



# THE STATE OF BLENDED FINANCE 2023 –CLIMATE EDITION

KEY FINDINGS

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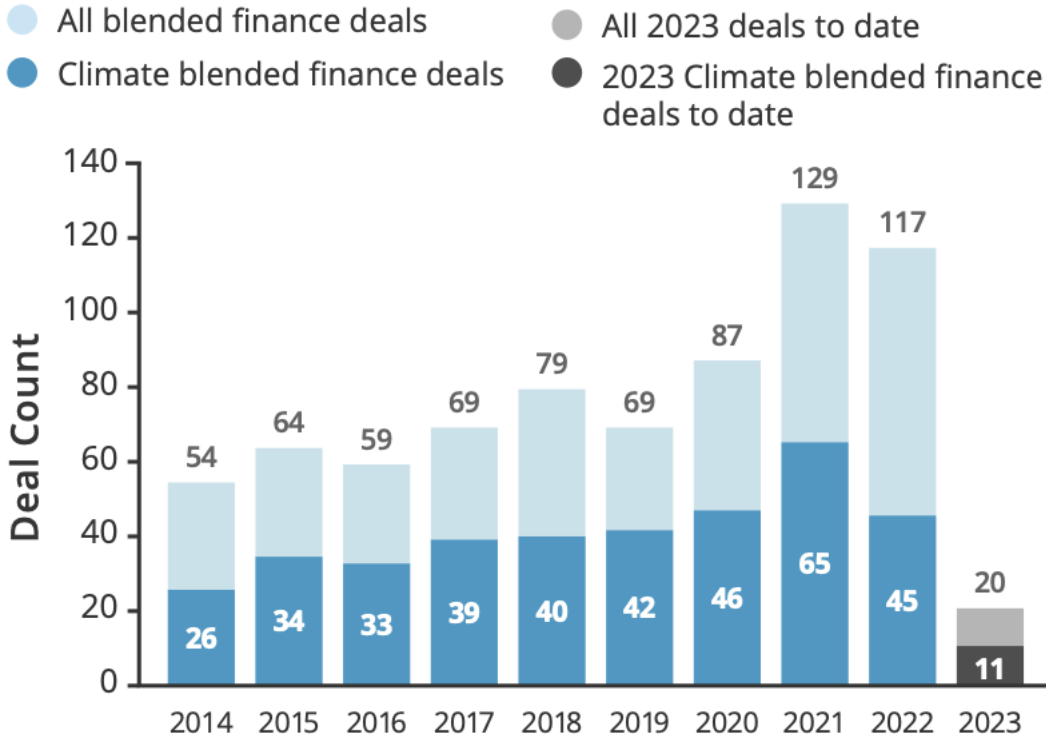
January 18, 2024

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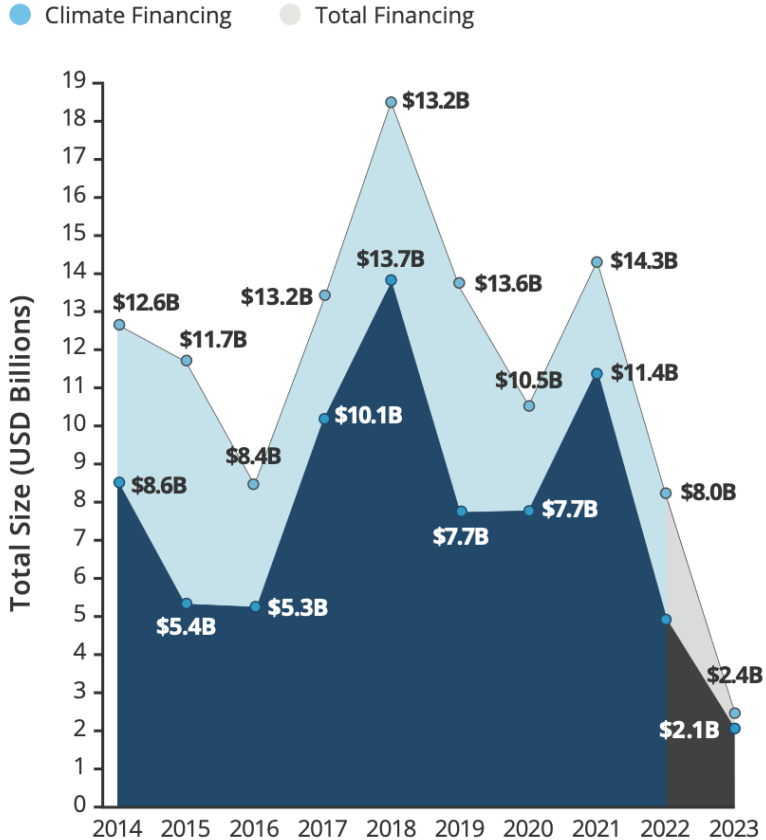
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# 1. WHAT DOES OUR DATA SHOW?

