

Issue Date: December 13, 2021

Questions Due by: January 5, 2022; March 30, 2022; and May 15, 2022

Application Process/Rounds: refer to section 3B

APS Closing Date: September 30, 2022

REF: Cooperative Agreement No. 72066018CA00004

Subject: Annual Program Statement (APS) Number: RGIF-02

Program Title: Responsible Gold Innovation Facility- Catalytic Grants Window

Dear Applicants:

The Cooperative Housing Foundation, doing business as Global Communities, has been selected by the United States Agency for International Development (USAID) to serve as the Prime Implementer of USAID Zahabu Safi (Clean Gold) Project. Global Communities is inviting qualified organizations with experience in buying, selling, financing artisanal gold in Eastern DRC to submit their concept papers for the subject activity based on this Annual Program Statement (APS).

Applicants who are eligible to apply are: US and non-US organizations who are able to respond through written concept papers. All applicants must be legally recognized organizational entities under applicable law and authorized to operate in Democratic Republic of Congo. For-profit entities are eligible to apply, but fixed fee or profit must not be included in the budget. Government and parastatal entities are ineligible to apply for these grant funds.

Global Communities anticipates awarding approximately 3 awards not to exceed US\$75,000 each for up to 6 months. Awards could start as early as o/a March 1, 2022.

Interested organizations should submit their concept papers in electronic format in accordance with the language of the APS to the address specified. The concept papers must be received **no later than the cut-off date for each round as detailed below.**

Global Communities will follow a two-phase process.

Phase 1: Concept paper submission and merit review (Pass or No Pass); and

Phase 2: Full application submission, merit review, and award if qualified.

Do not submit a full application unless specifically requested to do so by Global Communities.

Responding organizations are advised that this APS does not in any way commit Global Communities to make an award or compensate the responding organizations for any costs incurred in the preparation and submission of their concept papers or applications.

Any questions or requests for information should be addressed by no later than the date and time indicated above and to be submitted, in English or French, via email to Yannick Cishugi at: ycishugi@globalcommunities.org. Any information given to one prospective applicant concerning this APS will be furnished to all such applicants as an amendment of the APS.

Please e-mail Global Communities at nduncan@globalcommunities.org with a cc to ycishugi@globalcommunities.org of your intent to apply at the earliest practicable date, so that we may anticipate the number of applications to be evaluated.

Sincerely,

Nikki Duncan
Chief of Party
Global Communities

ABBREVIATIONS AND ACRONYMS

| | |
|-----------|---|
| SECTION 1 | Program Description |
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Abbreviations and Acronyms

| | |
|-------|--|
| ADS | Automated Directives System (USAID) |
| ASM | Artisanal and Small-scale Mining (Miners) |
| CFO | Chief Financial Officer |
| CFR | Code of Federal Regulations |
| CVCFG | Commercially Viable Conflict-Free Gold Project |
| DRC | Democratic Republic of the Congo |
| HQ | Headquarters |
| HR | Human Resources |
| M&IE | Meals and Incidental Expenses |
| NICRA | Negotiated Indirect Cost Rate Agreement |
| OFAC | Office of Foreign Assets Control |
| OMB | US Office of Management & Budget |
| RFA | Request for Applications |
| RGIF | Responsible Gold Innovation Facility |
| SAM | System for Award Management |
| USAID | US Agency for International Development |
| USD | US Dollars |
| USG | US Government |

Section 1: Program Description

A. Background and Introduction

DRC is home to over 1,100 mineral substances, with estimated raw mineral ores worth close to \$24 trillion.¹ Various armed groups in DRC continue to profit from exploiting the mining and trade of tin, tantalum, tungsten (3Ts) and gold – often referred to as “conflict minerals.” Gold continues to fuel conflict in eastern DRC according to a United Nations Security Council report from August 2017.² To varying degrees, illegal armed groups and some military units occupy small-scale gold mining sites to “tax” minerals as they are extracted or while gold is moved along key trading and transport routes. Yet, these taxes are lower than many licit taxes, making it more profitable for miners to sell gold through illegal channels.

