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Understanding Blended Finance: How different definitions of blended finance result in different inputs and outputs and what to expect

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Abstract. Several breakthroughs were made to achieve the SDGs targets, including in the development funding subject, namely blended finance. As a new approach to development financing, this approach is not yet widely understood. One of the basic problems is that there is no internationally agreed definition of what blended finance is. The actors translate this concept according to the characteristics of their respective institutions. This translation causes a variety of blended finance, from the types of input in the blended finance operation, what output is produced from the collaboration, to what impact these institutions expect from the blended finance project they are involved. This paper examines the definitions of blended finance from four institutions commonly involved in blended finance projects, i.e. OECD, DFI, Convergence, and the European Union. By reviewing a selection of reports and their working papers, it can be concluded that the input, output, and impact expected by these actors depend on the blended finance definition they make respectively. Actors whose definition focuses on development are more toward developmental impact, while actors whose definition focuses on an economic perspective prefer focusing on projects with profit-oriented impacts. Understanding the matter will help those new players in blended finance, including policymakers, to decide which partner is more suitable to collaborate in which phase of blended finance.

Keywords. blended finance, development finance, impact

1. Introduction

Emerging as an alternative to funding to fulfill SDG targets, particularly in developing countries, implementing blended finance is not easy. Many people, including those in the government, are not yet aware of this type of financing. Not only it is a new perspective in financing development projects, it has no internationally agreed definition, yet it has various kinds in its operation. These varieties start from the multiple definitions that were developed by multiple organizations and depend on the emphasis of each organization itself. Understanding the variety will help decide which partner to approach at a certain time for a certain project, as there is no one-size-fits-all in terms of financing. In this paper, these varieties will be put forward and dismantled to highlight what blended finance is and how it differs from one another, particularly in their inputs, output, and impact, albeit the main goal is achieving SDGs.

The difference will also be seen from the perspectives of using concession and mobilization in blended finance. Understanding these different definitions, inputs, outputs, and impacts will put certain expectations related to what blended finance might give in its toes. Doing that, hopefully, can help policymakers to decide which blended finance partner is more suitable to be applied as means of achieving their goals in development within the specified time.

2. Methods

This paper attempt to highlight the aforementioned issue by reviewing works of literature including reports and working papers from several institutions engaging in blended finance. Several points related to the subject will be analyzed to determine the flow of inputs and outputs based on different definitions. In viewing the flow, types of financial instruments suitable for certain types of blended finance can be decided. After that, conclusions will be drawn.

3. Definitions of blended finance

As stated above, multiple organizations define blended finance following the nature and emphasis of their organization. Some organizations are taken into account such as Organization for Economic Co-operation and Development (OECD), Development Finance Institutions (DFI)[§], Convergence, and European Union (EU). Each is a different type of organization with its distinct characteristics, but all engage in blended finance.

OECD [1] defines blended finance as “the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries.” Note that additional finance mentioned here primarily refers to commercial finance. In the meantime, DFI [2] also defines a more specific type of blended finance, i.e. blended concessional finance, as “combining concessional finance from donors or third parties alongside DFIs’ normal own-account finance and/or commercial finance from other investors, to develop private sector markets, address the Sustainable Development Goals (SDGs), and mobilize private resources.” The definition particularly caters for private sector operations of DFIs. Meanwhile, following World Economic Forum (WEF), Convergence [3] regards blended finance as “the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.” Last but not least, European Union has their own definition on the matter, which is “blending finance”, not “blended finance”. According to EU [4], this particular type of financing is “the strategic use of a limited amount of grants to mobilize financing from partner financial institutions and the private sector to enhance the development impact of investment projects.”

