

Blended Finance

Moving from Poverty to Prosperity

Two of the most stable sources of development finance are domestic public finance and private sector finance. Now is the time for blended finance and shared-value partnerships to change the way we do development and promote innovative solutions to development challenges.

Canada takes a holistic approach to financing for development to strengthen domestic resource mobilization, address illicit financial flows and harness more private investment in developing countries.

Canada is working with key partners to explore innovative financing models and engaging the private sector to bring their resources and expertise to advance sustainable development and improve the lives of people living in poverty.



Canada has been at the forefront of a number of initiatives that show blended finance can create possibilities for new solutions to development issues. For example:

- Canada's Minister of International Development and La Francophonie, Christian Paradis, is the Chair of the Steering Group of the Redesigning Development Finance Initiative, in partnership with the Organisation for Economic Co-operation and Development and the World Economic Forum. This group has brought global partners together to expand the pool of foreign and domestic capital to accelerate social and economic progress.
- In 2015, Canada, in partnership with the World Economic Forum, Dalberg Global Development Advisors and a number of other players, announced Convergence, an online marketplace, knowledge broker and accelerator for innovative development finance models. It will help leverage new sources of financing and significantly contribute to ending global poverty. The private sector will also benefit from new investment opportunities in developing nations.
- Canada's partnership with Saron Asset Management is successfully bridging the "missing middle" (access to finance and know-how) for small and medium-sized enterprises in emerging markets so they can grow and create new jobs.



- The Canadian Development Finance Initiative, established in 2015, will provide financing to Canadian private firms and foundations for commercial projects in low- and middle-income countries and help leverage financial expertise in Canada as part of a new development financing function, complementing existing international assistance programs.
- New measures have also been introduced to help people in Canada send money to their families and communities in developing countries overseas at more affordable prices and with safer, more efficient services. These private flows are another major source of income for millions of families in developing countries.

With maternal, newborn and child health (MNCH) being a top development priority for the Government of Canada, health is one sector in which Canada has test driven the public-private funding mix with great success.

For example:

- In 2007, Canada was one of five donor countries, along with the Bill & Melinda Gates Foundation, to launch the first Advance Market Commitment to bring pneumococcal vaccine to developing countries. Through GAVI, the Vaccine Alliance, donors helped to pay for the future purchase of the vaccine, creating an incentive for manufacturers to produce affordable vaccines for the world's poorest countries.
- In 2014, Canada, the United States, Norway and the World Bank Group launched the Global Financing Facility in Support of Every Woman Every Child. This new facility is helping finance innovative initiatives with the private sector to advance MNCH.



- Building on the success of Canada's ongoing partnership with Grand Challenges Canada (GCC), in 2015, Canada announced support for the Innovation Platform for Maternal, Newborn and Child Health, which will support Canadian and developing-country innovators who want to tackle persistent global MNCH health challenges in new and creative ways. GCC will also leverage private sector expertise and resources to scale up these innovations.

Canada is also pursuing opportunities for blended finance in the extractives sector, as well as in the agriculture and infrastructure sectors. For example:

- In 2014, Canada created a funding mechanism, the Extractives Cooperation for Enhanced Economic Development (EXCEED), to support large-scale development projects in the extractives sector in Africa that will build the capacity of African governments and organizations to maximize the benefits of their own resource wealth. EXCEED enhances the contribution and mitigates the risks of the extractives sector to the socio-economic well-being of African women, men and youth.
- Canada supports the newest regional platform of the World Economic Forum (WEF), Grow Asia, a partnership developed in collaboration with the Association of Southeast Asian Nations (ASEAN) Secretariat. Grow Asia is part of the WEF's Global Challenge Initiative on Food Security and Agriculture, of which Canada is a founding partner. Grow Asia aims to engage the private sector and identify opportunities for collaboration to increase food security and agricultural growth in the ASEAN region.
- With Canada's support at the founding stages, the World Bank Group is developing the Global Infrastructure Facility (GIF) in order to enable private-public partnerships for infrastructure financing. The GIF will engage and integrate the efforts of multilateral development banks, institutional investors, private sector infrastructure service providers, and local governments to stimulate economic growth and expand access to basic services that help alleviate poverty in emerging markets and developing economies.



