

Great Proposal?
No Funding Yet?
Unfunded List.

www.UnfundedList.com

UNFUNDED LIST

HONOREE:

Upaya Social Ventures

Honoree Proposal Description:

Upaya's mission is to create dignified jobs for the poorest of the poor by investing in small businesses in India's poorest communities with nearly 400 million people living on \$1.25 per day. Upaya invests patient equity in early stage enterprises, and offers entrepreneurs a range of technical services with a focus on strengthening their financial management practices. Over five years, Upaya has supported a portfolio of 10 young businesses with the cumulative creation of over 2,500 jobs. These sustainable jobs have enabled families previously living in extreme poverty to afford their most basic needs and save for the future.

Organization Website:

<https://www.upayasv.org/>

Learn more about this winning funding proposal and then submit your own social change idea to Unfunded List!

WHY APPLY TO UNFUNDED LIST?

WE HELP YOU CHANGE THE WORLD

The Unfunded List identifies and promotes great social change ideas that have not yet secured funding using a rigorous proposal evaluation process. 2x year, social change-makers around the world send us their best unfunded grant proposals and our committee provides candid feedback to each applicant. All proposals submitted receive helpful feedback, but only those earning the highest evaluations make the twice annual Unfunded List. The enclosed proposal is one of the featured honoree organizations named to The Unfunded List!

Apply today to be honored on our next list!
Learn more at www.unfundedlist.com

Overview of MA Round 1 ([Link](#))

Millennium Alliance Round 2 Proposal

ABOUT PROJECT

1.1 Project Title

The Life-changing Interventions for the Ultra Poor (“LiftUP”) Project

1.2 Short term objectives of the project (up to three years) (3000 characters including spaces)

Upaya is seeking support from the Millennium Alliance to promote early-stage, female entrepreneurship in India and help women-led enterprises scale to become significant local employers of the ultra poor. Upaya’s mission is to create dignified jobs for those living in extreme poverty in India. Its flagship program, the *Life-Changing Interventions for the Ultra Poor (LiftUP) Project* incubates early-stage entrepreneurs in low-income communities by combining patient seed equity funding with hands-on financial management support. To date, Upaya’s first cohort of ten businesses has achieved significant financial and social impact and has created more than 2,000 jobs for the poor.

Following on the success of its first cohort, over the next three years Upaya will incubate a second group of nine predominantly women-owned enterprises for a total portfolio of at least 19 enterprises, and the cumulative creation of 15,000 jobs for the ultra poor. This project will focus on meeting the immediate needs of high potential, early stage entrepreneurs by providing them with support to help their businesses grow, and create employment in highly marginalized communities.

At the outset of this project Upaya will identify and select a cohort of nine predominantly women-led early-stage enterprises from a pipeline of 20-30 companies. The project is structured to meet the immediate needs of each entrepreneur by releasing a patient seed equity investment and providing customized technical assistance. The first 18-24 months will entail intensive hands-on financial management training and business development support in order to help each enterprise reach a proof of concept, achieve break even, and begin to scale. Upaya invests in businesses across a wide range of sectors including agriculture, light manufacturing, domestic service, sanitation, waste management, skill development and job placement.

1.3 Long term objectives of the project (beyond three years) (3000)

The *LiftUP Project* is specifically designed to meet the long-term needs of early-stage enterprises. While intensive incubation support over the first two years of each partnership is structured to help entrepreneurs prove their unit models and reach profitability, long-term support is designed to help them secure growth capital and scale up to multiply their impact.

The financial management support offered by Upaya places an emphasis on preparing each entrepreneur to communicate with and attract follow-on investors. In order to connect them directly with well-aligned funders, Upaya’s US entity has created a co-investment facility of impact investors who have earmarked a portion of their portfolio for follow-on investment in Upaya’s 2015-2017 cohort. Upaya’s goal is to help each business secure the growth capital it needs to scale up, and create long-term employment opportunities in its community. Over time Upaya expects to achieve an exit with each of its *LiftUP Project* partners, and structures each term sheet to include a variety of exit options including entrepreneur buyback, sale of shares to follow-on investors, and acquisition by larger players in the supply chain. All returns generated via exit flow back to Upaya and are earmarked to support new *LiftUP Project* partnerships, ensuring the program’s sustainability over time.

Upaya believes that extended incubation support leads to more stable businesses, that in turn, can create the kind of long-term jobs that have maximum impact in disadvantaged communities. While many development solutions are intended to meet the immediate needs of those living in poverty, Upaya believes that stable jobs can enable families to make significant progress out of poverty on their own terms. In order to measure this progress Upaya has developed a social performance metrics (SPM) collection system that tracks changes in households employed by each *LiftUP Project* partner over time.

Data collected from Upaya's first cohort of enterprises has shown that when provided a fair, regular salary families *quadruple* the amount of money they spend on food, send their children to school more regularly, upgrade the quality of their homes, and save for the future. Upaya developed its SPM system cognizant of the fact that improvement at the household level is sometimes not immediate, and that an absolute increase in income may not instantly improve a family's overall quality of life. Significant changes to indicators of progress out of poverty -- including asset holding patterns, housing quality, expenditures on healthcare, education and savings -- can only be seen by looking at data over time. For this reason Upaya is creating a database of social metrics, and is working to aggregate the data and identify long-term trends. Based on its experience thus far, Upaya believes that in the long run the data will show that stable, fair employment can have far-reaching impact at the household level.

PROJECT DETAILS

2.1 Provide a summary of your project and its various components, what you intend to do and achieve in India and/or in other low income countries, and why this project/solution is required? (not more than 3000 characters including spaces. You may provide the detailed account in the section 2.1a and 2.1b if applicable)

Background Information

It has been shown that in emerging markets, the small and growing business (SGB) sector can be a tremendous engine for economic growth. In areas where unemployment is high, SGBs can provide reliable, long-term employment that empowers the ultra poor. In India, however, SGBs contribute only 17% of GDP; compare this to a country like the U.S. where small businesses contribute 46% of GDP. Lack of financial management support and access to finance are the biggest reasons why the small business sector is stifled in India and unemployment remains high, and these problems are especially acute for women, both as entrepreneurs and employees.

