



Blended Finance: Key to Bridging Energy Transition Gap in Developing Countries

A practical guide for financial, energy and policy stakeholders to scale up financing for energy transition

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Key Findings

The gap between commercial imperatives and environmental objectives is a big obstacle to the transition to renewable energy in developing countries, especially for smaller projects that target energy poor populations or nascent solutions. Blended Finance can be structured in a bespoke way to bring private sector and public finance together to aggregate smaller projects at commercially viable scale: a win-win for all.

Blended Finance provides a roadmap for scaling up financing for assets such as mini-grids that have the potential to scale up but lack viable business models.

A valuable resource for industry and policymakers alike to facilitate India's energy transition, Blended Finance could also serve as a blueprint for other emerging economies facing similar issues scaling up private capital for renewable energy.

For the millions living without access to power in developing countries, Blended Finance offers an unprecedented opportunity for this demography to leapfrog fossil fuel-based energy entirely and transition to the abundant, untapped renewable energy resources around them.



Executive Summary

As India's transition to a low carbon economy gathers pace, commercial financiers are mostly favouring sectors with utility scale potential, such as wind and solar. Meanwhile, other segments, such as mini-grid solar, struggle to obtain conventional finance. Blended Finance provides a co-ordinated, structured and tailored solution that can bridge the gap between private and public sector finance to combine in a risk-adjusted return model and help aggregate smaller-scale projects with potential economic, social and environmental benefits for many millions, including those without any access to power. Blended Finance could also provide a blueprint for other developing economies to ensure no one is left behind in the energy transition.

Economies are increasingly decoupling economic growth and intensity of carbon emissions to address the challenges faced due to climate change. Recognising the consequences of delayed action, a transition phase towards low carbon is already underway in many developing economies. This requires a structured approach towards a transformative and system-wide change, particularly within the energy sector, which is the largest global emitter of carbon. This also necessitates significant changes across multiple dimensions, encompassing technology, capacity building and various enabling factors.

Such a transition pathway in the energy sector demands substantial financial flows. While technology, capacity, and other enablers are vital, securing finance, particularly from commercial sources, requires a clear demonstration of acceptable risk-adjusted returns models beyond utility-scale renewable energy. Commercial entities focus on risks and returns and gauge risk based on factors such as proven business models, visibility of cash flows, and credentials of borrowers, which often are not strong in the case of several small-scale and emerging interventions in clean energy.

In emerging economies such as India, utility-scale solar or onshore wind have evinced significant access to capital. However, numerous clean energy applications, often those most critical for vulnerable communities in socio-economic and climate terms, may fall outside the purview of conventional finance.

This report aims to identify and suggest options to bridge this gap in finance by exploring the potential of Blended Finance structures. By demystifying the concepts around Blended Finance and offering insights into enhancing its applicability, this report provides a roadmap for interventions in segments that struggle to secure conventional finance.

This report delves into the structure of Blended Finance solutions, illustrating how bespoke frameworks can mitigate financial risks associated with projects, products, target communities, markets, or technologies. A specific emphasis is placed on the role of blended finance in scaling up the solar mini-grid segment.

This report serves as a comprehensive guide for financial institutions seeking to navigate Blended Finance structures in the pursuit of energy transition. Development and commercial financiers often approach opportunities with nuanced objectives. Blended Finance emerges as a mechanism that harnesses the respective strengths of both these segments. Additionally, this document serves as a pathway for enterprises operating within the energy ecosystem, offering insights to enhance their preparedness and align with the specific criteria that financiers may seek. Furthermore, it may act as a valuable resource for policymakers, advocating the adoption of more facilitative policies to promote the integration of Blended Finance into India's low-carbon energy transition opportunity. Lastly, it may also serve as a blueprint for other emerging economies that face issues similar to India's, to devise financing mechanisms for energy transition.

An Introduction to Blended Finance

India is poised to become a US\$5 trillion economy by 2026. The country is demonstrating strong fundamentals, but steering it towards this goal backed by clean energy deployment requires innovative financing. Technology readiness levels, creditworthiness of buyers, longer gestation and payback periods all influence access to capital. The availability of capital determines a project's commercial viability.