Artisanal and Small-Scale Mining (ASM) is a significant driver of DRC’s economy with many communities in the eastern part of the country relying on it for their livelihoods. Approximately 15 percent of the national population directly or indirectly depends on income from the sector.³ In eastern DRC, the International Peace Information Service estimates that artisanal and small-scale gold mining employs 80 percent of miners.⁴

With international standards, regional and national regulations, and domestic mechanisms in place to facilitate the due diligence of supply chains of minerals from DRC, the responsible ASM gold industry in DRC should be thriving. However, the responsible ASM gold supply chain is beset with challenges both within the upstream and downstream nodes of the chain, relying on donor resources to address persistent weaknesses in production, aggregation, refining and distribution.

The mission of Global Communities is to create long-lasting, positive and community-led change that improves the lives and livelihoods of vulnerable people across the globe.

In December 2018, a consortium led by Global Communities was awarded the USAID Zahabu Safi (Clean Gold) Project (2018-2023), to develop and deliver a program to establish a sustainable, conflict-free, artisanal and small-scale mining (ASM) gold supply-chain originating in Eastern Democratic Republic of Congo (DRC). Through this program, we will identify scalable models for successfully linking ASM cooperatives, traders and responsible gold exporters to key international markets.

¹ <https://thinkprogress.org/the-paradox-of-congo-how-the-worlds-wealthiest-country-became-home-to-the-world-s-poorest-people-d27cbdd1debd>

² <http://undocs.org/S/2017/672/Rev.1>

³ International Conference on the Great Lakes Region, *Report on Development of Regional Guide on the Formalization of ASM Sector in ICGLR Member States* (unpublished), March 2017.

⁴ “Conflict Minerals: Information on Artisanal Mined gold and Efforts to Encourage Responsible Sourcing in the Democratic Republic of the Congo”. United States Government Accountability Office. August 2017.

The three primary objectives of the program are to:

- Increase the demand for and co-investment in responsibly source artisanal gold from Eastern DRC (Objective 1);
- Increase exports of responsibly source artisanal gold from Eastern DRC (Objective 2); and
- Improve the commercial viability of ASM gold Cooperatives (Objective 3)

B. Goals and Objectives

Recognizing the importance of finance and investment in the establishment of a commercially viable, responsibly sourced ASM gold supply chain, USAID’s Zahabu Safi Project launched the **Responsible Gold Innovation Facility (RGIF)** in February 2021.

Despite recent successes achieved by donor-funded initiatives to export responsibly sourced gold to international buyers in North America and Europe, volumes remain minimal. Furthermore, the CVCFG market study on Artisanal Gold from Eastern DRC⁵, carried out by Levin Sources has identified a number of barriers to the scaled export of responsible artisanal gold throughout the value chain.

The engagement and co-investment of downstream actors in the gold supply chain is critical to the overall success of this project and the sustainability and scalability of responsible trade from and production by Artisanal and Small Mining (ASM) cooperatives working within the supply chain.

Recognizing catalytic grants, private sector partnerships and strategic investments can all play a role in creating a sustainable value chain, the RGIF aims to incentivize investment in new supply chain investment models for responsible gold originating from DRC and pilot new approaches to overcome specific identified barriers in scaling the export of responsible artisanal gold from the country.

With a vision for how catalytic grants, private sector partnerships and strategic investments can all play a role in creating a sustainable supply chain, the facility prioritizes initiatives that:

- incentivize supply chain actors to adopt responsible business practices;
- promote the commercial viability of ASM supply chains supported by the project; and
- invest in economic and livelihoods development in ASM communities.

The RGIF will has three “windows” through which it can engage across the entire ASM gold supply chain with a variety of stakeholders through a broad range of grants, investments and partnerships:

1. A **Catalytic Grants window** – a subgrant mechanism disbursed via a competitive process which seeks to finance activities that will unlock specific barriers to producing and exporting responsibly-sourced ASM gold from eastern DRC.
2. A **Debt/Equity Investment window-** a blended finance mechanism that will require established partnerships with local financial institutions (via a loan guarantee facility) to

⁵ <https://www.levinsources.com/knowledge-centre/publications/market-analysis-asm-gold-eastern-drc>

create finance and enterprise solutions to the commercial barriers to exporting responsibly sourced ASM gold from eastern DRC; and

3. A **Corporate Philanthropy/Social Responsibility window**- a social investment partnership with multinational companies designed to support livelihoods and economic development initiatives in ASM communities.

