

## **Invitation Brief**

**Provision of Intermediary Services  
to Design and Administer Innovative Programmes  
for the Trustee of  
the Social Innovation and Entrepreneurship Development Fund  
(SIE Fund)**



**Issued by : The Trustee of the SIE Fund**

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# INTRODUCTION AND OVERVIEW

## 1. Purpose

- 1.1. The Trustee of the SIE Fund (“Trustee”) invites interested parties to submit proposals to act as intermediaries to design and administer innovative programmes (“IP Intermediaries”) with the service scope as described in paragraph 7 below to help alleviate poverty and social exclusion and foster the well-being and cohesion of the society in Hong Kong.
- 1.2. Through this invitation, the Trustee seeks to engage multiple IP Intermediaries to design and administer innovative programmes for supporting social innovators/ventures of different forms and stages of development with innovation, diversity and impact. This Invitation Brief sets out the scope of services of IP Intermediaries, the eligibility and submission requirements, the assessment process and criteria to be used in selection of IP Intermediaries as well as the key engagement terms.
- 1.3. The Trustee has the full discretion to decide on the actual funding size and engagement period of each appointed IP Intermediary, the total number of IP Intermediaries to be appointed and the total amount of the SIE Fund to be disbursed for supporting the social innovators/ventures under the innovative programmes administered by the appointed IP Intermediaries, having regard to the proposals received from the proponents under this invitation (“Proponents”).
- 1.4. The SIE Fund has three funding priorities, namely, innovative programmes, capacity building and research (see paragraph 5 below). This Invitation Brief seeks to **invite proposals for innovative programmes only**. Invitation for proposals for acting as intermediaries to take forward the other two priority areas of work will be issued in the second quarter of 2019 tentatively.

## 2. Background

- 2.1 The SIE Fund, as a catalyst for social innovation in Hong Kong, connects our community with different sectors, including businesses, non-governmental organisations (NGOs), academics, philanthropies, etc. to create social impact through innovative solutions that address poverty and social exclusion and foster the well-being and cohesion of the society. Mostly through intermediaries, the Fund provides visionary individuals and organisations with diverse resources in support of research, capacity building and the entire life cycle of innovative ventures, from idea incubation and seed funding to implementation and eventual scale-up. The ultimate goal is to foster an ecosystem where social entrepreneurs can thrive and innovative ideas, products and services can benefit society by meeting underserved needs, unleashing underutilised talents as well as promoting social inclusion and cohesion.

- 2.2 Established as a Trust Fund in February 2014 under the Secretary for Home Affairs Incorporated, the SIE Fund is overseen by the Commissioner for Efficiency who was appointed by the Trustee as the Secretary-General (SG) whereas the SIE Fund Task Force (TF) set up under the Commission on Poverty in December 2012 is tasked to advise the SG on all policies and procedures governing the operation of the SIE Fund and all matters relating to the administration of the Fund.
- 2.3 The Trustee has engaged intermediaries as strategic partners since 2015 to design and administer capacity building and innovative programmes which best fit the needs of the social innovation space. The use of intermediaries as a vehicle to nurture and promote social innovation and entrepreneurship is a unique feature of the SIE Fund compared with other Government's funding schemes established for social purposes. When developing the operational framework for the SIE Fund in 2013-14, the TF considered that it would be more effective for the Fund to partner with and build the capacity of existing actors in the social innovation space. Such an approach is consistent with the vision of the Fund to build and facilitate the development the social innovation ecosystem and provide a diverse portfolio of programmes for social entrepreneurs to choose. Besides, it was considered more effective to leverage on the existing resources, expertise and networks of knowledgeable, experienced and credible practitioners in the social innovation field to help find and nurture budding social innovators/ventures and maximise the impact of the Fund.
- 2.4 Four organisations were appointed in early 2015 as the first batch of intermediaries by the Trustee to design and administer capacity building and innovative programmes. They are the Hong Kong Council of Social Service, PolyU Technology and Consultancy Co Ltd, SOW (Asia) Foundation Ltd and the Yeh Family Philanthropy Ltd. Other than SOW (Asia) Foundation Ltd which has completed its services in August 2016, the services of the first batch of intermediaries will expire in Q3 2019<sup>1</sup> and Q3 2020<sup>2</sup>.
- 2.5 Given the expiry of the existing intermediary services in 2019 and 2020, the Trustee plans to appoint a second batch of intermediaries in the latter half of 2019 to sustain the momentum successfully created within the social innovation space in the past few years and facilitate further development and enhancement of the ecosystem to create greater and lasting social impact.

<sup>1</sup> In respect of the services provided by the Hong Kong Council of Social Service and PolyU Technology and Consultancy Co Ltd.

<sup>2</sup> In respect of the services provided by the Yeh Family Philanthropy Ltd.

### **3. Objectives of the SIE Fund**

3.1 The objectives of the SIE Fund, as set out in its Trust Deed, are:

“To establish or support schemes and experiments with a view to attracting, inspiring or nurturing social entrepreneurship to develop innovations that aim at creating social impact and build social capital for supporting poverty relief in Hong Kong.”

By way of interpretation, “poverty relief” covers not only alleviation and prevention of poverty but also prevention of social exclusion, enhancement of the overall well-being of the beneficiaries, and facilitation of social cohesion. “Innovations that aim at creating social impact” are also known as “social innovations” which can be exemplified by advances in knowledge, products and services, including applications of existing business models, processes and methods to meet social needs.

3.2 Operation of the SIE Fund is guided by the following principles:

- (a) social innovation is the focus, not social enterprises per se;
- (b) the scope of the SIE Fund should remain flexible for more effective delivery of results in the light of actual experience;
- (c) focus on innovative ideas to alleviate and prevent poverty and social exclusion as well as foster the well-being and cohesion of the society;
- (d) risk assessment is important while promoting innovation so as to maintain the prudent use of public money; and
- (e) no overlapping with other existing public funding.

### **4. Ultimate Beneficiaries**

4.1 The SIE Fund intends to benefit members of the public in Hong Kong who are generally residents of Hong Kong without conditions of stay and in need of assistance such as elderly, people with disabilities, ethnic minorities, underprivileged children/youth, single parents, new arrivals, low income families, and other segments of the community in Hong Kong who are in need of assistance and improved opportunity. To this end, the Fund, among others, funds social innovators/ventures to provide interventions, whether these are goods or services, that could benefit those segments of the community. The aim is to bring them hope, dignity and self-worth through the interventions.

### **5. Funding Priorities**

5.1 With a view to building up an ecosystem for nurturing social innovators/ventures to generate innovative ideas, the TF has accorded priority to initiatives that support three areas contributing to the development of a broad base for social innovation and entrepreneurship, namely innovative programmes, capacity building and research.

- 5.2 For innovative programmes, the objective is to provide funding, incubation and other support for social innovators/ventures and innovative projects of various stages, from idea generation, prototype to start-up and scale-up (including those crossing the “valley of death”<sup>3</sup>).
- 5.3 For capacity building, the objective is to foster the development of the social innovation ecosystem, the work of which includes, for example, nurturing social entrepreneurs, enhancing the capacity of all involved actors, facilitating cross-sector collaboration, building public awareness and understanding of social innovation as a means to addressing social needs, etc.
- 5.4 For research, the objective is to identify areas of needs and opportunities and explore solutions by encouraging and supporting social, applied and action research as well as evidence-based pilots on social innovation.

## 6. **Accomplishments of the First Batch of Intermediaries and Lessons Learnt**

- 6.1 As at end December 2018, over 960 social innovative ideas have been generated and 142 social innovators/ventures (see **Appendix 1** for a breakdown of the funded ventures) have received funding from the SIE Fund through the innovative programmes run by the first batch of intermediaries. The amount of funding commitment is \$56 million in total. Besides, the intermediary of start-up and scale-up projects has helped the funded ventures solicit around \$38 million as matching fund from 53 external funders, including corporations, foundations, impact investors, NGOs and individuals. The 142 funded innovators/ventures are expected to benefit over 53 200 individuals from the target underprivileged groups. On capacity building, a total of 68 programmes have been organised by the first batch of intermediaries providing training to over 3 100 potential social entrepreneurs.
- 6.2 A research team from the University of Hong Kong (HKU) has been engaged to evaluate the outcomes of the SIE Fund, including a thorough review on the existing *modus operandi* in using intermediaries as a vehicle to drive social innovation. The team commends the intermediary approach as an intelligent and strategic design to harness community-based resources, expertise, networks and skills of bodies which are knowledgeable, experienced and credible in the social innovation field and are effective in driving results. The intermediaries engaged by the SIE Fund have helped gather knowledge, resources and expertise from different communities together to create positive impact on the social innovation ecosystem and enable social innovators and entrepreneurs to flourish. By connecting social innovators and entrepreneurs with various fields including business, academia, media, social welfare, professional, public sector, impact investing, etc., the intermediaries have built an efficient and growing network that nurtures social innovation, and a bigger and more

<sup>3</sup> “Valley of death” is a funding gap that start-ups often face in the later stages of prototyping and throughout the product enhancement stages because venture capitalists prefer to invest at the later stages of a business’ development when more information is available and the firm faces a lower risk of failure. As a result, the lack of funding makes it difficult for firms to successfully commercialise their business idea (National Research Council US, 2007).

sustainable cross-sector community to create collective and lasting impacts. Apart from network to resources, the intermediaries have provided individual social innovators/ventures with the required support, coaching and incubation throughout the pre-funding, implementation and post-funding stages of their projects.

