



BLENDED FINANCE: INSIGHTS FOR THE ROUNDTABLE ON FINANCING WATER

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Stockholm World Water Week
28 August 2017

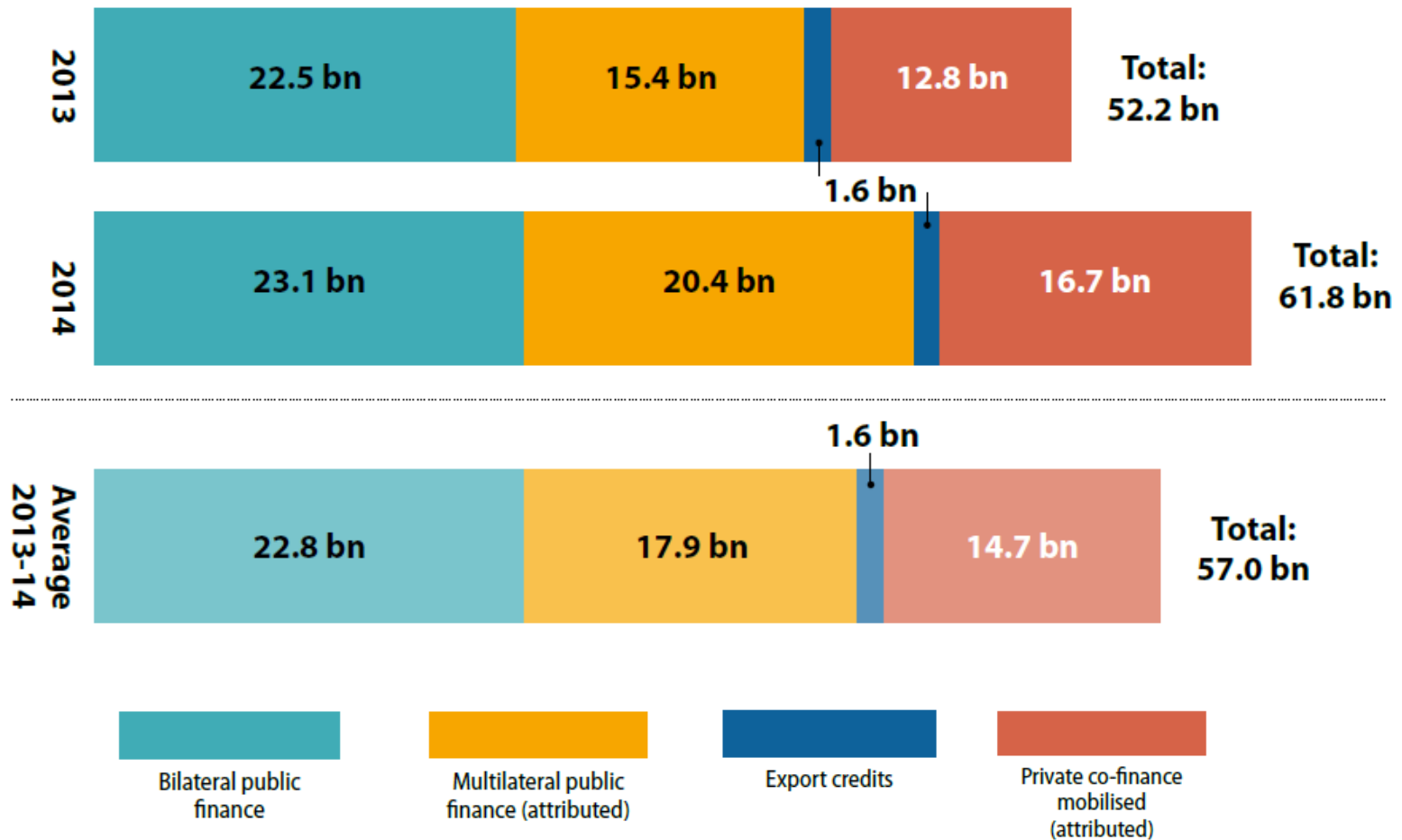


Outline

- Motivation – climate finance and the USD 100bn
- Blended finance: OECD Principles
- Lessons from green finance and investment
- Next steps for the Roundtable on Financing Water



Aggregate estimates (billion US dollars)



Source: OECD (2015), "Climate finance in 2013-14 and the USD 100 billion goal", a report by the Organisation for Economic Co-operation and Development (OECD) in collaboration with Climate Policy Initiative (CPI). <http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm>



2020 projections based on public pledges: a range of potential outcomes

With P= 67bn

B

Private-public finance ratio for projects with a direct mobilisation potential

Share of projects with direct mobilisation potential

... 0.5 0.7 0.9 1.1 1.3 ...

