

**PROJECT DOCUMENT**  
*Funguo Program and Facility*  
 Unlocking **INNOVATION. INVESTMENT. IMPACT.**

**Project Title:** Funguo. Unlocking Innovation. Investment. Impact.

**Project Number:** TBD

**Implementing Partners:** TBD

**Start Date:** 01 2021 **End Date:** 04 2026

**PAC Meeting date:** TBD

**Brief Description**

Funguo is designed to lay the foundation for and unlock the potential of Tanzanian innovators and entrepreneurs to create Impact Ventures at scale. The program’s approach is to create a flagship portfolio of investment ready, innovative Impact Ventures that unlock follow on investment, so that these innovations can contribute to the achievement of national ambitions and the SDGs in Tanzania at scale. It therefore directly addresses development challenges related to innovation and entrepreneurship: 1) capacitating women and youth lead Impact Ventures (Strategic Objective 3), 2) capacitating relevant service providers in the Innovation Ecosystem that support the development of Impact Ventures (Strategic Objective 2) and 3) bridging the funding gap for Impact Ventures to be able to access and unlock (national or international) private investment and third-party finance for further growth (Strategic Objective 1). All of these efforts need to be complemented by improving the Enabling Environment to create a context where innovations can create value-add at scale and entrepreneurs can thrive. This includes evidence based informing of government policies together with COSTECH as the key partner, as well as aligning stakeholders in the Innovation Ecosystem to achieve more differentiation of offered services, promote the adoption of innovation friendly strategies and identify and seize additional opportunities related to innovation in Tanzania. This work is complemented by activities promoting innovation at a national level through innovation events and media campaigns and will be undertaken through Strategic Objective 3.

As key outcome of the Funguo Program, the Funguo Facility will be created as an independent market-facing entity that can continue selected activities beyond the closure of the program, such as operating the Funguo Catalytic Fund and capacitating and working with the Innovation Ecosystem to support Impact Ventures to become investment ready.

The Funguo Program and the trust fund for the Catalytic Fund have been designed to allow development partners and philanthropic foundations that seek to enhance impact innovation in Tanzania to contribute and partner at any time during the program as well as after the program.

**Overall Objective:** Impact Ventures contribute to the achievement of the national development goals and the SDGs in Tanzania.

**UNDAP Outcome:** 1.1 - The economy is increasingly transformed for greater pro poor inclusiveness, competitiveness and improved opportunities for decent and productive employment

**Gender marker:** GEN2

<b>Total resources required:</b>	USD 20,937,493	
<b>Total resources allocated:</b>	5,000,000	
	<b>UNDP:</b>	5,000,000
	<b>Donor:</b>	TBD
	<b>Government:</b>	0
	<b>In-Kind:</b>	HDIF legacy (via FCDO)
<b>Unfunded:</b>	15,937,493	

Agreed by (signatures):

[Party]	UNDP	[Party]
Print Name:	Print Name:	Print Name:

Date:	Date:	Date:
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**Funguo**

unlocking

**INNOVATION.**

**IMPACT.**

**INVESTMENT.**



**PROJECT DOCUMENT**  
*Funguo Program and Facility*  
*Unlocking INNOVATION. INVESTMENT. IMPACT.*



*Empowered lives.  
Resilient nations.*

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## I. DEVELOPMENT CHALLENGE

### Development Context in Tanzania

The overall development challenges of Tanzania are linked to the transition of Tanzania to a middle income country. These overall development challenges are laid out in the UNDP country strategic plan (UNDP, 2016) in detail. In brief, the identified key focus areas are further improving SDG 9 – industry, innovation and infrastructure, SDG 8 – decent work and economic growth, and SDG 7 – affordable and clean energy, next to the objectives that are being set in the country’s upcoming five-year development plan (FYDP III) for 2021/2022 – 2026/2027.

As stated in the EU’s action document of the related “Begin Program” (EU, 2020), which has been signed off by the relevant authorities within the government in 2020, the context may be summarized as follows. “Tanzania has maintained macroeconomic stability and relatively strong economic growth, projected to remain strong in the medium term despite the current COVID related slowdown. The private sector and innovation can play a key role in the socioeconomic response and recovery.” ...“Economic growth has not yet translated into a significant reduction of poverty. Fourteen million Tanzanians continue to live below the national poverty line, despite poverty declining from 34 percent in 2007 to 26 percent in 2018. Tanzania was ranked 159 out of 189 countries in the Human Development Index 2019 and ranked 130 in the 2018 Gender Inequality Index due to significant gender-based inequalities in reproductive health, empowerment and economic activity. The major constraints to poverty reduction are high population growth and relatively weak economic growth in labour intensive sectors such as agriculture. A large informal sector accounts for around 70 percent of employment and 58 percent of GDP. Roughly 95 percent of the businesses are Micro, Small and Medium Enterprises, most of which are microenterprises. The 2019 Ease of Doing Business Index of the World Bank ranked Tanzania 141 out of 199 countries.”

Furthermore it is worth mentioning that the momentum to promote Science Technology and Innovation in Tanzania is further increasing as the ruling party, CCM - Chama Cha Mapinduzi, has highlighted the importance of Science, Technology and Innovation to contribute to the National Development Vision in its Election Manifesto 2020 – 2025 (CCM, 2020). Especially given Tanzania’s demographics with more than 50% of the population being younger than 24 years old, finding novel ways to include the young population in economic growth is essential.

### Tanzanian innovators as pathway to achieve the SDGs

This program aims at contributing to address the overall development challenges in Tanzania through fostering a novel pathway, rather than directly working on specific development areas, other than promoting innovative entrepreneurship and Impact Ventures. This program is designed to lay the foundation for, and unlock, the potential of Tanzanian innovators and entrepreneurs to create Impact Ventures at scale. These Impact Ventures in turn contribute to the development of the country. This line of thinking, that the program is working on a “vector” to create development impact, rather than directly contributing to the SDGs, brings about the necessity to frame the “development challenges” that the program addresses from the perspective of what innovators and entrepreneurs in Tanzania need to lead their ventures to impact at scale more effectively and efficiently. This requires to address challenges related to the capacity of the entrepreneurs and innovators themselves, the capacity of the Business Development Service providers (BDS) in the Innovation Ecosystem, the availability and access to finance for Impact Ventures, the capacity and mindset of impact investors, the regulatory and business environment (= Enabling Environment) and the capacity of the actors that can shape the Enabling Environment for innovation. Next to these specific areas, the overall awareness and perception of innovation at a national scale is still lacking and needs to be improved to create more momentum for innovators with impact.

### What are Impact Ventures?

This document uses the term “Impact Ventures” to refer to startups with the following traits:

- Use of **innovation**: either technology or business model innovation
- Have the potential of “**exponential**” growth and financial sustainability
- Any business or NGO with a **transactional business model**; meaning selling discrete products or services to a client or customer to achieve a sustainable revenue flow against which third-party investment or financing can be unlocked
- Funguo distinguishes between two types of impact ventures:
  - Soft impact**: contribute to at least 1 SDG; do not harm other SDG
  - Strong impact**: contribute to 2 or more SDG; do not harm other SDG
- Based in **Zanzibar or Mainland Tanzania**
- Funguo’s target portfolio: 50% **women lead** and 50% strong impact ventures

## Challenges related to innovative entrepreneurship

### 1) Challenges for Impact Ventures, innovators and entrepreneurs

#### a. Capacity of innovators / skill gaps

Dar es Salaam's founders of Impact Ventures are highly educated by Tanzanian standards with 80% holding a bachelor's degree or higher, but they lack critical business acumen and are fairly inexperienced (World Bank, 2017). Tanzanian innovators and entrepreneurs often fail to assemble a team for their Impact Ventures that cover the broad skill spectrum necessary to lead an Impact Ventures to success: from deep sectoral and market expertise, to technical and digital skills, business and financial skills, as well as soft and leadership skills. While talent is available, there are challenges with building out the required levels of expertise across the skills spectrum. The root causes may lay in the educational system as well as in the availability and accessibility of successful serial entrepreneurs as role models. According to the World Bank (2017), the average startup entrepreneur has launched 1.1 businesses, which indicates that seasoned serial entrepreneurs are scarce in the ecosystem.

#### b. Funding gap

Ideation stage grant funding for impact innovation exists in Tanzania and is to a large extent provided by development partners. The adequateness of the volume is debatable. For successful enterprises with a track record and at a certain scale, loans through financial institutions, typically starting at several hundred thousand USD, as well as private investment opportunities, typically starting in the order of one million USD, exist. However, there is an unmet need for funding that leads Impact Ventures from early stage grant funding to commercial funding in the low hundred thousand USD range, impeding Impact Ventures to reach the next larger level of available funding. Typically commercial financiers / private investors deem such transactions as too risky with too high transaction costs, while exactly such financing is needed in order to validate the viability and decrease the uncertainty of Impact Ventures to become attractive for larger scale commercial financing and private investment. The funding gap has consistently been described as a key challenge for innovation in Tanzania (HDIF, 2018A, 2019) and may be also attributed to the lacking investment readiness of Impact Ventures in Tanzania (compare to 1a).

#### c. Policy environment

In the past years the perceived reliability and transparency of the regulatory framework for early stage businesses has improved (Transparency International, 2019) . At the same time, it is often still considered as bureaucratic and cumbersome for early stage ventures. Furthermore adjacent policies related to, for example customer research or social media, or lengthy processes related to investments, may slow down the development of fast moving Impact Ventures. While the number of days required for activities related to setting up a business are comparable in Tanzania to other nascent Innovation Ecosystems (World Bank, 2017), the amount of time to acquire credit or funding may take about 3 times longer. The Enabling Environment is often quoted as the single largest challenge for Impact Ventures in Tanzania.

#### d. Inclusion: women and youth innovators

While the space of innovative entrepreneurship is largely populated by young Tanzanians with secondary and tertiary degrees, the inclusion of women and girls is still lacking. Only 15% of founders are female (World Bank, 2017). While strong female role models exist in the Innovation Ecosystem, it has failed so far to generate a pull effect for more female founders. This in turn may also lead to less Impact Ventures serving women and girls as HDIF (2017) found that "when women and girls are central to the design of innovations, those innovations have the potential to empower girls, deepen girls' agency, promote girls' voices, and support them to be a part of change at individual, family and community levels." The main reason for the low number of women lead Impact Ventures may be attributed to general gender based inequalities, such as lower volumes of women in higher education, but further specific evidence will need to be generated throughout the program with its partners.

e. Inclusion: rural innovators

The economic centre of Tanzania is Dar es Salaam. Correspondingly much of the Innovation Ecosystem started to develop in Dar es Salaam. Over the past years dedicated actions helped to ease the difference. Today, about 50% of Tanzania's 46 innovation Hubs, as identified by HDIF in 2018, are outside of Dar es Salaam. Especially the work of Buni helped to build out innovation capacity throughout the country linked to national educational institutions, next to targeted government actions to support grassroots innovators. However, it remains challenging for entrepreneurs and innovators outside of Dar es Salaam to find the right support for growth. The challenges for innovators mentioned under 1a) apply especially to grassroots innovators and frugal innovation in rural areas.

## 2) Challenges within the Innovation Ecosystem

a. Capacity of BDS (Business Development Services)

The Innovation Ecosystem in Tanzania is growing fast: from less than 5 actors in 2013 (World Bank 2017), to 46 in 2018 (HDIF, 2018A). However, as self-reported by these actors in HDIF's research, the quality level of the support provided may vary. In general, a lot of attention has been given to services towards early stage ventures and entrepreneurs, often at ideation stage, resulting in less capacity in the Innovation Ecosystem overall to support Impact Ventures at later stages of their lifecycle (actual enterprise building, prototyping, business model validation, growth/scaling and becoming investor ready). While skills and talent exists at BDS that can serve the entire spectrum of Impact Ventures support, it is scarce and not readily available to a larger number of Impact Ventures. Often support programs are geared towards delivering compelling venture pitches and early stage prototypes and fail to work on the robustness of the business, such as: deeply understanding the markets; working on actual traction and business model validation (i.e. fostering customer interaction and sales); an executable go-to-market strategy; developing robust, scalable business processes; venture governance; licenses and freedom to operate; and building a talented team that could carry the growth of a venture. Especially the last point, is also linked to the lacking availability of funding and the complexity of the Enabling Environment.

### **What are Innovation BDS?**

*This document uses the term "BDS" – Business Development Service providers to refer to the following Organizations:*

- **Innovation Incubators, Accelerators and Funds/FSP** that work directly with entrepreneurs, innovators and startups (i.e. Impact Ventures)
- **Hubs and co-working spaces** that provide infrastructure to Impact Ventures
- **Legal and tax** service providers for Impact Ventures
- **Intellectual Property and licensing** service providers for Impact Ventures
- **Marketing and creative agencies** for Impact Ventures
- **Business process outsourcing** service providers (e.g. payments, payroll, logistics, etc)

b. Alignment of BDS providers

As indicated under 2a.), the focus areas of BDS are skewed towards early stage innovation. This may be due to the fact, that a lot of activities at the early stage are grant funded and therefore a bias towards reproduceable actions that can yield measurable outputs may exist, possibly failing to create the desired outcome of creating growing Impact Ventures. Impact Ventures are often passed between different BDS support programs, however, often the next BDS is not able to provide the additional follow on services required for an Impact Ventures to take the next steps towards growth (compare: a funnel or conveyor belt approach). The capacity for actual enterprise building is often deemed to be lacking (i.e. the support required to move Impact Ventures from piloting to growth, as well as from growth to scale). While individual players (e.g. Anza, Sahara, Smartlabs, DSE) are providing initial services in this space, the further solid differentiation of BDS in the Innovation Ecosystem to reliably cover the full lifecycle of Impact Ventures is still lacking.

c. Sustainability of BDS

As found by HDIF (2018B) the key challenge for BDS in the Innovation Ecosystem are of financial nature as well as the corresponding difficulty to develop and execute longer term strategies. Reflecting the financial situation of most Impact Ventures and entrepreneurs in Tanzania, only



30% of BDS charge their users. Most BDS attempt to unlock parallel revenues streams, by providing services and space rental to third parties on their quest to financial sustainability. The revenue models of equity- or revenue participation in Impact Ventures are not a promising option due to the limited number of ventures actually being able to raise first round funding, let alone subsequent rounds. While there is no doubt that BDS create and deliver value in the Ecosystem, the challenge remains how BDS can capture directly or indirectly a portion of that value.

### 3) Challenges of the Enabling Environment

#### a. Policy Framework

The current revised policy for Science Technology and Innovation (STI) dates back to 1996, with a future revision initiated in 2006. While the future revision is still under way, the most recent “National Guideline to identify and promote inventions, innovations and traditional knowledge practices” was issued by the Ministry of Education, Science and Technology in November 2018 (MOEST, 2018). The guideline embraces the importance of innovation to achieve economic growth and complements existing policies or legislations. “These guidelines may serve in developing, drafting or revising legislative, administrative or policy measures relating to the development, promotion and commercialization of inventions, innovations and traditional knowledge practices in Tanzania”. The main objective of the guideline is “to provide procedures and guidelines on how the Government will deal with identification and promotion of inventions, innovations and traditional knowledge practices from academia, public and private institutions and individuals at all levels in Tanzania, including grassroots innovations, non-grassroots innovations and traditional knowledge practices.” The guideline also specifies the mandate of COSTECH to be a key catalyst in furthering the Enabling Environment and the creation of innovation friendly policies in Tanzania. Based on this guideline, COSTECH is has been working to establish a National Innovation Framework together with other government entities. The degree to which the needs of Impact Ventures will be accounted for, remains to be seen.

#### **What is an Enabling Environment?**

*This document uses the term Enabling Environment to refer to:*

- *Establishing the right set of rules, regulations, policies and procedures that create conditions that allow innovators to prototype, test, improve, develop and scale their solutions. We should think of innovation policies, tax & trade policies or the intellectual property rights (IPR) regime as well as other policies in Tanzania that may directly or indirectly affect the ability of innovators and entrepreneurs to grow their ventures.*
- *The creation of a ‘culture’ for innovation, where ‘out of the box’ thinking is stimulated and innovative entrepreneurship is appreciated and fostered. This requires a mindset change and a culture that acknowledges the value of creativity and new ideas.*

#### b. Aligning all relevant stakeholders

As identified by HDIF (2019), stakeholders beyond BDS need to be engaged to further create an Enabling Environment for innovation and Impact Ventures in Tanzania. Today, convenings of stakeholders often takes place in respective sectorial or functional silos and only seldomly the entire spectrum of stakeholders is able to structurally and systemically exchange and align on needs and actions to further innovation and Impact Ventures in Tanzania. The relevant stakeholders are: entrepreneurs, ventures, hubs, incubators, accelerators, other BDS such as legal or accounting firms, national and international investors, financial institutions, corporates and private sector, university and academia, development partners, NGO’s and most importantly, different governmental entities. Several groups, associations and convenings exist or are being formed (e.g. activities by COSTECH, activities by HDIF, the association of hubs, the Tanzania Startup Association, or the Development Partners Group for Science Technology and Innovation), but so far none of them has the reach and positioning to regularly convene the entire spectrum of actors and facilitate a structural process towards a more Enabling Environment.

#### **The possible gap of innovation programming and development partner funding for 2021+**

For the past 6 years, the UKaid’s Human Development Innovation Fund (HDIF), implemented by Palladium, has been the only major, broad scope innovation program in Tanzania after TANZICT, which was supported by Finland and implemented through COSTECH, closed in early 2015. Next to these lighthouse programs that address the Innovation Ecosystem as a whole, several other

Development Partners (DP) undertake specific actions related to innovation in Tanzania; for example USAID, DFID and DFAT's Spring accelerator, DANIDA's Digital Innovation Youth Empowerment Program and work with DTBI, Sweden's work with COSTECH and academia, or Switzerland's support for Seedstar's activities.

HDIF has invested over GBP 24 million in 48 innovative projects, promoted innovation through events and convenings, catalysed the Innovation Ecosystem through strategic awards, meetups and direct support to ecosystem partners, and contributed to enhanced innovation management capacity of the policy makers through its strategic work with COSTECH, Ministries and other Government agencies. Throughout these years, HDIF has established itself as a "go-to" program when it comes to innovation in Tanzania.

HDIF as a program will close in July 2021 and would leave a gap in the Innovation Ecosystem, both, in terms of available funding to innovators and BDS, as well as an organization holding the role of the neutral convenor and facilitator for all stakeholders in the Innovation Ecosystem.

Globally, impact innovation and impact investment are a topic of high interest (OECD, 2019). This program proposal aims to fill the void potentially left by HDIF and provide an attractive development intervention related to impact innovation and impact investment in Tanzania.

