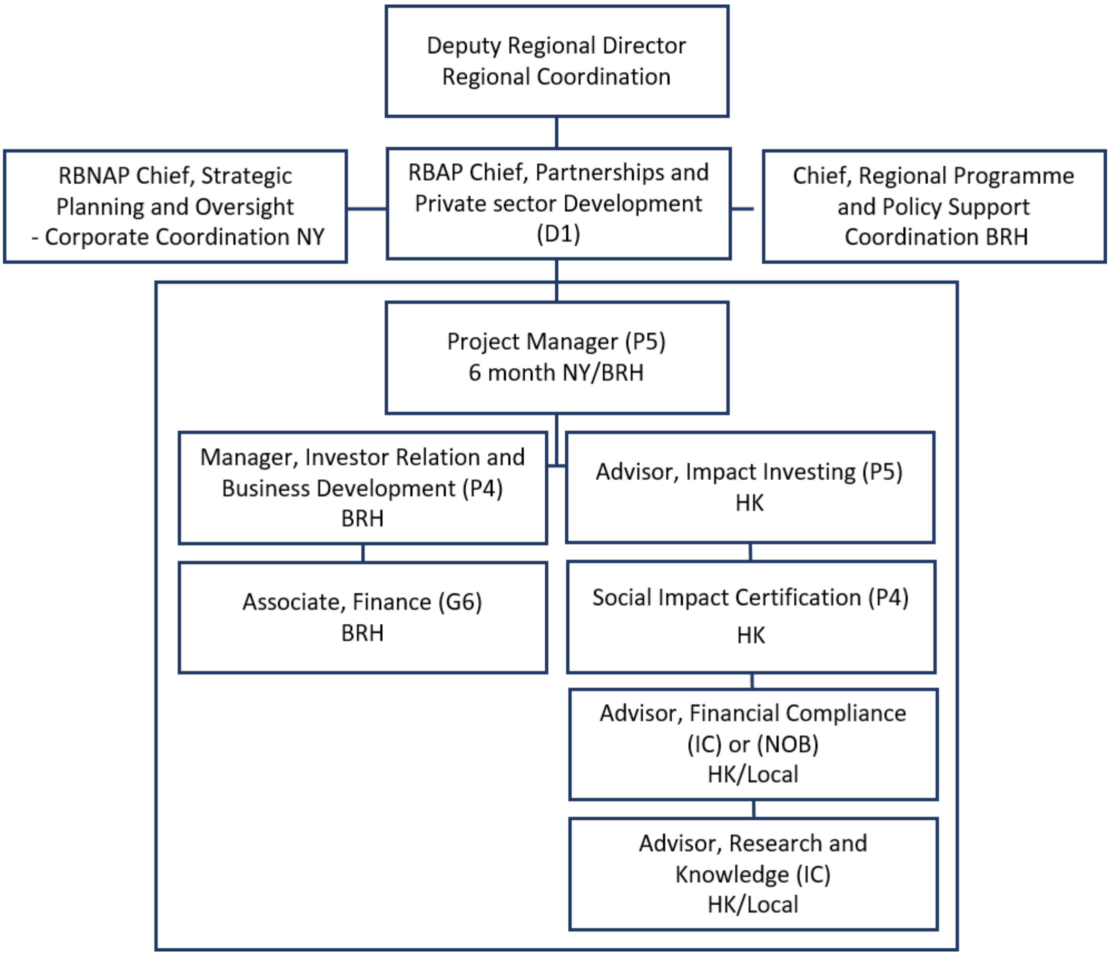
66. The Hong Kong based project team will focus on external business development initiatives, for example, resource mobilization, social impact partnerships, social impact certification, developing a pipeline of investible social businesses, legal and financial compliance, project and programme monitoring and evaluation, and research and knowledge management.

67. The BRH project staff will focus on operational coordination and compliance, for example, UNDP/RBAP country office support including internal pipeline development services, internal operations, administration, financial and procurement compliance and communications. As UNDP-UNSIF acts as a supporting platform, UNDP-UNSIF senior project staff will coordinate to explore cross-unit programme opportunities including GEF, GCF and other UNDP initiatives that can benefit or provide value to/from UNDP-UNSIF. This will be in coordination with the Strategic Business Development unit at BRH.

68. The costs for the projects professional staff performing development effectiveness functions will be recovered from the development outputs, hence the project staff will be entirely cost recovered from the programme side of the project budget.

69. The project will be audited by Office of Audit and Investigation. Costs for the audit are built in the budget.

    The project organogram is as follows (See Annex for ToRs)



Designation	Location	Key inputs
Project Manager (Programme Management, Coordination, Finance and Operations)	BKK	(P5) Responsible for operational management, coordination and compliance, for example, UNDP/RBAP country office support including internal pipeline development services, internal operations, administration, financial and procurement compliance, project and programme monitoring and evaluation, and communications. Ensure that all financial and grant processes, measurements, reporting are accurate and in accordance with UNDP SOPs.
Senior Advisor, Impact Investment	HK	(P5): Overall responsibility in Hong Kong for UNDP-UNSIF responsibilities including , strategic planning, positioning and partnership building within the Social Impact Investing, Social Impact Investing Certification and Research business lines
Manager, Investor Relation and Private Sector Business Development	BKK	(P4) Establish a full business development programme engaging the private sector and investment community to support the SDGs, Inclusive Business and development finance. Develop cross programme synergies to explore new business opportunities for UNDP and UNDP-UNSIF.
Advisor, Social Impact Investment Certification	HK	(P4) Design and operationalize a hybrid SDGs Impact Investment Certification (SDGs-IIC) that integrates a sector respected social impact assessment tool plus SDG indicators together with an industry respected partners (ISO, OECD, GIIN, IRIS, etc.) that will include a) the standard economic performance indicators,

		b) SDG related indicators and c) UNDP ESG indicators (from the Development Impact Group)
Advisor Investment Analysis/Compliance	HK	(IC) or (NOB): support pipeline development activities including investment assessments, IRR/SROI estimations, fund M+E supervision, legal and regulatory assessments, quality assurance and compliance, etc.
Research/Knowledge Advisor	HK	(IC) Design and operationalize the a) Research consortium and b) the Social Impact Investment Certification
UNDP Finance/M+E Specialist, (to recruit)	BKK	(GS/NO): Ensure that all financial and grant processes, measurements, reporting are accurate and in accordance with UN SOPs.

V. Results Framework

Intended Outcome as stated in the UNDP Strategic Plan Programme Results and Resource Framework:

Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:

RP Outcome 4: Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles

Project Outcome Indicator: Dollar value of financial and technical assistance (including through North-South, South South and triangular cooperation) committed to developing countries (SDG indicator 17.9.1)

Base line:(2014) USD7,181,680,000 (USD7.2 billion)[17]

Target: +10% (approx. USD781 million)

Applicable Output(s) from the UNDP Strategic Plan:

Output 1.1:National and subnational systems and institutions enable to achieve structural transformation of productive capacities that are sustainable and employment- and livelihoods- intensive

Output 7.6: Innovations enabled for development solutions, partnerships and other collaborative arrangements

Project title and Atlas Project Number: UNDP – UN Social Impact Fund

EXPECTED OUTPUTS	OUTPUT INDICATORS[18]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2017	Year 2018	Year 2019	Year 2020	Year …	FINAL	
Output 1 Social Impact investment advisory services extended to SIEs and Investors	1.1 Extent to which advisory and quality assurance services on social impact investing are being accessed by mSMEs and social impact investors[19]	*Project data*	0	*2016*							*No risks foreseen as data collected by project*
	1.2 Number of social impact enterprises accessing advisory services	*Project data*	0	*2016*	*0*	*5*	*10*	*20*		*35*	*No risks foreseen as data collected by project*

[17] http://unstats.un.org/sdgs/indicators/database/?indicator=17.9.1

[19] This is a qualitative indicator to track effectiveness of UNDP support. The demand orientation of the advisory and QA services is monitored on a qualitative rating scale (1=not adequate; 2=very partially, 3=partially; 4=largely)

Output 2 Quality assurance and certification services developed and delivered to SIEs, Governments and Investors	2.1 Trusted certification standards on impact investing rolled out and are enabling mSMEs, SIEs, investors and governments to measure social benefits[20]	*Project data*	0	*2016*	*0*	*1*	*-*	*-*		*1*	*No risks foreseen as data collected by project*
	2.2 Training manuals on the application and use of the certification by mSMEs, investors and governments	*Project data*	0	*2016*	*0*	*1*	*-*	*-*		*1*	*No risks foreseen as data collected by project*
	2.3 SDG based Monitoring and Evaluation system developed to track targeted beneficiaries are reached, using quantitative data and analysis, shared within an open data framework	*Project data*	0	*2016*	*1*	*-*	*-*	*-*		*1*	*No risks foreseen as data collected by project*
	2.4 Extent to which impact investing projects are certified based on SDG criterion; UNDP social and environmental screening; and gender marker[21].	*Project data*	0	*2016*	*0*	*4*	*8*	*16*		*28*	*No risks foreseen as data collected by project*
	2.5 Number of jobs created by the financed certified social impact businesses disaggregated by sex (ref. IRRF 1.1.1a)	*Proejct data/ mSME data*	0	2016	*0*	*0*	*40*	*160*		*200*	*No risks foreseen as data collected by project and sourced from relevant databases*

[20] A qualitative indicator to track the extent to which certification standards are helping investors and enterprises to measure social benefits on a rating scale of 1-4 (1=not adequate; 2=very partially, 3=partially; 4=largely)

[21] This is a qualitative indicator to track the extent to which SDG criterion are being used to certify impact investing projects on a scale of 1-4 (1=not adequate; 2=very partially, 3=partially; 4=largely)

Output 3 An impact investing eco-system developed and institutionalized for project pipeline development, research and advocacy on social impact investing	3.1 An online-offline platform on social impact investing rolled out harnessing a coalition of "Impact Investing for SDGs", including mSMEs, governments and investors as a means to build awareness as well as stimulate the supply of resources for impact investing;	*Project data*	0	2016	*1*	*0*	*0*	*0*		*1*	*No risks foreseen as data collected by project*
	3.2 Number of SDG certified social impact projects accessing investor funding (ref. IRRF 1.1.3)	*Project data/ investor data*	0	2016	*0*	*4*	*8*	*16*		*28*	*No risks foreseen as data collected by project*
	3.3 Evidence of the extent to which research consortium develop quantitative metrics for analysing the business potential of social businesses[22]	*Project data*	0	2016	*0*	*1*	*0*	*0*		*1*	*No risks foreseen as data collected by project*
	3.4 An "Asia-Pacific Impact Investment Policy Forum" sponsored in partnership with governments and private sector to share best practices as a means to enhance resources for impact investing and promote South-South Investment and Financial Cooperation;	*Project data*	0	2016	*0*	*1*	*0*	*0*		*1*	*No risks foreseen as data collected by project*
	3.5 An "SDG's project pipeline development initiative", to provide capacity development to a wide-range of stakeholders to develop higher quality project pipeline for impact investing, and learn about blended financing model rolled out to leverage additional finance into SDGs projects.	*Project data*	0	2016	*0*	*0*	*1*	*0*		*1*	
	3.6 Accredited knowledge products and case studies published supporting a common understanding of how social impact investing can be applied across sectors	*Project data*	0	2016	*0*	*3*	*5*	*10*		*18*	

[22] This is a qualitative indicator to track on a rating scale of 1-4, the extent to which research consortium develop quantitative metrics for determining the business potential of social businesses (1=not adequate; 2=very partially, 3=partially; 4=largely)

