



Country/: Tanzania
Initiation Plan

Project Title: Integrated Innovation Ecosystem Strengthening Programme

Expected UNDP/CP Outcome(s): The economy is increasingly transformed for greater pro-poor inclusiveness, competitiveness and increased opportunities for decent and productive employment.

Expected CPD Output(s): Evidence - based policies, strategies, programmes and regulatory frameworks formulated, reviewed and operationalized for pro-poor inclusiveness, competitiveness plus decent and productive employment.

Initiation Plan Start/End Dates: April 2020 to October 2021

Implementing Partner: UNDP

Brief Description

UNDP proposes to accommodate the Integrated Innovation Ecosystem Strengthening Programme through the establishment of the Innovation Facility/Fund. The strategic platform will already be established in the coming months, as this platform can inform the further development of the facility. A programme will be formulated with the ultimate outcome to create a stand-alone, market-facing innovation facility with the following objective:

The Innovation Facility (IF) pools donor funding to test and generate scalable innovations, brokers systematic links with the investment community and informs and stimulates collaboration between donors, foundations and the investment community to co-create and co-invest in innovations.

The purpose of this Project Initiation Plan (PIP) is to kickstart a) the initiation process of the innovation facility; b) elaborate the outline of the Integrated Innovation Ecosystem Strengthening Programme into a full PRODOC and exit strategy for the facility; c) undertake key assessments to inform the facility and the Strategic Innovation Platform and d) identify the required resources to establish and operationalise the innovation facility and implement its programme activities; e) Stimulate an effective innovation ecosystem COVID 19 response, particularly in early and medium term recovery

Programme Period:	_____
Atlas Project Number:	_____
Atlas Output ID:	_____
Gender Marker:	_____

Total resources required	US\$ 1,819,260
Total allocated resources:	_____
Regular	US\$ 500,000
Other Sources	US\$ 1,319,260

I. PURPOSE AND EXPECTED OUTPUT

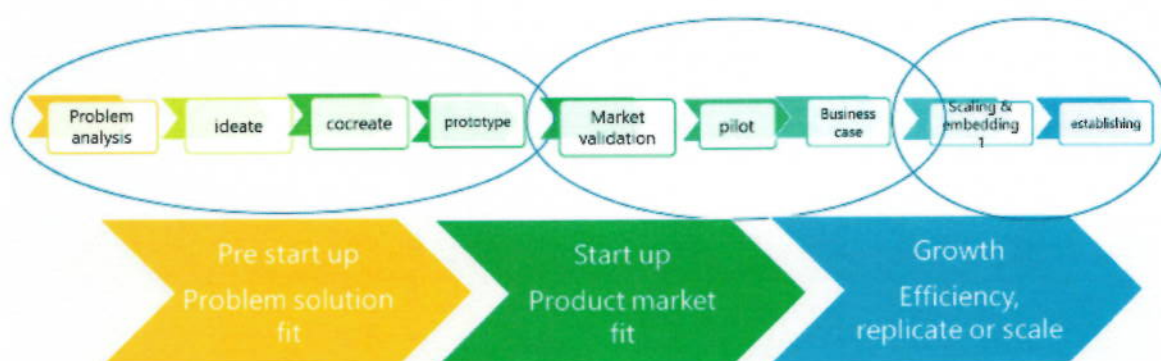
The purpose of this project initiation Plan (PIP) is to develop a full-fledged Integrated Innovation Ecosystem Strengthening Programme which will include an Innovation Facility/Fund (IF) and Programmatic activities to strengthen the Innovation Ecosystem.

The development landscape is changing dramatically and these shifts can be an opportunity to re-think the way the international community addresses global poverty, inequality and discrimination worldwide. For UNDP, innovation for development means using the most up-to-date concepts and means available to achieve transformative change. It is about finding better ways to create scaled up impact for people and the planet, to strengthen resilience and build more inclusive societies.