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## II. STRATEGY

### Objectives and key levers

The starting point for the program design is guided by a simple question: when is innovation actually successful? The answer does not lie in the development of the most sophisticated digital technology, the most intriguing invention with the largest potential for impact or the largest number of active players in the Innovation Ecosystem. It is simply "scale". Innovation is successful if novel approaches lead to a faster and more widespread delivery of value to customers, users, and beneficiaries, in a financially sustainable way. Linked to that, innovation, when at scale, drives economic growth, the provision of (essential) services and products, and employment. Therefore, the overall objective of the Funguo Program and Facility is to: **Increase the number of Impact Ventures that contribute to the achievement of the national development goals and the SDGs in Tanzania.** Where Impact Ventures are defined as commercial businesses or non-profits, with transactional business models<sup>1</sup> that utilize innovation to create or deliver their products or services and achieve impact related to one or more SDG. This objective plays into the UNDAF II outcome of "The economy is increasingly transformed for greater pro-poor inclusiveness, competitiveness and improved opportunities for decent and productive employment". Please see also the program's Theory of Change in Appendix 0.

The overall impact objective of supporting the creation of more Impact Ventures to scale, requires the program to work on three identified key levers to establish a flagship portfolio of scalable Impact Ventures that are capable of unlocking further investment / finance for further growth. Through establishing a flagship portfolio and demonstrating the viability of third-party investment / finance in innovation in Tanzania, the program hopes to achieve a bandwagon effect for Impact Ventures and investors in Tanzania. The three key levers to address are:

#### 1) Innovation Financing / Investment, targeted by SO1

The funding gaps (challenge 1b) between early stage grants and larger scale private investment / third-party finance has repeatedly been stated as one of the unaddressed key challenges for innovation in Tanzania.

#### 2) Capacity of Impact Ventures and BDS working with Impact Ventures, targeted by SO2

Being an enabler for lever 1), the quantity and quality of Impact Ventures that seek investment / financing needs to be increased. This is also referred to as pipeline building and includes strengthening the capacity of BDS in the Innovation Ecosystem.

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<sup>1</sup> Transactional business models: regardless if an impact venture is set up as a commercial business or as a not-for-profit entity, the program seeks to work with organizations that have a clear value proposition for clearly defined customers or clients that are capable to pay for the products or services. Note that customers or clients may be different to end-users / beneficiaries in the case of not-for-profit entities.

### 3) Enabling Environment, targeted by SO3

Being an enabler for lever 1) and 2), it is essential to further enhance the policy framework and to capacitate and align the stakeholders in the Innovation Ecosystem in order to provide more effective services, provide more opportunities for collaboration, and to drive the adoption of innovation friendly policies, strategies and activities.

The three key levers and the corresponding interventions of the Funguo Program and Facility can be mapped over the lifecycle of an Impact Venture as represented in Figure 1.

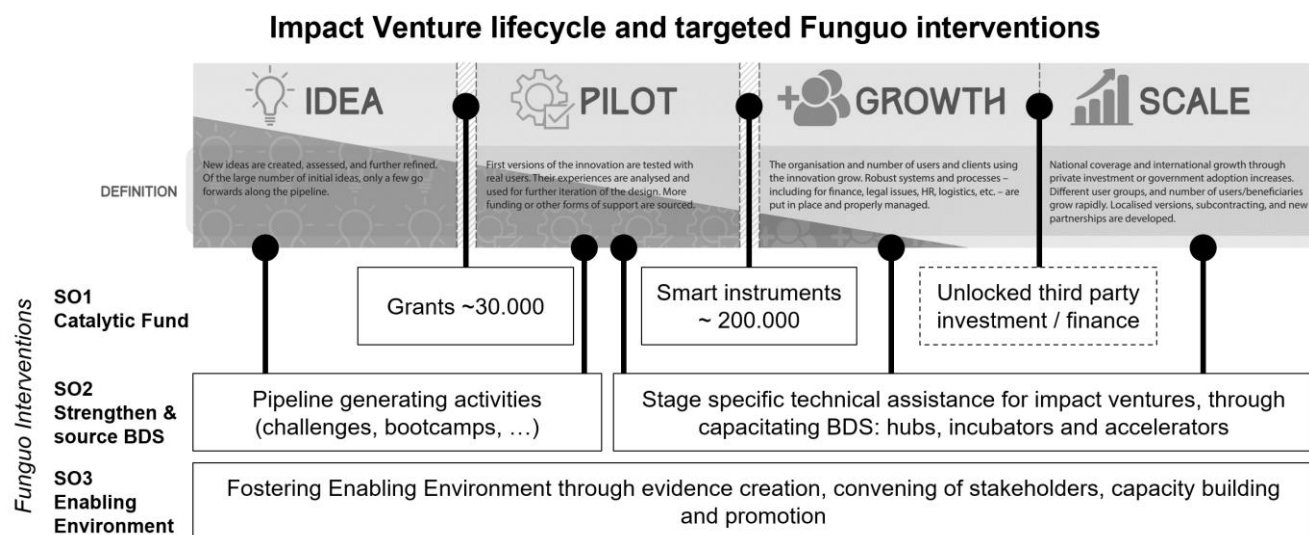


Figure 1, Impact Venture lifecycle and targeted Funguo interventions

### Design principles

The program formulation is based on a number of design principles that were set in a series of consultations with actors in the Innovation Ecosystem through 2019 and 2020<sup>2</sup>.

- 1) Promoting female and youth innovators throughout all programmatic activities through tailored engendered interventions
- 2) The program shall not duplicate services existing in the Innovation Ecosystem, but complement and strengthen them, through capacity building and sourcing of existing services
- 3) The program must have a sustainable exit strategy to continue support Impact Ventures and unlocking private sector finance for impact innovation beyond the program
- 4) No specific SDG or sectoral focus (unless earmarked funding requires it)
- 5) The program shall create a flagship portfolio of successful Impact Ventures; in case of doubt, focus on Impact Ventures that promise strong scalability and financial sustainability, rather than strong impact
- 6) Work on capacity building for innovation service providers (BSD) is a mean to allow Impact Ventures to thrive and scale
- 7) Work on the Enabling Environment and improving the policy landscape shall focus on improving the context and framework for all innovators and entrepreneurs in Tanzania, beyond the scope of the Catalytic Fund's portfolio.
- 8) The program, its entities and activities must be perceived as market oriented and must be positioned as neutral in the Innovation Ecosystem to be able to interact with all relevant stakeholders effectively
- 9) The program, its entities and activities are agile, capable of continuous learning and encouraged to pivot as necessary in order to achieve the overall objective
- 10) To achieve 3), 8) and 9), the key asset for the program, its entities and activities are its people.
- 11) Funguo shall develop its own strong brand in Tanzania to be able to promote (unlock) innovation, Impact Ventures and investment.

<sup>2</sup> These consultations were conducted as a series of collaborative workshops by UNDP and HDIF  
v1.0 - November 2020

## Program strategy

The program design and strategy is derived from the identified key levers and the design principles through evaluating how the program can work on the key levers while honouring the design principles.

Therefore the program shall work on 3 specific objectives to achieve the overall objective of creating more scaling Impact Ventures that contribute to the SDG and national ambitions:

### SO1 - Create a Sustainable Catalytic Fund to lead Impact Ventures to investment

With the related outcomes of SO1A: “access to 3rd party finance for portfolio Impact Ventures is unlocked” and SO1B: “the established Facility is able to operate beyond the program.”

An open-ended revolving trust fund shall be set up that can pool donor and other philanthropic funding to invest into Impact Ventures. The facility shall operate as an independent entity, with its own governance structure, beyond the program. Additional grantors will be able to contribute to the fund during and after the lifetime of the program. The fund shall provide a selection of smart investment instruments for Impact Ventures to stimulate the business acumen of the ventures and unlock follow up funding from national or international private investors or third-party financiers. The average ticket size of the fund’s core investments shall be USD 200,000 for 27 Impact Ventures to target the gap in the current funding landscape. The fund proactively builds its own pipeline and may work with grants of average USD 30,000 to prepare 110 Impact Ventures for its investment. The Funguo Fund can act as a lead investor as well as a co-investor for Impact Ventures. The size of the fund’s portfolio is determined by the actual contributions, but the program aims at a minimum amount of USD 8,500,000 allocated to the Catalytic Fund. Please see also Appendix A for the Catalytic Fund’s information memorandum for details on the Catalytic Fund.

The key assumptions of how the Catalytic Fund contributes to the overall objective are:

- The Catalytic Fund works with its partners to proactively select women and youth lead ventures for its portfolio to create role models and success stories in the Innovation Ecosystem
- The Catalytic Fund supports promising NGOs to transform their business model in order to be able to absorb more commercial funding
- The Catalytic Fund will unlock private investment and third-party finance for Impact Ventures in its portfolio, so that its portfolio ventures can achieve scale; once Impact Ventures have unlocked follow on funding by third-party investors, investors will take over Funguo’s steering and guiding role for the Impact Ventures.
- The presence of the Catalytic Fund will be an additional incentive for Impact Ventures in Tanzania to work towards investment readiness and it mainstreams access to funding and investor networks
- Successfully operating the Catalytic Fund will create a bandwagon effect for Impact Ventures and investors in Tanzania
- Successfully operating the Catalytic Fund will create an attractive opportunity for development partners and philanthropy to contribute to impact innovation in Tanzania

The Catalytic Fund will work towards 3 outputs that each contribute to the targeted change:

#### **What is the Funguo Program?**

- The program is a development intervention of development partners to realize the 3 different specific objectives (SO) as laid out in this proposal.
- The program shall create the legal entities and agreements for Funguo to continue operating after program closure; this includes the Fund and the Facility

#### **What is the Funguo Facility?**

- The facility is a not for profit legal entity that is created under the program to sustain activities beyond the program
- The purpose of the entity is to sustain a selection of program activities beyond the program
- SO2 and SO3 activities may be considered as being linked to the facility

#### **What is the Funguo Fund?**

- The fund is a trust fund agreement between the Funguo facility and development partners to increase funding during the program and sustain funding after the program.
- The fund is providing catalytic financing and is therefore also referred to as Catalytic Fund
- The fund is linked to SO1 activities and leads on SO2 activities

➤ As the facility is signing the trust fund agreement, the terms “facility” and “fund” may be used interchangeably. Throughout this document the name that is closer related to the respective topic shall be used.

#### SO1A.1: Portfolio of investable Impact Ventures is built up

Proactive sourcing and providing technical assistance to its portfolio ventures will increase the number of investment ready Impact Ventures in Tanzania. This output is also the key driver to realize SO2 - "Strengthen and source BDS to build investment ready and scalable Impact Ventures". Publishing the output of the sourcing activities in the form of an innovation mapping will further contribute to the transparency and maturity of the Innovation Ecosystem.

#### SO1A.2: Relationships to national and international investors and finance providers are built

To be able to broker private investment or third-party finance, the Catalytic Fund will build a strong partner network with national and international investors and financiers. This both increases the chance of follow on investment in the portfolio ventures, as well as raises attention for impact investing in Tanzania. The Catalytic Fund will work with national and international investors and financial service providers.

#### SO1B.3: The Facility's capacity to operate successfully and sustainably has been built

Establishing an independent legal entity and standalone organization (the so called "Facility") for the Catalytic Fund early on in the program, will allow it to build up the necessary capabilities, expertise and financial track record during the program to attract additional development partner and philanthropic funding to operate also beyond the closure of the program. During the Program, UNDP Tanzania and its implementing partners guide and safeguard the development of the Facility towards its independence.

### SO2 - Strengthen and source BDS

With the related outcome SO2: the BDS in the Innovation Ecosystem generate more investment ready and scalable Impact Ventures.

Following the principle to strengthen and complement existing services in the Innovation Ecosystem, the Catalytic Fund shall work closely with the Innovation Ecosystem for a number of its core activities, such as pipeline building / sourcing and technical assistance for its portfolio candidates and investments. The Catalytic Fund shall scan for potential service providers that can provide the required services, and if necessary build the capacity of the BDS to deliver the services at the required level of quality. When developing the capacity of one or more BDS in the Innovation Ecosystem, the content shall be open sourced to benefit all players in the Innovation Ecosystem. The services that the Catalytic Fund will capacitate and source may range from conducting (sector specific) innovation challenges, proactive identification of candidate ventures, assessment of ventures (both impact and business), provision of workshops, trainings and mentoring to the ventures – ranging across the lifecycle of an Impact Venture; potentially sector specific. While the majority of such activities shall be outsourced to the Innovation Ecosystem, the Catalytic Fund reserves to also provide own technical assistance to its Impact Ventures to safeguard its investments.

The key assumptions of how strengthening and sourcing BDS contributes to the overall objective are:

- Having BDS work with Impact Ventures, especially with female and youth founders, will create the BDS's capacity to serve this target audience more effectively
- Building out the capacity of BDS to serve the Catalytic Fund's portfolio ventures will lead to an overall improvement of the services in the Innovation Ecosystem through spill over effects, so that also other Impact Ventures and entrepreneurs can benefit
- Open sourcing the capacity building materials of the partner BDS will contribute to enhancing the overall capacity of the Innovation Ecosystem
- Supporting selected actors in the ecosystem to provide certain services over the lifecycle of an Impact Venture will help with the differentiation in the Innovation Ecosystem
- Buying services from selected actors in the ecosystem will provide an revenue source to these actors and contribute to the financial situation of these ecosystem actors. This is in line with the desired type of funding expressed during HDIF's research (HDIF, 2018B)

Working through BDS in the Innovation Ecosystem leads to 1 output that contributes to the targeted change:

SO2.1: A selection of BDS providers is capacitated to support the portfolio ventures from sourcing to exit ("the Facility" is not duplicating existing services in the Innovation Ecosystem)

Working with BDS in the Innovation Ecosystem to serve the needs of the Catalytic Fund will a) capacitate the actors, b) provide revenues to the actors and c) support differentiation of the actors.

### SO3 - Evidence based fostering of Enabling Environment

With the related outcome of SO3: the Enabling Environment for women and youth lead innovation ventures is improved.

The program and the Facility shall contribute to evidence creation related to innovation in Tanzania to surface the needs of innovation stakeholders and to have concrete messaging when promoting innovation and contributing to innovation related policies. Knowledge assets such as reports shall be produced through own primary research, such as surveys for innovators / entrepreneurs, investors and BDS, as well as through collaborative working sessions with multiple stakeholders of the innovation system. The knowledge assets shall be used to inform government partners and form the basis of capacity building support to key innovation stakeholders that can shape the Enabling Environment for innovation (e.g. COSTECH, BRELA, CMSA, FCC, ICTC, NEEC, TBS, TCRA, TRA, VETA, LGAs and the corresponding relevant ministries). The policy work shall aim at creating an inclusive Enabling Environment for all innovators and entrepreneurs in Tanzania. Lastly dedicated events and media outreach shall help to create more awareness and acknowledgement of the value of innovation on a national scale.

The key assumptions of how evidence creation and fostering an Enabling Environment contributes to the overall objective are:

- As a neutral player, Funguo will convene relevant stakeholders in the Innovation Ecosystem and support the formulation of aligned needs and policy recommendations
- As a partner to COSTECH, Funguo will facilitate the promotion of innovation at governmental institutions and the adoption of innovation friendly policies to benefit all innovators and entrepreneurs in Tanzania
- As a key node in the Innovation Ecosystem, Funguo will broker opportunities for innovation interventions and projects between public, private and development partners
- As a go-to entity for innovation in Tanzania, Funguo will work through own communication channels and through media to promote innovation and specific Impact Ventures in Tanzania<sup>3</sup>

Fostering an Enabling Environment for innovation leads to 4 outputs that contribute to the targeted change:

#### SO3.1: Evidence and learnings created and disseminated

As single shared understanding of the needs of the Innovation Ecosystem that has been compiled through primary research and in a collaborative and transparent way, will help to send clear messages towards the key stakeholders that can shape the Enabling Environment. Regularly engaging the key stakeholders in the Innovation Ecosystem will help to align the players activities and strategies and provide opportunities for collaboration.

#### SO3.2: Awareness is created amongst key governmental stakeholder to adopt more innovation friendly policies

Funguo will aid COSTECH to work with key government stakeholders to drive the National Innovation Framework, embrace innovation and take innovation into account within their respective mandates. Funguo will specifically focus on innovation friendly policies that include innovators and entrepreneurs throughout Tanzania.

#### SO3.3: Key Innovation stakeholders are further capacitated to embrace and promote innovation

Funguo will act as a catalyst providing the resources and know-how for trainings, workshops and convenings for relevant stakeholders in the Innovation Ecosystem and key government entities.

#### SO3.4: Innovation is promoted at a national level

Funguo will promote innovation and Impact Ventures through flagship events, such as innovation week, own campaigns and through working with media partners in social media,

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<sup>3</sup> Please compare to one of the Silicon Valley success factors: the owners of tech media outlets are often also investors or related to investors in the ventures that these media outlets help to promote.

print, radio and TV. This will help the growth of specific Impact Ventures, as well as contribute to more awareness and acknowledgement of the value of innovation at a national level.

## Geographic lens

The three different SO differ in their geographic focus. Related to SO1 – the Catalytic Fund – at least 20% of the portfolio ventures should be from outside of Dar es Salaam. Therefore all communication and outreach of the fund shall be fit to reach innovators and entrepreneurs throughout the country, in Zanzibar and Mainland Tanzania. At SO2 – strengthen and sourcing from BDS - the work with the BDS follows the geography of the portfolio ventures as determined by the needs of the Catalytic Fund. However, activities outsourced to BDS related to Impact Venture sourcing and pipeline building, shall reach innovators and entrepreneurs throughout Zanzibar and Mainland Tanzania. The policy work of the Funguo Program at SO3 – Enabling Environment – shall fully encompass and target innovators and entrepreneurs throughout Tanzania, including grassroots innovators in rural areas as they are subject to the same regulatory requirements as Impact Ventures in urban areas, while facing additional challenges to gain access to support services compared to their urban counter parts.

## Gender lens

Strengthening and creating opportunities for female innovators and entrepreneurs is a core principle and will be mainstreamed throughout all program activities – including in design, planning, implementation, and monitoring and evaluation – to ensure both gender equity and women’s empowerment related to innovation. The program shall differentiate between directly beneficiary focusing activities, where minimum quotas and tailored interventions may be applied, and activities that enhance the context and environment for women lead Impact Ventures. The program is committed to this principle by aiming for at least 50% of women co-lead Impact Ventures in its portfolio under SO1 – the Catalytic Fund. As a consequence, the capacity strengthening activities under SO2 – strengthening and sourcing from BDS –are also geared towards this target audience, assuring accessibility and applicability of all program interventions for female innovators and entrepreneurs. There shall be specific technical assistance for female innovators and entrepreneurs, for example a dedicated coaching and mentoring track or dedicated investor meetings. Under SO3, the program will support partners to develop strategies and policies that are inclusive of female innovators and entrepreneurs and promote practices for engaging young women in innovation and digital spaces. Furthermore, all major communication and outreach, as well as events, shall include tailored approaches to target female innovators and entrepreneurs. Lastly, all of the program’s relevant M&E indicators are sex-disaggregated.

