UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

Intergovernmental Group of Experts on

FINANCING FOR DEVELOPMENT

THIRD SESSION

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UNITED NATIONS

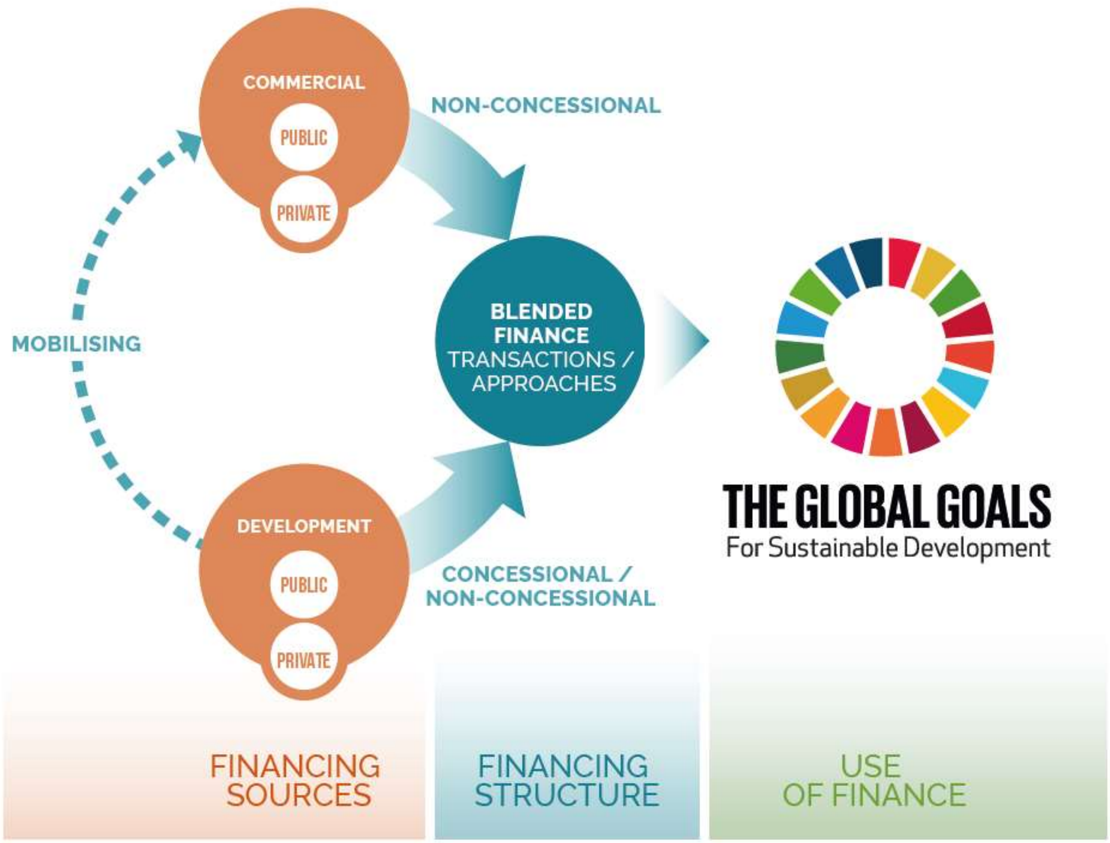
UNCTAD

BLENDED FINANCE FOR GREEN INVESTMENTS

BETTER POLICIES FOR BETTER LIVES

The Concept

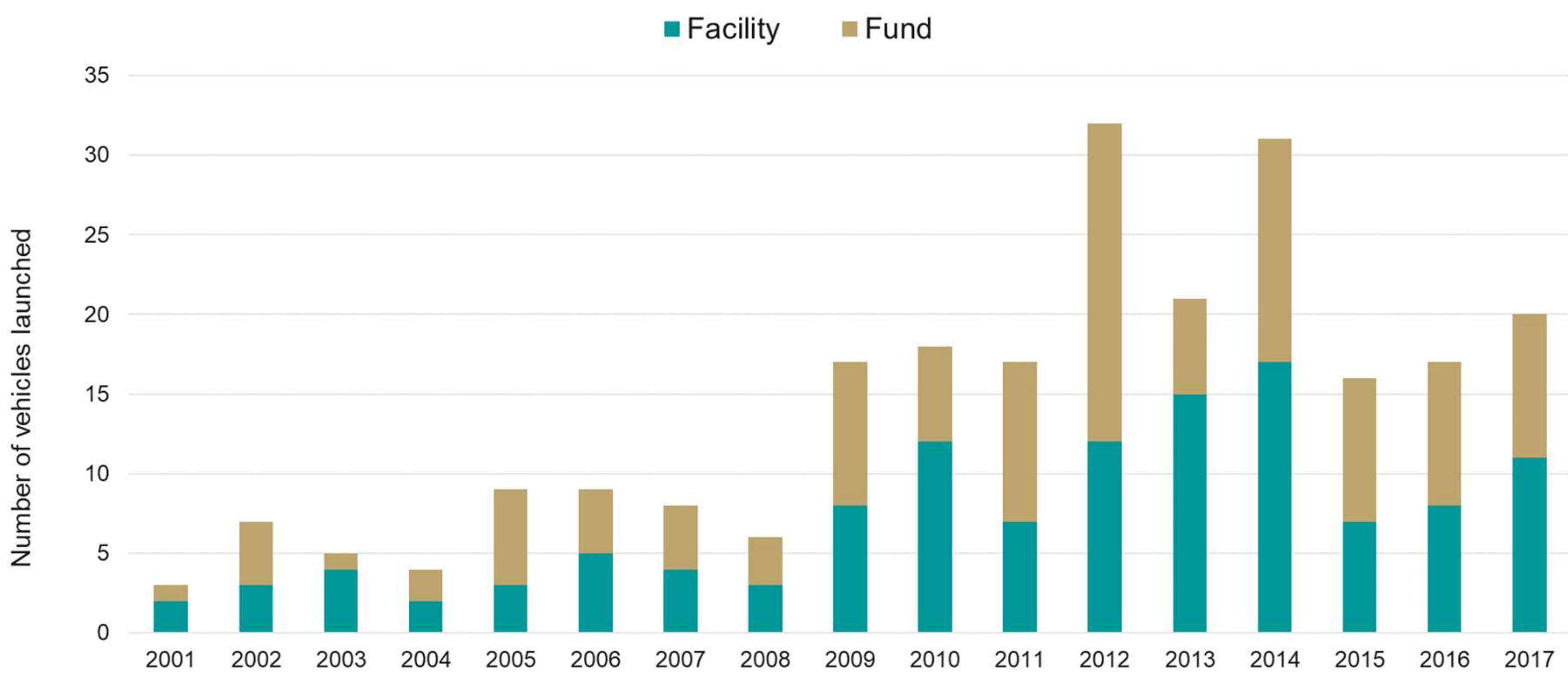
Blended finance can help bridge the investment gap for the SDGs, but requires a common framework



What is blended finance?

Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries.

