

COUNTRY INVESTMENT FACILITY SUBMISSION FORM

The Administrator has decided to establish a new facility that provides a reserved amount of funds for Country Offices to carry out activities in 2018-2019 specifically targeted for **catalytic investments** in:

A. Areas of **growth and business development** – such as resource mobilisation activities with non-traditional, diverse, new partners; or formulating new types of partnerships with local and/or national governments and existing donors. These are activities that have a reasonable to high chance of resulting in new/increased programmes at the CO level. The expected outcome is that Country Offices can increase their programmes as a direct result of such funding.

B. Areas of **visionary interest and innovation**– these activities are targeted for longer term benefits particularly in the areas of innovation, modernization, and/or technology. These activities may not have a short term/immediate benefit, but enable the CO to invest in innovations related to achieving the SDGs; for example, an investment in solar panels, or other alternative forms of energy, or investment in a new digital platform in a CO where other means of communication are challenging. These could be new areas that the CO may not otherwise have the funds or risk appetite to undertake.

Resources from this facility cannot be used for running of the office or any gaps within the operational structure and/or existing projects, nor for scaling up of past projects.

COUNTRY OFFICE:

Purpose and Objectives

The submitting CO should outline the purpose and proposed objective(s). First, a clear explanation on how the objective meets the corporate criteria (A and/or B). Second, a clear rationale in support of the regional priority. Third, a total requested amount for 2018-19.

Purpose:

Specify how the CO intends to use the funds from the facility

The proposal for the Swaziland Empowerment Fund directly enhances the countries performance against SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 7 (Clean Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable cities and communities).

The funds from the facility will be used to establish a **SDG based Innovation Fund**- the Swaziland Empowerment Fund. The Fund aims to promote entrepreneurship under youth and women, especially promoting investment in young companies and start-ups in innovations areas that also support national development priorities such as **renewable energy (solar), waste management innovation, and research & development/knowledge products** supporting innovation in the renewable energy and waste management sector. The Fund will act as a catalyst by providing small loans to potential entrepreneurs, youth, women and community organizations based on locally developed proposals focusing on the use of renewable energy or waste management innovations and technology. The funds provided are loans and grants and as such the SDG Empowerment Fund is a revolving Fund. Recipients receiving loans will pay back them based on revenue generated from the new enterprise or from cost avoidance generated by the new technology (in the case of solar).

Leveraging the UNDP provided initial capital through the Innovation Facility, UNDP will mobilize private sector and government to partner with the fund by contributing either in kind or financial resources in support of the aims of the Fund to expand the pool of available human and financial capital and create broad ownership across multiple stakeholder groups.

Furthermore, resources will be used to establish an advisory board of industry leaders and experienced private sector professionals in sectors of the Swaziland economy that are known to be innovative especially in the areas of renewable energy

such as sugar and timber industry. Apart from oversight of the project, this board will focus on **coaching and knowledge transfer** to the young companies and start-ups that are beneficiaries of the Fund to enhance their chances of success in the market place and contribute to innovative practices in the field of renewable energy in Swaziland.

Part of the resources will be spent on **partnership and network development**, which brings together suppliers, users, development partners and academia with the aim to establish potential business relation and exchange knowledge and experience in renewable energy technology.

Last, part of the funds will be used to develop and implement a pro-active **communication and outreach campaign** specifically targeting youth, women and young entrepreneurs highlighting the added value of renewable energy and innovation and the role the Fund plays in facilitating entrepreneurship and uptake of these technologies, thus reinforcing demand for this technology in Swaziland.

Background

In Swaziland, two of the primary barriers to successfully establishing new start-ups, especially by youth and women, is lack of access to capital and lack of guidance and coaching that facilitates knowledge transfer from a more experienced generation to the younger generation.

