



Business Investment Financing Track

Call Guidelines

Call Launch Date: October 1st, 2024

Submission Deadline for Year 1 of the BIFT Pilot: June 1, 2025

Business Investment Financing Track Guidelines

I. The Global Agriculture and Food Security Program

The Global Agriculture and Food Security Program (GAFSP) works to improve the income and food security of poor people in low-income countries through public and private sector investments, as well as technical assistance and advisory services. GAFSP aims to fill the financing and technical gaps in country-owned and country-led agriculture and food security strategies and plans. GAFSP takes a holistic approach to transforming agri-food systems –with smallholder producers, producer organizations, and agribusiness MSMEs at its core. Support provided by GAFSP builds the poorest and most vulnerable countries’ and communities’ capacity to adapt to and build resilience for potential future climate, economic, and other shocks by increasing smallholders’ incomes, strengthening food security and nutritional outcomes, improving environmental impacts, and advancing gender equality.

II. Business Investment Financing Track (BIFT)

This call forms part of a pilot initiative launched under the Business Investment Financing Track (BIFT) of the Financial Intermediary Fund (FIF) of the GAFSP. As of January 2019, the GAFSP Steering Committee (SC) endorsed a dual-track funding model for the GAFSP’s FIF including: (i) a Grant-Based Financing Track (GBFT); and (ii) a Business Investment Financing Track (BIFT). Under this funding model, the existing Grants-Based Financing Track (GBFT) would continue to offer grant financing to (i) Country-led proposals for public sector investments; and (ii) Producer Organization (PO)-led proposals for investments modeled after the pilot experience of GAFSP’s Missing Middle Initiative (MMI). The Business Investment Financing Track (BIFT) would be created to support private sector initiatives with blended financing instruments. As of September 2023, following consultations with GAFSP stakeholders, the SC approved the key design features of the revised intervention model proposed for the BIFT. The SC also approved the allocation of a funding envelope of USD 75 million for the launch of the BIFT pilot and authorized the formulation of detailed guidelines, templates, and guidance documents for submitting proposals under the BIFT pilot.

III. BIFT Objectives

BIFT aims to promote innovative approaches for deploying blended finance instruments that increase the effectiveness of scarce grant resources provided by ODA to mobilize finance from the private sector for transformative medium to long-term investments in resilient agri-food systems in low-income countries (LICs). Transformative investments supported under BIFT aim to contribute to achieving triple wins in LICs at the nexus of strengthening food and nutrition security, improving rural livelihoods, and reducing fragility to external shocks, especially by bolstering adaptation to climate risks and impacts. BIFT will incentivize public, private, and civil society partnerships that help mobilize and channel more private capital towards investments in climate-smart agriculture technologies, practices, infrastructures, and capacities in LICs, which increase productivity, climate resilience, and economic opportunities across local and regional agri-food systems and deliver global public goods. BIFT will focus on improving access to finance for these investments for GAFSP’s target beneficiaries in the higher risk and higher impact segments upstream local and regional agri-food value chains in LICs, which remain underserved by existing, direct investment approaches to private capital mobilization. BIFT will prioritize greater inclusion of fragile and conflict vulnerable (FCV) countries and vulnerable groups such as women to further gender

equality and youth. As a new financing window in the GAFSP Program, BIFT will promote knowledge-sharing across SEs and across GAFSP's different financing tracks, including GAFSP's Grant-based Financing Track and Private Sector Window.

IV. Eligibility – Beneficiaries, Supervising Entities and Activities

Beneficiaries. BIFT's final beneficiaries represent segments in the food system that remain underserved by financial markets, including smallholder farmers, producer organizations, and agribusiness MSMEs and startups in IDA-only countries. This support will be provided through investment and related support services delivered via sub-projects or activities under existing national, regional, or global co-financing platforms aligned with the objectives of BIFT outlined in Section III. In order to encourage geographical diversity in BIFT-funded projects the BIFT portfolio of projects aims to have a single country allocation limit of a maximum of 20% of the total available BIFT funding envelope. During the pilot phase, the CU will monitor this single country allocation limit across the BIFT portfolio of projects, report findings to the SC, and with the SC's approval either formally adopt or revise a single country allocation limit across or among each SE's BIFT funded projects.

