GSMA

GSMA Innovation Fund (GSMAIF) Asset Management Guidelines

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GSMA

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I. Purpose of Guidelines

GSMAIF's Donors impose specific requirements and obligations in relation to how assets purchased for use on the GSMAIF project must be procured, managed, reported on, and disposed of.

GSMAIF separates project expenditure into:

- **Project Asset Costs** - which is defined as the funds used by a Grantee to purchase or upgrade goods that are considered to be assets with a useful life of greater than one year and a purchase value greater than £500. Common examples include machinery, motorbikes and other small transport vehicles, software, equipment (e.g., laptops), furniture, etc.
- **Operating Costs** – which is defined as the funds used by a Grantee to purchase services and/or cover the operational costs of the specific GSMAIF-supported project activities (e.g., not costs associated with the Grantee's business as usual). Examples: staff costs, office rental, travel expenses, courier services, consultancy costs etc.

This guidance document sets out how **Project Assets** used on the GSMAIF-supported project must be procured, managed, reported on, and disposed of.Where grant funds are used to procure Project Assets, such items are considered "Significant Assets". Additional requirements relating to the disposal of Significant Assets are detailed beginning on page 8.

II. GSMAIF's Position on Funding Project Assets

Project Asset Costs must be budgeted and accounted for both at the proposal stage and throughout the grant period. For guidance on budgeting for Project Asset Costs, please refer to the GSMAIF Finance & Compliance Handbook.

The use of grant funds to purchase assets that will be distributed to target populations or downstream partners in a non-commercially sustainable manner will not be approved. This includes the purchase & distribution of mobile phones, tablets or other communication devices to target populations/end-users.

III. Procurement and Management of Project Assets

a. Procurement/Purchase

All Project Assets purchased for use on the GSMAIF supported project must be procured in accordance with guidelines outlines in the GSMAIF Finance & Compliance Handbook. Grantees will be required to certify that this will be and has been the case periodically throughout the lifetime of a GSMAIF Grant.

Project Assets should be procured at such time in the project to ensure they will be fully utilised in project delivery. As a general rule, such purchases should not occur within the last 6 months of grant agreement.

The cost of a single Project Asset cannot be split between grant funding and match funding (e.g. the purchase of £1000 laptop has to be entirely grant funded or entirely match funded). The cost of multiple of assets can, however, be split (e.g. the purchase of 200 solar panels can be split as - 100 grant funded and 100 match funded), but this split will need to be clearly identified and explained in the Financial Proposal either by using two lines/rows or by providing explanatory notes.

b. Management

Grantees are expected to hold all Project Assets securely and safeguard them against theft, loss, damage or unauthorised use, maintain all Project Assets in good working order, maintain all appropriate insurances, and be fully responsible for, and bear all risks arising in relation to the use of any Project Asset. GSMAIF expects the Grantees to cover costs or repair or replacing lost, stolen, damaged or destroyed assets. Where insurance is possible, all assets must be insured to cover the full cost of the physical asset. Should a company opt for to pay for such insurance, that cost can be captured as a contribution towards match funding.

Grantees will be expected to have robust formalised policies, arrangements and capacity for managing Project Assets (including regular checks/audits). If a Grantee proposes to acquire Project Assets for their project, these policies will need to be provided to GSMAIF when due diligence is carried out on the Grantee.

Assets procured using GSMAIF grant funds may only be used in providing the agreed services in line with project objectives. Personal use of assets by the grantee, partner, or beneficiaries is strictly prohibited.

Grantees should be aware that during each project's engagement with GSMAIF, internal or external auditors may be procured to scrutinise Project Asset Registers. GSMAIF will also perform project visits and as part of these visits the team will check that Project Assets exist and are being managed in accordance with GSMAIF requirements.

a. How to value an Asset?

The **purchase value** of a Project Asset should be determined by reference to the original purchase documents such as invoices or receipts (which must be retained as evidence).