Through four years of business incubation experience, Upaya has learned that very few early-stage female entrepreneurs have formal training in basic accounting, bookkeeping, cash flow management and financial reporting. As a result, women often struggle to find investment capital to grow their enterprises. Upaya's *LiftUP Project* provides entrepreneurs with exactly the type of seed funding and financial management training needed to launch and scale their enterprises. By investing in predominantly female entrepreneurs hundreds of jobs for local women will be created, uplifting a vulnerable segment of the population that otherwise struggles to find reliable employment.

An International Finance Corporation (IFC) report recently identified the total supply of financing to women-owned businesses in India in 2012 as satisfying only 27% of the total demand, meaning 73% of their funding needs were unmet. In contrast, the report estimates that male entrepreneurs were able to finance over 70% of their funding needs through formal lenders.

ADD THIS INTO SEPARATE DOCUMENT TO UPLOAD AS ATTACHMENT IN 2.1a

The LiftUP Project

Upaya's *LiftUP Project* is the only initiative in India that is focusing on incubating early-stage, primarily women-led ventures that have significant job creation potential for the ultra poor. Upaya provides seed funding alongside hands-on financial management support to promising entrepreneurs.

The incubation of each enterprise begins with the execution of Upaya's finely tuned *LiftUP Project* selection and incubation process. Upaya's India-based team has developed a rich pipeline of entrepreneurs from which it will conduct due diligence on 25-30 enterprises. After gathering the necessary materials, the Upaya Investment Committee will select three new early-stage ventures to join the *LiftUP Project* each year, adding up to a total of 9 new enterprises by November 2018.

Upaya's US parent company has already raised a corpus of funds to cover seed funding for its 2015-2017 cohort of enterprises; it is now seeking a grant from the Millennium Alliance to provide each enterprise team with financial management training and business development support.

Upaya Blends Seed Funding ...

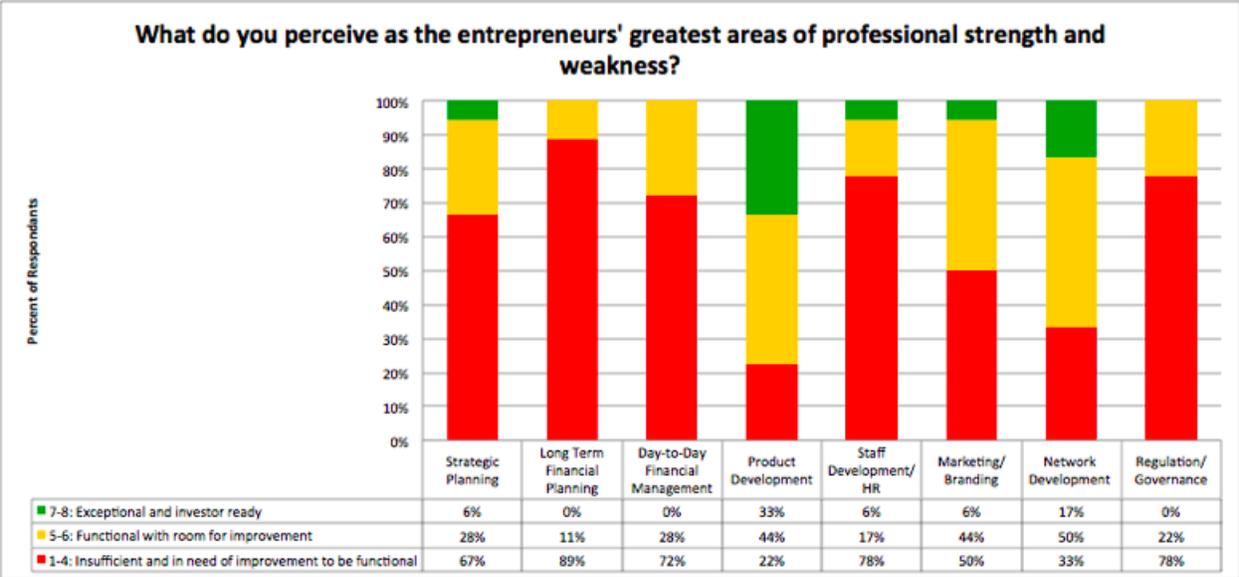
Upaya invests "patient equity capital" in each *LiftUP Project* partner in order to span the current funding gap that exists between the idea stage and the securing of growth capital. These equity investments typically fall between Rs. 5 lakhs - Rs. 40 lakhs (roughly \$10,000 - \$75,000) over a patient time horizon of five to eight years. Upaya structures each term sheet to include a variety of exit options including entrepreneur buyback and / or partial or full acquisition by follow-on impact investors.

... With Hands-on Financial Management and Business Advisory Support

In concert with seed funding, Upaya provides entrepreneurs with the financial management training and market strategy support needed for their launch and growth. Based in India, Upaya's team regularly meets with each entrepreneur on-site to provide customized, hands-on support. The team works alongside the startup's founders to help them understand the basics of finance and accounting and quickly help them manage cash flows, produce annual budgets, and create investor-ready balance sheets, income statements, and other documentation to aid in due diligence and reflect the financial health of the enterprise.

Private Sector Engagement: Preparing Enterprises For the Impact Investment Market

In 2014, Upaya conducted a spot survey of 18 of India's 25 most active impact investors to identify the perceived skills, strengths and weaknesses of the current generation of Indian social entrepreneurs. Through the survey, Upaya saw that financial management capabilities are the single biggest issue area for early-stage enterprises. An overwhelming 89% of investors surveyed perceive the long-term financial management skills of early-stage social entrepreneurs as "insufficient and in need of improvement to be functional."



Upaya also conducted an exhaustive survey of the financial management tools already available in the marketplace and found that most are not widely used by the leaders of young SGBs either because they are geared towards later stage businesses, or because they are not customized for the sectors in which they operate.

These findings underscore the importance of equipping entrepreneurs with the right training and tools, so that they may better communicate with prospective investors and attract the funding they need. In light of these findings, and through a partnership with the **Bill & Melinda Gates Foundation**, Upaya has been able to refine its training curriculum and tools to best equip its partners to overcome the funding gap, and successfully attract follow-on investment from impact investors.