Our HDD comprises over 1000 transactions, 485 of which are climate-focused.



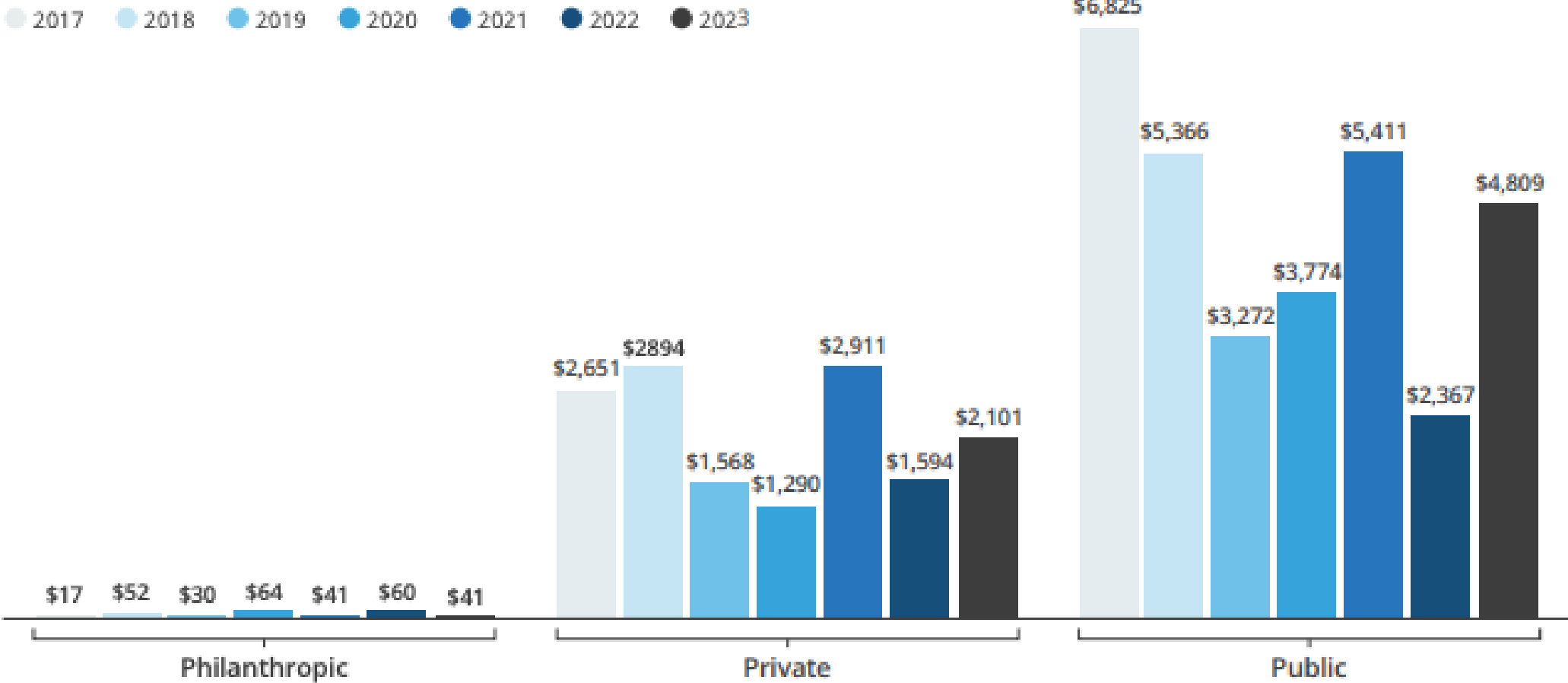
Total deal volume decreased by approximately 45% in 2022 and about 55% in climate blended finance, reaching a ten-year low in total financing



Source: Convergence Historical Data. Note: Data snapshot as of October 2023

# 1. WHAT DOES OUR DATA SHOW?

Investment from the public sector in climate blended finance far outpaces private sector financing flows

