

**USAID Climate Finance for Development Accelerator (CFDA)
Addendum 2 to the Climate Finance Annual Program Statement (2024-0016-APS)
Southern Africa Scalable Approaches for Investing in Nature Window**

Funding Opportunity Title	Scalable Approaches for Investing in Nature Window
Announcement Type	Addendum 002 under a General Annual Program Statement
Issuance Date	October 22, 2024
Deadline For Questions	November 5, 2024, 11:59pm EST
Virtual Pre-Application Workshop (Pre-registration required, see Section III)	October 31, 2024, 9:00am EDT
Close Date for Concept Notes	December 13, 2024, 11:59pm EST
Submit Concept Notes	Submission Portal

Section I – Background

The impacts of climate change, habitat loss, and poaching are increasingly threatening Southern Africa’s diverse ecosystems and biodiversity, putting its populations and their livelihoods at risk. Countries in Southern Africa face threats of droughts and water shortages, increased flooding and extreme weather events that threaten ecosystems, notably in the Okavango and Limpopo River basins. These countries face barriers to address these threats, including limited access to funding, insufficient institutional capacity, and challenges adopting low-carbon adaptation measures, as they seek to preserve their rich biodiversity. The USAID Climate Finance for Development Accelerator (CFDA) seeks to address these challenges by identifying and leveraging innovative, replicable and scalable financing mechanisms that increase available finance for nature conservation and nature-based solutions across Southern Africa.

To bolster nature and conservation investment in Southern Africa, CFDA partnered with USAID Southern Africa to launch the Southern Africa Scalable Approaches for Investing in Nature Window (“The Window”). The Window will support innovative and scalable models for investing in conservation, biodiversity, and sustainable landscapes.

Section II – Program Objectives

The Southern Africa Scalable Approaches for Investing in Nature Window aims to support high-potential initiatives such as nature bonds, debt-for-nature swaps, results-based-finance, payment for ecosystem services, and other innovative nature-based solutions and financial mechanisms that can be launched, scaled, or replicated effectively – enhancing their impact on nature conservation and sustainability in the target countries.

High-quality, high-integrity projects that adhere to global standards and principles that generate sustainable revenue streams through investing in nature (e.g., through the sales of carbon credits, biodiversity credits) are welcome. Concepts including carbon or biodiversity credits must outline how far along in the project development and approval process the concept is, what reference baselines are used, which international norms, standards and practices will be adhered to, and present plans on inclusion of indigenous people and local communities, and benefits sharing. CFDA will prioritize concepts that move beyond standalone projects funded by donors and philanthropies.

CFDA is soliciting concept notes that can achieve the following objectives:

- Increased conservation or restoration that creates climate and nature benefits in biologically significant areas, with a focus on biodiversity habitats and native species, reduced threats to biodiversity (such as, but not limited to deforestation and degradation of land and native vegetation), and effective management of conservation initiatives.
- Increased flow of capital, with a strong preference for private capital, or financial incentives for implementing and scaling sustainable activities
- Integrity, equitable participation, and benefits-sharing, such as through inclusion of women, youth, indigenous peoples, local communities, and other vulnerable/underrepresented groups, and positive social and financial impacts on vulnerable groups

Priority will be given to applications that meet all objectives.

CFDA grant funding may not be used as capital or invested as debt or equity. Below please find a list of illustrative concepts that may be supported under the Window:

- A grant to support design, structuring, and issuance of nature, conservation or climate bonds or funds
- Outcomes-based grant funding for bonds to finance conservation projects and crowd in return-seeking impact investors, financial institutions and philanthropies
- A grant for a fund's operational costs or legal expenses associated with significantly growing assets under management
- A grant to early-stage funds to expand their pipeline of investable projects and/or capacity to conduct due diligence on potential investees
- A grant to enable nature or biodiversity conservation projects or funds to unlock additional revenue through carbon- or biodiversity credit markets
- Other initiatives that can be further replicated or scaled