This APS is a second call for applications under the “Catalytic Grants Window”. We will prioritize applications for activities designed to co-invest in and strengthen risk identification and mitigation efforts upstream carried out by cooperatives, exporters, traders. Specifically, we are seeking proposed activities that:

- Amplify, integrate, and strengthen the expertise of DRC-based organizations and experts in risk identification and mitigation activities for the purposes of due diligence, in alignment with a recognized international assurance mechanism or due diligence framework such as, but not limited to the OECD Due Diligence Guidance for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas, LBMA, CRAFT Code.
- Demonstrate private sector financing of at least 50% or more of the total costs of the proposed activity, with preference given to concepts that demonstrate financing by actors located downstream within the supply chain.
- Align with and strengthen government efforts to implement its national traceability scheme (ITOA) in documenting the chain of custody of artisanal gold exports from DRC; and
- Are implemented in collaboration with Project-supported supply chain actors operating in South Kivu, Maniema and Ituri (with potential program expansion to North Kivu and Haut Uélé to be considered in 2022).

The successful applicants will propose strategic partnerships and/or collaborations that demonstrate:

- how due diligence costs can and will be shared by actors across the supply chain (and not just born by actors working upstream in the chain).
- investments in local structures to support risk identification and mitigation efforts, with a clear sense of which actors are best placed to carry out this work.
- how corrective actions will be developed and co-implemented in partnership with the USAID Zahabu Safi (Clean Gold) Project consortium and supply chain actors.
- at least a 1:1 match with the proposed amount of the grant being requested (e.g. If US\$75,000 is being requested, applications should demonstrate at least \$75,000 in matching funds that will be used to meet the objectives of the proposed grant use).
- a clear plan for how activities might be sustained with participation and interest from local organizations and mine site risk identification and mitigation structures.
- the potential for sustained activity beyond the grant lifecycle.
- demonstrate how the proposed activities contribute to one or more of the Project indicators listed in section C. below.

C. Monitoring & Evaluation

This activity will support efforts to collect and report on the below Project indicators:

- **Dollar value of co-investment leveraged to support the responsibly sourced ASM gold supply chains**

The sum value of all funds leveraged by the Project during the reporting period for the purpose of supporting, strengthening, or improving the responsibly sourced ASM gold supply chain.

- **Number of supply chain actors investing in Project-supported responsibly sourced ASM gold supply chains.**

The total number of all supply chain actors who have contributed leverage to the Project-supported responsibly sourced ASM gold supply chain during the reporting period.

- **Percentage of the responsibly sourced ASM gold produced from the Project-supported supply chains which is purchased from an exporter**

The percentage of all responsibly sourced ASM gold produced by the Project-supported supply chain that is purchased from an exporter. The numerator is volume of gold purchased (kg/annum) from an exporter and the denominator is the volume of gold produced.

- **Number of stakeholders engaged in addressing market barriers**

The total number of unique stakeholders engaged in addressing market barriers to responsibly sourced ASM gold supply chains during the reporting period.

- **Number of financial mechanisms established to facilitate private sector investment in responsibly sourced ASM gold supply chain**

The total number of financial mechanisms established with the purpose of facilitating private sector investment into the Project-supported responsibly sourced ASM gold supply chain.

- **Number of partnerships formed with refiners and downstream actors that promote responsibly sourced ASM gold from the DRC**

The total number of partnerships formed with refiners and downstream actors that promote responsibly sourced ASM gold from the DRC. This indicator serves as a proxy to measure downstream demand for responsibly sourced ASM gold from the DRC.

- **Number of targeted downstream companies and refiners who purchase responsibly sourced ASM gold from Project-supported supply chains**

Number of targeted downstream companies and refiners who can track ASM gold to Project-supported responsibly sourced supply chains. The denominator is the total number of target downstream actors identified by the project.

