



Unlocking Public and Private
Finance for the Poor

**United Nations Capital Development Fund
REQUEST FOR APPLICATION**

Tanzania Fintech Ecosystem Acceleration

SUMMARY

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

Leaving no one behind in the digital era

UNCDF has formulated its strategy '[Leaving no one behind in the digital era](#)' based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting and financing digital economies that leave no one behind. The vision of UNCDF is to empower millions of people (women, men and youth) by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals.

Project Description

UNCDF is implementing in Tanzania a Fintech Ecosystem Acceleration program that aims to build both fintech start-ups and accelerators by offering a range of custom-made services. Start-ups and accelerators will be chosen through a competitive process and provided with bespoke support with the objective of boosting the quality of fintech start-ups and ecosystem support services.

The program will focus on pre-identified gaps within the ecosystem including offering mechanisms for sustaining holistic and phased-out support spanning the critical stages of fintech start-ups from post-revenue to scale-up. In addition, UNCDF seeks to support efforts at expanding the formation and growth of start-ups in Tanzania, which is currently primarily focused on lending and payments, to several categories in the fintech landscape including savings & deposits, leasing, remittances, insurance, capital markets, wealth management, reg-tech as well as enabling technologies for financial services including security, blockchain, AI and machine learning.

The program will bring to the fore priority issues for which innovative and sustainable market-based solutions can be sought thus providing grounds for potential partnership opportunities while building evidence-based learnings. To achieve this, UNCDF will support the fintech ecosystem by working with existing structures and providing a platform for different players - tech entrepreneurs, accelerators, traditional FSPs, MNOs, regulators & supervisors, investors and academia to interact, collaborate and forge important connections and linkages in providing solutions that are innovative, market driven, and commercially viable. Women-owned fintechs will be prioritized to support them to grow, learn from their experience and inspire female engagement in the fintech space.



1. INTRODUCTION

Supporting the innovation ecosystem in Tanzania is in line with UNCDF's digital strategy, "Leaving No One Behind in the Digital Era" and Tanzania's third national Five-Year Development Plan (FYDP III; 2021/22 – 2025/26), "Realizing Competitiveness and Industrialisation for Human Development."

Specifically, one of the FYDP III objectives is to strengthen capacity in science, technology, and innovation areas to enhance the country's competitiveness and productivity in all sectors. This objective resonates well with UNCDF's digital strategy pillar on the promotion of innovation. UNCDF supports the growth of financial digital innovation in different value chains including, finance, agriculture, health, transport, education, and MSMEs.

Increasingly, the government acknowledges the potential of start-up businesses to contribute to the country's economic growth. Specifically, the government views start-ups as one of many avenues to address the growing youth unemployment. In the FYDP III, the government commits to creating an enabling legal and business operational environment that responds to the needs of start-ups and enterprises owned by youth, women, and persons with disability.

The Financial Sector Development Master Plan 2020/21 – 2029/30 also states the government plans to devise mechanisms to incentivise innovation and product development in the financial sector by 2030. The Ministry of Finance and Planning (MoFP), the lead institution in driving this objective, plans to achieve this through collaboration with financial sector regulatory bodies, financial services providers, and development partners.

It is with this background that UNCDF seeks to contribute to the growth of the fintech ecosystem in Tanzania by supporting fintech start-ups and selected ecosystem facilitators, such as hubs, incubators, and accelerators offering services to Fintech start-ups and technology-based companies. Women and youth owned fintechs will be given priority to promote gender equality in this sector.

The fintech sector landscape in Tanzania.

The fintech ecosystem in Tanzania has developed rapidly in the last 10 years. Ecosystem facilitators, including incubators, accelerators and hubs, are forging a close-knit fintech community where ideas are developed, tested and refined, and transformed into start-ups. As a result, numerous fintech start-ups have entered the market, offering a wider range of services to financial institutions, individuals and other business customers. While many start-ups are struggling to scale up, and some are pivoting into other businesses, more are looking to enter the market, including those started and run by women.

The change in the fintech start-up landscape is positively correlated with regulatory reforms in the payment sector and the launch of government policies and initiatives focusing on information and communication technology (ICT). For instance, in 2015, the government established the Information and Communications Technologies Commission (ICT Commission), which is mandated with coordinating and facilitating the implementation of national ICT initiatives. This was bolstered even more by the creation of the Ministry of Information and Communication Technology in 2020. These bodies work closely with the relevant ministries and departments including the Commission for Science & Technology (COSTECH) in strengthening the nexus between research and development on the one hand and innovation on the other.