Blended Finance can alleviate technological and market risks by pooling public and private capital and adding concessional capital to the pool. While there is no single solution, Blended Finance can be tailored to meet different objectives. Its primary role is to bridge the gap between the level and direction of finance flows required from a social perspective and the flows determined by prevailing market conditions.



Blended Finance can alleviate technological and market risks by pooling public and private capital and adding concessional capital to the pool.

The overall structure of Blended Finance includes several stakeholders, such as a nodal implementation agency, commercial capital providers (microfinance institutions, banks and non-banking financial companies), catalytic capital providers (MDBs, philanthropies), project developers, local communities, customers, auditors and consultants.

Blended Finance can essentially help pay for positive social benefits by combining commercial borrowings with grants or subsidised loans from the government, philanthropic resources and multilateral development banks (MDBs).

From an energy transition perspective, the absence of finance-ready projects to present to the market might deter private investors from participating in the renewable energy sector. As for solicited projects, preparing viable projects in the energy sector could be a daunting task for governments due to the high initial sunk costs and complex technical requirements, particularly for advanced and less familiar renewable energy technologies.

For instance, the lack of sufficient scale to cover overheads, limited demand, cash-flow variability and access to low-cost financing have prevented a viable business model for India's mini-grid industry. Appropriate Blended Finance mechanisms can help resolve this.

Further, Blended Finance is also an appropriate tool to incorporate just transition considerations within energy financing decisions. Energy transition needs to be just and fair, especially in developing countries with large populations that suffer from lower per capita incomes, high-income inequality, climate vulnerabilities and fiscal constraints that limit expenditures on alternative job creation or reskilling. If incumbent energy systems are disrupted in these markets without a fallback option, the resulting impact on jobs and livelihoods hitherto dependent on those systems would be an issue for the political economy.

This report lists other energy transition technologies that are most in need of Blended Finance interventions from an Indian perspective. It acts as a starting point for the aforementioned stakeholders to create a workable Blended Finance mechanism that is appropriate for the specific asset being funded. It also provides a workable checklist for financiers to evaluate any Blended Finance mechanism.

Financing Interventions for Energy Transition

Most commercial and household applications run on energy, highlighting its criticality. More than 80% of this energy is supplied by fossil fuels.¹

However, the increased use of fossil fuels has led to a 50% rise in atmospheric carbon from pre-industrial levels to 417 parts per million (ppm) as of 2022.²

Due to this rise in atmospheric carbon, the average annual increase in the planet's temperature is estimated to be 1.1° higher than pre-industrial levels,³ with a 1.6° rise over land surfaces particularly. While 1.1° might sound insignificant, it implies catastrophic consequences of climate change and its impact on the health of business sectors.

¹ Environmental and Energy Study Institute. [Fossil Fuels](#). July 2021.

² National Oceanic and Atmospheric Administration. [Carbon dioxide now more than 50% higher than pre industrial levels](#). June 2023.

³ UN Environment Programme. [How climate change is making record-breaking floods the new normal](#). March 2020.

This rise in temperature is expected to continue unless drastic and speedy action is taken to transition economic growth away from fossil fuel energy. Energy transition is a key component of this much-needed climate action.

Decoding the Energy Transition

Energy transition refers to a system-wide change management exercise to shift the global energy sector's sourcing model from fossil fuels to renewable energy⁴ and decarbonise industrial processes such that it decouples economic and emissions growth. While energy transition is directly related to environmental issues, it also involves technology and social implications.

A cornerstone of transition is the concept of green economic growth, or green GDP, which accounts for the positive and negative externalities caused to the surrounding ecosystem and society in which the business operates. The challenge is the technologies and capacity required for most transition-related solutions are often evolving, under development, or inaccessible in emerging and developing countries, owing to issues in trade-related aspects to transfer the intellectual property rights (IPR) of such technologies,⁵ among others, which has made international technology transfer a key agenda within international co-operative efforts.⁶

Further, while energy primarily involves large-scale installations powering industries and buildings, many underserved communities and regions in developing countries continue to grapple with energy poverty. These people are uniquely positioned to benefit from a leapfrog effect by accessing their energy directly from renewable sources, bypassing fossil fuels.

