

USAID Climate Finance for Development Accelerator (CFDA)

Addendum 003 to the Climate Finance Annual Program Statement (APS No. 0016)

Dairy Methane Abatement Window in Pakistan

Funding Opportunity Title	Dairy Methane Abatement Window in Pakistan
Announcement Type	Addendum 003 under the CFDA General APS
Issuance Date	October 30, 2024
Deadline For Questions	November 14, 2024, 11:59pm PKT
Close Date for Concept Notes	December 27, 2024, 11:59pm PKT
Submit Applications	Submission Portal

Section I – Background

Methane emissions are responsible for approximately one-third of the rise in global temperatures, for which, Pakistan is the seventh largest methane emitter globally¹. As a signatory of the Global Methane Pledge (GMP) launched at COP26, Pakistan has joined 157 other countries in a collective effort to reduce global methane emissions at least 30% by 2030.

Pakistan's methane emissions primarily stem from its dairy and livestock industries, as Pakistan notably has the world's fourth largest livestock herd. Within the livestock sector, the majority of these greenhouse gas (GHG) emissions come from enteric methane. This type of methane is the byproduct of livestock digestive processes, which as a result creates a significant inefficiency in milk and meat production and highlights significant potential for improvement. Pakistan's agricultural sector contributes approximately 23% to the country's GDP and therefore underscores a significant need to incentivize mitigation efforts and methane reduction solutions from producers and industry stakeholders. Furthermore, dairy producers may be hesitant to adopt solutions for reducing methane emissions due to limited awareness of the need for methane reductions and the climate opportunity it presents and/or the lack of financial incentives for economic viability of these solutions.² Moreover, women play a key role in the dairy sector and contribute significantly in smallholders dairying, particularly in feeding and management of animals, milking and in some cases milk marketing. Women participation in dairy farming in the rural areas is crucial in Pakistan³.

¹ Global Methane Pledge. [Homepage | Global Methane Pledge](#); International Monetary Fund. Middle East and Central Asia Dept. (2022). Pakistan: Selected Issues. *IMF Staff Country Reports, 2022(027)*, A008.

² Environmental Defense Fund. *Tackling Enteric Methane*, 2022. [EDF026_Farm-First_V4_8-2.pdf](#)

³ Afzal M, 2010. Re-designing smallholder dairy production in Pakistan. *Pak Vet J*, 30(3): 187-190.

Afzal M, 2007b. Livestock Development Policy for Pakistan. Livestock and Dairy Development Board, Islamabad, Pakistan. pp: 1-19

USAID/Pakistan is seeking to collaborate with private sector entities that are interested in addressing these issues to reduce the livestock-based carbon footprint. This will result in enhanced milk and meat production and reduced GHG emissions in the country, achieving the dual goals of protecting the environment and food security.

Section II – Dairy Methane Abatement in Pakistan

The USAID Climate Finance for Development Accelerator (CFDA) is introducing a **Dairy Methane Abatement Window**, herein referred to as the “Window”, that will support the USAID/Pakistan Mission, under its U.S. – Pakistan “Green Alliance” partnership, in promoting the twin goals in Pakistan’s dairy sector of sustainable growth and methane reduction. This Window is also responding to USAID/Pakistan’s Office of Climate and Sustainable Growth’s (CSG) objective to partner with the local dairy industry to focus on reducing methane emissions from the industry.

Through the Window, CFDA is soliciting concept notes from private-sector enterprises for innovative concepts with the potential to be financially self-sustaining, and which will deliver significant outcomes in the following priority pilot areas:

- Pilot effective, measurable, and scalable options for reducing dairy emissions (e.g., changing animal feed, feed additives, breed improvement, animal health and other animal management improvements and/or manure management methods etc);
- Pilot climate smart livestock production and management techniques with the aim to enhance dairy productivity (e.g., climate-smart livestock production and management interventions, investigation of advanced dairy processing technologies etc).

The proposed activities under the above-mentioned priority areas should also identify the potential for certifying the activity’s methane reductions as carbon credits, which could then be sold on the voluntary carbon market by private sector entities.

CFDA catalytic grant funding is intended to provide financial support to private-sector enterprises interested in working on the above-mentioned priority areas and have the potential to leverage at least double of the proposed activity’s funding from its own sources.

Geographic Scope: Pakistan

Current Funding and Estimated Project Duration:

Under this funding window, CFDA anticipates issuing one or more grant awards that may range from \$500,000 to \$1,000,000 USD (approximately PKR 139 Million – PKR 278 Million) with the possibility of follow-on grants or additional grantees should additional funding become available. CFDA may consider grants slightly over this value if they present opportunities to leverage significantly larger amounts of private finance for adaptation outcomes. US-based firms are restricted to awards up to \$500,000 (approximately PKR 139 Million). Start dates and award duration will be dependent on available funding and timing of awards but are estimated to be between 12 to 24 months.

Eligibility:

Please reference Section 1 of the [CFDA General APS \(2024-0016-APS\)](#) for information on eligibility.