To achieve these results, UNDP has not only launched its own Innovation Accelerator Hub to promote and accelerate innovations throughout UNDP programmes. In Tanzania, UNDP is proactively partnering with HDIF and other key players in the innovation ecosystem to roll out integrated approaches to strengthen the country's innovation ecosystem and facilitate strong and cohesive solutions to the critical challenges Tanzania faces. This initiative will also seek to support Tanzania's agenda in pushing towards an industrialized, middle-income economy that leaves no one and no place behind. The current COVID 19 crisis must be considered in the approach to this programme as it is already manifesting significant impact on the economy, social well being of the population, especially the most vulnerable and public services.

The Integrated Innovation Ecosystem Strengthening Programme will seek to ensure that the adequate support and synergies are created among ecosystem players across the entire ecosystem to ensure that good innovative solutions transition from ideation to market validation through to uptake by consumers be it vulnerable populations, individuals, communities, public or private sector (see graphic below).

Development focused innovation ↔ enterprise development



This project will be implemented by UNDP in collaboration with Swiss Embassy, DFID, EU and Vodacom Tanzania.

Extensive consultations that have been undertaken by HDIF and UNDP to date provisionally indicate an emphasis on the following needs as critical to the relevance and value of an integrated innovation ecosystem programme centred on four pillars or building blocks: a conducive environment, innovation services, financing and ecosystem collaborative platforms:

- Generate and test innovative solutions to development challenges that can be adapted, adopted and diffused, creating social and economic value across TZ regions and sectors.
- Bring to the market a rigorously tested portfolio of innovations that have the potential to deliver cost-effective and transformational results at scale.
- Stimulate collaboration between donors, foundations and the investment community to co-create and co-invest in innovations that have the potential to generate significant development impact and/or potentially commercial returns.
- Build a collaborative and capacitated innovation ecosystem, that effectively supports innovators in TZ
- Generate evidence and learnings to inform & build a conducive environment for innovation
- Accelerate public private partnerships and a conducive policy environment for innovation in development.

This PIP is set up as a preparatory project to support development of a full-fledged programme and Innovation Facility and will undertake the following activities:

1. Develop and operationalize the full Integrated Innovation Ecosystem Strengthening Programme that includes the Innovation Facility and Programmatic activities to strengthen the innovation ecosystem and elaboration of the team required to implement this initiative
2. Establish and convene the Strategic Innovation Platform (which will also provide strategic guidance in the process of establishing the facility)
3. Undertake preparatory studies and needs assessments to inform the different pillars of the Programme (see Annex 2)
4. Stimulate an effective innovation ecosystem COVID 19 response, particularly in early and medium term recovery
5. Establish and operationalize the Innovation Facility with a clear business and revenue model, facility offers (value proposition) and clear exit and sustainability plan into an independent entity
6. Support establishment of the legal entity for the Innovation Facility
7. Establish a knowledge management, partnership framework and secure strategic partnerships
8. Mobilize resources for the facility taking into account a blended financing and investment model
9. Establish a multi-stakeholder technical committee for the PIP and elaborate the Programme Governance Framework
10. Recruit the teams required in this preparatory phase including the design consultants; a P3 Programme specialist and NUNV and the full fledged Innovation Facility Team as stipulated by the design consultants and endorsed by the PIP core partners (UNDP, HDIF, DFID, Swiss Embassy, EU)
11. Convene multi-sectoral and multi-partner virtual ecosystem dialogues as required.

This PIP will be used as catalyst whereby through its implementation it will collaborate with and enhance the innovation ecosystem in Tanzania i.e. private sector, financial institutions, innovators, angel investors, philanthropists and government. This cordial relationship will ensure the activities will go beyond project support.

Expected Outputs

1. A full PRODOC formulated with clear business model for the Innovation Facility and Programme interventions
2. Preparatory work on the 'Conducive Environment Programme Pillar' (including the establishment of the Strategic Innovation Platform)
3. First phase of the Innovation Facility Operationalized

4. An Innovation Ecosystem COVID 19 Response framework and plan developed and operationalized

II. MANAGEMENT ARRANGEMENTS

There is no need to establish the Project Board at this stage since the scope of the Initiation Plan is limited. The activities will be carried out jointly by the UNDP, HDIF, Swiss Embassy, EU, DFID and Vodacom Tanzania. Specific responsibilities for implementation of the Initiation Plan from the side of the UNDP will be with a dedicated Project Manager from the Inclusive Growth and livelihoods Pillar.