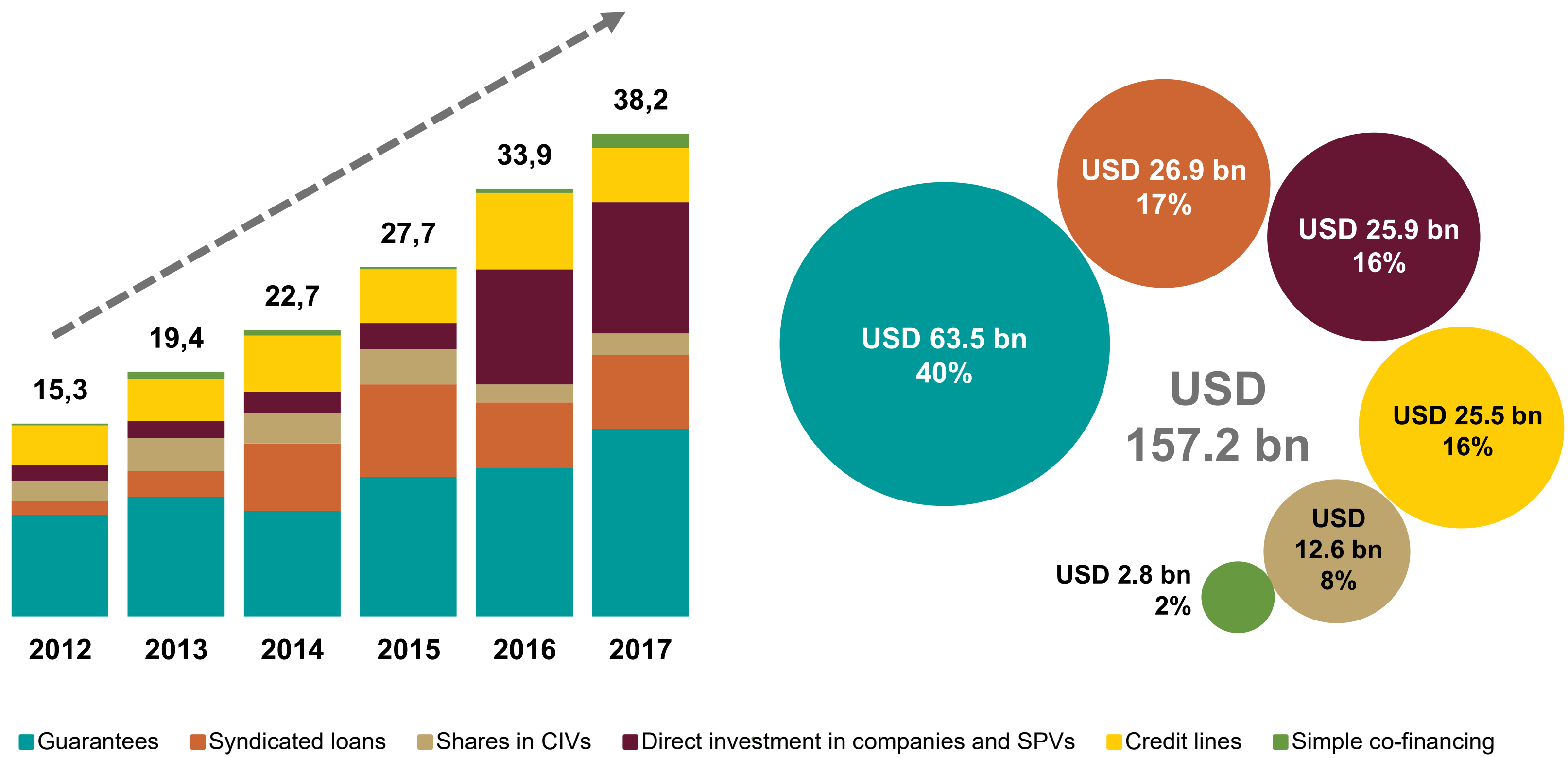
Increasing Role of Blended Finance



- Between 2008 and 2017, a total of 195 blended finance