



Background

The purpose of this survey was to gather insight into the challenges and opportunities that exist for blended finance from a practitioners' point of view. We define practitioners as those that are currently involved in impact investing/sustainable investing/ESG in their professional capacity.

Our research question was related to how to re-imagine blended finance for Africa in order to strengthen and scale its impact. Part of the output was presented at the Annual Africa Impact Investing Summit 2021.

Methodology

This survey was conducted online using Google Form between 18 March 2021 and 24 March 2021. The participants were selected based on their experience in the field of impact investing/sustainable investing/ESG with a particular focus on emerging markets – especially Africa.

The survey was designed to gather information in a fairly short period of time in preparation for the Annual Africa Impact Investing Summit 2021. As a result, it should be cautioned that the sample size ($n = 82$) is limited.

Acknowledgement

I would like to thank all of the survey participants for making themselves available on a short notice. I appreciate your time and commitment to making this industry more impactful.

The content of this document is the sole responsibility of the author. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged.

For any questions or feedback, please contact:

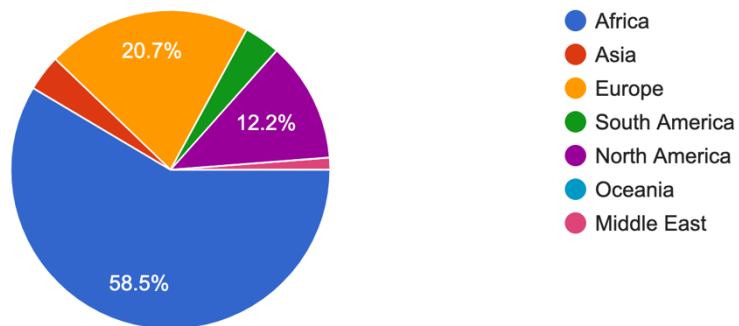
Sawa Nakagawa, Founder & Partner, ThreeArrows Impact Partner (Pty) Ltd (sawa@threearrowsimpact.com)

Outcome

1) Background

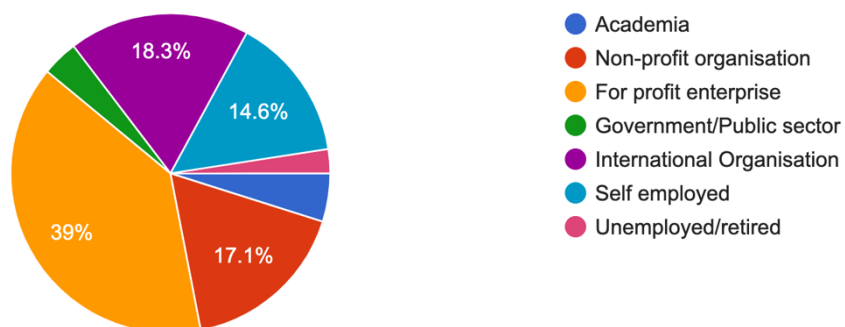
Where are you based?

82 responses



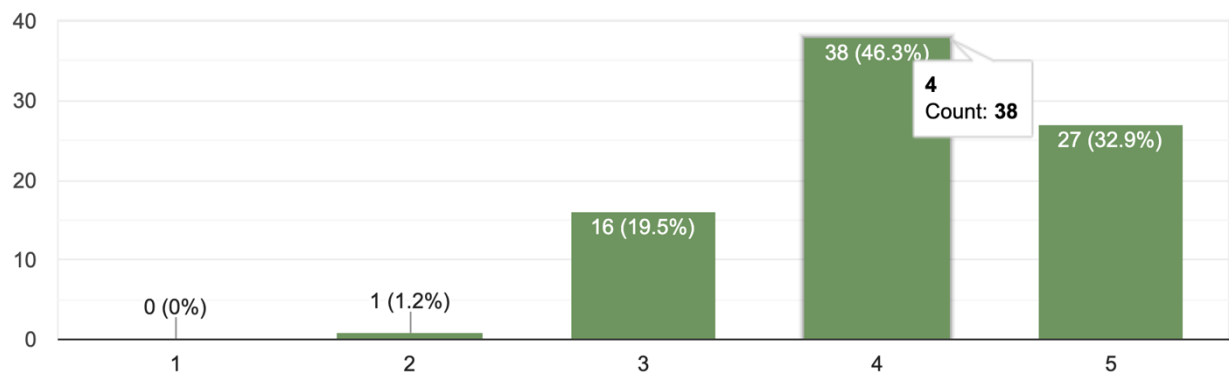
What is your professional field?