- 6.3 To achieve greater success through intermediaries, the HKU research team recommends the SIE Fund to continue with the existing *modus operandi* and engage intermediaries to focus on particular stages of innovation development and/or themes of social issues. Considering that social innovators/ventures at different stages of innovation development need different types of support, coaching and incubation, intermediaries should be able to provide tailored support for social innovators/ventures of different development stages. The SIE Fund is also recommended to consider engaging theme-based intermediaries, which possess industry-specific knowledge and connections and are able to conduct more in-depth and specific diagnosis of the operation and development of funded social innovators/ventures. Overall, the research team recommends that while the SIE Fund should remain broad and inclusive, the support, coaching and incubation provided by intermediaries should be more tailored, focused and specific.
- 6.4 To work out the scope of services for the engagement of the second batch of intermediaries, the Secretariat has organised a series of stakeholder engagement activities collecting views and suggestions from over 120 major players and stakeholders as to how the SIE Fund may help fill the gaps and seize the opportunities in the social innovation ecosystem through the second batch of intermediaries. Major views and suggestions in respect of engagement of IP Intermediaries are summarised below:
- (a) providing full lifecycle support for social innovators/ventures;
  - (b) strengthening customised support and incubation for social innovators/ventures of different stages of innovation development;
  - (c) connecting funded social innovators/ventures with relevant expertise and resources and specific industries to address their specific needs;
  - (d) facilitating collaboration among the intermediaries and other actors in the field to provide more comprehensive and coordinated support and incubation for social innovators/ventures;
  - (e) expanding the network and soliciting ideas and proposals with more variety, innovation and impact;
  - (f) enhancing the matching fund support for start-up and scale-up ventures; and
  - (g) strengthening the promotion and marketing of social innovation especially through the funded innovative programmes.

## SERVICE SCOPE

### 7. Service Scope of IP Intermediaries

7.1 The Trustee seeks to engage multiple IP Intermediaries to design and administer innovative programmes for supporting social innovators/ventures of different forms and stages of development with innovation, diversity and impact. To this end, an IP Intermediary is required to design and implement an open, fair and transparent innovative programme to fund and incubate social innovators/ventures. The programme shall:

- (a) in terms of social innovators/ventures, target at either one of the following –
  - (i) *general*: funding and incubating the entire social innovation community not restricting to any specific cluster of social innovators/ventures; or
  - (ii) *theme-based/segment-specific*: funding and incubating specific cluster(s) of social innovators/ventures (e.g. technology-focused, youth-specific, business/SME-initiated, elderly issues-oriented, etc.);
- (b) in terms of stage of innovation development<sup>4</sup> (i.e. the four stages of innovation development of “idea generation”, “prototype”, “start-up” and “scale-up”), target at either one of the following –
  - (i) providing funded social innovators/ventures with full innovation lifecycle funding and incubation (i.e. encompassing all the four stages of innovation development); or
  - (ii) providing funded social innovators/ventures with stage-specific funding and incubation (i.e. covering particular stage(s) of innovation development only) and providing bridging support for those innovators/ventures with potential to proceed to the next stage of innovation development upon completion of their funded projects (e.g. assist innovators/ventures of completed “prototype” projects in crossing the “valley of death” and proceeding to “start-up” stage).
- (c) be open for applications by any locally registered legal entity, whether these are for-profit and not-for-profit organisations, for carrying out projects that align with the objectives of the SIE Fund as set out in paragraph 3.1 above and target at benefiting the ultimate beneficiaries of the SIE Fund set out in paragraph 4.1 above. In case the “idea generation” and/or “prototype” stages of innovation development are covered by the programme, it shall be open for applications by individuals as well;
- (d) comprise the following elements:
  - (i) a structured funding scheme with details on –

<sup>4</sup> The four stages of innovation development are:

- (a) **idea generation** during which innovative ideas are still in the embryonic stage and need further development;
- (b) **prototype** whereby ideas will be tested and further refined;
- (c) **start-up** which involves launching of a new business based on the idea incubated; and
- (d) **scale-up** which focuses on expansion of an existing business to create greater social impacts.

- target applicants and ultimate beneficiaries;
  - eligibility and vetting criteria;
  - application invitation, processing and vetting mechanisms;
  - estimated number of applications received and projects funded;
  - estimated size of grant, in the form of a range and/or a cap, to be funded for each funded innovator/venture and in total;
- (ii) provision of tailored advice and support to applicants for refining their applications in terms of, for example, innovation, business models, project implementation, social outcomes and impacts, etc. during the application stage;
  - (iii) structured plan, network and mechanism for sourcing and securing matching funds for applicants of the “start-up” or “scale-up” stages if so required by the applicants;
  - (iv) structured incubation plan, programme and network to provide funded innovators/ventures with tailored and hands-on incubation, coaching and support in terms of, for example, project implementation, innovation, entrepreneurship, sustained business operation, scale-up, fund pitching, etc. during the project implementation stage;
  - (v) a project monitoring mechanism to monitor the progress and completion of funded projects and oversee the compliance of funded innovators/ventures with the terms and conditions stipulated in the relevant project agreements; and
  - (vi) a performance management mechanism to evaluate the performance, finance, outcomes and impacts of the funded projects against the agreed key performance indicators (KPIs) and target outcomes/impacts as stipulated in the relevant project agreements.

## 7.2 An IP Intermediary is also required to:

- (a) formulate and implement strategy and plan to market and promote the innovative programme as well as source and solicit quality applications with innovation, diversity and impact for the funding scheme under its innovative programme through engagement with different sectors including social innovators/ventures, businesses, NGOs, academics, philanthropies, etc.;
- (b) develop and apply a credible performance management mechanism to measure and evaluate the performance of the innovative programme against the agreed KPIs and target outcomes/impacts as stipulated in the legally binding agreement to be signed between the Trustee and IP Intermediary covering the intermediary engagement (“Engagement Agreement”);
- (c) implement any referral and collaboration mechanisms with the Trustee, other intermediaries of the SIE Fund or any other parties as directed by the Trustee, including, without limitation –

- (i) upon completion of a funded project, referral of the relevant social innovators/ventures to other intermediaries of the SIE Fund or other funding sources in the field for funding and/or incubation at the next stage of innovation development; and follow-up of such referral by other intermediaries or parties;
- (ii) referral of funded social innovators/ventures to apply for subsidies under the “Co-working Space Subsidy Scheme” of the SIE Fund;
- (iii) referral of funded social innovators/ventures to enroll in capacity building programmes or participate in capacity building events or activities organised by the Trustee, other intermediaries of the SIE Fund or other actors in the field;
- (iv) support and contribution to the establishment and operation of the future Social Innovation Knowledge Hub<sup>5</sup> to be established under the SIE Fund; and
- (v) coordination with other IP Intermediaries to cross-check duplicated applications among different innovative programmes under the SIE Fund.

Referral and collaboration mechanisms will be drawn up by the Trustee in collaboration with the appointed intermediaries after appointment.

7.3 In designing and administering the funding scheme under its innovative programme, the IP Intermediary should note that:

- (a) for a funding application covering the “idea generation” or “prototype” stage of innovation development, a grant may be provided by the Trustee to the applicant to fully cover the requested funding amount;
- (b) for a funding application covering the “start-up” or “scale-up” stage of innovation development, the Trustee will only consider a grant on at least one-to-one matching basis. The matching fund can be in cash or in kind while the sources and exact form of matching fund for each funded project require prior approval by the Trustee. In this connection, the IP Intermediary has the responsibility to help those applicants source and secure the matching fund if so required by the applicants in accordance with the plan, network and mechanism established for the purpose (see paragraph 7.1(d)(iii) above);
- (c) funding applications will be grouped under three tiers according to the funding amount requested and subject to the relevant vetting mechanism as set out below:
  - (i) Tier 1 - Application for a grant of not more than \$50,000

Tier 1 applications can be vetted and endorsed-in-principle by the IP Intermediary. The IP Intermediary is required to submit its decision reports to the TF and Trustee for endorsement. The TF and Trustee will

<sup>5</sup> Social Innovation Knowledge Hub is a platform to be established by the Trustee with the support from an intermediary to be appointed to assist in building the capacity of the whole social innovation ecosystem. The aforesaid intermediary will be required to proactively reach out and link up the different players and stakeholders of the social innovation space and provide them with one-stop access service and customised support. Appointed IP Intermediaries will be required to support and contribute to the establishment and operation of the Hub.

review and give directive on any endorsement made by the IP Intermediary.

(ii) Tier 2 - Application for a grant of more than \$50,000 but less than \$500,000

Tier 2 applications have to be vetted and recommended by a Joint Intermediary and Task Force Vetting Committee (JVC) to be set up by the IP Intermediary with representatives of the TF and the IP Intermediary. The IP Intermediary is required to submit the recommended applications to the TF and Trustee for endorsement. The TF and Trustee will review and consider whether to fund the recommended applications.

