GEF-8 Asia and Pacific Regional Workshop (APRW)

January 10-12, 2023
Day 3

GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

AGENDA

Private Sector Engagement

- *Icebreaker, Presentations*
- *Discussion tables*

Focal Areas

- *Breakout groups*

Lunch and Policy Café

IP Deep Dive and Policy Café

- *Group D*

Blended Finance Global Program

Evaluation/Feedback

Closing

Bilateral Meeting Schedule

SCAN ME!

3rd Day
January 12
10:30 – 11:00 I **Indonesia** I Surabaya Room (Asia Room)

12:30 - 13:00 I **Bhutan** I Surabaya Room (Asia Room)
12:30 - 13:00 I **Micronesia** I Bandung Room (Pacific Room)
12:30 - 13:00 I **Nepal** I Medan Room

13:00 - 13:30 I **Malaysia** I Surabaya Room (Asia Room)
13:00 - 13:30 I **Samoa** I Bandung Room (Pacific Room)
13:00 - 13:30 I **Nauru** I Medan Room

13:30 - 14:00 I **Thailand** I Surabaya Room (Asia Room)
13:30 - 14:00 I **Tonga** I Bandung Room (Pacific Room)

17:00 - 17:30 I **PNG** I Surabaya Room (Asia Room)
17:00 - 17:30 I **Palau** I Bandung Room (Pacific Room)

17:30 - 18:00 I **Sri Lanka** I Surabaya Room (Asia Room)
17:30 - 18:00 I **Tuvalu** I Bandung Room (Pacific Room)

Pacific Day
January 13
09:30 - 10:15 I **Maldives** I Bandung Room (Pacific Room)

GEF APAC Regional Meeting

January 12, 2023

Private Sector Workshop

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Private Sector Survey

2174353

Joining as a participant?

Enter code here

GEF APAC Regional Meeting

January 12, 2023

Private Sector Workshop

Agenda

Item

1. Welcome, introductions

2. General overview of GEF's private sector engagement

3. Regional examples from private sector leaders

4. GEF Private Sector Workshop

Objectives

- Understand the strategic priorities for the public and private sectors in the GEF-8
- Develop opportunities for collaborative action with the private sector at **all levels**
- Link with key platforms and multistakeholder approaches for further development

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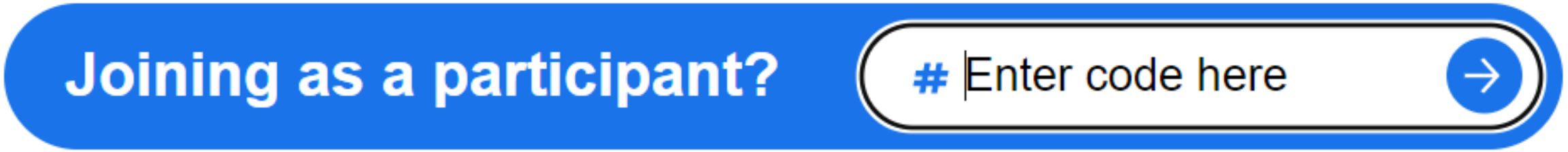
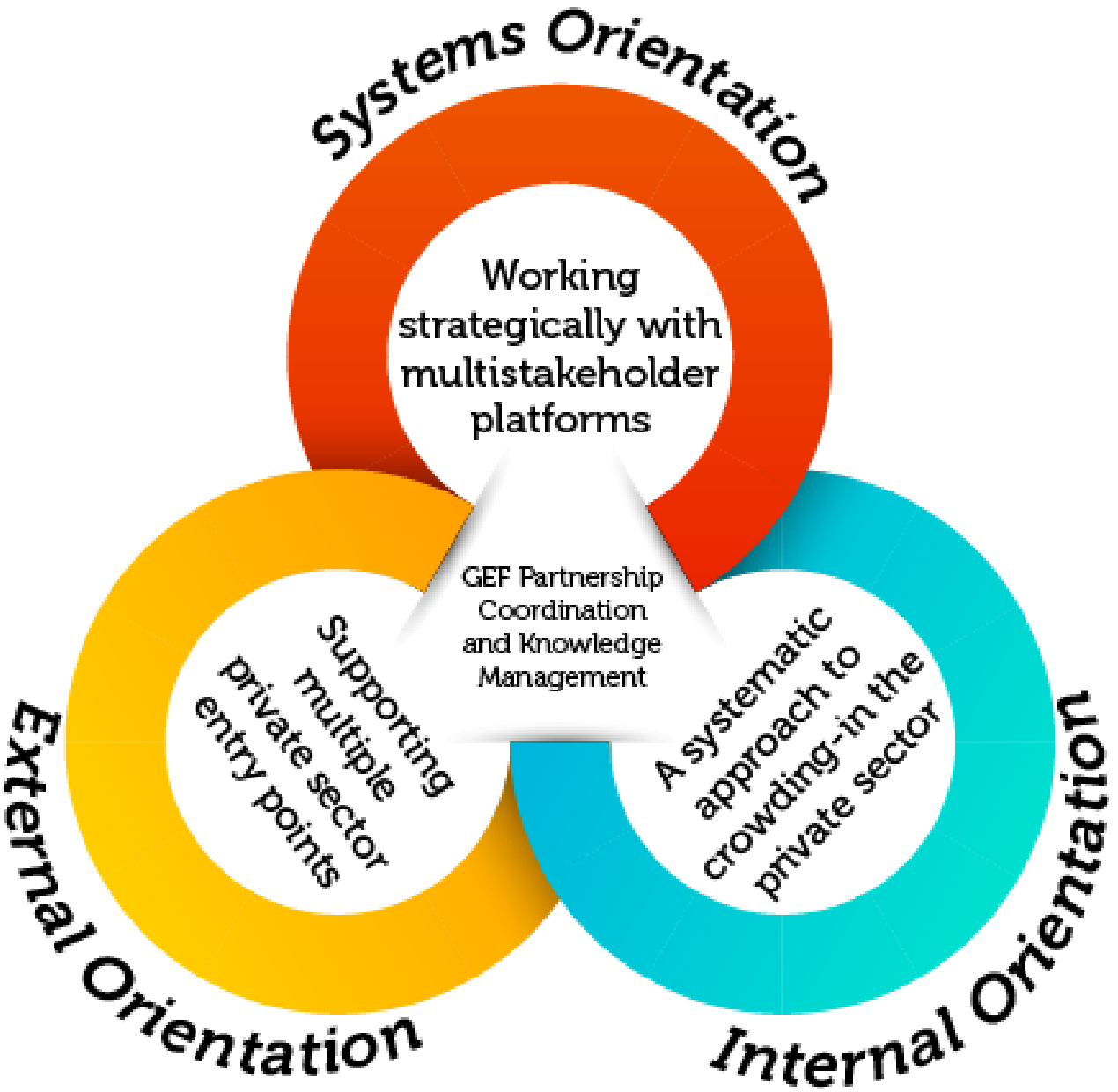


Core Elements of the GEF Private Sector Engagement Strategy



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GEF-8 Private Sector Participation in Integrated Programs

Each IP has a dedicated approach to engaging the private sector – at the global project level **and** country/child projects

The IPs seek to engage in private sector in the **transformative agenda**

Working with **multistakeholder platforms** is a core element GEF-8 and the PSES

Alignment with **national** priorities and consider **regional** / **global** opportunties driven through such platforms that operate **outside and beyond** GEF funding and cycles

What have we learned in GEF-5,6,7?

Private sector engagement in the GEF **increases** the level of co-finance, is evenly distributed globally and addresses the drivers of environmental degradation (IEO OPS6 Evaluation)

The most successful projects engage at least 3 types of private sector actors (IEO MSME review 2021)

2500 private sector entities were engaged in GEF-7 (Annual Report 2022) total USD 3,110,000,000 co-finance (not including NGI / blended finance)

Strong results in private sector engagement through **women's organizations** (Annual Report 2022)

Examples of working with multistakeholder platforms

- The Good Growth Partnership
- GEF GOLD
- GPAP
- E-waste
- EE Accelerators, the 3% Club and E-Mobility
- Sustainable Rice Landscapes Initiative
- Cocoa Forests Initiative
- GEF ISLANDS
- GloBallast

What is missing?

- Tech companies (Amazon, Google, Microsoft, Apple, Samsung, Ten Cent etc)
- The insurance sector
- Agri-tech and agribusiness
- Companies from Japan and China
- Retailers (online and physical)
- Larger, regional collaborations

Workshop Objectives

Identify which IPs, projects and partnerships in GEF-8 are **shared priorities** and offer the **highest priorities** for private sector engagement

Explore the best entry points and contributions from the private sector, especially **the roles that the private sector could play** in GEF-8

Understand **the barriers** that exist, how to **mitigate risks**, **build trust** and cooperation

Connect with the relevant platforms and companies and **links** to potential partners

Workshop Questions

On your table there are 20 environmental issues listed (feel free to add/delete). Please arrange them into low / medium and high priorities. What are the top priorities that the private sector and countries share? Top three for comparison from each table for comparison and discussion.

What are the main challenges that are faced by the public sector and agencies when working with the private sector? And from the private sector side and agency/partner experience – where are the difficulties? Top two for comparison and discussion.

Where could there be conflicts or issues in dealing with the private sector? What are the strategies to resolve these? Report from rapporteur.

The private sector engagement strategy calls for platforms, large multistakeholder initiatives – are you able to identify any that could link to your priority areas? Which areas are those where you need a platform or would like to engage a platform? Where are the gaps in private sector engagement, how can the GEF Sec and Agencies help?

Synthesis including rapporteurs and Matthew's closing remarks

Aligning Goals and Priorities for the Public and Private Sectors

- On your table there are 30 “issues”

- Organize these into three priorities
3. LOW 2. MEDIUM 1. HIGH

What are the priority issues that are shared with the public and private sectors? TOP THREE PER TABLE

Overcoming Challenges

What are the main challenges working with the private sector, GEF agencies and countries

Select 2 big barriers to discuss and share

Where are possible conflicts of working with the private sector? How can these be avoided or managed?

Report to group

Terima
Kasih

FOCAL AREAS BREAKOUT SESSION:
11:15 – 12:30 /
11:50 SWITCH ALLOWED

Participants talk with GEF focal area leads:

- *learn more about GEF-8 focal area strategies*
- *discuss project ideas*

Sri Lanka

GEF FACILITATORS

	Asia	Pacific
Biodiversity	Hannah	Sarah
Climate Change	Ming	Patricia
Land Degradation	Jean-Marc	Asha
International Waters	Leah	Andrew
Chemicals and Wastes	Anil	

ROOM ASSIGNMENTS

	Asia	Pacific
Biodiversity	Nusantara 1	Hibiscus
Climate Change	Nusantara 2	Medan
Land Degradation	Bougainville	Orchid
International Waters	Jakarta A	Jakarta B
Chemicals and Wastes	Nusantara 3	

Schedule for afternoon

12:30 – 14:00 | **LUNCH and POLICY CAFÉ**
13:15 – 13:45 | **SRLI LUNCH**

14:00 – 15:00 | **IP DEEP DIVE SESSION D and POLICY CAFÉ**

15:00 – 15:15 | **COFFEE BREAK**

15:15 | **BACK TO PLENARY**

BREAKOUT GROUP SESSION D

INTEGRATED PROGRAM	ROOM
WILDLIFE CONSERVATION FOR DEVELOPMENT	Nusantara 1
ECOSYSTEM RESTORATION	Nusantara 2
SUSTAINABLE CITIES	Nusantara 3
ELIMINATING HAZARDOUS CHEMICALS FROM SUPPLY CHAINS	Jakarta A
CLEAN AND HEALTHY OCEAN	Jakarta B
AMAZON, CONGO, and CRITICAL FOREST BIOMES	Medan

Questions?

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Sustainable Rice Landscapes Initiative (SRLI)

Securing multiple environmental benefits and improved farmer welfare

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Food and Agriculture Organization of the United Nations

UN environment

wbcsd

SRP Sustainable Rice Platform

german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by giz

IRRI

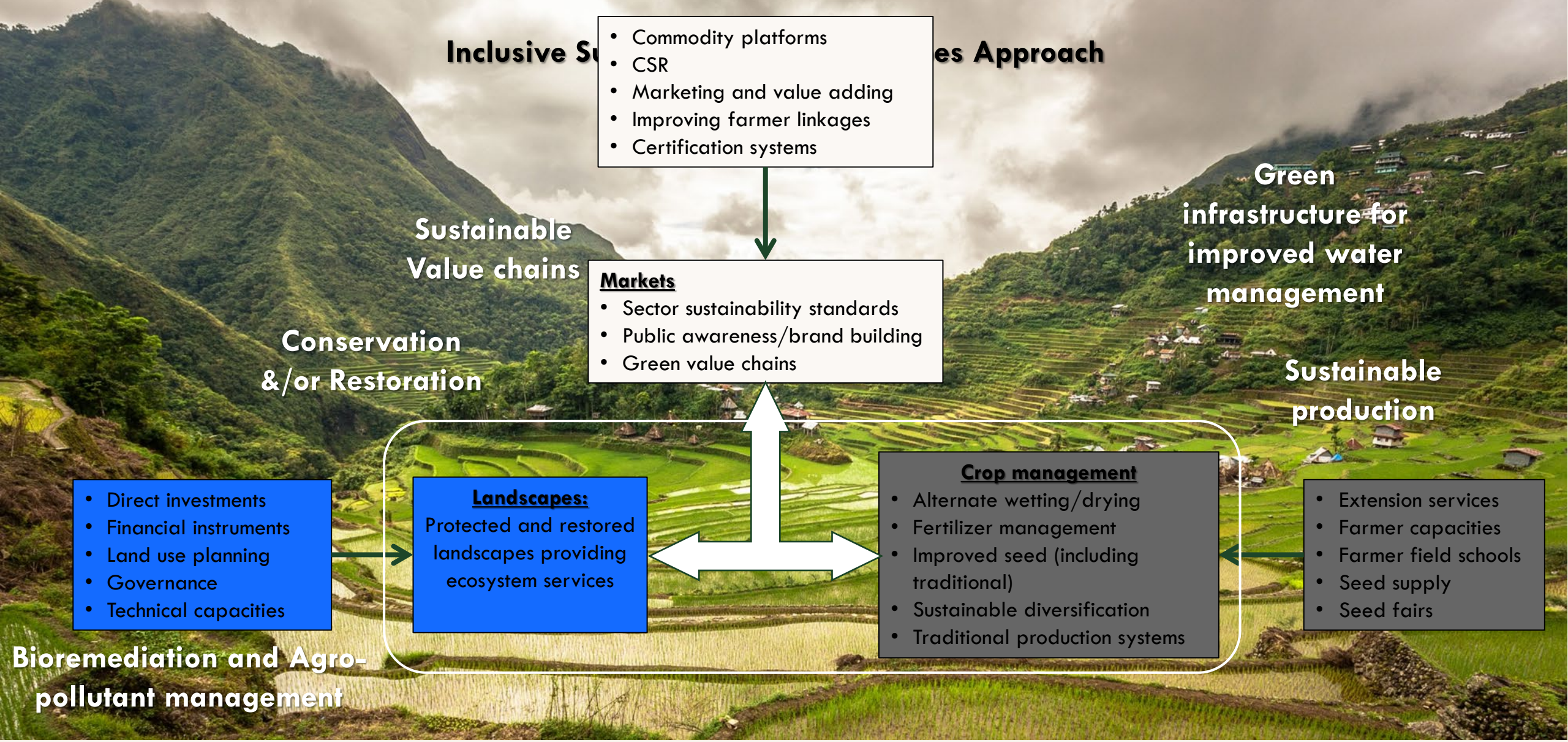
Why Rice?

- Daily **staple** for >3.5 billion people
- **19%** of global **calorie** supply
- **Livelihoods** for >1 billion people
- Produced on **160 million hectares**
- **15%** of world's **wetlands**
- Uses **40%** of world's **irrigation** water
- 10% of global **methane emissions**

Why Rice?

