UNCTAD 9th session of IGE FfD, Session 1 – Panel
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EDFI Association

EDFI *Association*

Location: Brussels

Established: 1992

Landscape:

- Core membership: 15 European DFIs
- Affiliate DFI partnerships:
  U.S. DFC, FinDev Canada

› DFI Neighbourhood

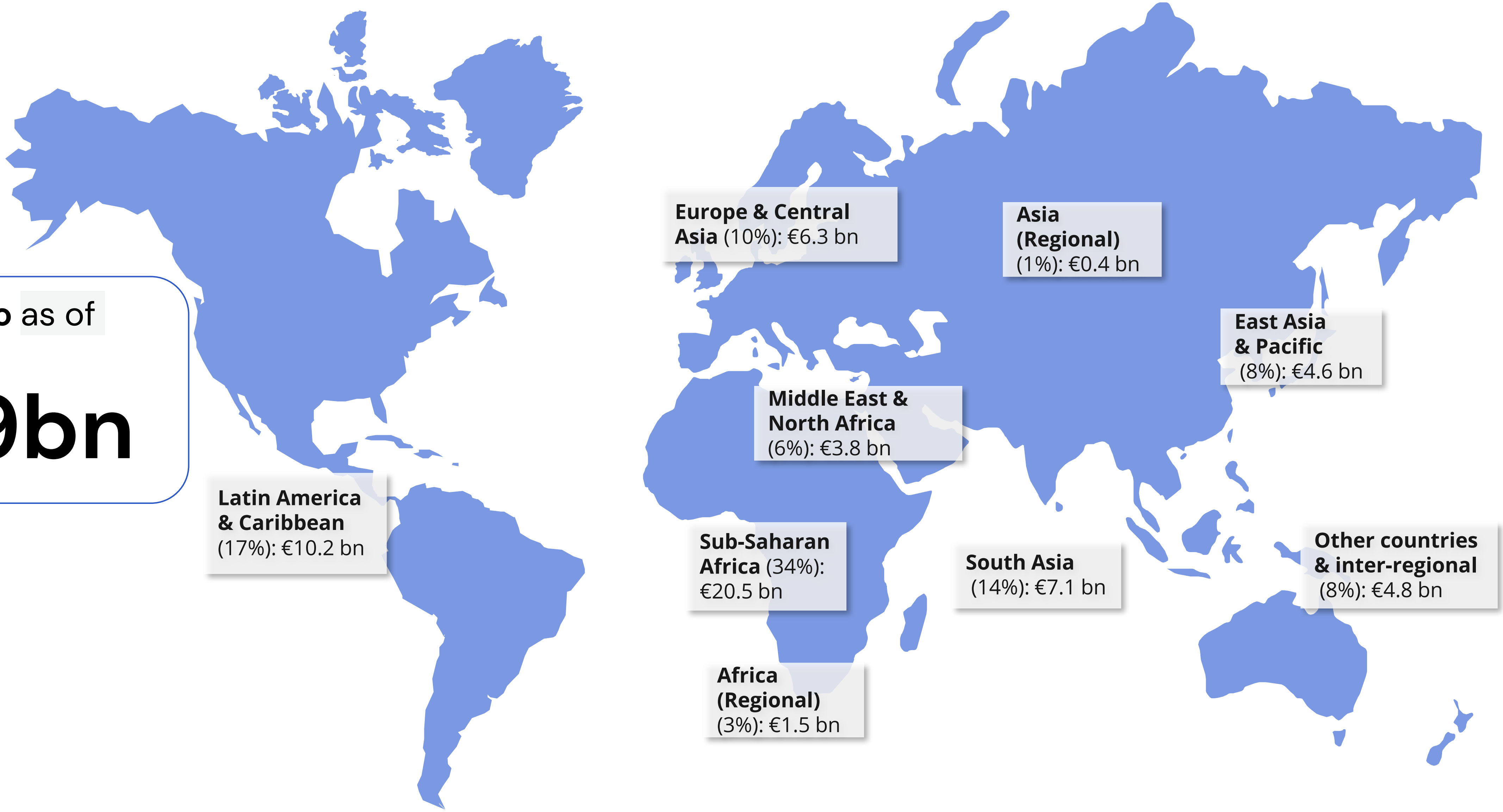
Mission: Promote the joint interests of its members, inform policy, and drive innovation in industry standards.

EDFI *data:* growing impact *around the globe*

EDFI

Global portfolio as of end 2024

€59.9bn



Source: EDFI, 2024
Note: The displayed data excludes mobilised amounts and concessional funds.