Building off these efforts UNCDF conducted a [fintech start-up landscape study](#) in 2020/2021. The study's objective was to fill a vital information gap in the market that may improve potential investor understanding of the industry, including the challenges and opportunities for accelerating the growth of the fintech sector in Tanzania. The landscape analysis uncovered key findings in four ecosystem attributes:

- **TALENT:** Availability of skill in the areas of technology, finance, and entrepreneurship.
- **DEMAND:** Demand across a wide range of consumers, corporates, financial institutions, and other organizations.
- **CAPITAL:** Availability of financial resources for startups and innovators.
- **POLICY AND REGULATION:** Government policies and regulations regarding innovation initiatives.

With a preference for a market-focused approach, i.e., provision of venture building support, access to market facilitation, and exposure to funding opportunities at different stages of start-up evolution, industry players also highlighted the need to incorporate support geared toward fostering an enabling regulatory environment.

Specifically, stakeholders expressed interest in the following six areas:

- Brokering fintech partnership with incumbents or large corporations to enable access to infrastructure and customer base.
- Bespoke technical assistance on business and operational issues. This will include brokering fintech meet-ups with regulators. This could be done by deploying performance-based financing to support product development, testing, iterating, and delivering proof points to attract growth funding.
- Catalysing a local investment community to build a sustainable capital source that start-ups can tap into up to and including commercial funders.
- Building a community of practice to facilitate networking and peer-to-peer knowledge exchange; access to mentors and coaches willing to guide start-up founders.
- Linkage with regional accelerators and other fintech support programs to expose founders to different ecosystems outside Tanzania to expand their network.

2. SCOPE OF WORK

UNCDF would like to identify accelerators, who will serve as program implementing partners. In doing so UNCDF will leverage the existing infrastructure in the ecosystem to operationalize support to fintech start-ups on multiple fronts. This will include competitively identifying eligible fintech start-ups, conducting diagnostic assessments, developing customized, appropriate and relevant support packages where such package could include technical assistance and/or performance-based financing. Other support services include offering or facilitating linkages with business development service providers, and/or appropriate vendors offering specialised services.

2.1 Areas of intervention

Area of intervention	Challenges and Objectives
<p>Enhancing holistic development, growth & scaling of fintech start-ups by strengthening ecosystem support services encompassing business development, operations, and other services as necessary.</p>	<p><i>Challenges:</i></p> <ul style="list-style-type: none"> • Fragmented fintech ecosystem support which does not provide end-to-end, systematic and well-co-ordinated support to attract various types of investment capital and/or commercial funding. • Lack of a well-co-ordinated mechanisms to facilitate international collaboration with other fintech start-ups, ecosystem enablers and catalyst funds for purposes of learning, ease of expansion and building collaboration. <p><i>Outcomes:</i></p> <ul style="list-style-type: none"> • A pipeline of national, commercially viable fintechs providing appropriate, demand-driven solutions that have potential to scale; • A dynamic and responsive local and international investment community to build a sustainable capital source that start-ups can tap into - which includes commercial funders; • A community of practice which facilitate networking and peer-to-peer knowledge exchange; • Established collaboration with regional accelerators and other fintech support programs to allow Tanzanian ecosystem players to expand and grow their product scope and their network; • Access to a sustainable source of appropriate and relevant support services including business development services, and/or operations, and/or other specialised services that promote fintechs.



Expected outputs:

Activity	Expected Output
Competitively identify at least 4 (and up to 10) eligible fintech start-ups while ensuring inclusivity across gender and economic sectors.	Selection process documentation including call for applications, selection criteria, record of selection process, including final award letters.
Conduct diagnostic assessment of fintech start-ups based on pre-agreed selection criteria (in conjunction with UNCDF).	Diagnostic assessment report for each selected fintech start-up.
Develop and deliver appropriate and relevant custom-made support services including business development services, and/or operational systems, and/or other specialised services as required on a case-by-case basis.	A customised and participatory roadmap for each fintech start-up detailing clear recommendations and milestones to be achieved. Quarterly and final progress reports with annexes of the individual fintech quarterly and final progress reports.
Receive, review and deploy performance-based financing to help achieve milestones as defined above (in conjunction with UNCDF).	Evidence of performance-based financing released. (with UNCDF supervision).
Document learnings based on approaches deployed in delivering a holistic fintech innovation ecosystem.	Publish 3 blogs, hold 2 webinars and one final report/publication on learnings based on approaches deployed in delivering a holistic fintech innovation ecosystem.