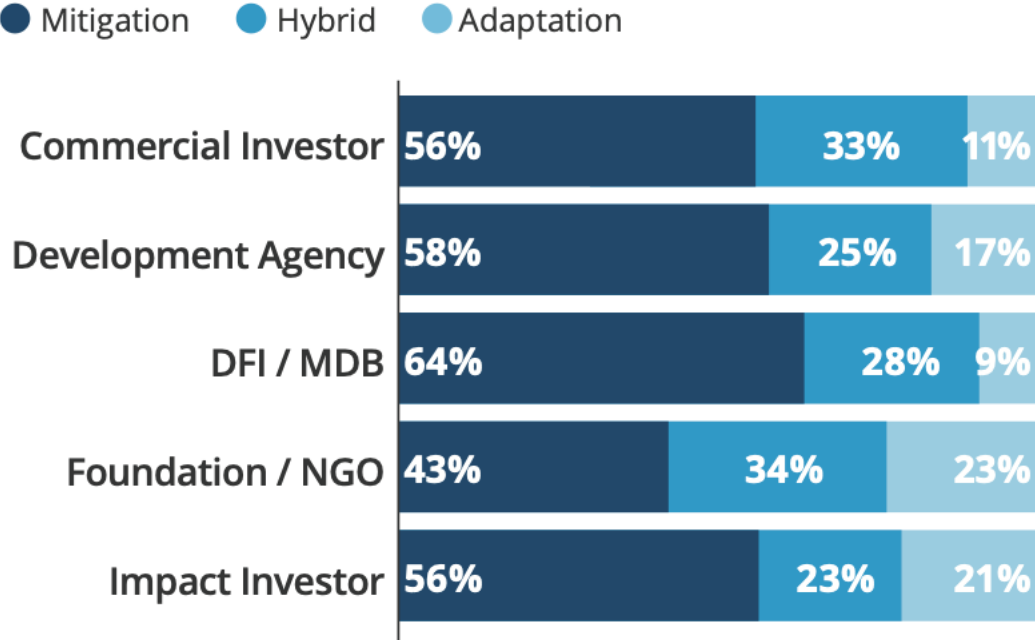


Financing (millions) captured by Convergence. Note: 2023 figures are estimates

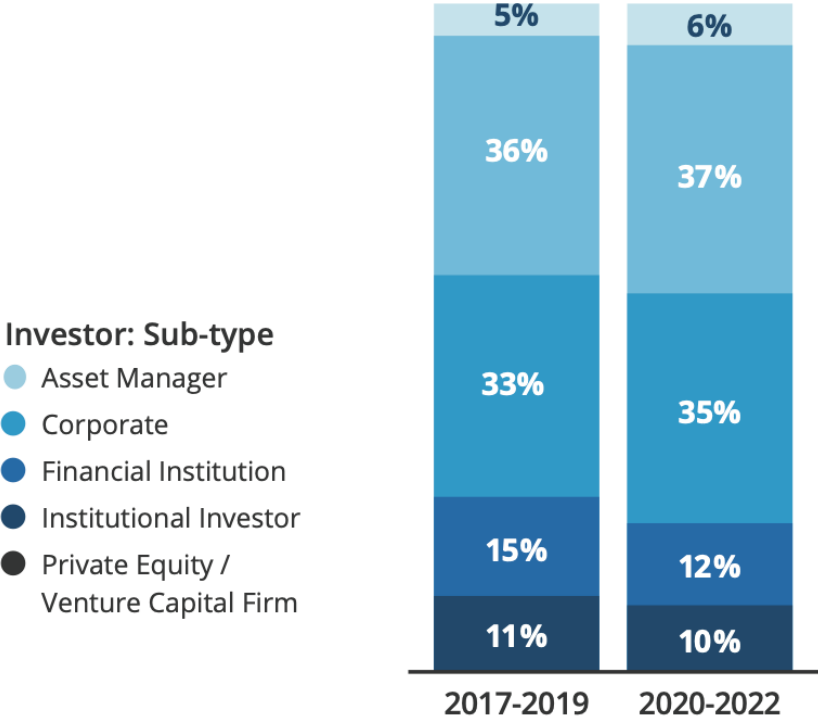
Source: Convergence Historical Data. Note: Data snapshot as of October 2023

# 1. WHAT DOES OUR DATA SHOW?

Adaptation deals remain on the periphery across investor groups



Institutional investors are ad-hoc participants in climate blended finance






*Proportion of commitments 2020-2022*

*Source: Convergence Historical Data. Note: Data snapshot as of October 2023*

## 2. KEY CHALLENGES FOR CLIMATE BLENDED FINANCE

*In the State of Blended Finance 2022, Convergence identified several challenges preventing climate blended finance from scaling. We focus on **two** of them here.*

-  Lack of strategic coordination and unguided implementation of private capital mobilization
-  Low levels of investor education and expertise within climate finance
-  *Convergence has also made specific recommendations on how climate blended finance can overcome these challenges and achieve scale*

### 3. KEY RECOMMENDATIONS FOR CLIMATE BLENDED FINANCE

*Convergence has made several recommendations for how the challenges climate blended finance faces can be addressed. We focus on **two** of them here.*

- MDBs and DFIs should integrate climate and private sector mobilization KPIs into their operating models
- The development community should work towards establishing common taxonomies for key themes in climate, such as adaptation finance