



BLENDED FINANCE IN LEAST DEVELOPED COUNTRIES 2019

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Blended Finance in the Least Developed Countries 2019

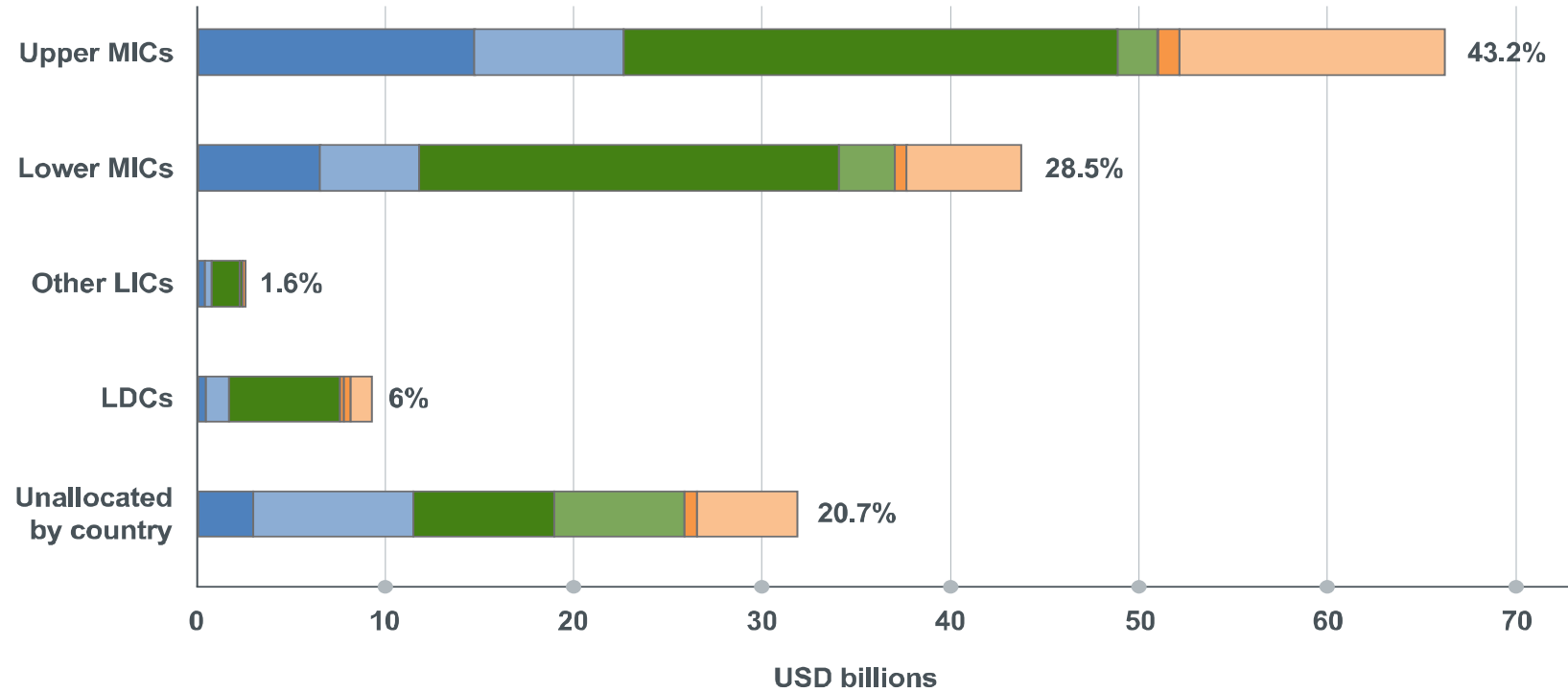


IN THIS REPORT:

- 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



Private finance mobilised by Official Development Finance (2012-2017)



■ Credit lines
 ■ Direct investment in companies and SPVs
 ■ Guarantees
 ■ Shares in CIVs
 ■ Simple co-financing
 ■ Syndicated loans