For the purposes of reporting and disposal it should be noted that between the purchase of a Project Asset and the end of the GSMAIF Grant, the value of some Project Assets will **depreciate** and some Project Assets may be **consumed** (see Section IV below).

IV. Reporting on Project Assets

It is a requirement that as part of the regular Financial Reporting Grantees provide a Project Asset Register containing details of any & all Project Assets.

As part of Financial Reporting Grantees will be expected to be able to discretely (i.e. separately from non-Project Assets) track Project Assets from purchase to delivery to inventory/stock to sales (as applicable) and provide evidence for the assets at each of these stages.

a. Project Asset Registers

The purpose of a Project Asset Register is to maintain a permanent record of all Project Assets. All Project Assets should be included in a Grantee's Project Asset Register.

As a minimum, sufficient information should be included about each Project Asset to be able to physically trace every asset on the register. This will include, but not be limited to:

- Item identification (e.g. Serial#)
- Date of purchase
- Original Value (incl. VAT or other sales taxes paid)
- Brief Description of the Item and provisions in place for security and maintenance
- Location and User
- Person responsible for the Item (if different from User)

The Project Asset Register will be found in the Milestone Claims Reporting template. Grantees are required to update this section for all projects with Project Asset costs with each Milestone Claim submission.

It is expected that the information in the Project Asset Register will come from a Grantee's 'back-end' asset management systems. Grantee's will be asked to provide evidence to backup the status of assets reported in the Project Asset Register (e.g. purchase documents & delivery receipts at purchase, approved asset monitoring / verification reports while in inventory, contracts and/or sales receipts at sale etc.)

b. Depreciation

Depreciation is the measure of the wearing out, consumption or other reduction in the useful life of a Project Asset whether arising from use, passage of time or obsolescence through technological or market changes.

There are several methods of depreciation - the most common of which, straight line depreciation, is preferred by GSMAIF. Under this method depreciation charges are spread evenly over the period of a Project Asset's useful life. Depreciation on Project Assets under construction (e.g. improvements to buildings) is provided from the point at which these come into use.

Example: a Grantee buys a machine for £10,000 and it has a useful life of 5 years. In the GSMAIF Financial Report £10,000 would be recorded as spent on the date when the machine was purchased. In the Project Asset Register, the value of the machine reduce by £2,000 at the end of each year, so that by the end of 5 years (when it has reached the end of its useful life) it has a value of £0.

However, as depreciation of assets is often calculated slightly differently for tax purposes across countries, GSMAIF may accept the type and rate of depreciation that Grantees need to use for their own public accounting.

c. Consumption

Consumption applies to Project Assets which are used as inputs in a production process. They may be either transformed or used up by the production process. Once consumed, the original Project Assets will be considered to have fully depreciated.

Prior to the purchase of Project Assets that will be consumed, the Grantee will be required to confirm that the Project Assets will be totally consumed within the term of the grant. Where grant funded Project Assets have not been consumed within the term of the grant they will be considered to have retained their original purchase value proportionate to the amount that remains, and may be treated in accordance with the Disposal of Project Assets set out below (see Section 5).

If production process in which the original Project Asset is consumed results in the creation of an End Product the value of the resulting End Product should be tracked as follows:

- If the End Product is a non-current asset that will depreciate (e.g. if bricks are used in the construction of a building), this should be tracked as a Project Asset in the Project Asset Register.
- If the End Product will not depreciate, it should be tracked in the same way as the original consumable Project Asset.
- The percentage of the value of the End Product from grant funds in either case will be proportionate to how much of the production costs were covered by the grant funds.

The End Product must be treated as a Project Asset and be used, managed, reported on and disposed of in accordance with these guidelines.

