

Climate-Focused Funds Call for Applications

April 20, 2021

U.S. International Development Finance Corporation’s Inaugural Call for Climate-Focused Funds to Address Mitigation, Adaptation and/or Resilience

U.S. International Development Finance Corporation (“DFC”) is launching its inaugural rolling Call for Applications (the “Call”) from private equity, growth capital, and venture capital fund managers seeking DFC financing for funds with strategies of targeting investments in DFC-eligible countries¹ that address climate mitigation, adaptation and/or resilience.²

DFC is America's development bank and partners with the private sector to finance solutions to the most critical challenges facing the developing world today. DFC invests across sectors including energy, healthcare, ICT, critical infrastructure, water, agriculture/food, and technology. DFC also provides financing for small businesses and women entrepreneurs to create jobs and support economic growth. DFC investments adhere to high environmental, governance and social standards and respect the environment, human rights, and worker rights. For additional information about DFC, please see www.dfc.gov.

Key Dates	
Call Issued Applications Due	April 20, 2021 Rolling Basis ³
Geographic Focus	Investment Types
All DFC-eligible countries	<ul style="list-style-type: none"> Equity financing Convertible/Mezzanine debt financing Senior debt

¹ <https://www.dfc.gov/what-we-offer/eligibility>

² The Paris Agreement aims to strengthen the global climate change response by (A) mitigating or reducing the cause of heat-trapping greenhouse gases into the environment; and (B) increasing the ability of all to adapt to adverse impacts of climate change and foster climate resilience by (i) enhancing adaptive capacity and resilience; and, ii) reducing vulnerability, with a view to contributing to sustainable development, and ensuring an adequate adaptation response in the context of the goal of holding average global warming well below 2 degrees Celsius and pursuing efforts to hold it below 1.5 degrees Celsius. <https://www.un.org/en/climatechange/paris-agreement>

³ DFC may close the Call at its sole discretion.

PURPOSE OF THE CALL

DFC seeks to select one or more funds targeting investments in DFC-eligible countries for expansion and/or privatization. This selection will be conducted through a competitive process. DFC has sole discretion to respond to multiple agency objectives in making its selection, including policy priorities, market needs, and the ongoing construction of a balanced and diversified portfolio.

FUND QUALIFICATIONS & CHARACTERISTICS

- The Fund is expected to invest in strategies targeting climate mitigation, adaptation and natural climate solutions, including renewable energy (e.g., wind, solar, geothermal, small hydro⁴, biomass), investments that will accelerate the transition from more carbon-intensive power generation, energy efficiency, sustainable forestry, climate-resilient infrastructure, e-mobility, technology to reduce carbon, battery storage, smart infrastructure, waste-to-energy, agriculture diversification, and technology-enabled climate mitigation and adaptation solutions.
- Target investments and countries should be described in the fund's submission.
- The fund's investment thesis should reflect the fund manager's prior experience and track record in climate and climate-linked investments.
- DFC is targeting funds with total capitalization of \$100 million or more (including the DFC commitment).
- Funds must be privately owned and managed.
- The Fund's submission must include a transparent climate impact management framework that is consistent with international practices and that DFC approves to ensure that the Fund will be best positioned to achieve its climate objectives.

SELECTION CRITERIA

1. Credibility and thoughtfulness of the proposal, consistency and clarity of the climate investment thesis and proposed exit strategies. The investment thesis must include significant focus on investments in climate mitigation, adaptation and/or resilience that can attract public and private capital at scale.
2. Previous track record of the fund management team making long-term investments in DFC regions, and the team's relevant experience in climate and climate-linked investments.
3. Experience, depth, credibility and cohesiveness of the fund management team and details of its geographic presence and operational capability for portfolio management and monitoring.
4. Competitive position of the fund manager, including deal sourcing, ability to add value to investments, reputation, and capital markets access.
5. Ability of the fund manager to raise sufficient equity capital to close the proposed fund in a reasonable amount of time.
6. The fund manager's experience as a fiduciary in managing institutional capital, meeting reporting requirements and administering a fund.
7. Demonstration of how the proposed fund and its investments may have a positive developmental impact on the host country/countries or vulnerable populations in ways that advance USG's Executive Order on Tackling the Climate Crisis at Home and Abroad⁵ and DFC's development strategy *Roadmap for Impact*⁶, including, but not limited to: environmental impacts, job creation, inclusive growth, infrastructure strengthening, gender equity, social policies and corporate social responsibility initiatives, as well as technology and solutions for knowledge transfer.