With tailored tools for specific industries, Upaya trains entrepreneurs on how to prepare financial statements, achieve and sustain profitability, and manage the business in a way that ensures its long-term financial health and viability.

Upaya’s approach works. Six of the ten businesses in its *LiftUP Project* portfolio have already attracted follow-on investment from other impact investors. These businesses have consistently attracted funding that is 5X greater than the original seed investment made by Upaya, and these amounts have allowed the entrepreneurs to meet their aggressive growth targets and create hundreds more jobs.

Through its track record, Upaya has built a reputation as the only organization in India that is deploying patient equity capital between \$10,000 - \$75,000 at the earliest stage *and* simultaneously improving entrepreneurs’ financial literacy through specialized tools and trainings. In so doing, Upaya has consistently prepared entrepreneurs for negotiations with follow-on investors, and has dissolved one of the most significant barriers standing between social ventures and impact investors seeking investable enterprises.

2.1a Please attach a separate document of not more than four A4 Size pages - separate for India and Low Income Countries (Upload File)

With a grant from the Millennium Alliance, Upaya will have the resources to provide financial management training to nine new small business entrepreneurs, primarily women, creating jobs for women in marginalized

communities. Based in India, Upaya's advisory team regularly meets with each entrepreneur on-site to provide customized support to improve their financial literacy.

A milestone plan and calendar will be agreed upon at the outset of each partnership based on the needs of each enterprise, and a typical incubation will include the following four phases:

Pilot Planning (Q1 of partnership)

- Prepare business development plan, milestone goals, and financial model
- Cashflow management
- Introduction to budgeting, forecasting, and reporting
- Create social metrics scorecard

Launching of a Unit Model (Q1 - Q3)

- Establish working unit model of operations, demonstrating economic viability
- Social Metrics data collection
- Financial Management training on: regulation and compliance, governance, cashflow management, and risk management

Refining the Unit Model & Replication (Q3 - Q4)

- Establish plan to replicate unit model and set growth targets
- Regular compliance checks
- Governance
- Accounts maintenance & valuation
- Performance measurement
- Budgeting and forecasting
- Social Metrics analysis

Continue Scale & Secure Growth Capital (Q5 -Q6)

- Principles of Valuation
- Regulation and compliance
- Social Metrics reporting

2.2 Geographical location & coverage of project execution and activities, in India and if applicable in low income countries. (3000)

According to the World Bank, there are nearly 400 million households in India living in extreme poverty. Steady, reliable employment eludes this population and they often cobble together odd jobs – manual labor, shoe shining, trash picking, and begging – to earn a living. Income from one day to the next is highly unpredictable, which prevents households from properly addressing their most critical needs.

In order to identify communities with the highest rates of extreme poverty, Upaya has tracked leading indicators such as the rates of child malnutrition under the age of five, and boxed them against annual official Government of India reports on the “200 most backward districts” in the country. This research shows that the North and Northeast sections of the country are struggling most with chronic unemployment and extreme poverty due to lower overall rates of economic activity. Unsurprisingly, the local economies in these communities are also devoid of SGBs, owing to the complete lack of financial infrastructure available to aspiring entrepreneurs. However, there is no shortage of entrepreneurs themselves. In fact, informal entrepreneurship seems to thrive in the void, and Upaya has taken on the task of empowering these entrepreneurs to create formal businesses.

In these ultra poor areas, no group feels the isolation and marginalization more than the women struggling daily to feed their children and keep their homes intact. It is no coincidence that some of the worst suffering by women and girls takes place in communities with the fewest economic opportunities and little hope for change. Upaya chooses enterprises for its *LiftUP Project* in these regions in order to have the highest degree of impact on vulnerable communities of women and girls. Current *LiftUP Project* enterprises are located in Bihar, Assam, Uttar Pradesh, Maharashtra and Karnataka. Upaya's team is exploring the addition of businesses operating in Meghalaya, Orissa, West Bengal, Jharkhand, and Chhattisgarh.

2.3 What is the level at which the project is to be delivered/executed ie. Individual level, household level, village level, etc. (3000)

While the *LiftUP Project* is operating at the village level, the benefits can also be seen and measured at the individual and household level. Upaya's SPM data shows that women who are sustainably employed feel a strong sense of empowerment, and they provide a healthier home environment for their families and children. Upaya's *LiftUP Project* directly supports promising entrepreneurs with businesses rooted in communities that have high unemployment and extreme poverty. It stands to reason that as more well-paying, long-term jobs are created in a community, the community itself will become more prosperous and poverty on the whole will decline.

2.4 Is this () A new project or (X) An addition to an existing project

- Details of work done so far:

Over the past four years, Upaya has partnered with ten promising entrepreneurs to build community businesses that employ the ultra poor. Upaya has provided each with a seed equity investment and hands-on financial management support. Some highlights from Upaya's latest *LiftUP Project* portfolio include:

- *Maitri*, an enterprise that recruits, trains and secures employment for women from disadvantaged communities in the Northeast
 - *Saabas*, a company providing end-to-end waste management solutions for bulk waste generators while hiring former waste pickers from the informal sector and providing them with a stable, safe job
 - *Tamul Plates*, a company producing high-quality, all-natural disposable plates and bowls made from arecanut (palm) tree leaves in rural Assam
 - *Elrhino*, a venture creating handcrafted paper products made from recycled rhinoceros dung, elephant dung and other natural waste while creating livelihoods in rural Assam
 - *Samagra Sanitation*, a venture providing clean sanitation services and jobs to urban slum-dwellers, in partnership with the Bill & Melinda Gates Foundation
- Results of work done so far:

Through these partnerships, Upaya has helped create more than 2,000 jobs for those previously living in extreme poverty. Social performance metrics across the Upaya portfolio have shown several encouraging poverty alleviation trends emerging after only nine months of steady employment. From a sampling of 525 employees in Upaya's portfolio, Upaya has seen the following changes:

- A 78% increase in average household daily income
- 80% of families now living above the extreme poverty line (\$1.25/day)
- A 400% increase in food expenditure including a wider variety of fruits and vegetables
- 17% of households invest in improvements to their homes

This data indicates that households were not only able to meet their most basic needs by increasing expenditure on food, but also reached a point where they made improvements to their standard of living through housing upgrades, which is indicative of enhanced overall quality of life.