Indicative components of energy transition may be bifurcated from a supply-side and demand-side perspective (Figure 1). Most of these would involve developing, implementing and adapting new technologies at scale. Each of these has different implications in terms of risks, returns and cash flows and, therefore, may require different types of financing approaches.

⁴ This paper refers to geothermal and nuclear as alternatives, and solar, wind, hydro and biomass as renewables. Definitions may vary across literature.

⁵ UN Department of Social and Economic Affairs. [The TRIPS agreement and transfer of climate-change-related technologies to developing countries](#), 2008.

⁶ Wiley Interdisciplinary Reviews. Pandey et al. [Beyond technology transfer: Innovation cooperation to advance sustainable development in developing countries](#), November 2021.

Figure 1: Transition-related Activities from Supply-side and Demand-side

Supply-side	Demand-side
Renewable energy (including installations, products, support infrastructure and capacity)	Decarbonisation of industrial applications
Digital technologies for smarter access	Decarbonisation of transport applications
Alternative energy technologies and capacity (including energy efficiency)	Decarbonisation of hard-to-abate sectors such as steel and cement
Electrification to increase energy access	Inclusion of energy-efficiency options
Greening of grid operations	Inclusion of solar-based devices
Clean energy peer-to-peer off-grid networks	Inculcating energy conservation habits

Source: Internal analysis

Of these indicative components of energy transition, this report will focus on:

- The development of new technologies since they have a direct implication on risk-adjusted returns
- The needs of underserved communities or regions, since it is tough to estimate their risk-adjusted returns through a conventional finance lens. Ergo, the need for alternative financing approaches.

Energy Financing’s Role in a Just Transition

Energy transition also needs to be just and fair, especially in developing countries with large populations that suffer from lower per capita incomes, high-income inequality, climate vulnerabilities and fiscal constraints that limit expenditures on alternative job creation or reskilling. If incumbent energy systems are disrupted in these markets without a fallback option, the impact on jobs and livelihoods hitherto dependent on those systems would be a major issue for the political economy. Therefore, while making financial decisions, it becomes imperative for financiers to embed these considerations around a just and fair transition for the workers dependent on incumbent energy systems while analysing the capital expenditure of cleaner fuel-based energy projects in such geographies. Any additional allocation towards a just transition may carry a risk to financial

projections. Funding decisions may need to reorient and consider a more holistic lens of the socio-economic and developmental realities of the markets.

Blended Finance Demystified

Blended Finance represents a nuanced structuring approach to financial transactions, surpassing the mere amalgamation of public and private sector funds, that is concessional in nature and addresses market failures and risks.

It involves weaving a bespoke structure that considers the nature of risks and cash flows of an underlying project, the credibility of borrowers, the financial maturity of the region where the project is developed, and the potential impact of the specific development-related challenge.

Hence, the application of Blended Finance is not universal; it is customised to specific financing needs, sectors and borrowers, eschewing a one-size-fits-all model.

Often, such structuring leads to higher transaction costs. Therefore, combining or aggregating several projects under a single structure may facilitate better access to capital from mainstream financiers. Although aggregation is challenging, owing to issues in identifying a reasonably homogeneous asset pool at a single period of time or in a similar geography.

Based on perceived risks, blended structures could combine different types of capital, such as public and/or philanthropic, with varied levels of risk to draw in the private sector-originated commercial capital, typically in multiples of the public/philanthropic capital raised. Its ability to raise private sector capital in multiples is referred to as “catalytic effect”.

Resultantly, this leads to a scale-up of overall financing volumes, which brings viability, ease of access to capital, increased risk-cover mechanisms, competitive coupons and lower transaction costs.

