

Small and Medium Enterprise Assistance for Recovery and Transition (SMART) Activity

Circular Economy (SMART-CE) Program

Issuance Date:	June 5, 2023
Closing Date:	September 5, 2023
Closing Time:	16:30
Closing date of submitting questions:	August 24, 2023
Closing date of answering questions:	August 31, 2023

Subject: Request for Applications (RFA) Number SMART-RFA-006
“SMART Circular Economy (SMART-CE) Program”

Reference: Issued Under SMART Project USAID Cooperative
Agreement No. 72029421CA00001

The Small and Medium Enterprise Assistance for Recovery and Transition (SMART) Project is a four-year USAID-funded program implemented by DAI. The SMART Project seeks rapid recovery and sustainable revitalization of Palestinian small and medium enterprises (SMEs) and start-ups following the COVID-19 crisis and other economic shocks. The Project aims to mitigate these economic shocks as well as systemic constraints, and ultimately, jumpstart the competitiveness of firms with potential to increase market share and employment opportunities. SMART will help the Palestinian private sector regain productivity and build a future of sustainable growth in the West Bank, East Jerusalem, and Gaza.

With the RFA that follows, the SMART Project is inviting eligible and qualified SMEs and start-ups to apply for the SMART Circular Economy (SMART-CE) Program.

The circular economy (CE) business model is an environmentally friendly approach to production and consumption that maximizes utilization of material resources as long as possible by reusing, recycling, and restoring raw materials, products, byproducts, and waste. The CE business model will add value to SMART’s efforts to revitalize the Palestinian private sector given the potential to adopt firm-level practices that would make business sense to Palestinian SMEs and start-ups. Examples of CE business opportunities include, but are not limited to:

- Olive pomace briquetting for heating/cooking fuel
- Livestock bone crushing for animal feed

- Plastic crushing for sale onto plastic commodity markets
- Paper compaction and pulping for tissue paper products
- Greywater treatment for irrigation and other uses
- Organic waste processing for off-grid biogas production
- Alternative aggregate innovation from glass and plastic waste
- Calcium carbonate processing from limestone
- Olive leaf extracts for pharmaceutical products
- Dairy waste converted to whey protein products

The SMART-CE program aims to support individual growth-oriented Palestinian SMEs and start-ups interested in CE business opportunities for valorization of waste and byproducts (generating monetary value from otherwise discarded materials), supporting efficient and sustainable use of natural resources, and reducing firms' overall environmental impact and contribution to climate change. This support for selected firms will include research and development (R&D), training, technical assistance (TA), and grant funding for capital expenditures, all in pursuit of a specific CE business opportunity including but not limited to the examples above.

SMART-CE is designed to support SMEs and start-ups interested in CE business opportunities. Examples include firms with CE as their core business (e.g. recycling facilities), as well as firms aiming to integrate CE into their core business (e.g. slaughterhouses adopting production of bone meal to valorize waste). To be considered eligible, applicants must be formally registered businesses in the West Bank, East Jerusalem, or Gaza that meet SMART's parameters of SME or start-up and all other eligibility criteria listed in this RFA. Eligible firms will be evaluated based on a set of selection criteria including the adherence to CE principles and the feasibility of their proposed activity. Additional consideration for women and youth inclusion will also factor into selection.

SMART will engage with selected firms over a period of 3-12 months to facilitate a combined package of R&D, training, TA, and grants for capital expenditures necessary for planning and implementing specific CE business opportunities. R&D will explore CE applications as requested, including environmental engineering feasibility studies, academic research, and prototype development. Trainings will build the capacity of business owners, managers, and employees in terms of operational processes and technologies to implement CE applications that have known potential in the Palestinian context. TA will support access to finance, marketing, and facilitate business to business (B2B) connections for CE value creation. Grants will support capital expenditures for new machinery and technological upgrades that enable firms to repurpose and valorize waste and by-products for sale or internal reuse.

Grants will be subject to a ceiling of \$100,000 and will cover no more than 60% of the cost for the proposed capital expenditure. R&D, trainings, and TA will not count towards this ceiling and will not stipulate a mandatory cost share limitation.

Applications will be reviewed and evaluated on a first-come first-serve basis. SMART reserves the right to fund any or none of the applications submitted. Applications must be received by the closing date indicated at the top of this cover letter.

