

SLOVAK

CHALLENGE

FUND

Guidelines

CONTENTS

I. Basic Concept and Characteristics 2

II. Selection Process 7

III. Evaluation 8

IV. Implementation and Monitoring 10

Glossary

Application	The document with a pre-defined form, including project plan, project budget and CVs of experts, submitted to the SCF in regular and timely manner.
Applicant	Entity submitting Application to the Slovak Challenge Fund from the private sector.
Award	The financial amount received by the Awardee for the implementation of the Project. The 'Partnership Project' will provide between US\$20,000 and US\$40,000 per project through the Slovak Challenge Fund.
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 Agreement.
Co-financing	The matching funds secured by the Awardee for the implementation of the Project. A minimum threshold for co-financing is 20% of the total budget of the project. Co-financing can be in-kind, e.g cash value of use of facilities (like lab or meeting spaces), patents and licenses for use, study materials, technologies, or components, etc.
Application	The document with a pre-defined form, including project plan, project budget and CVs of experts, submitted to the SCF in regular and timely manner.
Entity	A person, partnership, organization, business or other applicable that has a legal and separately identifiable existence. This includes Slovak private sector entities.
Partnership Project	Short term for the project 'UNDP-Slovakia Partnership: Effective Development Cooperation Solutions', financed by the Ministry of Foreign and European Affairs of the Slovak Republic and implemented by UNDP Istanbul Regional Hub.
Project Manager	Project Manager responsible for the management and the implementation of the 'Partnership Project' and all its activities (including Slovak Challenge Fund).
Project	The innovation project implemented by the Entity according to the proposed Application and financed by the 'Partnership Project' through Slovak Challenge Fund.
Project Budget	The total budget of the project, comprising of the maximum 80% for the price funding („award“), and minimum 20% for the matching funds from other sources („co-financing“), submitted as part of the application.
Project plan	Detailed description of the Project on the pre-defined form, as part of the application.
SCF	Slovak Challenge Fund. The Challenge Fund established under the Slovak-UNDP Partnership for SDGs project with the purpose to facilitate transfer of the Slovak know-how and innovative solutions that would address development challenges identified by UNDP Country Offices in the programme countries and contribute to the achievement of SDGs.

I. Basic Concept and Characteristics

Objectives

The Slovak Challenge Fund (SCF) is a component of the **UNDP-Slovakia Partnership: Effective Development Cooperation Solutions for the SDGs** (hereafter Partnership Project), a project financed by the Ministry of Foreign and European Affairs of the Slovak Republic and implemented by UNDP Istanbul Regional Hub during the period 2018–2021, to address development challenges in two programme countries: **North Macedonia** and the **Republic of Moldova**.

The objective of the Slovak Challenge Fund is to facilitate the **transfer of Slovak know-how and innovative solutions** that would address development challenges identified by the respective UNDP Country Offices, and contribute to the SDGs' achievement.

Sustainable Development Goals (SDGs) provide a powerful aspiration for improving our world – laying out where we collectively need to go and how to get there.

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 \(SDGs\)](#).

The SCF is looking for **innovative solutions that generate improvement and value**, especially by introducing new methods, ideas, or products. The SCF recognize that innovations come in many forms – and welcome different types of innovations including products, services, programming approaches, operational changes, finance and market innovations or technology driven innovations, among others.

The proposed solutions need to be sustainable – and have a potential for scale-up and replication. The proposed solutions should also **empower those who are being left behind** (or who are at risk of being left behind). Gender sensitivity will be the integral part of the implemented projects.

The eligible applicants include **Slovak private sector entities**. The applicants are required to engage local partners to assure viability in local conditions, and to promote sustainability and scalability of the solution.

Outcomes

The SCF recognize that **innovations come in many forms** – and welcome different types of innovations including products, services, programming approaches, operational changes, finance and market innovations or technology driven innovations, among others. Both programmatic and operational ideas are welcomed.

The SCF views innovation in its broadest sense including:

- a new approach, product, idea, or service that has not been tested anywhere;
- is new to the beneficiary country (if applicable);
- has not been applied to the sector in question in the beneficiary country; or
- service or business model being introduced to a target group where it has not been tried before.

The supported outcome is a new approach, product, idea, or service. The supported outcome could be in form of *field testing* and/or *feasibility study*.



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.

The Awardee is expected to consult and implement 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 partner in Moldova and North Macedonia needs to be documented in form of the Letter of Intent, Bilateral Contract, or Memorandum of Understanding.

The Awardee may also identify potential financial partners, international financial institutions, or donors that could finance the implementation of the solution and scaling up.

