SCALING SUSTAINABLE INVESTING IN EMERGING AND DEVELOPING ECONOMIES: FRICTIONS AND OPPORTUNITIES

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Abstract

Mobilizing private capital at scale is critical for financing sustainable development, particularly in emerging and developing economies (EMDEs), where capital is most needed. We conduct a global survey of senior investment decision-makers across a broad spectrum of capital providers, including asset managers, pension and sovereign wealth funds, development finance institutions, philanthropic investors, and others. The survey provides novel evidence on investors' risk-return expectations, risk perceptions, and investment practices in EMDEs and in blended finance structures. We document four main findings. First, conditional on investor type, return expectations in EMDEs are comparable to those in developed markets, suggesting that categorical exclusions of EMDE assets might be inefficient. Second, investors' dominant risk perceptions—particularly currency and political risks—are poorly aligned with the de-risking tools commonly employed in blended finance. Third, prevailing approaches to evaluating blended finance rely on both input- and outcome-based metrics, yet with limited measurement of financial and impact additionality. Fourth, our results highlight organizational and informational frictions, rather than unattractive financial fundamentals, as key barriers to scaling sustainable investing in EMDEs.

Keywords: sustainable finance; blended finance; catalytic capital; impact investing; EMDEs; Global South; sustainable development.

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1. Introduction

The global economy stands at the intersection of several inflection points: climate stabilization, biodiversity protection, energy transition, water and food security, resilient infrastructure, poverty alleviation, financial inclusion, and the future of human capital. Addressing these grand challenges requires an unprecedented mobilization of capital to finance innovative solutions across sectors (such as renewable energy, climate technologies, nature-based solutions, and social inclusion) and advance sustainable (economic, environmental, and social) development. However, large financing gaps persist. These gaps are most acute in emerging and developing economies (EMDEs), where high risk perceptions and capital constraints are often argued to stifle the advancement of sustainable development (e.g., The Economist 2024, The Financial Times 2024).

Scaling effective sustainable investment, especially in EMDEs, is a global imperative. As such, it is essential to gain better insights into current investment practices, investors' risk-return expectations, their risk tolerance and risk perceptions of investing in EMDEs, and the specific market, organizational, and informational frictions that impede the flow of private capital. While current practices utilize both traditional and blended finance structures—the latter leverages public or philanthropic funds to de-risk private capital investments—the derisking mechanisms and effectiveness of these structures remain poorly understood (Flammer, Giroux, and Heal 2025).

A primary obstacle for both practitioners and academics is the scarcity of granular data concerning sustainable investments (including their financing structure, impact measurement, etc.). To overcome this obstacle and address the aforementioned knowledge gap, we conducted a comprehensive global survey of Chief Investment Officers (CIOs), Chief Risk Officers (CROs), and Chief Executive Officers (CEOs) across a diverse spectrum of capital providers, including foundations, family offices, impact investors, Development Finance Institutions (DFIs), Multi-

lateral Development Banks (MDBs), asset managers, pension and sovereign wealth funds, and others.

Our survey provides insights into the investment expectations and institutional restrictions of the various capital providers across the financial ecosystem with respect to i) investing in EMDEs versus developed markets (DMs), and ii) investing in blended finance versus traditional finance structures. In the following, we highlight some of the key insights gained from this survey.

First, capital providers from across sectors invest in EMDEs and blended finance structures. While investors differ in their risk tolerance, return expectations, and hurdle rates for EMDEs and DMs, these differences become nonmaterial when accounting for the investor type. Consequently, the evidence suggests that a categorical exclusion of EMDE assets likely results in suboptimal portfolio allocation, as investors forfeit potentially viable investment opportunities and the diversification benefits inherent in these markets.

Second, investors' risk perception of undertaking investments in EMDEs is influenced by several factors, not only by the (often limited) availability of accurate credit ratings but also their own perceptions of various risks. In general, investors perceive currency risks and political risks as the most prevalent risks pertaining to investments in EMDEs. Surprisingly, when inquiring about the type of risk-sharing tools and concessional capital used in blended finance projects, the large majority of respondents highlight the (near) absence of risk management provisions designed to address currency risk (e.g., cross-currency swaps) and political risk. Instead, first-loss guarantees (FLG) and preparation and technical assistance grants are most commonly used in blended finance structures. This points towards the existence of an important mismatch between the investors' risk perceptions and the type of risk-sharing tools and concessional capital used in blended finance projects. Ensuring a better alignment of the blended finance tools with the actual

risk perceptions of investors would likely help in scaling up private capital investments in EMDEs.

Third, to optimize limited concessional capital and assess the effectiveness of financing sustainable development, it is important to move beyond input-oriented metrics toward outcome-oriented metrics and more rigorous assessments of financial and impact additionality. The survey responses reveal a pressing need for improving current evaluative frameworks. Indeed, the prevailing practice remains centered on input-oriented co-financing ratios (of private capital mobilization when providing concessional capital) and outcome-oriented gross measures (such as aggregate capital investment and gross impact). However, most respondents stop short of isolating the marginal contribution of their intervention; only a fraction of respondents attempts to measure (financial and impact) additionality. Furthermore, to measure "impact," most capital providers focus on economic-related measures, especially pertaining to employment and job creation. Investors who use other measures primarily focus on climate action and GHG emission reductions. Only very few investors consider socio-economic, market, and other outcomes. Overall, the survey results highlight a need to make progress on the measurement of success, and especially additionality.

Finally, the survey sheds light on critical market, organizational, and informational frictions that impede the scalability of sustainable investments in EMDEs and blended finance structures. While respondents frequently cited the complexities inherent in disparate regulatory environments, frameworks, and investment mandates across investors, a striking finding emerged: *none* of the respondents identified traditional financial barriers—i.e., unattractive returns, unattractive risks, and insufficient risk tolerance—as the primary deterrents to investment. Conversely, at the very top of inhibiting factors they ranked the absence of inhouse expertise in blended finance and self-imposed governance restrictions (e.g., mandates to invest in specific

regions, assets, etc.), followed by internal organizational inertia. These findings emphasize the imperative for rigorous academic research (along with the provision of granular data, and the development of case studies and standardized frameworks) to enhance the collective knowledge base of market participants and "unlock" trapped capital to finance a more sustainable world.

By documenting a series of facts on current investment practices of various capital providers across the public and private sectors, this study helps establish a first benchmark and provides an evidentiary basis to inform market participants and policymakers, facilitate the alignment of public and private interests, optimize public-private partnerships, and scale sustainable finance where it is needed the most.

In addition to its contribution to practice, this study makes several contributions to the academic literature. In particular, the bulk of the finance literature focuses on one type of investors (e.g., asset managers, or impact investors) and investment (e.g., publicly-listed assets), using primarily data from publicly-listed entities in the U.S. and other developed markets. As a whole, this literature provides important insights into the practice of sustainable finance in, especially, the developed markets. (For notable contributions to the field of sustainable finance, see, e.g., Barber, Morse, and Yasuda 2021, Bolton and Kacperczyk 2021, 2023, Cao, Liang, and Zhan 2019, Garel, Romec, Sautner, and Wagner 2024, Giglio, Kelly, and Stroebel 2021, Gjerde, Sautner, Wagner, and Wegerich 2025, Hong, Karolyi, and Scheinkman 2020, Krueger, Sautner, and Starks 2020, Zerbib 2019.)

Yet, to effectively address the grand challenges our planet is facing, we need to understand how to scale effective sustainable investments especially in the EMDEs, where capital is most needed. This includes the study of capital providers from across the financial ecosystem as well as more novel forms of financing structures such as blended finance structures where multiple capital

providers from across sectors co-invest. In this paper, we aim to fill this knowledge and data gap by conducting a survey of global capital providers from across the financial spectrum. The methodology of our study relates closely to the survey-based research on climate finance that offers foundational insights into how institutional investors perceive, manage, and price financial risks related to environmental externalities (Ilhan, Krueger, Sautner, and Starks 2023, Krueger, Sautner, and Starks 2020) and biodiversity finance (Gjerde, Sautner, Wagner, and Wegerich 2025).

Our study is most closely related to the small but burgeoning literature on blended finance (Fenichel and Dean 2024, Flammer, Giroux, and Heal 2025a, 2025b, Flammer, Giroux, Heal, and Lucchetta 2025, Hoffmann and Vladimirov 2025, Kotchen and Vogt 2025). It complements this literature by providing cross-sectoral evidence on the investment expectations, practices, and institutional constraints of diverse capital providers, identifying critical mismatches between perceived risks and available de-risking tools, and highlighting the organizational and informational frictions that currently impede the scaling of private capital investments.

2. Data and Methodology

2.1. Research design and population

The sampling frame for this study is defined as the global population of capital providers dedicated to environmental, social, and economic sustainability. This universe encompasses public, private, and philanthropic actors—including foundations, family offices, impact investors, DFIs, MDBs, asset managers, pension and sovereign wealth funds, and others—across all geographic regions, including both market-rate and concessional (below-market) investors. The scope is intentionally broad to cover the diversity of capital providers, their investment expectations, and their institutional restrictions across the financial ecosystem, particularly with regard to i) investments in EMDEs versus DMs, and ii) investments in blended finance versus traditional finance structures.

The survey questionnaire focuses on topics and questions identified as being of first-order importance, informed by insights from the authors' prior research and sustained engagement with the practitioner community. We also ran pilot tests with a small group of finance practitioners (from across the private and public sectors) to refine the terminology and ensure that the wording and questions are clear. To gain meaningful insights into the investment practices and perspectives of a diverse pool of public, private, and philanthropic capital providers, the questionnaire leveraged different question types, including open- and closed-ended, 6-point Likert scales, multiple choice, dichotomous, matrix, and demographic questions, as well as conditional branching. The estimated time to complete this survey was 15 minutes. The Online Appendix reproduces the survey questionnaire.

2.2. Survey delivery and administration

Following approval by the Institutional Review Board (IRB) under protocol IRB-AAAV9308, which granted the study exemption from full IRB review, the survey was distributed via personalized email by one of the authors to the senior leadership (including CEOs, CIOs, and CROs) at 205 financial institutions engaged in sustainable investing. The email included an anonymous link to the Qualtrics survey.

This direct outreach was complemented by dissemination through global and regional sustainable investor networks, including the United Nations Principles for Responsible Investment (UNPRI), the Investor Leadership Network (ILN), the Global Impact Investing Network (GIIN), the SDG Impact Finance Initiative (SIFI), the Asian Venture Philanthropy Network (AVPN), the European Venture Philanthropy Association (Impact Europe), the Latin American Network for Social Investment and Strategic Philanthropy (Latimpacto), the Swiss Bankers Association (SBA), and Convergence. These sustainable investor networks did not participate in the design of the

survey, nor did they ask for or received access to the survey responses—they merely supported the survey delivery. Due to legal restrictions and membership policies, these networks primarily circulated a brief call for survey participation with contact information of the contacting author via general member newsletters.[1] Only a small subset of these networks—specifically Convergence, ILN, SBA, and SIFI—undertook more targeted outreach efforts to the leadership of an additional 55 institutions.

Taken together, approximately 274 capital providers received the survey. The survey was administered between August and December 2025. All responses were collected and saved by Qualtrics.

2.3. Response rate

Out of the 274 survey recipients, 175 of them agreed to participate and started the survey. To ensure data quality, we exclude respondents who did not complete at least the first block of the survey (questions 1-4). This criterion results in the exclusion of 34 participants who consented to participate but did not complete a significant portion of the survey. Given the survey length and the request for detailed answers, the survey allowed respondents to re-enter and finish later (using the same link). As a further data quality measure, the survey closed responses after a 2-week period of inactivity.

In total, we received 141 valid responses, representing a response rate of 51.5%. This high response rate is likely due to the authors' sustained and close engagement with the practitioner community, the careful identification of sustainable investing experts, the topic's salience and

[1] While doing so ensured that only senior leadership completed the survey and respondent quality was maintained, this outreach method resulted in very few additional survey recipients, namely 14. This is not surprising as for newsletters targeting the C-suite, response rates from broad distributions (like newsletters) are often under 2%, according to Deloitte / Wall Street Journal (WSJ) Intelligence surveys.

relevance to the respondents, and the personalized email outreach and reminders. While the overall response rate is high, the completion rate among respondents varies, with 77 out of the 141 respondents completing 100% of the survey.

2.4. Survey biases

Following best practice, the survey is an independent academic study and was conducted anonymously. The respondents were informed at the beginning of the survey that their identity and organization's identity will not be disclosed at any point during the research and publication process. Doing so helps mitigate respondents' potential Social Desirability Bias as well as Fear of Retaliation, Acquiescence Bias, and Non-Response Bias.

Furthermore, to mitigate ethical risk related to consent and voluntariness, the survey recipients were asked to opt-in to indicate their willingness to participate in the survey. No financial reward was offered to survey respondents. As a token of appreciation, the authors offered to share high-level insights of this survey with participants, the final academic paper, and a tailored presentation to their organization, should participants wish to be recontacted.

Consistent with prior survey-based research in finance, our methodology acknowledges the inherent risks of selection and response bias. Specifically, our sample likely overrepresents "early adopters" of blended finance, i.e. capital providers with greater awareness and knowledge of blended finance structures compared to the broader sustainable investment community. (We provide an assessment of these biases and how they might influence the direction of the results in Section 8, "Limitations and Assessment of Survey Bias.") Notwithstanding these inherent biases, the insights provided by these participants are informative and valuable, as they represent the strategic pioneers shaping investment practice, standards, and future policy in sustainable investing.

3. Characteristics of Respondents and Investments

This section presents characteristics of the survey respondents and their investments, which inform the subsequent analysis and allow for an assessment of the breadth of the sample. Table 1 summarizes investor characteristics, while Table 2 reports key features of the respondents' investment portfolios.

3.1. Investor characteristics

3.1.1. Investor type

Table 1 Panel A reports the distribution of respondents by investor type. As can be seen, the sample covers a broad cross-section of the sustainable finance ecosystem, including asset managers, DFIs/MDBs, foundations, pension and sovereign wealth funds, banks, family offices, and other capital providers. Asset managers constitute the largest group of respondents (34.8%), followed by DFIs/MDBs (14.2%), philanthropic investors (10.6%), and pension and sovereign wealth funds (7.1%). The presence of both market-rate and concessional investors underscores the cross-sectoral nature of the survey—spanning public, private, and philanthropic capital—and reflects the institutional diversity necessary to scale sustainable and blended finance.

---- Insert Table 1 about here ----

3.1.2. Assets under management (AUM)

Table 1 Panel B provides information on the respondents' assets under management. The distribution covers a wide range of institution sizes, from organizations managing less than USD 1 billion (41.1%), USD 1-20 billion (24.8%), to very large institutions with assets under management exceeding USD 100 billion (21.3%). This dispersion reflects substantial heterogeneity in balance sheet capacity and investment opportunities.

3.1.3. Investment time horizon

Table 1 Panel C reports respondents' typical investment horizons. Most investors indicate medium- to long-term horizons with 17.7% indicating one to five years, 34.0% five to 10 years, 32.6% 10 to 20 years, and 14.8% 20 years or more. This is consistent with the long-term nature of sustainable infrastructure, climate, and development-related investments. Short-term horizons (up to one year) are comparatively rare (0.7%), suggesting that the sample is dominated by institutions whose mandates are compatible with patient capital deployment in EMDEs.

3.1.4. Geographic regions of investors

Table 1 Panel D shows the respondents' headquarters location. All major regions are represented, with the largest shares located in Europe (49.6%), North America (31.2%), and Asia (10.6%). This distribution broadly mirrors the global landscape of sustainable investing, where Europe and North America account for the largest share of assets, while Asia represents a rapidly growing market. In many other regions, sustainable investing markets remain smaller in absolute terms and are still developing relative to these major centers of sustainable finance. Overall, the geographic diversity of respondents supports the global scope of the analysis.

3.2. Investment characteristics

3.2.1. Geographic regions of investments

Table 2 Panel A summarizes the geographic distribution of respondents' investments. While respondents are headquartered predominantly in developed markets, their investment activity is global. A large share of respondents report investments in EMDEs, particularly in Asia (73.2%), Africa (68.5%), and Latin America (South America 66.9%, and Central America 52.8%).[2] This

[2] Note that the percentages add up to more than 100% since respondents can select more than one answer.

pattern aligns closely with the survey's focus on understanding the scaling of sustainable finance in regions where capital needs are most acute.

---- Insert Table 2 about here ----

3.2.2. Industries of investments

Table 2 Panel B shows the industry sector distribution of investments. As can be seen, capital is allocated across a broad set of industries. Specifically, capital providers undertake investments in infrastructure (70.1%), agribusiness (69.3%), health (59.8%), education (53.5%), IT & telecommunication (52.8%), forestry (51.2%), manufacturing (48.0%), real estate (48.0%), the public sector (41.7%), retail (40.2%), tourism (33.9%), and other sectors. The breadth of sectoral exposure indicates that respondents engage in investment opportunities across multiple economic activities.