vehicles were launched in the last decade

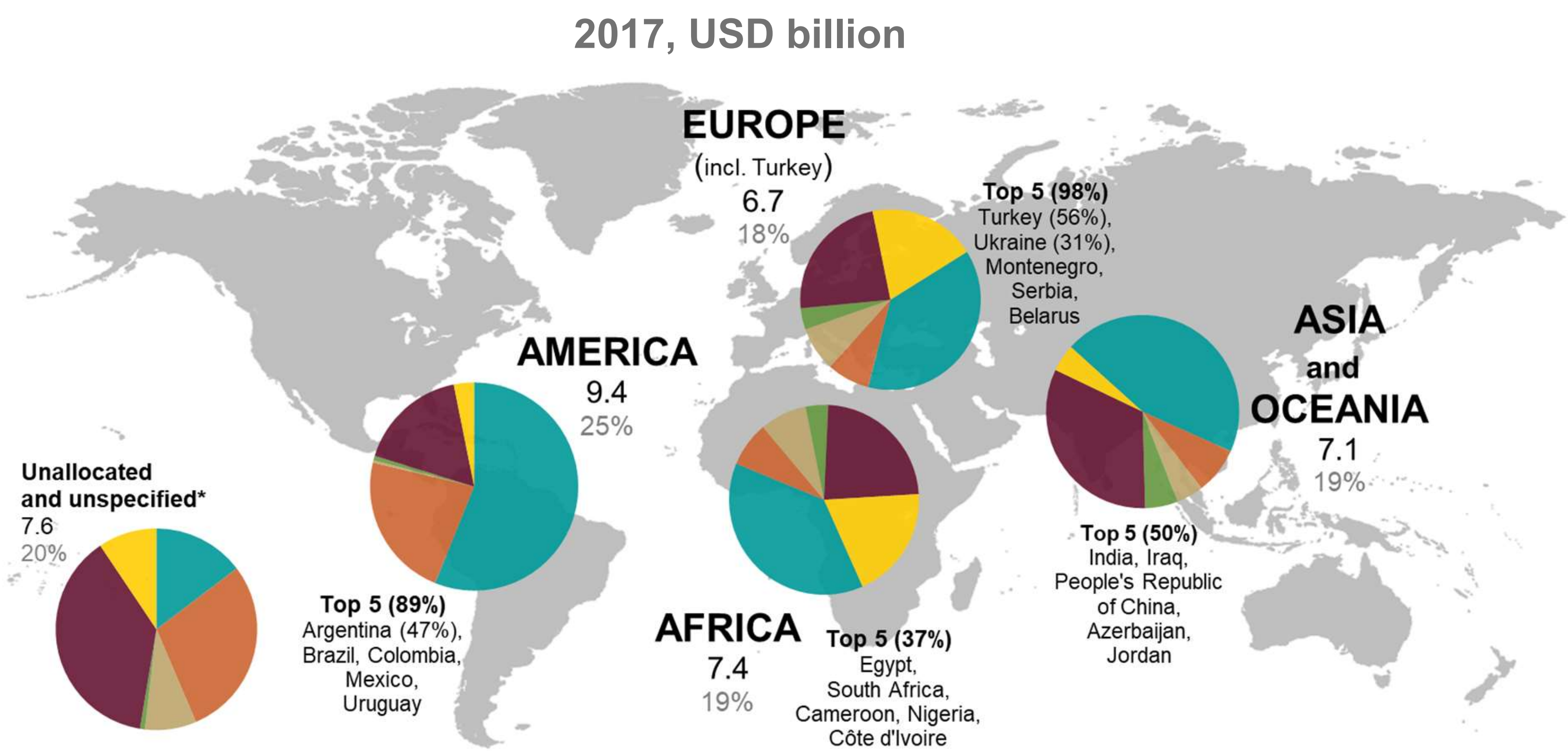
Financing for Private Sector:
DAC data on mobilisation

