



**ECOSOC Financing for Development Forum /
FFD4 Fourth Preparatory Committee Session
New York, April 28 – May 2, 2025
Side Event**

- Title:** Making blended finance work better for African and Least Developed Countries: Missing pieces in the development finance ecosystem
- Lead Organizers:** UN Capital Development Fund (UNCDF)
Convergence Blended Finance
- Date & Time:** Monday April 28, 4.45pm – 6.00pm
- Location:** UN Conference Room D - In person

Background and rationale:

The FfD4 Outcome Document (first draft) proposes to “*launch an ambitious package of reforms and actions to catalyse sustainable development investment at scale to close the financing gap with urgency*” (Clause 5), “*scale up foreign direct investment and private capital mobilization*” (C28) and “*we support efforts towards greater standardization of blended finance instruments to create effective and replicable structures for different country contexts*” (C28g).

There is particular concern about the growing SDG and climate financing gap that face Africa, the least developed countries (LDCs) and other vulnerable economies. The SDGs are farthest off track in these countries, where deep-rooted challenges prevent availability of and access to public and private SDG financing. Most African countries and LDCs face multiple structural impediments, including low levels of financial sector development (see table below), low levels of productive capacities and largely undiversified and informal economies reliant on agriculture and natural resources. 380 million people in LDCs lived in extreme poverty in 2023, 15 million more than in 2019¹. Some 486 million people lack access to electricity², and only 36% used the internet in 2022.

Domestic credit to private sector as % of GDP (2022 World Bank Data)

Region	Percentage
All Low and Middle-Income Countries	128.5%
IDA & IBRD Total	124.8%
East Asia & Pacific (excluding high income)	170.2%
Africa – Eastern & Southern	46.7%
Africa – Western & Central	15.4%
Sub-Saharan Africa	33.4%
Least Developed Countries (UN Classification)	31.4%

¹ <https://docs.un.org/en/E/RES/2024/18>

² <https://docs.un.org/en/A/RES/79/218>

While ODA and public finance will continue to play a fundamental role in these countries, in an environment of constrained aid budgets there is an urgent need to significantly step-up efforts to mobilize private sector investment towards sustainable development in these countries: both domestic investment and cross-border investment from other countries.

There are significant private resources available in the global economy. The Financial Stability Board estimates total Global Financial Assets at \$482 trillion³ – 4.5 times global GDP, however 81% of those resources are located in High-Income Countries, 14% in China and only 5% in Developing Countries (*ex-China*). 88% of these resources are controlled by the private sector – but private sector debt investment and portfolio equity investment to Developing Countries has been lower since 2015 (SDGs and Paris Agreement launches) than before.

The ambitions of mobilizing significant private investment for the SDGs set out in the FfD3 Outcome Document (Addis Ababa Action Agenda) have not materialized over the past decade. UNCTAD advises the SDG Investment Gap has grown from \$2.5 trillion to \$4 trillion per year.

Official development finance has a key role to play in helping to mobilize private SDG investment. However, it currently only mobilizes less than \$70 billion (1-2% of the SDG and climate investment needs of all Developing Countries) – only a fraction of which flows to Africa and LDCs.

The FfD4 Outcome Document (first draft) has a lot of content and guidance for blended finance and mobilization. More ambitious approaches based on good practices over the past decade, and partnerships, for blended finance and private capital mobilization are urgently required. Blended finance should also be more closely linked or integrated with wider efforts of policy reforms and capacity development aimed at developing markets and financial sectors and at addressing barriers that hold back private investments.

Convergence is currently advancing the Scale Private Investment Mobilization Project supported by the Governments of Finland, France, Luxembourg, Switzerland and the Gates Foundation, to identify how to mobilize private investment at scale (e.g., \$500+ billion annually) – equitable across all Developing Countries. The effort aims to define a set of standardized and replicable private investment mobilization models for how public sector funds can be used most effectively and efficiently to create investments with acceptable risk-return profiles that meet private investors' fiduciary and regulatory investment obligations to allow them to invest in markets with higher risk. The project specifically address the higher investment risk perceptions for Africa and LDCs, and identifies how to mobilize investment within/to these countries addressing the unique challenges of these countries.