A

| | | | | | |
|-----|----|-----|-----|-----|-----|
| 25% | 77 | 80 | 83 | 87 | 90 |
| 50% | 85 | 92 | 98 | 105 | 112 |
| 75% | 93 | 103 | 113 | 123 | 133 |

Red Below projected outcome based on average private-public ratios observed in 2013 and 2014.
Yellow Positions consistent with the projected outcome based on average private-public ratios observed in 2013 and 2014.
Green Above projected outcome based on average private-public ratios observed in 2013 and 2014.
 Total climate finance amount higher than 100.

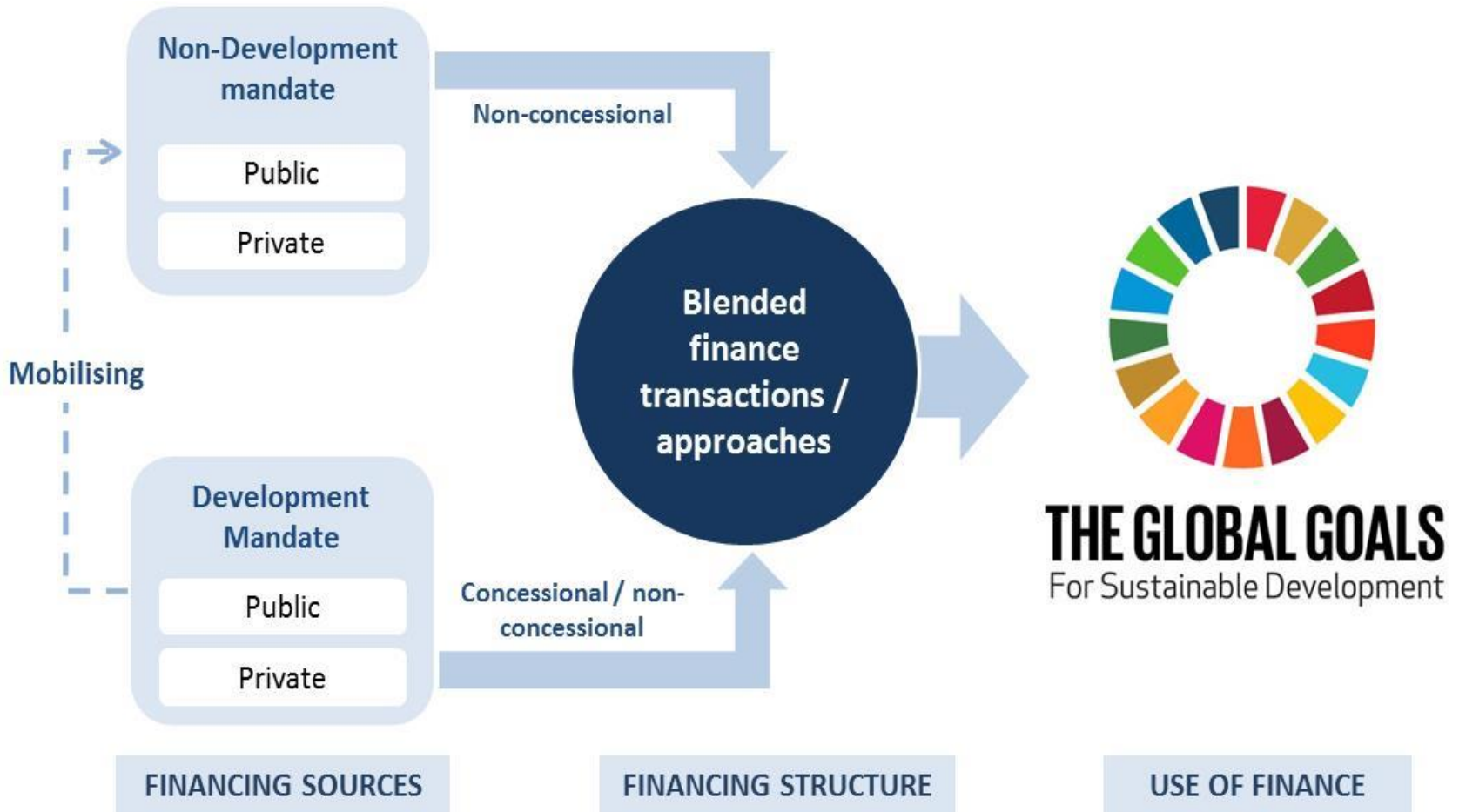


Blended finance: mobilising private capital for the SDGs

- Increasing interest in the context of financing for the SDGs – trillions not billions
- Blended finance has the potential to:
 - Bridge the viability gap for projects in developing countries
 - Mitigate risks and attract private capital
- However, certain challenges need to be managed:
 - Crowding-in rather than crowding-out private capital
 - Developing pipelines of investable projects
 - Ensuring development outcomes and impact

