



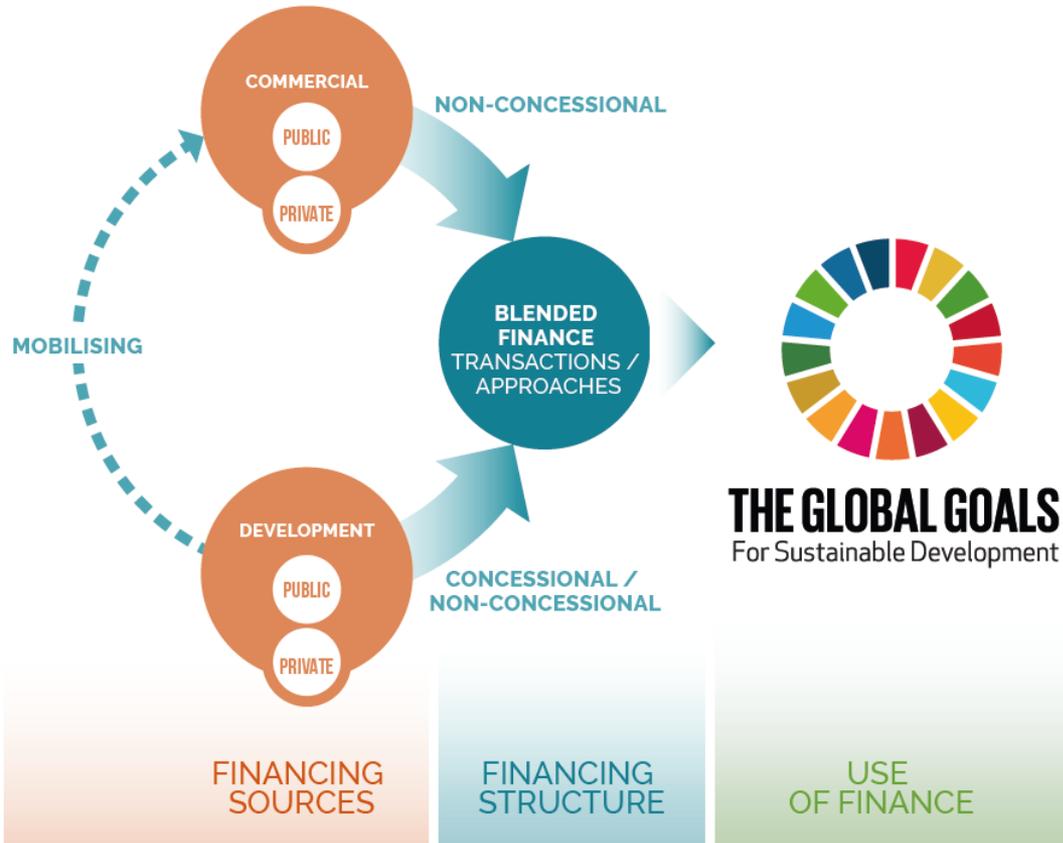
Making Blended Finance Work for the Sustainable Development Goals

HIGHLIGHTS

Download the report: <http://oe.cd/blendedfinance>



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



What is blended finance?