Economic growth has remained very low in Swaziland, declining to 1.7% in 2016^[1]. The results of the country's sluggish growth are high **unemployment** (51.6% among the youth)^[2], underdeveloped labour markets, poor industrial performance, and low entrepreneurial activity. While the global community is gaining momentous strides on the use of innovative approaches to drive sustainable development and create opportunities for economic growth and employment, the country is challenged with establishing linkages applied innovation practices for poverty alleviation, addressing unemployment, ensuring sustainable livelihoods and improved wellbeing. This is compounded by an ineffective science, technology and innovative investments leading to low innovation capacities, and inadequate infrastructure in general^[3]. Swaziland is among the least innovative countries in the SADC Region^[4], with a low technological readiness and industrial competitiveness^[5] amongst the countries in the region. Creating the knowledge necessary to tackle these interrelated challenges requires adoption of the Agenda 2030 provisions centred around poverty alleviation. Strengthening technical skills, for both **young men and women**, and developing 'brain gain' approaches are absolute prerequisites for the country given the significant youth population dividend, making up 79% of the country's population. The intervention seeks to enable a space for the development of innovative solutions through the advancement and implementation of SDG-focused actions.

Renewable energy is a sector that has been prioritised by both the government and His Majesty the king, and significant work has been undertaken to create a conducive legislative and policy environment that would promote interventions that increase the share of renewable energy in the national energy mix. A wide range of research and policy papers have highlighted the high potential of Swaziland in terms of solar power due to high solar radiation coefficients almost uniformly across the country^[6]. As Swaziland only produces 16% of its energy domestically, the expansion of the use of solar energy also serves as a strategic diversification of the energy supply, and reduces the need for imports of this critical commodity. The promotion of solar energy also fits well with the focus of the government and UNDP on Climate Change related interventions, where there is scope to expand climate change mitigation related interventions by promoting new technology and innovation in this sector. **Waste management** is in its infancy in Swaziland, with only rudimentary waste collection systems in place and most waste being exported to South Africa. Waste separation is very limited and the logistics of collection and reprocessing have proven to be a challenge. There is scope for knowledge sharing and exchange of waste management solutions across the globe, which will enhance Swaziland's ability to develop and implement a sustainable domestic system.

Challenge

Young people today are faced with various challenges and opportunities across the world, and in Swaziland one of the biggest challenges is unemployment. Despite strengths such as favourable location and climate, good infrastructure, diversified production base and skilled labour force, investment in research, applied technology for development solutions remain low in the country. The launch of the State of Youth (SOY) Report 2015 opened a new window for policy frameworks and address unemployment for the youth in Swaziland. The country still needs to consider developing employment and entrepreneurship policies to integrate the youth into the labour market.

Lack of readily available credit facilities limits the ability of the integration of innovation solutions progression into mainstream business applications. Although in general relatively well educated, young entrepreneurs and women especially lack access to financial resources. With 63% of the population living below the poverty line this problem is further amplified as most of the potential users of credit having limited to no access to collateral often required for loans.

Lack of information and experience form a barrier to develop and position their business proposals well, with a clearly defined place in the supply chain governing renewable energy and waste management. Private sector, including commercial banks have indicated an interest to invest in these innovative sectors and in young start-up businesses provided they can position themselves clearly with a clear value-added proposition, e.g. how they add value to the supply chain driving the Swaziland economy in general and the existing industry. The private sector greater involvement in sustainable development would contribute to resource mobilisation for SDG-based solutions through provision of capital and market opportunities.

Last, even though there is potential for renewable energy solutions, in particular solar, there is some stigma still associated with renewables as especially in the rural areas renewables and solar are seen as a sign of poverty. Therefore, there is a need to raise awareness on the socio-economic impact of solar as the energy provided provides opportunity for study, improved health, business development and income generation.

Integration of Agenda 2030 in Swaziland

The Government of Swaziland (GOS) initiated integration of the SDGs into national planning frameworks in 2016 which led to the revision of the National Development Strategy, Vision 2022. In this regard, the Strategy for Sustainable and Inclusive Growth (SSIG) was developed. The process also led to the prioritisation of the SDGs into three (3) categories: (i) prioritised, (ii) cross-cutting (iii) and, enablers. Seven SDGs were prioritised (SDG2,3,4,6,7,8 and 9), critically highlighting the need to address basic socio-economic needs and job-creation through innovative solutions. The SDG-prioritisation process also identified the role of the youth in leading solutions for socio-economic challenges through unique ground-breaking approaches^[7]. The project will therefore provide a platform for the generation of theme-focused solutions to employment and job creation.