For the purposes of the SMART-CE Program, this RFA is being issued and consists of this cover letter and the following:

- Section A – Application Procedure
- Section B – Selection Process
- Section C – Special Award Requirements

- Section D – Annexes

Issuance of this RFA does not constitute an award commitment on the part of SMART, nor does it commit SMART to pay for costs incurred in the preparation and submission of an application. Further, SMART reserves the right to reject any or all applications received. Applications are submitted at the risk of the applicant. **All preparation and submission costs are at the applicant's expense.** Any questions concerning this RFA should be submitted in writing no later than the closing date shown above to ApplicationSMART@dai.com.

Thank you for your interest in the SMART-CE Program.

Sincerely,

Said Abu Hijleh

Chief of Party

SMART-RFA-006

CONTENTS

SECTION A - APPLICATION PROCEDURE	6
QUALIFICATION OF APPLICANTS	6
<i>ELIGIBILITY REQUIREMENTS</i>	<i>6</i>
<i>SELECTION CRITERIA</i>	<i>7</i>
APPLICATION SUBMISSION	7
<i>REQUIREMENTS</i>	<i>7</i>
<i>DEADLINES</i>	<i>8</i>
<i>LATE APPLICATIONS</i>	<i>8</i>
<i>MONITORING (RESULTS AND BENCHMARKS):</i>	<i>8</i>
<i>PREPARATION INSTRUCTIONS – FINANCIAL AND ADMINISTRATIVE DOCUMENTATION</i>	<i>8</i>
<i>UNIQUE ENTITY ID (SAM)</i>	<i>8</i>
SECTION B - SELECTION PROCESS	10
SIGNING OF AWARD	10
SECTION C – SPECIAL AWARD REQUIREMENTS	12
SECTION D - ANNEXES	14
<i>ANNEX 1: USAID STANDARD PROVISIONS</i>	<i>14</i>
<i>ANNEX 2: CERTIFICATIONS, ASSURANCES, OTHER STATEMENTS OF THE RECIPIENT</i>	<i>14</i>

SECTION A - APPLICATION PROCEDURE

To qualify for consideration, firms must meet the minimum eligibility requirements. Eligible firms will be evaluated and selected based on the extent to which they demonstrate the selection criteria. All selected firms will be expected to furnish a portion of the cost of capital expenditures through grant cost share.

QUALIFICATION OF APPLICANTS

ELIGIBILITY REQUIREMENTS

To be eligible for consideration under this program, the firm must either be engaged in circular economy (CE) as their primary business (e.g. a recycling facility) or be focused on integrating CE into their core business (e.g. a slaughterhouse that integrates crushing process for bone meal production). Furthermore, the firm must meet all of the following criteria:

- Registered SMEs and start-ups (see definitions below) for which CE is the core business or aims to integrate CE into their core business
- Hold formal business registration
- Maintain operations at the time of application
- Agree to undergo an assessment, engage with the SMART project, and commit to make change
- The firm's operations do not adversely affect the environment.
- Firms will be deemed **not eligible** if any of the following are true:
 - The firm operates in the following sectors: trading wholesale or retail, construction development, luxury goods, or gold trading
 - The firm deals in illicit goods or services, including but not limited to: gambling, tobacco, firearms, alcohol, or illicit drugs

SMEs and Startups Definition

SMEs are firms that employ between 5 to 49 employees and have annual turnover between USD 100,000 and USD 2,000,000¹ in one of the past three years.

Start-ups are for-profit companies that have been in operation for less than three years, are officially registered, have an experienced management team, and try to fill market demand. It should have experience in production and create a scalable business by developing an innovative product or service in any production sector.

Circular Economy Definition and Examples

The term circular economy (CE) refers to a model of production and consumption that maximizes utilization of material resources as long as possible by reusing, recycling, and restoring raw materials, products, byproducts, and waste.

