

REVIEW OF DFAT AUSTRALIA'S BLENDED FINANCE INVESTMENTS, 2022

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Acronyms

AAER	Adopt-Adapt-Expand-Respond
ACLF	Asia Climate-Smart Landscape Fund
AIFFP	Australian Infrastructure Financing Facility for the Pacific
APIN	Asia Pacific Impact Notes
AVV	Ascend Vietnam Ventures
BFLP	Blended Finance Learning Programme
BPP	Business Partnership Platform
DFAT	Department of Foreign Affairs and Trade
DFC	Development Finance Corporation
DFIs	Development Finance Institutions
EMIIF	Emerging Markets Impact Investment Fund
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gas
GLI	Gender Lens Investing
HSES	Health, Safety, and Environment Standards
IFC	International Finance Corporation
IMM	Impact Measurement and Management
IPSP	Impact Private Sector Partnerships
IW	Investing in Women
MAIN	Manila Angel Investors Network
MEL	Monitoring, Evaluation, and Learning
MHTFV	Menstrual Health Trade Finance Vehicle
MSMEs	Micro, Small and Medium Enterprises
OECD	Organization for Economic Cooperation and Development
PacRISE	Pacific Readiness for Investment in Social Enterprise
PFAN	Private Financing Advisory Network
PIDG	Private Infrastructure Development Group
SDGs	Sustainable Development Goals
SEAF	Small Enterprise Assistance Funds
SFI	Scaling Frontier Innovation
SME	Small and Medium-sized Enterprise
SROI	Social Return on Investment
TIDES	Transforming Island Development through Electrification and Sustainability
WLB	Women's Livelihood Bond
W-SMEs	Women-focused Small and Medium Enterprises

1. INTRODUCTION

1.1 What is Blended Finance?

Recent financing for development discussions have emphasised the importance of mobilising private finance to help bridge the significant Sustainable Development Goals (SDGs) funding gap that developing countries face and overseas development assistance cannot address. However, in the wake of the COVID-19 pandemic, the global SDG funding gap has grown from the often quoted USD2.5 trillion to an estimated USD4.2 trillion annually.¹ In Southeast Asia alone, economic disruptions pushed 4.7 million people back into extreme poverty in 2021, as 9.3 million jobs disappeared.² Women and marginalised groups have been disproportionately adversely affected.

Crowding in private capital that contributes to development outcomes through approaches that can be scaled is now an imperative. Public and private finance can be “blended” to narrow the SDG funding gap to help address persistent development challenges exacerbated by the COVID-19 pandemic, such as extreme poverty and gender inequality, and support solutions to mitigate immediate and future threats from climate change and its knock-on effects.

Blended finance is a structuring approach to develop the private-sector market and mobilise private resources to help address the SDGs.³ In blended finance, concessional development funding is provided through a range of structures that also include private-sector investor capital that participates on commercial terms. The public or philanthropic funds attract the participation of the private sector in investments into lower income and frontier markets where the prospects of earning commercial returns are more uncertain or have not yet been demonstrated. Without the concession, in the short term, the private funds would or could not flow. Over the long term, concessional capital providers like the Australian Department of Foreign Affairs and Trade (DFAT) aim to reduce the reliance on concessional finance, either by reducing the amount of the subsidy required to attract private capital or by removing the subsidy altogether following demonstration to private investors that investments on commercial terms are viable into impact-focused investments in a particular segment. In this way, blended finance is expected to be catalytic, contributing to the creation of a viable market for impact-focused commercial finance.

1.2 Blended Finance Review

This report, DFAT’s first-ever *Blended Finance Review* (the Review), is an output from the Blended Finance Learning programme (BFLP) and is consistent with recommendations of the Development Finance Review to support greater transparency of Australia’s development financing. The primary purpose of the Review is to answer the following question: “To what extent has DFAT’s blended

¹ Data from the United Nations’ Joint SDG Fund, accessed in August 2022 at <https://www.jointsdgfund.org/sdg-financing>

² Data are compared with a baseline no-COVID scenario. The jobs gap in the region is projected to remain at 4.1 million in 2022. From Asian Development Bank. *Southeast Asia Rising from the Pandemic*, Asian Development Bank, March 2022, accessed in August 2022 at <https://www.adb.org/sites/default/files/publication/779416/southeast-asia-rising-pandemic.pdf>.

³ This definition is drawn from Convergence, a global network of organisations engaged in blended finance and DFAT’s partner.

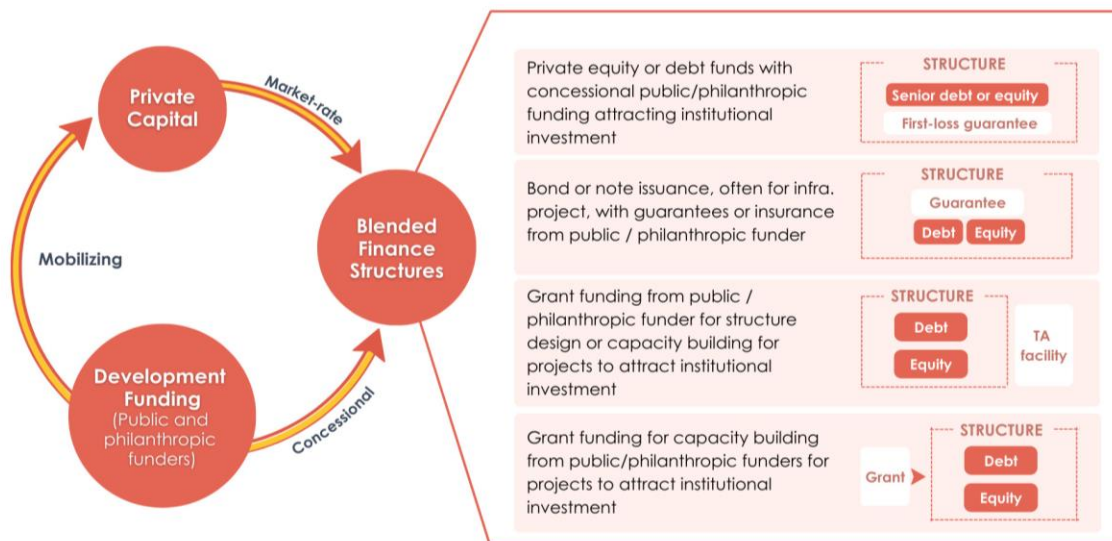
finance portfolio been effective at drawing in more private capital and maximising the development impact of private capital in the Indo-Pacific?”

To answer this question, the BFLP team applied a portfolio-level measurement framework (see Annex 1), co-created with DFAT Programme Officers, and then pared down to a core set of recommended indicators (See Annex 2 for the Review’s methodology). Findings are intended to inform a DFAT internal audience about the blended finance portfolio’s achievements to date and have been reflected in the [Performance of Australian Development Cooperation](#). Findings were also used to inform the [Development Finance Review](#). Conclusions are intended to spur discussion on the effectiveness of blended finance structures in engaging the private sector and supporting Australia’s strategic priorities and inform decision-making on future development programming.

1.3 Blended Finance Archetypes

This Review uses four blended finance archetypes, developed by Convergence (see Figure 1), to describe the structures in DFAT’s blended finance portfolio.

Figure 1: Blended finance archetypes



Source: Convergence

For additional information on these archetypes and the terms used in this Review, see Annex 3.

2. OVERVIEW OF THE PORTFOLIO

Recognising the potential of blended finance, since 2012 DFAT has made investments in 12 diverse initiatives.⁴ These investments have been guided by a common mission: DFAT as investor and market-builder seeks to draw in more and maximise the development impact of private capital in the Indo-Pacific, contributing to Australia’s development priorities in the region.

⁴ This is not an exhaustive list of blended finance programmes. Other development programs have used some blended finance elements or are in the process of incorporating blended finance into their programmes.

Blended finance investments cover all four structural archetypes:

- *Concessional finance*: Transactions appeal to private investors when public investors provide concessional financing through a concessional loan or subordinated equity position.
- *Guarantees, insurance*: Risk-sharing mechanisms such as guarantees, and insurance products can materially lower the risk of an investment.
- *Technical assistance*: Commercial viability and development impact of a transaction can be strengthened through grant-funded technical assistance.
- *Design and structuring*: As design and structuring of blended finance transactions is expensive, grant funds are made available pre-investment to create the structures.

The diversity of blended finance investments has enabled DFAT to attract a wide range of partners. These include donor partners that share DFAT's strategic priorities and/or have access to mechanisms needed to utilise a particular blended finance structure. As noted in the Development Finance Review, 'Blended finance approaches are proving very effective at attracting much-needed private finance towards development outcomes, especially in emerging markets in the region.'⁵

Partners with design and/or implementation know-how, capabilities, and networks in market segments, sectors, or geographies important to DFAT are also included. The portfolio includes diverse blended finance archetypes (see Annex 4 for more details of each programme):

Archetype 1: Concessional Capital

Australian Infrastructure Financing Facility for the Pacific (AIFFP)

Timeframe:	2019–ongoing
Sector:	Infrastructure
Target Segment:	Large investments through debt facility (Includes one recent deal that qualified as a blended investment.)
Geography:	Pacific

Australian Climate Finance programme (ACFP)

Timeframe:	2020–2024
Sector:	Small and Medium-sized Enterprise (SME) finance, infrastructure
Target Segment:	Medium to large scale investments through equity in funds
Geography:	Indo-Pacific

Emerging Markets Impact Investment Fund (EMIIF)

Timeframe:	2020–2030
Sector:	SME finance
Target Segment:	Small investments to early-stage businesses through equity in fund of funds
Geography:	Indo-Pacific

⁵ DFAT 2023, [Development Finance Review: New approaches for a changing landscape](#), page 9.

Impact Private Sector Partnerships (IPSP)'s Business Partnership Platform (BPP)

Timeframe:	Phase 1: 2015–2020; Phase 2: 2021–2024
Sector:	All
Target Segment:	Small investments in early-stage businesses through grants to catalyse co-investment
Geography:	Indo-Pacific

Investing in Women (IW)

Timeframe:	Phase 1: 2016-2018; Phase 2: 2019–2023
Sector:	SME finance
Target Segment:	Small investments in SMEs through equity in funds and co-investments
Geography:	Indonesia, Philippines, Vietnam

Private Infrastructure Development Group (PIDG): Infraco Asia

Timeframe:	2012 - ongoing
Sector:	Infrastructure
Target Segment:	Medium to large investments through equity co-investment
Geography:	Indo-Pacific

Pacific Readiness for Investment in Social Enterprise (PacRISE): Good Return Impact Investments

Target Segment:	Small investments in early-stage businesses through grants to catalyse co-investment
Geography:	Pacific (currently Fiji Papua New Guinea Tonga, Samoa)

Archetype 2: Guarantee/ Insurance**United States Development Finance Corporation (DFC) partnership**

Timeframe:	2021 - ongoing
Sector:	Any (currently SME finance, health)
Target Segment:	Early-stage businesses through funds to catalyse investment
Geography:	Indo-Pacific (currently Indonesia)

PIDG: GuarantCo

Timeframe:	2012 - ongoing
Sector:	Infrastructure
Target Segment:	Small or large infrastructure through multiple investment types
Geography:	Indo-Pacific

Scaling Frontier Innovation (SFI Frontier Brokers): Impact Connect

Timeframe:	2018 - ongoing
Sector:	SME finance
Target Segment:	Early-stage businesses through bank lending
Geography:	Cambodia

Women's Livelihood Bond (WLB)

Timeframe:	WLB 1: 2015 (2017 issuance)–2020; WLB 2: 2021 (issuance)– 2024
Sector:	SME finance
Target Segment:	Early-stage businesses through bond that supports lending
Geography:	Indo-Pacific

Archetype 3: Technical Assistance**Private Financing Advisory Network (PFAN)**

Timeframe:	2016–2023
Sector:	SME finance and infrastructure
Target Segment:	Early-stage businesses to catalyse investment
Geography:	Indo-Pacific

Scaling Frontier Innovation (SFI Frontier Brokers): Equity@Scale

Timeframe:	2018–2021
Sector:	SME finance
Target Segment:	Early-stage businesses and investors to increase outcome focus
Geography:	Indo-Pacific

Archetype 4: Design**Convergence Blended Finance Design Window (Design Window)**

Timeframe:	2019 - ongoing
Sector:	Any
Target Segment:	For project or facility preparation
Geography:	Indo-Pacific

Pacific RISE: Menstrual Health Trade Finance Vehicle (MHTFV)

Timeframe:	2015–2021
Sector:	Supply chain finance
Target Segment:	Grant to develop innovative model
Geography:	Pacific

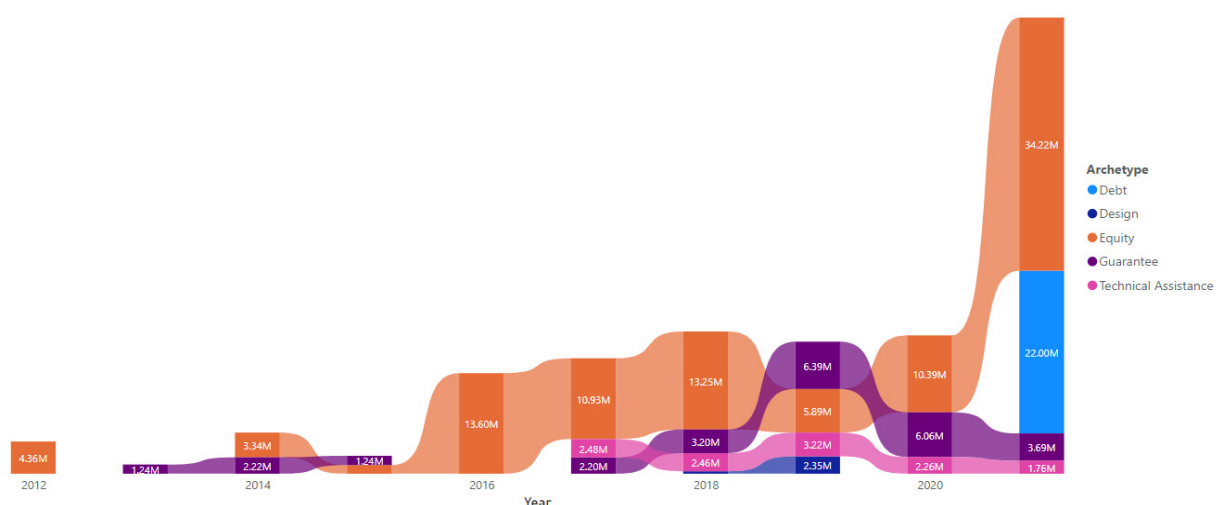
SFI Frontier Brokers: Asia Pacific Impact Notes (APIN) and Berinvestasti Dalam Usaha untuk Kemajuan (Investing in Business for Progress) or BIDUK (BIDUK)

Timeframe:	2019–2021
Sector:	SME finance
Target Segment:	Grants to develop innovative models
Geography:	Indo Pacific (APIN) and Indonesia (BIDUK)

Figure 2 shows the amount of DFAT’s investment through different blended finance archetypes over time. DFAT’s first investment in 2012 provided \$4.36 million in concessional capital to the PIDG to attract private sector infrastructure funding in frontier markets. In 2016–2020 DFAT expanded portfolio investment in concessional capital with the addition of IW and BPP. In 2017, DFAT added technical assistance investments through PFAN and Pacific RISE. In 2019, DFAT began supporting the Convergence Indo-Pacific Design window. Additional technical assistance support funded innovative gender investment models developed under SFI. In 2021, the last year tracked by this Review, DFAT expanded blended finance investment structures through two investments into EMIIF and the ACFP, and a partnership with the DFC. In addition, AIFFP closed a single blended finance deal.

DFAT’s 2021 blended finance investments accounted for over one-third of DFAT’s cumulative blended finance investments since 2012. Given the necessary lag between investments and development outcomes, as well as implementation of activities supported by the investments, a significant increase in outcomes from DFAT’s blended finance investments is expected in the coming years.

Figure 2: Investment in blended finance started small and scaled up in 2021 to cover the range of archetypes



Note: PFAN funding is divided evenly over the duration of the programme (2016-2023). DFAT funding for all other programmes is shown at the time of investment in a fund, intermediary, or project.