Amounts mobilised from the private sector by official development finance interventions, 2012-2017
USD billion



Source: OECD CRS, complemented with ad-hoc surveys and data collections.

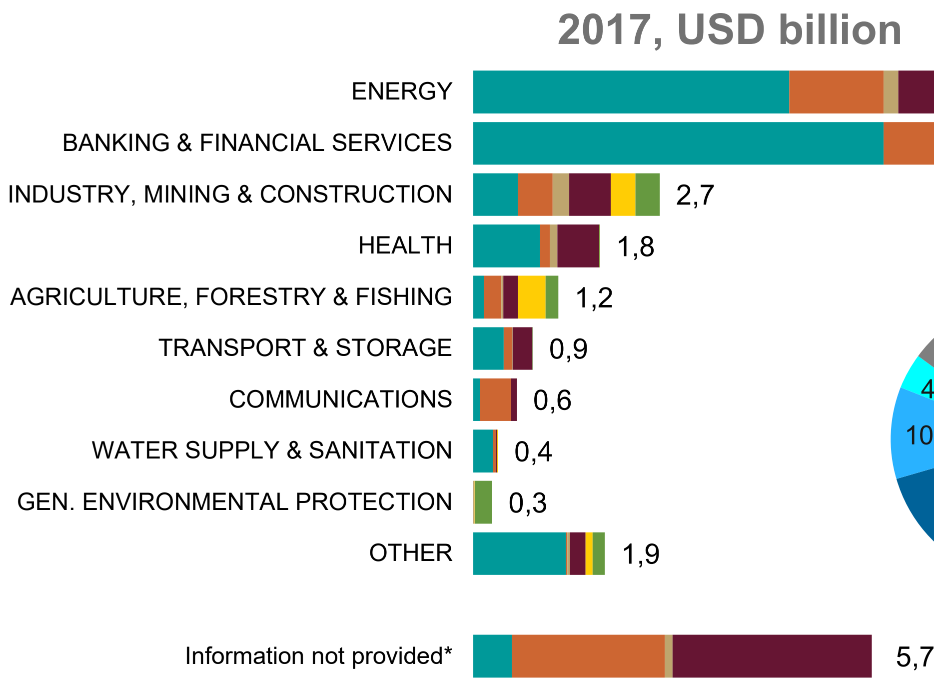
Financing for Private Sector:
DAC data on mobilisation – regions, 2017

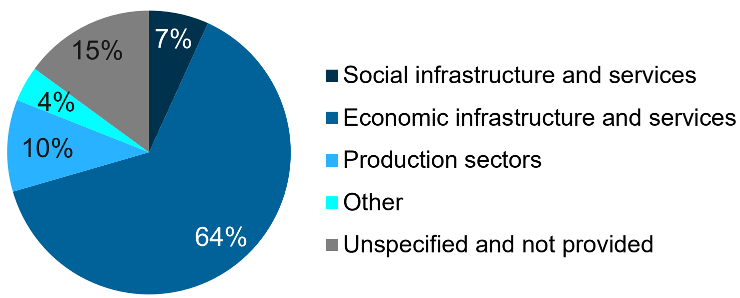


In 2017, Latin America was the region benefiting the most (USD 9.4 bn), closely followed by Africa (USD 7.4 bn), Asia (USD 7.1 bn) and developing countries in Europe (USD 6.7 bn, of which Turkey accounted for 56%).

