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NGFS highlights three areas to be covered in its Blended Finance Handbook

Today, the Network for Greening the Financial System (NGFS) published a [conceptual note](#) highlighting the three key areas to be covered in the NGFS Blended Finance Handbook that is targeted for release at COP28.

- (i) draw lessons from representative case studies on blended finance projects for climate action;
- (ii) identify key success factors for blended finance transactions and a blended finance ecosystem; and
- (iii) highlight a set of principles and best practices to scale up blended finance for climate adaptation and mitigation.

The NGFS Handbook will complement ongoing international work to promote and scale transition financing, particularly in emerging economies and most vulnerable countries. The initiative is part of the NGFS' effort to use its convening power to help mobilise private capital for effective climate mitigation and adaptation.

Ravi Menon, Chair of the NGFS and Managing Director of the Monetary Authority of Singapore:

“To get to net zero by 2050, we need to close a large financing gap, especially in emerging economies and developing countries. This can only be achieved by synergising private and public capital through blended finance. The aim is to use public capital to reduce the risks in marginally bankable transition projects and thereby mobilise multiples of private capital. Blended finance is also about structuring projects so that they can meet the risk-return preferences of a wider spectrum of investors in climate mitigation projects. The publication of this conceptual note provides an initial analysis of how the NGFS can support this global effort.”

The NGFS can contribute to the global collaborative effort to scale up blended finance for climate adaptation and mitigation in both developed and emerging market and developing economies (EMDEs). The NGFS aims to raise awareness of good practices and principles that underpin the scaling up of climate blended finance and rally key public and private stakeholders to bring this about.

Some other important, albeit overlooked, dimensions of a successful scaling-up relate more directly to central banking and supervisory responsibilities, including fostering a macrofinancial and regulatory environment that enables blended finance to flourish, and managing potential tensions between the need to mobilise private capital for blended finance as well as address potential risks associated with an increase in external financing.

This blended finance initiative will also complement the NGFS core work of supporting its members in assessing the macroeconomic and financial stability implications of climate change and adjusting their policy actions accordingly.

The NGFS aims to publish the Handbook by COP28, along with a showcase of demonstrative blended finance projects that will spotlight projects that have incorporated effective mechanisms to promote the scaling of blended finance.

Leong Sing Chiong, Co-Chair of the NGFS Blended Finance Initiative and Deputy Managing Director of the Markets and Development Group, Monetary Authority of Singapore:

“Synergising public and private capital through effective blended finance mechanisms can help de-risk private capital investments and scale up private climate financing more significantly. The NGFS Blended Finance Initiative aims to highlight demonstrative project solutions that address key pain points in blended finance, as well as identify important elements needed to create and support the growth of a mature blended finance ecosystem in both developed economies and EMDEs.”

Cindy van Oorschot, Co-Chair of the NGFS Blended Finance Initiative and Director Pension Supervision & Sustainability, De Nederlandsche Bank:

“In order to bridge the climate finance gap, blended finance has the potential to scale up climate finance by unlocking private capital as it helps to improve the risk-return relationship of investment projects while it is also justified as a response to market failures. With the conceptual note and the Handbook on Blended Finance, the NGFS BFI sends a signal that collective action by private and public capital is needed to bridge the climate finance gap.”

About the NGFS

The Network for Greening the Financial System (NGFS), launched at the Paris One Planet Summit on 12 December 2017, is a group of central banks and supervisors, which on a voluntary basis is willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 127 central banks and supervisors and 20 observers. Together, they represent five continents and more than 88% of global greenhouse gas emissions and are responsible for the supervision of all global systemically important banks and 80% of the internationally active insurance groups. The NGFS is chaired by Ravi Menon, Managing Director of the Monetary Authority of Singapore. The Secretariat, headed by Jean Boissinot, is provided by Banque de France.

For more details, visit the [NGFS website](#) and [Twitter account](#) or contact the NGFS Secretariat at Banque de France sec.ngfs@banque-france.fr

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