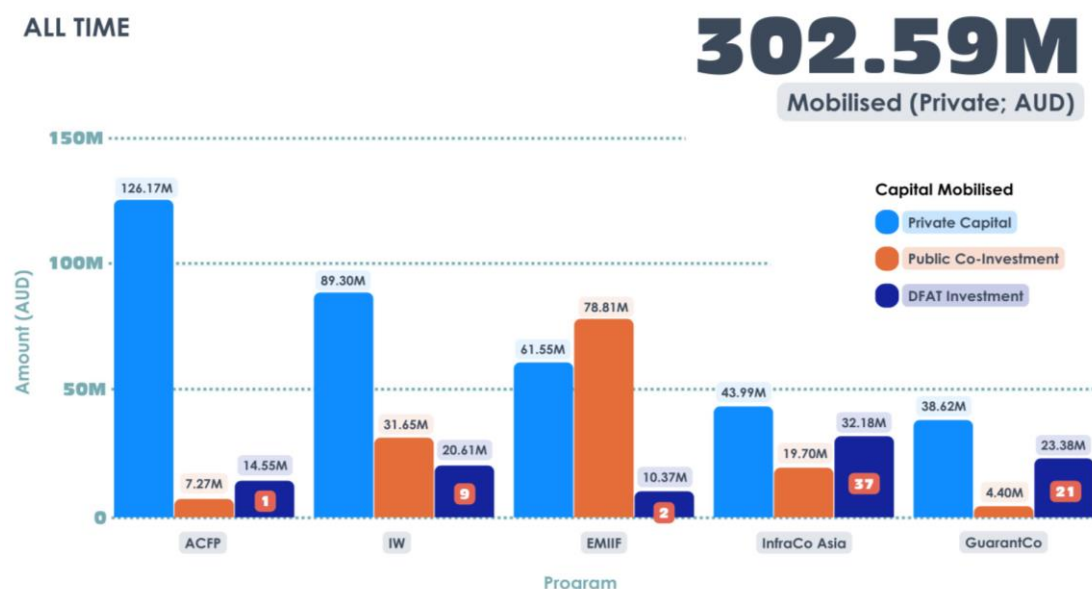
2.1 Performance on Crowding in Private Capital

Since 2012, DFAT—through its concessional financing mechanisms (ACFP, EMIIF, IW, PIDG)—has invested \$101.09 million and directly mobilised \$302.59 million in private capital (see Figure 3). This financing has supported 228 direct investments and 21 funds. BFLP defines capital mobilised as financing from a private entity on commercial terms due to the active and direct involvement of

DFAT and/or its programmes. Mobilisation amounts are calculated using the agreed Organization for Economic Cooperation and Development (OECD) methodology.⁶

In addition to private capital mobilisation, DFAT’s financing mechanisms have attracted \$141.83 million in public co-investment, including from other country Development Finance Institutions (DFIs) like the DFC.

Figure 3: Investments mobilising private capital by programme



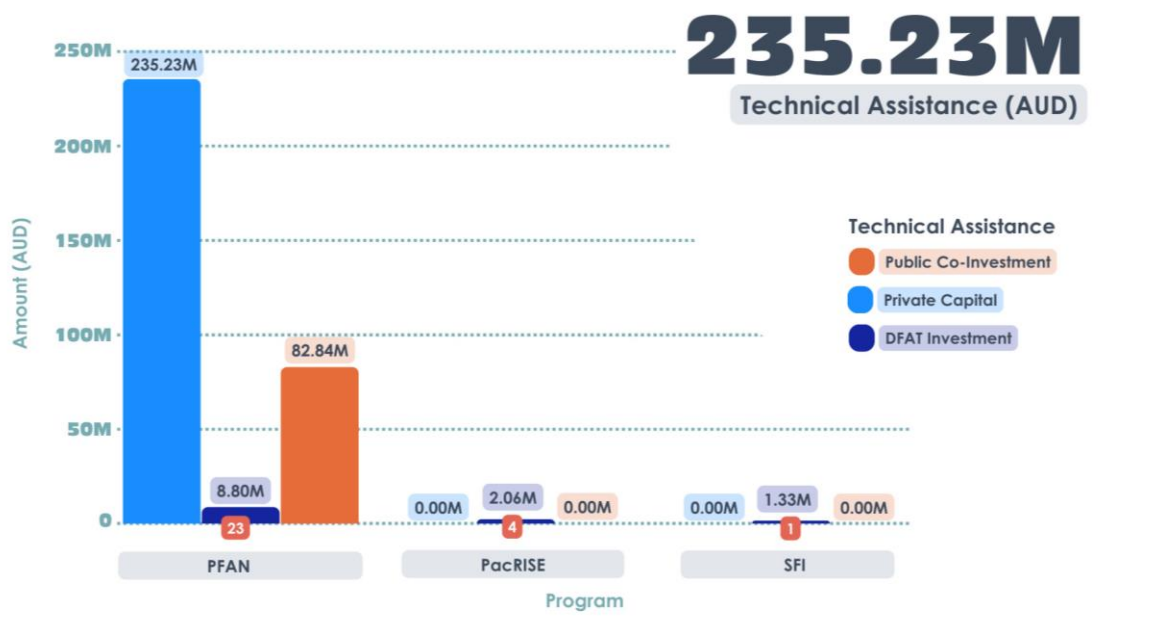
Note: Data is for all time for programmes that have mobilised private capital. Ascend Vietnam Ventures (AVV) is displayed for both EMIIF and IW but included only once in the headline figure (302.59M). Public co-investment data at the fund level was not discounted. All public funds entering a common investment vehicle at or after the fundraising round where DFAT invested capital are counted in full. PIDG 2021 mobilisation figures are not shown due to lack of reporting. They are calculated by apportioning a share of private capital mobilised based on DFAT’s share of total investment into PIDG.

Alongside concessional finance, \$235.23 million in private capital was invested into projects or funds that received technical assistance provided by DFAT grants. This funding was used to support progress on investment readiness, matchmaking with investors, and/or to improve development outcomes in such areas as gender. However, these figures cannot be counted as ‘mobilised’ because there are to date no agreed-upon OECD methodologies to calculate the amount of private investment a donor can claim to have mobilised through technical assistance.

DFAT’s investments also include small amounts of technical assistance to both investors and investees. For example, EMIIF provides advisory services to support funds in adopting gender investments approaches.

⁶ OECD. DAC methodologies for measuring the amounts mobilised from the private sector by official development finance interventions. Draft May 2020 Accessed at <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf> in August 2022. This methodology does not provide an approach to calculate capital catalysed.

Figure 4: Investments providing grants to intermediaries for technical assistance



Note: Data is gathered from the investment level for PFAN, for all time. For SFI and PacRISE, technical assistance numbers reflect a subset of programming at the intermediary level.

In addition to concessional financing and technical assistance, DFAT has also supported the design of innovative models. While these have not yet attracted private capital, they are examples of ground-breaking structures that have the potential to do so. See section 2.3 for more information on Convergence’s Asia-Pacific Design window, PacRISE’s MHTF, SFI Frontier Brokers’ APIN and BIDUK.

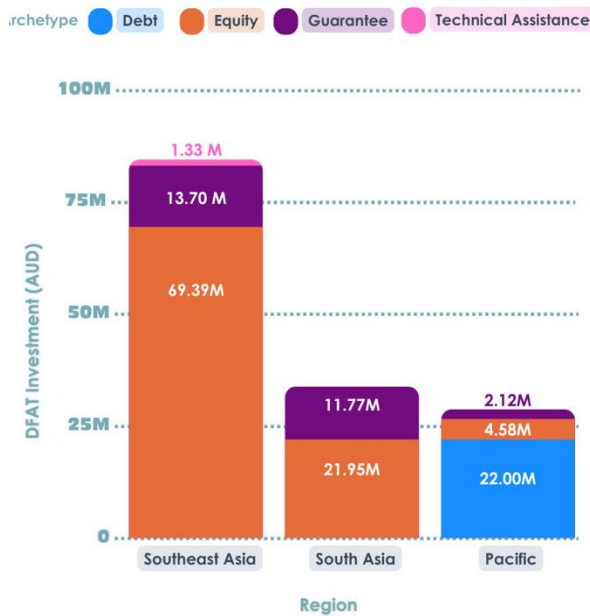
The majority of the portfolio has focused on Southeast Asia, as reflected in the Development Finance Review. Figures 5 and 6 show the amount of capital mobilised and the amount of investible capital, respectively. Both are further broken down by archetype and region (Figures include all programme investments, and there is double counting in the two cases where two programmes made investments in the same entity).

Figure 5: Capital mobilised differs by archetype across regions



Note: Mobilised capital comes from ACFP, EMIF, IW, and PIDG.

Figure 6: Investible capital differs by archetype across region

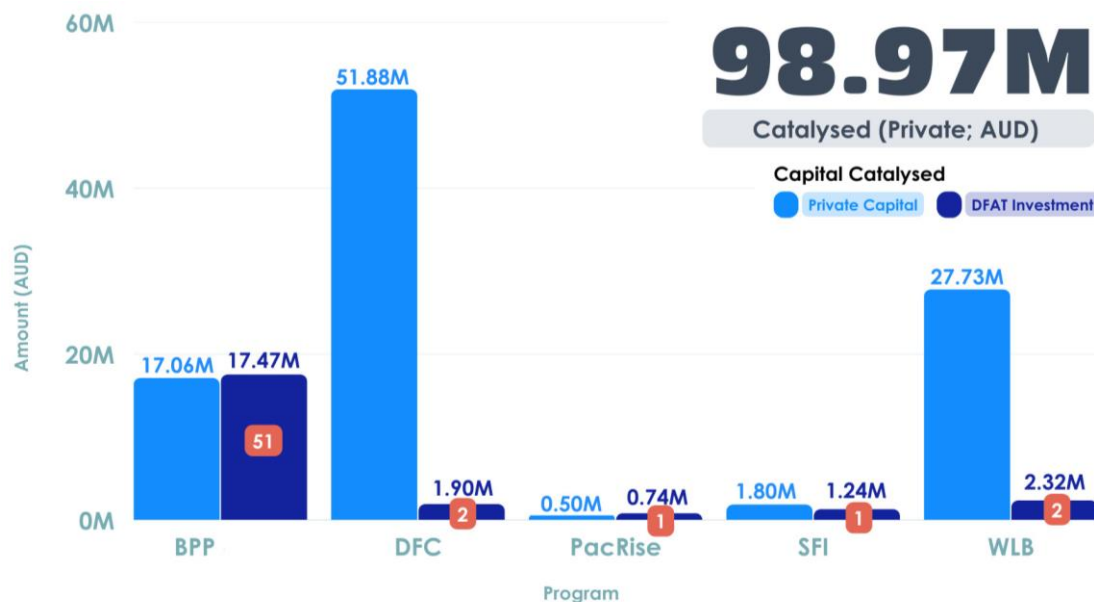


Note: Data is shown at the most granular level available for each programme (the investment level for PFAN, BPP and PIDG and AIFFP; the intermediary level for: WLB, SFI, IW, ACFP, EMIF, PacRISE, and DFC).

In addition to mobilisation amounts, BFLP also tracked capital catalysed. This is defined as financing from a public or private entity that is unattributable to the direct involvement of DFAT, but which occurs in the period that DFAT and/or its programmes are actively involved. To date, DFAT’s blended finance portfolio has catalysed \$98.97 million in private capital (See Figure 7). Including the distinction between catalysed and mobilised ensures the most conservative approach to mobilisation numbers. For example, in DFAT’s partnerships with both the DFC and the WLB, where DFAT

subsidised a guarantee provided by the DFC, capital raised is treated as ‘catalysed’ because DFAT only subsidised the guarantee and did not issue it directly.⁷

Figure 7: Investments catalysing private capital



Note: Data is for all time at the programme level, for programmes that have catalysed private capital. AIFFP is not shown due to the fact it has not catalysed investment to date. DFAT investment only includes investible capital, which for SFI and PacRise was limited to Good Return. Note that the investment in WLB was repurposed, comprising an outlay of half the amount shown in the figure (\$1.16 million).

2.2 Comparison with Benchmarks

To evaluate the portfolio’s performance in attracting private capital, mobilisation ratios of private capital to DFAT’s investible capital (money used to directly support investments) can be compared with benchmarks established by Convergence.⁸ On average, DFAT’s blended finance portfolio mobilised private capital at around a 1 to 3 ratio, i.e., \$101.09 million in investment in mechanisms that mobilised capital against \$302.59 million in capital mobilised (referenced in section 2.1). Using 2018 data from 72 blended finance transactions globally, Convergence, the leading network on blended finance, finds an average mobilisation ratio of 1 to 2.4 for projects originated or led by public development agencies.⁹ In 2022, Convergence reported an Asia-Pacific region-specific benchmark drawn from 39 transactions of 1 to 3.2, slightly higher than DFAT’s average ratio.¹⁰ Figure 8 illustrates these data.

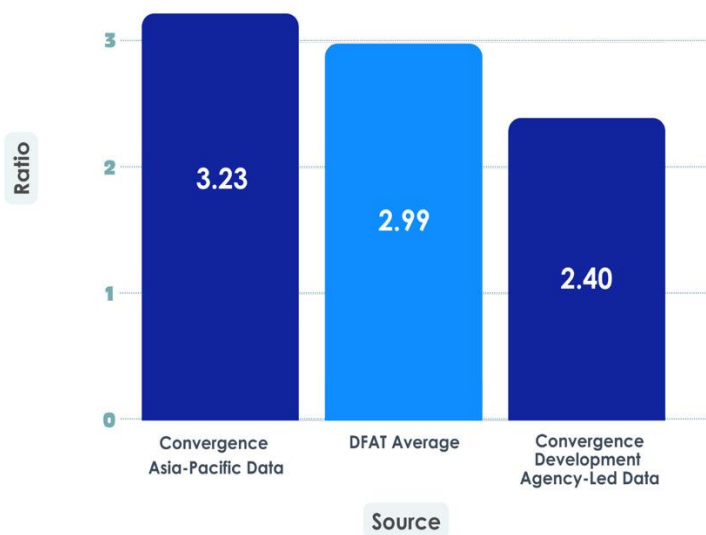
⁷ See [Development Finance Review](#), Box 1 page 55 and Box 1 page 65.

⁸ Since catalysation of capital comes from indirect association with DFAT activities, these amounts are not considered in the comparison with benchmarks.

⁹ Convergence. (2018). *Data Brief: Leverage of Concessional*. Accessed at <https://www.convergence.finance/resource/35t8IVft5uYMOGOaQ42qgS/view> in August 2022.

¹⁰ Convergence. Based on data produced by Convergence in September 2022 at the request of DFAT. The mobilisation ratio rises to 1:5.26 when both public and private sources of capital are included, excluding deals originated by the IFC.

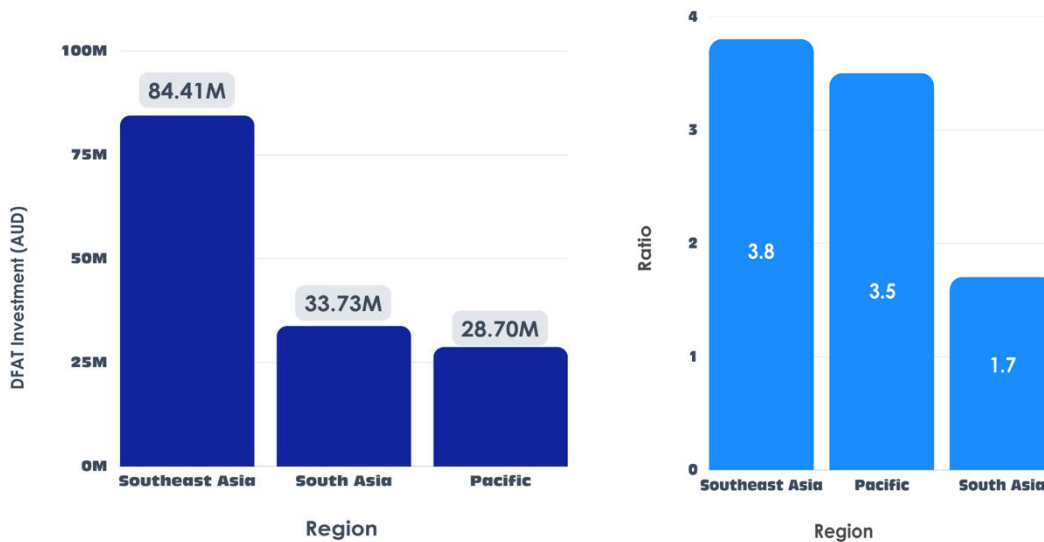
Figure 8: Private capital mobilised to date compares satisfactorily with benchmarks



Note: Ratio comparisons drawn from Convergence 2022 data for Asia-Pacific and from 2018 for the Development Agency-led data. Ratio is DFAT-invested capital versus mobilised private investment. DFAT capital was counted for programmes which mobilised private finance: EMIIF, PIDG, ACFP, and IW.

Figure 9 shows the geographic distribution of DFAT’s blended finance investments and the capital mobilised and catalysed, illustrating the breadth and size of investments.

Figure 9: Southeast Asia leads investment volume and ratio of capital mobilised to investible capital



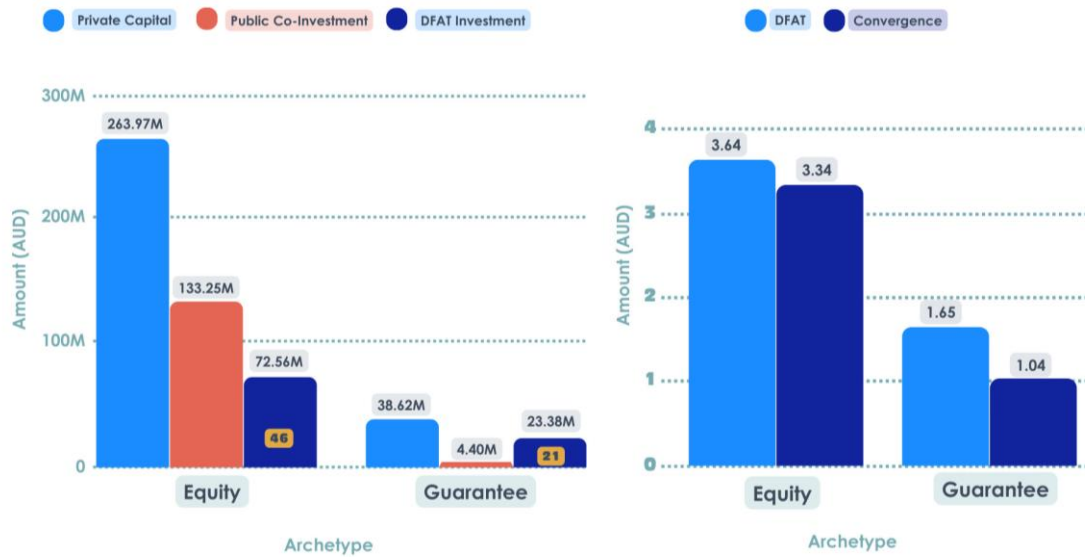
Note: Amounts include mobilised and catalysed private capital. Data is shown at the most granular level available for each programme: investment level for PFAN, BPP, PIDG and AIFFP; intermediary level for WLB, SFI, IW, ACFP, EMIIF, PacRISE, and DFC. Investible capital does not include DFAT funding for design archetype projects.

