



# **RUSSIAN CHALLENGE FUND**

**Guidelines**

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## **Glossary**

Application	The document with a pre-defined form, including Project/Solution plan, Project/Solution budget and CVs of experts, submitted to the RCF in regular and timely manner.
Applicant	Entity submitting Application to the RCF from the private sector entities (commercial companies), universities and institutions registered in the Russian Federation.
Award	The financial amount received by the Awardee for the implementation of the Project/Solution.
Award Agreement	The Agreement between the Awardee and UNDP governing the financial award and responsibilities of the Awardee during the implementation of the Project/Solution.
Awardee	The successful applicant, which signed Award Agreements.
Entity	A person, partnership, organization, business etc. that has a legal and separately identifiable existence. This includes private sector entities (commercial companies), universities and institutes registered in the Russian Federation.
Feasibility Study/ Proof of concept	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.
KM Project	Short term for the Project 'Knowledge Management and Capacity Building in Russia-UNDP Partnership' financed by the Russian Federation via the Russia-UNDP Trust Fund for Development and implemented by UNDP Istanbul Regional Hub with project management and implementation support by the UNDP Partnership Support Office based in Moscow.
KM Project Manager	UNDP KM Project Manager is responsible for the management (including implementation, timelines, budget, deliverables, communication and cooperation with UNDP Country Offices, etc.) of the RCF implemented in the framework of the KM Project.
KM Analyst	KM Analyst is responsible for the implementation of the RCF specific activities.
Project/Solution	The innovation project implemented by the Entity according to the proposed Application and financed by the KM Project through RCF.
Project Budget	The total budget of the Project/Solution consists of two parts: 1) Award Amount (maximum 80% of the total budget); 2) Financial or in-kind co-funding (at least 20% of the total budget).
RCF	'Russian Challenge Fund – Engaging Russian Companies and Institutes in Development Cooperation'. Russian Challenge Fund is targeting primarily Russian commercial companies, but also universities and institutes to develop and deploy commercially viable solutions that respond to a set of very clearly defined development challenges.

# 1. Basic Concept and Characteristics

## 1.1 Challenge Fund Background and Objectives

The regional KM Project is formulated in accordance with the Partnership Framework Agreement between the United Nations Development Programme and the Government of the Russian Federation and **operates under Russia-UNDP Trust Fund** for Development, which foresees that Russia and UNDP collaborate in leveraging the knowledge, experience and expertise in development cooperation from the Russian Federation in accordance with UNDP's applicable regulations and rules, and policies and procedures.

The goal of the KM Project, Phase III is to continue providing assistance to programme countries in **solving development challenges, achieving sustainable development impact, and improving the lives of the vulnerable populations** by providing access to relevant, readily available, and diverse Russian expertise in several formats.

In 2018, in cooperation with UNDP, the Government of the Czech Republic launched the Innovative Solutions Challenge Fund to support partner countries in addressing development challenges through innovative solutions provided by Czech companies and institutions. As of now, 52 Projects/Solutions (up to \$40,000 each) were successfully implemented in the Europe and CIS region and beyond. **Following the successful experience, in 2020 UNDP worked with the Governments of the Slovak Republic and the Republic of Poland** and established Challenge Funds with some 15 Projects/Solutions implemented in several countries of the region.

In 2021 in the framework of Phase II, the KM Project introduced the Russian Challenge Fund (RCF) for piloting. As a result, three innovative projects on boosting vocational education systems development in Azerbaijan, Belarus, and Kyrgyzstan were successfully implemented by the Russian companies.

The RCF is an instrument for the **facilitation of sharing Russian know-how and solutions** within the framework of the KM Project. The RCF co-supports companies, institutions, and other actors with small-scale non-venture funding to develop and deploy viable solutions that respond to a set of very clearly defined development challenges in UNDP programme countries and contribute to the achievement of the SDGs. The geographic eligibility for Phase III is defined by the KM Project Document and includes the following countries: **Armenia, Azerbaijan, Belarus, Botswana, Cambodia, Cuba, Guinea, Kazakhstan, Kenya, Kyrgyzstan, Lao PDR, Madagascar, Moldova, Serbia, Syria, Tajikistan, Turkmenistan, Uzbekistan, and Zimbabwe.**

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**Sustainable Development Goals (SDGs)** refer to 17 Sustainable Development Goals adopted by all United Nations Member States in 2015. They provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

To learn more about the SDGs, you can visit the website: [17 Sustainable Development Goals \(SDGs\)](#).

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The RCF is looking for innovative development solutions by introducing new methods, ideas, or products. The proposed development solutions **shall be innovative and shall demonstrate how they would not take place at the same scale or have the same development impact** without the Challenge Fund contribution.

