G20 Principles to Scale up Blended Finance in Developing Countries, including Least Developed Countries and Small Island Developing States
BACKGROUND

The 2030 Agenda for Sustainable Development – with the Sustainable Development Goals (SDGs) at its core – and the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement have redefined global ambitions: creating a better world for all and leaving no one behind are collective responsibilities where each country has primary responsibility. The 2030 Agenda highlights that public finance plays a vital role in providing essential services and public goods and in catalyzing other sources of financing, including from the private sector. The Addis Ababa Action Agenda (AAAA) provides the framework to finance these collective ambitions and underlines the need to mobilize finance from all sources (public, private, domestic, and international). It calls on a diverse array of actors – governments, private sector investors, micro, small, and medium enterprises, businesses, civil society, academia, philanthropy, foundations, and financial institutions – to mobilize and share knowledge, expertise, and technology on voluntary and mutually agreed terms and financial resources, in a more coordinated and affordable manner, and in the pursuit of economic growth that enhances well-being, gender equality, leaves no one behind, and preserves the environment. Facing the financing gap, the AAAA points out that many countries still fall short of their respective Official Development Assistance (ODA) commitments, and it reiterates that the fulfillment of all ODA commitments remains crucial. The multiple crises that are currently endangering safety, well-being, and prosperity across the world, including the impact of the COVID-19 pandemic, climate change, energy security, and biodiversity loss, are a setback to the achievement of the SDGs. These crises have amplified the need for effective and innovative means of financing to contribute to help fill the SDG financing gap and achieve the goals and objectives of the UNFCCC and the Paris Agreement.

Blended finance – the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries1 – has become an established pillar of the financing for sustainable development landscape which started with the adoption of AAAA in 2015. While not a silver bullet that will solve the myriad challenges associated with mobilizing investment for the SDGs, blended finance is one pillar of development finance that can effectively complement already established financing approaches. In order to deliver the resources needed, especially for the people living in vulnerable situations, blended finance with a gender perspective has the potential to increase the scale and impact of projects and programs that support women’s economic empowerment, and the active leadership and broad participation of women entrepreneurs and women-led organizations in developing economies.

The G20 Action Plan on the 2030 Agenda for Sustainable Development laid the first step for alignment of G20 work across all relevant workstreams with the 2030 Agenda and its SDGs. That process is still ongoing to tackle the alignment of all public and private finance with the SDGs. The key role of innovative financing mechanisms, including blended finance, to unlock new sources of finance to fill the SDG financing gap has been consistently recognized by the G20. At the Osaka Summit 2019, G20 Leaders recognized that “international public and private finance for development as well as other innovative financing mechanisms, including blended finance, can play an important role in upscaling collective efforts.”

Under the 2020 Saudi Presidency, the G20 acknowledged that enhancing innovative financing mechanisms, such as blended and impact finance, can help private resources contribute to sustainable development and encourage to share best practices through engagements with relevant regional and

international organizations, regional and multilateral development banks, as well as think tanks and academia.²

Under the 2021 Italian Presidency, the G20 reaffirmed that the endeavor to achieve sustainable resilience should be complemented with increased mobilization of all financing resources and the alignment and impact on the SDGs, which corresponds with the call that “development actors should use their capabilities to enhance mobilization of the private sector, including by using risk sharing strategies, blended finance approaches and building a pipeline of suitable projects.”³

Building on these past achievements and premises, we put forward the G20 Principles to Scale Up Blended Finance in Developing Countries, including Least Developed Countries (LDCs), and Small Island Developing States (SIDS) (hereinafter referred to as G20 Principles), which would be in continuation of the G20 FSD Framework endorsed in 2020 under the Saudi Presidency, and the work undertaken by the Italian presidency on the G20 Framework for Voluntary Support to INFFs, the G20 High-Level Principles on Sustainability-Related Financial Instruments, and the G20 Common Vision on SDG Alignment. The G20 Principles set out a set of voluntary principles that reflect our common strategic direction and aspiration for scaling up blended finance implementation in developing countries, including LDCs and SIDS.

