



Fourth Call for Proposals under the GEF-8 Blended Finance Global Program

I. Introduction

Since 2008, the GEF and its Agencies have successfully used a wide array of non-grant instruments such as debt, equity and guarantees to attract private sector investment and deliver global environmental benefits beyond business as usual. The GEF launched the Non-Grant Instrument (NGI) Pilot under GEF-6, followed by the GEF-7 NGI Program which established a competitive selection process using periodic calls for proposals.

The Eighth Replenishment of the GEF Trust Fund includes the “Blended Finance Global Program (Non-Grant Instruments)” which is the continuation of the NGI Program and expands the funding envelope to USD 195 million. Under GEF-8, the GEF will continue to support innovation, de-risking financial structures, and accelerating the use of blended finance in support of delivering global environmental benefits, catalyzing investments from private investors and capital markets at global and national levels aligned with focal area objectives and integrated programs.¹

The GEF-8 blended finance program seeks proposals that would meet one or more following criteria but not limited to:

- support innovation at the forefront of investments in nature and climate: including biodiversity, land degradation neutrality, climate-smart agriculture, new climate technologies and deforestation-free food systems, while integrating climate resilience, and nature-based solutions;
- test new financial instruments under the GEF-8 NGI Policy, such as convertible instruments, contingent instruments linked to environmental performance, political risk insurance and liquidity facilities;
- expand participation of SIDS and LDCs in the blended finance window;
- support the structuring of new asset classes, investment and aggregation platforms to reach scale and issuance of securities in capital markets linked to nature or climate goals;
- support investment in MSMEs striving to enhance sustainable sourcing of value chains.

¹ Summary of Negotiations of the 8th Replenishment of the GEF Trust Fund, GEF/C.62/03. The funding amount is subject to change based on fulfillment of pledges to the GEF-8 replenishment.

This is the fourth call for proposals under the GEF-8 Blended Finance Global Program. Subsequent call for proposals will be launched on a bi-annual basis until full programming of resources.

This is the fourth time that the GEF invites GEF Partner Agencies to submit proposals and investment opportunities under the GEF-8 Blended Finance Program. The previous three calls for proposals in the approval by Council of 9 projects for a total amount of USD 147.2 million. The total remaining funds in the GEF-8 blended finance envelope is USD 47.8 million.

II. Application Process

Proposals for the GEF-8 Blended Finance Global Program will follow the GEF Project and Program Cycle Policy² and Guidelines³ and the GEF NGI Policy⁴. GEF Agencies will submit proposals for the review of the GEF Secretariat in the form of Project Identification Form (PIF) or Program Framework Document (PFD) through the GEF Portal. The Scientific and Technical Advisory Panel (STAP) and other Agencies can provide comments on the proposals. PIFs and PFDs seeking access to the Blended Finance Global Program are to be submitted on the schedule outlined in Section VI, allowing screening review by the GEF Advisory Group of Finance Experts (AGFE)⁵. The AGFE reviews are non-binding as an additional input to the review process conducted by the GEF Secretariat.

According to the GEF Project Cycle Guidelines, letters of endorsement from the GEF Operational Focal Point (OFPs) are not required for NGI projects/programs in the following two cases:

- Projects or Programs in which the beneficiaries are private sector actors exclusively.
- Projects or Programs in which there are public sector beneficiaries in more than one country.⁶

However, GEF Agencies are required to inform the relevant GEF OFP of each proposal in their respective countries ahead of Council work program consideration and keep OFPs informed of their work with national stakeholders during project development, implementation, and monitoring.

Technically cleared proposals can be considered for upcoming GEF-8 Work Programs, pending availability of resources under this funding window. Proposals that were not rejected in previous calls for proposals from GEF-8 can still be reconsidered in this or subsequent calls provided the proposals are aligned with the GEF-8 Programming Directions.

² *Project and Program Cycle Policy*, Policy/OP/PL/01, December 20, 2018.

³ *Guidelines on the Project and Program Cycle Policy*, GEF/C.59/Inf.03, July 20, 2020.