⁴ See DFC's Environmental and Social Policies and Procedures.

https://www.dfc.gov/sites/default/files/media/documents/DFC_ESPP_012020.pdf

⁵ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

⁶ <https://www.dfc.gov/roadmap-for-impact>

8. Ability of the fund manager to comply with DFC's policies related to environmental and social sustainability, as well as respect for human and workers' rights. For further details on DFC policies, please visit [DFC Policies](#).⁷

SELECTION PROCESS

Non-Qualifying Applications

Each proposal will be reviewed against the criteria of the Call. Those fund managers not selected for further due diligence review will be notified via email. The selection process is very competitive, and DFC receives Applications from many highly qualified managers. Regrettably, DFC does not have the capability to support all worthy funds that apply.

Selection of Finalists

An Evaluation Committee composed of DFC staff will determine which applicants will be selected for further consideration. DFC may select candidates for further due diligence based solely on their written Applications and may conduct on-site due diligence of finalists.

Recommendations & Approvals

Upon the completion of due diligence, the Evaluation Committee will make its recommendation for selecting one or more funds to DFC's Investment Committee and Board of Directors, as appropriate. The Evaluation Committee reserves the right to recommend any of the finalists or none of them.

DFC PARTICIPATION IN SELECTED FUNDS

DFC Summary Terms

- Investment Amount: The investment amount may range from a \$10 million to \$400 million⁸ commitment but may be limited to no more than 20% of a fund's total capitalization, as determined by DFC.
- Terms & Governance: Subject to negotiation.
- Country Eligibility and Policy Compliance: DFC will only fund investments in DFC-eligible countries and reserves the right to review, prior to funding, each fund investment for compliance with DFC investment policy standards.

⁷ DFC Policies incorporate the International Finance Corporation [Performance Standards](#).

⁸ DFC's investments can include either equity or debt instruments.

SUBMITTING AN APPLICATION

1. Set up a user account

Complete the information requested in the [User Account](#) form and select the “Submit” button to transmit that information to DFC. Please open a User Account as soon as possible if you intend to submit a proposal. If you already have an account with DFC, please [log in](#) as usual.

2. Submit your proposal online

Once you have set up a User Account, [log in](#), select “Form 004-Investment Funds Application” and click the “Create” button. Through your User Account, you may view your submissions and upload related documents at any time until you click the “Submit” button. Throughout the application, you will be asked to upload documents. Upload additional documentation through “Supporting Documentation” if desired. You may save your application at any point by clicking the “Save & Close” button on the bottom of the page. Once you are ready to send your completed proposal to DFC, click the “Submit” button. Once you click “Submit”, your proposal will be sent to DFC and will no longer be available for editing and you will not be able to submit any more documents. **Please ensure that your proposal is complete before you click “Submit.”**

DFC reserves the right not to consider any proposals submitted or terminate the Call at its discretion.

QUESTIONS RELATING TO THIS CALL

Applicants are welcome to [submit questions](#) about the Call to DFC. DFC will post answers to those questions deemed pertinent to all applicants on this page. Given that all applicants will be able to view these questions and answers, applicants should be cognizant of divulging proprietary information in their questions.

OTHER

- You may upload documents to your User Account (see “Submitting a Proposal” above) at any time. A proposal may not be edited or supplemented once it is submitted.
- To obtain a description of the DFC Investment Funds Program, please visit [DFC's Investment Funds website](#).
- DFC will not be liable for any costs incurred in connection with the submission of a proposal.
- DFC reserves the right not to select any of the Applications and to re-initiate the Call, or to suggest that Applications be supplemented or combined with other Applications without reinitiating the selection process. The issuance of the Call does not obligate DFC to provide support to any proposal or any selected fund.