Based on primary data from DFAT and secondary data from Convergence, capital-to-investment ratios vary across financial instruments, geography, deal sponsors, and sectors. Highlights include:

- **Archetypes:** Figure 10 shows the relative effectiveness of concessional capital and guarantees in crowding in private capital compared to Convergence’s Asia-Pacific benchmark. DFAT’s

mobilisation rates for equity investments and guarantees performed slightly better than Convergence’s benchmarks for these archetypes.

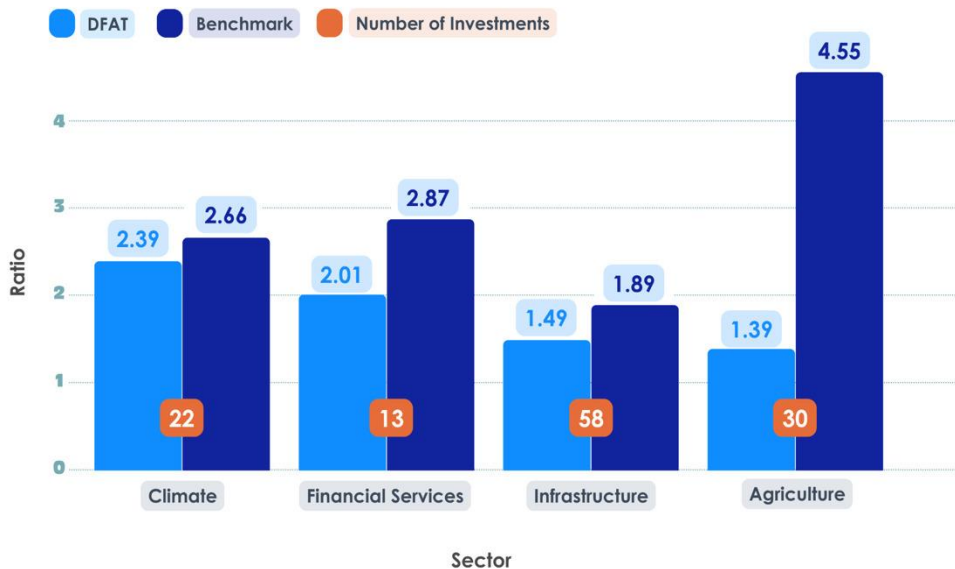
Figure 10: Capital mobilised and benchmarked mobilisation ratio benchmarked by archetype



Note: Equity figures include PIDG, EMIF, IW, and ACFP. Guarantee figures include PIDG GuarantCo.

- Sectors:** Figure 11 shows that DFAT’s mobilisation rates were slightly lower across all sector-specific benchmarks. In particular, the agriculture benchmark of 4.55 is much higher than DFAT’s mobilisation rate of 1.39. Apart from in the agriculture sector, DFAT performs only slightly lower (between 70 per cent and 90 per cent) against the benchmark in all other sectors.

Figure 11: DFAT’s capital mobilisation ratios broken down by sector are lower than benchmarks

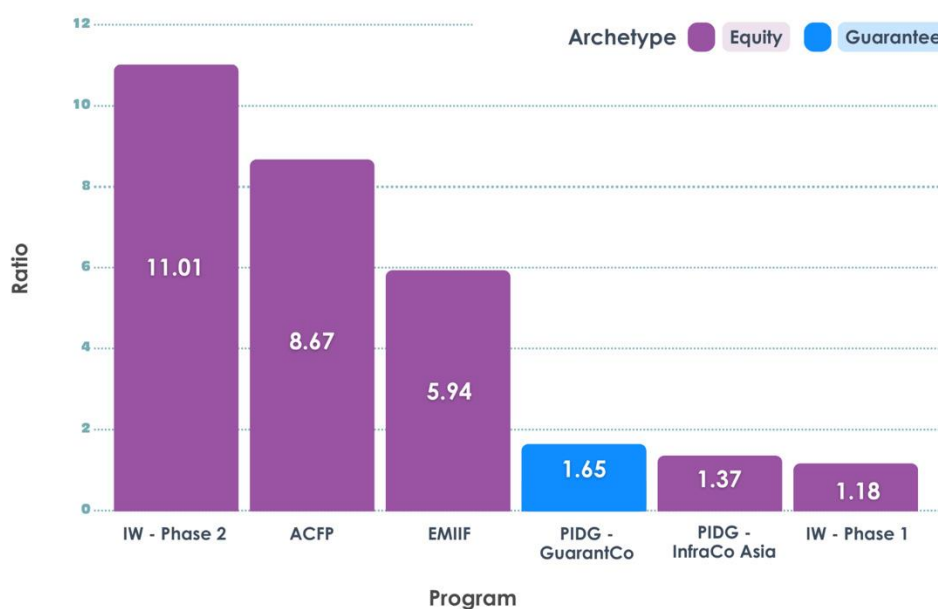


Note: Climate comparison is drawn from Convergence data on blended finance transactions in the Asia-Pacific. Dual classifications for BFLP projects are included in both categories. Ratios by sector were calculated using investment-level data from IW, PIDG, and EMIF

The BFLP project could not fully explain this gap. Further analysis is required to uncover what is driving this. Data used to calculate Convergence benchmarks may have resulted in higher mobilisation rates due to the characteristics of the investments, which were made in larger Southeast Asian countries through funds and facilities operating regionally. These investments may have a multi-sector focus but are classified partially as agriculture. When considering applying blended finance to other sectors, it should be noted that Convergence’s deal-monitoring shows that social sector applications of blended finance achieve much lower ratios; for example, 1 to 0.48 for education and 1 to 0.36 for both health and housing. While DFAT’s portfolio includes some health sector investments, these indirectly catalyse capital rather than directly mobilise it. Whether blended finance archetypes are the right fit for social sectors needs further exploration and review.

Figure 12 shows capital mobilisation performance by programme. IW – Phase 2, ACFP and EMIIF exceed the Asia-Pacific mobilisation ratio displayed in Figure 9, while ratios for PIDG – GuarantCo, PIDG – InfraCo Asia and IW – Phase 1 fall below the benchmark.

Figure 12: DFAT’s capital mobilisation ratios broken down by programme show strong performance

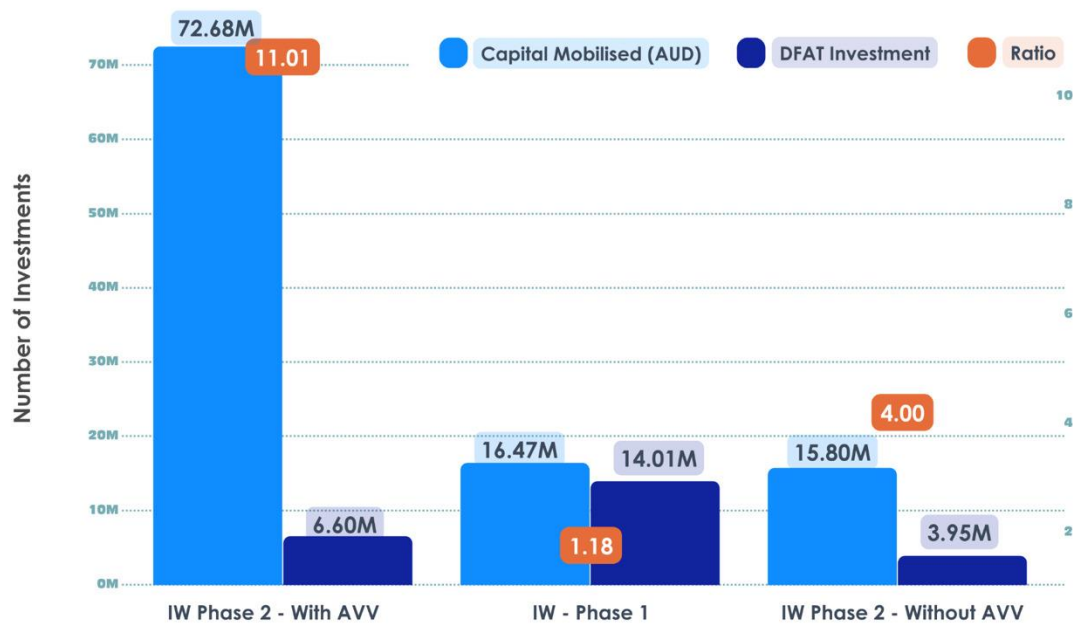


- The PIDG - GuarantCo shows a higher ratio than the guarantee archetype benchmark listed in Figure 10—1.65 versus 1.06—while PIDG - InfraCo Asia comes in significantly lower than the equity archetype benchmark—1.37 versus 3.34. However, InfraCo Asia’s performance is closer to Convergence’s 1.89 benchmark ratio for the infrastructure sector, achieving 72.5 per cent of the benchmark level. This follows given PIDG’s frontier market focus and high climate and gender standards, which may increase the perception of risk in the market and thus reduce the amount of capital mobilised.

- ACFP's mobilisation level is within market-building range in light of International Finance Corporation's (IFC's) comparator average ratio drawn from its climate finance portfolio, which ranged from approximately 1:20 and 1:10 among financial intermediaries.¹¹
- Both EMIIF and IW Phase 2 (included in financial services in Figure 11) achieved significantly higher ratios than the financial services benchmark of 2.87 and equity archetype benchmark of 3.34. However, these mobilisation rates do not exceed the benchmarks to the extent that they are distorting the market. Rather, they point to the market-building potential of the mechanisms. Further analysis shows:
 - Both EMIIF's and IW's ratios are somewhat skewed by the AVV deal, into which both programmes invested. The deal mobilised \$7.54 of private capital for every \$1 of DFAT investible capital, with figures for EMIIF and IW calculated into the ratio.
 - At the time that EMIIF (1 to 5.94 ratio) made the investments AVV did not make gender investments. The investment is indicative of DFAT's strategy of building the market with intermediaries willing to make a commitment to investing blended finance in a development outcome focused segment that is new to them. It should be noted that the Review does not factor in any additional mobilisation post July 2022. EMIIF's investments have mobilised an additional \$75 million of private capital since then.
 - In IW first phase 1 (1 to 1.18 ratio), it sought experienced and effective partners that would provide knowledge and gender-investing practices, speed up implementation, and quickly build a demonstration effect through successful deployment of capital. When IW's programme strategy shifted in Phase 2 (1 to 11.01 ratio) to ensuring sustainability and embedding gender-investment models, local IIP were engaged as partners. While they required strengthening in gender investment approaches and were slower to achieve capital mobilisation, the potential was identified for them to influence other local actors to make gender investments. Without the AVV investment, IW's Phase 2 achieved a 1 to 4.0 ratio. This demonstrates that the Phase 2 focus on local investors paid off by crowding in higher levels of private capital than in Phase 1 (see Figure 13).

¹¹ IFC. (February 2021). Using Blended Concessional Finance to Invest in Challenging Markets: Economic Considerations, Transparency, Governance and Lessons of Experience. Accessed at https://www.ifc.org/wps/wcm/connect/1decef29-1fe6-43c3-86c7-842d11398859/IFC-BlendedFinance-FIN_092021.pdf?MOD=AJPERES&CVID=nL5RB-2 in August 2022.

Figure 13: IW's capital mobilisation ratios by programme phase



Note: IW Phase 1 Includes Root Capital, C4D Partners, Patamar Capital, and Small Enterprise Assistance Funds (SEAF). IW Phase 2 Includes Ascend Vietnam Ventures, InBest Ventures, BIDUK, Indonesia Women Empowerment Fund, Foundation for a Sustainable Society, Inc, Manila Angel Investors Network (MAIN).

2.3 Funding Design and Innovative Models

DFAT provides funds to design, develop, and test innovative models for using blending to mobilise private capital and achieve development impact in target markets and segments. A description of the three primary design investments follows:

- Convergence Indo-Pacific Design Window:** Grant funding supports the design and launch of catalytic blended finance vehicles at a very early stage to optimise, launch, and maximise development impact. Design windows contribute to building a market for new approaches in the region and launch funds that can mobilise catalytic capital at a significant scale. Two examples of innovative projects funded under the Indo-Pacific Design Window include *Transforming Island Development through Electrification and Sustainability (TIDES)* and *Asia Climate-Smart Landscape Fund (ACLF)*. TIDES is designing a structured debt and equity fund to partner with local developers to fund various solar projects in the Pacific Islands. ACLF is combining DFAT and US DFC support to launch a sustainability fund in Indonesia.
- PacRISE's Phase 1:** implemented 2016-2019, PacRISE Phase 1 featured a small-grants programme for 22 experienced intermediaries to assess existing Pacific enterprises and identified gaps in the market and design solutions. One success story in a region with little exposure to blended finance was the *Menstrual Health Trade Finance Vehicle* to expand access to locally made reusable pad products for managing menstruation in the Pacific Developed with Red Hat Impact and Lotus Impact, the MHTFV helps menstrual health enterprises overcome a major operating and financial challenge by establishing more affordable supply chains for the required input materials to produce reusable menstrual pads. The first funding round raised US\$49,316 from 15 investors.
- SFI Frontier Brokers** made a modest investment into design and ecosystem change by supporting a Brokers' Network and two intermediaries to pioneer innovative approaches:

APIN and BIDUK. APIN are social bonds supporting women's empowerment by securitising loans to financial institutions and businesses in South and Southeast Asia. BIDUK is a lending platform founded by a female capital allocator to meet the needs of Indonesia-based small and growing businesses, especially those owned by women. BIDUK, which provides unsecured loans, approved and disbursed three loans (two in June 2020 and a third disbursed in February 2021). In 2020, BIDUK received a \$257,587 equity investment from IW, which catalysed \$156,584.¹²

3 DEVELOPMENT OUTCOMES ACHIEVED

3.1 Development Effectiveness of Blended Finance Programmes

The portfolio is clearly effective in attracting additional private finance. However, private capital must generate additionality in the near term, to incentivise financial intermediaries to adopt models that better serve beneficiaries in the medium term, and decrease—or replace—concessional capital in the long term so that resilient private markets can scale the development impact.

This section reviews progress achieved against key performance indicators in the blended finance portfolio-level framework. The question that frames the review is: "To what extent has DFAT's blended finance portfolio maximised the development impact?"

Below is a summary of the key metrics reported by programmes. The programmes are listed based on the maturity of the DFAT investment. (Early-phase programmes are listed first.) No additional results will be reported for completed programmes. However, sustainability has been achieved under both SFI Frontier Brokers (through Good Return's Impact Connect) and WLB (through WLB3 and WLB4).

Key development outcomes across DFAT's blended finance portfolio

AIFFP	<i>Start-up/Early in Programme</i> AIFFP's first blended finance investment in the Palau Solar project aims to support the country in meeting over 20 per cent of Palau's national renewable energy targets by 2025.
ACFP	<i>Start-up/Early in Programme</i> Aims to achieve annual emission reductions of at least 175,000 tCO ₂ e ¹³ from supported projects. The first investment in New Forests Tropical Asia Forest Fund 2 targets 50,000 hectares of land placed under conservation or restoration management between 2021–2030.

¹² Since BFLP classifies BIDUK as an innovative model design investment, the amounts for catalysation of private capital are excluded from headline and programme numbers.

¹³ tCO₂e: tonnes (t) of carbon dioxide (CO₂) equivalent (e).

Convergence	<p><i>Start-up/Early in Programme</i></p> <ul style="list-style-type: none"> • Support for design of nine vehicles helped fill the gap in early-stage grant funding and support for solutions targeting climate finance and/or gender across the Indo-Pacific region. • Includes a grant to support the incorporation of a gender strategy and assessment framework for the Asia Climate-Smart Landscape Fund. The fund is also supported through a DFC–DFAT partnership.
EMIIF	<p><i>Start-up/Early in Programme</i></p> <p>Mobilised investment capital in seven SMEs and one enterprise through investment in Lendable, which directly supports financial services and products for 22,456 MSMEs and 12,473 consumer clients.</p>
IRF	<p><i>Ongoing/Mid-term</i></p> <p>DFAT’s subsidy of a guarantee by the US DFC facilitates investment into 327 health-sector SMEs and organisations, which serve 1,474,539 patients and customers.</p>
IW	<p><i>Ongoing/Near Completion</i></p> <p>71 women-led or owned SMEs received investment and created employment for 4,379 people (56.5 per cent women) in Southeast Asia.</p>
BPP	<p><i>Ongoing/Mid-term</i></p> <ul style="list-style-type: none"> • In Phase 1, BPP partnerships reached 5.5m beneficiaries and achieved AUD51 million net attributable income change and cost savings. • In Phase 2, BPP introduced tCO2e reduced or avoided as a metric and seven partnerships project reductions or avoidance of 424,119 tCO2e.
PIDG	<p><i>Ongoing</i></p> <ul style="list-style-type: none"> • 2,218,146 people in Southeast Asia gained new or improved access to infrastructure resulting from 8 of the 55 investments in the region since 2012. • 449.64 MW of clean energy capacity installed in PIDG projects.
PFAN	<p><i>Ongoing/Mid-term</i></p> <p>Since 2017, 23 climate mitigation and adaptation projects and SMEs received PFAN technical assistance support, which led to investment, through which 12,764 households are expected to access clean energy.</p>
PacRISE	<p><i>Completed</i></p> <p>Investments in 10 enterprises directly benefited an estimated 214 people in the Pacific. No capital was mobilised, but the programme produced innovative models and investment in Good Return catalysed private capital.</p>

SFI Frontier Brokers *Completed*

- Impact Connect facilitated \$1.8 million in loans for 129 MSMEs in aquaculture, chilli, maize, and paddy, creating or sustaining 938 jobs in the midst of the COVID-19 pandemic.
- BIDUK disbursed 7 loans amounting to \$244,638 to three clients.
- IIX's Equity@Scale supported 844 social enterprises through an online training on investment readiness and gender lens impact assessment on the Equity@Scale platform.