The eligible applicants include private sector entities (commercial companies), universities, and institutes registered in the Russian Federation. The applicants are required to **engage local partners in UNDP programme countries** listed above to assure viability in local conditions and to promote sustainability and scalability of the solution.

This Guidelines for the RCF were formulated in line with the UNDP rules and regulations.

## 1.2 Outcomes

The supported outcome is **a new approach, product, idea, or service**.

The supported outcome is also **a feasibility study/proof of concept** providing an innovative and replicable solution to the identified development challenge. The study will include evidence that the proposed solution is feasible, and an 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 their 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 the public/private sectors, international financial institutions, donors etc., that could finance the implementation of the solution and scaling up.

The purpose of the RCF is also **to generate and share Russian expertise, knowledge and experience**. General information about the solution will be shared on [the KM Project's website](#), across the UNDP and among the community of innovators.



### Proof of Concept

To test the proposed solutions and/or to be able to tailor-make them. When the intellectual concept behind an innovation is field-tested to gain an early, 'real-world' assessment of its potential.



### Transition to Scale

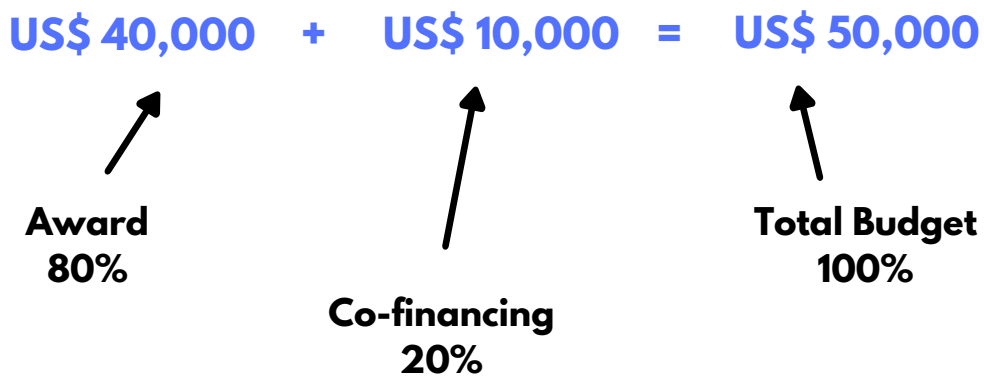
When innovations that have demonstrated small-scale success develop their model and attract partners to help fill gaps in their capacity to scale.

### 1.3 Award and Budget

The KM Project will provide from **\$20,000 to \$40,000 per selected Project/Solution** through the RCF. The applicants are expected to provide financial or in-kind\* co-funding of at least 20% of the overall Project/Solution budget. which consists of two parts:

- ➔ Award Amount (maximum 80% of the total budget);
- ➔ Financial or in-kind co-funding (at least 20% of the total budget).

Please, see the example below:



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;
- Costs including travel connected to the implementation of the Project/Solution.

*\*Co-funding can be in-kind, e.g. a cash value of use of facilities (e.g. lab or meeting spaces), patents and licenses for use, study materials, technologies, or components, etc.*

Expenses that **will not be considered** for financing by the RCF 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.

The expenses shown above should be predicted to reflect the Project/Solution goals and should be clearly justified in accordance with Project/Solution objectives. **Only expenditures accrued during the Project/Solution in accordance with the Award Agreement, in line with Project/Solution objectives, necessary for achieving Project/Solution outcomes, and completed by the end of the Project/Solution 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/Solution.

## **1.4 Duration of the Project/Solution**

The Project/Solution must be completed **within 7 months from signing the RCF Award Agreement** (in 2022, not later than 10 December 2022).

Template of Agreement is available [on the websites of UNDP](#).

## **Gender Equity**

When drafting the proposal and implementing the Project, the Applicant need to pay attention to gender equality from different angles, in terms of:

- **Human resources:** balance between women and men in the implementing team(s) who will implement and publicly present the Project;
- **Content:** analysing and taking into account the possible differences between men and women, boys and girls, or males and females, in the local context and innovation content of the Project.