The following is a list of CE practices that the SMART Project has identified as feasible and actionable business opportunities for Palestinian SMEs and start-ups:

- Olive pomace briquetting for heating/cooking fuel
- Livestock bone crushing for animal feed
- Plastic crushing for sale onto plastic commodity markets

¹MONE-SANAD, study to establish a national definition of MSMEs in Palestine. Page 25

- Paper compaction and pulping for tissue paper products
- Greywater treatment for irrigation and other uses
- Organic waste processing for off-grid biogas production
- Alternative aggregate innovation from glass and plastic waste
- Calcium carbonate processing from limestone
- Olive leaf extracts for pharmaceutical products
- Dairy waste converted to whey protein products

SELECTION CRITERIA

Eligible applicants will be selected for support based on the degree to which they demonstrate the following criteria:

- The proposed activity supports circular economy (e.g. eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature)
- Financial feasibility of the proposed activity.
- Ability to secure cost according to the declared rates
- Verification that the actions in the proposal can be executed within the expected timeframe of 3-12 months
- Commitment to compliance with USAID environmental and social regulations
- Additional consideration will be given if:
 - The firm is owned and/or managed by youth or the firm employs more than 60% youth
 - The firm is owned and/or managed by women or the firm employs more than 60% women

ASSISTANCE DELIVERY AND TERMS

Following selection and approval, support will be provided as a combined package of research and development (R&D), training, and technical assistance (TA), and grants for capital expenditures necessary for planning and implementing specific CE business opportunities, as described below:

- R&D will explore CE applications as requested by the client firm, including environmental engineering feasibility studies, academic research, and prototype development
- Trainings will build the capacity of business owners, managers, and employees in terms of operational processes and technologies to implement CE applications that have known potential in the Palestinian context.
- TA will support access to finance, marketing, and facilitate business to business (B2B) connections for CE value creation.
- Grants will support capital expenditures for new machinery and technological upgrades that enable firms to repurpose and valorize waste and by-products for sale or internal reuse

Grants will be subject to a ceiling of \$100,000 and will cover no more than 60% of the cost for the proposed capital expenditure. R&D, trainings, and TA will not count towards this ceiling and will not stipulate a mandatory cost share limitation.

APPLICATION SUBMISSION

REQUIREMENTS

Applications shall be submitted online. The Application Portal is located at:

<https://fs12.formsite.com/DMdRI6/ccdpy6hty2/login>

Upon receipt, SMART will review the firm's application to determine that:

- All information has been provided on the application form.
- All the documents requested in the application form and its RFA have been submitted.
- Requested assistance is consistent with the strategic objectives of the program.
- Statement of liability (part of application form)

If the application does not meet the submission requirements outlined above, the Firm will be notified of SMART's decision to deny the requested assistance and the application will not be moved forward in the review process.

If the applicant meets the submission requirements, they will be contacted to arrange a site visit by the SMART team. The purpose of the visit is to discuss and clarify the proposed program description, verify, and complete all submitted documents. In addition, SMART will conduct an assessment during the site visit to build a business case for the proposed intervention and to ensure that the firm is ready to engage and is committed to combining their resources with SMART assistance to achieve sustainable results.

DEADLINES

Online applications must be submitted by the closing date and time indicated in the cover letter. The rolling application means that firms need not delay submission to the deadline—the review and selection process can begin as soon as applications are submitted.

LATE APPLICATIONS

All applications received by the deadline will be reviewed for responsiveness and programmatic merit according to the specifications outlined in the RFA. **Section B** addresses the selection process for the applications. Applications which are submitted late, or are incomplete, run the risk of not being considered in the review process.

MONITORING (RESULTS AND BENCHMARKS):

The applicant should define, to the maximum extent possible at the application stage, the expected results and benchmarks for monitoring the performance towards attainment of program objectives.

PREPARATION INSTRUCTIONS – FINANCIAL AND ADMINISTRATIVE DOCUMENTATION

Before signing the grant agreement, the following documents should be submitted:

- Copies of valid workmen compensation insurances
- Unique Entity ID (SAM) (described below)

UNIQUE ENTITY ID (SAM)

SMART needs to collect UEI (SAM) from grantees and subcontractors that meet the specified thresholds and update its records with these new UEI (SAM). SMART Purchase Order/Subcontractor/Grant (number) to your organization meets the specified threshold, and therefore you are requested to obtain and provide us with your organization's UEI (SAM). This is a mandatory requirement for any future payments or awards.

Getting a Unique Entity ID (SAM) is easy and FREE to all organizations. Review this video (<https://www.youtube.com/watch?v=0uvIYNAslNk>) from the US Government for more information about how to get a UEI (SAM). Any future US Government procurements or grants that exceed the thresholds will require organizations to have a 12-digit UEI (SAM).

