

Climate Blended Finance Statistics by Region

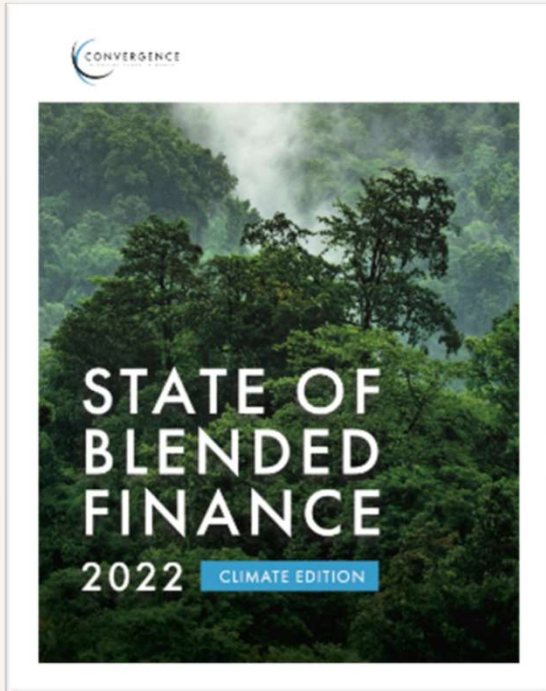


Figure 8: Proportion of Climate blended finance deals by regional breakdown, 2016-2021

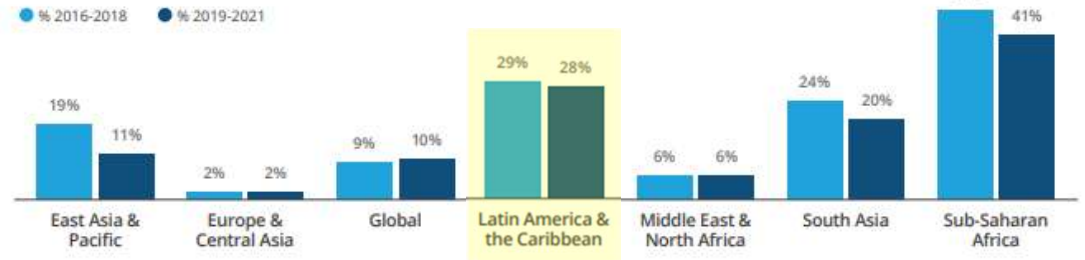


Figure 9: Volume of climate blended finance by region, 2019-2021

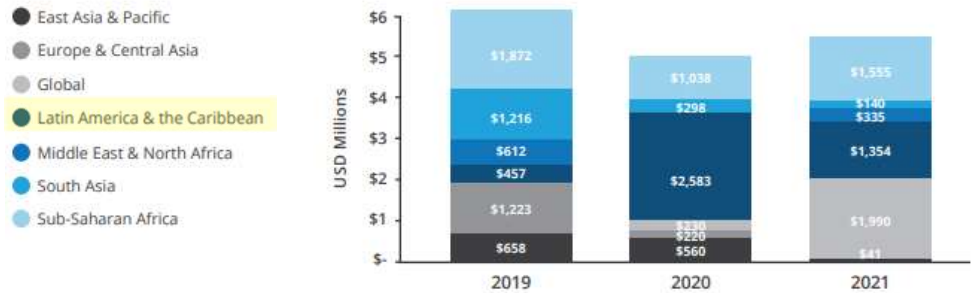
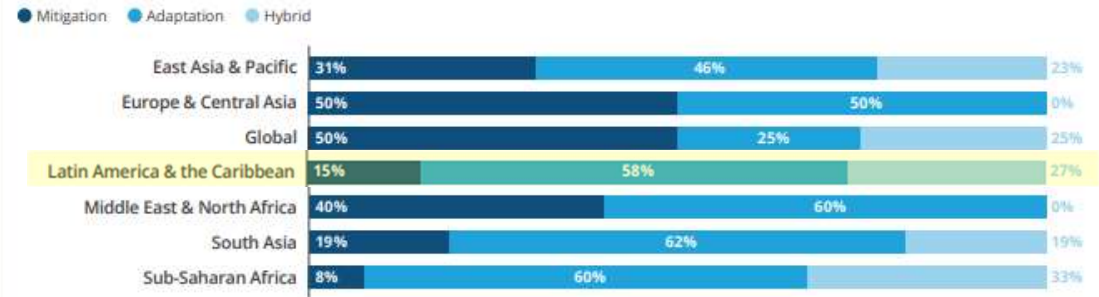