	3.7 The extent to which an institutional mechanism for impact investing related services is fully operational and attracting sustainable financial resources and clients[23]	*Project data*	*0*	*2016*	*0*	*0*	*1*	*0*		*1*	
	3.8 Selection of a General Partner/ Holding Company and evidence of the extent to which it is mobilizing investment funds for SDG certified social businesses[24]	*Project data*	*0*	*2016*	*0*	*0*	*0*	*1*		*1*	

[23] This is a qualitative indicator to track on a rating scale of 1-4 the ability of the institutional mechanism to attract sustainable financial resources for impact investing (1=not adequate; 2=very partially, 3=partially; 4=largely)

[24] This is a qualitative indicator to track on a rating scale of 1-4 the ability of the holding company to mobilize investment funds (1=not adequate; 2=very partially, 3=partially; 4=largely)

VI. MONITORING AND EVALUATION

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly	Slower than expected progress will be addressed by project management.	-	20% of the time of the PM and 20% of the FO
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Strategic Planning and Oversight Team, RBAP NY	
Learn	Knowledge, good practices and lessons will be captured in the project annual report and shared during the board meeting as well as in other relevant foras for feeding into the following years work plan .	Annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance to review and make Course Corrections	The quality of the project will be assessed against UNDP's quality standards, review of data from qrtly monitoring to identify and document project strengths and weaknesses in order to inform necessary course corrections	Annually	Areas of strength and weakness will be reviewed performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections for improving project performance.		
Annual Project Report	An annual progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	-do-		
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold annual project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	Ref to the section on project governance	

The project will use the corporate templates to report on progress, lessons and results. Resources are mentioned below:

	What is it?	Learn	Do it in Atlas
Issues Log	Deliverable Description MS Word Template Atlas Sample Executive Snapshot Sample	On-Demand Atlas Training – Implementing a Project	Project Management Module – Award Summary
Lessons-Learned Log	Deliverable Description MS Word Template	n/a	n/a
Project Monitoring Schedule Plan	Deliverable Description Atlas Sample	On-Demand Atlas Training – Implementing a Project	Project Management Module – Award Summary
Project Progress Report	-Deliverable Description -No MS Word Template -See samples of PPRs in the Executive Snapshot	n/a	Executive Snapshot

Evaluation Plan[25]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	RP Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation		Output 1.1 Output 7.6	Outcome 4	December 2018	UNDP, Project, Social Impact Enterprises, Investors, Governments	$90,000 Project resources

[25] Optional, if needed

VII. MULTI-YEAR WORK PLAN [26][27]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	**PLANNED ACTIVITIES**	**Planned Budget by Year**				**RESPONSIBLE PARTY**	**PLANNED BUDGET**		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1 **Impact investment advisory, quality assurance and certification services developed and delivered to SIEs, Governments and Investors**	1.1 Detailed design of advisory, quality assurance and certification services including feasibility, rules and operations. (P5 HK)	395,000	434,000	477,000	525,000				
	1.2a Detailed design of certification services including feasibility, partnerships, delivery mechanism, criteria and operations. (1 P4-HK; 1 P4-BKK)	613,000	674,000	741,000	815,000				
	1.2b Certification partnership and service research and operational expense	250,000	250,000						
	1.3 International Forum focusing in Social Impact Investments (including partnership expenses)	150,000		150,000					

[26] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

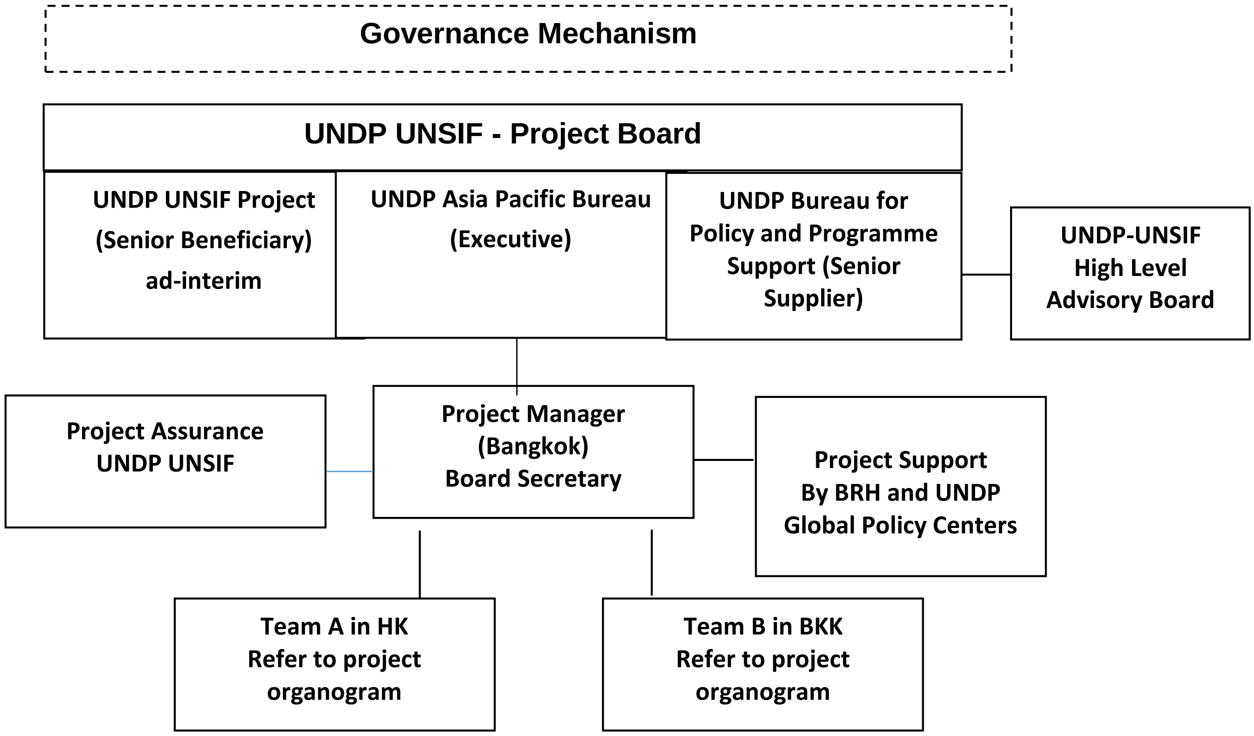
[27] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

	1.4a Business development position integrating development finance, communication, advocacy and compliance to strengthen relationships and business participation between the financial community, governments, private sector and beneficiaries (P5 in BKK)	312,000	343,000	377,000	415,000				
	1.4a Advocacy and branding/ communication platform and material costs (website, brochures, etc.)	100,000	100,000	100,000	100,000				
	1.5 MONITORING: Establish robust monitoring and evaluation procedures for all stages of the outputs	50,000	50,000	50,000	50,000				
	Sub-Total for Output 1	**1,870,000**	**1,851,000**	**1,895,000**	**1,905,000**				**7,521,000**
Output 2 An internal impact investing eco-system platform developed for project pipeline development and attracting investment funding	2.1 Design collaborative digital platform for sustainable and high social and/or environmental impact projects, and accelerate sustainable transitions in A-P (Outsourced service + maintenance contract)	100,000	50,000	15,000	15,000				
	2.2 Establish Project Development Lab to build capacity within country office and HQ to identify, design, modify projects for bankability (P4 BRH/NY)	Costed under 1.4a	-	-	-				
	2.3 Partnerships with Sustainable Finance Collective Asia to leverage internal platform with external networks	25,000	25,000	25,000	25,000				

	2.3 Operationalize UNDP-UNSIF investment strategy to include the participation and management of impact investment funds and projects (NOB HK)	200,000	220,000	242,000	266,000				
	MONITORING (SNA and survey)	5,000	5,000	5,000	5,000				
	Sub-Total for Output 2	**330,000**	**300,000**	**287,000**	**311,000**				**1,228,000**
Output 3 Knowledge and research products on SDG based Social Impact Investment developed and disseminated	3.1 Establishing an international research consortium to harness capital markets and commercial business in support of the UN SDGs (IC HK/Local)	300,000	300,000	300,000	300,000				
	3.2 Commission initial research agenda and activities (partial contribution to consortium)	80,000	80,000	80,000	80,000				
	3.3 Commission annual 'Sector Update/Thematic Update' knowledge product	50,000	50,000	50,000	50,000				
	MONITORING (SNA and survey)	5,000	5,000	5,000	5,000				
	Sub-Total for Output 3	**435,000**	**435,000**	**435,000**	**435,000**				**1,740,000**
Output 4 A platform established that serves as knowledge bank to inform and facilitate impact investing (foundation)	4.1 Investigate and understand all aspects re: establishment of external platform/foundation within local governance and legal context	50,000	50,000						
	4.2 Establish and operationalize mechanism and select general partner/holding company	25,000	25,000	25,000	25,000				
	Sub-Total for Output 4	**75,000**	**75,000**	**25,000**	**25,000**				**200,000**
Support and Oversight	EVALUATION			90,000					
	Audit		30,000		30,000				
	GS/NO BRH + admin and office supply expenses	97,000	107,000	118,000	130,000				
	Travel	20,000	25,000	25,000	25,000				
	Sub-Total for S & O	**117,000**	**162,000**	**233,000**	**185,000**				**697,000**

TOTAL		**2,827,000**	**2,823,000**	**2,875,000**	**2,861,000**				**11,386,000**
GMS 8%		226,000	226,000	230,000	229,000				911,000
GRAND TOTAL		**3,053,000**	**3,049,000**	**3,105,000**	**3,090,000**				**12,297,000**

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



The role of the project board is to:

1. Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
2. Address project issues as raised by the project manager;
3. Provide guidance on new project risks, and agree on possible countermeasures and management actions to address specific risks;
4. Agree on project manager's tolerances as required;
5. Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
6. Review combined delivery reports prior to certification by the implementing partner;
7. Appraise the project annual review report, including the quality assessment rating report; make recommendations for the workplan; and inform the outcome group about the results of the review;
8. Provide ad hoc direction and advice for exceptional situations when the project manager's tolerances are exceeded; and
9. Assess and decide to proceed on project changes through appropriate revisions.

In addition to the project board, UNDP-UNSIF will institute a High-Level Advisory Board ('HLAB')

The UNDP-UNSIF project will utilize the HLAB to strengthen its understanding of related social impact investment and development financing topics, thereby broadening its horizons, improving understanding of market dynamics, risks and return frameworks and future drivers of social and economic growth.

The role of the HLAB is to make non-binding recommendations to the UNDP-UNSIF on the wide-range of strategic decisions including:

1. Provide insights and advice on social impact investment, social innovation and social entrepreneurial market trends and strategies;
2. Make recommendations on promoting the participation of key sector actors including m/SMEs, local financial intermediaries, local and national governments development agencies, corporate CSR donors, venture philanthropists and academic institutions;

3. Identifying knowledge gaps that require new research streams to further the outcome effectiveness of UNDP-UNSIF or the social impact investment sector in general;
4. Make recommendations on how all relevant sectors and stakeholders can engage in order to catalyze, mobilize and leverage flows of development financing in order to strengthening the linkages between new development financing mechanisms and sustainable policy options that facilitate the achievement of the United Nations SDGs;
5. Act as ambassadors on behalf of UNDP-UNSIF while attending key events and networking with key players/audiences on its behalf;

Composition of the High Level Advisory

The HLAB shall be composed of eminent personalities from diverse backgrounds to provide a mix of expertise necessary. UNSIF donors will not participate in the high level advisory board. Gender balance, geographical distribution, and sector representation will be of key importance when determining the membership of the HLAB.