THE G20 PRINCIPLES TO SCALE UP BLENDED FINANCE

The G20 aims to advance and provide value added to the established blended finance policy and practitioner frameworks that focus largely on donors or development finance providers (such as the OECD’s DAC Blended Finance Principles⁴, the development finance institutions (DFIs) Enhanced Blended Concessional Finance Principles for Private Sector Projects⁵, and the Tri Hita Karana Roadmap for Blended Finance), by putting more emphasis on addressing the implementation and capacity challenges that may impede blended finance flows from reaching scale in developing countries, and in particular in LDCs and SIDS. Despite this established policy landscape and a concerted effort to accelerate financing for the SDGs, only a small amount of private finance has been mobilized by official development finance interventions.⁶ This points to a significant gap between what is available and what is needed to scale blended finance in developing countries, including LDCs and SIDS. Departing from this concern, the G20 Principles are being produced at the most opportune time, informed by the insights gained through consultations with developing countries, the DFIs, as well as private sectors. In this regard, we welcome the “OECD Stocktake Report on Blended Finance” which provides an analytical basis for developing the G20 Principles.

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³ Financing for Sustainable Development: G20 Framework for Voluntary Support to INFFs, G20 High-Level Principles on Sustainability-Related Financial Instruments and G20 Common Vision on SDG Alignment
⁶ Between 2013 and 2020, USD 306 billion were mobilised from the private sector by official development finance interventions. While mobilised private finance towards developing countries grew steadily in 2012-2018, it dropped by 4% in 2019 and amounted to USD 51 billion in 2020, its peak to date. (OECD, forthcoming).
In conjunction with the SDGs and the goals and objectives of the UNFCCC and the Paris Agreement, the G20 Principles provide a clear direction as to how blended finance can help to finance sustainable development impact, help build markets that attract commercial capital finance for national development strategies, to contribute to the achievement of SDGs, nature-based solutions and ecosystem-based approaches and ultimately eradicate poverty. In this light, blended finance can be aligned with country-led efforts including the Integrated National Financing Frameworks (INFFs) and SDG-aligned investment opportunity areas that support national sustainable development plans and strategies stipulated by the agenda. We, therefore, welcome the “UNDP 2022 INFF Sustainable Investment Stocktake”. The stocktake finds that many of the 86 countries developing INFFs are using the approach to prioritize private finance solutions and have identified more than 450 SDG-aligned investment opportunity areas which are both commercially attractive and catalytic for sustainable development. Blended finance has a crucial role to play, particularly in reaching last-mile populations, and will be leveraged in around one-third of these opportunity areas.

For blended finance to achieve its full potential, its deployment must increase substantially, bolstered by greater and more efficient provisions of concessional capital, combined with significantly more participation from private investors including philanthropies. While recognizing the importance of domestic resources, full implementation of respective ODA commitments and optimization of its impact, enhanced North-South, South-South, and Triangular Cooperation, and enabling private investment as stated in the AAAA are also key for achieving the SDGs. We recognize the importance of transparency and mutual accountability in national and international financing, which play key roles in mobilizing private finance. We take note of the potential of climate finance and nature-based solutions and ecosystem-based approaches. We also take note of the potential of other financing sources, such as Islamic finance among others as indispensable to broaden the impacts of finance.

We reaffirm our commitment, in the pursuit of the objective of the UNFCCC, to tackle climate change by strengthening the full and effective implementation of the Paris Agreement, on the basis of the best available scientific knowledge, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We remain committed to the Paris Agreement goal to hold the global average temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels, also as a means to enable the achievement of the 2030 Agenda.

We recall and reaffirm the commitment made by developed countries, to the goal of mobilizing jointly USD 100 billion of climate finance per year by 2020 and annually through 2025 to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation and stress the importance of delivering that goal fully as soon as possible. We further reaffirm the Glasgow Climate Pact call for developed countries parties to at least double their collective provision of climate finance for adaption to developing country parties from 2019 levels by 2025 in the context of achieving a balance between mitigation and adaptation, in the provision of scaled-up financial resources, recalling Article 9, paragraph 4, of the Paris Agreement. We also reaffirm our collective commitment to the Paris Agreement’s goal of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Furthermore, developing countries, particularly countries with less capacities, including in Africa and other least-developed countries, face multiple challenges while accessing climate finance.7