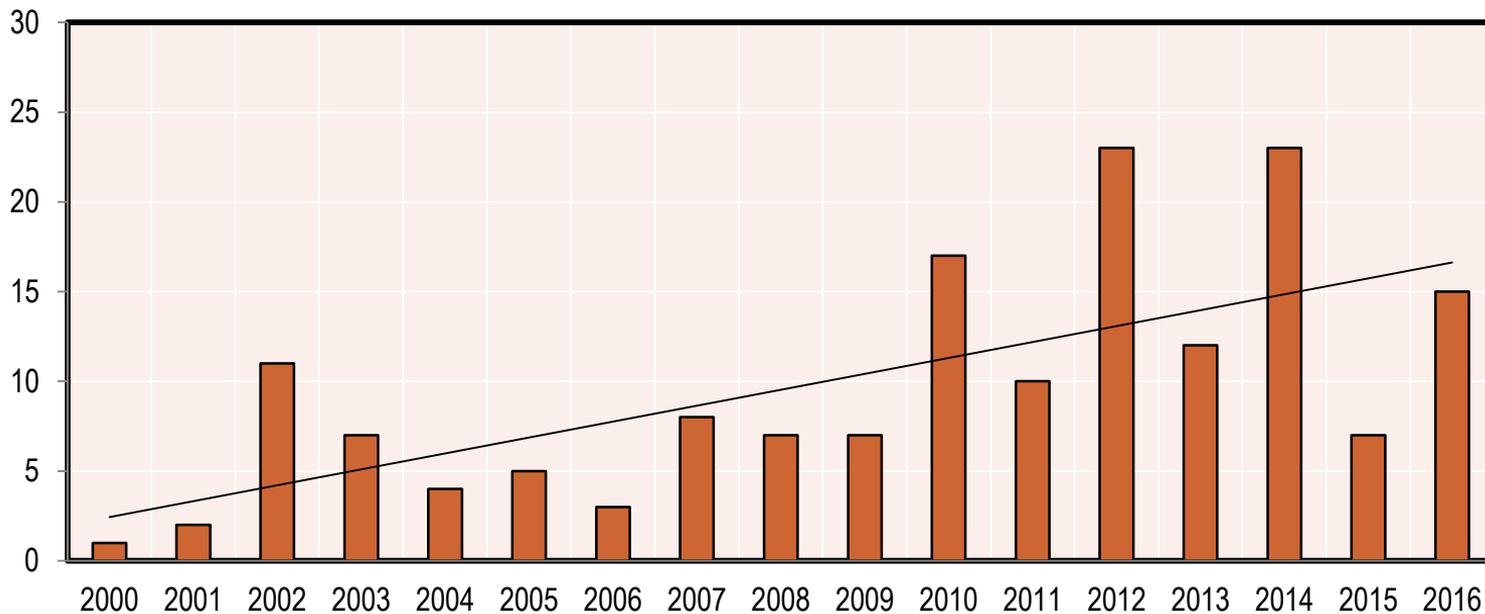
Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries.



'Blending is trending': development co-operation providers, development banks and DFIs are all scaling up