Full details of the Know How. Has it been tested and/or validated by anyone?

The financial management support and seed equity funding offered by Upaya has helped its first cohort of 10 enterprises not only create more than 2,000 jobs, but also make significant progress as financially viable companies. Half of Upaya's partners have reached financial break even, and the organization's most recent portfolio additions are already meeting or exceeding agreed upon financial targets. Upaya's support has helped each business become more investor ready, and has attracted additional investors to six of the ten businesses in its portfolio. In fact, Upaya's support has attracted nearly 5 times its seed investment amounts in follow-on funding from other investors.

2.5 What are the existing competing solutions that seek to address the same development challenges as your innovation? (3000)

Currently, no other organization – for-profit or NGO – is working to create sustainable jobs for the ultra poor population of India by supporting early-stage businesses. Upaya's approach to providing women and families living in India's most marginalized communities is unlike any existing aid program.

For decades the ultra poor have been served by aid programs providing handouts – free food, housing and healthcare – under the assumption that the poor need to be rehabilitated before they can earn a living. However, the Upaya team has found that the opposite is true – the ultra poor can quickly become self-reliant and address their own needs simply by having access to a stable job and steady income. They need a “hand-up,” not a “handout.”

Secondly, since Upaya uses small business investments to help the poor, people often draw a connection between the *LiftUP Project* and microfinance. However, Upaya is focused on employing a segment that is too poor to qualify for microcredit and empowering a class of entrepreneurs whose capital needs are well above what microfinance institutions are capable of providing.

2.6 What makes your innovation distinctive and unique in comparison to competing alternatives? (3000)

In embracing a business-oriented model, Upaya opens itself to a different set of competitors -- impact investors. Upaya has distinguished itself from this group by using its US parent company's 501(c)(3) nonprofit structure in order to make smaller, riskier, more patient investments that support entrepreneurs in their earliest stages and assist them as they scale. No other impact investor working in India - Dasra/ First Light, Beyond Capital Fund, Unitus Seed Fund, Acumen Fund - will make the types of investments Upaya does. Furthermore, any returns generated by Upaya's investments are restricted exclusively for future partners -- accruing benefits long after initial investments are made.

Upaya's *LiftUP Project* distinguishes itself as an incubation program by customizing its financial management, business advisory and training activities on-site as opposed to clustering participants in a single classroom for a standardized curriculum. This approach keeps the entrepreneur on the job rather than pulling him or her out of day-to-day operations for an extended period. It also gives each partner a trusted ally with whom to work through their challenges, and gives the Upaya team the intimate access they need to evaluate the progress of the enterprise.

Upaya distinguishes itself from alternative aid programs targeting the ultra poor by focusing on livelihood creation through building SGBs. Most aid programs focused specifically on those living under US\$1.25 a day provide goods and services free of charge in an effort to stabilize the poor, believing that this precludes their ability to hold a regular job. However, Upaya believes that this segment is ready and eager to work, and that the income gained from employment will be quickly put towards the family's immediate needs and help to

increase their financial security over time. Data collected by Upaya's first partners shows that they can and do increase food expenditures and invest in education, healthcare, and housing upgrades. By focusing on employment creation, Upaya's *LiftUP Project* is investing in a long-term solution for those living in poverty instead of providing handouts that meet immediate needs. The businesses created through the *LiftUP Project* will continue to thrive for years to come and the jobs they sustain will have a long-term impact on each community.

2.7 RISKS: How do you perceive the following risks in execution of the project? (word count not specified..)

- Market risks (if any) :

In India there are few follow-on, co-debt or equity investors to create large capital flow to early stage *LiftUP* partners beyond the seed capital provided by Upaya. This hampers the success of the *LiftUP Project* by affecting the scalability of the ventures supported and in turn diminishing the prospect of Upaya's exits, from which capital is recycled into new ventures. To ensure that *LiftUP Project* enterprises are able to attract outside capital, Upaya has created a co-investment facility by which it partners with co-investors and leads due diligence and portfolio management, providing them with risk comfort. Upaya also scouts for high-net-worth individuals (HNIs) and foundations who are interested in impact investing. Upaya encourages, and facilitates opportunities for them to participate in follow-on investment rounds.

- Execution risks (if any) :

Upaya has found that the success of its *LiftUP Project* lies in the quality of entrepreneurs selected. It is important to partner with leaders who value a partnership with Upaya beyond investment, who are willing to listen and learn, and who are transparent and have integrity. The Upaya team conducts extensive due diligence including integrity check-lists and reference checks, plus detailed discussions with the entrepreneur and their team to establish good chemistry and a shared vision and mission. It is also important to select promising ventures that create jobs for the ultra poor and have a scalable and sustainable business model. These components are assessed through an extensive due diligence framework that is evaluated by Upaya's independent and experienced investment committee.

- Financial risks (if any) :

Upaya invests in businesses at an early stage in their development when many of them face challenges in finding working capital and managing their limited financial resources. Upaya has tailored its *LiftUP Project* to mitigate these risks by providing an immediate infusion of capital alongside intensive hands-on financial management training and ongoing support. The team works with entrepreneurs to establish a plan for reaching cash break even, and focuses on helping each entrepreneur prepare for conversations with later-stage funders. Both Upaya's financial management training and investment has helped to attract follow on funding from other investors into *LiftUP Project* partners, giving them the cash they need to grow. In doing so, Upaya mitigates the financial risk of investment in early-stage enterprises and ensures a better chance of exiting each investment which recycles money back into Upaya and ensures the long-term sustainability of the *LiftUP Project*.

- Regulatory risks (if any) :

The significant time and cost of maintaining compliance and meeting regulatory requirements faced by early-stage enterprises can be a distraction from time spent building their businesses. Upaya works to mitigate this by providing specific training on regulatory requirements and best practices for ensuring compliance. The project also enlists affordable, experienced chartered accountants who are well versed with regulations to help *LiftUP Project* partners maintain regulatory compliance.