### **How to bring the gender dimension to life?**

*Female entrepreneurs have additional needs compared to their male counterparts, which shall be accounted for in Funguo’s program activities.*

- *Additional coaching and mentoring to reconcile family and societal expectations with the stress of founding and growing an Impact Venture*
- *Societal norms and behavior influence the ability of female founders to grow scaling Impact Ventures. A portion of the promotional activities of Funguo shall address this towards the general public*
- *Often the financial world are male dominated circles. Funguo will provide additional opportunities for female founders to interact with investors and financiers and work to reduce gender bias of investors.*
- *Female founders may be exposed to abuse and TA services provided through Funguo shall be fit to contribute to relieving a founders’ stress related to abuse*
- *Women have a triple role in society: family, productive, and community. TA services provided through Funguo shall account for this by, e.g.:*
  - *Providing childcare and lactating rooms*
  - *Plan events and activities at hours more accessible to female founders*
  - *Require female founders to engage in pitching and other representative roles of Impact Ventures*

*➤ All activities that allow for specific gender tailoring are indicated with an asterisk (\*) in Section III – Results and Partnerships.*

Additionally, the program will also create indirect impact for women at a larger scale through selecting portfolio ventures with products or service offerings that benefit women.

While gender aspects have been taken into account during the design of the program, additional expertise shall be brought onboard through partnerships during the implementation.

## Market / Ecosystem Positioning

The new Facility is meant to become a trusted, neutral entity that connects players in the ecosystem, fosters alignment and brokers opportunities. Such opportunities may be related to specific Impact Ventures and innovation projects, public private partnerships, specific development partner interventions, and building collaborations withing actors from the public and private sector in general.

The new Facility therefore intends to assume HDIF's current role, whereas compared to HDIF today, the positioning shall be perceived as more market oriented and appeal even more to commercial ecosystem actors such as investors or financiers.

### **HDIF legacy and learnings**

The Funguo Program and Facility is meant to build on and leverage HDIF's reputation, achievements, learnings and relationships. For this reason, HDIF has been heavily consulted on the design of the program and Facility. Pending further discussions with FCDO, it is proposed to build on HDIF's legacy in the following way:

1. Learnings and knowledge products

These have heavily informed the design of the new program and have hitherto been readily available to the whole Innovation Ecosystem. Some players have designed their programs based on these knowledge products. It is proposed that the custody to these knowledge products is transferred to the new program to continue serving the ecosystem.

2. Branding

While the new program and Facility will need to develop its own brand and identity (Funguo Program and Facility: unlocking INNOVATION. INVESTMENT. IMPACT.), a communication campaign to build on and leverage HDIF's brand recognition will give Funguo a head start with its positioning.

3. Online platforms

The HDIF website, social media channels, HDIF online newsletter, the ecosystem interactive map (under reconstruction), contain deep and rich knowledge and resources that have been built up over the number of years that HDIF has been in operation. It is proposed that the ownership and responsibility for maintenance, with proper and relevant rebranding and disclosure, be passed on to the new Facility to avoid having to start from scratch and leverage the past investments. Across its different platforms HDIF has about 10,000 followers that may be leveraged to provide Funguo a head start in building out its own communication channels.

4. Key strategic convenings and events

The Innovation Week has become one of the largest and most popular annual event in the Innovation Ecosystem and is about to be adopted by the Government as a recognized annual convening. HDIF has so far been playing the convening and coordination role, and it is now being proposed that this role is passed on to the new program to continue supporting Government with conducting the event. The same holds for other convenings facilitated by HDIF, such as power breakfast sessions, webinars or discussions on the Global Innovation Index, joint sessions with Government agencies and sponsoring key ecosystem events (Tanzania Health Summit, Young Scientists Tanzania, Sahara Sparks, ad hoc sponsorship requests for events from government agencies and other ecosystem actors), may be incorporated into the activities of the new facility, at Funguo's discretion to achieve its objectives.

5. Ongoing engagement with and support to the Government

The engagement with COSTECH in its various forms (financing of activities, informing policy, linkages with other parts of the Government, financing of some of its activities) should be considered to be sustained in line with Funguo's objectives.

6. Ongoing support to key ecosystem payers

HDIF has been supporting innovation hubs in building their capacity and supported organizing them into an informal hubs network / association. HDIF was engaged in initial engagements that led to the formation of the Tanzania Startup Association (TSA), and is supporting some of their activities. These stakeholders play an important role in the ecosystem and the support to them needs to be sustained.

7. Experience and intrinsic knowledge

Not everything can be recorded or reduced into writing and passed on to other individuals. The kind of experience and intrinsic knowledge that have been built over time by the team that has been implementing the HDIF program is already a key asset in ensuring a smooth initiation of the new program. Respecting UNDP's competitive recruiting policies, HDIF's staff may prove as suitable candidates for certain roles of the new program and Facility.



## Strategic choices: what not to do

The program strategy above has laid out what the Funguo Program and Facility is set out to do and achieve. Given the complexity and size of Funguo's scope, it is of equal importance to make clear, strategic choices of what not to focus on, in order to assure an effective utilization of the available resources to achieve Funguo's overall objective, as shown in below table. **The table shows the consultant's recommendations to manage the Funguo scope.**

Area	Out of scope	Reason	In scope
Academia and R&D	Do not work in the space of technology development and invention: do not focus on enhancing the capacity in the space of developing new technologies.	Other interventions and DPs are supporting academia and the tech transfer capability of academic institutions. Opening up the scope to also work directly in research and academia would significantly dilute the focus of the program and may not fit the core competence of the program.	Do collaborate with partners that have strong ties to innovators in academia  Do work with academia and its tech transfer offices to source potential Impact Ventures. But only if necessary to build the pipeline for the fund, invest also specifically in capacity building to allow new technologies to become portfolio candidates.  Do at all times involve academia and R&D as key stakeholders in activities related to SO3, the Enabling Environment.
Grassroots Innovators	Do not proactively build capacity of grassroots innovators to create Impact Ventures.	The program's main objective to create a flagship portfolio of Impact Ventures that can unlock private sector investment, is already difficult. Grassroots innovators are often not scalable and pre proof of concept and could prove to be a costly pathway to build a portfolio of investable Impact Ventures.  Furthermore other initiatives (e.g. COSTECH's MAKISATU or UNDP accelerator labs) work with this target audience.	Do work with promising grassroots innovators and encourage their participation in SO1 through targeted outreach, but do not alter the fund's entry criteria for grassroots innovators.  Only if necessary to build the pipeline for the fund, also invest specifically in capacity building to turn promising grassroots innovators into becoming portfolio candidates.  At all times, do involve spokespersons of grassroots innovators as key stakeholder in activities related to SO3, the Enabling Environment.  Do promote the needs and interests of grassroots innovators in policy work under SO3.
BDS (hubs, incubators, accelerators)	Do not engage in broad capacity building activities outside of the needs of the Catalytic Fund	Program resources are scarce and investing in innovation BDS that are not deemed a priority by the Catalytic Fund would mean that it is services that are already existing at a sufficient capacity in the Ecosystem (otherwise it would be a Fund priority in order to achieve its objective to create scalable impact ventures)	Do make sure to disseminate all BDS relevant knowledge assets to the entire Innovation Ecosystem  Do engage broadly with a large number of BDS in order to develop missing services in the innovation ecosystem  Do assure to minimize supplier dependencies by working with more than one BDS, where possible.
System level / government innovation	Do not invest in highly complex system level or digital government transformation (e.g.	System level innovation has different needs and follows different rules than Impact	Do broker collaboration to undertake system level innovation under SO3.  Do work with system level innovation

	improving the identity management in Tanzania's healthcare system, or projects like TIPS).	Ventures and Funguo's core competences under SO1 and SO2 are not geared towards supporting this type of innovation. There are other development partners who are heavily engaged in this space.	if it satisfies the entry criteria for the fund and has properties similar to Impact Ventures. (e.g. an Impact Venture that offers a solution to governments as client)
Considerations on the required level of SDG impact	In case of doubt, work with Impact Ventures that promise strong scalability and financial sustainability, rather than strong impact (i.e. work with soft impact ventures).	Leading a venture to scale is difficult. Leading an Impact Venture to scale is even more difficult. To achieve the overall objective to unlock follow on funding and lead Impact Ventures to scale, commercial viability shall outweigh impact (while respecting the minimum impact criteria of contributing to at least one SDG and the strong impact targets set in the results framework)	Do try to identify and support the strongest Impact Ventures possible. If necessary to build the pipeline for the fund, invest in active sourcing in specific SDG areas to create portfolio candidates.  Do consider encouraging proven international Impact Ventures to set up operations in Tanzania or support Impact Ventures to benchmark to successful Impact Ventures outside Tanzania.
Considerations on inclusion	Do not divert program resources on achieving additional objectives related to inclusion that are not set in the actual program strategy, before the program's overall objective has been achieved.  Please note: that additional dedicated activities may be undertaken if earmarked donor funding should provide the additional resources for it.	The focus of the program is to create a vector for development change: build a showcase and create a bandwagon effect through leading the most promising Impact Ventures to scale.  The minimum inclusion criteria are set: 50% women or youth co-owned ventures, at least 20% regional Impact Ventures. Adding additional inclusion angles to SO1 and SO2, adds complexity that may hamper the achievement of the overall objective.	Do at all times encourage inclusion of more vulnerable innovators and entrepreneurs. Do assure that communications are also reaching more vulnerable and remote target audiences.  Do select Impact Ventures that provide products or services to more vulnerable target audiences.  Do at all times foster inclusion under the policy work of SO3 – Enabling Environment.

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### III. RESULTS AND PARTNERSHIPS

#### Expected Results (Activities)

#### SO1 - Create a Sustainable Catalytic Fund to lead Impact Ventures to investment

**Output 1A.1:** Portfolio of investable Impact Ventures is built up.

The activities under this output are also key functions and services conducted by the Funguo Facility after the program has closed down. The management of the program / the Facility will need to decide on how to prioritize and sequence the activities in order to contribute to the overall objective to create a flagship portfolio of scaling Impact Ventures. Please see also Appendix 0 for the full Funguo Fund information memorandum. The activities are:

- Sourcing – scouting for candidate ventures – directly through own outreach\*
- Sourcing – scouting for candidate ventures – through partner network (Universities, Hubs, Incubators, Accelerators, COSTECH)\*
- Sourcing – (sector / SDG specific) innovation challenges conducted by BDS\* (See also activities under output 2.1)
- Sourcing – (sector / SDG specific) innovation bootcamps conducted by BDS\* (See also activities under output 2.1)
- Sourcing – (sector / SDG specific) pre-validation programs conducted by BDS\* (See also activities under output 2.1)
- Sourcing – mapping of Impact Ventures in Tanzania and provide public access to the mapping
- Sourcing – pipeline sharing with other funds and Innovation Ecosystem actors (e.g. NFAST, DTBI, DSE accelerator, TADB, Tanzania Investment Facility or UN sister innovation portfolios)\*
- Assessment of Impact Ventures – impact assessment, possibly through partners
- Assessment of Impact Ventures – investment assessment (due diligence) as lead investor
- Assessment of Impact Ventures – investment assessment (due diligence) as co-investor
- Portfolio management – decide on initial investments in Impact Ventures\*
- Portfolio management – decide on follow up investments through the Funguo Fund\*
- Contracting – swift processing of Impact Venture applications
- Disbursing of the different financial instruments and grants
- Onboarding of portfolio ventures
- Monitoring of portfolio ventures, including portfolio venture impact measurement, contributing to program M&E activities as well as activities related to SO3\*
- Technical assistance to portfolio ventures – identify and design required TA (see also activities under output 2.1)
- Technical assistance to portfolio ventures – direct through Facility staff\* \*\*
- Technical assistance to portfolio ventures – indirect through contracted BDS\* \*\*
- Venture support – dedicated mentoring track for female entrepreneurs\*
- Venture support – assist the portfolio ventures with acquiring market intelligence
- Venture support – facilitate government / LGA relationships, together with COSTECH as a partner
- Venture support – facilitate business partnerships for portfolio ventures\*
- Venture support – promote Impact Ventures through the program's and Facility's communication channels\*
- Mentoring – volunteer mentoring program for innovators and entrepreneurs, also beyond portfolio ventures
- Mentoring – use mentoring program to source portfolio candidates

*\*) suitable for gender specific tailoring of activities*

*\*\*\*) technical assistance is tailored to the lifecycle of the Impact Ventures and the Tanzanian context and may include the following modules: a) revenue/business model transformation for NGOs, b) freedom to operate program (regulatory requirements, registrations, incorporation and taxes), c) validate your business program (finding problem solution fit and early adopters, founder team), d) build traction program (finding product market fit, generate revenues), e) design for scale program (growth strategies, scalable business processes and HR for growth), f) investor readiness program (governance, reporting, investor case, deals). Additional master classes may be offered for specific functional areas, e.g. marketing, negotiation, or finance; or technical areas: online payment systems, building mobile app prototypes, or automating business processes.*

**Output 1A.2:** Relationships to national and international (impact) investors and finance providers are built.

All activities under this output are also to be maintained by the Facility after the program closes.

- Hold regular investor webinars to promote the Funguo Catalytic Fund
- Build and maintain relationships with national and international private investors and other third-party financiers, sign LOI
- Broker follow on private investments / third-party finance for Impact Ventures\*
- Venture support – dedicated investor meetings for female entrepreneurs\*
- Host events for investor community
- Engage investor community at SO3 related activities (See SO3 for details)

*\*) suitable for gender specific tailoring of activities*

**Output 1B.3:** The Facility's capacity to operate successfully and sustainably has been built

A distinctive key feature of the program design is to create a standalone Facility that can operate beyond the closure of the program. It is essential to build the facilities operations early on in order to build up a financial track record for future contributors. Building the Facility requires the following activities from the program:

- Hire the “founding team” of the Facility – through the program and its implementors\*
- Seek legal advice on preferred trust fund structure and financial instruments
- Seek tax advice on preferred trust fund structure and financial instruments
- Seek legal advice on legal entity for the Facility as a not for profit (Limited by guarantee or NGO)
- Seek tax advice on legal entity for the Facility as a not for profit (Limited by guarantee or NGO)
- Incorporate the Facility as not for profit legal entity
- Set up the Facility's governance\* – during the program full control for UNDP
- Sign the trust fund agreement for the Catalytic Fund – initially UNDP as grantor on behalf of the initial development partners, with implementing partner or the Facility as trustee (if implementing partner, transfer trustee role to Facility at a later stage during the program).
- Establish the trust fund governance\* (full control for UNDP while only grantor during the program)
- Transfer the “founding team” contracts to the Facility
- Hire additional talent for the Facility and decide on outsourcing fund management\*
- Support the Facility with developing its products and services\*
- Support the Facility with setting up an portfolio venture impact tracking system
- Provide support to the Facility to build out its core and backend business functions and business processes, including automation and digital processes where possible and setting up outsourcing agreements for non-core functions and business processes\*
- Gradually transfer program activities and assets (knowledge assets, IP, relationships and communication channels) from the program and its implementing partner to the Facility
- Support the Facility with engaging with development partners and philanthropic foundations to raise additional funding for the Facility's operations: to increase outcomes during the program and assure sustainability beyond the program
- Decide on the to be sustained activities beyond the program, based on learnings generated and available funding
- Establish the post program governance structures\*

*\*) suitable for gender specific tailoring of activities*

For the Facility to operate independently, it needs to be able to effectively conduct the following activities / business functions either in house or through a third-party service provider. These activities are additional to activities listed under 1A.1 and 1A.2 and need to be established during 1B.3. Well-performing business functions and efficient business processes are crucial to provide timely and effective services to the Facility's beneficiaries. Similar to the functions listed below, the activities listed under 1A.1 and 1A.2 may be summarized as a “Fund management” function.

- Strategy – identify and seize opportunities, and anticipate and mitigate risks
- Finance and accounting – manage liquidity and compliance; including tax management and audited financial statements

- Marketing and communications – outreach to and engagement with all target audiences and stakeholders\*
- Information technology – build and maintain effective business processes
- Human resources – attract and maintain the right talent\*
- Partner management – attract and sustain future funding for the trust fund
- Managerial reporting and M&E – generate performance data to inform tactical decisions, build managerial performance dashboard\*

\*) suitable for gender specific tailoring of activities

It is suggested that the facility build its business processes based on readily available online SAS. Below table gives examples of how business processes could be managed with the help of online services. It will be the task of the founding team to build the required business process automation with the advise of the implementing partner. In general, techsoup, a California based organization, accredits NGOs and provides them

Business Process	Online Tool	Comment
Fund pipeline management	Airtable	Airtable is essentially an advanced Excel with simpler and more intuitive interface that fosters collaboration. Airtable is a proven tool to easily collect and review venture submissions, including files. The entire venture pipeline process up to sign off can be managed in this tool.
Submit applications	FS6	Online platform for startup programs. Can be used to promote the airtable sign up link and may help ventures to get to know the platform to spot other (international) opportunities
CRM	Hubspot	Hubspot is an online Customer Relationship Management tool that allows for the effective management of a large number of contacts. It can be integrated with mailchimp for campaigns
Bookkeeping	Xero	Xero is an all-in one online accounting and invoicing platform that allows for integration with a large number of financial services (such as linking to bank account and outsourcing of invoice processing to do automated invoice and transaction matching).
Managerial reporting (performance dashboard)	Google sheets	Use a single simple online spreadsheet with access for all program and facility staff to have a single truth about the Funguo performance. CFO to make weekly pdf copies for compliance reasons.
Team communication	Slack	A platform similar to Microsoft teams, but usually regarded as better and more user friendly
Activity management	Trello, Asana, etc	The founding team will need to decide what activity management software shall be used within the facility.

## SO2 - Strengthen and source BDS to build investment ready and scalable Impact Ventures

**Output 2.1:** A selection of BDS providers is capacitated to support the portfolio ventures from sourcing to exit (“the Facility” is not duplicating existing services in the Innovation Ecosystem)

The activities under output 2.1 are undertaken to serve the Catalytic Fund’s needs to source Impact Ventures and to provide technical assistance to its Impact Ventures. The different types of activities capacitated and sourced from the BDS and partners are listed under output 1A.1. The activities under SO2 shall also be sustained beyond the program and are steered by the Facility’s business function of “fund management”.

- Build and maintain partnerships with key partners – including COSTECH
- Periodically convene BDS in the Innovation Ecosystem and support “hub association” to enhance alignment, cooperation and differentiation in the Innovation Ecosystem\*
- Scout for and assess capacity of available service providers (=BDS in the Innovation Ecosystem) to provide the required services for the Catalytic Fund (compare to activities under output 1A.1)
- Build capacity of service providers to deliver required services and open source related knowledge assets in line with Catalytic Fund needs\*

- Select and procure service providers in line with Catalytic Fund needs
- Impact Ventures consume the BDS services under the guidance of the Facility
- Monitor service delivery of BDS, in line with program's M&E activities\*
- Optional: to assure the continued availability of the built delivery capacity for required TA beyond the program, dedicated business model capacity building activities may be undertaken for selected BDS that are critical suppliers to the Catalytic Fund.\*

*\*) suitable for gender specific tailoring of activities*

### SO3 - Evidence based fostering of Enabling Environment

The key outcome related to SO3 activities is to influence the Enabling Environment to adopt more innovation friendly policies. The program shall prioritize the activities under SO3 accordingly. The creation of the "Strategic Innovation Platform" (SIP)<sup>4</sup> – a voluntary convening of innovation stakeholders, with representatives of (grassroots) innovators and entrepreneurs (e.g. TSA), investors, financial service providers, corporates (e.g. CEO roundtable), related development programs, academia, development partners and COSTECH) – is a key activity of the program and it shall be sustained by the Facility beyond the program. Activities under SO3 shall make use of the SIP when broad engagement with the Innovation Ecosystem is required. It is important to note that the SIP is an independent convening of innovation stakeholders outside the program. SIP set's its own agenda and is merely facilitated and supported by Funguo. Please also see Appendix for more details about the SIP.