END OF SECTION A

SECTION B - SELECTION PROCESS

SMART will convene a review panel to review all applications that meet the submission requirements outlined above. The review panel will include technical and non-technical members of the SMART project. Throughout the evaluation process, SMART shall take steps to ensure that members of the review panel do not have any conflicts of interest or the appearance of such with regards to the organizations whose applicants are under review. Members of the panel shall neither solicit nor accept gratuities, favors, or anything of monetary value from parties to the awards.

The applications will be evaluated according to the evaluation criteria set forth below. To the extent necessary (if award is not made based on initial applications), negotiations may be conducted with each applicant whose application, after discussion and negotiation, has a reasonable chance of being selected for award.

Applications review will be made on first come first served bases and it will be based on the evaluation criteria and scoring system identified below. The passing score is 70. The funds available will determine the number of awards.

Evaluation Criteria Table

Evaluation Criteria	Max Score	Score	Comments
The proposed activity supports circular economy (e.g. eliminate waste and pollution and circulate products and materials (at their highest value), and regenerate nature)	50		
Financial feasibility of the proposed activity.	20		
Ability to secure cost according to the declared rates	10		
The actions in the proposal can be executed within the expected timeframe is less than 12 months.	10		
Commitment to compliance with USAID environmental and social regulations	10		
TOTAL SCORE	100		
EXTRA POINTS			
The firm is owned and/or managed by a women or the firm hires more than 60% women	5		
The firm is owned and/or managed by youth or the firm hires more than 60% youth	5		
TOTAL SCORE	110		

SIGNING OF AWARD

Upon USAID concurrence of the applicant and the results of the environmental monitoring and mitigation plan (EMMP), a suitable Grant Agreement will be prepared. After SMART and the successful applicant have signed the Agreement, SMART will provide training on financial management and reporting, if necessary. SMART will follow up with the applicant as to ensure that

the necessary environmental mitigation measures are considered so that the activities are carried out on an environmentally sound basis.

All reporting and contractual obligations will be explained to the successful applicant at a kick-off meeting.

SMART and USAID reserve the right to fund any or none of the applications received

END OF SECTION B

SECTION C – SPECIAL AWARD REQUIREMENTS

The applicant shall bear in mind the following special requirements may be applicable to any award resulting from this RFA:

Reporting Procedures: A description of reporting requirements will be included in the Grant Agreements. The types of reporting required, along with the schedule of reporting, will depend on the grant type and project duration. Reporting forms will be provided to grant recipients. Types of reporting will include the following:

- **Periodic Report** (Quarterly and Yearly Reports) will describe the progress of the Firms achieved during a certain period. Information related to sales, exports, employment, market share, investments should be reported. The Firm can highlight any potential and existing problems in this report.
- **Final program report** (Close-out Report) will describe how the project objectives and goals were reached, results of the project, and problems and solutions during implementation. This information should be presented in a manner suitable for presentation to the public.
- **Financial reports** will be submitted to DAI according to a schedule described in the grant agreements. Types of financial reports, as well as the schedule of reporting, will depend on the type of grant, length of project, and amount of grant funding. Financial reports will be required to receive grant installments. These reports will describe the amount of grant funds spent during the previous period, total amount spent to date, and amount remaining in each budget line item. In addition, all grant recipients are required to submit a detailed Final Financial Report.

Issuance of the final installment of grant funds is contingent upon DAI's receipt and acceptance of Final Financial and Final Program Reports.

Project Monitoring: DAI staff will monitor projects in terms of both programmatic and financial aspects. Grant recipients will be expected to facilitate monitoring by making relevant information available to DAI staff.

Restrictions: Funds provided under any resulting agreement shall **not** be used to finance any of the following:

Funds provided under any resulting agreement shall **not** be used to finance any of the following:

1. Construction² is not eligible for reimbursement under SMART,
2. Goods or services which are to be used primarily to meet military requirements or to support police or other law enforcement activities,
3. Surveillance equipment,
4. Equipment, research and/or services related to involuntary sterilization or the performance of abortion as a method of family planning,
5. Gambling equipment, supplies for gambling facilities or any firms, casinos, or accommodations in which gambling facilities are or are planned to be located,
6. Commodities and services for support of police or other law enforcement activities,
7. Activities which significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas, or

² Construction means —construction, alteration, or repair (including dredging and excavation) of buildings, structures, or other real property and includes, without limitation, improvements, renovation, alteration and refurbishment. The term includes, without limitation, roads, power plants, buildings, bridges, water treatment facilities, and vertical structures.