Applicants are expected to achieve a minimum 1:1 leverage ratio for any grant funding received through the Window, where awardees will be expected to invest or raise at least \$1 of capital for every dollar contributed by USAID. For the Window, examples of leverage include co-financing for the concept, other non-USG donor funds¹, investment capital, in-kind support, etc. Applicants are expected to demonstrate investment or a commitment to leverage at least \$1 of capital for every dollar contributed by USAID in their

¹ Other U.S. government agency co-financing can be included in the 1:1 leverage requirement. However, U.S. government funding should not be the only source of financial support to achieve the 1:1 leverage requirement. Preference will be given to concepts that primarily leverage private capital.

concept note submission. By the end of the period of performance (maximum 2 years), all of the leverage funding must be demonstrably secured.

Applicants may propose new or existing projects/approaches that meet the requirements in this Addendum. CFDA will prioritize concepts that exceed the leverage ratio and concepts where donor funding is not the only source of financial support to achieve the 1:1 leverage. Previously committed funding can count toward the 1:1 leverage requirement if that funding has been recently secured, is part of an active agreement directly related to the concept and has not been expended. If the concept has received and spent previous funding, CFDA cannot count that funding as leverage.

Period of Performance:

The anticipated period of performance for the grant-funded activities outlined above is up to two years from the date of grant award. CFDA recognizes that some projects may have a longer timeline than two years. Applicants should propose a grant-funded timeline commensurate with their technical approach.

Geographic Scope:

The Window will only consider concepts that focus on one or more of the following countries: Angola, Botswana, Eswatini, Lesotho, Namibia, and/or South Africa, and associated regional Transfrontier Conservation Areas. Concepts can be at the individual or multi-country levels with preference for concepts working in landscapes under threat of biodiversity loss.

Current Funding:

Under this funding window, CFDA anticipates issuing grant awards up to \$500,000 USD. Applicants should present a budget that best fits their submitted concept (not inclusive of leverage commitment obtained). There is no minimum funding request. CFDA may consider grants over this value if they present opportunities to leverage significantly larger amounts of private finance for nature-positive and conservation outcomes. US-based firms are restricted to awards up to \$500,000.

Eligibility:

Please reference Part 1 of the [CFDA General APS](#) for information on eligibility.

Concept Note Merit Review Criteria:

All applicants will be assessed using the merit review criteria below:

Merit Review Criteria	Points
Private Sector Engagement and Scale	30
Additionality and Impact	20
Feasibility	20
Gender Equity and Social Inclusion	15
Management and Localization	15
Overall Rating (out of 100 points)	100

Merit Review Criteria Descriptions:

- 1) **Private Sector Engagement and Scale:** Demonstrates a realistic path to meet the minimum 1:1 leverage and a strong possibility for replication and/or scale. Priority will be given to concepts that demonstrate a realistic path to mobilizing significant private sector capital to meet the leverage target. Priority will be given to concepts that exceed the minimum leverage requirement and crowd-in additional stakeholders (corporates, and civil society) beyond donor funding. **30 Points**
- 2) **Additionality and Impact:** Incentivizes or de-risks private sector investments, commitments, or initiatives unlikely to occur (or unlikely to occur at the same speed, scale, or level of impact) without the USAID Southern Africa Scalable Approaches for Investing in Nature Window involvement. Impact includes the extent to which the desired results for nature and biodiversity conservation will occur in a sustainable manner because of USAID financial assistance. **20 Points**
- 3) **Feasibility:** Presents an innovative and feasible concept that is expected to achieve significant positive impact on biodiversity conservation and ecosystem services. Concepts should have a well-articulated business case or model that is likely to be achieved or tested within the timeframe of the grant award. Technical assistance needs (see Additional Considerations) articulated in the concept note may be considered positively as part of the concept’s overall viability. **20 Points**
- 4) **Gender Equity and Social Inclusion:** Includes analysis of social, economic, and environmental concerns and objectives from highly climate-vulnerable populations, including women, indigenous peoples and local communities, youth, or other marginalized and/or underrepresented groups. Priority will be given to concepts originated by, led by, or significantly benefiting marginalized groups and climate vulnerable communities. **15 Points**
- 5) **Management and Localization:** Includes a sound and realistic management approach with comprehensive measuring and monitoring of climate and biodiversity impacts. The selection process will consider the capacity of the applicant and any implementing partners to successfully implement the concept in the target geographies. Priority will be given to management approaches that include significant ownership or participation of local partners based in target geographies especially to the extent that concepts strengthen local climate finance ecosystems. **15 Points**