In case of transition, the aim must be to phase down the use of public capital as the project matures and scales, thus achieving business viability to attract private capital on its own terms. Blended Finance can do that, thus enhancing the risk and credit capacity of commercial banks, opening up new credit lines and aiding scaleability.

However, Blended Finance is not applicable to every financing need, sector or borrower. It is typically for projects with combined developmental objectives that otherwise don't get funded via conventional financing channels or for those sectors where the risk-return profile of a project is yet to be established, but they need to scale.

This is due to higher perceived risks of such projects, borrowers, technologies, or regions. If every objective aims to raise capital through Blended Finance, it will imply a misallocation of capital.

In view of this, the ideal way for commercial lenders to look at Blended Finance is through the lens of incremental opportunity, which otherwise is inaccessible and remains outside conventional finance.

Thus, it is about breaking into new market segments and gaining market share ahead of peers rather than simply looking at this as a developmental or social goal.

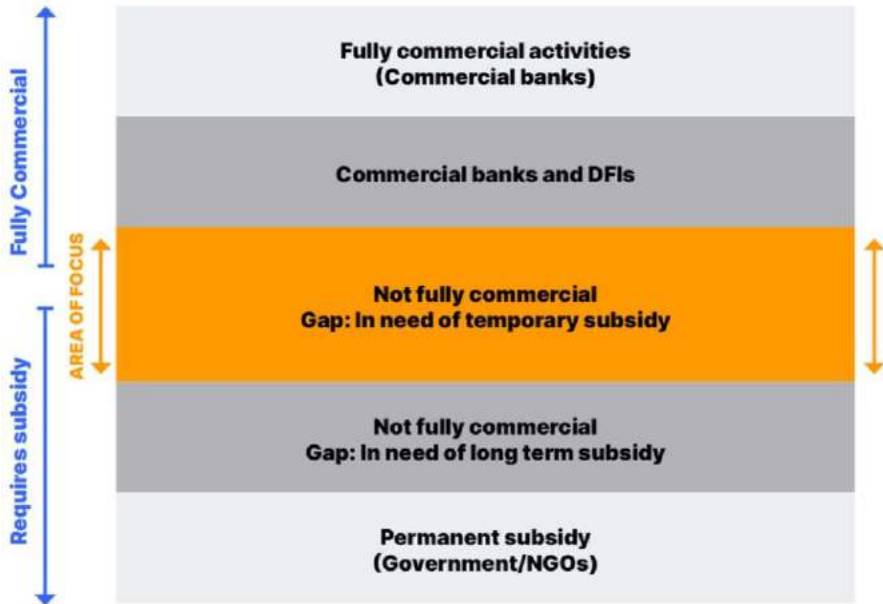
At the same time, Blended Finance is not a grant and demands reasonable financial returns, even if the desired returns may, at times, vary from market returns.

Therefore, projects need to demonstrate a clear cash-flow stream. Projects that aim for productive or commercial purposes, or the creation of productive skills, may typically find more preference with financiers since cash-flow streams may be more apparent in such cases.

For Blended Finance to succeed, it is essential to bring together multiple capital providers with varied risk appetites and financial returns. This highlights that Blended Finance is not only about impact and scale but also about achieving competitive returns.

Lastly, Blended Finance structures also have the potential to incorporate performance-linked financing mechanisms. By integrating outcome-focused instruments such as pay-for-success and sustainability-linked bonds into Blended Finance, credit-enhancement tools such as interest rate subvention and grants can be tied to measurable impact, thus incentivising project proponents to deliver results.