1. The HLAB will be representative of a multi-sectorial and thematic expertise mix of academics and non-academic, private, public, philanthropy and civic sector experts all with the interest of furthering the understanding and implementation of social impact investing to support the achievements of the Sustainable Development Goals (SDGs);
2. Members of the HLAB serve in their individual capacity;
3. All functions of the members will be on a pro bono basis, for a two-year term with the possibility of renewal for a second two-year term;
4. The UNDP-UNSIF may reimburse members for all reasonable costs that they incur in fulfilling their roles on the committee (e.g. travel, administration and subsistence costs) and which cannot be recovered from their own organization.
5. The United Nations Development Programme (UNDP) as confirmed administrative host of the UNDP-UNSIF will act as the Co-Chair of the HLAB in order to ensure continuity.
6. The UNDP-UNSIF Director/Project Manager will act as HLAB Secretary;

Members, Chair, Attendees, Secretary, Terms of Office, Frequency and Record

1. The HLAB will normally consist of not more than 12 members;
2. The HLAB will have at least one physical meeting per annum;
3. It is the prerogative of the confirmed HLAB members to nominate the Chair who will serve in this post for two years in order to establish and foster a good working relationship between the members of the HLAB, and between the HLAB and the UNDP-UNSIF as appropriate.
4. Members may terminate their post in writing (by email or letter) to Chair of the HLAB.
5. UNDP-UNSIF will publish details of its HLAB on its website including membership, terms of reference, agenda and minutes.
6. New members will be invited to join the HLAB in consultation with existing members;
7. The HLAB will meet face-to-face at least once a year for one working day scheduled at a time and location to meet the needs of all participants;
8. All proceedings and resolutions of HLAB interactions will be minuted and outcomes of the Board meetings will be posted on the UNDP-UNSIF website once agreed.
9. The HLAB constitution and working arrangements are subject to a review every two years.

IX. Context and Risk Management

[NOTE: The following section is required for all project documents, and contains the general provisions and alternative texts for the different types of implementation modalities for individual projects. Select one option from each the legal context and risk management standard clauses and include these in your project document under the Legal Context and Risk Management Standard Clauses headings]

Legal Context Standard Clauses

Option a. Where the country has signed the Standard Basic Assistance Agreement (SBAA)

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

Option b. Where the country has NOT signed the Standard Basic Assistance Agreement (SBAA)

The project document shall be the instrument envisaged and defined in the Supplemental Provisions to the Project Document, attached hereto and forming an integral part hereof, as "the Project Document".

Option c. For Global and Regional Projects

This 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 SBAAs for the specific countries; or (ii) in the Supplemental Provisions attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the agency (name of agency) ("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. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply**.**

Risk Management Standard Clauses

Option a. Government Entity (NIM)

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required

hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document [and the Project Cooperation Agreement between UNDP and the Implementing Partner][28].

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the 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. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.
4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

Option b. UNDP (DIM)

1. UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP agrees to undertake all reasonable efforts to ensure that none of the [project funds][29] [UNDP funds received pursuant to the Project Document][30] 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 hthttp://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.
3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).
4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental

[28] Use bracketed text only when IP is an NGO/IGO
[29] To be used where UNDP is the Implementing Partner
[30] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

Option c. CSO/NGO/IGO

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document [and the Project Cooperation Agreement between UNDP and the Implementing Partner][31].

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the 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. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.

4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

Option d. UN Agency other than UNDP

1. [Name of UN Agency] as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. [Name of UN Agency] agrees to undertake all reasonable efforts to ensure that none of the [project funds][32] [UNDP funds received pursuant to the Project Document][33] 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

[31] Use bracketed text only when IP is an NGO/IGO

[32] To be used where UNDP is the Implementing Partner

[33] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

hthttp://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.

3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

Option e. Global and Regional Projects (under UNDP implementation/DIM)

1. The responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. The Implementing Partner shall: (a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried; (b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

2. The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the 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. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

X. ANNEXES

1. **Project Quality Assurance Report**
2. **Social and Environmental Screening Template** [English][French][Spanish], including additional Social and Environmental Assessments or Management Plans as relevant. *(NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).*
3. **Risk Analysis**. Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions
4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
5. **Terms of Reference for key management positions**
6. **Research Concept Note**
7. **Considerations for Investment Compliance**
    - UNDP/UNSIF partners that have registered investment funds in the Cayman Islands
    - Tax Avoidance
    - Hong Kong
    - UNDP Risk Mitigation
8. **Signed MoU between UNDP and Mr. Chen**

Annex 5 - TORs of key management positions

1.

Position Information	
POST TITLE:	**Project Manager, Finance and Operation UNDP-UNSIF (P5)**
AGENCY/PROJECT NAME:	**UNDP UNSIF**
COUNTRY OF ASSIGNMENT:	**New York (6 months)/Bangkok Regional Hub**

Job Purpose And Organizational Context

The Programme Specialist, Operational Results will be responsible for providing day to day technical support and backstopping to assigned portfolio with specific focus in results monitoring and reporting and provides substantive technical expertise on evidence-based monitoring, planning and evaluation.

- S/He advises the UNDP-UNSIF Project Manager and HQ stakeholders on the planning, monitoring and evaluation of programmes and projects, to ensure evidence based, results-focus and quality interventions.
- S/He also serves as the focal point for the assigned portfolio and as the liaison person between the Country Office, the Regional Bureau and UNDP Central Bureau in issues related to programmatic results and programme implementation.
- S/he reports directly to the UNDP-UNSIF Project Manager.
- S/He guides the design and implementation of the data collection methods, evaluations and advises on the collection of reliable, accurate and coherent information to assess the performance and impact of programmes and projects.
- S/He quality assures performance reporting and provides leadership and strategy development for strengthening the RBM and evaluation functions and capacities for social impact investing and new blended finance models, including COs in the region.

Duties and Responsibilities

Enhances high quality assurances for project/programme operations, monitoring and evaluation by:

- Plan the activities of the project and monitor progress against the approved work plan;
- Mobilize personnel, goods and services, training and micro-capital grants to initiative activities, including drafting terms of reference and work specifications, and overseeing all contractors' work;
- Monitor events as determined in the project monitoring schedule plan, and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, through advance of funds, direct payments or reimbursement using the fund authorization and certificate of expenditures;
- Monitor financial resources and accounting to ensure the accuracy and reliability of financial reports;
- Be responsible for preparing and submitting financial reports to UNDP on a quarterly basis;
- Manage and monitor the project risks initially identified and submit new risks to the project board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
- Ensure a results oriented & quality design implementation and operationalization of the UNDP-UNSIF project including required authorizations are in place for all activities.
- Ensure timely analysis, advice and support the effective results-oriented programming management, approval and preparation of annual work plans/IWPs and ROAR. Capture lessons learned during project implementation; a lessons learned log can be used (see template).
- Perform regular progress reporting to the project board as agreed with the board;
- Prepare the annual review report, and submit the report to the project board and the outcome group;
- Prepare the annual workplan for the following year, as well as quarterly plans if required; and
- Update the Atlas Project Management module if external access is made available.
- S/He will develop, implement, communicate and administer all operational and compliance aspects of directly and indirectly managed investment and donor projects including reviewing operational policies and procedures and recommends changes to increase efficiency.
- Efficiently manage any new projects and/or new mandates - including project timelines, communications to management, identifying risks and issues, project plans

- Monitor the project performance, using various frameworks for measurement for results-based performance & monitoring, including ROAR, audit reports, evaluation reports, balanced scorecards, delivery of core and non-core resources, etc.; analyse overall programme and CO performance and financial sustainability and recommend Bureau follow-up actions, as appropriate.
- Act as an interface with other HQ and CO inclusive finance colleagues to maintain linkages & ensure cross- fertilization of innovative ideas
- Provide guidance and support to COs with regard to their partnership/collaboration with specific orientation on results tracking mechanisms and analysis of results, as well as on the design of Joint Programmes;
- Develop substantive knowledge of and guide COs in the application of UNDP-UNSIF's operational policies and practices, including the implementation of operational frameworks for performance measurement and monitor implementation.
- Prepare briefs for UNDP and Regional Bureau for Asia & the Pacific (RBAP) Senior Management including identifying best practices and lessons learned and additional analysis derived.
- Quality assuring project data collection strategies to ensure the right balance of qualitative and quantitative evidence and advising on data analysis to assess programme results, improve programme quality and inform future decision making processes.
- Leading roll out and implementation of project quality standard and support COs in their potential collaboration with UNDP-UNSIF
- Providing substantive technical advice on monitoring and evaluation frameworks of Regional Program for Asia and the Pacific;

Building capacity for and understanding of social impact and blended finance investment practices to improve programme quality and inform future decision making processes by:

- Advising the Regional Bureau on a mixed regional/CO strategy for an effective deployment of social impact investing under UNDP-UNSIF
- Overseeing development of CO plans to improve skills and capacity for new financing mechanisms including social impact investments, blended finance, social business models, etc.
- Building the capacity of the CO Support Team to quality assure results frameworks, M&E plans, IWP monitoring data and results reporting

Providing advice and support COs in roll out of the program and project by:

- Supervising the preparation of reports on investment performance, structure of the portfolio, investment policies and strategies, economic and market conditions, the Social Impact and blended finance investment outlook, and requirements for the financing of operations;
- Advising COs on implementation and application of UNDP program/project quality standards in program/project management cycle and related CO project management business processes with respect to designing and developing social impact project pipeline;

Enhance knowledge management for monitoring and evaluation by:

- Development and supervision of UNDP-UNSIF knowledge platform(s) including organization, tracking and review of knowledge products and resources, as well as website and knowledge network development, maintenance and facilitation;
- Leading the identification and documentation of key lessons derived from national and regional social impact stakeholders on what works, what does not work. Documenting and disseminating particularly effective and/or innovative monitoring practices and approaches;
- Leading the facilitation of a regional knowledge network and other knowledge management mechanisms in order to actively promote exchange of experiences and good practices
- 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;

2.

Position Information	
POST TITLE:	**Advisor, Social Impact Investing, P5**
AGENCY/PROJECT NAME:	**UNDP UNSIF**
COUNTRY OF ASSIGNMENT:	**Hong Kong**

Background

Advisor, Social Impact Investing ensures a client-oriented approach and will work closely with external counterparts, including Government, national institutions, civil society, private sector etc., to successfully support UNDP-UNSIF objectives and goals.

Context:
In today's complex world, all sectors require agile entrepreneurial and innovative solutions that anticipate and rapidly respond to quick and adverse changes in the global environment, while at the same time addressing sustainable and inclusive economic growth. Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth, job creation and poverty reduction. On 16 July 2015, The Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) called on all businesses to apply their creativity, innovation and financial resources:

1. to co-invest in solving sustainable development challenges;
2. to engage as partners in financing the development process;
3. to target investments to the sectors critical to sustainable development; and
4. to shift to more sustainable consumption and production patterns.

Heads of States, Government and High Representatives who had gathered at the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) affirmed their strong political commitment to address the challenge of financing and creating an enabling environment at all levels for sustainable development in the spirit of global partnership and solidarity. All development stakeholders recognize that both public and private investment have key roles to play in infrastructure financing through mechanisms such as public-private partnerships, blended finance, and social impact investing which combines concessional public finance and grants with non-concessional private finance and expertise from the public and private sector, special-purpose vehicles, non-recourse project financing, risk mitigation instruments and pooled funding structures. Blended finance instruments serve to lower investment-specific risks and incentivize additional private sector finance across key development sectors led by regional, national and subnational government policies and priorities for sustainable development.