(iii) Tier 3 - Application for a grant of \$500,000 or above

Tier 3 applications have to be vetted by the JVC. The IP Intermediary is required to submit those applications supported by the JVC to the Proposal Assessment Committee (PAC) established under the TF for consideration, then to the TF and Trustee for endorsement.

- (d) each funded social innovator/venture has to sign a project agreement with the Trustee. Actual disbursement of grants to the funded social innovators/ventures will be done by the Trustee after signing of the project agreement and subject to the social innovator/venture's fulfillment of the relevant terms and conditions for grant disbursement (e.g. opening of a separate bank account) as stipulated in the agreement; and
- (e) individual social innovators/ventures are free to select suitable IP Intermediaries to submit their project proposals. To avoid granting duplicated funding for the same project proposed by the same social innovator/venture under different innovative programmes of the SIE Fund, a funding application with substantially the same content should only be processed by one IP Intermediary. To this end, appointed IP Intermediaries have to liaise and coordinate among one another to identify and handle any duplicated funding applications submitted under their respective innovative programmes. The Trustee shall have the absolute discretion to determine whether a particular funding application should or should not be processed by a particular IP Intermediary.

7.4 An IP Intermediary will be required to submit information and data of the funding applications and funded projects under its Innovative Programmes to the Trustee through the computer system developed by the Trustee and on request. The information and data to be submitted and their format of submission will be discussed between the Trustee and the IP Intermediary.

7.5 The Proponent is free to propose the duration of the engagement period for designing and implementing its proposed innovative programme but the proposed period should last for **at least three years**.

## ELIGIBILITY REQUIREMENTS

### 8. Eligibility Requirements

- 8.1 Subject to paragraph 8.2 below, without limitation, an IP Intermediary can be (i) a charitable institution of a public character exempted from tax under section 88 of the Inland Revenue Ordinance (Cap 112); (ii) a company (private or public) formed and registered under the Companies Ordinance (Cap 622); (iii) a co-operative society registered under the Co-operative Societies Ordinance (Cap 33); (iv) a society registered under the Societies Ordinance (Cap 151); or (v) a statutory body established under the legislation in Hong Kong. For a legal entity not specified above, its eligibility will be considered on a case-by-case basis.
- 8.2 An IP Intermediary must have been duly formed, registered, established or constituted in Hong Kong under the relevant legislation on the date that it enters into an Engagement Agreement with the Trustee. It must be an entity capable of entering into an Engagement Agreement with the Trustee and must **not** be a natural person only or sole proprietor only.
- 8.3 The Proponent of the IP Intermediary services covered under this invitation may take the form of an alliance/consortium comprising two or more parties. In this case, one of the parties should be assigned as the principal proponent (“Principal Proponent”) and authorised by all other parties to take up the overall coordination role and, on behalf of the alliance/consortium, liaise with the Trustee on all matters relating to this invitation exercise. If the Principal Proponent is eventually selected as an IP Intermediary by the Trustee, it will have to enter into an Engagement Agreement with the Trustee and be held responsible for the due and faithful performance of the IP Intermediary as a whole, including every party in the alliance/consortium, as prescribed in the Engagement Agreement. The eligibility requirements set out in paragraphs 8.1 and 8.2 above will apply only to the Principal Proponent but not the other parties of the alliance/consortium.
- 8.4 **Proposals received from Proponents that do not meet the eligibility requirements set out in paragraphs 8.1 to 8.3 above will not be considered further.**

## SUBMISSION OF PROPOSAL

### 9. Submission of Proposal

- 9.1 Interested parties are invited to submit proposals to act as IP Intermediaries to design and administer innovative programmes for the Trustee. **Each Proponent and each of the parties of an alliance/consortium Proponent may submit only one proposal. Proposals received from Proponents that fail to comply with this requirement will not be considered further.**
- 9.2 A valid proposal must consist of a **Business Plan Proposal** and a **Fee Proposal**. Proposal submitted shall be valid for a minimum of twelve months from the Proposal Closing Date (see paragraph 9.4 below). Proponents are required to indicate the validity period of their proposal in the Business Plan Proposal. The Trustee may request an extension of the validity period of the proposal.
- 9.3 The Proponent shall submit, for each of the Business Plan Proposal and the Fee Proposal, one (1) set of hardcopy and one (1) set of softcopy stored in separate USB thumb-drives and placed in a sealed plain envelope marked “**Proposal for Provision of IP Intermediary Services for the SIE Fund**”.
- 9.4 The proposals must be submitted by depositing in the collection box marked as “**Provision of IP Intermediary Services for the SIE Fund**” located at the Efficiency Office, 41/F, Revenue Tower, 5 Gloucester Road, Wanchai, Hong Kong, not later than **18:00 hr on 28 March 2019** (Hong Kong Date and Time) or such other date as extended under paragraph 9.5 below (“Proposal Closing Date”).
- 9.5 If a black rainstorm warning or tropical cyclone warning signal No. 8 or above is hoisted between 9:00 hr and 18:00 hr on the Proposal Closing Date, the deadline for submission will be extended to 18:00 hr on the following working day.
- 9.6 **Late submissions or proposals not complying with paragraphs 9.1 to 9.4 above will not be considered further.**
- 9.7 The Business Plan Proposal is expected to contain the information as specified in the template at **Appendix 2**. To facilitate a comprehensive and accurate assessment of the proposal, the Proponent is strongly recommended to adopt the framework of the template in preparing the proposal and provide all the information required.
- 9.8 When submitting the Business Plan Proposal, each Proponent is required to provide its Corporate Governance Plan (see Part II(b)(4b) of the template at **Appendix 2**) in accordance with the guidelines stipulated at **Appendix 3**.

- 9.9 Each Proponent shall disclose in the Business Plan Proposal any circumstances which may reasonably be considered to give rise to a situation where the interests of the Proponent or each of the relevant persons conflict or compete with the IP Intermediary’s duties to the Trustee in the performance of the intermediary services (see Part II(a)(F) of the template at **Appendix 2**).
- 9.10 Information to be included in the Fee Proposal is set out in the template at **Appendix 4**. In the proposal, each Proponent must submit a fixed, all-inclusive lump sum service fee in Hong Kong Dollars for providing the proposed intermediary services covering the proposed engagement period. The service fee quoted, with cost breakdown, should cover, without limitation, the costs for engaging implementation partners and hiring sub-contractors, if any, and those for compliance with the terms and conditions of the engagement<sup>6</sup>. Save for the incentive payment(s) provided in paragraph 9.11 below (i.e. additional service fees for delivering/achieving a maximum of two better levels of performance above the baseline), no other expenses, costs, charges or disbursements will be payable by the Trustee for the intermediary services proposed by the Proponent on top of the fixed, all-inclusive lump sum service fee.
- 9.11 A tiered and incentive-based payment structure, with the fixed, all-inclusive lump sum service fee mentioned in paragraph 9.10 above as the “baseline service fee” (Tier 0), will be considered by the Trustee in appointing the IP Intermediaries. Apart from the fixed, all-inclusive lump sum service fee required for delivering/achieving the baseline performance, Proponents are invited to include in the Fee Proposal additional service fees for delivering/achieving a maximum of two better levels of performance (Tiers 1 and 2) above the baseline (see illustration at **Appendix 5**). Correspondingly, Proponents should specify in the Business Plan Proposal the types and levels of KPIs linked to the payment of the different tiers of service fee (see Part II(a)(D) of the template at **Appendix 2**).
- 9.12 To facilitate a comprehensive and accurate assessment of the proposal, the Proponent is strongly recommended to adopt the framework of the template at **Appendix 4** in preparing the Fee Proposal and provide all the information required.
- 9.13 For the purpose of financial vetting mentioned in paragraph 10.9 below, after submission of the proposal, a Proponent shall, upon written request by the Trustee, provide the Trustee with financial-related information and documents on or before a specified date stipulated in the written request. If the Proponent fails to provide the information and documents on or before the specified date, the proposal will not be considered further.
- 9.14 By submitting a proposal, the Proponent represents and warrants that it shall not communicate or fix with any person not related to its proposal on the amount of fee, make any arrangement with any such person as to whether to submit a proposal, or

<sup>6</sup> Including, for example, the fees for appointing external bodies to conduct annual performance assessment (see paragraph 14.2) and prepare financial reports (including audited annual/financial reports) (see paragraph 16.1) respectively.

otherwise collude with any person in relation to this engagement. Breach of any of the aforementioned representations and/or warranties may result in rejection of the proposal, withdrawal of the acceptance of the proposal or termination of the Engagement Agreement (as the case may be), in addition to other rights and remedies against the IP Intermediary and possible disqualification of the Proponent's future standing as an IP Intermediary for the Trustee.

- 9.15 By submitting a proposal, the Proponent shall be deemed to agree that the Trustee may make necessary copies of the proposals and provide the same to any relevant Government officers or other relevant individuals for the assessment of the proposals.
- 9.16 All proposals are submitted on the understanding that the Trustee will not be liable to pay any cost and expenses arising out of the preparation and submission or in explaining or clarifying their proposals, or otherwise in response to this invitation.
- 9.17 After submission of the proposals, the Proponents shall not attempt to initiate any further contact, whether direct or indirect, with the Trustee on its proposals or this invitation to submit proposals. Any further contact shall only be initiated by the Trustee. Except as requested by the Trustee, any further information relating to the proposals submitted to the Trustee after the Proposal Closing Date will not be considered.