Figure 11: Proportion of climate blended finance transactions across regions by climate sub-theme, 2019 - 2021



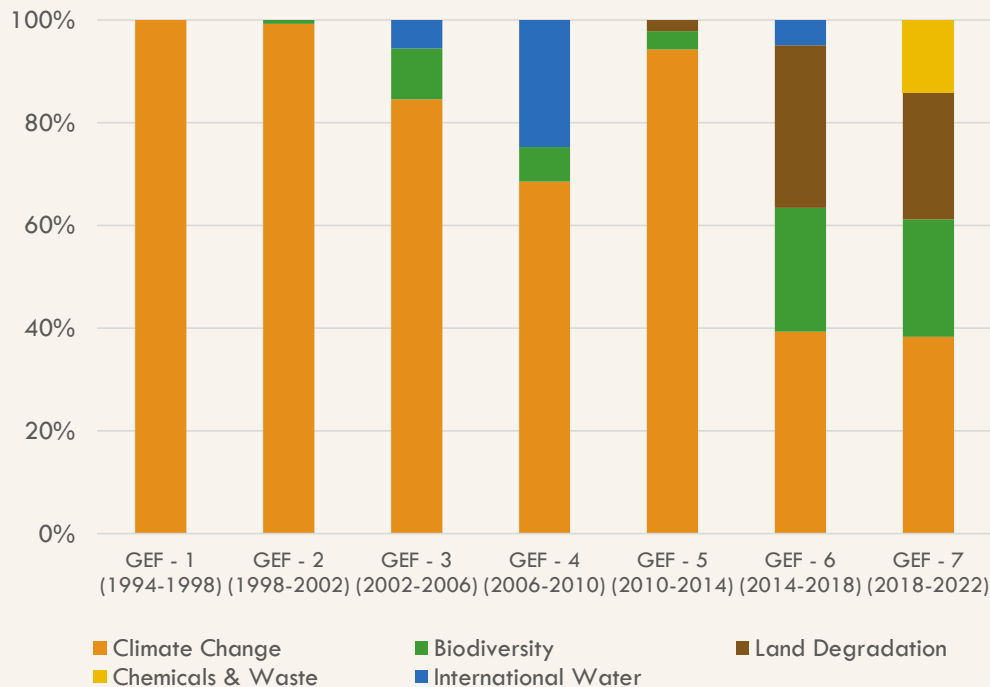
Blended Finance Global Program (Non-Grant Instrument)

Goal

Mobilize private sector investment in projects with high potential to generate GEBs