UNDP-UNSIF is a new co-investment platform that blends traditional development grants with new private sector capital and philanthropic investments that demonstrates a practical transition from a 'project based' to a 'market-based' development approach in order to support the achievement of the Sustainable Development Goals (SDGs).

Duties and Responsibilities

Strategic management of UNDP-UNSIF programme and operational activities:

- Leadership in identifying and sourcing of potential grants and capital market investments which requires the development of an extensive external network of private sector capital financing and the international development actors;
- Supervise and contribute to the development and management of the UNSIF investment strategy and associated policies and procedures ensuring that risk and return are equally prioritized;
- Establish and lead a network of financial and international development experts to carry out investment reviews, impact analysis, assessments and evaluations of post-graduation progress, to provide technical assistance as required to review and/or formulate UNDP-UNSIF proposals

Monitoring and Reporting of UNDP-UNSIF financial portfolio:

- Supervising the preparation of external reports on investment performance, structure of the portfolio, investment policies and strategies, economic and market conditions, the Social Impact and blended finance investment outlook, and requirements for the financing of operations;
- Supervising UNDP-UNSIF knowledge platform(s) including organization, tracking and review of knowledge products and resources, as well as website and knowledge network development, maintenance and facilitation;
- Supervising the design and implementation of portfolio level impact measurement frameworks; results monitoring and evaluation (M+E) of portfolio risks and performance
- Consolidating knowledge, national and regional policy developments to enable mainstreaming new approaches and solutions into government planning and policy procedures.

Partnership building, donor liaison, monitoring and evaluation and resource mobilization activities:

- Development of partnerships with the UN Agencies, IFI's, government institutions, bi-lateral and multi-lateral donors, private sector, civil society in the specific thematic areas based on strategic goals of UNDP, country needs and donors' priorities;
- Analysis and research of information on donors, preparation of substantive briefs on possible areas of cooperation, identification of opportunities for initiation of new projects, active contribution to the overall office effort in resource mobilization;
- 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;
- Establishing new social impact M+E and results frameworks and research that support the quantification and monetization of social impacts over the short and long-term.

Ensures provision of top quality advisory services and facilitation of knowledge building and management focusing on achievement of the following results:

- Identification of sources of information related to policy-driven issues. Identification and synthesis of best practices and lessons learnt directly linked to programme country policy goals;
- Support to development of policies and institutions that will address the country problems and needs in collaboration with the Government and other strategic partners;
- Sound contributions to knowledge networks and communities of practice;
- Organization of trainings for the operations/ projects staff on programme issues.

Annex 5 - TORs of key management positions (con't)

3.

Position Information	
POST TITLE:	**Manager, Investor Relations and Private Sector Business Development (P4)**
AGENCY/PROJECT NAME:	**UNDP UNSIF**
COUNTRY OF ASSIGNMENT:	**New York and Bangkok Regional Hub**

Background

The UNDP-UNSIF Investor Relations and Private Sector Business Development Manager will help UNDP, associated programmes and projects grow by identifying new partners and market opportunities, creating or adapting UNDP-UNSIF products, and/or creating or evolving services.

S/He will primarily be concerned with the analytical preparation of potential growth opportunities as well as the subsequent support and monitoring of its implementation. Both in the development phase and the implementation phase, the business developer collaborates and integrates the knowledge, feedback and development of new UNDPs functions, for example, R&D, production, marketing, and business model implementation to assure that UNDP/RBAP is capable of implementing the growth opportunity successfully.

S/he will initiate, maintain and managing strategic relationships and alliances with external stakeholders to leverage each other's expertise, technologies or other intellectual property to expand UNDP/RBAP capacities for identifying, researching, analysing and bringing to market new products and services.

S/he will focus on the development, acceptance and implementation of the UNDP/RBAP strategic business development plan.

Duties and Responsibilities

Strategic management of UNDP-UNSIF programme and operational activities:

- Elaborate business development plans, design and implement processes to support UNDP private sector business growth, through client and market definition.
- Facilitate business growth by working together with all major stakeholder groups
- Build and maintain high-level network with current and prospective clients, private sector business and project partners.
- Drive prospects through identifying new clients, partners and markets, developing approaches to the market, identifying prospects, proposal and concept note preparation, etc.overseeing the complete investor relations and new business development programme
- evaluating, improving and maintaining positive relationships with all stakeholders including private sector, government and investors
- extending business development programme to the vested investment community to support the SDGs, Inclusive Business and development finance
- ideating and implementing new investment strategies
- collaborating with interlinked business units including GEF, GCF, Country and regional support
- communicate the new product strategies to peer group communities and network organisations
- monitor investment research and communicate competitor research information to the CFO or

Management of the UNDP-UNSIF relationship building with key government, private sector and UN stakeholders:

- Evaluating advice and recommendations of the internal and external stakeholders including investment advisors, industry experts, development experts, government partners in order to successfully manage performance risks including assessing investment performance by asset class, country and region and recommending strategic and tactical guidelines;
- Management of the UNDP-UNSIF including leading, supervising and motivating multinational staff and office management in a manner that empowers staff and stakeholders to translate vision into results and are proactive in developing strategies to accomplish UNDP-UNSIF

objectives.

Ensures provision of top quality advisory services and facilitation of knowledge building and management focusing on achievement of the following results:

- Identification of sources of information related to policy-driven issues. Identification and synthesis of best practices and lessons learnt directly linked to programme country policy goals;
- Support to development of policies and institutions that will address the country problems and needs in collaboration with the Government and other strategic partners;
- Sound contributions to knowledge networks and communities of practice;
- Organization of trainings for the operations/ projects staff on programme issues.

Annex 5 - TORs of key management positions (con't)

TERMS OF REFERENCE FOR INDIVIDUAL CONTRACT

POST TITLE:	**Advisor, Investment Analysis/Compliance (initial IC – then P4)**
AGENCY/PROJECT NAME:	**UNDP UNSIF**
COUNTRY OF ASSIGNMENT:	**Hong Kong/Home based plus limited travel**

1) PROJECT DESCRIPTION

The new Sustainable Development Goals (SDGs) will require a rethink of how our societies and economies are organized, how we can eradicate poverty and how we can adopt sustainable patterns of production and consumption.

The UNDP Social Impact Fund project is established with the objective of accelerating the scale-up of successful social business models through a new investment architecture that leverages traditional development funding with Social Impact debt, equity and quasi-equity investments. The goal is to attract follow-on and additional investment capital that can lead to greater social impact while providing the potential for sustainable and inclusive economic returns.

2) SCOPE OF WORK

The mainstream investment community has made strong advances towards targeting more Socially Responsible Investment (SRI) and using Environmental Social and Governance (ESG) criteria to filter deals. However, these initiatives fall short of explicitly reporting their societal impacts in terms of SDGs. Neither are there strong incentives to do so and some resistance has been observed from mainstream finance to support, of their own volition and cost, what is often seen as a public policy agenda.

To understand the environment in which it positions itself, the UNDP-UNSIF platform seeks to establish comprehensive and robust legal governance, risk management, and compliance frameworks, processes, rules, tools and systems to adopt, implement and monitor an integrated approach to SDG and development financing.

The objectives are to establish:

- Gain and maintain market confidence – to maintain confidence in the financial system, with social impact investors, donors, governments and other stakeholders
- Increase financial sustainability of the UNDP-UNSIF Foundation and project business model
- Maintain maximum risk mitigation strategy and operations to include perceived reputational risk, legal and financial exposure

UNDP-UNSIF requires in this initial phase a consultant that will:

- Refine the research scope and focus
- Solicit support for an international research consortium
- Identify essential research partners and related research initiatives
- Outline an implementation plan to enable detailed budget setting and fundraising

3) EXPECTED OUTPUTS AND DELIVERABLES

Deliverables/ Outputs	Estimated Completion	Target Due Dates	Review and Approvals Required
Concept Note: 1st Phase – Outline initial policies and procedures for the general operation of the UNDP-UNSIF Financial Compliance and its related activities	20 days	01.12.2016	

to prevent illegal, unethical, or improper conduct.			
Concept Note: 2nd Phase – Outline a sustainable risk mitigation communication strategy to respond and receive direct compliance issues which would institute and maintains an effective compliance communication program including promoting; • Development of standardized Non-Disclosure Agreements • Advocacy and awareness plan for the increased understanding of the Standards of Conduct • Dissemination of new and existing compliance issues and related policies and procedures.	20 days	01.01.2017	
Concept Note: 3rd Phase – Identify potential areas of compliance vulnerability and risk; develop corrective action plans for resolution of problematic issues, and provides general guidance on how to avoid or deal with similar situations in the future.	20 days	01.02.2017	
Programme outline, staff requirements and operationalization	140 days	01.12.2017	
Total	**220 days**		

4) INSTITUTIONAL ARRANGEMENTS

The consultant will work under the supervision of the Chief, UNDP-UNSIF Project. The consultant will provide support services in terms of:

1) Coordinate with applicable stakeholders within UNDP BRH, UNDP BPPS, BERA and other associated internal business units
2) Coordinate with applicable external stakeholders that are leaders in the certification sector and engaged within the financial service, quality assurance, audit and legal compliance sector.

5) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL

Contract Duration: (220 working days). Duty station: balance between home based and Hong Kong, with limited travel expected.

6) DEGREE OF EXPERTISE AND QUALIFICATIONS

The successful candidate is expected to have excellent proven organizational, communications and writing skills; and to be familiar with the UN system, Sustainable finance models, the Principles for Responsible Investment, environmental, social, and governance (ESG) standards for investment processes and the certification sector. In addition, the candidate is expected to have experience with identifying potential demand within the following areas:

- Being able to state intended positive societal impacts (including SDGs) in appropriate and measurable terms of financial and non-financial returns
- Assess the effect of negative societal impacts, especially if these are unintentional or unforeseen, specifically to avoid mispricing positive outcomes by not fully taking into account related negative outcomes
- Evaluating comprehensive risk across financial and non-financial dimensions

Annex 5 - TORs of key management positions (con't)

TERMS OF REFERENCE FOR INDIVIDUAL CONTRACT

POST TITLE:	**Research and Knowledge: Capital markets in support of the UN SDGs**
AGENCY/PROJECT NAME:	UNDP UNSIF
COUNTRY OF ASSIGNMENT:	Hong Kong/Home based plus limited travel

1) PROJECT DESCRIPTION

The new Sustainable Development Goals (SDGs) will require a rethink of how our societies and economies are organized, how we can eradicate poverty and how we can adopt sustainable patterns of production and consumption. The UNDP Social Impact Fund project is established with the objective of accelerating the scale-up of successful social business models through a new investment architecture that leverages traditional development funding with Social Impact debt, equity and quasi-equity investments. The goal is to attract follow-on and additional investment capital that can lead to greater social impact while providing the potential for sustainable and inclusive economic returns.

2) SCOPE OF WORK

The mainstream investment community has made strong advances towards targeting more Socially Responsible Investment (SRI) and using Environmental Social and Governance (ESG) criteria to filter deals. However, these initiatives fall short of explicitly reporting their societal impacts in terms of SDGs. Neither are there strong incentives to do so and some resistance has been observed from mainstream finance to support, of their own volition and cost, what is often seen as a public policy agenda.