Furthermore, UNDP proposes to have a multi-stakeholder technical committee, that will comprise of UNDP, DFID, EU, Swiss Embassy, HDIF and other partners as necessary. The purpose of this technical committee will be to provide strategic direction on the formulation and day to day management of the project. The technical committee will be supported by a programme technical specialist assigned by UNDP, who will coordinate the initiation and inception phase and mobilise the needed strategic, technical and financial contributions.

III. MONITORING

The Inclusive Growth Team and Monitoring Specialist will fulfil the monitoring functions along with the UNDP regular monitoring procedures. They will oversee and review the initiation activities to ensure meeting of the objectives and goals set in the Initiation Plan. All stakeholders will be requested to participate in implementation and discussion of the outcomes.

The Progress Report will be prepared at the end of the Initiation Plan, using the standard format available in the Executive Snapshot.

IV. WORK PLAN

Period¹: April 2020 to October 2021

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY			PLANNED BUDGET		
									Funding Source	Budget Description	Amount (US\$)
Output 1 A Project Document setting out activities and strategy in detail, including an appropriate results framework. Indicators: Project Document endorsed by core partners	1.1 Innovation Programme officer and UNVs recruited to support the development of the PRODOC and operationalization of the Facility					UNDP IG Team			UNDP TRAC	IC and National UNV Profoma invoice	200,000
	• TORs developed										
	• Recruitment of Innovation Program officer and UNV										
	• Establish PIP Technical Committee										
Baseline: PIP in place Targets: Project Document	1.2 Design legal, financial and organisational model for Innovation Facility					consultants			Development Partners		50,000
	1.4 Partnership Mapping										
	• Develop list of prospective partners					UNDP IG & Innovation Team and above consultants			UNDP	N/A	
	• Identify stakeholder roles and responsibilities										
	1.5 Stakeholder consultations					Innovation Team and IG Team			TRAC	N/A	
	• Meeting with stakeholders										
	• Draft report on areas of interventions										

¹ Maximum 18 months

	1.6 Draft Project Document; including RRF, management arrangements and staffing requirements and Multi-Year Work Plan					Innovation Programme Team and IG Team and technical team	UNDP	N/A	
	• Hold LPAC and approve the PRODOC								20,000
	2.1 Establish and facilitate the Strategic Innovation Platform <i>(see Annex 1 for role of SIP based on wide and intensive innovation ecosystem consultations)</i>					Technical & technical programme officer	Development Partners	Secretariat Services to the SIP	
	2.2. Generate evidence & learning and use these to inform and engage government, development partners, civil society and private sector, enable them to conduct and support innovations, and apply innovations in their own organisations, programmes and policies.					Consultancies		Production and dissemination of case studies, sector papers and surveys (18 mths)	270,000
	- Carry out innovation policy & regulatory studies and analysis - Support policy and regulatory review - Develop interventions to inform phase 2 (legal entity) of the IF, inform policy and ecosystem actions (See annex 2 for proposed studies)								

Output 3 Establish and Operationalize Phase 1 of the Innovation Facility Indicators: Phase 1 of Innovation Facility operational	2.3. Establish interactive virtual and physical ecosystem platform and convene ecosystem dialogues, Innovation Weeks, etc., as required					UNDP Innovation Programme Team/HDIF	Development partners	Workshops, events and training courses for mixed audience government, DPs and private sector (18 mths)	172,500
	2.4. Establish and operationalize knowledge management, communications and partnership strategy/plan and M&E framework					UNDP Innovation Programme Team/HDIF	UNDP TRAC	Strategic media engagement & produce of articles, publications & documentaries	120,000 (18 mths)
	2.5. Capacite, engage and support government					UNDP Innovation Programme Team/HDIF	Development partners	Upon demand from government	337,500
	3.1. Establish Phase 1 of the Innovation Facility in UNDP including institutional framework (see Annex 3 on indicative framework based on partner consultations)						UNDP TRAC	Over heads	300,000
	3.2. Mobilize resources, establish and operationalize financing and investment framework for Phase 1 Innovation Facility					UNDP Innovation Programme Team/HDIF	UNDP TRAC	N/A	