## ASSESSMENT OF PROPOSALS

### 10. Assessment of Proposals

10.1 Proposals received from Proponents will be assessed by the Intermediary Assessment Committee (“IAC”) established under the TF. Membership of the IAC comprises some serving members of the TF and a government official from the Efficiency Office.

10.2 The IAC will assess the proposals according to a set of pre-determined assessment criteria as follows:

Assessment Criteria	Maximum Score
1. Vision, Objectives and Impact	15
2. Capability	15
3. Service Design	35
4. Implementation/Execution	15
5. Cost effectiveness	20
<b>Total score</b>	<b>100</b>

Details of the assessment criteria are provided at **Appendix 6**.

10.3 “Capability” and “Service Design” are critical assessment criteria with passing score of 50% of the maximum score each. Proposals that fail to exceed the passing score in any one of the two critical criteria will not be considered further. For details, please see paragraph 10.5 below.

10.4 Proposals received from Proponents will be subject to a three-stage assessment process as follows:

Stage 1 – Paper assessment by the IAC

Stage 2 – Interview by the IAC

Stage 3 – Endorsement by the TF

10.5 In Stage 1, the IAC will conduct paper assessment as follows –

- (a) assess each Proponent against the eligibility requirements set out in paragraphs 8.1 to 8.3 above and its compliance with the requirements for submission of proposals set out in paragraphs 9.1 to 9.4 above. Proposals received from Proponents that do not meet the aforesaid requirements will not be considered further;

- (b) assess each eligible proposal against the two critical assessment criteria (i.e. “Capability” or “Service Design”). Proposals that fail to exceed the passing score (i.e. 50% of the maximum score) of any one of the two criteria will not be considered further;
  - (c) for those proposals exceeding the passing scores of the two critical assessment criteria, further assess them against the other three assessment criteria (i.e. “Vision, Objectives and Impact”, “Implementation/Execution” and “Cost Effectiveness”). Those proposals reaching the following scores will be further considered in Stage 2 of the assessment process –
    - (i) a total score of 60 or above; or
    - (ii) a total score between 50 and 60, with any one of the two critical assessment criteria exceeding 70% of the maximum score of the respective criterion.
- 10.6 In Stage 2, Proponents passing Stage 1 will be invited to attend an interview conducted by the IAC. The IAC may seek clarification from and enter into discussion with the Proponents in relation to any aspect of their proposals. Any discussion or any assessment carried out through this process do not constitute any engagement or funding commitment by the Trustee.
- 10.7 The IAC will finalise its assessment on the Proponents in Stage 2 against the assessment criteria set out at **Appendix 6** having regard to the merits of their proposals as well as clarification sought and discussion with the Proponents after proposal submission, if any, and taking into account a number of strategic considerations for the whole engagement exercise of IP Intermediaries, including, without limitation:
- (a) complementary nature of the proposals in terms of, for example, coverage of stages of innovation cycle, nature of incubation programmes, network and resources available, etc.;
  - (b) uniqueness, diversity and mix of the Proponents in terms of, for example, funding models, servicing areas, types of organisations, expected impacts, target social innovators/ventures, ultimate beneficiaries, etc.;
  - (c) alignment with prevailing government policy or complementarity with existing and prospective government measures; and
  - (d) the optimal number of IP Intermediaries to be engaged.

Recommendations of the IAC will be based on a full deliberation of these strategic considerations apart from the scores of each proposal.

- 10.8 In Stage 3, the TF will review the recommendations of the IAC and endorse the appointment of IP Intermediaries. Appointment of the IP Intermediaries will be made by the Trustee on the advice of the TF.

- 10.9 For the purpose of ascertaining the Proponent's financial capability in designing and administering the proposed innovative programme, if the estimated total contract value exceeds \$15 million in Hong Kong Dollars, the Trustee may, in the course of assessing the IP Intermediary proposal of the Proponent, conduct financial vetting of the Proponent based on the information and documents provided by the Proponent pursuant to paragraph 9.13 above.
- 10.10 The Trustee may, as a condition for appointment, serve a written notice to and the selected IP Intermediary is thereby required to provide the Trustee on or before a specified date a contract deposit in cash, in the form of a banker's guarantee or in the manner to be specified by the Trustee an amount equivalent to 2% to 6% of the fixed, all-inclusive lump sum service fee agreed between the Trustee and selected IP Intermediary. If the selected IP Intermediary fails to do so on or before the specified date, the offer of appointment by the Trustee may deem to lapse and become invalid.
- 10.11 The Trustee reserves the right, in its sole and absolute discretion, not to accept any proposal, or to appoint any of Proponents who have submitted proposals in response to this invitation for the whole or any part of the engagement. The Trustee is also under no obligation to review or discuss the assessment or assessment result of any proposal with any person.

## **KEY ENGAGEMENT TERMS**

11. The following sets out the essence of the key contractual terms and conditions that may be incorporated in formal Engagement Agreement to be made between the Trustee and the IP Intermediary.

### **12. Engagement Period**

12.1 The engagement period for individual IP Intermediaries may vary, depending on the design and merits of the proposals. The Trustee has the full discretion to decide on the engagement period of each appointed IP Intermediary and apply contract break clause(s) before expiry of the full engagement period.

### **13. Payment Arrangement**

13.1 The service fee payable by the Trustee for the intermediary services provided by the IP Intermediary shall be payable in periodic instalments, subject to the IP Intermediary's satisfactory performance and compliance with relevant terms and conditions in the formal Engagement Agreement to be made between the Trustee and the IP Intermediary. Interval of the periodic instalments will be discussed between the Trustee and individual IP Intermediaries.

### **14. Performance Monitoring of the IP Intermediary**

14.1 The appointed IP Intermediary shall produce a detailed implementation plan including, without limitation, (a) proposed activities to be undertaken and the work plan; (b) the budget required; and (c) performance indicators to gauge the level of performance by the IP Intermediary and/or social innovators/ventures, throughout the engagement period.

14.2 Each IP Intermediary is required to submit periodic operation reports and appoint an external body to conduct an annual assessment on its performance. Interval of the periodic operation reports shall tie in with the interval of the periodic instalments in paragraph 13.1 above.

### **15. Corporate Governance**

15.1 The IP Intermediary undertakes to comply with and observe in all respects all applicable laws and regulations of Hong Kong.

15.2 The IP Intermediary will also be required to vet and make recommendations on the Corporate Governance Plans of the applicants for the funding scheme under its innovative programme and oversee compliance of their agreed plans subsequently.

- 15.3 A separate set of control measures (see example at **Appendix 7**) will be imposed on the IP Intermediary by the Trustee to ensure proper use and handling of funds (including, without limitation, sponsorship and donation (if any) generated from its innovative programme).

## **16. Financial Reporting and Controls**

- 16.1 The IP Intermediary shall maintain full and proper books of accounts and records in respect of the use of the SIE Fund and submit financial reports (including audited annual/financial reports) to the Trustee.
- 16.2 The IP Intermediary may accept from third party sponsors or donations for itself to deliver the intermediary services provided that (i) the terms and conditions imposed by the funders, sponsors, donors, etc. if any, are consistent with the objectives and the terms and conditions of the Engagement Agreement; and (ii) prior written approval of the Trustee for acceptance of sponsorship or donations has been obtained. Other than the above, no other revenue from third party may be obtained save as otherwise agreed by the Trustee.

## **17. Financial Monitoring of Funded Social Innovators/Ventures**

- 17.1 The IP Intermediary is required to scrutinise the financial reports and, where applicable, the related supporting documents, submitted by the social innovators/ventures funded under the funding scheme of its innovative programme.

## **18. Variation in the Scope of the IP Intermediary Services**

- 18.1 The Trustee may during the engagement period make variations to the scope of the services provided by the IP Intermediary, subject to good faith discussion with the IP Intermediary regarding the impact upon timelines, costs, etc.

## **19. Insurance**

- 19.1 The IP Intermediary shall ensure that there will be in place during the continuance of the Engagement Agreement a valid and subsisting public liability policy of insurance sufficient to protect the Intermediary and the Trustee from claims for personal injury, bodily injury (including, without limitation, death) and property damage that may arise from or in connection with the performance of the intermediary services.

## **20. Conflict of Interest**

- 20.1 The IP Intermediary shall during the term of the Engagement Agreement made between the Trustee and the Intermediary and for six (6) months thereafter ensure that it, including its directors, employees, sub-contractors, etc. shall not engage in

any act which conflicts or competes, or which may be seen to conflict or compete, with the Intermediary's duties to the Trustee under the Engagement Agreement. Where required by the Trustee, the IP Intermediary shall procure any of the relevant persons to execute a legally binding written undertaking in a form prescribed by the Trustee agreeing to the avoidance of the conflict provision.

## **21. Probity and Anti-Corruption**

21.1 The IP Intermediary is expected to observe the Prevention of Bribery Ordinance (Cap 201) (the "Ordinance"). If offences are committed under the Ordinance by relevant persons, the Trustee shall be entitled to forthwith terminate the Engagement Agreement.