Each definition has its emphasis, largely due to each institution’s focus. This focus shapes the definition, therefore, generating four models that can be categorized based on their input and output for a certain transaction. Input here refers to resources used to generate activities or yield certain things (i.e. output). *See Table 1.*

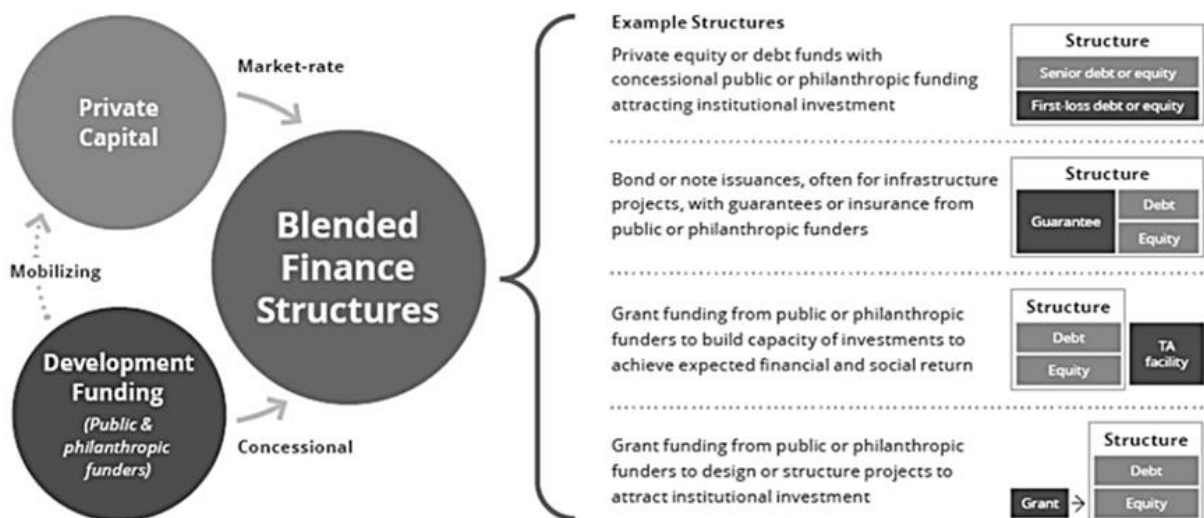
Table 1. Variations in blended finance definitions as inputs and outputs

<i>Type</i>	<i>Input</i>	<i>Output</i>	<i>Institutional source</i>
<i>I</i>	Development finance or non-financial resources from public/philanthropic or private sources	Additional market-rate investment for SDGs from public or private sources	OECD

2	Concessional finance from public/philanthropic or private sources	Additional market-rate investment from DFIs and/or private sources for private sector development and SDGs.	DFI Working Group
3	Catalytic capital from public/philanthropic sources	Additional private investment for SDGs in emerging or frontier markets	Convergence
4	Grant finance from public sources (EU)	Additional investment from international financial institutions (IFIs) and/or private investors	EU

Source: Spratt, S., Lawlor, E., & Coppens, V. [5]

In line with the Convergence definition of blended finance, other aforementioned definitions contain the concessional element. The fourth definition shows the simple use of grants to support project design and help attract institutional investors. The third definition uses more flexible technical assistance facilities aiming to increase social and financial gains. Risk return characteristics can be influenced by soft input. The concessional element can be found in the design stage in the fourth definition and focused on capacity building (within a limited time) in the third definition. Meanwhile, the second definition is a direct modification from commercial elements of a project, where obligation and bills are released, mostly for infrastructure projects, guaranteed by public funds or philanthropy. Also, the first definition is blended finance equity or debt fund, where risk and return of investment characteristics – as seen from a commercial investor perspective – are modified through concessional finance.



Picture 1. Convergence's structure and mechanism of blended finance [3]

Picture 1 above shows a mutual investment tool or collective investment tool that combines investment from various sources. WEF reported that this method is the main tool in blended finance operations. Convergence stated that they contribute 74% of blended finance transactions, with 64% of private funds mobilized through or by collective investment vehicles. OECD also asserts the importance of combined vehicles due to their abilities in lowering transaction fees, encouraging innovation, and targeting certain issues or geographic locations.

Based on Picture 1, it can be concluded that the first two examples are included within the blended finance definition. However, the other two examples rely on the grant that falls outside soft financing used by DFI. From the DFI perspective, this mechanism will not be regarded as concessional finance. Another difference is that DFI will consider the first example as concessional blended finance even if they provide loans or senior equity from their accounts without private investment, while Convergence will not see it the same way.