- **Volume (Kg/annum) of responsibly sourced ASM gold from the project-supported supply chains in the DRC exported to another country**

Total volume (kg/annum) of responsibly sourced ASM gold exported from the Project-supported gold supply chains in the DRC to another country. The intent of this indicator is to monitor exports attributable to USG intervention.

- **Number of successful pilots from the Responsible Gold Innovation Fund to reduce exportation costs of responsibly sourced ASM gold**

Total number of pilots developed from the RGIF to reduce transportation and/or exportation costs of responsibly sourced ASM gold.

- **Number of responsibly sourced ASM gold commercial relationships established**

Total number of responsibly sourced ASM gold commercial relationships established

- **Number of firms receiving USG-funded technical assistance for improving business performance (EG.5.2-1)**

Firms can be formal or informal. If multiple owners, managers or workers in a single firm receive technical assistance over the reporting period, the reporting operating unit should count that as one benefiting firm for the reporting period.

Technical assistance includes the transfer of knowledge and/or expertise by way of staff, formal or informal skills training, and research work to support quality of program implementation and impact, support administration, management, representation, publicity, policy development and capacity building.

D. Potential Use Cases for the Grant across the supply chain

Below are examples of potential recipients and activities that could qualify for RGIF funding across the various nodes within the artisanal gold supply chain, through the **Catalytic Grants Window**:

ASM Miners and Cooperatives

- Grants for **mining and mineral processing equipment** to optimise production including adopting mercury free processes, assay, PPE, energy infrastructure such as solar panels or mini-grids etc -
- Grants to **access business legalisation and formalisation services** including support to comply with the CRAFT code, health and safety, cover licencing and insurance costs.
- Grants to **access business development services** including support to financial literacy, bookkeeping, management training, human resources and investment readiness including business plan development. Business development services may also be offered in partnership with access to finance initiatives to ensure sufficient demand and efficient allocation of services.
- Grants to cover the costs of access to **geological data of their mine sites** which can serve as a form of collateral when seeking finance from financial institutions.
- Cost Share grants with cooperatives to support investment in **local transportation/logistics or community infrastructure** - WASH, healthcare, education as an incentive to formalise ASM, shared infrastructure that provides both benefits to the programme and community such as telecommunications masts, solar energy mini-grids etc.
- Grants to fund a **communication and outreach campaign** targeted at ASM to promote the value of formalisation through the CVCFG project. Such a business case should focus on promoting the financial (better efficiencies, greater incomes, savings, insurance) and social (safer production) business of working through the CVCFG. Such a campaign would need to be developed in partnership with local civil society organisations and media (TV and radio).

- Grants to fund a **communications and outreach campaign** targeted at the **downstream** market to demystify responsible gold production and trade from ASM in DRC.
- Grants to **help improve the business operations, governance and member-ship management/ cohesion of ASM Cooperatives** to ensure funds are used responsibly and according to RGIF's operational rules.

Local Traders (Négociants) and Large Traders

- A grant that would be used to **Cost share due diligence services**, acknowledging that a traceability system that has complete information on the source and destination of gold produced under the project may be incompatible with the current supply chain of traders and négociants and unaffordable by local traders. Traders could also be hired by exporters to legally supply gold or conduct traceability as long as effective monitoring/screening processes are in place to detect informal trading activity.
- Grant based inducements to traders **to support the transition to formal/licit activity**, taking into account that disruptive supply chains may result in disgruntled traders losing their livelihood.

Exporters (Comptoirs)

- A grant that would be used to cost share **traceability and due diligence costs**.
- A grant used to **develop Marketing and Communications** - building a narrative about the miners and the impact story of ASM gold to **derisk the reputational costs** of sourcing gold from DRC.

Refiners and End users (OEM, Jewellers)

Grants to refiners and End users will only be considered based on evidence of the grant being used to de-risk or incentives investment in sourcing ASM gold from DRC. Grants may be used to:

- Offset/contribute to costs associated with supply chain investment **impact measurement and reporting services**.
- Support efforts to reduce the **reputational of risk of engagement** in DRC gold from OEM and Jewellers - co-financing of impact measurement, or of community development projects.
- **Marketing and Communications** - building a narrative about the miners and the impact story of ASM gold to **derisk the reputational costs** of sourcing gold from DRC.
- **Brand Building** - Build a **partnership with a premium jeweller to co-invest or cost share into a brand building exercise** to strengthen an existing brand or create a new brand for ASM gold from the DRC.