## **22. Confidentiality**

22.1 The Proponent and the IP Intermediary shall keep all data and information relating to the assessment confidential and for internal use only. All information relating to the engagement shall also be subject to obligations of confidentiality during and after the engagement.

## **23. Intellectual Property Rights**

23.1 All intellectual property rights subsisting in the materials prepared, produced or created by the IP Intermediary in relation to the intermediary services ("Deliverables") shall be property of the IP Intermediary, subject that a perpetual, worldwide and irrevocable right, free of any fee or charge, shall be provided to the Trustee to use such Deliverables for any purpose as the Trustee deems fit.

## **24. Termination of the Engagement Agreement**

24.1 The Trustee may terminate the Engagement Agreement forthwith upon giving written notice to the IP Intermediary, if, in the opinion of the Trustee, there is any breach or default by the IP Intermediary. The Trustee further reserves the right to terminate the Engagement without cause and/or to suspend the Engagement Agreement.

## **25. Liabilities and Indemnity**

25.1 The IP Intermediary shall indemnify and keep indemnified the Trustee against any and all claims which arise directly or indirectly in connection with or out of, or which relate in any way to its breach of the Engagement Agreement or other default as will be more particularly set out in the Engagement Agreement. The Trustee may require the IP Intermediary to take out or maintain (as the case may be) a valid policy of professional indemnity insurance to cover its liabilities under the Engagement Agreement.

**26. Non-Assignment, Restrictions on Sub-Contracting and the Use of Sub-contractors**

26.1 Assignment, transfer of sub-contracting of interests, rights, benefits or obligations under the Engagement Agreement are not permitted without the prior written consent of the Trustee.

**27. Disclosure of Fees Payable to the Appointed IP Intermediary**

27.1 The Trustee shall have the right to disclose to any person whenever it considers appropriate the fees and expenses (including detailed breakdown) for engaging the IP Intermediary and the Fee Proposal (or part thereof) submitted by the Intermediary. Each Proponent shall complete, execute and deliver to the Trustee a Consent to Disclosure in the form attached at **Appendix 8** together with its **Business Plan Proposal** in respect of the Engagement.

**28. Nature of Agreement**

28.1 The IP Intermediary will be engaged by the Trustee as an independent contractor on a principal-to-principal basis and not as a partner, employee or agent of the Trustee or as a trustee for others.

**29. Governing Law**

29.1 The governing laws of this Invitation Brief and the Engagement Agreement shall be the laws of Hong Kong.

**30. Trustee Not Liable for Information**

30.1 The IP Intermediary should note that all information and statistics provided by the Trustee in connection with the engagement are for reference only. The Trustee gives no warranty or representation, expressed or implied, and accepts no liability as to the accuracy, availability, completeness, usefulness. Therefore, the IP Intermediary shall conduct its own independent assessment of the information and statistics.

**31. Settlement of Disputes**

31.1 Any dispute or difference between the parties arising out of or in connection with the Engagement Agreement shall first be mediated, and if still not settled, be referred to arbitration.

**Breakdown of Social Innovators/Ventures funded under the Innovative Programmes run by the existing Intermediaries**  
(as at end December 2018)

**Number of Funded Social Innovators/Ventures**

<b>Project type</b>	<b>Number of innovators/ventures</b>
Prototype	99 (70%)
Start-up	31 (22%)
Scale-up	12 (8%)
<b>Total</b>	<b>142</b>

**Breakdown of the Funded Social Innovators/Ventures by Different Groups of Beneficiaries**

<b>Beneficiary group</b>	<b>Number of innovators/ventures</b>	<b>Expected number of beneficiaries *</b>
Elderly	35 (25%)	5 635 (11%)
Children & Youth	35 (25%)	13 825 (26%)
Persons with Disabilities	32 (22%)	21 674 (41%)
Low-income Families	24 (17%)	10 876 (20%)
Ethnic Minorities	9 (6%)	443 (1%)
Others	7 (5%)	830 (1%)
<b>Total</b>	<b>142</b>	<b>53 283</b>

\* *In respect of those “start-up” and “scale-up” ventures only.*

## **Template for Business Plan Proposal**

### **Points to Note:**

1. Business Plan Proposal is expected to contain the information as specified below. To facilitate a comprehensive and accurate assessment of the proposal, the Proponent is strongly recommended to adopt the framework of the template below in preparing the proposal and provide all the information required. Failing to provide as specified may obtain low or no marks in the assessment.
2. In case the proposal is submitted by an alliance/consortium comprising two or more parties, each should complete Part I in separate sheets. Please also indicate which one of the parties is authorised to take up the overall coordination role and, on behalf of the alliance/consortium, liaise with the Trustee of the SIE Fund on all matters relating to this invitation exercise.
3. In submitting the Business Plan Proposal, please ensure that the following information has been included in the proposal:
  - a. Part I – Particulars of the Proponent  
(one form for each party in case of an alliance/consortium)
  - b. Part II(a) – Details of Proposal (Form)
  - c. Part II(b) – Details of Proposal (Free Format)

**Part I - Particulars of the Proponent**

<b>Registered Name of Entity:</b>	(Chi)	
	(Eng)	
<i>If the Proponent is an alliance/consortium, please indicate if the above entity is authorised to take up the overall coordination role and, on behalf of the alliance/consortium, liaise with the Trustee on all matters relating to this invitation exercise</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Correspondence Address</b>		
<b>Website (if any)</b>		
<b>Business Registration No. (if applicable)</b>		
<b>Name of the Contact Person</b>	(Chi)	
	(Eng)	
<b>Post title of the Contact Person</b>		
<b>Telephone No.</b>		
<b>Fax No.</b>		
<b>Email Address</b>		
<b>Mode of Entity:</b>		
<input type="checkbox"/> Charitable institution of a public character exempted from tax under section 88 of the Inland Revenue Ordinance (Cap 112)		
<input type="checkbox"/> Company (private or public) formed and registered under the Companies Ordinance (Cap 622)		
<input type="checkbox"/> Co-operative Society registered under the Co-operative Societies Ordinance (Cap 33)		
<input type="checkbox"/> Society registered under the Societies Ordinance (Cap 151)		
<input type="checkbox"/> Statutory body established under the legislation in Hong Kong (please specify the ordinance below)		
<hr/>		
<input type="checkbox"/> Others (please specify)		
<hr/>		

**Please sign and stamp your chop below**

---

(Name of Authorised Signatory)

(Date)

**Part II(a) – Details of the Proposal (Form)**

Please fill in the form below.

**A. Proposed Duration of Engagement Period**  
(See paragraph 7.5 and 12.1 of the Invitation Brief)

\_\_\_\_\_ years

**B. Proposed Scope of the Innovative Programme**  
(See paragraph 7.1(a) & (b) of the Invitation Brief)

Please indicate below the scope of the proposed innovative programme in terms of: (a) the stage of innovation development; and (b) the type of target social innovators/ventures:

(a) Stage of Innovation Development	(b) Type of Target Social Innovators/Ventures	
	(i) Entire social innovation community	(ii) Specific cluster only (please specify)
(i) Idea generation	<input type="checkbox"/>	<input type="checkbox"/> ( )
(ii) Prototype	<input type="checkbox"/>	<input type="checkbox"/> ( )
(iii) Start-up	<input type="checkbox"/>	<input type="checkbox"/> ( )
(iv) Scale-up	<input type="checkbox"/>	<input type="checkbox"/> ( )
(v) All the four stages above	<input type="checkbox"/>	<input type="checkbox"/> ( )

**C. Proposed Number of Tiers for the Tiered and Incentive-based Payment Structure** (See paragraph 9.11 and Appendix 5 of the Invitation Brief)

\_\_\_\_\_ tier(s)

*Note: The proposed number should fall within the range of 1 to 3, i.e. Tier 0 (baseline) plus a maximum of 2 upper tiers (Tiers 1 and 2).*

**D. Proposed Key Performance Indicators (KPIs) of the Intermediary and Innovative Programme**

(See paragraph 9.11 and Appendix 5 of the Invitation Brief)

<b>Proposed KPIs</b> (Note 1)	<b>Tier 0 (baseline)</b>	<b>Tier 1</b> (Note 2)	<b>Tier 2</b> (Note 3)
(a) Total no. of funding applications received and processed (Note 4)			
(b) Total no. of funding applications supported by the Trustee (Note 4)			
(c) Percentage of matching fund secured for funding applications recommended to the Proposal Assessment Committee/Task Force of the SIE Fund (Note 5)			
<i>(a) to (c) above are mandatory KPIs to be specified by each Proponent. Other KPIs proposed by the Proponent (Note 6) should be set out below:</i>			
(d)			
(e)			
(f)			

Notes:

- (1) *The proposed KPIs should be SMART (specific, measurable, attainable, relevant and time-bound) and outcome-based as far as practicable. The Trustee will negotiate with the proponent to finalise a set of KPIs to be adopted for appointment as and when the Proponent is selected under the assessment process.*
- (2) *Only applicable to innovative programme for which the proposed number of tiers for the tiered and incentive-based payment structure is 2 (i.e. Tiers 0 & 1) or 3 (i.e. Tiers 0, 1 & 2).*
- (3) *Only applicable to innovative programme for which the proposed number of tiers for the tiered and incentive-based payment structure is 3 (i.e. Tiers 0, 1 & 2).*
- (4) *If the proposed innovative programme covers different stages of innovation development, the Proponent is suggested to propose different sets of KPIs for the different stages of innovation development covered.*
- (5) *Only applicable to innovative programme which covers the “start-up” and/or “scale-up” stage(s) of innovative development*
- (6) *Other proposed KPIs should cover all those critical tasks to be delivered under the proposed innovative programme as far as possible. The Trustee will negotiate with the Proponent to finalise a set of KPIs to be adopted for appointment as and when the Proponent is selected under the assessment process.*

**E. Indicative Amount of Matching Fund to be Secured for Funded Social Innovators/Ventures**

(See paragraph 7.3(b) of the Invitation Brief.)

