



Status Of Blended Finance for Climate and Adaptation

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State of Blended Finance 2026

Convergence Presentation

www.convergence.finance

WHO WE ARE

Convergence is the global network for blended finance

We exist to increase private investment in emerging markets and developing economies (EMDEs) to advance the UN Sustainable Development Goals (SDGs) and Paris Agreement.

Traditional development aid from public and philanthropic sources must be used catalytically to draw in private investors and drive capital into EMDEs.

Our Vision

We envision a world where blended finance makes the SDGs investible in emerging markets and developing economies.

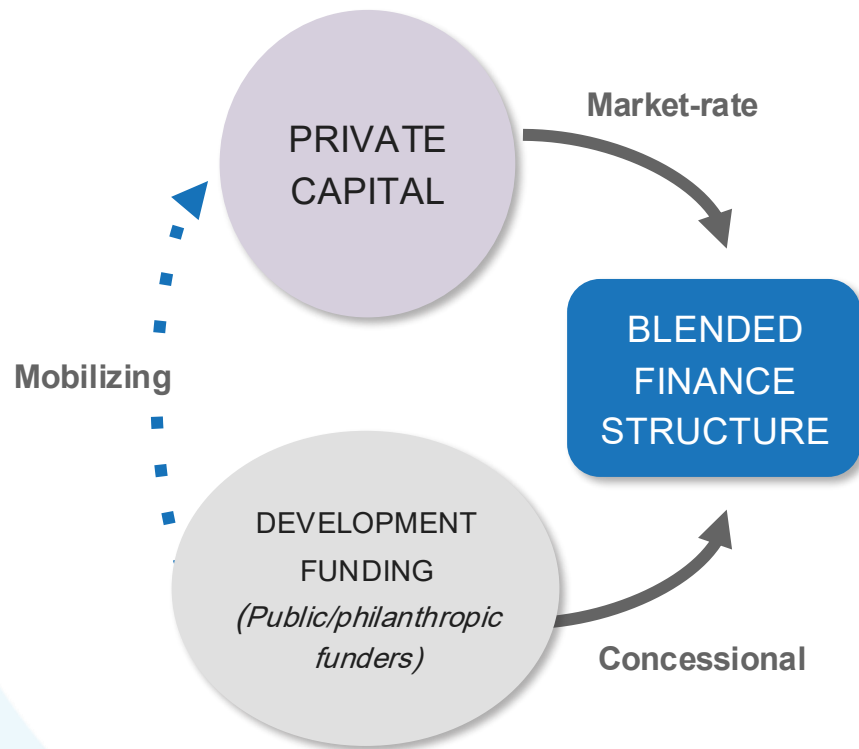


BLENDED FINANCE DEFINITION

A **structuring approach** that allows different types of capital (whether impact oriented or commercial) to invest alongside each other while achieving their own objectives (financial, social or a blend).

Blended finance is the use of **catalytic capital** from public or philanthropic sources to increase private sector investment in developing countries to achieve global development impact.

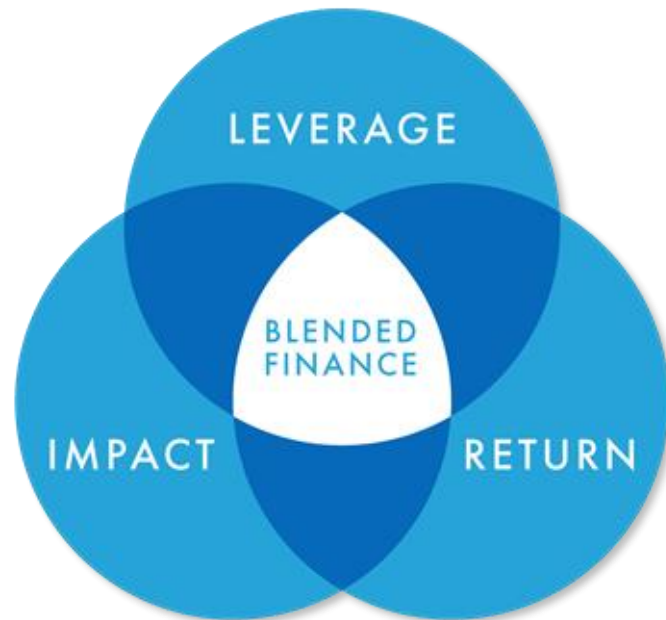
Not an investment approach and is therefore different than impact investing; impact investors often participate in blended finance transactions.



