

The GSMA Innovation Fund Downstream Partner Guidelines

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I. Purpose of the Guidelines

This document is intended to provide guidance in relation to the level of due diligence, contracting and management/reporting that the GSMA Innovation Fund (GSMAIF) requires Grantees to conduct on the organisations that they partner with or delegate responsibility to for carrying out GSMAIF-supported activities (their Downstream Partners).

It is the responsibility of the Grantee to ensure that they meet & follow the below expectations and that they ensure their Downstream Partners deliver and manage the GSMAIF-supported activities in accordance with the requirements set out in the Grant Agreement between GSMAIF and the Grantee.

II. Expectations

GSMAIF's Donors impose specific requirements and obligations in relation to how its funds can be used. These requirements and obligations are passed onto GSMAIF by the GSMAIF Donors and in turn GSMAIF must pass them onto Grantees through the Grant Agreement for GSMAIF funds.

- Grantees are always required to carry out satisfactorily robust due diligence on each organisation that forms a link in the delivery chain of GSMAIF-supported activities.
- Grantees are also required to enter into appropriate agreements or contracts that pass on the relevant requirements of the Grant Agreement and appropriately flow-down expectations around standards of legal and ethical working to Downstream Partners and ensure that those organisations then carry out suitable due diligence and contracting on any organisations that they further delegate responsibility to.
- Grantees are required to ensure that they appropriately monitor the performance of Downstream Partners undertaking the delivery of project activities and that all costs incurred by Downstream Partners are in accordance with GSMAIF guidelines & are appropriately evidenced.

III. Requirements

As a general rule for Grantees:

- Due Diligence should always be conducted when entering into an agreement or contract or purchase order with a Downstream Partner, and the agreement or contract or purchase order should appropriately pass down all relevant GSMAIF requirements (including relating to reporting and management/expenditure of funds)
- Due Diligence is not required for one-off cash (or card) purchases where they will not be a formal written agreement or contract or purchase order.

- Where there is a pre-existing agreement or contract with a Downstream Partner (entered into before the provision of GSMAIF support), then due diligence does not need to be carried out again but confirmation should be provided by the Grantee certifying that the equivalent due diligence was carried out during the initial contracting and that the pre-existing agreement or contract appropriately passes down all relevant GSMAIF requirements.

The type of Downstream Partner and the related obligations can be differentiated by the level of responsibility delegated:

a. Consultants/Sub-Contractors/Suppliers

Downstream Partners that fall into this category will be Commercial providers of services or goods that a Grantee enters into a commercial arrangement with after a competitive procurement process for the provision of specific goods or services to the project at a set / pre-defined price (which will likely include profit / mark up).

	Requirements
Financial Proposal	It needs to be clear which line items in the budget are expected to be delivered by this type of Downstream Partner (but exact companies do not need to be identified/procured by this point). Related line items will need to be broken down & explained based on the expected commercial arrangement.
Procurement	Must be appropriately competitively procured by the Grantee (at the most appropriate time before or during project implementation to facilitate related activities) to ensure value for money and that the selection is fair, transparent & low risk.
Due Diligence	Conducted by the Grantee on the Downstream Partner to a sufficient level to confirm they operate in a legal & ethical manner and are capable of providing the promised goods/services. Will include (but does not need to be limited to): <ul style="list-style-type: none"> • Formal Identification (e.g. confirmation of registration/incorporation) • Compliance with national legislation, insurance requirements and health and safety regulations • Government Relationships (e.g. declaring instances where the Organisation principal(s) /Individual is, employs, or is closely related to a public official)

	<ul style="list-style-type: none"> • Prior Conduct (e.g. declaring past instances of criminal, corrupt, unethical, or unlawful cost related to the Organisation/Individual or subsidiaries)
Contracting	Grantees should enter into appropriate commercial agreements that allow for monitoring the provision of the goods/services and that ensure expected standards of legal and ethical working are met. Can be entered into at the most appropriate time before or during project implementation – timed so as to best facilitate delivery of related activities.
Financial Reporting	Payment by the Grantee for the goods or services will need to be reported to GSMAIF and any documentation supplied by the Downstream Partner to demonstrate inputs or achievement of outputs (as outlined in the commercial agreement) will need to be provided to GSMAIF as evidence of spend by the Grantee.

b. Sub-Recipients

Downstream Partners that fall into this category will be organisations to whom the Grantee delegates responsibility not just for carrying out specific activities but for managing the delivery of certain project activities and spending (rather than just receiving as payment) a portion of the GSMAIF funds (or match funding).