*Note: This part is only applicable to innovative programme which cover the “start-up” and/or “scale-up” stage(s) of innovative development. The Proponent will need to substantiate its claims upon request.*

In cash	
Funding source for matching fund	Indicative Amount (HK\$)
In kind	
Source and description of the in-kind matching fund	Estimated Value (HK\$)

**F. Conflict of Interest**

(See paragraph 9.9 of the Invitation Brief)

Please specify below any circumstances which may reasonably be considered to give rise to a situation where the interests of the Proponent or each of the relevant persons conflict or compete with the IP Intermediary’s duties to the Trustee in the performance of the intermediary services.

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**G. Validity Period of the Proposal**

(See paragraph 9.2 of the Invitation Brief)

\_\_\_\_\_ months from the Proposal Closing Date

**Please sign and stamp your chop below**

\_\_\_\_\_  
 (Name of Authorised Signatory)  
 (Date)

**Part II(b) – Details of the Proposal (Free Format)**

Please provide the information as required below in free format having regard to the detailed assessment criteria as set out at **Appendix 6**.

<b>1. Vision, Objectives and Impact</b>	
(a)	<p><b><u>Understanding of the social innovation ecosystem and roles of intermediary</u></b> Please articulate your understanding on:</p> <ul style="list-style-type: none"> <li>(i) the local social innovation ecosystem and, if your proposed innovative programme is theme-based/segment-specific, the specific theme/segment covered by your proposed programme as well;</li> <li>(ii) the development of the local social innovation ecosystem and SIE Fund in coming years and, if your proposed innovative programme is theme-based/segment-specific, the development of the specific theme/segment covered by your proposed programme in coming years as well; and</li> <li>(iii) the gaps and opportunities of the social innovation ecosystem and, if your proposed innovative programme is theme-based/segment-specific, those of the specific theme/segment covered by your proposed programme as well.</li> </ul>
(b)	<p><b><u>Objectives of the proposed intermediary services</u></b> Please state the objectives of the proposed intermediary services and describe how the proposed services would:</p> <ul style="list-style-type: none"> <li>(i) align with and further SIE Fund’s objectives and positioning;</li> <li>(ii) facilitate SIE Fund in addressing the gaps and opportunities of the social innovation ecosystem, facilitating innovation and further supporting and developing the social innovation ecosystem; and</li> <li>(iii) help incubate innovative ideas, ventures and programmes.</li> </ul>
(c)	<p><b><u>Innovativeness, outcomes and impacts of the proposed intermediary services</u></b> Please describe:</p> <ul style="list-style-type: none"> <li>(i) the innovativeness of the proposed intermediary services;</li> <li>(ii) the target outcomes and expected social impacts of the proposed intermediary services;</li> <li>(iii) the critical success factors which are essential for achieving (ii) above; and</li> <li>(iv) the potential risks of the proposed intermediary services and proposed risk management/mitigation measures.</li> </ul>

<b>2. Capability</b>	
<b>(a)</b>	<p><b><u>Capability of proponent*</u></b></p> <p><i>* Including all the parties involved if the proponent takes the form of an alliance/consortium comprising two or more parties</i></p> <p>(i) Please provide information to demonstrate your capability, experience and track records in social innovation and, if your proposed innovative programme is theme-based/segment-specific, the specific theme/segment covered by your proposed programme as well.</p> <p>(ii) Please set out the support and resources that you would commit for designing and administering the proposed innovative programme.</p>
<b>(b)</b>	<p><b><u>Capability of project team</u></b></p> <p>(i) Please set out the proposed structure, composition and line of command of the project team as well as the roles and responsibilities of the project team leader and members individually.</p> <p>(ii) Please provide information to demonstrate the capability, experience, track records, credentials and qualification of the project team leader and members in social innovation and, if your proposed innovative programme is theme-based/segment-specific, the specific theme/segment covered by your proposed programme as well.</p>
<b>3. Service Design</b>	
<b>(a)</b>	<p><b><u>Funding scheme design and management</u></b></p> <p>(i) Please provide details of the funding scheme under the proposed innovative programme including, without limitation:</p> <ul style="list-style-type: none"> <li>- eligibility and vetting criteria</li> <li>- application invitation, processing and vetting mechanism</li> <li>- estimated number of applications to be received and projects to be funded</li> <li>- estimated size of grant to be funded for each funded social innovator/venture and in total</li> <li>- project monitoring and evaluation mechanism</li> </ul> <p>(ii) If the funding scheme is open to “start-up” and/or “scale-up” ventures, please set out the strategy, plan, activities, funders’ network, etc. for sourcing and securing matching funds for those “start-up” and/or “scale-up” applicants.</p> <p>(iii) Please describe the innovativeness of the funding scheme.</p>

(b)	<p><b><u>Incubation</u></b></p> <p>(i) Please set out the strategy, plan, activities, network, etc. for providing tailored advice and support to funding applicants for refining their applications, and describe the types of advice and support to be provided.</p> <p>(ii) Please set out the strategy, plan, activities, network, etc. for providing tailored and hands-on incubation, coaching and support to funded innovators/ventures, and describe the types of incubation, coaching and support to be provided during project implementation.</p> <p>(iii) If the proposed innovative programme targets only at providing stage-specific incubation (see paragraph 7.1(b)(ii) of the Invitation Brief), please set out the strategy, plan, activities, network, etc. for providing bridging support for those funded innovators/ventures with potential to proceed to the next stage of innovation development upon completion of their funded projects, and describe the types of bridging support to be provided.</p>
(c)	<p><b><u>Marketing and promotion</u></b></p> <p>(i) Please set out the strategy, plan, activities, etc. to market and promote the proposed innovative programme as well as source and solicit quality applications with innovation, diversity and impact for the funding scheme under the proposed programme.</p> <p>(ii) Please provide information to demonstrate your network and connection with different players and stakeholders of social innovation ecosystem including, for example, businesses, NGOs and, if your proposed innovative programme is theme-based/segment-specific, the relevant practitioners of that specific theme/segment.</p>
(d)	<p><b><u>Performance management</u></b></p> <p>Please set out the performance management mechanisms to monitor, measure and evaluate the performance of (1) the intermediary and (2) the proposed innovative programme against the KPIs and target outcomes/impacts proposed by the Proponent.</p>
<p><b>4. Implementation/Execution</b></p>	
(a)	<p><b><u>Application management and processing</u></b></p> <p>(i) Please set out the proposed end-to-end mechanism for processing funding applications received under the funding scheme, including, without limitation:</p> <ul style="list-style-type: none"> <li>- calling and receiving;</li> <li>- vetting and recommending;</li> <li>- approving; and</li> <li>- others (e.g. calling cycle, structure and composition of the proposed vetting committee).</li> </ul>

	<ul style="list-style-type: none"><li>(ii) Please set out the proposed mechanism for handling enquiries and complaints about the proposed innovative programme and your intermediary services.</li><li>(iii) Please set out the proposed system for recording and retrieving information and statistics related to the proposed innovative programme.</li><li>(iv) Please provide information to demonstrate your capacity and readiness to implement any referral and collaboration mechanism with the Trustee, other intermediaries of the SIE Fund or any other parties as directed by the Trustee.</li></ul>
(b)	<p><b><u>Work plan and corporate governance</u></b></p> <ul style="list-style-type: none"><li>(i) Please provide the work plan for the entire engagement period covering all the major activities and milestones as well as the expected outcomes and deliverables at different stages of the engagement period.</li><li>(ii) Please set out the potential risks in the execution of your work plan and the proposed risk management/mitigating measures.</li><li>(iii) Please set out your corporate governance plan with reference to the guidelines set out in <b>Appendix 3</b> to demonstrate that your organisation will act in the best interest of the Trustee and use and handle the funds properly if you are engaged as an Intermediary to design and administer the proposed innovative programme for the Trustee.</li></ul>

## Corporate Governance Guidelines

There is no “one-size-fits-all” corporate governance plan that can generally apply to each and every proponent. Since the size and nature of the proponent as well as its services and desired mode of operation vary, individual proponent is required to propose its own corporate governance plan for vetting and endorsement by the Trustee of the SIE Fund (“Trustee”).