** 75% of unallocated private mobilisation relates to IFC data provided at an aggregate level due to confidentiality constraints.*

Financing for Private Sector:
DAC data on mobilisation – sectors, 2017

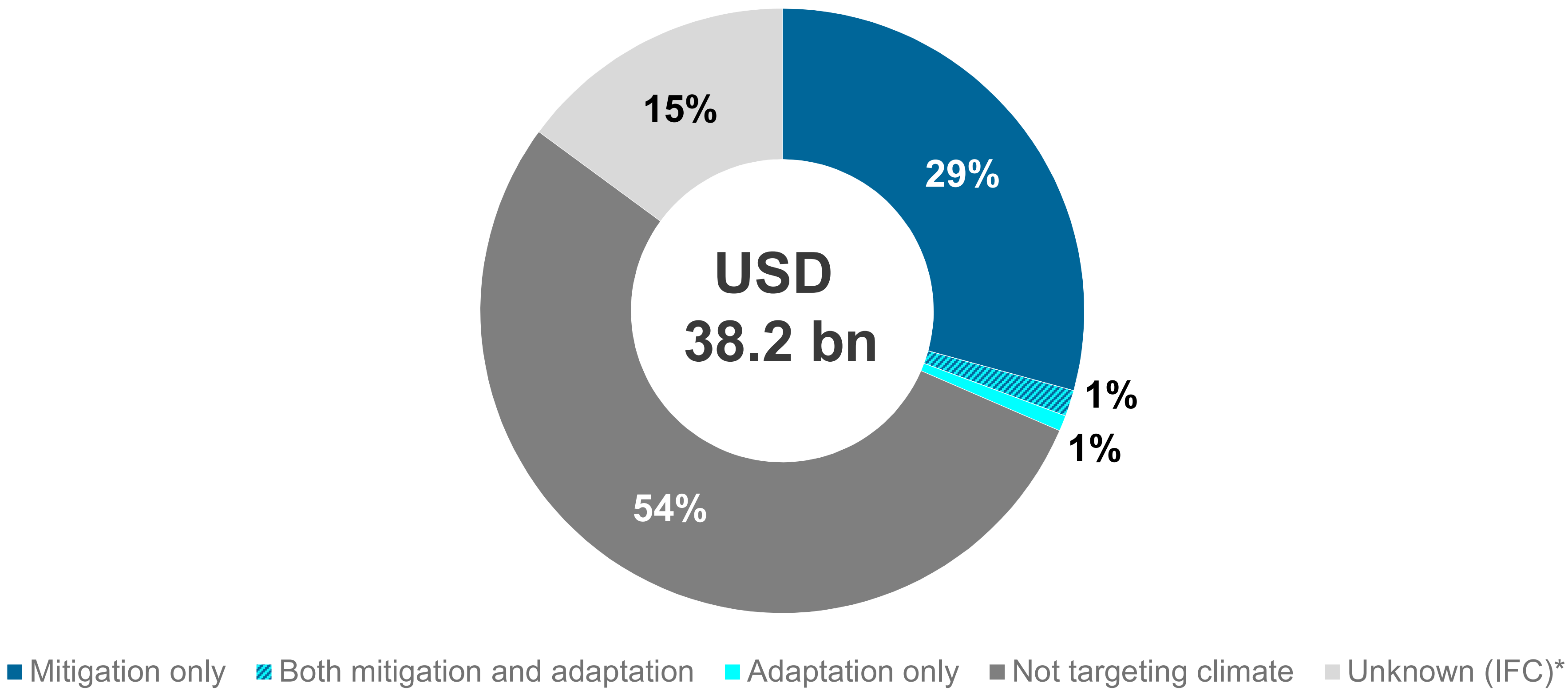




In 2017, official development finance mobilised USD 11.6 billion of private resources towards the energy sector, followed by banking and financial services. Mobilisation in these two sectors accounted for 60% of the total mobilisation in 2017.

** The International Finance Corporation (IFC) did not share information on the sectoral distribution of its private mobilisation due to confidentiality constraints.*