Due to these differences, the consensus was made on the focus of using blended finance as a tool to escalate investment for poverty alleviation, sustainable developments, and other broad goals which now are summarized under Sustainable Development Goals (SDGs). However, a different emphasis is made based on the reasons why current forms of investment are not enough. For many, market failure is the main problem. International Finance Corporation (IFC) for instance, stated that although blended finance is required because of externality, market failure, affordability constraints, or lack of market information, its use must be limited and concession must be minimized. Blended finance is used to address temporary challenges in the market while encouraging private sectors to attain a position where concession funds are no longer needed. In the meantime, DFI takes the same comprehension under the premise of the use of soft blended finance can be justified if it can tackle externality, asymmetrical information, and/or institutional or market failure, affordability constraints, among others, with the hope to achieve a medium-term commercial solution. OECD blended finance principles also explicitly reflect these situations, by stating that blended finance can be used to cope with market failure.

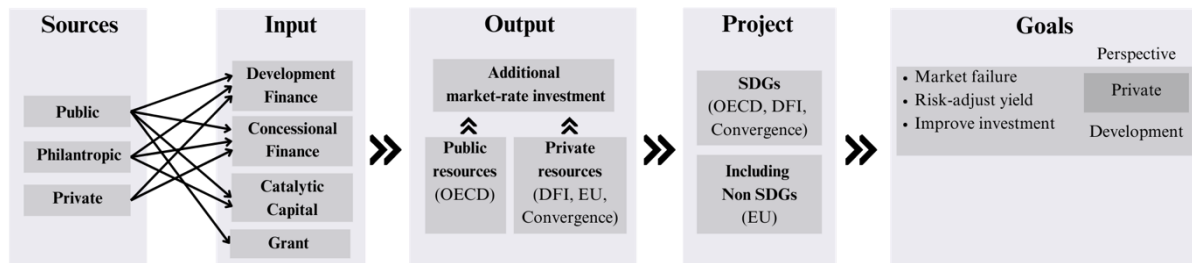
In the context of developing countries, United Nation Capital Development Fund (UNCDF) endorse blended finance role in increasing risk-adjusted returns, yet also addresses other purposes, such as sending broader signals that projects, sectors, or market can be invested. Through demonstration effect, learning, and knowledge sharing, blended finance can promote commercial replication from time to time, inform better government-led policies and regulations, and potentially support the development of the local market, helping the country or sector be more attractive for the private sector.

These models of blended finance are substantially different. In each case, the aimed output is different, and the mechanism (input) used to attain that output is also different. The method chosen to evaluate its success or its failure must be reflecting this difference. Moreover, it is important to understand clearly the model of blended finance involved when comparing blended finance intervention. If not, justifiable comparison cannot be achieved and valid conclusions about relative benefits from different approaches cannot be drawn [5].

To illuminate these differences, OECD uses the theory of change [6]. It states that each different model refers to blended finance as a tool to achieve certain goals. It also acknowledges differences in the main constraint to achieve this goal, i.e. causality and different assumption in the theory of change. Those who came from a private sector development perspective (such as DFI) underline the need to determine underlying market failure as justification to use the subsidized fund and to avoid market distortion. Other market players (such as Global Impact Investing Network/GIIN) emphasize the importance of improving risk-adjusted yields to attract private-sector investment. For those with broader development lenses (such as OECD), its goal is to improve investment, including tackling market failure. Nevertheless, their focus also covers development intervention beyond the market failure perspective.

According to Spratt, Lawlor, & Coppens [5], other than based on different assumptions, their blended finance goals (i.e. rationale) also varies in their emphasis. The broad consensus is further advancement to SDGs as the main purpose, particularly through more investment. In

some ways, they have different theories of change where their base assumptions, and in some cases goals, are distinct.