#### Output 3.1: Evidence and learnings created and disseminated

The activities under output 3.1 are essential to inform the other 3 outputs under SO3. However, not all activities shall also be sustained by the Facility beyond the program.

Activities also sustained after the program by the Facility:

- Provide the secretariate function to SIP to assure SIP's operation (or handover SIP secretariate and participate as regular member after the program closed)
- As SIP secretariate: periodically convene SIP and possible follow on meetings\*
- Contribute to DPG STI activities

Activities only undertaken under the program:

- Establish SIP as respected platform for stakeholders in the Innovation Ecosystem
- Utilize SIP for continued interaction, exploration and validation of ecosystem status and needs\*
- Utilize SIP and the Facility's relationships to identify, broker and initiate collaborations and innovation projects in Tanzania\*
- Support the conduction of studies relevant for SIP, together with other SIP members\*
- Annual ecosystem surveys to evaluate status of the ecosystem and surface prioritized needs of the ecosystem (for Impact Ventures, investors and BDS)\*
- Collect evidence and generate knowledge assets and reports for further dissemination under Output 3.2, 3.3 ,3.4\*

*\*) suitable for gender specific tailoring of activities*

#### Output 3.2: Awareness is created amongst key governmental stakeholder to adopt more innovation friendly policies

The activities under output 3.2 may not be sustained by the Facility beyond the program and are the core activities that lead towards a more Enabling Environment for innovation and Impact Ventures under the program. The key partner for Output 3.2 is COSTECH and the program shall support COSTECH to realize its objective to establish a national innovation framework in order to drive more innovation and Impact Venture friendly policies in Tanzania.

- Convening Innovation Ecosystem debates with the presence of relevant government entities around crucial topics identified under output 3.1 (e.g. start-up climate, business registration, IP regime or investment & tax policies)\* - utilize SIP

<sup>4</sup> Strategic Innovation Platform is the current working title. The final name is yet to be decided on.

- Supporting COSTECH with the actualisation of the National Innovation Framework (consult COSTECH, support creating information material and guidelines, support creation of innovation desks and innovation champions at relevant ministries and / or government entities)\*
- Supporting COSTECH with the engagement of relevant government entities (e.g. BRELA, CMSA, FCC, ICTC, NEEC, TBS, TCRA, TRA, VETA, the corresponding ministries, as well as LGA)\*

*\*) suitable for gender specific tailoring of activities*

**Output 3.3:** Key Innovation stakeholders are further capacitated to embrace and promote innovation

The key partner for output 3.3 is COSTECH. The activities shall not be sustained beyond the program by the Facility and utilize existing groups or associations where possible.

- Provide resources, experience and insights to COSTECH for technical trainings and innovation workshops, based on output 3.1\*
- Support COSTECH with conducting tailored technical trainings and innovation workshops for relevant governmental stakeholders\*
- Involve and build capacity of core stakeholders in the Innovation Ecosystem to adopt more innovation friendly strategies and activities that can contribute to an Enabling Environment, such as hubs, incubators, accelerators, investors, financial service providers, DSE or development partners to contribute to output 3.2; based on output 3.1\*
- Build capacity of other relevant stakeholders to adopt more innovation friendly strategies and activities that can contribute to an Enabling Environment, such as media, academia, R&D institutions or corporates; based on output 3.1\*
- Create innovation awards for relevant stakeholders, such as journalists and media houses or other relevant actors that can contribute to an Enabling Environment.

*\*) suitable for gender specific tailoring of activities*

**Output 3.4:** Innovation is promoted at a national level

Activities that are sustained beyond the program

- Support selected events in the Innovation Ecosystem relevant for the Catalytic Fund\*
- Promote Impact Ventures through own communication channels\*
- Promote Impact Ventures through third-party media (print, social media, radio or TV)\*

Activities during the program

- Build up own communication channels and outreach
- Fund, co-organize or support flagship events in the Innovation Ecosystem, such as innovation week, MAKISATU or Sahara Sparks\*
- Facilitate continuity of flagship events after program closure
- Fund selected events in the Innovation Ecosystem that can contribute to SO3, the Enabling Environment\*
- Promote innovation through own channels
- Promote innovation third-party media (print, social media, radio or TV) linked to output 3.1\*

*\*) suitable for gender specific tailoring of activities*

## Resources Required to Achieve the Expected Results (Inputs)

The resources required as inputs to the deliver the program's outputs are given in below table.

Input	Reasoning
<b>People</b>	
Program staff UNDP	<ul style="list-style-type: none"> <li>• Manage development partner relationships</li> <li>• Accountability and reporting towards development partners; financial reporting per donor possible if earmarking should require it</li> <li>• Manage M&amp;E of the program and safeguard social impact of Funguo activities</li> <li>• Manage Funguo Program, Funguo Fund and Funguo Facility governance</li> <li>• Guide implementation of the program, overall</li> <li>• Co-lead implementation of the program related to SO3 with the Facility management team</li> <li>• Leverage UNDP positioning to facilitate access to government</li> <li>• Leverage UNDP positioning to facilitate access to future partners</li> <li>• Manage implementing partner</li> <li>• Manage risks</li> </ul>
Program staff implementing partner under UNDP	<ul style="list-style-type: none"> <li>• Co-lead implementation of the program related to SO1 and SO2 with the Facility management team, until Facility can operate standalone under the guidance of UNDP during the rest of the program</li> <li>• Support implementation of the program related to SO3</li> <li>• Provide project type support and expertise to initiate and conduct Facility activities, competences, business functions and business processes</li> <li>• Provide hands on implementation support to conduct program activities and assure business continuity, until Facility can operate standalone (gradual handover to Facility)</li> </ul>
Facility staff	<ul style="list-style-type: none"> <li>• Founder team / management team needs to be recruited early on, to allow the Facility to develop its own vision, identity and culture within the framework of the program</li> <li>• Founder team / management team is essential to receive and accept the services provided of the implementing partner. The implementing partner shall be managed by the founder team to swiftly work towards building the Facility and its activities. This is also to avoid conflicts of interest with the implementing partner to increase and prolong the engagement with the program.</li> <li>• Founder team / management team needs to bring experience in organization building to create an agile and well performing organization, including HR strategy</li> <li>• Founder team / management team need to bring deep relevant experience to build and conduct state of the art SO1 and SO2 related activities</li> <li>• Identify and mitigate risks</li> </ul>
<b>Resources</b>	
Initial development partners	<ul style="list-style-type: none"> <li>• Provide initial resources additional to UNDP to start the program</li> </ul>
Follow on development partners and philanthropic foundations	<ul style="list-style-type: none"> <li>• Provide additional resources to the program or the trust fund the expand the program's outputs and assure continuity beyond the program</li> </ul>
HDIF legacy	<ul style="list-style-type: none"> <li>• Pending agreement with FCDO, the HDIF legacy shall be made available to the program as a key asset for Funguo (see also Section II., HDIF legacy and learnings, for details)</li> </ul>
Space	<ul style="list-style-type: none"> <li>• Initial space shall be provided by UNDP or implementing partners, but an own office space needs to be arranged; ideally close to the Innovation Ecosystem and growing over time.</li> </ul>
Operating assets and services	<ul style="list-style-type: none"> <li>• Initially through the procurement of the implementing partner, later through the Facility itself, key operating assets (office equipment, IT, laptops, licenses, services, etc) need</li> </ul>



	to be acquired.
Expertise	
Fund management	<ul style="list-style-type: none"> <li>An experienced team to manage the fund needs to be recruited, or procured and trained</li> <li>Technical expertise to guide the fund management team may be sourced through the implementing partner or partners</li> </ul>
Innovation Technical Assistance	<ul style="list-style-type: none"> <li>Technical expertise to undertake the SO1 and SO2 work (e.g. curriculum and training design based on state of the art methodologies) may need to be insourced to complement and enhance Facility's staff expertise</li> </ul>
Marketing and communications	<ul style="list-style-type: none"> <li>While marketing functions shall be managed inhouse by the Facility, third-party expertise may be required to endow the Facility with state of the art know how on growth hacking and other contemporary marketing methodologies</li> </ul>
Gender and innovative entrepreneurship	<ul style="list-style-type: none"> <li>Additional technical expertise to guide the program's activities related to gender aspects of innovative entrepreneurship may need to be sourced through partners</li> </ul>
Partnerships (as input, compare also section below)	
COSTECH	<ul style="list-style-type: none"> <li>Sustaining the strategic relationship with COSTECH (as established by HDIF and UNDP) is a critical success factor for the program</li> <li>The partnership shall be solidified by an MOU between COSTECH and UNDP, which governs the program's activities with COSTECH (the MOU is being drafted at the point of writing this proposal)</li> <li>Following the MOU, specific areas of collaboration will need to be determined in accordance with the activities provided in Section III, expected results.</li> </ul>
Implementing partner under UNDP	<ul style="list-style-type: none"> <li>Use implementing partner business processes for the Facility until Facility can operate independently (gradual transfer to the Facility)</li> <li>Provide required expertise or source required expertise to conduct the program's activities and build the facility's capability to operate standalone after the program, including building an audited track record of financial statements</li> </ul>
Ecosystem partnerships	<ul style="list-style-type: none"> <li>Building on the existing reputation of HDIF in the Innovation Ecosystem and transferring the relationships to Funguo will be essential for the program to succeed</li> </ul>
<i>Please note that other partnerships that are more related to the program's activities and outputs are listed in the following paragraph.</i>	

## Partnerships

Possible partnerships for the Funguo Program and Facility are listed in the table below. Please note that the program and Facility will need to determine and establish the best fit for purpose partnerships throughout the program's lifetime. The listing is therefore only indicative and may change throughout the program. Only the partnership with COSTECH shall be established upfront through an MOU between UNDP and COSTECH.

Partner	SO			Highlights
	1	2	3	
<b>COSTECH</b>	x	x	x	<ul style="list-style-type: none"> <li>SO1 – explore partnerships in facilitating Impact Venture relationships with LGA and other government, according to COSTECH MOU</li> <li>SO1 – explore partnership in impact assessment through Universities, according to COSTECH MOU</li> <li>SO1 – explore partnership in Impact Venture TA related to licensing and IP, according to COSTECH MOU</li> <li>SO3 – support COSTECH with promoting innovation within government and beyond (see activities SO3 for details), according to COSTECH MOU</li> <li>Engagement with COSTECH is on the basis of “service provision” and Funguo may compensate COSTECH for services provided in order to advance the objectives of the program – in line with COSTECH's objectives</li> </ul>

<b>BUNI</b>	x	x	x	<ul style="list-style-type: none"> <li>Explore partnerships in sourcing activities and in capacity strengthening activities for BDS in the Innovation Ecosystem, according to COSTECH MOU (for portfolio candidates or portfolio ventures) – especially university and hubs outside Dar es Salaam</li> </ul>
<b>NFAST</b>	x			<ul style="list-style-type: none"> <li>Explore pipeline sharing, according to COSTECH MOU</li> <li>Explore co-financing ventures, according to COSTECH MOU</li> </ul>
<b>DTBI</b>	x			<ul style="list-style-type: none"> <li>Following the establishment of new DTBI governance and management, explore pipeline sharing</li> </ul>
Investor associations and groups (e.g. <b>TAIN, TVCN, TAVCA</b> ) and individual funds and investors (e.g. <b>Viktoriya Business Angels, Bamboo capital, DoB Equity, GreenTec Capital Partners, etc</b> )	x		x	<ul style="list-style-type: none"> <li>Build partnerships for co-investment in Funguo Impact Ventures</li> <li>Pipeline sharing (Funguo could work with promising ventures that are too small for the investors)</li> <li>Engage with partners to contribute to SO3 related activities</li> </ul>
Gender and innovative entrepreneurship (e.g. <b>UNWOMEN, DOT, Ndoto, WITA, Shefound, etc</b> )	x	x	x	<ul style="list-style-type: none"> <li>Engage with partners to build a pipeline of female innovators and entrepreneurs</li> <li>Engage these partners for continued enhancement of gender aspects in the program</li> <li>As needed, source additional expertise and capacity related to gender and innovative entrepreneurship from these partners</li> </ul>
Innovation related groups and associations (e.g. <b>DPG STI, TAIN, TPSF, TSA, hubs association, etc</b> )			x	<ul style="list-style-type: none"> <li>Engage these partners for activities related to the Strategic Innovation platform to build broad support (see SO3)</li> <li>Engage these partners for other activities related to SO3 to create evidence for and facilitate innovation friendly policies, as applicable</li> </ul>
Innovation hubs, incubators and accelerators (e.g. <b>DOT, Anza, Buni, Cube, dLab, Hub255, Ndoto, RLab, Sahara, Seedstars, Smartlabs, etc</b> )	x	x	x	<ul style="list-style-type: none"> <li>Pipelinesharing and Funguo as possible next step for their Impact Ventures</li> <li>Possible BDS service providers for SO2 activities</li> <li>Possible partnerships if actor undertakes capacity building activities that have programmatic alignment with Funguo</li> <li>Assure involvement of these ecosystem partners in SO3 activities</li> </ul>
<b>Tanzania Investment Facility</b>	x	x		<ul style="list-style-type: none"> <li>Pipeline sharing of Impact Ventures</li> <li>TIF as a possible partner for scale up investment for Funguo graduates</li> <li>Exchange tools and materials for investor readiness TA</li> </ul>
Mobile network providers				<ul style="list-style-type: none"> <li>Engage these partners for partnering opportunities for Impact Ventures</li> <li>Engage these partners for possible innovation projects identified under SO3</li> </ul>
Financial Service Providers and banks				<ul style="list-style-type: none"> <li>Engage these partners for possible follow on financing of Impact Ventures</li> <li>Engage these partners for partnering opportunities for Impact Ventures</li> <li>Engage these partners for possible innovation projects identified under SO3</li> </ul>
<b>UN entities</b>				
<b>One UN</b>	x	x	x	<ul style="list-style-type: none"> <li>Use PMT to inform other UN entities about Funguo progress and identify synergies related to the Catalytic Fund and innovation friendly policies</li> </ul>
<b>UNCDF</b>	x		x	<ul style="list-style-type: none"> <li>As needed, source additional expertise and capacity related to fund management from UNCDF</li> <li>Acquire best practices for fund management</li> <li>Align on policy work for financial inclusion</li> </ul>
<b>UNICEF</b>	x		x	<ul style="list-style-type: none"> <li>Pipeline sharing of Impact Ventures</li> <li>Co-investment in UNICEF innovation ventures</li> <li>Align on policy work for youth inclusion</li> </ul>

<b>UNWOMEN</b>			x	<ul style="list-style-type: none"> <li>As needed, source additional expertise and capacity related to inclusion of female entrepreneurs</li> <li>Align on policy work for inclusion of female entrepreneurs</li> </ul>
<b>WFP</b>	x	x		<ul style="list-style-type: none"> <li>Pipeline sharing of Impact Ventures</li> <li>Co-investment in UNICEF innovation ventures</li> <li>Collaboration for mentorship program</li> </ul>
<b>Other UN entities in Tanzania</b>	x		x	<ul style="list-style-type: none"> <li>Explore partnerships with UN entities as business partners to conduct impact assessments of portfolio candidates within their mandate under SO1</li> <li>Inform UN entities in Tanzania about the Funguo Program and strike collaborations as applicable, especially to create synergies related to policy work under SO3</li> </ul>

## Risks and Assumptions

The risks and mitigation actions associated with the Funguo Program are categorized and listed in below table. Impact and Probability are estimated relative as High, Medium, and Low.

Risk	Imp.	Prob.	Mitigation
<b>Catalytic Fund and Impact Ventures</b>			
Funguo fails to attract investors and unlock sufficient private investment / third-party finance	H	M	<ul style="list-style-type: none"> <li>Identify and address root cause for the failure: interest in impact investment decreases globally or locally, investors perceive risk/return trade-off and associated transactions cost as not favourable, business environment is perceived as not favourable for investments, ...</li> <li>Attempt to bundle ventures for investors to invest in, to hedge risks for investors and decrease individual transaction cost, bundling is administered by Funguo</li> <li>Provide strong direct TA through Funguo to most promising portfolio ventures to get them investor ready and post investment support as necessary</li> <li>Intensify communication work towards national and international investor community; if local investors cannot be mobilized, shift to global impact investors and build out investment support services, as required – directly or through partnerships</li> </ul>
Funguo fails to produce investment ready Impact Ventures	H	M	<ul style="list-style-type: none"> <li>Provide strong direct TA through Funguo to most promising portfolio ventures to get them investor ready</li> <li>Provide additional funding to most promising portfolio ventures to become investment ready (but avoid sunk cost fallacy!)</li> <li>Attempt to bundle ventures for investors to invest in, to hedge risks for investors and decrease individual transaction cost, bundling is administered by Funguo</li> <li>Intensify brokering alternative financing sources (debt or grants)</li> </ul>
There are not sufficient high quality women lead Impact Ventures to work with and invest in	H	L	<ul style="list-style-type: none"> <li>Identify root cause for lack of female led ventures</li> <li>Intensify partnerships with key players in the space of female entrepreneurship and innovation</li> <li>Intensify capacity building activities and support interventions for female entrepreneurs</li> <li>Intensify proactive sourcing activities (bootcamps, innovation challenges)</li> <li>Intensify early stage capacity building with partners (pre-accelerators, ideation programs)</li> <li>Extend sourcing activities deeper into technology development, grassroots innovators</li> <li>Increase large scale mentoring activities to mobilize and activate</li> </ul>

			promising Impact Ventures for the portfolio
The Facility fails to perform and to build an attractive case for additional development partners and philanthropic foundations to contribute	H	L	<ul style="list-style-type: none"> <li>Intensify building out and communicating the success story of Funguo</li> <li>Engage with development partners early on and continuously, draw on the support from UNDP</li> <li>If programs should be launched in Tanzania that address the same potential funding, foster collaboration rather than competition</li> </ul>
Fraud inside Funguo	H	L	<ul style="list-style-type: none"> <li>Balance agility and fraud risk management and control mechanisms</li> <li>Make use of UNDP's anti-fraud policies</li> <li>Implement "4-eye principle" for relevant decisions</li> <li>Establish a culture of trust and set up a whistle blower hotline</li> <li>Park program funding inside UNDP and dispatch funding on an as needed basis</li> <li>Assure all selection of Impact Ventures, BDS and other partners is competitive and according to pre-set criteria</li> </ul>
The Facility fails to perform efficiently (e.g. long processing times of applications, cumbersome procurement processes of service providers)	M	M	<ul style="list-style-type: none"> <li>Provide additional support to Facility through implementing partner and third-party experts</li> <li>Set up fast and simple procurement processes for the Facility from the start</li> <li>Strong focus on recruiting the right talent for the Facility that can work with continuous improvement of business processes and have a strong business acumen</li> <li>Establish a strong and lived performance management culture at the Facility from the start</li> </ul>
Impact Ventures fail to deliver impact	M	L	<ul style="list-style-type: none"> <li>Thorough assessment of ventures when accepting them into the Catalytic Fund and enforcing the 50% strong and 50% soft impact rule</li> <li>Guiding portfolio ventures to not pivot away from their initially intended impact</li> <li>Provide TA to create healthy Impact Venture business models (where social and financial aspects are intertwined)</li> </ul>
Fraud inside Impact Ventures	L	M	<ul style="list-style-type: none"> <li>Stay in close contact with Impact Ventures and monitor Impact Venture progress at outcome level (However, provide Impact Ventures with full freedom to take strategic business decisions)</li> <li>Strong due diligence and Impact Venture assessment before providing funds</li> <li>Be prepared to lose investments, especially at early stages</li> <li>Make use of reputational risk for Impact Ventures and entrepreneurs</li> </ul>
Funguo Program is perceived as elitist in the Innovation Ecosystem	L	L	<ul style="list-style-type: none"> <li>Intensify communications about equal opportunity related to Funguo towards all Impact Ventures in Tanzania to access the Catalytic Fund</li> <li>Intensify communications about overall benefits of SO3 – Enabling Environment activities that benefit all Impact Ventures in Tanzania</li> <li>Intensify communications about bandwagon effect to attract investors to innovation in Tanzania under SO1 and positive spill over effects of BDS work under SO2 that benefits the overall ecosystem</li> <li>Use Swahili as lead language for communications</li> <li>Assure to be fully inclusive related to convening activities under SO3, communicate clearly about sourcing criteria for BDS under SO2</li> <li>Consider open capacity building interventions for Impact Ventures under SO1 and BDS under SO2, so that additional Impact Ventures and BDS could benefit (even if they are not invested in or procured by Funguo).</li> </ul>
<b>BDS strengthening and sourcing</b>			

