

USAID Climate Finance for Development Accelerator (CFDA)

Addendum 04 to the Climate Finance Annual Program Statement (2024-0016-APS)

Mobilizing Finance for a Resilient Zambia

Funding Opportunity Title	Zambia Adaptation Finance Window
Announcement Type	Addendum under an General Annual Program Statement
Issuance Date	November 7, 2024
Deadline For Questions	Thursday, December 5, 2024, 11:59pm EST
Close Date for Concept Notes	Wednesday, January 15, 2025, 11:59 pm EST
Submit Concept Notes	Submission Portal

Section I – Background

Zambia’s economy is highly vulnerable to climate change owing to the country’s geographical location and natural resources, high dependence on rainfed agriculture (70% of the population) as a source of food, employment, and income; low adaptive capacity; and reliance on hydroelectric power generation, among others. The impacts of climate change already experienced are increasingly threatening Zambia’s diverse ecosystems, key economic sectors and putting its population and critical infrastructure at risk. Over the last two decades, droughts and floods have increased in frequency and intensity, adversely impacting food and water security, energy generation, and livelihoods. Zambia is currently facing a dual energy and food security crisis as the result of drought compounded by climate change.

Zambia requires an estimated \$4.7 billion in adaptation and resilience investments by 2030 to overcome the anticipated impacts of climate change. Despite public sector investments, there remains a nearly \$400 million annual adaptation financing gap. Through its Mobilizing Finance for a Resilient Zambia buy-in activity under the Climate Finance for Development Accelerator (CFDA), USAID aims to catalyze additional public and private sector investment in adaptation and resilience in Zambia in an effort to help close this gap.

Section II – Program Objectives

Through the *Zambia Adaptation Funds Window*, the USAID Climate Finance for Development Accelerator (CFDA) is soliciting concepts from qualified organizations seeking grant funding to launch or scale investment vehicles or funds 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, given Zambia’s dependence on hydropower for electricity generation and the emphasis on renewable energy investments in [Zambia’s National Adaptation Plan](#), investment funds and vehicles that aim to increase the resilience of Zambia’s energy sector (through

diversified clean energy sources, off-grid energy solutions, grid upgrades, and other such projects) may also be considered. Relevant concepts may include (but not be limited to):

- Launching a new fund/financial instrument in Zambia focused on investing in climate adaptation solutions
- Scaling an existing regional investment fund focused on climate adaptation to enter Zambia
- Broadening the scope of an existing fund or financial instrument in Zambia to include an adaptation component.

CFDA's preference is to support an investment fund, though other concepts for innovative financial instruments that mobilize finance for adaptation results mentioned above (e.g., green bonds, debt facilities, outcomes-based financing, etc.) may apply. Preference will be given to concepts that demonstrate a viable path to raising and deploying a fund of \$10M or larger.

Additional Requirement. Applicants are expected to adhere to a minimum 1:1 leverage requirement for any grant funding received through CFDA, where awardees will be expected to contribute or co-finance at least \$1 of capital for every concessional dollar contributed by USAID. For this opportunity, examples of leverage can include co-financing for the concept, non-USG donor financing, or non-USG investment capital that will be raised during the period of the grant. Leverage should be included in the applicant's summary budget for the proposed grant activity.

Period of Performance:

The anticipated period of performance for the activities outlined above is up to two years from the date of grant award. Applicants should propose a timeline commensurate with their technical approach.

Geographic Scope:

Successful applicants will demonstrate that they are launching or scaling a climate fund or investment vehicle that will mobilize and deploy capital for adaptation solutions in Zambia. Regional funds with a significant existing presence in Zambia, or that will use the grant award to expand to Zambia, will also be eligible. Preference will be given to applicants based in/or already and operating in Zambia or applicants who though not based in Zambia, have significant focus and/or activity in the country.

Available Funding:

Under this funding window, CFDA anticipates issuing multiple grant awards of up to USD \$500,000. CFDA may consider grants over this value if they present opportunities to mobilize significantly larger amounts of capital for climate adaptation outcomes. Grant funding may be used by firms to cover start-up costs, operational expenses needed to launch/scale, and other fund administrative costs, build pipeline needed to secure investor commitments, technical assistance, or other catalytic uses in support of launch and investment. Grant award funding may not be used as debt or capital into the fund. U.S. organizations 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
1. Relevance & Feasibility	20
2. Climate & Development Impact	20
3. Additionality	15
4. Capital Mobilization and Deployment	15
5. Gender Equity and Social Inclusion	10
6. Past Performance and Team Composition	20
Overall Rating (out of 100 points)	100

Merit Review Criteria Descriptions:

- 1) Relevance & 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 (as defined in the program objectives above). Applicants are encouraged to provide detail on how capital will be deployed, including potential pipeline, as well as fundraising traction with potential investors. Early-stage concepts are welcome as long as there is a demonstrated path for rapid deployment and thesis for additionality. **20 Points**
- 2) Climate & Development Impact:** The extent to which the investments to be made by the fund or investment vehicle would reduce climate vulnerability and/or strengthen climate resilience. Concepts should clearly state what percent of a fund or financial instrument's portfolio will be allocated to climate adaptation and preference will be given to concepts where 50% or more of investment capital will be deployed for climate adaptation investments. Applicants must demonstrate development impact co-benefits of the investments made. Applicants must propose clear adaptation-related indicators and a thoughtful impact measurement approach integrated into fund management. **20 Points**
- 3) 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 grant funding will be instrumental in filling or helping to fill these gaps. **15 Points**
- 4) Capital Mobilization and Deployment:** Demonstrates a strong probability of raising private or public (non-USG Development Finance Institution capital) financing. Demonstrates a plausible approach to deploying capital quickly. Preference will be given to those concepts that can demonstrate a viable path to mobilizing and rapidly deploying the most additional private sector financing (with anticipated fund size of \$10M or larger). **15 Points**
- 5) Gender Equity and Social Inclusion:** Demonstrates an approach that is gender-responsive and applies Do-No-Harm principles. Preference will be given to concepts that applies a gender lens investing (GLI) approach that considers gender-based factors across the investment process to advance gender equality and better inform investment decisions. Recognizes and addresses issues faced by local communities, and/or other marginalized and underrepresented groups. Demonstrates a diverse team composition. The approach should be aligned with the [principles for locally led adaptation](#). **10 Points**

- 6) **Past Performance and Team Composition:** 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 instrument), preferably with private sector participation. First-time fund managers with principals and key staff that have experience raising and deploying emerging markets funds must demonstrate that they have the ability to carry out core fund administration tasks either directly or through a third party. Applicants should demonstrate their prior experience working in and knowledge of the Zambian investment landscape, or how that experience will be reflected in individual team members. **20 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 launching or scaling investment funds or other innovative financial instrument that will deliver significant climate adaptation results in Zambia and mobilize additional public or private capital.

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 according to the instructions below. After the closing date, CFDA will assemble a merit review committee to review applications against the merit review criteria outlined below. As a result of the merit review committee, 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 PDF or PowerPoint slide deck.
- Contain a maximum of 15 slides (slide decks).
- Be a minimum of 9-point font.
- Include the APS 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 (*TIN required for US Organizations only*) (maximum one slide)
 - Executive summary
 - Describe experience with and understanding of Zambian climate adaptation investment landscape
 - Description of concept, including investment structure and thesis, sector focus, target portfolio companies, and anticipated climate adaptation impacts
 - Total climate finance mobilization potential from investment vehicle(s) in Zambia, as well as fundraising status and level of private sector investment committed/plausibly expected

- Engagement of stakeholders/portfolio companies in Zambia
- Approach to measuring and monitoring investment mobilization – See Section IV below
- Additionality of USAID funding and impact
- Capital Mobilization (applicants should clearly state their anticipated leverage ratio)
- Gender and social inclusion considerations, social and environmental risks and risk mitigation plans, as applicable
- Company/organization profile, and proposed team staffing
- Track record, including organization’s experience raising and deploying capital, as well as successfully exiting investments. Applicants should demonstrate their prior experience working in and knowledge of the Zambian investment landscape, or how that experience will be reflected in individual team members.
- Amount of grant funding requested (summary budget). Summary budgets should be presented in USD (maximum one slide) and include commitment to a **minimum 1:1 leverage requirement**. Note that successful offerors will negotiate budgets in the local currency if they are operating in Zambia, or USD for international organizations.
- Estimated timeline for implementation of activities (maximum one slide).

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

Late or unresponsive applications will not be reviewed. 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 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 and climate change adaptation 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 inclusion¹*)
- EG. 11-5 Number of people supported by the USG to adapt to the effects of climate change

Applicants may include additional indicators of climate outcomes of their activity. Applicants are encouraged to review [USAID’s Climate Change Standard Indicator Handbook](#) for indicators relevant to adaptation, clean energy and sustainable landscapes activities, or to select from other standards such as

¹ “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.

the Green Climate Fund Integrated Results Management Framework. Applicants may also put forward their own outcome indicators if these are not aligned to their proposed activity.²

Any applicants whose concept includes pipeline development, technical assistance to pipeline or portfolio companies, a project preparation facility, or other project capacity strengthening activity must also report the following:

- Number of institutions with improved capacity to assess or address climate change mitigation and adaptation issues (*disaggregated by climate sector and institution type*)
- EG.5.1-21 Number of enterprises directly or indirectly supported by USG Micro, Small and Medium enterprise resources

Selected grantees 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 – Oral Presentations

Chemonics anticipates inviting a select group of applicants to participate in virtual oral presentations and an interview with the merit review committee (see “Co-Creation” in Part 1 of the APS). Only select applicants will be invited to the oral presentation stage. Oral presentations will focus on applicants’ proposed activities and approaches in line with the program description and merit review criteria outlined in this solicitation, as well as time for follow-up questions.

² For additional indicator references, please see [USAID’s Climate Change Standard Indicator Handbook](#) and [biodiversity program area indicators \(EG.10.2-1 through EG.10.2-6\)](#).