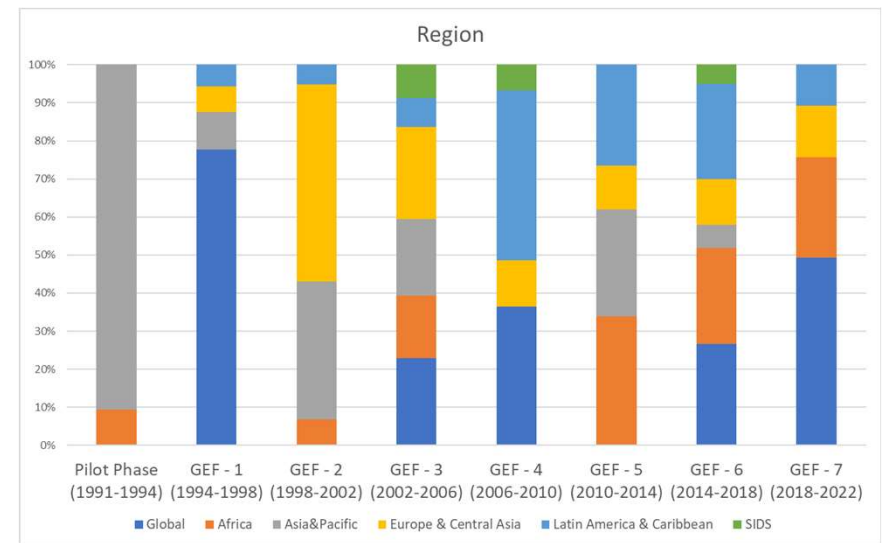
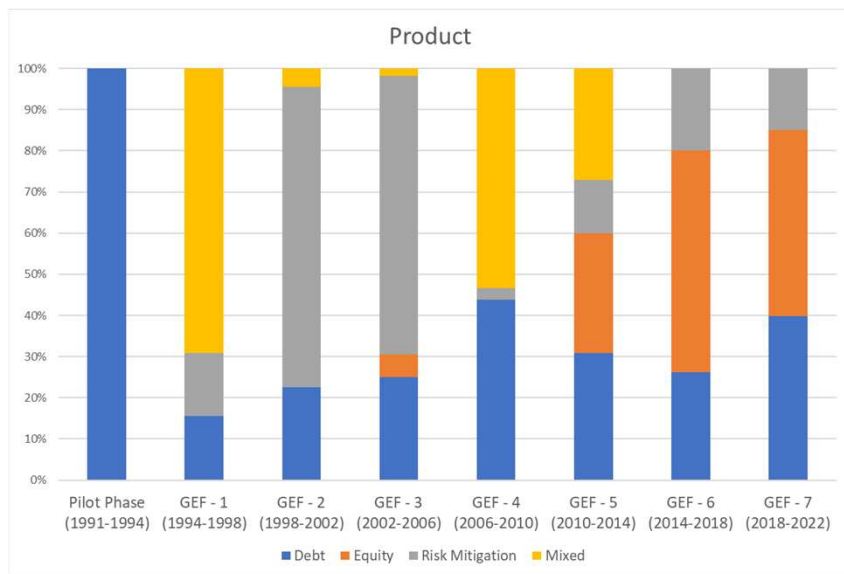
Definition

Investment has potential for generating reflows



- **GEF has been a leader in Blended finance since its inception.** Initially focusing on renewable energy and energy efficiency but lately moving to “frontier” areas such as land degradation, biodiversity, and international waters **where private sector investment is more scarce.**
- In GEF-7, the blended finance initiative became the **Non-Grant Instrument Program (NGI Program)** with USD 136 million allocated and **USD 122.6 million awarded** for 10 projects with co-financing ratio of 20:1
- In GEF-8, the allocation is **USD 196 million.**
- **There is high demand for blended finance.** GEF agencies propose investments to access more than four times available funding; selection is highly competitive.

Historic NGI funding



Terms and conditions Blended Finance Program (GEF/C.63/12, FI/PL/02)

Financing Amount

< \$15M

(exception for global/regional project
with high impact)

Maximum maturity

< 20 years

Currency

Local currencies are acceptable
with risk and hedging strategy
disclosed and quantified

Financial products

Risk mitigation products, Equity, Debt,
Convertible and Contingent instruments

Minimum Concessionalality*

Should be justified and documented

* Means recipients of concessional finance would not fully
self-finance the initiative without GEF support, to avoid
crowd-out other sources of financing