By 2050:

- **Production** needs to **increase** by **25%** to meet demand
- Rice **production vulnerable** to climate change
- 15-20 million hectares may suffer **water scarcity**
- Rice is included as a **priority** in many countries **NDCs**



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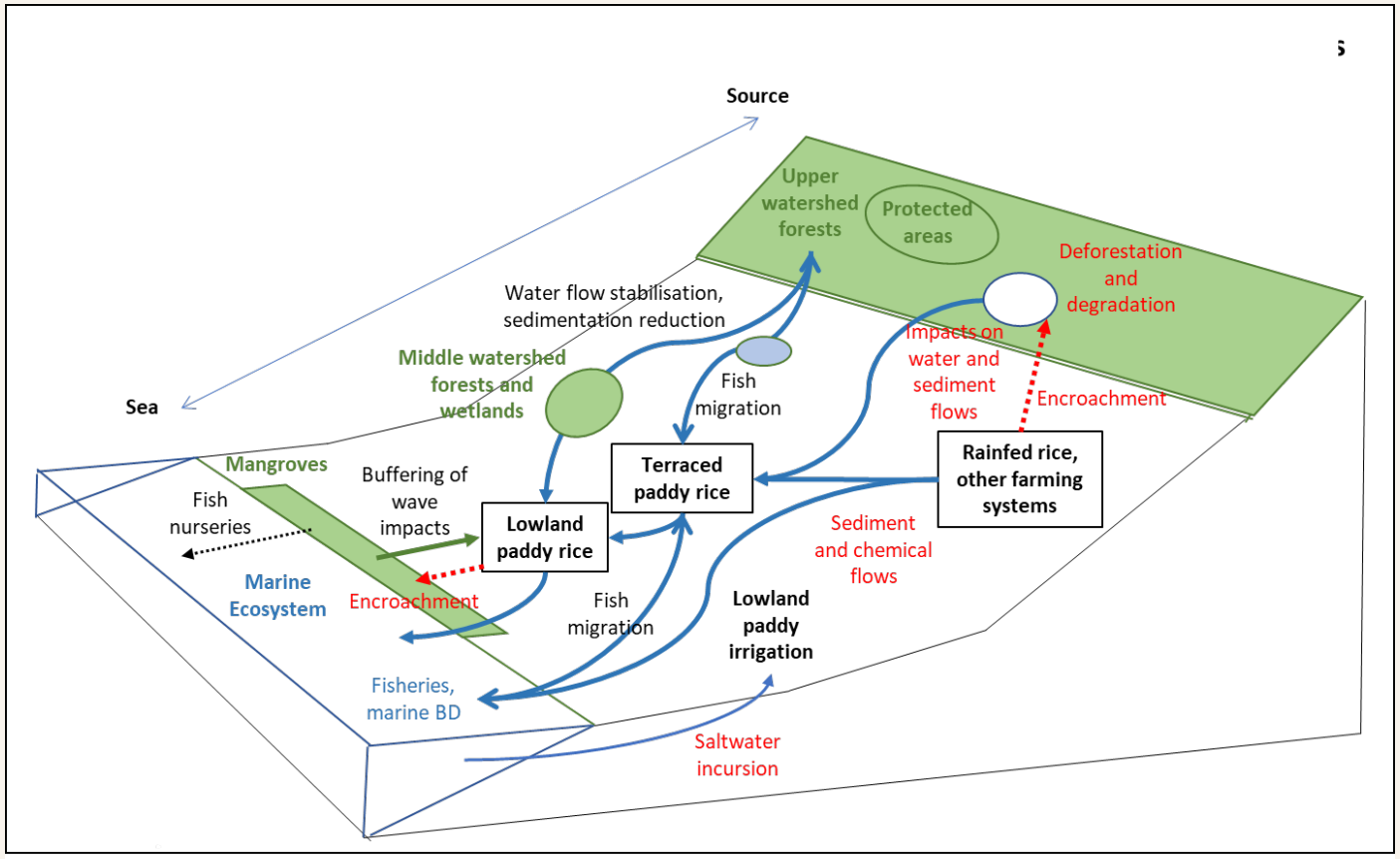
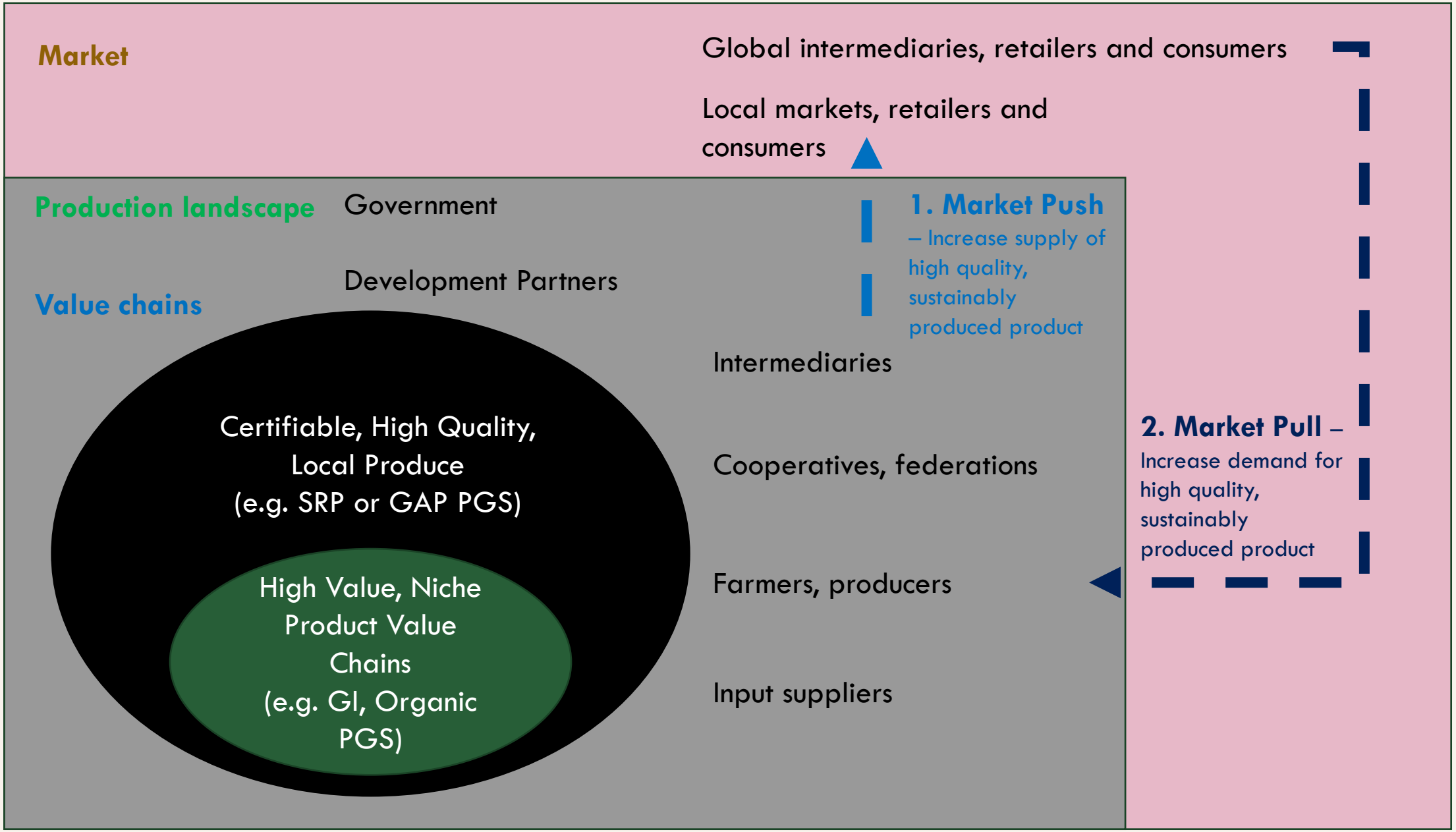
Value of a landscape approach



- Landscape approaches recognize that the **root causes** of problems may **not** be **site-specific**
- By their nature they **combine natural resource management** with environmental and livelihood considerations
- In this way they are consistent with a **systems view** of environmental management
- Encourage early assessment of **trade-offs** and **innovation** in applying solutions

Simplified market transformation logic



Sustainable Rice Landscapes Initiative = Environmental and Social Benefits

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Sustainable Rice Landscapes Initiative

1. Global Advocacy:
Supporting sector transformation; elevating the global role and importance of rice into UNFCCC and related dialogues

2. Private Sector Engagement
Engaging private sector actors along the value chain with a focus on climate market incentives

3. Scaling landscape financing
Feasibility for bankable blended finance opportunities mechanisms across Asia on rice financing

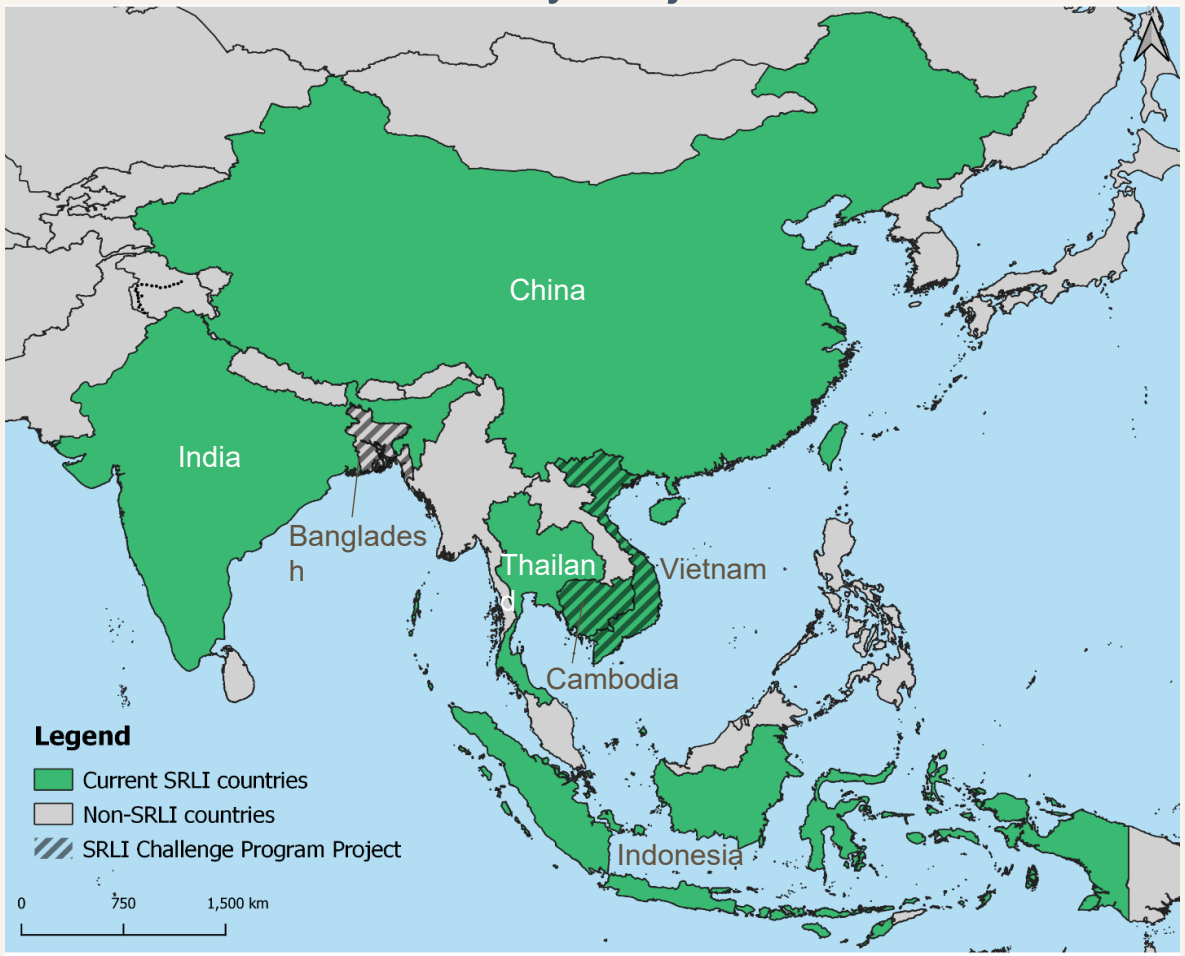
Food and Agriculture Organization of the United Nations
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
IRRI International Rice Research Institute
SRP Sustainable Rice Platform
UN environment programme
wbcsd

Off-takers: Olam, Kellogg's, LIDL, SunRice, MARS

Finance: gef, BNP PARIBAS, Rabobank, ADB, THE WORLD BANK, DBS Development Bank of Singapore

Inputs: BAYER, CORTEVA agriscience, syngenta, YARA

Sustainable Rice Landscapes Initiative (SRLI) Country Projects



The designations employed and the presentation of material in this map do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties.

	GEF-7 FOLUR	GEF-7 LDCF	GEF-7 Adaptation Challenge Fund	GEF-8 under discussion
Bangladesh			X	X
Bhutan				X
Cambodia		X	X	
China	X			
India	X			
Indonesia	X			
Nepal				
Pakistan				X
Philippines				X
Sri Lanka				X
Thailand	X			
Timor-Leste				X
Vietnam	X		X	

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Sustainable Rice Platform SRP

german cooperation DEUTSCHE ZUSAMMENARBEIT

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IRRI

GEF-7 SRLI Country Programmes – at a glance

GEF Resources	US$ 58.4 million
Co-Finance	US$ 668 million
Land Under Improved Management	4.2 million Ha
GHG Emissions reduced	122.9 Mt CO2 eq
Beneficiaries	931,000 ~50% women

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Challenges to scaling sustainable rice

- Aggregation & counterparts: e.g. very large (government - irrigation) and very small (inputs - farmers)
- Fragmented, loose value chains and dominance of informal domestic markets
- Relatively low margins
- Local & international politics including subsidies & dumping
- Farmer & SME financial inclusion including collateral & credit history

Potential strategies to scale sustainable rice technology & practice
R&D
Agronomic support
Inputs and services
Off-take infrastructure
Market building
Finance mechanisms

Looking ahead - GEF Challenge Fund Project

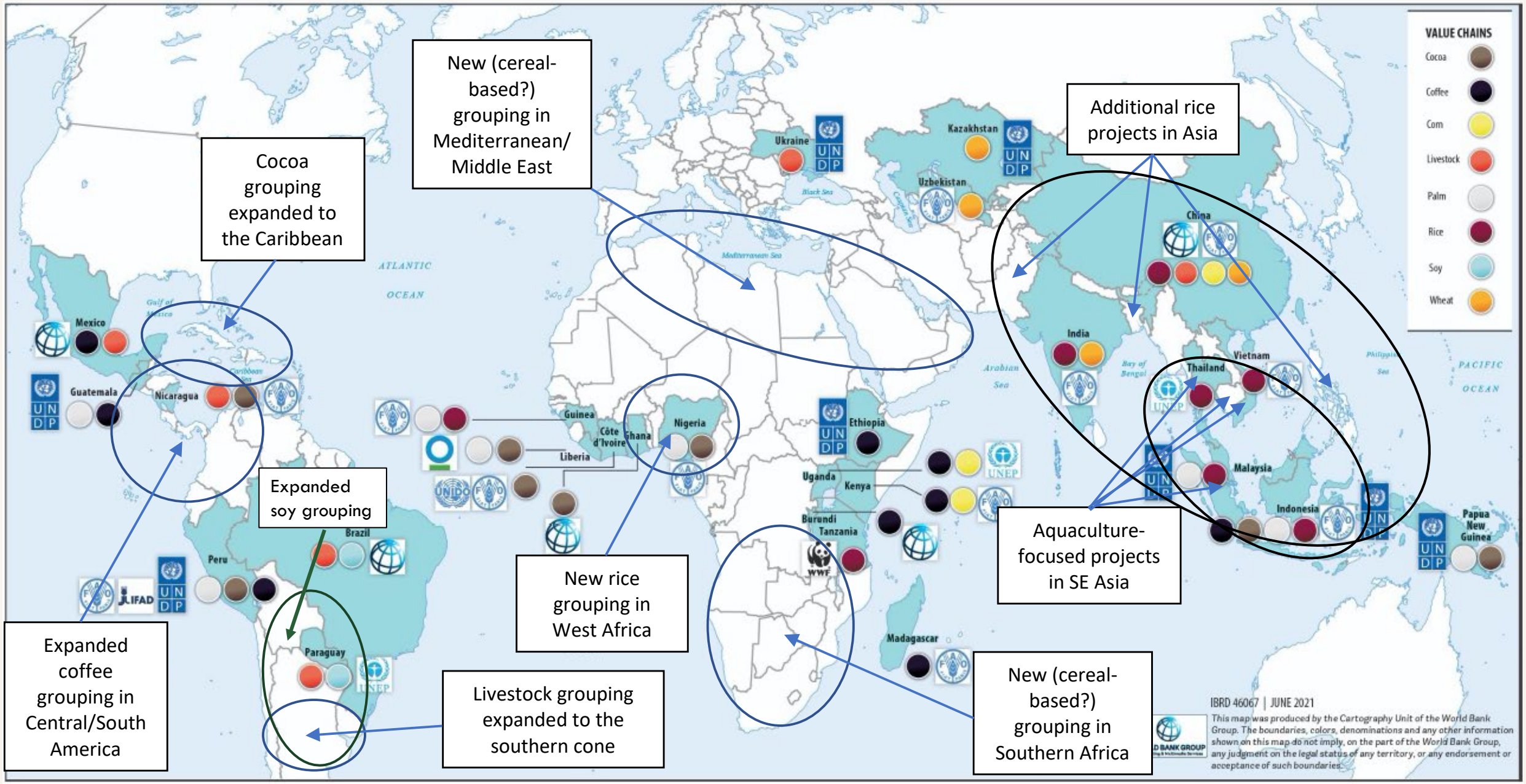
- In 2021, WBCSD and FAO submitted a concept for a rice finance facility to the GEF Challenge Fund.
- GEF is providing US$1 million over 3 years to develop the finance facility/ a funding proposal.
- Objective is to **catalyse public and private financing for climate-resilient rice landscapes, value chains and livelihoods**
- Project will aim to leverage existing SRLI partnerships, new financial partners (IFC and GCF) and LDCF and FOLUR projects
- Initial target countries include Bangladesh, Cambodia and Vietnam – but opportunities to expand to other countries in Asia and SRLI countries in particular

GEF-8 Food Systems

To catalyze the transformation to sustainable and regenerative food systems that are nature positive, climate resilient and nutrient pollution-free.