Picture 2. The flow of blended finance

Based on each organization's definition of blended finance, the flow of blended finance can be drawn. As shown in Picture 2, it can be understood that sources of funding in blended finance come from public, philanthropic, and private funds. The money comes in several types of input. Public funds can be in the shape of development finance, concessional finance, catalytic capital, and grant. If staying true to the four definitions, philanthropic funds can flow in the forms of development finance, concessional finance, and catalytic capital. In the meantime, private funds will chip in in the forms of development and concessional finances. All these inputs, no matter from public or private resources, are aiming for additional market-rate investments. Most of these funds will flow to SDGs projects, as only the EU allows blended finance for non SDGs projects. As suspected, their goals based on their definitions are also different. When the money comes from private resources, it has private sector perspectives, namely tackling market failure and gaining risk-adjust yields. However, when it is seen from a development perspective, blended finance operation is expected to improve investment as well.

4. Concession and mobilization in blended finance

Concession and mobilization are two key terms related to various definitions of blended finance. Both are conceptually related and the differences in their definition and application have their implications for evaluation. There are various definitions of concessions and related terms. Among them came from OECD [7] which stated that concession is a grant to a private firm of the right to operate a defined infrastructure service and to receive revenues deriving from it. It can be seen as a soft loan offered with substantially more favorable terms than market loans. Leeway is achieved either through below-market interest rates or by grace periods, or a combination of these. Official development assistance (ODA) is also commonly related to blended finance. According to the Department for International Development of the United Kingdom [8], ODA is the one that has a minimum 25% grant, while concessional resources must have a minimum 35% grant. The exclusiveness at the concessional level is deeply related to the need to formally calculate ODA bilaterally.

DFI Working Group [2] defines concessional financing as “financing below market rates (or with maturity, grace period, security or rank offered on soft terms without being priced according to the market).” Investment and performance grants fall within this category. Meanwhile, Convergence [3] states that concessional funds that can include grants (100% concessional), below-market price debt, or equity with asymmetrical return, are often used in blended finance agreements to attract private investment.

IMF [9] defines concessional loans as loans that are extended on terms substantially more generous than market loans. It is achieved either through interest rates below those available on the market or by grace periods, or a combination of these. This type of loan typically has long grace periods. Adding to that, they also outline its concessionality level which states it as a “net present value calculation, measured at the time the loan is extended, which compares outstanding nominal value and the future debt-service payments discounted at an interest rate applicable to the currency of the transaction, expressed as a percentage of the nominal value of the debt.. [the] concessionality level of bilateral debt (or tier aid) is calculated in a similar manner, but instead of using the nominal value of the debt, the face value of the loan is used—that is, including both the disbursed and undisbursed amounts, and the difference is called the grant element.”

Spratt, Lawlor, & Coppens [5] summarize that concessionality has seven features. They are mechanisms for delivering concessional inputs, funding sources, degree of concessionality, reference rate to assess the degree of concessionality, minimum concessionality principle, and temporary nature. *See Table 2.*

Table 2. Features of concessionality and their related perspectives

Feature	Perspectives
Mechanisms for delivering concessional inputs	<ul style="list-style-type: none"> • Finance (concessionality may result from interest rate, grace period, tenor, currency, security/risk. Can be measured relative to market benchmarks where available or pricing models where not). • Non-finance (TA; project preparation grants are difficult to measure and there is no agreed approach to doing this).
Funding sources	<ul style="list-style-type: none"> • Public ODA (To qualify as ODA, the concessional component must come from an official donor and go to an ODA eligible country). • Public ODA grant + concessional loan (If grant given separately, loan assessed on stand-alone basis for ODA eligibility based on its degree of concessionality). • Concessional loan (can be provided by MDBs with ODA as ultimate source). • Impact investor (may provide below market-rate financing). • Philanthropy (may provide grant or below market-rate financing)
Beneficiary (for ODA)	<ul style="list-style-type: none"> • Must generally be a privately-owned enterprise or sponsored project (with exceptions). • Can be official entity, including same as source institution. Can also see grants blended with already concessional loans from IFIs.
Degree of concessionality	<ul style="list-style-type: none"> • Concessional finance in general use (can be defined as anything below, or substantially below market rates). • Can range from positive but concessional to 100% concessional, i.e. grants).