Supervising Entities (SEs). The following entities can access BIFT funding provided that they are applying the *Enhanced Blended Concessional Finance Principles for DFI Private Sector Operations*: African Development Bank (AfDB), Asian Development Bank (ADB), IDB Invest, International Fund for Agriculture Development (IFAD), and International Finance Corporation (IFC).

Activities. BIFT funding can be deployed as (i) concessional instruments tools, including guarantees, insurance, as well as concessional debt or equity; and/or (ii) accompanying grant support, including technical assistance, advisory service, and incentives. BIFT funding can be used to design and implement programmatic approaches to deploying concessional finance tools to de-risk private investments in financial innovations within existing national, regional, or global co-financing platforms implemented by eligible SEs. Up to 20% of the total size of the Proposal can take the form of grants used for advisory services, technical assistance and/or incentives supporting financial innovations within these existing co-financing platforms. Critically, existing co-financing platforms funded under the BIFT would complement existing or planned public investments or policy reforms implemented by governments in IDA-Only countries and supported by eligible SEs with a view to transforming local and regional agri-food systems towards improved resilience. Proposals submitted under the BIFT that demonstrate linkages with existing "Country-led" and/or "Producer Organization-led" activities supported under the FIF's Grant-based financing track would be prioritized.¹

V. Implementation Arrangements

Contributions. Donor contributions are held unallocated in the GAFSP FIF, with the World Bank serving as Trustee. The SC determines if and when either financing track (GBFT and/or BIFT) is ready to be allocated (and used) through a periodic and open call for proposals. Readiness would be subject to, inter alia, the available fund balance in the FIF.

¹ The GAFSP Private Sector Window managed by IFC continues to exist alongside the BIFT and follows a "business-led" and primarily "transactions-based" approach to blended concessional finance to unlock direct investments by IFC and its co-financiers in financial intermediaries and (mid-cap) agribusinesses.

SE Participation. Eligible SEs participation is subject to entering a Financial Procedures Agreement (FPA) with the Trustee. After entering the FPAs, SEs become eligible to submit Proposals under the BIFT and in line with the GAFSP Governance Document and Operations Manual.

Trustee. World Bank serves as the Trustee to the GAFSP FIF, including the BIFT.

GAFSP Coordination Unit (CU). The GAFSP Coordination Unit, staffed by the World Bank, acts as administrator and coordinator for all GAFSP administrative processes and procedures, including those governance the BIFT.

Technical Advisory Committee for the BIFT (TAC-BIFT). An external, independent body, with the mandate to provide a technical assessment of the quality of submitted BIFT proposals and to submit to the Steering Committee a Recommendation Report on funding allocations to inform the SC's decision making.

GAFSP Steering Committee. The GAFSP Steering Committee is the decision-making body of GAFSP, including the BIFT, and is comprised of donors, partner countries, multilateral development agencies, and civil society organizations.

VI. Submission and Approval of BIFT Proposals

BIFT Pilot Period. The BIFT Pilot period starts on October 1st, 2024 and ends on June 30, 2026, which represents the last date of SE internal Board approval of the BIFT project.

Call for Proposals Under the BIFT. The GAFSP Coordination Unit (CU) will issue an announcement by September 1st of each year that the call for proposals under the BIFT has been opened. Funding proposals that are deemed ready can be submitted by the sponsoring SEs until June 1st from the date of the CU's announcement and will be reviewed on a rolling basis. When issuing the announcement, the CU will indicate the amounts of the Currently Available Resources allocated by the SC for the BIFT. During the BIFT pilot period, each eligible SE can submit proposals for a combined total of up to \$15 million of GAFSP funding. Eligible SEs have until June 30, 2026 to commit GAFSP funds to the approved Proposal. If on June 30, 2026 any of the SEs do not submit any successful funding proposals or if funds allocated by the SC to the BIFT pilot remain uncommitted by any of the SEs to existing co-financing platforms, those funds will be returned to the FIF and considered Currently Available Resources for subsequent GAFSP calls for proposals.