- Reducing and sequestering greenhouse gases, protecting forests and biodiversity, restoring productive lands, and ensuring supply of clean water through action at farm level, community and landscape levels and global supply chains
- Target the most affected: poor producers—including many women—and consumers without social safety nets.
- Needs to be at scale not just pilots – i.e. BIG IDEAS

Potential further food system project groupings for leveraging sector transformation



Thank you

GEF-8 BIODIVERSITY PROGRAMING

Pathways to an equitable, nature-positive, carbon neutral and pollution free world beyond COVID-19

Biodiversity highly benefits from integrated programs (IPs) in GEF-8

Contribution from the IPs to the focal area

● **Major**
◉ **Moderate**
○ **Minor**

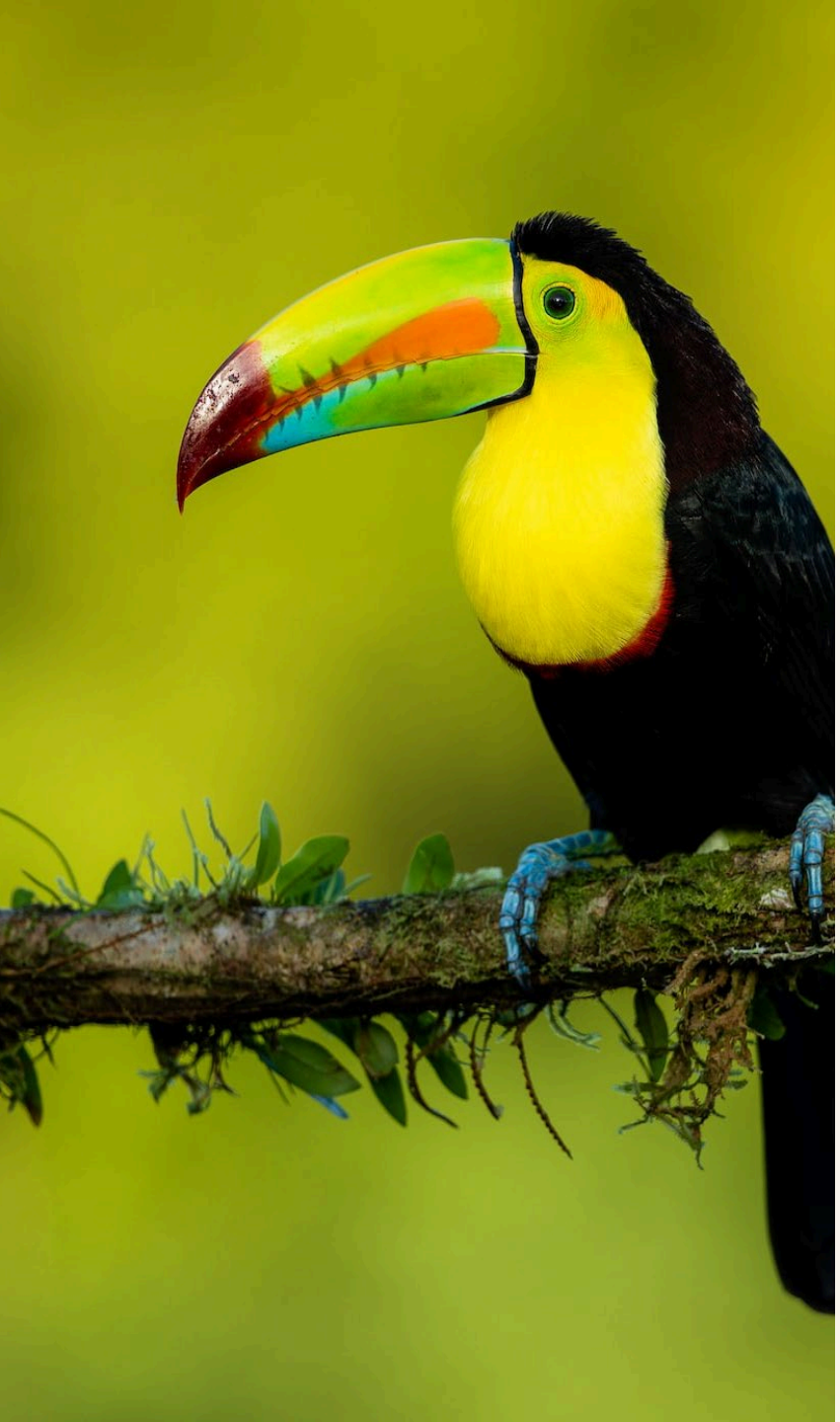
Integrated Programming	**Biodiversity**	Climate Change	Land Degradation	International Waters	Chemical and Waste
Food Systems	●	●	●	◉	○
Sustainable Cities	◉	●	○	◉	◉
Amazon, Congo, and Critical Forest Biomes	●	●	●	●	◉
Wildlife Conservation for Development	●	◉	◉	○	○
Net-zero Nature-Positive Accelerator	●	●	●	○	○
Greening Transportation Infrastructure Development	●	●	●	●	○
Ecosystem Restoration	●	●	●	○	○
Clean and Healthy Ocean	●	◉	○	●	◉
Circular Solutions to Plastic Pollution	●	●	○	●	●
Blue and Green Islands	●	●	●	●	◉
Elimination of Hazardous Chemicals from Supply Chains	●	◉	○	●	●

BIODIVERSITY FOCAL AREA

GEF-8 Support to Biodiversity and GBF Implementation

Biodiversity is the largest focal area in GEF-8

*At least **60%** of commitments will be related to biodiversity directly and indirectly*



GEF-8 Biodiversity Focal Area Strategy

Goal: Globally significant biodiversity conserved, sustainably used, and restored.

Objectives:

1) To improve conservation, sustainable use and restoration of natural ecosystems;

2) To implement the Cartagena and Nagoya protocols effectively; and

3) To increase mobilization of domestic resources for biodiversity.

Major Changes from GEF-7 Strategy:

1. Integrated landscape/seascape management including sustainable use
2. Domestic resource mobilization

- Financial sustainability, effective management, and ecosystem coverage of protected area systems
- Sustainable use of biodiversity
- Ecosystem restoration
- Biodiversity mainstreaming in priority sectors
- Prevention, control, and management of Invasive Alien Species (IAS)

Integrated landscape/seascape management approaches blending protected areas, OECMs, sustainable use, and biodiversity mainstreaming to respond to the drivers of biodiversity loss within large landscape and seascape mosaics.

2) To implement the Cartagena and Nagoya protocol effectively

- Implementation of the Cartagena Protocol on Biosafety
- Implementation of the Nagoya Protocol on Access and Benefit Sharing

3) To increase mobilization of domestic resources for biodiversity

- Development of domestic resource mobilization/biodiversity finance plans
- Implementation of domestic resource mobilization/biodiversity finance plans

Enabling Activities

- Further development of biodiversity policy and institutional frameworks through enabling activities:
  - national biodiversity strategy
  - national reports for CBD, CP, and NP

Thank you.

GEF-7 Early Action Support

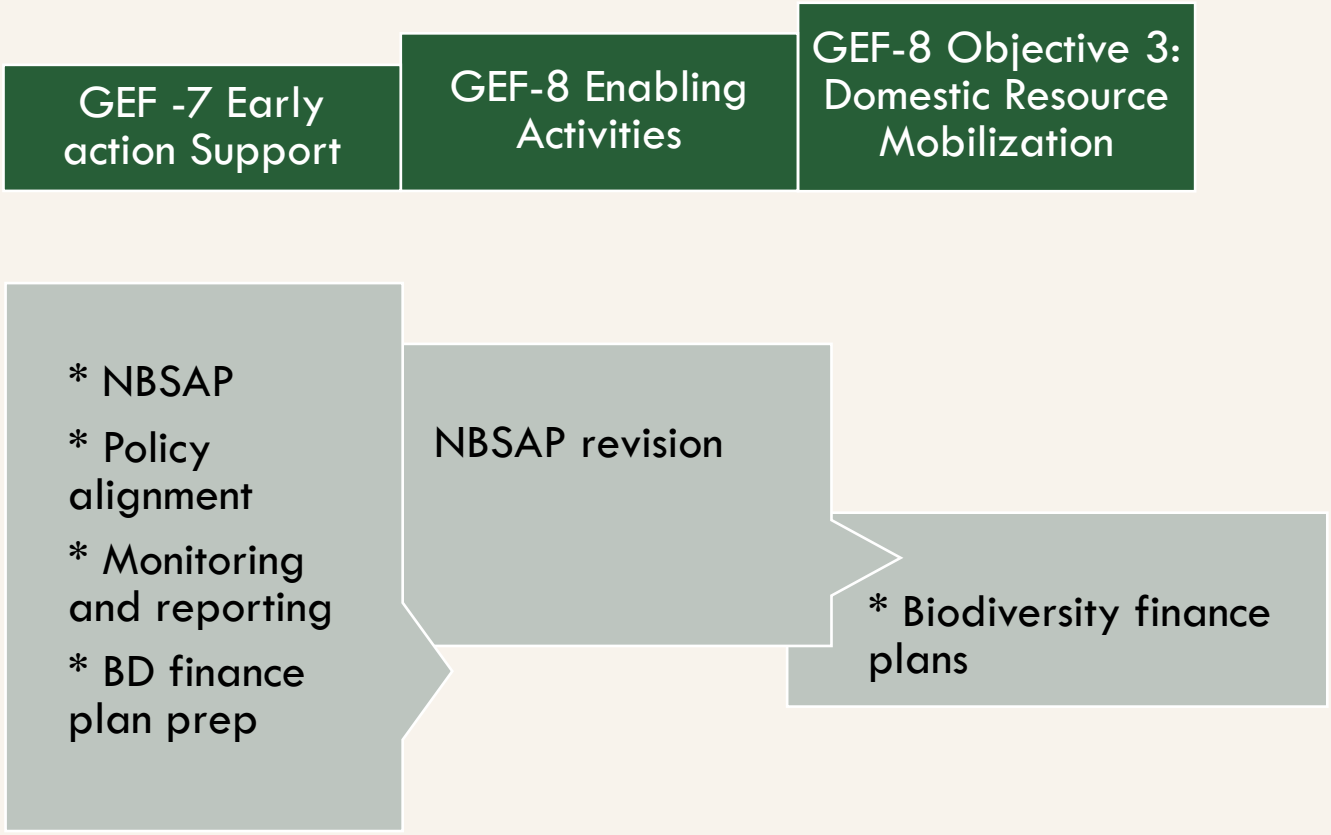
- **$42M** for in-country work
- **$4.2M** global coordination & technical assistance

Objective: support countries to review & align their national targets, NBSAPs, policy frameworks, monitoring frameworks and finance with the post-2020 GBF.

Outcomes:

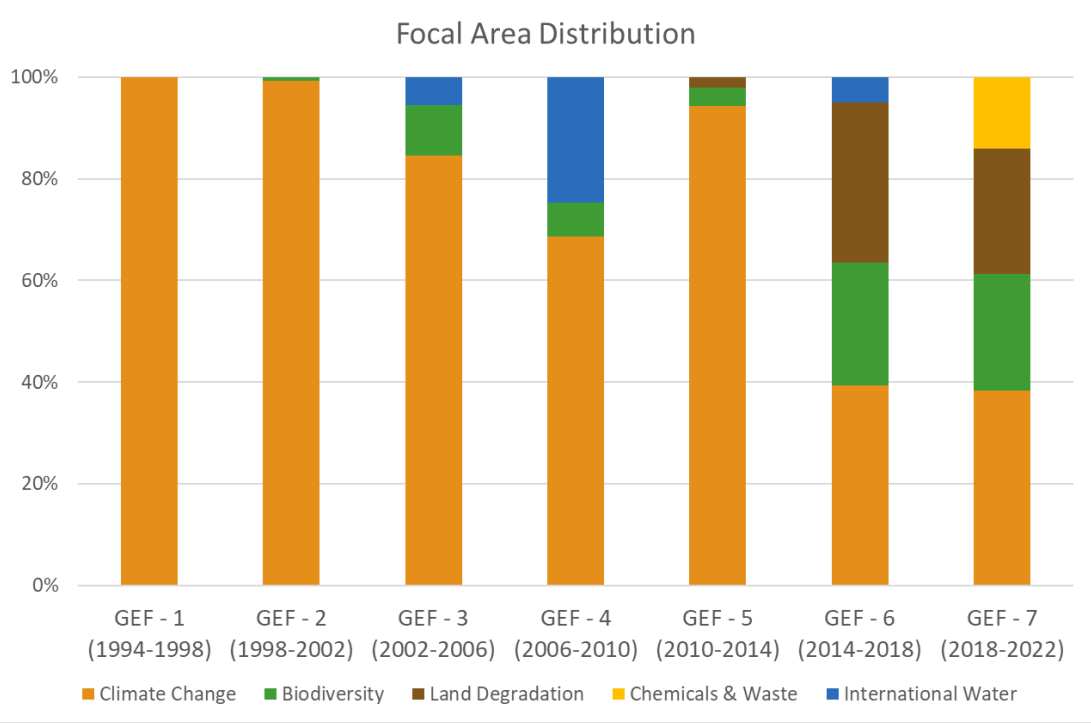
- NBSAPs ready to be aligned with post-2020 GBF targets.
- Identify needs and begin improving monitoring, and reporting systems.
- Identification of actions for policy alignment and coherence on nature-related sectors.
- Biodiversity finance gaps defined, and opportunities for resource mobilization identified.

Sequenced Support to the Enabling Conditions for GBF Implementation



Blended Finance Global Program (NGI)

Goal	Mobilize private sector investment in projects with high potential to generate GEBs
Definition	Investment has potential for generating reflows



- **GEF has experimented with 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 scarce.**
- In GEF-7, the blended finance initiative became the **Non-Grant Instrument Program (NGI Program)** with **USD 136 million**. Co-financing ratio of **1:19.8**.
- In GEF-8, the allocation **is USD 196 million**
- **There is high demand for blended finance.** In the six calls for proposals closed to date, we received **44 project proposals for more than USD 602 million** more than quadrupling the available amount in the blended finance envelope.

GEF-8 Resources

4-year
replenishment cycle
from July 1, 2022
to June 30, 2026

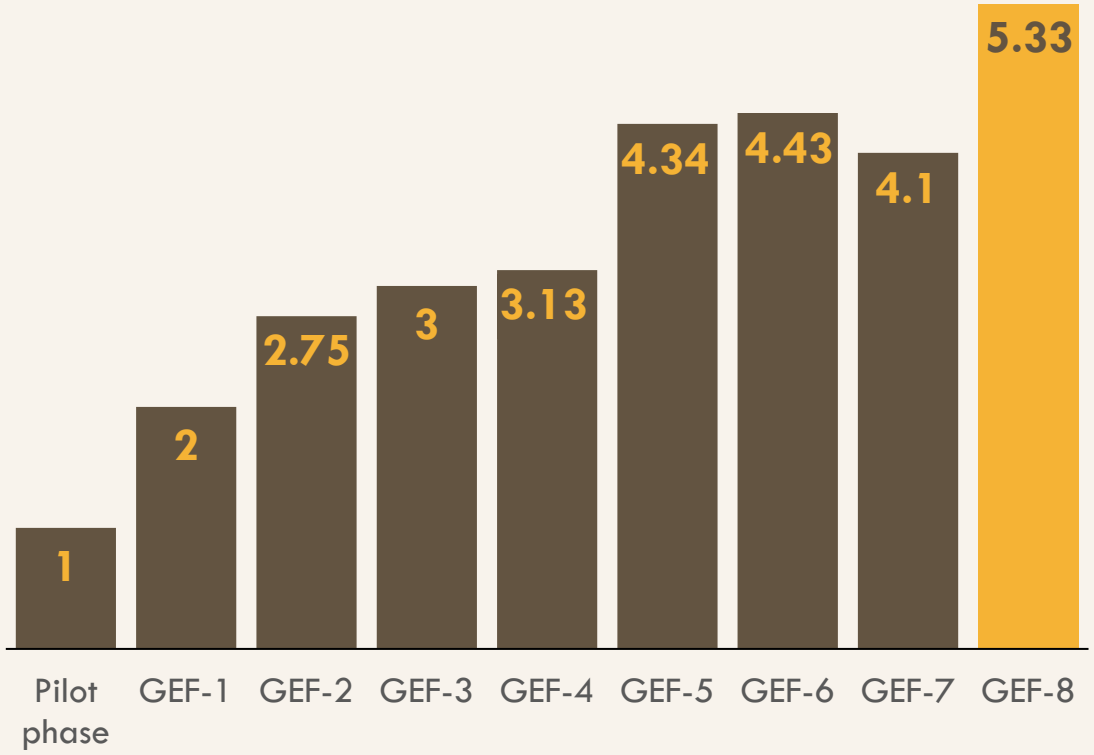
$5.33 billion
pledged by
39 donor nations

Country 'STAR'
allocation levels
released July 1, 2022

GEF-8 strategy responds to conventions and takes **an integrated approach to systems transformation**

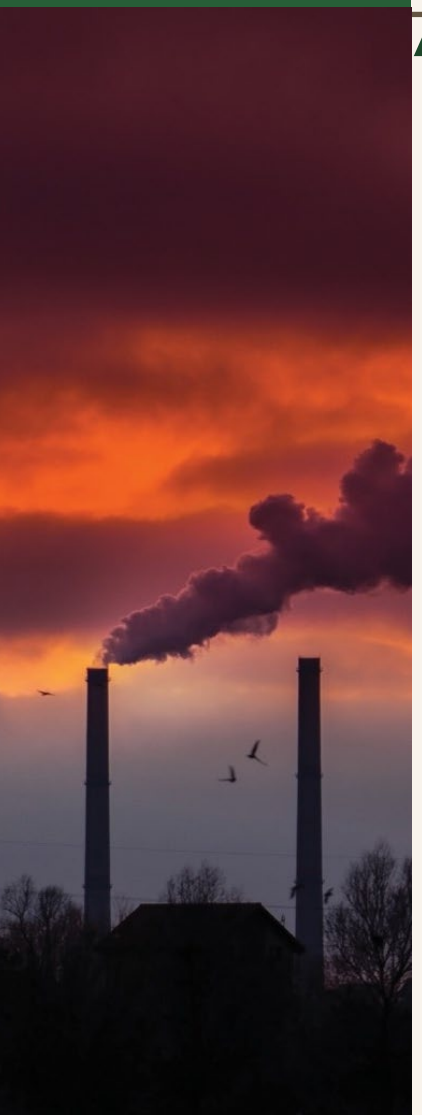
GEF Replenishment Cycles

(billion USD)



FOCAL AREAS

CLIMATE CHANGE - GEF 7



GOAL

To support developing countries to make transformational shifts towards low emission and climate-resilient development pathways

Major objectives

1. Promote innovation and technology transfer for sustainable energy breakthroughs

   1.1 De-centralized renewable power with energy storage;
   1.2 Electric drive technologies and electric mobility;
   1.3 Accelerating energy efficiency adoption; and
   1.4 Cleantech innovation.