WLB *Completed*

- WLB 1: 453,074 female beneficiaries were directly impacted through WLB1 investments and a social return on investment (SROI)¹⁴ of 3.1.
- WLB 2: 43,300 female beneficiaries were directly impacted through WLB2 investments and SROI of 3.3.

Monitoring, Evaluation, and Learning (MEL) Assessment and Key Evaluation Conclusions.

Below is a summary of the effectiveness of blended finance programmes based on evaluations conducted to date. Evaluations indicate strong effectiveness across programmes.

Programme Evaluation: Good:

WLB 1 &2

- WLB1: Across its 4-year tenure, the WLB1 has directly impacted over 453,000 underserved women by transitioning them to sustainable livelihoods, exceeding its original target (of ~377,000 women) by +20 per cent. For every \$1 invested by bondholders, the WLB1 has generated +3X social value.
- WLB2: As the region recovers from COVID-19, the WLB 2 remains on track, continuing to meet its portfolio-level targets related to the number of women beneficiaries and SROI.

Programme Evaluation: Moderate:

BPP

- While the BPP has achieved significant results and is tracking ahead of targets overall, aggregation and discussion of results against targets at a portfolio level is challenging. It is too early to assess partnerships selected in Round 2, India Window, and Round 3, which have only preliminary results. Several partnerships dominate results, thereby totals and averages can be misleading.

IW

- Early indicators suggest that Pathway 2 [the impact investing component] is expected to successfully achieve its end-of-programme outcomes and thus create a strong evidence base for gender lens investing overall.

¹⁴ Social Return on Investment (SROI): Dollar value of the social impact experienced per dollar invested.

- Evaluation posits that “the follow-on programme should emphasise MEL of the downstream segments of the results chain. ... It is understanding and continuously improving the downstream results among the stakeholders who are intended to benefit from this new capital [which] is crucial to achieving meaningful women’s economic empowerment.”

SFI Frontier Brokers

- In reviewing whether DFAT’s investment into the design and development of four different models of impact investment led to the increase of the capital accessible to social enterprises in the Asia-Pacific region, it is important to look critically at whether the Broker’s projects proved their own hypotheses and whether they were successful as innovations.
- BIDUK met the MEL partner’s criteria of exemplary performance while the other three recorded some near misses on model effectiveness (Equity@Scale) and potential for scaling (APIN and Impact Connect).
- Framework and evaluation did not investigate development impact at the end beneficiary level.

PFAN

- Evaluation highlights greater need and demand for services, but wide variability on quality of in-country advisors. Many key performance indicators are largely outside PFAN’s control (e.g., greenhouse gas (GHG) emissions reduced), so the measurement framework should be revised.
- PFAN is not fully able to leverage its impressive network of advisors to help projects engage with investors and lacks some transaction management capacities to help close deals. PFAN is building internal capacity on structuring and should make better use of expertise in its global network and partners to help close deals.
- PFAN recognises its opportunity to contribute to gender equality and the empowerment of women, and it has made significant efforts to achieve its gender objectives. The capacity to effectively embed a gender focus in business models and in the gender-balance of the portfolio is still limited and faces challenges. Gender needs increased or sustained focus and resourcing.

Programme Evaluation: Poor:

PacRISE

- Overall, the programme has made little progress in supporting the development of a social impact investing market in the Pacific and has underperformed relative to its target of leveraging AUD10 million across the region. The limited investment secured through PacRISE means there is currently no evidence of development impact on enterprises or end beneficiaries.

3.2 Impact Summary against the Portfolio-level Measurement Framework

In summarising impact at the portfolio level, this Review focuses on programme-level outcomes that are generated and tracked on multiple programmes. Performance indicators to capture development outcomes are as follows:

- Market developed for private-sector investment in projects that enhance inclusive development outcomes and development impact maximised, measured by
 - Ratio of concessional to private sector capital
 - Number of people or entities positively affected (based on goals) by blended finance programming
- Inclusive economic growth increased, measured by
 - Percent of gender-focused projects and funds supported, defined by the 2X criteria, including products and services for women, gendered policies; female ownership, female supply chain¹⁵
 - Number of full-time equivalent jobs created
- Climate-change mitigation and adaptation improved, measured by
 - Percent of projects focused on climate outcomes
 - Number of people with access to clean power
 - Amount of sustainable energy capacity (MW)
 - Amount of greenhouse gas emissions avoided or reduced during the reporting period

Over time, an additional outcome area and its indicators should be tracked:

- Market strengthened for private capital investment into inclusive development
 - Number of investment intermediaries adopting products, services, or assets
 - Percent of firms reporting increased performance or capabilities that can be linked to DFAT-funded technical assistance

See Box 1 for a summary of development outcomes achieved to date. Since DFAT's blended finance portfolio on the whole is in the early stages, with over one-third of the investments made in 2021, evidence of development impacts focusses on interim results. As current programs progress further along in implementation, results achieved should increase. And as future programming is added, outcome areas reported will also expand.

¹⁵ Access information on 2XCriteria here: <https://www.2xchallenge.org/criteria>.

Box 1: Impact summary: key development outcomes across the portfolio

Performance Against Key Performance Indicators

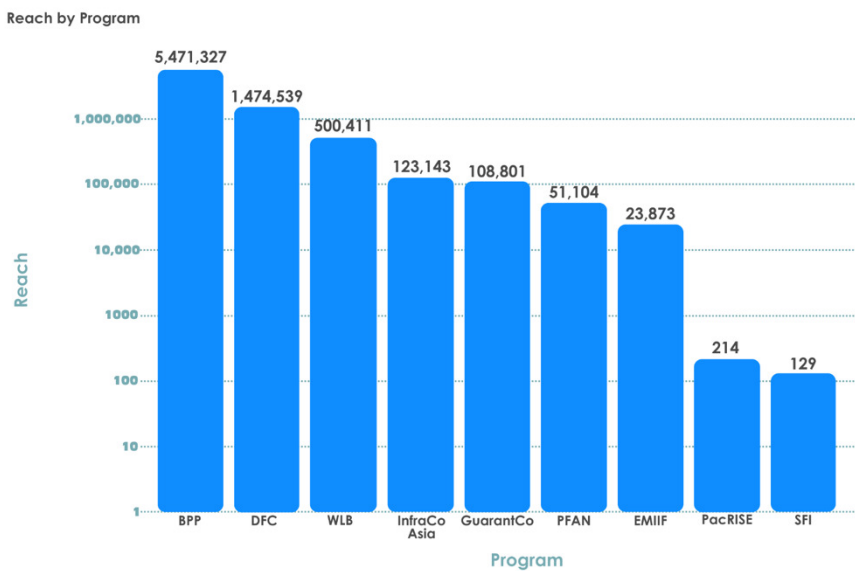
- Over \$302.59 million in private capital mobilised to focus on development outcomes, amounting to \$2.99 for every \$1 of DFAT investment
- An additional \$98.97 million in private capital catalysed
- Over 7.75 million people benefited from contributions from blended finance programs; 41.8 per cent of these were women
- 699 SMEs gained access to finance
- 15,797 jobs created of which 10,035 (63.5 per cent) went to women¹
- 126.1 MW of sustainable energy capacity developed
- 178,395 people gained access to clean power
- 4.57 million people gained access to new or improved infrastructure
 - 25.7 per cent of this infrastructure met rigorous climate mitigation standards

The portfolio enhanced inclusive development to over 7.75 million direct beneficiaries. The portfolio reaches a wide range of beneficiaries that are as diverse as the programmes—building resilience of SMEs to finance large infrastructure projects. All programmes measure impact at the individual level. The most commonly applied metric is “number of beneficiaries. However, the expected scale of achievement varies by sector and type of investment. Specific examples of the range in scale among blended finance programmes are as follows:

- Under BPP, a partnership between Vietnam Bank for Social Policies and MasterCard Foundation reached 5.1 million beneficiaries—51 per cent women—with mobile micro-banking services.
- Under SFI, Impact Connect’s guarantee-like mechanism, alongside non-financial support of two local banks, supported 129 small-holder farmers with access to \$1.8 million in loans.

Figure 14 shows the breakdown of the total number of direct beneficiaries by programme.

Figure 14: Direct beneficiaries by programme



Note: All data taken from all time at the programme level. Logarithmic scale used to display the wide range of values across programmes. BPP accrued roughly 5 million of its 5.5 million beneficiaries from a single project, focusing on mobile banking for the poor in Vietnam. In some cases, programme data is not included as data-gathering by the BFLP did not produce individual beneficiary numbers for that programme. Neither AIFFP nor ACFP is listed given the early stage of the single investments that were made not long before the BFLP reporting period ended.

Given the nature of blended finance programmes, which support projects with long roll-out times, it is imperative for results to be monitored well after the deployment of DFAT funds. Since beneficiary numbers for most blended finance programmes are expected to continue to rise over time, a period of at least two years post investment is recommended.

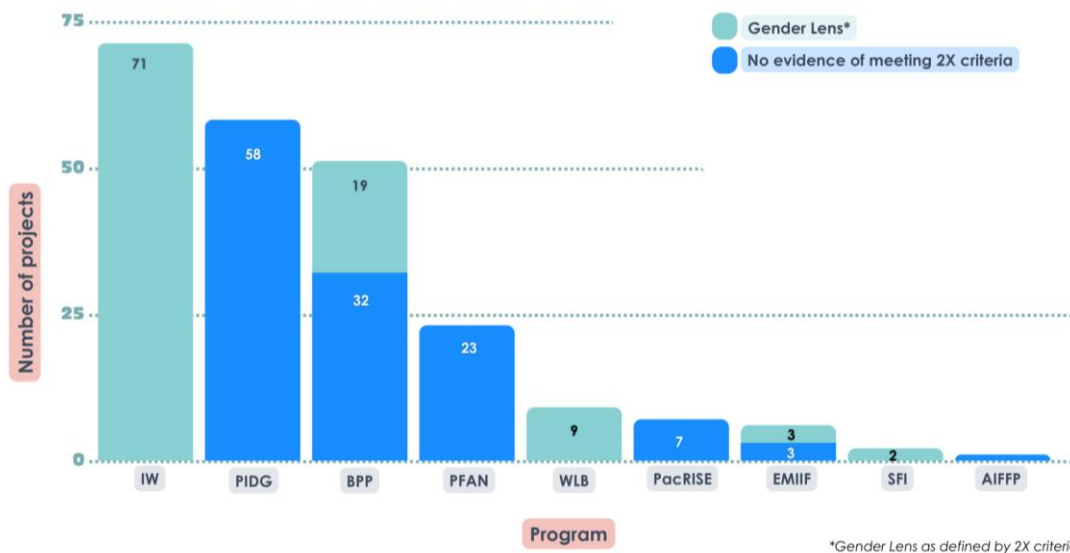
3.2.1 Increasing Inclusive Economic Growth

The portfolio-level measurement framework has two performance indicators for measuring inclusive economic growth: capital allocation with a gender lens and jobs created from the capital allocated.

3.2.1.1 Capital Allocated with a Gender Lens

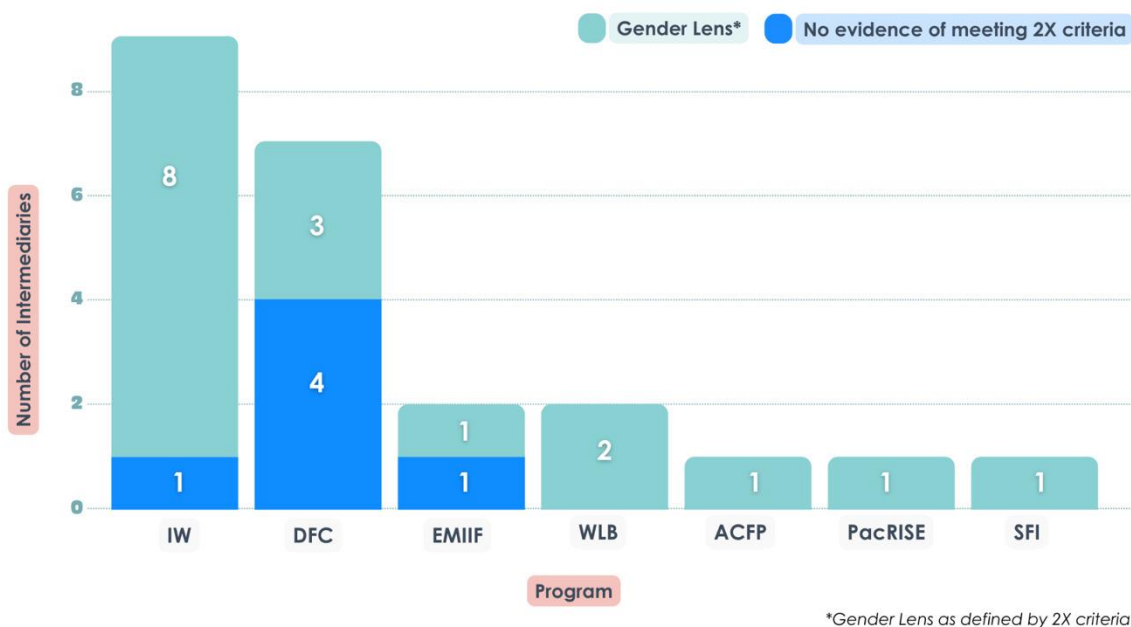
The Development Finance Review recognised Australia’s strong focus on gender equality and successful gender lens investing and track record through mechanisms such as EMIIF and the Investing in Women program. At the portfolio level, the primary measure of success is the percentage of projects and funds supported with a gender focus (‘gender lens’). 104 of 228 (45.6 per cent) of investments and 16 of 21 funds (76.2 per cent) have had a gender focus:

Figure 15 Gender investments span programmes



Note: The above figure displays project-level investments, which may only represent a subset of the investments made by each program.

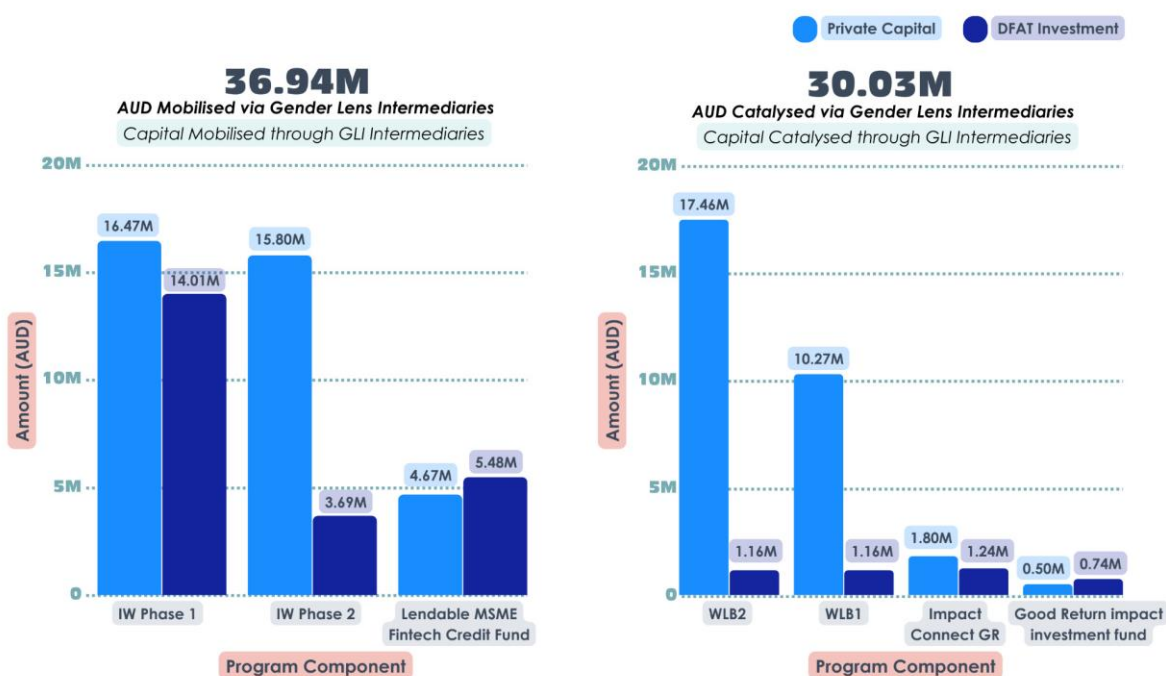
Figure 16 Number of Gender Lens Investing (GLI) intermediaries supported, by programme



Note: Only intermediaries that received DFAT investible capital are shown.

Nearly 20 per cent of crowded-in capital has supported gender-focused financing, even prior to capture of the full effects of project implementation. Figure 17 provides the breakdown: \$36.94 million (12.20 per cent of \$302.59 million) of capital mobilised and \$30.03 million (30.34 per cent of \$98.97 million) of capital catalysed.