KEY CHARACTERISTICS OF BLENDED FINANCE

There are **three** signature markings that underpin a blended finance transaction:

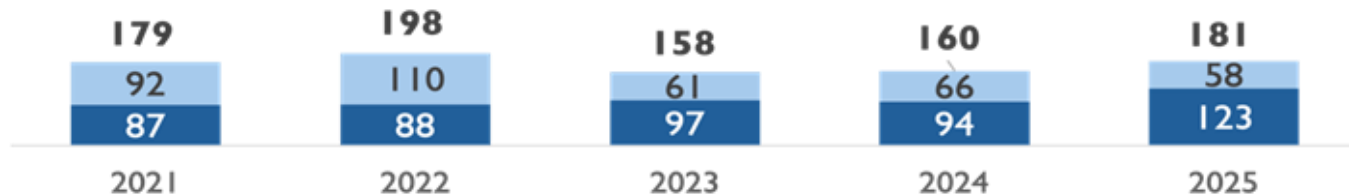
1. **Leverage** – Public/philanthropic parties leverage catalytic capital to make a deal happen that would otherwise attract little or no private capital. (leverage ~4:1)
2. **Impact** – Underlying activity contributes to sustainable development in a developing country; however not all parties are required to have development objective.
3. **Return** – Intended to yield 1) an overall financial return and 2) risk-return for private investors in line with market.



