

# Challenge Fund: Czech Solutions for SDGs (CFCS)

*UNDP Istanbul Regional Hub for Europe and the CIS*

## Guidelines

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## Glossary

Application	The document with a pre-defined form, including project plan, project budget and CVs of experts, submitted to the CFCS in regular and timely manner
Applicant	Entity submitting an Application to the CFCS
Award	The financial amount received by the Awardee for the implementation of the Project
Award Agreement	The Agreement between the Awardee and UNDP governing the financial award and responsibilities of the Awardee during the implementation of the Project.
Awardee	The successful applicant, which signed Award Agreements
CFCS	Challenge fund: Czech solutions for SDGs (CFCS). Challenge fund established under the Czech-UNDP Partnership for SDGs project with the purpose to facilitate transfer of Czech know-how and innovative solutions that would address development challenges identified by UNDP Country Offices in the project countries and contribute to the achievement of SDGs.
CUP	Czech-UNDP Partnership for SDGs project financed by the Ministry of Foreign Affairs of the Czech Republic and implemented by UNDP Istanbul Regional Hub
CUP Programme Specialist	UNDP Programme specialist responsible for the management and the implementation of the CUP and all its activities (including CFCS)
Entity	A person, partnership, organization, business etc. that has a legal and separately identifiable existence. This includes Czech private sector, NGOs, universities, state institutions or research centres.
Feasibility Study	Document providing an innovative and replicable solution to the identified development challenge. The study will include evidence that the proposed solution is feasible, and implementation plan specifying concrete actions and partnerships necessary for the implementation of the solution. It will list all associated activities, stakeholder engagement, implementation costs and possibilities for scale-up.
Project	The innovation project implemented by the Entity according to the proposed Application and financed by CUP through CFCS
Project Budget	The total project budget of the project, comprising the maximum 80% Award and minimum 20% matching funds from other sources, submitted as part of the application.
Project Plan	Detailed description of the Project on the pre-defined form, as part of the application.

# 1. Basic Concept and Characteristics of the Challenge Fund

## 1.1 Challenge Fund Objectives

Challenge fund is a component of the Czech-UNDP Partnership for Sustainable Development Goals (hereafter CUP), a project financed by the Ministry of Foreign Affairs of the Czech Republic and implemented by UNDP Istanbul Regional Hub in period 2018–2021 to address development challenges in three partner countries: Bosnia and Herzegovina, Georgia and the Republic of Moldova.

The objective of the Challenge fund: Czech solutions for SDGs is to facilitate **transfer of Czech know-how and innovative solutions** that would address development challenges identified by UNDP Country Offices in the project countries and contribute to the achievement of SDGs.

The CFCS is looking for innovative solutions that generate improvement and value, especially by introducing, new methods, ideas, or products. The CFCS views innovation in its broadest sense. The proposed solutions need to be sustainable and have a potential for scale up. The eligible applicants include Czech **private sector, NGOs, universities, state institutions or research centers**. The applicants are required to **engage local partners** to assure viability in local conditions, and to promote sustainability and scalability of the solution.

## 1.2 Outcomes

The supported outcome is a feasibility study providing an innovative and replicable solution to the identified development challenge. The study will include evidence that the proposed solution is feasible, and implementation plan specifying concrete actions and partnerships necessary for the implementation of the solution. It will list all associated activities, stakeholder engagement, implementation costs and possibilities for scale-up.

The Awardee is to consult the solution with local partners, stakeholders and/or final beneficiaries in order to make sure that the solution is adapted to and viable in local conditions. This engagement with local partners needs to be documented.

The Awardee is also expected to identify potential financial partners from public/private sector, international financial institutions, donors etc. that could finance the implementation of the solution and scaling up.

The purpose of the CFCS is also to generate and share knowledge. General information about the solution will be shared on the Czech-UNDP Partnership website and across UNDP.

The Czech-UNDP Partnership for SDGs specialists will promote visibility to the solutions by disseminating materials and information about the solution within UNDP. Especially across UNDP country offices to explore whether the solution could be viable to tackle development challenges in other countries in the region.

### ***1.3 Award Amount and Budget***

The Czech-UNDP Partnership for SDGs will provide up to US\$40,000 per project through the CFCS. The applicants are expected to provide in kind or financial co-funding of at least 20% of the total Project costs.

Typical items that can be covered from the Challenge Fund may include, but are not limited to:

- Salaries of project staff;
- Technology, design, business, development and other consultancy services;
- Advisory inputs;
- Small equipment and supplies;
- Training and workshop expenses;
- Other costs, including travel connected to the implementation of the project.

The expenses shown above should be predicted to reflect the Project goals and should be clearly justified in accordance with Project objectives. **Only expenditures accrued during the project in accordance with the Project Plan, in line with project objectives, necessary for achieving project outcomes, and completed by the end of the project are eligible for financing.** All agreements with subcontractors or third parties must be submitted with the Application and must contain provision that the Applicant retains ownership of all new intellectual property and know-how that may be created during the implementation of the Project.