BIFT Project Implementation Period. The implementation period of Proposals submitted under the BIFT pilot can amount to a maximum of 5 years. SE's must disburse all allocated resources by the end of the implementation period. Any undisbursed resources will be returned to the GAFSP FIF. The maturity period for underlying investments/transactions financed by the project can amount to a maximum of 15 years. This maturity period includes any grace periods provided to the underlying investments/transactions.

Procedure for submitting Proposals. Proposals will be submitted electronically to the CU (gafsp-info@gafspfund.org) by the sponsoring SE. Each Proposal is submitted by an SE in writing. Proposals will include the following elements, but requirements may be modified by the SC over time:

- (a) Completion of the BIFT Proposal Template, in a form attached hereto as Annex 1;
- (b) Clear description in writing of the project, consistent with these Guidelines and

reflecting the funding approval criteria and guiding principles outlined herein;

(c) Submissions in English and United States dollars.

Screening by the CU. Upon receipt of an initial Proposal, the CU will have 5 business days to screen each Proposal for completeness. If the Proposal is incomplete the CU will inform the SE and allow the SE to resubmit a revised Proposal.

Notification to the SC. After its screening of completeness and determination of conformity with the eligibility criteria, the CU will notify the SC Co-Chairs of the receipt of a Proposal and share a Proposal Summary with the SC (**Annex 2: Proposal Summary**) which summarizes key aspects of the proposed project. The SC has 10 business days to approve, by no-objection, the submission of the Proposal to the BIFT-TAC for review.

Review by the BIFT-TAC. The BIFT-TAC will have a standing quarterly meeting for Proposal review and will meet in response to a CU proposal review request. The TAC-BIFT Co-Chairs will assign the Proposal to a sub-group of at least 5 TAC subject matter expert members (including the TAC-BIFT Co-Chairs) for review, scoring and recommendation. The BIFT-TAC review process cannot exceed 15 business days. The BIFT-TAC will use a scoring template prepared by the CU to assess each proposal. The criteria included in the scoring template are aligned with the list of selection criteria included below. As part of its review, the BIFT TAC has the options to convene meetings of BIFT TAC representatives and the submitting SE to discuss any issues or uncertainties pertaining to the Proposal. The outcomes of any meeting convened by the BIFT-TAC and an SE will be reflected in the Recommendation Report to the SC and Minutes will be shared with SE Focal Points for learning purposes.

Eligibility & Selection Criteria. The proposals will be reviewed and approved against the following criteria, which reflect the objectives and prioritized themes of the BIFT Pilot. These eligibility and selection criteria can be adjusted prior to each announcement by the CU of the call for proposals to consider strategic guidance from the GAFSP Steering Committee and lessons learned from the prior call for proposals. Details of the selection criteria are included as part of the BIFT Proposal Template (**Annex 2: BIFT Proposal Scoring Template**).

Eligibility Criteria Include:

- Support investments in (at least one) GAFSP program components (raising agricultural productivity; linking farmers to markets; reducing risk and vulnerability; improving non-farm rural livelihoods; technical assistance, institution-building, and capacity development) as well as GAFSP cross-cutting themes (climate, gender, nutrition);
- Achieve a minimum 1 (SE): 1 (BIFT) funding leverage ratio²;
- Achieve a minimum total project size of USD 10-15 million (SE + BIFT + Co-Financiers);
- Include a financial feasibility study/assessment of financing needs/gaps facing final beneficiaries targeted by the BIFT;
- Support investments in IDA-only countries;
- Demonstrate engagement of governments, development partners, private sector, and CSOs in proposal design and/or implementation;

² SE funding includes eligible investment SE's own concessional and/or commercial finance, whereas BIFT funding includes grant and/or concessional finance requested under the SE's Proposal.