Figure 2: Areas of Focus for Blended Finance

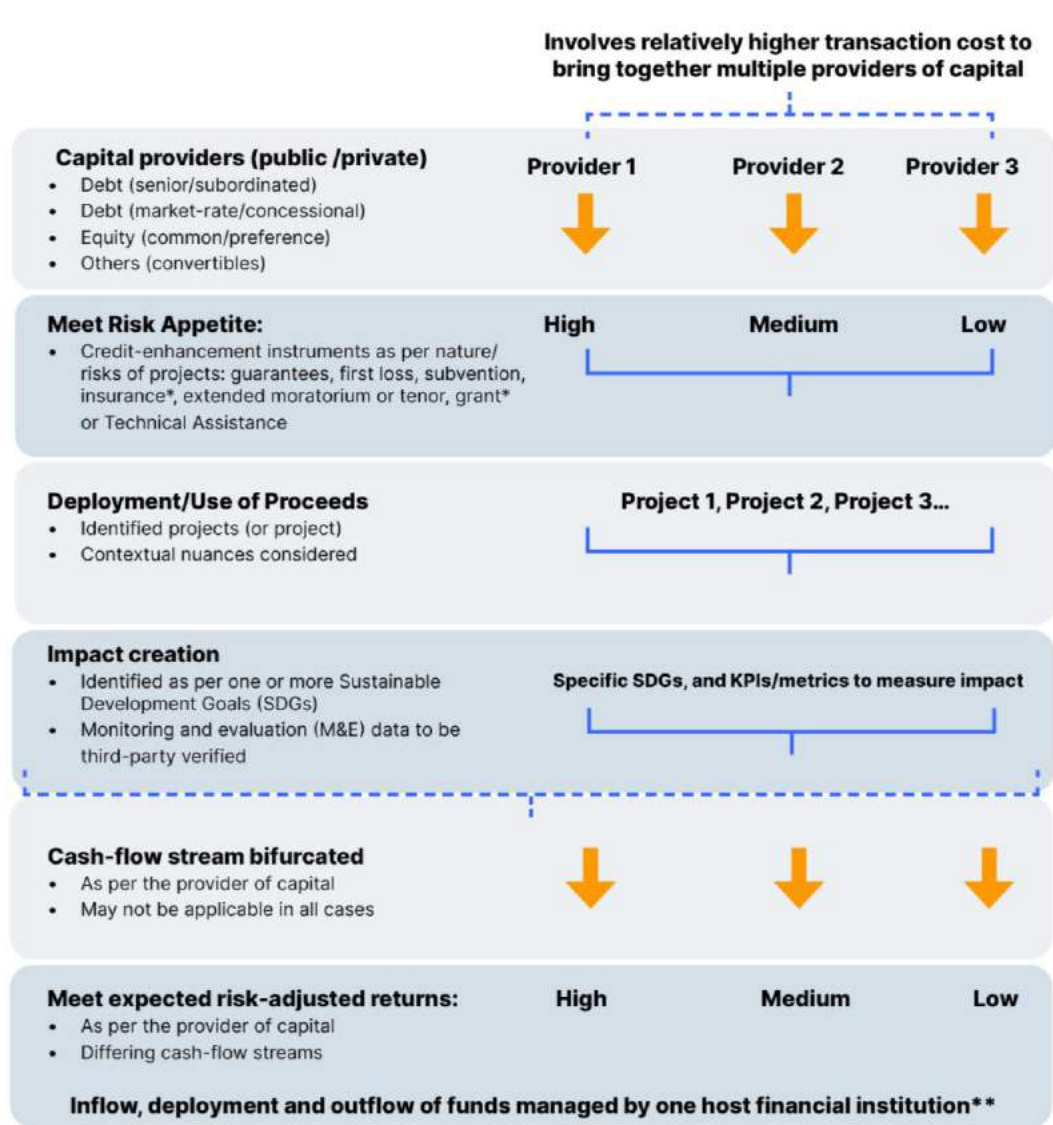


Source: International Finance Corporation

Thus, effective Blended Finance structuring involves aligning with development goals that conventional finance may not be able to address, boosting commercial finance mobilisation by using public and philanthropic capital to mitigate risks, adapting to local contexts, fostering partnerships, and maintaining rigorous monitoring and reporting for impactful outcomes. These principles are based on the OECD Development Assistance Committee (DAC) Blended Finance principles.

The typical approach of a Blended Finance transaction is outlined in Figure 3.

Figure 3: A Sample Blended Finance Structure



Source: Internal analysis

* Grants include subsidies, tax reliefs, etc., and insurance includes currency hedging.