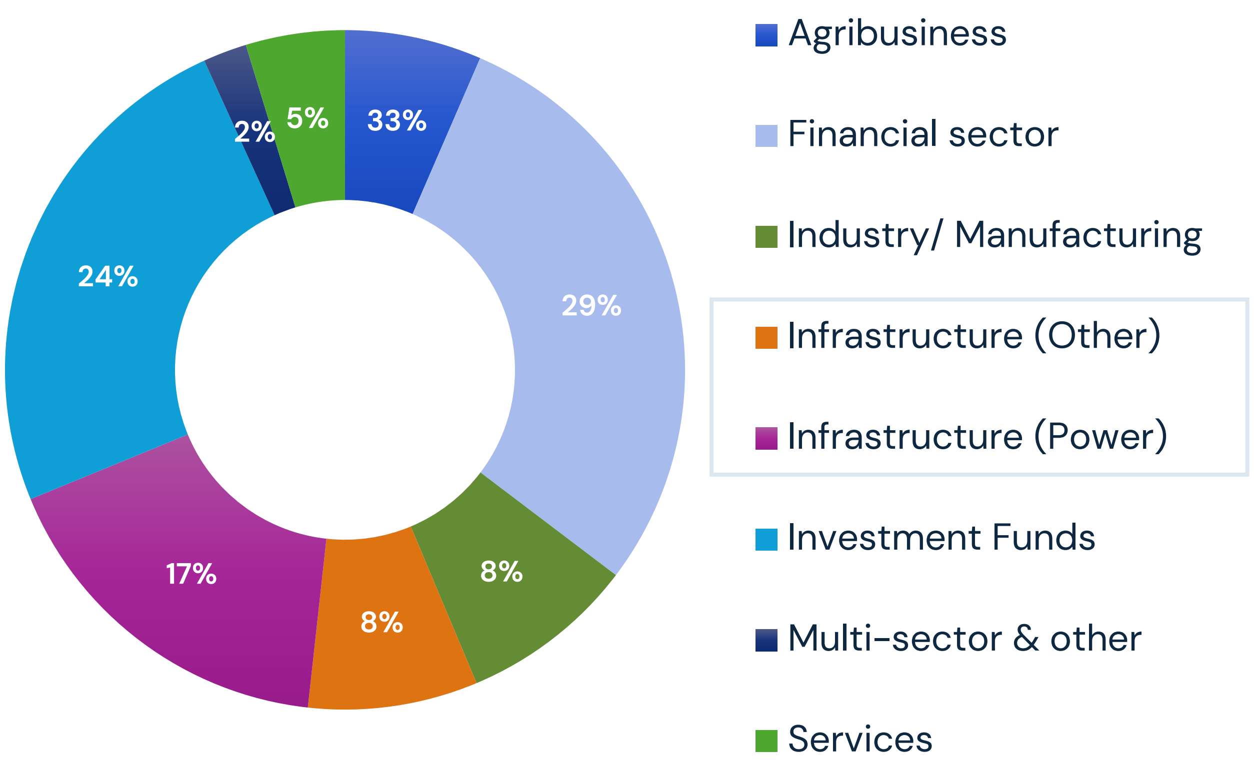
EDFI *data:*

Sectoral distribution of EDFI member portfolio, 2024

Global portfolio on trade-related sectors (power and other) as of end 2024

€15bn

(25% of total portfolio)



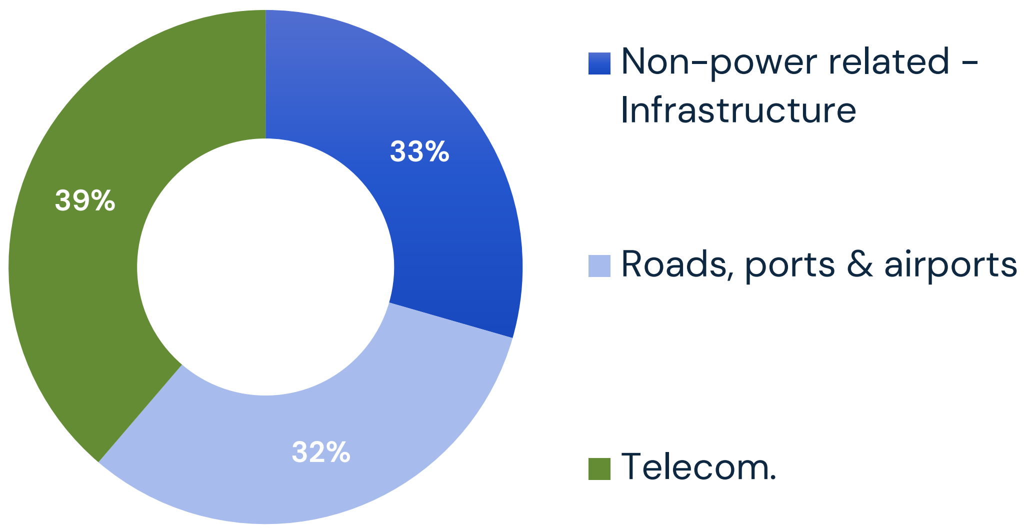
Source: EDFI

EDFI *data:*

Zoom-in on EDFI member *infrastructure portfolio in Africa**, 2024

44% of **EDFIs trade-related portfolio** (power and non-power) is **in Africa***

Sub-sectorial distribution – Infrastructure (non-power)
(4% of EDFI total portfolio, global)



Source: EDFI
* Africa includes: Africa regional, Sub-Saharan Africa, North Africa.