3.2.3. Sustainable Development Goals

Table 2 Panel C reports respondents' alignment with the Sustainable Development Goals (SDGs). Survey recipients were asked to indicate the extent to which their organization prioritizes the different SDGs using a five-point Likert scale with responses ranging from "No priority" (= 1) to "Highest priority" (= 5). While all goals receive some degree of attention, investments are most frequently aligned with SDG 13—Climate action (mean score of 4.3 on the five-point scale), SDG 7—Affordable and clean energy (4.1), SDG 8—Decent work and economic growth (3.9), SDG 9—Industry, innovation, and infrastructure (3.7), and SDG 5—Gender equality (3.6). The concentration on a subset of SDGs reflects both investor priorities and the relative availability of funding in these domains.

3.2.4. Ticket size

Table 2 Panel D details typical ticket sizes. Reported commitments exhibit significant variance, primarily clustering between USD 100,000 and USD 100 million. This dispersion underscores respondent heterogeneity and informs the analysis of blended finance participation, which often necessitates coordination among investors with divergent capital constraints.

4. Investment in Emerging and Developing Economies (EMDEs) versus Developed Markets (DMs)

This section compares respondents' capital allocation, expectations, and perceptions across EMDEs and DMs. The analysis focuses on descriptive differences in return requirements and expectations, risk tolerance, and risk perceptions of investing in EMDEs versus DMs.

4.1. Capital allocation

Table 3 details the respondents' reported capital allocations to EMDEs. Overall, capital allocation to EMDEs varies considerably across investors, with 44.6% of respondents primarily investing in DMs, while 55.4% allocate the majority of their investments to EMDEs. Over one-third of respondents (36.6%) focus their capital allocation solely on EMDEs.

---- Insert Table 3 about here ----

Notably, 97.3% of capital providers maintain some degree of exposure to these markets, suggesting that EMDE investment is not confined to a narrow subset of specialized institutions. Appendix Table 1 provides details on the composition of capital providers with EMDE exposure. Not surprisingly, public and philanthropic investors (including DFIs, MDBs, and foundations) are more likely to report EMDE exposure. Importantly, a significant share of private investors (including asset managers and institutional asset owners) also invests in these markets. This cross-

sectoral representation persists when disaggregating the data to focus exclusively on EMDE-only investors.

4.2. Return requirements and expectations

Table 4 presents the self-reported hurdle rates and compares investors' return expectations across EMDEs and DMs. The table distinguishes between two groups of investors: 1) investors who only invest in EMDE ("EMDE-only investors"), and 2) those who invest in both EMDEs and DMs ("EMDE & DM investors").

---- Insert Table 4 about here ----

As can be seen from columns 1 and 2, EMDE-only investors have a lower hurdle rate (5.25%) than EMDE & DM investors (9.22%). The difference is statistically significant at the 1% level (p = 0.002). EMDE-only investors also have lower expected returns. On average, their expected return is 8.50% (column 3) compared to 13.13% (column 4) for the EMDE investments of EMDE & DM investors. The difference is again statistically significant at the 1% level (p = 0.032). These results indicate that EMDE-only investors have both a lower hurdle rate and lower expected returns relative to EMDE & DM investors. Arguably, these findings are not surprising given that EMDE-only investors include a substantial share of public and philanthropic investors (see Appendix Table 1), whose investments may not be purely driven by pecuniary motives.

Importantly, when comparing expected returns for EMDE vs. DM investments within the same group of investors—namely, the EMDE & DM investors who invest in both markets—we find no significant difference in expected returns. As can be seen from columns 4 and 5, their return expectations in EMDEs (13.3%) and DMs (14.19%) are comparable. The difference is statistically insignificant (p-value = 0.728). This finding indicates that the return expectations are comparable across regions.

In Appendix Table 2, we refine the comparison of the return expectations in EMDEs and DMs by making comparisons within investor types based on the investor classification from Table 1. Specifically, we pool together the EMDE & DM investors' expected returns from columns 4 (EMDE investments) and 5 (DM investments) of Table 4, and regress them on an indicator variable equal to one if the expected return refers to EMDE investments. The regression further includes investor type fixed effects to enforce comparison within a given investor type. As can be seen, we find no significant difference in expected returns across EMDEs and DMs within investor types. This provides additional support that the return expectations are comparable across EMDE and DM investments.

4.3. Risk tolerance

In addition to investors' return requirements and expectations, the survey also inquired about their risk tolerance. Table 5 reports the average risk tolerance for EMDE investments for EMDE-only investors (column 1) and EMDE & DM investors (column 2). It further reports the average risk tolerance for DM investments for EMDE & DM investors (column 3). We proxy for risk tolerance using the respondents' stated minimum acceptable credit rating for investment. Following common practice in the finance literature, risk tolerance is computed by adding one index point for each rating category in decreasing order of credit quality (that is, AAA corresponds to 1, AA+ 2, AA 3, etc.).

---- Insert Table 5 about here ----

As can be seen, when investing in EMDEs, EMDE-only investors have a higher risk tolerance (15.49, column 1) than EMDE & DM investors (11.25, column 2). The difference is statistically significant at all conventional levels ($p = 0.000$). This difference is again not surprising given that EMDE-only investors include a substantial share of public and philanthropic investors

who might be more inclined to invest in EMDEs even if such investments require a higher risk tolerance.

Importantly, when comparing the risk tolerance for EMDE and DM investments within the same group of investors—namely, the EMDE & DM investors—we find no significant difference in risk tolerance. Their average risk tolerance is comparable in EMDEs (11.25, column 2) and DMs (10.72, column 3). The difference is statistically insignificant (*p*-value = 0.344). This indicates that investors' risk tolerance is comparable across regions.

In Appendix Table 3, we conduct a similar analysis as in Appendix Table 2 but with regard to risk tolerance. As can be seen, we find no significant difference in risk tolerance across EMDEs and DMs within investor types. This provides additional support that investors have similar risk tolerance for their investments in EMDEs and DMs.

4.4. Risk perceptions in EMDEs

To gain insights into the investors' risk perceptions, the survey inquired about their perception of different risks for investments in EMDEs. These risks included a wide set of project- and macro-level risks, ranging from a lack of project pipeline, operational risk, low returns, and lack of liquidity of blended finance infrastructure investments, to breach of contract, credit risk, currency risk, fund transfer restrictions, expropriation risk, political risk, regulatory/legal risk, and reputational risk.

Table 6 summarizes respondents' perceptions of the main risks associated with investing in EMDEs. For each risk category, a six-point Likert scale is used, where potential responses range from "Very low (quasi non-existent)" (= 1) to "Too high (prevents us from investing)" (= 6). As can be seen, currency risk (mean score of 3.91 on the six-point scale) and political risk (3.77) are

perceived as the most severe sources of risks, followed by regulatory and legal risks (3.65).[3] Appendix Table 4 further delineates the perceived risks of investing in EMDEs by investor groups. Investors—whether focused solely on EMDEs or both EMDEs and DMs—consistently rank currency and political risks as among their primary concerns for investments in EMDEs.[4]

---- Insert Table 6 about here ----

Overall, these perceived risks play a central role in shaping investment decisions and should inform the use of appropriate risk-sharing tools in blended finance structures in order to effectively mobilize more investments in EMDEs. In Section 5.4, we will discuss the use of risk-sharing tools and concessional capital in blended finance structures and highlight the (mis-) alignment between investors' perceived risks and the risk-sharing tools used.

5. Financing Structure: Blended Finance versus Traditional Finance

The evidence from Section 4 indicates that the capital scarcity in EMDEs is not necessarily driven by return considerations, but rather by the perceived risks of EMDE investments combined with investors' reluctance to increase their risk tolerance. As a way to de-risk EMDE investments—and hence improve the flow of capital to EMDEs—several investors rely on blended finance structures that combine commercial capital with public or philanthropic concessional capital. In this section, we turn to the part of the survey that sheds light on the use of blended vs. traditional finance structures.

Traditional finance structures rely on market-rate capital and standard risk allocation. As discussed in Section 4, conditional on investor type, many respondents report that they expect comparable returns in EMDEs and developed markets. Nonetheless, traditional structures often

[3] Within the "other" category, respondents identified climate change, corruption, and concerns about the availability of exit opportunities (exit risk) as additional risks.
[4] Appendix Tables 5 and 6 provide additional information about investors' motivations for investing in EMDEs.

fail to mobilize sufficient private capital.[5] As a result, viable projects may remain unfunded despite attractive fundamentals.

Blended finance seeks to relax these constraints by reallocating risk across heterogeneous capital providers. In principle, concessional capital is intended to absorb risks that private investors are unwilling or unable to bear, thereby catalyzing additional private investments. In the following, we first describe blended finance investors as well as the default probabilities and average returns of their portfolios. We then examine the use and effectiveness of the risk-sharing tools and concessional capital used in blended finance structures.

5.1. Blended finance investors

Table 7 reports that 75.3% of the respondents use blended finance structures. While this percentage is remarkably high—and not reflective of the prevalence of blended finance among sustainable investors more generally—it does indicate that our survey includes a large pool of blended finance experts, whose insights are likely to be informative given the emerging nature of blended finance.

Importantly, our pool of blended finance investors is diverse. As Panel B shows, 37.1% of respondents invest at below-market rates (i.e., concessional rates), 27.1% invest at market rates, and 35.7% of respondents invest at both below- and market rates.

---- Insert Table 7 about here ----

Appendix Table 7 provides further details about the types of investors with and without blended finance investments. Blended finance participation rates vary markedly across institutions. Blended finance investors include private, philanthropic, and public capital, with asset managers, development finance institutions, and foundations substantially more likely to engage than other

[5] In Section 7, we will discuss various market, organizational, and informational frictions that hinder capital investments in EMDEs and blended finance structures.

investors. Appendix Table 8 provides further details on the types of blended finance investors who invest at below-market rates (Panel A), those who invest at market rates (Panel B), and those who invest in both ways (Panel C). As can be seen, below-market-rate investors are primarily DFIs/MDBs, NGOs/non-profits, technical assistance providers, and foundations, while market-rate investors are mostly asset managers followed by pension/sovereign wealth funds. Those who invest in both ways are a mix, with the more prevalent types being asset managers, foundations, and DFIs/MDBs. Overall, this pattern is consistent with the role of public and philanthropic capital as catalytic capital that helps absorb risk and relax binding constraints for market-rate investors.

5.2. Default probabilities of blended finance portfolios

To gain a better understanding of the financial terms under which investors participate in blended finance transactions, the survey inquired about the investors' default probabilities and financial returns, compared to those of traditional financing structures.

Table 8 reports default probabilities for blended and non-blended finance portfolios across investor types, namely 1) concessional investors (those who invest at below-market rates), 2) market-rate investors (those who invest at market rates), and 3) investors who invest in both ways. First, we compare default probabilities of blended and non-blended portfolio within each investor type. As can be seen, we find that the default probabilities are not significantly different across financing structures. This suggests that investors of a given type target a specific level of default risk and adjust the financing structure to achieve that risk profile.

Second, we compare default rates *across* investor types. We find that below-market-rate investors exhibit significantly higher default probabilities in both their blended (13.0%) and non-blended (8.27%) portfolios than market-rate investors, whose corresponding default probabilities are markedly lower (2.69% and 2.57%, respectively). These differences suggest that risk exposure

is disproportionately borne by concessional capital providers, consistent with the risk-absorption role typically attributed to blended finance structures.

---- Insert Table 8 about here ----

5.3. Average returns of blended finance portfolios

In addition to the default probabilities, we examine the average returns for concessional and non-concessional capital in blended finance portfolios across the three different investor types. The results are reported in Table 9.

---- Insert Table 9 about here ----

Comparing average returns on equity and debt within each investor type, we find that equity consistently delivers higher returns. This result aligns with the canonical finance literature (e.g., Fama and French 1992, 2002), which documents a positive return premium for equity reflecting its higher risk and junior claim status.

Comparing average returns on equity (and debt, respectively) across investor types reflects again the catalytic role of concessional capital in de-risking and subsidizing commercial capital to mobilize more private capital. Consistent with expectations, below-market-rate investors earn lower returns on both debt (5.41%) and equity (7.62%) in blended finance portfolios than market-rate investors, whose corresponding returns are substantially higher (7.17% and 11.83%, respectively). A similar pattern is found for capital from investors who invest in both ways.

5.4. Use and effectiveness of risk-sharing tools and concessional capital

In Section 4, we documented that respondents identify currency risk and political risk as the primary deterrents to EMDE investment. In the following, we examine the use and perceived effectiveness of various tools of blended finance to assess whether the blended finance structures address investors' concerns.

Table 10 documents the frequency of using different risk-sharing tools and concessional capital in blended finance projects. The survey responses indicate that preparation and technical assistance grants (mean score of 3.98 on a six-point scale), concessional debt and equity (3.47 and 3.23, respectively), and first-loss guarantees (3.25) are the most commonly used instruments. The least frequently used instruments are political risk insurance (1.84) and currency risk insurance (2.10).[6]

---- Insert Table 10 about here ----

This distribution suggests that blended finance primarily reallocates downside risk within the capital stack rather than directly mitigating macroeconomic or political risks. In addition, and importantly, the reported frequencies bring to light a stark misalignment with investors' primary concerns when investing in EMDEs, which might explain why blended finance has not scaled to the extent needed to close the financing gaps. Arguably, effective financial innovation requires a closer integration of investor risk perceptions, institutional constraints, and the design of de-risking instruments.

In addition to the frequency of using these instruments, the survey inquired about the respondents' perceived effectiveness of these tools in mobilizing capital for investment in the EMDEs. The results are reported in Table 11.[7] As can be seen, the respondents' perception of their effectiveness roughly aligns with the prevalence of these instruments. This suggests that market participants might be unaware of what investors perceive as the main risks of investing in EMDEs, which calls for greater awareness and education about investors' risks perceptions and the need for blended finance structures to directly address their concerns to unlock capital.

[6] Appendix Table 9 provides further insights by reporting the corresponding statistics by investor type.
[7] Appendix Table 10 sheds additional light on the perceived effectiveness of blended finance instruments by reporting the corresponding statistics by investor type.

---- Insert Table 11 about here ----

6. Effectiveness of Investment: Measurement of Success and Additionality

Having gained deeper insights into investments into EMDEs and their financing structures, this section turns to the measurement of their effectiveness.

The notion of "effectiveness" is multidimensional and may vary across investors. In particular, the effectiveness of blended finance investments has both i) a financial dimension—whether they contribute to projects that would otherwise not be funded ("financial additionality") and catalyze private capital investments ("co-financing ratio"), in addition to the financial returns they generate—and ii) an impact dimension—whether real sustainable (economic, social, and environmental) development is increased at the margin ("impact additionality"). While financial and impact additionality are outcome-oriented concepts, private capital mobilization is typically assessed using input-oriented metrics, such as ratios of private to concessional capital. Arguably, scaling up sustainable development finance and rigorously assessing its effectiveness requires moving beyond input-oriented measures toward outcome-oriented metrics that directly capture financial and impact additionality.

To gain insights into prevailing measurement practices, the survey inquired about investors' definition and criteria to quantify the "success" of blended finance deals after investment. Table 12 reports the results.

---- Insert Table 12 about here ----

As Table 12 shows, most of the respondents indicated using the leverage ratio (defined as the ratio of private capital to concessional capital, also known as "co-financing ratio") as measure of success (52 respondents), followed by measures of economic development impact (51 respondents) and social/environmental impact (41 respondents). Less commonly used are criteria

related to market creation (44 respondents) and cost reduction (43 respondents). Conditional on using a given criterion, social/environmental impact is the one that is most commonly applied (with a mean score of 4.77), while cost reduction is the least commonly applied (2.79). Overall, this suggests that respondents use both input- and outcome-oriented measures of success.[8]

Appendix Table 12 provides further details on the co-financing ratios (as input-oriented measures of success). As can be seen, the typical minimum expected co-financing ratio of private capital mobilization when providing concessional capital is approximately 1-to-4.1. This ratio is somewhat lower for blended finance investors who invest at below-market rates (1-to-3.7) relative to those who invest at both below-market and market rates (1-to-4.4).

To obtain additional information on the outcome-oriented measures of success used by blended finance investors, the survey included an open textbox asking them to specify which metrics they use for the categories of "economic development impact," "social/environmental impact," "market creation," and "other." For each category, we group the respondents' indicated metrics into broader buckets. The corresponding frequency distributions are provided in Table 13.

---- Insert Table 13 about here ----

Panel A reports the metrics used to measure economic development impact. Metrics related to employment & job creation (35.5%), project-specific and other metrics (22.6%), standard frameworks & methodologies (16.1%), and income & poverty alleviation (12.9%) are the most commonly used metrics in this category. Less commonly used metrics are related to beneficiary reach & access (6.5%), business & SME development (3.2%) and macroeconomic growth (3.2%).

Panel B reports the metrics related to social and environmental impact. By far most common are metrics related to climate action & GHG reduction (48.5%), which is not surprising

[8] Appendix Table 11 provides further insights into the criteria used to quantify success of blended finance investments by reporting the frequency by investor type.

given the respondents' attention to SDG 13 on Climate Action. Far less common are other metrics related to the environment and society.