Examples of activities and output listed above are not exhaustive. The team at UNCDF is interested to hear what potential applicants have in mind outside these examples as long as scale, commercial viability and impact objectives are aligned.

2.2 Expected results.

All applications must include targets on the indicators in the table below. The targets must be disaggregated for the selected target groups. Applicants who are not able to report on one or multiple indicators or provide disaggregated data should include a note with the reason.

The targets will be considered in the evaluation of the applications. During the negotiation process of the performance-based agreement, selected applicants and UNCDF shall develop a monitoring framework. This may include additional indicators and targets, tailored to the scope of the proposed solution, activities and expected results.



Expected Results

Indicator	Possible Expected Results	Indicative Date
Number of fintech start-ups competitively identified.	At least 4 and up to 10	December 15th, 2021
Number of diagnostic assessments conducted of fintech start-ups identified as above.	At least 4 and up to 10	January 30th, 2022
Number of fintech start-ups for which a customised set of support services is delivered.	At least 4 and up to 10	Quarterly and annual targets to be achieved as per dates stipulated in table ...
Number of fintech start-ups for which performance-based financing is provided.	At least 4 and up to 10	Quarterly and annual targets to be achieved as per dates stipulated in table
Number of blogs approved by UNCDF and published	At least 3	December 15th, 2021 January 30th, 2022 August 30th, 2022
Number of case studies/final report on lessons learned	1	September 30 th , 2022
Number of convening events or webinars that can be opened to the public	2- 3	March 31, 2022 June 30, 2022

Deliverables would be derived from key project milestones to be agreed mutually between UNCDF and the selected applicant in accordance with the identified milestones, outcomes and targets of the KPIs, during the due-diligence and negotiation phase. For illustration, milestones can include market research conducted, and go-to- market strategy finalized.



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3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored. Applicants must be registered firms or a co¹nsortium.

3.1 Eligibility requirements

Entity registration

- Applicants must:
 - Be a registered entity incorporated in Tanzania;
 - Demonstrate at least two years of operations;
 - Have statutory accounts and audited financial statements for at least one operating year.

Consortiums

- Applicants may apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players are encouraged if technical competencies are complemented.
- The lead applicant must be a registered entity with at least one year of operations and must have statutory accounts and audited financial statements for at least one operating year.

Minimum Requirements

- Applicants must be an accelerator/innovation hub demonstrating at least two years of proven experience supporting innovation start-ups through the offering of technical assistance including business development services, financing or linkage to financing, and organizing & facilitating networking events such as innovation challenges, hackathons etc..
- Applicants must have existing innovation space/s, relevant tools and resources including human resources to coordinate and deploy innovation support services.
- Applicants must have events organization, partnership brokerage and facilitation skills.
- Applicants must have a good understanding of Tanzania's innovation ecosystem including laws, policies and the regulatory environment, challenges and gaps around provision of business development services, and around attracting local and international investments.
- Applicants must have a good understanding of the relevant stakeholders including government departments, regulatory bodies, technology, development partners, investors, and other private sector players.

Exclusionary criteria:

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists, particularly in the fight against the financing of terrorism and against attacks on international peace and security; and

¹ <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>



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- Applicants must not be involved in any of the following activities:
 - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons
 - Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment
 - Replica weapons marketed to children
 - Manufacture, sale or distribution of tobacco or tobacco products and any illegal narcotics
 - Involvement in the manufacture, sale and distribution of pornography
 - Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES
 - Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
 - Violation of human rights or complicity in human rights violations
 - Use or toleration of forced or compulsory labour
 - Use or toleration of child labour
- Applicants shall have fulfilled all obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation

UNCDF will conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria including certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF in addition to the application form.



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3.2 Evaluation criteria

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

Evaluation Criteria		Score
Organizational Profile and Experience		
1	Experience supporting innovation start-ups within the fintechs sub-sector and/or digital commerce platforms	0-20
2	Track-record providing business development services to start-ups and/or SMEs specifically in the technology sector.	0-20
Stakeholder relations		
3	Experience working with government stakeholders. Understanding of Tanzania's innovation ecosystem including laws, policies and the regulatory environment.	0-10
4	Understanding of the national and international start-up funding environment. Fundraising and investor relations.	0-15
Sustainability and Business Plan		
5	Vision for creating a sustainable, revenue generating hub/accelerator program.	0-15
Additionality		
6	Score if UNCDF funding to the applicant will create: <ul style="list-style-type: none"> - Financially additionality: If the applicant cannot obtain funding from local or international private capital markets with similar terms or quantities without official support. - Non-financial value: Value that the private sector is not currently offering and which will lead to better outcomes e.g. by providing or catalyzing knowledge and expertise, promoting social or environmental standards or fostering good corporate governance... - Impact: Faster, larger or better development impacts than the applicant would be able to achieve working alone. 	0-10
Team		
7	Score if the applicant's proposed team structure and experience is suited for the purpose of the RFA (skills for management, technical know-how, on the field foot print, monitoring and RM capacities...)	0-5
Gender		
8	Score if the applicant has foreseen a gender focus in the proposed intervention, to have women both external (users) and internal (staff) benefited equally than men	0-5



