

# Expert Council and Grant Award Guidelines



PMI **Impact**  
Second Funding Round

These Guidelines govern the procedure for the awarding of grants by Philip Morris International Management SA (“**PMI**”) under the PMI IMPACT initiative (“**Grants**”) and the conduct of the Expert Council comprised of independent experts appointed by PMI (“**Expert Council**”), which will select the Applications for the award of Grants by PMI.

An “**Application**” means an application for a Grant under PMI IMPACT made in the first instance by an **Expression of Interest** (“**EOI**”), followed if applicable by a **Full Proposal**.

An “**Applicant**” is an organization applying for a Grant. A “**Project**” means the project proposed to be carried out by an Applicant with a Grant, as well as the project awarded a Grant under a Grant Agreement between PMI and the Applicant.

Any undefined terms used in these Expert Council and Grant Award Guidelines have the meanings described in the Application Terms and Funding Rules published on the PMI IMPACT website.

## **Conduct of Experts**

In carrying out their tasks, the Experts shall have full independence. The Experts shall exercise objectivity, impartiality, sound judgment and integrity when making their decisions, and properly and prudently use the information they acquire while acting as Experts.

## **Expert Council membership**

The Expert Council will include at least 5 Experts. PMI will select and appoint the Experts based on their skills, experience, knowledge and other criteria relevant to PMI IMPACT. PMI will consider all recommendations for new Experts from existing Experts.

The Experts will be appointed for one Funding Round and may be re-appointed by PMI any number of times, each time for another Funding Round. A Funding Round typically covers the period during which the Expert Council reviews and selects a set of Applications for the award of Grants by PMI, and the implementation period of the Projects. If an Expert decides to leave the Expert Council, PMI will appoint another Expert based on the criteria above, taking into account the recommendations of the remaining Experts.

The Experts will be entitled to a fixed *per diem* fee for each day they spend on Expert Council matters, including time spent on travel, plus reasonable travel and accommodation expenses. Reasonable *per diem* fees, commensurate with the stature of Experts, will be the same for all Experts, and not contingent on the substance of the decisions they make in selecting Applications.

The task of serving as members of the Expert Council is personal to the Experts and may not be assigned by them to other persons. However, the Experts may have assistants who provide them with technical assistance to perform their tasks.

## **Secretary and PMI’s Anti-Illicit Resource**

The Expert Council will be assisted by a **Secretary** appointed by PMI whose role is described below. The Secretary will attend Expert Council meetings to record decisions, take minutes and handle procedural questions of the meetings, but may not participate in the discussion regarding assessment or scoring of Applications or in any vote.

Given PMI’s in-depth knowledge of and experience in fighting the illegal tobacco trade, PMI will appoint one of its employees to be an Anti-Illicit Trade Resource (“PMI’s Anti-Illicit Trade Resource”) to provide additional materials and information on illegal trade to Experts. PMI’s Anti-Illicit Trade Resource may attend Expert Council meetings and provide

his/her input on any Application. PMI's Anti-Illicit Trade Resource may delegate his/her task to other PMI staff who have expertise to provide input on any Application, for example, to provide input on the technical aspects of an Application or particulars of illegal trade in a specific geographic location. Experts will be under no obligation to take PMI's Anti-Illicit Trade Resource's input into account in their assessment.

Neither the Secretary nor PMI's Anti-Illicit Resource nor any of his/her delegates will have a vote in deciding which Applications are selected for Grants.

Neither the Secretary nor PMI's Anti-Illicit Resource or any of his/her delegates can have a Conflict of interest with respect to any Applications. If either has a Conflict of interest, PMI will appoint another person who does not have a Conflict of interest with respect to any Applications, to fulfill their role for the Grant award procedure.

In addition, PMI will make available one or more of the employees of the PMI IMPACT Project Office (the "**Project Office**") to provide assistance to the Expert Council, Secretary, and PMI's Anti-Illicit Trade Resource, and answer the questions of the Expert Council regarding the findings of due diligence checks conducted by PMI on Applicants and Applications.

## **Review meetings**

The Expert Council will meet in person at least twice during each Funding Round, once to conduct a review of EOIs and once to conduct a final review of Full Proposals and select the Applications for the award of Grants by PMI ("**Grant award meeting**").

In exceptional cases, an Expert may participate in a meeting by telephone or videoconference. If an Expert cannot attend the meeting of the Expert Council to review and provide his/her input regarding Applications, the Secretary will record the outcome of the meeting based on the inputs received from the other Experts who participated in the meeting, provided more than half of the number of Experts have submitted their inputs.