The goal of the UNDP-UNDIF research project is to identify and where necessary enhance the analytical frameworks, mathematical underpinnings, market mechanisms and policy levers that will incentivize private capital and commercial business to be naturally drawn towards delivering the SDGs. The objective is to optimize the balance of funding within hybrid financial instruments, which blend donor funding or subsidy with commercial investment capital. A desired outcome is to establish the principle of "risk-adjusted and impact optimized Returns on Investment (ROI)".

RESEARCH OUTLINE

Social impact investors sometimes depart notably from traditional norms of expecting risk-adjusted returns. It is common place for social impact investors to offer capital pricing discounts or financial subsidies, to more or less of a degree, in order to stimulate the creation of positive societal impact.

In addition to being knowledgeable about the inherent interrelationship between risk and return, as well as the accepted trade-off between the two, the behaviour of these investors suggests that there is another interrelated factor at play, namely positive societal impact. In other words, these investors seem to be driven by the notion of risk-adjusted ROI that are additionally optimized for the creation of positive societal impact.

UNDP-UNSIF requires in this initial phase a consultant that will:

- Refine the research scope and focus
- Solicit support for an international research consortium
- Identify essential research partners and related research initiatives
- Outline an implementation plan to enable detailed budget setting and fundraising

3) EXPECTED OUTPUTS AND DELIVERABLES

Deliverables/ Outputs	Estimated Completion	Target Due Dates	Review and Approvals
Concept Note: 1st Phase – harmonized conceptual framework and global narrative, economic principles, incentive structures and policy framework for optimizing the interrelationship between subsidy and commercial capital, within a model for risk-adjusted and impact optimized	20 days	20.12.2016	

returns			
Concept Note: 2nd Phase – Identify guidelines for evolving an aligned investment mind-set across public, private and philanthropic sectors, which frames all capital deployment as an investment in society with the potential for generating positive returns across financial, social and environmental dimensions.	20 days	30.01.2017	
Concept Note: 3rd Phase – Market mechanisms – explore and identify market mechanisms that may need to be established, or how existing market mechanisms as well as associated legislation and regulatory environment	20 days	15.02.2017	
Concept Note: 4th Phase - Implementation toolkit – identify how existing financing instruments and mechanisms can be better harnessed for mainstreaming social business models and SII for them to reach radical scale. Identify options for streamlining, simplifying and industrializing financial innovations	20 days	30.03.2017	
Programme outline, staff requirements and operationalization	140 days	01.12.2017	
Total	**220 days**		

4) INSTITUTIONAL ARRANGEMENT

The consultant will work under the supervision of the Chief, UNDP-UNSIF Project. The consultant will provide support services in terms of:

- Coordinate with applicable stakeholders within UNDP BRH, UNDP BPPS, BERA and other associated internal business units
- Coordinate with applicable external stakeholders that are leaders in the certification sector and engaged within the financial services sector. This may include OECD, top level academic institutions, EIF, WEF, GSG and other associated institutional investor networks and auditor institutions

5) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL

Contract Duration: (220 working days). Duty station: balance between home based and Bangkok, Thailand with limited travel expected.

6) DEGREE OF EXPERTISE AND QUALIFICATIONS

The successful candidate is expected to have excellent proven organizational, communications and writing skills; and to be familiar with the UN system, Sustainable finance models, the Principles for Responsible Investment, environmental, social, and governance (ESG) standards for investment processes and the certification sector. In addition, the candidate is expected to have experience with identifying potential demand within the following areas:

- Being able to state intended positive societal impacts (including SDGs) in appropriate and measurable terms of financial and non-financial returns
- Assess the effect of negative societal impacts, especially if these are unintentional or unforeseen, specifically to avoid mispricing positive outcomes by not fully taking into account related negative outcomes
- Evaluating comprehensive risk across financial and non-financial dimensions

Annex 5 - TORs of key management positions (con't)

TERMS OF REFERENCE FOR INDIVIDUAL CONTRACT

POST TITLE:	**Specialist, Social Impact Investment Certification**
AGENCY/PROJECT NAME:	**UNDP/HK** **UNDP Social Impact Fund**
COUNTRY OF ASSIGNMENT:	**Hong Kong/Home based plus limited travel**

1) PROJECT DESCRIPTION

The new Sustainable Development Goals (SDGs) will require a rethink of how our societies and economies are organized, how we can eradicate poverty and how we can adopt sustainable patterns of production and consumption.

The UNDP Social Impact Fund project is established with the objective of accelerating the scale-up of successful social business models through a new investment architecture that leverages traditional development funding with Social Impact debt, equity and quasi-equity investments. The goal is to attract follow-on and additional investment capital that can lead to greater social impact while providing the potential for sustainable and inclusive economic returns.

2) SCOPE OF WORK

To meet the objective of providing advisory and certification services, UNDP-UNSIF requires a unified analytical framework that offers guidance/recommendations about how any organization can balance its social and fiduciary responsibility and thus contribute to sustainable environmental, social and economic development.

Social Responsible Investing (SRI) is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that:

- Contributes to sustainable development, including the health and welfare of society
- Takes into account the expectations of stakeholders
- Is in compliance with applicable law and consistent with international norms of behavior, and
- Is integrated throughout the organization and practiced in its relationships.
- Develops financial services sector incentives for performance on social responsibility
- Adjust organizational and business models to include third-party review of sensitive areas such as financial management, transparency, corruption, etc.

UNDP-UNSIF requires in this initial phase a consultant that will:

- Map the certification center to establish the basic demand for a social investment certification programme
- Design initial guidance and recommendations on how to structure, evaluate, and improve their social responsibility, including stakeholder relationships and community impacts including:
    1. Accountability
    2. Transparency
    3. Ethical behavior
    4. Respect for stakeholder interests
    5. Respect for the rule of law
    6. Respect for international norms of behavior
    7. Respect for human rights
- Provides organizational tools and methodologies that outline the societal, environmental and economic expectations of what constitutes responsible behavior, based on authoritative international instruments (GIIN, IRIS, ISO 26000, GRI, UNPRI, etc.)

3) EXPECTED OUTPUTS AND DELIVERABLES

Deliverables/ Outputs	Estimated	Target Due	Review and

	Completion	Dates	Approvals Required
Sector mapping and potential partnership advantages	15 days	30.11.2016	
Concept Note: 1st DRAFT – UNDP-UNSIF Social Impact Certification Programme	15 days	15.12.2016	
Concept Note: 2nd DRAFT – UNDP-UNSIF Social Impact Certification Programme	10 days	30.12.2016	
Programme Documentation: UNDP-UNSIF Social Impact Certification Programme	30 days	01.02.2017	
Training and Communication Manual	10 days	15.02.2017	
Resource Mobilization Guideline	5 days	30.02.2017	
Operationalization	135 days	15.11.2017	
Total	**220 days**		

4) INSTITUTIONAL ARRANGEMENT

The consultant will work under the supervision of the Chief, UNDP-UNSIF Project. The consultant will provide support services in terms of:

- Coordinate with applicable stakeholders within UNDP BRH, UNDP BPPS, BERA and other associated internal business units
- Coordinate with applicable external stakeholders that are leaders in the certification sector and engaged within the financial services sector. This may include GIIN, IRIS, ISO, GRI, as well as selected investors and auditor institutions

5) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL

Contract Duration: (220 working days). Duty station: balance between home based and Bangkok, Thailand with limited travel expected.

6) DEGREE OF EXPERTISE AND QUALIFICATIONS

The successful candidate is expected to have excellent proven organizational, communications and writing skills; and to be familiar with the UN system, Sustainable finance models, the Principles for Responsible Investment, environmental, social, and governance (ESG) standards for investment processes and the certification sector. In addition, the candidate is expected to have experience with identifying potential demand within the following areas:

- Being able to state intended positive societal impacts (including SDGs) in appropriate and measurable terms of financial and non-financial returns
- Assess the effect of negative societal impacts, especially if these are unintentional or unforeseen, specifically to avoid mispricing positive outcomes by not fully taking into account related negative outcomes
- Evaluating comprehensive risk across financial and non-financial dimensions

Annex 6: Research Concept Note

Establishing an international research consortium to harness capital markets and commercial business in support of the UN's Sustainable Development Goals (SDGs)

The goal is to identify and where necessary enhance the analytical frameworks, mathematical underpinnings, market mechanisms and policy levers that will incentivise private capital and commercial business to be naturally drawn towards delivering the SDGs. The objective is to optimise the balance of funding within hybrid financial instruments, which blend donor funding or subsidy with commercial investment capital. A desired outcome is to establish the principle of "risk-adjusted and impact optimised Returns on Investment (ROI)". It is anticipated that this will be achieved through introducing a unified investment mind-set for assessing both the financial and non-financial performance as bona fide ROI. It will seek to identify how market activity can be incentivised to create financial and social ROI respectively, or to drive a blend of both.

Research outline

Social impact investors sometimes depart notably from traditional norms of expecting risk-adjusted returns[34]. It is common place for social impact investors to offer capital pricing discounts or financial subsidies, to more or less of a degree, in order to stimulate the creation of positive societal impact. In addition to being knowledgeable about the inherent interrelationship between risk and return, as well as the accepted trade-off[35] between the two, the behaviour of these investors suggests that there is another interrelated factor at play, namely positive societal impact. In other words, these investors seem to be driven by the notion of risk-adjusted ROI that are additionally optimised for the creation of positive societal impact.

Objectives

The goal is to identify and where necessary enhance the analytical frameworks, mathematical underpinnings, market mechanisms and policy levers that will incentivise private capital and commercial business to be more naturally drawn towards delivering positive societal impacts, specifically in relation to the SDGs. This proposed research consortium will seek to derive the relevant the computational modelling that corresponds more closely with what is observed in the real world when informed social impact investors make investment decisions, specifically taking into account the interrelationships between financial ROI and societal impact.

In the past, some attempts have been made to quantify positive societal impacts. For example, the Social Return on Investment (SROI) methodology has been used to show how non-financial outcomes translate into monetary value[36]. However, the approach taken with this research proposal is subtly different in that it seeks to derive an analytical framework for determining a fair price that should be paid for these positive societal impacts, which is different to the value that can be attributed to these impacts. A key objective is to improve the consistency and reliability with which non-financial factors can be included in investment decisions so that optimum incentive structures can be determined with greater accountability and veracity than is currently possible. These incentives may include capital subsidy or capital pricing discounts, amongst others.

In is anticipated that this research may also advance Modern Portfolio Theory[37], which looks at risk-adjusted modelling of ROI, by introducing the additional driver of impact to show how to optimise an investment portfolio for the intentional creation of positive societal impact. In other words, to derive a framework for balancing a portfolio in terms of risk-adjusted *and* impact optimised returns.

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[34] Risk-Adjusted Return On Capital (RAROC) and correspondingly Return on Risk-Adjusted Capital (RORAC), see http://www.investopedia.com/terms/r/raroc.asp

[35] http://www.investopedia.com/terms/r/riskreturntradeoff.asp

[36] See http://www.neweconomics.org/publications/entry/measuring-real-value

[37] Modern Portfolio Theory suggests that an investment's risk and return characteristics should not be viewed in isolation, but should be evaluated by how the investment affects the overall portfolio's risk and return http://www.investopedia.com/terms/m/modernportfoliotheory.asp

Hypothesis – a unified investment mind-set

This research initiative is rooted in the premise that social impact investors consider the positive societal impacts of their investments to be an additional type of ROI. In some cases, they may even consider positive societal impact as a ROI in its own right, which they are willing to accept in exchange for financial ROI. This premise has been reached by observing investment decisions made by social impact investors in the real world. Their behaviours suggest that they adopt a form of unified investment mind-set, which integrates financial and non-financial ROI[38] and allows them to exchange one for the other in their minds. By extension, if public sector or philanthropic donors provide capital within hybrid impact financial instruments, which specifically provide softer finance with the explicit intention of generating positive societal outcomes, then it could be argued that to align interests they do (or should) also adopt an investment mind-set when evaluating their capital deployment in terms of the amount of impact that can be generated as a non-financial ROI. This investment mind-set has been adopted by some policy makers, for example the European Commission in implementing the Social Investment Package (SIP) for welfare service reform[39].