Figure 17: Gender-focused capital mobilised and catalysed, by programme



Note: DFAT works with many intermediaries and invests in many projects that are not currently applying a gender lens (as defined by the 2XCriteria) with the intention of helping them improve their GLI capacity. One example is IW and EMIIF's investment in Ascend Ventures Vietnam to improve the fund's GLI performance, although the fund itself had not yet reached 2X standards. That investment mobilised AUD56.9 million in private capital. DFAT investment information was not broken down by individual loans for WLB data, so it is not included in the investment-level information on the rightmost plot. However, it is likely that the AUD27.7 million of investments made through WLB may qualify as GLIs.

Gender equality is at the core of DFAT's strategy.¹⁶ Australia is seen as a leader on gender equality across its overseas development assistance programming. Its blended finance portfolio programming further progresses this reputational benefit. Following a meta review of existing impact measurement data, performance evaluations, research and knowledge products, and other reporting from across the DFAT's blended finance programmes, there is ample evidence to conclude that the portfolio has contributed to systems change for gender equality in the financial sectors across the Indo-Pacific region. These systems changes include:

1. **Building the market for GLI in SME finance** by demonstrating effectiveness and efficiency of investment approaches. IW supported established impact investors to expand their gender focus, then extended support to local impact investors. EMIIF is focusing support on GLI funds and those that require technical assistance to shift their focus to gender investment.
2. **Setting GLI-sensitive standards and safeguards that are in turn applied** by multilateral, country, and investor partners. PIDG's climate, Health, Safety, and Environment Standards (HSES), environmental, social, and governance standards (ESG), and gender standards and approaches are industry-leading in the infrastructure sector. PIDG's approach to GLI emphasises women empowerment instead of simply increasing women's access to finance.
3. **Removing bias from processes within financial intermediaries**, contributing to changes in how capital is allocated and improving workforce conditions. EMIIF helps intermediaries and portfolio companies apply market-leading gender equality practices.

¹⁶ See the Foreign Policy White Paper, DFAT's Gender Equality and Women's Empowerment Strategy (2016) at <https://www.dfat.gov.au/about-us/publications/gender-equality-and-womens-empowerment-strategy>.

4. **Raising awareness among stakeholders (investors, philanthropy, governments)** by producing knowledge products that provide evidence on the benefits of GLI. While reporting in this area has been more qualitative than quantitative, the BFLP team notes that anecdotal evidence from all programmes showed that DFAT investments have played concrete roles in increased levels of awareness at the ecosystem and direct partner levels. The challenge ahead is to record this more systematically through regular detailed surveys that quantify both stakeholder affected and levels of increased awareness.
5. **Providing GLI technical assistance** to impact investors, funds, and government partners. PacRISE, PFAN, EMIIF, and SFI Frontier Brokers feature technical assistance as central to their theory of change. Through the Convergence Design Window, ACLF received gender lens technical assistance.
6. **Creating innovative GLI structures** that can be scaled to facilitate access to finance for women, increased capital allocation by women for women, and fill a market gap in products and services for women. Notable examples include MHFV and the WLB series.
7. **Influencing partners and the market** to expand gender investing or to incorporate gender tools such as gender assessment and analysis. All of DFAT's investments incorporated gender assessments and tools in their due diligence processes and ensured investees did the same.
8. **Surfacing organisational learnings from the range of GLI approaches and applying them.** DFAT has learned from each of its investments, and as an organisation has applied these learnings in future programmes and supported partners with these lessons. Two examples are incorporation of learning from IW into iWISER programme design and support to investment partners through multiple programmes as that partner's needs evolve. BIDUK received support to develop its access to finance vehicle from SFI Frontier Brokers, and then both reached stretch targets under SFI and received follow-on support from IW. This helped BIDUK refine its model of serving the Indonesian market locally and allowed implementing partner Athena Global to raise additional funds.

Table 1 assesses these system changes using the Springfield Centre's Adopt-Adapt-Expand-Respond (AAER) framework.¹⁷ Please see Annex 6 for additional information on the AAER framework.

¹⁷ Adopt-Adapt-Expand-Respond (AAER) Framework to assess systemic change, accessed at <https://beamexchange.org/resources/130/> in August 2022.

Table 1: Applying the AAER systems change framework to DFAT’s blended finance portfolio

<p><u>Adapt (partners)</u></p> <ul style="list-style-type: none"> Partners who were introduced to gender lens apply GLI and continue to adapt their approaches beyond DFAT investment period. 	<p><u>Respond (network)</u></p> <ul style="list-style-type: none"> DFAT is recognised as a contributing actor in advancing the narrative on gender equality and gender lens investing in the Indo-Pacific. Research and knowledge products developed with support from DFAT build awareness and capacity among a wider set of actors in the region. Partners raise awareness and influence their networks in gender equality and GLI.
<p><u>Adopt (partners)</u></p> <ul style="list-style-type: none"> DFAT incentivises investors and supports direct investments to prioritise GLI that does not crowd out the private sector / distort the market. Qualitative evidence shows that partners developed these priorities to work with DFAT. DFAT leverages strong partners in GLI for demonstration effect, capacity-building, and immediate, sustainable gender outcomes. Partners create innovative GLI mechanisms that build market understanding of solutions that meet the needs of SMEs and women-led SMEs in the Indo-Pacific. Partners develop women focused and GLI policies and practices with and/or following DFAT support. 	<p><u>Expand (ecosystem)</u></p> <ul style="list-style-type: none"> Multi-donor trust fund programmes raise standards and safeguards in gender in response to DFAT advocacy and actions. These become the standards recognised by DFIs as particularly rigorous.

The portfolio proves that blended finance can deliver powerful results on gender equality. The portfolio influences its partners and partners of its partners. Each DFAT program has employed slightly differentiated gender equality strategies to suit the context, mechanism, and time at which the investment was made. Table 2 describes the range of strategies and notes the systems changes (referencing the numbered list above), which have been achieved to date by programme.

Table 2: DFAT’s blended finance programmes apply differentiated gender equality strategies

Programme	Gender Equality Strategy
AIFFP	<p>Recognising the evidence that infrastructure projects have different effects on men and women (particularly those with disabilities), AIFFP includes gender equality and disability inclusion as a component in the design, implementation, and monitoring and evaluation of all supported projects. This includes ensuring projects meet the distinct infrastructure needs of women and men, ensuring contractors have the support and capabilities to address gender issues, and supporting government partners to advance their own gender-equality priorities. Through application of social and environmental safeguards during the due diligence on its investment in Palau Solar, AIFFP supported the partner to address issues in the supply chain pertaining to modern slavery.</p> <p><i>Systems Changes: 1, 2, 4, 5, 7</i></p>
ACFP	<p>Women play a significant role in many climate-related sectors, including forestry, the focus of the programme’s first investment in New Forest Fund’s TAFF2. Fund manager ADB has committed to taking a gender lens approach, including adopting a gender scorecard, requiring investees to implement a gender action plan, taking a gender-inclusive national first employment approach, and providing skills training for female plantation workers. ADB provides capacity-building to the New Forest Fund to support these gender activities.</p> <p><i>Systems Changes: 1, 3, 4, 5, 7</i></p>
BPP	<p>BPP introduced a gender approach as the programme evolved to bring it in line with DFAT’s gender equality priorities. Later rounds also require gender equality to be a significant or principal objective of partners. Applicants and selected partners are supported by gender advisors to help clarify and strengthen gender objectives and strategies. The completion report reveals that this approach encouraged 84 per cent of partners to adopt gender policies or a more gender sensitive approach in their business model. BPP developed a gender framework that includes three domains of change for contributing to gender equality, access to assets, increase in agency, and protection.</p> <p><i>Systems Changes: 1, 3, 4, 5, 6, 7, 8</i></p>
DFC partnership	<p>Through the DFC partnership, DFAT invested in the Indonesia Resilience Fund is a gender investing vehicle in healthcare. The gender lens strategy is based on 2XCriteria and was co-developed by Nickel, DFC, DFAT, and United States Agency for International Development (USAID). It adopts a blend of approaches to ensure benefits reach women and girls. Strategies include ensuring local financial intermediaries are committed to promote gender-balanced leadership (50 per cent of intermediaries meet 2XCriteria), addressing workplace gender equality internally, and promoting products that address the needs of women and girls. DFAT commitment to the IRF was dependent on a rigorous gender strategy, for which DFAT provided technical input.</p> <p><i>Systems Changes: 1, 3, 4, 5, 7</i></p>

EMIIF	<p>EMIIF encourages regional impact investors to adopt additional and rigorous approaches to impact management and gender investment. To achieve this, they look internally at power dynamics and decision-making processes which may limit gender and social equity outcomes, build capacity of financial intermediaries in impact management and gender investment, and capture and disseminate learnings on gender investment. Given the capacity-building approach and resources available, EMIIF chooses to work with some financial institutions that do not yet apply a gender lens to shift key actors towards gender investment.</p> <p><i>Systems Changes: 1, 3, 4, 5, 6, 7, 8</i></p>
IW	<p>The investing component of IW was established to advance WEE through impact investment into WSMEs. IW took a direct and indirect approach to building the gender investing market in the Indo-Pacific. By engaging experts, conducting research, and creating knowledge products, the programme built both DFAT and other actors' knowledge and awareness in gender investing. Experts were engaged to build the capabilities of impact investing partners, including on how to develop gender strategies, and IW capital was for the exclusive investment in WSMEs. Through this, IIPs built the capabilities and a track record in gender investing, becoming champions through platforms and opportunities such as AVPN and the Gender Smart Summit, supported by IW's partnerships with market builders.</p> <p><i>Systems Changes: 1, 2, 3, 4, 5, 6, 7, 8</i></p>
PIDG	<p>PIDG strongly supports Australia's gender objectives, and Australia has contributed to PIDG through its advocacy and actions that helped reform PIDG's governing structure and led it to adopt industry leading HSES and gender standards. PIDG has a comprehensive approach to gender investing as it emphasises women's empowerment beyond increasing women's access to finance. PIDG is an industry leader demonstrating how gender equality standards can be implemented in infrastructure projects. This has contributed to additional funding and investments for PIDG projects an awareness and adoption of PIDG gender and HSES standards among PIDG's direct investments and a wider network of DFIs and partners.</p> <p><i>Systems Changes: 1, 2, 4, 5, 7</i></p>
PFAN	<p>While Australia's capital contributions to PFAN are concentrated in the Indo-Pacific region, its contributions as a donor within a multi-donor trust fund include driving gender mainstreaming across PFAN's global projects. As a result of DFAT's influence, Value for Women was invited to support PFAN to integrate gender practices into their processes and build capabilities. This mainstream was conducted between 2021–2022 and has included establishing gender lens focal points within PFAN, a gender lens training for project advisors, a project evaluation tool, a set of recommendations for supporting women entrepreneurs, and awareness raising through ecosystem webinars on applying a gender lens to climate entrepreneurship.</p> <p><i>Systems Changes: 2, 4, 5, 7</i></p>
PacRISE	<p>PacRISE sought to work with private investors that understand the value of investing in women, applying a gender lens to all investment decisions. PacRISE also assessed sectors that would be the most promising for gender</p>

investments. Criterion Institute were recruited to create knowledge products on gender investing, including tools and publications, workshops and training, and engaging investors and intermediaries to pay attention to power and gender dynamics. The work with Criterion Institute led to lessons that have been adopted across DFAT. The completion report finds that these activities were well received and helped introduce and reinforce good GLI practices among partners. In addition, 90 per cent of PacRISE's portfolio targeted outcomes for women.

Systems Changes: 1, 3, 4, 5, 6, 7, 8

SFI Frontier Brokers SFI, including Frontier Brokers, worked with Criterion Institute to develop a gender strategy for the programme, and Moonshot revised the MEL framework to incorporate gender metrics. The Frontier Brokers' innovative procurement process introduced awareness-raising and supported the co-creation of gender investing experiments by partners. DFAT funded a Brokers' Network to raise ecosystem awareness on gender investing through activities such as a podcast, video explainer, and events.

Systems Changes: 1, 3, 4, 5, 6, 7, 8

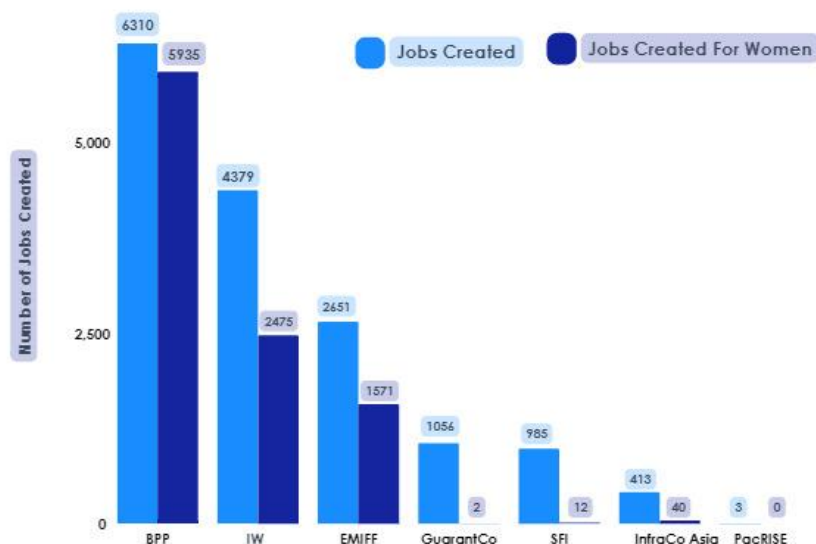
WLB WLB, structured and managed by IIX, advanced gender investing by unlocking new sources of capital from private-sector investors, demonstrating the viability of GLI products and effective use of donor capital to accelerate GLI, and influencing investees through reporting requirements. WLB3 introduced investee gender action plans in loan agreements. IIX's Orange Bond Initiative aims to make it easier for others to issue gender bonds. DFAT was among the first donors to support this innovative solution that continues to scale and generate results in gender equality.

Systems Changes: 1, 3, 4, 5, 6, 7

3.2.1.2 Jobs Created from the Capital Allocated

Several DFAT blended finance programmes focus on supporting SME growth. At the portfolio level, the primary measure of success is the number of full-time equivalent jobs created, disaggregated by gender. Since 2012, DFAT’s blended finance programmes have supported the creation of 15,797 jobs, of which 10,035 (63.5 per cent) were filled by women (See Figure 18).

Figure 18: Jobs created for women compared with total jobs created, by programme



Note: Data are from all time at the programme level. SFI data show jobs created and sustained. PFAN data are not shown because they include predicted numbers for jobs created. If any other programme is not in the above plot, data-gathering by the BFLP did not produce a "jobs created" number greater than 0.

While there is meaning in tracking jobs created, the indicator has limitations. A BFLP review of definitions across DFAT blended finance programmes and availability of benchmarks both within DFAT and in publicly available literature found that definitions varied so significantly that a direct comparison of costs-per-job across programmes that targeted SME growth (BPP, EMIIF, IW, PacRISE, and SFI) was not possible. The definition used by EMIIF was the most comprehensive, and evidence was the most well documented.

The BFLP team reviewed cost-per-job-created across the portfolio to capture programme efficiency. However, benchmarking is meaningful only with harmonised definitions and a DFAT-wide comparator, which could not be identified. Furthermore, a review of the literature revealed major differences in how this indicator is tracked by bilateral and multilateral donor agencies.¹⁸ A recent IFC

¹⁸ Researchers—for example David Robalino in his World Bank blog “How much does it cost to create a job?” accessed at <https://blogs.worldbank.org/jobs/how-much-does-it-cost-create-job> in August 2022—often point to the fact that the cost per job doesn’t go far enough since there are other aspects of the economic value and social rate of return to capture on the creation of a job. At a minimum, DFAT-funded programmes should define job creation using the following criteria to make data more comparable across programmes.

- Duration of employment
- Pay and benefits
- Extent to which persons are working up to their reproductive capacities
- Extent to which employment provides transferable spill overs benefiting other workers or firms or the household

study¹⁹ revealed that, across its portfolio, every \$1 million loaned from banks and financial institutions to SMEs²⁰ in developing countries over a 2-year period was associated with an average of 16.3 permanent jobs created.²¹ The study compared firms that received funding to firms that did not have access to finance. The cost-per-job-created for the SMEs was about USD61,350 or AUD82,086 in financing.^{22, 23} Data used to calculate this figure was from the World Bank's Enterprise Survey and IFC's tracer surveys, which yielded information on from 50,257 firms operating in 129²⁴ developing countries, in which 1,755 of the firms received a loan and the remaining 48,502 were without a loan (and served as the counterfactual).²⁵ Within the sample dataset, 43 per cent (weighted) were in the manufacturing sector, 50 per cent (weighted) were in services, and the rest in construction and retail. Firms in the agricultural sector were excluded from the sample. On average, the SMEs have been in business for about 15 years (weighted), while 39 per cent (weighted) are woman-owned.

The BFLP showed that EMIIF's cost-per-job-created to date has been AUD31,975.90, of which approximately 13.7 per cent came from DFAT investible capital. Calculations were made by taking the total DFAT investible capital plus the total private capital, divided by the number of jobs created as reported by the programme.

¹⁹ *Small Business, Big Growth, How investing in SMEs creates jobs*, IFC, March 2021, accessed at

[https://www.ifc.org/wps/wcm/connect/2c499fd9-a2e8-4fac-9833-](https://www.ifc.org/wps/wcm/connect/2c499fd9-a2e8-4fac-9833-145620746fc4/IFC_SME_Report_2021_FA_digital.pdf?MOD=AJPERES&CVID=nCL6R9f)

[145620746fc4/IFC_SME_Report_2021_FA_digital.pdf?MOD=AJPERES&CVID=nCL6R9f](https://www.ifc.org/wps/wcm/connect/2c499fd9-a2e8-4fac-9833-145620746fc4/IFC_SME_Report_2021_FA_digital.pdf?MOD=AJPERES&CVID=nCL6R9f) in August 2022.

