Notice of Future Funding Opportunity

Background: The USAID Climate Finance for Development Accelerator (CFDA) anticipates seeking applications from experienced investment managers to improve the sustainability of energy transition value chains (ETVCs) – the suite of economic activities involved in the production and delivery of clean energy, from the processing of energy transition minerals (ETMs) to energy consumption – under the Greening Value Chains in Africa (GVCA) funding window. While several efforts have been launched to improve the environmental, social, and governance (ESG) impacts of key ETVCs in Africa, the broader industry is not improving against key metrics in greenhouse gas (GHG) emissions, water use, biodiversity loss, mineral waste, among others. Through GVCA, CFDA and its partners under the Investment Mobilisation Collaboration Alliance (IMCA) seek to direct blended finance towards green and sustainable funds and other investment vehicles investing in ETVCs in Africa. GVCA has the following key objectives:

1. Improve key ESG and impact dimensions in ETVCs supporting clean energy generation and circular economy solutions
2. Promote economic growth for local communities through the onshoring of key stages in the value chain, such as responsible ETM processing and renewables manufacturing, with strong social and environmental safeguards
3. Increase speed and supply of capital for ETVCs in Africa by deploying blended finance to mobilize additional investors

Geographic Scope: Only funds investing 100 percent of their capital in OECD DAC countries in Africa are eligible for support from the Window.

Procurement Mechanism, Format, and Outreach Channel: CFDA anticipates requesting applications and budgets via a Request for Applications (RFA). Interested parties should sign up with CFDA's Climate Finance Investment Network (CFIN) to receive the RFA and supplemental documents upon release.

Estimated Size and Number of Grants: CFDA anticipates issuing multiple grant award(s) totaling up to USD $10M (i.e., we do not envision issuing a single grant of $10M). Grant funding is intended to provide flexible capital for start-up costs, technical assistance, or other catalytic uses in support of investment fund or vehicle launch and investment. In addition to grant capital, IMCA members may provide up to $50M in credit guarantees and up to $50M in catalytic equity. Applicants need not incorporate all IMCA instruments in their application but must integrate use of USAID grant capital and at least one IMCA instrument (credit guarantees and/or catalytic equity). Furthermore, the US International Development Finance Corporation (DFC) will review the applications received for investment consideration. The number of awards and the final amount for each will be dependent upon the activities proposed and final negotiation.

Estimated Release Date and Response Timeframe: CFDA anticipates releasing the RFA on/around November 14, 2024, with a response timeframe of 8-10 weeks, including a Q&A period. Finalists will be invited to co-creation and due diligence on/around late January 2025.

Anticipated Focus: Through GVCA, CFDA is soliciting concepts from investment managers seeking grant capital, credit guarantees and/or catalytic equity to support the launch of investment funds or vehicles delivering significant outcomes for greening ETVCs in Africa. Priority ETVC sub-sectors include: (1) renewable power generation and/or transmission for greening ETVCs (**REQUIRED**); (2) responsible ETM processing and/or supply chains; (3) renewables manufacturing; and (4) circular economy solutions for ETVCs.

Eligibility: The following eligibility criteria are anticipated in the RFA: applicants should be (1) an experienced investment manager with a demonstrated track record of raising and deploying capital, as well as successfully exiting investments with returns acceptable to investors; (2) developing an ETVC fund or instrument to be deployed in Sub-Saharan Africa (preference for funds ready to deploy capital); (3) maximizing private capital mobilization by using USAID and IMCA's catalytic capital without distorting or crowding out other market actors; and (4) maximizing development impact measured through ESG metrics including expected GHG reductions and creation of decent jobs in Africa. Proposed investment funds or vehicles must be at least USD $50M in total capital to be invested. U.S. and non-U.S. non-governmental organizations, including European Economic Area (EEA) organizations, for-profit or non-profit entities, may apply. Public sector/government entities are prohibited from receiving CFDA grants. People's Republic of China (PRC)-based or -backed projects (e.g. co-investment from PRC pension funds, sovereign wealth funds) and/or companies are not allowed under this opportunity and selected investment managers will be prohibited from making such investments. CFDA will include additional requirements in the final RFA, including impact metrics and adherence to IFC's Environmental and Social Performance Standards as well as investment exclusion lists. Applicants must adhere to strong environmental and social (E&S) and business integrity standards.