Expenses that will not be considered for financing by CFCS include but are not limited to:

- Capital expenditures;
- Interest or debt owed to any third party;
- Expenditures and provisions for possible future losses or debts;
- Items already financed through another similar scheme, program or institution, financial awards;
- Bank and currency exchange expenses, losses, fees and penalties;
- Marketing, sales and distribution costs for promoting the technology, product or service.

### ***1.4 Duration of the Project***

The project must be completed within 12 months of the grant award.

### ***1.5 Eligible Applicants***

Entities wishing to apply to the CFCS need to meet the following eligibility criteria:

- The lead applicant must be an Entity registered in the Czech Republic. Potential participants include Czech private sector, NGOs, universities, state institutions or research centers.
- The project must be implemented in one of the partner countries: Bosnia and Herzegovina, Georgia, or the Republic of Moldova.

- All applicants must demonstrate their capacity to implement their proposed Project, and will need to demonstrate adequate financial, material, human and other non-financial resources to implement the proposed Project within the set timeframe.
- The applicant may partner with other Entity/Entities eligible for CFCS support. The applicant is responsible for the project and must warrant that the permission of the other members has been obtained.
- The funding request is for a specific, new and innovative project that addresses the set development challenge. The CFCS views innovation in its broadest sense including: i) a new approach, product, idea or service that has not been tested anywhere; ii) is new to the beneficiary country; iii) has not been applied to the sector in question in the beneficiary country; or iv) service or business model being introduced to a target group where it has not been tried before.
- The proposed project must have a potential for financial, social and environmental sustainability and scale up.
- All projects must be inclusive in nature and benefit the target beneficiaries and contribute to the achievement of SDGs, rather than solely benefitting the participating Entity.
- The applicant must apply for an Award ranging between US\$20,000 USD and US\$40,000.
- The applicants provide co-funding of at least 20% of the total cost of the project. Co-funding can be in-kind. Co-funding above the minimum threshold is preferred and will be taken into account during evaluation.
- The projects must demonstrate that the activities funded by the CFCS will be additional to the Entity's existing activities and that the projects would not go ahead without CFCS funding. The CFCS could also consider projects that if they would have gone ahead, it would be at a much-reduced pace or scale in the absence of the CFCS support.

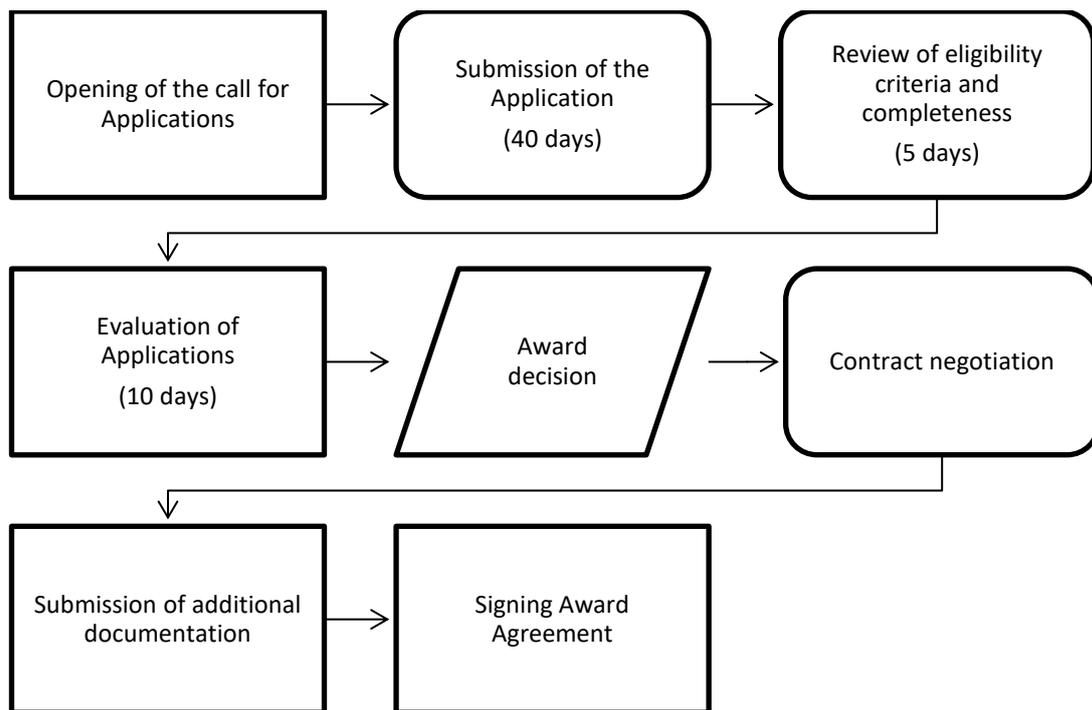
## 2. Selection Process

**The selection process is open and designed according to the principles of merit, transparency, equality and rational use of funds, by launching one call each year.** Applications are submitted and selected against clear eligibility and evaluation criteria. The applications which fulfill all eligibility criteria, best satisfy the evaluation criteria, and can fulfill legal requirements are offered to sign Award Agreement.