2. Demonstrate mitigation options with systemic impacts

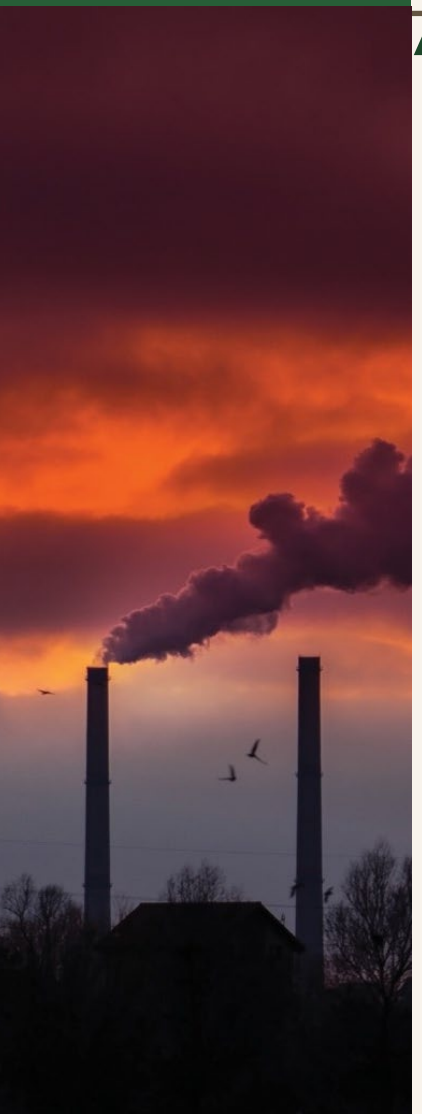
   2.1. Sustainable Cities Impact Program.
   2.2. Food Systems, Land Use and Restoration Impact Program
   2.3 Sustainable Forest Management Impact Program.

3. Foster enabling conditions for mainstreaming mitigation concerns into sustainable development strategies

   3.1 Capacity-building Initiative for Transparency; 3.2 NDC preparation; and 3.3 Enabling activities.

FOCAL AREAS

CLIMATE CHANGE - GEF8



GOAL

Support developing countries to make transformational shifts towards net-zero GHG emissions and climate-resilient development pathways.

Major objectives

1. **Innovation, technology transfer, and enabling policies** for mitigation options with systemic impacts.
   - *1.1. Accelerate the efficient use of energy and materials.*
   - *1.2. Enable the transition to decarbonized power systems.*
   - *1.3. Scale up zero-emission mobility of people and goods.*
   - *1.4. Promote Nature-based Solutions with high mitigation potential.*

2. Enabling conditions to **mainstream mitigation concerns** into sustainable development strategies.
   - *2.1. Support capacity-building needs for transparency under the Paris Agreement through the CBIT.*
   - *2.2. Support relevant Convention obligations and enabling activities.*

NET-ZERO NATURE-POSITIVE ACCELERATOR
Integrated Program

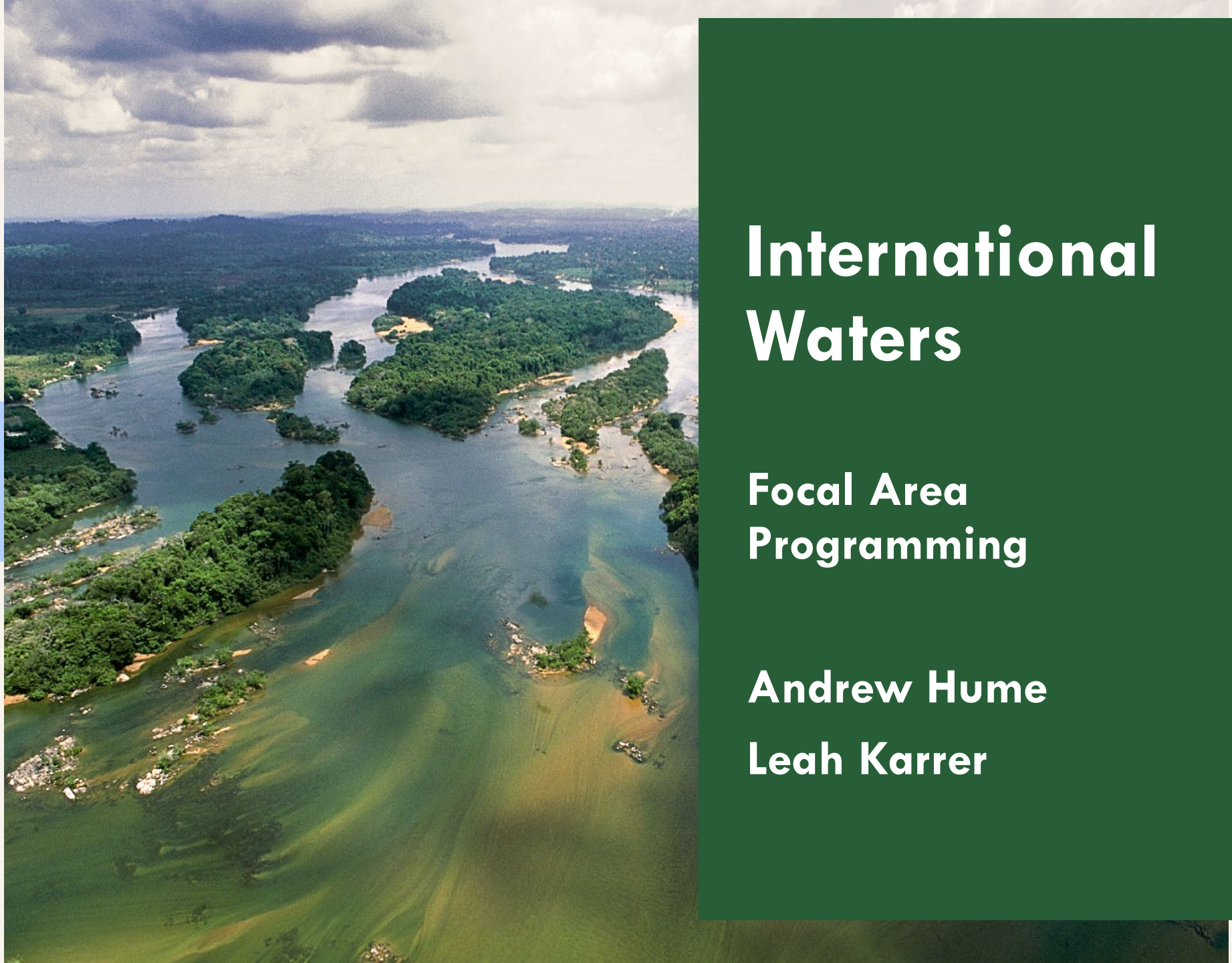
COUNTRY ACTIVITIES

Upstream component

- **Cross-ministerial coordination processes**
- **Socio-economic analysis** and scenario modeling
- **Net-zero strategies/LTSs** and/or policies
- **Capacity-building** activities needed
- **Robust data systems**

Downstream component

- Development of sectoral **NZNP investment plans** and pipelines
- Technical assistance for **project preparation**
- **Co-investment of GEF resources** in specific projects



International Waters

Focal Area Programming

Andrew Hume

Leah Karrer

International Waters
Focal Area Programming

By the Numbers

Financed freshwater projects **for 60 rivers, 14 aquifers and 16 lakes** around the world. These investments total US$960 million in grant financing, while leveraging US$5 billion in co-financing.

US$1.2 billion in grants in more than 200 projects within the world's Large Marine Ecosystems (110 countries and 22 Large Marine Ecosystems) and Areas Beyond National Jurisdiction. These investments have leveraged US$9.8 billion in co-financing.

Cumulative GEF funding in IW and Multi-Focal Area (MFA) with IW as one participating focal area from Inception Phase to date is **$2.8 billion**. Corresponding co-financing is $18.6 billion.

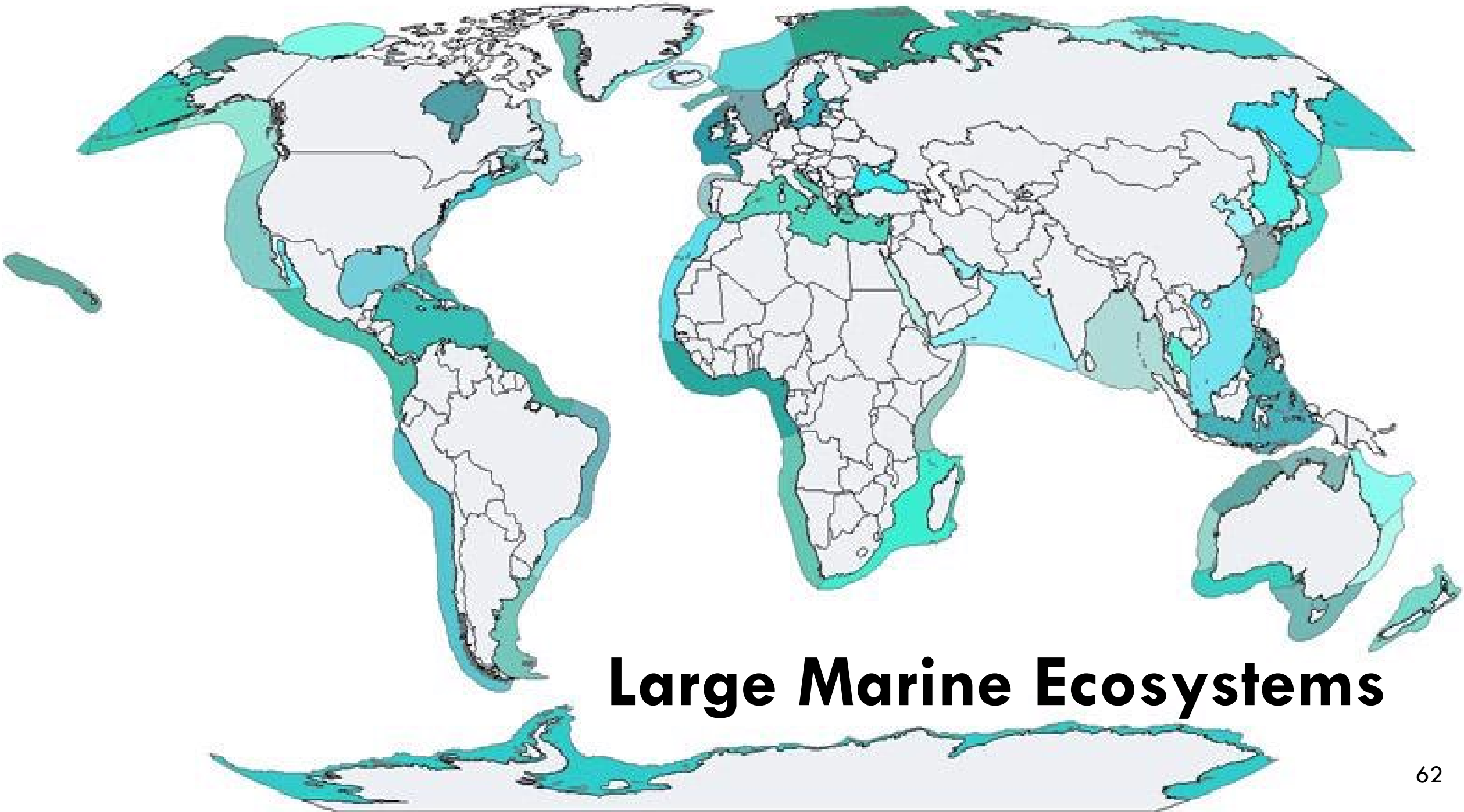
Total number of projects: 401

Largest funding mechanism for multi-country collaboration on oceans and water resources

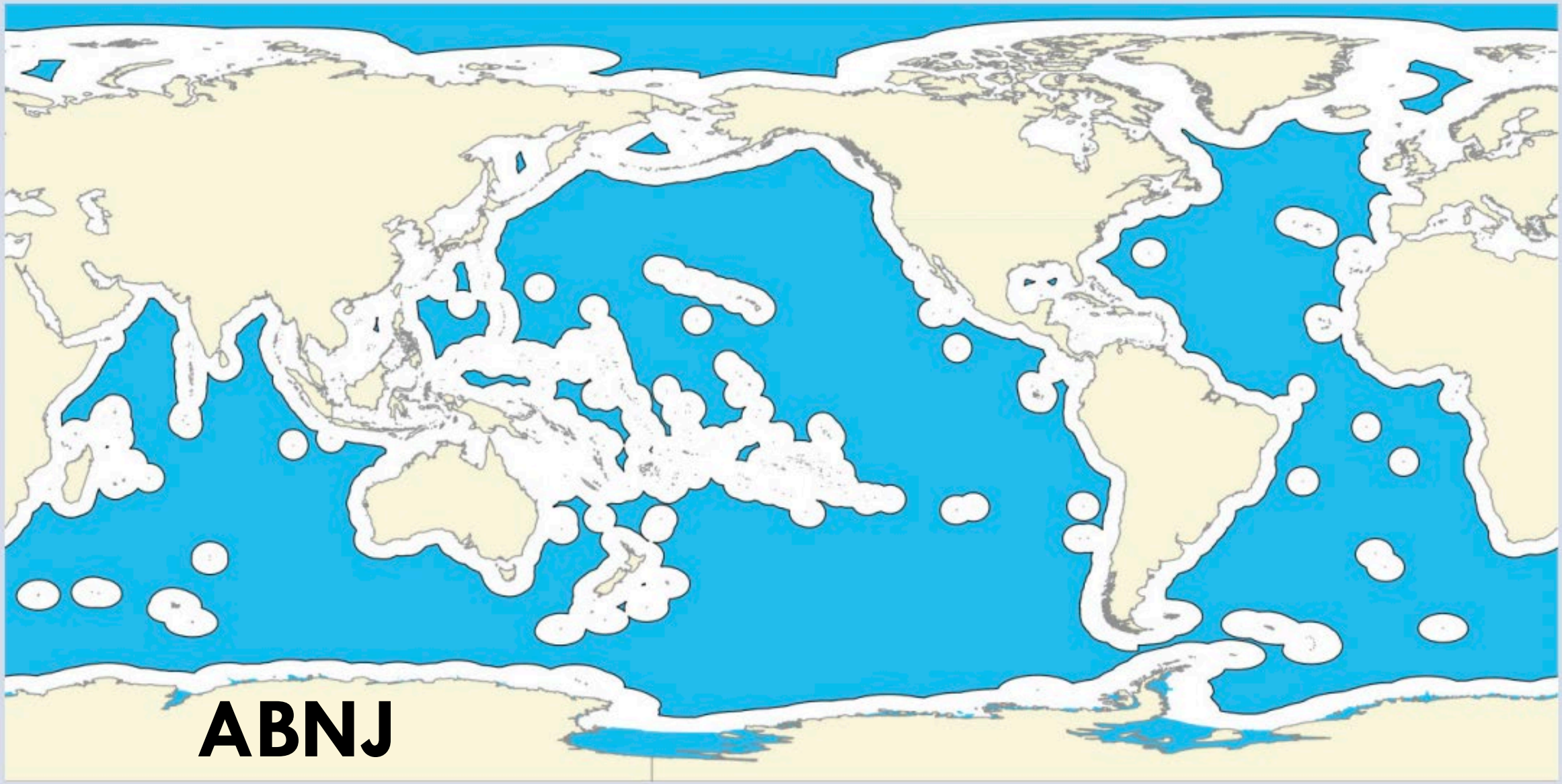
International Waters
Focal Area Programming

Ecosystems

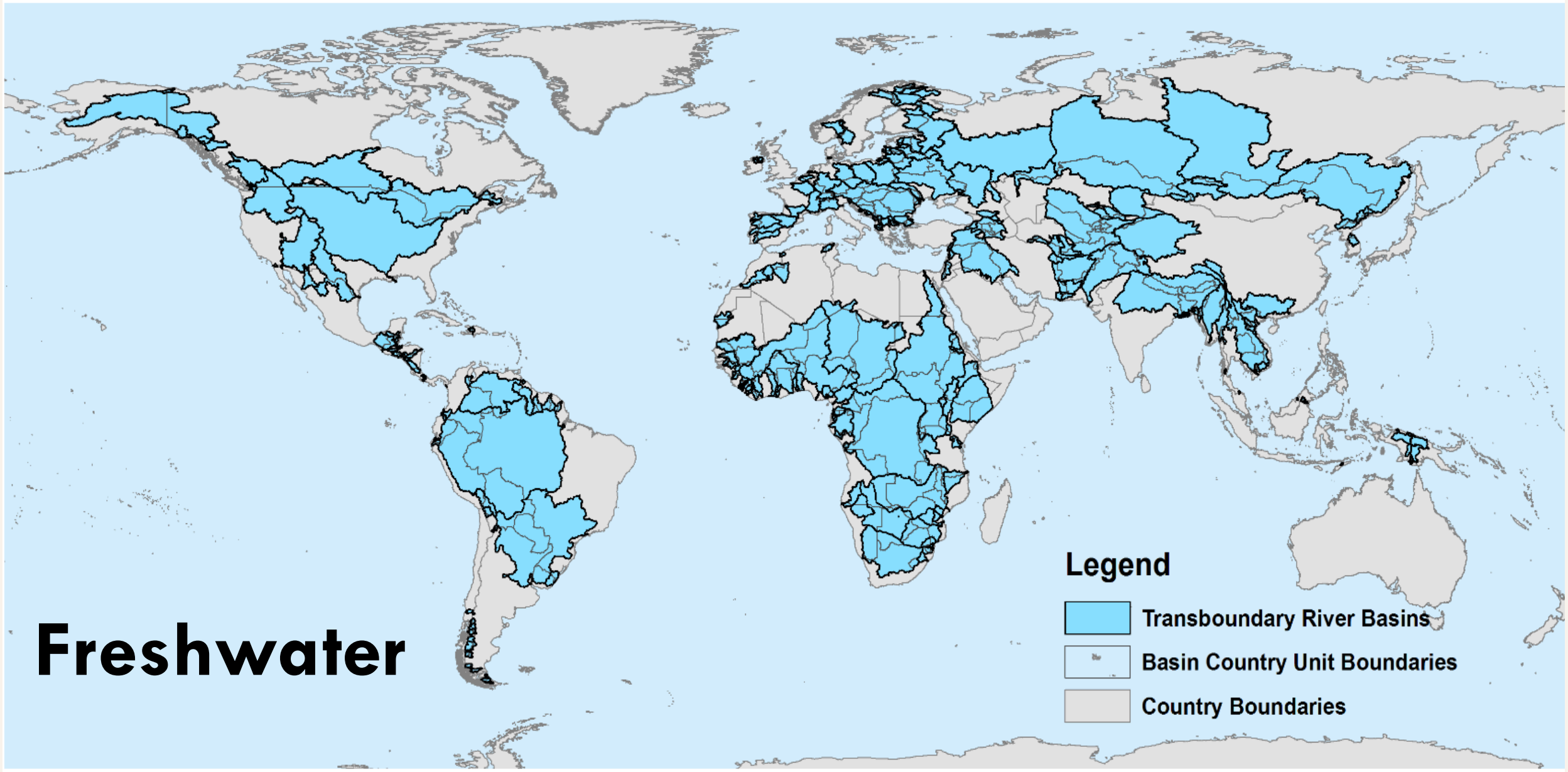
- Large Marine Ecosystems
- Areas Beyond National Jurisdiction
- Freshwater (Surface Water and Groundwater)