UNCDF has recently completed a significant re-organization in order to deliver on its mandate and scale up the use of its financial instruments and capabilities to help unlock more private SDG financing flows, especially for LDCs and frontier markets. This includes a greater focus on the use of concessional guarantees, loans and performance-based grants to help prepare and “de-risk” SDG investments and financing for small and medium-sized enterprises. As a grant-funded provider of catalytic first-loss capital, UNCDF fills a gap in the development finance architecture and helps prepare the conditions for crowding in larger flows of SDG finance from providers of semi-commercial and commercial finance.

³ [Financial Stability Board](#)

Convergence, UNCDF and other partners are currently discussing the establishment of an Initiative / Alliance of donor governments, developing country governments and other partners to be presented under the Sevilla Platform for Action to advance select areas of the FFD4 outcome document on scaling private capital mobilization, focusing especially on LDCs and frontier markets.

Event objectives

This event will explore approaches and experiences to scale up mobilization of private investment for SDG acceleration, with a particular focus on African countries and LDCs. More specifically, the event will aim to:

- Provide an overview of simplified and standardized private investment mobilization models that can allow domestic and international providers of private finance to increase allocation of capital towards SDG projects in Africa and LDCs.
- Highlight concrete examples of how catalytic concessional financing can be used effectively to help change risk-return profiles in order to unlock both domestic and international private financing in Africa and LDCs.
- Mobilize support and generate recommendations for the establishment and role of an Initiative / Alliance of member states and other partners under the Sevilla Platform for Action, focused on scaling up mobilization and impact of private investments in Africa, LDCs and frontier markets to deliver on the FFD4 outcome document.

Draft Agenda and Speakers (All TBC)

Segment 1: Setting the stage (10 minutes)

- Honourable Ms. Kenyeh Barlay, Minister of Planning and Economic Development, Government of Sierra Leone
- Mr. Carsten Staur, Chair, OECD Development Assistance Committee
- Mr. Claver Gatete, Executive Secretary, UN Economic Commission for Africa

Segment 2: Optimal private investment mobilization for Developing Countries – focus on Africa and LDCs (20 minutes)

- Christopher Clubb, Managing Director, Convergence
 - Models for scaling private investment mobilization in LDCs and other frontier markets
- Pradeep Kurukulasuriya, UNCDF Executive Secretary
 - Introduction and the role of UNCDF in catalyzing private finance in early-stage markets

Segment 3: Interactive roundtable dialogue (30 minutes)

- Mr. Pasi Hellman, Under-Secretary of State for Development Policy, Ministry of Foreign Affairs, Government of Finland
- Ms. Jenny Krisch, Senior Policy Specialist Financing for Development, Swedish International Development Cooperation Agency
- Mr. Dhani Ram Sharma, Joint Secretary, Ministry of Finance, Government of Nepal
- Mr. Admassu Tadesse, President, Trade and Development Bank (Africa)
- Ms. Iftin Fatah, Senior Program Officer, Development Policy and Finance, Gates Foundation
- Ms. Srilata Kammila, Chief Investment Officer, UNCDF

Moderator: Pradeep Kurukulasuriya

Segment 3: Q & A with audience (15 minutes)

Moderator: Pradeep Kurukulasuriya

Closing remarks (5 minutes)

- Carsten Staur and Christopher Clubb

Questions to be explored in roundtable dialogue:

- What will be needed to increase private investment mobilization for Africa and LDCs?
- How can catalytic concessional capital be mobilized and deployed more effectively and efficiently to create investments that have acceptable risk-return profiles that meet private investors' fiduciary and regulatory investment obligations and allow them to invest in markets with higher risk? *What are examples?*
- Comments / opinions on the need for an action plan on scaling private investment mobilization and the proposed 12 standardized models presented by Convergence, in order to help deliver on FFD4.
- What role could a proposed Alliance of Developing Countries and OECD DAC members countries (and other partners) play to help scale private investment mobilization and advance relevant areas of the FFD4 Outcome Document?
 - What would be required to submit such an initiative under the Sevilla Platform for Action?