- At least \$6m mobilized for implementation of the programme - Phase I IF Financing & investment framework & fund established - Innovation Ecosystem strengthened	3.3. Establish IF Fund (at least \$6m over the 18 months) and create a programme basket fund to facilitate additional resource mobilization					UNDP Innovation Programme Team and IG Teams	N/A		
	3.4. Recruit personnel for the Innovation Facility					IG & Innovation team and HR	Strategic Advisor, Finance Officer, Communications Officer & MEL & RD manager	567,000	
	Output 4 An Innovation Ecosystem COVID 19 Response framework and plan developed and operationalized	4.1. Identify critical solutions required for COVID 19 Early and intermediate socio-economic recovery				UNDP Innovation Programme Team/HDIF	UNDP TRAC		
		4.2. Establish a challenge and call for innovative solutions				UNDP Innovation Programme Team/HDIF	UNDP TRAC		
		4.3. Mobilize partnerships and funding for immediate implementation				UNDP Innovation Programme Team/HDIF	UNDP TRAC		
		4.4 Implement Challenge and support roll out of at least twenty innovative, transformative interventions with potential for scale-up				UNDP Innovation Programme Team/HDIF	Innovation Ecosystem Partners	At least twenty scaled up innovative interventions	400,000
						GMS 8%			134,760
TOTAL									1,819,260

Annex 1: Indicative functions of Strategic Innovation Platform, Innovation Facility and longer term interventions and budget (beyond 18 months PIP) of Output 2 (Preparatory work on creating a conducive environment for innovation in Tanzania

1. Indicative Role of Innovation Facility:

- a. Pool donor funds and develop tailored finance products to get innovations market ready and to an investible state
- b. Allow for a range of public and private investors to review and invest in a portfolio of innovations at various stages of development and testing
- c. Generate proven concepts to widespread adoption, crowding-in partner government, private investors, foundations and donor resources, towards solutions that are proven, scalable and offer more value for money
- d. Support innovation hubs in improving and aligning their capacity and service delivery
- e. Provide M&E, evidence and learnings to inform and build a conducive environment for innovation
- f. Inform existing and future innovation initiatives
- g. Act as a secretariat to the Strategic Innovation Platform

2. Indicative Role of the Strategic Innovation Platform:

- a. Identify opportunities and facilitate strategic connections between the supply of innovation ecosystem and 'the demand side' in Tanzania (private sector, government, investors)
- b. Convene strategic alignment of innovation stakeholders and their programmes in addressing large scale challenges (like COVID-19)
- c. Convene strategic partnerships between members of the innovation ecosystem
- d. Use learnings and evidence generated by the members and the Innovation Facility to inform policies and regulatory frameworks
- e. Act as strategic advisory body for government, corporate sector and DPs.....enable sectoral integration of innovation
- f. Support the Innovation Facility on resource mobilisation

3. Indicative 4 year Budget for Output 2: Conducive Environment (2020-2023)

Topic	Annual budget	Total 4 years
Programme Activities		
Creation of evidence & learning (production and dissemination of case studies, sector papers and surveys)	180,000	720,000
Strategic media engagement & produce of articles, publications & documentaries	100,000	380,000
Workshops, events and training courses for mixed audience government, DPs and private sector (incl Innovation Week)	150,000	600,000
Capacitating, engaging and supporting government	250,000	1,000,000
Secretariat Strategic Innovation Platform	25,000	100,000
Personnel		
Chief Technical Advisor(30%)	50,000	200,000
MEL & RD manager (50%)	60,000	240,000
Comms Officer (50%)	30,000	120,000
Admin support & logistics (30%)	20,000	80,000

Finance support (30%)	30,000	120,000
TOTAL	970,000	3,880,000

Annex 2: Proposed Preparatory Studies for the Innovation Facility

A. Innovation Response to COVID 19

1. Problem analysis

The global economic effects of the COVID-19 will leave an indelible mark on the national economy for Tanzania. The pandemic's effect on the economy will undoubtedly affect its strategic objectives outlined in the second Five-Year Development Plan (FYDP II) and the upcoming third Five-Year Development Plan (FYDP III) and MKUZA for Zanzibar. Also, given the nature of the outbreak and the preventative measures (such as restrictions on social life and work), and the consequential impact it will have on Government revenue, COVID-19 will negatively affect the Government's public service delivery when they are most needed.