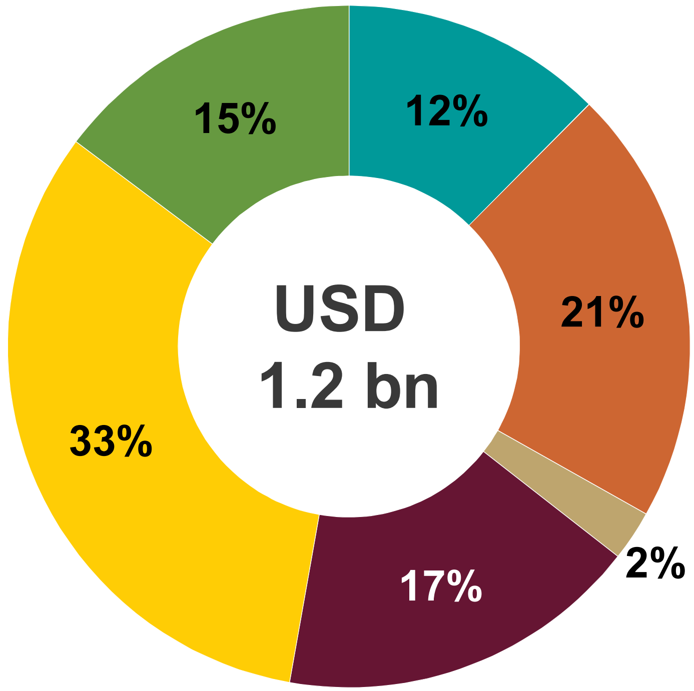
Financing for Private Sector:
DAC data on mobilisation – climate, 2017



In 2017, around a third of private finance mobilised by official development finance was estimated to contribute to climate action. 29% contributed to climate change mitigation only, 1% to adaptation only and 1% to both.

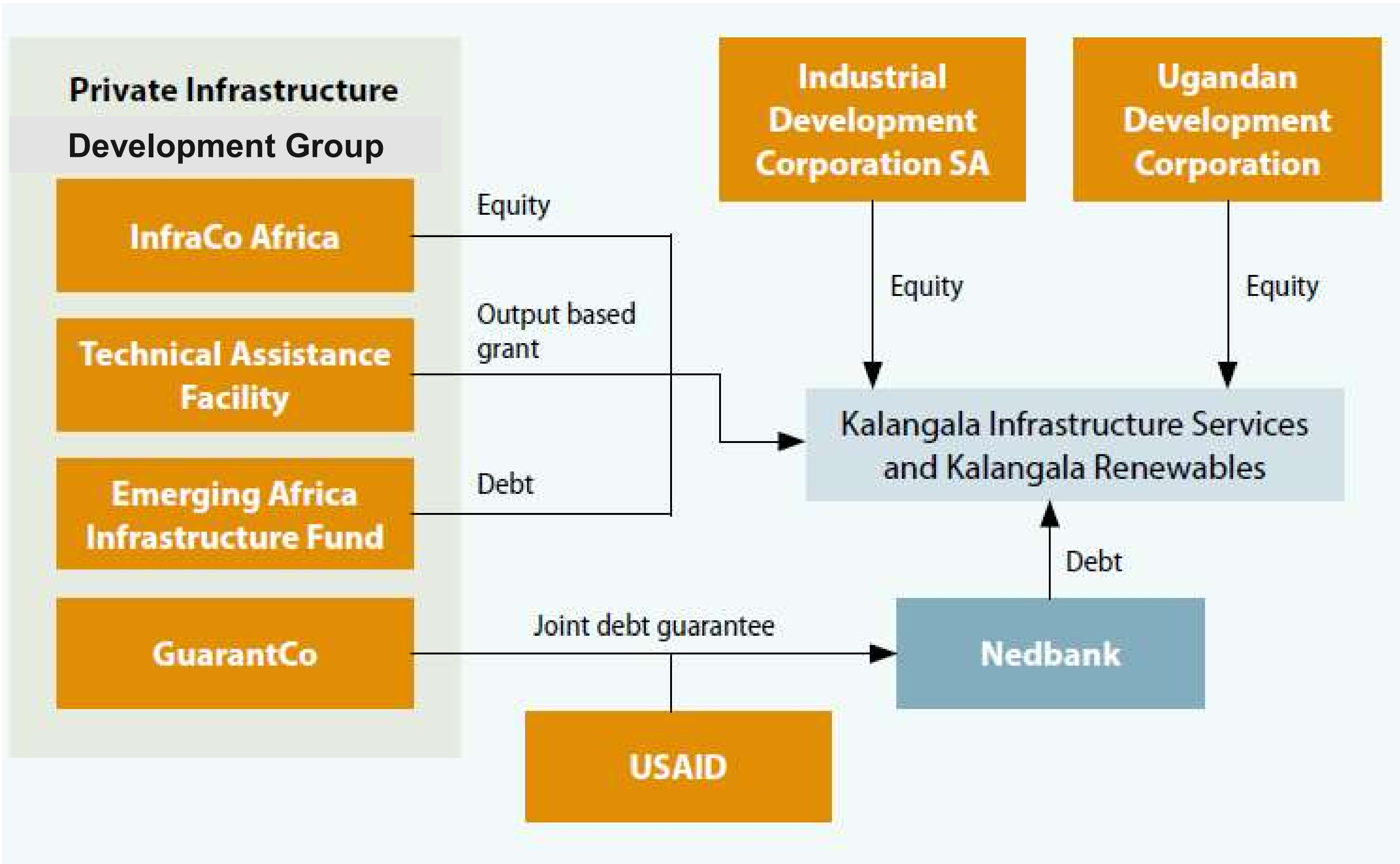
** The International Finance Corporation (IFC) did not share information on the climate focus of its private mobilisation due to confidentiality constraints.*

