



# Responsible Gold Innovation Facility: A Financing Facility Catalyzing Investment Into the Artisanal Gold Supply Chain in Eastern DRC

## Project background

Launched in December 2018, USAID's Commercially Viable Conflict-Free Gold project, known locally as Zahabu Safi, is a five-year project that builds on recent successes achieved by donor-funded initiatives to export responsibly-produced gold to jewelry buyers in North America and Europe. The overall goal of the project is to establish a viable, responsibly sourced, artisanal and small-scale mining (ASM) gold supply chain originating from eastern DRC.

Zahabu Safi is working closely with the Congolese government and is creating multiple partnerships along the length of the supply chain with cooperatives and exporters, refiners and downstream buyers of gold, especially in the jewelry and technology sectors. The project aims to increase investment in the responsible gold supply chain with a view to making it commercially viable and self-sustaining once the original project funding has ended.

## The Responsible Gold Innovation Facility (RGIF)

Despite significant international community efforts to promote legitimate and responsible ASM gold exports from Eastern DRC, volumes of responsibly-sourced ASM gold to date

remain minimal. The [detailed-market analysis](#) carried out during the first year of the project identified several priority barriers to growing the demand for ASM gold from legitimate buyers. Zahabu Safi recognises that addressing these barriers can only happen through close and innovative partnerships with the private sector.

The RGIF has been created to incentivize participation in new supply chain investment models for responsible gold originating from the DRC and pilot new approaches to overcome specific identified barriers in scaling the export of responsible artisanal gold from the country. The fund will prioritize support for initiatives that:

- Encourage supply chain actors in their responsible business practices,
- Promote the commercial viability of ASM supply chains supported by the project,
- Enable wider economic development in ASM communities.

As a USAID initiative, the RGIF will be subject to the same laws and restrictions on scope and use of funding as all USAID initiatives.

## Why partner with us?

Co-investing with Zahabu Safi to achieve the project's goals and objectives can:

- reduce the risk often associated with sourcing from a new market, by leveraging the presence, expertise and traceability services provided by the project.
- align with Responsible Gold sourcing principles established by key industry bodies and multi-sectoral stakeholder groups<sup>1</sup> and international guidance (e.g. OECD).
- facilitate a first-mover advantage in a largely untapped-market with very significant gold deposits.
- support your supply chain transparency goals, by offering partners traceability down to the mine site level.
- build your reputation and experience as responsible supply chain actor sourcing from a Conflict-Affected and High-Risk Area (CAHRA).
- provide access to the key actors within the Government of DRC overseeing Responsible Minerals Trade activities in the country.
- promote inclusive economic development in disadvantaged communities in one of the poorest regions in the world.
- support your company's contributions to Sustainable Development Goals (SDG#s 8, 12, 17 specifically).



<sup>1</sup> With support from Due Diligence and Traceability Service service providers, CVCFG can support responsible sourcing activities as defined by any major international standard or framework including but not limited to: CRAFT, LBMA, World Gold Council, Responsible Minerals Initiative, Responsible Artisanal Gold Solutions Forum.



## Investment Windows Available Via the RGIF

The RGIF will have 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:

### Catalytic Grants Window

	Concept Notes Submission Due Dates:	Global Communities Selection Committee Beginning Review:
Round 1	February 26th	March 8th
Round 2	April 16th	April 26th
Round 3	June 4th	June 14th

*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.*

The RGIF will use catalytic grants to stimulate investments by exporters, individual miners and cooperatives to formalize their operations, improve productivity and adopt mercury-free practices to unblock barriers to trade in ASM gold. In addition, grants may be used to cover costs associated with critical, export-related investments.

### Debt/Equity Investment Window

*A blended finance mechanism that will require established partnerships with local financial institutions (via a loan guarantee facility) to create finance and enterprise solutions to the commercial barriers to exporting responsibly-sourced ASM gold from eastern DRC.*

The RGIF will explore the option of offering debt financing in partnership with a financial institution, for example as a contribution to a revolving fund or line of credit for on-lending to ASM cooperatives or exporters, either for their asset financing needs (equipment, tools) or as pre-financing working capital. In the future, beyond the life of this project, it is envisaged that the fund could explore **equity participation** which would involve the RGIF taking a full or partial ownership stake in an existing or new company which would be carrying out activities that are addressing an essential gap in the artisanal gold value chain. Any profits will be reinvested back into the company or returned to the RGIF as an independent entity to support additional partners.

### Corporate Philanthropy/Social Responsibility Window

*A social investment partnership with multinational companies designed to support livelihoods and economic development initiatives in ASM communities.*

Through the RGIF, we will invite multinational and local companies who want to explore innovative partnerships through financial and non-financial contributions to promote economic and livelihoods development in ASM communities from which they currently or may consider sourcing, e.g. provision of expertise, physical or intellectual assets, co-financing alongside the RGIF, direct contributions to the RGIF fund.

Our RGIF co-investment strategy is guided by the following principles:

**We employ a “whole of supply chain approach” to investment generation:**

We will explore investment opportunities across the entire supply chain. We will promote investment not only from midstream and downstream actors, but also upstream actors, such as exporters/comptoirs, and cooperatives who will be investing in the viability of their business as a result of Zahabu Safi’s cooperative strengthening work.

**We prioritize support to supply chain actors to promote sustainability**

We will explore the variety of investment mechanisms outlined to support supply chain actors in a developing a business model/relationship that can be sustained beyond life of project.

**We use catalytic grants (USAID \$) and other donor financing mechanisms to crowd-in investment by local market system actors**

We will use grants to catalyze long-term, sustainable investments by market system actors including, but not limited to supply chain actors across the entire supply chain, financial institutions and trade facilitation providers (transport/logistics etc.). We will avoid direct subsidies/action where an adequate market solution exists to solve the funding gap.

**We capitalize on ecosystem investments made by non-supply chain actors interested in promoting responsible sourcing of artisanal gold from Eastern DRC.**

There are many non-supply chain actors who have expressed interest in investing in responsible artisanal mining activities and communities. We see this expressly with some social impact investors, multinational technology companies, industry-platforms and foundations whose are interested in making philanthropic contributions to create an enabling environmental that will encourage responsible sourcing of artisanal gold from eastern Congo. We will leverage these investments to the greatest extent possible to help meet project objectives.



**To find out more**

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You can also learn more about the project by subscribing to [Viable Views](#), Zahabu Safi’s monthly newsletter and follow up on Twitter [@DRC\\_CVCFG](#).