** This implies an acceptable level of risk/credit appraisal processes that align with the other capital providers

Market Scenario for Blended Finance

According to Convergence, climate Blended Finance transactions accounted for less than 40% of all Blended Finance deals in 2022. Since 2017, commercial investors have committed US\$12.9 billion of investment to climate Blended Finance transactions.⁷ In the past 10 years, the median annual financing volume for the overall Blended Finance market totalled US\$14 billion, while the median financing volume for climate Blended Finance deals stands at US\$7.7 billion. Additionally, since 2013, about 58% of the annual climate deals focused exclusively on mitigation, representing more than US\$64.2 billion in total mitigation finance. Hence, mitigation assets such as renewable energy have been a tested asset class for Blended Finance transactions and offer cases for scaling up clean energy financing in several other scenarios.

Structuring Blended Finance: Context and Impact

Connecting Financing Instruments

Blended Finance structures, like any financing mechanism, consider quantitative aspects related to risks, returns and cash flows. Aside from such quantitative aspects, qualitative factors such as the readiness of prospective borrowers to raise capital, project preparation capacity and capabilities in executing an intervention are also critical, as these, in turn, affect the quantitative parameters and bankability of the project/pipeline to absorb the capital raised.

Therefore, structuring an ideal Blended Finance solution starts with connecting the contextual factors to their quantitative or qualitative impacts. These are summarised in Figure 4. Such an analysis would enable the assessment of the relevant financial mechanisms that may be used in such contexts.

⁷ Convergence. [State of Blended Finance 2023](#). October 2023.

Figure 4: Connecting Contextual Factors to Impacts and Financial Mechanisms

Categories	Contextual factor	...and impact
Borrowers	Underserved	Access to borrowers at economical cost
	Low credit rating	Repayment track record
	Small ticket	High business volumes required
Technology	Under-development	Lack of proven ability & demand
	Not commercialised	Demand not at scale
	Expensive	Affordability across users
Project	High initial gestation	Delayed cash inflows
	Lower cash flows	Viability/repayment issues
	Longer payback	Capital required is beyond typical bank tenor
Sector	Sunrise	Unknown variables of business growth and performance
	Unproven models	Lack of track-record of achieving profitability at scale
	Ancillary industry	Over-dependence on external parties and bargaining for effective pricing
Regions	Underserved	Access to borrowers
	Political risk	Retrospective changes increasing cost of doing business
	Low off-taker demand	Inability to demonstrate a minimal demand surety
Regulations	Absence	Lack of governance
Measurement, reporting and verification (MRV) processes	Data unavailability	Measurement issues
	Limitations to progress tracking	Unclear achievement of outcomes

Source: Internal analysis

Applicability and Usage of Credit-enhancement Instruments

Relevant financial mechanisms, apart from types of debt and equity capital, also include credit-enhancement instruments (Figure 5). These instruments⁸ are a key component as they facilitate the reduction of a project's perceived financial risks, which incentivises private sector capital to come in

⁸ Definition of credit-enhancement instruments, and what they include, may vary among literature sources.

and scale up financing. Such instruments – guarantees, first loss default guarantees, interest subventions, insurance, extended moratorium or tenor, grants or technical assistance – are important. Also, the provision of state subsidies, the inclusion of such interventions into mandatory priority-sector lending norms of local banking sectors, or the scale of the project pipeline to absorb that capital also matter.