Rationale

The proposed SDG Empowerment Fund and the range of services provided under the fund will provide a catalytic environment to address a range a development challenges in line with the national priorities, and in areas where there is demonstrable need and interest. This sector is characterised by a strong innovation and technology drive which meets the objectives of the UNDP Innovation Facility. By targeting renewable energy and energy efficiency and waste management, the Fund provides critical support to supporting the development of a sector that has demonstrated potential, but that is held back by limited access to knowledge and experience from a business perspective and access to financial resources. By prioritising youth and women, the project aims to contribute to creating employment and income generation for two of the most vulnerable groups in Swaziland's society. As the Fund does not "just" provide money but also provides coaching and guidance to participants we enhance the chances that the capital provided provides return in investment in terms of economic and social dividend.

The partnership approach with private sector and the government will reinforce the success chance of this fund, as it unlocks access to critical success assets – knowledge, experience, capacity, financial resources and national ownership.

Strategy & Implementation

Entrepreneurs, youth, women and communities can submit proposals in support of renewable energy solutions to the fund, which will be evaluated based on a set of criteria by the Board. Innovation and the leverage of new technology will be paramount under these investment criteria, supplemented by the quality of the project/business proposal and other criteria including the sustainability of the proposed enterprise or project and the degree to which it contributes to either access to energy, or enhances efficient use of energy with a particular focus on renewables.

UNDP will partner with the GOS Royal Science and Technology Park (RSTP). RSTP is a public enterprise established as a hub for stimulating knowledge-based economy. Despite the multiple benefits of innovation facilitated in the country, there is low uptake for technology and lower progression of start-ups into matured and applied business solutions. This is exacerbated by the lack of public awareness on available facilities and opportunities which could be enabled through communication and robust advocacy actions for establishment of partnerships and networks.

The following strategies will be employed to achieve the project results:

1. **Fund management:** Entrepreneurs, youth, women and communities can submit proposals in support of renewable energy solutions to the fund, which will be evaluated based on a set of criteria by the Board consisting of captains of industry and experienced government officials as well as development partners. Innovation and the leverage of new technology will be paramount under these investment criteria, supplemented by the quality of the project/business proposal and other criteria including the sustainability of the proposed enterprise or project and the degree to which it contributes to either access to energy, or enhances efficient use of energy with a focus on renewables and waste

management. The funds provided are small loans and as such the SDG Empowerment Fund is a revolving Fund. Recipients will pay back the loan based on revenue generated from the new enterprise or from cost avoidance generated by the new technology (in the case of solar).

2. Using youth-targeted **advocacy and communication** the proposed project will promote information sharing to create awareness on the need for adoption of science and technology careers and use for innovative approaches to socio-economic growth. An Innovation Conference and Exhibition will be conducted bringing in experiences and expertise from the region and globally to encourage uptake of innovative solutions into sustainable enterprising.

3. **Capacity building** will be provided for the youth's greater interaction for skills development. This will be provided for corporate governance skills development; organizational and systems development; business management; access to credit and credit management; partnership building for mentorship, coaching and job shadowing; and incubation of ideas.

The **mentoring and coaching** space will be facilitated by the Innovation Association of Swaziland (IAS) through the out-reach programs and incubation at the Innovation Lab at the University of Swaziland (UNISWA). Matured ideas will receive further development at the RSTP for legal and business management support for the innovators start-up through mentorship approach.