82 responses



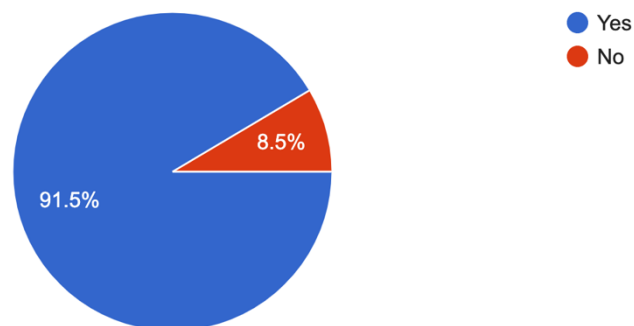
How would you describe your understanding of impact investing/sustainable investing/ESG?

82 responses



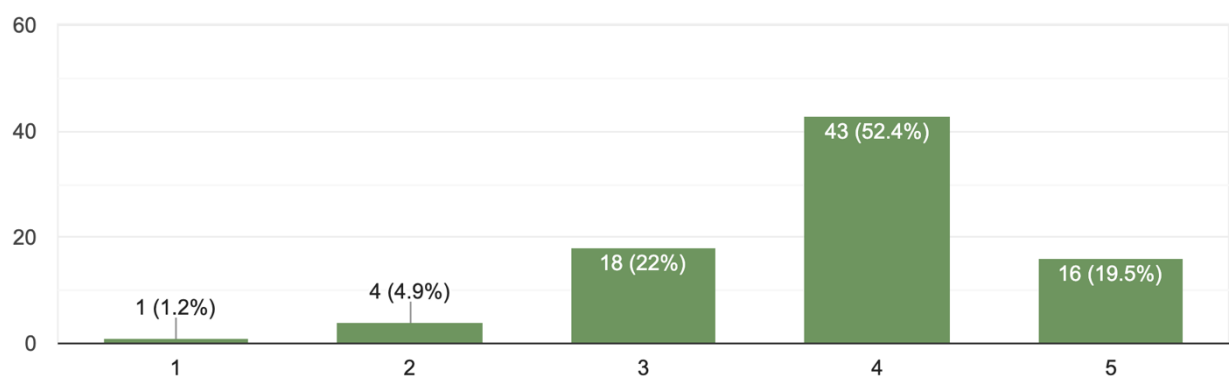
Are you currently professionally involved in the field of impact investing/sustainable investing/ESG?

82 responses



How would you characterise your understanding of blended finance?

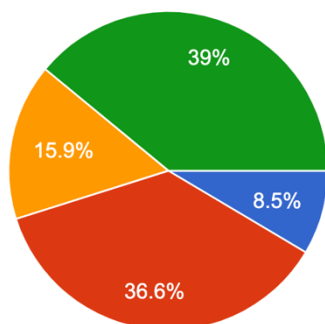
82 responses



2) Blended finance – understanding & positioning

Which definition of blended finance resonates with you the most?