INCREASE IN THE NUMBER OF BLENDED FINANCE FACILITIES LAUNCHED, 2000-16

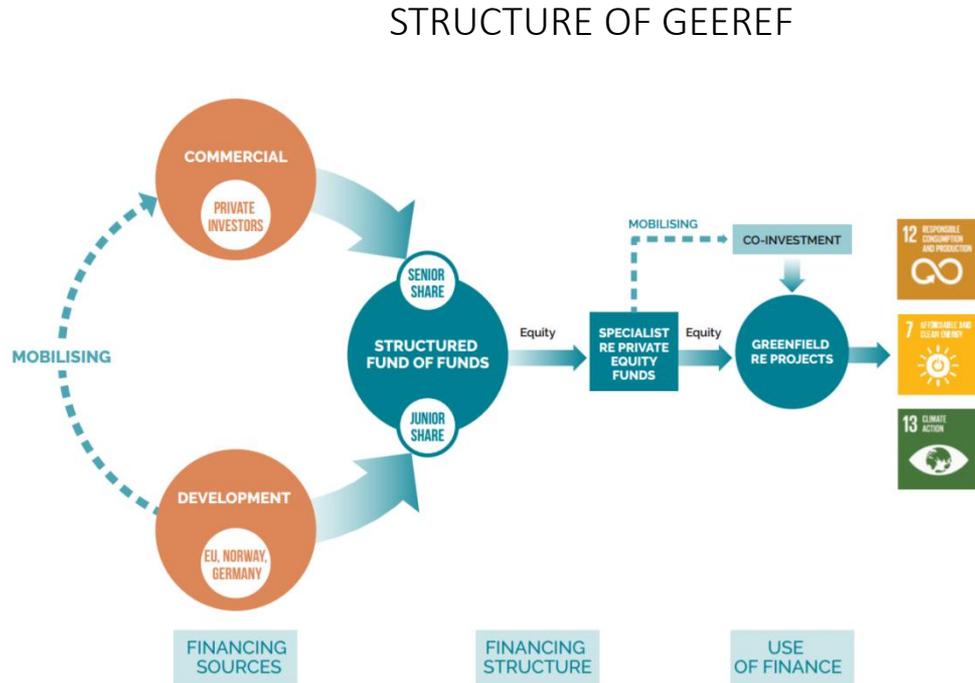
Number of facilities



Source: OECD 2017 and EDFI 2015 surveys of blended finance funds and facilities



Pooled vehicles are emerging as innovative financial structures to attracting commercial capital in innovative ways



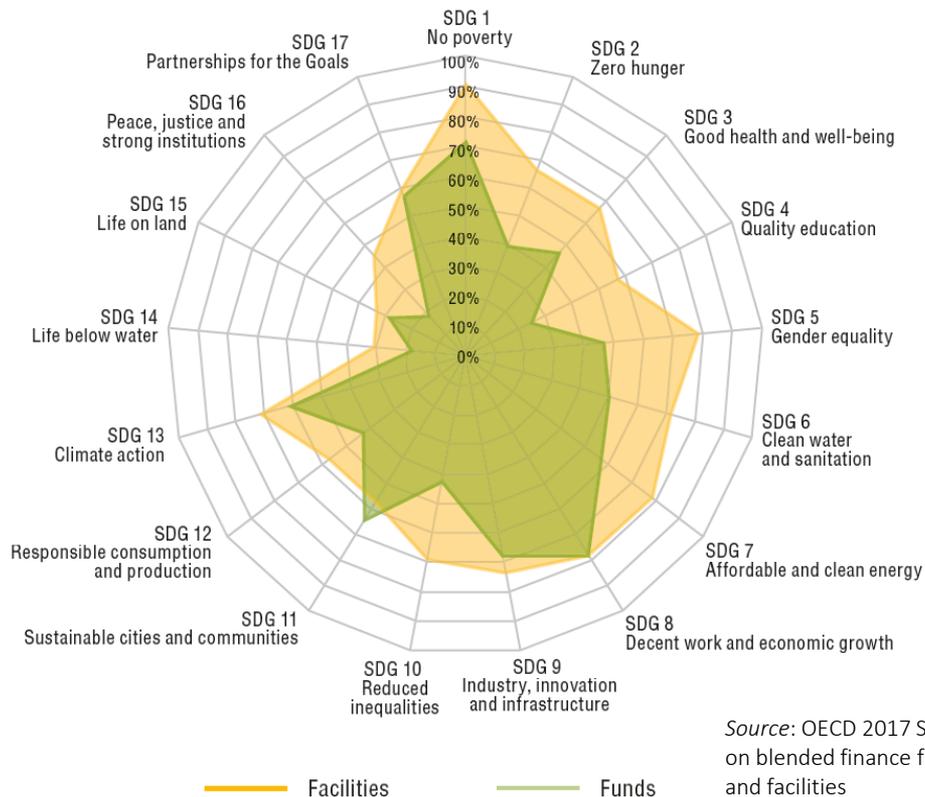
Funds can mobilise investors at **multiple levels**



SDGs alignment of funds and facilities

Blended finance has to be **more strategically targeted** based on careful assessments of what works in different contexts and geographies

