

This is NOT a notice of funding opportunity or solicitation. This is a description of a potential activity that CFDA might implement in the future and is provided for informational purposes only. Issuance of this notice does not constitute an award or commitment on the part of CFDA, nor does it commit CFDA to pay for costs incurred in the preparation and submission of a future application.

Notice of Future Funding Opportunity (NOFFO)

Background/ Anticipated Objective: In Zambia, droughts, fires and floods have increased in frequency and intensity as a result of climate change, severely impacting food and water security, energy generation, and livelihoods. Zambia requires an estimated \$4.7 billion in adaptation and resilience investments by 2030 to overcome the impacts of climate change. Despite public sector investments, there remains a nearly \$400 million annual financing gap¹. USAID aims to catalyze additional private sector investment in adaptation and resilience in Zambia in an effort to help close this gap. The USAID Climate Finance for Development Accelerator (CFDA) in support of its Mobilizing Finance for a Resilient Zambia (MFRZA) activity, anticipates releasing a call for concepts through the **Zambia Adaptation Finance Window** from qualified firms seeking grant capital to launch or scale innovative funds or investment vehicles that will deliver significant outcomes for climate adaptation in Zambia, as defined by the [Green Climate Fund \(GCF\) Integrated Results Management Framework](#) Adaptation Results Areas (2) Health, well-being, food and water security, (3) infrastructure and built environment, and (4) ecosystems and ecosystem services. Notably, however, given the dependency on hydroelectricity for power generation and the emphasis on renewable energy investments in [Zambia's National Adaptation Plan](#), investments that aim to increase the resilience of Zambia's energy sector (through diversified clean energy sources, off-grid energy solutions, grid updates, and other such projects) may also be considered. CFDA's preference is to support an investment fund, though other concepts for innovative financial instruments that mobilize finance for adaptation (e.g., green bonds, debt facilities, outcomes-based financing, etc) may apply.

Request for feedback: With this NOFFO, interested applicants are encouraged to share feedback on the proposed concept, anticipated merit review criteria mentioned below, indicate interest in this opportunity, or ask questions ahead of the final solicitation release. Feedback can be only given via [this form](#).

Geographic scope: Anticipated awards are intended to support and amplify investments in adaptation solutions in Zambia, with a preference for partners based in, led by, and operating primarily in Zambia. Successful applicants will demonstrate that they are launching or scaling a climate fund or investment vehicle that will mobilize capital for adaptation solutions in Zambia. Regional funds with a significant existing or anticipated presence in Zambia will also be eligible.

Procurement Mechanism, Format, and Outreach Channel: CFDA anticipates requesting concept papers and budgets for this funding opportunity via an Addendum to its standing Annual Program Statement (APS). Interested parties should sign up with CFDA's [Climate Finance Investment Network \(CFIN\)](#) to receive the APS Addendum and supplemental documents upon release. There is no cost associated with joining the CFIN.

Estimated Size and Number of Grants: CFDA anticipates issuing multiple grant awards of up to USD \$500,000 each. CFDA may consider grants over this value if they present opportunities to leverage significantly larger amounts of private sector finance for climate adaptation outcomes. Catalytic grant funding may be used by firms to cover start-up costs, operational expenses needed to launch a new fund or innovative financial instrument and other fund administrative costs, build pipeline needed to secure investor commitments, technical assistance, or other catalytic uses in support of launch and investment.

Applicants are expected to adhere to a minimum 1:1 leverage ratio for any grant funding received through CFDA, where awardees will be expected to invest or raise at least \$1 of capital for every dollar contributed by USAID. For this opportunity, examples of leverage can include co-financing for the concept, other donor funds, or non-USG investment capital that will be raised during the period of the grant.

Estimated Release Date and Response Timeframe: CFDA anticipates releasing an APS Addendum o/a November 5, 2024, with an estimated response timeframe of 60 days. CFDA anticipates selecting and notifying apparently successful applicants on/about February 2025.

¹ USAID Comprehensive Action for Climate Change Initiative (CACCI), Zambia Climate Stocktake (2023)

Anticipated Merit Review Criteria: CFDA anticipates using the following merit review criteria to evaluate the technical merits of concepts under the anticipated APS Addendum. CFDA welcomes your feedback on the appropriateness of the following criteria via the form linked above:

- **Relevance and Feasibility:** Presents a well-defined concept to launch or scale a climate investment fund or other innovative financial instrument that will mobilize significant private and public finance and deliver significant and clear climate adaptation impacts in Zambia.
- **Climate & Development Impact:** The extent to which climate vulnerability will be reduced and/or resilience increased as a result of this assistance that would otherwise not have occurred. Preference will be given to concepts where 50% or more of investment capital will be deployed for climate adaptation investments.
- **Additionality:** Demonstrates a clear need for concessional catalytic financing and articulates how grant funding would help achieve the launch or scale of the fund or investment vehicle. Provides a clear articulation of the gaps in the funding concept, with a clear demonstration of how USAID capital will be instrumental in filling or helping to fill these gaps.
- **Capital Mobilization.** The extent to which this grant funding will help mobilize significant additional private or public (non-USG DFI capital) financing that would otherwise not be mobilized. Applicants should also demonstrate commitment to meet the minimum 1:1 leverage requirement, preference will be given to those concepts that can mobilize the most additional private sector financing. A minimum fund size of \$10M or larger is expected.
- **Gender Equity and Social Inclusion (GESI).** Demonstrates an approach that is gender-responsive and reduces gender disparities. Recognizes and addresses issues faced by local communities and/or other marginalized and underrepresented groups. The approach should be aligned with the [principles for locally led adaptation](#).
- **Track Record.** Demonstrable track record of raising and deploying capital, as well as successfully exiting investments. This should include successful experience launching at least one investment fund (or comparable) with private sector participation. First-time fund managers with principals and key staff that have experience raising and deploying emerging markets funds may apply if they can demonstrate the ability to successfully carry out core fund administration tasks either directly or through a third party.

Eligibility: The final APS Addendum issued o/a November 5, 2024 will provide the definitive set of eligibility criteria. The following eligibility criteria are anticipated under this APS Addendum: applicants should be (1) developing a climate adaptation investment fund or instrument to be deployed in Zambia; and (2) a legally registered organization, including for-profit or non-profit entities. Public sector entities, including government entities and public information organizations, 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 fund managers will be prohibited from making such investments. CFDA funding is intended to provide catalytic capital to mobilize further investment from the private sector. CFDA will include additional requirements in the final Addendum, including impact metrics and adherence to IFC’s Environmental and Social Performance Standards as well as investment exclusion lists.

Feedback and Questions: Interested applicants are encouraged to share feedback on the proposed concept and anticipated merit review criteria, indicate interest in this opportunity, or ask questions ahead of the solicitation release via [this form](#).