Financing for Private Sector:
DAC data on mobilisation – agriculture, 2017

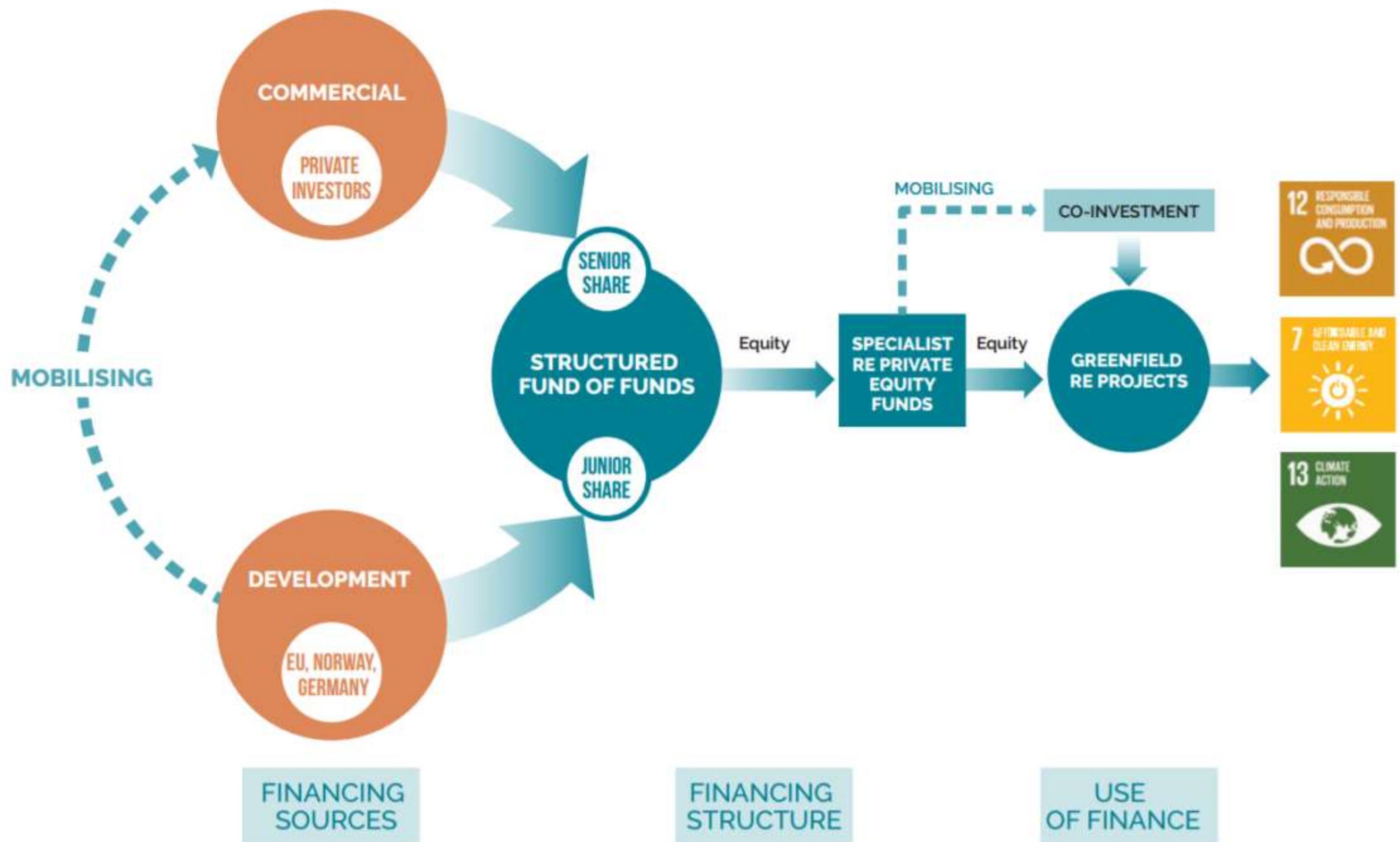


In 2017, official development finance mobilised USD 1.2 billion of private resources towards the agriculture, forestry and fishing, 33% of which through credit lines, 21% through syndicated loans, and 17% through direct investment in companies and project finance SPVs.