Blended finance: can be impactful……

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•**Mobilizes private capital where markets won't move alone**
By using concessional capital to reduce risk, blended finance can unlock investment in frontier markets, early-stage sectors, or underserved geographies. It turns *no* into *maybe*, and sometimes into *yes*.

•**Increases impact per public dollar**
Every concessional dollar can leverage multiple commercial dollars, allowing scarce public funds to stretch further. It helps shift development from a grant-dependent model toward scalable financing.

•**Catalyzes new markets and behaviors**
Blended instruments can demonstrate commercial viability in sectors like off-grid energy, affordable housing, or climate adaptation, paving the way for private investment at scale once risk profiles normalize.

•**Aligns financial return with development outcomes**
When structured responsibly, blended finance rewards enterprises that generate impact, linking growth to social and environmental benefits.

Blended finance: ..... but is not a silver bullet

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•**It cannot replace public finance—especially for non-bankable needs**
Many development priorities (public health systems, primary education, justice, adaptation for the poorest) yield diffuse or non-monetizable returns. No amount of risk-sharing will make these sectors commercially attractive—grants and government spending remain essential.

•**Mobilization ratios are often lower than promised**
Despite the rhetoric of "billions to trillions," real leverage is frequently modest and varies widely by sector. Over-reliance on blended finance risks underfunding critical areas that still need public capital.

•**Distorted incentives can arise**
If concessional capital is overused or mis-targeted, it may subsidize investors who would have come anyway, crowding out rather than crowding in private finance. Poor structuring can socialize risk while privatizing returns.

•**It is complex and resource-intensive to design well**
Effective blended mechanisms require strong governance, transparency, data, and local understanding. When these are weak, the instrument can add transaction costs without delivering proportionate benefit.

EDFI *models*: Blended Finance in practice

FMO – Dutch Fund for Climate and Development (DFCD)

Key programme characteristics:

- **Climate-adaptation & mitigation fund** for EMDEs, launched in 2019 and funded by the Dutch Government.
- **Managed by a <u>multi-institutional consortium</u>**: FMO (Dutch DFI) + WWF-NL (NGO) + SNV (Implementing agency) + Climate Fund Managers.

  Structure: **Three operationally linked facilities**

  - **Origination Facility:** managed by WWF & SNV — provides **grants / TA** to develop early-stage project ideas (feasibility studies, business plans).
  - **Water Facility:** managed by CFM — **invests (debt / equity** / grants) in water, sanitation, ocean systems, climate-resilient water-related infrastructure.
  - **Land Use Facility:** managed by FMO — invests in agroforestry, sustainable land use, climate-smart agriculture, ecosystem restoration, land-based climate resilience.
- Strategic goal: **Enable private-sector investment** in climate-relevant projects **that benefit vulnerable communities and ecosystems,** combining public and private capital.

EDFI models: Blended Finance *in practice*

FMO – Dutch Fund for Climate and Development (DFCD)

Why DFCD is a model example of blended finance

Bridges the "*valley of death*"	**Origination Facility** (grant + TA) helps move projects from concept to viable business cases, **making them investable**.
Lifecycle financing	Supports projects **from idea › feasibility › full implementation**.
Public–private co-financing and risk-sharing	Public (donor) funds accept early-stage and higher risk (via **grants + TA + concessional capital), enabling DFIs, private investors**, or commercial partners to invest alongside under more acceptable risk-return conditions.
Additionality and market creation: Innovation	DFCD helps **create markets where none existed** (e.g., climate-smart agriculture, sustainable land-use, water resilience), rather than simply subsidising existing ones.
Flexible, sector-agnostic, scalable	Covers water, land, ecosystems, **leveraging local intelligence**; can be **replicated across geographies**.