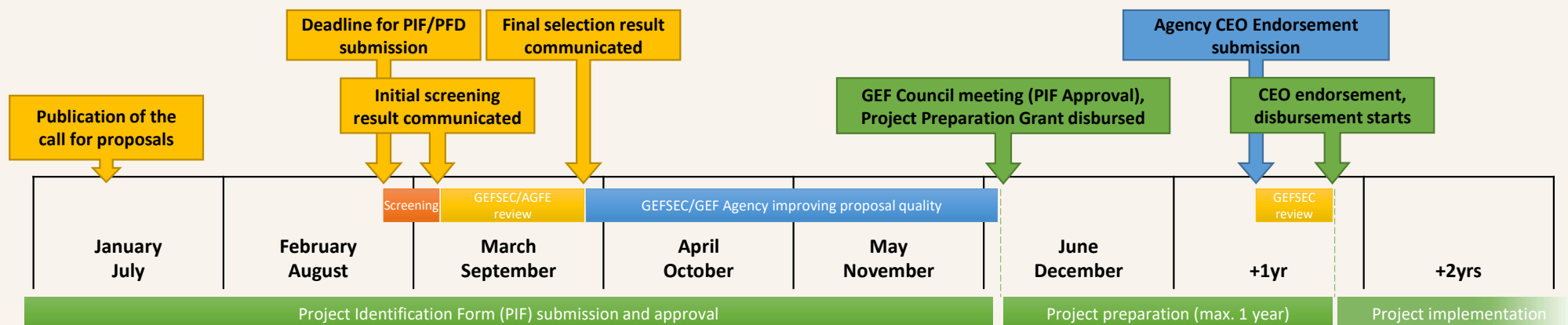
Public vs Private recipients

Rates of return, maturity and reflow schedules for public sector
beneficiaries are negotiated by the GEF Agency

Selection and Eligibility Criteria

Scalability	Appropriate and enhanced co-financing ratio	Financial innovation	High Financial Additionality
Capacity to generate reflows	Innovative use of proceeds	GEBs	Project execution

Selection process and timeline



Deadlines for the First Call for Proposals under the GEF-8 Blended Finance Program

- **January 4th, 2023** Publication of the inaugural call for proposals of GEF-8
- **February 27th, 2023** Deadline for PIFs/PFDs to be received by the GEF Secretariat under the call for proposals
- **April 12th, 2023** Receipt deadline for finalized PIFs/PFDs to be eligible for the June Work Program
- **June 28th, 2023** GEF 64th Council consideration of the Proposed Work Program



Questions?



GLOBAL ENVIRONMENT FACILITY
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IFC hotel revitalization project (GEF-7, 10766)

Project summary

HGRP is a global platform approach to provide risk mitigation on a portfolio of up to US \$800 mm equivalent to local banks to support the hotel industry “build back greener”. Necessary upgrades for SME hotels present a unique opportunity to pair a counter-cyclical COVID response solution with build-back-better sustainable, green retrofit solutions. Improvements vital for business economic survival in a post-COVID era, such as improved ventilation and contactless entry, overlap with those that would also enhance energy efficiency, lower operational costs and reduce carbon emissions. In many cases, these COVID-driven upgrades and green retrofits can be done simultaneously.

The Program is expected to cover up to 760 SME hotels through 60 FIs over 20 emerging markets.

Global/ Climate Change / SDG 7, 9, 11

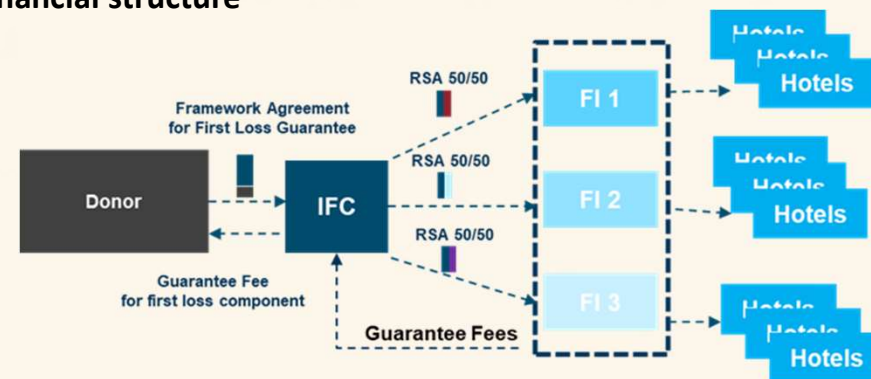
Financial terms*

- Investment type: **GEF First loss guarantee** to all losses incurred by IFC under its Risk Sharing Facility in the non-IDA country lending portfolio only of the RSF. GEF guarantee will be called as follows: initial loss is shared 50:50 pro-rata and pari-passu between the local FI and the IFC. GEF guarantee is first loss of the IFC share.
- Amount of investment: USD 10M**, co-financing: USD 802.5 M
- Maturity: 12 years (3yrs investment period, 3yrs ramp up, 5+2yrs portfolio loans, 1yr cleaning up)