Obviously this will affect health services, education and WASH, but also various economic sectors will be immediately drop in performance, like the tourism and hospitality sector. In addition, Tanzanian firms that rely on supply chains may be unable to get the parts they need, whether domestically or internationally. China is an important supplier of intermediate goods to the rest of the world, particularly in electronics, automobiles, and machinery and equipment. The disruption there is already having knock-on effects to downstream firms. Together, these disruptions contribute to a rise in business costs and constitute a negative productivity shock, reducing economic activity. Small traders especially women in the informal sector selling textiles, electronics or household goods are the ones most affected. The impact on women is especially important as women in Tanzania play an important role in inter regional trade activities through formal trade or informal and small-scale level activities. According to TMEA, 70% of cross border traders in East Africa are women.

In addition to their central role in guaranteeing food security, agriculture and related value-chains account for a quarter of total GDP and two-thirds of jobs nationally. Certain sub-sectors can be particularly vulnerable to global value-chain disruptions linked to Covid-19 (traditional exports crops: coffee, cashew, cotton; non-traditional export: horticulture, including cut flowers). There is a need to assess the "exposure" of key sub-sectors to expected trade slowdown (demand-side shock) and as well as potential supply-side shocks in case of social distancing and lockdown measures (e.g. labor shortage, closing of facilities).

It is in light of the above that UNDP, assigned by the Ministry of Finance and Planning, carries out a situational analysis of the impact of the COVID-19 outbreak on Tanzania. The scope of the assessment is on the potential more immediate social and economic ramifications of the outbreak in key sectors such as tourism, trade, transportation, budgeting, and social service delivery especially to the most vulnerable groups.

2. Our proposal

Based upon and parallel to this socioeconomic impact assessment, a participatory solution mapping will take place, aggregating midterm innovative solutions addressing a number of key challenges in the most vulnerable economic sectors:

a. Food & agriculture

Exploring market system innovations to global value-chain disruptions linked to Covid-19 in a number of traditional exports crops like coffee, cashew, cotton and non-traditional export crops in horticulture. Specifically looking into ways to promote and conduce domestic and regional trade and mobilize local available VC actors active in value addition, input provision and logistics.

b. Industry & trade

How can we support the informal infrastructure of small traders, especially women in the informal sector, who used to sell imported textiles, electronics or household goods and are most affected by the import disruptions.

c. Tourism

Innovative tools and solutions to recover the Tourism sector post COVID and innovative approaches to transformation of tourism sector public services. This requires both a study and a response. It should also focus on addressing the impacts on the lower echelons of society and the value chains.

d. The Triple Challenge: COVID 19, Floods and persistent vulnerability

Innovative tools and solutions for building resilience to floods especially in the lake and coastal regions. This is an annual occurrence that requires innovative thinking and solutions. These floods occur every year and each time, entire communities are displaced and lose their homes and farmland. This year's flooding is unprecedented. The COVID situation does not enable us to conduct a full post disaster needs assessment as this requires physical presence. As this is recovery related, we are unable to include it in the emergency fund we are applying for at UNDP HQ.

3. Activity plan & budget

a. Supply chain analysis of 6 sectors (based upon existing materials)	-	12 days (junior)	
b. Participatory system analysis – exploring solutions (e-workshops)	-	6 days (senior)	
c. Cocreation of innovations (e-workshops)	-	6 days (senior)	
d. Preparing concrete proposals/way forwards	-	12 days (senior + junior)	20,400 USD
Team of junior and senior consultant			

B. Analysis Policy & Regulatory Environment Innovation in TZ: Academia

1. Problem analysis

A holistic approach to an innovation ecosystem includes the academic or research sector. Ideally publicly funded universities develop research which entrepreneurs can adapt and commercialize into innovative solutions which support economic growth and human development. Universities and research bodies can be spaces which offer testing facilities for entrepreneurs working on new solutions, especially when labs and specialized equipment is not easily available commercially, as in Tanzania. Universities have an important role in Tanzania supporting students with a 'field practical' (internship) and also a final research project. There have been multiple calls for these final year projects to be commercialized, and many universities have made steps towards trying various hub or incubator spaces to support students to take these final projects forward into businesses. There is some work going on in this space, Sweden is looking to support many university hubs and in the past Denmark has supported a hub at DSM, and Iringa University has pioneered the use of the Finnish model of students starting their business as they study. In Tanzania we have seen the 5th phase government leaning heavily on academics for advice and many academics were drafted into the policy space.