The Project Office will arrange for the meetings to be held on dates and in locations convenient to the Experts.

During the meetings to review Applications, the Expert Council and PMI will discuss the themes of and changes to subsequent Funding Rounds, and PMI will brief the Experts on the progress and results of the Projects awarded Grants in the prior or current Funding Round.

## **Minutes of review meetings**

Following each review meeting, the Secretary will provide the Experts with a draft of the minutes of the meeting. The minutes shall include a list of the Experts present, record whether any Experts declared Conflicts of interest and decisions made by the Expert Council. Within an agreed time after receipt of these minutes, Experts should inform the Secretary of any comments or questions they may have on the minutes, or approve them. If any Experts propose corrections to the minutes, the Secretary will ask the other Experts if they agree with such corrections. The Expert Council's decisions regarding proposed corrections will be made by consensus, and formal voting will take place only at the request of the Secretary when it has not been possible for the Expert Council to reach a consensus.

## **Independence and Impartiality; Declaration regarding Conflicts of Interest**

When reviewing each Application, the Experts shall check if they have an actual, potential or apparent Conflict of interest. If they do, they must declare it to the Secretary and withdraw from participating in the review process with regard to the respective Application.

A "**Conflict of interest**" is a situation in which an Expert's objectivity in making decisions could, in the opinion of a reasonable person, be impaired by his/her personal interest. Personal interest can arise from many types of relationships, including family or political ties, financial investments, and personal interactions. Conflicts of interest with regard to the PMI IMPACT Grant award procedure may, for example, arise due to ties or relationships between the Expert and Applicants, or because of the subject matter of Applications.

The Secretary will open each meeting of the Expert Council intended to review Applications with a reminder to the Experts of the importance of their obligations of independence and impartiality, and will ask each of them to sign a declaration regarding Conflicts of interest in the form attached as Annex 1.

## **Grant award procedure**

The procedure for awarding Grants comprises three main stages:

**Stage 1 – Review of EOIs:** PMI calls for EOIs; Applicants submit EOIs; PMI conducts initial Due Diligence checks on Applicants and EOIs; the Expert Council reviews EOIs and selects Applicants who will be invited to submit Full Proposals.

**Stage 2 – Review of Full Proposals:** PMI invites Applicants that have passed Stage 1 to submit Full Proposals and informs unsuccessful Applicants that their Applications have not been selected to proceed to Stage 2; Applicants submit Full Proposals; PMI reviews Full Proposals to ensure that they are complete and meet the applicable requirements; PMI starts its final Due Diligence checks on Full Proposals; the Expert Council reviews and selects Full Proposals for the award of Grants by PMI.

**Stage 3 – Award of Grants:** PMI completes its final Due Diligence checks, informs unsuccessful Applicants that their Applications have not been selected for the award of Grants and invites successful Applicants to enter into Grant Agreements with PMI; PMI awards Grants under Grant Agreements between PMI and successful Applicants and publishes the results of the Grant award procedure on the PMI IMPACT website.

## **Due diligence checks during and after Grant award procedure**

“**Due Diligence**” is described in the Application Terms and Funding Rules published on the PMI IMPACT website.

PMI will conduct initial Due Diligence checks on Applicants and EOIs during Stage 1. PMI will conduct final and more extensive Due Diligence checks on Applicants and Full Proposals during Stages 2 and 3 depending on the number of Applications participating in the selection process.

For each review meeting, PMI will prepare for the Experts a list of Applications for which the initial Due Diligence checks yielded concerns, and share its due diligence concerns and the issues identified. Experts will be able to express and discuss with PMI and other Experts their views on (i) these Applications and potential Due Diligence grounds for their rejection or (ii) their Due Diligence related concerns on the other Applications.

At any time during or after the Grant award procedure, PMI may reject an Application if it learns of circumstances requiring the rejection of that Application based on Due Diligence grounds. In this case, PMI will immediately notify the Expert Council and provide a short summary describing the rationale for such rejection.