BLENDED FINANCE RESILIENT AS CLIMATE FINANCE INCREASES INCREMENTALLY

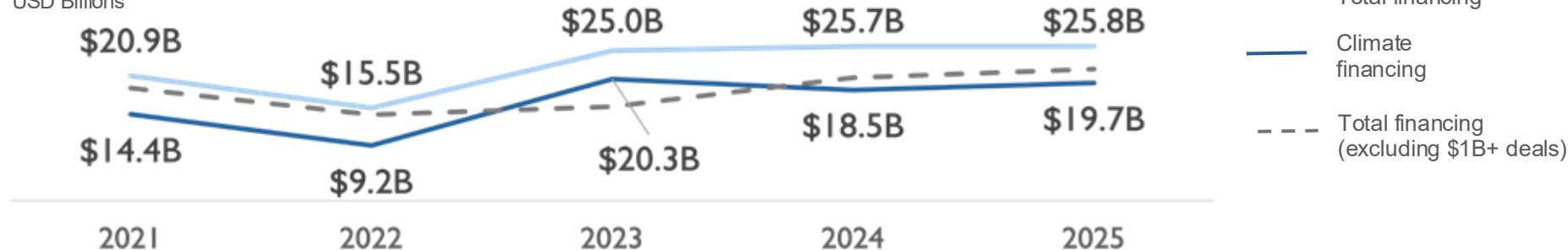
DEAL COUNT

of transactions



ANNUAL FINANCING FLOWS

USD Billions

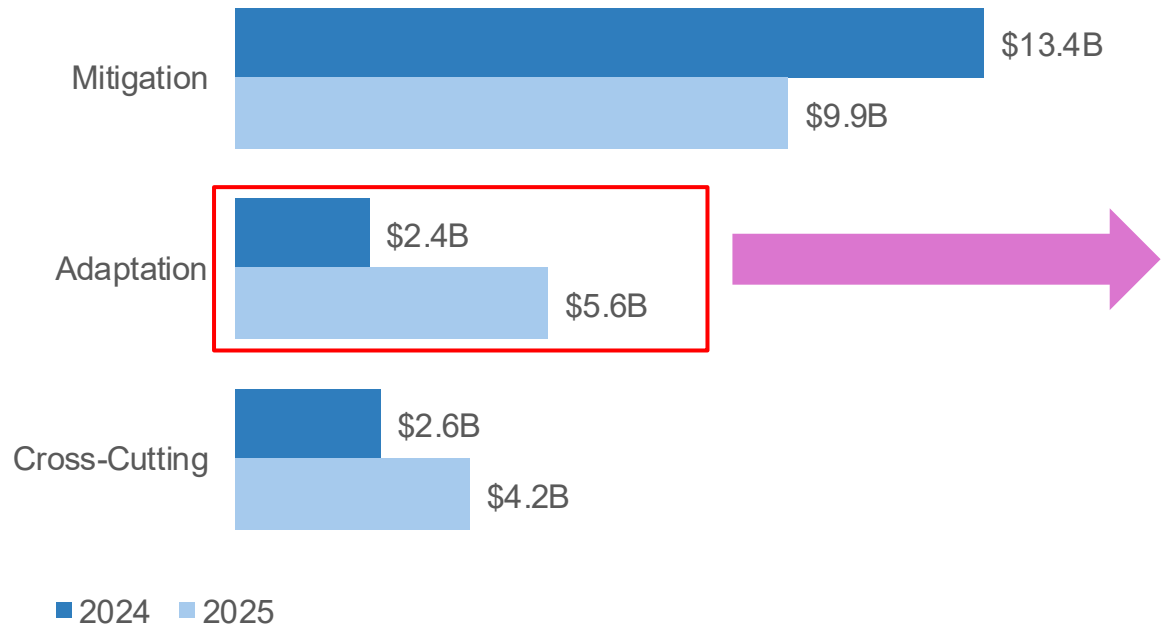


Blended finance demonstrated resilience, holding steady at \$25.8 billion in 2025, with a **growing role for climate finance which increased 6% and climate-focused deals up by 31%**