Panel C indicates the metrics used to assess the impact on market creation. Respondents most frequently use metrics related to reach & socio-economic outcomes (28%) and other project-specific metrics (20%), followed by market ecosystem & infrastructure (16%). Less often used are metrics related to capital mobilization & leverage (12%), market maturation & replication (12%), regulatory & policy impact (8%), and financial performance & commercial viability (4%).[9]

In addition to clustering measures of success into broader buckets within each category, we qualitatively assessed the answers provided by the respondents. One clear pattern arises: the majority of respondents fail to isolate the marginal contribution of their intervention. Instead, they merely measure aggregate capital investment, leverage ratios, and gross impact. While these measures are informative about scale, they do not identify the counterfactual level of investment and impact in the absence of their intervention. Only a fraction of respondents indicate that they measure (financial and impact) additionality. This suggests that both financial and impact additionality remain largely unmeasured in practice. Arguably, without rigorous (and broadly adopted) evaluation of marginal contribution, it is difficult to assess whether sustainable investments are effectively and efficiently financing sustainable development on the ground. Overall, this disconnect between conceptual emphasis on additionality and its empirical implementation stresses a critical imperative for improving measurement of "success" and additionality.

The survey responses also display wide heterogeneity in specific metrics and methodologies used, underscoring the need for standardized frameworks that allow investors to

[9] Panel D further reports the metrics indicated in the "Other" category. Respondents most frequently indicated administrative criteria (42.9%) and criteria that mix both financial performance and sustainability (42.9% as well).

evaluate additionality in a consistent manner. Without such frameworks, concessional capital risks being allocated based on scale rather than effectiveness, potentially undermining its catalytic role.

7. Market, Organizational, and Informational Frictions

In this section, we examine the market, organizational, and informational frictions that impede the scalability of sustainable investments in EMDEs and blended finance structures. While these frictions vary across investor types, they are widespread throughout the sample.

7.1. Frictions for sustainable investments

To better understand the potential for scaling investments, we sought information on the frictions faced by the respondents. Appendix Table 13 provides an overview of the investment frameworks and regulations governing the respondents, distinguishing between mandatory requirements and voluntary adoptions.

We are especially interested in the investors' binding constraints. Table 14 documents that 71.8% of the respondents face binding investment restrictions, especially related to organizational mandates to invest in specific geographic regions (74.0%) and exclude specific industries (72.7%), followed by mandates to invest in specific sustainability outcomes (53.2%).

---- Insert Table 14 about here ----

We further report a summary of the respondents' qualitative answers in Appendix Table 14. Mandates prioritizing specific regions (Panel A) primarily focus on their level of economic development and eligibility for official aid (43.1%)[10] as well as current geopolitical shifts (41.2%). Others are tied to regulatory and exclusionary mandates to suspend or freeze new investments (13.7%) and stabilizing fragile and vulnerable regions (2.0%).

[10] This mandate is most commonly mentioned by DFIs.

Mandates to invest in specific sustainability outcomes (Panel B) are largely aligned with the respondents' stated alignment with the Sustainable Development Goals around climate action and decarbonization (SDGs 7 and 13; 44.7%) as well as social inclusion and economic development (SDGs 1, 5, 8, and 9; 36.8%).

Lastly, mandates excluding specific industries (Panel C) predominantly involve norms-based and human rights violations (36.7%), climate- and decarbonization-related exclusions (24.5%), and "sin" industries (Tobacco, Alcohol, & Adult Entertainment; 22.4%). To a lesser extent, respondents also mention exclusion mandates related to defense and weapons (10.2%) and biodiversity and other environment-related (beyond climate) issues (6.1%).

Given our aim to better understand how to mobilize private capital at scale for financing sustainable development, particularly in EMDEs, we next explore whether respondents face any specific frictions with regard to investing in EMDEs and blended finance structures, respectively.

7.2. Frictions for sustainable investments in EMDEs

When asked about specific binding regulatory and legal challenges their institution faces to invest in EMDEs, a large fraction of respondents (32.4%) indicate that there is no (or only minimal) binding restriction preventing them from investing in EMDEs. Among the other respondents, 23.5% of them primarily highlight regulatory and legal issues such as the lack of stable frameworks, legal protections, and the complexity of diverse jurisdictions. In addition, financial and macroeconomic challenges are mentioned by 19.1% of respondents. These challenges primarily relate to currency and capital flow (especially foreign exchange risks, along with concerns about profit repatriation and capital controls), tax burdens, liquidity concerns, interest rate caps, as well as the perceived riskiness of EMDE investments and organizational inertia to change investment strategies.

---- Insert Table 15 about here ----

7.3. Frictions for sustainable investments in blended finance structures

7.3.1. Blended finance investors

Finally, we examine the bottlenecks respondents face to invest in blended finance structures. This inquiry was undertaken in two parts. First, we focused on the respondents who invest in blended finance (75.3% of respondents) and asked them to indicate what they see as key bottlenecks to expand their blended finance investments. Table 16 provides an overview of their answers. The primary bottlenecks raised by respondents relate to capital and funding availability (55.3%), alignment and mandate constraints (31.9%), operational and procedural complexity (25.5%), followed by legal, regulatory, and policy bottlenecks (19.1%), and risk perception and management (19.1%).

---- Insert Table 16 about here ----

Clear patterns emerge in where the primary friction points lie when conducting a finer-grained analysis by investor type. This analysis is provided in Appendix Table 15. While capital and funding availability is a universal concern, its dominance and the nature of the secondary barriers change significantly depending on the investor group.

Concessional capital providers (Panel A) are primarily concerned about the scarcity of concessional capital (80%). Their secondary bottleneck is institutional and internal capacity (30%), suggesting that even when the intent to provide below-market capital exists, organizations might lack the staff or internal infrastructure to manage it.

In contrast to concessional capital providers, the focus of market-rate investors (Panel B) shifts away from a resource problem ("we do not have enough resources") to a process problem ("we have the resources, but the complexity/rules make it too hard to invest"). Respondents rank

operational and procedural complexity as their top concern (53.8%), followed by alignment and mandate constraints (46.2%), and capital and funding availability (46.2%). This suggests that, for market-rate investors, the bottleneck is not primarily about the lack of capital, but the organizational and bureaucratic hurdles required to deploy it.

Investors that invest at both below and market rates (Panel C) show the most fragmented landscape. The respondents list capital and funding availability, alignment and mandate constraints, and risk perception and management as their key bottlenecks, suggesting that the perceived risk of the investment becomes just as big a barrier as the actual availability of funds.

Interestingly, awareness and knowledge rank relatively low across all three groups of blended finance investors, while alignment and mandate constraints remain a consistent "top 3" issue across all three groups. This suggests that blended finance investors "know" what to do; the friction rather lies in the execution (complexity) and the allocation (availability and mandates). This insight stands in contrast to the knowledge gap found among other investors who do not invest in blended finance structures, to which we turn next.

7.3.2. Investors with no blended finance investments

To complement our analysis of blended finance investors, we also examine investors that do not engage in blended finance. Specifically, we inquire about the reasons preventing them from investing in blended finance. The answers are reported in Table 17.

---- Insert Table 17 about here ----

While respondents frequently pointed to the complexity arising from heterogeneous regulatory regimes, investment frameworks, and mandates across investor types, a striking result emerges: *none* of the respondents identified conventional financial fundamentals—namely insufficient returns, unfavorable risk–return trade-offs, or limited risk tolerance—as the primary

impediments to investment. Instead, the most binding constraints relate to the lack of in-house expertise in blended finance and self-imposed governance restrictions (e.g., mandates limiting eligible regions or asset classes[11]), followed by internal organizational inertia. Collectively, these findings suggest that informational constraints and self-imposed governance constraints play a central role in limiting the mobilization of currently underutilized capital toward sustainable investments.

8. Limitations and Assessment of Survey Bias

8.1. Assessment of survey bias

Aligned with comparable academic surveys of finance experts (e.g., Ilhan, Krueger, Sautner, and Starks 2023, Krueger, Sautner, and Starks 2020), this study is subject to potential selection and response biases. Our sample likely overrepresents "early adopters" of blended finance, i.e. capital providers with greater awareness and technical knowledge of blended finance structures than the broader sustainable investment community. This expertise is evidenced by the high proportion of respondents currently utilizing these structures. Consequently, these leaders may perceive bottlenecks as less prohibitive than their peers, suggesting that our findings may provide a conservative lower bound for the severity of market challenges. Despite the potential selection and response biases, the perspectives of these respondents are critical, as they represent the strategic vanguard of sustainable investors shaping future policy and investment standards.

In addition, we assess potential concerns about data quality. First, the potential risk of strategic or untruthful responses is mitigated by the survey's anonymity. Second, the authenticity of the data is further supported by the respondents' willingness to attribute their institutional

[11] For example, the mandate to only invest in listed assets.

inaction to internal deficiencies—such as limited in-house expertise, self-imposed governance constraints, and internal organizational inertia—rather than external market fundamentals. As shown in Table 17, this candid self-assessment contradicts typical self-serving bias, reinforcing the validity of the results.

We conducted additional analyses to assess potential concerns of non-response bias and survey fatigue by comparing early and late respondents. In untabulated results, we found no statistically significant differences in investor characteristics or completion rates, suggesting that non-response bias and survey fatigue are unlikely to affect our results.

8.2. External validity

To assess the external validity of our findings, we exploit the rich set of investor and investment characteristics summarized in Table 1 (Panels A–D) and Table 2 (Panels A–D). Given that the survey aims to be global in scope, one potential concern might be the geographic location of respondents and their investments. As Table 1 Panel D shows, all geographic regions are represented, with the majority of respondents located in Europe, North America, and Asia. This geographic distribution broadly aligns with the regions that currently lead sustainable investing in terms of assets and market activity, with Europe and North America representing the largest shares globally and Asia showing notable growth. Relatedly, Table 2 Panel A shows investments across geographic regions with most capital providers financing projects in Asia, Africa, and South America, which is well-aligned with the survey's focus on scaling sustainable investments in EMDEs.

In addition, the survey aims to provide insights into the investment practices and perspectives of sustainable investors from across the financial system, including philanthropic, public, and private investors. Table 1 Panel A shows the detailed distribution of respondents by

investor type. Respondents identify as asset managers (34.8%), DFIs/MDBs (14.2%), foundations (10.6%), pension / sovereign wealth funds (7.1%), banks (5.7%), and family offices (5.0%), among others. While all investor types across all sectors are represented, it is not necessarily representative of the broader universe of sustainable investors and hence our results may not generalize beyond this specific sample. In particular, to the extent that our sample overrepresents early adopters of blended finance, our findings likely underestimate the severity of reported market challenges and should therefore be interpreted as a conservative lower bound.

9. Conclusion

Mobilizing private capital at scale to finance sustainable development—particularly in EMDEs—remains one of the central challenges facing the global financial system. This paper contributes to this objective by providing novel, cross-sectoral evidence on how senior investment decision-makers perceive, evaluate, and structure investments in EMDEs and in blended finance deals. By drawing on a global survey of capital providers across the financial ecosystem, we offer a rare empirical window into the risk-return expectations, risk perceptions, investment practices, evaluative measurement frameworks, and organizational constraints that shape sustainable investment decisions in practice.

Our findings yield several important insights. First, once investor heterogeneity is taken into account, return expectations in EMDEs are broadly comparable to those in developed markets. This result challenges the widespread practice of categorically excluding EMDE assets from investment universes and suggests that such exclusions may lead to inefficient portfolio allocations that forgo potential viable investment opportunities and diversification benefits.

Second, we document a systematic mismatch between investors' dominant risk perceptions—most notably currency and political risks—and the de-risking tools most commonly

implemented in blended finance structures (such as first-loss guarantees and technical assistance). This misalignment points to unrealized opportunities to more effectively deploy scarce concessional capital in ways that directly address the risks investors perceive as most salient. To catalyze sustainable investments in EMDEs and unlock private capital, blended finance structures need to systematically target the constraints that are binding for marginal private investors. Making progress on this front is critically important to close the financing gaps.

Third, our evidence highlights important limitations in how the success of investments is currently evaluated. Prevailing practices in blended finance rely heavily on input-based metrics (such as co-financing ratios) and outcome-oriented gross impact measures while rigorous assessments of financial and impact additionality remain rare. Without credible measures of marginal contribution, it is difficult to assess whether blended finance structures are indeed achieving their stated objectives or to compare their effectiveness in fostering sustainable development across projects and contexts.

Fourth, and perhaps most strikingly, respondents identify organizational and informational frictions—such as limited in-house expertise, self-imposed governance constraints, and internal inertia—as the most consequential barriers to scaling sustainable investment, while none of the respondents identified traditional financial barriers—i.e., unattractive risk-return fundamentals—as the primary deterrents to investment. These findings suggest that "trapped capital" is less a function of market failure in the narrow financial sense and more a consequence of institutional and knowledge gaps.

Taken together, our results have several implications for both research and practice. For academics, our findings underscore the need for rigorous academic inquiry—complemented by granular data, systematic case evidence, and standardized frameworks—to strengthen the

informational foundation of market participants and facilitate the deployment of currently underutilized capital toward sustainable investment. In particular, this study points to several potential fertile avenues for future research, including the development of outcome-oriented measures of additionality; the systematic mapping of regulatory regimes, mandates, and investment frameworks across investor types; the identification of mechanisms that more closely align perceived and actual risks, as well as tools that foster enabling investment environments; the analysis of efficient financing structures; and the examination of organizational decision-making within capital-providing institutions.

For practitioners, they underline the importance of better aligning de-risking instruments with investors' actual risk perceptions and of investing in organizational capabilities and standardized frameworks that can reduce complexity and transaction costs. Furthermore, the findings highlight the need to deploy concessional capital strategically, with a shift in focus from input-oriented capital mobilization and gross outcome-oriented measures to measuring (catalytic) financial and impact additionality. More broadly, this study aims to help lay the empirical groundwork for a more effective and scalable global marketplace for sustainable finance. By documenting how capital providers across sectors actually invest and think about risk, return, and impact in EMDEs, their investment opportunities, and the frictions that they face, we hope to inform the design of financial structures and institutional arrangements that can more effectively channel private capital toward addressing the world's most pressing sustainable development challenges.

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Table 1. Investor characteristics

This table provides frequency distributions of the investors in our sample by investor type (Panel A), assets under management (Panel B), investment time horizon (Panel C), and the location of the investor's headquarters (Panel D).

Panel A. Investor type

Investor type	N	%
Asset manager	49	34.8%
Development Finance Institution / Multi-lateral Development Bank	20	14.2%
Foundation	15	10.6%
Pension / Sovereign wealth fund	10	7.1%
Bank	8	5.7%
Family office	7	5.0%
Endowment	4	2.8%
Mutual fund	3	2.1%
Hedge fund	2	1.4%
Other: Advisory / Consultancy	5	3.5%
Other: NGO / Non-profit	5	3.5%
Other: Government / Public agency	4	2.8%
Other: Technical assistance provider	4	2.8%
Other: Miscellaneous	4	2.8%
Other: Venture capital	1	0.7%
Total	141	100.0%

Panel B. Assets under management (AUM)

AUM (in USD)	N	%
> $100B	30	21.3%
$50-100B	9	6.4%
$20-50B	9	6.4%
$1-20B	35	24.8%
< $1B	58	41.1%
Total	141	100.0%

Panel C. Investment time horizon

Investment time horizon	N	%
> 30 years	16	11.3%
25-30 years	2	1.4%
20-25 years	3	2.1%
15-20 years	16	11.3%
10-15 years	30	21.3%
5-10 years	48	34.0%
2-5 years	24	17.0%
1-2 years	1	0.7%
6-12 months	1	0.7%
Total	141	100.0%

Panel D. Investor location

Location of investor's headquarters	N	%
Europe	70	49.6%
North America	44	31.2%
Asia	15	10.6%
South America	4	2.8%
Africa	3	2.1%
Oceania	2	1.4%
Not disclosed	3	2.1%
Total	141	100.0%

Table 2. Investment Characteristics

This table provides descriptive statistics on the respondents' investments. Panel A refers to the geographic distribution of their investments. Each percentage indicates the share of respondents who invest in the respective region. Note that the percentages add up to more than 100% since many respondents invest in more than one region. Panel B refers to the distribution of their investments across industries. Panel C reports the investments' alignment with the Sustainable Development Goals (SDGs). For each SDG, investors were asked to rate the extent to which they prioritize the respective SDG on a five-point Likert scale ranging from "No priority" (= 1) to "Highest priority" (= 5). The column "Mean of priority score" reports the average rating across all respondents. Panel D reports the frequency distribution of the ticket size in which the investor's institution typically invests.