General rules for applications:

- A. Each Entity may submit one application per CFCS country, however only one Application per Entity will be selected for award;
- B. Re-submission of modified and improved Applications is not allowed.
- C. Deadline for application is to be strictly respected.
- D. In evaluation process, only complete Applications will be accepted. Documents required by hard copies (such as Excerpt from the Trade register, Statute etc.) must not be sent by mail to the UNDP before so requested, if the Award is offered to the Applicant.

### 3. Evaluation and Selection Decision



#### 3.1 Evaluation

After the deadline for the submission, all duly submitted Applications are reviewed against the eligibility criteria and completeness. All rejected Applicants will get a notice accompanied by a short explanation. For those Applicants the selection process is finished. They also do not have right to appeal.

All eligible and complete Applications will be evaluated by a five-member UNDP Evaluation Panel via review of the Application.

Eligible and complete Applications will be evaluated according to evaluation criteria as follows:

- A. Degree of innovation (level of novelty: new to the global industry or only to local market, or introduction of a new idea, approach, product or service to a target group....) with consideration of risks (10%);
- B. Development impact and project quality, including intervention logic (20%);
- C. Experience of management and development team (10%);
- D. Potential for scale up and replication (10%);
- E. Long-term sustainability (financial, environmental, social) (10%)
- F. Value for money and cost-effectiveness (30%);
- G. Availability of co-funding (0% for the required minimum of 20% of total project costs, then 0.5% for every additional 1% co-funding of the total projects costs up to a maximum 10% = 40% co-funding of total project costs)

**Minimum threshold of 50% will be set for the evaluation of the Applications. Only Applications that pass the threshold in the evaluation will be considered for Award.**

### ***3.2 Awarding Decision***

Based on the results of the evaluation of all received applications, the overall ranking of all received applications is created according to the number of points received, and threshold is defined by considering the available funds and the amount applications require from the CFCS.

The final decision for awarding is made according to the ranking list. Only Applicants with evaluation score above the defined threshold can be proposed for awarding. The awarding decision is guided by the principles of impartiality, transparency, and rationale use of funds.

Following the award decision, the selected Applicants will be offered to sign the Award Agreement. The Award Agreement, among others, contains the final Project Plan and Project Budget that is not necessarily the same as the one the Applicant submitted, resulting from negotiations with Applicant.

Prior to contract signature, UNDP and succesfull applicants will agree on specific activities, outputs, and timetables for the innovation.

Before signing of the Award Agreement, the Applicant must send all required documentation. Awarding is done under the general provisions of the Award Agreement, and the payment is done based on UNDP rules.

## **4. Implementation and Monitoring of the Projects**

### ***4.1 Implementation of the Projects***

The Awardee has to carry out the Project carefully and efficiently in accordance with the Project Plan and Project Budget, respecting provisions of the Award Agreement.

The Awardee is required to implement the Project in accordance with the Project Plan. Any significant deviation from the Project Plan (e.g. changes of timetables, or proposed milestones are not achieved) requires prior written consent of the UNDP.

Overall implementation will be managed by CUP. CUP Programme specialists will also cooperate with UNDP Country Offices, which will be informed about the progress of the Project and utilize their expertise to support the on-site monitoring of the Project implementation.

### ***4.2 Monitoring of the Projects***

The purpose of the monitoring is: (i) to assess the progress of the successful Project implementation in terms of activities envisaged and the Project goal achievements, and (ii) to assure that financial expenditures are in accordance with the Project Budget for the given period. Methods of monitoring include review of submitted progress reports and on-site monitoring visits. The monitoring will also ensure that key information is regularly collected and tracked so the CFCS and CUP progress can be measured towards set objectives.

The awardee has to deliver short mid-term report, and a detailed final report including all key information required for tracking progress against CUP targets and for the uses of Knowledge Management (for example lessons learned).

Any changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.) should be communicated to the UNDP Country Office contact point and CUP Programme Specialist in writing as they require written consent.

### ***4.3 Disbursement***

Disbursement of funds will be made as per milestone deliverables specified in the Project Plan.

The Awardee is allowed up to ten percent (10%) expenses variations from the total Project Budget within any of major budget categories. Should the expenses variations related to any major budget category be expected to exceed ten percent, a written request for funds reallocation must be submitted for the UNDP approval.

In the case that the Awardee fails to perform any of its obligations under the Award Agreement, the UNDP shall be under no obligation to issue any further payment upon termination of this Award Agreement, and may, at its sole discretion, require that all or any part of the payments made by UNDP to the Awardee be repaid to UNDP.

## **5. Impact Evaluation**

All information collected and analyzed will be used to measure the success of the CFCS and CUP. Success will be measured against set CUP indicators. All information, and especially lessons learned collected will be analyzed and used during the preparation of the next round of CFCS which is expected to take place in 2019.