8. Establishment or development of any export processing zone or designated area where the labor, environmental, tax, tariff, and/or safety laws of the country in which such activity takes place would not apply,
9. Weather modification equipment,
10. Pharmaceuticals,
11. Pesticides,
12. Logging equipment,
13. Luxury goods (including alcoholic beverages and jewelry),
14. Establishing or expanding any enterprise that will export raw materials that are likely to be in surplus in world markets at the time such production becomes effective and that are likely to cause substantial injury to U.S. producers,
15. Activities which would result in the loss of forest lands due to livestock rearing, road construction or maintenance, colonization of forest lands or construction of dams or other water control structures,
16. Activities which are likely to have a significant adverse effect on the environment, including any of the following (to the extent such activities are likely to have a significant adverse impact on the environment):
 - i. Activities which may lead to degrading the quality or renewability of natural resources.
 - ii. Activities which may lead to degrading the presence or health of threatened ecosystems or biodiversity.
 - iii. Activities which may lead to degrading long-term viability of agricultural or forestry production (including through use of pesticides).
 - iv. Activities which may lead to degrading community and social systems, including potable water supply, land administration, community health and well-being or social harmony.
17. Activities which are likely to involve the loss of jobs in the United States due to the relocation or expansion outside of the United States of an enterprise located in the United States, or
18. Activities which the awardee is aware are reasonably likely to contribute to the violation of internationally or locally recognized rights of workers,
19. Activities to support the production of agricultural commodities for export from when such commodities would directly compete with exports of similar United States agricultural commodities to third countries and have a significant impact on United States exporters,
20. Trading Companies who mainly specialized in covering all export and import operations and procedures,
21. Used equipment,
22. U.S. Government-owned excess property.

END OF SECTION C

SECTION D - ANNEXES

ANNEX 1: USAID STANDARD PROVISIONS

Pursuant to 2 CFR 700.13, it is USAID policy not to award profit under assistance instruments such as grant awards. However, all reasonable, allocable, and allowable expenses, both direct and indirect, which are related to the grant program and are in accordance with applicable cost standards (2 CFR 200 Subpart E for all US-based and for non-US based non-profit organizations, and the Federal Acquisition Regulation (FAR) Part 31 for for-profit organizations), may be paid under the grant.

For non-US organizations, the Standard Provisions for Non-US Nongovernmental Recipients will apply. <https://www.usaid.gov/sites/default/files/documents/303mab.pdf>

For US organizations, 2 CFR 200 and the Standard Provisions for U.S. Nongovernmental Recipients will apply. <https://www.usaid.gov/sites/default/files/documents/1868/303maa.pdf>

ANNEX 2: CERTIFICATIONS, ASSURANCES, OTHER STATEMENTS OF THE RECIPIENT

In accordance with ADS 303.3.8, DAI will require successful grant applicants to submit a signed copy of the following certifications and assurances, as applicable:

1. Assurance of Compliance with Laws and Regulations Governing Non-Discrimination in Federally Assisted Programs (Note: *This certification applies to non-U.S. organizations if any part of the program will be undertaken in the United States.*)

2. Certification Regarding Lobbying (This certification applies to grants greater than \$100,000.)

3. Prohibition on Assistance to Drug Traffickers for Covered Countries and Individuals (ADS 206)

4. Certification Regarding Terrorist Financing, Implementing Executive Order 13224

5. Certification Regarding Trafficking in Persons, Implementing Title XVII of the National Defense Authorization Act for Fiscal Year 2013 (Note: *This certification applies if grant for services required to be performed outside of the United States is greater than \$500,000. This certification must be submitted annually to the USAID Agreement Officer during the term of the grant.*)

6. Certification of Recipient

In addition, the following certifications will be included **Part II – Key Individual Certification Narcotics Offenses and Drug Trafficking** (Note: Only as required per ADS 206 for Key Individuals or Covered Participants in covered countries.)

Part III – Participant Certification Narcotics Offenses and Drug Trafficking (Note: Only as required per ADS 206 for Key Individuals or Covered Participants in covered countries.)

Part IV – Representation by Organization Regarding a Delinquent Tax Liability or a Felony Criminal Conviction

Part V – Other Statements of Recipient

Part VI – Standard Provisions for Solicitations

(Note: Parts V & VI – Are included in the grant file as part of the grant application.)

END OF SECTION D