## 1.5 Eligible applicants

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

- ➔ The lead Applicant **must be a registered legal entity (private sector entities, universities, and institutes) in the Russian Federation.**
- ➔ The Project/Solution **must be implemented in one of the partner countries** listed in the paragraph 1.1.
- ➔ All Applicants will need to **demonstrate adequate financial, material, human and other non-financial resources to implement the proposed Project/Solution** within the set timeframe.
- ➔ The Applicant is **responsible for the Project/Solution** and must warrant that the permission of the other members has been obtained.
- ➔ The Applicant is advised **to engage local Entity/Entities/Consultants** and allocate sufficient budget for their work in the programme country eligible for RCF support to assure viability in local conditions, and to promote sustainability and scalability of the solution.
- ➔ The funding request is for **a specific, new and innovative Project/Solution**, documented in the methodology of the feasibility study, that addresses a set development challenge. The RCF 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 (if applicable); 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/Solution must have a **potential for financial, social and environmental sustainability and scale up.**
- ➔ All Projects/Solutions must be **inclusive in nature, benefit the target beneficiaries and contribute to the achievement of SDGs**, rather than solely benefitting the participating Entity.
- ➔ The Applicants **must apply for an Award ranging from \$20,000 to \$40,000.**
- ➔ The Applicants **provide financial or in-kind co-funding of at least 20%** of the UNDP Award amount. Co-funding above the minimum threshold is preferred and will be considered during evaluation.
- ➔ The Projects **must demonstrate that the activities funded by the RCF will be additional to the Entity's existing activities** and that the Projects/Solutions would not go ahead without RCF funding.



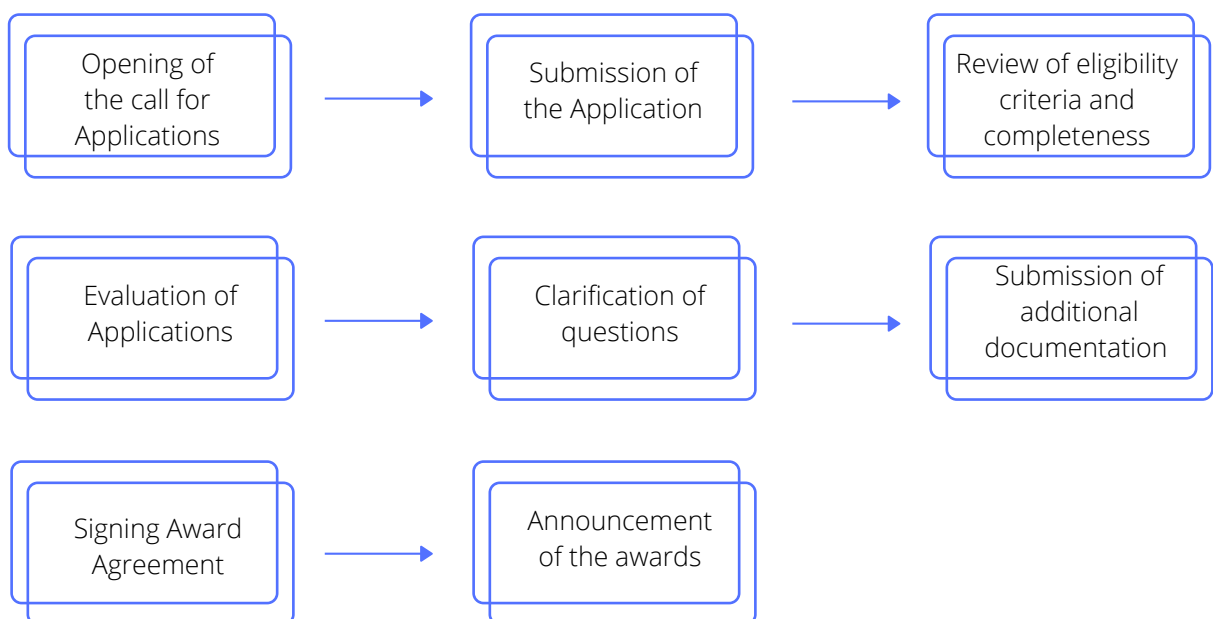
## 2. Selection Process

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:

- ➔ Each Entity may submit one Application per RCF country.
- ➔ Deadlines of both Application stages are to be strictly respected.
- ➔ During the evaluation process, only complete Applications will be accepted. Supporting documents such as Certificate of registration in the Unified State Register of Legal Entities and Constituent documents of a legal entity should be provided in an electronic format to UNDP before the Award Agreement is signed. Hard copy of the supporting documents might be requested.



Evaluation and selection procedure will take up to 40 days.

### 3. Evaluation

After the deadline for the submission, all duly submitted Applications are reviewed against the **eligibility criteria and completeness** within 40 days. All rejected Applicants will get a notice accompanied by a short explanation. For those Applicants the selection process is finalized. They also do not have right to appeal.