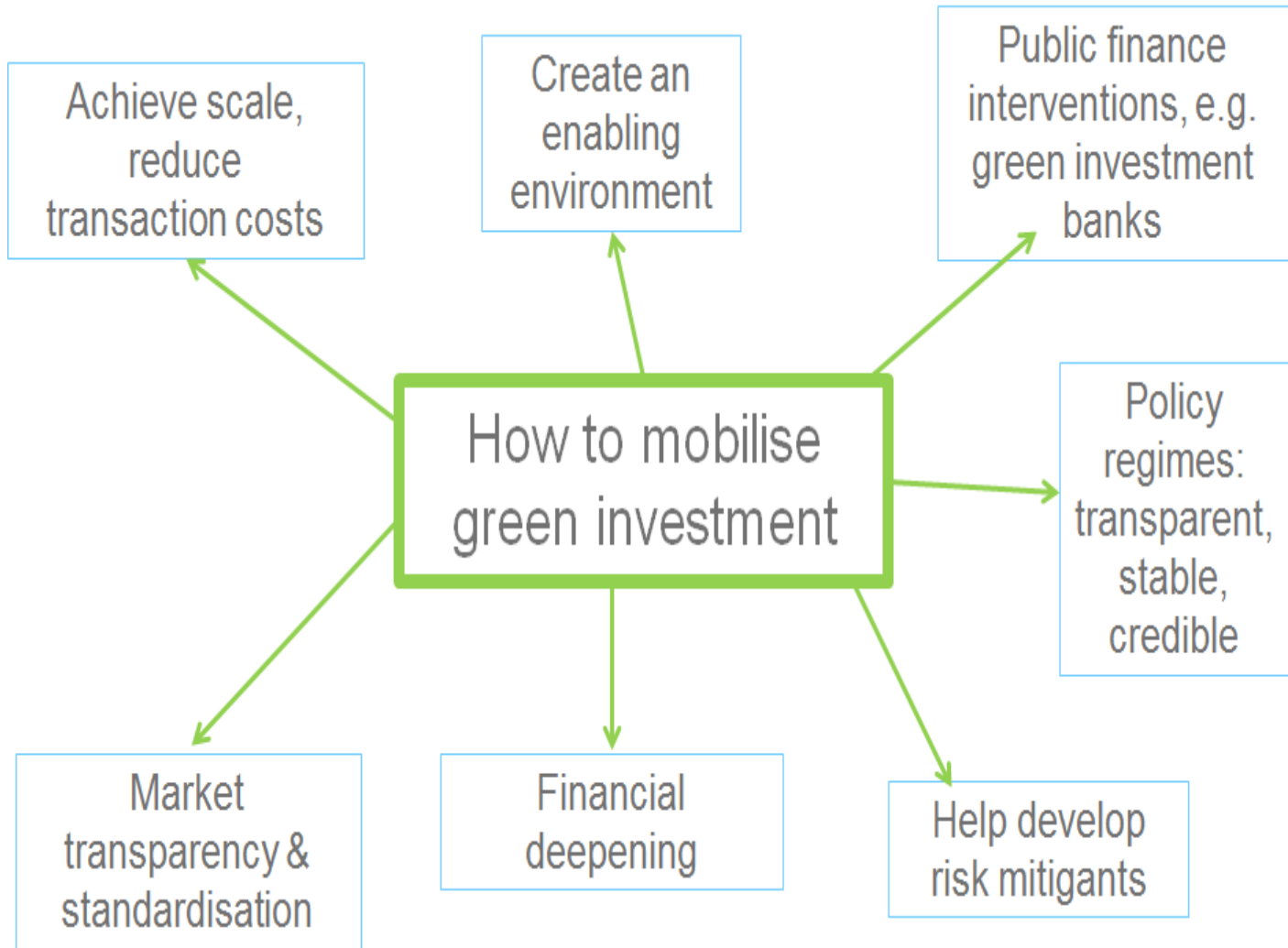


Blended finance principles





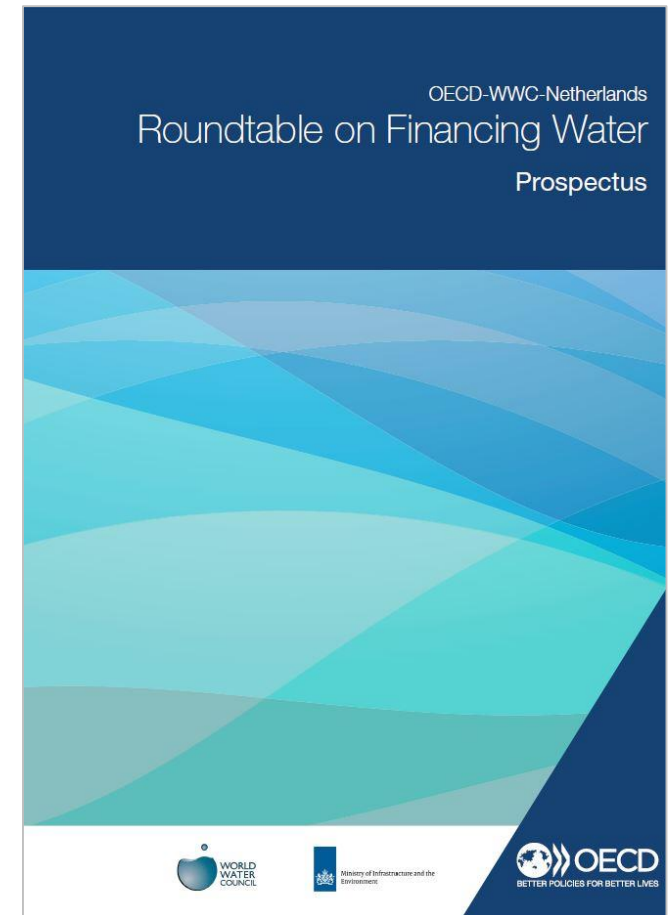
Lessons from green finance and investment





Roundtable on Financing Water

- Second meeting of the Roundtable, Tel Aviv, 13 September 2017
 - Innovation
 - The role of regulation in stimulating investment
 - Blended finance
- The 8th World Water Forum, Brasilia, March 2018