- Confirm commitment to the DFI Enhanced Blended Concessional Finance Principles by:
 - Confirming in writing that the SE is a member of the DFI Working Group on Blended Concessional Finance for Private Sector Projects
 - Confirming in writing that the SE applies the DFI Enhanced Blended Concessional Finance Principles (Annex 3)
 - Including a summary of the SE's blended finance policies and procedures implemented in line with the DFI Enhanced Blended Concessional Finance Principles.

Selection Criteria Include:

- **Leverage:** Crowding-in private sector co-investment from private investors and other DFIs.
- **Objectives, Prioritized Themes, and Geographic Focus:** Improving access to finance for climate smart investments; prioritizing (i) the development of local and regional agri-finance markets for GAFSP's target beneficiaries, (ii) the development of local and regional value chains for nutritious foods, and (iii) inclusion of vulnerable groups such as women to further gender equality and youth; and reaching poor and vulnerable communities in IDA-only countries affected by Fragility, Conflict, and Violence (FCV).
- **Project Description/Key Components:** Strengthening existing co-financing platforms and demonstrating linkages with public sector investments or reforms supported by eligible investment SEs.
- **Strategic Partnerships:** Building public, private and civil society organization partnerships.
- **Enhanced Blended Concessional Finance Principles:** Demonstrating application of the DFI Working Group's Enhanced Blended Finance Principles and Governance Mechanisms.
- **Sustainability:** Ensuring the sustainability of the Proposal beyond BIFT funding.
- **M&E/Results Framework:** Aligning with 2022 GAFSP M&E Plan and describing project-level data collection, verification and reporting processes.
- **Risk Management:** Mitigating project risks

Recommendation Report. Successful funding proposals will fulfill all the eligibility criteria and will be recommended to the SC for approval for funding if the proposal reaches a sufficient score on the BIFT Project Proposal Template (included in the BIFT Proposal Template). The BIFT TAC will complete a Recommendation Report using a standard format developed by the BIFT TAC, which reflects the outcome of a selection criteria-based assessment and scoring of the Proposal as well as the outcomes of any proposal review meeting(s) the BIFT-TAC conducts with the SE, and suggested additions or amendments to the Proposal. The Recommendation Report will be submitted to the CU, which will submit it to all SC members for consideration and approval.

Approval of Initial Proposals by the Steering Committee. SC members will have 10 business days to review the Recommendation Report and provide comments or no objection approval. The SC can approve the Proposal, or approve with conditions and considerations, which will be communicated to the SE by the CU. Upon approval of the Proposal, the CU will, on behalf of the Steering Committee, inform the SE and the Trustee of the SC's approval. The CU will also publish the Project Summary on the GAFSP website. Upon this communication, the Trustee will set aside the SC approved funding amount and SE Fee for the approved initial Proposal. In case SC member(s) flag major issues on the Proposal and/or on the TAC-BIFT recommendations, and the SC Co-Chairs determine its necessity, the SC will convene a virtual meeting with the BIFT-TAC Co-Chairs to discuss the Proposal and/or Recommendation Report and provide any

further explanations or clarifications to the SC. The meeting will be organized by the CU within 10 business days of receiving the request from the SC Co-Chairs. Along with the SC approval, project specific strengths and weaknesses and any additional observations are included for attention of the SE. If a Proposal is approved and revisions to the project design are recommended, the SE will be responsible for addressing these recommendations in the Final Proposal.

SE Fee Requests. The SE can submit its SE Fee request to the SC, through the CU, promptly after approval of an initial Proposal or as part of the final Proposal. Supervising Entities shall calculate SE Fees in accordance with their policies and procedures. Requests for SE Fees shall specify amounts requested with respect to (i) preparation of the final Proposal, if any, and (ii) managing the SE Trust Fund/Account and GAFSP activity.