The purpose of the SCF is also to generate and share knowledge. General information about the solution will be shared across the UNDP and among the community of innovators.

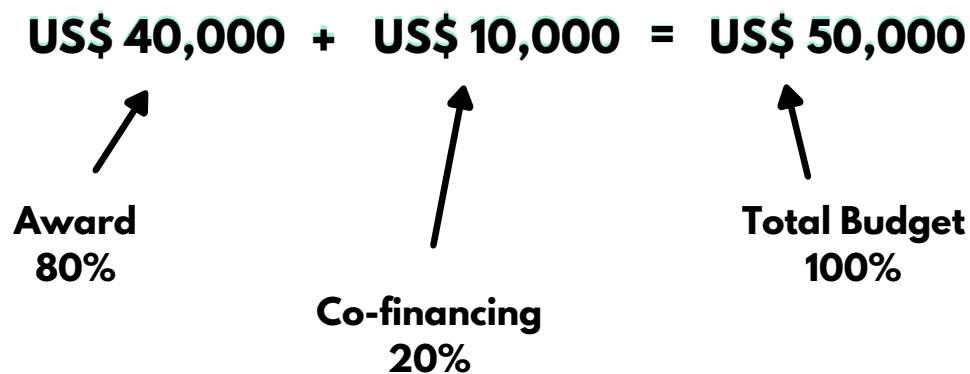
Award and Budget

The 'Partnership Project' will provide **between US\$20,000 and US\$40,000** as award through the SCF. The applicants are expected to provide in kind or financial co-financing of **at least 20% of the total budget** of the project.

The total budget of the project, comprising of the maximum 80% for the price funding („award“), and minimum 20% for the matching funds from other sources („co-financing“).

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

Co-financing above the minimum threshold is preferred and will be taken into account during evaluation; 0 % for the required minimum of 20% of total Project costs, then 0.5% for every additional 1% co-financing of the total Project's costs.



Typical items that **can be covered from SCF financing** 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.

Expenses that ***will not be considered for SCF financing*** 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 goals and should be clearly justified in accordance with the 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.

Duration of the Project

The Project **must be completed within 12 months** from the signature of the agreement – but not later than August 31, 2022.

Template of Agreement is available for viewing [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.

Eligible Applicants

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

- The lead Applicant must be **a registered private sector entity in the Slovak Republic**.
- The Project must be implemented in one of the programme countries: **North Macedonia or the Republic of Moldova**. The applicants are required **to engage local partners** to assure viability in local conditions.
- The Applicant may **partner with other Entity/Entities** (the Slovak Republic) eligible for SCF support. The Applicant is responsible for the Project and must warrant that the permission of the other members has been obtained.
- 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 Projects must demonstrate that the activities funded by the SCF will **be additional to the Entity's existing activities** – and that the projects would not go ahead without SCF funding, i.e. would not take place at the same scale or have the same development impact without the Challenge Fund contribution.
- The proposed Project must have **a potential for financial, social, and environmental sustainability** – and scale-up and replication.
- All Projects **must be inclusive in nature**, 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-financing of at least 20% of the total cost of the project**. Co-financing can be in-kind. Co-financing above the minimum threshold is preferred and will be taken into account during evaluation.