²⁰ A micro or small enterprise has 1-49 employees and a loan size of less than \$100,000, while a medium sized enterprise, has 50-300 employees and a loan size of less than \$1,000,000.

²¹ The study looks at permanent jobs only. Data available from the World Bank Enterprise Survey, from which the IFC study draws its raw data, uses the following definition for Number of Permanent Full Time Workers as: *Permanent, full-time employees are defined as all paid employees that are contracted for a term of one or more fiscal years and/or have a guaranteed renewal of their employment contract and that work 8 or more hours per day.* There is no indicator for permanent part time workers.

<https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/Indicator-Description.pdf>

²² Converted based on the average USD-AUD exchange rate of 1.338 AUD to USD.

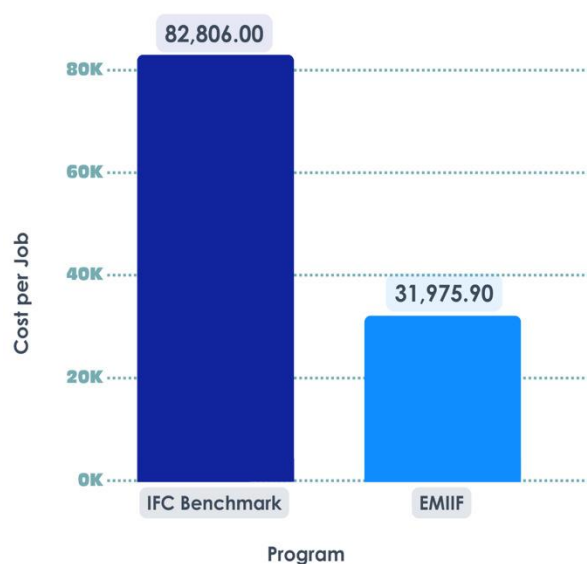
²³ While the IFC study observes correlation between loan and subsequent job growth after controlling for firm- and country-level variables, it does not draw any conclusion on causation.

²⁴ The IFC report does not list which 129 countries from the dataset were represented in its calculations. However, the full list of countries included in the Enterprise Surveys can be found here:

<https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/ES-map-global-coverage.pdf>. Note that the data used for the IFC report was from 2006 - 2015 and this list includes countries surveyed as of 2021.

²⁵ This study defines SMEs as those with less than 250 employees.

Figure 19: EMIIF spotlight: cost-per-job-created compared to benchmark



Note: Data for EMIIF are calculated at the intermediary level. Cost-per-job-created is calculated by dividing the total amount of capital flowing to each fund, (DFAT's investment, other public partner' investments, and all private capital) and dividing by the number of jobs created. AVV was excluded from EMIIF's numbers as the fund was closed in late 2021 and did not yet have impact data at the time BFLP gathered data.

Moving forward, the BFLP team recommends:

- More rigorous capture and evaluation of job creation as an explicit goal at DFAT to substantiate the linkage and further demonstrate how access to finance and investment leads to job creation.
- Blended finance programmes harmonise around the EMIIF KPI—Jobs Created at Directly Supported/Financed Enterprises: Total— and definition— net number of new full-time equivalent employees working for enterprises financed or supported by the organisation between the beginning and end of the reporting period, disaggregated by male and female.
- Blended finance programmes track a supplementary KPI—percentage change in annual sales of SMEs receiving DFAT-funded assistance, derived from the yearly revenues of SMEs at and after investment—to generate a more complete view on outcomes.

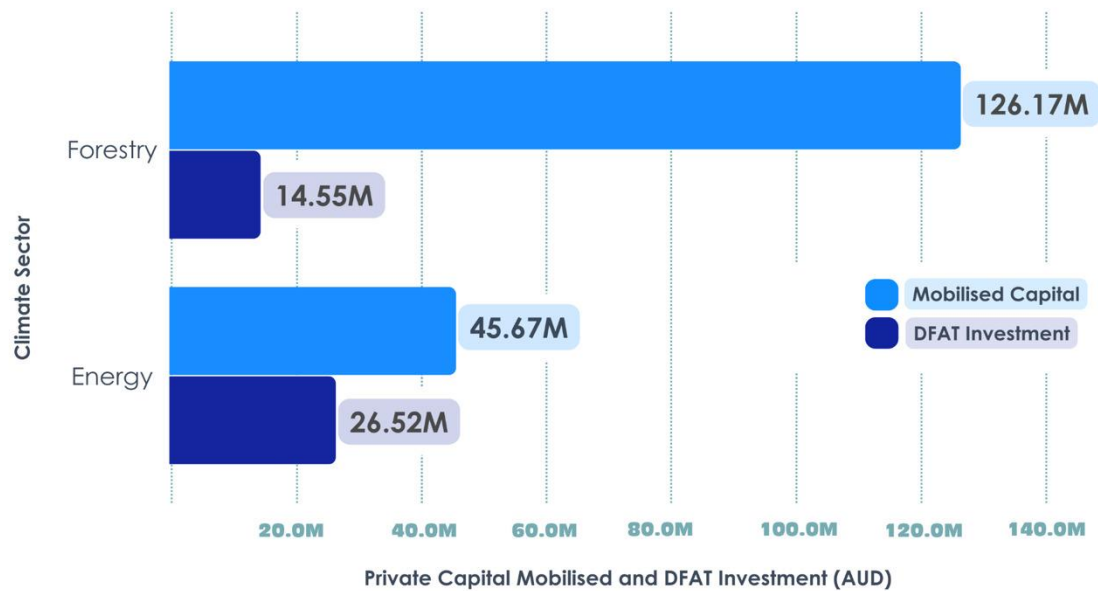
3.2.2 Improving Climate-Change Mitigation and Adaptation

Australia is committed to supporting the Indo-Pacific with its net-zero transition approach. The Development Finance Review found Australian Government blended and climate finance mechanisms operating in Southeast Asia are performing well, although at small scale.²⁶ There is great potential to apply the range of blended finance approaches to support climate finance since many commercial investors see climate-focused investments as too risky. For example, an outdated regulatory environment may discourage investors from supporting new emissions-reducing technology. Uncertainty around overcoming regulatory barriers is especially true in developing economies. Blended finance, however, makes use of lesser amounts of concessional donor funds to rebalance the risk-reward equation for pioneering investments.

²⁶ [Development Finance Review](#), Key finding 8.

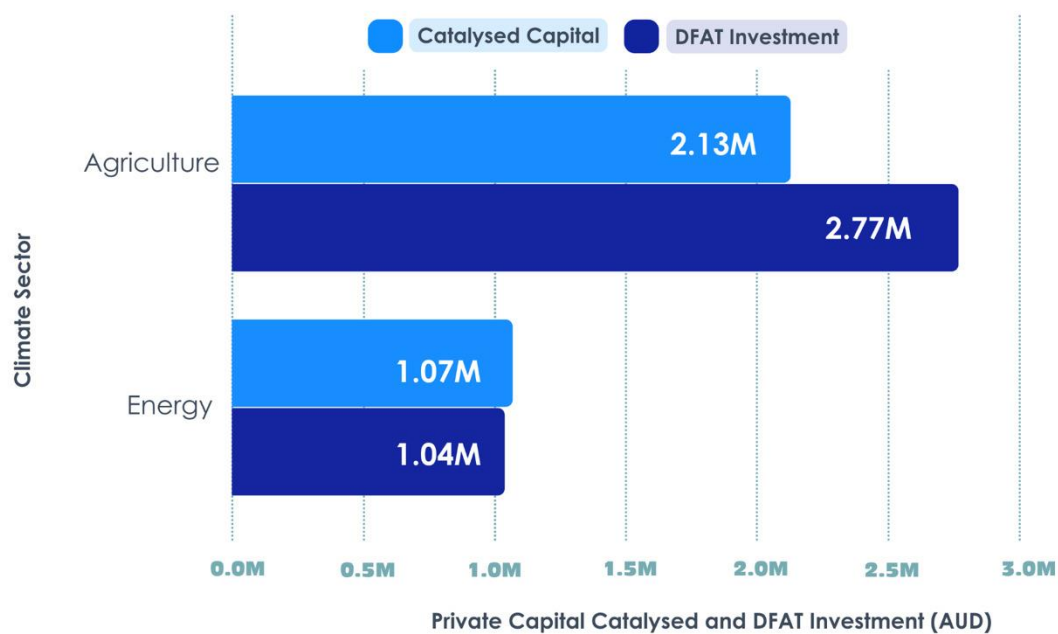
To date, DFAT has mobilised \$171 million in private capital from an investment of \$41 million and catalysed an additional \$3.2 million from \$3.8 million of investments that address climate change. Figures 20 and 21 show the breakdown of these numbers by climate sector.

Figure 20: DFAT private capital mobilised, by climate sector



Note: Capital mobilised is for all time but limited to those programmes that had established and applied standards related to climate: ACFP (forestry) data is from a single investment at the intermediary-level and PIDG (energy, infrastructure, transportation, manufacturing, and agriculture) data is drawn from across their portfolio at the investment level. For PIDG investments to be included they had to be classified, using internal criteria, as a level II or level III investment.

Figure 21: DFAT Private capital catalysed, by climate sector



Note: Data are entirely from BPP investments, over all time. Catalysed numbers are likely to rise as BPP Phase 2 continues, as many projects are in the early stages. AIFFP is not included since no capital was catalysed. However, it is notable that DFAT made a \$22 million investment in Palau Solar.

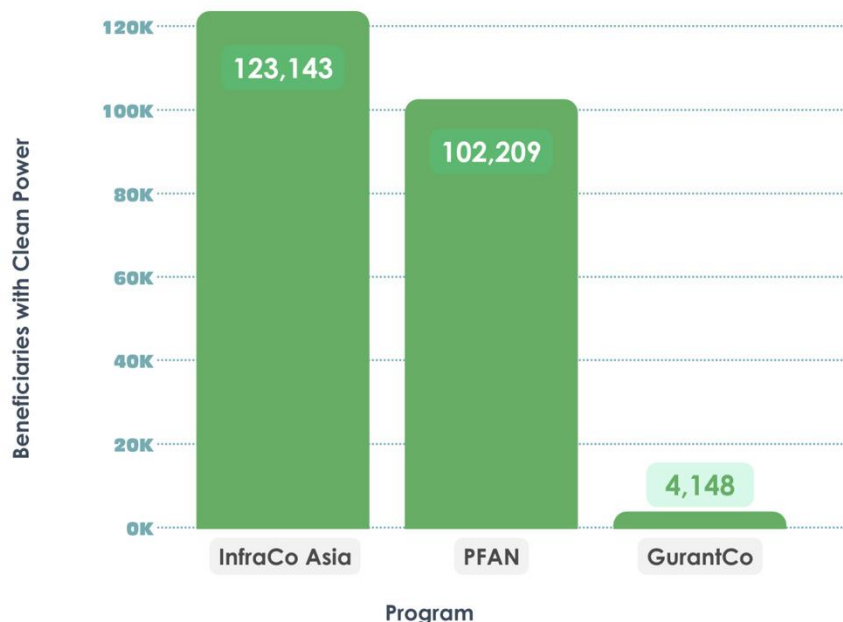
There is currently discussion across the Australian government and within DFAT on how to best define and most comprehensively track outcomes that contribute to climate-change mitigation and adaptation. Development outcome indicators that could be easily rolled up across the portfolio with existing data include:

- Number, percent of projects focused on climate outcomes (or green investments), with metrics explicitly linked to carbon reduction
- Amount of sustainable energy capacity
- Amount of greenhouse gas emissions avoided or reduced by the organisation during the reporting period
- Number of people with access to clean power

Climate adaptation outcomes have been neither targeted nor tracked in the past and doing so presents an opportunity in the future.

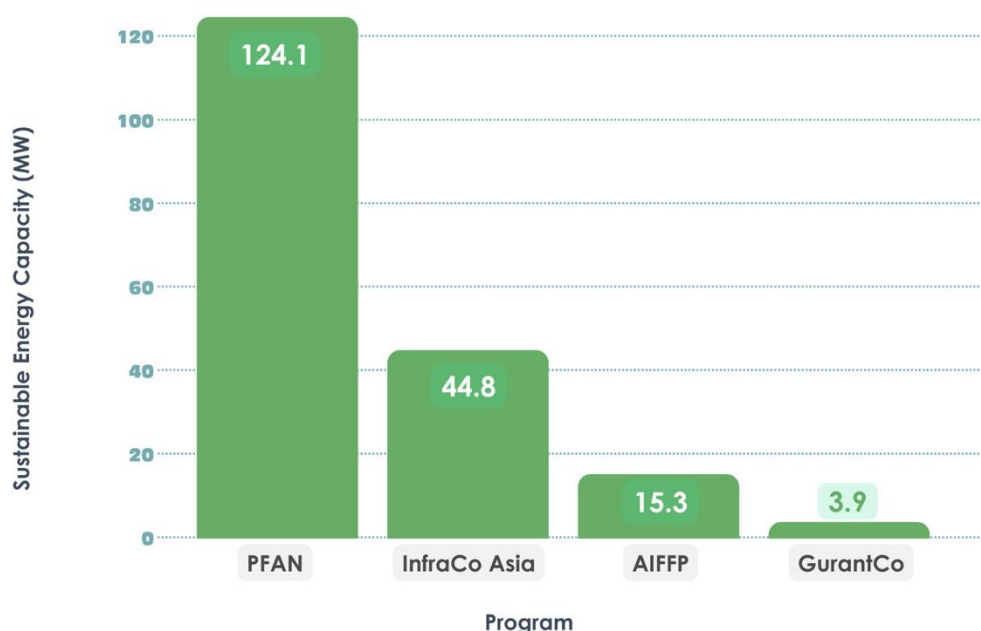
Across the portfolio, PIDG, BPP, PFAN, and AIFFP recorded green investments across 14 countries. PIDG had 28 of 58; BPP had 12 of 51; PFAN had 23 of 23; and AIFFP had 1 of 1. Other programmes either recorded a neutral climate focus or did not gather data regarding a climate focus. For those programmes that tracked and yielded positive climate effects, the key metrics tracked were the number of beneficiaries with access to clean power and the amount of sustainable energy capacity produced (see Figures 22 and 23).

Figure 22: Number of beneficiaries gaining access to clean power, by programme



Note: Data are taken from the programme level over all time. For PFAN, beneficiaries with clean power were calculated by multiplying the number of households with new access to clean energy by the average household size in each country. Numbers should therefore be considered estimations for PFAN. For PIDG, beneficiaries with new or improved access to infrastructure were counted as receiving clean power when PIDG recorded the project as a clean energy project.

Figure 23: Amount of sustainable energy capacity (MW) produced, by programme



Note: Data are taken from the programme level over all time.

Through PIDG's InfraCo Asia, DFAT can access a mechanism that has a proven track record of attracting new investors into clean energy. InfraCo Asia does this in part by supporting investors to make successful exits from their investments in a shorter timeframe than if they stayed throughout the life of the investment. For example, out of 18 projects developed under InfraCo Asia since 2013, 14 have reached financial close and 4 have had successful exits (fully exited and InfraCo Asia capital was recycled). The Coc San Hydropower Project is a run-of-river plant located in Vietnam's Lao Cai province. InfraCo Asia short-listed the project in 2012 and provided a \$10 million loan to help achieve financial close and \$5 million from PIDG's TAF to support project development. Financial close was achieved in 2014, and the plant has been operating steadily since launching commercial operations in April 2016, supported by a 20-year power purchase agreement with Northern Power Corporation. InfraCo Asia's 33.4 per cent equity in the \$44.5 million project was sold to Tokyo Electric Power Company Holdings Inc in 2018. This was the first time a major Japanese energy company made an equity investment in Vietnam, highlighting PIDG's additionality in attracting new investors to frontier markets. The investment resulted in 29.7MW of sustainable energy capacity and was the first foreign direct investment in the low-income Lao Cai province.

4. ENGAGING THE PRIVATE SECTOR THROUGH PARTNERSHIPS

The BFLP team developed and tested two measurement models that test whether Australia's strategic interests in the region are advanced through private sector partnerships:

1. A **partnership model, which includes a measurement framework and typology**, reviews and classifies partnership approaches across the portfolio. This was applied through a deep dive into the Investing in Women's partnerships, which **provided evidence on the extent to**

which IW's approach to partnering contributed to added value/results and demonstrated the value of the Partnership Model. Please see the Partnership Model Explainer [insert link] for more information.

2. An **influence measurement model**, which analyses whether and how blended finance development assistance can influence partners and ecosystem actors in areas of Australian strategic and national interest, was applied to a review of DFAT's investment in the PIDG. Box 2 summarises the IW deep dive findings.

Box 2: Deep dive into IW's partnerships approach

Findings from Applying the Partnership Model to IW

IW's partnering approach evolved from a Programmatic to a Strategic approach. The review concluded that elements of the Strategic Partnering approach contributed to achievement of results. If the partnership continues to generate added value over time, it would be classified as a Significant Partnership according to the typology:

1. **Alignment in Partners and DFAT/IW's goals:** The IW team understood that to achieve results beyond the direct IW investments and funding period alignment between IW's and partners' goals was essential.
2. **Engagement of Market Actors:** IW engaged market actors ex-ante of partnerships to understand what would incentivise them to partner with IW. This enabled IW to integrate market needs into the programme design.
3. **"Capital+ Model":** The Capital+ Model was designed to meet partners' non-financial needs alongside capital needs to incentivise the adoption of GLI and increase investment in women. This helped build the business case.
4. **Co-designed performance-based awards:** IW included incentives that were well received by potential partners and contributed to effective capital mobilisation and leverage ratios, increased investments in WSMEs, and increased gender diversity in capital allocators.
5. **Partner Selection Criteria for Potential to Influence:** Changing the behaviour of partners, partners' partners, and the wider ecosystem on GLI was the focus of IW and a core part of the programme strategy. Partners were assessed and selected based on their capacities to influence their networks and the ecosystem.