The sourced BDS fail to provide the intended support to Impact Ventures	M	M	<ul style="list-style-type: none"> <li>• Strong hands on monitoring of services provided to Impact Ventures</li> <li>• High frequency feedback loops from Impact Ventures about services received</li> <li>• Contracting – have smart outcome goals in BDS contracts (rather than activity deliverables)</li> <li>• Contracting – Have break up clause in all BDS contracts to be able to switch supplier, if BDS delivers below expectations at outcome level</li> <li>• Intensify capacity building activities to enable BDS to provide the services at the required quality level</li> <li>• Be prepared to switch suppliers by building up a diversified supplier base and by working with multiple BDS for a service</li> </ul>
Supplier of BDS is in financial distress or defaults	L	H	<ul style="list-style-type: none"> <li>• Contracting – have smart outcome goals in BDS contracts (rather than activity deliverables)</li> <li>• Contracting – Have break up clause in all BDS contracts to be able to switch supplier</li> <li>• Be prepared to switch suppliers by building up a diversified supplier base and by working with multiple BDS for a service</li> </ul>
Fraud by BDS partners			<ul style="list-style-type: none"> <li>• Stay in close contact with BDS and monitor service delivery progress at outcome level</li> <li>• Only source services from BDS that are a going concern</li> <li>• Make use of reputational risk for BDS in the innovation ecosystem</li> </ul>
<b>Enabling Environment</b>			
Government priorities change and policies are passed that worsen the policy environment for innovate entrepreneurship (especially for female entrepreneurs)	H	M	<ul style="list-style-type: none"> <li>• Intensify collaboration with COSTECH and review strategy to promote innovation friendly policies</li> <li>• Intensify bringing in outside experts to build the case towards innovative entrepreneurship (especially from neighbouring countries)</li> <li>• Promote the benefits of innovative entrepreneurship towards achieving national aspirations</li> <li>• Intensify communication activities under output 3.4</li> </ul>
SO3 activities fail to produce a policy shift	H	M	<ul style="list-style-type: none"> <li>• Intensify partnership with COSTECH and review strategy to promote innovation friendly policies</li> <li>• Explore opportunities to directly partner with additional relevant government entities</li> <li>• Assure managing of SO3 activities by targeting outcome; review and change outputs with program governance as required</li> </ul>
Economic outlook worsens	M	M	<ul style="list-style-type: none"> <li>• Intensify TA to portfolio ventures and encourage a pivot towards other opportunities</li> <li>• Intensify brokering other follow on funding opportunities like debt or grants</li> </ul>
Facility is not perceived as neutral and fails to convene Innovation Ecosystem actors (i.e. SIP fails)	M	L	<ul style="list-style-type: none"> <li>• Identify and address root cause: has the need decreased to convene ecosystem actors or is it linked to the perception of the Facility</li> <li>• If due to decreased need: convene stakeholders fit for purpose to generate evidence to conduct policy and capacity building work as planned; use incentives if necessary</li> <li>• If due to perception of the Facility, identify reasons through interviews and social media listening and adapt activities and / or launch communication campaign as appropriate</li> </ul>

## Stakeholder Engagement

The relevant stakeholders for the Funguo Program are categorized and listed in below table along with the proposed engagement strategy. The below engagement strategy is an initial proposal and the Facility's management together with program management shall decide on the actual stakeholder engagement activities.

Stakeholder (group)	Engagement strategy
Customers of Impact Venture products or services	<ul style="list-style-type: none"> <li>No direct engagement through the Facility is planned except potential coverage through media campaigns</li> <li>However, sensitize Impact Ventures on ethical conduct when interacting with customers, especially when working with vulnerable customers</li> </ul>
Innovators and entrepreneurs / Impact Ventures - general	<ul style="list-style-type: none"> <li>Utilize SIP and relationships with Innovation Ecosystem actors like hubs and TSA to engage</li> <li>Utilize Funguo portfolio ventures for additional engagement</li> <li>Engage at annual surveys for Innovation Ecosystem status reports</li> <li>Involve stakeholder group for collaborative workshops under SO3</li> <li>Engage at innovation events under SO3</li> <li>Outreach through Funguo communication channels</li> <li>Dedicated outreach through communications related to output 3.4 (third-party media)</li> </ul>
Female innovators and entrepreneurs / female owned Impact Ventures	<p><i>Same as for innovators and entrepreneurs / Impact Ventures – general, but:</i></p> <ul style="list-style-type: none"> <li>Tailored actions and strategies to reach and engage, and assure participation of with female innovators and entrepreneurs / female owned Impact Ventures</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Utilize relationships built under output 1A.2</li> <li>Hold investor webinars to promote Funguo Catalytic Fund to investor community</li> <li>Proactively promote Impact Ventures to investors</li> <li>Engage at annual surveys for Innovation Ecosystem status reports</li> </ul>
Innovation hubs, incubators and accelerators (e.g. DOT, Anza, buni, Cube, dLab, hub255, ndoto, RLab, Sahara, Seedstars, Smartlabs, etc)	<ul style="list-style-type: none"> <li>Support hubs association</li> <li>Utilize SIP and relationships with Innovation Ecosystem actors to engage</li> <li>Utilize Funguo BDS sourcing activities to engage</li> <li>Utilize Funguo BDS partners under SO2 for additional engagement</li> <li>Involve through events under output 3.4</li> </ul>
Government entities (e.g. BRELA, CMSA, COSOTA, COSTECH, FCC, ICTC, NEEC, TBS, TCRA, TRA, VETA)	<ul style="list-style-type: none"> <li>Engage through Partnership with COSTECH and dedicated actions related to outputs 3.1, 3.2, and 3.3</li> <li>Leverage possible partnerships with other UN entities to add innovation to ongoing capacity building work through other development interventions</li> </ul>
Universities and Academia	<ul style="list-style-type: none"> <li>Utilize SIP and COSTECH partnership to engage</li> <li>Proactively involve in activities related to SO3 – Enabling Environment</li> <li>Utilize Universities through BUNI and Swedish programming as a possible source to identify Funguo Catalytic Fund portfolio candidates</li> <li>Involve through events under output 3.4</li> </ul>
Private sector / corporates	<ul style="list-style-type: none"> <li>Utilize SIP and relationships with Innovation Ecosystem actors to engage, such as CEO Round Table or UN Global Compact)</li> <li>Engage for possible partnerships and support for specific Impact Ventures and innovation projects</li> <li>Involve through events under output 3.4</li> </ul>
Development partners	<ul style="list-style-type: none"> <li>Utilize UNDP membership in DPG STI to engage (and consider DPG STI membership of the Facility)</li> <li>Utilize UNDP donor engagement activities to directly inform development partners</li> </ul>

	<p>about Funguo</p> <ul style="list-style-type: none"> <li>• Build out the Facility's partner management function and build close relationships to development partners from the Facility</li> <li>• Engage for small scale partnerships related to dedicated implementation activities under SO1, SO2 and SO3</li> <li>• Especially engage to identify and leverage synergies related to other ongoing policy work with government entities that align with Funguo activities under SO3 (promote innovation as a crosscutting theme)</li> <li>• Engage for events under output 3.4</li> </ul>
National and international NGO	<ul style="list-style-type: none"> <li>• Liaise for SO1: pipeline building</li> <li>• Liaise for SO2: coordinate BDS capacity building</li> <li>• Liaise for SO3: align on policy recommendations and Enabling Environment work</li> </ul>

## Knowledge

The dedicated knowledge products that shall be produced during the program are listed in below table. The learnings and knowledge products shall be made available internationally.

Knowledge product	Source	Dissemination strategy
BDS capacity building materials and Impact Venture TA tools and curricula	<ul style="list-style-type: none"> <li>• Knowledge products that are being used for portfolio venture TA activities under SO1</li> <li>• Knowledge products that are being developed and used for BDS capacity building under SO2</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate through relevant groups and associations in the Innovation Ecosystem</li> <li>• Organize workshops with Innovation Ecosystem players with emphasis on BDS</li> <li>• Publish on Funguo webpage</li> <li>• Use Funguo communication channels to promote published knowledge product</li> </ul>
Ecosystem status reports	<ul style="list-style-type: none"> <li>• Based on annual surveys to Impact Ventures, investors and BDS and Funguo learnings</li> <li>• Additional research depending on topic identified by SIP</li> <li>• Complemented and validated by SIP</li> </ul>	<ul style="list-style-type: none"> <li>• Organize workshops with relevant ecosystem players</li> <li>• Use as input to SIP activities</li> <li>• Disseminate through relevant groups and associations in the Innovation Ecosystem</li> <li>• Use as input for targeted media campaigns</li> <li>• Publish on Funguo webpage</li> <li>• Use Funguo communication channels to promote published knowledge product</li> </ul>
Additional ecosystem studies	<ul style="list-style-type: none"> <li>• SIP members may provide resources for additional studies that address topics not covered in the ecosystem status reports</li> </ul>	<ul style="list-style-type: none"> <li>• Similar to Ecosystem status reports</li> </ul>
Policy recommendation guidelines	<ul style="list-style-type: none"> <li>• Process ecosystem reports and studies into tailored policy guidelines for SO3 activities with COSTECH</li> </ul>	<ul style="list-style-type: none"> <li>• Support COSTECH with promoting the guidelines at relevant governmental entities</li> <li>• Publish on Funguo webpage</li> <li>• Use Funguo communication channels to promote published knowledge product</li> </ul>
Impact Venture mapping	<ul style="list-style-type: none"> <li>• Capturing all Impact Ventures identified by Funguo through its sourcing and pipeline building activities under SO1</li> <li>• Open access platform where ecosystem players can record themselves</li> </ul>	<ul style="list-style-type: none"> <li>• Publish on Funguo webpage</li> <li>• Use Funguo communication channels to promote published knowledge product</li> </ul>
HDIF knowledge products	<ul style="list-style-type: none"> <li>• Pending FCDO agreement, HDIF knowledge assts transfer to Funguo</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to maintain public access</li> </ul>

## Sustainability and Scaling Up

Sustainability has been a key design principle for the Funguo Program. All of the program's activities are geared towards creating the Funguo Facility that hosts the Funguo Catalytic Fund. The Facility will operate autonomously as an independent entity after program closure. The program functions as the incubating vehicle to build and guide the Facility towards independent operations. To minimize the risks associated with the independent operability of the Facility and Fund, it is suggested to follow the following principles when implementing the program activities with the help of an implementing partner:

- 1) Hire the Facility team as early as possible, so that the Facility can develop its own vision and culture
- 2) Tactical decisions during program implementation related to SO1 and SO2 shall be taken by the Facility; decisions related to SO3 and strategy (i.e. outcome level) shall be taken by the program governance
- 3) As the (future) owner of the activities and receiver of the implementing partner support, the Facility shall guide the implementing partner
- 4) When implementing relevant program activities, the Facility's capacity to conduct an activity shall be built first and then the activity should be implemented by the Facility directly, with the support of UNDP or the implementing partner (rather than implementing activities through the capacity of UNDP or the implementing partner only, which would allow the Facility less to practice and learn internally)
- 5) The required legal entities shall be created as soon as possible so that the Facility can sign its own agreements and build and maintain its own relationships
- 6) Hiring decisions shall be taken by the Facility as early on as possible to be able to build an own organization. Implementing partner and UNDP support the HR processes as required.
- 7) At all times clarity is required which activities shall be sustained by the Facility beyond the program to allow the Facility's management team to build the relevant capacity of the Facility. The initial suggestion of which activities shall be sustained is presented in this document under section III. Based on learnings generated over time and the funding outlook, this may be reviewed and altered in accordance with the program governance. In brief, the activities to be sustained are: the Catalytic Fund, sourcing TA from BDS and a reduced set of Enabling Environment activities.

Financial sustainability has also been built into the design of the program, as the Catalytic Fund shall be of revolving nature. Once Impact Ventures in the Fund's portfolio have been led to scale and managed to unlock follow on private investments, the Fund will exit the ventures at a subsequent investment round. The generated returns are cycled back into the fund and are to be re-invested in other portfolio ventures of the fund. The tax implications of this income stream for the Facility are to be determined through legal and tax advice for the optimal future fund structure.

Scaling up is possible through the open-ended design of the trust fund. The main route for scaling the program's impact is through additional donors and philanthropic foundations participating in the trust fund to increase the fund's volume and therefore increase the number of Impact Ventures that can be supported, along with the increased consumption of services from BDS in the Innovation Ecosystem. As desired by future partners, it is also possible to contribute to and scale programmatic activities directly, related to SO1, SO2 and SO3. Future partners may also choose to earmark their contributions if required to support specific activities, such as supporting only innovation within a certain sector or SDG. It is important to distinguish between different scaling logics related to the 3 specific objectives (a, b, c) and the way how future partners are to participate (1, 2):

- 1) Future partners may choose to participate in the program through contribution agreements with UNDP during the lifetime of the program. The lifetime of the program may be a limiting factor as it is set to a maximum of 5 years. Contributions to the program may be used to scale Funguo's impact related to all 3 SO; although earmarking may be applied.
- 2) Future partners may choose to participate directly in the open-ended trust fund. There are no time limitations as the Facility and Catalytic Fund are designed to operate beyond the program. Contributions to the trust fund shall not be used for the entirety of the program's activities, but should be focused on the activities that the Facility will sustain beyond the program (i.e SO1,



the Catalytic Fund; SO2, TA through BDS; and a reduced set of Enabling Environment activities, SO3). Earmarking may be applied also at the trust fund.

- a) SO1 – Catalytic Fund: Contributions to SO1 will allow Funguo to increase its support to Impact Ventures: increase the number of funded Impact Ventures, possibly increase the amounts of funding, and increase the TA provided to the portfolio ventures through BDS.
- b) SO2 – Strengthening and Sourcing BDS in the Innovation Ecosystem: Contributing to SO2, will allow Funguo to further increase the capacity of the service providers in the Innovation Ecosystem. Unless otherwise agreed, scaling the activities under SO2 will follow the logic laid out under sections II and III: Funguo identifies required BDS service offerings over the lifecycle of Impact Ventures, capacitates relevant BDS, and procures the services for its portfolio ventures. If future funding would allow it, Funguo could also provide structural grants to BDS or fund BDS activities that do not target portfolio ventures.
- c) SO3 – Enabling Environment: Contributions to SO3 will allow Funguo to increase its work and impact related to output 3.1 evidence creation, for example conducting additional studies in the Innovation Ecosystem related to SIP, output 3.2 and output 3.3 through funding more partnership activities with COSTECH to influence innovation friendly policies and capacitate key stakeholders in the innovation ecosystem and output 3.4 through supporting more innovation events and more media outreach.

## IV. PROJECT MANAGEMENT

### Project Management and setup of the independent Facility

The UNDP Country Office will initiate and monitor the implementation of the project, review progress in the realisation of the project outputs, and ensure the proper use of UNDP and partner funds. UNDP will provide support services to the project, including initial procurement and contracting of implementing partners, human resources management to hire Facility staff and financial services, in accordance with the relevant UNDP Rules and Procedures, and Results-Based Management guidelines. UNDP will also directly contribute to program implementation related to SO3 activities.

The implementing partner will support the implementation of all 3 SO, with the key responsibility to not merely conduct the activities under the program but to build and capacitate the Facility to conduct the activities. Activities need to be differentiated between core activities that the Facility shall be able to sustain beyond the program and activities that are only of programmatic nature. While the Facility may contribute to the realization of the later, the programmatic activities shall be implemented by UNDP and the implementing partner.

An overview of the different phases of the program can be found in below Figure.

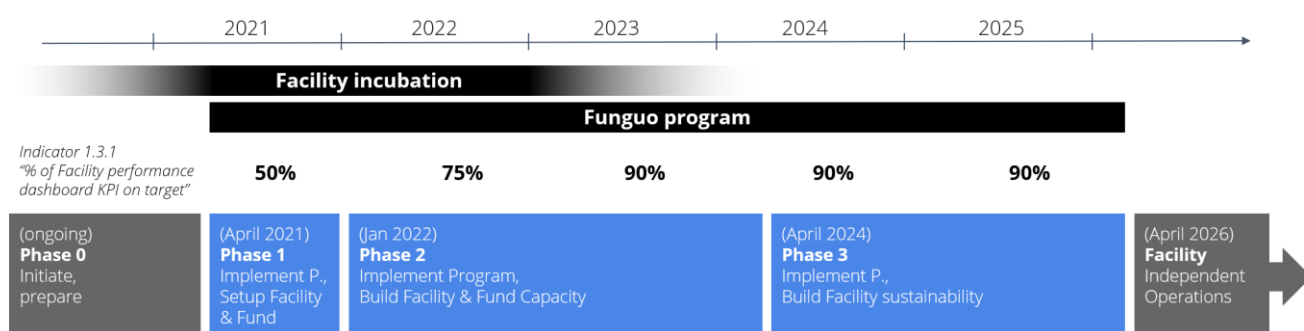


Figure 2, Program phases and Facility incubation

The highlights of the specific distribution of responsibilities over time is shown in below table.