2. The proposed corporate governance plan should meet the following principles:
  - (a) Focusing on the organisation’s purpose as an intermediary to design and administer an innovative programme for the Trustee and on outcomes for meeting the objectives of the SIE Fund;
  - (b) Performing effectively with clearly defined functions and roles;
  - (c) Promoting values for furthering the objectives of the SIE Fund and demonstrating the values of good governance through behaviour;
  - (d) Taking informed and transparent decisions, and managing risk;
  - (e) Developing the capacity and capability of the board to be effective; and
  - (f) Engaging stakeholders and making accountability real.
  
3. For the purpose of this invitation exercise, the Corporate Governance Plan should include brief descriptions of both general and specific requirements (if applicable), as described below.

### General corporate governance requirements

4. Some general principles and best practices are applicable to each and every proponent. Suggested components for the general corporate governance requirements together with some broad examples under each of components are set out below for reference by individual proponent. The examples are provided for illustration purpose only. A proponent may need to elaborate these examples to develop its Corporate Governance Plans as appropriate.

	<b>Component</b> (Note)	<b>Example</b>
1	Board Structure and Composition	<ul style="list-style-type: none"> <li>• Clear roles of board and executives</li> <li>• Desirable ratio of different types of directors</li> </ul>
2	Board Operation and Effectiveness	<ul style="list-style-type: none"> <li>• Effective use of committees</li> <li>• Proper declaration of interest</li> </ul>
3	Strategy, Planning and Monitoring	<ul style="list-style-type: none"> <li>• Clear objectives and plan</li> <li>• Effective budgeting and monitoring</li> </ul>
4	Transparency and Disclosure	<ul style="list-style-type: none"> <li>• High degree of transparency</li> <li>• Regular and proper reporting</li> </ul>

	<b>Component (Note)</b>	<b>Example</b>
5	Social Expectations	<ul style="list-style-type: none"> <li>• Contributing to social interest</li> <li>• Accountable to the public, government, etc.</li> </ul>
6	Risk Management and Compliance	<ul style="list-style-type: none"> <li>• Effective risk management</li> <li>• Independent internal control and audit</li> </ul>
7	Compliance with Laws and Regulations	<ul style="list-style-type: none"> <li>• Complying with relevant ordinances and codes</li> </ul>

Note:

Categorisation of governance components is mainly based on the **Guide to Corporate Governance for Subvented Organisations** issued by the Efficiency Office (May 2010) with modifications to meet the requirements of the SIE Fund. Individual proponent should develop its own corporate governance plan by making reference to the appropriate guidelines/codes.

Some suggested guides are listed below for reference. The list is by no means exhaustive. A proponent may make reference to other appropriate guide(s) in developing their general corporate governance measures:

For subvented organisations, public bodies or non-business entities :

- (i) **Guide to Corporate Governance for Subvented Organisations**, by the Efficiency Office (May 2010)  
[https://www.effo.gov.hk/en/reference/publications/guide\\_to\\_cg\\_for\\_so\\_2015.pdf](https://www.effo.gov.hk/en/reference/publications/guide_to_cg_for_so_2015.pdf)
- (ii) **Corporate Governance for Public Bodies – A Basic Framework**, by the Hong Kong Institute of Certified Public Accountants (2004)  
[http://app1.hkicpa.org.hk/publications/corporategovernanceguides/eframework\\_guid\\_e.pdf](http://app1.hkicpa.org.hk/publications/corporategovernanceguides/eframework_guid_e.pdf)

For business organisations (registered under Companies Ordinance), partnerships and individuals :

- (iii) **Corporate Governance Code** (Appendix 14 to the Rules Governing the Listing of Securities on HKSE), by the Hong Kong Stock Exchange (2012)  
[http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix\\_14.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix_14.pdf)
- (iv) **Guidelines on Corporate Governance for SMEs in Hong Kong** (2<sup>nd</sup> Edition), by the Hong Kong Institute of Directors (2009)  
[http://www.hkiod.com/document/corporateguide/sme\\_guidelines\\_eng.pdf](http://www.hkiod.com/document/corporateguide/sme_guidelines_eng.pdf)
- (v) **SME Corporate Governance Toolkit**, by the Hong Kong Institute of Directors (2009)  
[http://www.hkiod.com/document/smetoolkit/smetoolkit\\_eng.pdf](http://www.hkiod.com/document/smetoolkit/smetoolkit_eng.pdf)

For general reference :

- (vi) **The Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance**, by OECD (2004)

<http://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf>

(vii) The series of “**Best Practice Checklists on Governance and Internal Control**” issued by the Independent Commission Against Corruption (ICAC) for different types of organisations, such as listed companies, SMEs, social enterprises, public organisations, NGOs, etc. Copies of these publications are available at ICAC’s website [http://www.icac.org.hk/en/corruption\\_prevention\\_department/pt/index.html](http://www.icac.org.hk/en/corruption_prevention_department/pt/index.html)

### **Specific corporate governance requirements**

5. Based on a risk assessment approach, specific governance requirements are determined by assessing the possible risks of the proponent under various dimensions including, without limitation, project type, profit management, remuneration basis, and mode of financing. Some examples of the specific requirements are set out below for reference by individual proponent in developing its Corporate Governance Plans.

	<b>Item</b>	<b>Example</b>
<b>A</b>	<b>Project Type</b>	
1	Innovative Programme	<ul style="list-style-type: none"> <li>• Two-tier declaration of conflict of interest system for application vetting</li> <li>• Independent board and committee members</li> <li>• Clear guidelines and procedures of the vetting committees (including the Joint Intermediary and Task Force Vetting Committee) to be formed by the intermediaries for evaluating the funding applications from social innovators/ventures</li> </ul>
<b>B</b>	<b>Profit Management</b>	
1	Organisation registered under Section 88 of the Inland Revenue Ordinance	<ul style="list-style-type: none"> <li>• Clear re-investment strategy (to align with the objective as far as possible)</li> </ul>
2	Organisation not registered under Section 88 of the Inland Revenue Ordinance	<ul style="list-style-type: none"> <li>• Proper policy and mechanism of remunerations for board/committee members and senior executives</li> </ul>
<b>C</b>	<b>Remuneration Basis</b>	
1	Payment of a fixed, all-inclusive lump sum service fee by instalments	<ul style="list-style-type: none"> <li>• Setting of specific, attainable, relevant and time-bound key performance indicators, milestones and other performance requirements at different stages of the engagement period</li> </ul>
<b>D</b>	<b>Mode of Financing</b>	
1	Grant to funded innovators/ventures	<ul style="list-style-type: none"> <li>• Comprehensive system of project monitoring and reporting by funded innovators/ventures</li> </ul>

## Template for Fee Proposal

Please provide the information as required below with reference to paragraph 9.11 and Appendix 5 of the Invitation Brief.

- A. Please state the **fixed, all-inclusive lump sum service fee\*** (in Hong Kong Dollars) to be charged for designing and implementing the proposed innovative programme covering the entire engagement period.

	<b>Fixed, all-inclusive lump sum service fee* (HK\$)</b>
Tier 0 (baseline)	

*\* Should be no less than HK\$1*

- B. If the proposed number of tiers for the tiered and incentive-based payment structure as set out in Part II(a)(C) of the Business Plan Proposal is 2 (i.e. involving Tiers 0 & 1) or 3 (i.e. involving Tiers 0, 1 & 2), please set out the proposed level(s) of additional service fee(s) required to cover the additional resources for delivering the better/ideal levels of performance above baseline. The proposed level(s) of additional service fee(s) should be **expressed as a percentage of the fixed, all-inclusive lump sum service fee** set out in Part A above and link to the corresponding KPIs proposed in Part II(a)(D) of the Business Plan Proposal:

<b>Proposed Tier above Baseline</b>	<b>Additional Service Fee</b> (as a percentage of the fixed, all-inclusive lump sum service fee)
Tier 1	%
Tier 2	%

- C. Please provide **high-level breakdown** of the key cost components of the service fee set out in Part A above (and Part B as appropriate) including, for example, staff cost, accommodation cost, fees for engaging implementation partners and hiring sub-contractors, if any, fees for appointing an external body to conduct annual performance assessment and prepare financial reports (including audited annual/financial reports), incidentals, insurance, etc.

**Please sign and stamp your chop below**

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(Name of Authorised Signatory)

(Date)

## Illustration of the Tiered and Incentive-based Payment Structure of Service Fee

An illustration of a three-tiered payment structure is set out below.

