



# REQUEST FOR FUNDING APPLICATIONS FOR FUNGUO INNOVATION PROGRAMME

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## SUMMARY

FUNGUO is an innovation programme jointly implemented by UNDP and UNCDF in Tanzania. It is currently being funded by the European Union, FCDO and UNDP, with the main objective to increase the number of successfully scaled innovative ventures/ start-ups, to contribute to the national development goals and the accelerated achievement of SDGs in Tanzania. This is achieved through the programme's contribution in addressing the stumbling blocks and gaps that hinder innovative impact ventures from scaling in 3 key areas namely, innovation financing, innovation service delivery and innovation enabling environment, while promoting an environment that promotes innovation for development and empowers innovators, entrepreneurs, and enablers.

In this Request for Applications (RfA), FUNGUO would like to identify impact-driven startups and scalable innovative SMEs, that are legally registered in Tanzania and majority owned by Tanzanians. Special consideration will be given to women-owned and women-led ventures. Successful applicants will be offered an equity-free responsible grant ranging from TZS 50 million to TZS 200 million.

The deadline of this RfA will be 11:59 PM EAT on 31st July 2022. All applications must be submitted through UNCDF e-investment platform:

[https://apply.uncdf.org/prog/220613\\_-\\_tanzania\\_funguo\\_innovation\\_programme/](https://apply.uncdf.org/prog/220613_-_tanzania_funguo_innovation_programme/)

Inquiries to this request for applications may be submitted by email to [funding@funguo.org](mailto:funding@funguo.org) cc [uncdf.rfa@uncdf.org](mailto:uncdf.rfa@uncdf.org). Inquiries will be responded to the FAQ section on weekly basis until one week before the deadline.

## OUR PARTNERS

The programme is initially being funded by UNDP, the European Union Delegation to Tanzania and EAC, as well as the Foreign and Commonwealth Development Office (FCDO). The implementation is being led by UNDP Tanzania in partnership with the United Nations Capital Development Fund, UNCDF and the Commission for Science and Technology (COSTECH), who is our government partner.



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# 1. INTRODUCTION

FUNGUO seeks to fill the market gap and is especially interested in supporting impact-driven startups and scalable innovative SMEs that may otherwise struggle to find appropriate forms of funding. The programme aims at making targeted, smart catalytic investments which will contribute to de-risking beneficiary ventures and enable them to attract more funding from external sources. The programme is therefore looking for startups that have a clear rationale for why the FUNGUO support is needed, and how the catalytic funding can help them unlock their potential to attract additional financing and contribute to the long run vision of success.

The type of ventures to be supported through FUNGUO funding are those with a clear path to scale. The goal is not to fund small organisations that stay small, and medium-sized interventions that stay medium-sized. It is to support ventures to scale to reach millions of people.

## 2. OBJECTIVES OF THE RfA

Considering the current startup financing landscape in Tanzania, through this funding round FUNGUO seeks to use grants to take smaller bets on ventures with proven business model that can demonstrate some market traction through revenue generation. The eligible impact-driven startups must demonstrate their scalability potential and how the funding will unlock their potential to attract additional funding. Startups with prospective investors waiting for someone to take the first bet to de-risk them will stand a high chance to be funded, as long as they meet other selection criteria.

This initial funding round is also meant to build a healthy pipeline of investable impact-driven startups and scalable SMEs with innovative business models that can be linked to other potential funders.

## 3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored.

### 3.1 Basic Eligibility Criteria

This RfA is open to ventures that are:

- Legally registered in Tanzania.
- Majority owned by Tanzanian citizens (by 51% and above).
- Beyond ideation and pilot stage, with a minimum viable product that has some market traction.
- For-profit entities or market-oriented social enterprises.

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## 3.2 Evaluation Criteria

The Evaluation Committee will score the applications according to the below evaluation criteria. Only applications that score at least [70 out of 100] will be considered successful and move to the due-diligence stage.