### **Here, in more detail, are the steps of Stage 1:**

1. PMI will publish a call for EOIs on the PMI IMPACT website.
2. Following the call for EOIs by PMI, Applicants will have until the closing date for submitting EOIs, typically 35 working days<sup>1</sup> after the call for EOIs is published, to submit their EOIs, following the format and check lists provided by PMI.
3. Following the closing date for submitting EOIs, PMI will conduct initial Due Diligence checks on each EOI.
4. Prior to the meeting to review EOIs, Experts will assess each EOI according to the Evaluation and Scoring Criteria in Annex 2, taking into account the time and expense likely to be incurred by the Applicant in making a Full Proposal and the likelihood that the Full Proposal may ultimately not be selected for the award of a Grant in the Expert’s opinion. As a result of their assessment, each Expert should assign a “Yes” or a “No” to each EOI, and inform the Secretary accordingly.
  - A “Yes” means that the Expert thinks that PMI should invite the Applicant to submit a Full Proposal.
  - A “No” means that the Expert thinks that no Full Proposal should be submitted.
  - The Expert may, but need not, explain why he/she assigns an EOI a “Yes” or “No” designation.
5. Within 15 working days of receipt of EOIs by Experts for their assessment, the Expert Council will meet to deliberate on the aggregate results of their individual assessments prepared by the Secretary. As a result of these deliberations, Experts may change their initial “Yes” or “No” designations for one or more EOIs or select EOIs for Stage 2 by consensus. The Secretary will record the decisions made for each EOI, including whether an EOI was awarded more “Yes” than “No” designations, or selected by consensus, or rejected on Due Diligence grounds.
6. Following the review of EOIs, the Expert Council may decide to request certain Applicants selected for Stage 2 to answer particular questions or provide additional information about their Projects in their Full Proposals. In this case, the Project Office will include the Expert Council’s requests to such Applicants in their Full Proposal forms when inviting the Applicants to submit Full Proposals.

### **Here, in more detail, are the steps of Stage 2:**

1. The Project Office will invite the Applicants whose EOIs were selected by the Expert Council for Stage 2 to submit Full Proposals within 30 working days of the invitation, and inform unsuccessful Applicants that their Applications have not been selected to proceed to Stage 2.
2. Following the closing date for submitting Full Proposals, PMI will conduct a formal check of all Full Proposals to ensure that they are complete and meet the formal requirements for Full Proposals described in the Full Proposal form that PMI will share with the Applicants invited to submit Full Proposals. If a Full Proposal is incomplete and/or does not meet the requirements, PMI will ask the Applicant to rectify the deficiencies within 5 working days. Examples of such deficiencies are missing annexes, signatures, unanswered questions or uncompleted fields in a Full Proposal. If the Applicant does not rectify the deficiencies in time, PMI may reject the Full Proposal.
3. After PMI’s completeness checks of all Full Proposals and the rectification of deficiencies by the Applicants, if applicable, the Secretary will share with the Expert Council all Full Proposals. If, due to a large number of Applications under review, completeness checks cannot be completed by the time the Experts must start their individual review of the Applications, PMI will in the interest of time share with the Experts also all the Full Proposals still undergoing completeness checks. In this case, if completeness checks result in the submission of new information by Applicants, for example, relating to unanswered questions or uncompleted fields, PMI will immediately share this new information with the Experts. The completeness checks on all Full Proposals must be completed and any new information shared with the Experts no later than by the time of the Grant award meeting.

<sup>1</sup> Working days in an applicable calendar year in Lausanne, Switzerland.

PMI will also prepare for the Grant award meeting and share with the Expert Council a list of the Applications that were incomplete and for which the Applicants have not rectified the deficiencies in time.

4. Following the closing date for submitting Full Proposals, PMI will start its final Due Diligence checks on the Full Proposals.
5. After PMI shares Full Proposals with the Experts, they will review and make individual substantive assessments of each Full Proposal, awarding each one with separate scores for each criterion (Quality, Cost Efficiency, Impact, Feasibility and Novelty), according to the Evaluation and Scoring Criteria described in Annex 2. The Experts shall share a record of these scores with the Secretary in preparation for the Grant award meeting, but shall not exchange scores with other Experts nor, as a general rule, consult with other Experts at this stage of the review process.
6. The Expert Council will meet for a Grant award meeting within 45 working days following the closing date for submitting Full Proposals. At the Grant award meeting, the Expert Council will review and select Full Proposals for the award of Grants by PMI, as described below.