The Influence Model is linked to the Partnerships Model, but it goes a step further to surface and track whether systems change, or geostrategic interests are being furthered through blended finance programming. Box 3 summarises the PIDG review findings.

Box 3: How DFAT's investment in PIDG enhanced Australia's regional influence

Findings from a Applying the Influence Model to PIDG

A review of DFAT's engagement through PIDG found that Australia was able to exert influence in areas of national and strategic interest – especially gender and ESG not only on direct PIDG partners, but also on network and ecosystem actors in the Southeast Asia region. Findings confirmed that investments in blended finance programmes **can enhance Australia's regional influence because they enable Australia to project its priorities among actors that are normally outside of the purview of both traditional development assistance projects and traditional diplomatic engagements**. By engaging with new private-sector actors in the region's developing countries, Australia can tap into an influential set of ecosystem actors. Influence is exerted directly through partnerships and indirectly on the network actors. In addition, as an early investor in successful regional blended finance programs to promote development outcomes, Australia is positioning itself as a leader in the Indo-Pacific region on blended finance. This will enable it to bring other like-minded partners (such as the United States and Japan) together on blended finance projects led by DFAT.

5. SUSTAINABILITY OF BLENDED FINANCE ADDITIONALITY

A review of the portfolio shows noteworthy strategies for sustainability of results. Network and ecosystem building, provision of support to intermediaries, and prioritisation of local partners were embedded into design or implementation approaches. These strategies echo principles embodied in the [Tri Hita Karana Roadmap](#) for blended finance, a shared value system and guidance that recognises market-wide coordinated action is necessary to more effectively and efficiently deliver financing and development impact for the SDGs. In addition, support to innovative mechanisms that have reached maturity have strengthened the long-term development outcomes achieved.

Funding Network and Ecosystem Building Activities: Donors have a role to play in supporting fragmented actors towards shared goals such as GLI. Often overlooked network and ecosystem building objectives and planned activities to achieve them were embedded into SFI Frontier Brokers, among other programs. Frontier Brokers' innovative and award-winning procurement process used co-creation to engage market actors to inform programme design. In addition, DFAT supported the Frontier Brokers' Network by funding a convenor and providing a small (\$165,000) but flexible budget, part of which was applied to initiatives such as a [GLI podcast series](#) and [awareness-raising video](#), as well as peer-learning sessions. Final evaluation found that the Frontier Broker's network strengthened connections across diverse actors, facilitated learning, provided a space for deepening partnerships that created added value, and expanded the reach of SFI's awareness-raising initiatives to the public. A year after the funding period ended, the Frontier Brokers' Network remains active.

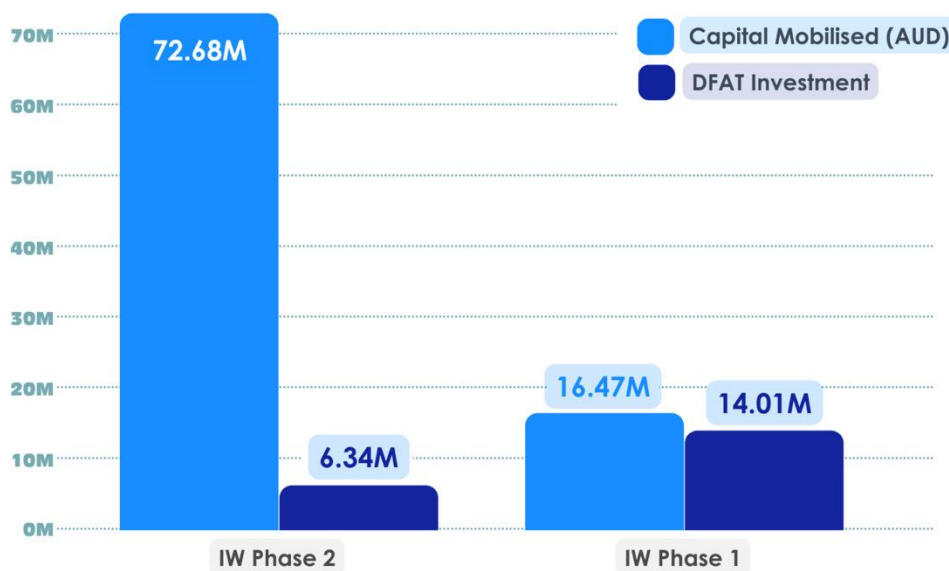
Providing Technical Assistance to Financial Intermediaries and Investees: Sustainability in blended finance is achieved when private-sector market actors increase the share of impact-focused

investment into target sectors (e.g., climate finance) or customer segments (e.g., women-focused SMEs or W-SMEs), and funders decrease their subsidies to those investments. While the blended finance archetypes de-risk investments, non-financial technical assistance helps address constraints for both intermediaries (e.g., funds and banks) and potential investees. All programmes in the portfolio support technical assistance, and there are numerous examples of improved fund and bank processes and increased investment readiness, which can be linked to technical assistance activities. Results from EMIIF are notable for how they contribute to growth and development of the market.

Prioritising Local Partners: Following the misstep under PacRISE of working solely with established regional intermediaries with limited country-specific knowledge and experience, most DFAT blended finance programmes that followed—including BPP, IW, EMIIF, and SFI—included localisation elements in their design. One example of localisation success follows:

- IW’s Phase 1 partnerships were formed with impact investors known to be effective and highly reputable to meet goals of demonstrating GLI effectiveness and inspiring other investors. When programme strategy shifted in Phase 2 to ensure sustainability and embed the GLI models, local IIPs were engaged as partners. Initially, they required strengthening in GLI approaches and were slower to achieve capital mobilisation, and their ability to influence other local actors was evident. Prioritising local partners also led to increased mobilisation ratios. IW mobilised \$89.3 million, for a ratio of 4.33. Phase 1 partners mobilised \$16 million with a leverage ratio of 1.2, while Phase 2 partners mobilised \$73 million with a leverage ratio of 12.2 (see Figure 24).

Figure 24: IW mobilised private capital at a much higher ratio in Round 2 with local partners compared to Round 1 with regional partners

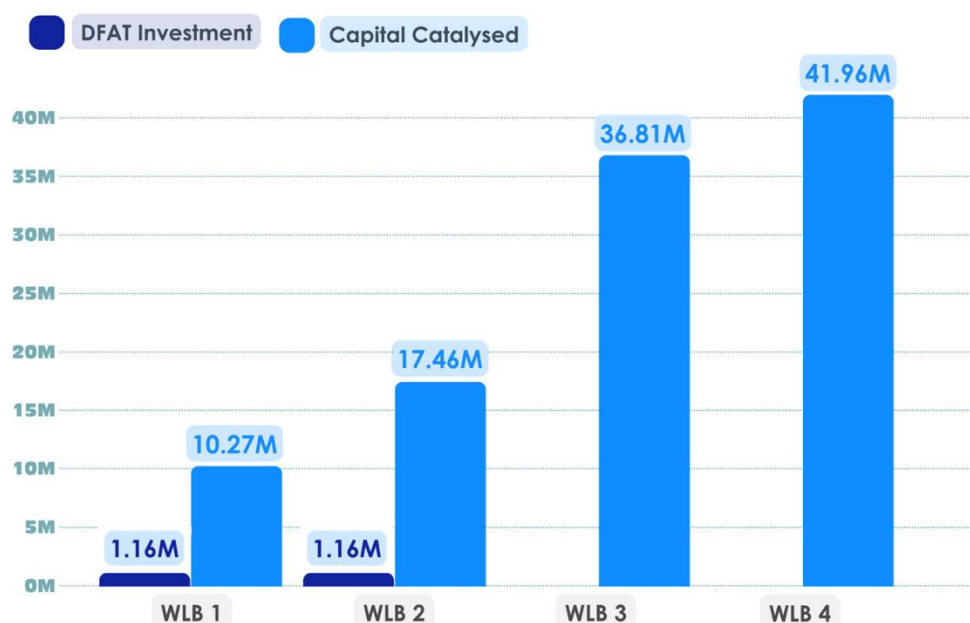


Note: IW Phase 1 Includes Root Capital, C4D Partners, Patamar Capital, and Small Enterprise Assistance Funds (SEAF). IW Phase 2 Includes Ascend Vietnam Ventures, InBest Ventures, BIDUK, Indonesia Women Empowerment Fund, Foundation for a Sustainable Society, Inc, Manila Angel Investors Network (MAIN).

Investing in Innovative Products that Reach Maturity: Finally, DFAT has supported the Women’s Livelihood Bond, which has been reissued three times. The WLB has provided investors with a strong

return and has met or exceeded social impact targets. Figure 25 shows the long-term payoff of DFAT’s investment into this pioneering mechanism. DFAT’s total investment into WLB was AUD1.2 million, which was returned to DFAT and reinvested into WLB2. Over time, WLB has generated \$106.46 million in catalysed private capital. In 2021 WLB4Climate, a AUD240 million (USD150 million) WLB Series was launched. It is expected to create sustainable livelihoods for over 3 million women in India, Indonesia, Cambodia, and the Philippines.

Figure 25: Sustainability of DFAT’s Initial Investment into the Women’s Livelihood Bond



Note: WLB3 and 4 occurred without DFAT Investment but are displayed to show the sustainability of DFAT-backed models.

6. EVIDENCE AND LEARNING

Generating and disseminating learning and evidence on blended finance approaches can increase awareness of effective models within DFAT, and among partners and non-partners, and eventual adoption. The BFLP team collected the following metrics from programmes that tracked them:

- Evidence and learning generated on blended finance approaches
 - Number of knowledge products, guidance documents, or case studies / impact stories on approaches produced and disseminated
- Effective blended finance approaches adopted across DFAT and among its partners
 - Number of blended finance models in the BFLP portfolio replicated by DFAT or partners

Across the portfolio, 131 knowledge products have been produced to date: 64 case studies or impact stories, 19 reports on results and lessons learned, and 48 guidance and how-to documents (92 per cent of which are fully or partially funded by DFAT). Programmes that were fully funded by DFAT and took an experimental approach—BPP, IW, PacRISE, and SFI Frontier Brokers—all included generation of evidence and learning activities. Most of the learning documented and reported by

partners and attributed to DFAT aligns with the DFAT thematic priorities of gender and inclusion, impact measurement, partnerships, and safeguarding.

The BFLP team's review did not surface any knowledge products produced to date, which investigated the most effective models for blended finance. The review did not cover the Convergence Design Window's materials, which have not been widely disseminated since they are being used only by grantees in the design of mechanisms in advance of their launch.

WLB sets a particularly strong example in generating and disseminating evidence and learning on blended finance approaches. As a first-of-its-kind financial product on the Singapore stock exchange, the innovation and design process were well documented. IIX received significant media coverage and launched the Orange Bond Initiative to encourage other market actors to create similar bonds. There are now over 20 similar bonds worldwide.

Evidence and learning have been disseminated externally through a range of platforms including websites, ecosystem events, and webinars. For example, insights on GLI from both IW and SFI have been shared through the AVPN conference, and AIFFP presented on "The future of safeguarding" at the Development Partners Safeguards Coordination Committee E&S COP. Awards—for the WLB model, Impact Connect model, SFI Procurement approach, and Investing in Women Capital+ model—have also helped raise awareness of effective approaches.

Evidence of replication of approaches is limited, as replication is not systematically monitored. However, anecdotally, half of DFAT's programmes report that other players are adopting approaches. Some examples cited by Programme Officers were IW's Capital+ model, and AIFFP's approach to safeguarding in the solar PV sector. Programmes implementing a unique model, like EMIF, through its creation of a GLI-focused fund of funds, demonstrate what can be achieved by a market-building approach. Further exploration of EMIF's experience is highly recommended.

DFAT Programme Officers share and access learning and evidence about blended finance approaches through cables, briefings and memos, strategy documents, evaluation reports, and informal conversations with colleagues. Cables and informal conversations have reportedly been the most consistently used. Channels do have limitations, however. For example, cables are usually brief and short-lived in people's memories.

DFAT has shown strengths in sharing learning internally. When surveyed (see Table 3 for survey results summary), DFAT programme officers reported learning from DFAT colleagues and programmes to some extent (5.16 on a scale of 1 to 7) and applying these lessons (4.67 on a scale of 1 to 7), suggesting room for improvement for generating and disseminating evidence and learning.

Table 3: Learning shared by DFAT programme officers informs decision-making*

Internal Learning	Applications of Learning	Learning from Partners
<ul style="list-style-type: none"> • IW learned from EMIIF and SFI. • AIFFP learned from PacRISE and PIDG. • BPP and ACFP learned from EMIIF. • PIDG learned from ACFP and AIFFP. • EMIIF learned from DFC, IW, PacRISE, and PIDG. • Most learning has been drawn from EMIIF. 	<ul style="list-style-type: none"> • IW seeks input from GEB and DFS on approvals. • AIFFP based their gender equality considerations on the PIDG framework. • Learning from EMIIF informed BPP's impact logic. • PIDG and EMIIF programme officers are sharing lessons. 	<ul style="list-style-type: none"> • GenderSmart (partner and thought leader on GLI) • Criterion Institute (partner and thought leader on GLI) • World Bank (tools and templates) • Convergence (partner and thought leader on mechanism design) • Dutch Good Growth Fund (other donor) • BII Catalyst Fund (other donor).

*Results are based on a survey conducted by the BFLP team.

DFAT served as a learning partner in programmes such as SFI Frontier Brokers and BPP. This both worked well and proved challenging. For example, on SFI Frontier Brokers DFAT demonstrated a willingness to listen to market actors and learn through the process DFAT was an active member of the Brokers' Network, creating added value for programme participants, through the shared value principle for mutual benefit and learning. In some instances, however, DFAT reverted to previous ways of working aligned with traditional rather than mutual accountability and learning. This was in part due to the lack of time available to commit extra resources required to be an active participant in a wide range of activities.

Box 4 provides examples of good impact measurement and management practices in place across DFAT's blended finance portfolio.

Box 4: Key Examples of Good Impact Measurement and Management (IMM) Practices Across BFLP Portfolio

Three Programmes Stand Out as Leaders

1. **WLB: Field Data Gathering and SROI.** IIX's WLB, the first listed GLI bond, responds to investor needs by verifying and quantifying outcomes on women through field visits to interview a random sample of female beneficiaries. Outcome data is then used to calculate SROI, which measures social and environmental impact for every dollar invested. IIX Foundation calculates both borrower and portfolio level SROI to help investors better understand how their investment is creating social value for women.
2. **EMIIF: Building Capacity in IMM.** EMIIF is responding to a gap in impact measurement and management capacity among fund managers by investing in IMM capacity-building as part of its Theory of Change. EMIIF's market-building objective is to grow the impact of SMEs and the prevalence of GLI in the South and Southeast Asia and Pacific Island regions. In part, it aims to achieve this by promoting industry best practices, specifically in impact management and GLI. This improves financial and development outcomes and broadens the industry's understanding and adoption of such practices.
3. **PIDG: Development Impact Scorecard.** This rating system is based on principles and practices developed by the Impact Management Project and emerging thinking on impact-weighted financial accounting. It assesses expected impact at financial close, based on measures derived from the PIDG Theory of Change, after which ratings are updated annually. Ratings enable PIDG to analyse impact across investments, sectors, and geographies; benchmark performance and monitor for trends; communicate; and optimise by integrating ratings with risk-adjusted returns.

DFAT and its implementing partners are putting investments to the test; however, there is an opportunity to do better. Capturing the full extent of impacts from the portfolio requires adequate resourcing and understanding. This includes defining the desired long-term change, specifying necessary and sufficient metrics, developing the systems and tools to support long-term data capture, and enlisting partner financial intermediaries to survey their customers after funds are disbursed.

Proving development additionality requires ongoing impact measurement and management to track concrete benefits from investments. One place to start is to define and follow a consistent approach to measuring inclusive development outcomes, such as the use of definitions beyond jobs created. Harmonising definitions across programs will improve DFAT's ability to benchmark results. The BFLP team recommends that blended finance programmes take ownership of the "Jobs created" indicator and adopt a definition based on the EMIIF definition first across the blended finance portfolio and then across DFAT.

Another way to ensure adequate generation of evidence is to undertake third-party verification of results at the end beneficiary level. Traditional development evaluation is insufficient to capture the results of blended finance projects. Since the Theory of Change on blended finance projects is that mobilising more capital to support activities that achieve development objectives, results may not be

directly attributed to the investment at the end beneficiary level. After any investment is made and additional capital flows, beneficiary-level impacts must be verified by a third party. This can be done by spot checking a percentage of the portfolio, e.g., 10 per cent for data quality and replicability of outcomes. Verification requires sampling the beneficiary and gathering primary data from enough respondents to reach 90-95 per cent confidence ratings. The BFLP team recommends that DFAT supports this type of measurement.

ANNEX 1: Blended Finance Portfolio Measurement Framework

Below is the revised Blended Finance Portfolio Measurement Framework, which was used in the Blended Finance Review. This core set of indicators has been pared down from a more comprehensive framework that was co-created with DFAT programme officers in March 2021 to account for data available from programmes and to help focus the discussion on the most essential data points. Some programmes had data for all indicators, but others reported only on achieving a much wider set of outcomes; however, core indicators should be included in all programmes regardless of their specific programmatic focus as they represent the range of goals across DFAT's blended finance programmes.