Despite these development imperatives to have academia involved and some of the steps that are being taken academia is largely uninvolved in the innovation ecosystem. They seldom attend events like Sahara Sparks, Innovation Week etc. and are not included in pod casts, meetings or discussions. There isn't much discussion around how universities could or should contribute in Tanzania to the innovation ecosystem. The new Financing Facility could look to engage and support academia with information and funds, include representatives on the SIP and leverage their expertise to contribute to policy discussions related to the innovation ecosystem.

2. Our proposal

A mapping of the academic sector's knowledge of the innovation ecosystem and their capacity to provide services (add to innovate.co.tz) the hubs they are planning and working on. An evaluation/ study on how universities could best integrate with the innovation ecosystem in Tanzania, what services they could provide and an assessment of what capacity would need to be built to support them to take up this role.

3. Activity plan & budget		9600 USD
Desk review of universities to pick the top 15 to focus on	Junior: 3 days	1200
Calls and f2f meetings with the 15 universities to assess current activities, knowledge and capacity and write up report draft	Junior 2 days senior 3 days = 5 days	3300
Provide information to innovate.co.tz (junior)	Junior 1 day	400

Provide policy recommendations report (5pgs) on how universities should be integrated in TZ innovation ecosystem and what capacity support they need.	Senior 5 days	4500
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C: Analysis Policy & Regulatory Environment Innovation in TZ: regulatory framework best practice

1. Problem analysis

The government should be the leader in innovation – acting as a caring ‘gardener’ to support innovations to grow into strong businesses and solutions for challenges in the country. In Tanzania we have seen a de-prioritization of innovation with the 5th phase government reshuffling the function from works and communication to education, chronic low budget allocations/ budget, no engagement by the president, not priority to pass the STI updated policy, and weak leadership. Donors have recognized the development imperative of innovation, but have not been able to provide compelling research and studies to government on the GDP and jobs benefit of specific investments in innovation. Even the STI Policy has taken so long to be reviewed by government, donors are no longer sure if they support the policy or not.

2. Our proposal

A study and recommendation report which looks as the framework for innovation, assesses where and which specific policy changes could support change and quantifies the benefits would be helpful in re-prioritizing the STI agenda, supporting COSTECH and helping donor partners understand what specific points to lobby for in discussions with the GoT. A series of case studies looking at best practice policy in Kenya, Nigeria, South Africa and Botswana may also help provide some context specific policy advice.

3. Activity plan & budget		14,500 USD
Review and assessment of current policy	senior: 4 days	3,200
Calls and 12f meetings with COSTECH and MoEST on the policy and the policy direction	Senior: 2 days	1,600
Research case studies x 3 (junior) {check first these don't already exist}	Junior 13 days	5,200
Provide policy recommendations report (5pgs) on way forward for TZ policy	Senior 5 days	4,000

D. Analysis Policy & Regulatory Environment Innovation in TZ: unlocking local finance

1. Problem analysis

Finance for ideas and new businesses is important globally, you need some money to prototype, pilot and scale ideas. The cost of credit, as well as access to credit or funds in Tanzania has a very high entry barrier. Interest rates are typically in the high teens for TZS and can require more than 100% in cash collateral from banks and donor funded 'market based' loan projects – with little way to track those that take out a loan there are high default rates and a preference to lend to long established or well connected business people. Typically entrepreneurs find money from wealthier family and friends through networks of trust and relationships, including through VICOBA or SACCO schemes. All of these mechanism disadvantage young startups with little or no family connections, creating an inequitable playing field where only the well connected ideas (and those possibly who land a winning spot in a challenge competition) rather than the best ideas are the most likely to win out. How can we unleash the local finance that is available in a more equitable way? The new BOT/ NIDA register may offer an opportunity if properly leveraged. There are several very wealthy individuals and families in Tanzania who could take risks on good ideas. How could we leverage the new identification system and why don't wealthy families invest and how can we get them to do so?