Additional Considerations:

CFDA encourages applicants to articulate technical assistance needs in their concept note (see Section III). This is an optional exercise that will help CFDA understand the spectrum of technical assistance needs and make future funding allocation decisions. The optional technical assistance needs outlined in the concept notes under this opportunity may be provided through third party support facilitated by CFDA.

Section III – Information on Applying

CFDA will manage a streamlined application process that begins with applicants submitting a grant application that includes a detailed concept note and a high-level budget (instructions below). Applicants must propose strategies for the implementation of the program description described above. CFDA will review applications responding to the Addendum following the closing date for the solicitation. Late applications will not be accepted. CFDA will assemble a merit review committee to review applications against the merit review criteria outlined above in Section II. CFDA may engage shortlisted applicants in a co-creation process to clarify elements of the grant application (see “Co-Creation” in [Part 1 of the APS](#)).

After this process, applicants will be notified whether their grant application has been rejected or approved, pending a pre-award risk assessment and negotiations.

Concept notes must be completed using the template provided in Annex A (Concept and Budget Template). Concept notes and budgets must meet the following requirements or they will not be reviewed:

- Be written in English as a slide deck in PowerPoint or PDF format
- Contain a maximum of 10 slides
- Be a minimum of 10-point font
- Include the APS and Addendum name and number
- Include address of organization and point of contact (including contact name and email information)
- Content must include and/or describe:
 - Cover page that includes an activity title, name of the organization, legal representative, country of legal residence of the organization, and Tax ID (TIN) numbers (maximum one slide; does not count toward the slide limit)
 - Executive summary
 - Description of activity context and definition of the problem this activity seeks to address in line with the objectives stated in the solicitation
 - Proposed solution to the identified problem
 - Level and status of private sector commitment and co-investment describing to what extent the applicant has made commitments, financial or non-financial, to support the concept or secured commitments and co-investment
 - Approach to measuring and monitoring climate, community, and biodiversity conservation impacts (including output targets) – See Section IV below
 - Additionality of USAID funding and impact
 - Gender equity and social inclusion considerations, including a description of how the proposed activity has or will engage with, consult, benefit, or be driven by local and underserved or marginalized populations, including women, as well as any social and environmental risks and risk mitigation plans, as applicable
 - Organization profile and management approach that includes the track record and gender composition of the team and participation/ownership of local partners
 - Summary budget of the grant funding requested. Must be presented in either the local currency of the organization (e.g., applicants from South Africa must present budgets in South African Rand - ZAR) or in USD for international applicants, as well as include a commitment to a **minimum 1:1 leverage** (see below) of USAID funding (maximum one slide)
 - Estimated timeline for implementation of activities (maximum one slide)
 - Optional: Detailed applicant technical assistance needs that would make the concept more likely to be successful (maximum one slide, does not count toward the slide limit)

Each grant application must clearly distinguish between the funding requested from CFDA, funding to be committed to the grant activity by the applicant or other parties (i.e., leverage), and any third-party investment to be mobilized for the applicant’s climate solution during or as a result of the proposed

activity. Please see the chart in Part 1, Section III of [the General APS](#) for definitions of leverage and mobilization used by CFDA, as adapted from USAID’s Private Sector Engagement.

Cost Merit Review Criteria can be found in [Part 1 of the APS](#).

Late or unresponsive applications will only be considered at the discretion of CFDA. Please submit all questions concerning this solicitation via the [Solicitation Question Submission Form](#). For general inquiries please email CFDAProcurement@CFDAccelerator.com.

