

# GSMA - ECOSYSTEM ACCELERATOR INNOVATION FUND

## TERM SHEET - ROUND 1

1



### OBJECTIVES

The GSMA Ecosystem Accelerator Innovation Fund ("the Fund") supports innovative start-ups in emerging markets. The objectives of the Fund are to:

- Establish partnerships between operators and start-ups in order to increase the reach of innovative mobile services.
- Test business models with the greatest potential for growth.
- Provide lessons and examples for stakeholders within the ecosystem, on the ways in which mobile is driving positive socio-economic change.

The Fund is funded by UK Department for International Development (DFID), and supported by the GSMA and its members.

2



### GEOGRAPHY

The Fund is open to start-ups from, and operating in, Africa and selected countries in Asia.

**Africa:** Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo Dem Rep., Congo Rep., Cote d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, South Africa, Swaziland, São Tomé and Príncipe, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

**Asia:** Bangladesh, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, Vietnam.

3



### FOCUS AREAS

The Fund will run several rounds between 2016 and 2020. For each round there will be specific areas of focus. During the first round ('Round 1'), these are:

1. **Sharing economy:** defined as any mobile-based platform, product or service which enables low-income citizens in emerging markets to generate income from 'underutilised assets' through sharing those assets with their peers. *For more information, see our infographic [here](#).*
2. **Services for SMEs:** defined as any mobile-based solution, product or service designed for Micro, Small and Medium Enterprises (SMEs) – formal or informal – in emerging markets which unlock improved productivity and growth. *For more information, see our infographic [here](#).*

Applicants must be aligned with one or both of the above focus areas in order to be eligible.

*Socio-economic impact is expected to be realised and measured through various indicators such as job creation, new opportunities for entrepreneurs and youth, growth of formal and/or informal SMEs etc.*

4



### LAUNCH DATE

Applications for Round 1 of The Fund are open from **26<sup>th</sup> July 2016**

5



### TYPE OF SUPPORT AVAILABLE

The support package includes:

- Funding (see 6 & 7).
- Mobile-focused mentoring and technical assistance.
- Facilitation of relationships with mobile operators, where relevant.

6



### FUNDS AVAILABLE

Applicants are expected to submit and justify their 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 between £100,000 and £250,000.
- The funding requires a certain level of matching from the applicant (see 7).
- The funding will be milestone-based (i.e. incremental fund payments will be dependent on the start-up delivering proof that mutually-agreed targets have been completed/achieved).
- The duration of the project can be between 12 and 18 months.

# 7

## MATCHING CONTRIBUTIONS

The Fund requires a matching contribution from the applicant in order to demonstrate interest and trust from the wider investor community. Acceptance of match funding is subject to approval by the Fund:

- Applicants must provide a matching of at least 50% of the amount requested. *For instance, if a start-up is requesting £200,000 from the Fund, a contribution of at least £100,000 from other sources is required.*
- Matching contributions are also expected to be used towards the applicant's proposed project.
- Ideally, applicants should have received the matching contributions:
  - » Between 26<sup>th</sup> July 2016 and 1<sup>st</sup> January 2017.
- The Fund might consider matching contributions:
  - » Received between 1<sup>st</sup> January 2016 and 26<sup>th</sup> July 2016
  - » Expected to be received between 1<sup>st</sup> January 2017 and 30<sup>th</sup> April 2017
- Matching contributions can be made 'in cash' and/or 'in kind':

TYPE OF MATCHING ACCEPTED	DESCRIPTION	EVIDENCE ACCEPTED	EXAMPLE (SOURCES)
<b>IN CASH</b>	Where at least one other party (e.g. venture capital firm, impact investor, incubator/accelerator, mobile operator, foundation or the start-up founder) agrees to provide funding to the start-up.	Signed MoU or contract, a bank statement and letter confirming the total amount disbursed or to be disbursed by the other party/ies.  Evidence submitted to the Fund of matching commitments must include all conditions, timescales and any other considerations.	May include funding from: <ul style="list-style-type: none"> <li>• Investment funding (equity finance)</li> <li>• Impact investment</li> <li>• Crowdfunding</li> <li>• Grants (from governments, foundations or NGOs)</li> </ul>
<b>IN KIND</b>	In kind matching includes any significant and quantifiable contribution to the project that is not financial.  Applicants must be able to quantify and demonstrate what results any matching given in kind will achieve for the proposed project.	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.  For example: a contractual agreement of support from a local incubator (providing the equivalent monetary value of the service).	May include: <ul style="list-style-type: none"> <li>• Use of goods, services and facilities (such as software)</li> <li>• Expertise in the form of staff time (such as market research)</li> <li>• Provision and access to equipment</li> <li>• Special materials</li> <li>• Technical assistance</li> </ul>

# 8

## ELIGIBLE START-UPS

To be eligible for funding, start-ups must meet the following criteria:

- Be located and operating in a market within the geographical scope of the Fund and registered with the relevant local authorities.
- Be aligned with one or both of the current Round's focus areas.
- Be in satisfactory financial health and 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 already demonstrated success and launched a product or service that has active users in at least one market.
- Have the potential and appetite to form strategic partnerships with mobile operators where relevant.
- Not violate fundamental human rights or international labour standards.

9



COMMITMENTS FROM SUCCESSFUL START-UPS

If selected, applicants must be committed to:

- Sharing project data with the GSMA Ecosystem Accelerator programme. All data will be treated confidentially, unless agreed otherwise between the start-up and the programme.
- Participating in monitoring and evaluation activities. In particular:
  - » Measure direct users and direct beneficiaries.
    - Direct users:** Individuals interacting actively and directly with the mobile service during the grant period.
    - Direct beneficiaries:** "Direct users" + Individuals who derive some socio-economic value from direct users using the mobile service during the grant period.
  - » Measure indirect beneficiaries following the end of the project.
    - Indirect beneficiaries:** New beneficiaries of the mobile service after the grant period (e.g. 2 years following end of grant).
- Participating in lesson learning and experience sharing activities for internal and public audiences.
- Travelling to GSMA or other key events where relevant. Part of the funding given shall be allocated to specifically cover these travel expenses.
- Participating in DFID's annual review process.
- Providing demo material of the product or service funded to the GSMA (expenses can be covered).

10



APPLICATION PROCESS

Applications will be assessed through a **2-stage application process**.

**Pitch stage** - The first stage will involve completing a short online questionnaire, to be reviewed by the Fund Manager and GSMA. The deadline for submitting pitches is **18<sup>th</sup> September 2016**.

**Proposal stage** - Pitches 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 support from the GSMA in developing their proposal; this support will likely include an advisory/due diligence visit to the applicant.

*A successful pitch does not imply that the subsequent proposal will be funded.*

An independent and anonymous panel of experts ("Fund Panel") will appraise proposals based on the submitted material as well as recommendations from the GSMA and the Fund Manager.

For Round 1, we expect the final decision from the Fund Panel to be made in January 2017. The Fund Panel is expected to select 10 to 15 start-ups to the portfolio.

11



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, 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.

12



CONTACT DETAILS

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