Global Environmental Benefits*

Indicator 6	Greenhouse Gas Emissions Mitigated	1,776,640 tCO ₂ e
Indicator 11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	11,400

Financial structure*



*Information based on the PIF approved by the GEF Council, financial terms, structure and expected GEBs might change during project preparation for final endorsement by the GEF CEO.

** Including GEF Agency fee, Project Preparation Grant (PPG) and PPG Agency fee

Green Finance and Sustainable Agriculture in the Dry Forest Ecoregion (Ecuador and Peru) (GEF-7, 10852)



Project summary: Support sustainable agricultural practices for **small and medium agriculture landholders** to ensure the conservation of biodiversity in prioritized territories of the Equatorial and Tumbesian Dry Forests in Ecuador and Peru. The financing of sustainable agriculture practices **will be provided by the proceeds of the issuance of green bonds.**

The GEF will support the bond issuance with a first loss partial credit guarantee thereby making the bond conditions much more attractive for investors. The CAF will also provide a partial guarantee (second loss).

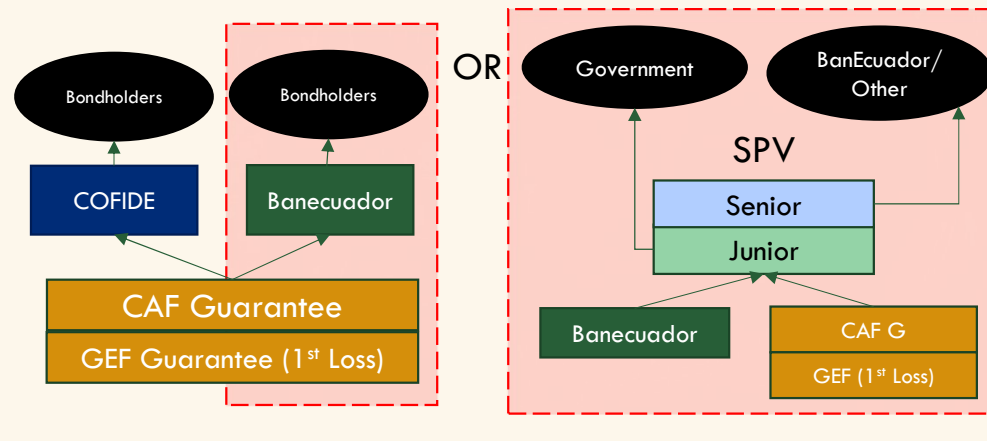
Financial terms*

- Investment type: Guarantee first loss (subordinated to CAF)
- Amount of investment: USD 6M**, co-financing: USD 60M (if only investment mobilized), USD 68.2M if including in-kind, CAF co-guarantee US\$ 6.6 M
- Co-financing 1:11.3 (figures include in-kind) and 1:5.5 is private on investment mobilized
- Maturity of the guarantee: 7-8 years match the tenor of the bonds
- Term of the loans to smallholder farmers : 7-8 years

Global Environmental Benefits*

Indicator 3	Area Degraded Land Restored	10,000 ha
Indicator 4	Area of landscapes under sustainable land management	170,000 ha
Indicator 11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	24,300 (direct) 7,000 women and 17,300 men

Financial structure*



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** Including GEF Agency fee, Project Preparation Grant (PPG) and PPG Agency fee

The Meloy Fund (GEF-6, 9370)

\$22.1M raised



JPMORGAN CHASE & CO.