In addition to maintaining compliance, the higher cost of working capital loans due to restrictions on foreign debt in India, and the reduced access to bank finance affects the growth prospects of *LiftUP Project* partners.

Upaya collaborates with crowd funded debt providers, quasi debt, and venture debt providers to create access to working capital finance and mitigate this risk.

Lastly, restrictions on certain exit routes like entrepreneur and company buyback can act as a roadblock to growth. Upaya lays out alternate exit strategies, and spreads exits over multiple years through partial exits in order to work around these regulations.

- Business model risks (if any) :

Upaya's *LiftUP Project* invests significant time, energy and financial resources in each early stage enterprise in its portfolio in order to give it the best chance of success. Given that these enterprises are very young when Upaya first deploys capital, some having not even reached a proof of concept, there is a higher chance of venture failure than traditional later-stage impact investments. In order to absorb this risk Upaya uses philanthropic capital to invest in its *LiftUP Project* portfolio. The organization has found that philanthropic capital is the best form of risk capital because, unlike traditional loans, philanthropic dollars carry no required return, thus enabling flexible, early-stage delivery. By using this type of capital, Upaya can make investments at a stage viewed as too risky by traditional investors.

BENEFICIARIES OF THE INNOVATION

3.1 State explicitly who the target population (i.e. which population does the project attempt to impact)? Who would be the direct and indirect beneficiaries? Please specify for other countries / regions if applicable.

- Direct beneficiaries in the short and long term - how many? : The direct beneficiaries of the *LiftUP Project* are the 15,000 women and men who will be employed in new jobs created by enterprises supported by Upaya.
- Indirect beneficiaries : A set of beneficiaries who are indirectly impacted by Upaya are those working in the ecosystem around each incubated enterprise who gain employment downstream or upstream and work with *LiftUP* partners directly through companies, small businesses, or service providers. A second group of indirect beneficiaries is made up of household members supported by the direct employees of each *LiftUP Project* business.

3.2 Describe the hypothesis/argument for how the project intervention(s) will improve the lives of BoP beneficiaries?

- Directly : Upaya is working to create jobs for those living under the ultra poverty line of \$1.25 a day. Traditionally, this population has had infrequent or unreliable work which has contributed to the economic insecurity they experience at the individual and household level. Upaya has found that when provided with a fair, stable livelihood men and women can provide for themselves, and access local services that are best fit to the immediate needs of their family. The direct benefits (hereafter referred to as 'first order benefits') resulting from employment include an increase in absolute daily and monthly income and a corresponding increase to total household income. This enables families to care for immediate needs; for instance, sharp increases in food expenditure are often observed at an early stage alongside the number and composition of daily meals.
- Indirectly : Once an individual and their household have seen a stable increase in income, corresponding changes in their spending habits can be observed. Upaya refers to indicators of indirect impact as 'second order benefits.' After food intake stabilizes, expenditures typically cover the meeting of secondary needs like tuition fees for schoolchildren, upgrades to housing structures and an increase in monthly savings. Over time, Upaya looks for a decline in food expenditure relative to the total household income, evidence that meeting basic needs is no longer a pressing concern. Over the long-run changes to asset holding patterns emerge including the purchase of productive and lifestyle assets such as bicycles and televisions. When a family is finally seen spending income on

clothing, recreation and entertainment it is a sign that their household has made sustained progress out of poverty.

3.3 What are the risks or complications that could prevent the project from having its intended impact? (3000)

The *LiftUP Project* supports businesses that create jobs in communities where employment is difficult to come by. Upaya has designed its program to address the main impediments early-stage businesses face in order to help them grow and sustain jobs where they are needed most. **The top challenges faced by entrepreneurs in the important early years of their business include access to capital, proper management of scarce resources, access to talent, and regulation compliance.** These challenges all present risks that can strain a young business or even lead to the business winding down and employment opportunities ceasing to exist. Upaya's *LiftUP Project* is designed to nullify these risks by addressing each of them with targeted hands-on support, giving businesses the best possible chance of reaching break even and achieving profitability. When businesses successfully attain financial health, they can create more jobs and impact more households in their community.

3.4 What potential / actual threat to the environment do you foresee while implementing the project? What steps you have you taken / intend to take to mitigate that? (3000)

Upaya is focused on investing in enterprises that have a positive impact on the environment. Businesses in the organization's current portfolio tend to either create new sustainable goods and services or engage in novel ways of reusing waste products.

Four examples of such *LiftUP Project* partners include:

1. **Elrhino** produces and sells handcrafted luxury "tree-free" paper, stationery products, and packaging materials made from recycled rhinoceros and elephant dung.
2. **Tamul Plates** produces and markets high-quality, all-natural disposable plates and bowls made from fallen arecanut (palm) tree leaves.
3. **Samagra Sanitation** is the first for-profit social enterprise in India that is dedicated to providing access to clean, safe, and environmentally-friendly community toilet facilities for the urban slum-dwelling poor.
4. **Saahas** provides end-to-end waste management solutions for bulk waste generators with a goal of decreasing India's overall dependence on landfills.

In addition to investing in environmentally sound enterprises, Upaya works with each of its investees to mitigate any environmental impact by helping them conduct an environmental impact assessment audit, develop strategies to reduce impact, sensitize employees and execute mitigating activities.

Impact / Relevance in Developing / Low Income Countries

3.5 Have you applied your project for implementing in low income countries? (Yes or No)

IMPACT to the Society and its Measurement

3.6 Project Activities, expected outcome against each Activity and Outcome indicator, separated by country/region where relevant