Approval of the Final Proposal. SC approval of the Final Proposal is required prior to internal SE approval. The final Proposal will be shared by the SE with the CU for a screening of compliance with SC and/or TAC-BIFT recommendations before being submitted to SC members for final approval. The screening by the CU will be completed within 5 business days from receiving the final Proposal. If the CU is uncertain whether the final Proposal complies with SC and/or TAC-BIFT recommendations it can invite on an as needed basis the TAC-BIFT to provide additional technical feedback. Upon completion of its screening, the CU will share the final Proposal with SC members for final consideration and approval. SC members will have 10 business days to review the final Proposal and provide comments or no objection approval. Upon approval of the final Proposal, the Trustee commits the approved amount to the SE and issues a Letter of Commitment (LoC). The CU will update, as appropriate, the Project Summary published on the GAFSP Website

VII. Approval and Transfer of Supervising Entity Fees

Supervising Entities may request a fee to cover their costs for services performed by the SEs in connection with the preparation of a final Proposal and/or managing the SE Trust Fund/Account and GAFSP activities. The SE is required to submit a detailed budget for project supervision, periodic and completion reporting, and any associated administrative fees (referred to collectively as the "SE Fee") to the CU for SC's approval. This fee covers SE overheads for the entire project duration. Under the BIFT, SE Fee requests representing 5% or less of the Proposal will be considered approved by the SC. SE Fees over 5% of a Proposal shall require SC approval. Any proposed changes to the SE's Fee during the project implementation phase, if it remains within or below the 5% ceiling, will undergo review and approval by the CU.

Requests for SE Fees shall be submitted to the SC, through the CU, promptly after approval of the initial Proposal or as part of the final Proposal. Supervising Entities shall calculate SE Fees in accordance with their policies and procedures and procedures. Requests for SE Fees shall specify amounts requested with respect to (i) preparation of the final Proposal, if any, and (ii) managing the SE Trust Fund/Account and GAFSP activity. SE Fees approved for the preparation of a final Proposal will be committed by the Trustee upon approval of the SE Fees in line with the previous paragraph. The remaining balance of SE Fees will be committed by the Trustee upon approval of the final Proposal by the SC. The Trustee will disburse SE Fees in accordance with a Financial Procedures Agreement. SEs are not obligated to furnish financial reports regarding the utilization of Administrative Fees. However, any remaining undisbursed balances of SE Fees upon project closure must be returned by the SE to the Trustee.

VIII. Project Preparation and Supervision by the Supervising Entity

Project preparation, implementation, and supervision/implementation support will be governed by the relevant policies and procedures of the selected SE.

Once SC approval is given to the Final Project Document the SE may seek its internal board approval. The SE is requested to notify the CU of the internal SE Board approval of the project. The CU will share this notification with the SC for their information and reference.

In addition to applicable SE policies and procedures for project preparation, execution and supervision, including financial terms and conditions, the following principles will also apply along with the following guidance:

- Funds approved for investment activities are to be used strictly for activities where funds are passed on to the recipient, with the role of the SE limited to appraisal and implementation support of activities supported by these funds;
- The SE should adhere to the DFI Working Group on Concessional Blended Finance enhanced principles (Annex 3)
- The project design should be in line with the proposal approved by the SC and take into account any comments and recommendations relating to proposal strengths and weaknesses, from the TAC-BIFT and any further guidance contained in the CU's communication;
- The SE should provide necessary guidance to the project teams to ensure that the requirements set forth in the GAFSP Monitoring and Evaluation (M&E) Plan are reflected in the relevant GAFSP M&E sections of the final Proposal to ensure the overall compliance in reporting results to the SC through the CU, on a six-monthly basis.