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7 As UNSG noted last year only a small fraction, a mere 3% of the total climate finance, reaches the African continent. In the last decade only 2% of the global investments into renewable energies have been given to Africa, https://press.un.org/en/2021/sgsm20674.doc.htm
The G20 Principles, which are non-binding in nature, enrich the existing principles in the following areas: (1) provide blended finance policy and practitioner frameworks to enable developing countries including LDCs and SIDS to effectively attract, deploy and scale blended finance; (2) provide additional insights and guidance to address implementation and capacity challenges, and bring blended finance to scale in developing countries including LDCs and SIDS. The G20 Principles could help governments to take an active role in scaling up blended finance transactions by building local capital markets, advancing local sustainable development priorities, and working closely together with private actors. For development cooperation providers, including multilateral development banks, the G20 Principles could catalyze support in developing countries, including LDCs and SIDS including in terms of financing, capacity building, and policy support. The G20 Indonesian Presidency focuses on the importance of gender equality and social inclusion (GESI) and youth as key crosscutting and catalytic areas to accelerate sustainable recovery and strengthen resilience against future shocks.

**PRINCIPLE 1. Target blended finance to local contexts and harness blended finance to catalyze finance in the last mile.** From the outset, blended finance operations should be designed to respond to local needs and realities, including catalyzing finance in the last mile, i.e. “the poorest of the poor but also the people, places and small enterprises that are under-served and excluded, where development needs are greatest, and where resources are most scarce”8. A critical element of this is ensuring effective and meaningful dialogue and engagement within the frame of national priorities on financing, as well as dedicated technical assistance to help partner countries tackle existing challenges and gaps including through the voluntary implementation of the Integrated National Financing Frameworks (INFFs) in countries that are developing them.

**PRINCIPLE 1.A. Anchor blended finance structures and instruments to local development priorities, ensuring their alignment with local financing priorities.** Blended finance should be anchored with national development priorities and can feature among the range of financing sources available to countries. Given the identified impact of climate change on social sectors, taking note of the importance of gender equality and social inclusion, and on infrastructure, as well as on key economic sectors such as agriculture, including its value chains and food security, local financing priorities for environmental degradation and adaptation and resilience should also be considered for blended finance structures and instruments. Specifically, for developing countries, including LDCs and SIDS, digital solutions should be promoted and used where possible to help broaden access to finance. INFFs, as country-led efforts to define national priorities and the financing strategy needed to deliver them, could help blended finance investments while strengthening national ownership and engagement.

**PRINCIPLE 1.B. To simplify the implementation, governments should identify target sectors for blended finance in line with national priorities and needs and prioritize that blending solutions reach the last mile while considering project attributes and context.** Target sectors for blended finance should be aligned with SDGs, government priorities, national development plans, and local needs, including Nationally Determined Contributions (NDCs) and national biodiversity strategies and action plans. Additionally, when considering the use of blended finance, a stringent assessment is needed to understand the feasibility of mobilizing additional finance. While blended finance can play a role in closing the development financing gap, it also can deliver returns for commercial finance providers. Blended finance transactions need to be linked to projects that can ultimately be financially sustainable. Where a project’s financial sustainability is not strong enough to attract commercial investments, in the long-term, other approaches in

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8 UNDP and UNCDF (2016), *Getting to The Last Mile in Least Developed Countries*, UNDP and UNCDF, New York.
the government’s toolbox to finance sustainable development priorities, including public finance, should be considered, and risks equitably shared.

**PRINCIPLE 1.C. Enable and engage national and sub-national development and commercial banks to tailor blended finance to local contexts.** National and sub-national development banks are increasingly taking on a dual function as public financiers of development projects and as mobilisers and facilitators of private finance for investment. With support from their multilateral and bilateral counterparts, national and sub-national development banks can best tailor blended finance to local contexts and employ blended finance to catalyze finance in the last mile given their proximity to local communities. National and sub-national development banks are embedded in local policy contexts and have an established role as pipeline developers, including for quality and sustainable infrastructure.