Panel A. Geographic regions of investments

In which geographic regions do you invest?	N	%
Asia	93	73.2%
Africa	87	68.5%
South America	85	66.9%
Europe	78	61.4%
Central America	67	52.8%
North America	66	52.0%
Oceania	49	38.6%
Number of respondents	127	

Panel B. Industries of investments

In which industries do you invest?	N	%
Infrastructure	89	70.1%
Agribusiness	88	69.3%
Health	76	59.8%
Education	68	53.5%
IT & Telecommunication	67	52.8%
Forestry	65	51.2%
Manufacturing	61	48.0%
Real Estate	61	48.0%
Public Sector	53	41.7%
Retail	51	40.2%
Tourism	43	33.9%
Other	32	25.2%
Number of respondents	127	

Panel C. Sustainable Development Goals (SDGs)

SDG	N	Mean of priority score (1 to 5)	% No priority	% Low priority	% Medium priority	% High priority	% Highest priority
1 - No poverty	105	3.3	15.2%	11.4%	19.0%	35.2%	19.0%
2 - Zero hunger	104	3.0	18.3%	17.3%	18.3%	38.5%	7.7%
3 - Good health and well-being	100	3.4	11.0%	7.0%	27.0%	44.0%	11.0%
4 - Quality education	98	3.2	14.3%	17.3%	17.3%	35.7%	15.3%
5 - Gender equality	111	3.6	9.9%	6.3%	18.9%	44.1%	20.7%
6 - Clean water and sanitation	108	3.4	10.2%	4.6%	31.5%	40.7%	13.0%
7 - Affordable and clean energy	110	4.1	4.5%	3.6%	13.6%	38.2%	40.0%
8 - Decent work and economic growth	110	3.9	6.4%	2.7%	16.4%	44.5%	30.0%
9 - Industry, innovation, and infrastructure	105	3.7	7.6%	7.6%	14.3%	46.7%	23.8%
10 - Reduced inequalities	104	3.4	12.5%	8.7%	22.1%	38.5%	18.3%
11 - Sustainable cities and communities	101	3.4	12.9%	5.9%	21.8%	43.6%	15.8%
12 - Responsible consumption and production	98	3.1	16.3%	8.2%	29.6%	36.7%	9.2%
13 - Climate action	112	4.3	4.5%	0.9%	9.8%	28.6%	56.3%
14 - Life below water	104	3.1	20.2%	12.5%	20.2%	34.6%	12.5%
15 - Life on land	105	3.3	16.2%	8.6%	20.0%	41.0%	14.3%
16 - Peace, justice, and strong institutions	95	2.9	18.9%	22.1%	20.0%	28.4%	10.5%
17 - Partnerships for the goals	103	3.4	15.5%	8.7%	18.4%	37.9%	19.4%

Panel D. Ticket size

What is the typical ticket size your institution invests in?	N	%
> $1B	5	4.3%
$500M-1B	8	6.8%
$250M-500M	1	0.9%
$100M-250M	5	4.3%
$50-100M	11	9.4%
$5M-50M	37	31.6%
$1M-5M	16	13.7%
$500K-1M	4	3.4%
$250K-500K	10	8.5%
$100K-250K	11	9.4%
$50K-100K	4	3.4%
$25K-50K	2	1.7%
< $25K	3	2.6%
Total	117	100.0%

Table 3. Share of investments in Emerging Markets and Developing Economies (EMDEs)

This table reports the frequency distribution of investors' shares of investments in Emerging Markets and Developing Economies (EMDEs), measured as a percentage of assets under management (AUM).

What is your share of investments (as % AUM) in EMDEs?	N	%
100% (exclusively)	41	36.6%
75-100%	14	12.5%
50-75%	7	6.3%
25-50%	4	3.6%
20-25%	3	2.7%
15-20%	3	2.7%
10-15%	10	8.9%
5-10%	12	10.7%
0-5%	15	13.4%
0% (none)	3	2.7%
Total	112	100.0%

Table 4. Investors' return requirements and expectations in EMDEs and DMs

This table provides descriptive statistics for the investors' hurdle rate (columns 1 and 2), the expected return on their investments in Emerging Markets and Developing Economies (EMDEs, columns 3 and 4), and the expected return on their investments in Developed Markets (DMs, column 5). The table distinguishes between investors who only invest in EMDEs ("EMDE-only investors") and those who invest in both EMDEs and DMs ("EMDE & DM investors"). Each column reports the mean, standard deviation, as well as information on the distribution. The *p*-values refer to the difference-in-means test. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Minimum required return			Expected returns in EMDE			Expected returns in DM	
	EMDE-only investors	EMDE & DM investors	*p*-value (1) vs. (2)	EMDE-only investors	EMDE & DM investors	*p*-value (3) vs. (4)	EMDE & DM investors	*p*-value (4) vs. (5)
	(1)	(2)		(3)	(4)		(5)	
Mean	5.25%	9.22%	0.002***	8.50%	13.13%	0.032***	14.19%	0.728
Std. dev.	5.82%	6.46%		8.00%	9.00%		15.30%	
Distribution								
0% (grant)	30.0%	6.0%		16.1%	2.9%		3.1%	
0-5%	27.5%	17.9%		16.1%	5.7%		3.1%	
5-10%	27.5%	38.8%		35.5%	22.9%		31.3%	
10-15%	5.0%	23.9%		16.1%	28.6%		40.6%	
15-20%	7.5%	9.0%		3.2%	25.7%		6.3%	
20-25%	2.5%	0.0%		6.5%	8.6%		9.4%	
25-30%	0.0%	3.0%		3.2%	0.0%		0.0%	
>30%	0.0%	0.0%		3.2%	5.7%		6.3%	
N	40	67		31	35		32	

Table 5. Investors' risk tolerance in EMDEs and DMs

This table provides descriptive statistics on the investors' risk tolerance for their investments in Emerging Markets and Developing Economies (EMDEs, columns 1 and 2) and their investments in Developed Markets (DMs, column 3). The table distinguishes between investors who only invest in EMDEs ("EMDE-only investors") and those who invest in both EMDEs and DMs ("EMDE & DM investors"). Risk tolerance is measured based on the question "using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?" It is computed by adding one index point for each rating category in decreasing order of credit quality (that is, AAA corresponds to 1, AA+ 2, AA 3, etc.). Each column reports the mean, standard deviation, as well as information on the distribution. The *p*-values refer to the difference-in-means test. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Risk tolerance in EMDEs			Risk tolerance in DMs	
	EMDE-only investors	EMDE & DM investors	*p*-value (1) vs. (2)	EMDE & DM investors	*p*-value (2) vs. (3)
	(1)	(2)		(3)	
Mean	15.49	11.25	0.000***	10.72	0.344
Std. dev.	4.48	5.43		5.62	
Distribution					
AAA	2.7%	3.3%		6.6%	
AA+	0.0%	1.6%		0.0%	
AA	0.0%	8.2%		11.5%	
AA−	0.0%	1.6%		1.6%	
A+	0.0%	1.6%		1.6%	
A	5.4%	3.3%		1.6%	
A−	2.7%	3.3%		3.3%	
BBB+	0.0%	9.8%		8.2%	
BBB	2.7%	4.9%		4.9%	
BBB−	0.0%	9.8%		13.1%	
BB+	2.7%	0.0%		1.6%	
BB	2.7%	18.0%		8.2%	
BB−	0.0%	1.6%		4.9%	
B+	0.0%	0.0%		3.3%	
B	13.5%	3.3%		4.9%	
B−	18.9%	8.2%		6.6%	
CCC+	10.8%	1.6%		0.0%	
CCC	0.0%	4.9%		4.9%	
CCC−	37.8%	14.8%		13.1%	
N	37	61		61	

Table 6. Perceived risks of investing in EMDEs

This table summarizes the respondents' perceptions of the main risks associated with investing in Emerging Markets and Developing Economies (EMDEs). For each risk category, a six-point Likert scale is used, where potential responses range from "Very low (quasi non-existent)" (= 1) to "Too high (prevents us from investing)" (= 6). The column "Mean of risk score" reports the average rating across all respondents.

Type of risk	N	Mean of risk score (1 to 6)	% Very low (quasi non-existent)	% Low (not financially material)	% Medium (financially material)	% High	% Very high	% Too high (preventing us from investing)
Breach of contract: including non-payment by governments	78	3.35	5.1%	7.7%	50.0%	24.4%	10.3%	2.6%
Credit risk	81	3.59	2.5%	11.1%	32.1%	35.8%	16.0%	2.5%
Currency risk / fund transfer restrictions	81	3.91	1.2%	6.2%	28.4%	34.6%	23.5%	6.2%
Expropriation risk: the risk of assets being seized by governments	78	2.96	6.4%	25.6%	42.3%	17.9%	6.4%	1.3%
Operational risk	82	3.52	1.2%	8.5%	43.9%	30.5%	14.6%	1.2%
Lack of project pipeline	81	3.12	6.2%	23.5%	33.3%	27.2%	8.6%	1.2%
Low returns	81	3.06	9.9%	21.0%	37.0%	19.8%	9.9%	2.5%
Lack of liquidity of Blended Finance infrastructure investments	76	3.24	9.2%	15.8%	34.2%	26.3%	11.8%	2.6%
Political risk	81	3.77	1.2%	4.9%	34.6%	38.3%	17.3%	3.7%
Regulatory/legal risk	78	3.65	1.3%	6.4%	41.0%	33.3%	12.8%	5.1%
Reputational risk	78	3.32	1.3%	24.4%	33.3%	24.4%	15.4%	1.3%
Other	7	4.29	0.0%	0.0%	14.3%	42.9%	42.9%	0.0%

Table 7. Blended finance

Panel A reports the frequency distribution of investors depending on whether they engage in blended finance ("Does your institution undertake Blended Finance projects?"). For the set of investors who engage in blended finance, Panel B provides the frequency distribution of how they invest ("If so, how do you invest in Blended Finance projects?").

Panel A.	Does your institution undertake Blended Finance projects?	N	%
	Yes	70	75.3%
	No	23	24.7%
	Total	93	100.0%
Panel B.	If so, how do you invest in Blended Finance projects?	N	%
	At below-market rates (i.e., concessional rates)	26	37.1%
	At market rates	19	27.1%
	Both	25	35.7%
	Total	70	100.0%

Table 8. Default probabilities of blended finance portfolios

This table reports the default probabilities for blended and non-blended finance portfolios separately for concessional investors (those who invest at below-market rates, columns 1 and 2), market-rate investors (those who invest at market rates, columns 3 and 4), and investors who invest in both ways (columns 5 and 6). Each column reports the mean, standard deviation, as well as information on the distribution. The *p*-values refer to the difference-in-means test. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Invest at below-market rates		Invest at market rates		Invest in both ways	
	Probability of default of *blended* finance portfolios	Probability of default of *non-blended* finance portfolios	Probability of default of *blended* finance portfolios	Probability of default of *non-blended* finance portfolios	Probability of default of *blended* finance portfolios	Probability of default of *non-blended* finance portfolios
	(1)	(2)	(3)	(4)	(5)	(6)
Mean	13.00%	8.27%	2.69%	2.57%	12.20%	10.72%
Std. dev.	12.95%	10.14%	3.12%	1.49%	11.66%	12.24%
N	25	15	18	14	23	18
p-value (1) vs. (2)	0.234					
p-value (3) vs. (4)	0.893					
p-value (5) vs. (6)	0.697					
p-value (1) vs. (3)	0.002***					
p-value (2) vs. (4)	0.047**					
Distribution						
>50%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
40-50%	0.0%	0.0%	0.0%	0.0%	8.7%	4.3%
30-40%	20.0%	0.0%	0.0%	0.0%	0.0%	4.3%
25-30%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%
20-25%	4.0%	8.0%	0.0%	0.0%	4.3%	4.3%
15-20%	12.0%	8.0%	0.0%	0.0%	8.7%	4.3%
10-15%	12.0%	0.0%	5.6%	0.0%	21.7%	8.7%
5-10%	12.0%	4.0%	5.6%	0.0%	30.4%	8.7%
3-5%	12.0%	4.0%	16.7%	27.8%	13.0%	26.1%
0-3%	4.0%	12.0%	55.6%	50.0%	13.0%	17.4%
0%	24.0%	20.0%	16.7%	0.0%	0.0%	0.0%
N/A (only blended finance)	-	40.0%	-	22.2%	-	21.7%
N	25	25	18	18	23	23

Table 9. Average returns on debt and equity in blended finance portfolios

This table reports the return on concessional debt (columns 1 and 5), concessional equity (columns 2 and 6), non-concessional debt (columns 3 and 7), and non-concessional equity (columns 4 and 8) for investors who invest in blended finance. The table distinguishes between concessional investors (those who invest at below-market rates, columns 1 and 2), market-rate investors (those who invest at market rates, columns 3 and 4), and investors who invest in both ways (columns 5-8). Each column reports the mean, standard deviation, as well as information on the distribution. The *p*-values refer to the difference-in-means test. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Invest at below-market rates		Invest at market rates		Invest in both ways			
	What is your average return on *concessional debt?*	What is your average return on *concessional equity?*	What is your average return on *non-concessional debt?*	What is your average return on *non-concessional equity?*	What is your average return on *concessional debt?*	What is your average return on *concessional equity?*	What is your average return on *non-concessional debt?*	What is your average return on *non-concessional equity?*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mean	5.41%	7.62%	7.17%	11.83%	6.16%	7.40%	9.92%	15.26%
Std. dev.	6.21%	7.49%	2.82%	4.36%	6.54%	5.76%	5.99%	7.54%
N	17	17	15	12	16	15	19	19
p-value (1) vs. (2)	0.357							
p-value (3) vs. (4)	0.003***							
p-value (5) vs. (6)	0.579							
p-value (7) vs. (8)	0.021**							
p-value (1) vs. (3)	0.323							
p-value (2) vs. (4)	0.092*							
p-value (5) vs. (7)	0.085*							
p-value (6) vs. (8)	0.002***							
Distribution								
>30%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%
25-30%	4.0%	0.0%	0.0%	0.0%	4.3%	0.0%	0.0%	4.3%
20-25%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	4.3%	8.7%
15-20%	0.0%	4.0%	0.0%	16.7%	0.0%	0.0%	8.7%	21.7%
10-15%	0.0%	8.0%	11.1%	27.8%	4.3%	13.0%	30.4%	34.8%
5-10%	16.0%	20.0%	50.0%	16.7%	17.4%	17.4%	21.7%	0.0%
3-5%	24.0%	16.0%	16.7%	5.6%	21.7%	17.4%	4.3%	0.0%
0-3%	20.0%	4.0%	5.6%	0.0%	17.4%	8.7%	4.3%	0.0%
0% (interest-free / grant)	4.0%	12.0%	0.0%	0.0%	4.3%	4.3%	8.7%	8.7%
N/A (we do not provide this form of financing)	32.0%	32.0%	16.7%	33.3%	30.4%	34.8%	17.4%	17.4%
N	25	25	18	18	23	23	23	23

Table 10. Use of risk-sharing tools and concessional capital in blended finance projects

This table reports how often investors who invest in blended finance use different risk-sharing tools and different forms of concessional capital in blended finance projects. For each entry, a six-point Likert scale is used, where potential responses range from "Never" (= 1) to "Always" (= 6). The column "Mean score" reports the average rating across all respondents.

How often do you use the following risk-sharing tools and concessional capital in blended finance projects?	N	Mean score (1 to 6)	Never	Rarely	Sometimes	Often	Very often	Always
First-loss guarantee (FLG)	44	3.25	15.9%	18.2%	25.0%	13.6%	20.5%	6.8%
Currency risk insurance	41	2.10	43.9%	26.8%	14.6%	7.3%	4.9%	2.4%
Political risk insurance	43	1.84	51.2%	25.6%	16.3%	2.3%	4.7%	0.0%
Credit enhancement	42	3.10	23.8%	19.0%	19.0%	9.5%	19.0%	9.5%
Concessional equity	44	3.23	22.7%	18.2%	9.1%	25.0%	13.6%	11.4%
Concessional debt	43	3.47	14.0%	16.3%	18.6%	20.9%	20.9%	9.3%
Preparation and technical assistance grants	45	3.98	8.9%	6.7%	15.6%	26.7%	31.1%	11.1%
Performance-based grants	43	2.98	23.3%	16.3%	20.9%	20.9%	16.3%	2.3%
Other	7	4.86	0.0%	0.0%	14.3%	14.3%	42.9%	28.6%

Table 11. Perceived effectiveness of risk-sharing tools and concessional capital in mobilizing capital for the EMDEs

This table reports how investors who invest in blended finance perceive the effectiveness of different risk-sharing tools and different forms of concessional capital used in blended finance projects in mobilizing capital for the Emerging Markets and Developing Economies (EMDEs). For each entry, a six-point Likert scale is used, where potential responses range from "Never effective" (= 1) to "(Almost) always effective" (= 6). The column "Mean score" reports the average rating across all respondents.