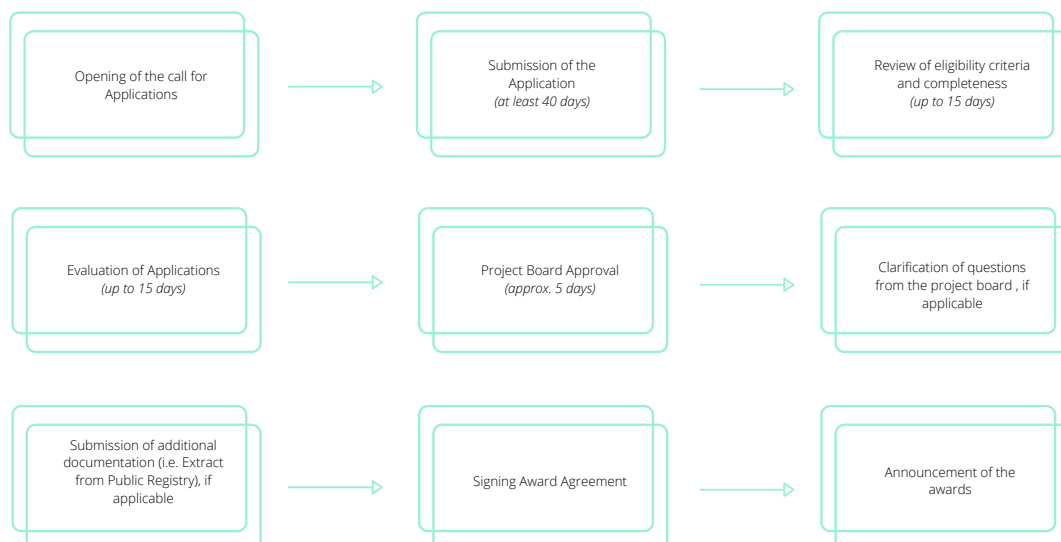
II. Selection Process

The selection process is open and designed according to the **principles of merit, transparency, equality, and rational use of funds**, by launching one Call for Proposals per year. (The decision to open more than one Call for Proposals per year could be decided by the Ministry of Foreign and European Affairs of the Slovak Republic.)

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 an Award Agreement.

General rules for Applications:

- Each Entity may submit **one Application per SCF programme country**, however only one Application per Entity will be selected for Award.
- Deadline for Applications has to **be strictly respected**.
- Re-submission of a modified and improved Application after the deadline for application **is strictly restricted**.
- During the evaluation process, **only complete Applications** will be evaluated and accepted.
- Application and supporting documents (i.e. Extract from Public Registry) have to be provided **in an electronic format**. Hard copy of the supporting documents might be requested.



III. Evaluation

After the deadline for the submission, all 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.

Only eligible and complete Applications will be evaluated by a five-member UNDP Evaluation Panel.

Evaluation Criteria

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

> Degree of Innovation 10%

Degree of innovation with consideration of risks, which is demonstrated by SDGs relevance, originality – i.e. new product or approach, new to local market/sector, disruptive and transferable.

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%

Development impact, project quality and intervention logic, which are demonstrated by properly set up metrics for measurement of development impact (incl. sector benefits, number of positively affected beneficiaries, impact on beneficiaries), intervention logic (incl. clear methodology where activities lead to outcomes, measurable indicators for outcomes, response to real life conditions) and project quality (incl. knowledge of local conditions and assessments preceding formulation of the project).

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%

Experience of the team, which is 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.

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

> Potential for Scale-up 10%

Potential for scale-up and replication, which is demonstrated in scalability (incl. building on existing technology or approach, adaptable at minimum cost, addressing bigger need in market) and replicability (incl. easy to duplicate, adaptable to different regions and countries, usable in other sectors).

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%

Financial, social and environment sustainability, which fits the local context and is valid for the long term.

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%

Value for money and cost-effectiveness, which is reflected in balance between the overhead costs (incl. management costs, rent, production), production costs (incl. raw materials, equipment) and delivery costs (incl. installation and trainings, travel).

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%

The total budget of the project, comprising of the maximum 80% for the price funding („award“), and minimum 20% for the matching funds from other sources („co-financing“). Co-financing above the minimum threshold is preferred and will be taken into account during evaluation.

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.

.....

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 the threshold is defined by **considering the available funds** and the amount applications required from the SCF.

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 total budget of the project 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 implementation.

Awarding is done under the general provisions of the Award Agreement, and the payment is done based on UNDP rules.

IV. Implementation and Monitoring

The Awardee has to carry out the Project **carefully and efficiently** in accordance with the Project plan and total budget of the project, respecting the provisions of the Award Agreement.

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**.

The overall implementation will be managed by the 'Partnership Project'. The Partnership Project manager 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.

Monitoring of 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 total budget of the project for the given period.

Methods of monitoring include **review of submitted milestone reports** and **on-site monitoring visits**. The monitoring will also ensure that key information is regularly collected and tracked so the SCF and the 'Partnership Project' progress can be measured towards set objectives.

The Awardee has to deliver a short milestone reports and a detailed final report, including all key information required for tracking progress against the 'Partnership Project' targets and for the uses of Knowledge Management (for lessons-learned examples).

Any changes to the Project (e.g. regarding Project implementation, timelines, total budget of the project, deliverables, Project staff, etc.) should be communicated to the UNDP contact point and the 'Partnership Project' manager in writing as they require written consent.

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.

SLOVAK

GUIDELINES

June, 2021

CHALLENGE

FUND

The Slovak Challenge Fund is a component of the **UNDP-Slovakia Partnership: Effective Development Cooperation Solutions for the SDGs**, a programme financed by the Ministry of Foreign and European Affairs of the Slovak Republic and implemented by UNDP Istanbul Regional Hub.