All eligible and complete Applications will be evaluated **by a three-member UNDP Evaluation Board**. Eligible and complete Applications will be evaluated according to **evaluation criteria as follows:**

> **Degree of Innovation 10%**

*0 % if not demonstrated, not relevant or questionable; 2 points for each element (new product or approach, new to local market/sector, disruptive, and transferable, consideration of risks), up to a maximum 10 % when the degree of innovation with consideration of risks is strongly and clearly demonstrated*

> **Impact and Project Quality 20%**

*0 % if not demonstrated, not relevant or questionable; up to a maximum 20 % when the development impact, project quality and intervention logic are strongly demonstrated and relevant*

> **Experience of Team 10%**

*0 % if not demonstrated, not relevant or questionable; up to a maximum 10 % when the experience of management and development team is strongly demonstrated and relevant; demonstrated by practical examples/references proving relevant expertise, relevant educational and professional experience (of at least 2 years) and suitable knowledge of English and local language/s. Maximum of experts per team is 5 people in total, their background is diverse and brings disruptive ideas and experience, e.g., experience in working with different technologies, familiarity with the key issues confronting a certain region, etc.*

> **Potential for Scale-up 10%**

*0 % if not demonstrated or poor; up to a maximum 10 % when the potential for scale-up and replication is strongly and clearly demonstrated*

> **Long-term Sustainability 10%**

*0 % if not demonstrated, not relevant or questionable; up to a maximum 10 % when the sustainability strategy is strongly demonstrates*

> **Scope of Bid Price 30%**

*0 % if did not prove value for money; up to a maximum 10 % when the balance is ideal, not questionable and without possibility of risks*

> **Availability of Co-funding 10%**

*0% for the required minimum of 20% of total project costs, then 0.5% for every additional 1% co-financing of the total projects costs up to a maximum 10% = 40% co-financing of total project costs*

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

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## **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 RCF.

The final decision for awarding is made **according to the ranking list**. Only Applicants with an 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 successful Applicants will agree on specific activities, outputs, and timetables for the innovation. Before signing the Award Agreement, the Applicant shall send all required documentation to UNDP electronic address indicated in call for applications. Awarding will be carried out under the general provisions of the Award Agreement, and the payment will be processed according to the UNDP rules and regulations.

## **4. Implementation and monitoring**

### **4.1 Implementation of the Projects/Solutions**

The Awardee has to carry out the Project/Solution carefully and efficiently in accordance with the Project/Solution Plan and Project Budget, respecting provisions of the Award Agreement. The Awardee is required to implement the Project/Solution in accordance with the Project Plan. Any significant deviation from the Project Plan (e.g., changes of timetables, the scope of activities, or proposed milestones are not achieved) requires **prior written consent of the UNDP**.

The overall implementation will be supported (or supervised) by the KM Project staff in cooperation with UNDP Country Offices (COs), which will assist in the search of and communication with relevant local partners in programme countries and provide support in visibility of the Project/Solution activities.

The KM Analyst will **promote visibility to the solutions by disseminating materials and information** about the solution within UNDP, and especially across UNDP Country Offices to explore whether the Project/Solution could be viable to tackle development challenges in other countries in the region.

## **4.2 Monitoring of the Projects/Solutions**

The purpose of the monitoring is: (i) to assess the progress of the successful Project/Solution 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 RCF progress can be measured towards set objectives.

The Awardee has to deliver **short brief milestone reports, and a detailed final report including all key information required for tracking progress against the RCF targets** and for the uses of knowledge management (for example lessons learned).

COs will carry out on-site monitoring of the Project/Solution implementation, verifying deliverables and assessing the mid-term impact of the Project/Solution. Any changes to the RCF (e.g. regarding implementation, timelines, budget, deliverables, staff, etc.) should be communicated to the UNDP Country Office contact point and the KM Project Manager in writing as they require written consent.

## **4.3 Disbursement**

Disbursement of funds will be made as per milestone deliverables specified in the Agreement. The Awardee is allowed up to ten percent (10%) expenses variations 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 UNDP approval. Requests for budget increases are not allowed and cannot be reflected by UNDP, total budget cannot exceed the approved figures from the agreement. 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 the UNDP to the Awardee be repaid to the UNDP.

## **5. Impact Evaluation**

All information collected and analyzed will be used to measure the success of the RCF according to the KM Project objectives. All information, and especially lessons learned will be documented, analyzed and shared.

# **RUSSIAN**

**GUIDELINES**

# **CHALLENGE**

February, 2022

# **FUND**

The Russian Challenge Fund is formulated in accordance with the Partnership Framework Agreement between the United Nations Development Programme (UNDP) and the Government of the Russian Federation and operates under Russia-UNDP Trust Fund for Development.