Figure 5: Factors Influencing Credit-enhancement Decisions

Cash flow	
1	Ability of the intervention to generate cash flows across the time horizon of the project
2	Ability of the intervention to scale and create financial value later, even if initial cash flows are not immediately apparent (depending on the nature of the intervention)
3	Whether the scale of cash flows is sufficient to meet the expected financial returns
4	Whether the cash-flow stream matches the tenors of the sources of finance (from an asset and liability management [ALM] perspective, since different sources of financing within a Blended Finance structure may have different tenors)
Participants	
5	Preparedness of project participants to manage and scale up the intervention being financed, including their skills and competencies
6	Nature of risk-free support (grants) that may be required initially by participants to start the project
7	Profile of borrowers, including for what purpose they plan to utilise the funds (commercial or personal) and whether they have access to the required technologies
8	Credit histories and disposable incomes of borrowers
9	Ability of local financial institutions to participate in transactions, either from a financing or risk-mitigation standpoint
Region	
10	Political stability in the region (at national or state level)
11	Developmental priorities in that region (which SDGs are more material than others)
Technology	
12	Level of development and commercialisation of new technologies that may be used towards the intervention being financed
13	Level of development and commercialisation of the support ecosystem required by the primary technology, such as storage for solar or charging stations for EVs

Source: Internal analysis

Structuring Blended Finance for Energy Transition

The intent here is to chalk out a Go-To-Market strategy for capital providers looking at energy transition as an opportunity and evaluate how Blended Finance solutions could be structured to meet the need (Figure 6).

Go-To-Market Strategy

Figure 6: Connecting Energy Transition Needs with Risks and Blended Finance

Need	Application	Risks/barriers*	Ideal BF mechanisms*
Institutional	Scale renewable energy capacity	Untested business models	Guarantee/First loss default guarantee (FLDG)
	Decarbonising operations	Unproven technology	Technical Assistance (TA)/FLDG/moratorium
	Energy efficiency	High volume (motors) and estimation of energy saving	Grant*
	E-mobility (CVs)	Upfront cost	Subvention/grant
	Support infrastructure	Current low scale	Equity/Subordinate D
	Smart meters	Maintenance	Equity
	Solar devices	Cost/maintenance	Grant
Retail	E-mobility (2W/4W)	Upfront cost	Subvention
	E-rikshaws	Upfront cost	Subvention/tenor
	Clean cookstoves	Distribution reach	Grant
	Off-grid/Mini-grid	Knowhow/cost	Tenor/moratorium/TA

Source: Internal analysis

*Risks/barriers and ideal mechanisms may vary depending on the specific context/nuances.

**Grants include subsidies, tax reliefs, etc.

Case Study: Solar Mini-Grids

In India, connectivity to the national grid has been the predominant form of electrification. However, decentralised options hold significant potential in regions and demography where the grid network is yet to expand. Even where there is electricity access, grid reliability is poor, with frequent cuts and low voltage, creating a high dependence on diesel.

The Solutions

Towards this, distributed renewable energy (DRE) solutions, such as solar mini-grids, are emerging in several states:

- Mini-grids are a community-based power source wherein the location of the energy generation plant is close to the end client, resulting in a reliable, uninterrupted and low-cost energy system;
- It overcomes the challenges related to extending the national grid, such as costs, technology and losses due to transmission;
- While frontrunning Indian states such as Jharkhand have included mini-grids in the state solar policy (targeting 110MW through mini/micro-grids by 2027), India still has far fewer solar mini-grids than that required to create energy access across its hinterlands, and;
- Lack of finance has been a key inhibitor to scaling this segment.

Challenges to Scaling Up Mini-Grids

- As per Smart Power India, about 4,000 solar mini-grids have been installed in India, of which 3,300 are government-financed and owned. The private mini-grid industry in India is still looking for a viable business model that would create scale while generating profitability. This is an ideal opportunity to leverage Blended Finance to scale up this segment.
- Challenges for private developers include aggregating small mini-grid projects in an asset pool, visibility of demand, estimating cash-flow variabilities, meeting variable costs, and incentives for upfront capital expenditure (capex) costs.
- Another risk private mini-grid operators face is the expansion of the central grid in their areas of operation. Rates of private providers vary and are often higher than tariffs of a state DISCOM, which may be subsidised.
- Financiers may lack or have limited understanding of the risks and returns of mini-grid solutions. Further, with rapidly developing technologies, the inability to appropriately structure financing or risk-mitigation mechanisms may also be a limiting factor.
- Given that these projects are often in the hinterland, they may involve communities with low income, high climate vulnerability, scarcity of credit track records, including low levels of energy consumption. Beyond these, high transaction costs in financing smaller volumes and an over-dependence on local banks with short maturity horizons also deter investors.