**PRINCIPLE 2. Support domestic financial systems and market development.** Creating an effective enabling environment requires policy and regulatory reform in accordance with local laws and regulations, including at the sector level, enhanced local ownership, and capacity building, with an emphasis on building local managerial capital, recognizing the importance of avoiding market failure and distortion. Blended finance can contribute to this by identifying where blockages, and entry-level barriers exist and support in addressing them. Building inclusive capital markets can support alternative sources of capital mobilization in developing countries, including LDCs and SIDS, and blended finance to mobilize local currency can play an important role in scaling these markets. Additionally, blended finance should focus on maximizing productivity and supporting market practices. Complemented with enhanced roles of Local Development Banks can orient their strategies, development objectives, and operations towards the alignment of all resources to the SDGs.

**PRINCIPLE 2.A. Support sound local institutional, policy, and regulatory frameworks.** To scale blended finance, governments, and Central Banks should promote sound policy and regulatory frameworks including on sustainable finance, responsible business conducts, and due diligence with support from development cooperation providers, to strengthen, implement, and adapt existing regulatory tools and frameworks as the basis for enabling an environment for investment as well as resilient, effective, efficient, and inclusive financial markets that effectively intermediate capital. Such investment frameworks and markets can, as a co-benefit, enable private sustainable investment at a system level to support gender equality and social inclusion and increase societies’ resilience and preparedness to face the climate crisis, biodiversity loss, and other future shocks.

**PRINCIPLE 2.B. Enable local actors to engage in blended finance transactions, including to mobilize themselves.** Building local, inclusive markets is one of the major ambitions of blended finance, and requires building, strengthening, and leveraging local actors, especially in LDCs. Blended finance should be transitory in its nature, and not greater than necessary, crowding out other resources. Thus, development finance actors should contribute to catalyzing market development without distortion, then they aim to gradually reduce the concessionality, and subsequently the share of development finance needed, to unlock private investment. To get there, building, strengthening, and leveraging local actors such as local financial institutions, local fund managers, and other financial or capacity-building intermediaries by, for example, providing them with liquidity via credit lines, risk sharing capacity, or securitization structures, is important. Enabling local actors to engage in blended finance is in particular important with a view to promoting local currency investment.
PRINCIPLE 2.C. Develop local capacities and create the ecosystem to go beyond a transaction-based approach. Developing country governments, including those from LDCs and SIDS, need to work with development partners to develop capacities at system, institutional and individual levels to turn the concept of blended finance and its ambition into reality. In doing so, developing countries need to identify what their main capacity-building needs are in order to attract more private investment via blended finance, and align these flows with sustainable development priorities and SDGs. Furthermore, developing countries need to aim at creating an ecosystem for blended finance that facilitates optimization of resources mobilization, reduced concessionality, and promotes stand-alone private investments in the long run, e.g. through credible and suitable sustainable finance markets and frameworks. Technical assistance can play an important role in supporting the development of local institutional capacities. Combining blended finance instruments with technical assistance can therefore significantly increase their effectiveness.

PRINCIPLE 3. Aim for scale through systemic and transformational approaches. To address scale and unlock the catalytic potential of blending, developing country governments need to develop blended finance strategies and embed them in broader sustainable development and mobilization strategies. Portfolio approaches, increased ticket size (such as through aggregating projects), and de-risking facilities with support from multilateral development banks are important in mobilizing commercial capital to investments which support development at scale. To achieve such systemic and transformative change, effective collaboration among stakeholders across the public and private sectors, as well as domestic and international actors is a necessary condition, and governments should define the roles of different actors.

PRINCIPLE 3.A. Ensure that a pipeline of projects stands ready to attract blended finance. Developing countries, in collaboration with development partners and project preparation facilities, need to invest in project preparation at scale to build an SDG and NDC aligned pipeline of viable projects, as a necessary condition for creating pathways for private sector participation. In developing viable investment-ready project pipelines, developing countries need to build on investment plans that are based on the national policy contexts and aligned with SDGs to facilitate investment flows and enable investors and project developers to identify and source investment opportunities that match their needs from the available options.

PRINCIPLE 3.B. Facilitate portfolio and programmatic approaches to unlock private finance at scale. Adopting programmatic approaches will enable effective due diligence, bring down transaction costs, and complement portfolio approach ambitions. Both approaches can help reach high investment volumes and enable risk diversification for private investors, and thereby playing an increasingly important role in blended finance. Governments can take a key role in enabling and facilitating these portfolio and programmatic approaches: by aligning them with national sustainable development priorities and addressing countries’ specific characteristics that lead to different risk, return and impact criteria enabling data-driven decisions for all stakeholders involved.