⁴ GEF Blended Finance Global Program and Non-Grant Instruments Policy Update, GEF/C.63/12, December 2022. Also referenced as FI/PL/02.

⁵ Parameters for the advisory group of financial experts' collaboration follow GEF-7 and GEF-6 practices as referenced in *GEF-7 NGI Program*, GEF/C.55/12, November 27, 2018

⁶ Annex 1: GEF Operational Focal Point Letter of Endorsement, *Guidelines on the Project and Program Cycle Policy*, GEF/C.52/Inf.06/Rev.01, June 9, 2017.

Proposals that are technically cleared and selected under this call will be considered for the Work Program at the 68th Council Meeting of the GEF in December 2024. Additional calls for proposals may be issued during GEF-8 until full programming of the available resources for the GEF-8 Blended Finance Global Program.

III. Eligibility Criteria

Proposals must meet the following criteria to be eligible for the Blended Finance Program financing:

1. Alignment with GEF-8 Programming Directions⁷ in the respective Focal Areas.
2. Geography: project beneficiaries must be in eligible GEF recipient countries.
3. Compliance with GEF Agency eligibility requirements as defined under the GEF Blended Finance Global Program and Updated Policy⁸, including the necessary experience and existence of internal processes to assess and manage non-grant instruments requested from the GEF. Compliance with co-financing, co-investment requirements, additional safeguards, strengthened due diligence, and strengthened reflow reporting by implementing executing entities may be required.
4. Modalities: medium-sized projects, full-sized projects and programs. Medium-sized projects can be submitted on a rolling basis outside the calls for proposals.
5. Capacity to report reflows by Agencies as defined in the Reflow Reporting Section of the GEF Blended Finance Global Program and Updated Policy.

IV. Selection Criteria

If the eligibility criteria are met, the selection criteria will focus on the following:

1. Projects that support recent updates and commitments by the global environmental community including -but not limited to- the Kunming Montreal Global Biodiversity Framework.
2. Scalability. Specific emphasis will be placed on financial structures or investment platforms aimed at scaling-up instead of a singular or unique project that does not scale. Examples include:
 - a. Investment platforms
 - b. Capital markets transactions
 - c. Structured finance
 - d. Crowdfunding
 - e. Value chain financing

⁷ For a full description of the priorities in GEF Focal areas and Impact Programs under GEF-8, refer to the *Summary of negotiations of the 8th Replenishment of the GEF Trust Fund, GEF/C.62/03, June 2022*.

⁸ GEF Blended Finance Global Program and Non-Grant Instruments Policy Update, GEF/C.63/12, December 2022. Also referenced as FI/PL/02.

- f. Investments aligned with GEF-8 Integrated Programs.
3. Appropriate and enhanced co-financing ratios with special emphasis on co-financing ratio from private sector sources and in the context of each focal area and country capacity.
 4. Financial Innovation. This criterion will be evaluated based on the information provided in the termsheet and the financial structure described in the PIF/PFD. Projects that use the techniques of blended finance to pioneer, validate, and scale-up private sector investment are encouraged. Projects seeking to mobilize investment through capital markets, through new financial instruments, structured finance vehicles, and de-risking investment will be a priority in GEF-8.
 5. High financial additionality. In the termsheet, each proposal must clearly document minimum concessionality to avoid crowding out private sector investment with a justification on how the project cannot be fully self-financed without GEF support, and hence that there is additionality in the funding provided by the GEF.
 6. Capacity to generate reflows.⁹ Any financial returns, gains, interest, premium or other earnings and remaining principal will be reflowed to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Agencies are required to submit the expected schedule of reflows in Annex B.¹⁰ Additional detailed information on reflows will be required ahead of CEO endorsement.
 7. Innovative use of proceeds. GEF will seek to support investments which invest in new technologies, new market-based approaches or market mechanisms (certificates; credits that can be monetized) or business models that have not yet been proven to be ready for commercial finance alone.
 8. Global environmental benefits. Proposals must be aligned with GEF-8 focal areas and Integrated Programs and will be evaluated on their capacity to generate global environmental benefits.

