

## UNCTAD World Investment Forum 2018

### Using Blended Capital to Finance the SDGs

#### Statement by Isabelle Durant, Deputy Secretary-General of UNCTAD

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*AS PREPARED FOR DELIVERY*

- Welcoming comments, with special reference to:
  - **Mr. Elliot Harris** (ASG, UN DESA) who will be moderator of the session; and
  - **Ms. Giselle Leung** (Managing Director, Global Impact Investing Network or GIIN), who is our collaborating partner for the event.
  - Our UNDP colleagues (general reference) to thank them for their organisation of a special Blended Capital breakfast session that immediately preceded this event.
- Four years ago, UNCTAD's World Investment Report identified an enormous investment gap of \$2.5 trillion per year in developing countries alone, needed to meet the SDGs. Since that time there have been a number of financial innovations aimed at generating a massive step change in the amount of investment going to SDG sectors.
- It has been clear from the beginning that public resources, while critically important, will never be sufficient to meet the demand.
- Blended Capital is an important example of the kind of financial innovation needed to address the SDG funding challenge.
- Blended capital entails the combination of public and private investment, using public money and public policies to de-risk private investment and create new incentives for investing in SDG sectors. It has the remarkable power to both multiply the impact of public spending and 'crowd-in' private investment for development.

- In this context, blended capital is gaining momentum in the world of development finance and impact investing. Our objective today is to review the state of Blended Capital as a tool for financing the SDGs. And to identify new structures for scaling up its use and deepening its impact.
- We are looking for improved blended finance structures and closer engagement with private sector investors, to ensure that Blended Capital becomes integrated into mainstream investment practices.
- We are looking for clear impact targets in terms of improving people’s lives, and the environment they depend on.
- When defining and integrating impact targets, expectations are high. Both public and private sector investors must have a clear sense of what impact they have achieved with their investments.
- Despite rapid growth in Blended Capital projects in recent years, the techniques used so far are either too “sophisticated” or too simplistic to provide the clarity investors seek. This is a challenge for all of you to improve upon.
- Among the 17 SDGs, climate action stands out as an especially urgent need. Both urgent and existential. Clean energy and climate finance are among the largest targets of Blended Capital investment products, accounting for almost half of all deals.
- In conclusion:
  - The market for Blended Capital is growing.
  - It presents an important opportunity to radically scale up private investment in SDG sectors.
  - The challenge before us is to increase transparency, accountability and the financial, social and environmental impacts achieved.
- If we succeed in doing this, then the promise Blended Capital holds for us is to successfully unlock private capital at a scale not seen before, large enough to address our enormous SDG funding gaps.