PRINCIPLE 3.C. Promote multi-stakeholder coordination while respecting all parties’ mandates. In conducting effective multi-stakeholder coordination on blended finance, the government should commit and take into account the legal implications of private contracting processes and should take the lead in paving the way for the private sector to invest. Thereby improving the investment climate while empowering the domestic market (including through national development banks) to create a sustainable finance ecosystem and providing credible and coherent frameworks and standards. Multilateral Development Banks and DFIs can also play a role by working with the private sector to demonstrate the benefit of a positive social approach including the promotion of gender equality and social inclusion and an environmentally sound approach. Furthermore, it
is important to define the roles of different actors and to cross-coordinate across the different stakeholder groups at the country, actor, and sector-level, while respecting all parties’ respective mandates and risk appetites.

PRINCIPLE 4. Improve impact management and measurement, and promote transparency and mutual accountability. The core of successful and responsible blended finance operations are impact management and measurement. Transparency and accountability are also key for investors to identify good investment opportunities, to embed sustainability in management decisions, to understand risk and return expectations, and to ensure the effectiveness and alignment of impact targets and results with local sustainable development priorities. Furthermore, transparency and mutual accountability in public financing could play key roles in mobilizing private finance. Transparency promotes a culture of learning and knowledge-sharing of best practices and can contribute to a strong track record and increase donor and investors’ confidence in blended finance.

PRINCIPLE 4.A. Establish performance and result metrics from the outset. From the start, all stakeholders involved in blended finance operations could adopt common validated monitoring and evaluation, and risk-sharing framework, while specific reporting arrangements may be tailored to context. Establishing a common set of key performance indicators in the respective projects should be a priority to ensure a transparent, impactful, and comparable assessment of results.

PRINCIPLE 4.B. Dedicate appropriate resources for monitoring, reporting, and evaluation, to track financial flows, commercial performance, and development results. In spite of its importance, many developing countries do not have the appropriate resources to apply impact management and measurement. Thus, support can be mobilized to build the institutional capacity for developing countries at all levels, to strengthen and establish adequate systems for monitoring and evaluation of the development interventions. Monitoring, reporting and evaluation systems could track financial flows, commercial performance, and development results where appropriate, and assess them against predefined and mutually decided upon metrics to assess the effectiveness and efficiency of blended finance operations. In doing so, governments can supplement their monitoring, reporting, and evaluation system with digital solutions, producing a more accurate database to make informed decisions. Impacts to be achieved should be framed in terms of the SDGs, and set objectives should be coherent with local sustainable development priorities and grounded in local development needs.

PRINCIPLE 4.C. Promote public transparency and mutual accountability on blended finance implementation and results. Information on the implementation and results of blended finance activities should be made publicly available and easily accessible to relevant stakeholders while considering confidentiality and proprietary information. Besides accountability, external communication on blended finance performance is instrumental in mobilizing further commercial capital, by improving the availability of market information and the quality of risk assessment for the efficient pricing of investments. Importantly, this information is crucial to enable an understanding of success factors of blended finance and building an evidence base; ex-ante impact projections and targets should as far as possible be supported by strong and transparent impact monitoring, management, and measurement.
WAY FORWARD

The G20 is committed to contributing to scale blended finance in developing countries, including LDCs and SIDS by showing leadership in concrete implementation efforts. While development actors (public and private) should step up in blending, developing country actors equally should actively participate in blended finance – and need to harness the full potential of blended finance, including in delivering local sustainable development priorities and seeking to catalyze finance in the last mile. In order to drive implementation, forward we support the implementation of the G20 Principles on a voluntary basis through the following actions:

1. **Develop a Stocktake Report** that builds the basis for a shared understanding of the concept of and evidence on blended finance, provides information on successful cases of blended financing from G20 members and beyond, evaluates the efficiency of different models in delivering impact and leveraging private sector finance and distills opportunities to scale blended finance for local sustainable development priorities from a developing country perspective (e.g. policymakers and national development banks), including addressing the associated challenges.