IX. Project Extension, Restructuring or Suspension

Changes to the project (e.g., budget, safeguards, development objective (DO), project design) during implementation, or extension of the project closing date are subject to the following procedures, prior to completion of internal SE approval processes for the restructuring or extension. The CU informs the SE of SC approval of the project extension or restructuring.

Minor changes to the project design, minor reallocation of funds between components, changes in targets of output or input indicators, changes in geographic coverage, or cumulative extension of the project closing date for less than two years must be submitted to the CU for information. The communication to the CU should include details of the changes being made and justification for the changes.

Major changes during implementation and cumulative extensions of the project closing date for more than two years requires SC approval. Major changes include changes made to the following: i) project development objectives; ii) implementation arrangements, including changes in sponsors and type of financial instruments; iii) project development objective impact or outcome indicators or targets; iv) project safeguard category; v) components or key activities; vi) major reallocations of project costs (i.e., >25% of original component cost to new activities or other components, expenditure categories). The SE should submit a memo with details of the proposed changes and justification for those changes and draft a project restructuring document or equivalent (if applicable) to the SC through the CU for approval on a five-day no-objection basis.

X. Progress Reporting by the Supervising Entity

The SE is required to designate a Focal Point and report to the SC, on project preparation or implementation progress (including, inter alia, progress on disbursement and progress in outputs/outcomes included in the project's results framework/M&E systems) using the standardized CU-prepared GAFSP reporting template on a semi-annual basis (data as of June 30 and December 31 of each year). The SE reports to the CU about implementation progress, delays or cancellation of the project. The CU keeps the SC informed of any project preparation/ implementation delays and follow-up with SEs.

The CU notifies the SEs in June and December each year of the deadline for submission of the progress update and provides the reporting template. Reporting to the Trustee will be in accordance with the conditions of the Financial Procedures Agreements (FPAs) as applicable. The SE is required to notify the CU, regarding any change of the Focal Point and contact details as soon as possible. The progress reports submitted by the SEs will inform the BIFT Portfolio Update prepared by the CU for the SC. In addition to monitoring implementation progress, the BIFT Portfolio Update serves as a knowledge sharing moment with SC Members as well as other stakeholders invited by the SC as observers.

Unless otherwise agreed by the SC in the final Proposal approval process, the SE must submit, in line with its Financial Procedures Agreement with the Trustee, an investment income report or financial statement to the Trustee annually and return any investment income to them during project implementation when requested by the Trustee and at the end of the project. When any reflows are returned to the FIF, it is at the discretion of the SC to decide whether the funds should be reallocated for continued use under the BIFT or not. The SC will have until June 30, 2030 to make allocation decisions under calls for proposals organized under either the Grant-based Financing Track and/or the Business Investment Financing Track of the GAFSP FIF. The GAFSP will then have an additional five years to transfer those allocations to the SEs. The GAFSP FIF will remain open until the very last reflow of any underlying investment/transaction received. The reflows received will be returned to Contributors to the GAFSP FIF on a pro-rata basis.

XI. Completion Reporting by the Supervising Entity

Within thirty (30) days of each financial reporting year's end or such other frequency agreed upon with the Trustee and/or after the project's closing date, the SE submits a report on project closures and use of funds to the Trustee.

The Trustee cancels any unused portion of the funding and sends a request for payment to the SE. The SE must return any funds remaining to the Trustee upon receipt of the request for payment.

Within 6 months following the project closing date, the SE should submit to the SC through the CU a full project completion report. The project closing report may be in the standard format typically used by the SE or where no SE standard format is available using the closing report template provided by the CU on request.

XII. Processing Additional Financing by the Supervising Entity

Additional Financing (AF) to existing BIFT projects should be processed following the internal policies and procedures of the SE.

Feedback from the BIFT TAC of the approved AF proposal should be considered and incorporated during preparation of the AF. If there is a need for closing date extension for the original project beyond of already approved by the SC at the time of AF funding approval, such changes would require a separate extension of closing date request. See Section IX of these Guidelines.