How effective is the use the following risk-sharing tools and concessional capital in mobilizing capital for investment in the EMDEs?	N	Mean score (1 to 6)	Never effective	Rarely effective	Sometimes effective	Often effective	Very often effective	(Almost) always effective
First-loss guarantee (FLG)	54	4.46	0.0%	3.7%	16.7%	27.8%	33.3%	18.5%
Currency risk insurance	51	3.57	5.9%	15.7%	27.5%	27.5%	13.7%	9.8%
Political risk insurance	48	3.40	8.3%	22.9%	20.8%	22.9%	18.8%	6.2%
Credit enhancement	50	4.52	0.0%	2.0%	14.0%	30.0%	38.0%	16.0%
Concessional equity	55	4.33	3.6%	7.3%	16.4%	21.8%	27.3%	23.6%
Concessional debt	56	4.38	1.8%	3.6%	17.9%	30.4%	25.0%	21.4%
Preparation and technical assistance grants	57	4.18	3.5%	7.0%	15.8%	35.1%	19.3%	19.3%
Performance-based grants	51	3.51	5.9%	13.7%	23.5%	41.2%	11.8%	3.9%
Other	3	4.00	0.0%	0.0%	33.3%	33.3%	33.3%	0.0%

Table 12. Criteria to quantify the "success" of blended finance deals

This table reports how investors who invest in blended finance define the "success" of blended finance deals. For each entry, a six-point Likert scale is used, where potential responses range from "Never" (= 1) to "Always" (= 6). The column "Mean score" reports the average rating across all respondents.

How does your institution define the "success" of Blended Finance deals after investment?	N	Mean score (1 to 6)	Never	Rarely	Sometimes	Often	Very often	Always
Leverage ratio private capital to concessional capital	52	3.98	11.5%	5.8%	15.4%	26.9%	21.2%	19.2%
Economic development impact	51	4.71	3.9%	5.9%	9.8%	15.7%	25.5%	39.2%
Social/environmental impact	48	4.77	4.2%	2.1%	12.5%	16.7%	22.9%	41.7%
Cost reduction	43	2.79	18.6%	30.2%	25.6%	9.3%	11.6%	4.7%
Market creation	44	4.23	6.8%	2.3%	22.7%	20.5%	25.0%	22.7%
Other	13	3.46	30.8%	0.0%	23.1%	7.7%	15.4%	23.1%

Table 13. Metrics used to quantify the "success" of blended finance deals

This table reports the frequency distribution of the metrics used by investors who invest in blended finance to quantify the "success" of blended finance deals along the dimensions of economic development impact (Panel A), social and environmental impact (Panel B), market creation (Panel C), and other dimensions (Panel D).

Panel A. Economic development impact	N	%
Employment & job creation	11	35.5%
Other / project-specific	7	22.6%
Standard frameworks & methodologies	5	16.1%
Income & poverty alleviation	4	12.9%
Beneficiary reach & access	2	6.5%
Business & SME development	1	3.2%
Macroeconomic growth	1	3.2%
Total	31	100.0%

Panel B. Social/environmental impact	N	%
Climate action & GHG reduction	16	48.5%
Other / project-specific	11	33.3%
Biodiversity & nature conservation	2	6.1%
Frameworks, SDGs & guidelines	2	6.1%
Access to basic services	1	3.0%
Socio-economic outcomes	1	3.0%
Total	33	100.0%

Panel C. Market creation	N	%
Reach & socio-economic outcomes	7	28.0%
Other / project-specific	5	20.0%
Market ecosystem & infrastructure	4	16.0%
Capital mobilization & leverage	3	12.0%
Market maturation & replication	3	12.0%
Regulatory & policy impact	2	8.0%
Financial performance & commercial viability	1	4.0%
Total	25	100.0%

Panel D. Other	N	%
Administrative	3	42.9%
Financial performance & sustainability	3	42.9%
Social Impact	1	14.3%
Total	7	100.0%

Table 14. Investment restrictions

Panel A reports the frequency distribution of investors depending on whether they face investment restrictions ("Do you face investment restrictions?"). For the set of investors who face restrictions, Panel B provides the distribution of the types of restrictions ("If so, which types of investment restrictions?"), where each percentage indicates the share of respondents who face the respective restriction. Note that the percentages add up to more than 100% since many respondents face more than one type of restrictions.

Panel A.	Do you face investment restrictions?	N	%
	No	33	28.2%
	Yes	84	71.8%
	Total	117	100.0%
Panel B.	If so, which types of investment restrictions?	N	%
	Mandate to invest in specific regions	57	74.0%
	Mandate to invest in specific sustainability outcomes	41	53.2%
	Exclusion from specific industries	56	72.7%
	Other restrictions	24	31.2%
	Number of respondents	77	

Table 15. Challenges to investing in EMDEs

This table reports the frequency distribution of what investors view as regulatory and legal challenges to investing in the Emerging Markets and Developing Economies (EMDEs).

What specific regulatory/legal challenges (if any) does your institution face to invest in EMDEs for the achievement of SDGs?	N	%
None / minimal	22	32.4%
Regulatory & legal issues (e.g., lack of stable frameworks)	16	23.5%
Financial & macroeconomic	13	19.1%
Operational & market	7	10.3%
Political & governance	4	5.9%
ESG & compliance	4	5.9%
Other	2	2.9%
Total	68	100.0%

Table 16. Bottlenecks of blended finance (for investors who invest in blended finance)

This table reports the distribution of what blended finance investors view as bottlenecks that prevent them from increasing their blended finance investments. Each percentage indicates the share of respondents who reported the respective bottleneck. Note that the percentages add up to more than 100% since many respondents reported more than one bottleneck.

	N	%
Capital & funding availability	26	55.3%
Alignment & mandate constraints	15	31.9%
Operational & procedural complexity	12	25.5%
Legal, regulatory & policy	9	19.1%
Risk perception & management	9	19.1%
Pipeline & project readiness	8	17.0%
Institutional & internal capacity	7	14.9%
Awareness & knowledge	5	10.6%
General /other	5	10.6%
Market & external factors	4	8.5%
Number of respondents	47	

Table 17.Reasons preventing investments in blended finance (for investors who do not invest in blended finance)

This table reports the distribution of the rationales that prevent investments in blended finance. The sample is restricted to investors who do not invest in blended finance. Each percentage indicates the share of respondents who reported the respective rationale. Note that the percentages add up to more than 100% since many respondents reported more than one rationale.

Rationales	N	%
Absence of inhouse expertise in blended finance	12	57.1%
Outside of our investment mandate	12	57.1%
Internal organizational inertia	7	33.3%
Absence of track record	6	28.6%
Regulatory/legal restrictions	5	23.8%
Absence of standardization	4	19.0%
Absence of benchmarks	3	14.3%
Absence of credit risk ratings	3	14.3%
Misaligned time horizons (e.g., repayment period, timing of capital flow)	3	14.3%
Ticket size	3	14.3%
No reason	2	9.5%
Other	2	9.5%
Reporting requirements	1	4.8%
Insufficient risk tolerance	0	0.0%
Unattractive returns	0	0.0%
Unattractive risks	0	0.0%
Number of respondents	21	

APPENDIX

Appendix Table 1. Types of investors with EMDE investments

This table provides frequency distributions of the investors in our sample by investor type, distinguishing between investors who only invest in EMDEs (Panel A, "EMDE-only investors") and those who invest in both EMDEs and DMs (Panel B, "EMDE & DM investors").

Panel A. EMDE-only investors

Investor type	N	%
Development Finance Institution / Multi-lateral Development Bank	13	31.7%
Asset manager	9	22.0%
Foundation	3	7.3%
Bank	1	2.4%
Endowment	0	0.0%
Family office	0	0.0%
Hedge fund	0	0.0%
Mutual fund	0	0.0%
Pension / Sovereign wealth fund	0	0.0%
Other: NGO / Non-profit	4	9.8%
Other: Technical assistance provider	4	9.8%
Other: Government / Public agency	3	7.3%
Other: Miscellaneous	2	4.9%
Other: Advisory / Consultancy	1	2.4%
Other: Venture capital	1	2.4%
Total	41	100.0%

Panel B. EMDE & DM investors

Investor type	N	%
Asset manager	31	45.6%
Pension / Sovereign wealth fund	8	11.8%
Foundation	7	10.3%
Family office	6	8.8%
Bank	4	5.9%
Development Finance Institution / Multi-lateral Development Bank	4	5.9%
Mutual fund	2	2.9%
Endowment	1	1.5%
Hedge fund	1	1.5%
Other: Advisory / Consultancy	2	2.9%
Other: Government / Public agency	1	1.5%
Other: NGO / Non-profit	1	1.5%
Other: Miscellaneous	0	0.0%
Other: Technical assistance provider	0	0.0%
Other: Venture capital	0	0.0%
Total	68	100.0%

Appendix Table 2. Expected returns in EMDEs vs. DMs—comparisons within investor type

The sample consists of the expected returns of EMDE & DM investors from column 4 (EMDE investments) and 5 (DM investments) of Table 4. The dependent variable is the expected return. The independent variable is an indicator variable ("EMDE") that is equal to one if the expected return refers to EMDE investments. The regression in column (1) does not include fixed effects, while the regression in column (2) includes investor type fixed effects (based on the investor types from Table 1). Heteroskedasticity-robust standard errors are reported in parentheses. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Expected return	
	(1)	(2)
EMDE	-1.059	-0.350
	(2.786)	(2.936)
Investor type fixed effects	No	Yes
R-squared	0.002	0.228
N	67	67

Appendix Table 3. Risk tolerance in EMDEs vs. DMs—comparisons within investor type

The sample consists of the risk tolerance of EMDE & DM investors from column 2 (EMDE investments) and 3 (DM investments) of Table 5. The dependent variable is the risk tolerance. The independent variable is an indicator variable ("EMDE") that is equal to one if the risk tolerance refers to EMDE investments. The regression in column (1) does not include fixed effects, while the regression in column (2) includes investor type fixed effects (based on the investor types from Table 1). Heteroskedasticity-robust standard errors are reported in parentheses. *, **, and *** indicates significance at the 10%, 5%, and 1% level, respectively.

	Risk tolerance	
	(1)	(2)
EMDE	0.525	0.525
	(0.552)	(0.579)
Investor type fixed effects	No	Yes
R-squared	0.002	0.111
N	122	122

Appendix Table 4. Perceived risks of investing in EMDEs by investor groups

This table summarizes the respondents' perceptions of the main risks associated with investing in EMDEs. For each risk category, a six-point Likert scale is used, where potential responses range from "Very low (quasi non-existent)" (= 1) to "Too high (prevents us from investing)" (= 6). The column "Mean of risk score" reports the average rating across all respondents. The table distinguishes between investors who only invest in EMDEs (Panel A, "EMDE-only investors") and those who invest in both EMDEs and DMs (Panel B, "EMDE & DM investors").

Type of risk	N	Mean of risk score (1 to 6)	% Very low (quasi non-existent)	% Low (not financially material)	% Medium (financially material)	% High	% Very high	% Too high (preventing us from investing)
Panel A. EMDE-only investors								
Breach of contract: including non-payment by governments	32	3.19	6.3%	12.5%	46.9%	25.0%	9.4%	0.0%
Credit risk	33	3.48	6.1%	9.1%	36.4%	27.3%	21.2%	0.0%
Currency risk / fund transfer restrictions	33	3.85	0.0%	6.1%	33.3%	36.4%	18.2%	6.1%
Expropriation risk: the risk of assets being seized by governments	32	2.75	6.3%	37.5%	37.5%	12.5%	6.3%	0.0%
Operational risk	34	3.62	0.0%	8.8%	41.2%	29.4%	20.6%	0.0%
Lack of project pipeline	33	3.21	3.0%	21.2%	36.4%	30.3%	9.1%	0.0%
Low returns	34	3.03	14.7%	17.6%	32.4%	23.5%	8.8%	2.9%
Lack of liquidity of Blended Finance infrastructure investments	30	3.03	6.7%	20.0%	40.0%	30.0%	3.3%	0.0%
Political risk	33	3.58	0.0%	3.0%	51.5%	30.3%	15.2%	0.0%
Regulatory/legal risk	32	3.38	0.0%	9.4%	56.3%	21.9%	12.5%	0.0%
Reputational risk	32	3.22	0.0%	25.0%	37.5%	28.1%	9.4%	0.0%
Other	2	4.50	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%
Panel B. EMDE & DM investors								
Breach of contract: including non-payment by governments	46	3.46	4.3%	4.3%	52.2%	23.9%	10.9%	4.3%
Credit risk	48	3.67	0.0%	12.5%	29.2%	41.7%	12.5%	4.2%
Currency risk / fund transfer restrictions	48	3.96	2.1%	6.3%	25.0%	33.3%	27.1%	6.3%
Expropriation risk: the risk of assets being seized by governments	46	3.11	6.5%	17.4%	45.7%	21.7%	6.5%	2.2%
Operational risk	48	3.46	2.1%	8.3%	45.8%	31.3%	10.4%	2.1%
Lack of project pipeline	48	3.06	8.3%	25.0%	31.3%	25.0%	8.3%	2.1%
Low returns	47	3.09	6.4%	23.4%	40.4%	17.0%	10.6%	2.1%
Lack of liquidity of Blended Finance infrastructure investments	46	3.37	10.9%	13.0%	30.4%	23.9%	17.4%	4.3%
Political risk	48	3.90	2.1%	6.3%	22.9%	43.8%	18.8%	6.3%
Regulatory/legal risk	46	3.85	2.2%	4.3%	30.4%	41.3%	13.0%	8.7%
Reputational risk	46	3.39	2.2%	23.9%	30.4%	21.7%	19.6%	2.2%
Other	5	4.20	0.0%	0.0%	20.0%	40.0%	40.0%	0.0%

Appendix Table 5. Rationales for investing in EMDEs

This table summarizes the respondents' rationales for investing in EMDEs. For each rationale, a six-point Likert scale is used, where potential responses range from "Strongly disagree" (= 1) to "Strongly agree" (= 6). The column "Mean of agreement score" reports the average rating across all respondents.

Rationales	N	Mean of agreement score (1 to 6)	% Strongly disagree	% Disagree	% Somewhat disagree	% Somewhat agree	% Agree	% Strongly agree
Risk diversification	77	3.49	19.5%	13.0%	10.4%	19.5%	31.2%	6.5%
Financial return	78	3.78	14.1%	14.1%	7.7%	17.9%	35.9%	10.3%
Fiduciary duty	76	3.82	9.2%	13.2%	15.8%	25.0%	22.4%	14.5%
Economic development	83	5.04	2.4%	1.2%	6.0%	16.9%	27.7%	45.8%
Societal impact/thematic	82	5.29	0.0%	1.2%	3.7%	17.1%	20.7%	57.3%
Alignment with mission	85	5.20	0.0%	2.4%	8.2%	11.8%	22.4%	55.3%
Legacy	75	3.35	12.0%	33.3%	8.0%	14.7%	18.7%	13.3%
Moral or ethical obligations	78	3.76	15.4%	15.4%	14.1%	14.1%	15.4%	25.6%
Personal preferences	74	3.09	20.3%	23.0%	14.9%	21.6%	9.5%	10.8%
Regulatory requirements	76	2.46	26.3%	36.8%	18.4%	9.2%	1.3%	7.9%
Protection of reputation	73	2.60	23.3%	31.5%	20.5%	15.1%	5.5%	4.1%
Peer pressure	72	1.97	45.8%	27.8%	16.7%	2.8%	6.9%	0.0%
Other	5	4.60	0.0%	0.0%	40.0%	0.0%	20.0%	40.0%

Appendix Table 6. Rationales for investing in EMDEs by investor groups

This table summarizes the respondents' rationales for investing in EMDEs. For each rationale, a six-point Likert scale is used, where potential responses range from "Strongly disagree" (= 1) to "Strongly agree" (= 6). The column "Mean of agreement score" reports the average rating across all respondents. The table distinguishes between investors who only invest in EMDEs (Panel A, "EMDE-only investors") and those who invest in both EMDEs and DMs (Panel B, "EMDE & DM investors").