Optional Virtual Pre-Application Workshop

A virtual pre-application workshop will be held on Thursday, October 31, 2024, from 9:00am to 10:00am EDT. To register for the workshop, [please complete this form](#). This workshop will allow interested applicants the chance to ask questions about the Addendum and receive guidance on how to apply. Participation in the workshop is optional and is not required to apply under this solicitation. The pre-application workshop will be recorded and shared with the [Climate Finance Investment Network \(CFIN\)](#). CFDA will share amendments, answers to questions, and other updates to contacts registered with the CFIN prior to posting on its procurement page. There is no cost to join, and membership does not involve any commitment or obligation.

Section IV – Reporting, Indicators and Learning Requirements

Successful applicant(s) will be required to report on activity progress and provide data for performance indicators on a semiannual basis and agree to the requirements listed below. **Successful applicants must be able to provide data for the following investment mobilization indicators:**

- Amount of investment mobilized (in USD) for climate change outcomes (disaggregated by climate sector; public v. private resources; investment type; investment source; and country)
- Percentage of investment mobilized that is inclusive of marginalized and underrepresented groups (disaggregated by group and mode of inclusion²)

Successful applicants must also provide data for relevant climate change and other outcome indicators. Applicants **will be required to report at least one climate change outcome indicator** relevant for their proposed activity. Applicants are encouraged to select one of the three indicators listed below, or to consult the [USAID Global Climate Change Standard Indicator Handbook](#) for other options:

- **For projects with adaptation outcomes:** EG. 11-5 Number of people supported by the USG to adapt to the effects of climate change
- **For conservation or other land-use activities with climate change mitigation outcomes:** EG.13-7 Projected GHG emissions reduced or avoided from adopted laws, policies, regulations, or technologies related to sustainable landscapes as supported by USG assistance
- **For activities achieving climate change mitigation outcomes through energy-oriented activities:** EG.12-7 Projected GHG emissions, estimated in metric tons of CO2 equivalent, reduced, sequestered, or avoided through clean energy activities supported by USG assistance

² “Inclusion” is determined based on characteristics of the project receiving investment, such as whether it is owned or led by members of one or more marginalized/underrepresented group; is/was designed by them; employs or otherwise benefits them; etc. Complete definitions are available in the [CFDA Monitoring, Evaluating, Collaborating, Adapting and Learning Plan \(MECLAP\)](#) and in [USAID’s Inclusive Development](#) resources.

Applicants must also include one additional indicator to monitor the climate and/or conservation outcomes of their activity. Suggested USAID indicators for sustainable landscapes and biodiversity are listed below. Applicants are encouraged to select from this list but may also put forward their own outcome indicators if these are not aligned to their proposed activity.³

- EG.13-8 Number of hectares under improved management expected to reduce greenhouse gas emissions as a result of USG assistance
- EG.10.2-2 Number of hectares of biologically significant areas under improved natural resource management as a result of USG assistance
- EG.10.2-3 Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance

Grantees selected under the Window will be expected to contribute to CFDA's learning agenda related to nature-based solutions, adaptation, private sector climate investment, and other relevant themes. Contributions may consist of participating in interviews or events, facilitating access to local partners, collaborating on short technical documents or other learning products, or sharing relevant data. Details of these engagements will be specified during award negotiation discussions.

Section V – Other Notes

The U.S. government acknowledges current gaps in funding for innovative, financially sustainable approaches to addressing climate adaptation globally, but particularly in low- and lower-middle-income countries. To augment its contribution to building the pipeline for bankable climate and nature-based solutions projects in those contexts, USAID may refer eligible concepts sourced through the APS process under this opportunity to other U.S. government agencies for their consideration. The optional technical assistance needs outlined in the concept notes under this opportunity may be eligible for support under CFDA.

³ For additional indicator references, please see [USAID's Climate Change Standard Indicator Handbook](#) and [biodiversity program area indicators \(EG.10.2-1 through EG.10.2-6\)](#).