Activity	Key outcome/result of the activity (Please provide numerical targets)	Indicator to measure/assess the outcome/result (Refer to Section 1.4 of the MA Innovation Solicitation Document)
Conduct due diligence on a pipeline of 20-30 <i>LiftUP Project</i> candidates, Investment Committee (IC) selects 9 new enterprises for <i>LiftUP Project</i> investment and incubation support	Number of businesses owned by women; number of jobs created by each business; employee's increase in income compared to next available employment activity	Gender of entrepreneur; amount of jobs created by enterprise; percent change in income compared to next available employment activity
<i>LiftUP Project</i> financial management and business development support over 18-24 months for 9 enterprises	Adoption of financial management tools and processes; and increased financial health of the business according to agreed upon milestones including the reaching of breakeven and profitability	Business-specific information contained in regular cash flows, annual budgets, investor-ready balance sheets, and income statements reflecting the financial health of the enterprise
Creation of dignified, reliable employment	First order benefits including increase in income, increase in food expenditures, and meals per day; second order benefits including increased percentage of children regularly attending school, upgrades to housing materials	Staggered in-person survey of employees in years one, two and three with region-specific questions on quality of life indicators including income, savings, and expenditure
Secure additional funding for <i>LiftUP Project</i> partners via co-investment facility or network of committed follow-on funders	Upaya expects to leverage five outside investment dollars for every one it spends on this cohort of partners, with three of these being from follow-on investment and two being from co-investment	Average leverage amount; financial stability of enterprise
Achieve exit from each of 9 enterprises	Increased sustainability for Upaya from funds recycling back into the <i>LiftUP Project</i>	Amount of money recovered

3.7 Please describe your approach for measuring the impact of your project in India and elsewhere. Specify in particular how you will measure the inputs, the results and the final outcomes? What data collection exercises will you undertake? How will tracking occur to enable monitoring and evaluation of the project from start to finish? When will you take measurements, on which indicators, and how frequently? (3000)

Upaya evaluates the effectiveness of the *LiftUP Project* by looking at both the businesses' financial success, ability to create jobs, and the impact these jobs have on the lives of the ultra poor who fill them.

Business Metrics

- Upaya will measure business stability and future job creation potential through evaluation of "time to break even," profitability, operational efficiency, return on investment, and overall valuation of the business model.
- Upaya will also measure job count and the average level of employee's income that is sustained over time.

Upaya's impact measurement approach is rooted in the organization's belief that a stable job can help a family make progress out of poverty, address their immediate needs, and allow them to access better quality education and healthcare services. The method of impact measurement on the household level is detailed below:

Household Social Metrics

- Upaya works with each entrepreneur to develop poverty scorecards with up to twenty-five indicators that are specifically tailored to the target community. These analyses are compliant with both the Grameen Progress out of Poverty Index™ (PPI) and the Global Impact Investing Network's (GIIN) Impact Reporting and Investing Standards (IRIS) methodologies.
- Upaya expects to see households make steady, incremental progress out of poverty. Sample metrics include the number and content of meals consumed per day, the quality of housing materials, the number of productive assets owned by each household, and the number and age of children in school.
- The collection of these metrics is integrated into regular business operations and aggregated by Upaya each year for three years in order to track the progress of households over time. The year one collection is designed as a 'baseline survey' that captures the condition of households at the outset of their employment. The 'midline survey' in year two shows changes in their socioeconomic status after 12 months of employment, and the 'endline survey' after year three shows any later-stage changes in financial security resulting from long-term employment.
- In partnership with engineers from Microsoft, Upaya has built a specialized database system that allows its partners to draw insights from their own household-level metrics, and opens the door for Upaya to track larger, long-term trends across multiple *LiftUP Project* companies.

3.8 Please describe your plan for establishing quality baselines for key output and outcome indicators in India and elsewhere. (3000)

Upaya measures progress of the *LiftUP Project* against baseline indicators for both the financial health of each business and the financial health of each employed household.

A business plan co-developed with each entrepreneur in the first quarter of an Upaya partnership describes growth prospects over the course of the engagement. The baseline financial health of the business is determined through a verified external audit performed by a chartered accountant during due diligence. Based on the documents collected in the audit and the business plan, Upaya's team works with the entrepreneur to create periodic, time-bound milestones relating to growth in sales, expense ratios, profit margins, revenues, profitability, and impact. Throughout the duration of the partnership, Upaya collects regular financial statements, including balance sheets and profit and loss statements, and conducts reviews with each entrepreneur to track the milestones and growth targets set at the outset.

Upaya collects baseline social performance metrics at the beginning of each investment to provide a snapshot of beneficiaries' socioeconomic position at the outset of their employment. Metrics are collected periodically to measure the impact of employment over time. Impact in the early months of employment is often directly correlated to increases in income. These 'first order' metrics include the predictability of work, the increase in income compared to prior work or the next available employment activity, the reliance on this job as a primary source of income, and immediate increases in food expenditure. 'Second order' impact indicators are correlated to an extended increase in income, and include expenditures on education, healthcare and improvements to housing structures. Upaya collects both first and second order indicators from beneficiaries on a yearly basis in order to track household progress out of poverty over the course of long-term employment.

FINANCIAL DETAILS

4.1 What is the total cost of the project? (upload file with detailed breakup between fixed and working costs) Will upload an excel version of what is pasted below with their added expenditure heads (integration from Sreejith)

Project Cost Summary	Year 1	Year 2	Year 3	Total	
Program Design & Planning (including field research)	6,74,650	13,31,400	7,33,325	27,39,375	40% of ED + 20% of DBD + 35% DSO + 20% of travel
Awareness, Communication, Promotion & Outreach	7,62,800	16,30,400	13,19,300	37,12,500	40% of ED + 20% of DBD + 20% DSO + 20% of travel
Remuneration & Reimbursement	8,65,350	19,08,400	14,45,000	42,18,750	35% DBD + 20% DSO + 20% SAFM + 20% SASPM
Training & Capacity Building	16,54,950	38,97,050	35,15,500	90,67,500	75% of SAFM + 20% DBD + 60% travel + legal + experts / interns
Capex (Laptops and office equipments / furniture)	3,56,425	4,70,450	-	8,26,875	5% DBD + 5% DSO + 5% SAFM + 5% SASPM
Monitoring, Evaluation & Impact Assessment	6,74,200	15,45,300	15,15,500	37,35,000	75% of SASPM + 20% of ED + 20% DSO + SPM
Other Expenses (admin overheads)	4,12,500	11,25,000	11,62,500	27,00,000	admin
TOTAL				2,70,00,000	

4.2 What percentage of the total cost do you seek from MA? (small field - few words)

This funding request is for 33% of the total project cost.