“ As Chair of the Redesigning Development Finance Initiative’s Steering Group, I am committed to working with global partners to expand the pool of foreign and domestic capital needed to accelerate social and economic progress. Our aim is to identify, test, and scale up public-private blended finance models in a systematic way. The additional investment generated by this approach should significantly accelerate progress toward global development results. ”

– The Honourable Christian Paradis, Canada’s Minister of International Development and La Francophonie, and Chair of the Redesigning Development Finance Initiative’s Steering Group

“ It’s essential for multilateral banks and the IMF to work closely with each other, as well as with governments and the private sector, to mobilize the additional resources needed to achieve the Sustainable Development Goals. We all share the same goals, which include reducing poverty and inequality, promoting economic growth and productivity that creates well-paid jobs, improving social and physical infrastructure, pursuing sustainable energy policies, ensuring food security and protecting biodiversity, among other pressing challenges. ”

– Luis Alberto Moreno, President, Inter-American Development Bank

“ Canada’s strong commitment to Gavi will save the lives of children in developing countries. We share Prime Minister Harper’s determination to see a world free from preventable deaths, and we are playing our part by working to ensure that children have access to life-saving vaccines no matter where they live. ”

– Dr. Seth Berkley, CEO of Gavi, the Vaccine Alliance

“ The Government of Canada is a recognized leader on global food-security issues in the international community. We are very pleased to welcome Canada as a partner in the Grow Asia partnership as well as our broader Global Challenge Initiative on Food Security and Agriculture. Both will endeavour to advance progress through innovative partnerships. ”

– Richard Samans, Managing Director and Member of the Managing Board, World Economic Forum

“ These government organizations have shown visionary leadership in establishing groundbreaking partnerships that will define the future of private investment in frontier and emerging markets. As a proud and grateful recipient of this catalytic capital last year, Sarona has been able to step up its fund-raising efforts significantly, attracting capital from leading institutional investors. This has helped us greatly in realizing our mission of delivering superior risk-adjusted returns to our investors within markets where the responsible deployment of capital can lead to very positive social outcomes. ”

– Gerhard Pries, Managing Partner and CEO of Sarona Asset Management, praising the Government of Canada and the Overseas Private Investment Corporation at the Blended Finance Forum in New York City, on October 30, 2014.



“ There is consensus that official development assistance, or ODA, alone cannot sufficiently finance the post-2015 international development agenda. For this reason, I am proud to say that Canada is playing a leading role in addressing the challenge by advancing a new vision of “blended finance” to harness resources for development. ”

– The Honourable Christian Paradis, Canada’s Minister of International Development and La Francophonie and Chair of the Redesigning Development Finance Initiative’s Steering Group

“ While the debate on what the next global development agenda should be is well advanced, the discussion on how these new targets will be achieved has only just begun. Development finance is a key component of the how, without which we won’t deliver on our collective aspirations for a sustainable future that puts people at the centre. ”

– Amina Mohammed, Assistant Secretary-General and Special Adviser on Post-2015 Development Planning, United Nations

Power in Partnerships for a Better World

The power of public and private co-investment and shared-value partnerships is staggering, but untapped. The involvement of public or philanthropic organizations— from government agencies to foundations— provides debt, equity, or guaranteed financing that offers attractive options for portfolio diversification and risk mitigation.

Prudent and profitable: the opportunity is yours!

Contact the **Convergence Team** at communications@globaldevincubator.org.

Contact the **Prosperity and Development Section** of Foreign Affairs, Trade and Development Canada at partenaires-partners@international.gc.ca or 1-800-267-8376 (toll-free in Canada) or 613-944-4000 to learn more.

