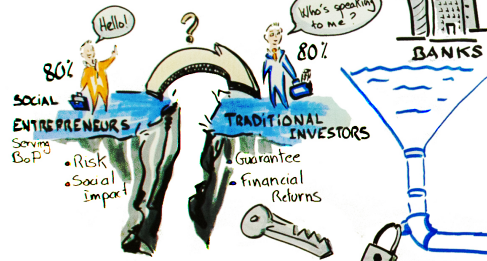


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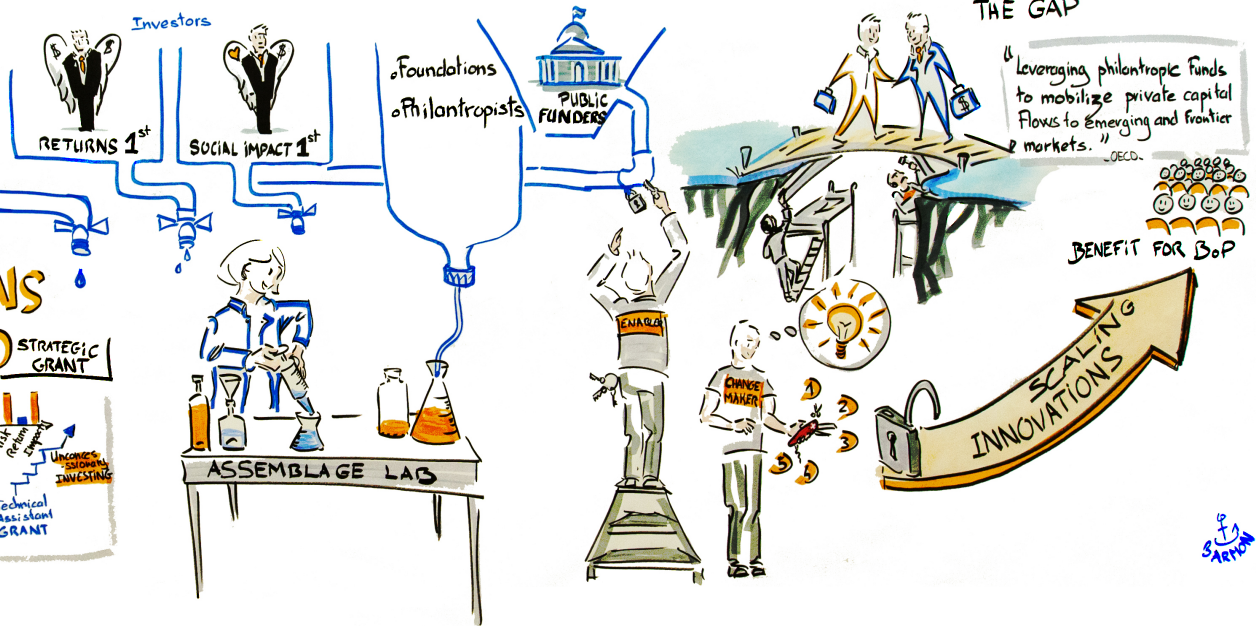


FINANCIAL MARKET GAP



# UNLOCKING BLENDED FINANCE

BRIDGING THE GAP



## RECIPES FOR SOLUTIONS

1 STRUCTURED FUNDS

2 PAY FOR SUCCESS

3 GUARANTEES

4 INTERMEDIATION

5 STRATEGIC GRANT

Roots of Impact

FASE & KAYAKO Mexico

### Main takeaways:

# The new role of Blended Finance & Impact Investment in Sustainable Development



# Main takeaways

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- There is a **huge potential for social enterprises and inclusive businesses** to contribute to international development
- Impact investment is a promising source of capital for them, but it is **limited to the most commercial solutions**
- Impact investors typically seek market rate returns and don't find enough adequate investment targets
- There is a strong need for **new kinds of funding mechanisms** to scale high-impact businesses
- This can be achieved by **blending different types of capital more effectively**
- Commonly used structures for large scale development projects **may not be appropriate** for social enterprises and inclusive businesses
- More accuracy on real impact is needed to design the right incentives and the optimal mix of capital sources
- **Capital leverage** alone is neither an appropriate selection criterion nor a quality indicator for blended finance projects
- The guiding question for all types of blending should be: **How much impact is created with the resources provided?**