Small-scale and Medium Sized Industrial Mining Operators

- **Grant to support the development of a business model that would results in structured linkages/offtake relationship with ASM Cooperatives** via cost-sharing or co-financing engagements to provide formalisation, business development and social support (health, education, WASH) to ASM that have relocated from M/LSM concessions.

E. Sustainability

We will prioritize funding to grant activities that provide a detailed strategy to catalyze sustainable investments in the ASM gold supply chain from eastern DRC, and activities that won't require additional funding from this or other donor programs to sustain the activity.

F. Reporting:

The successful applicant will be expected to provide regular programmatic and financial reports, not less than monthly. Further details on reporting requirements will be defined in the Grant Agreement.

[END OF SECTION 1]

Section 2: Eligibility Information

A. Eligible Entities

Applicants who are eligible to apply are: US or non-US organizations who are able to respond through written applications. All applicants must be legally recognized organizational entities under applicable law and authorized to operate in Democratic Republic of the Congo. For-profit entities are eligible to apply, but fixed fee or profit must not be included in the budget. Government and parastatal entities are ineligible to apply for these grant funds.

To be eligible for award of a Subgrant Agreement, in addition to other conditions of this APS, organizations must have a politically neutral humanitarian mandate, a commitment to non-discrimination with respect to their employees and to beneficiaries and adherence to equal opportunity employment practices. Non-discrimination includes equal treatment without regard to race, religion, ethnicity, gender, sexual orientation and political affiliation.

Applicants are reminded that U.S. Executive Orders and U.S. law prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of subrecipients under this APS to ensure compliance with these Executive Orders and laws. This provision must be included in all lower-tier subawards and contracts issued under a Subgrant Agreement.

B. Other Qualification Requirements

- Each applicant/organization must submit only one (1) concept paper electronically by email.
- Each applicant/organization must submit a concept paper and budget that demonstrates at least a 1:1 match with the proposed grant amount being requested (e.g. If US\$50,000

is being requested, applications should demonstrate at least \$50,000 in matching funds that will be used to meet the objectives of the proposed grant use).

- Each applicant/organization must submit a concept that support trade in artisanal gold that originates in eastern DRC in one or more of the following provinces: Haut-Uele, Ituri, North Kivu, Maniema and South Kivu.

[END OF SECTION 2]

Section 3: Concept Paper and Application Information

A. Point of Contact

Global Communities

Email: ycishugi@globalcommunities.org and copying nduncan@globalcommunities.org

Applicants should submit all questions regarding this APS via e-mail to Global Communities point of contact at the e-mail address above. Global Communities will share information furnished to one prospective applicant to all other prospective applicants, through an amendment to this APS, if that information is necessary in submitting applications or if the lack of it would be prejudicial to any other prospective Applicant.

Concept Paper submissions must be submitted to the e-mail address point of contact specified above.

B. Application Process

Global Communities will follow a two-phase process:

Phase 1: Concept Paper submission.

A Concept Paper is a short document where the Applicant provides an overview of their idea.

Applicants may submit a Concept Paper at any time. Global Communities will acknowledge Concept Papers upon receipt; however, Global Communities will meet to review Concept Papers against merit review criteria, and make Concept Paper selection decisions in rounds as follows:

| Concept Paper submission deadline | Global Communities selection committee beginning review on or about: |
|--|---|
| Round 1: January 15, 2022 | February 1, 2022 |
| Round 2: March 30, 2022 | April 15, 2022 |
| Round 3: May 15, 2022 | June 1, 2022 |

Global Communities plans to make determinations on the Concept Paper merit review process for each Concept Paper within approximately 10 days of the Selection Committee’s initial meeting date and will notify Concept Paper Applicants with “Pass” rating of their status immediately after a decision has been made. Concept Paper Applicants with a “No-Pass” may or may not be notified.

Global Communities, at its sole discretion, reserves the right to review Concept Papers out of cycle.