Large Marine Ecosystems

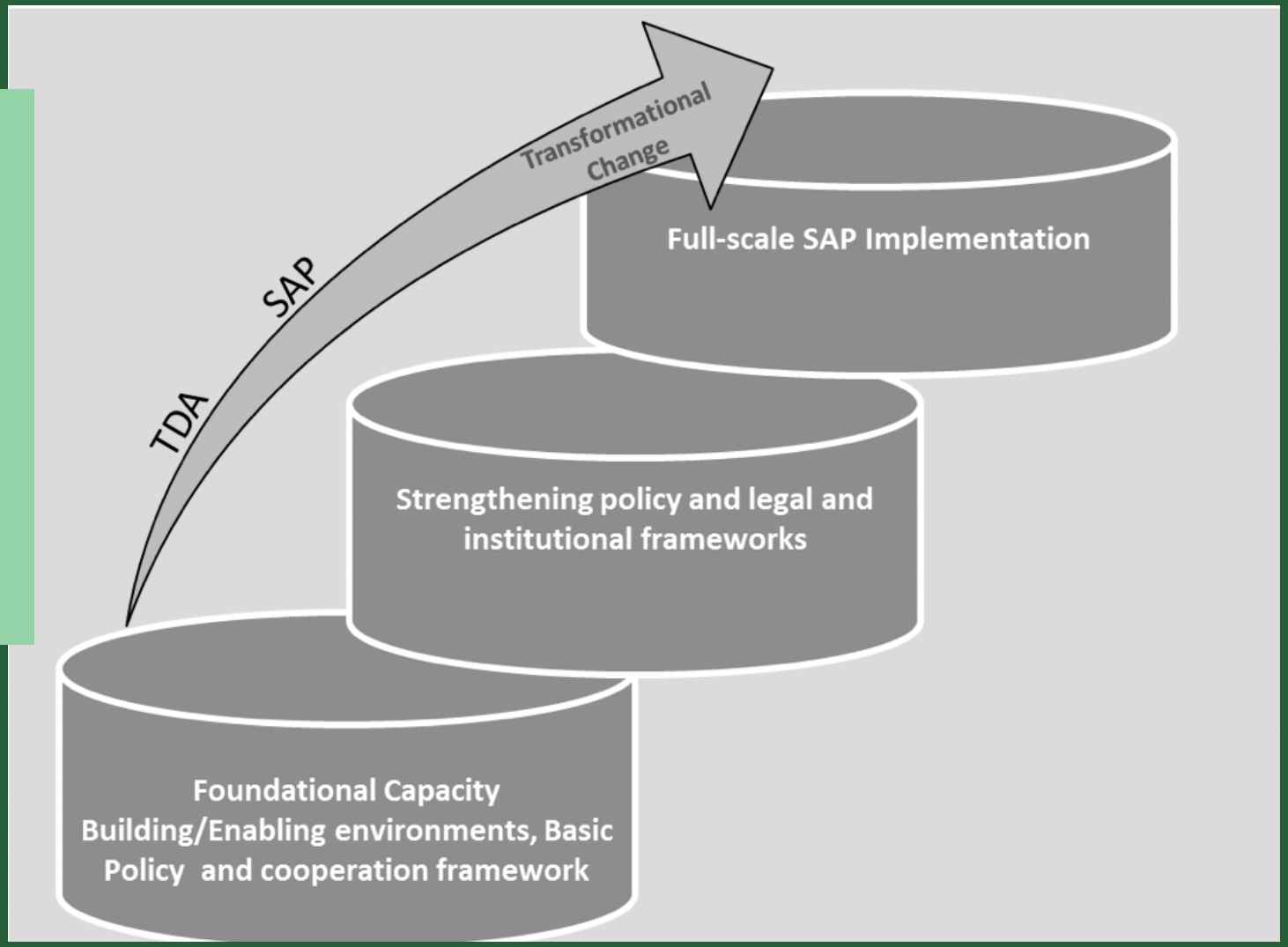


The Open Ocean (or 'area beyond national jurisdiction') is blue. The white areas depict exclusive economic zones (EEZs) (or 'areas within national jurisdiction').


Freshwater
Legend
Transboundary River Basins
Basin Country Unit Boundaries
Country Boundaries

Transboundary Diagnostic Analysis (TDA)-Strategic Action Program (SAP) Process

GEF IW takes a stepwise approach to investments



GEF 8

Objective 1

Accelerate Joint Action to support a sustainable blue economy

Sustaining Healthy Blue Ecosystems

Lead to cooperative legal and institutional frameworks built on TDA and SAP approach toward addressing **multiple anthropogenic pressures in LMEs**

Contribute to the implementation of SAPs to support a Sustainable Blue Economy by deployment of tools such as marine spatial planning, marine protected areas, nature based solutions

Foster LME, Regional Seas Conventions and Regional Fisheries Management Organizations collaboration to protect and restore key habitats

Create multi-state cooperation frameworks in transboundary deltas including an integrated Source-to-Sea approach

Sustaining Healthy Blue Ecosystems

Develop and update **Marine Spatial Plans and Sustainable Blue Economy Plans** to inform policy decisions in Exclusive Economic Zones

Establish and support **marine protected areas** of national and international importance

Restore degraded key marine and coastal habitats through deployment of **NbS and PES demonstrations**

Stimulate **private sector engagement,** through relevant industry sectoral roundtables and industry groups

Advance Sustainable Fisheries Management

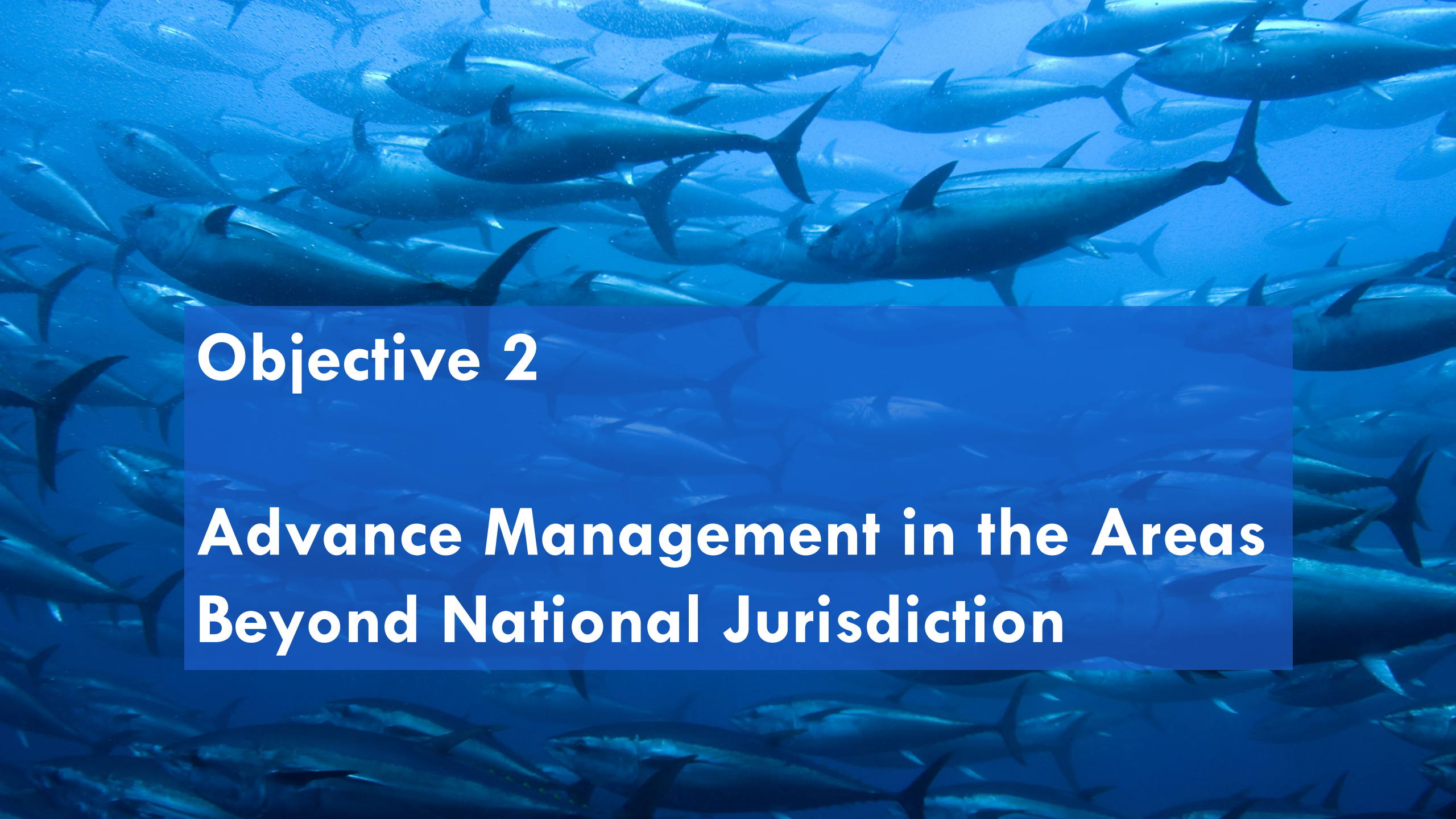
Policy and regulatory reforms to end **Illegal, Unreported, and Unregulated (IUU) fi**shing practices, overfishing, limit by-catch and sustainably manage marine capture fisheries

Strengthening and creating policy frameworks, including work with countries to **eliminate harmful incentive structures**

Implementation of **market mechanisms** to support sustainable fisheries value chains

Standard setting for sustainable **aquaculture** to regulate fishmeal supply, enhance marine ecosystem health, livelihoods and improving food and nutrition security

Reliable data to inform policy and decision making, capacity building, policy reform and piloting of innovation and best available tech



Objective 2

Advance Management in the Areas Beyond National Jurisdiction

Improve access to data and information to improve capacity to implement and enforce **Port State Management Agreement and combat IUU fishing**

Support national ratification and implementation of the **Port State Management Agreement**

Support regional/global efforts on **Monitoring, Control and Surveillance** of fishing activities

Coordinate science-based management of ABNJ by **extending LME management structures**

Support **national ratification,** implementation and adoption of a potential BBNJ agreement

Advance global buy-in of **industry standards and food safety protocols,** as key drivers of ocean value chains

Objective 3

Enhance Water Security in Freshwater Ecosystems

Formulation of, and updates to, Transboundary Diagnostic Analysis and Strategic Action Programmes

Implementation of SAP priorities through regional and national actions

Policy legal reforms and improved management strategies to address loss of connectivity and freshwater biodiversity and to support sustainably management of freshwater fisheries (including addressing IUU fishing) and **aquaculture**

National reform of policies, strategies and regulations in accordance with regional agreements and MEA commitments

Improved policy formulation processes, Integrated Water Resources Management (IWRM) implementation and conjunctive management of **surface and groundwater resources**

Nature-based Solutions to improve water quality, freshwater ecosystem health, including wetlands and curb floods, droughts, climate change impacts, river/lake shoreline deterioration and to further aquifer recharge

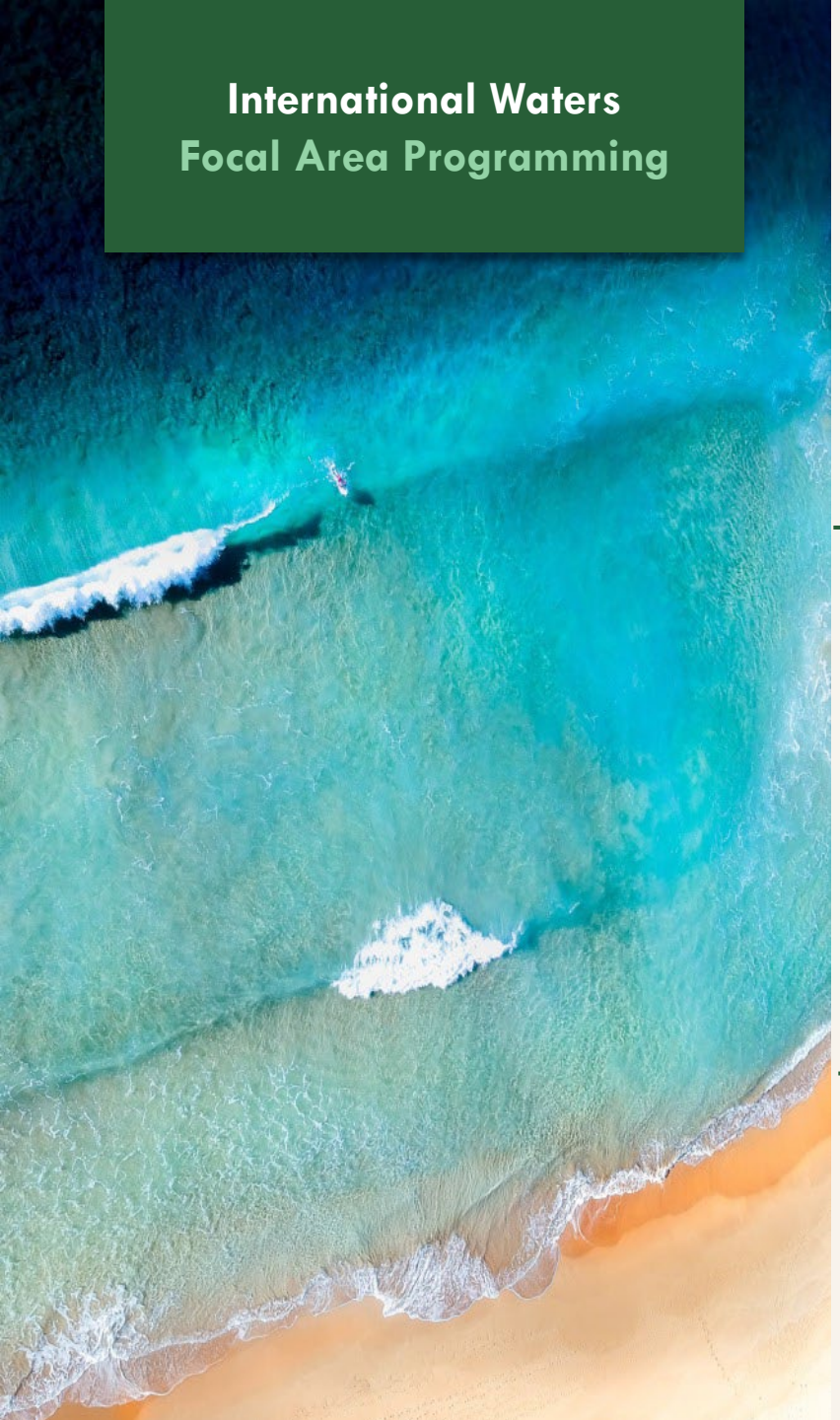
Ensure the inclusion of the ecosystem dimension into the **water, energy, food nexus**, to further environmental and water security

Supply chain approaches for increased water efficiency and reduction of ecosystems pressures

Increase water efficiency, reuse, and reduce point and non-point sources of pollution addressing both primary and emerging pollutants, along the source-to-sea continuum

De-risking innovation through incremental finance and piloting **innovative technologies**

Establishment of **flood and drought early warning systems** and disaster risk management plans



International Waters
Focal Area Programming

CORE INDICATORS

Core Indicator 2
100 million ha

Marine protected areas created or under improved management

Core Indicator 5
70 million ha

Area of marine habitat under improved practices to benefit biodiversity

Core Indicator 7
40 shared systems

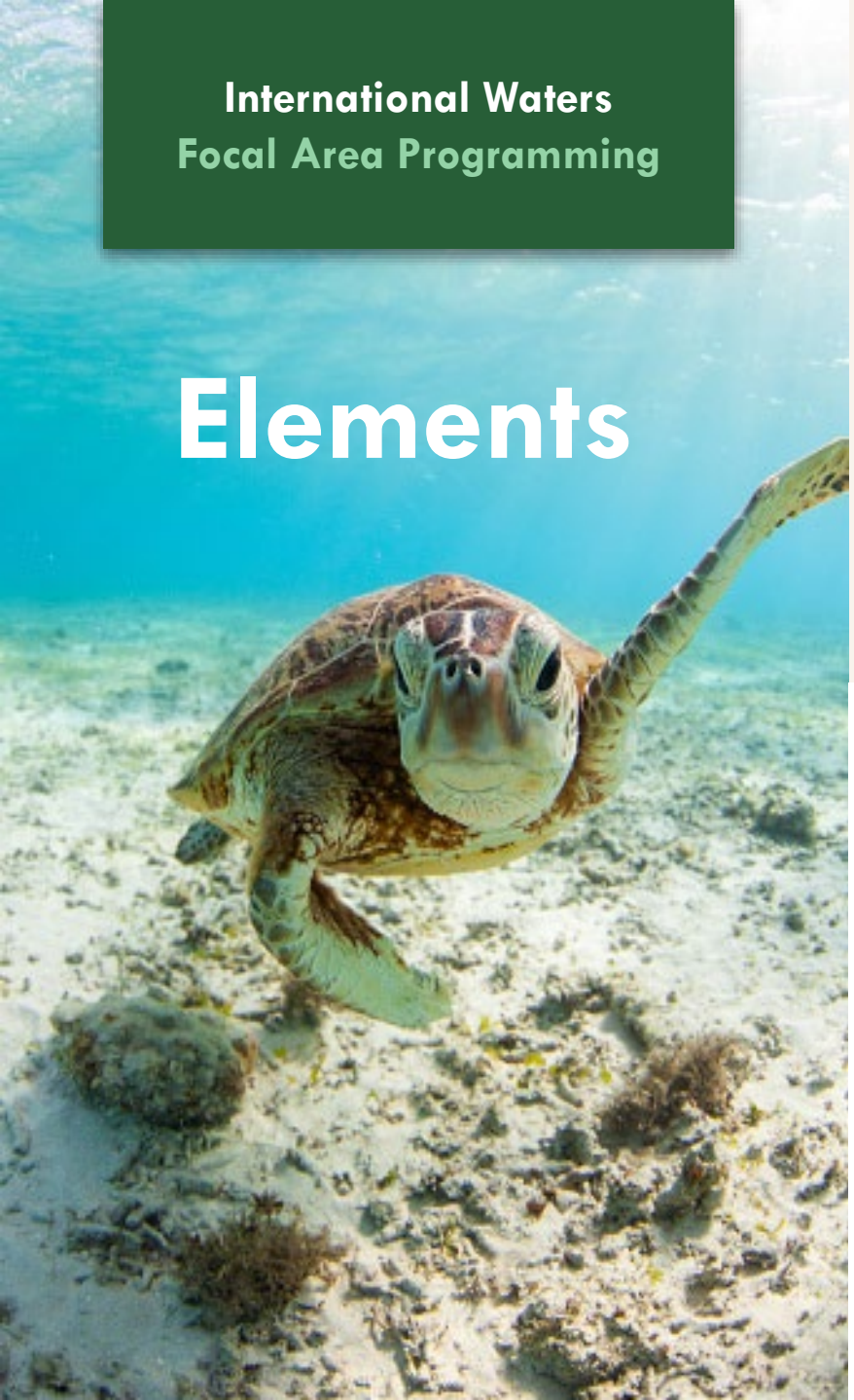
Shared water ecosystems under new or improved cooperative management

