



NESsT Venture Fund

About NESsT

The Nonprofit Enterprise and Self-sustainability Team (NESsT) is an international nonprofit organization that works to solve critical social problems in emerging market countries by developing and supporting social enterprises that strengthen civil society organizations' (CSOs¹) financial sustainability and maximize their social impact². NESsT believes that through social enterprise, some CSOs can both advance their missions and increase their long-term sustainability by generating their own, untied resources to supplement support from external donors. NESsT envisions an *alternative global marketplace dedicated to social change and social justice* – a marketplace more responsive to the needs of local communities, local producers, and marginalized people.

NESsT fulfills its mission through four distinct but interrelated lines of work: NESsT University, the NESsT Venture Fund, NESsT Consulting, and NESsT Marketplace. NESsT University promotes innovation, accountability and leadership in the field of social enterprise. The NESsT Venture Fund (NVF) provides financial and capacity-building support to a select portfolio of social enterprises owned and operated by CSOs in Central Europe and Latin America. NESsT Consulting provides professional training and consulting services in social enterprise development to clients worldwide. NESsT Marketplace offers an on-line shopping portal for social enterprise products and services. NESsT currently operates out of its two regional offices in Santiago, Chile and in Budapest, Hungary and a representational office located in San Francisco, USA.

NESsT Venture Fund (NVF)

The NVF process provides technical and financial assistance (on a case by case basis) to selected CSOs in Latin America and Central Europe to plan, launch, and develop their social enterprises. The fund defines social enterprise as a planned entrepreneurial activity (i.e., sale of a product or service) that shows a high potential for advancing social change and/or generating untied resources. Social enterprises developed and supported through the NVF should demonstrate potential to be innovative models that can be replicated for maximum impact. Portfolio members are not charged for this support, but are selected through a rigorous due diligence process that is assessed by the full NVF team.

¹ NESsT uses the terms Civil Society Organization (CSO) to refer to the wide diversity of non-for-profit, non-state organizations as well as community-based associations and groups that fall outside the sphere of the government and business sectors.

² The following types of organizations will not be considered for the NVF process: proselytizing religious organizations, solely grant-making foundations, non-autonomous branches of international organizations, organizations tied to political parties, political campaigns, political candidates, tobacco, alcohol, drugs/pharmaceuticals, military arms, racism, or organizations that in some other way conflict with NESsT's core values.

Goals:

The NVF is designed to demonstrate that:

- CSOs can strengthen their organizational sustainability and mission impact through social enterprise.
- Through a careful and well-planned enterprise development process, CSOs can reduce the risks of social enterprise and increase their chances of success.
- Funders can play an important role in supporting CSO financial sustainability.

NESsT uses the experiences and learning of the NVF portfolio members to drive the development of the field by providing role models, replicable case studies and best practices.

Process:

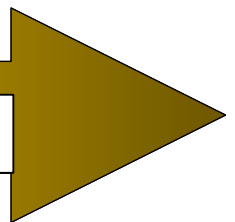
The process consists of two distinct, sequential stages:

Stage 1: NVF Early Stage Portfolio (feasibility of the social enterprise idea)

During 5-7 months of intense cooperative work, NESsT provides on-going technical assistance and consulting advice to guide CSOs through the evaluation of their prospective social enterprises. The amount of assistance provided is approximately 30 direct consulting days. CSOs are provided with tools and training in organizational readiness for social enterprise, business plan development and sustainability planning. This assistance both helps to professionalize the CSO and to evaluate the feasibility of the proposed enterprise. Each step in the process builds upon the previous one to deepen the level of analysis. CSOs are expected to take the initiative

to push the process along and are assessed at the end of each stage to determine if they will advance to the next.

Step 1	Step 2	Step3	Step 4
Organizational Readiness	Initial Assessment	In-Depth Analysis	Business Planning



Stage 2: NVF Later Stage Portfolio (launch and implementation of the social enterprise)

Organizations that are selected to join the NVF later stage portfolio receive tailored multi-year (1-5 years) support combining strategic, managerial, and financial support from NESsT and its collaborating team of business experts and partner institutions. The amount of technical and financial assistance to be provided by the NVF to later stage portfolio varies according to the needs of each organization and depends on the levels of human and financial resources available by NESsT each year. Typical amounts of financial support range from \$1000-\$10,000, with an average of \$5000. NESsT works with each portfolio organization to ensure that it meets the enterprise development, social change impact, institutional development and financial sustainability goals established in the planning process. Over the period of time that CSOs are in the NVF, they develop the ability to operate their enterprises independently and in a sustainable manner

What type of CSOs does the NVF support?

NESsT uses the following criteria to screen CSOs for the NVF:

- legally incorporated as a non-profit organization in Central Europe: Hungary, Slovakia, Czech Republic, Croatia or Romania; and in Latin America: Chile¹ and Peru;
- addressing issues at their roots and working towards systemic social change (i.e. advance public policy, innovative, replicable, large scale impact);
- working in one or more of the following fields: community/economic development, environment, education, health, culture, or human rights;
- commitment to pursuing a well-planned social enterprise activity that sells a product or service;
- potential for the social enterprise to demonstrate high social impact and/or generate untied revenues;
- potential for the social enterprise to be an innovative or replicable model;
- working as an organization for at least three years with the core team working together for at least two of them;²
- "smaller" organizations – usually with an annual budget less than US\$1.000,000;
- financially stable, with one year of operational funding in place;
- at least one paid staff person (livable wage, full-time) and at least five active volunteers with sustained commitment;
- high quality strategic document about the organization, clearly describing the venture's role in overall organizational vision; and,
- commitment to the NVF methodology and opportunity for NESsT to add significant value.

NESsT considers organizations for participation in the NVF on an on-going basis. Organizations interested in learning more about the process are encouraged to contact NESsT at:

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Hungary

www.nesst.org

¹ For-profit subsidiaries that are 99% owned by non-profit entities legally incorporated in Chile are also eligible.

² Younger organizations in Chile that meet organizational readiness criteria may also be considered. Please contact NESsT for details.