EDFI models: Blended Finance *in practice*

FMO – Dutch Fund for Climate and Development (DFCD)

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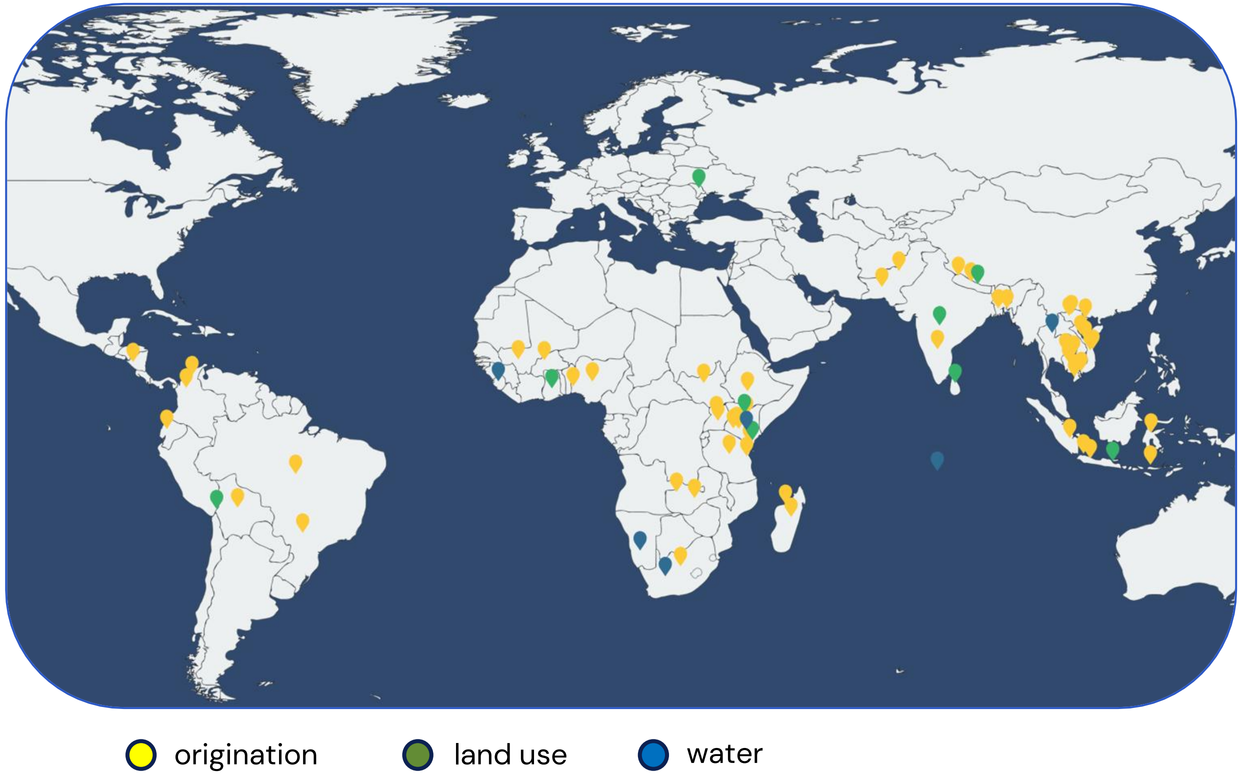

Geographic spread/ portfolio diversification

- FMO: 85 active countries
- SNV: 28 active countries
- WWF: 86 active countries
- Climate fund managers: 12 active countries

Financial contributions

- **€160m** commitment from the Dutch MFA (2019-2023)

  + €40m top-up for origination facility in 09/2023
- **EFSD+** budgetary **guarantee up to €105m**, newly signed between FMO and the European Commission in 09/2025.

  + this triple-A EU guarantee **enables a €240m top-up** to DFCD's Land Use Facility.

EDFI *models*: Blended Finance in practice

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EDFI Management Company – The promising prospect of Transforming Global Value Chains (TGVC)

Key programme characteristics:

- **Joint guarantee programme** under EFSD+ (approved in 10/2025), implemented by EDFI MC.
- Total EDFI financing **mobilisation target: €628m**
- Designed to support **debt investments** by European DFIs (and co-investors) **into *local, regional, and value-chain companies* in EMDEs.**
- Targets **SMEs and mid-caps** in value-chain sectors: agribusiness, manufacturing (e-vehicles, critical raw materials), logistics, digital, construction / green real estate.
- **Replicable** blended finance model **as standardised via EDFI MC**, similar value-chain investments (**across sectors / geographies**) can be scaled, especially where regional value chain development is a priority.

Why TGVC is a model example of blended finance

Bridging the 'valley of death'	Many value-chain companies face high risk and limited access to long-term debt, especially in EMDEs. Guarantees mitigate that risk, enabling lenders to extend financing on more favorable terms.
Creating local markets, bottom-up and ensuring ownership	**Technical Assistance (TA)** is provided **to build local capacity, improve ESG governance**, and support business models, **making companies more investable.**
Additionality for ecosystem: Cover	The **guarantee (up to €194 million)** gives DFIs **comfort to lend where otherwise they might not**. Blended risk-sharing as enabling EDFIs to go after investments they couldn't do purely commercially.

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