Core Indicator 8
2.1 million metric tons

Globally over-exploited marine fisheries moved to more sustainable levels

International Waters
Focal Area Programming

Elements

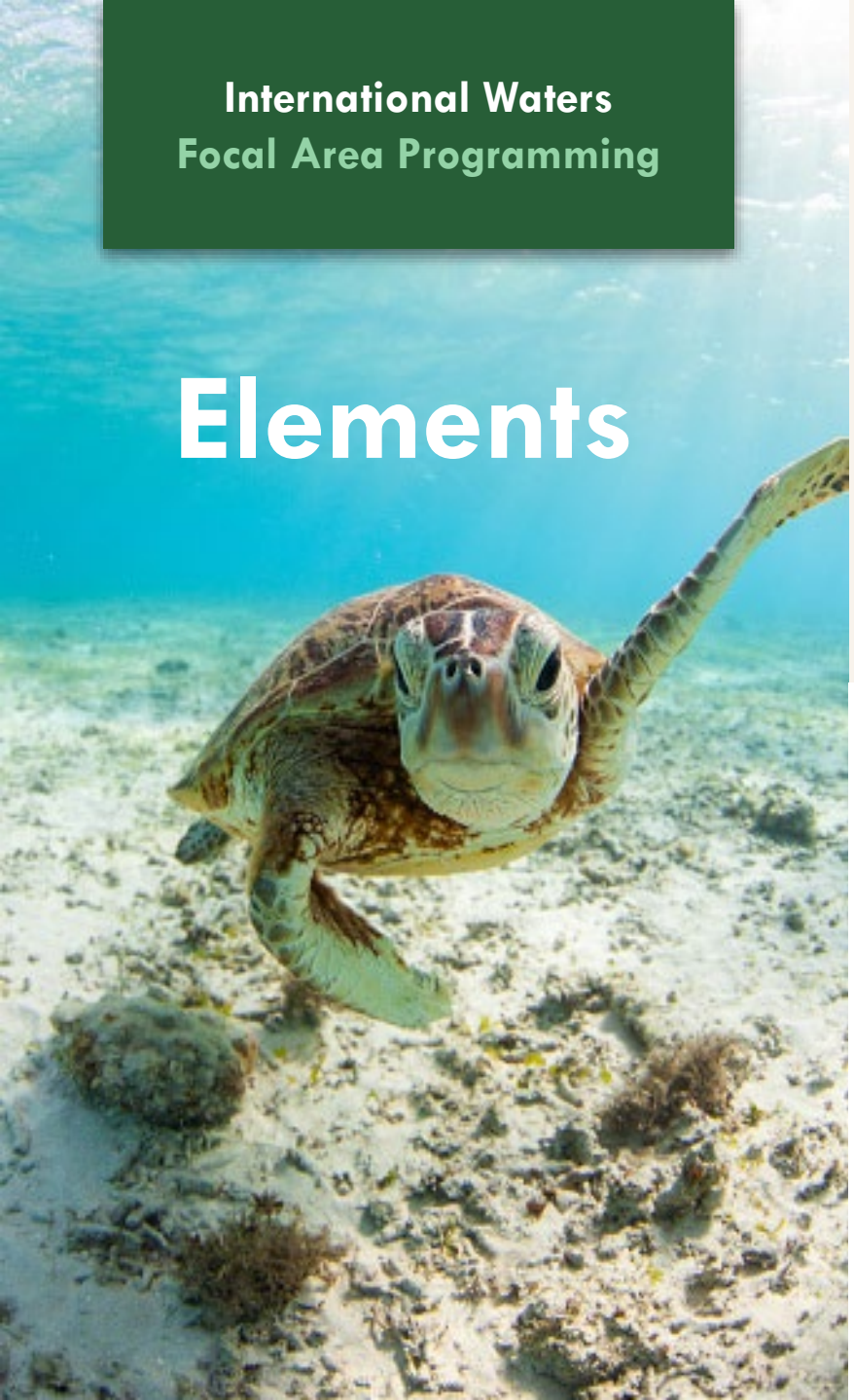


GEF IW projects work at multiple scales— from community to cabinet and across entire watersheds, from source-to-sea and ridge-to-reef.

*GEF IW foundational projects support **high-visibility local investments** in parallel to longer-term **regional processes** for cooperation.*

International Waters
Focal Area Programming

Elements



GEF IW strategically supports foundational capacity building and portfolio learning for ecosystem-based joint management and governance of transboundary waters.

GEF IW plays an important role in unlocking private capital.

Chemicals and Waste Focal Area

Sri Lanka

GEF-8

Conventions included in the Chemicals and Waste Focal Area

- Stockholm Convention on Persistent Organic Pollutants
- Minamata Convention on Mercury
- Montreal Protocol on Substances that Deplete the Ozone Layer
- Strategic Approach to International Chemicals Management

FOCAL AREAS

CHEMICALS AND WASTE

GOAL

Prevent pollution from harmful and hazardous chemicals and waste particularly POPs and Mercury.

Major objectives

- Policy reform to cleaner chemistry and eliminate existing waste.
- Preventing a future build up of harmful chemicals and waste in the environment.
- Eliminating harmful chemicals and waste in current waste streams and that are stockpiled in existing infrastructure and processes.

Major contributions to GEBs and MEAs

- Focus on gaps precenting sound management and to prevent a future buildup of chemicals in the environment
- Harmonized approaches across jurisdictions to allow transparency in supply changes

Financing

Programming of Funds	Million USD
Stockholm Convention	**413**
- Enabling Activities	28
- Implementation	385
Minamata Convention	**269**
- Enabling Activities	20
- Implementation	249
Montreal Protocol	13
SAICM	65
Contribution to IP Global Platforms	14
Contribution to IP Country Projects	26

Expected Results

- 300,000 metric tons of hazardous chemicals eliminated, including POPs, Mercury, ODS, HHP

- Reduction or elimination of 5900 gTEQ of UPOPS emissions

GEF-8 Asia Pacific Regional Workshop
January 10-12, 2022

GEF-8 Blended Finance Program (Non-Grant Instrument)

AGENDA

What is Blended Finance?

GEF Blended Finance Program (Non-Grant Instrument)

- Portfolio overview – overall, regional
- Two entry points – BF set-aside, STAR/non-STAR
- Terms and conditions
- Selection process and timeline for the Call for Proposals
- Eligibility and selection and criteria

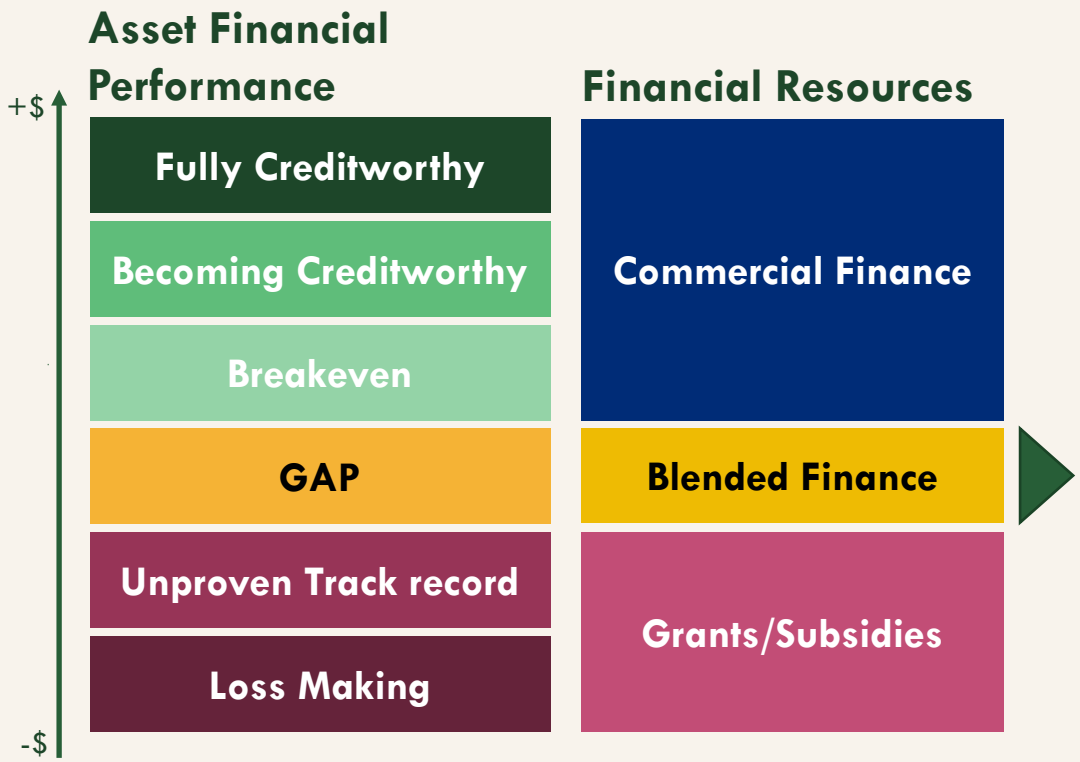
Case studies

- Wildlife Conservation Bond (Rhino Bond)
- AGRI-3 Fund
- Circular Economy Regional Initiative (CERI)

Background

What is Blended Finance?

Blended Finance is the targeted use of concessional finance in projects where risks are too high for commercial finance alone.



NGI Instruments

Debt

Money lent for repayment later, usually with interest. Concessional debt has favorable terms (tenor, subordination) or rates relative to market conditions

Guarantee

Instrument protecting investor's losses from various forms of risk (credit/performance).

Equity

Instrument providing ownership in a company. GEF would accepts higher risk for lower financial returns in exchange for environmental impact.

Role of Blended Finance Structures

- De-risking
- Innovation
- Scaling-up
- Create track-record

Climate Blended Finance Statistics by Region

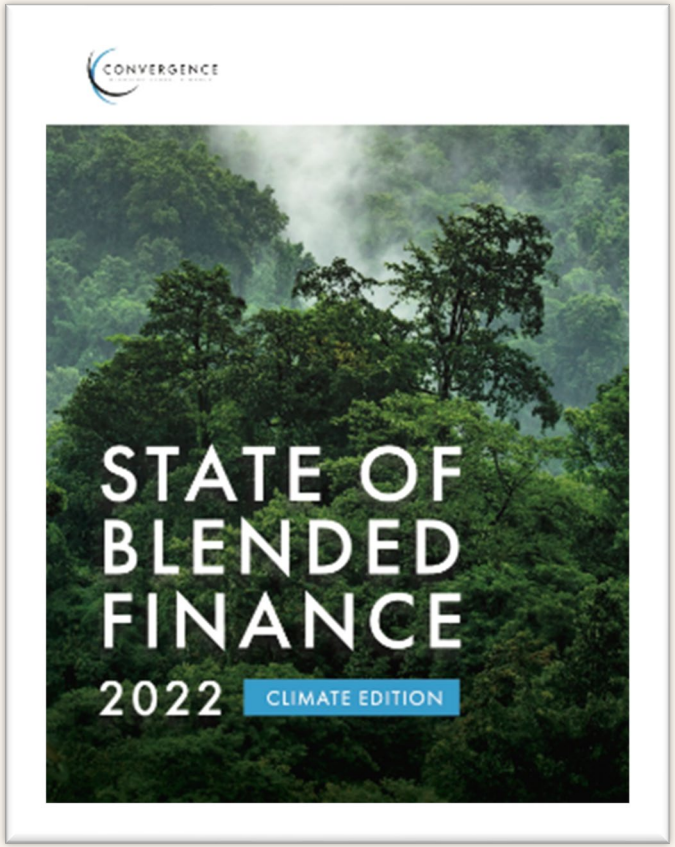


Figure 8: Proportion of Climate blended finance deals by regional breakdown, 2016-2021

