
Annex XIII: Financial arrangements for grants and concessional loans and the role of implementing entities and intermediaries in financial arrangements¹**I. Financial arrangements for grants and concessional loans**

- (a) The implementing entity (IE) or intermediary will submit a funding proposal that in its assessment will make the project or programme viable given the risk profile of the project/programme as well as its contribution to the Fund's objectives;
- (b) The subsidy element provided through grants and/or concessional lending will be the minimum amount necessary to make the project or programme viable and help achieve the Fund's paradigm shift objective; and
- (c) The Secretariat, as part of its second stage due diligence, will assess the validity of the proposed financing terms and conditions, and will inform the Board accordingly in order for the Board to decide on the funding proposal.

II. The role of implementing entities and intermediaries

- (a) The Fund will include in its administrative agreements with the IEs or intermediaries a provision on expected repayment of the non-grant portion of the funds; and
- (b) The intermediary will use resources provided by the Fund to finance a project or programme, under terms and conditions that will make it viable at the minimum level of concessionality, as specified in the agreed funding proposal, including blending where relevant.

¹ This annex would not pre-determine the outcome of the document on financial terms and conditions.