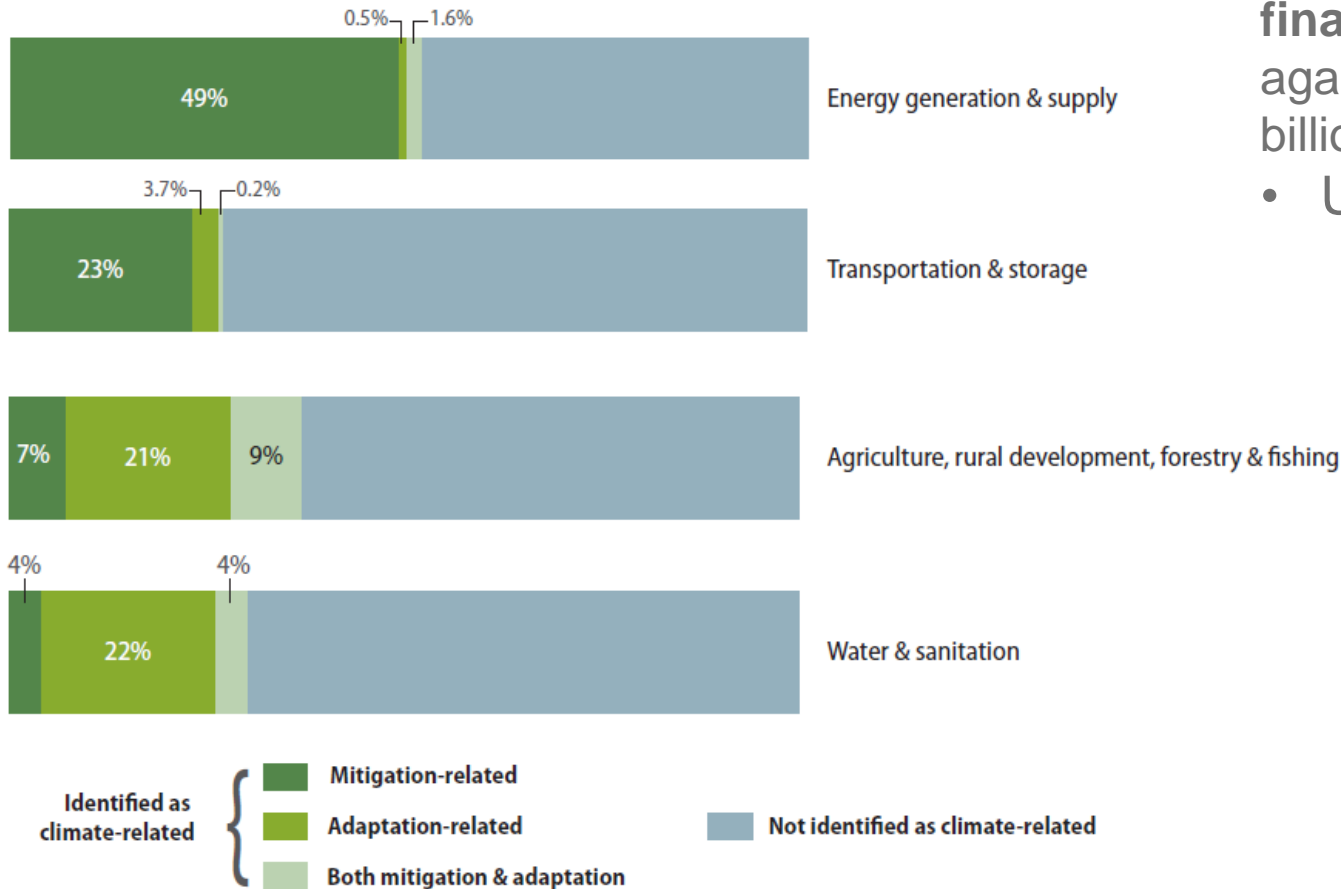






Extent of greening of development flows in climate-sensitive sectors

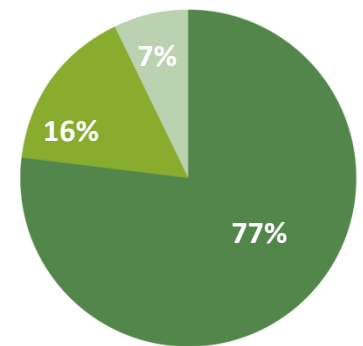
Figure 18: **Extent of greening within key climate-sensitive sectors, 2013-14**



Average climate finance in 2013-14 against the USD 100 billion p.a. commitment

- USD 57 billion p.a.

Share of total flows



Source: OECD CRS data

Note: Total sector allocable commitments, concessional and non-concessional, across multilateral and bilateral channels. Values for multilateral have been adjusted to account only for institutions reporting on climate finance outflows.