	<ul style="list-style-type: none"> • Concessional finance for DFIs (this is debt, equity or other financial instruments provided at below the market rate). • Concessional finance for ODA eligibility (having at least 25% grant element, or 35% for external borrowing by heavily indebted poor countries [HIPC]).
Reference rate to assess the degree of concessionality	<ul style="list-style-type: none"> • OECD (measured according to 10% blanket reference rate). • DFIs/MDBs (measured according to market-specific reference rate, if available, or internal pricing model if not).
Minimum concessionality principle	<ul style="list-style-type: none"> • Degree of concessionality needed to mobilise desired investment but not more (hard to measure accurately and no agreed framework in place to do so).
Temporary nature	<ul style="list-style-type: none"> • Needed while market failure risks are being addressed (level of concessionality should taper over time as market failures/risks reduce, but hard to do this in practice and no agreed framework). • Needed to highlight misperceptions of risk (should only be needed for short period with no tapering required over time. May be hard to distinguish between real and perceived risks ex ante).

Source: Spratt, Lawlor, & Coppens [5]

Meanwhile, mobilization in blended finance commonly refers to the attractiveness of commercially oriented finance for certain investments, mostly from the private sector. Hence, this additional investment act as one of the outputs generated from financial and non-financial inputs. Related terms are leverage and catalyzation, which are sometimes used alternately, sometimes used in different meanings, or at least have different emphasis.

WEF [10] defines leverage as the use of development finance and philanthropy to attract private funds to the agreement. Meanwhile, Blended Finance Taskforce [11] describes leverage as the mobilization ratio, i.e. the amount of commercial private financing that has been mobilized by concessional or development capital through a mixed finance structure. Convergence defines the leverage ratio as the ratio of commercial capital to concessional capital. Mustapha, Prizzon, and Gavas [12] focus on the concessional element, viewing “driver” as the use of a grant to mobilize additional public or private funding for a project. Also, Climate Policy Initiative (CPI) [13] defines “direct private mobilization” as private finance that is co-financed with public finance into the same project, program, or fund and that is invested as a direct result of providing public finance (or guarantees) for the same project, program or fund. CPI identifies two other forms of mobilization. First is direct private finance mobilisation which refers to public and private investment through shared funding. Second is non-direct private investment mobilization, which refers to investment occurred after a public intervention.

Furthermore, IFC [14] also distinguishes between direct and non-direct mobilizations from private funding. They see direct form as financing from private entities on commercial terms due to active and direct involvement of multilateral development bank (MDB) leading to commitment, while non-direct one as financing from private entities provided in connection

with certain activities financed by MDBs, where no MDB play an active or direct role leading to the private entity's financial commitments.

Up to this point, it can be seen that most of the funds mobilized by DFI do not qualify as blended finance according to the definition of the DFI Working Group. On the other hand, the OECD considers all of these to be mobilized in their definition of blended finance. While the OECD sees DFI's own financing as input for mobilizing investment, DFI themselves see their balance sheet investments as outputs mobilized by soft inputs.

The differences mentioned above resulted from the basis of calculations in various mixed financial models. These agencies measure their output against different criteria. From an evaluation perspective, this makes it difficult to say which approach is more effective in mobilizing across different models. It is possible to directly compare approaches in models such as those used by DFI for concessional mixed finance, but this is a different model to that used by the OECD [5].

Theoretically, blended finance transaction involves the use of financial instruments through fusing commercial investment and establishing intermediary mechanisms to achieve the same goal. Andersen et al [15] highlighted that OECD DAC carries formal development finance by employing five groups of main instruments, i.e.:

1. Grant: transfer in cash or in kind where no legal debt may arise.
2. Debt instrument: transfer in cash and in natural where legal debt may arise (such as loan, obligation, and other securities) or may arise when certain legal occurrence occurs (such as replaceable grant).
3. Equity: shares in the company ownership or collective investment scheme.
4. Mezzanine fund: hybrid instruments, such as subordination loan and chosen equity which present risk profile between senior loan and equity.
5. Guarantee/assurance: risk division agreement where the guarantor agrees to pay the investor half or all maturity amount of loan, equity, or other instruments in case the debtor default or lost investment value.