4. **Networking and partnerships** will be promoted to enable engagement with the financial institutions and the private sector. This is expected to create a demand for the innovation solutions for improved efficiency and business profits. Solutions for small enterprises will also be promoted for implementation in local governments and rural communities. An increased demand for the services is expected leading to **crowd-funding** opportunities, with resources providing credit to the start-ups for implementation. The intervention will enable cross-fertilisation of ideas and solution at national levels through platforms and removal of market entry barriers. Partnership with media will enable national mobilisation and facilitation of the idea generation through calls for proposals for SDG based innovation solutions under the Innovation Challenge.

5. **Knowledge Creation, Exchange and Management (South-South Triangular Cooperation)** will be promoted at national and regional levels to expose the youth to information and knowledge which is expected to 'spark' socio-economic solutions leading to entrepreneurship and business entity development. The country has prioritised SDG7 with an intention to increase cleaner energy production and decrease energy dependence of the country on neighbouring South Africa. This is along the Swaziland SE4ALL Investment Prospectus and Actions Agenda 2016-2030. With support from UNDP, the GOS approved the Programme on Renewable Energy in Swaziland (PARES) 2018-2024 with costed actions that will increase the contribution of renewable energy (RE) into the National Energy Mix. The University of Swaziland (UNISWA) will promote the use of solar energy to power the Innovation Hub Facility constructed with support from UNDP in 2014. The work will include needs assessment to establish intervention needs. This will also include benchmarking and energy saving measurement as well as the natural capacity to enable similar sustainable interventions in the country and serve as a demonstration hub. Such information will be used as a case study for evidence generating to address the PARES information gaps.

[1] Central Bank of Swaziland, 2017.

[2] Swaziland Integrated Labour Force Survey, 2013/2014.

[3] Swaziland National Development Strategy, 2014; Education System of Swaziland, 2010; Swaziland Education for all Report, 2015. Hlophe and Dlamini, 2017 (<http://www.separc.co.sz/2018/04/04/mapping-the-national-system-of-innovation-in-swaziland/>)

[4] UNESCO Science Report, 2016.

[5] Global Competitiveness Index, 2016.

[6] MNRE/Sander and partner Solar Energy report, May 2017

[7] UN SDG Action Campaign.

Alignment with facility objectives:

Specify how the purpose aligns with one or both of the objectives of the facility

The Project responds to both facility objectives for growth and business development and visionary interest and innovation. It will provide a platform for harnessing of innovative solutions to address development challenges faced by the country as well as the implementation of SDGs. It aims to establish and sustain a space for entrepreneurship skills development through mentorship and training. It further seeks to create an environment for job creation for the youth to contribute to economic recovery and stability for the country through SDG-based solutions. Idea incubation progressing into long term national development through business solutions that impact for socio-economic benefits will be at the core of the intervention.

Alignment with regional priorities:

The SADC Science, Technology and Innovation Protocol of 2008 seeks to promote value addition action nodes among member states for integration of innovative solutions into sustainable development. The vision of SADC is to develop a region where Science Technology and innovation drive sustainable, social and economic development and underpin creation of employment opportunities and wealth. The country is well aligned to these regional aspirations and has demonstrated this through the development of a Science, Technology and Innovation policy.

Since the adoption of the SADC Energy Protocol in 1996, the Southern African Development Community (SADC) has enacted several strategic instruments for the energy sector, which are in line with the objectives of the SDG Empowerment Fund. These include SADC Energy Cooperation Policy and Strategy (1996), SADC Energy Action Plan (1997), SADC Energy Activity Plan (2000), Regional Energy Access Strategy and Action Plan (2010).

Total amount requested:

(cannot exceed \$500k per CO, for the period 2018-19)

418,000

Expected Results

The submitting CO should list the expected benefits and indicators for success.

Financial Benefits

Result 1

Reduced electricity expenditure from grid delivered electricity

Result 2

Increased income for youth and women that receive funding from the SDG Empowerment Fund

Result 3

· Enhanced access to financial resources for innovative startups through SDG Empowerment Fund and crowd funding.

Technical Benefits

Result 1

· Increased awareness on the application of innovation technology in sustainable development in the areas of renewable energy and waste management.