Rationales	N	Mean of agreement score (1 to 6)	% Strongly disagree	% Disagree	% Somewhat disagree	% Somewhat agree	% Agree	% Strongly agree
Panel A. EMDE-only investors								
Risk diversification	28	2.68	35.7%	21.4%	10.7%	10.7%	14.3%	7.1%
Financial return	28	2.86	28.6%	25.0%	7.1%	14.3%	21.4%	3.6%
Fiduciary duty	29	4.14	13.8%	6.9%	10.3%	17.2%	24.1%	27.6%
Economic development	35	5.77	0.0%	0.0%	0.0%	2.9%	17.1%	80.0%
Societal impact/thematic	34	5.91	0.0%	0.0%	0.0%	0.0%	8.8%	91.2%
Alignment with mission	35	5.91	0.0%	0.0%	0.0%	0.0%	8.6%	91.4%
Legacy	29	3.52	17.2%	27.6%	3.4%	10.3%	20.7%	20.7%
Moral or ethical obligations	32	4.59	15.6%	0.0%	3.1%	18.8%	15.6%	46.9%
Personal preferences	29	3.48	24.1%	13.8%	0.0%	31.0%	13.8%	17.2%
Regulatory requirements	30	2.87	30.0%	26.7%	10.0%	13.3%	0.0%	20.0%
Protection of reputation	28	2.54	32.1%	25.0%	14.3%	17.9%	7.1%	3.6%
Peer pressure	28	1.61	67.9%	14.3%	10.7%	3.6%	3.6%	0.0%
Panel B. EMDE & DM investors								
Risk diversification	49	3.96	10.2%	8.2%	10.2%	24.5%	40.8%	6.1%
Financial return	50	4.30	6.0%	8.0%	8.0%	20.0%	44.0%	14.0%
Fiduciary duty	47	3.62	6.4%	17.0%	19.1%	29.8%	21.3%	6.4%
Economic development	48	4.50	4.2%	2.1%	10.4%	27.1%	35.4%	20.8%
Societal impact/thematic	48	4.85	0.0%	2.1%	6.3%	29.2%	29.2%	33.3%
Alignment with mission	50	4.70	0.0%	4.0%	14.0%	20.0%	32.0%	30.0%
Legacy	46	3.24	8.7%	37.0%	10.9%	17.4%	17.4%	8.7%
Moral or ethical obligations	46	3.17	15.2%	26.1%	21.7%	10.9%	15.2%	10.9%
Personal preferences	45	2.84	17.8%	28.9%	24.4%	15.6%	6.7%	6.7%
Regulatory requirements	46	2.20	23.9%	43.5%	23.9%	6.5%	2.2%	0.0%
Protection of reputation	45	2.64	17.8%	35.6%	24.4%	13.3%	4.4%	4.4%
Peer pressure	44	2.20	31.8%	36.4%	20.5%	2.3%	9.1%	0.0%
Other	5	4.60	0.0%	0.0%	40.0%	0.0%	20.0%	40.0%

Appendix Table 7. Types of investors with and without blended finance investments

This table provides frequency distributions of the investors in our sample by investor type, distinguishing between investors who invest in blended finance (Panel A, "Blended finance") and those who do not (Panel B, "No blended finance").

Panel A. Blended finance

Investor type	N	%
Asset manager	27	38.6%
Development Finance Institution / Multi-lateral Development Bank	14	20.0%
Foundation	7	10.0%
Bank	2	2.9%
Pension / Sovereign wealth fund	2	2.9%
Family office	1	1.4%
Endowment	0	0.0%
Mutual fund	0	0.0%
Hedge fund	0	0.0%
Other: NGO / Non-profit	5	7.1%
Other: Technical assistance provider	4	5.7%
Other: Advisory / Consultancy	3	4.3%
Other: Government / Public agency	3	4.3%
Other: Miscellaneous	1	1.4%
Other: Venture capital	1	1.4%
Total	70	100.0%

Panel B. No blended finance

Investor type	N	%
Asset manager	9	39.1%
Family office	4	17.4%
Pension / Sovereign wealth fund	4	17.4%
Foundation	3	13.0%
Mutual fund	2	8.7%
Hedge fund	1	4.3%
Bank	0	0.0%
Development Finance Institution / Multi-lateral Development Bank	0	0.0%
Endowment	0	0.0%
Other: Advisory / Consultancy	0	0.0%
Other: Government / Public agency	0	0.0%
Other: Miscellaneous	0	0.0%
Other: NGO / Non-profit	0	0.0%
Other: Technical assistance provider	0	0.0%
Other: Venture capital	0	0.0%
Total	23	100.0%

Appendix Table 8. Types of blended finance investors (by type of blending)

This table provides frequency distributions of the blended finance investors in our sample by investor type. The table distinguishes between blended finance investors who invest at below-market rates (Panel A, "Invest at below-market rates"), those who invest at market rates (Panel B, "Invest at market rates"), and those who invest at both below-market and market rates (Panel C, "Invest in both ways").

Panel A. Invest at below-market rates

Investor type	N	%
Development Finance Institution / Multi-lateral Development Bank	10	38.5%
Other: NGO / Non-profit	4	15.4%
Other: Technical assistance provider	4	15.4%
Foundation	3	11.5%
Asset manager	2	7.7%
Other: Government / Public agency	2	7.7%
Other: Venture capital	1	3.8%
Total	26	100.0%

Panel B. Invest at market rates

Investor type	N	%
Asset manager	14	73.7%
Pension / Sovereign wealth fund	2	10.5%
Bank	1	5.3%
Development Finance Institution / Multi-lateral Development Bank	1	5.3%
Other: Advisory / Consultancy	1	5.3%
Total	19	100.0%

Panel C. Invest in both ways

Investor type	N	%
Asset manager	11	44.0%
Foundation	4	16.0%
Development Finance Institution / Multi-lateral Development Bank	3	12.0%
Other: Advisory / Consultancy	2	8.0%
Bank	1	4.0%
Family office	1	4.0%
Other: Government / Public agency	1	4.0%
Other: Miscellaneous	1	4.0%
Other: NGO / Non-profit	1	4.0%
Total	25	100.0%

Appendix Table 9. Use of risk-sharing tools and concessional capital in blended finance projects (by type of blending)

This table reports how often investors who invest in blended finance use different risk-sharing tools and different forms of concessional capital in blended finance projects. For each entry, a six-point Likert scale is used, where potential responses range from "Never" (= 1) to "Always" (= 6). The column "Mean score" reports the average rating across all respondents. The table distinguishes between blended finance investors who invest at below-market rates (Panel A, "Invest at below-market rates") and those who invest at both below-market and market rates (Panel B, "Invest in both ways").

How often do you use the following risk-sharing tools and concessional capital in blended finance projects?	N	Mean score (1 to 6)	Never	Rarely	Sometimes	Often	Very often	Always
Panel A. Invest at below-market rates								
First-loss guarantee (FLG)	21	3.43	23.8%	4.8%	28.6%	4.8%	23.8%	14.3%
Currency risk insurance	20	1.75	60.0%	20.0%	10.0%	5.0%	5.0%	0.0%
Political risk insurance	20	1.70	60.0%	20.0%	15.0%	0.0%	5.0%	0.0%
Credit enhancement	20	3.00	30.0%	20.0%	10.0%	10.0%	20.0%	10.0%
Concessional equity	21	3.43	28.6%	9.5%	4.8%	19.0%	23.8%	14.3%
Concessional debt	21	3.76	19.0%	14.3%	4.8%	9.5%	38.1%	14.3%
Preparation and technical assistance grants	22	4.59	4.5%	0.0%	13.6%	13.6%	50.0%	18.2%
Performance-based grants	20	3.55	15.0%	5.0%	20.0%	30.0%	30.0%	0.0%
Other	5	5.40	0.0%	0.0%	0.0%	0.0%	60.0%	40.0%
Panel B. Invest in both ways								
First-loss guarantee (FLG)	23	3.09	8.7%	30.4%	21.7%	21.7%	17.4%	0.0%
Currency risk insurance	21	2.43	28.6%	33.3%	19.0%	9.5%	4.8%	4.8%
Political risk insurance	23	1.96	43.5%	30.4%	17.4%	4.3%	4.3%	0.0%
Credit enhancement	22	3.18	18.2%	18.2%	27.3%	9.1%	18.2%	9.1%
Concessional equity	23	3.04	17.4%	26.1%	13.0%	30.4%	4.3%	8.7%
Concessional debt	22	3.18	9.1%	18.2%	31.8%	31.8%	4.5%	4.5%
Preparation and technical assistance grants	23	3.39	13.0%	13.0%	17.4%	39.1%	13.0%	4.3%
Performance-based grants	23	2.48	30.4%	26.1%	21.7%	13.0%	4.3%	4.3%
Other	2	3.50	0.0%	0.0%	50.0%	50.0%	0.0%	0.0%

Appendix Table 10. Perceived effectiveness of risk-sharing tools and concessional capital in mobilizing capital for the EMDEs (by type of blending)

This table reports how investors who invest in blended finance perceive the effectiveness of different risk-sharing tools and different forms of concessional capital used in blended finance projects in mobilizing capital for the Emerging Markets and Developing Economies (EMDEs). For each entry, a six-point Likert scale is used, where potential responses range from "Never effective" (= 1) to "(Almost) always effective" (= 6). The column "Mean score" reports the average rating across all respondents. The table distinguishes between blended finance investors who invest at below-market rates (Panel A, "Invest at below-market rates"), those who invest at market rates (Panel B, "Invest at market rates"), and those who invest at both below-market and market rates (Panel C, "Invest in both ways").

How effective is the use the following risk-sharing tools and concessional capital in mobilizing capital for investment in the EMDEs?	N	Mean score (1 to 6)	Never effective	Rarely effective	Sometimes effective	Often effective	Very often effective	(Almost) always effective
Panel A. Invest at below-market rates								
First-loss guarantee (FLG)	19	4.37	0.0%	0.0%	15.8%	47.4%	21.1%	15.8%
Currency risk insurance	17	3.53	5.9%	17.6%	17.6%	41.2%	11.8%	5.9%
Political risk insurance	16	3.50	6.3%	18.8%	18.8%	31.3%	25.0%	0.0%
Credit enhancement	16	4.38	0.0%	0.0%	18.8%	37.5%	31.3%	12.5%
Concessional equity	19	4.05	10.5%	5.3%	15.8%	21.1%	31.6%	15.8%
Concessional debt	20	4.35	5.0%	0.0%	15.0%	35.0%	25.0%	20.0%
Preparation and technical assistance grants	21	4.43	0.0%	4.8%	9.5%	42.9%	23.8%	19.0%
Performance-based grants	19	3.68	5.3%	10.5%	15.8%	47.4%	21.1%	0.0%
Other	3	4.00	0.0%	0.0%	33.3%	33.3%	33.3%	0.0%
Panel B. Invest at market rates								
First-loss guarantee (FLG)	17	4.76	0.0%	5.9%	11.8%	17.6%	29.4%	35.3%
Currency risk insurance	16	4.13	0.0%	6.3%	31.3%	25.0%	18.8%	18.8%
Political risk insurance	15	3.93	0.0%	13.3%	26.7%	26.7%	20.0%	13.3%
Credit enhancement	16	4.75	0.0%	0.0%	12.5%	25.0%	37.5%	25.0%
Concessional equity	17	4.88	0.0%	0.0%	17.6%	17.6%	23.5%	41.2%
Concessional debt	17	4.71	0.0%	0.0%	23.5%	17.6%	23.5%	35.3%
Preparation and technical assistance grants	16	4.00	6.3%	12.5%	25.0%	12.5%	18.8%	25.0%
Performance-based grants	14	3.07	14.3%	14.3%	28.6%	35.7%	7.1%	0.0%
Panel C. Invest in both ways								
First-loss guarantee (FLG)	18	4.28	0.0%	5.6%	22.2%	16.7%	50.0%	5.6%
Currency risk insurance	18	3.11	11.1%	22.2%	33.3%	16.7%	11.1%	5.6%
Political risk insurance	17	2.82	17.6%	35.3%	17.6%	11.8%	11.8%	5.9%
Credit enhancement	18	4.44	0.0%	5.6%	11.1%	27.8%	44.4%	11.1%
Concessional equity	19	4.11	0.0%	15.8%	15.8%	26.3%	26.3%	15.8%
Concessional debt	19	4.11	0.0%	10.5%	15.8%	36.8%	26.3%	10.5%
Preparation and technical assistance grants	20	4.05	5.0%	5.0%	15.0%	45.0%	15.0%	15.0%
Performance-based grants	18	3.67	0.0%	16.7%	27.8%	38.9%	5.6%	11.1%

Appendix Table 11. Criteria to quantify the "success" of blended finance deals (by type of blending)

This table reports how investors who invest in blended finance define the "success" of blended finance deals. For each entry, a six-point Likert scale is used, where potential responses range from "Never" (= 1) to "Always" (= 6). The column "Mean score" reports the average rating across all respondents. The table distinguishes between blended finance investors who invest at below-market rates (Panel A, "Invest at below-market rates"), those who invest at market rates (Panel B, "Invest at market rates"), and those who invest at both below-market and market rates (Panel C, "Invest in both ways").

How does your institution define the "success" of Blended Finance deals after investment?	N	Mean score (1 to 6)	Never	Rarely	Sometimes	Often	Very often	Always
Panel A. Invest at below-market rates								
Leverage ratio private capital to concessional capital	18	4.28	5.6%	5.6%	11.1%	33.3%	22.2%	22.2%
Economic development impact	21	5.00	0.0%	9.5%	0.0%	19.0%	23.8%	47.6%
Social/environmental impact	18	5.00	0.0%	5.6%	0.0%	27.8%	22.2%	44.4%
Cost reduction	17	2.71	23.5%	29.4%	23.5%	5.9%	11.8%	5.9%
Market creation	18	4.33	0.0%	5.6%	27.8%	16.7%	27.8%	22.2%
Other	4	3.25	25.0%	0.0%	25.0%	25.0%	25.0%	0.0%
Panel B. Invest at market rates								
Leverage ratio private capital to concessional capital	14	3.57	21.4%	0.0%	28.6%	14.3%	21.4%	14.3%
Economic development impact	13	4.15	7.7%	7.7%	23.1%	15.4%	15.4%	30.8%
Social/environmental impact	13	4.46	7.7%	0.0%	23.1%	7.7%	30.8%	30.8%
Cost reduction	10	2.70	0.0%	50.0%	40.0%	0.0%	10.0%	0.0%
Market creation	10	4.20	10.0%	0.0%	30.0%	10.0%	20.0%	30.0%
Other	6	3.33	33.3%	0.0%	33.3%	0.0%	0.0%	33.3%
Panel C. Invest in both ways								
Leverage ratio private capital to concessional capital	20	4.00	10.0%	10.0%	10.0%	30.0%	20.0%	20.0%
Economic development impact	17	4.76	5.9%	0.0%	11.8%	11.8%	35.3%	35.3%
Social/environmental impact	17	4.76	5.9%	0.0%	17.6%	11.8%	17.6%	47.1%
Cost reduction	16	2.94	25.0%	18.8%	18.8%	18.8%	12.5%	6.3%
Market creation	16	4.13	12.5%	0.0%	12.5%	31.3%	25.0%	18.8%
Other	3	4.00	33.3%	0.0%	0.0%	0.0%	33.3%	33.3%

Appendix Table 12. Co-financing ratios

This table reports the minimum expected co-financing ratio of blended finance investors. Panel A refers to all investors who provide concessional capital (column 1, "All respondents"). Panel B distinguishes between blended finance investors who invest at below-market rates (column 2, "Invest at below-market rates") and those who invest at both below-market and market rates (Panel B, "Invest in both ways"). Each column reports the mean, standard deviation, as well as information on the distribution.

	Panel A. All respondents	Panel B. By type of blending	
		Invest at below-market rates	Invest in both ways
	Minimum expected co-financing ratio when providing concessionary capital	Minimum expected co-financing ratio when providing concessionary capital	Minimum expected co-financing ratio when providing concessionary capital
	(1)	(2)	(3)
Mean	1:4.12	1:3.67	1:4.38
Std. dev.	1:2.62	1:2.87	1:2.53
N	25	9	16
Distribution			
1:10	4.4%	4.2%	4.8%
1:9	0.0%	0.0%	0.0%
1:8	2.2%	0.0%	4.8%
1:7	4.4%	0.0%	9.5%
1:6	0.0%	0.0%	0.0%
1:5	8.9%	8.3%	9.5%
1:4	8.9%	4.2%	14.3%
1:3	13.3%	8.3%	19.0%
1:2	2.2%	0.0%	4.8%
1:1	11.1%	12.5%	9.5%
Other	6.7%	8.3%	4.8%
N/A (we do not use a minimum expected co-financing ratio)	37.8%	54.2%	19.0%
N	45	24	21

Appendix Table 13. Investment-related frameworks and restrictions

This table reports the list of investment-related frameworks and restrictions that investors indicated in response to the open-ended question "What specific investment-related frameworks/regulations are your investments subject to?" The answers are reported by investor type. When multiple respondents of the same investor type indicated the same framework, the entry is only listed once.