The final draft additional financing/restructuring related documents should be shared by the SE with the CU for review of compliance with requirements (as described under VIII above) before being submitted to SC. SC approval is required prior to internal SE approval of the AF.

The SE is requested to share the final AF document with the CU for information upon internal SE approval of the AF. The CU will then share the project documents with the SC for their information and reference.

SE Fees. Additional SE Fees are approved by the SC at the time the additional funds are approved. SEs may submit an FTR to the Trustee to request the transfer of the SE Fee amount in accordance with the process outlined in Section VII of these guidelines. The additional SE Fees should cover the costs for preparation, implementation support and completion reporting for the AF funding, as well as any associated SE fees.

Funds Transfer. Once the AF is approved by the SE, a FTR, including confirmation of SE approval, may be submitted to the Trustee to request the transfer of the full funding amount.

Progress Reporting and Completion Reporting. Progress and completion reporting for the AF follows the procedures laid out respectively under Sections X and XI of these guidelines. The AF will be included in the regular reporting template of the original project. SEs will be requested to report disaggregated disbursement data for the AF funding and the original BIFT funding. Only one completion report will be required covering the original BIFT funding (or SE funded project) and the additional financing upon completion of the full project.

Project Extension, Restructuring or Suspension. Procedures for extension, restructuring, or suspensions of AF will follow information outlined under section IX of these Guidelines.

Annex 1: BIFT Initial Proposal Template

(SEE SEPARATE DOCUMENT)

Annex 2: Proposal Summary Template

Project Proposal Summary Template will provide a factual summary of the main elements of the potential project and will include the following information:

a. Project Name	
b. Project partners	
c. Total project cost	
d. Country location(s) of the project	
e. Brief description of the project	
f. Amount and nature of SE's contribution	
g. Projected date for a decision on the project by SE's Board of Directors (or other relevant internal authority) - No later than 06/30/2026	
h. Expected results of the project	
i. SE's expected role	
j. SE's categorization of the project for environmental and social safeguards purposes	
k. Contact details for SE's relevant Focal Point.	
l. Total BIFT Funding Requested (refer to Annex 1 – Project Budget Table)	Amount Requested: US\$
m. (If Additional Financing) Date of parent Project approval by the Supervising Entity	
n. Estimated project start and end date (mm/yy – mm/yy):	

o. Supervising Entity

Supervising Entities for Investments and Technical Assistance (Select one only)

- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- International Fund for Agricultural Development (IFAD)
- IDB Invest
- International Finance Corporation

Annex 3: DFI Working Group Principles on Enhanced Blended Concessional Finance

These are the enhanced principles and explanation of the principles as they apply to blended concessional finance from the 2013 DFI paper. The common guidelines provide a framework that allows each institution to formalize the Enhanced Principles within their own processes, varying mandates and operational contexts.

Principle 1. Additionality (Rationale/Economic Case for Using Blended Concessional Finance). DFI support of the private sector³ should make a contribution that is beyond what is available, or that is otherwise absent from the market, and should not crowd out the private sector.

Principle 2. Crowding-in and Minimum Concessional. DFI support to the private sector should, to the extent possible, contribute to catalyzing market development and the mobilization of private sector resources.

Principle 3. Commercial sustainability. DFI support of the private sector and the impact achieved by each operation should aim to be sustainable. DFI support must therefore be expected to contribute towards the commercial viability of their clients. A given sector will gradually require less concessional and eventually no support from concessional

Principle 4. Reinforcing markets. DFI assistance to the private sector should be structured to effectively and efficiently address market failures, and minimize the risk of disrupting or unduly distorting markets or crowding out private finance, including new entrants.

Principle 5. Promoting high standards. DFI private sector operations should seek to promote adherence to high standards of conduct in their clients, including in the areas of Corporate Governance, Environmental Impact, Social Inclusion, Transparency, Integrity, and Disclosure.

³ These principles would also apply to other commercially-oriented enterprises addressed by the non-sovereign operations of the DFIs.