The Sub-Recipient will often have a stake in the project or the Grantee and will likely not be competitively procured, will not include profit / mark up in their costs (i.e. not be selling their services but instead partnering with the Grantee to deliver certain activities for the fulfilment of a mutual objective), and the type of contractual relationship will be likely be non-commercial (e.g. a Sub-Grant Agreement or another type of 'at cost' / purely reimbursement agreement).

It is the responsibility of the Grantee to ensure that any Sub-Recipients manage the delivery of activities and expenditure of GSMAIF funds in a manner that complies with all GSMAIF guidance, GSMAIF expectations around standards of legal and ethical working, and the provisions of the Grant Agreement between GSMAIF and the Grantee.

	Requirements
Financial Proposal	Sub-Recipients will ideally be identified and assigned to relevant line items in the budget by this point (if not, it needs to be clear which line items are expected to be delivered by a Sub-Recipient). Line items related to a Sub-Recipient will need to be broken down, explained & scrutinised to the same level as for the Grantee (e.g. individual staff roles detailed with FTE and salary details explained).
Procurement	Will likely not be competitively procured / selected, which means that value for money, mitigation of risk etc. is ensured through more robust due diligence, budget scrutiny, and flow down of Grant Agreement requirements.
Due Diligence	<p>Conducted by the Grantee on the Downstream Partner and then checked by GSMA. Needs to be sufficient level to confirm that they operate in a legal & ethical manner and have sufficient controls in place to be capable of managing as well as delivering the delegated activities & capable of spending the GSMA IF funds appropriately. It should include (but does not need to be limited to):</p> <ul style="list-style-type: none"> • All items listed from the Consultants/Sub-Contractor/Suppliers section. • Fiduciary – assessing an organisation's financial viability, the reliability and integrity of their financial controls and

processes, how their anti-fraud/bribery/corruption measures have been implemented and are monitored, and whether they have measures in place to ensure value for money is achieved.

- Delivery – assessing whether an organisation has suitable policies and procedures in place to effectively deliver the activities delegated to them, and whether they have suitable staff capacity and ability to perform the activities delegated to them.
- Operational – assessing whether an organisation has a suitable decision making / governance structure, whether they are able to comply with all national legislation and regulations, and how they monitor and manage risks and issues.
- Safeguarding – assessing how an organisation monitors and manages labour and employee working conditions, how recruitment is performed, whether they have implemented or are implementing measures to help identify/address modern slavery in supply chains, and (where physical or economic relocation is expected to occur as a result of the delegated activities) whether suitable environment and social impact assessments have been carried out.
- Reputational – assessing whether an organisation is involved in any controversies, problems, disagreements etc. that may represent a reputational risk to GSMAIF or the GSMAIF Donors (e.g. criminal action, environmentally unsustainable practises, accusations of fraud or corruption etc.).

Contracting

As Sub-Recipients are delegated responsibility for spending GSMAIF funds on project activities they will be named in the Grant Agreement.

An agreement between the Grantee and Sub-Recipient will also need to be executed within 30 days of the Grant Agreement becoming effective, and this agreement must pass on all relevant Grant Agreement terms (alongside allowing for the appropriate monitoring of performance and ensuring expectations around standards of legal and ethical working are met).

Financial Reporting

Sub-Recipients will be spending GSMAIF funds and so will need to report actual expenditure of funds and provide evidence of that actual expenditure to the Grantee (to

demonstrate GSMAIF grant funds were spent in compliance with the GSMAIF Guidelines). Grantees will then need to report that onto GSMAIF.

Grantees will not be reimbursed for Sub-Recipient costs that they cannot evidence or activities undertaken by Sub-Recipients are identified to be inappropriate.

c. Project Stakeholders/Partners

While the Grantee will be the principal organisation leading on the implementation of the project, other partners (who will often have a stake in the project or the Grantee) may be involved in the project (and may be key to its success) but will not be responsible for carrying out project activities nor receiving GSMAIF funds (e.g. an MNO)

	Requirements
Financial Proposal	N/A - as not spending or receiving grant or match funding to carry out project activities
Procurement	Will likely not be competitively procured / selected.
Due Diligence	Conducted by the Grantee to a sufficient level to confirm the Downstream Partner operates in a legal & ethical manner and are capable of providing the promised inputs (i.e. usually at least to the extent listed in the Consultants/Sub-Contractor/Suppliers section).
Contracting	Grantees should enter into an appropriate agreement which formalises all roles and commitments with regard to the project. This agreement may need to be provided by the Grantee as evidence of a milestone before or during the project (e.g., if it relates to the provision of funds for match funding).
Financial Reporting	N/A - as not spending or receiving grant or match funding to carry out project activities.