**Blended Finance in the Least Developed Countries 2020**

The least developed countries (LDCs) are the furthest from achieving the Sustainable Development Goals (SDGs). They are also likely to be hit the hardest by the COVID-19 crisis. Blended finance can play a key role to support LDCs in mobilising resources for the medium-to-long term recovery from the COVID-19 crisis.

LDCs continue to receive the lowest, although increasing in volume, share of only 6% of private finance mobilised by official development finance interventions. Between 2012 and 2018, approximately USD 13.4 billion was mobilised in LDCs. This compares with over USD 84 billion (41%) in UMICs and USD 68 billion (33%) in LMICs.

In 2018 private finance mobilised in LDCs more than doubled compared to the previous year - from USD 1.9 billion in 2017 to USD 3.8 billion in 2018.

Blended finance CIVs invested USD 7.6 billion in LDCs (20% of USD 38 billion), of which commercial investors provided only USD 340 million. More commercial finance was mobilised in structured rather than flat funds, particularly those structured as private equity.
Over the 2012-2018 period, 45 out of the 47 LDCs received private finance mobilised by official development finance at least once. Compared to the 2019 report, two additional LDCs - Lesotho and Central African Republic - received private finance mobilised.

Top ten LDCs in terms of average volume of private finance mobilised

In 2017-2018, the top five LDC recipients of private finance mobilised were: Uganda, Myanmar, Bangladesh, Benin and Mauritania.

Guarantees mobilised the largest amounts of private finance by official development finance interventions in LDCs, followed by direct investment in companies and SPVs and syndicated loans. Mobilisation through direct investment in companies and SPVs (i.e. equity investments) increased by over 10% compared to previous years.
The role of blended finance in responding to the COVID-19 crisis response and recovery: key areas of focus for building forward better

Attract investment in line with national SDG priorities

Get people back to work at decent, sustainable jobs

Focus on small and medium-sized enterprises

Systematically support women and girls

Support health systems

Target sectors critical for inclusive, resilient and sustainable development

Private finance mobilised in LDCs by sector

Average 2017–2018, USD million

- Energy; 796
- Business and other services; 12
- Water supply and sanitation; 13
- General environment protection; 63
- Other; 236
- Tourism; 0
- Trade policies and regulations; 35
- Cross-cutting; 39
- Government and civil society; 70
- Health and population; 55
- Unallocated and other sectors; 56
- Industry, mining, construction; 337
- Agriculture, forestry, fishing; 226
- Communications; 211
- Other social infrastructure; 29
- Banking and financial services; 672
- Transport and storage; 242
- Agriculture, forestry, fishing; 226
- Trade policies and regulations; 35
- Communications; 211
- Industry, mining, construction; 337
- Banking and financial services; 672

An Action Agenda to harness the potential of blended finance for the LDCs

Support domestic financial ecosystems and market development

Design blended finance solutions to reach the “last mile”

Improve impact management and measurement, and promote transparency

Bring blended finance to large scale through systemic and transformational approaches