⁹ As per requirements for Non-Grant Instruments in Annex 5 of the *Guidelines on the Project and Program Cycle Policy* GEF/C.52/Inf.06/Rev.01

¹⁰ This Annex B will be available in the GEF Portal for NGI proposals.

V. Financial Terms of non-grant instruments

The terms of the financing for private sector recipients are negotiated between the GEF Secretariat, the GEF Agency and the Executing Agency to ensure minimum levels of concessionality and to avoid crowding-out other sources of financing. For public sector beneficiaries, terms and conditions are negotiated by the GEF Agency consistent with conditions applicable for agency financing in a given country at the time of project proposal. A termsheet describing indicative financial terms and conditions of the proposal is required to be submitted in the GEF Portal as part of the PIF or PFD. Termsheets for PFDs are required to be submitted with each child project concept note. Agencies can use their own termsheet, or use the template provided in Annex A of this call for proposals.¹¹

The maximum financing amount per project/program is USD 15 million. In exceptional cases innovative proposals with the potential to demonstrate impact at scale may request funding exceeding USD 15 million. An initial list of non-grant instruments for blended finance includes: (i) debt, (ii) risk mitigation products (credit and performance guarantees, structured finance, and others); (iii) equity instruments; or (iv) contingent and convertible instruments or as noted in GEF policy.¹²

The maximum maturity of the financing is 20 years but in equity investments, there may be flexibility on the exit date. For a full explanation of financial terms see the GEF NGI Policy.

Proposals denominated in currencies other than USD are acceptable under the NGI Program, however the currency risk and any hedging strategies shall be disclosed and quantified in the termsheet and reflow table.

VI. Accessing technical assistance grants under the Blended Finance Global Program

In GEF-8, Agencies proposing cutting-edge projects and those that address under-served beneficiaries may include a request for technical assistance (i.e., grant). The request must be fully justified and integral to the success of the proposal. The technical assistance portion should not exceed 10% of the overall Blended Finance Program window and therefore accessibility will be limited.

The overall rate of return and reflows on the total project amount will be lower than if technical assistance was financed by co-financing—these details should be documented and justified in the termsheet and reflow annexes of the proposal.

¹¹ This Annex A will be available in the GEF Portal for NGI proposals.

¹² GEF Blended Finance Global Program and Non-Grant Instruments Policy Update, GEF/C.63/12, December 2022, paragraph 5 and Appendix 1. Also referenced as FI/PL/02.

VII. Delegation of Authority and Concurrence Mechanism

Under the approved GEF-8 Blended Finance Program, Multilateral Development Banks are encouraged to identify the most appropriate investment approval process for each project in order to speed up investment and mobilization of private sector investment. Two options for investment approval are available and have been in use since the GEF-5 program.¹³

1) Investment approval at time of CEO endorsement (aka Advance).

Under this option, the projects or programs submitted follow standard procedures and at the time of CEO endorsement, GEFSEC concurrence is established for the full investment portfolio. This option is suitable for projects that have a specific investment focus, parameters and financial terms and conditions that can be defined in the Project Documents ahead of CEO endorsement.

2) Investment approval at time of investment, with GEFSEC concurrence.

Under this option, the projects or programs submitted include a general description of the use of proceeds and financial instruments at the time of CEO Endorsement. Therefore, the Agencies will need to obtain expedited GEFSEC Concurrence for each investment prior to GEF Agency and/or Executing Agency investment approval. This option is suited for Projects or Programs that do not fit under option 1, such as those with a portfolio of diverse investments, different non-grant instruments, and different technologies or approaches.

It is feasible to combine Options 1 and 2 in a hybrid approach. Under this approach an Agency would proceed with all investments approved in advance. Only if/when the Agency identifies a new investment opportunity that falls outside the pre-established selection criteria will the Agency need to seek concurrence from the GEFSEC.