Average amount mobilised per transaction

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

Top sources of private finance mobilised



USD**2.6**bln



USD**2.2**bln

Provider countries



USD**1.5**bln

Average amounts per transaction

Total amounts

A growing number of LDCs received private finance mobilised at least once

Average annual amounts mobilised from the private sector for development

ANGOLA SENEGAL ZAMBIA

BANGLADESH MYANMAR

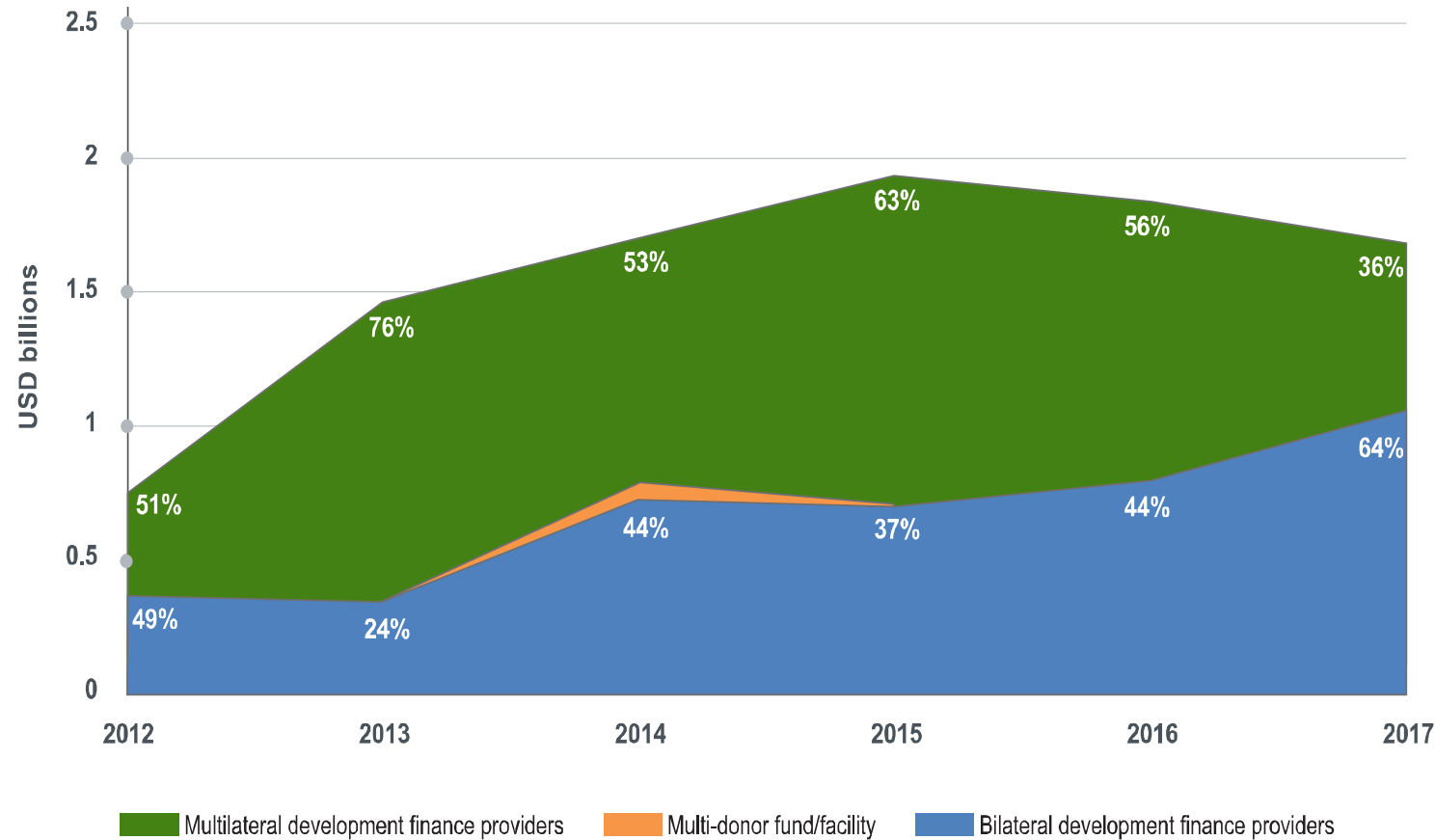
> USD **100** mln each

TIMOR-LESTE LESOTHO BHUTAN