2. Our proposal

A study on unlocking finance in Tanzania (building on the Seedstars/ Omidyar Network study on credit demand) looking at what it would take to leverage family finance. How has this been done in Rwanda, SEA (esp post WW2 Japan and S Korea) and what we could do here to mirror those political economy conditions.

3. Activity plan & budget		14,500 USD
Review and assessment of current situation	senior: 8 days	4,800
Research case studies x 3 (junior) {check first these don't already exist}	Junior 13 days	5,200
Provide policy recommendations report (5pgs) on way forward for TZ policy	Senior 5 days	4,000

E. Need Assessment Network of Hubs

1) Problem Analysis

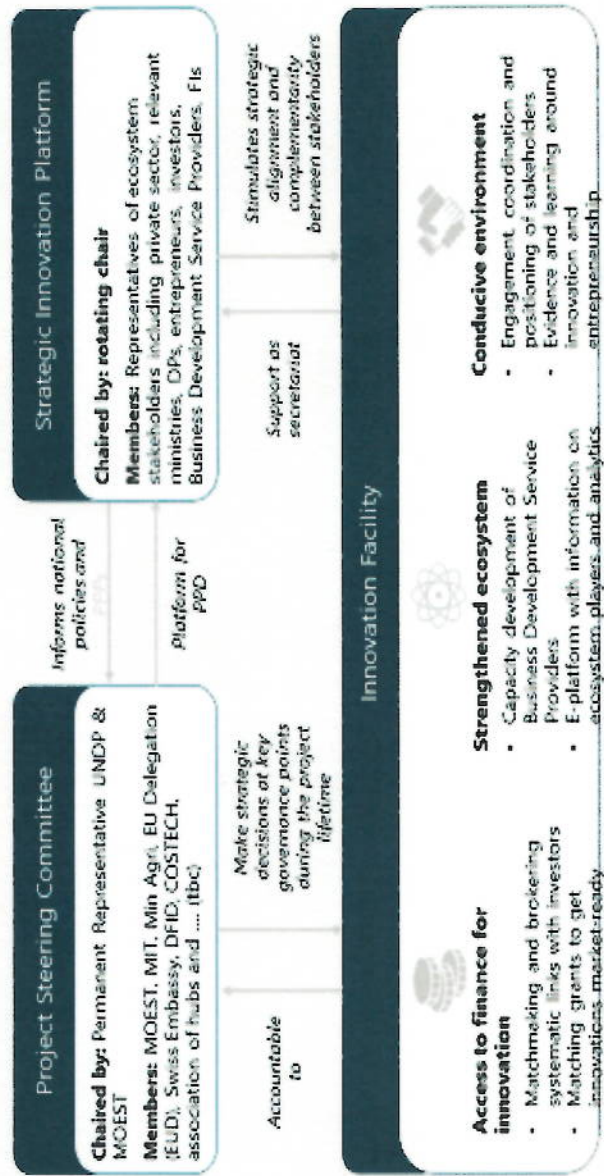
Tanzania has a growing number of organization that provide support to entrepreneurs and early stage startup businesses. Most of these organization are broadly referred to as 'hubs'. Over the course of time organizations come in waves, where new hubs are established and others shut down operations. As an integral pillar of the Integrated Innovation Programme, innovation these innovation support service providers, it is necessary to dedicate resources to updating the existing research conducted by HDIF to include not only the presences of hubs but conduct a needs assessment.

2) Proposal

A study to update the existing knowledge products and database of hubs maintained by HDIF paired with a needs assessment of specific areas where organizations need support.

3. Activity plan & budget			10,400
Review of current HDIF knowledge products & data	1 Day		800
Develop Needs Assessment Tool for Tanzanian context	2 Days		1600
Interviews by phone/email/in person of hubs already in database	5 days		4000
Create updated database and needs assesment report	5 days		4000

Annex 3: Proposed (Indicative) Institutional Framework for the Innovation Facility



Approval by;

Christine Musisi

Christine Musisi
Resident Representative