Result 2

· Enhanced innovation-technology driven solutions to promote entrepreneurial capacities and skills.

Result 3

Existence of innovation technology infrastructure for idea incubation to maturity.

Other Benefits:

Environment Benefits

- Decreased pollution because of the waste management enterprises that Reduce, Reuse and Recycle waste
- Reduced CO₂ emissions

Social Benefits

- Innovation and entrepreneurship to create jobs

Networking opportunities for the youth

Indicators of Success

The submitting CO should identify specific indicators for each result area, being as specific as possible. Each indicator should include a baseline (if available), target, source of data, and timeline.

Indicator:	Reduced electricity costs for participating entities (enterprises, organizations, households)
Baseline:	SZL1,74 per Unit
Target:	SZL 0.90/unit
Source of data:	Project reports
Timeline for target:	2019
Indicator:	Average income generated through start-ups or projects financed by the SDG Innovation Fund
Baseline:	0
Target:	TBD
Source of data:	Project Funds
Timeline for target:	2019

Indicator:	100 people (60% of target is youth ages 18-35 years, 40% women) with gainful employment through the innovative start-ups or projects funded by the SDG Empowerment Fund
Baseline:	0
Target:	100
Source of data:	RSTP, Matsapha Town Council, UNISWA Reports and Project reports.
Timeline for target:	2019
Indicator:	100% of incubated start-ups receiving loans for technology development (Levels 2-7) through SDG Empowerment Fund
Baseline:	0
Target:	5
Source of data:	RSTP Reports and Project Reports
Timeline for target:	2019
Indicator:	Amount of resources generated through Crowd Funding in support of innovative startups
Baseline:	0
Target:	\$100 000
Source of data:	RSTP Reports
Timeline for target:	2019
Indicator:	% of new start-ups and projects still functioning 2 years after receiving the funding
Baseline:	0
Target:	75% indicates enhanced awareness on application of innovative renewable technology and waste management approachesSu
Source of data:	Survey
Timeline for target:	2019
Indicator:	Increase in awareness as indicated by participants regarding the application of innovation technology in sustainable development in the areas of renewable energy and waste management
Baseline:	TBD
Target:	95% indicates enhanced awareness on application of innovative renewable technology and waste management approaches
Source of data:	Survey
Timeline for target:	2019
Indicator:	Number of youth Trained through mentoring and coaching services
Baseline:	18

Target:	500
Source of data:	RSTP reports and Project Reports
Timeline for target:	2019
Indicator:	Decreased pollution because of the waste management enterprises that Reduce, Reuse and Recycle waste
Baseline:	TBD
Target:	TBD
Source of data:	TBD
Timeline for target:	2019

Implementation

Key Activities, Costs, and Timeline:

The submitting CO should identify the implementation plan during 2018-19. The plan should include activities, costings, timeline – activities, estimated costs (total limit is \$500k), and timeline.

	Activity Description	Activity Cost	Time Line
Activity 1	<p>Establish SDG Empowerment Fund :</p> <p>Increased uptake of use of innovation technology solutions will be promoted leading to incubated start-ups receiving grants for idea development, receiving prototype with intellectual property protection. Markets will be created for application of the matured solutions resulting in employment creation.</p>	250,000	2019
Activity 2	<p>Advocacy for innovation in energy and waste management</p> <p>Advocacy and communication will be employed to create awareness on the added value of renewable energy and waste management. This will include information exchange for enhanced innovation-technology driven solutions to promote entrepreneurial capacities and skills for the general population, in particular youth and women.</p>	18,000	2019
Activity 3	<p>Capacity development mentoring and coaching.</p> <p>Organization of twice-a year training workshop focusing on transferring business management skills, resource mobilization skills and innovation and technology knowledge, sharing experiences and approaches from other countries in the African region and the rest of the world. Links with partnership</p>	26,000	2019
Activity 4	<p>Networking and Partnership</p> <p>Annual SDG Empowerment round table will be organized to mobilise additional partners contributing to the SDG Empowerment fund through in kind or financial means to expand the resource base of the fund.</p> <p>Annual network and partnership meetings between aspiring entrepreneurs and project managers with the private sector and financial institutions to stimulate knowledge exchange, access to business and financing opportunities for innovation technology-driven start-ups.</p> <p>A Board of experienced private sector, government and development specialists with proven track record will provide monthly, one-on-one coaching and guidance sessions to successful participants in the Fund.</p>	21,000	2018/2019
Activity 5	<p>Knowledge creation, management and exchange</p> <p>The University of Swaziland, together with SEPARC will execute an assessment of regional initiatives with regards to energy efficiency and waste management initiatives, as well as establish data sets that will facilitate the link between renewable energy and waste management targets and SDG related targets to facilitate tracking and reporting of contributions towards these SDG goals.</p>	34,000	2019