V. Disposal of Project Assets

GSMAIF considers Project Assets which have a grant-funded purchase value of over £500 (either individually or cumulatively amongst goods of the same type considered to be attractive assets[1]) and a useful life of more than one year to be **'Significant Assets'**. Once purchased with GSMAIF grant funds all Significant Assets will **remain the property of the GSMAIF Donors** until the end of the term of the GSMAIF grant. At the end of the grant agreement, and provided the Grantee has achieved the necessary reporting indicators, any Significant Assets purchased with grant funds that are still of direct use to a company's trajectory towards scale can be considered by GSMAIF's Donors for disposal (write-off, sale, transfer to Grantee or transfer to a third party).

Approval for disposal (write-off, sale, transfer to Grantee or transfer to a third party) of Significant Assets must be sought from GSMAIF and approved by the GSMAIF Donors.

At the end of the term of each GSMAIF Grant, GSMAIF will (based on discussions with the GSMAIF Donors) determine whether Significant Assets can be retained by a Grantee for further use or whether these will need to be sold or otherwise disposed of based on a justification provided by the Grantee and an assessment made by the GSMAIF Manager assigned to the Grantee's project.

Where Significant Assets will be sold (as inventory or disposed of through other means – e.g. consumed by a production process) during the term of the grant as part of the project activities, GSMAIF will seek upfront approval for this from the GSMAIF Donors during Project approval. If approved by the GSMAIF Donors, the Grantee will be required to complete and sign the Significant Asset Ownership Waiver notice at Annex A when executing their Grant Agreement. This waiver will allow the Grantee to maintain ownership of the Significant Assets (as long as they abide by the stated covenants) and dispose of the Significant Assets as needed during the Project without seeking further GSMAIF Donor approval. Unless covered by a Significant Asset Waiver, assets may not be sold for any form of profit at any point in the usable lifetime of the asset. If a grantee wishes to donate any asset to a third party, they should provide a written justification in line with the criteria outlined below.

Project Assets not meeting the definition of Significant Assets (i.e. match-funded Project Assets) remain the property of the purchaser and, as such, do not require disposal approval.

[1] Items which are prone to theft and/or loss due to portable nature and attractiveness for personal use and/or resale such as mobile phones, laptops, satellite phones, cameras, tablets, solar panels, food, pharmaceutical products etc.

When it comes to information assets (software, content, apps etc.) produced by the grant-funded activities, the GSMAIF Donors **will not** take ownership of a Grantee's intellectual property. All rights to the product, solution, software, and know-how, whether tangible or not, developed by the Grantee during the project shall be owned by the Grantee.

Transfer of Significant Assets

Before recommending that a Significant Asset is transferred to the Grantee or a third party, GSMAIF must be satisfied on the following points:

- the Significant Asset will be put to a good developmental purpose;
- the recipient has adequate resources to maintain and operate the Significant Asset, including purchase of any consumables;
- the item will not be sold or disposed of, or diverted for another purpose, within a reasonable time period specific to the context of the project and the item;
- the recipient has adequate controls in place to ensure that the Significant Assets are used as intended;
- any local requirements, regarding duties and taxes, or any other formalities, on transfer will be met;
- IT Equipment is disposed of in line with EU Waste Electrical and Electronic Equipment (WEEE) Regulations and all personal data will be removed.

A transfer of ownership of Significant Assets must be supported by written notice. The written notice must follow the template set out in Annex B. Following the issue of the written notice, the Significant Asset will become the property of the party it has been transferred to.

a. Proceeds from Sale of Significant Assets

If the Grantee requests that a Significant Asset is sold or the GSMAIF Donors decide that the Significant Assets must be sold the Grantee will be expected to set out their plan for the sale of the Significant Assets and seek approval for the plan from GSMAIF.

If the GSMAIF Donors decide that the resulting proceeds (or a proportion) must be returned to GSMAIF, the proceeds from the sale must be paid to GSMAIF within 20 business days of the sale.

Any sale should occur (at the latest) between the completion of Grant funded activities and the submission of Final Reporting (usually 30-45 days before the end of the term of the GSMAIF Grant).