VIII. Schedule

- **July 2nd, 2024:** Publication of the fourth call for proposals of GEF-8
- **September 3rd, 2024:** Deadline for PIFs/PFDs to be received for screening by the GEF Secretariat under the call for proposals
- **September 24th, 2024:** Results of initial project screening communicated to GEF Agencies
- **November 1st, 2024:** Final PIF/PFD Technical clearance
- **December 20th, 2024:** GEF Council consideration of the Proposed Work Program

¹³ See paragraphs 49-58 in C.42/Inf.08, Operational Modalities for the Public Private Partnership Programs.

Annex A: Template for Indicative Financial Termsheet

Instructions. This termsheet to be submitted with the PIF/PFD should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. An equivalent termsheet used for internal Agency purposes is acceptable but must include sections on Currency Risk, Co-financing Ratio and Financial Additionality.

GEF – INDICATIVE TERMSHEET

Project/Program Title	Same as in PIF/PFD project Description Summary
Project/Program Number	Same as in PIF/PFD Project Description Summary
Project/Program Objective	Same as in PIF/PFD Project Description Summary
Country [ies]	Same as in PIF/PFD Project Description Summary
GEF Agency presenting the Project	[TBC]
Project Financing	<p>Please include:</p> <ul style="list-style-type: none"> A. Sources of Co-financing, Name of Co-financier and type of co-financing B. Indicative Trust Fund Resources Requested under the NGI Program in the form of Non-Grant Instruments C. Indicative Trust Fund Resources Requested under the NGI Program in the form of Grant <p>Total Project Financing: sum of A+B+ C. Present all figures in whole USD.</p>
Currency of the Financing	[TBC]
Currency risk	If the currency of the financing is other than USD, please note if GEF resources are exposed to currency risk; describe how the currency risk is mitigated in this transaction and the maximum amount of GEF resources at risk.
Co-financing ratio	<p>Every GEF 1USD mobilizes [TBC] USD</p> <p>Every GEF 1USD mobilizes [TBC] USD of private sector financing</p>
Financial additionality and minimum concessionality of GEF resources	GEF defines minimum concessionality in its NGI Policy to mean that recipients of concessional finance will not crowd out other private sector investment while at the same time demonstrate that the project would not fully self-finance without GEF’s investment. Documentation and justification for minimum concessionality should be provided in this section of the Annex.
Use of proceeds	Provide a description of the use of the resources and their alignment with GEF Focal areas/Integrated Programs
Financing instruments requested from the GEF TF (other than grants)	Provide a description of the financing instrument(s) to be used including but not limited to (i) debt products; (ii) risk mitigation products (guarantees, political risk insurance); (iii) equity; (iv) contingent or convertible instruments.

<p>Financing requested from the GEFTF in the form of Grant for Technical Assistance</p>	<p>If technical assistance is included in the project proposal, include the full amount of technical assistance requested in the reflow calculations in Annex B.</p>
<p>Terms and conditions for the financing instruments from GEF</p>	<p>For the debt instruments (including loans, credit lines, liquidity facilities, structured finance or bonds):</p> <ul style="list-style-type: none"> (a) <u>Amount of the debt instrument</u>: [TBC] in whole USD. (b) <u>Maturity</u>: [TBC up to 20 years] (c) <u>Interest rate</u>: [Benchmark Rate [SOFR [1-3-6-12] months/Other Benchmark Rate]+ [XX] bps (d) <u>Interest payment dates</u>: [TBC] (e) <u>Principal repayment</u>: [TBC] in whole USD. (f) <u>Issuer</u>: [if bond/ TBC] (g) <u>Issuer Credit Rating</u>: [if bond/ TBC] <p><u>For guarantees or political risk insurance:</u></p> <ul style="list-style-type: none"> (a) <u>Type of guarantee</u>: A [partial/full] [credit/performance] guarantee, to guarantee scheduled [principal / principal and interest/performance] payments (b) <u>Guaranteed instrument</u>: [Description of the guaranteed instrument/performance] (c) <u>Guarantee reimbursement agreement</u>: [TBC] (d) <u>Seniority</u>: pari passu/subordinated (e) <u>Maturity</u>: [TBC up to 20 years] (f) <u>Guarantee premium</u>: [TBC] <p><u>For Equity:</u></p> <ul style="list-style-type: none"> (a) <u>Fund Investment strategy</u>: [TBC] (b) <u>Fund structure and governance</u>: in Annex D (c) <u>Fund Manager</u>: [TBC] (d) <u>Targeted IRR (present base, best- and worst-case scenario projection from best available knowledge)</u>: [TBC] (e) <u>Remuneration of Limited Partners and General Partners</u>: [TBC] <p><u>For contingent/ convertible instruments</u></p> <ul style="list-style-type: none"> (a) <u>Type of instrument before convertibility</u>: [TBC] (b) <u>Return of the instrument if no convertibility/contingency occurs</u>: [TBC] (c) <u>Convertibility/contingency conditions</u>: [TBC] (d) <u>Expected Date of Convertibility</u>: [TBC] (e) <u>New type of instrument after convertibility</u>: [TBC] (f) <u>Return of the instrument if convertibility/contingency occurs</u>: [TBC]