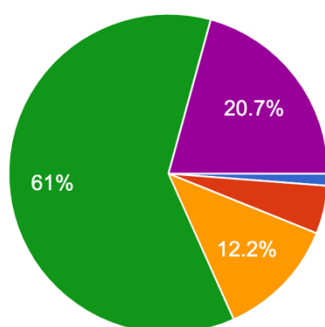
82 responses



- An approach aiming at attracting commercial capital towards projects that benefit society while providing financial returns
- The use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development
- The use of relatively small amounts of concessional donor funds to mitigate social and environmental risks
- Combining concessional finance from donors or third parties alongside development finance

What do you think about this statement: "Blended finance is one of the most significant tools to address market failures and to help mobilise private capital for pioneering projects and challenging environments"?

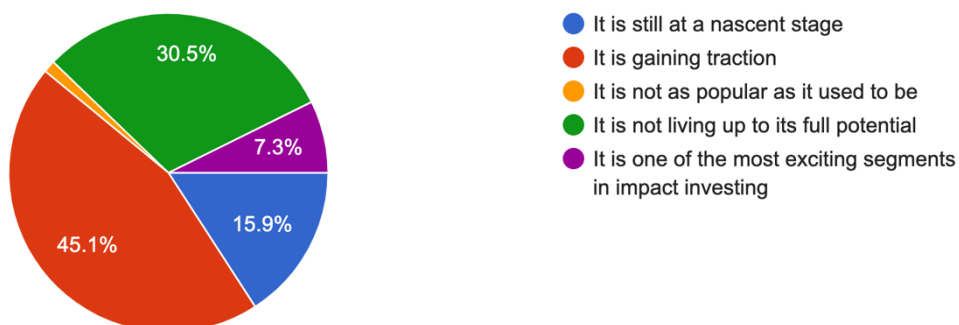
82 responses



- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

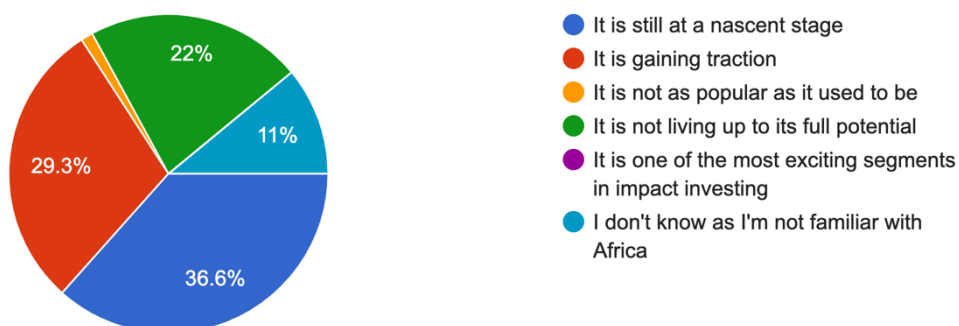
How would you characterise the current state of the blended financing globally?

82 responses



How would you characterise the current state of blended finance in Africa specifically?