5. Impacts of blended finance

OECD DAC [1] explains that blended finance creates opportunities that can be invested in developing countries and escalates development impact. Its practice has five principles, i.e.:

1. Anchor blended finance use to a development rationale. This can be achieved by using development finance in blended finance to maximize development outcomes and impact, setting development goals and expected results as the basis for implementing development financing, and demonstrating a commitment to high quality.
2. Design blended finance to increase the mobilization of commercial finance. Development finance in blended finance must facilitate the entrance of commercial finance to optimize total financing directed at development results.
3. Tailor blended finance to local context. Development finance should be deployed in such a way that ensures it supports local development needs, priorities and capacities, in a manner that is consistent with, and where possible, contributes to the development of local financial markets.
4. Focus on effective partnering for blended finance, by enabling each party to be involved based on their mandates and responsibilities while respecting each other, allocating risks in a targeted, balanced, and sustainable manner, and aiming for scalability.

5. Monitor blended finance for transparency and results. To ensure the accountability for the proper use and value for money of development finance, blended finance operations must be monitored against a clear framework of results, measurement, reporting, and communication of financial flows, commercial returns as well as development results.

The common designation of impact used in blended finance, which is also aligned with how Global Impact Investing Network [16] defines it, is when it is said that the investment must be an action undertaken with the intention of producing positive and measurable social and environmental impacts along with financial returns. In the blended finance world, the definition of impact used by the actors involved identifies four key differences, i.e. (1) whether the phenomenon (impact) must be measurable, (2) whether the impact must be intentional from the investors, (3) whether the change should be seen as positive or profitable, and (4) whether particular goals (such as tackling market failure), benefit recipient groups or their location is predetermined [5].

In light of the OECD DAC definition of blended finance, which is the most widely cited and used, a number of distinguishing characteristics can be identified. First, unlike many of the definitions reviewed, it explicitly mentions negative and positive impacts, which may be intentional or unintentional. Second, the definition refers to “higher-level” effects, supplemented by references to “transformative effects” in the accompanying note. While some definitions define desired impact areas because of their own priority (e.g. private sector development for DFI or health effects for health sector-focused interventions), these are conceptually different from the distinction made by the OECD DAC definition.

One way to look at this is to see “higher level” or “transformative” as a vertical distinction, which concerns placement in the results chain – that is, that impact is placed at a higher level than the outcome or output captured in effectiveness. References to transformative effects support this view. In contrast, a focus on private sector development or health interventions represents a horizontal focus area (i.e. at the same position in a results chain), rather than a vertical position in the results chain associated with this area of concern. While blended finance actors such as impact investors describe the change they are trying to create in terms of transformation, according to Saarinen dan Godfrey [17] it is often unclear as to the nature of the transformation in question or the mechanisms by which they are expected to achieve it. Like the term “impact”, the OECD DAC evaluation criteria defines and uses the term “transformation” in referring to effects at the level of the results chain above outputs and outcomes that involve “enduring changes in systems or norms”. Rather, the term appears to be used in a non-technical sense by others involved in blended finance to simply describe a statistically significant (using causal analysis) or meaningfully “moving fast” change in an indicator of interest. These changes may be more direct changes in knowledge or behavior – such as washing hands – and not the kind of “impact” captured by the OECD DAC definition.

Based on the aforementioned explanations, the impact in blended finance has non-technical meaning. However, the term is used by different actors in referring to all ranges of understandings about impact, especially in its most technical meanings [5].

Convergence, for example, regards impact as part of objectives aimed by the investors. It can be a social impact or developmental impact and comes in many forms. On the technical level, for instance, grants associated with developmental impact aims are also referred to as technical assistance funds. As Convergence focuses on blended finance in developing countries, it appears that this organization pursues development impact in a broader spectrum, as it creates investable opportunities in these countries.

On the other hand, DFI aims for impacts that are in line with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects. These enhanced principles are the rationale for blended concessional finance, crowding-in and minimum concessionalism, commercial sustainability, reinforcing markets, and promoting high standards. In the commercial sustainability principle, DFI highlighted that the “impact achieved by each operation should aim to be sustainable and contribute towards commercial viability”. While promoting the high standards principle, DFI promotes environmental impact in its projects.