Annex B: Reflows table

Instructions. Any financial returns, gains, interest or other earnings and remaining principal will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy.¹⁴ and the GEF Non-Grant Instrument Policy.

Item	Data
GEF Project Number	
Estimated Agency Board approval date	
Investment type description (financial product: debt, equity, guarantee, other)	
Expected date for start of investment	
Amount of investment (USD GEF funds) (include technical assistance and non-grant portions)	Non-Grant: Grant (TA):
Maturity (indicate the grace period if needed)	
First repayment year	
Final repayment year	
Repayment method description	[bullet payment, amortized payment (fixed, non-fixed), conditional payment]
Frequency of reflow payments (if amortized)	[quarterly, biannually, annually, or other]
A. Total principal amount to be paid- reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	
B. Total interest/earnings/premiums amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	
Total reflows to the GEF Trust Fund (Sum A + B) in whole USD	

¹⁴ <http://www.thegef.org/agency-mob-financial-procedures-agreement>

Annex C: GEF Agency Eligibility to Administer Concessional Finance

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as noted in the NGI Policy, summarized below:

1. A GEF Agency is eligible to administer projects using non-grant instruments if it can demonstrate the following:
 - a. Ability to monitor compliance with non-grant instrument repayment terms;
 - b. Capacity to track financial returns (semester billing and receiving) not only within its normal operations but also for transactions across trust funds;
 - c. Experience and positive track record with the use of non-grant instruments.
2. For concessional finance (i.e., projects under the Blended Finance Global Program), a GEF Agency must further demonstrate:
 - a. Ability to receive and account for financial returns and transfer such returns from the GEF Agency to the GEF Trust Fund;
 - b. Capacity to perform investments in the type of non-grant instrument to be used with GEF funding;
 - c. An analysis of the investment/due diligence for GEF investments ahead of CEO endorsement;
 - d. Additional requirements on the suitability of the Agency such as co-financing, co-investment requirements, additional safeguards, strengthened due diligence, and strengthened reflow reporting by executing entities. These may be included in the call for proposals or be specific to the design of individual projects.
 - e. Commitment to transfer reflows to the GEF Trust Fund as agreed under the FPA;
3. In case of concessional finance for public sector recipients, additionally, the Agency will be required to demonstrate:
 - a. Track-record of lending or financing arrangements (other than grants) with public sector recipients; and
 - b. Established relationship with the beneficiary countries' Ministry of Finance or equivalent. ^[OBJ]

Annex D. Management Capacity of Executing Agency and Governance Structure

For projects requesting equity instrument, structured finance, or SPVs please provide following information

- a) Diagram of the overall governance structure of the investment (reporting lines, contractual arrangements, and decision-making bodies);
- b) Investment layers (tranches) if applicable
- c) Bio of the key persons including fund manager for equity investments
- d) Track-record of the Executing Agency (fund manager (s) and key persons for equity investments)
- e) Specific clauses to be included in the Limited Partner Agreement or equivalent establishing documents for vehicles other than funds
- f) For SPV financing, collateralization considerations, cash sweep events/periods, and key considerations in asset financing