## Grant Award Meetings and Full Proposal Selection Procedures

Procedure	Description
<b>Quorum</b>	A quorum is required for each Grant award meeting, the quorum being more than half of the number of Experts at the time of the meeting. If an Expert's withdrawal due to a Conflict of interest would cause the meeting to have less Experts than required for the quorum, the meeting may nevertheless continue as if the quorum has been met.
<b>Total Budget Available for One Funding Round</b>	<p>The total budget for one Funding Round may not exceed Thirty Three and a Half Million United States dollars (USD 33,500,000).</p> <p>However, PMI reserves the right to modify the amount of the total budget available for a Funding Round. If PMI does so, it will endeavor to inform the Experts of such modification as soon as possible, but no later than at the beginning of the Grant award meeting.</p>
<b>Decisions by Consensus</b>	The Expert Council can make decisions by consensus, for example, to select Full Proposals for the award of Grants by PMI or, if applicable, re-assess Mean Values concerning some Full Proposals. Formal voting will take place only when it has not been possible to reach a consensus. The Secretary will record the decisions made for each Full Proposal, including whether it was made by consensus and, in the case of a vote, the outcome of the vote.
<b>Opening of the Meeting and Deliberations</b>	<p>The Secretary will open the Grant award meeting with a reminder to the Experts of the importance of their obligations of independence and impartiality, and will ask each of them to sign a declaration regarding Conflicts of interest in the form attached as Annex 1. The Secretary then will share with the Expert Council the aggregate results of their individual (pre-meeting) assessments to inform the meeting of the preliminary scoring results. Experts will briefly share their initial assessments of Full Proposals and deliberate on them.</p> <p>After the Expert Council has deliberated on each Full Proposal, it may select the Full Proposals for the award of Grants by PMI by consensus or proceed to scoring as described below.</p>
<b>Calculation of Mean Score</b>	<p>If after the Expert Council has deliberated on each Full Proposal it does not select the Full Proposals for the award of Grants by PMI by consensus, Experts will make their final individual assessment of each Full Proposal, awarding an overall score using the Evaluation and Scoring Criteria set out in Annex 2 ("Individual Expert Overall Score").</p> <p>The Secretary will calculate the overall score of the entire Expert Council ("Expert Council Overall Score") for each Full Proposal by aggregating the Individual Expert Overall Scores and dividing the total by the number of Experts making assessments of that Full Proposal ("Mean Value"), recognizing that Experts may have to withdraw from an assessment because of a Conflict of interest and that the number of Experts making assessments may therefore differ from one Full Proposal to another. For example, if the Expert Council Overall Score for a Full Proposal, assessed by six Experts, is 66, its Mean Value will be 11. If the Expert Council Overall Score for a Full Proposal, assessed by five Experts, is 54, its Mean Value will be 10.8.</p>

Procedure	Description
<b>De minimis threshold</b>	According to the Evaluation and Scoring Criteria, the maximum Mean Value for each Full Proposal is 15. If the Mean Value for a Full Proposal is 7 or less, the Expert Council should normally reject it as not reaching the <i>de minimis</i> threshold.
<b>Process for Objecting to Mean Score; Potential Re-Scoring</b>	When the Mean Value for each Full Proposal is calculated, the Secretary will ask if any Experts object to the results. If one or several Experts objects to a Mean Value because he/she considers it to under- or over-value the quality of a Full Proposal, the Expert Council may decide to open deliberations on that Full Proposal in order to reach consensus. This can happen if, for example, the assessment of one or several Applications by some Experts was very different. The opening of deliberations may or may not result in re-assessment of the Mean Values of the Applications in question.
<b>Selection of Full Proposals based on Scoring</b>	<p>In the absence of objections, and also after any revised assessments made following any objections, the Expert Council will normally select the Full Proposals with the highest Mean Values for the award of Grants until the total budget available is used up, excluding Full Proposals below the <i>de minimis</i> threshold.</p> <p>The aggregate amount of Grants awarded at the meeting may not exceed but may be less than the total budget available.</p> <p>The Expert Council may select some Projects for the award of Grants on certain conditions, for example, provision by an Applicant of certain additional important information about a Project that the Expert Council considers necessary to review before to decide whether to select the Project for the award of a Grant.</p> <p>The Expert Council may also make recommendations to Applicants for the implementation of their Projects, for example, exclusion of certain elements of a Project that the Expert Council considers to be less relevant for the theme of the applicable Funding Round.</p> <p>The Grant awarded to any Applicant should not normally be less than the amount requested in the respective Application unless conditions or recommendations of the Expert Council for an Application necessitate the adjustment of the Project Budget.</p> <p>The Secretary will record the decision made for each Full Proposal, including whether it was made by consensus and, in the case of scoring, the outcome of the scoring, and any conditions or recommendations attached to the decision.</p>

### Here, in more detail, are the steps of Stage 3

1. Unless completed during Stage 2, PMI will complete a final Due Diligence check on each Application that the Expert Council has selected for the award of a Grant by PMI.
2. PMI will inform unsuccessful Applicants that their Applications have not been selected for the award of Grants and invite successful Applicants to enter into a Grant Agreement with PMI.
3. Grants will be considered awarded only upon signature of Grant Agreements by PMI and successful Applicants. The Expert Council and individual Experts will not be parties to these agreements and will have no liability to Applicants under or in relation to the agreements.
4. PMI will publish on the PMI IMPACT website the results of the Grant award procedure.