This is potentially a significant conceptual shift by public sector and philanthropic stakeholders. As a guiding principle, it facilitates stronger alignment between commercial and non-commercial stakeholders and the potential to derive of a common analytical framework that can bind the two. Importantly, it requires non-financial ROI to be enumerated and reported with the same veracity as financial ROI so that they can both be computed with equivalent rigour.

There are some risks in this approach, and the research consortium will need to specifically address them as well as identify ways to mitigate them. For example, there is notable criticism[40] of Payment by Results schemes arguing that they can distort incentives and have a detrimental effect on beneficiaries.

Calculating a fair price to pay for impact – not the monetary value of impact

It is necessary to simplify the process for enumerating non-financial value and determining a fair price that should be paid for the intentional creation specific types of positive societal impact. This is relevant at a project level and also in aggregate, for example across a single investment portfolio or even more broadly across a whole sector or region. It is also different from attempting to assign a monetary value to impact, and instead seeks to find an effective and affordable means of price discovery[41], at a given point in time and for a certain type of positive societal impact.

One anticipated benefit of this two-pronged approach, namely identifying both an analytical framework as well as associated market mechanisms, is that together they might reduce substantially the costs associated with setting up individual SIBs and other hybrid impact financial instruments. For example, resources could be invested at a macro level in setting budgets for the purchase of impact at an aggregate level based upon actuarial analysis of aggregate need, and market mechanisms would be able to distribute subsidy capital more equitably based on supply and demand principles.

Being able to apportion this subsidy and sum up the non-financial ROI in a more accountable and efficient way, would also make it feasible to deploy the principles of SIBs on smaller deals and also on deals that only need partial subsidy. Such an approach would create important market signals that, on the one hand would inform impact creators about how much additional subsidy is available in exchange for them evidencing impact, and on the other hand signal to donors the uptake against each type of societal impact (i.e. SDG), so that they can either increase or decrease the financial incentive depending on whether there is an oversupply or undersupply of impact based upon their judgements.

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[38] Non-financial ROI refers broadly to all kinds of positive societal impact, also referred to as positive externalities, that are directly a function of business and financial activity and deliberately sought, including social and environmental outcomes and, in this case, particularly with reference to the UN's SDGs. It is summarised by the term 'impact'.

[39] The notion of an investment mindset was used strongly in the speeches of policy makers and is acknowledged in the opening paragraph of this explanatory memo http://europa.eu/rapid/press-release_MEMO-13-117_en.htm *"The Social Investment Package (SIP) sets out a framework for policy reforms to render social protection more adequate and sustainable, to invest in people's skills and capabilities, and to support people throughout the critical moments experienced across their lives"*

[40] http://blogs.ncvo.org.uk/2016/06/14/paying-for-data-production-the-problem-with-payment-by-results/

[41] Incorporating elements of the UK FiT CfD market and based upon the amounts of subsidy that donors are willing to provide against each type of positive societal impact i.e. each SDG or sub targets thereof.

Incentives and levers for change

It is anticipated that the incentives will take on three broad forms:

a) *Capital pricing discounts* that reduce the rate of interest charged in proportion to the amount of positive societal impact
b) *Softer contractual terms*, such as unscheduled capital repayment holidays or interest free periods, which enable much greater flexibility for change. These will incur an additional cost to the investor, which would reduce the net returns and arguably amount to a variation of capital pricing discount.
c) *Direct cash or capital grants* that fill a funding gap for the organisation or project. These could be full or partial subsidy.

Theoretically these incentives could also be applied in reverse as an effective tax, for example, by increasing the price of capital or requiring investees to pay a penalty charge if positive societal impact is not evidenced, or negative societal impact is evidenced.

Risk-adjusted and impact optimized ROI

It is anticipated that this approach will help derive an analytical framework for determining "risk-adjusted and impact optimised ROI", which will enable donors to more easily calculate the optimum amount of incentive they need to provide at any given time in order to attract commercial capital towards intentionally delivering positive societal outcomes. It will also provide market mechanisms for equitably distributing capital, aggregating or disaggregating impact respectively, as well as price discovery mechanisms that will enable donors to avoid overcompensating commercial investors and corporations. It is also anticipated that this framework will enable donors much greater accountability and transparency in how they provide subsidy via hybrid instruments towards commercial stakeholders.

Furthermore, it is expected that such a framework for determining "risk-adjusted and impact optimised ROI" will enable more consistency across the following areas:

- Being able to state intended positive societal impacts (including SDGs) in appropriate and measurable terms of financial and non-financial ROI
- Assess the effect of negative societal impacts, especially if these are unintentional or unforeseen, specifically to avoid mispricing positive outcomes (over paying) by not fully taking into account related negative outcomes
- Evaluating comprehensive risk across financial and non-financial ROI dimensions
- Measurement and analysis of financial and non-financial ROI
- Determining optimum levels of subsidy and capital pricing in order to achieve an intended balance between financial and non-financial ROI

Areas of research

The following themes are indicative of what could be explored by the research consortium. They will be updated and refined as the research scope is finalised with stakeholders.

- *A harmonised conceptual framework* – evolve a consistent global narrative, economic principles, incentive structures and policy framework for optimising the interrelationship between subsidy and commercial capital, within a model for risk-adjusted and impact optimised ROI. Identify guidelines for evolving an aligned investment mind-set across public, private and philanthropic sectors, which frames all capital deployment as an investment in society with the potential for generating positive returns across financial, social and environmental dimensions.
- *Analytical framework and mathematical models* – explore how various means for pricing positive societal impact (non-financial ROI) and monetising impact value, such as Implied Impact[42] and SROI[43], could be integrated into the mathematical frameworks used in capital markets, asset pricing models, investment economics, and business valuations (e.g. RAROC[44], CAPM[45], Black Scholes option pricing model[46]). Identify how better integration of impact valuation and pricing

[42] http://www.engagedx.com/portfolio_implied-impact.html
[43] https://en.wikipedia.org/wiki/Social_return_on_investment
[44] http://www.investopedia.com/terms/r/raroc.asp
[45] http://www.investopedia.com/terms/c/capm.asp
[46] http://www.investopedia.com/university/options-pricing/black-scholes-model.asp

into mainstream mathematical modelling could be a driver for long term value creation and/or proxy indicator of future financial characteristics.

- *Transparency guidelines* – identify suitable disclosure, reporting and benchmarking regimes to better inform policy and capital allocation decisions; specifically, for improving the evidence base relating to market activity, financial transactions and investment performance.
- *Information, technology and business systems* – identify requirements for improving market infrastructure and explore how the deployment of industry-wide Information and Communication Technology (ICT) solutions (e.g. FinTech[47], cloud computing services[48]) could harness economies of scale; particularly to enable smaller operators to enter the market more rapidly, be more competitive, and to grow more effectively.
- *Market mechanisms* – explore and identify market mechanisms that may need to be established, or how existing market mechanisms as well as associated legislation and regulatory environment, such as the FiT CfD market[49], can be adapted.
- *Implementation toolkit* – identify how existing financing instruments and mechanisms can be better harnessed for mainstreaming Social Enterprise and SII for them to reach radical scale. Identify options for streamlining, simplifying and industrialising financial innovations (e.g. Payment-by-Results contracts and SIBs that in effect purchase impact).
- *Interface with policy* – in time and as follow-on research, explore if there are relevant lessons that could be recommended, such as for tax policy reform. This might include testing the viability of harnessing an improved statistical evidence base of impact creation as a means of introducing impact adjusted taxation policy (for calculating exemptions and gradations in corporate and potentially individual tax). The objective would be to encourage more desirable behaviours that create positive social impact, and disincentives those that don't. This could be considered in the context of global scrutiny into international tax rules and arguments that favour a shift towards consumption based tax instead of income tax[50].

[47] http://www.investopedia.com/terms/f/fintech.asp

[48] http://www.investopedia.com/terms/c/cloud-computing.asp

[49] https://www.gov.uk/government/collections/electricity-market-reform-contracts-for-difference

[50] http://www.investorguide.com/article/11831/consumption-vs-income-tax-which-has-a-larger-impact-igu/

Annex 7: Considerations for Investment Compliance

- UNDP/UNSIF partners that have registered investment funds in the Cayman Islands
- Tax Avoidance
- Hong Kong
- UNDP Risk Mitigation

In general terms, a majority of all global investment fund (55%+) are registered in the Cayman Islands. There will most likely be situations where UNDP-UNSIF will partner with fund managers, institutional investors, banks and private sector/HNWI investors that have relationships (either participate, manage or invest) in Cayman Island registered funds. Therefore, the points below show that the Cayman Islands is fully white-listed by the USA, UK, EU and IMF and is acceptable with respect to UNDP risk reputational frameworks.

The Cayman Islands is a British Overseas Territory and is the leading jurisdiction for establishing offshore mutual funds globally.

- As of June 30, 2015, the Cayman Islands Monetary Authority (CIMA), the primary regulator of the Cayman Islands' financial services industry, reported that the total number of regulated funds was 11,061, comprised of 7,795 registered funds, 2,773 master funds, 390 administered funds and 103 licensed funds.
- According to CIMA, the registered location of onshore fund managers is 64% in North America, 24% in Europe and 12% in other nations.
- Approximately 55% of all investment funds (not corporate shell accounts or tax-avoidance shell companies) uses Cayman Island registered funds. This equals US$ 5.733 trillion (2014) with the United States accounting for 74% and the United Kingdom 9% of the net fund valuations. The Cayman Islands is most popular jurisdiction of choice for global investors.
- The Cayman Islands was the first jurisdiction to introduce non-charitable purpose trusts, known as STAR trusts, by specific legislation partly as a result of a client-driven demand for flexible philanthropic structures. Linked to the growth of philanthropic giving is operating a social enterprise; that is a business whose primary purpose is social impact, not profit generation. No matter what the social entrepreneur's motivations are, a properly drafted STAR trust is the ideal vehicle to implement this idea and this is an increasingly popular use for the vehicle.[51]

After completion of its twelfth Tax Information Exchange Agreement (TIEA) with New Zealand, on 13 August 2009, the Cayman Islands has been 'whitelisted' on the OECD listing for tax responsibility and its substantial commitment to uphold an equally world-class international cooperation regime in the exchange of tax information.