In the meantime, the EU’s view on the impact of blended finance appears to be broader than DFI’s as shown in their definition of blended finance, “the strategic use of a limited amount of grants to mobilize financing from partner financial institutions and the private sector to enhance the development impact of investment projects”. However, it is not necessarily the case. As the EU commonly works with many development finance institutions, according to Lundsgaarde [18] objectives of the EU contribution will be to increase the financial viability of projects, mobilize DFI and private-sector financing, expand the scale of projects, improve project quality, promote cooperation among involved entities, and protect investors from risks. Although the debate on blended finance impacts in tackling SDGs issues is still ongoing in the EU, some measures are currently being drawn to evaluate whether the EU’s blended finance projects, particularly in the least developed countries, at least yield an impact on reducing poverty in the area [18]. However, it can be seen that based on the aforementioned objectives, the EU regards collaboration among the involved actors as part of the blended finance goals. Hence, Garbacz, Vilalta, & Moller in Lundsgaarde [18] stated that the EU makes a guarantee as part of a blended finance operation, as “a legally binding agreement under which the guarantor agrees to pay part or all of an amount due on a loan, equity, or other instrument in the event of non-payment by the obligor”.

Table 3. Impacts pursued from blended finance operation according to different institutions

Institutions	Definition of Blended Finance	Impact
OECD	The strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries	Transformation in systems or norms
DFI	Combining concessional finance from donors or third parties alongside DFIs’ normal own-account finance and/or commercial finance from other investors, to develop private sector markets, address SDGs, and mobilize private resources	Commercial and environmental impacts
Convergence	The use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development	Social and/or developmental impacts
European Union	The strategic use of a limited amount of grants to mobilise financing from partner financial institutions and the private sector to enhance the development impact of investment projects	Commercial and social impacts, where social impact is pursued through economic impact

As shown in Table 3, different institutions yearn for different impacts when engaging with blended finance. One can argue that the differences stem from the nature of each institution in defining blended finance.

OECD drives for impact that is transforming systems or norms in the targeted location engage with blended finance, in the mindset of achieving SDGs. The impact aimed by Convergence is parallel with OECD, although the aforementioned OECD's impact is within the macro level. As for DFI and EU, both are more tend to impact at a smaller level or size. DFI's principle states that its engagement in blended finance projects should allow for impact at the commercial level while also caring for environmental perspectives. In other words, their blended finance projects should contribute to a better environment. This is in line with their own concept of blended concessional finance that brings the profit-oriented nature of concession as well as the nature of DFI itself as a group of profit-maker institutions to the table. Meanwhile, it can be seen that blended finance operated by the EU also has more focus on commercial impacts. From this perspective, commercial impacts will pave the path to a better quality of life, hence better society.

Based on these, if some actors are interested to engage in blended finance operations, they must understand which partner they should approach based on the impact these partners after. Having a mutual understanding and synced agenda in development are crucial in ensuring collaboration among involved stakeholders.

6. Conclusions

From the discussion above, several points can be drawn. Various definitions of blended finance stem from the characteristics of institutions involved in blended finance projects. This results in a domino effect-like consequence. Different definitions made the inputs (financial instruments) used differently. The difference in these instruments results in different expectations on the impact to be achieved by the parties involved in the blended finance project.

Therefore, policymakers along with actors eager to be involved in blended finance projects should be wise in selecting blended finance partners. In one period in a blended finance project, it would be better to partner with those who are more focused on generating a non-profitable impact. Whereas at other times, profit-oriented partners will be more suitable in the same blended finance project. As an example, building solar power plants in rural areas is not commercially attractive but is a must. When policymakers attempt to execute the project, it is not appealing to the private sector as it has a strong possibility of a very long-term investment return. Therefore, policymakers may approach partners with non-profitable impact or less profit-oriented first to establish the project. After the business is stable to a certain extent, actors involved may approach more profit-oriented partners for the next phase. Clearly that the first step enables the second step. This is possible, considering the scalability of one blended finance project may enable multiple opportunities to multiple partners at different times.

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[§] This Development Finance Institutions has International Finance Corporation (IFC) as its chair. The members are African Development Bank (AfDB), Asian Development Bank (AsDB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), European Development Finance Institutions (EDFI), European Investment Bank (EIB), Inter-American Development Bank Group (IDBG), and Islamic Corporation for the Development of the Private Sector (ICD).