FMO

Entrepreneurial
Development
Bank



The Jeremy and Hannelore
**Grantham
Environmental
Trust**



\$6M
equity

Provide
equity,
debt



Seychelles Blue Bond (GEF-6, 9563)

Project summary

The World Bank put together an innovative financing package that mobilized US\$15 million of private sector investment to support the ocean economy and helped the Seychelles' government save over US\$8 million in interest charges over 10 years. Partial credit guarantee of US\$5 million from the World Bank and concessional financing of \$5 million from the GEF could lower Seychelle's net borrowing cost by 2% and 3% per year respectively. The Proceeds will finance the sustainable transition of small-scale fisheries including the rebuilding of fish stocks, harvest control and complement marine projects.

Global/ International Waters, Climate Change Adaptation/ SDG 1, 2, 14

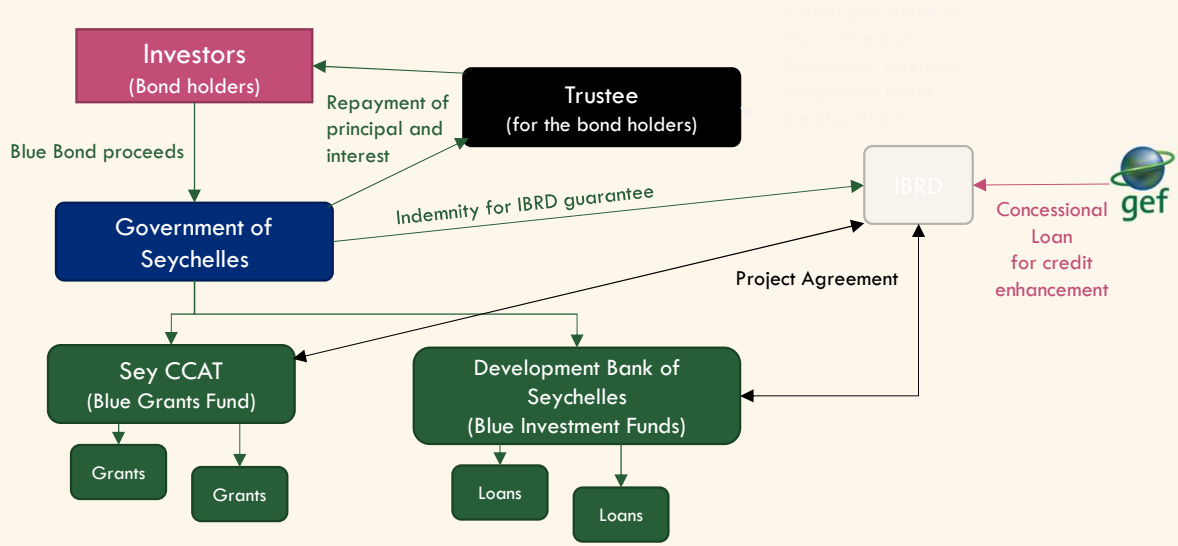
Global Environmental Benefits

Sustainable-use marine protected areas with Management Effectiveness Tracking Tool (METT) score of 50 or higher	5,000,000 ha
Sustainable-use marine protected areas managed by non-state actors	3 PAs

Financial terms

- Investment type: Concessional loan to subsidize cost of the bond by reducing the interest rate from 6.5% to an effective rate of 2.8%, or used to purchase security to facilitate the repayment of coupons and structured to serve as additional credit enhancement in the event of a default
- Amount of investment: USD 5.56 million*
- Interest rate: 0.25% p.a.
- Maturity: 40 years, Grace period: 10 years

Financial structure:



* Including GEF Agency fee, Project Preparation Grant (PPG) and PPG Agency fee



Useful Links

- **Rhino Bond BBL**
- **GEF NGI project documents**
 - ✓ WB Rhino Bond
 - ✓ EBRD Circular Economy
- **Call for proposals**
- **GEF-8 Blended Finance Program and NGI policy update**
- **Guide for Understanding and Accessing Blended Finance (publication)**

GEF Team Contacts

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