HOW BLENDED FINANCE FUNDS AND FACILITIES TARGET THE SDGs



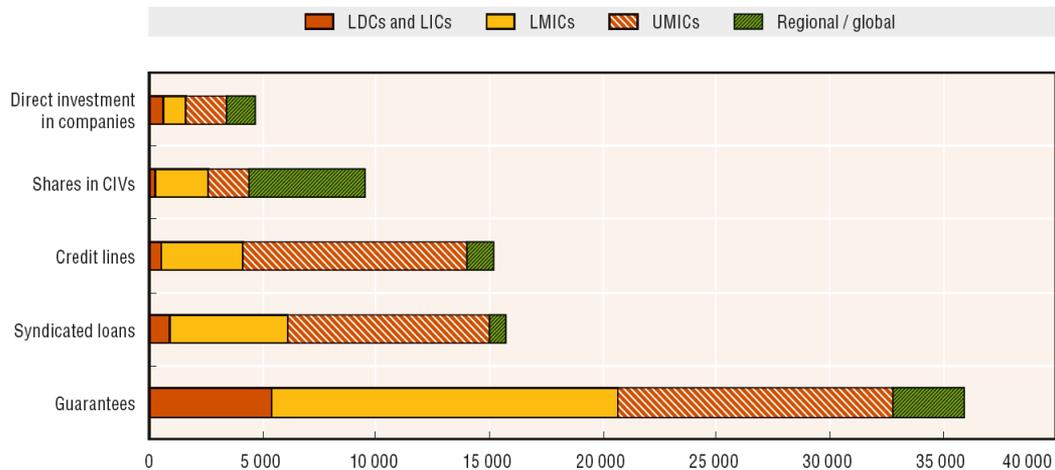
Source: OECD 2017 Survey on blended finance funds and facilities



Blending in practice – A closer look at the numbers

Blended finance
is **largely**
mobilising
finance in
middle-income
contexts

PRIVATE FINANCE MOBILISED BY OFFICIAL DEVELOPMENT FINANCE INSTRUMENTS, BY INCOME GROUP, USD MILLION, 2012-2015



Source: Benn, Sangaré and Hos (2017)

USD 81 billion mobilised from the private sector in 2012-2015, the **majority (77%)** in **middle-income countries**



Blending in practice – A closer look at a structure

THE ELAZIG INTEGRATED HEALTH CAMPUS PROJECT



Photo source: EBRD

Blended finance
enables
**institutional
investment** in
the Turkish
healthcare
sector



Lessons Learned from Blending in practice

Blended finance approaches need a stronger focus on mobilisation of **commercial resources**

Blended finance mechanisms and instruments should unlock previously untapped capital

Development finance providers bring **more than finance** to blended finance transactions

The presence and endorsements by development finance providers can have a risk mitigating effect