Investor type	Framework name	Abbrevation	Type	Jurisdiction	Mandatory/voluntary	Official source website
Asset manager	Autorité des marchés financiers	AMF	Financial Regulation	France	Mandatory	https://www.amf-france.org
Asset manager	Corporate Sustainability Reporting Directive	CSRD	Sustainability/ESG	EU	Mandatory	https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en
Asset manager	Dutch Authority for the Financial Markets	AFM	Financial Regulation	Netherlands	Mandatory	https://www.afm.nl
Asset manager; family office	Environmental and Social Management System	ESMS	Internal Governance	Internal	Mandatory (internal)	https://www.ifc.org/esms
Asset manager	Exempt Reporting Adviser Obligations	ERA	Financial Regulation	US	Mandatory	https://www.sec.gov/divisions/investment/guidance/im-guidance-2011-02.pdf
Asset manager	Form ADV Reporting	Form ADV	Financial Regulation	US	Mandatory	https://www.sec.gov/about/forms/formadv.pdf
Asset manager	GIIN Impact Reporting and Investment Stds	IRIS+	Impact Reporting	Global	Voluntary	https://iris.thegiin.org
Asset manager	Global Real Estate Sustainability Benchmark	GRESB	Sustainability/ESG	Global	Voluntary	https://www.gresb.com
Asset manager, DFI / MDB	IFC Performance Standards on E&S	IFC PS	Development Finance	Global	Mandatory	https://www.ifc.org/performancestandards
Asset manager; DFI / MDB; pension / SWF; family office	Internal / In-house Frameworks	N/A	Internal Governance	Internal	Mandatory (internal)	N/A (institution-specific)
Asset manager; family office	Investment Advisers Act of 1940	Advisers Act	Financial Regulation	US	Mandatory	https://www.sec.gov/investment/investment-advisers-act-1940
Asset manager	Label ISR	ISR	Responsible Investment	France	Voluntary	
Asset manager	Markets in Financial Instruments Directive II	MiFID II	Financial Regulation	EU	Mandatory	https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/markets-financial-instruments-mifid-ii_en
Asset manager	Multifamily Impact Council Principles	MIC	Responsible Investment	Global	Voluntary	https://multifamilyimpactcouncil.org
DFI / MDB; foundation	Operating Principles for Impact Management	OPIM	Responsible Investment	Global	Voluntary	https://www.impactprinciples.org
Asset manager; DFI / MDB	Other / Specific Regulations	N/A	Various	Various	Mandatory/Voluntary	N/A (other)
Asset manager	Sustainable Finance Disclosure Regulation	SFDR	Sustainability/ESG	EU	Mandatory	https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en
Asset manager	Swiss Financial Market Supervisory Authority	FINMA	Financial Regulation	Switzerland	Mandatory	https://www.finma.ch
Pension / SWF	Swiss Occupational Pension Ordinance	BVV2	Pension/Financial	Switzerland	Mandatory	https://www.fedlex.admin.ch/eli/cc/1984/543_543_543/en
Asset manager	Task Force on Climate-related Financial Disc.	TCFD	Climate/Nature	Global	Emerging Mandatory	https://www.fsb-tcfd.org
Asset manager	Taskforce on Nature-related Financial Disc.	TNFD	Climate/Nature	Global	Voluntary	https://tnfd.global
Asset manager	U.S. Securities and Exchange Commission	SEC	Financial Regulation	US	Mandatory	https://www.sec.gov
Asset manager	UN Principles for Responsible Investment	UN PRI	Responsible Investment	Global	Voluntary	https://www.unpri.org
Pension / SWF	United Nations Sustainable Development Goals	SDGs	Responsible Investment	Global	Voluntary	https://sdgs.un.org/goals

Appendix Table 14. Types of investment restrictions

This table reports frequency distributions for the types of investment restrictions, separately for mandates to invest in specific regions (Panel A), mandates to invest in specific sustainability outcomes (Panel B), and exclusions from specific industries (Panel C).

Panel A. Mandate to invest in specific regions	N	%
Development & economic status	22	43.1%
Geopolitical & regional focus	21	41.2%
Fragility & risk impact	1	2.0%
Regulatory & exclusionary mandates	7	13.7%
Total	51	100.0%
Panel B. Mandate to invest in specific sustainability outcomes		
Climate action & decarbonization	17	44.7%
Social inclusion & economic development	14	36.8%
Institutional governance & transition	4	10.5%
High-impact & concessionary finance	2	5.3%
Nature & biodiversity	1	2.6%
Total	38	100.0%
Panel C. Exclusion from specific industries		
Norms-based & human rights	18	36.7%
Climate and fossil fuels	12	24.5%
“Sin” industries (tobacco,alcohol, & adult entertainment)	11	22.4%
Defense and weapons	5	10.2%
Environment & biodiversity (beyond climate)	3	6.1%
Total	49	100.0%

Appendix Table 15. Bottlenecks of blended finance (by type of blending)

This table reports the distribution of what blended finance investors view as bottlenecks that prevent them from increasing their blended finance investments. Each percentage indicates the share of respondents who reported the respective bottleneck. Note that the percentages add up to more than 100% since many respondents reported more than one bottleneck. The table distinguishes between blended finance investors who invest at below-market rates (Panel A, "Invest at below-market rates"), those who invest at market rates (Panel B, "Invest at market rates"), and those who invest at both below-market and market rates (Panel C, "Invest in both ways").

Panel A.	Invest at below-market rates	N	%
	Capital & funding availability	16	80.0%
	Institutional & internal capacity	6	30.0%
	Alignment & mandate constraints	5	25.0%
	Pipeline & project readiness	5	25.0%
	Awareness & knowledge	3	15.0%
	Operational & procedural complexity	3	15.0%
	Risk perception & management	3	15.0%
	General /other	1	5.0%
	Legal, regulatory & policy	1	5.0%
	Market & external factors	1	5.0%
	Number of respondents	20	
Panel B.	Invest at market rates	N	%
	Operational & procedural complexity	7	53.8%
	Alignment & mandate constraints	6	46.2%
	Capital & funding availability	6	46.2%
	Legal, regulatory & policy	5	38.5%
	Awareness & knowledge	2	15.4%
	Risk perception & management	2	15.4%
	Market & external factors	1	7.7%
	Number of respondents	13	
Panel C.	Invest in both ways	N	%
	Alignment & mandate constraints	4	28.6%
	Capital & funding availability	4	28.6%
	General /other	4	28.6%
	Risk perception & management	4	28.6%
	Legal, regulatory & policy	3	21.4%
	Pipeline & project readiness	3	21.4%
	Market & external factors	2	14.3%
	Operational & procedural complexity	2	14.3%
	Institutional & internal capacity	1	7.1%
	Number of respondents	14	

ONLINE APPENDIX

Online Appendix 1. Survey flow

1. Objectives of this survey (participate?)
2. Survey blocks:
    - A) Firm characteristics
    - B) Characteristics of projects invested
    - C) Investments in Emerging and Developing Markets (EMDEs) versus Developed Markets (DMs)
        - a. Investments in EMDEs only
        - b. Investments in both EMDEs and DMs
        - c. Investments in DMs only
    - D) Blended finance investments
        - a. Blended finance investments
            - i. Blended finance investments at below-market rates
            - ii. Blended finance investments at market rates
            - iii. Blended finance investments at both below- and at market rates
        - b. No blended finance investments
    - E) Follow-up questions
3. End of survey

Online Appendix 2. Survey questionnaire

Start of Block: Objectives of this Survey

Sustainable Investing and Blended Finance Survey Our world is facing many crises -- such as climate change, biodiversity loss, social inequality, and poverty. Addressing these crises requires substantial amounts of funding that go beyond what the public sector is able to provide. Unfortunately, we lack rigorous evidence and insights on how to best mobilize more private capital to close this financing gap.

To gain actionable insights, we conduct a survey of CIOs, CROs, and CEOs of the various capital providers (including foundations, family offices, impact investors, VCs, pension and sovereign funds, insurance providers, DFIs, MDBs, etc.) about their investment expectations, practices, bottlenecks, and drivers. We will share high-level insights of this survey with participants and hope to hereby facilitate the flow of private capital toward the mitigation of grand societal challenges.

The estimated time to complete this survey is 15 minutes. This survey is anonymous. Your identity and your organization's identity will not be disclosed at any point during the research and publication process.

This survey is conducted by Professor […].

Thank you for your participation!

- Proceed.
- I am not interested in participating in this survey.

End of Block: Objectives of this Survey

Start of Block: A) FIRM CHARACTERISTICS

Q1 Institutional investor type. Please indicate your organization's institutional investor type.

- Foundation
- Endowment
- Family office
- Development Finance Institution / Multi-lateral Development Bank
- Asset manager
- Bank
- Pension / Sovereign wealth fund
- Insurance company
- Mutual fund
- Hedge fund
- Other. Please specify _____

Q2 What is your institution’s total assets under management (AUM in US$)?

- > $100B
- $50-100B
- $20-50B
- $1-20B
- < $1B

Q3 What is your institution's typical investment time horizon?

- > 30 years
- 25-30 years
- 20-25 years
- 15-20 years
- 10-15 years
- 5-10 years
- 2-5 years
- 1-2 years
- 6-12 months
- < 6 months
-

Q4 In what country is your institution headquartered?

_____

_____

_____

_____

_____

End of Block: A) FIRM CHARACTERISTICS

Start of Block: B) CHARACTERISTICS OF PROJECTS INVESTED

Q5 In what geographic regions does your institution invest? Check all that apply.

- ☐ Africa
- ☐ Asia
- ☐ Central America
- ☐ Europe
- ☐ North America
- ☐ Oceania
- ☐ South America

Q6 In what industries does your institution invest? Check all that apply.

- ☐ Agribusiness
- ☐ Forestry
- ☐ Health
- ☐ Education
- ☐ Infrastructure
- ☐ Manufacturing
- ☐ IT & Telecommunication
- ☐ Tourism
- ☐ Retail
- ☐ Real Estate
- ☐ Public Sector (Municipalities / Sovereigns)
- ☐ Others (please specify) _____

Q7 What are the Sustainable Development Goals (SDGs) that your institution cares most about?

	NO priority	LOW priority	MEDIUM priority	HIGH priority	HIGHEST priority
1. No Poverty	○	○	○	○	○
2. Zero Hunger	○	○	○	○	○
3. Good Health and Well-being	○	○	○	○	○
4. Quality Education	○	○	○	○	○
5. Gender Equality	○	○	○	○	○
6. Clean Water and Sanitation	○	○	○	○	○
7. Affordable and Clean Energy	○	○	○	○	○
8. Decent Work and Economic Growth	○	○	○	○	○
9. Industry, Innovation, and Infrastructure	○	○	○	○	○
10. Reduced Inequalities	○	○	○	○	○
11. Sustainable Cities and Communities	○	○	○	○	○
12. Responsible Consumption and Production	○	○	○	○	○
13. Climate Action	○	○	○	○	○
14. Life Below Water	○	○	○	○	○
15. Life on Land	○	○	○	○	○
16. Peace, Justice, and Strong Institutions	○	○	○	○	○
17. Partnerships for the Goals	○	○	○	○	○

Page Break

Q8 What is the minimum / maximum ticket size your institution would consider for investing?

- Minimum (in K US$) _____
- Maximum (in K US$) _____

Q9 What is the typical ticket size your institution invests in (in US$)?

- > $1B
- $500M-1B
- $250M-500M
- $100M-250M
- $50-100M
- $5M-50M
- $1M-5M
- $500K-1M
- $250K-500K
- $100K-250K
- $50K-100K
- $25K-50K
- < $25K

Q10 What specific investment-related frameworks/regulations are your investments subject to?

_____

_____

_____

_____

_____

Q11 Does your institution face any restrictions in terms of investing in specific geographies, industries, sustainability outcomes, etc.?

- Yes
- No

End of Block: B) CHARACTERISTICS OF PROJECTS INVESTED

Start of Block: B2) RESTRICTIONS

Q11.b) What specific restrictions does your institution face? Please select all that apply.

- ☐ Mandate to invest in specific regions (please specify)
  _____
- ☐ Mandate to invest in specific sustainability outcomes (please specify)
  _____
- ☐ Exclusion from specific industries (please specify)
  _____
- ☐ Other restrictions (please specify)
  _____

End of Block: B2) RESTRICTIONS

Start of Block: B3) AUM in EMDEs

Q12 What is your institution's current share of investment (as a percentage of AUM) in Emerging and Developing Markets (EMDEs)?

- 100% (exclusively)
- 75-100%
- 50-75%
- 25-50%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 0-5%
- 0% (none)

End of Block: B3) AUM in EMDEs

Start of Block: C) INVESTMENTS IN ONLY EMDEs MARKETS

Q13 a) What is your institution’s minimum expected return on investment (ROI)?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 0-5%
- 0% (grant)

Q13 b1) What are the return expectations in Emerging and Developing Markets?

- Expected ROI in Emerging and Developing Markets (in %)

_____

Q13 b2) What are the return expectations in Developed Markets?

- Expected ROI in Developed Markets (in %)

_____

Page Break

Q13 c1) What is your institution's risk tolerance for Emerging and Developing Markets (EMDEs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+
- B
- B−

- CCC+
- CCC
- CCC−

Q13 c2) What is your institution's risk tolerance for Developed Markets (DMs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+
- B
- B−
- CCC+
- CCC
- CCC−
- N/A -- our mandate does not allow us to invest in DMs

Q13 c3) Risk tolerance. If the risk tolerance differs between EMDEs vs DMs, what are the key drivers/reasons of this difference in risk tolerance? Please explain.

_____

_____

_____

_____

_____

Page Break

Q13 d) What is your institution's perception of the following risks for investments in Emerging and Developing Markets (EMDEs)? Please indicate your institution's risk perception for the following risks.

	"very low" (quasi non-existent)	"low" (not financially material)	"medium" (financially material)	"high"	"very high"	"too high" (preventing us from investing)
Breach of contract: including non-payment by governments	○	○	○	○	○	○
Credit risk	○	○	○	○	○	○
Currency risk/ fund transfer restrictions	○	○	○	○	○	○
Expropriation risk: the risk of assets being seized by governments	○	○	○	○	○	○
Operational risk	○	○	○	○	○	○
Lack of project pipeline	○	○	○	○	○	○
Low returns	○	○	○	○	○	○
Lack of liquidity of BF infrastructure	○	○	○	○	○	○

investments						
Political risk	○	○	○	○	○	○
Regulatory/legal risk	○	○	○	○	○	○
Reputational risk	○	○	○	○	○	○
Other (Please specify)	○	○	○	○	○	○

Page Break

Q14 What are your institution's primary reasons for investing in Emerging and Developing Markets (EMDEs)? Please state whether you agree or disagree with the following statements.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Risk diversification	○	○	○	○	○	○
Financial return	○	○	○	○	○	○
Fiduciary duty	○	○	○	○	○	○
Economic development	○	○	○	○	○	○
Societal impact/thematic	○	○	○	○	○	○
Alignment with mission	○	○	○	○	○	○
Legacy	○	○	○	○	○	○
Moral or ethical obligations	○	○	○	○	○	○
Personal preferences	○	○	○	○	○	○
Regulatory requirements	○	○	○	○	○	○
Protection of reputation	○	○	○	○	○	○
Peer pressure	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q15 a) What specific regulatory/legal challenges (if any) does your institution face that make it difficult to invest in Emerging and Developing Markets (EMDEs) countries for the achievement of the SDGs?

_____

_____

_____

_____

Q15 b) What specific regulatory/legal challenges (if any) does your institution face that prevent it from investing in Developed Markets (DMs) countries for the achievement of the SDGs?

_____

_____

_____

_____

End of Block: C) INVESTMENTS IN ONLY EMDEs MARKETS

Start of Block: C) INVESTMENTS IN EMERGING AND DEVELOPING MARKETS (EMDEs) vs DEVELOPED MARKETS

Q.13 a) What is your institution's minimum expected return on investment (ROI)?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 0-5%
- 0% (grant)

Q.13 b) What are the return expectations of the different markets (EMDEs vs DMs)?

- Expected ROI in Emerging and Developing (EMDEs) Markets (in %)

_____

- Expected ROI in Developed Markets (in %)

_____

Page Break

Q.13 c1) What is your institution's risk tolerance for Emerging and Developing Markets (EMDEs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+
- B
- B−
- CCC+
- CCC
- CCC−

Q.13 c2) What is your institution's risk tolerance for Developed Markets (DMs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+
- B
- B−
- CCC+
- CCC
- CCC−

Q.13 c3) If the risk tolerance differs between EMDEs vs DMs, what are the key drivers/reasons of this difference in risk tolerance? Please explain.

_____

_____

_____

_____

Page Break

Q.13 d) What is your institution's perception of the following risks for investments in Emerging and Developing Markets (EMDEs)? Please indicate your institution's risk perception for the following risks.

	"very low" (quasi non-existent)	"low" (not financially material)	"medium" (financially material)	"high"	"very high"	"too high" (preventing us from investing)
Breach of contract: including non-payment by governments	○	○	○	○	○	○
Credit risk	○	○	○	○	○	○
Currency risk/ fund transfer restrictions	○	○	○	○	○	○
Expropriation risk: the risk of assets being seized by governments	○	○	○	○	○	○
Operational risk	○	○	○	○	○	○
Lack of project pipeline	○	○	○	○	○	○
Low returns	○	○	○	○	○	○
Lack of liquidity of Blended Finance infrastructure investments	○	○	○	○	○	○
Political risk	○	○	○	○	○	○

Regulatory/legal risk	○	○	○	○	○	○
Reputational risk	○	○	○	○	○	○
Other (Please specify)	○	○	○	○	○	○

Page Break

Q.14 What are your institution's primary reasons for investing in Emerging and Developing Markets (EMDEs) countries? Please state whether you agree or disagree with the following statements.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Risk diversification	○	○	○	○	○	○
Financial return	○	○	○	○	○	○
Fiduciary duty	○	○	○	○	○	○
Economic development	○	○	○	○	○	○
Societal impact/thematic	○	○	○	○	○	○
Alignment with mission	○	○	○	○	○	○
Legacy	○	○	○	○	○	○
Moral or ethical obligations	○	○	○	○	○	○
Personal preferences	○	○	○	○	○	○
Regulatory requirements	○	○	○	○	○	○
Protection of	○	○	○	○	○	○

reputation						
Peer pressure	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q.15 What specific regulatory/legal challenges (if any) does your institution face that make it difficult for you to invest in EMDE countries for the achievement of the SDGs?