4.3 If you require a funding to test/replicate your idea in low income countries, please provide a breakup of the costs? (upload file) NOT APPLICABLE

4.4 What support have you received from VCs/PE firms/Angel Investors/private investors/mentors at any stage of your current enterprise/organization? Please elaborate. (3000) INCLUDED BELOW

4.5 Have you ever received or expect to receive funding for this project from any alternative sources? If yes, kindly let us know the details below. (Yes / No) (don't see a space to enter in more information - check online)

A Millennium Alliance grant of Rs. 2.7 crore to support the incubation of a cohort of nine new enterprises over three years will be matched more than twice by a pair of supporting programs, enabling Upaya to deploy a total of 8.1 crore into the *LiftUP Project*. Millennium Alliance funds will be used to support the financial management training and incubation of each enterprise, while matching funds will underwrite the seed funding and administrative costs of the *LiftUP Project*.

Upaya's U.S. parent company runs a program called ***LiftUP Pioneers (LP)*** which consists of high net-worth individuals who have committed to fund Upaya's patient equity investments in each new business at \$300K USD between 2015-2017.

Upaya's US entity has also created a **co-investment facility** made up of impact investors who have earmarked a portion of their portfolio for follow-on investments in Upaya's 2015-2017 cohort of *LiftUP* partners. Investment companies Rianta Capital and 3rd Creek Investments have already committed a corpus of funds for investment in 2015, and Upaya is in advanced discussions with a handful of other investors to secure the remaining amount.

LPs and Coinvestors

4.6 Do you (your organization) have any existing financial liability that is more than Rs 3,00,000 or has to be repaid within the next 2 years? (Yes / No)

PROJECT EXECUTION

5.1 When will the project start and what is the anticipated timeline? In the table below, identify when various aspects of implementation for various components are planned to occur.

Activity	Tentative Start Date	Tentative End Date
Conduct Due Diligence on 8-10 enterprises	November 1 2015	May 1 2016
Select Partners 1, 2 and 3	November 1 2015	November 1 2016
Invest / Co-Invest in 3 Partners	November 1 2015	November 1 2016
Begin Pilot Planning Phase	November 1 2015	November 1 2016
Launching of Unit Model	November 1 2015	November 1 2016
Refining of Unit Model & Replication	July 1 2016	November 1 2016
Continue Scale & Secure Growth Capital	February 2017	November 1 2017
Conduct Due Diligence on 8-10 enterprises	November 1 2016	May 1 2017
Select Partners 4, 5 and 6	November 1 2016	November 1 2017
Invest / Co-Invest in 3 Partners	November 1 2016	November 1 2017
Begin Pilot Planning Phase	November 1 2016	November 1 2017
Launching of Unit Model	November 1 2016	November 1 2017
Refining of Unit Model & Replication	July 1 2017	November 1 2017
Continue Scale & Secure Growth Capital	February 1 2018	November 1 2018
Conduct Due Diligence on 8-10 enterprises	November 1 2017	May 1 2018
Select Partners 7, 8 and 9	November 1 2017	November 1 2018
Invest / Co-Invest in 3 Partners	November 1 2017	November 1 2018
Begin Pilot Planning Phase	November 1 2017	November 1 2018
Launching of Unit Model	November 1 2017	November 1 2018
Refining of Unit Model & Replication	July 1 2018	November 1 2018
Continue Scale & Secure Growth Capital	February 2018	November 1 2018

5.2 Do you foresee that the project is sustainable in the long run once it graduates from the grants phase? (Yes / No)

5.3 How do you plan to sustain the project after the MA funding is over? (small text box? maybe 3000?)

- In India :

Upaya's model is structured to become increasingly financially sustainable over time. By using philanthropic capital to make patient equity investments, Upaya is able to recuperate costs and even make a profit after the five to eight year horizon. All proceeds from successful exits are recycled back into the *LiftUP Project*, and reserved for re-investment in new enterprises. When Millennium Alliance funding ends in November 2018 Upaya will have exited or will be nearing exits with its first cohort of *LiftUP Project* enterprises. Upaya structures each term sheet to include a variety of exit options including entrepreneur buyback, and / or partial or full buy out by follow-on financial or strategic investors. **In this way, though Upaya is a not-for-profit, its business model is inherently sustainable over time.** Upaya's US parent company is also committed to continuing to raise philanthropic dollars to augment the organization's income and has a corpus of multi-year commitments in place from institutional funders who will be supporting the organization through the upcoming expansion of the *LiftUP Project*, through 2018.

5.4 How would you scale the project in order to achieve impact? (3000) *

By focusing on financial management and investing patient capital, Upaya is helping businesses become profitable and sustainable over time, leading them to create maximum employment, attract more growth capital and eventually provide Upaya with an exit. Returns generated from exits are earmarked for recycling into future *LiftUP Project* investments where the capital is put to work helping new job creating enterprises reach financial stability. This model ensures that the project will have the resources it needs to scale up.

5.5 Which of the following key government initiatives does the innovation qualify for?

1. Make In India
2. Skill India

5.6 Please list any specific government program(s) that your innovation directly fits in. Please describe the exact fitment. (Applicants are advised to update themselves with various schemes of the government, as notified and update by Niti Aayog and relevant ministries) (3000)

1. The National Skill Development Mission under the Skill India program seeks to provide the institutional capacity to train a minimum of 40 crore skilled people by 2022 through public - private partnerships. Institutional support to skill development through organisations like the National Skill Development Corporation has resulted in a) more entrepreneurs coming into this space and b) more capital flow to these enterprises. This program both strengthens the entrepreneurial ecosystem that Upaya operates in, and creates new employment that empowers a segment of the population that Upaya is focused on helping.
2. The Government has established a mechanism to be known as Self-Employment and Talent Utilisation (SETU) under the National Institute for Transforming India (NITI) Aayog. SETU will be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. The *LiftUP Project* will actively seek collaboration with SETU when its implementation details are announced as an incubation and early stage seed investment partner specifically for women lead start-up enterprises.

3. The National Rural Livelihoods Program (NRLM) is focused on promoting self-employment and organization of the rural poor. The *LiftUP Project* will seek to work with specific community organisations with market based hybrid models that are part of NRLM to provide market linkages and skill development.