Balancing **scalability** and **individualisation** is key in blended finance

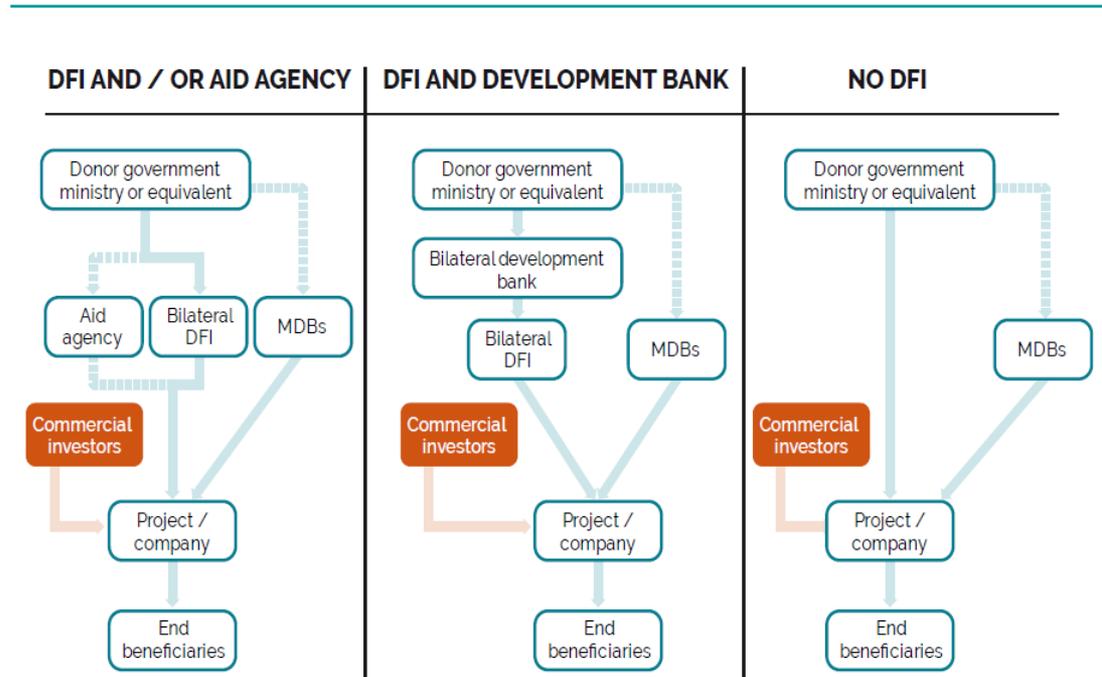
Institutional investors prefer standardised financial instruments, which enable investments at large scale

Transparency is crucial for fair competition in blended finance

Official development finance interventions must be transparent to ensure fair competition among private sector participants



Blended Finance governance influences the monitoring and evaluation function and tools



Source: Authors' compilation

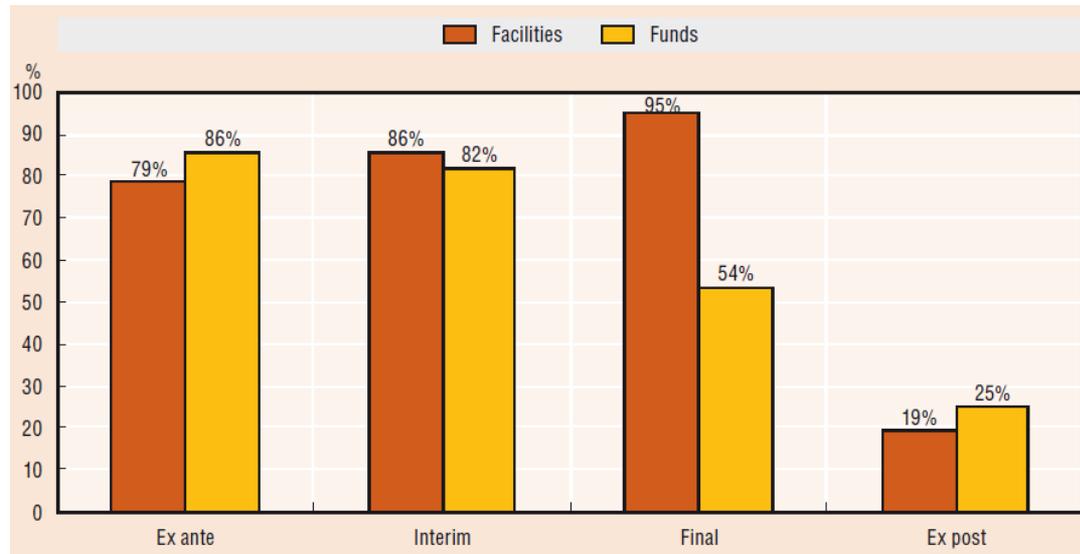
Many evaluation strategies have yet to fully address the specificities of blended finance