Criteria	Max Score
<p>1 <b>Innovation</b> The applying startups must demonstrate how innovative they are in terms of products or services they offer, processes, additionality, unique selling proposition or unique experience they create for their clientele, etc., as compared to the competition. Doblin's Ten Types of Innovation can be a good guiding framework.</p>	30
<p>2 <b>Potential to scale</b> The eligible startups must demonstrate how sustainable how sustainable their offering is in the long run, to what extent can it be scaled in terms of number of end users and market size. The start-up must provide initial evidence that multiple types of customers find value in the solution or in an extension of the product that the company is well positioned to develop.</p>	20
<p>3 <b>Business viability</b> The startup must demonstrate the extent to which its business model has potential to become financially viable over time. This may include the extent to which the product or service costs are relative to the expected results and impact, potential expected risks and mitigation plans.</p>	20
<p>4 <b>Governance and management</b> The start-up must provide evidence that has the necessary expertise and structures in place, as well as management capacity and human resources to substantially scale its business.</p>	10
<p>5 <b>Development impact</b> The startup must demonstrate how they contribute to one or more sustainable development goals.</p>	20
<b>100</b>	

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### 3.3 Exclusionary Criteria

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists,5 particularly in the fight against the financing of terrorism and against attacks on international peace and security ; and
- Applicants must not be involved in any of the following activities
- Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons
- Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment
- Replica weapons marketed to children
- Manufacture, sale or distribution of tobacco or tobacco products
- Involvement in the manufacture, sale and distribution of pornography
- Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES
- Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
- Violation of human rights or complicity in human rights violations
- Use or toleration of forced or compulsory labor
- Use or toleration of child labor
- Applicants shall have fulfilled all obligations relating to the payment of taxes in accordance with Tanzanian legal provisions

FUNGUO will conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria.

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### 3.4 Eligible costs

The criteria for eligible expenditure determine whether a cost qualifies for funding under UNCDF rules and procedures.

The general criteria for eligibility of costs under UNCDF funding include the following

- Eligible costs must be incurred by the applicant in the normal course of business as per the grant agreement, and only within the Grant period.
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Grant Agreement.
- Costs must be identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the applicant is established.
- Costs must comply with all the requirements of applicable tax and other mandatory deductions according to the law of the land.
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.
- In case of consultancy costs –. Consulting services must be justified, with information provided on their expertise, primary organizational affiliation, normal daily fee, and number of days of expected service. Consultants' travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee.
- Training expenditure is eligible to the extent that it is to directly contribute to the realization of the company objectives and is reasonable
- Investment costs directly attributable to the business, relating to research and innovation, product development, marketing, etc, are allowable to the extent that they are reasonable and verifiable.

### 3.5 Ineligible costs

The following costs are ineligible to be charged to the FUNGUO funding:

- Returns on capital and dividends paid by a beneficiary;
- Existing Debt and debt service charges;
- Provisions for prior losses or debts;
- Prior Interest owed;
- Costs of items being funded by others
- Indirect costs that cannot be attributed to the identifiable cost items

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## 4. APPLICATION REQUIREMENTS AND PROCESS

### 4.1 Structure of the application

The applicant must submit a complete application form online :

[https://apply.uncdf.org/prog/220613\\_-\\_tanzania\\_funguo\\_innovation\\_programme/](https://apply.uncdf.org/prog/220613_-_tanzania_funguo_innovation_programme/)

Only applications submitted online via the provided link and with all the required documentation will be considered.

### 4.2 Selection process:

- Step 1: Eligibility screening - eligibility will be assessed according to the eligibility requirements as set forth in section 3.1.
- Step 2: Evaluation of eligible applications based on the evaluation criteria set out in section 3.2.
- Step 3: Due diligence - due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
- Step 4: All applicants will be notified of the status of their applications.
- Step 5: Pre-Grant negotiation and Grant Agreement - the selected applicants will finalise the scope of the grant and finalise budgets.
- Step 6: The selected applicants will be notified of the status of their applications after final approval from Investment Committee.

### 4.3 Timeline

14th June 2022	Application window opens
24th July 2022	Deadline for questions
20th June - 22nd July 2022	Info sessions
31st July 2022	Deadline for submission

Inquiries to this request for applications may be submitted by email to [funding@funguo.org](mailto:funding@funguo.org) cc [uncdf.rfa@uncdf.org](mailto:uncdf.rfa@uncdf.org). Inquiries will be responded to the FAQ section on weekly basis until one week before the deadline.

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