Global Communities anticipates two possible results from the Concept Paper merit review process “**Pass**” and “**No-Pass**.”

Pass: The Concept Paper generally satisfies the Concept Paper merit review criteria and receives a “**Pass**” rating. Global Communities invites Applicant to submit a full application with an invitation letter.

No-Pass: Concept Paper does not satisfy the Concept Paper merit review criteria and receives a “**No-Pass**” rating. Global Communities rejects the Concept Paper, and the process is ended.

Phase 2: Full Application

A full application will be requested based on the consensus reached during Phase 1. At this point, Global Communities will issue a Request for Application (RFA) to each successful Applicant. The RFA will provide complete instructions for submission of a full technical and cost application. The RFA will also requires the Applicant to submit additional information that Global Communities will use to move forward with the issuance of a subaward.

DO NOT SUBMIT A FULL APPLICATION UNLESS SPECIFICALLY REQUESTED TO DO SO BY GLOBAL COMMUNITIES.

Global Communities reserves the right to make no award under this APS at any stage of the process.

c. Concept Paper Application Content

Successful concept papers will need to show clearly how they contribute to at least one of the three RGIF goals (see section 1: Program Description). In addition, applicants are expected to outline the following:

Annual Program Statement (APS) number: RGIF-01

Program Title: Responsible Gold Innovation Facility- Catalytic Grants Window

- A. Cover Page (1-page maximum) – to the extent possible or applicable, please complete the following questions below: [Note that #1-10 shall be submitted as a cover page]
 1. Applicant Contact Information: (name, title, phone, email):
 2. Title of Proposed Activity:
 3. Proposed Period of Performance:
 4. Overall Objective: (1-2 sentences)
 5. Applicant Organization Name & Address:

6. Type of Organization (e.g. non-US, multilateral, private, for-profit, non-profit) date of valid registration, etc...) and capacity to carry out the proposed activities (technical, managerial, financial, etc).
7. Name (s) and Contact Information:
8. Amount of Funding Requested:
9. Matching Contribution Amount:
10. Geographic Location: (In what location(s) are you proposing to operate.)

B. Technical Approach

11. **Proposed use of funds-** *what the grant will be used for?*
12. **Proposed benefit of the funds** -*Why grant funding for the intended use it is essential? If the applicant did not receive these funds, would they proceed with the intended use of the funds?*
13. **A vision for how the grant will facilitate responsible sourcing and trade in artisanal gold-** *How will the application ensure that artisanal gold sourced as a result of these funds is not produced through the use of child labor, forced labor, or mercury?*
14. **Matching Contribution:** a clear statement of in-kind and/or financial contributions to achieve the **minimum 1:1 matching contribution**.
15. **Risk Management and Mitigation:** a clear statement on risks associated with grant use- *How will risks be measured and managed?*
16. **Sustainability-** a clear statement on how the benefits associated with the grant will be sustained beyond the grant lifecycle. How will the applicant ensure that the grant will not undermine established market systems*?

*Grant funds support should not be used for projects that could be realized through established legal market-based channels (e.g. local service providers).

[END OF SECTION 3]

Section 4 : Concept Paper Review Information

A. Concept Paper Merit Review Criteria

Global Communities will review for merit all Concept Paper applications that comply with the requirements of this APS. Global Communities will not provide feedback on Concept Papers that do not pass. Global Communities does not anticipate providing feedback to those applicants that pass as they will be invited to submit a full application. The Concept Paper is limited to 5 pages. Global Communities will not evaluate any additional pages that are submitted beyond the 5-page limit.

Global Communities will use the following merit review elements, which are all equal in importance.

1. The clarity and credibility in which the concept paper describes how the grant funds will be used to facilitate commercial linkages to promote responsible, formal trade in artisanal gold.
2. The value of the expected benefits of the fund.
3. The value of the combined in-kind and cash contributions proposed by the applicant as part of the Matching Funds requirement of this grant.
4. The sustained benefits of grant beyond the period of performance.

Where the additional benefit of the grant is not clear and/or the proposed use of the grant is likely to undermine existing market structures proposals, those applications are unlikely to be selected.

[END OF SECTION 4]