

GSMA MOBILE FOR DEVELOPMENT UTILITIES INNOVATION FUND

TERM SHEET - MARKET VALIDATION



1. OBJECTIVES

The GSMA Mobile for Development Utilities Innovation Fund (“the Fund”) supports innovative organisations in emerging markets. The goal of the Fund is to improve access to basic energy, water and sanitation services, using mobile technology. The Fund supports innovative business models that use technology and the reach of the mobile communications industry to deliver underserved or low-income consumers with new or improved access to energy, water and sanitation services. M4D Utilities serves as a “market facilitator” by sharing lessons learned and best practices from these trials to help operators, innovators and funders advance these models.

The Fund is funded by UK Government’s Department for International Development (DFID and the Scaling Off-Grid Energy Grand Challenge for Development), and supported by the GSMA and its members.

The Fund is calling for suitable Market Validation projects that:

- Include the use of mobile as a significant element of an energy, water, or sanitation service;
- Have a strong partnership with a mobile network operator OR utility service provider (urban or peri-urban), which is supported by a Memorandum of Understanding or other contract.
- Scale or replicate an innovative business model which the applicant has previously demonstrated improves or increases access to energy, water and sanitation for underserved or low-income consumers;
- Are not easily supported by other commercial sources of finance but will contribute significantly to the body of evidence that proves the commercial case (or financial sustainability) for mobile-enabled solutions in the provision of energy, water or sanitation;
- Have a means of forecasting and measuring the number of end users receiving new or improved access, and the level of service improvement and/or the frequency of use;

In addition, preference will be given to:

- Projects that demonstrate equitable access to energy, water or sanitation for underserved women;
- Projects that demonstrate low carbon or renewable solutions for improving access to energy, water or sanitation for underserved consumers;
- Projects which are the most likely to demonstrate scalability and/or replicability;
- Projects which are the most likely to demonstrate benefits to the mobile industry through these models.

Please see section 10 for more specific evaluation criteria.



2. GEOGRAPHY

The Fund is open to support organisations from, and operating in:

- Sub-Saharan Africa;
- South and Southeast Asia.

The following countries within these regions are ineligible: Algeria, Botswana, Gabon, Libya, Namibia, South Africa, Tunisia, Malaysia and Thailand.



3. LAUNCH DATE

Launch: July 31, 2017

Deadline for concept notes: September 3, 2017



4. TYPE OF SUPPORT AVAILABLE

The support package includes:

- Funding (see 11 & 12);
- Mobile-focused mentoring and technical assistance;
- Advice and support on how to facilitate relationships with mobile operators, where relevant;
- Peer learning from organisations pursuing similar mobile-enabled utility service models.





5. ELIGIBLE ORGANISATIONS

To be eligible for funding, organisations must meet the following criteria:

- Be one of the following:
 - » Energy, water, or sanitation service provider (i.e. enterprise), including
 - * Decentralised service providers
 - * Urban or peri-urban utilities, and
 - * NGOs trialling business model approaches,
 - » Mobile operator or infrastructure provider/owner
 - » Technology solutions provider

Preferably, grants that involve urban or peri-urban utilities should be led by mobile operators or technology solution providers.
- Be an entity registered and operating in the country of project implementation (whether domestic or foreign owned or a joint venture) in compliance with relevant business licensing, taxation, employee and other relevant regulations.
- The lead organisation must be able to accept foreign grants and deploy them in the country of implementation.
- The lead organisation must be in satisfactory financial health and be able to show two years of audited financial accounts; have adequate financial systems to report regularly to the Fund and, if required, undergo an external audit.
- Have adequate internal human resource capability to implement the proposed project within the proposed timeframe.
- Have the potential and appetite to form strategic partnerships with mobile operators.
- Not violate fundamental human rights or international labour standards.



6. COMMITMENTS FROM SUCCESSFUL ORGANISATIONS

If selected, grantees must commit to:

- Share project data, also from partner organisation(s) where applicable, with the GSMA M4D Utilities programme and its Insights and Impact Assessment expert/agency. The GSMA will work with selected grantees to agree upon publically shared data through [case studies](#) and reports.
- Participate in Insights and Impact Assessment activities with a third-party consultant. In particular:
 - » Capture key expected learnings and metrics;
 - » Measure direct users and direct beneficiaries;¹
 - » Measure indirect beneficiaries² for a period after the completion of the grant period.
- Participate in lesson learning and experience sharing activities for internal and public audiences.
- Adhere to Memoranda of Understanding (MOUs) between the members of a partner consortium. A document with a clear division of responsibilities between the members of the consortium and a statement of mutual commitment should be present in the final proposal (see 7).
 - » An MOU will be needed with any partner who will either contribute to the match funding, share data, or play an important role in the planning or delivery of the project. Note that MOUs with easily replaceable vendors are not necessary.
 - » The GSMA will provide guidance on when MOU(s) are required.
- The key project manager will travel to and participate in GSMA activities or other key events where relevant. Part of the grant funding shall be allocated to specifically cover these travel expenses.
- Participate in UK DFID and the Scaling Off-Grid Energy Grand Challenge for Development annual review processes.



7. APPLICATION PROCESS

Applications will be assessed through a **two-stage application process**.

Concept Note stage - The first stage will involve completing a short online questionnaire, to be reviewed by the Fund Manager and GSMA. The deadline for submitting Concept Notes is **Sunday, September 3, 2017**.

Proposal stage - Concept Notes that meet the objectives of the Fund, and where the applicant is eligible, will be invited to develop a proposal setting out the full business case for the project. Applicants will receive feedback from the GSMA in developing their proposal.

A successful Concept Note does not imply that the subsequent proposal will be funded.