There have been a number of developments over the past year that impact the Cayman Islands' Investment Management industry, including amendments to the regulatory requirements for liquidating funds, progress on Common Reporting Standard, and technical accounting and disclosure updates. [52]

A few notable points:

- The Cayman Islands is party to the Convention on Mutual Administrative Assistance in Tax Matters ("the Convention"), which has been in force in Cayman since 1 January 2014. The Convention is a multilateral instrument that has 87 signatories, as at 30 June 2015.
- The Cayman Islands Monetary Authority CIMA) acts in accordance with the Monetary Authority Law (2013 Revision) and the Freedom of Information (2015 Revision) gives the public a general right of access to all types of records held by Cayman's public authorities, with some exceptions. CIMA is fully committed to the objectives of the law: openness, transparency and accountability and greater public participation in decision making. It has four principal functions:

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[51] http://www.mondaq.com/caymanislands/x/524778/wealth+management/Cayman+STAR+Trusts+Takes+Centre+Stage+In+Social+Enterprise

[52] Establishing Investment Funds in the Cayman Islands Key considerations, November 2015, Deloitte & Touche

    - Monetary - The issue and redemption of Cayman Islands currency and the management of currency reserves.
    - Regulatory - The regulation and supervision of financial services, the monitoring of compliance with money laundering regulations, the issuance of a regulatory handbook on policies and procedures and the issuance of rules and statements of principle and guidance.
    - Cooperative - The provision of assistance to overseas regulatory authorities, including the execution of memoranda of understanding to assist with consolidated supervision.
    - Advisory - The provision of advice to the Government on monetary, regulatory and cooperative matters. The CIMA has an open website with search options available at: http://www.cimoney.com.ky/search/searchforentity.aspx
- In November, 2016, One Young World organization is planning an International Sustainable Finance expert event in the Cayman Islands and will focus on: Financing the Sustainable Development Goals, Innovations in microfinance, financial inclusion for underleveraged and underserved communities, Financing and investing for transitioning to a green economy, Reforming public service delivery through social impact bonds, Increasing the effectiveness and scale of impact investing, The future of global tax regulations, incorporating environmental, social and governance issues into investment analysis and the role of young leaders in solving the youth unemployment crisis
- In January 2016, the U.S. signed Competent Authority Arrangements with Cayman Islands - a bilateral agreement with the U.S. to establish the procedures for the automatic exchange obligations and for the exchange of information between U.S. and the Cayman Island tax authorities.
- The Cayman Islands has 40+ bilateral arrangements for the provision of tax information.
- The Cayman Islands is the world's leading domicile for offshore funds and a top banking center, with 40 of the top 50 global banks having offices there. As a leader in structured finance and the second largest captive insurance center in the world, Cayman has a strong government and private sector partnership and is responsive to changing market needs.
- The Cayman Islands has an English common law legislative system and has maintained very stable political, social, economic and fiscal climates throughout its history. It is estimated that 75% of all offshore hedge funds were established in Cayman.
- The Cayman Islands signed FATCA intergovernmental agreements with the United States of America and the United Kingdom in November 2013, and implemented the legislation for FATCA in 2014. Pursuant to the legislation and intergovernmental agreements, the Cayman Islands will begin exchanging information automatically with the United States in 2015, and with the United Kingdom in 2016.
- The Cayman Islands is an early adopter of the new global standard for automatic exchange of information for tax purposes, and will implement the OECD Common Reporting Standard in 2016. The Cayman Islands is one of more than 50 early adopter jurisdictions committed to undertaking the first automatic exchanges of information under the Common Reporting by 2017.
- The Tax Information Authority also administers bilateral agreements with the 29 EU member states in relation to the automatic reporting of savings income information, in effect since 2005. The Cayman Islands does not operate a withholding tax.
- The Cayman Islands has been an active participant in the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (the "Global Forum") since its restructure in 2009. The Cayman Islands is a member of the Global Forum Steering Group, a Vice Chair of the Peer Review Group, a member of the Automatic Exchange of Information (AEOI) Group, and part of the AEOI Group delegation to the OECD Working Party 10 on Exchange of Information and Tax Compliance.
- Mutual Legal Assistance Treaty with the U.S. (MLAT) – Since the Mutual Legal Assistance Treaty with the U.S. was signed in 1986, the two governments have cooperated in some 250 requests for assistance under the Treaty, resulting in successful law enforcement actions. Assets seized under such actions have been both shared by the U.S. and the Cayman Islands under an asset-sharing agreement as well as returned to the U.S. for restitution to victims of fraud and other crimes.
- OECD Global Forum Peer Review Report – The Cayman Islands has been rated 'largely compliant' following the Global Forum's peer review and rating process. The ratings were based on the

forum's Phase 1 assessment in 2010 of Cayman's legal and regulatory framework, and Phase 2 assessment in 2012 of Cayman's practical implementation of the global standard for tax information exchange. The full report can be accessed from www.oecd.org.

- International Monetary Fund – A 2009 IMF assessment found the Cayman Islands to have a sound framework in place for the provision of mutual assistance though domestic law, and international treaties and arrangements. Regarding international cooperation elements of the international standards for banking (Basel), securities (International Organization of Securities Commissions) and insurance (International Association of Insurance Supervisors), the assessment reports a high level of compliance. The full IMF assessment can be accessed from www.imf.org.
- International Organization of Securities Commissions – In June 2009, the regulatory body, the Cayman Islands Monetary Authority was admitted as an ordinary (i.e., full) member of IOSCO, becoming party to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information. Admission to IOSCO is a strong validation of CIMA's ability and willingness to engage other regulators in facilitating cross-border information exchange and assistance. More information can be found on www.iosco.org.
- The United States ("US") legislation related to the Foreign Account Tax Compliance Act ("FATCA") and similar United Kingdom ("UK") legislation are aimed at improving international tax compliance and preventing perceived tax abuse by US and UK persons through the use of offshore accounts. Together these regulations are referred to as FATCA throughout this report. Mutual funds established in the Cayman Islands are expected to fall within the scope of FATCA reporting requirements as Foreign Financial Institutions ("FFIs"). Under the provisions of respective FATCA legislations and Intergovernmental Agreements ("IGAs"), FFIs are required to identify accounts of certain US and UK persons and report prescribed information to the local authorities (for Model 1 jurisdictions). The requirements for US FATCA impose due diligence requirements related to account holder documentation, information reporting and withholding obligations for FFIs which are further clarified in the final regulations in addition to subsequent notices released by the IRS.

Panama papers: Tax Avoidance vs. Tax Evasion

In combination with sluggish economic development, the financial crisis and the debt crisis that it triggered have contributed to the fact that tax evasion, tax fraud and tax avoidance are recognised as a serious problem. The revelations by "Offshore Leaks" through the International Consortium of Investigative Journalists (ICIJ) and investigative journalism on the one hand and the work of NGOs, for example by the Tax Justice Network, on the other have provided essential contributions that have increasingly brought the discussion out into the public. As a result, the dimensions of the massive offshore fortunes have become known and the resulting tax shortfalls in the nation states have been expressed.

Within the legal framework of the countries in which they are active wealthy individuals and companies have the ability to organise their "tax planning". For the majority of the world's population, however, the concept of "tax planning" is meaningless. But a wealthy minority of private individuals and in particular companies have considerable advantages.

Definitions:

- Tax evasion is the illegal evasion of taxes by individuals, corporations, and trusts. Tax evasion often entails taxpayers deliberately misrepresenting the true state of their affairs to the tax authorities to reduce their tax liability and includes dishonest tax reporting, such as declaring less income, profits or gains than the amounts actually earned, or overstating deductions. Tax evasion is an activity commonly associated with the informal economy. One measure of the extent of tax evasion (the "tax gap") is the amount of unreported income, which is the difference between the amount of income that should be reported to the tax authorities and the actual amount reported.
- In contrast, tax avoidance is the legal use of tax laws to reduce one's tax burden. Both tax evasion and avoidance can be viewed as forms of tax noncompliance, as they describe a range of activities that intend to subvert a state's tax system, although such classification of tax avoidance is not indisputable, given that avoidance is lawful, within self-creating systems.[53]

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[53] Michael Wenzel (2002). "The Impact of Outcome Orientation and Justice Concerns on Tax Compliance" (PDF). Journal of Applied Psychology: 4–5. "When taxpayers try to find loopholes with the intention to pay less tax, even if technically legal, their actions may be against the spirit of the law and in this sense considered noncompliant."

Although they sound similar "tax avoidance" and "tax evasion" are radically different. Tax avoidance lowers your tax bill by structuring your transactions so that you reap the largest tax benefits. Tax avoidance is completely legal and practiced by most corporations and wealthy families worldwide.[54]
Tax evasion, on the other hand, is an attempt to reduce your tax liability by deceit, subterfuge, or concealment. Tax evasion is a crime in most countries.
Apart from high-net-worth individuals (HNWI), the heaviest users of tax havens are large companies and corporations. For 2008 the US Government Accountability Office established that 83 of the 100 biggest corporations in the US have subsidiaries in tax havens. At the European level, owing to the broader definition of offshore, it was ascertained that even 99 of the 100 biggest corporations in Britain, France and the Netherlands have subsidiaries in tax havens.[55]
In the case of the Panama Papers, 11.5 million leaked documents that detail financial and attorney–client information for more than 214,488 offshore entities[56] created by Panamanian law firm and corporate service provider Mossack Fonseca - some date back to the 1970's.[57] Named in the leak were 12 current or former world leaders, 128 other public officials and politicians, and hundreds of other members of the elites of over 200 countries.[58]
While offshore business entities are 100% legal, investigators have found that some of the Mossack Fonseca shell corporations were used for illegal purposes, including fraud, kleptocracy, tax evasion, and evading international sanctions.
The Panama papers refer to individuals or companies that own offshore 'shell companies' that channel profits or illegally gained finances from on shore companies to anonymize these financial flows.

Note: **No registered investment funds are included in the Panama papers.**

Hong Kong
Hong Kong has signed 32 Comprehensive Avoidance of Double Taxation Agreements (CDTAs) and 7 Tax Information Exchange Agreements (CDTAs)[59] 13 CDTAs and 2 TIEAs were signed with EU countries and negotiations are still ongoing with 5 other EU member states. Additionally, Hong Kong is one of the members of the Global Forum on Transparency and Exchange of Information for Tax Purposes.[60] The 2 Phases of reviews recognized Hong Kong's commitment to meeting the international standard on tax transparency as "largely compliant". Hong Kong also supported the Organization for Economic Co-operation and Development (OECD) to implement the new standard on Automatic Exchange of Financial Account Information in Tax Matters (AEOI).[61]

[54] David Kocieniewski (January 6, 2013). "Major Companies Push the Limits of a Tax Break". The New York Times. Retrieved January 7, 2013.

[55] Shaxson 2011, 371

[56] Giant leak of offshore financial records exposes global array of crime and corruption". *OCCRP. The International Consortium of Investigative Journalists. April 3, 2016. Archived from* the original *on April 3, 2016.*

[57] *Garside, Juliette; Watt, Holly; Pegg, David (April 3, 2016).* "The Panama Papers: how the world's rich and famous hide their money offshore". The Guardian. Archived *from the original on April 3, 2016*. Retrieved April 3, 2016.

[58] *Hoxie, Josh (May 6, 2016).* "American Tax Havens: Elites Don't Have to go to Panama to Hide Their Money–They've Got Delaware". *CounterPunch*. Retrieved May 7, 2016.

[59] European Commission, Press release "Commission presents Action Plan for Fair and Efficient Corporate Taxation in the EU", 17 June 2015

[60] With currently 132 members worldwide, the Global Forum was created by the OECD in 2000 to ensure the implementation of the internationally agreed standards of transparency and exchange of information in the tax area.