Diverse monitoring practices across blended finance funds and facilities

The quality of monitoring information needs to be improved

MANDATORY DATA COLLECTION AT THE PROJECT LEVEL ACROSS BLENDED FINANCE FUNDS AND FACILITIES

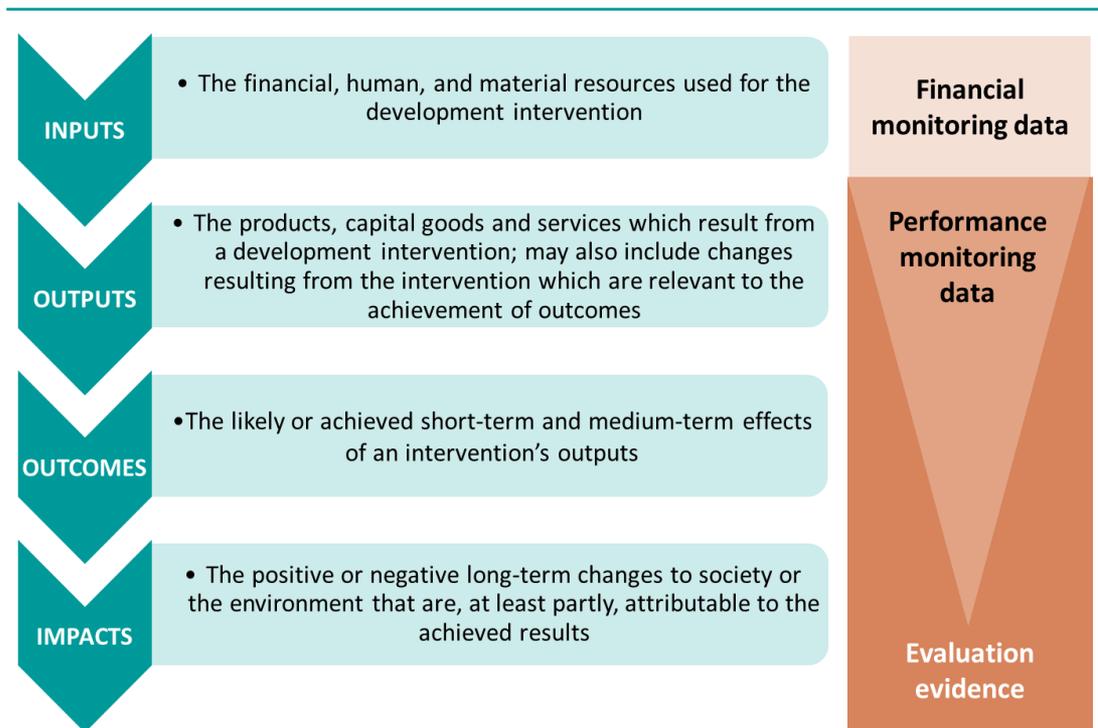


Source: OECD 2017 survey of blended funds and facilities

Data collection differs significantly at the closure stage, when only 54% of surveyed funds require final updates.



Monitoring information does not cover impacts (nor should it be expected to)



Evaluation is hampered by the lack of a common vocabulary and understanding concerning development results

Source: Adapted from OECD (2002) Glossary of key terms in evaluation and results based management



