

UC –FAQ

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UC ORGANISATION

Why is UC's mission limited to Education, Health and Energy & Environmental services only? Isn't UC's product applicable to other areas- cultural activities, conflict resolution etc?

UC's product could very much be applied to more areas. However some of the reasons for the focus on the initial themes in the mission are: 1. The need for a deeper understanding and knowledge of other areas at the early stage, which would be addressed with time and experience and 2. To be able to achieve results in the short and medium term by focusing on a few areas.

Why is UC a Trust? Surely this has a profit making possibility?

In the initial 4 months of starting UC, the promoter went through evaluating various legal structure options. At one point, a fair amount of the paper work needed to register as company too was undertaken. However, some of the reasons for the trust option finally were these:

1. To begin with, a lot of early certificates from UC will have only social returns and no financial returns(call it grants) for those who acquire UC certificates. It was considered an uphill task to convince people to buy/acquire such certificates from a for-profit rather than a not-for-profit organisation.
2. A lot of potential customers for UC's certificates would also want to get tax-benefits for their social purpose investments. Once again, it would be very difficult to get tax-exemption status for such certificates, if they are generated by a for-profit entity.
3. Setting up and running a "not-for-profit company" would require UC to negotiate with a huge regulatory mire in India. Not much value would have been derived by UC to go through these motions at the inception stage. In contrast, a "not-for-profit trust" looked easier to set up and comply to necessary regulatory requirements.
4. On a broader context, "Good Governance" and "Operational Advantages" were the points to be considered in making the choice of the legal form for UC. It was viewed that delivery of "Good Governance" is quite independent of the type of legal form of an organisation and no legal form can perhaps claim monopoly of "Good Governance". "Good Governance" ultimately boils down to people's commitment in an organisation to practice in both letter and spirit, the Governance principles laid out in the organisation. No organisation is gifted with it and they have to achieve it with their sweat, and the same would apply to UC. Then coming to the "Operation Advantages", from the points mentioned earlier, a trust form looked a better choice for UC to begin with. However UC could consider setting up a not-for-profit company in the future to meet specific operational requirements when they arise.

How is UC different from other organisations, in terms of its post-pay model?

Investors/Donors can now pay for outcomes rather than expectations through the post-pay model. They will have the opportunity to evaluate the product, see it and only then contribute towards it. . This will hopefully be able to encourage a lot more people to look at funding some of the social sector investments with much lower risks. In some ways UC is creating altogether a new market of development funding through its post pay model.

QUALITY

How do you measure whether a 'good act' has been done?

UC itself has to be constantly on its toes to ensure that each of its certificates, certify only those activities which are well done. Some benchmarks could be borrowed in making this assessment. Where no clear benchmarks exist, UC will have to create them and continuously improve them. While UC itself is a kind of a third party evaluator of work done, UC would also have other third party organisations like auditing and rating firms, to independently evaluate and certify the outcomes. UC is beginning to touch base with auditing firms who could participate in this initiative.

Also from experience, the definitions of outcomes will keep changing and the bar raised over time. If you have noticed, UC has been reporting on a monthly basis, the number of OutPatients treated as one of the UC's outcomes. More recently, UC has been considering the idea of changing the outcomes to the levels of patient's response to treatment (cure). In such a scenario, number of patients treated only becomes a sub-process metric rather than an outcome. Of course, this will mean more and better data capture and analysis, which should pay off in the long run.

FINANCE

How is UC capitalized?

UC's activities started in June, 2009 funded by its promoter. It was started with an idea to be able to demonstrate the concept over a 10-12 month periods based on this resource. By then, UC should be able to raise funding from other social purpose investors. By design, UC's financial model too should not be very capital intensive. It should ideally run on a strong working capital management model, where the turnaround-time/shelf-life of UC certificates should be short, to be able to plough back proceeds from acquisition of UC certificates into newer projects.

UC PRODUCT

What would somebody get out of acquiring UC's postpaid certificate

In the current certificates, which are mostly comprised of grant certificates, what the contributors get is the satisfaction that their contributions (post pay grants) have been applied for clear social outcomes for the intended beneficiaries. More importantly they are also made aware of the processes that have gone into the delivery of the service. The idea is also to create a greater level of awareness and involvement for these causes from the customers, beyond just financial contributions. In some ways the objective is to achieve co-creation of outcomes and new products, in participation with the customers.

Going forward, there would also be products, which apart from delivering clear social outcomes, will also give the customers financial returns. For instance, there could be an investment to help the rag pickers to expand their waste processing plant. Whoever would buy this certificate, would also get the future cash flows(repayments) associated with this security.

As and when UC gets Tax Exemption status for its investments, people who acquire UC's certificates would also be able to get Tax Benefits for these social purpose investments.

Would UC provide updates to those who acquire its certificates regarding subsequent investments and outcomes in the same area of work?

All of the knowledge generated by UC in its projects would remain Open Source. All past customers and a wider interested audience will continue to get updates on in-process and completed projects, along their lines of interest. In addition they also continue to get other research outputs that UC undertakes in its areas of work.

What is “Transfer Fee” in a UC Certificate?

The total financial value of a UC Certificate comprises of two components. The first is the “Product Cost” which is the direct investment that UC has made in a particular project related to the certificate. A detailed break up the “Product Cost” is provided in the UC Certificate document. The second component is the “Transfer Fee” that UC collects to meet its operational and administrative expenses. The “Transfer Fee” is flat amount that UC collects per Certificate and it is usually close to 10% of the “Product Cost”.

OPERATIONS

What are UC’s short term plans and priorities?

The following points are its current priorities

- 1. Completion of UC’s registration*
- 2. Recruiting a couple of youngsters for full time work with UC*
- 3. Getting funding for expanding UC’s operations and finally and most importantly*
- 4. Getting UC’s inventory off the shelf*

STRATEGY

What is UC’s strategy for health care delivery?

UC is of the view that we should be ensuring that the Governments (Central and States) should be held more accountable for the tax-payers money and made to deliver basic health and education services. Crowding out the Governments from undertaking these services should be avoided. The strategy that UC is charting out in the short and medium term, in this direction is as follows:

- 1. UC would partner with a few organisations to deliver primary health care services like it is currently doing. In these initiatives, there would be a strong focus on getting the numbers right: financials and operating ratios etc and also achieving efficiencies in them. There would also be an equal focus to understand and capture the technical, operational and human resource management processes involved in delivering good primary health care practice, especially for rural areas.*
- 2. In a year’s time, UC will perhaps have the necessary experience and knowledge to take it to the next level, which is to try and partner with PHCs for their improved performance, similar to what Karuna Trust does. There are some 22,000 Primary Health Centers (PHC) in all of India. Like the story in most parts of the country, many of them are dysfunctional, and do not have the services of a regular doctor. UC with its partners could perhaps pitch to one of the local governments to outsource the running of one or two PHCs.*

I know it will require a lot a patience, to work with the Govt system, but I personally think that this may be an easier task than trying to build an alternate health care system countrywide. UC could start working with one or two such PHCs and demonstrate that we can make the public health system work. The real test for success would be to make the Government buy the post paid certificates relating to the investments made in the PHC.