



Poverty Reduction

Mobilize Social Business to Accelerate Achievement of Timor-Leste MDGs



Empowered lives.
Resilient nations.

Objective

The project aims to promote social businesses that mobilize private sector entrepreneurship towards the attainment of Millennium Development Goals. Through social businesses the project will contribute to the reduction of poverty in rural Timor-Leste and generate employment and income.

Location National	Total Budget (\$US) US\$2,000,000
Duration 2012-2015	Donors Korea-UNDP MDG Trust Fund (Government of South Korea)
Partner Ministry of Commerce, Industry and Environment Chamber of Commerce, Women's Business Association, Commercial Banks	

Background

The Government of Timor-Leste and UNDP are collaborating to explore innovative ways to mobilize the private sector, including those engaged in household based production, micro, small and medium enterprises (MSMEs) and cooperatives to contribute proactively in accelerating the achievement of the MDGs. The project will utilise a multifaceted approach to achieve the stated outcome through the mobilisation of viable social businesses. Social businesses are non-loss, non-dividend companies designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or subsidize the social mission.

To be given priority are social businesses that meet critical gaps in the products and services for the poor related to MDGs. The strategy also involves engaging technical and financial service providers to facilitate horizontal-vertical linkages as well as access to other services meeting deficits in information, skills and technology. Enhancing the capacity of government agencies responsible for regulating and supporting the target sectors, and strengthening the collaboration among stakeholders in government, private sector and civil society organizations, as well as their international partners, are important in order to sustain the development of inclusive markets in Timor-Leste.

At the end of the project, there will be a strong collaborative network of public and private sector actors engaged in the provision of all manner of services to social businesses in Timor-Leste. In addition there will be a functional financing mechanism for social businesses in place, along with several social businesses that have been pilot-tested throughout the life of the project. A final evaluation of the project will provide a clearly defined way forward to further enhance social businesses for non-oil economic development particularly in the rural areas of Timor-Leste.

Outcome:

Social businesses will contribute to the reduction of poverty in rural Timor-Leste and generate rural employment and income.

Outputs:

- 1) Enabling environment for Social Business investment developed in Timor-Leste;
- 2) A Social Business Fund is established to finance viable Social Businesses;
- 3) Improved capacity of service providers to provide accessible needs-based technical support to Social Businesses;
- 4) Improved coordination and networking of investors, service providers, regulatory bodies and Social Businesses.



Timorese cooperatives exhibit their product at the Forum for Inclusive Growth. Photo by Sandra Magno/UNDP

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