_____

_____

_____

_____

_____

End of Block: C) INVESTMENTS IN EMERGING AND DEVELOPING MARKETS (EMDEs) vs DEVELOPED MARKETS

Start of Block: C) INVESTMENTS IN ONLY DEVELOPED MARKETS (DMs)

Q13. a) What is your institution's minimum expected return on investment (ROI)?

- ○ >30%
- ○ 25-30%
- ○ 20-25%
- ○ 15-20%
- ○ 10-15%
- ○ 5-10%
- ○ 0-5%
- ○ 0% (grant)

Q13. b1) What are the return expectations in Developed Markets?

- Expected ROI in Developed Markets (in %)

_____

Q13. b2) What are the return expectations in Emerging and Developing Markets?

- Expected ROI in Emerging and Developing Markets (in %)

_____

Page Break

Q13. c1) What is your institution's risk tolerance for Developed Markets (DMs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+

- B
- B−
- CCC+
- CCC
- CCC−

Q13. c2) What is your institution's risk tolerance for Emerging and Developing Markets (EMDEs)? Specifically, using credit ratings as a measure of investment risk, what is the lowest rating you would be willing to invest in?

- AAA
- AA+
- AA
- AA−
- A+
- A
- A−
- BBB+
- BBB
- BBB−
- BB+
- BB
- BB−
- B+
- B
- B−
- CCC+
- CCC
- CCC−
- N/A -- our mandate does not allow us to invest in EMDEs

Q13. c3) Risk tolerance. If the risk tolerance differs between EMDEs vs DMs, what are the key drivers/reasons of this difference in risk tolerance? Please explain.

_____

_____

_____

_____

_____

Page Break

Q13. d) What is your institution's perception of the following risks for investments in Emerging and Developing Markets (EMDEs)? Please indicate your institution's risk perception for the following risks.

	"very low" (quasi non-existent)	"low" (not financially material)	"medium" (financially material)	"high"	"very high"	"too high" (preventing us from investing)
Breach of contract: including non-payment by governments	○	○	○	○	○	○
Credit risk	○	○	○	○	○	○
Currency risk/ fund transfer restrictions	○	○	○	○	○	○
Expropriation risk: the risk of assets being	○	○	○	○	○	○

seized by governments						
Operational risk	○	○	○	○	○	○
Lack of project pipeline	○	○	○	○	○	○
Low returns	○	○	○	○	○	○
Lack of liquidity of Blended Finance infrastructure investments	○	○	○	○	○	○
Political risk	○	○	○	○	○	○
Regulatory/legal risk	○	○	○	○	○	○
Reputational risk	○	○	○	○	○	○
Other (Please specify)	○	○	○	○	○	○

Page Break

Q14. What are your institution's primary reasons for not investing in Emerging and Developing Markets (EMDEs)? Please state whether you agree or disagree with the following statements.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Risk diversification	○	○	○	○	○	○
Financial return	○	○	○	○	○	○
Fiduciary duty	○	○	○	○	○	○
Economic development	○	○	○	○	○	○
Societal impact/thematic	○	○	○	○	○	○
Alignment with mission	○	○	○	○	○	○
Legacy	○	○	○	○	○	○
Moral or ethical obligations	○	○	○	○	○	○
Personal preferences	○	○	○	○	○	○
Regulatory requirements	○	○	○	○	○	○
Protection of reputation	○	○	○	○	○	○
Peer pressure	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q15. What specific regulatory/legal challenges (if any) does your institution face that prevent it from investing in Emerging and Developing Markets (EMDEs) countries for the achievement of the SDGs?

_____

_____

_____

_____

_____

End of Block: C) INVESTMENTS IN ONLY DEVELOPED MARKETS (DMs)

Start of Block: D) BLENDED FINANCE INVESTMENTS AND PROCESS

Q16 Does your institution undertake Blended Finance projects?

- Yes
- No

Display this question: If Q16 = 1

Q17 How do you invest in Blended Finance projects?

- At market rates
- At below-market rates (i.e. concessional rates)
- Both

End of Block: D) BLENDED FINANCE INVESTMENTS AND PROCESS

Start of Block: If undertaking Blended Finance projects and investing at below-market rates.

Q18 a1) What is the average probability of default of your Blended Finance portfolios?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%

Q18 a2) What is the average probability of default of your non-Blended Finance portfolios (if applicable)?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%
- N/A -- we only invest in Blended Finance portfolios

Q18 b) If your institution provides concessional debt, what is the average return on debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- we do not provide debt

Q18 c) If your institution provides concessional equity, what is the average return on equity?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (grant)
- N/A -- we do not provide equity

Page Break

Q19 a) How often does your institution use the following risk-sharing tools and concessional capital in Blended Finance projects?

	Never	Rarely	Sometimes	Often	Very often	Always
First-loss guarantee (FLG)	○	○	○	○	○	○
Currency risk insurance	○	○	○	○	○	○
Political risk insurance	○	○	○	○	○	○
Credit enhancement	○	○	○	○	○	○
Concessional equity	○	○	○	○	○	○
Concessional debt	○	○	○	○	○	○
Preparation and technical assistance grants	○	○	○	○	○	○
Performance-based grants	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q19 b) Based on your institution's experience, how effective is the use of the following risk-sharing tools and concessional capital in mobilizing private capital for investments in Emerging and Developing (EMDEs) countries?

	Never effective	Rarely effective	Sometimes effective	Often effective	Very often effective	(Almost) always effective
First-loss guarantee (FLG)	○	○	○	○	○	○
Currency risk insurance	○	○	○	○	○	○
Political risk insurance	○	○	○	○	○	○
Credit enhancement	○	○	○	○	○	○
Concessional equity	○	○	○	○	○	○
Concessional debt	○	○	○	○	○	○
Preparation and technical assistance grants	○	○	○	○	○	○
Performance-based grants	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q20 What is your institution's minimum expected co-financing ratio of private capital mobilization when providing concessional capital?

- 1:10
- 1:9
- 1:8
- 1:7
- 1:6
- 1:5
- 1:4
- 1:3
- 1:2
- 1:1
- "N/A" (we don't use a minimum expected co-financing ratio as criteria)
- Other (please specify) _____

Q21 In your experience, what are the bottlenecks for your organization to provide more concessional capital?

- Bottleneck #1 _____
- Bottleneck #2 _____
- Bottleneck #3 _____
- Bottleneck #4 _____
- Bottleneck #5 _____

Q22 Please explain how your institution identifies/computes the minimum degree of concessionality needed in Blended Finance deals? (i.e. how do you find the market clearing returns? how do you compute concessionality?)

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Page Break

Q23 How does your institution define the “success" of Blended Finance deals after investments?

	Never	Rarely	Sometimes	Often	Very often	Always
Leverage ratio private capital to concessional capital	○	○	○	○	○	○
Economic development impact (please specify the metrics used)	○	○	○	○	○	○
Social/environmental impact (please specify the metrics used)	○	○	○	○	○	○
Cost reduction	○	○	○	○	○	○
Market creation (please specify the metrics used)	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q24 How does your organization measure impact additionality?

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Q25 How does your organization measure financial additionality?

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End of Block: If undertaking Blended Finance projects and investing at below-market rates.

Start of Block: If undertaking Blended Finance projects and investing at market rates.

Q.18 a1) What is the average probability of default of your Blended Finance portfolios?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%

- 0-3%
- 0%

Q.18 a2) What is the average probability of default of your non-Blended Finance portfolios (if applicable)?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%
- N/A -- we only invest in Blended Finance portfolios

Q.18 b) If your institution provides debt, what is the average return on debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- we do not provide debt

Q.18 c) If your institution provides equity, what is the average return on equity?

- ○ >30%
- ○ 25-30%
- ○ 20-25%
- ○ 15-20%
- ○ 10-15%
- ○ 5-10%
- ○ 3-5%
- ○ 0-3%
- ○ 0% (grant)
- ○ N/A -- we do not provide equity

Page Break

Q.19 Based on your institution's experience, how effective is the use of the following risk-sharing tools and concessional capital in mobilizing private capital for investments in Emerging and Developing (EMDEs) countries?

	Never effective	Rarely effective	Sometimes effective	Often effective	Very often effective	(Almost) always effective
First-loss guarantee (FLG)	○	○	○	○	○	○
Currency risk insurance	○	○	○	○	○	○
Political risk	○	○	○	○	○	○

insurance						
Credit enhancement	○	○	○	○	○	○
Concessional equity	○	○	○	○	○	○
Concessional debt	○	○	○	○	○	○
Preparation and technical assistance grants	○	○	○	○	○	○
Performance-based grants	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q.20 In your experience, what are the bottlenecks for your organization to raise concessional capital?

- ○ Bottleneck #1 _____
- ○ Bottleneck #2 _____
- ○ Bottleneck #3 _____
- ○ Bottleneck #4 _____
- ○ Bottleneck #5 _____

Page Break

Q.21 How does your institution define the “success" of Blended Finance deals after investments?

	Never	Rarely	Sometimes	Often	Very often	Always
Leverage ratio private capital to concessional capital	○	○	○	○	○	○
Economic development impact (please specify the metrics used)	○	○	○	○	○	○
Social/environmental impact (please specify the metrics used)	○	○	○	○	○	○
Cost reduction	○	○	○	○	○	○
Market creation (please specify the metrics used)	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q.22 How does your organization measure impact additionality?

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Q.23 How does your organization measure financial additionality?

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End of Block: If undertaking Blended Finance projects and investing at market rates.

Start of Block: If undertaking Blended Finance projects at BOTH below- and at market rates.

Q18. a1) What is the average probability of default of your Blended Finance portfolios?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%

Q18. a2) What is the average probability of default of your non-Blended Finance portfolios (if applicable)?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%
- N/A -- we only invest in Blended Finance portfolios

Q18. b1) If your institution provides concessional debt, what is the average return on concessional debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- we do not provide concessional debt

Q18. b2) If your institution provides non-concessional debt, what is the average return on non-concessional debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- we do not provide non-concessional debt

Q18. c1) If your institution provides concessional equity, what is the average return on concessional equity?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (grant)
- N/A -- we do not provide concessional equity

Q18. c2) If your institution provides non-concessional equity, what is the average return on non-concessional equity?

- ○ >30%
- ○ 25-30%
- ○ 20-25%
- ○ 15-20%
- ○ 10-15%
- ○ 5-10%
- ○ 3-5%
- ○ 0-3%
- ○ 0% (grant)
- ○ N/A -- we do not provide non-concessional equity

Page Break

Q19. a) How often does your institution use the following risk-sharing tools and concessional capital in Blended Finance projects?

	Never	Rarely	Sometimes	Often	Very often	Always
First-loss guarantee (FLG)	○	○	○	○	○	○
Currency risk insurance	○	○	○	○	○	○
Political risk insurance	○	○	○	○	○	○
Credit enhancement	○	○	○	○	○	○
Concessional equity	○	○	○	○	○	○

Concessional debt	○	○	○	○	○	○
Preparation and technical assistance grants	○	○	○	○	○	○
Performance-based grants	○	○	○	○	○	○
Other (please specify)	○	○	○	○	○	○

Page Break

Q19. b) Based on your institution's experience, how effective is the use of the following risk-sharing tools and concessional capital in mobilizing private capital for investments in Emerging and Developing (EMDEs) countries?

	Never effective	Rarely effective	Sometimes effective	Often effective	Very often effective	(Almost) always effective
First-loss guarantee (FLG)	○	○	○	○	○	○
Currency risk insurance	○	○	○	○	○	○
Political risk insurance	○	○	○	○	○	○
Credit enhancement	○	○	○	○	○	○
Concessional equity	○	○	○	○	○	○
Concessional debt	○	○	○	○	○	○
Preparation and technical assistance grants	○	○	○	○	○	○
Performance-based	○	○	○	○	○	○

grants						
Other (please specify)	○	○	○	○	○	○

Page Break

Q20. What is your institution's minimum expected co-financing ratio of private capital mobilization when providing concessional capital?

- ○ 1:10
- ○ 1:9
- ○ 1:8
- ○ 1:7
- ○ 1:6
- ○ 1:5
- ○ 1:4
- ○ 1:3
- ○ 1:2
- ○ 1:1
- ○ "N/A" (we don't use a minimum expected co-financing ratio as criteria)
- ○ Other (please specify) _____

Q21. In your experience, what are the bottlenecks for your organization to provide more concessional capital?

- ○ Bottleneck #1 _____
- ○ Bottleneck #2 _____
- ○ Bottleneck #3 _____
- ○ Bottleneck #4 _____

- Bottleneck #5 _____

Q22. Please explain how your institution identifies/computes the minimum degree of concessionality needed in Blended Finance deals? (i.e. how do you find the market clearing returns? how do you compute concessionality?)

_____

_____

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Page Break

Q23. How does your institution define the “success" of Blended Finance deals after investments?

	Never	Rarely	Sometimes	Often	Very often	Always
Leverage ratio private capital to concessional capital	○	○	○	○	○	○
Economic development impact (please specify the metrics used)	○	○	○	○	○	○
Social/environmental impact (please specify the metrics used)	○	○	○	○	○	○
Cost reduction	○	○	○	○	○	○
Market creation	○	○	○	○	○	○

(please specify the metrics used)						
Other (please specify)	○	○	○	○	○	○

Page Break

Q24. How does your organization measure impact additionality?

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Q25. How does your organization measure financial additionality?

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End of Block: If undertaking Blended Finance projects at BOTH below- and at market rates.

Start of Block: If NO to Blended Finance & Foundation

Q_17 a) What is the average probability of default of your portfolios?

- >50% (probability of default)
- 40-50%
- 30-40%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0%
- N/A

Q_17 b) If your institution provides debt, what is the average return on debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- -- we do not provide debt

Q_17 c) If your institution invests in equity, what is the average return on equity?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (grant)
- N/A -- we do not provide equity

Page Break

Q_18 Please indicate the reasons that prevent your company from investing in Blended Finance deals. (List all that apply.)

- [ ] Regulatory/legal restrictions
- [ ] Outside of our investment mandate
- [ ] Reporting requirements
- [ ] Absence of credit risk ratings
- [ ] Absence of track record
- [ ] Absence of benchmarks
- [ ] Absence of standardization
- [ ] Absence of inhouse expertise in blended finance
- [ ] Misaligned time horizons (e.g., repayment period, timing of capital flow)
- [ ] Internal organizational inertia
- [ ] Unattractive returns
- [ ] Unattractive risks
- [ ] Insufficient risk tolerance

- ☐ Ticket size
- ☐ Others (please specify) _____
- ☐ No reason

Display this question: If Q_18 = 1

Q_19 What specific regulatory/legal challenges does your institution face that prevent it from investing in Blended Finance deals for the achievement of the SDGs?

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Page Break

End of Block: If NO to Blended Finance & Foundation

Start of Block: If NO to Blended Finance & not-Foundation

Q-17 a) What is the average probability of default of your portfolios?

- ○ >50% (probability of default)
- ○ 40-50%
- ○ 30-40%
- ○ 25-30%
- ○ 20-25%
- ○ 15-20%
- ○ 10-15%
- ○ 5-10%
- ○ 3-5%

- 0-3%
- 0%

Q-17 b) If your institution provides debt, what is the average return on debt?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (interest-free)
- N/A -- we do not provide debt

Q-17 c) If your institution invests in equity, what is the average return on equity?

- >30%
- 25-30%
- 20-25%
- 15-20%
- 10-15%
- 5-10%
- 3-5%
- 0-3%
- 0% (grant)
- N/A -- we do not provide equity

Page Break

Q-18 Please indicate the reasons that prevent your company from investing in Blended Finance deals. (List all that apply.)

- ☐ Regulatory/legal restrictions
- ☐ Outside of our investment mandate
- ☐ Reporting requirements
- ☐ Absence of credit risk ratings
- ☐ Absence of track record
- ☐ Absence of benchmarks
- ☐ Absence of standardization
- ☐ Absence of inhouse expertise in blended finance
- ☐ Misaligned time horizons (e.g., repayment period, timing of capital flow)
- ☐ Internal organizational inertia
- ☐ Unattractive returns
- ☐ Unattractive risks
- ☐ Insufficient risk tolerance
- ☐ Ticket size
- ☐ Others (please specify) _____
- ☐ No reason

Display this question: If Q-18 = 1

Q-19 What specific regulatory/legal challenges does your institution face that prevent it from investing in Blended Finance deals for the achievement of the SDGs?

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Page Break

End of Block: If NO to Blended Finance & not-Foundation

Start of Block: E) Follow-up Questions

Qx This survey is anonymous, and your/your organization's identity will not be disclosed at any point during the research and publication process. Both you and your institution will remain anonymous. However, our research would deeply benefit if we had the opportunity to ask follow-up questions, if needed, and/or follow-up with you to invite you to invitation-only behind-closed-door meetings (under Chatham House rules) to drive forward dialogue and progress. If you are open to such follow-ups, please indicate your name and email address:

- ☐ Name _____
- ☐ Email _____
- ☐ Prefer not to disclose.

End of Block: E) Follow-up Questions