Case study example: Kalangala Infrastructure Services



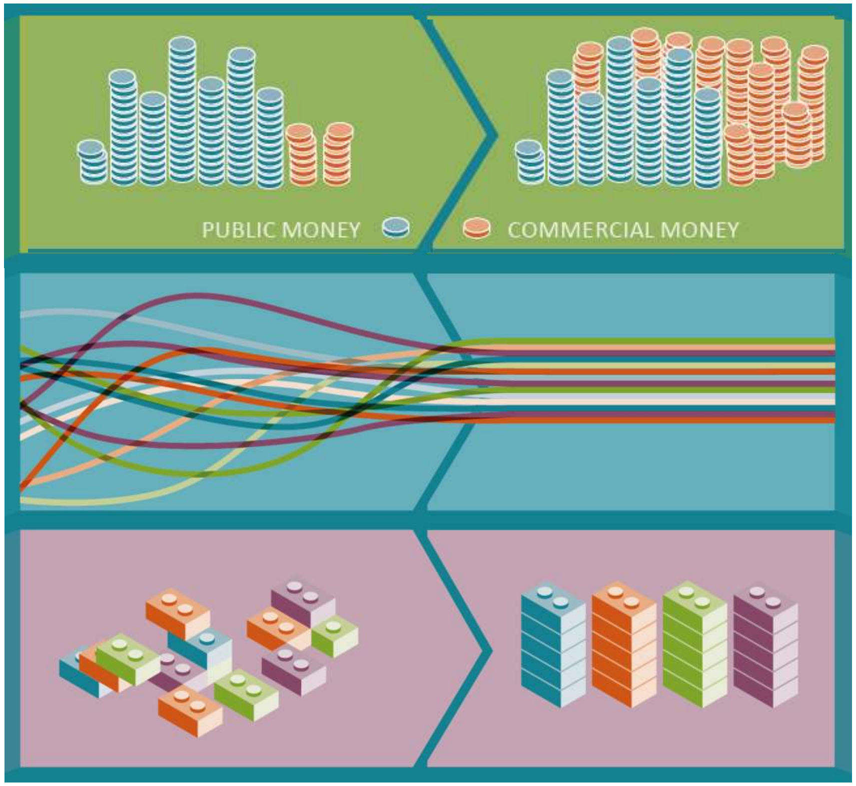
Case Study: GEEREF Fund



Moving towards Blended Finance 2.0

From blending today **to Blended Finance 2.0**

Combining **different sources of public development** finance



Attracting **commercial** finance

Wide variation in understanding of blending, **lack of policy coherence** and standards

Common framework and understanding of blending supporting cohesive action

Lack of evidence and data on blended finance

Consistent estimates of blended finance market, **assessment of effectiveness** of blended finance

OECD Blended Finance Principles (2017)

PRINCIPLE 1 : ANCHOR BLENDED FINANCE USE TO A DEVELOPMENT RATIONALE

PRINCIPLE 2 : DESIGN BLENDED FINANCE TO INCREASE THE MOBILISATION OF COMMERCIAL FINANCE

PRINCIPLE 3 : TAILOR BLENDED FINANCE TO LOCAL CONTEXT

PRINCIPLE 4 : FOCUS ON EFFECTIVE PARTNERING FOR BLENDED FINANCE

PRINCIPLE 5 : MONITOR BLENDED FINANCE FOR TRANSPARENCY AND RESULTS

- The Principles will be complemented by a “Policy Guidance” note in 2020 in order to support ministries and agencies in applying these

The Tri Hita Karana Roadmap for Blended Finance

European Commission

OECD

Canada

DBSA
Development Bank of Southern Africa

Sida

WORLD ECONOMIC FORUM
COMMITTED TO IMPROVING THE STATE OF THE WORLD

BLENDED FINANCE TASKFORCE

CONVERGENCE
BLENDING GLOBAL FINANCE

SDIP

THK Organisation Chart

The THK Action Areas are led by co-leads supported by group members from governments, development finance institutions, development agencies, think tanks and private sector organisations.

Action Area	Co-Leads
WG 1 Practice	**Convergence EC and EIB**
WG 2 Mobilisation	**Convergence Sida SECO**
WG 3 Transparency	**Global Affairs Canada OECD, IFC**
WG 4 Inclusive Markets	**Denmark, SDIP, ICC**
WG 5 Impact	**CGDev OECD (interim)**

OECD

THK Events Calendar

The THK Action Agenda will work along and towards international efforts in 2019/2020, with engagements taking place in conjunctions with major convenings.