Tier	Level of Payment	Payment Conditions (Note 1)*	Remarks
Basic (Tier 0)	\$X	Outputs/outcomes fully meeting KPIs at Tier 0 level (Note 2)	<ul style="list-style-type: none"> <li>• Tier 0 level of KPIs represents the <b>baseline</b> which the Proponent is confident to achieve in delivering the proposed intermediary services.</li> <li>• <b>\$X</b> represents the <b>fixed, all-inclusive lump sum service fee</b> to provide the service and achieve the baseline performance (i.e. “baseline fee”).</li> </ul>
Overshoot (Tier 1)	$\$X \times (1 + A\%)$	Outputs/outcomes further meeting KPIs at Tier 1 level	<ul style="list-style-type: none"> <li>• Tier 1 level of KPIs represents a <b>better level of performance</b> than baseline.</li> <li>• <b>A%</b> represents the level of <b>additional service fee</b> required to cover the additional resources for delivering the better performance level above baseline.</li> </ul>
Outperform (Tier 2)	$\$X \times (1 + B\%)$	Outputs/outcomes further meeting KPIs at Tier 2 level	<ul style="list-style-type: none"> <li>• Tier 2 level of KPIs represents an <b>ideal level of performance</b>.</li> <li>• <b>B%</b> represents the level of <b>additional service fee</b> required to cover the additional resources for delivering the ideal performance level above baseline.</li> </ul>

*Notes: (1) The Trustee will negotiate with the Proponent to finalise a set of KPIs and the corresponding payment conditions to be adopted for appointment as and when the Proponent is selected under the assessment process.*

*(2) In the event that KPIs at the level of Tier 0 is not fully met, the Trustee is entitled to withhold, defer or reduce the payment of the whole or any portion of the service fee to the appointed IP Intermediary.*

## Detailed Assessment Criteria

Assessment Criteria	Maximum Score
<b>1. Vision, Objectives and Impact</b>	<b>15</b>
<p><b>a. Understanding of the social innovation ecosystem and roles of intermediary</b></p> <p>(i) Insights on analysing the local social innovation ecosystem and if applicable, the specific areas covered in the theme-based/segment-specific proposal, including, for example:</p> <ul style="list-style-type: none"> <li>- the key drivers for developing innovative ideas, ventures and programmes to address social issues; and</li> <li>- the roles, responsibilities, interaction and collaboration of major stakeholders in the social innovation space</li> </ul> <p>(ii) Foresight on the development of the local social innovation ecosystem, the SIE Fund and if applicable, the specific areas covered in the theme-based/segment-specific proposal in coming years</p> <p>(iii) Comprehensiveness and reasonableness in identifying the gaps and opportunities of the social innovation ecosystem and if applicable, of the specific areas covered in the theme-based/segment-specific proposal</p>	<b>5</b>
<p><b>b. Objectives of the proposed intermediary services</b></p> <p>(i) How well the objectives of the proposed intermediary services align with and further the objectives and positioning of the SIE Fund</p> <p>(ii) Effectiveness of the proposed services in facilitating the SIE Fund at strategic level to address gaps and seize the opportunities identified, facilitate innovation and further support and develop the social innovation ecosystem</p> <p>(iii) Effectiveness of the proposed services in incubating innovative ideas, ventures and programmes</p>	<b>5</b>
<p><b>c. Innovativeness, outcomes and impact of the proposed intermediary services</b></p> <p>(i) Innovativeness of the proposed intermediary services</p> <p>(ii) Significance of the target outcomes and expected social impact of the proposed services in addressing poverty and social exclusion as well as fostering well-being and cohesion of the society</p> <p>(iii) Comprehensiveness and insight on identifying critical success factors which are essential for achieving the target outcomes and expected social impacts of the proposed services</p> <p>(iv) Comprehensiveness and insight on the assessment and mitigation of potential risks of the proposed services and</p>	<b>5</b>

Assessment Criteria	Maximum Score
effectiveness of the proposed risk management/mitigation measures	
<b>2. Capability</b>	<b>15</b>
<p><b>a. Capability of proponent</b></p> <p>(i) Relevance of the capability, experience, track records of the proponent in social innovation and if applicable, the specific areas covered in the theme-based/segment-specific proposal</p> <p>(ii) Value and effectiveness of the proposed support and resources committed from the proponent to the proposed intermediary services</p>	<b>5</b>
<p><b>b. Capability of project team</b></p> <p>(i) Relevance of the capability, experience, track records, credentials and qualification of team leader and individual team members in social innovation and if applicable, the specific areas covered in the theme-based/segment-specific proposal</p> <p>(ii) Reasonableness of the mix of different skills and expertise of team members</p> <p>(iii) Effectiveness and reasonableness of the proposed team structure, line of command, and distribution of roles and responsibilities of team members</p>	<b>10</b>
<b>3. Service Design</b>	<b>35</b>
<p><b>a. Funding scheme design and management</b></p> <p>(i) Comprehensiveness, reasonableness and robustness of the funding scheme for supporting the innovative programme, including but not limited to the following components:</p> <ul style="list-style-type: none"> <li>- target applicants</li> <li>- eligibility</li> <li>- assessment criteria</li> <li>- target beneficiaries</li> <li>- funding limit per application</li> <li>- processing and assessment mechanism</li> <li>- estimated no. of funding applications received/processed/funded</li> <li>- estimated grant size per funded project/venture</li> <li>- project monitoring and evaluation mechanism</li> </ul> <p>(ii) Robustness of matching fund support (applicable to innovative programme covering “start-up” and “scale-up” ventures only), including coverage of funder’s network and level of commitments, effectiveness of the proposed fund matching strategy, plan, programme and activities</p> <p>(iii) Innovativeness of the funding scheme</p>	<b>15</b>

Assessment Criteria	Maximum Score
<p><b>b. Incubation</b> Effectiveness and comprehensiveness of the proposed incubation during:</p> <ul style="list-style-type: none"> <li>(i) application stage (for funding applicants)</li> <li>(ii) implementation stage (for funded social innovators/ventures)</li> <li>(iii) project completion stage (for funded social innovators/ventures with potential to proceed to the next development stage)</li> </ul> <p>Factors to be considered include, for example, support on entrepreneurship and business operation; method to facilitate innovation; flexibility and level of customisation for individual innovators/ventures; tailored support to target social innovators/ventures covered in theme-based/segment-specific proposal (if applicable), etc.</p>	<b>10</b>
<p><b>c. Marketing and promotion</b></p> <ul style="list-style-type: none"> <li>(i) Coverage and robustness of the available network and connection with different players and stakeholders of the social innovation ecosystem, in particular the businesses, NGOs and if applicable, practitioners of the specific areas covered in the theme-based/segment-specific proposal</li> <li>(ii) Effectiveness of the marketing and promotion strategy, plan, programme and activities for promoting the proposed innovative programme as well as sourcing and soliciting quality applications with innovation, diversity and impact for the funding scheme under the proposed programme</li> </ul>	<b>5</b>
<p><b>d. Performance management</b> Effectiveness and reasonableness of the proposed performance management mechanisms and key indicators to monitor, measure and evaluate the performance of (1) the intermediary and (2) the proposed innovative programmes. The key indicators proposed should be SMART (specific, measurable, attainable, relevant and time-bound) and outcome-based as far as practicable</p>	<b>5</b>
<b>4. Implementation/Execution</b>	<b>15</b>
<p><b>a. Application management and processing</b></p> <ul style="list-style-type: none"> <li>(i) Comprehensiveness and robustness of the proposed end-to-end application processing mechanism including, for example, calling receiving, vetting and recommending, approving, calling cycle, structure and composition of the proposed vetting committee, etc.</li> <li>(ii) Effectiveness of the proposed mechanism for handling enquiries and complaints</li> <li>(iii) Comprehensiveness and robustness of the system for recording and retrieving necessary information and</li> </ul>	<b>10</b>

Assessment Criteria	Maximum Score
statistics (iv) Capacity and readiness to implement any referral and collaboration mechanism with the Trustee, other intermediaries of the SIE Fund or any other parties as directed by the Trustee	
<b>b. Work plan and corporate governance</b> (i) Reasonableness of work plan for the entire engagement period covering, for example, the major activities and milestones as well as the expected outcomes and deliverables at different stages of the engagement period (ii) Level of compliance and effectiveness of the proposed corporate governance plan with reference to the standard requirements provided	<b>5</b>
<b>5. Cost Effectiveness</b>	<b>20</b>
(i) Comprehensiveness and robustness of the overall cost structure (ii) Reasonableness of individual expenditure items	

## Control Measures

(To be specified as terms and conditions in the legally binding agreement to be signed between the Trustee of the SIE Fund and appointed intermediary covering the intermediary engagement)

### (a) General Control Measures

The Trustee of the SIE Fund (“Trustee”) will impose the following measures on those intermediaries appointed to design and administer innovative programmes:

- (i) Clear annual budget
- (ii) Separate bank account
- (iii) Separate set of books and records
- (iv) Regular submission of audited accounts
- (v) Open and fair procurement procedures
- (vi) Keep proper record of equipment procured for the project
- (vii) Regular reporting of project progress (especially on social impact)

### (b) Specific control measures

Based on a similar risk assessment approach adopted for corporate governance, the specific control measures are determined by assessing the possible risks of intermediaries under various dimensions including, without limitation, profit management, remuneration basis, etc. Some examples of the specific requirements are listed below for reference:

	Item	Examples of Specific Control Measure
A	<b>Profit Management</b>	
1	Organisation registered under Section 88 of the Inland Revenue Ordinance	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
2	Organisation not registered under Section 88 of the Inland Revenue Ordinance	Possible contract conditions for refund to the Trustee if an intermediary sells the business concerned within a certain period of time (as determined by the Trustee on a case-by-case basis) after it last receives financial assistance from the Trustee
B	<b>Remuneration Basis</b>	
1	Fixed, all-inclusive lump sum service fee	<ul style="list-style-type: none"> <li>• Disbursement of the service fee by instalments (i.e. remunerations would be released upon the intermediary’s achievement of certain milestones and meeting of certain performance requirements)</li> </ul>