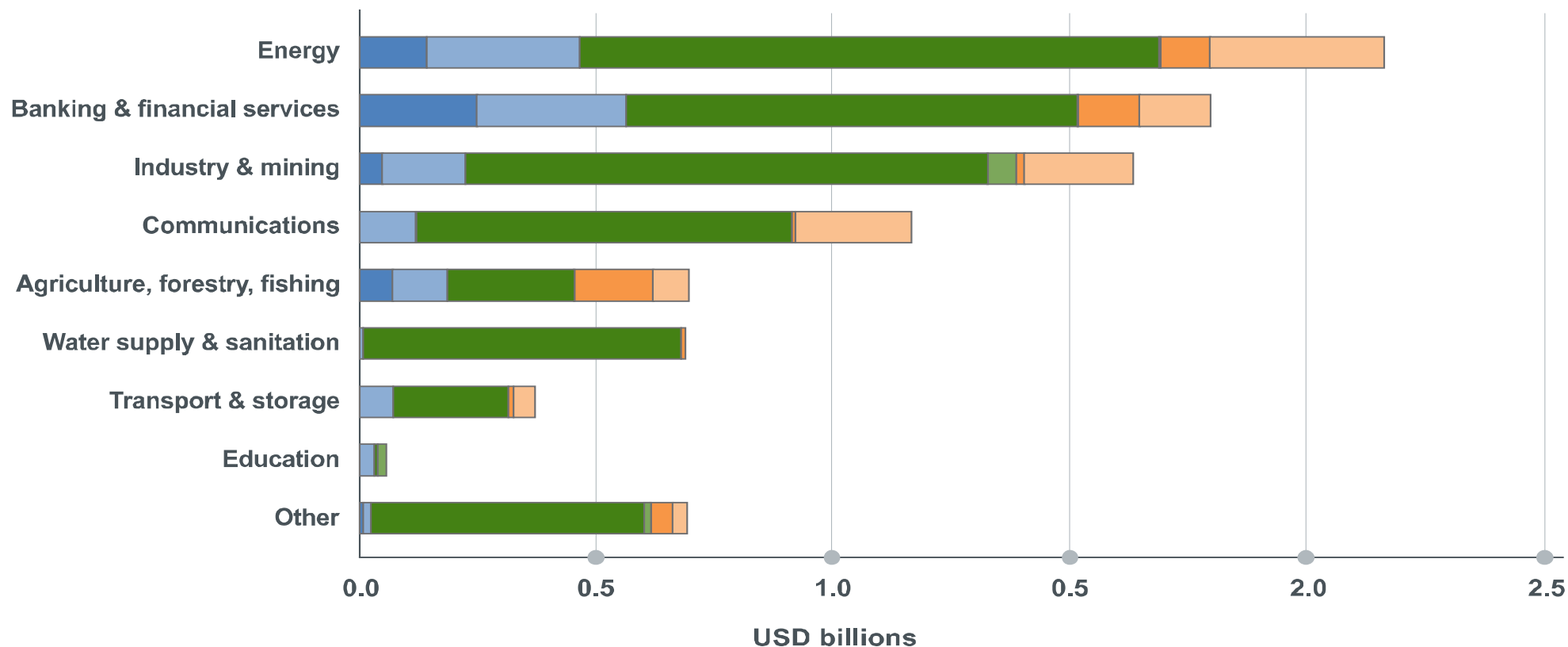
YEMEN GAMBIA VANUATU EQUATORIAL GUINEA

< 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)



■ Credit lines
 ■ Direct investment in companies and SPVs
 ■ Guarantees
 ■ Shares in CIVs
 ■ Simple co-financing
 ■ Syndicated loans

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.

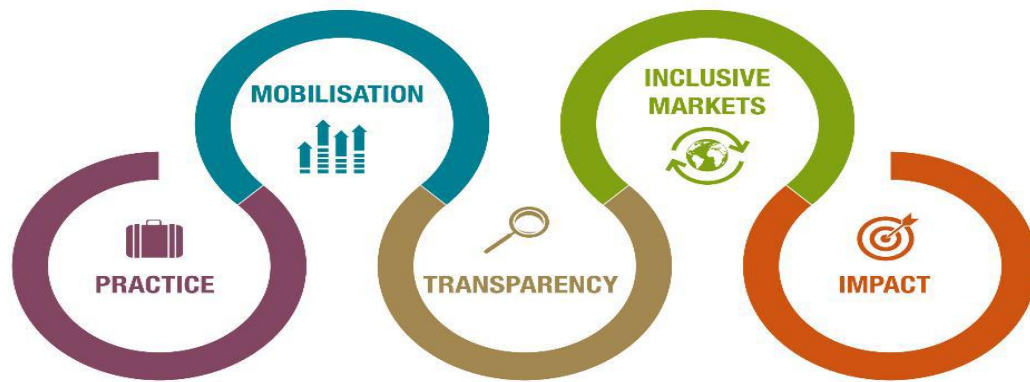
Blended finance and development effectiveness

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



THANK YOU

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