3.3 Eligible costs

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

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

- Eligible costs must be incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period).
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Performance-based Agreement.
- Costs must be identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established.
- Costs must comply with the requirements of applicable tax and social legislation.
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.
- Consultancy costs – under studies, technical assistance and other advisory services under the programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with a special skill, and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with information provided on their expertise, primary organizational affiliation, normal daily fee, and number of days of expected service. Consultants' travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee.
- Workshop costs are eligible, for the workshop venue, food and beverages, and publication material. Costs for online workshops or webinars are also eligible.
- Training expenditure for the project's final beneficiaries is eligible. If applicable, this will include all related expenditure, such as venue cost, participant travel etc...
- Investment costs directly attributable to the project, relating to research and innovation, are allowed.

3.4 Ineligible costs

The following costs are ineligible and not accepted:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs, also called overheads.



4. AGREEMENT PARAMETERS

Potential applicants shall give evidence that their solutions are aligned to the following parameters.

4.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium of firms. , as long as they comply with the eligibility requirements set forth in section 3.1 in case of a consortium of entities applying to the RFA, the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible for:

- i. submitting the application form on behalf of the consortium
- ii. ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form;
- iii. signing the Performance-based Agreement with UNCDF;
- iv. fulfilling all obligations set out in the Performance-based Agreement;
- v. ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- vi. ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement

4.2 Target segment

The primary segment of the project is predominantly innovation start-ups within the fintech and digital commerce sub-sectors that will be selected by the grantee with the support of UNCDF.

4.3 Geographical scope

The project is nation-wide in Tanzania.

4.4 Project duration

The project is expected to have a 9-month duration. The final report shall be submitted no later than two months after project completion.

4.5 Language

The deliverables and any correspondence between the applicant organization and UNCDF must be in English.

4.6 Budget

UNCDF will provide a grant to at least one selected applicant which is technically compliant and receive the highest score in accordance to the Evaluation Criteria as set forth in section 3.2 UNCDF. Contribution is up to US \$150,000 depending on the number of start-ups supported, services provided etc.. Applicants are encouraged to submit a proposal providing the best quality of results within this envelope.



5. APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

The applicant must submit a complete application through the UNCDF e-investment platform:

https://apply.uncdf.org/prog/tanzania_fintech_ecosystem_acceleration

The application will be accompanied by the following documents:

- a. Certificate of incorporation
- b. Audited financial statements for one year
- c. Latest management accounts
- d. Tax compliance certificate
- e. Technical proposal using UNCDF template
- f. Budget and workplan using UNCDF template
- g. CV form using UNCDF template

All submissions must be completed in English.

Only applications that include the requested documents and templates will be considered.

5.2 Application deadline

All applications must be submitted by 17:00 EST, (New York time zone) on September 30th 2021.

5.3 Selection process

- Step 1: Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 3.1.
- Step 2: Evaluation of eligible applications – applications will be evaluated based on the evaluation criteria set out in section 3.2.
- Step 3: Due diligence – due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
- Step 4: Notification of applications – all applicants will be notified of the status of their applications.
- Step 5: Pre-Grant negotiation and Performance-based Agreement – the selected applicants will finalise the scope of the grant and finalise budgets, indicators and targets, workplan and disbursements of the Grant that will be released on achievement of each milestone.
- Step 6: Approval of the selected applications by the Investment Committee
 - applications selected by the Evaluation Committee will be reviewed, discussed and approved by the Investment Committee. Any further due diligence requirements, risk analysis or milestone recommendations from the Investment Committee will be followed in later steps.
- Step 7: Notification of applications - all applicants will be notified of the status of their applications after final approval from UNCDF.



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5.4 Timeline

8 September 2021	Application window opens
20 September 2021	Deadline for questions
30 September 2021 17:00 EST	Deadline for submission

5.5 Real-time assistance from UNCDF

For requests and queries, please send an email to paul.damocha@uncdf.org or uncdf.rfa@uncdf.org, no later than September 20th, 2021