Activity Description		Activity Cost	Time Line
Activity 6	Project Direct Costs	69,000	2019

Key Partners:

The submitting CO should identify the key government partners and/or other development partners, along with a description on the role of the partner in the activities and if/how they will contribute to the project.

Partner	Role Description
<ul style="list-style-type: none"> Government: 	The Ministry of Sport Youth and Culture (MSYC) will be engaged for youth mobilisation, enabling communication process to the various communities in the Tinkhundla (Constituencies) that will create awareness to the larger community to bring forth innovative ideas to promote development solutions. The communities, in particular the youth will participate in the awareness creation spaces for increased awareness on innovation technology and its application to sustainable development. The MSYC will work closely with the RSTP to host the youth challenge fairs aimed at driving competitive and awareness promoting actions
<ul style="list-style-type: none"> Government Parastatals 	Swaziland Environment Authority (SEA) with a mandate for waste management in the country will provide the regulatory provisions into the waste management pilot.
<ul style="list-style-type: none"> Private Sector and Financial Institutions 	The private and the financial institutions will be engaged to serve as both markets for the innovation solutions and for providing the resources generated through crowd-funding. This will include entities such the financial institutions such as the banks, insurance/pensioner organisations as well as the private sector such as timber (Montigny), Sugar (RSSC and Ubombo Sugar), MTN and Swazi Mobile. These entities will be represented in the Project Steering Committee (PSC) to be part of the decision-making and active participation in guiding the performance of the project to meet the national prioritised SDG-based outcomes.
<ul style="list-style-type: none"> Local Governments 	Matsapha Town Council (MTC) will work with the Matsapha-Kwaluseni communities and private sector as well as civil society organisations to realise effective waste management enterprises. The local government provided five (5) ha of land for waste recycling purposes in 2016 for infrastructure development and initiation of enterprises.
Royal Science and Technology Park	Royal Science and Technology Park (RSTP) is a public enterprise established in terms of the Royal Science and Technology Park Act No. 5 of 2012. The organisation is the hub for stimulating a knowledge based economy in the Kingdom of Swaziland and this is achieved by facilitating; Research and technology transfer; • Technology “know how” and entrepreneurship; • Manufacturing of products; and • Provision of IT based business solutions. they will provide the business incubation services which supports development of innovative businesses in information technology, electronics, biotechnology, agriculture, renewable energy, and waste management industries.

Risks:

The submitting CO should identify the risks associated with the project. This could include the risks associated with key partners, factors that may contribute to achievement of results, availability of data, and any other relevant factors.

Risks	Mitigation
1. Low ceiling of donations from local businesses and individuals because of the economic downturn and challenges that affect business time and again.	Strong advocacy and campaigns on potential benefits of crowd funding and investing in startups. Encourage donation in-kind, which can then be transformed to cash.
2.The facility will open to high taxation by Government	Negotiate and sign a memorandum of understanding with Government on Tax holiday with Government Sensitize Government on the tax returns from the youth entrepreneurs once their businesses mature
3. Sustainability of innovation start-ups and SDG-based pilots	Capacity development and drawing of exit strategies for the innovations and pilots for ownership of outcomes.

Contacts**CO Focal Points**

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- Draft
 Document is final