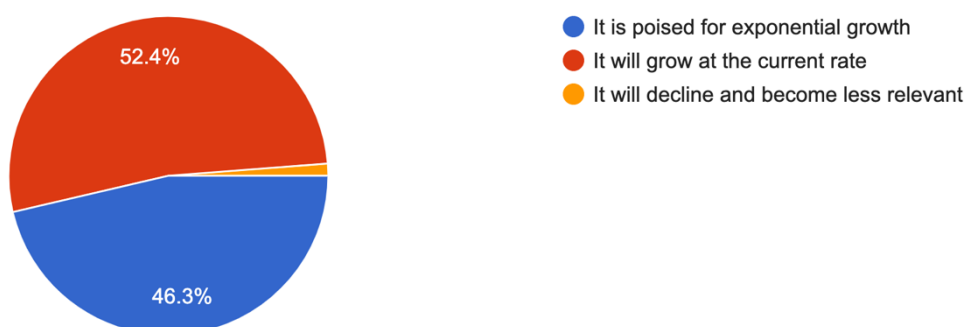
82 responses



3) Blended finance – future & challenges

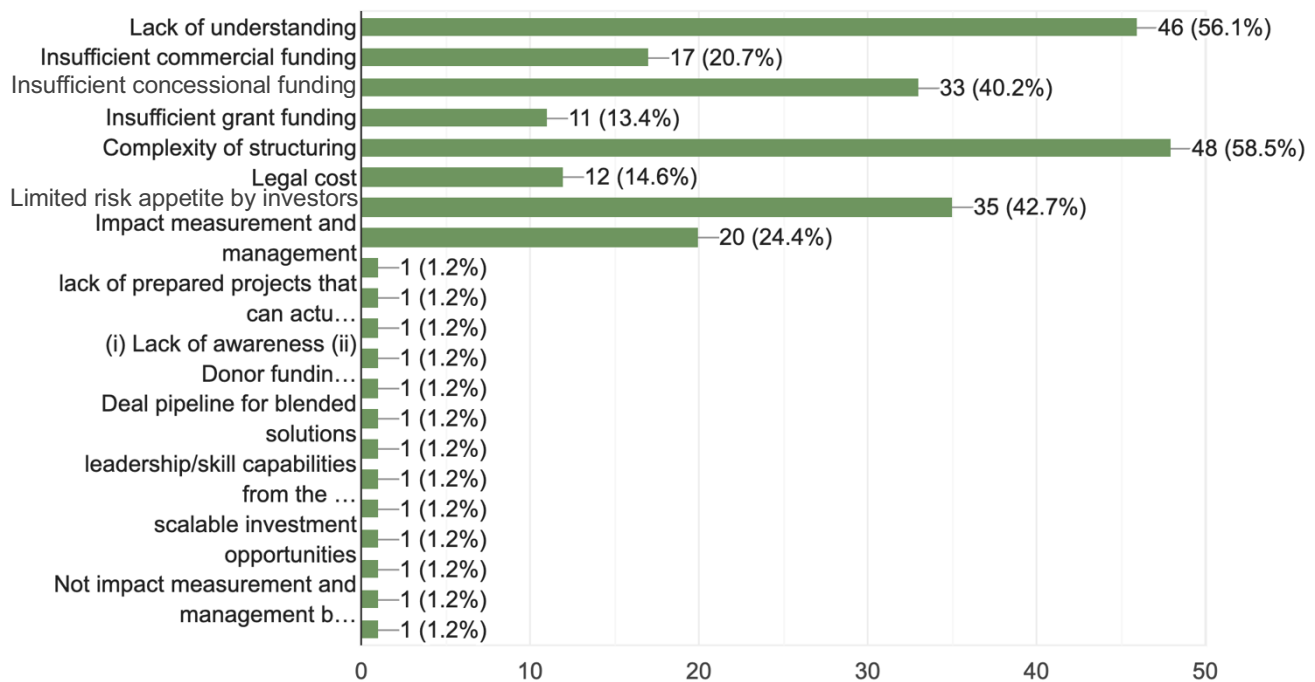
How would you see the future of blended finance?

82 responses



What do you think are the obstacles in scaling and having more impact through blended finance [Select your top 3]

82 responses



Other obstacles raised (expanded):

- Assessment of right amount of subsidy
- Lack of prepared projects that can actually scale up impact. e.g. there is no blended finance to support private affordable education because there are no initiatives by Governments to address education with through this solution.
- The high reporting and measurement requirements make the transactions too complicated
- Lack of awareness
- Donor funding cycles which are too short to match project development cycle
- It only works for above threshold investment size
- Deal pipeline for blended solution
- Opportunity costs
- Leadership/skill capabilities from the philanthropic side to convince/hold-to-account traditional capital
- Political risk
- Scalable investment opportunities
- Insufficient understanding of commercial investing by grant/concessional capital providers
- Not impact measurement and management but clear financial goals (i.e. this thing will always need to be blended finance funded...or once we do this if we prove then it moves to commercial funders...)
- This is particularly in relation to SA, the regulation around what PBOs can be very limiting to those foundations that want to participate in such structures.

4) Blended finance – reimagining and finding a solution

Snapshot of some of the ideas shares by the survey participants:

