Social Benefit Bonds Pilot Program - Readiness Fund

Your questions answered

**What is the Social Benefit Bonds Pilot Readiness Fund?**

The Social Benefits Bonds Pilot Readiness Fund (*the Fund*) has been established to support eligible service providers to purchase external professional advisory services to assist with their participation in the Social Benefit Bonds Pilot Program (*the Pilot Program*) program.

A total of $1 million is available through the Fund. This will provide financial contributions for low profit and not-for-profit (*NFP*) non-government (*NGO*) service providers who have been selected to proceed to the Joint Development Phase (*SBBs Pilot JDP*) of the SBBs Pilot Program.

**What type of assistance can be included?**

The Fund aims to provide eligible service providers with support to engage external professional advisory services (*Advisory Services*) necessary for their participation in the SBBs Pilot JDP.

This can include the cost of external professional advisory services for:

- outcome specification and measurement, including data analysis and cleansing to support this work and to develop supporting documentation
- financial modelling of the proposed bond arrangement, where required – including modelling the service delivery over time as well as the operations of the financing or investing activities
- contracting advice in the development and negotiating of legal documents
- broader business planning to directly assist in developing required business plans and associated documentation, processes or systems.

Other types of advisory services will be considered where evidence of need can be provided.

The proposed purchase of professional advisory services must be specifically for the purpose of assisting the eligible service provider to participate in the SBBs Pilot JDP.

The contribution from the Fund shall not be used to pay any fees, charges, commission or other amounts to other members of the service provider’s consortium.
If the cost of the Advisory Services is greater than the contribution provided by the Fund, it is the service provider’s responsibility to fund the difference.

*Can the contribution be used to purchase new assets or IT systems?*

The primary purpose of the Fund is to enable successful applicants to access professional advice or undertake work that directly supports or improves their capacity to participate in the pilot SBBs.

In some circumstances, it is appreciated that an asset may be created. Examples could include the creation of data sources to measure and track outcomes or upgraded ICT infrastructure.

The funding application must disclose any asset/s expected to be created. Additional detail will be required to describe how the asset/s complement the existing activities of the service provider and, more broadly, how the asset will be managed and maintained over time.

Once created any assets become the responsibility of the service provider. There is no ongoing financial assistance for management and maintenance for assets created through this process from Government.

*How will the funding be provided?*

A formal assistance agreement between the Government and the successful applicant will be the legal vehicle. This agreement will be embodied in a Deed Pool to be signed by the successful applicant. This document will outline the approved services, advice/ or other items and approved funding per activity.

Assistance from the Fund will be made available within 10 business days of the successful applicant returning the correctly executed Deed Poll document.

*What if I withdraw from the contract negotiations?*

If the service provider withdraws in good faith from the SBBs Pilot JDP, there will be no penalties. Any unused funds would be returned to Queensland Treasury.

*When will the Fund be available?*

The Fund will become available to service providers participating in the SBBs Pilot JDP and will only be available for the duration of SBBs Pilot JDP.

*Who is eligible to apply?*

Any service provider invited to participate in the SBBs Pilot JDP may apply to the Fund.

In order to be eligible for a contribution from the Fund, the applicant must be a service provider who meets the criteria below:

- has been invited to the SBBs Pilot JDP
- is a non-government organisation (NGO)
• is an Australian organisation with, or which will demonstrably soon have, an active presence in Queensland
• operates with a turnover of less than $100 million per annum (taken from most recent financial year)
• demonstrates that they have limited capacity to sustainably purchase, acquire, procure or retain advisory services (whether internal or external) without assistance from the Fund
• agrees to the terms and conditions for proper use of the contribution of funds

Is there a limit to the amount available to each applicant?

Eligible service providers can each apply for up to $100,000.

The maximum contribution from the Fund is limited to $100,000 per service provider regardless of:

• number of applications made by the service provider
• number of proposals that the individual service provider is involved, and
• the cost of advisory service sought is greater than this amount.

As per the RFP documents, the risk and cost of participating in the SBBs Pilot Program remains the responsibility of the service provider.

How does the application process work?

The Fund will open when the proposals selected to proceed through to the SBBs Pilot JDP have been announced.

Applicant service providers will need to identify in their application what assistance they anticipate will be required from the Fund. Specific information required includes:

• what is the nature of the professional advice or other services likely to be required by the service provider
• how the advice or services directly links to the service provider’s ability or capacity to effectively participate in the SBBs Pilot JDP
• how much funding is being sought from the Fund with an allocation of the funding to each specific professional service required (if more than one is being sought) and copies of quotes from at least two advisory service providers for each service required
• Timeframes for when confirmation of success from the Pilot Program and funds transfer are required.

Following the announcement of the proposals proceeding through to the SBBs Pilot JDP, interested service providers will be required to submit a formal application. Queensland Treasury will assess these applications in line with a clear set of selection criteria. Queensland Treasury may outsource the assessment process to an independent assessor. Any information provided by the applicant (whether in the course of the application or the greater SBBs Pilot Program generally) may be considered when conducting this assessment.
**What criteria will be applied when considering applications?**

All applications will be assessed on the following criteria:

- demonstration of a direct relationship between the contribution sought and developing the skills and/or capacity of the service provider to participate in the SBBs Pilot Program – both in terms of the SBBs Pilot JDP and more broadly the organisational health of the service provider
- evidence of a gap in the skills base of the service provider’s corporate structure which can be addressed by engaging external resources
- evidence of market sounding to demonstrate that the cost of the expert advice or services represents value for money
- clear and unconditional commitment by the service provider to participate in the collaborative and iterative process of developing a Pilot SBB Project in Queensland
- demonstration that the service provider is based in and/or working in Australia – with an active presence in the Queensland market or holds an intention to develop a presence in the Queensland market within a year of the application

**Do I have to provide evidence of how the funds were spent?**

If:

- the service provider has expended all of the contribution before the conclusion of the SBBs JDP:
- the service provider withdraws from participation in the SBBs JDP
- the SBBs Pilot JDP is successfully concluded ie when the State enters into a contract with a successful service provider (including the recipient of the contribution)
- the State suspends the SBBs Pilot JDP and/or the service provider’s participation in the SBBs Pilot JDP under the RFP Terms set out in the Request For Proposal (RFP Terms)
- the State terminates the SBBs Pilot JDP and/or service provider’s participation in the SBBs Pilot JDP under the RFP Terms, or
- the State terminates the Deed under the Deed Poll for default (See clause 8.1 [Termination for Default] of the Deed Poll)

the applicant must produce a sworn Usage Report Form appending supporting invoices/receipts confirming the use of the funds. This form is found on the Guidelines document.

If you have additional questions please email your query to: socialbenefitbonds@treasury.qld.gov.au.