- The lack of an aggregated approach to include multiple stakeholders with different priorities also puts the sustainability of such projects under question.

In view of such challenges, Blended Finance structures are a likely solution for scaling solar mini-grids and accelerating India's energy transition story.

Financing the Gap

- A good mix of grants, impact investors, developmental finance and commercial finance would attract diverse private capital providers.
- Using concessional debt and a revenue shortfall guarantee, apart from market-rate debt, makes better financial instruments to absorb or mitigate risks. (Concessional debt may be results-based linked or guarantee a minimum fixed feed-in tariff in case cash flows dip below a threshold.)
- Models with both commercial and development capital need to taper the development capital eventually.
- The ability to source development capital from Multilateral Development Banks (MDBs), which typically have higher ticket sizes, depends on the capacity to aggregate several small projects into a reasonable asset pool.
- Community engagement to establish demand buy-in is essential to ensure mini-grids are deployed in locations where they exhibit required utilisation rates and enjoy access to servicing facilities. Demand estimation also helps assess the stage at which a project would reach commercial viability in order to taper development capital.
- Third-party verification for MRV (monitoring, reporting and verification) processes adds credibility.

What Stakeholders Need to Know

Finance practitioners exploring the structuring of Blended Finance solutions for energy transition in developing countries should familiarise themselves with the fundamentals. To that end, we have devised a checklist (Figure 7).

This will help shortlist those decision-impacting factors that need to be considered while structuring the ideal Blended Finance solution for intervention, thus maximising risk-adjusted returns and impact.

Figure 6: How Financiers Can Connect Energy Transition Needs with Potential Risks

	Checklist	Importance of risk			Reasoning
		High	Med	Low	
1	Economic and risk category of the beneficiary country (i.e., for least developed countries (LDCs) and low- and middle-income countries (LMIs))				
2	Level of official development assistance, especially technical assistance, flowing to that country				
3	Is there local government fiscal support towards project sectors				
4	Is there local financial markets' maturity in terms of asset classes, products and participation				
5	Is there a demand for buy-in for financing from identified project proponents (pipeline assessment)				
6	Check the capacity and capability levels of project borrowers and if gaps exist for bankability				
7	Check the repayment ability of projects and project proponents (i.e., borrowers)				
8	Check the credit histories of borrowers/beneficiaries				
9	Check whether the funding is given to the manufacturer or end-user and security if applicable				
10	Check whether the intervention is meant for commercial or personal use				
11	Check the nature of the underlying project's cash flows and financial risks				
12	Check whether the project's intended impact is in line with the country's development needs				
13	Check whether the impact can be backed by data that can be verified and monitored				
14	Check whether the energy transition interventions have a demonstrated track record				
15	Check the viability and commercialisation of the technologies on which the intervention is based				

Source: Internal analysis

Conclusion

Energy transition has emerged as a pressing need to reduce the negative impacts of climate change on society and businesses.

While many solutions may be financially feasible using commercial funding sources, scaling energy transition when new technologies are being developed or underserved communities or regions are involved is tougher to fund.

This creates a need for alternative financing approaches that embrace a new and more holistic rewarding of the risk-return paradigm. It is a win-win for all.

Blended Finance is one such mechanism. Its bespoke structuring approach, involving public and private capital, addresses the perceived financial risks and thus provides comfort in raising commercial capital at scale.

Using Blended Finance judiciously based on contextual factors would not only facilitate finance for energy transition at scale but would create energy access for millions suffering from energy poverty while enabling a climate-smart planet.

About IEEFA

The Institute for Energy Economics and Financial Analysis (IEEFA) examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. www.ieefa.org

About auctusESG

auctusESG is a global expert advisory firm, specialising in sustainable finance, ESG and climate risks. It has worked on marquee projects awarded by international governments, UN agencies and global institutions, for banks and financial institutions across emerging markets in Latin America, Central Asia, Southeast Asia, India and Africa. <https://auctusesg.com/>

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