Once the proposal is submitted, appraisals will likely include a due diligence visit and/or interview with the applicant. An independent and anonymous panel of experts ('Fund Panel') will appraise proposals and make a final selection based on the submitted material as well as recommendations from the GSMA and the Fund Manager.

We expect the final decision from the Fund Panel to be made in late January 2018.

1. Direct users: Individuals interacting actively and directly with the mobile-enabled service during the grant period.
Direct beneficiaries: "Direct users" + end consumers who derive some socio-economic value from the direct users of the mobile-enabled service during the grant period.

2. Indirect beneficiaries: New beneficiaries of the mobile-enabled service after the grant period.



8. FUND MANAGER

The Fund Manager plays a managerial and advisory role, executing decisions on behalf of the Fund. They are the managing organisation responsible for fund mechanisms, grant progress reporting, financial management, transparency, accountability and for reporting on impact and learnings. Additionally, the Fund Manager is responsible for Fund compliance including financial, legal and ethical considerations.

The Fund Manager is Coffey International Ltd.



9. CONTACT DETAILS

Utilities_grants@gsma.com
[The Utilities Innovation Fund web page](#)



10. CRITERIA

The specific objective of the Market Validation Grant is to support strong partnerships with mobile network operators OR utility service providers to support **scaling** or **replication** of an existing service that increases or improves access to sustainable energy, water or sanitation services to underserved consumers. **The service will already have demonstrated success and have active users in at least one market.**

To be eligible for funding, organisations must meet the following additional criteria:

- **Organisations must have a strong partnership in place with a Mobile Network Operator (registered as a member of the GSMA) and/or with a utility service provider (urban or peri-urban), which is supported by contracts or Memoranda of Understanding (MOUs).**
- The lead applicant or partner must have the applicable regulatory clearances to provide the new or improved service.
- Hardware and software vendors that are critical to the product/service must be selected before the grant is awarded.
- The project must target underserved or low-income consumers.

Applications will be appraised to the extent to which they satisfy the eligibility criteria of the Fund, and on the following matters:

- How integral mobile is within the solution and how this will demonstrate benefits to the mobile industry;
- The scale and/or replication to be achieved through the grant and potential for continued scaling and replication;
- The strength of partnerships with mobile network operator or utilities;
- The additionality that this grant will bring to the activities the organisation already undertakes;
- The relevance, quality and potential of the innovation to improve or increase energy, water and sanitation services for underserved/low-income consumers.
- The quality of the business case and/or financial sustainability and implementation plan including assessment of risks involved and appropriate mitigation plans;
- The existing internal capability and capacity of the applicant and its personnel to implement the project in the timeframe set out in the Application;
- The level of resources mobilised including previous funding, human resources, additional efforts;
- The theory of change or pathway to impact (including inputs, outputs, outcomes impacts and assumptions) are clearly defined, measurable and achievable;
- *Strong preference will be given to applicants that are NOT implementing pay-as-you-go energy services in East Africa.*



11. FUNDS AVAILABLE

Applicants are required to submit and justify their financial requirements for the project to be funded, as well as funding amount and duration:

- The funding should be used for a specific project, e.g. **scaling** up an existing product or service or **replicating** to a new market.
- The amount can be up to GBP 300,000.
- The funding will be milestone-based (i.e. incremental fund payments will be dependent on the organisation delivering proof that mutually-agreed targets have been achieved).
- The total duration of the project is 12 - 18 months. The GSMA expects the implementation period to be 12 months at most, in order to assess the impact of and gain insights from the project in the remaining 6 months.



12. MATCHING CONTRIBUTIONS

The Fund requires a matching contribution from the applicant in order to demonstrate financial commitment and traction from other sources. Acceptance of match funding is subject to approval by the Fund:

- Applicants must provide a minimum match equal to the grant. *For instance, if an organisation requests GBP 200,000 from the Fund, a contribution of at least GBP 200,000 from other sources is required.*
- Matching contributions are also expected to be used towards the applicant’s proposed project.
- Applicants should have received other funding or investment (or the commitment of future funding/investment) required for the matching contributions by the start of the grant.
- No matching expenses before the notification of grant award will be considered.
- All match contributions (including those provided by partners) will need to be verified with supporting invoices/evidence.
- UK DFID and the Scaling Off-Grid Energy Grand Challenge for Development funds may NOT be used for matching.
- Matching contributions can be made ‘in cash’ and/or ‘in kind’:

TYPE OF MATCHING ACCEPTED	DESCRIPTION	EVIDENCE ACCEPTED	EXAMPLE (SOURCES)
<p>IN CASH</p>	<p>Direct financial contributions to the project from the applicant and/or third parties such as venture capital firms, impact investor, mobile operator, or other grant funds.</p>	<p>Signed MoU or contract, a bank statement and letter confirming the total amount disbursed or to be disbursed by the other party/ies.</p> <p>Evidence submitted to the Fund of matching commitments must include all conditions, timescales and any other considerations.</p>	<p>May include funding from:</p> <ul style="list-style-type: none"> • Cash reserves/revenue • Investment funding (equity finance) • Impact investment • Crowdfunding • Grants (from governments, foundations or NGOs).
<p>IN KIND</p>	<p>In kind matching includes any significant and quantifiable contribution to the project that is not financial.</p> <p>Applicants must be able to quantify and demonstrate what results any matching given in kind will achieve for the proposed project.</p>	<p>In cases where in kind matching is offered, the Fund will discuss with the applicant how best to agree the match funding commitment and valuation.</p> <p>For example: a contractual agreement of support from a local incubator (providing the equivalent monetary value of the service).</p>	<p>May include:</p> <ul style="list-style-type: none"> • Use of goods, services and facilities (such as software) • Salaries • Provision and access to equipment