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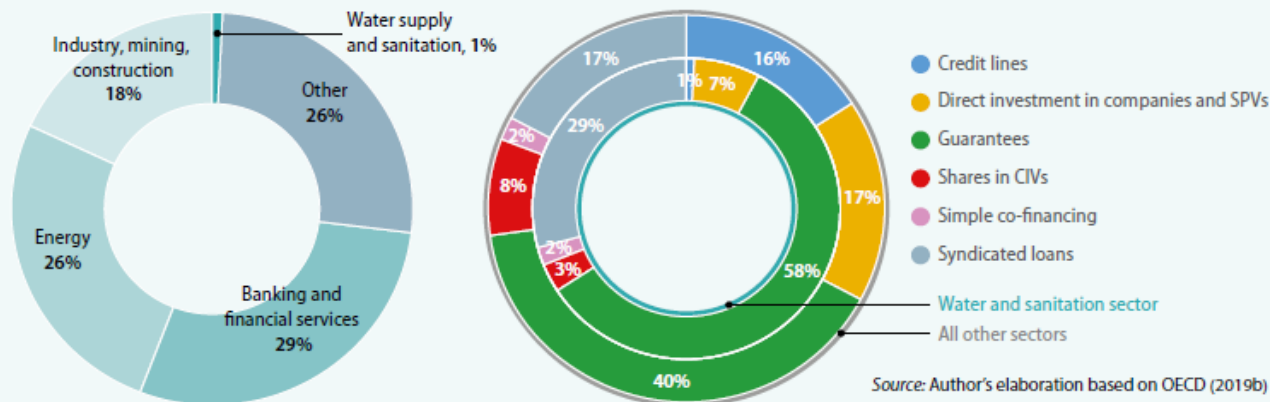
MAKING BLENDED FINANCE WORK FOR WATER AND SANITATION: UNLOCKING COMMERCIAL FINANCE FOR SDG 6

Report overview
Stockholm World Water Week 2019



Mobilisation of private finance in the water sector (preliminary results)

Figure 2. **COMMERCIAL FINANCE MOBILISED BY DEVELOPMENT FINANCE, BY SECTOR AND INSTRUMENT, 2012-2017**

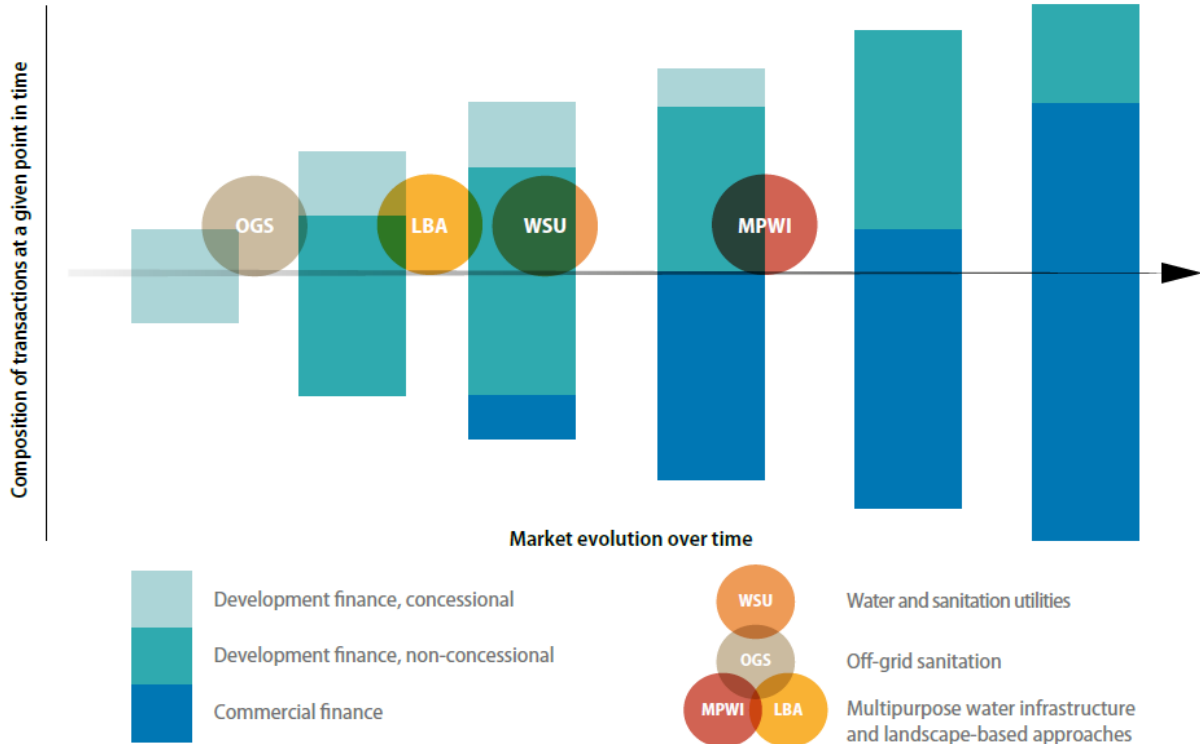


- From 2012 to 2017, USD 2.1 billion (1.4%) of the six year total of private finance mobilised targeted the water and sanitation sector.
- Guarantees account for almost 60% of private finance mobilised, followed by syndicated loans mobilising 29% of private finance.

Source: OECD DAC Statistics. This includes regular CRS reporting and Surveys on amounts mobilised from the private sector in 2015, 2016 and 2018.



Different stages of market building





Key findings by subsector

- **Utilities:**
 - Distinct financing needs
 - Well-targeted blended strategies can help move towards creditworthiness
 - Guarantees and technical assistance most common instruments
- **Small-scale off-grid sanitation:**
 - Blended models to unlock commercial investment have not yet emerged
 - Blended approaches can offer a pathway into beyond-grant models and help build local markets; strategic integration of business models could help
 - Need for conducive policy and regulatory framework to achieve scale
- **Multipurpose infrastructure & landscape-based approaches:**
 - MPWI is typically financed via project finance (SPVs), a well-known structure to commercial investors; role for technical assistance in project development
 - Landscape-based approaches emerging; can mobilise funds from local actors; need innovative techniques to quantify and value often implicit revenue streams





Cross-cutting policy implications



- Design blended finance in conjunction with efforts to improve the **enabling environment**. Technical assistance plays a vital role.
- Increase **transparency** to make a valid business case for commercial investment.
- Establish **more rigorous measurement and monitoring** of impact of blended finance.
- **Build on existing experience** to adapt and extend blended finance to new investment types and contexts.
- Strengthen **co-ordination** and co-operation among finance providers to unleash potential for blended finance and avoid crowding out.



Thank you

More on OECD's work on blended finance:

<http://oe.cd/blended>

More on the Roundtable on Financing Water:

<http://oe.cd/water-roundtable>