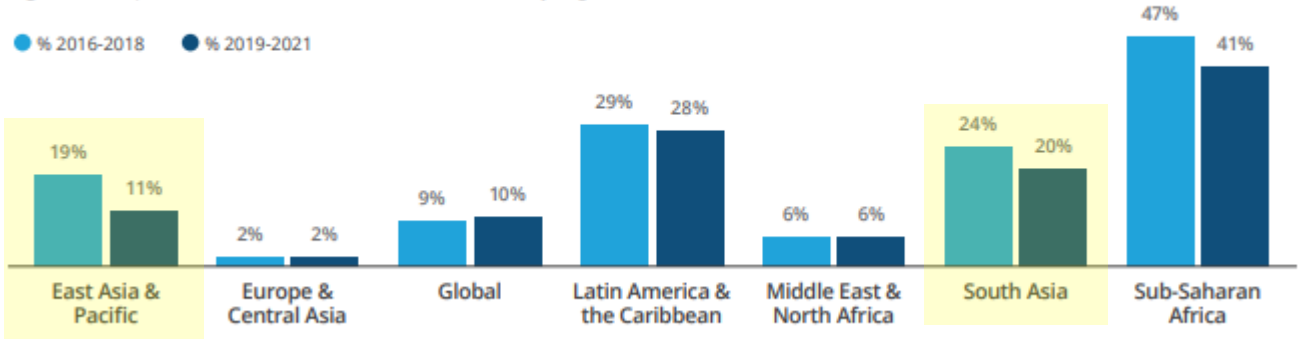


Figure 9: Volume of climate blended finance by region, 2019-2021

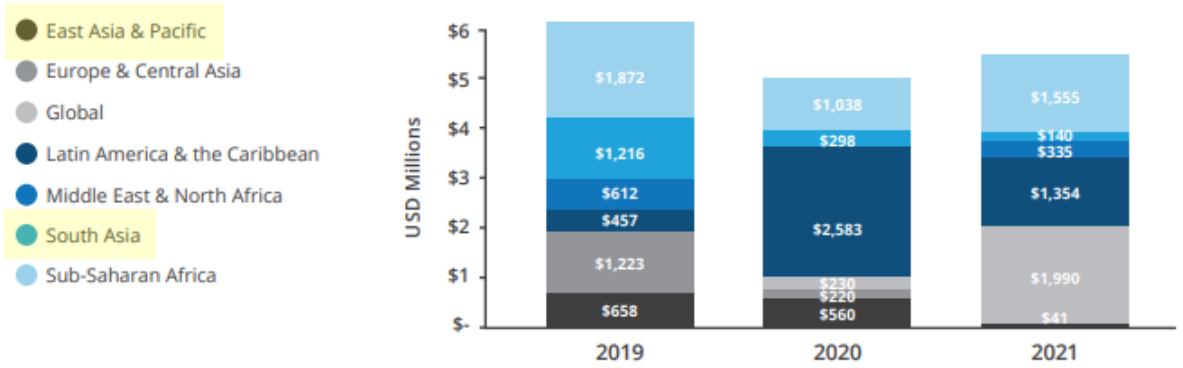
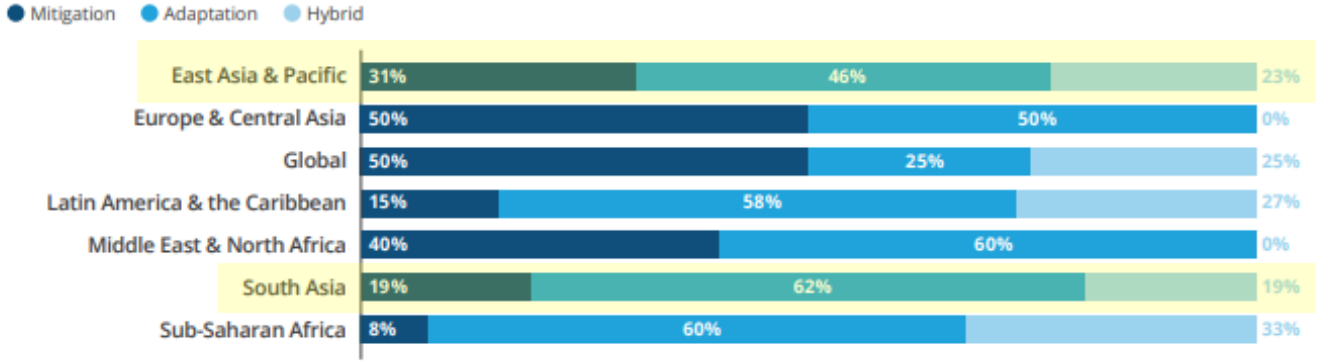
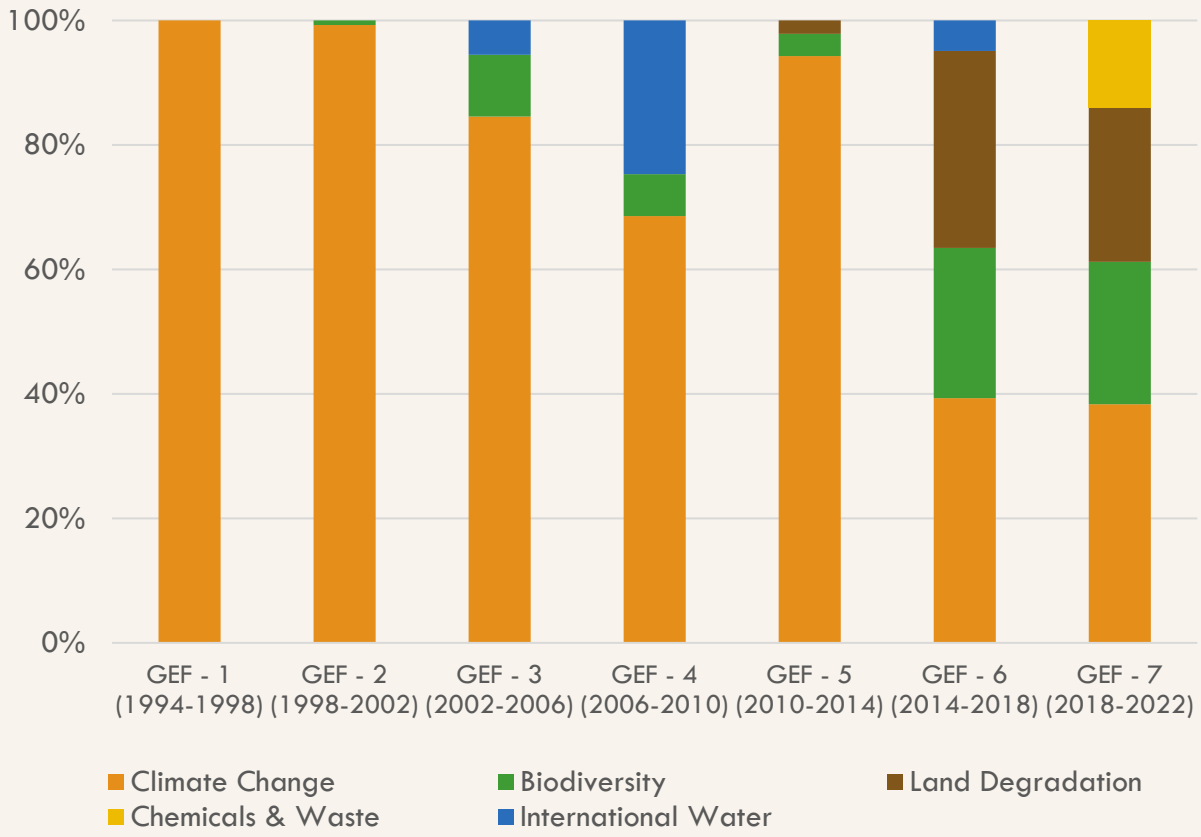


Figure 11: Proportion of climate blended finance transactions across regions by climate sub-theme, 2019 – 2021



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.

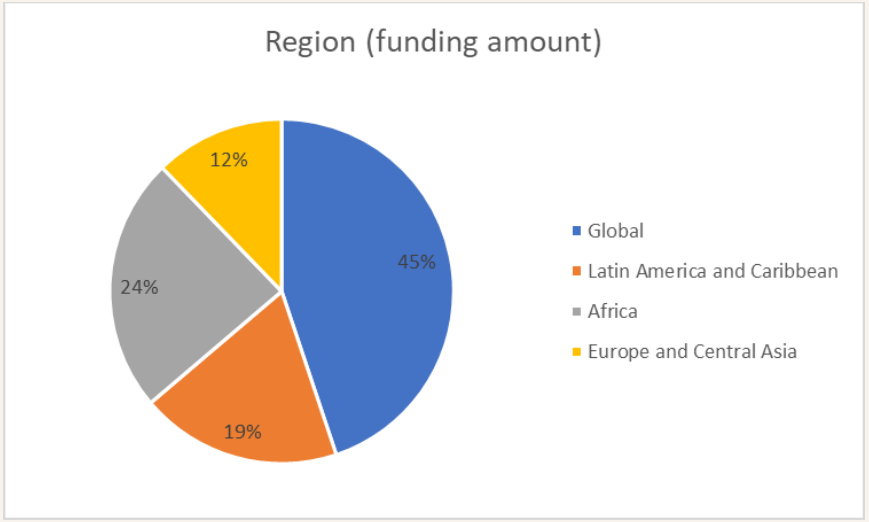
Use of Non-Grant Instruments: 2 entry points

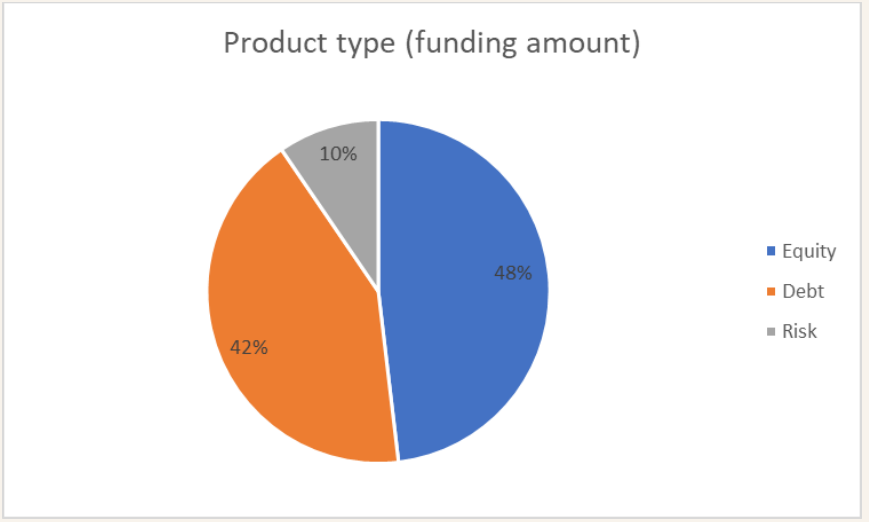
	GOAL	FEATURES	PROJECTS
"BLENDED FINANCE PROGRAM" (NGI SET-ASIDE)	Mobilize **private sector** investment	Investment has potential for generating **reflows back to the GEFTF** **Separate Call for Proposals (CfP)** and rules for selection of projects	**NGI window GEF-7 supported projects:** • *GEFID 9370 Meloy Fund (CI)* • *GEFID 10330 Wildlife Conservation Bond (WB)*
STAR OR IW/CW ALLOCATION	Mobilize **public/private sector** investment	Investment **reflows stay in the country** Selection and allocation depend on **Country priorities.**	**GEF-5:** • *GEFID 4918 Partial Risk Sharing Facility for Energy Efficiency (INDIA, WB) US$ 12 M 1st Loss Guarantee*