Where Significant Assets will be sold during the grant period as part of project implementation, any proceeds from such sale must be reinvested in the grant project or returned to GSMAIF. Arrangement terms should be documented in the Significant Asset Ownership Waiver notice prior to signature.

b. Writing Off Lost, Stolen or Damaged Significant Assets

Should a Significant Asset requiring writing off due to having been lost, stolen or damaged the Grantee will be required to immediately notify GSMAIF using the template set out in Annex C.

GSMAIF's Donors will only consider accepting losses and write-offs after careful appraisal of the facts (including whether all reasonable measures relating to security and care were in place and whether all reasonable action has been taken to effect recovery), and should be satisfied that there is no feasible alternative. All available external reports (e.g. police reports) and the soundness of Grantee's internal control systems will be reviewed, as will the efficiency with which they have been operated, and any necessary steps to put failings right will be required to be implemented.

Where required, GSMAIF will expect Grantees to cover the cost of repairing or replacing lost, stolen, damaged or destroyed Significant Assets that have been written off from their own funds and Grantees should make a risk based decision on how best to do this.

Annex A: Significant Asset Waiver

This letter needs to be filled out by the Grantee replacing the text in red with your relevant project and organisation details and presented on your organisation's letter head. The waiver will become effective upon execution by the GSMA Mobile for Development Foundation, Inc.

<Insert Own Letter Head>

<Insert Date>

To GSMA Mobile for Development Foundation, Inc.

Re: Significant Assets Waiver

Project Name: <insert project name>

All Significant Assets purchased with Grant Funds shall be owned by the GSMAIF Donors during the term of the relevant grant agreement, unless the GSMA issues a waiver on an exceptions basis. "Significant Assets" are designed to include any asset or assets with a useful life of more than one year with a value that meets or exceeds one of the following tests: (i) the purchase price or development cost of such asset is in excess of £500 or equivalent in local currency; or (ii) such assets comprise a group of lower value items that are mobile and considered attractive (e.g. mobile phones, cameras, laptops, tablets, satellite phones, vehicles, food, pharmaceutical products, relief packs, etc.) with a combined purchase price or development cost in excess of £500 or equivalent in local currency.

By this letter, the undersigned hereby requests a waiver of this requirement in regards to ownership with respect to the following Significant Assets:

<List Significant Assets>

The justification for the waiver of this requirement is as follows:

<Please detail your justification for the waiver of the GSMAIF Donors ownership requirement, including any conditions on the use of the Significant Assets during the term of the grant agreement.>

We jointly (being the Grantee and the beneficiary (if different) commit to abide by the following covenants during the course of the grant-funded activities:

1. The Significant Assets listed will be put to good developmental use(s)
2. The beneficiary has adequate resources to maintain and operate the Significant Assets listed, including purchase of any consumables

3. The Significant Assets listed will not be sold or disposed of, or diverted for another purpose, beyond as defined above for the purposes of successful Project delivery, within a reasonable time period (herein defined as X months).
4. The beneficiary has adequate controls in place to ensure that the Significant Assets listed are used as intended
5. Any local requirements, regarding duties and taxes, or any other formalities, on transfer are the sole responsibility of the beneficiary and will be met.
6. IT Equipment is disposed of in line with EU Waste Electrical and Electronic Equipment (WEEE) Regulations and all personal data will be removed.

In the event such assets remain in possession at the end of the Project, to ensure continuity and sustainability of project achievements following completion of the Project, we jointly (being the Grantee and the beneficiary (if different)) commit to abide by these same covenants to take effect following the successful completion of the grant-funded activities.

Authorised Representative of <Grantee>

……

SIGNATURE

……

NAME & DATE

Authorised Representative of <Beneficiary> (If different to Grantee)

……

SIGNATURE

……

NAME & DATE

By signing, the undersigned confirms that the GSMA Mobile for Development Foundation, Inc. has granted the foregoing Significant Assets Waiver request.