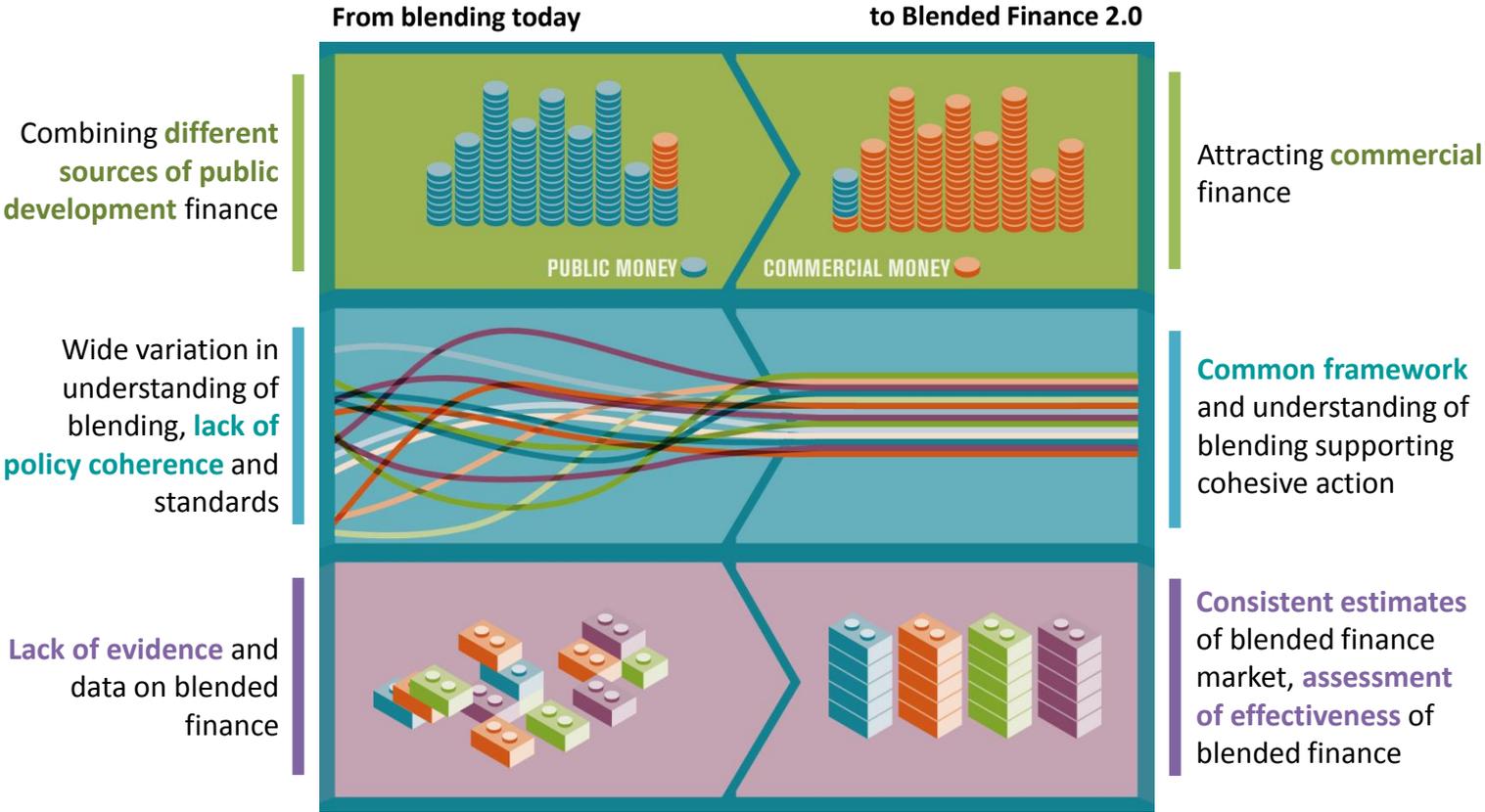
What will it take to make blended finance work for the SDGs?

The development community needs to address gaps on blended finance

- **Increasing fragmentation** of the governance and development of blended finance
- **Lack of data and information** on blended finance flows and market
- **Gaps in the M&E** of blended finance facilities and projects



Moving towards Blended Finance 2.0



OECD DAC Blended Finance Principles present a blueprint for better blending

- Why* # 1 Anchor blended finance use to a development rationale
- Who* # 2 Design blended finance to increase the mobilisation of commercial finance
- Where* # 3 Tailor blended finance to the local context
- How* # 4 Focus on effective partnering for blended finance
- What for* #5 Monitor blended finance for transparency and results



Thank you!

Download the report:

<http://oe.cd/blendedfinance>

More on OECD's work on blended finance:

<http://oe.cd/blended>