The international community acknowledged the need for significant additional development finance – and accorded a prominent place to private sector participation.

Blended finance offers potential opportunities to increase the resources available to LDCs and the missing middle.

But such approaches are not without limitations or risks, and need to be deployed carefully.

Second report looking at blended finance in LDCs. This report extends data analysis to 2016 and 2017, presenting 6-year trend line.
Average amount mobilised per transaction

Upper MICs
USD 61 mln

Lower MICs
USD 27.3 mln

LDCs
USD 6.1 mln

Top sources of private finance mobilised

High income countries
USD 24 mln

Beneficiary countries
USD 5.4 mln

Provider countries
USD 1.7 mln

Total amounts
USD 2.6 bln
USD 2.2 bln
USD 1.5 bln

Average amounts per transaction
A growing number of LDCs received private finance mobilised at least once

Average annual amounts mobilised from the private sector for development

➢ USD 100 mln each

➢ USD 1 mln each
Bilateral and multilateral channels for blending in least developed countries (2012-2017)
Private finance mobilised by sector in least developed countries (2012-2017)
Views from the field

- Transactions typically require greater levels of concessional support
- Should respect national ownership and be aligned with national priorities.
- In crisis-affected contexts, must be especially transparent and accountable.
- Technical assistance plays an important role in LDCs.
- A local presence can build local capacity and understand risks and opportunities.
- Need for further efforts to strengthen SDG impact monitoring and measurement.
- Need risk-taking and experimentation at balance sheet and project level.
To improve the effectiveness and efficiency of blended operations, specific principles for using blended finance have emerged in recent years:

AAAA, OECD, DFI

- SDG and financial additionality
- Ownership and national priorities
- Transparency and accountability, including M&E
- ESG, local participation, empower women
- Fair sharing of risks/rewards
Policy landscape

The Tri Hita Karana Roadmap launched at IMF/World Bank Meeting in Bali, Indonesia in October 2018: establishes a shared value system

UNCDF Action Agenda – to improve blended finance for LDCs:
- Encourage risk taking and experimentation
- Bring LDCs to the table
- Deploy blended strategies - support sustainable outcomes
- Improve transparency and impact measurement
- Increase knowledge-sharing and evidence