2. **Develop implementation Guidance to turn the G20 Principles into an actionable how-to-tool in a multi-year approach.** A complementary guidance on the *G20 Principles to Scale Up Blended Finance in Developing Countries, including LDCs and SIDS*, could turn those into a practical tool (a know-how to guide) to achieve a bigger impact on sustainable and accountable development. Such Guidance could outline concrete actions to address the G20 Principles, including tools such as step-by-step processes, identifying the main actors of each step, and a viable governance structure and institutional arrangement in the implementation of projects, and to improve elements such as transparency, ownership and governance and a generic to-do list. The Guidance could serve developing countries and private and corporate actors to turn the G20 Principles into reality and initiate policy change that should be accompanied by notable progress in terms of blended finance flows going to LDCs, SIDS as well as their local and cross-sectional sustainable development priorities.

3. **Promote optimal operationalization and delivery of blended finance in developing countries, including LDCs and SIDS.** Engage in ongoing discussions with all actors in the financial sector of developing countries, including LDCs and SIDS on the implementation of the G20 Principles and the envisioned implementation guidance. Seeking the perspective of those countries, and the private sector will be essential to create ownership and prepare policy changes that would lead to the improvement of blended finance approaches. Exploring opportunities to establish innovative, ambitious, and effective partnerships, that are commensurate with the urgency and the scale of the challenge. This includes a commitment to assist in capacity building, share experiences and knowledge, promote the transfer of technology on voluntary and mutually agreed terms and digitalization and strengthen support to existing related initiatives, including through the North-South Cooperation and South-South and Triangular Cooperation. This includes the support of dedicated global institutions, including Multilateral Development Banks (MDBs) and the role played by philanthropies, to engage a wide set of actors and build a global community of support. We acknowledge the proposed initiative by the Government of Indonesia on the Global Blended Finance Alliance that could serve as a global community of support to accelerate investment in climate action and sustainable development. We take note of the Asia Pacific SDG Financing Facility (APFIN)—the country-led facility that pioneered INFFs; the UN Joint SDG fund and the INFF Facility, which brings together UNDP, UNDESA, and the OECD, with the
support of several G20 members and countries. It acts as one vehicle to take forward the G20 framework for voluntary support to INFFs, responding to country demand for technical support, facilitating exchange, and providing access to technical guidance on issues prioritized by voluntary countries through their INFFs, including on blended finance. Promote impact management and measurement while promoting accountability support by taking into account national contexts through existing mechanisms such as Total Official Support for Sustainable Development (TOSSD) which is one of the voluntary statistical frameworks to measure progress in achieving the 2030 Agenda. The effort to promote impact management and measurement and mutual accountability will include collaborations with respective countries and institutions.

4. **G20 member countries to support developing countries to implement blended finance and engage in dialogue and facilitate exchange with relevant stakeholder groups.** G20 members can align their cooperation and connect their domestic constituencies with country’s demand for support in the development of blended finance instruments, capacity, enabling environment, and related reforms, in line with the G20 Framework for Voluntary Support to INFFs. DWG could engage in dialogue and facilitate exchange and peer-learning with other relevant groups of the G20, such as exchanging information and providing inputs to the Sustainable Finance Working Group, such as developing a policy toolbox highlighting ways to scale up sustainable finance markets, with a focus on improving accessibility and affordability. Engage international organizations, networks, and initiatives to use and align with the G20 Sustainable Finance Roadmap, particularly on Actions 5, 15, and 19. The DWG can do regular exchanges with other relevant working groups, and through G20 engagements groups, such as Business 20.

5. **Encourage International Finance Institutions (IFIs), including MDBs, and other relevant IOs, more broadly to mobilize private finance by assisting developing countries, including LDCs and SIDS in developing blended financial instruments and mechanisms in catalyzing market development, engineering de-risking facilities, and improving their capacity to develop portfolio and programmatic approaches to unlock private finance at scale, screen public investment projects and assess their suitability of a blended finance mechanism and to develop investment-ready project pipelines.** International development partners need to have the knowledge and understanding with respect to market structure, regulations, institutions, and the local political economy dynamics within developing countries, including LDCs and SIDS in order to ensure blended finance is targeted effectively. Furthermore, engage IFIs, MDBs, and relevant IOs in developing the Guidance on the *G20 Principles to Scale Up Blended Finance in Developing Countries, including LDCs and SIDS*. We call on relevant finance institutions to set adaptation finance targets and to scale up the participation of the private sector.