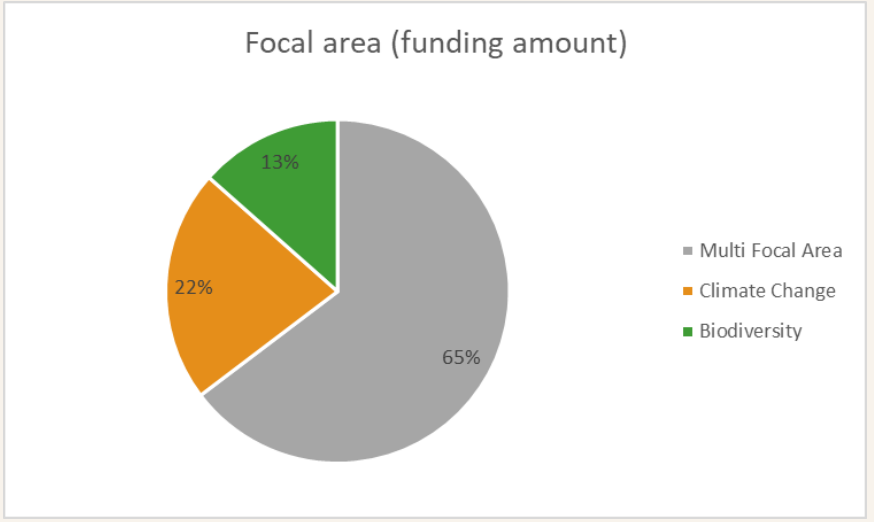
GEF-7 portfolio snapshot

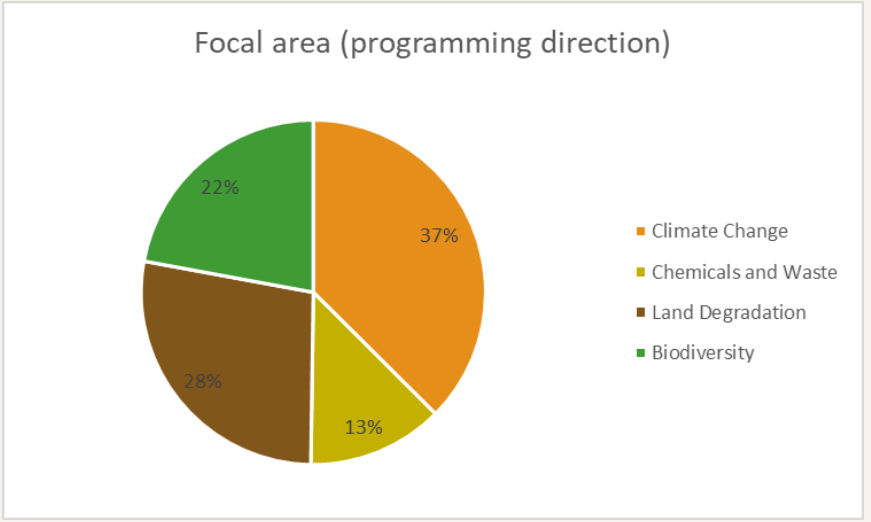
NUMBER OF PROJECTS: 10

CO-FINANCING RATIO: 19.8:1

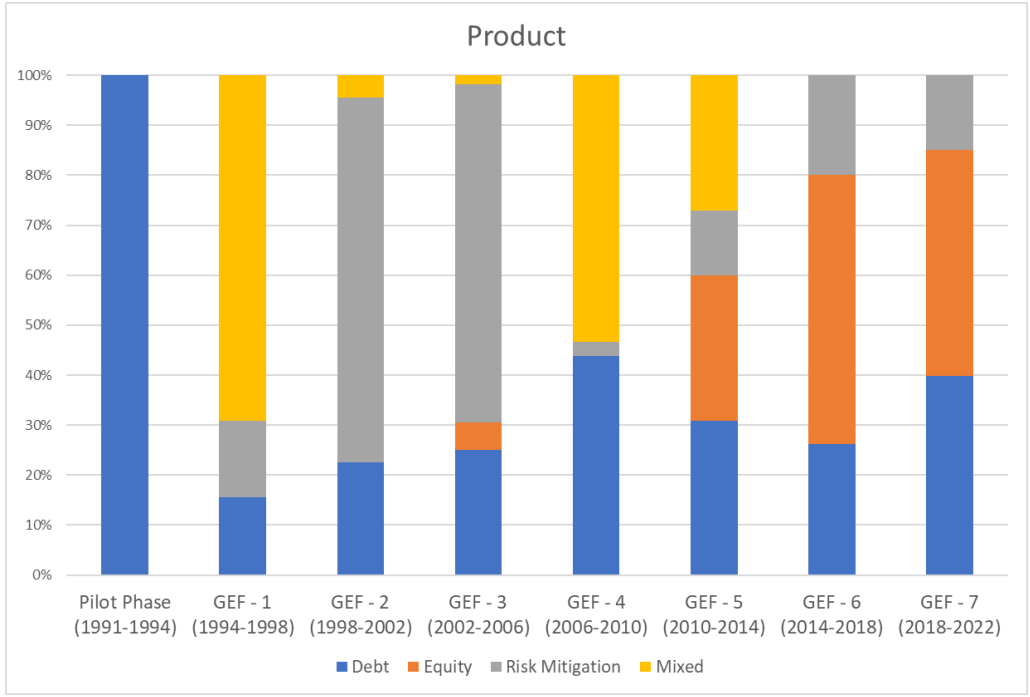


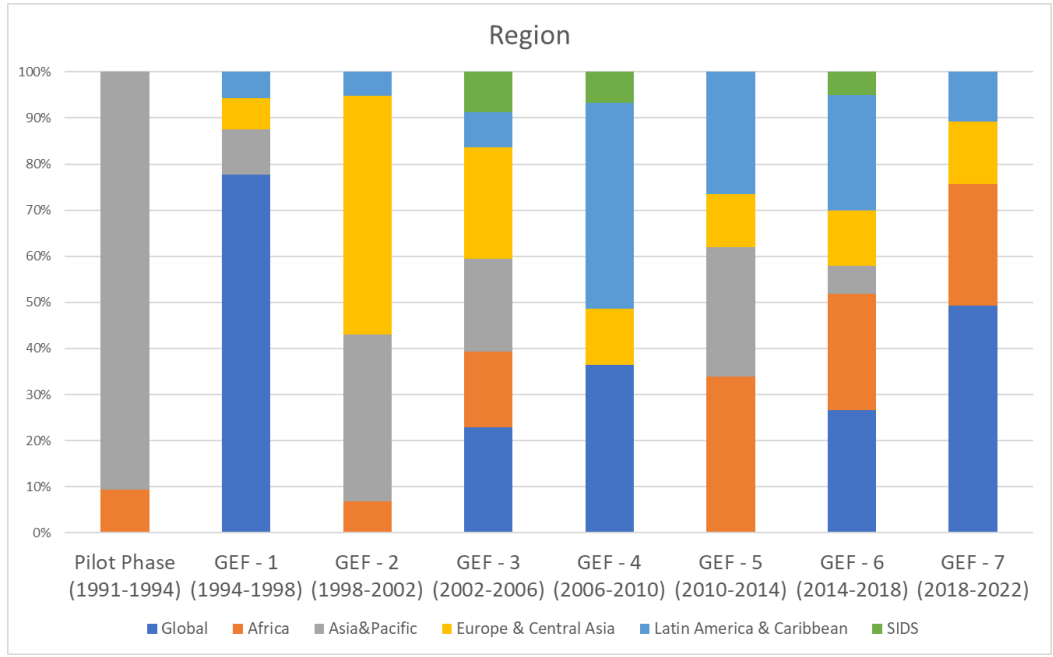




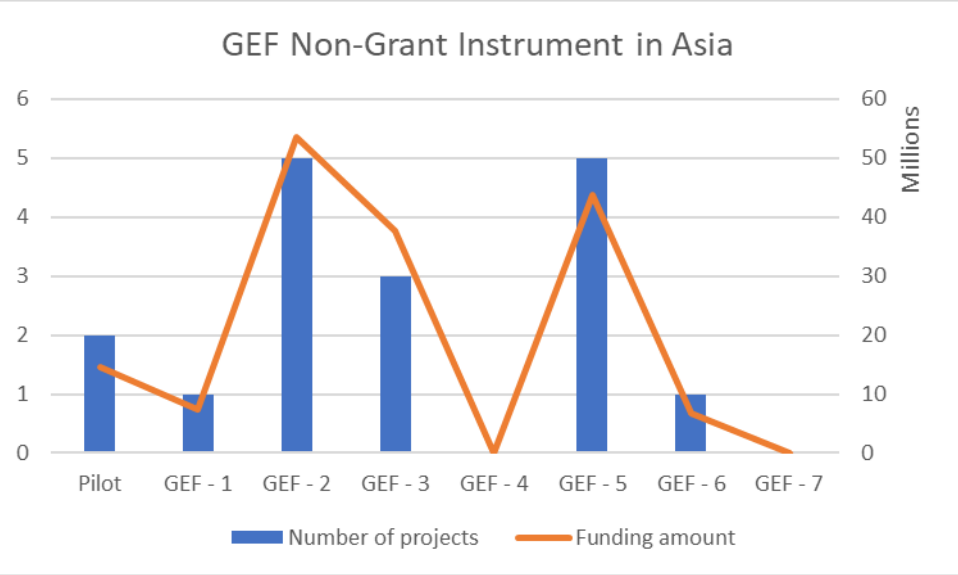


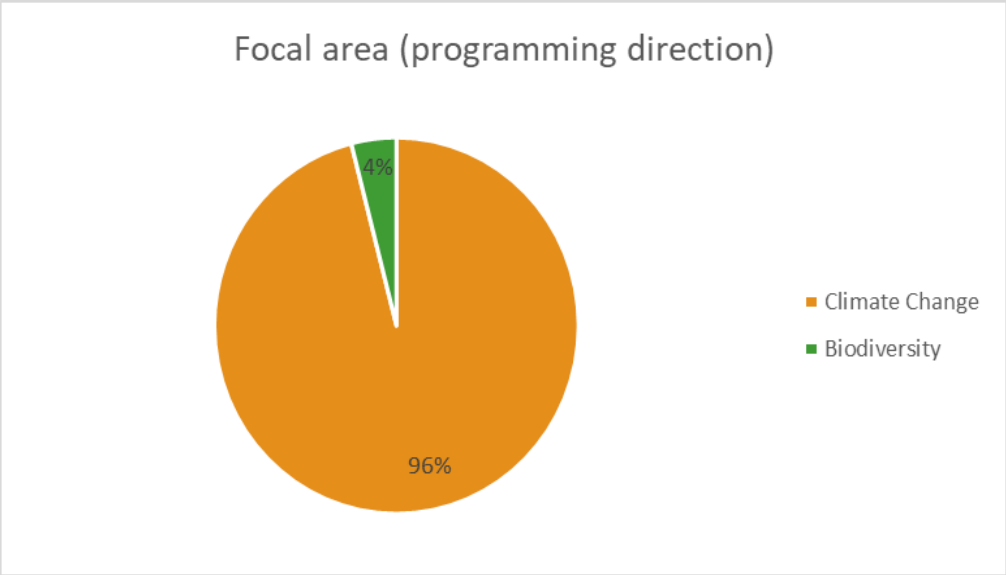
Historic NGI funding

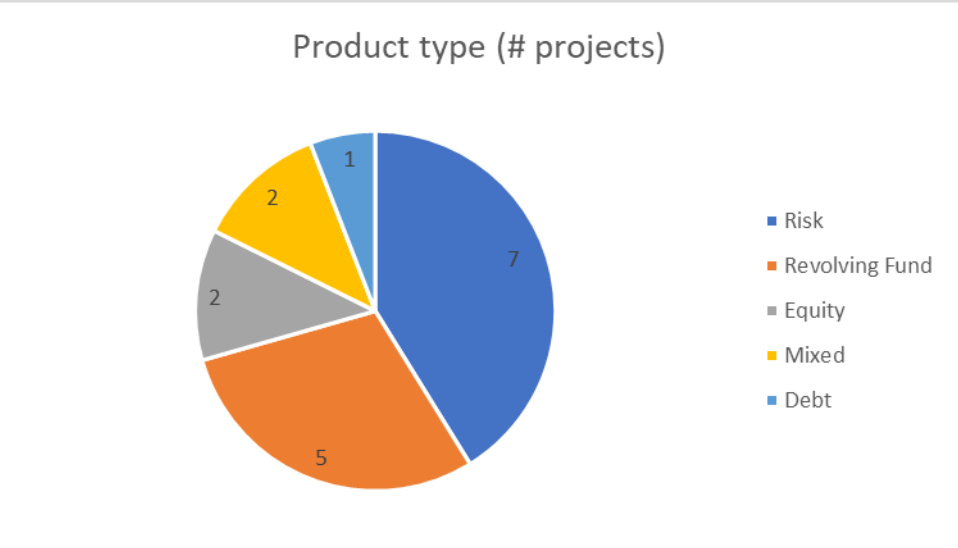


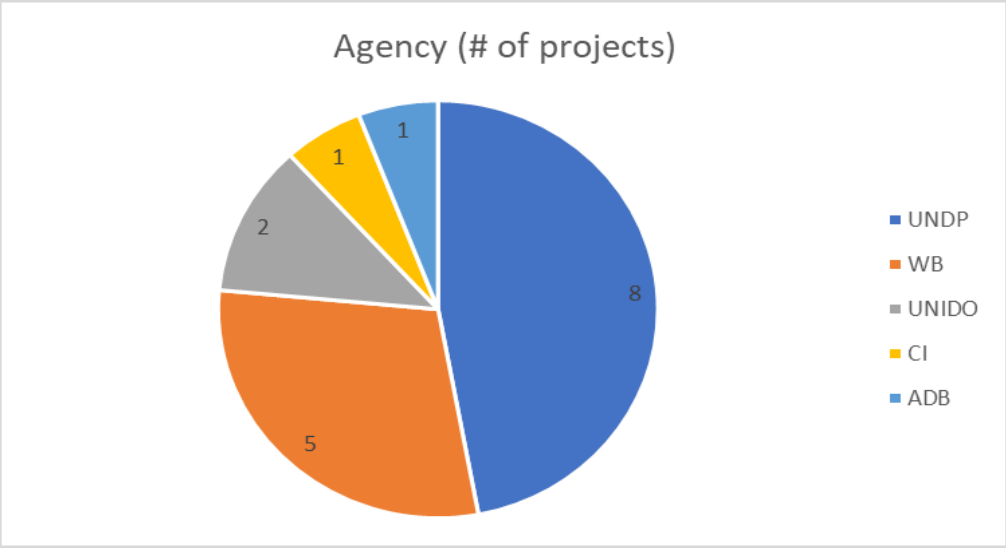


Regional snapshot – Asia









Terms and conditions NGI (GEF/C.63/12, FI/PL/02)

Financial products

Risk mitigation products, Equity, Debt, Convertible and contingent instruments, Grant for Technical Assistance

Minimum Concessionality*

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

Financing Amount

< $15M

(exception for global/regional project with high impact)

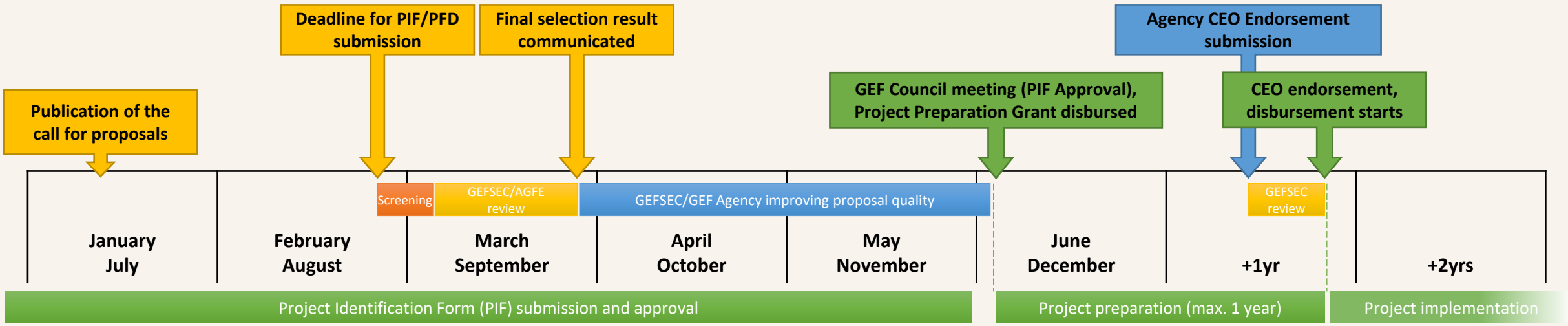
Maximum maturity

< 20 years

Currency

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

Selection process and timeline



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

- **January 6th, 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

Eligibility Criteria

Alignment with GEF-8 Programming Directions

Compliance with GEF Agency eligibility requirements

Geography

Modalities

Capacity to report reflows

Selection Criteria

Scalability

Appropriate and enhanced co-financing ratio

Financial innovation

High financial additionality

Capacity to generate reflows

Innovative use of proceeds

Global Environmental Benefits

Wildlife Conservation Bond (GEF-7, 10330)

Project summary

The five-year rhino bond, which raised $150 million in its March 23, 2022 issuance, has changed this story. It is a combination of existing financial products – a bond with an excellent credit rating (AAA for World Bank issued bonds), paired with a performance-based grant funded by the GEF which results in a new financial structure that can successfully harness investment from capital markets to directly support endangered species conservation.
Two South African Parks will receive TA for protection of Black Rhinos.

Country (South Africa)/ Biodiversity/ SDG 15

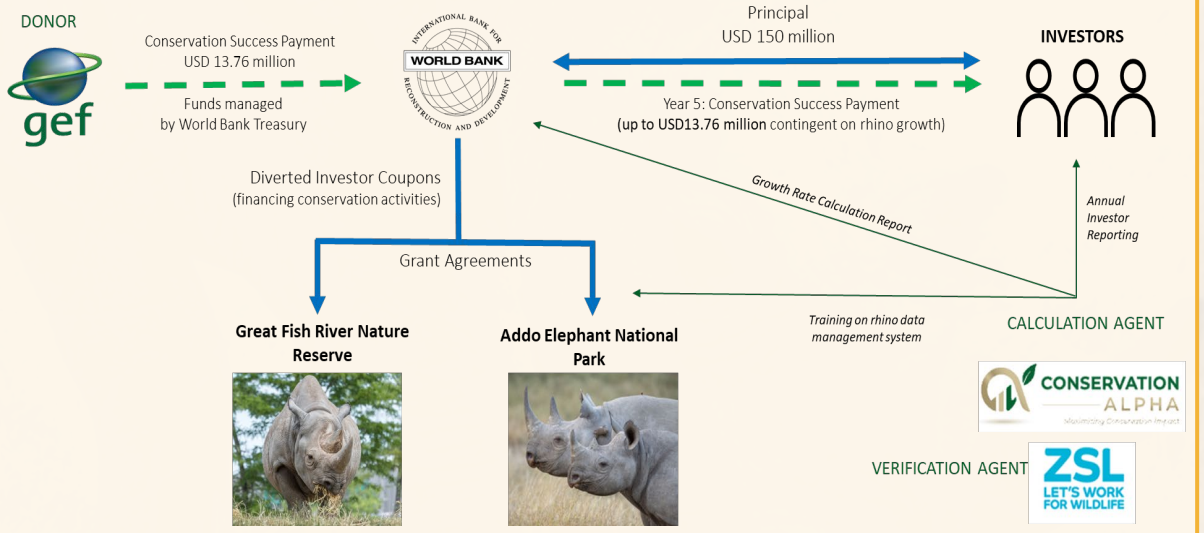
Financial terms

- Investment type for the GEF: Reimbursable Grant
- Amount of investment: USD 15M*
- Coupon: The bonds will be redeemed on the maturity date as par plus a Conservation Success Payment. The higher the rhino growth rate, the higher the success payment.
- Maturity: 5 years
- Reflow: Reflow will vary between 0 and 13.76 million (net of fees) based on rhino growth rate

Global Environmental Benefits*

Indicator 1	Terrestrial protected areas created or under improved management for conservation and sustainable use	153,141 ha
Indicator 11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	1,684 male 620 female

Financial structure



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

European Bank for Reconstruction and Development

Circular Economy Regional Initiative (CERI) (GEF-7, 10328)

Project summary

The Programme's objective is to catalyze the scale up of circular economy initiatives by addressing barriers to investments in circular economy technologies and processes, and adoption of circular economy strategies and business practices.

Regional (Europe and Central Asia)/ Climate Change & Chemicals and Waste/ SDG 12, 13

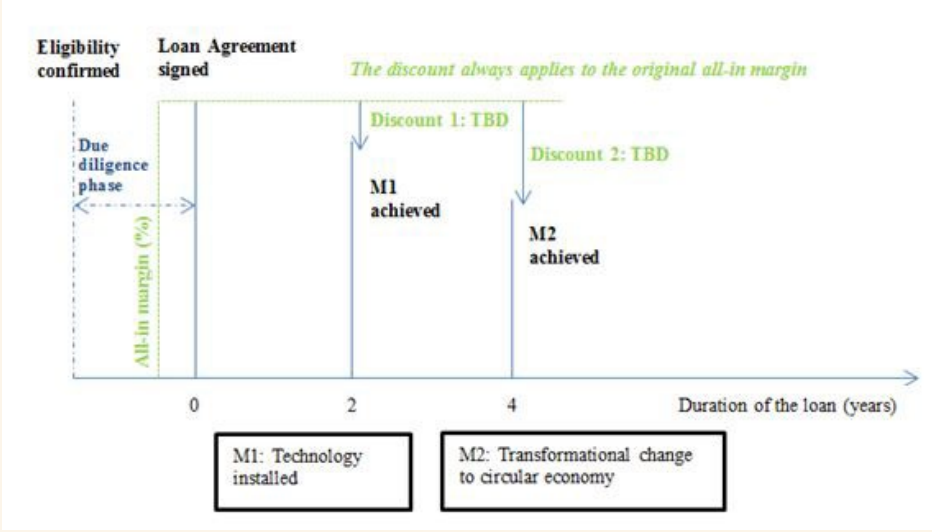
Financial terms

- Investment type: Loan
- Amount of investment: USD 15M*, co-financing: USD 141.8M
- IRR: 0.5% - 6.0% p.a. depending on the market conditions (initial interest rate will be parallel to EBRD loan, discount subject to achievement of two milestones – technology installation and transformational change to circular economy)
- Maturity: 10 years

Global Environmental Benefits*

Indicator 5.3	Amount of Marine Litter Avoided	50,000 Metric Tons
Indicator 6	Greenhouse Gas Emissions Mitigated	6,250,000 tCO_2e (dir) 15,625,000 tCO_2e (indir)
Indicator 9	Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products	2,000 Metric Tons
Indicator 9.6	Quantity of POPs/Mercury containing materials and products directly avoided	10,000 Metric Tons
Indicator 10	Reduction, avoidance of emissions of POP to air from point and non-point sources	75 gTEQ
Indicator 11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	640 male 160 female

Financial structure*



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

AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries (GEF-7, 10497)

Project summary

AGRI 3 is a guarantee and sub-debt fund, aiming to de-risk investment in forest conservation and sustainable agriculture. The Fund will guarantee tenor extension and loss of first three year to the local commercial bank to unlock finance for sustainable agriculture and forest conservation activities by local farmers. It aims to unlock a total of USD 1 billion by blending AGRI 3 products with commercial bank loans.

Global/ Biodiversity & Climate Change & Land Degradation/ SDG 2, 13, 15

Financial terms

- Investment type: Equity for guarantee and sub-debt fund, GEF will be an anchor investor as senior participant to the fund after the first loss provided by Netherlands Government, bridging the gap between investment/grant by Netherlands Government and senior debt by Rabobank and other banks
- Amount of investment: USD 15M*, co-financing: USD 146 M
- IRR: 5% after year 5
- Maturity: 20 years (minimum 10 years)

Global Environmental Benefits

Indicator 3	Area of land restored	91,000 ha
Indicator 4	Area of landscapes under improved practices (hectares; excluding protected areas)	650,000 ha
Indicator 6	Greenhouse Gas Emissions Mitigated	18,400,000 tCO_2e
Indicator 11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	180,000 male 120,000 female

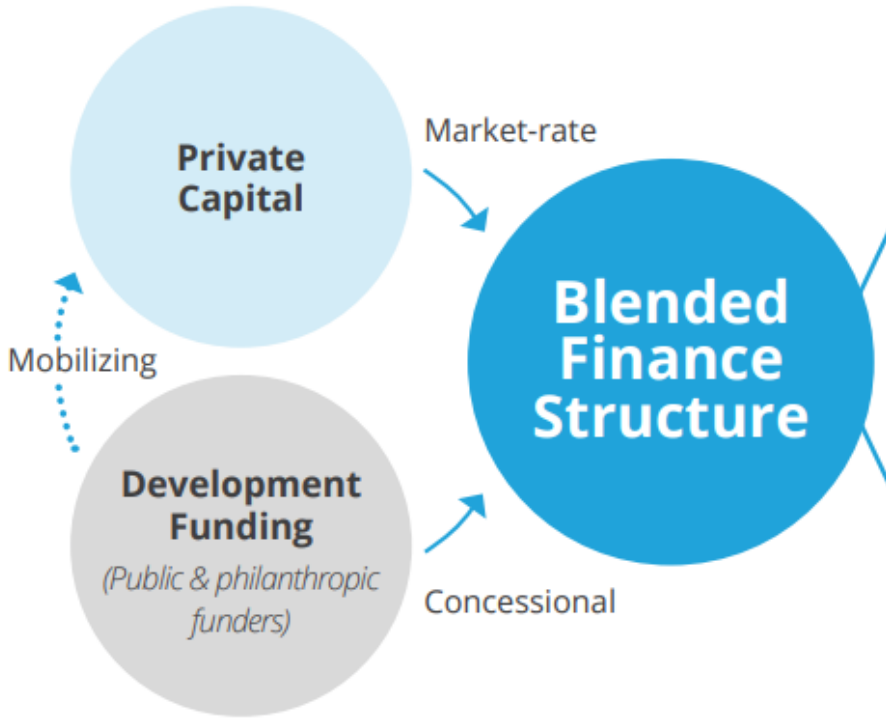
Financial structure

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

Questions?

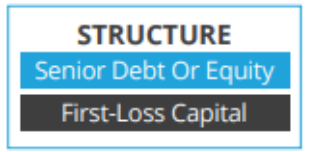
gef GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Figure 1: Typical Blended Finance Mechanics and Structures

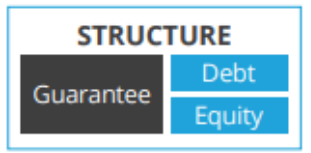


EXAMPLE STRUCTURES

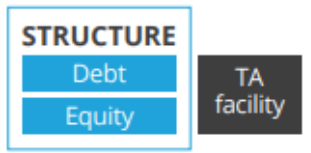
Private equity or debt funds with concessional public or philanthropic funding attracting institutional investment



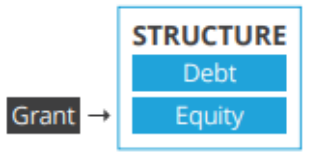
Bond or note issuances with concessionally priced guarantees or insurance from public or philanthropic funders



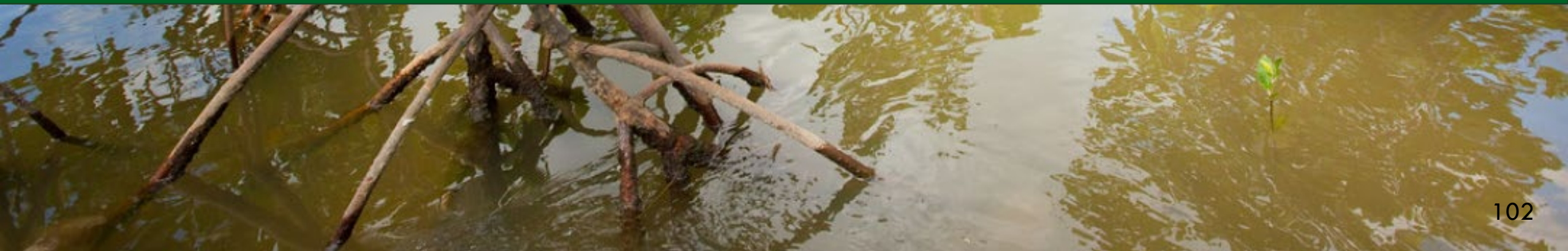
Grant funding from public or philanthropic funders to build capacity of investments to achieve expected financial and social return



Grant funding from public or philanthropic funders to design or structure projects to attract institutional investment



Workshop evaluation and feedback

GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

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