Concept Note Merit Review Criteria:

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

Merit Review Criteria	Points
Feasibility and Impact	40
Project Implementation and Evaluation	25
Additionality	10
Gender and Social Inclusion	15
Financial Commitment and Co-investment	10
Overall Rating (out of 100 points)	100

Merit Review Criteria Descriptions:

- 1) **Feasibility and Impact:** Provides an innovative, feasible, and clear pilot concepts that is expected to address the priority areas and results in reducing the livestock-based carbon footprint and increase dairy productivity. The concepts should have realistic, measurable and scalable potential to reduce dairy emissions in Pakistan. The concept should also focus on engaging local private entities/partners, communities and ensure financial sustainability of the concept, and applicability of organizational environmental action and mitigation plan. Priority will be given to applications that strengthen local or regional climate finance ecosystems within the dairy sector and/or have a strong possibility for replication or scale. **40 Points**
- 2) **Project Implementation and Evaluation:** The concept should include a clear plan of implementation and strategy broken into logical sequences and steps. The concept should also cover the monitoring and evaluation approach and the systems/processes to be followed to measure the impact of proposed interventions. The concept note should also articulate the applicant capacity as well as the proposed staff relevance, experience and strengths. **25 Points**
- 3) **Additionality:** 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 USAID/CFDA's involvement. On impact, additionality includes the extent to which the desired results for dairy methane reduction, climate adaptation and/or mitigation, and gender equity and social inclusion will occur as a result of USAID financial assistance. **10 Points**
- 4) **Gender and Social Inclusion:** The concept should include consideration for including impact of interventions on vulnerable communities or how vulnerable communities' especially women's economic and social needs will be addressed. Moreover, it should also articulate how other gender identities and/or other co-identities such as gender diverse, LGBTQIA++, persons with disabilities, indigenous peoples, women, older persons etc. will be impacted/targeted where applicable. **15 Points**
- 5) **Financial Commitment and Co-investment:** Demonstrates higher levels of private sector commitment and co-investment to meet the minimum 1:2 leverage (in-kind and monetary contributions). The monetary contribution should be at least 1:1 leverage, whereas the remaining 0:1 contribution can be in the form of in-kind. For definitions of Leverage and

Mobilization, please refer to Section II of the CFDA General APS 2024-0016-APS. Priority will be given to concepts that demonstrate a realistic path to mobilizing additional private sector capital during or after the period of the grant award. Preference will be given to concepts that exceed the minimum leverage requirement and crowd-in additional stakeholders (donors, corporates, and civil society). **10 Points**

Section III – Information on Applying

CFDA will review applications responding to the Addendum following the closing date for the solicitation. Late applications will not be accepted. Applicants must propose strategies for the implementation of the program description described above, introducing innovations that are appropriate to their organizational strengths. CFDA will manage a streamlined application process that begins with applicants submitting a grant application that includes a detailed concept note and a detailed budget (instructions below). CFDA will assemble a merit review committee to review applications on a rolling basis against the merit review criteria outlined above. 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 and budgets must be completed using the templates provided in Annex A - Concept Note and Annex B - Budget Template. Concept notes and budgets must meet the following requirements, or they will not be reviewed:

- Be written in English as a PDF or PowerPoint slide deck.
- Contain a maximum of 12 slides (slide decks).
- Be a minimum of 9-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)
 - Organization information
 - Executive summary
 - Pilot activity title and selected priority area
 - Feasibility and impact
 - Project implementation and evaluation
 - Additionality and potential scale of impact
 - Gender and social inclusion considerations, including any social and environmental risks and risk mitigation plans, as applicable
 - Financial commitment and co-investment
 - Estimated timeline for implementation of activities
 - Management and staffing

- Grant funding requested (detailed budget template – see Annex B). Budget must be presented in either the local currency of the organization (e.g., applicants from Pakistan must present budgets in Pakistani Rupees) or in USD for international applicants, as well as include a commitment to a **minimum 1:2 leverage** (in-kind and monetary contributions). The monetary contribution should be at least 1:1 leverage, whereas the remaining 0:1 contribution can be in the form of in-kind. (maximum one slide).
 - Detailed budget along with budget notes to be shared in the provided budget template (Annex B).

Each grant application must clearly distinguish between the funding/resources requested from CFDA, funding/resources 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 II of the APS](#) for definitions of leverage and mobilization used by CFDA, as adapted from USAID’s Private Sector Engagement policy and the climate finance mobilization indicators from USAID’s Climate Change Standard Indicator Handbook.

Cost Merit Review Criteria can be found in [Part 1, Section III 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 info@cfdaccelerator.com.

Section IV – Additional Indicators and Requirements

Successful applicant(s) will be required to report on performance indicators on mutually agreed intervals (e.g., monthly, quarterly, semi-annually) and agree to requirements that will be shared during grant negotiations with selected grantees. Performance indicators will include CFDA standard indicators, as well as specific climate adaptation indicators.

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 adaptation 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.