Phase 0 until 04.2021	Initiation and preparation (undertaken under UNDP internal project initiation plan)
Key actors	Key responsibilities – phase specific
UNDP	<ul style="list-style-type: none"> <li>Continue preparations for Funguo</li> <li>Initiate hiring of future Facility management team (founding members)</li> <li>Identify and contract implementing partners</li> <li>Seek legal and tax advice to identify future structure of the Funguo Facility and Fund</li> </ul>
Development Partners	<ul style="list-style-type: none"> <li>Establish agreements with UNDP to contribute to Funguo</li> </ul>
COSTECH	<ul style="list-style-type: none"> <li>Establish MOU with UNDP to be able to initiate partnership activities as of Phase 1.</li> <li>Participate in SIP initiation activities, supported by HDIF</li> </ul>
HDIF	<ul style="list-style-type: none"> <li>Under its existing mandate, HDIF continues its ongoing work with COSTECH and the Innovation Ecosystem in Tanzania.</li> <li>In this line of work HDIF shall involve and align with UNDP to assure a smooth transition of activities and relationships to Funguo</li> <li>Specifically, HDIF will support setting up the strategic innovation platform</li> </ul>
Phase I until 12.2021	Start implementation, setup Facility and Fund, HDIF legacy
Key actors	Key responsibilities – phase specific
UNDP	<ul style="list-style-type: none"> <li>Initiate Funguo Program</li> <li>Set workplan with implementing partners and Facility staff (distribute responsibilities and activities between UNDP, Facility and implementing partners)</li> <li>Establish the program and Facility governance</li> <li>Support Funguo Program implementation, SO3</li> <li>Manage donor relations and M&amp;E</li> </ul>
Facility staff	<ul style="list-style-type: none"> <li>Develop products and services</li> <li>Start building pipeline and conduct initial investments</li> <li>Engage investors</li> </ul>
Implementing partner	<ul style="list-style-type: none"> <li>Initiate implementing program activities</li> <li>Incorporate legal entity/entities, bank accounts and registrations to become operational</li> <li>Incorporate trust fund (UNDP as sole initial grantor, Facility as trustee)</li> <li>Assist Facility management to design target organisation and to hire additional Facility staff</li> <li>Support Facility to establish fund management (possibly a third-party fund manager)</li> </ul>
COSTECH	<ul style="list-style-type: none"> <li>Initiate partnership activities according to MOU</li> </ul>
HDIF	<ul style="list-style-type: none"> <li>Pending agreement with FCDO, handover all relevant learnings and assets to Funguo</li> </ul>
Phase II until 4.2024	Implementation and building Facility and Fund capabilities
Key actors	Key responsibilities – phase specific
UNDP	<ul style="list-style-type: none"> <li>Support Funguo Program implementation, SO3</li> <li>Transition activities towards the Facility</li> <li>Manage donor relations and M&amp;E</li> </ul>
Facility	<ul style="list-style-type: none"> <li>Implement SO1 – Catalytic Fund and SO2 – strengthen and source BDS activities with support of implementing partner</li> </ul>
Implementing partner	<ul style="list-style-type: none"> <li>Support implementing program activities</li> <li>Build Facility capacity towards independent operability</li> <li>Transition activities to the Facility</li> </ul>
COSTECH	<ul style="list-style-type: none"> <li>Joint implementation of SO3 activities</li> </ul>

Phase III until 4.2026	Implementation, preparing Facility and Fund sustainability
Key actors	Key responsibilities – phase specific
UNDP	<ul style="list-style-type: none"> <li>• Support Funguo Program implementation</li> <li>• Support Facility with attracting future partners</li> <li>• Close program</li> <li>• Manage donor relations and M&amp;E</li> </ul>
Facility	<ul style="list-style-type: none"> <li>• Implement full range of Facility activities independently</li> </ul>
Implementing partner	<ul style="list-style-type: none"> <li>• Support implementing program activities other than activities that are to be sustained by the Facility</li> <li>• Close program</li> </ul>
COSTECH	<ul style="list-style-type: none"> <li>• Joint implementation of SO3 activities</li> </ul>
Phase IV as of 4.2026	Independent operations
Key actors	Key responsibilities – phase specific
Facility	<ul style="list-style-type: none"> <li>• Implement full range of Facility activities independently</li> </ul>

## Exit Strategy

### Year 3

The Facility and fund should be already capable to function without implementing partner support and execute all relevant activities that are to be sustained beyond the program independently, while it is still under the programmatic governance of UNDP and while programmatic activities are still being carried out in parallel.

The implementing partner activities related to building out the Facility and the Catalytic Fund (i.e. support for activities that the Facility shall carry out beyond the program) should be closed down. The implementing partner may continue to work for the program to deliver programmatic activities.

### Year 4

At the annual project board meeting in year 4, the final decision shall be confirmed on what activities of the program shall be sustained by the Facility beyond year 5 and actions shall be undertaken accordingly.

Future partners need to be in place for the trust fund and funding needs to be committed to assure the continuation of the Facility beyond the program.

UNDP shall work with development partners to explore the need of future innovation related programming in Tanzania, including future development partnerships with COSTECH.

### Year 5

During year 5 all programmatic activities need to be closed down and the implementing partner exits.

Relevant assets from the programmatic activities, UNDP and the implementing partners shall be handed over to the Facility: e.g. relationships, contracts, knowledge products.

Unused funding under the program shall be transferred to the trust fund.

Future governance of the Facility and fund needs to be established.

## V. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The governance of the Funguo Program is characterized by a number of governing bodies. This setup is required to both manage the program implementation and prepare the Facility for independent operation beyond the program and is depicted in Figure 3, Funguo Program, -Facility and -Fund governance.

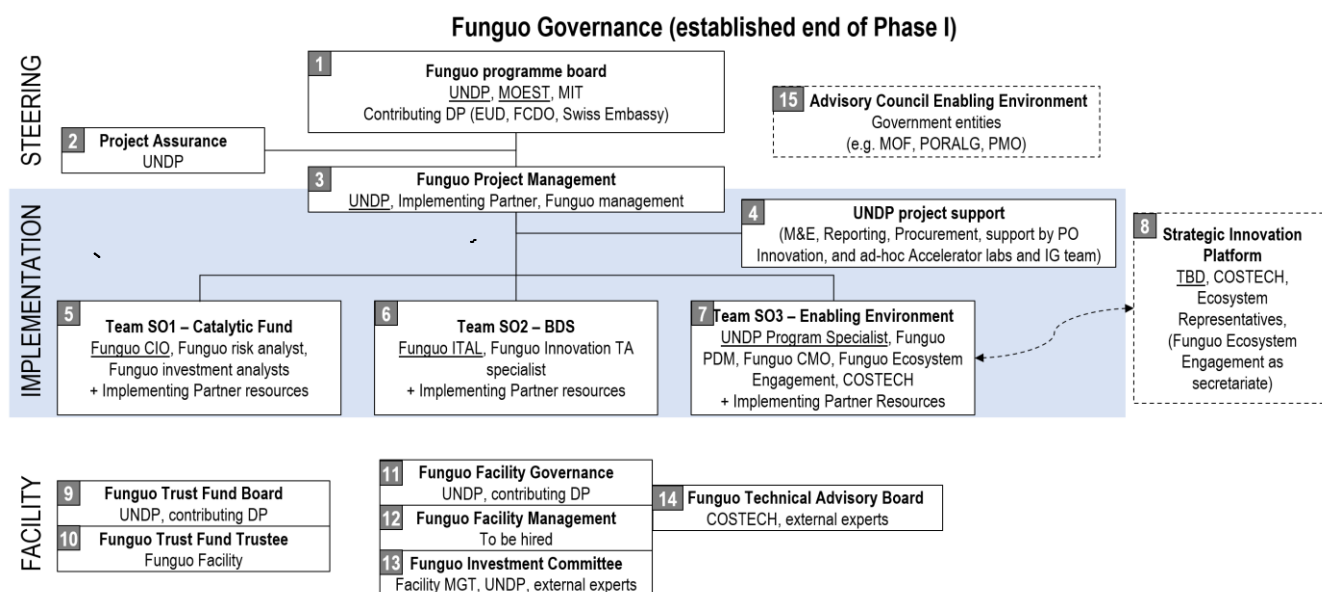


Figure 3, Funguo Program, -Facility and -Fund governance

1. The Funguo Program board convenes at least annually to monitor the progress and for strategic steering. It is co-chaired by development partners and MOEST. UNDP has the secretariate role and project management shall present and report at the programme board meetings. Outcome level changes need to be decided here. Contributing development partners are also members.  
Program board members can opt-in to receive monthly virtual “15 min briefs” by project management.
2. As defined by UNDP’s Quality Standards and Assurance procedures to conduct project design, implementation and closure QA assessments. Conducted by UNDP Tanzania.
3. The Funguo project management is the main decision making body for the Funguo Program implementation. While a minimum meeting frequency is set, project management shall convene as often as necessary to allow for a swift implementation. Output level changes can be decided here. It is chaired by the UNDP resident representative or a delegate. Contributing development partners are informed about Project Management decisions and can opt-in to participate at the meetings.
4. UNDP Tanzania provides a number of services to the Program: M&E, Reporting, initial recruitment and procurement, as well as technical structural support from the Program Officer Innovation and ad hoc support the Accelerator Labs and the inclusive growth team, as required
5. The SO1 team manages all SO1 related activities. SO1 activity level changes can be decided here. The Funguo Chief Investment Officer leads this body.
6. The SO2 team manages all SO2 related activities. SO2 activity level changes can be decided here. The Funguo ITAL leads this body.
7. The SO3 team manages all SO3 related activities. SO3 activity level changes can be decided here. A UNDP program specialist leads this body.
8. The Strategic Innovation Platform is an independent body outside of the program and Facility, but it is a key implementation vehicle for SO3 related activities and shall be used by the program for activities that require broad engagement with the Innovation Ecosystem

9. The Funguo trustfund board is a representation of the grantors who contribute to the Funguo trust fund. Initially UNDP on behalf of the program partners. Future partners that contribute directly to the trust fund will join here.
10. The Funguo Facility will act as trustee of the trustfund.
11. The Funguo Facility will be set up as a not for profit. Pending legal and tax advice, the type of non profit entity will determine what governance is required. UNDP will assume control of the Facility during the lifetime of the program and contributing development partners can opt-in to assume a governance role in the facility directly.
12. The Funguo Facility management will be accountable to the Funguo Facility board.
13. The Funguo Fund investment committee will prepare the decisions on the Fund's investments. It will be convened as often as necessary to assure short timelines to investment. The trustfund board has the ultimate decision power on the fund's spending. Gender balance in this board is of importance to assure no gender bias in investment decisions.
14. The Funguo Technical Advisory board is compiled out of external experts in relevant subject matters and highly networked individuals to guide the Facility and the program. That is, the advisory board may be also used to advice the program board and project management. The Technical Advisory board shall be selected accordingly and Funguo may draw ad hoc on the advise of individual members without the necessity to convene the entire board.
15. Optionally, the programme board may decide to install an additional advisory council for the Enabling Environment with representatives of other key government entities, with the purpose to a) inform about Funguo activities, especially related to SO3 the enabling environment and b) receive advise on how to promote innovation friendly policies. Project management and the SO3 team would engage with this advisory council.

The DRAFT target organization of the Facility is shown in Figure 4, DRAFT target organization of Funguo Facility and Fund, and will contribute to the program delivery 5, 6, 7 and 8.

20. The Funguo Chief Executive Officer leads the Facility. She is responsible for building the organization and to deliver the targeted outputs. Ideally a person that has experience with growing an organization from scratch.
21. Management Support & HR: provide support to Funguo officers (secretarial and functional) as well as manage HR: hiring & employee happiness
22. Management Support & IT: provide support to Funguo officers (functional) as well as manage IT, implementing and maintaining IT solutions
23. Chief Financial Officer: manage all finance, accounting, and tax, including payroll and procurement
24. Partner and Development Management: manage partnerships with development partners and key partners, like COSTECH and oversee development activities of Funguo (complementing the more commercial skill-sets of the CEO and CIO and the innovation skills of ITAL); contributes to SO3
25. Innovation TA Lead: responsible for all TA to be provided to Impact Ventures, including providing capacity strengthening to BDS. Leads the program implementation team for SO2
26. Innovation TA specialist: technical expert on TA service design supporting the ITAL
27. Ecosystem Engagement: manage the relationships with Innovation BDS and other ecosystem stakeholders, conduct ecosystem studies and provide the secretariate role to SIP
28. Chief Investment Officer: Responsible for all fund management and investor relationships. Leads the program implementation team for SO1; please note that during Phase I it will be decided if positions 28, 29, 30, and 31 are Facility staff or outsourced to a third-party fund manager.
29. Risk analyst: Responsible for all Impact Venture risk assessments and risk monitoring
30. Investment analyst: Responsible for all pipeline building and venture selection. Work with PO and Innovation TA specialist for BDS services related to sourcing. Provide feedback to Impact Ventures and provide direct TA to portfolio ventures, as necessary

31. Same as 30. An investment analyst may be able to assess about 50 to 100 Impact Ventures per month. Depending on the required pipeline to build the target portfolio, and the actual time spent on activities other than assessment, an additional, third investment analyst may be added to the team.
32. Chief Marketing Officer: responsible for all marketing, press, events and Funguo's communication channels. The CMO will contribute to the program delivery team for SO3 where relevant
33. Campaigns and events: marketing support role that is responsible for all campaigns and events that Funguo runs and supports
34. Social media: marketing support role that is responsible for social media marketing and copy writing
35. Officer manager: manage the office, supplies and logistics

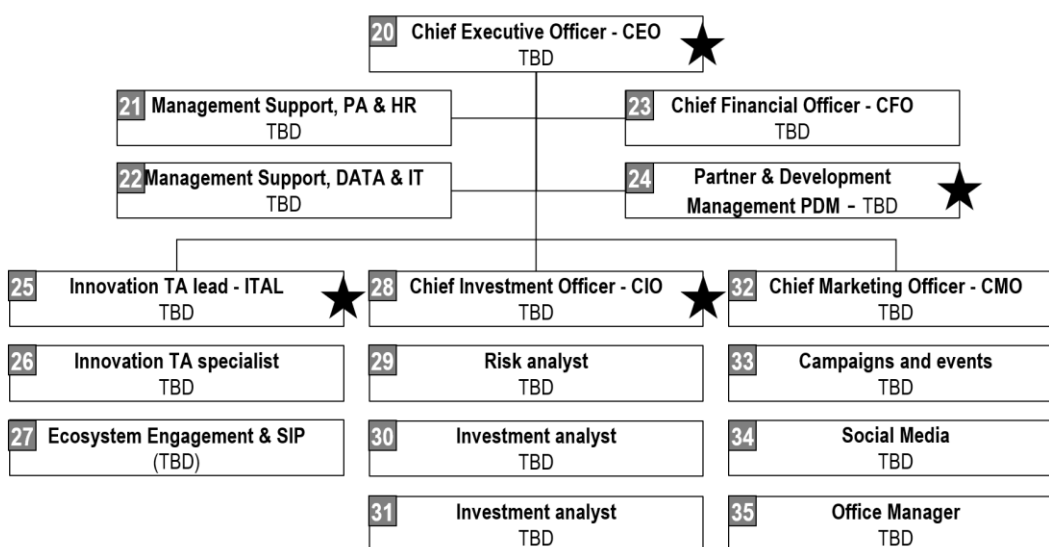
The UNDP staff that contributes to the implementation shall be at least two dedicated staff beyond the governance activities. Related to governance it is suggested that the RR participates in 1) the programme board and that the inclusive growth lead participates in 3) Project Management. The two dedicated resources are listed below. At the time of writing it appears likely that the Program Specialist Enabling Environment also takes responsibilities related to the day to day project management.

7. Program Specialist Enabling Environment: Lead the Enabling Environment activities with COSTECH and steer implementing partner and Funguo related to SO3

4. Program Officer Innovation: Support the Program Specialist Enabling environment in day to day project management and support directly with coordination and the actual implementation.

The resources from the implementing partner are pending the implementing partner selection process and shall not be further elaborated in this proposal.

### Funguo Facility and Fund target organization (established end of Phase II)



★ = facility founder team

Figure 4, DRAFT target organization of Funguo Facility and Fund

## VI. RESULTS FRAMEWORK

Please note that all indicators are suggestions at the time of writing this report and are pending further refinement and the COSTECH MOU.

### The specific Impact (Overall Objective) of the program:

Impact Ventures contribute to the achievement of the national development goals and the SDGs in Tanzania.

### The corresponding intended outcome as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:

Strategic Priority 1 - Inclusive Growth

Outcome 1.1 - Economic Growth & Employment: The economy is increasingly transformed for greater pro-poor inclusiveness, competitiveness and improved opportunities for decent and productive employment

### The corresponding outcome indicators as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:

Indicator 1.1-4 - 1.2.1 Proportion of population living below the national poverty line, by sex and age (Percent) Agency: UNDP

*Mainland: Baseline 2015: 28.2%; Target 2021: 26%; Target 2025: TBD*

*Zanzibar: Baseline 2015: 30.4%; Target 2021: 28%; Target 2025: TBD*

Indicator 1.1-5 - 8.5.2 Unemployment rate, by sex, age and persons with disabilities (Percent) Agency: ILO

*Female, Mainland: Baseline 2015: 12.3%; Target 2021: 11%; Target 2025: TBD*

*Female, Zanzibar: Baseline 2015: 22.9%; Target 2021: 21%; Target 2025: TBD*

*Male, Mainland: Baseline 2015: 8.2%; Target 2021: 7%; Target 2025: TBD*

*Male, Zanzibar: Baseline 2015: 6%; Target 2021: 5%; Target 2025: TBD*

*15-24y, Mainland: Baseline 2015: 13.7%; Target 2021: 12%; Target 2025: TBD*

*15-24y, Zanzibar: Baseline 2015: 27%; Target 2021: 25%; Target 2025: TBD*

Indicator 1.1-6 - Mean monthly income of self-employed women and men (TZS) Agency: ILO

*Female, Mainland: Baseline 2015: 144,300; Target 2021: 400,000; Target 2025: TBD*

*Female, Zanzibar: Baseline 2015: 213,291; Target 2021: 600,000; Target 2025: TBD*

*Male, Mainland: Baseline 2015: 279,636; Target 2021: 800,000; Target 2025: TBD*

*Male, Zanzibar: Baseline 2015: 593,463; Target 2021: 1,700,000; Target 2025: TBD*

*Please see UNDP II for further details. Targets for 2025 shall be set in the UNDP III.*

### Applicable Results Framework elements from the UNDP Strategic Plan:

STRATEGIC PLAN OUTCOME 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.