4. The National Manufacturing Competitiveness Program (NMCP) scheme for ‘Support for entrepreneurial and managerial development of SME’s through incubators’ sets up business incubators to support small and medium-sized enterprises (SMEs). Upaya is exploring partnering with incubators set up by or recognised as part of this scheme for the benefit of *LiftUP Project* entrepreneurs. These partnerships could enhance the range of support services available to *LiftUP Project* entrepreneurs.

5. The Micro Units Development and Refinance Agency Bank (MUDRA) bank is a new bank set up to provide institutional credit and other financial services to small enterprises. Upaya plans to bring awareness of MUDRA to *LiftUP Project* partners who could benefit from these financial services.

6. Bharatiya Mahila Bank encourages female entrepreneurship through financial support. Upaya will explore signing an MoU with Bharatiya Mahila to provide additional financial support to the female entrepreneurs in Upaya’s *LiftUP Project*.

7. The Atal Innovation Mission (AIM) is being set up under NITI and will be an Innovation Promotion Platform involving academics, entrepreneurs, and researchers drawing upon national and international experiences to foster a culture of innovation, research & development in India. The platform will also promote a network of world-class innovation hubs and grand challenges for India. The *LiftUP Project* will use this initiative to disseminate information on successful innovations from its portfolio partners. It will also encourage its portfolio partners to participate in the challenges and events of AIM.

5.7 Project execution team

Name	Designation	Key Role
Sachi Shenoy	Executive Director	Oversee selection process by Upaya’s Investment Committee; Confirm final valuation and investment structure; Execute term sheet, investment agreement
Sreejith Nedumpully	Director, Business Development	Oversee due diligence on prospective investment; Prepare memo for Investment Committee; Negotiate all terms with entrepreneur, prepare plan for partnership; Oversee Upaya’s deployment of funds and financial management training
Position To Be Filled by Dec. 2015	Director, Strategy & Operations	Assist with due diligence documentation; Formalize all legal documentation, including term sheet and investment agreement; Communicate project progress to Upaya’s stakeholders
Aparna Arora	Senior Associate, Financial Management	Conduct valuation on prospective investment; Deploy financial management trainings to entrepreneur team; Train staff on usage of tools and templates such as cash flow tracker, annual budgeting framework, and others
Jyotsna Taparia	Senior Associate, Social Performance	Design scorecard for use in conducting field surveys; Assist in data collection and oversee all analysis; Produce annual reports detailing the social impact attributed to the enterprise

5.8 CV of the lead person(s) implementing the project (please include a CV of maximum 1 page per team member as your supporting documents) Upload file Gottem both!

5.9 Details of all Project Partners (internal - eg consultants) and external (collaborations with other agencies / organizations) and purpose of each in India and low income countries. (3000)

1. **Upaya Social Ventures** located in Seattle, US is Upaya India's parent entity and invests directly in *LiftUP Project* enterprises. The US-based organization also mobilises philanthropic capital for seed investment, support for systems, monitoring, HR and financial management.

2. Upaya has partnered with the **Bill & Melinda Gates Foundation** since 2013 and together created a toolkit of financial management trainings and templates that are used to support each enterprise in the *LiftUP Project*. The two organizations have also incubated one early stage business together.

3. **Rianta Capital**, an investment company, has earmarked funding for follow-on co-investment in Upaya's *LiftUP Project* partners that will succeed Upaya's initial seed funding, with a specific emphasis on Upaya's female entrepreneurs.

4. Upaya and **Ennovent Circle** work together on venture scouting and deal sourcing.

5. **3rd Creek Investments** has signed a memorandum of understanding to earmark funding for follow-on co-investments in Upaya's *LiftUP Project* partners that succeeds Upaya's initial seed funding.

6. Upaya works in conjunction with the **University of Chicago Booth School of Business Social Enterprise Initiative (SEI)** to analyze social metrics data collected by *LiftUP Project* partners.

7. In partnership with engineers from **Microsoft**, Upaya has built a specialized database system that allows its partners to draw insights from their own household-level metrics, and opens the door for Upaya to track larger trends across multiple *LiftUP Project* companies.

8. Upaya is receiving assistance and mentorship from Professor Jasjit Singh from INSEAD Singapore on its social performance metrics, impact studies and case studies.

9. The Open Road Alliance has supported Upaya since 2012 and recently committed 50K USD each year through 2018 for direct investment in Upaya's *LiftUP Project* partners.

10. The Skees Family Foundation has been financially supporting Upaya since 2011 including a multi-year commitment to support the *LiftUP Project* through 2016.

INFORMATION OF IMPLEMENTING ORGANIZATION -

6.1 Name of Organization

Upaya Social Ventures India Pvt Ltd

6.2 Constitution- Proprietary/Partnership/**Private Ltd**/Ltd. Co/Cooperative Society/Trust / Others

6.3 Full name of the Proprietor/Partners/Directors along with address and contact details of each

Name	Address	Contact No	Email ID
Sreejith Nedumpully	Plot No F, Kazura Garden 1st Street, Neelankarai, Chennai, TN - 600041	+91 988-440-229 3	snedumpully@upayasv.org
Sachi Shenoy	2540 11th Avenue West, Seattle Wa USA 98119	+1 917-371-046 1	ssheno@upayasv.org

6.4 Names of associate Concerns of each Partner/Director and of the Proprietor as well as the extent of their interest/investment in the Associate Concerns

Sreejith Nedumpully is co-founder and non-executive Chairman of the Board at Chennai-based Rope Enterprises Pvt Ltd, a company engaged in working with rural artisans manufacturing and promoting handmade home decor, home furnishing and lifestyle collections.

6.5 Relationship of any Proprietor/Partner/Director with MA partners (this will not disqualify you for the financial assistance sought) None

Information of Individual / Organization

6.6 Information of Individual / Organization

- Individual / Organization Name : Sreejith Nedumpully
- Postal Address (including country) : Plot No F, Kazura Garden 1st Street, Neelankarai, Chennai, TN - 600041
- Email address (this is the email address we will use for all correspondence) : Snedumpully@Upayasv.org
- Contact Number : +91 988-440-2293

6.7 Organization Website www.upayasv.org

6.8 Have you / your organization ever received any recognition / awards? (Yes / No)