The timelines mentioned above are approximate and will depend on the number of Applications submitted in a Funding Round. However, for each Funding Round, PMI will publish on the PMI IMPACT website or communicate to Applicants precise deadlines, by which Applicants have to submit their Applications.

# Annex 1

## Expert's Declaration Regarding Conflicts of Interest

I, [name] confirm that at the meeting to review PMI IMPACT Applications held on [date]:

Tick one of two boxes whichever apply:

I believe I have no actual, potential or apparent Conflict of interest with respect to any of the Applications. I agree to declare any Conflict of interest of which I may become aware during the meeting with respect to any Applications.

I have one or more actual, potential or apparent Conflicts of interest with respect to the Applications, but I declared these to the Secretary and I will not participate in the review process of the Applications concerned. I agree to declare any Conflict of interest of which I may become aware during the meeting with respect to any other Applications.

Applications and Conflicts of interest shall have the meanings set out in these Expert Council and Grant Award Guidelines.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Annex 2

### Evaluation and Scoring Criteria

#### 1. Quality

PMI is looking for Applications that demonstrate high quality and which:

- Provide a clear and coherent description of the proposed Projects;
- Clearly explain how they address the theme of the respective Funding Round;
- Describe the competencies and experience of the Applicant's Personnel and Subcontractors, focusing on the characteristics that are relevant for the Project's objectives and deliverables;
- Demonstrate the project management capabilities of the Applicant, including the Applicant's ability to manage and implement the Project effectively, use resources and allocate tasks reasonably, and ensure that the Project's funds are prudently managed and used solely for the Project's purposes.

#### 2. Cost Efficiency

PMI is looking for Applications that:

- Demonstrate an economical use of resources;
- Ensure that the proposed costs are commensurate to the potential outcome of the Project;
- Include reasonable costs that are essential for the completion of the Project;
- Justify any costs that are higher than prevailing market rates if such expenses are required for the successful completion of the Project;

#### 3. Impact

PMI is looking for Projects that:

- Through their reach, replicability or otherwise, are likely to achieve a lasting impact in curbing different forms of illegal trade and related crimes, such as corruption, organized crime, and money laundering;
- Have an impact in one or several countries of the geographical areas described in the theme of the respective Funding Round published on the PMI IMPACT website.

Impact may also depend on the scale, geographical scope and types of the proposed Projects, the capacity and experience of Applicants, the prevalence of illegal trade and related crimes in the countries or geographic areas covered by the Applications, and other factors.

Project proposals may consider the illegal tobacco trade either directly, or indirectly through analysis or actions that have a broader systemic effect on different forms of illegal trade.

#### 4. Feasibility

PMI will only fund Projects that propose a feasible approach and realistic implementation plan. To that end:

- Expected outcomes should be achievable within the indicated time frames and within the Project budget;
- The proposed Projects should demonstrate that they will achieve measurable and tangible results with concrete steps and milestones;
- Projects should assess and outline risk factors as well as external constraints potentially undermining the achievement of expected outcomes, including legal and regulatory constraints;
- Projects should indicate readiness of the relevant technology for their implementation, if applicable.
- If successful implementation of the Project depends on collaboration with a Government Agency, Government Officials or any other party (for example, use of a new technology or training materials or provision of data by a third party), the Applicant must describe how it will ensure such collaboration and what makes this collaboration technically and legally feasible.



For the Quality, Cost Efficiency, Impact, and Feasibility criteria, proposals will be given scores of 1 to 3 (whole numbers only are allowed), as described below:

Score	Name	Descriptor
3	Excellent	The proposal successfully addresses all relevant aspects of the criterion; any shortcomings are minor.
2	Good	The proposal addresses the criterion well but with a number of shortcomings.
1	Poor	The criterion is inadequately addressed or there are significant weaknesses.

## 5. Novelty

PMI is looking for Projects that propose an innovative approach and, where appropriate, use of new technologies and solutions. For the Novelty criterion, proposals will be given scores of 1 to 3 (whole numbers only are allowed), as described below:

Score	Descriptor
3	The Project's proposal is innovative/original.
2	Some elements of the Project's proposal are innovative/original.
1	The Project's proposal is not innovative/original.