Authorised Representative of GSMA

……

SIGNATURE

……

NAME & DATE

Annex B: Significant Asset Transfer Notice

This letter needs to be filled out by the Grantee replacing the text in red with your relevant project and organisation details and presented on your organisation's letter head.

<Insert Own Letter Head>

<Insert Date>

Dear Sir/Madam,

Re: Transfer of Significant Assets
Project Name: <insert project name>

Following the successful completion of the grant-funded activities for the above named project and in line with GSMAIFs policy, to ensure continuity and sustainability of project achievements following completion we request that ownership and use of the below listed Significant Assets is transferred to the following beneficiary <insert name>. This request shall be considered to have been approved once to this letter has been signed by all parties.

<List Significant Assets>

Our justification(s) for the transfer of the Significant Assets to the beneficiary are as follows:

<Please detail your justification for the transfer of the Significant Assets here, including how the Significant Assets will be used after project closure>

We jointly (being the Grantee and the beneficiary (if different)) commit to abide by the conditions of transfer as follows:

1. The Significant Assets listed will be put to good developmental use(s)
2. The beneficiary has adequate resources to maintain and operate the Significant Assets listed, including purchase of any consumables
3. The Significant Assets listed will not be sold or disposed of, or diverted for another purpose, within a reasonable time period (herein defined as X months).
4. The beneficiary has adequate controls in place to ensure that the Significant Assets listed are used as intended
5. Any local requirements, regarding duties and taxes, or any other formalities, on transfer are the sole responsibility of the beneficiary and will be met.
6. IT Equipment is disposed of in line with EU Waste Electrical and Electronic Equipment (WEEE) Regulations and all personal data will be removed.

Authorised Representative of <Grantee>

……
SIGNATURE

……
NAME & DATE

Authorised Representative of <Beneficiary> (If different to Grantee)

……
SIGNATURE

……
NAME & DATE

By signing we confirm that the Significant Assets listed in the letter (Re: Transfers of Significant Assets) dated [X] have been fully transferred from the ownership of the GSMAIF and fully received for use and ownership by <Beneficiary>.

Authorised Representative of GSMA

……
SIGNATURE

……
NAME & DATE

Annex C: Writing Off of Significant Assets

This letter needs to be filled out by the Grantee replacing the text in red with your relevant project and organisation details and presented on your organisation's letter head.

<Insert Own Letter Head>

<Insert Date>

Dear Sir/Madam,

Re: Transfer of Significant Assets
Project Name: <insert project name>

We are writing to provide formal notification of the loss, theft, damage etc. of the below listed Significant Assets and to request that the below listed Significant Assets are written off. We acknowledge that this request shall not be considered to have been approved until this letter has been signed by all Parties.
<List Significant Assets and Current Value>

We have included below an explanation of the situation resulting in this request:
Please cover the following topics:
• The nature of the case, the amount involved and the circumstances in which it arose;
• The reasons for the proposed write-off, including any legal advice;
• The action taken, total recoveries and date of write-off;
• Whether fraud (suspected or proven) is involved;
• Whether the case resulted from dereliction of duty;
• Whether failure of supervision is involved;
• Whether appropriate legal and/or disciplinary action has been taken against those involved, including supervisors, and, if not, why not;
• Whether those primarily involved will be required to bear any part of the loss; and
• Whether the investigation has shown any defects in the existing systems of control and if so, what action will be taken?
Please also submit any relevant source evidence such as pictures of damage, police reports, internal investigation reports, etc.

Authorised Representative of <Grantee>

……

SIGNATURE

……

NAME & DATE

By signing we approve the writing off of the Significant Assets listed in the letter (Re: Writing Off of Significant Assets) dated [X].

Authorised Representative of GSMA

……

SIGNATURE

……

NAME & DATE