[61] AEOI provides for the exchange of non-resident financial account information with the tax authorities in the account holders' country of residence. Participating jurisdictions of AEOI send and receive annually pre-agreed information, without a need to send a specific request. This aims to tackle tax evasion. OECD, EU Commission's Announcement on Non-cooperative jurisdictions: Letter to Global Forum members, 19 June 2015

UNDP Risk Mitigation

In the UNDP due diligence process, as a risk mitigation strategy, all potential partners and contributors should clarify the source of funds and if any of the funds are being channelled through 'offshore shell companies'. Full transparency should be required and documented for all financial sources.
As we have seen in the most recent due diligence result conducted by the Dow Jones Research unit, it is difficult to establish the legality of some financial flows where the financing is coming from unregulated offshore countries. UNDP-UNSIF will blacklist any financial flow from the following EU list of non-compliant tax havens:
Andorra, Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Brit Virgin- islands, Brunei, Kajmán-islands, Cook- islands, Grenada, Guernsey, Liberia, Liechtenstein, Maldives Islands, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Niue, Panama, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Seychelle Islands, Turks and Caicos-islands, American Virgin-islands, Vanuatu.

UNDP-UNSIF will consistently monitor OECD, USA and EU information and updates with respect to these issues. To this effect, UNDP-UNSIF has budgeted for an Advisor Investment Analysis/Compliance staff position that will focus on the following:

Deliverables/ Outputs: Ensures policies, processes and procedures comply with the industry standard Legal Regulatory Compliance Risk Management policies, ensure that Operational Risk Management Framework and the Risk and Control Assessments maintained accurately reflect the level of UNDP Regulatory and Related Risks, advise the UNDP-UNSIF Programme manager and UNDP of any compliance issues, changing regulations, new and/or changes to existing products/offerings, procurement, and other change management due diligence activities which may impact the operation of UNDP-UNSIF, support pipeline development activities including investment assessments, IRR/SROI estimations, fund M+E supervision, legal and regulatory assessments, quality assurance and legal compliance, etc.	Estimated Completion	Target Due Dates
Concept Note: 1st Phase – Outline initial policies and procedures for the general operation of the UNDP-UNSIF Financial Compliance and its related activities to prevent illegal, unethical, or improper conduct.	20 days	01.12.2016
Concept Note: 2nd Phase – Outline a sustainable risk mitigation and complimentary due diligence and communication strategy to respond and receive direct compliance issues which would institute and maintains an effective compliance communication program including promoting; • Development of standardized Non-Disclosure Agreements • Advocacy and awareness plan for the increased understanding of the Standards of Conduct related to tax avoidance, tax evasion and illegal financial flows • Dissemination of new and existing compliance issues and related policies and procedures.	20 days	01.01.2017
Concept Note: 3rd Phase – Identify potential areas of compliance vulnerability and risk; develop corrective action plans for resolution of problematic issues, and provides general guidance on how to avoid or deal with similar situations in the future.	20 days	01.02.2017
Programme outline, staff requirements and operationalization	140 days	01.12.2017
Total	**220 days**	

Annex 8 – Signed MoU between UNDP and Mr.Chen

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into by

1. UNITED NATIONS DEVELOPMENT PROGRAMME (hereinafter "UNDP"), a subsidiary organ of the United Nations, an intergovernmental organization established by its Member States with its headquarters in New York, NY (USA)

   and

2. HAIFU INTERNATIONAL FINANCE HOLDING GROUP LIMITED (hereinafter "HIFC"), headquartered in Hong Kong Special Administrative Region of the People's Republic of China, Company Registration No.: 2185984

UNDP and HIFC are hereinafter referred to individually as a "Party" and jointly as the "Parties";

WHEREAS, UNDP serves in many respects as the operational arm of the United Nations at the country level and works with partners in numerous countries to promote among other things sustainable development, eradication of poverty, advancement of women, good governance and the rule of law;

WHEREAS, UNDP is a signatory of the United Nations Social Impact Fund (UNSIF) and provides Secretariat services;

WHEREAS, UNDP is interested in enhancing its development activities in promoting social impact within a range of thematic areas that advance the Sustainable Development Goals in the Asia-Pacific Region. UNDP prioritizes partnerships that can: (i) tackle the connected issues of poverty, inequality and exclusion while avoiding the irreversible depletion of social and natural capital at all levels, and (ii) strengthen integrated development planning through inclusive green economy and green growth (IGE) policies that boost livelihoods while tackling unsustainable patterns of production and consumption.

WHEREAS, HIFC is an organization duly organized under the laws of Hong Kong, and is committed to leveraging the global community of philanthropists that are willing to support and promote the social impact investment sector that generates social and environmental impact together with for-profit or non-profit social enterprises. The Parties aims to work together with the partners, including UNDP, supporting UNSIF on capacity development and research platform to support the achievement of the SDGs.

Article I
Purpose and Scope

The purpose of this MOU is to provide a framework of cooperation and facilitate and strengthen collaboration between the Parties, on a non-exclusive basis, in areas of common interest.

Article II
Areas of Cooperation

The Parties agree to cooperate in the following areas of activity:

1. Harness synergies by engaging the network of financial and social capital stakeholders to create an ecosystem for social entrepreneurs to support the achievement of the UN Sustainable Development Goals (SDGs);
2. Explore ways to support government or non-government stakeholders that are planning and/or designing small, medium or large investments with the potential to introduce or expand social impact (policy impact approach);
3. Support UNSIF No. 1 Fund as a platform to scale-up positive development impacts produced by socially conscious businesses in line with the SDGs, pending agreement of the participating UN organization;
4. Scale-up positive development impacts produced by socially conscious businesses in line with selected SDGs achievement;
5. Identify key financing gaps in less-developed venture capital or private equity landscapes with a view to encouraging socially responsive enterprises;
6. Strive to develop markets for good and incentivize social and corporate entrepreneurs that face structural challenges that hinder their ability to compete successfully;
7. Other common interests agreed among all the parties.

Article III
Consultation and Exchange of Information

3.1 The Parties shall, on a regular basis, keep each other informed of and consult on matters of common interest, which in their opinion are likely to lead to mutual collaboration.

3.2 Consultation and exchange of information and documents under this MOU shall be without prejudice to arrangements, which may be required to safeguard the confidential and restricted character of certain information and documents. Such arrangements will survive the termination of this MOU and of any agreements signed by the Parties within the scope of this collaboration.

3.3 The Parties shall, at such intervals as deemed appropriate, convene meetings to review the progress of activities being carried out under the present MOU and to plan future activities.

3.4 The Parties may invite each other to send observers to meetings or conferences convened by them or under their auspices in which, in the opinion of either party, the other may have an interest. Invitations shall be subject to the procedures applicable to such meetings or conferences.

Article IV
Implementation of the MOU

4.1 All of UNDP activities envisaged hereunder are subject to the availability of funding and successful completion of due diligence. To this end, in order to implement the specific activities envisioned hereunder, the Parties shall conclude corresponding agreements in accordance with the Parties' respective regulations, rules and procedures, which shall specify the costs or expenses relating to the activity and how they are to be borne by the Parties. Any funds so received by UNDP shall be used in accordance with its regulations, rules, policies and procedures. Any agreements signed further to this MOU shall also include a provision incorporating by reference this MOU, which is applicable to such agreements and the projects/programmes financed therefrom.

4.2 It is understood that all activities undertaken by UNDP will be carried out in accordance with the applicable UNDP regulations, rules, policies and procedures.

4.3 The costs of public relations activities relating to the partnership, that are not otherwise addressed by a specific cost-sharing agreement concluded hereunder, will be the responsibility of HIFC

4.4 Neither Party shall be an agent, representative or joint partner of the other Party. Neither Party shall enter into any contract or commitment on behalf of the other Party and shall be solely responsible for making all payments to and on behalf of its own account, as provided under this MOU and under cost-sharing agreements concluded hereunder.

4.5 Each Party shall be responsible for its acts and omissions in connection with this MOU and its implementation.

Article V
Use of Name and Emblem

5.1 Neither Party shall use the name, emblem or trademarks of the other party, or any its subsidiaries, and/ or affiliates, or any abbreviation thereof, without the express prior written approval of the other Party in each case. In no event will authorization to use the UNDP name or emblem, or any abbreviation thereof, be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNDP of the Party services.

5.2 The Party acknowledges that it is familiar with UNDP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.

5.3 Nothing in this MOU grants to the Party the right to create a hyperlink to the UNDP website. Such link may be created only with UNDP's written authorization.

5.4 The Parties agree to recognize and acknowledge this partnership, as appropriate. To this end, the Parties shall consult with each other concerning the manner and form of such recognition and acknowledgement.

Article VI
Term, Termination, Renewal and Amendment

6.1 The proposed cooperation under this MOU is non-exclusive and shall have an initial term of five years from the Effective Date, as defined in Article XII unless terminated earlier by either Party upon two months' notice in writing to the other Party. The Parties may agree to extend this MOU in writing for subsequent periods of [five] years.

6.2 In the event of termination of the MOU, any financing agreements and related project documents concluded pursuant to this MOU, may also be terminated in accordance with the termination provision contained in such agreements. In such case, the Parties shall take the necessary steps to ensure that the activities carried out under the MOU, the financing agreements and related project documents are brought to a prompt and orderly conclusion.

6.3 This MOU may be amended only by mutual written agreement of the Parties.

Article VII
Notices and Addresses

Any notice or request required or permitted to be given or made under this MOU shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand, certified mail, overnight courier, telex, or cable to the Party to which it is required to be given or made at the address specified below or such other address as shall be hereafter notified.

For UNDP:	**For HIFC:**
Haoliang Xu	Clement Chen
Assistant Administrator and Director	Haifu International Finance Holding Group Limited

Regional Bureau for Asia and the Pacific, United Nations Development Programme 1 United Nations Plaza, New York, NY, USA

Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong Special Administrative Region of the People's Republic of China

Article VIII
Representations

HIFC represents that it is an organization in good standing duly organized under the laws of Hong Kong. HIFC shall promptly notify UNDP of any legal investigation or fiscal audit that it may be subject to from time to time.

Article IX
Settlement of Disputes

The Parties shall use good faith efforts to settle amicably any dispute, controversy or claim arising out of this MOU. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the Parties.

Any dispute, controversy or claim between the Parties arising out of this MOU which is not settled amicably in accordance with the foregoing paragraph shall be referred to arbitration under the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules then in force. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

Article X
Miscellaneous

This MOU and any related co-financing agreements and project document comprise the complete understanding of the Parties in respect of the subject matter in this MOU and supersede all prior agreements relating to the same subject matter. Failure by either Party to enforce a provision of this MOU shall not constitute a waiver of that or any other provision of this MOU. The invalidity or unenforceability of any provision of this MOU shall not affect the validity or enforceability of any other provision of the MOU.

Nothing in this MOU shall be construed as creating a joint venture or any other form of legally binding commitment.

Article XI
Privileges and Immunities

Nothing in or relating to this MOU shall be deemed a waiver, express, or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

Article XII
Effectiveness

This MOU may be signed in counterparts, each of which shall be deemed an original and both of which duly executed shall constitute one entire document, and shall enter into effect on the date in which it is duly signed by both Parties ("Effective Date").

IN WITNESS WHEREOF, the duly authorized representatives of the Parties affix their signatures below.

UNITED NATIONS DEVELOPMENT PROGRAMME

Name: Mr. Haoliang Xu
Title: Assistant Administrator and Director
Regional Bureau for Asia and the Pacific, United Nations Development Programme
Date: September 9th, 2016 at UNDP office in New York, NY, USA

HAIFU INTERNATIONAL FINANCE HOLDING GROUP LIMITED

陳健文

Name: Mr. Clement Chen, JP
Title: Chairman of the Board
Haifu International Finance Holding Group Limited (HIFC)
Date: September 9th, 2016 at UNDP office in New York, NY, USA