

Summary of BLEND-OFF

BLEND-OFF will describe and explain how trade-offs between development impact and private returns on investment are assessed and acted upon. Specifically, the project has the following objectives:

First, to map the world of blended finance. Existing knowledge about the world of blended finance comes from the actors that are engaged in it: Reports from the OECD have gone a long way towards identifying key challenges and lessons learned, and similar reports from the World Bank and Convergence—a public-private hub for knowledge on blended finance—offer reports that describe new developments. But there is a paucity of research on who the key actors are and how these different actors relate to one another. Mapping the actors involved in blended finance and how these work together is necessary for a better understanding of the scope and content of blended finance. To our knowledge, such a systematic description does not exist, and it is a necessary first step to make blended finance into an object of research. A second feature that is missing is to map network ties and centrality of different actors (i.e. Henriksen and Ponte 2018; Fransen et al. 2020), with a particular focus on the how public and private actors in the OECD-sphere are related to public and private actors in low- and middle income countries. Doing so allows for identification of possible hierarchies, where some organizations or actors are more centrally placed than others, and may shape how blended finance is done throughout a larger eco-system of actors.

Second, to account for the evolution of work practices and expertise on blended finance in different organizations. Research in global governance indicate that private actors have become central for rule-development, project delivery, advocacy, and even law-enforcement (Seabrooke and Sending 2020; Eilstrup-Sangiovanni and Sharman 2022). Despite the vibrancy of this research agenda, however, it has mostly focused on describing and explaining organizational attributes (e.g. public v private, state v NGO etc.), and has focused much less on the actual work practices within these different organizations. For example, we know about the causes of the rise to prominence of public-private partnerships, but we know very little about how such partnerships—and increased cooperation between public and private actors—come to shape how tasks are performed, using what practices, relying on what type of expertise in both the public and private domain (e.g., Maglia 2022). In particular, there is a paucity of knowledge on how blended finance, and other forms of cooperation between public and private actors, over time lead to diffusion of new practices and to changes in established ones (Poulsen 2014; Berge & St John 2021).

Third, to account for the exercise of judgement in designing blended finance. Managing competing goals has been described as the central challenge facing blended finance actors. Yet there has been little research about the experiences and normative orientations of the individuals working on blended finance actors. In development finance generally, when officials in low-income countries and officials in intergovernmental organizations (IGOs) have shared previous experiences, they are more likely to act as sympathetic interlocutors for each other, and these relations can influence IGO decisions and financing terms (Chweiroth, 2015; Kentikelenis and Seabrooke 2017). Similar dynamics may occur in blended finance, and yet there is little knowledge on these professional networks and career trajectories in blended finance (e.g. Seabrooke and Stenström 2023; Young et al. 2023).

Fourth, to identify a list of best practices of blended finance. From a policy-perspective, the identification of past experience and the evolution of work practices across different developing countries and within DFIs is important in order to assess potential for policy-learning but also to identify pitfalls.