Output 1.1: Select ministries and districts have enhanced capacities to develop, implement and monitor gender-responsive, environmentally sustainable and inclusive growth policies/plans

Output 1.3: Capacities of women's and youth enterprises in the 28 districts enhanced to grow and add value to their products for increased income

**Project title and Atlas Project Number:** Funguo Program (ATLASXXX)

**The corresponding output UNDP country program document (2016 – 2021) result framework elements for Tanzania:**

Outcome 1; Output 3: Capacities of women's and youth enterprises in the 28 districts enhanced to grow and add value to their products for increased income

**The corresponding intended output as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Output 1.1.3 - Micro, small, medium and large enterprises, in particular those led by women and youth, have strengthened capacities to increase productivity, add value to their products and access markets

**The corresponding output indicators as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Indicator 1.1.3-4 - Average percentage increase in productivity reported by UN supported small, medium and large enterprises (Percent) Agency: FAO, ILO, ITC, UNCDF, UNDP, UNIDO

Mainland Tanzania, Total: Baseline 2015: 0; Target 2021: 15; Target 2025: TBD; the programs contribution to this indicator would be by indicator 1A.1, but translating revenue growth into productivity gains would need to be confirmed.

Indicator 1.1.3-7 - Number of UN supported enterprises, farmers and entrepreneurs accessing financial services (Number) Agency: UNCDF

Female, Mainland: Baseline 2015: 29,405; Target 2021: 21,215; Target 2025: TBD; the programs contribution to this indicator through SO1 would be by indicator 1A.3

Female, Zanzibar: Baseline 2015: 0; Target 2021: 352; Target 2025: TBD; the programs contribution to this indicator through SO1 would be by indicator 1A.3

Male, Mainland: Baseline 2015: 22,183; Target 2021: 14,915; Target 2025: TBD; the programs contribution to this indicator through SO1 would be by indicator 1A.3

Male, Zanzibar: Baseline 2015: 0; Target 2021: 312; Target 2025: TBD; the programs contribution to this indicator through SO1 would be by indicator 1A.3

Please see UNDAF II for further details. Targets for 2025 shall be set in the UNDAF III.

EXPECTED OUTCOMES	OUTCOME INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
<b>SO1A</b> Access to 3rd party finance for portfolio Impact Ventures is unlocked.	1A.1 % of portfolio ventures achieving a total revenue growth of 100% after an investment (not grant!) of the Facility (disagg: age, type of venture <sup>5</sup> , sex - adjusted for team <sup>6</sup> , geography)	Reporting of portfolio ventures to the Facility	0%	2020	0%	5%	10%	25%	50%	Low risk: Periodical reporting of revenues to the Facility can be validated through ventures' tax reporting. Ventures will want to maintain relationship with the Facility to gain access to follow up investment and support.
	1A.2 % of invested capital returned to the fund through exits (disagg: sex – adjusted for team, age, type of venture – strong, soft Impact Ventures, geography)	Facility internal accounting data	0%	2020	0%	0%	0%	10%	20%	Low risk: as data collection will be based on Facility internal accounting and bookkeeping.

<sup>5</sup> Portfolio ventures are categorized in soft and strong Impact Ventures according to a Facility internal methodology; soft = impact in one SDG only, strong = impacting multiple SDG

<sup>6</sup> Sex - adjusted for team means at least one female founder, owner, or manager with at least 10% participation (=contribution of value: time, money, assets) in the venture



	1A.3 % portfolio ventures that receive third-party investment/ financing (disagg: sex – adjusted for team, age, type of venture– strong, soft Impact Ventures, type of instrument <sup>7</sup> , geography)	Reporting of portfolio ventures to the Facility, agreements signed by investors/ financiers	0%	2020	0%	5%	15%	25%	35%	Low risk: Facility as an investor has the entitlement to have access to governance affairs of the portfolio ventures
	1A.4 amount of third-party investment/ financing for portfolio ventures as % of total invested capital by the Facility (disagg: sex – adjusted for team, age, type of venture– strong, soft Impact Ventures, type of instrument, geography)	Reporting of portfolio ventures to the Facility, agreements signed by investors/ financiers	0%	2020	0%	5%	20%	30%	40%	Low risk: Facility as an investor has the entitlement to have access to governance affairs of the portfolio ventures
Assumptions	No further strong impact of Covid19 on the innovation sector and national and global economy recovery as of 2021 Global and national interest in impact investing remains high Government policies remain supportive of economic growth and entrepreneurship Economic trends stays comparable - no major disruption of economic growth No political conflict / unrest Flagship portfolio of the Facility creates a pull effect for impact investment in Tanzania; supply (venture pipeline)- and demand side (donors and investors)									
<b>SO1B</b> The established Facility is able to operate beyond the program.	1B.5 % of the budget raised that is required to operate the Facility and fund for at least 2 years beyond the program	Commitments signed by donors with the Facility	0%	2020	0%	0%	0%	50%	100%	Low risk: the Facility's staff interests are aligned to assure the continuation of the Facility and donor commitments can be validated directly through UNDP donor relations
Assumptions	Global and national donor interest in impact investment and innovation persists Flagship portfolio of the Facility creates a pull effect for impact investment in Tanzania; supply (venture pipeline)- and demand side (donors and investors)									
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
Output 1A.1 Portfolio of investable Impact Ventures is built up	1.1.1 # of Impact Ventures receiving funding from the Facility (disagg: sex – adjusted for team, age, type of venture, type of instrument, geography)	Facility internal accounting	0	2020	30	75	126	130	137	Cumulative. Low risk: required data is accounting data linked to the Facility's core business
	1.1.2 Total funding provided by the Facility to Impact Ventures in USD (disagg: sex – adjusted for team, age, type of venture, type of instrument, geography)	Facility internal accounting	0	2020	1.0 million USD	2.6 million USD	3.0 million USD	0.95 million USD	0.95 million USD	.Low risk: required data is accounting data linked to the Facility's core business

<sup>7</sup> Type of financial instrument that the venture received; grant, debt, equity

	<b>1.1.3</b> % of portfolio ventures that are classified as strong Impact Ventures Soft = Single SDG (and not harming other goals) Strong = multiple SDG	Facility internal records	0%	2020	50%	50%	50%	50%	50%	50%	Low risk: required data is accounting data linked to the Facility's core business
Assumptions	Additional donor funding can be raised to increase the volume of the Catalytic Fund Innovation and impact investment continues to be a donor priority The business environment does not worsen A sufficiently large number of relevant (early stage) Impact Ventures, entrepreneurs and innovators exists to build the investment pipeline										
<b>Output 1A.2</b> Relationships with national and international (impact) investors and financiers are built	<b>1.2.1</b> # of financing deals brokered by the Facility, beyond portfolio investments (disagg. by size <100,000 USD, <500,000 USD, > 1,000,000 USD; type of instrument; venture type, sex – adjusted for team, age, geography)	LOI signed between Impact Ventures and investor / financier	0	2020	0	0	10	20	30	Cumulative. The initial LOI is merely a proxy for the actual event of an Impact Ventures receiving a financial transaction	
	<b>1.2.2</b> # of investors and financiers engaged	LOI signed with the Facility	0	2020	5	10	15	20	25	Cumulative. A LOI is merely a proxy for the level of engagement achieved with an investor / financier	
Assumptions	The Facility manages to become a trusted partner for promising ventures and national and international third-party investors and financiers Impact investment continues to be of national and international interest in the investor community										
<b>Output 1B.3</b> The Facility's capacity to operate successfully and sustainably has been built	<b>1.3.1</b> % of KPI on the Facility's management dashboard that are on target <sup>8</sup>	The actual performance dashboard and KPI metrics of the Facility's operations.	0%	2020	50%	75%	90%	90%	90%	The actual performance dashboard for the Facility's operations needs to be set during the incubation.	
Assumptions	The required talent to build the Facility is available to work in Tanzania It is possible to attract and keep the right talent to work for the Facility The right modality can be chosen to build a market oriented agile Facility from within this development program										

<sup>8</sup> Please see Appendix 0 for possible elements on a performance dashboard of the Facility

**The corresponding output UNDP country program document (2016 – 2021) result framework elements for Tanzania:**

Outcome 1; Output 3: Capacities of women's and youth enterprises in the 28 districts enhanced to grow and add value to their products for increased income

**The corresponding intended output as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Output 1.1.2 - Relevant institutions have enhanced capacities to provide gender-responsive, market-oriented, quality programs, products and services

**The corresponding output indicators as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Indicator 1.1.2-8 - Number of UN supported institutions with national or local reach, delivering market-oriented and gender responsive training programs and business development support products and services (Number)  
Agency: ILO

*Tanzania, Business Development Support Organizations: Baseline 2015: 0; Target 2021: 7; Target 2025: TBD; the programs contribution to this indicator through SO21 would be +2 in 2021, by indicator 2.1.1*

Indicator 1.1.2-10 - Number of supported national, regional and community level financial service providers offering financial products and services that responds to the needs of women and youth entrepreneurs and small-holder farmers (Number) Agency: UNCDF

*Mainland Tanzania, Total: Baseline 2015: 0; Target 2021: 7; Target 2025: TBD; the programs contribution to this indicator through SO1 would be +1 in 2021, for the creation of the Facility and fund, by indicator 1B.5*

Please see UNDAP II for further details. Targets for 2025 shall be set in the UNDAP III.

EXPECTED OUTCOMES	OUTCOME INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
<b>SO2</b> The business development service providers (BDS) in the Innovation Ecosystem generate more investment ready and scalable Impact Ventures	2.1 % of portfolio ventures that received Funguo investment with follow up funding where ventures enjoyed services of one or more BDS (sex – adjusted for team, age, type of venture, geography)	Portfolio venture reporting to the Facility	0%	2020	n/a	n/a	7.5%	12.5%	17.5%	Portfolio venture reporting administered by the Facility. The portfolio ventures are contractually bound to report to the Facility.
	2.2 # innovators or entrepreneurs reached through BDS that were capacitated by the Facility (sex – adjusted for team, age, type of venture, geography)	BDS reporting to the Facility	0	2020	50	100	250	400	600	Cumulative. BDS that received capacity strengthening or payment by the Facility are contractually bound to report to the Facility.
	2.3 % of participants (impact entrepreneurs and innovators in TNZ ) that show at least a 20% improvement in satisfaction compared to year 1, regarding BDS in the Innovation Ecosystem and financing opportunities (sex, age, geography)	Annual survey administered by the Facility	n/a	2020	n/a	20%	30%	40%	50%	Risk of not achieving representative reach. Annual survey is disseminated by the Facility and its partner network. Next to the core indicator, the annual surveys will be used to inform program activities under SO3. Identifying and reaching innovators in the ecosystem is feasible; especially through the Facility's partner network and key events such as innovation week.

	2.4 % of participants (local or international impact investors) that show at least a 20% improvement in satisfaction compared to year 1, regarding the investment opportunities in TNZ (local/international)	Annual survey administered by the Facility	n/a	2020	n/a	20%	30%	40%	50%	Risk of not achieving representative reach. Annual survey is disseminated by the Facility and its partner network. Next to the core indicator, the annual surveys will be used to inform program activities under SO3. Identifying and reaching investors in the ecosystem is feasible.
	2.5 % of participants (BDS) that show at least a 20% improvement in satisfaction compared to year 1, regarding the alignment and health of the Innovation Ecosystem in TNZ (geography)	Annual survey administered by the Facility	n/a	2020	n/a	20%	30%	40%	50%	Risk of not achieving representative reach. Annual survey is disseminated by the Facility and its partner network. Next to the core indicator, the annual surveys will be used to inform program activities under SO3. Identifying and reaching BDS in the ecosystem is feasible.
Assumptions	Ease of doing business and regulations for investments is stable or improves Innovation and entrepreneurship remain a topic of public interest									
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
<b>Output 2.1</b> A selection of BDS providers is capacitated to support the portfolio ventures from sourcing to exit: (the Facility is not duplicating existing services in the Innovation Ecosystem)	2.1.1 # of organizations capacitated and procured to provide business development services to Facility portfolio ventures (geography)	Number of contracts signed with BDS	0	2020	2	3	4	5	6	Cumulative. Low risk: Facility internal reporting
	2.1.2 Net Promoter Score of BDS staff that received trainings	Test administered by the Facility	0%	2020	70%	70%	70%	70%	70%	Risk of low return. NPS is calculated as the percentage of participants scoring (9 – 10) minus the participants scoring (1 – 6) over the number of participants; Together with post assessment for 2.1.3
	2.1.3 % of staff trained at BDS who stated that their knowledge is enhanced by at least 20% (sex, age, geography of BDS)	Test administered by the Facility	0%	2020	80%	80%	80%	80%	80%	Risk of low return. Pre – post assessment testing confidence in the subject matter (5 point scale); Post assessment together with NPS survey for indicator 2.1.2

	2.1.4 # open source knowledge assets created and disseminated, as a by-product of capacity strengthening activities to build certain BDS in the ecosystem, e.g. curricula of investor readiness, scale-up, etc programs	Publishing of assets by the Facility	0	2020	1	3	4	5	6	Cumulative. Low risk as it is linked to a core activity of the Facility.
Assumptions	Sufficiently large pipeline of (early stage) innovators and entrepreneurs exist to receive the BDS services BDS manage to build sustainable business models to continue learning and building own capacity									

**The corresponding output UNDP country program document (2016 – 2021) result framework elements for Tanzania:**

Outcome 1; Output 1: Select ministries and districts have enhanced capacities to develop, implement and monitor gender-responsive, environmentally sustainable and inclusive growth policies/plans  
 Outcome 1; Output 4: Relevant policies and programmes in growth sectors reviewed and operationalized on the basis of evidence/data

**The corresponding intended output as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Output 1.1.1 - Relevant MDA and selected LGAs have strengthened capacities to review and implement evidence-based economic policies and plans to be business-enabling, environmentally sustainable and gender responsive

**The corresponding output indicators as stated in the United Nations Development Assistance Plan II (2016 – 2021) for Tanzania:**

Indicator 1.1.1-9 - Status of review of skills and employment related policies and plans that facilitate transition to formality, are business enabling and integrate gender, youth and environmental concerns (Policy Status) Agency: ILO

*Qualitative indicator. Program contribution would need to be determined.*

Indicator 1.1.1-11 - Number of supported LGAs with economic plans, budgets and investments that integrate poverty, environmental and gender concerns (Number) Agency: UNCDF

*Mainland Tanzania, Regional: Baseline 2015: 0; Target 2021: 17; Target 2025: TBD; the programs contribution to this indicator by indicator 3.2, actual match is to be determined.*

Please see UNDAP II for further details. Targets for 2025 shall be set in the UNDAP III.

EXPECTED OUTCOMES	OUTCOME INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
SO3 The Enabling Environment for women and youth lead innovation ventures is improved	3.1 # of government directives / policies / guidelines passed that target innovation and positively impact the innovation environment, influenced by the program (disaggregate with / without direct consultations)	Policies identified through COSTECH DPG STI	0	2020	1	2	3	4	5	Cumulative. Identification takes place via COSTECH partnership and DPG STI's liaison with other sectoral DPG subgroups. Risk is how to judge that the program indirectly influences a policy.
	3.2 # of stakeholders that have adopted new policies, strategies, projects or programs related to innovative entrepreneurship in Tanzania, influenced by the program (disaggregate with / without direct consultations)	Identification through SIP DPG STI	0	2020	2	4	6	8	10	Cumulative. Identification takes place via SIP, DPG STI, and other relevant networks and associations in the Innovation Ecosystem. Risk is how to judge that the program indirectly influences a policy.
	3.2 Rank of Tanzania on the global innovation index	WIPO, Global Innovation Index Report, annual	88	2020	88	86	84	82	80	Readily available global report, but data collected by BRELA.
Assumptions	Other policies outside the innovation space do not undermine the progress within the scope of the program National Innovation Framework can contribute to a more innovation friendly actualization of FYDP III Innovation turns even more into a respected and relevant topic in Tanzania and an innovation culture start to develop									

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS
			Value	Year	Y1	Y2	Y3	Y4	Y5	
<b>Output 3.1</b> Evidence and learnings created and disseminated	3.1.1 # of publications / reports disseminated to inform government, development partners and Innovation Ecosystem actors	Publications of Facility administered research	0	2020	1	1	1	1	1	Key input for the publications are the annual surveys linked to indicators 2.3, 2.4 and 2.5, as well as identification of Innovation Ecosystem needs in the SIP
	3.1.2 # of SIP meetings convened (disaggregate geography)	Facility internal reporting; Minutes of the meetings through SIP secretariate	1	2020	4	4	4	4	4	Low risk as it is linked to a core activity of the Facility
Assumptions	Current level of interest of Innovation Ecosystem players to convene and align is stable									
<b>Output 3.2</b> Awareness is created amongst key governmental stakeholder to adopt more innovation friendly policies	3.2.1 # of meetings convened with COSTECH, other relevant government entities and stakeholders of the Innovation Ecosystem	Facility internal reporting; minutes of the meetings	0	2020	4	6	6	6	6	Low risk as it is linked to a core activity of the Facility
Assumptions	Partnership with COSTECH can be sustained Positioning of COSTECH within the government is stable or improved Change in government leadership following 2020 elections does not result in postponement or change in policy direction									
<b>Output 3.3</b> Key Innovation stakeholders are further capacitated to embrace and promote innovation	3.3.1 # of capacity building workshops held with key stakeholders (BDS, corporates, academia, media, DP, ...) (disaggregate geography)	Facility internal reporting; minutes of the meetings	0	2020	4	6	6	6	6	Low risk as it is linked to a core activity of the Facility
Assumptions	Minimal staff turnover to enable institutional capacity strengthening measures to take root									

Output 3.4 Innovation is promoted at a national level	3.4.1 # of innovation relevant events of national significance supported	Facility internal reporting	0	2020	3	3	3	3	3	Events such as the innovation week. We expect the Facility to be approached by meeting organizers throughout the country to support innovation events.
	3.4.2 # number of media appearances campaigns or events initiated or supported by Funguo with nationwide coverage that directly promote innovation	Newspaper article, recording of radio or TV show	0	2020	4	4	4	4	4	Media appearances may be linked to supported events of national significance.
	3.4.3 # social media followers (all accounts and networks combined, Kiswahili or English)	Facility's' social media accounts	0	2020	5,000	10,000	20,000	40,000	80,000	Cumulative
Assumptions	Promotion of competing values does not increase Nationwide interest in innovation is stable or continues to increase									



## VII. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following standard UNDP monitoring plan:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	Facility, Implementing partners	
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Facility	
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually with UNDP; continuously inside the Facility	Relevant lessons are captured by the project team and used to inform management decisions.	Facility	
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	Facility	
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making at project management level	Ad hoc as required by Facility, but at least annually with UNDP	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	Facility, Implementing partners	
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		Facility, Implementing partners	
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project in order to achieve its objectives. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Ad hoc as required by Facility, but at least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	Facility	

## VIII. MULTI-YEAR WORK PLAN

Below table holds an initial Budget estimate for the Funguo program and facility operations for the first five years. Further detailing is pending additional partner consultations.