ADAPTATION FINANCE MORE THAN DOUBLED IN 2025

BLENDED FINANCE VOLUMES BY CLIMATE THEME

USD Billions



Adaptation finance

\$5.6B

in 2025

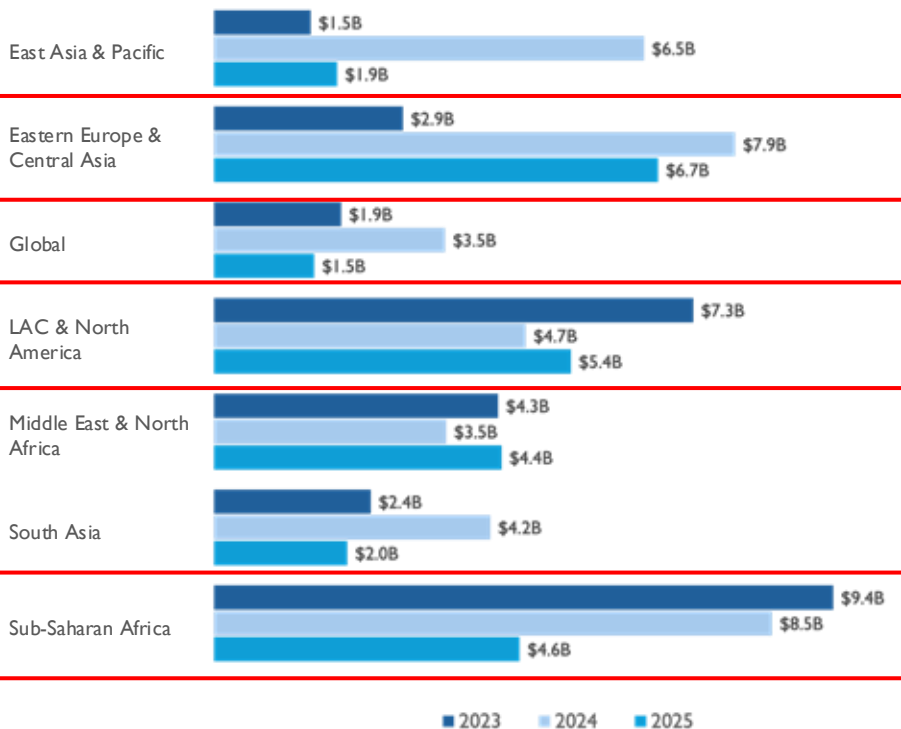
+133%

increase from 2024

SUB-SAHARAN AFRICA IS NO LONGER THE LEADING REGION FOR THE FIRST TIME IN A DECADE

ANNUAL DEAL VOLUME BY REGION

USD Billions



Sub-Saharan Africa financing fell

\$4.6B IN 2025

down 46% and no longer the leading region

Eastern Europe & Central Asia led

\$6.7B IN 2025

the largest regional financing volume

Latin America & Caribbean reached

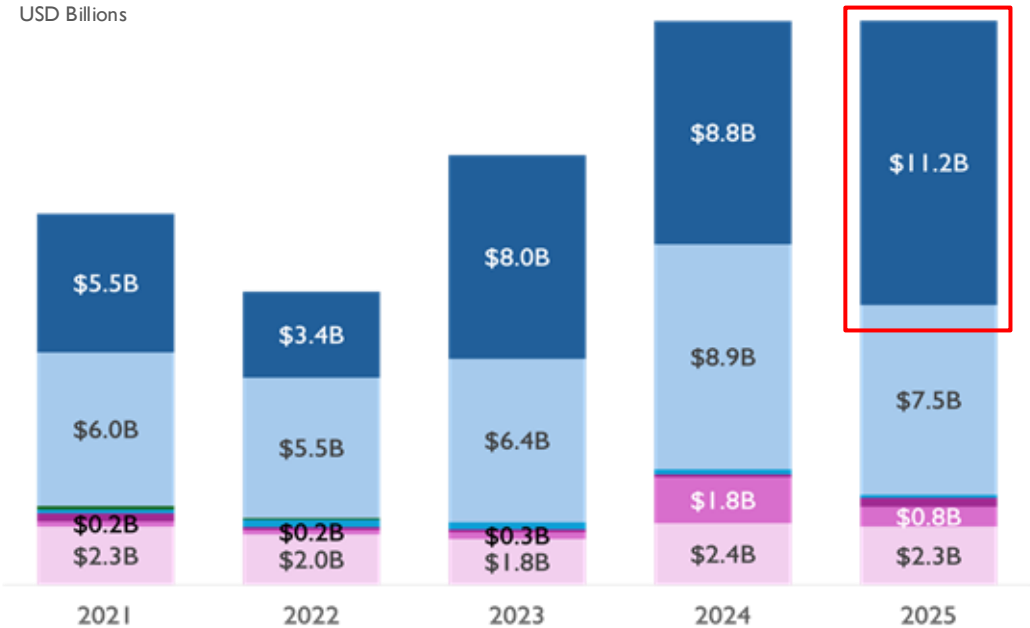
\$5.4B IN 2025

including approximately \$3B through Eco Invest

PRIVATE INVESTMENT INCREASED TO RECORD LEVELS

SOURCES OF FINANCING

USD Billions



- Private Sector Financing
- DFI / MDB (market rate)
- Other Public Sector (market rate)
- ODA (non-DAC members)
- ODA (OECD DAC members)
- Non-ODA Concessional (e.g. foundations)

Private sector investment

+27% from 2024

the highest level ever captured by Convergence

COUNTRY, CURRENCY, CREDIT, AND CLIMATE RISKS

COUNTRY RISK

The risk that a country's political, economic, or institutional environment affects an investment.

Political Risk
Insurance

Public Sector Debt
Funds

CURRENCY RISK

Exposure to exchange rate movements that can affect investment's value or returns.

Local Currency
Hedging

CREDIT RISK

The possibility that a borrower or counterparty fails to meet its financial obligations.

Investment grade
project guarantees

Offtaker
Guarantees

Guarantees to
Fls

CLIMATE RISK

Exposure to physical climate impacts and transition-related changes that can affect investment value.

Investment grade
project guarantees

Investment-stage
grants

COUNTRY PLATFORMS

Country platforms are government-led mechanisms that align and mobilize investment around national development and climate priorities.

COP30 put country platforms in the spotlight

14 countries announced plans to begin platform design with Green Climate Fund (GCF) support

Three platforms illustrate different stages of maturity

MATURE



SDG Indonesia One

OPERATIONAL



Brazil Climate and Ecological
Transformation Investment Platform
(BIP) and Eco Invest

IN DEVELOPMENT



Lesotho: HKMLIII Just Energy
Transition (JET)

COUNTRY PLATFORMS

Emerging Lessons



Sequencing is critical: Set clear national priorities based on climate goals, build focused pipelines, then match financing to project needs



Use concessional resources selectively: Reserve concessional resources for projects facing specific barriers to commercial investment



Leverage domestic public capital: Where fiscal capacity allows, domestic institutions can be a source of concessional financing



Mobilize local private capital: Where local markets have sufficient depth, platforms should mobilize local banks, institutional investors, and fund managers alongside cross-border investment

THANK YOU

Download the report now at:

<https://www.convergence.finance/resource>

Up to date data on the entire blended
finance market can be found on

Convergence's website:

<https://www.convergence.finance/blended-finance>



Scan here to download the
report!