EXPECTED OUTCOME												
SO1A Access to 3rd party finance for portfolio Impact Venture is unlocked & SO1B The established Facility is able to operate beyond the program.												
EXPECTED OUTPUTS	PLANNED ACTIVITIES		Planned Budget by Year					RESPONSIBLE PARTY	PLANNED BUDGET			
			Y1	Y2	Y3	Y4	Y5		Funding Source	Budget Description	Amount	#
<b>Output 1A.1</b> <i>Gender marker: GN2</i> Portfolio of investable Impact Venture is built up	1A.1.A1	Provide grants to impact ventures	500,000.00	1,000,000.00	1,000,000.00	300,000.00	300,000.00	Facility	TBD	Grant funding to impact ventures	3,100,000.00	1
	1A.1.A2	Provide investments to impact ventures	500,000.00	1,600,000.00	2,000,000.00	650,000.00	650,000.00	Facility	TBD	Investments to impact ventures	5,400,000.00	2
	1A.1.A3	Build and manage portfolio - see output 1B.3 - facility operating cost	-	-	-	-	-	Facility	TBD		-	3
	<b>Sub-Total for Output 1A.1</b>											<b>8,500,000.00</b>
<b>Output 1A.2</b> <i>Gender marker: GN2</i> Relationships with national and international (impact) investors and financiers are built	1A.2.A1	Events for local investors	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	Facility	TBD	Engagement budget for the facility to interact with investor community	30,000.00	4
	1A.2.A2	Events for international investors	6,800.00	4,800.00	4,800.00	4,800.00	4,800.00	Facility	TBD		26,000.00	5
	1A.2.A3	Create and disseminate Fund promo materials to investors, promo activities	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	Facility	TBD		20,000.00	6
	<b>Sub-Total for Output 1A.2</b>											<b>76,000.00</b>
<b>Output 1B.3</b> <i>Gender marker: GN2</i> The Facility's capacity to operate successfully and sustainably has been built	1B.3.A1	Operate facility - staff	590,462.58	807,997.07	830,034.73	835,909.24	858,228.09	Facility	TBD	Operating cost of the facility including staff, services and rent	3,922,631.71	7
	1B.3.A2	Implementing Partner - Senior engagement management	100,800.00	100,800.00	100,800.00	100,800.00	100,800.00	Implementing Partner	TBD		Budget for implementing partner support	504,000.00
	1B.3.A3	Implementing Partner - Build facility capacity - SO1, SO2	478,800.00	478,800.00	119,700.00	-	-	Implementing Partner	TBD	1,077,300.00		9
	1B.3.A4	Implementing Partner - Support program SO3	50,400.00	50,400.00	50,400.00	50,400.00	50,400.00	Implementing Partner	TBD	252,000.00		10
	1B.3.A5	Advisory	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	Facility	TBD	Budget for additional third party advisory	80,000.00	11
	<b>Sub-Total for Output 1B.3</b>											<b>5,835,931.71</b>
EXPECTED OUTCOME												
SO2 The business development service providers (BDS) in the Innovation Ecosystem generate more investment ready and scalable Impact Venture												
EXPECTED OUTPUTS	PLANNED ACTIVITIES		Planned Budget by Year					RESPONSIBLE PARTY	PLANNED BUDGET			
			Y1	Y2	Y3	Y4	Y5		Funding Source	Budget Description	Amount	#
<b>Output 2.1</b> <i>Gender marker: GN2</i> A selection of BDS providers is capacitated to support the portfolio ventures from sourcing to exit: (the Facility is not duplicating existing services in the Innovation Ecosystem)	2.1.A1	TA services for Impact Ventures	139,200.00	69,600.00	69,600.00	69,600.00	69,600.00	Facility / BDS	TBD	Budget to build capacity and source BDS services	417,600.00	12
	2.1.A2	Sourcing activities	100,000.00	100,000.00	100,000.00	20,000.00	20,000.00	Facility / BDS	TBD		340,000.00	13
	2.1.A3	Female mentoring + coaching	25,302.28	54,354.55	56,854.55	17,368.87	17,368.87	Facility / BDS	TBD	Third party mentoring and coaching for female founder of portfolio ventures	171,249.11	14
	2.1.A4	Volunteer mentoring program	-	133,250.00	63,250.00	63,250.00	63,250.00	Facility / BDS	TBD	Mentoring for innovators also beyond portfolio	323,000.00	15
	2.1.A5	Support hub association	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	Facility	TBD	Facility budget to support hub association	60,000.00	16
	2.1.A6	Contingency to cater to needs of female founders	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	Facility	TBD	Additional budget for gender tailoring of activities	60,000.00	17
	<b>Sub-Total for Output 2.1</b>											<b>1,371,849.11</b>

EXPECTED OUTCOME												
SO3 The Enabling Environment for women and youth lead innovation ventures is improved												
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					RESPONSIBLE PARTY	PLANNED BUDGET				
		Y1	Y2	Y3	Y4	Y5		Funding Source	Budget Description	Amount	#	
<b>Output 3.1</b> <i>Gender marker: GN2</i> Evidence and learnings created and disseminated	3.1.A1	Convene & coordinate SIP	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	Facility	TBD	Facilitate SIP operations	120,000.00	18
	3.1.A2	Conduct surveys and generate ecosystem status reports	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	Facility	TBD	Facility's annual ecosystem status report	25,000.00	19
	3.1.A3	Conduct studies and generate reports	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	UNDP	TBD	Additional budget for SO3 related studies / reports	200,000.00	20
	3.1.A4	Support additional innovation partnerships and activities	30,000.00	30,000.00	40,000.00	40,000.00	40,000.00	UNDP	TBD	Provision to initiate additional innovation projects	180,000.00	21
	3.1.A5	Operate facility - staff	20,037.50	34,951.13	35,999.66	37,079.65	38,192.04	Facility	TBD	Budget for "Ecosystem Engagement" position that supports SIP	166,259.97	22
	<b>Sub-Total for Output 3.1</b>											<b>691,259.97</b>
<b>Output 3.2</b> <i>Gender marker: GN2</i> Awareness is created amongst key governmental stakeholder to adopt more innovation friendly policies	3.2.A1	Engage with government entities	110,000.00	135,000.00	135,000.00	135,000.00	135,000.00	UNDP	TBD	Budget to partner with COSTECH to promote innovation friendly policies 28x; including UNDP policy specialist	650,000.00	23
	<b>Sub-Total for Output 3.2</b>											<b>650,000.00</b>
<b>Output 3.3</b> <i>Gender marker: GN2</i> Key Innovation stakeholders are further capacitated to embrace and promote innovation	3.3.A1	Engage with key innovation stakeholders	62,000.00	81,000.00	81,000.00	81,000.00	81,000.00	UNDP	TBD	Budget to capacitate key innovation stakeholders 28x, incl. UNDP innovation policy officer	386,000.00	24
	3.3.A2	Operate facility - staff	80,150.00	82,554.50	85,031.14	87,582.07	90,209.53	Facility	TBD	Budget for "Partner and Development manager" that supports SO3	425,527.24	25
	<b>Sub-Total for Output 3.3</b>											<b>811,527.24</b>
<b>Output 3.4</b> <i>Gender marker: GN2</i> Innovation is promoted at a national level	3.4.A1	Support key innovation events	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	Facility	TBD	3 key innovation events per year	750,000.00	26
	3.4.A2	Media campaigns	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	Facility	TBD	Nation wide media campaigns that promote innovation	200,000.00	27
	3.4.A3	Funguo marketing budget	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	Facility	TBD	Facility marketing budget	250,000.00	28
	3.4.A4	Contingency to support event support requests from the innovation ecosystem	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	Facility	TBD		250,000.00	29
	<b>Sub-Total for Output 3.4</b>											<b>1,450,000.00</b>
<b>General Management Support</b>	GMS	8% (covering also Monitoring and Evaluation)	256,236.19	413,800.58	414,517.61	232,143.19	234,227.88	UNDP	TBD		1,550,925.44	30
<b>TOTAL</b>			<b>3,459,188.54</b>	<b>5,586,307.83</b>	<b>5,595,987.68</b>	<b>3,133,933.01</b>	<b>3,162,076.41</b>				<b>20,937,493.47</b>	

## Workplan comments

- 1) Grants to Impact Ventures to prepare for actual investment. 50 x 10,000, 30 x 20,000, 20 x 50,000, 10 x 100,000, resulting in 110 grants of average USD 28,181
- 2) Investments to Impact Ventures to unlock follow on third-party investment / finance: 12 x 150,000, 9 x 200,000, 6 x 300,000, resulting in 27 investments of average USD 200,000
- 3) Key activity of the Catalytic Fund, but budget is covered under Output 1B3, building the capacity of the facility to operate.

- 4), 5), 6) Budget provision for engagement of national and international investor and financier community
- 7) Estimate of the Facility's fixed cost including staff, services and rent
- 8), 9), 10) Budget provision for implementing partners and setup cost to build facility organization, support facility activities and support programmatic activities; please note that this record also includes resources used for SO2 and SO3 activities
- 11) Budget for additional advisory such as for the technical advisory board and the advisory council
- 12) 6 x 70,000 for 6 TA modules, resulting in average TA cost of about USD 3000 per Impact Ventures.
- 13) Also includes a budget provision of 17 x 20,000 for BDS partnerships related to Impact Ventures sourcing and pipeline building; if not necessary, the budget will be used for an open lecture series on innovative entrepreneurship
- 14) Dedicated mentoring program to support female founders of portfolio ventures
- 15) Large scale volunteer mentoring program to support large numbers of innovators beyond the portfolio ventures.
- 16) Dedicated support for the hub association
- 17) Additional contingency budget to cater to needs of female founders (including supporting female founders in areas outside of their innovation activities)
- 18) Budget provision to support and coordinate SIP activities
- 19) Budget for Innovation studies and reports to create the annual Funguo Innovation Ecosystem status report, linked to outcome indicators under SO2
- 20) Budget to generate additional studies and reports beyond the annual Funguo Innovation Ecosystem status report
- 21) Provision to initiate new innovation projects, partnerships or activities that are identified through the SIP
- 22) Budget for the facility position of Ecosystem Engagement, which supports the SIP
- 23) Budget provision for 28 engagements related to facilitating innovation friendly policies, in partnership with COSTECH; includes the UNDP role of Innovation Policy Specialist that co-leads SO3
- 24) Budget provision for capacity building activities with COSTECH for key innovation ecosystem stakeholders; including 28 engagements; includes the UNDP role of Innovation Policy Officer who supports the overall program
- 25) Budget for the facility position of Development and Partner manage, who supports SO3 activities
- 26) Budget provision to support 3 flagship events per year
- 27) Budget provision to conduct nationwide media campaigns
- 28) Overall program & facility marketing and communications budget
- 29) 50,000 per year to respond to ad-hoc support request from the Innovation Ecosystem.
- 30) General Management Support of UNDP – covers also monitoring and evaluation activities, development partner reporting and governance

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## IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Tanzania and UNDP, signed on 30th May 1978. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by [name of entity - TBD] (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

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## X. RISK MANAGEMENT

### UNDP Direct Implementation

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]<sup>9</sup> [UNDP funds received pursuant to the Project Document]<sup>10</sup> are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
  - a. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such

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<sup>9</sup> To be used where UNDP is the Implementing Partner

<sup>10</sup> To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

- i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
  - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
- b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
  - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
  - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
  - e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
  - f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
  - g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- h. **Choose one of the three following options:**

**Option 1:** UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

**Option 2:** Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the

recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

**Option 3:** UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term “Project Document” as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

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## **XI. ANNEXES**

### **A) Funguo Fund – Information Memorandum**

*Please see separate document.*

### **B) COSTECH MOU**

*Please see separate document.*

### **C) Briefing note Enabling Environment / Strategic Innovation Platform**

*Please see separate document.*

### **D) Project Board Terms of Reference and TORs of key management positions**

*Please note that UNDP policy specialist has already been recruited.*

*Please note that UNDP Program Officer Innovation (UNV) has already been recruited.*

*TORs for founding team (CEO, CIO, PDM, ITAL) are work in progress with UNDP*

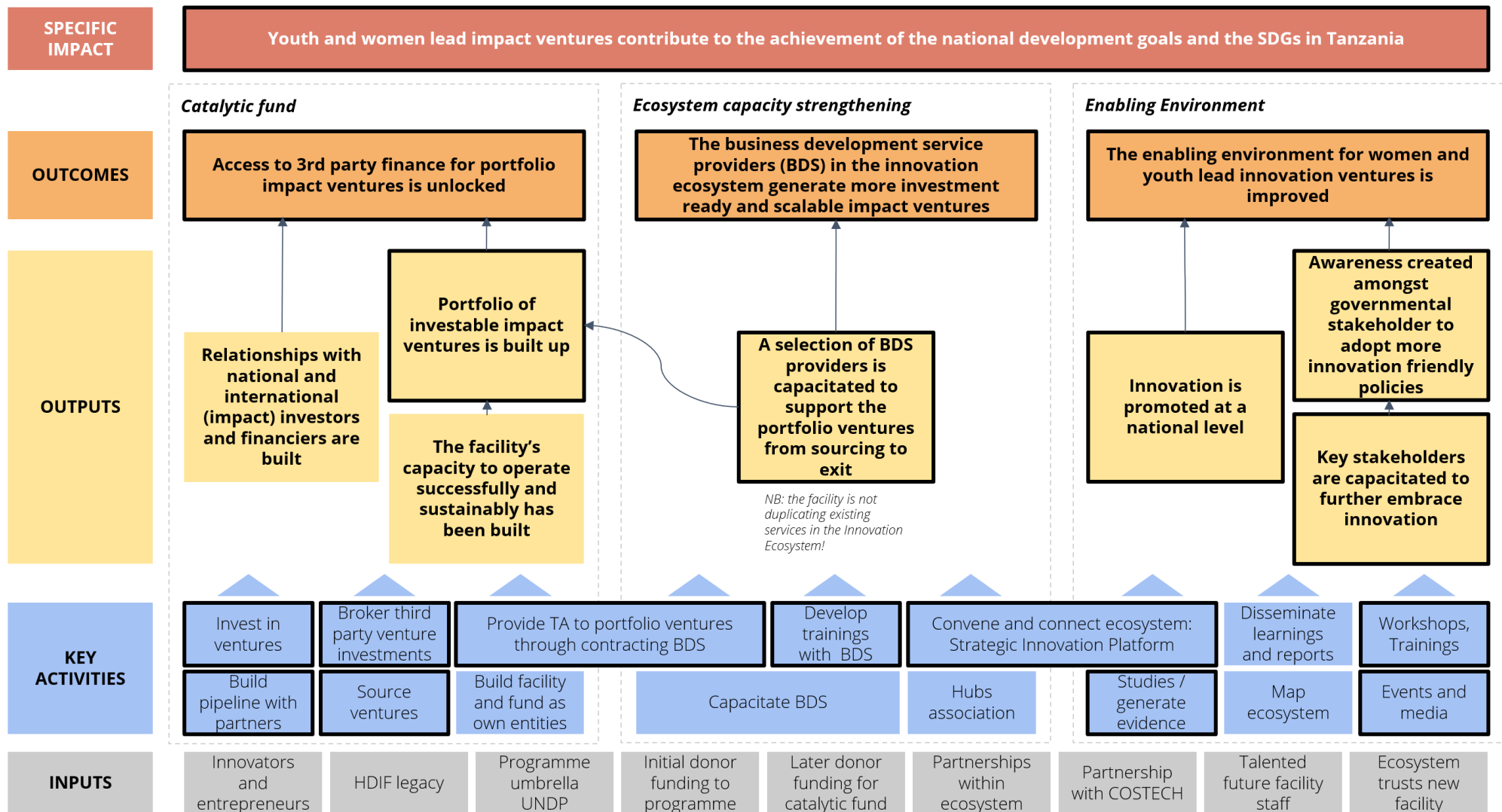


## E) Possible elements of the Facility's performance dashboard.

The actual dashboard will be set during the incubation of the Facility in 2021.

<b>KPI.1</b>	<b>Effective venture sourcing</b>		
KPI.1.1	% of assessed ventures invested	%	indicator for pipeline input quality
KPI.1.2	Number of ventures assessed per time unit	#/day	measuring the DD throughput of the Facility
KPI.1.3	Total time to investment - since submission	3m	the Facility needs to be able to assess, decide and transfer an investment within a 3m time window after final submission
KPI.1.3	Time to investment - since decision	1m	Measuring the internal business processes to disburse the funds
...			
<b>KPI.2</b>	<b>State of the art organization building - HR</b>		
KPI.2.1	Receive at least 20 high quality applications on every job posting	#	proxy for quality of communications for job postings
KPI.2.2	Time to hire	1m	time between posting the job add and signing of contract
KPI.2.3	% of rejected offers	%	proxy for attractiveness and competitiveness of offers
KPI.2.4	Cost per hire	USD	
KPI.2.5	Talent satisfaction (NPS)	#	Periodical staff survey
KPI.2.6	Average time stay	months	Measuring staff turnover
...			
<b>KPI.3</b>	<b>Venture Portfolio</b>		
KPI.3.1	% of ventures achieving revenues		
KPI.3.2	Aggregate yoy revenue growth of ventures		
KPI.3.3	Portfolio impact tracking ...		An off the shelf impact tracking tool shall be used to measure the impact performance of the portfolio
KPI.3.4	...		
...			
<b>KPI.4</b>	<b>Media and outreach</b>		
...			

## F) Theory of Change



TA = technical assistance, BDS = Business Development Services; in the case of this program this specifically includes Innovation hubs, incubators and accelerators

Targeting women and youth directly or women and youth interests

## **G) Acronyms**

BDS – Business Development Service Providers; In the context of this project, this specifically includes Innovation Hubs, Incubators and Accelerators.

BRELA - Business Registration and Licencing Agency

CMSA - Capital Market and Securities Authority

COSOTA - Copyright Society of Tanzania

COSTECH - Commission for Science and Technology

DFID - The UK's former Department for International Development

DP – Development partners; bilateral or multilateral

DPG – Development Partners Group; periodical convening of development partners within a certain sector

DPG STI - Development Partners Group for Science Technology and Innovation

HDIF - Human Development Innovation Fund

DSE - Dar es Salaam Stock Exchange

EU – referring to the EU delegation in Tanzania

FCC - Fair Competition Commission

FCDO – The UK's Foreign, Commonwealth and Development Office

ICTC - ICT COMMISSION

IIESP - Integrated Innovation Ecosystem Strengthening Programme

KPI - Key performance indicators

M&E - Monitoring & Evaluation

NEEC - National Economic Empowerment Council

NGO - Non governmental organization / not for profit organization

PIP - Project Initiation Plan for the IIESP

SDC - The Swiss Agency for Development and Cooperation

SDG - Sustainable Development Goals

STI – Science Technology and Innovation

TAC - Technical committee

TADB – agricultural development bank

TAVCA - Tanzanian Private Equity Association

TBS - Tanzania Bureau of Standards

TCRA - TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

TIF - Tanzania Innovation Facility

TIPS – Tanzania Instant Payment System

TOM - target operating model

TOR - Terms of Reference

TPSF - Tanzania Private Sector Foundation

TRA - Tanzania revenue authority

TSA - Tanzania startup association

TVCN - Tanzania Venture Capital network

UNDP - United Nations Development Program Tanzania

VETA - The Vocational Education and Training Authority

## **H) References**

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