The final recommended list of core indicators presents key performance indicators that are recommended to be prioritised by DFAT across its blended finance portfolio. However, it should be noted that programmes cannot be expected to demonstrate progress in every one of these critical areas. For example, through Scaling Frontier Innovation, DFAT supported a number of blended finance archetypes with the common goals of advancing gender investments to DFAT by providing performance-based grants to a diverse range of impact investors: first-time capital allocators, new partners to DFAT, established impact investors focused on ecosystem change, and long-standing DFAT partners improving upon a piloted approach. Support to SFI was among DFAT's first forays into utilising blended finance, and it was intended to help DFAT learn more about what archetypes worked in what context and with which partners. SFI also was intended to support the impact investor partner to learn from each other through DFAT-supported network activities. However, there was no requirement for impact investor partners to screen their investments for climate outcomes. ACFP, by contrast, is a programme that tracks climate outcomes and qualifies based on the 2x Criteria as a gender investment fund, but the programme does not engage in peer learning or network building among investees. ACFP is a DFAT investment designed to kick start DFAT's climate outcome focus, but data on whether ACFP is building the private sector market for investments focused on climate change mitigation and adaptation is not yet available.

Recommended Core Set of Indicators

Outcome 1: Market developed for private sector investment in projects that enhance inclusive development outcomes and development impact maximised.

- Indicator 1: Ratio of concessional to private sector capital.
- Indicator 2: Number people or entities positively affected by blended finance programming based on goals.

Outcome 2: Inclusive economic growth increased.

- Indicator 1: Percent of projects and funds supported with gender focus as defined by the 2X criteria.
- Indicator 2: Number of full-time equivalent jobs created.
 - *Note: This indicator needs a more precise, shared definition across the portfolio.*

- Indicator 3: Percent of change in annual sales of SMEs receiving DFAT-funded assistance, derived from the yearly revenues of SMEs at and after investment**

Outcome 3: Climate change mitigation and adaptation improved.

- Indicator 1: Percent of projects focused on climate outcomes, disaggregated for mitigation and adaptation (note: one project can have both, recommend adapting from PIDG definitions).
- Indicator 2: Number of people with access to clean power**
- Indicator 3: Amount of sustainable energy capacity (MW)**
- Indicator 4: Amount of GHG emissions avoided or reduced by the organisation during the reporting period**

Outcome 4: Additional private finance is mobilised which has inclusive development impact in the Indo-Pacific.

- Indicator 1: Value of private capital mobilised.
- Indicator 2: Number of investment projects (note: not investees as one investee may receive multiple investments).
- Indicator 3: Number of programmes evaluated as effective at achieving target inclusive development outcomes.

Outcome 5: Market strengthened for private capital investment into inclusive development.

- Indicator 1: Number of investment intermediaries adopting products, services, or assets**
- Indicator 2: Percent of firms reporting increased performance or capabilities that can be linked to DFAT-funded technical assistance*

Outcome 6: Catalytic capital models developed.

- Indicator 1: Number of new catalytic capital models structured with DFAT contributions (financial or non-financial), which better serve direct beneficiaries.

Outcome 7: Increased private sector engagement through significant partnerships and uptake of the most effective blended finance approaches contributes to the Australian Government's priorities in the Indo-Pacific region.

- Indicator 1: Percent of partnerships that are classified as significant*

Outcome 8: Australia's strategic interests are advanced, and Australia's influence in the region is enhanced through private sector partnerships.

- Indicator 1: Percent of investments making progress in effectively implementing strategies to promote or comply with DFAT priorities (e.g., currently gender equality, climate change mitigation, etc.) through their policies and processes*
- Indicator 2: Percent of partner classified as strategic based on the BFLP partnership model*
- Indicator 3: Percent of partners citing Australia as favoured partner**

Outcome 9: DFAT's operational and organisational effectiveness improved through private sector partnerships.

- Indicator 1: Number of programming/policy changes in line with DFAT priorities (e.g., gender equality, climate change mitigation, etc.) documented as a result of DFAT involvement, both internally and among partners*
- Indicator 2: Percent of partners reporting added value as a result of DFAT partnership*

Outcome 10: Partners engaged through partnerships.

- Indicator 1: Number of partners engaged through partnerships**

Outcome 11: Effective blended finance approaches are adopted across DFAT and among its partners.

- Indicator 1: Number of blended finance models in the BFLP portfolio replicated by DFAT or among partners**

Outcome 12: Learning and evidence generated on blended finance approaches.

- Indicator 1: Number of knowledge products, guidance documents, or case studies / impact stories on blended finance approaches produced and disseminated**

* new indicators piloted and tested by BFLP with selected programs, which require primary data gathering and reporting in the future.

** indicators reported by a few programs, but for which portfolio-level data are unavailable.

For other indicators, BFLP drew all available data from programs (mapped from relevant, reported data).

It is recommended that:

- Data on this core set of indicators should be collected systematically across programs on an annual basis
- Existing program-level indicator definitions are aligned with portfolio definitions so that regular reporting can occur with limited extra effort, and
- Reporting tools should be developed to make tracking and reporting easier.

To ensure that data on these indicators are tracked, definitions below will be shared with MEL staff and directors of all programs as well as with DFAT's central monitoring and evaluation unit. Some additional refinement may need to be undertaken to ensure that portfolio-level indicators align with reporting requirements to international bodies, such as to COP 22 (for reporting on Australia's commitments to contribute to climate outcomes). Definitions already align with OECD standards for reporting on private capital mobilised that contributes to development outcomes.

ANNEX 2: Blended Finance Review Methodology

The scope of the Blended Finance Review was as a meta-review rather than to gather primary data.

Data Collection: The BFLP team made use of a range of data sources from across the programs as evidence on which its findings, conclusions, and recommendations are based. To facilitate data collection, the BFLP team compiled a data collection guide based on the portfolio measurement framework, which was shared during a call with staff with impact measurement responsibilities to assist with identifying relevant documentation and datasets to be shared after. The data call captured data through April 2021.

Indicator definitions in use on programs were reviewed by the BFLP team against one another as well as against those used by other donors. As the data were compiled and reviewed, Indicators with similar definitions were grouped and mapped to the portfolio-level performance framework. Variances were noted, and gaps were identified. A manual process yielded a fit for purpose and realistic set of core blended finance portfolio performance metrics.

Experience from the BFLP data call revealed that the co-created portfolio-level performance framework included too many metrics in light of existing data availability and the current fragmentation of indicators across programs. The BFLP-created performance framework was comprehensive, capturing current indicators and highlighting important issue areas that were not previously measured. However, focusing resources on establishing a smaller set of core blended finance metrics and harmonising definitions of these across all programs will facilitate comparison and analysis of and reporting on performance. Keeping the burden of portfolio-level reporting low will yield higher levels of compliance and fewer resources. The revised portfolio measurement framework elaborates on the resulting set of core blended finance metrics (see the recommended indicators above) which were used in the Blended Finance Review and are recommended to be used moving forward. Definitions for the metrics are shared in the Attachment 1 (see below) to this annex.

Desk Review: Once the materials came in from the programme teams, the BFLP teams coded the key documents using Dedoose based on themes that were identified over the course of the data call. A total of 87 documents were reviewed. The team extracted thematic data and reviewed it to identify findings across the portfolio that fit within the measurement framework. A summary was developed by programme to facilitate analysis. Where data were missing, the BFLP team has endeavoured to fill in any gaps through other means where possible. For instance, data found through web trawls has filled in information on those programs that were completed at the time of the review.

Original Research: The BFLP team conducted research on comparisons and to arrive at the cost per job calculations. This was done by conducting a comprehensive search of publications available; from organisations known to have active research and implementation programs on BF, such as Convergence and the IFC. The BFLP team also drew on its access to USAID and its implementing partners on the CATALYZE program.

Limitations: While the BFLP team went to great lengths to ensure that all of its findings, conclusions, and recommendations are evidence-based, there have nevertheless been limitations on the extent of

the conclusions drawn. Some of these limitations are the result of unavoidable information gaps. Given that the review relied on data collected by others, analysis across the portfolio is only as good as that information is reliable and valid. Primary data collection was beyond the scope of the Blended Finance Review. With standardised portfolio metrics and some additional reporting requirements, this limitation would be reduced.

The BFLP team has also encountered significant gaps on indicator definitions provided by programs. This highlighted the need to recommend definitions in the set of core indicators. This gap is apparent in particular on development outcome data. The BFLP team agreed to adopt the OECD methodology for calculating private capital mobilisation. This is emerging as the standard among development finance organisations; however, adoption is not yet widespread. This may result in a relative under-reporting when compared with organisations that use broader definitions of financial leverage, which tend to include all capital (not just private) at 100 percent even in cases when multiple actors providing concessional funds are part of the deal.

ANNEX 3: Definition of Terms Used in the Review

Blended finance: Blended finance is a structuring approach to develop the private sector market and mobilise private resources to help address the SDGs.

Blended finance archetypes: Convergence defined four archetypes of blended finance structures

- **Concessional Capital:** Funds from public or philanthropic investors at below-market terms are provided to attract debt or equity from private investors at market rates.
- **Guarantee / Insurance:** A credit enhancement, such as a guarantee or political risk insurance that protects private investors against defined types of loss is provided or subsidised by public or philanthropic investors to attract commercial capital.
- **Technical Assistance:** Grant-funded technical assistance is delivered either directly or through a TA facility to strengthen the commercial viability and/or development impact of an investee. This can be provided pre or post investment, and either a debt or equity investment may be made.
- **Design Grant for Project or Facility Preparation:** Design stage grants are provided to impact investors or other intermediaries to support the development of innovative structures or first-time projects for an underserved target group or geography.

Capital mobilised: Financing from a private entity on commercial terms due to the active and direct involvement of DFAT and/or its programs leading to commitment. This is calculated using the OECD methodology (<https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf>).

Capital catalysed: Financing from a private entity on concessional or commercial terms which is unattributable direct involvement of DFAT and/or its programs leading to commitment, but which occurs in the period that DFAT and/or its programs are actively involved.

Climate investments: Climate-sensitive investments by DFAT are limited to resources committed to projects and activities that are proven based on documented evidence to mitigate climate change directly, defined primarily as increasing access to or production of clean energy for direct consumption by people or the enterprises. BFLP included investments only from AIFFP, ACFP, BPP, PFAN, and PIDG—all of which document evidence based on established standards. BFLP excluded EMIF, IW, PacRISE, SFI, and WLB from Climate Finance. Although some investments by these programs may qualify as having positive effects on mitigating the negative effects of climate change, standards of evidence were undefined, and effects were not systematically documented. Therefore, it can be assumed that across the portfolio, these numbers are under-reported.

Concessional finance: Financing that is made available on concessional terms i.e., extended on terms and/or conditions that are more favourable than those available from the market. Concessionality can be achieved through one or a combination of the following: (i) interest rates below those available on the market; (ii) maturity, grace period, security, variations on repayment terms, which would not be accepted by commercial financial institutions based on current standards; and/or by providing financing to borrower/recipients not otherwise served by commercial financing.

Cost per job: The cost for jobs created was calculated at the investment level by adding the total DFAT contributed investible capital plus the total private capital and dividing it by the number of jobs as reported by the program. The limitation of this data is that a “job” has varied definitions across programs. In future blended finance reviews definitions will be harmonised.

Currency Conversions: Currency conversions were made into AUD using the OECD monthly average exchange rate, referencing publicly available data accessed here: (<https://data.oecd.org/conversion/exchange-rates.htm>) for the month of investment close.

Double counting: Double counting issues for this exercise will only occur in the rare situations or where DFAT provides and/or brings in financing to the same project, and both are reporting data. When this occurs, it is noted in the charts. There is no double counting on topline indicators, e.g., total private capital mobilised.

Geographical coverage: The report covers all of the countries in the Indo-Pacific.

Investible capital: Investible capital is defined as the concessional funds that DFAT contributed to support the mobilisation or catalysation of private-sector capital and other private sector resources. This does not include funds to support overall programme delivery or grants for design stage funding or technical assistance that was not linked to specific transactions that mobilised or catalysed private sector capital.

Point of reporting: Data reported reflects financial commitments as reported by programme impact measurement teams but adjusted where possible to align with investment start date. The data varies by programme based on availability of information as follows:

- **ACFP:** Full capital stack data for the TAFF2 transaction was available and was taken as of the most recent close of the fund. The report assumes that the targets on committed numbers will be achieved.
- **AIFFP:** The only transaction included in the BFLP dataset was Palau Solar. The data on this was collected as of DFAT’s disbursement of funds, as there were no subsequent funding rounds.
- **BPP:** BPP had two phases of investments with information collected in the BFLP. The first phase of investments had concluded at the time of data gathering, and final data was available for each partnership. The numbers used for phase 1 were from the end of each investment. Phase 2 was currently underway during the data collection period, so the data current up to the end of the BFLP reporting period was used. BPP reports funds when they are deployed rather than when they are committed. As a result, some underreporting may have occurred as compared to other programs.
- **DFC:** For the transaction that occurred through the DFAT-DFC partnerships, data was gathered by the DFAT programme Officer as of the end of the BFLP reporting period. Detailed information was unavailable on specific investments made by the intermediaries that were funded.
- **EMIIF:** At the writing of this report, EMIIF had invested in two funds. Data for each fund was used as of the most recent close as of the end of the BFLP reporting period.

- **IW:** IW provided investment information for Phase 2 of the program, through 2021, and numbers provided were for the lifetime of the investments, including subsequent funding rounds after the initial round of investment. Data was used from all funding rounds as of the end of the BFLP reporting period.
- **PacRISE:** Data was taken from the closeout report, which covered the lifetime of the programme's investments up until the final report date. The report raised the possibility that subsequent funding could be gathered following its release, as several investments were still in talks to raise more funding. However, the BFLP team gained the understanding from DFAT that those follow-on discussions had not changed the program's numbers.
- **PFAN:** Data was reported at the time of DFAT's disbursement of funds to PFAN even though the technical assistance was delivered over time. Data on specific Investments was anonymised so funds could not be accurately broken down over time.
- **PIDG:** Data was downloaded from PIDG's database, and investments with start dates prior to end of BFLP's reporting period were included in this report. Since PIDG reports capital mobilised once funds are disbursed, capital mobilised may increase for investments that are listed as started but which have not yet reached financial close.
- **SFI:** Data was reported as of the end of the BFLP reporting period for all programs. Investible capital is considered only from Good Return, which was the only fund that was recorded as having mobilised or catalysed private capital. Performance-based grants to support Brightlight and Athena Global were considered as design stage funding for Asia Pacific Notes and BIDUK, respectively. BIDUK's investments are captured under Investing in Women. Performance grants to support IIX contribute to technical assistance to both investors and investees to raise awareness and capacity in on gender lens investment.
- **WLB:** Data was gathered from publicly available information reported as of the issuance of the bond.

Public Co-investment: Financing from a public entity on concessional or commercial terms which is unattributable direct involvement of DFAT and/or its programs leading to commitment, but which occurs in the period that DFAT and/or its programs are actively involved.

Reporting period: This report covers the following periods: All Time: beginning in the years when DFAT investments were active by program. This varies across the portfolio. Fiscal year: DFAT's fiscal year, which starts July 1 and runs through June 30 each year. Calendar year: January to December.

SMEs: The definition of small and medium-sized investment (SMEs) may vary depending on the specific market context and related level of development. As a meta-level review, this report relied on definitions at the programme level. W-SMEs are defined as those SMEs that meet the 2X Criteria.

Technical Assistance: Grant or performance-based grant funding provided to investees or investors through programs funded by DFAT to support pre or post investment technical assistance or advisory services designed to improve the viability, performance, development impact of the transaction or entity. This assistance may have been delivered by the programme or through a technical assistance facility. Technical assistance or advisory services can cover a broad spectrum of activities, including but not limited to feasibility studies, gender analysis, investment readiness, and

assistance with standards. The data captured does not include the direct costs (e.g., staff time) associated with the design and management of such services.

2X Criteria: The standards developed by the 2X Collaborative membership organisation, which is used to classify an investment as gender focused or applying a gender lens.

1. **Entrepreneurship:** Is the business founded by a woman or is it 51 per cent or more owned by a woman.
2. **Leadership:** Does the organisation have a 30 per cent or greater share of women in senior management, or a 30 per cent or greater share of women on the board or investment committee.
3. **Employment:** Is the share of women in the organisation's workforce greater than 30-50 per cent (exact threshold varying based on sector), or does the organisation have one policy or program, beyond those required for compliance, addressing barriers to women's quality employment.
4. **Consumption:** Does a product or service offered by the organisation specifically or disproportionately benefit women.

Indirect Investments (investments through financial Intermediaries): Financial organisations can qualify if 30 per cent or more of their investments are into businesses that meet 2x criteria, or if their financial intermediary meets 2X criteria.

ANNEX 4: Descriptions of DFAT's Blended Finance Investments

Australian Infrastructure Financing Facility for the Pacific (AIFFP):

Launched in 2019, AIFFP is a \$2 billion programme that delivers infrastructure financing through a combination of loans and grants to sovereign owned and private sector enterprises and partners. AIFFP provides up to \$3 billion in loan financing and up to \$500 million in grants with the objectives of contributing to a stable, secure, and prosperous Pacific in which the development needs of the Pacific and Timor-Leste are met; Australia is the partner of choice; and countries have access to finance to support quality, resilient, and inclusive infrastructure. Some of these investments utilise blended finance mechanisms to leverage additional private capital towards infrastructure projects with development impact into such areas as telecommunications, energy, transport, water, and other essential infrastructure. In line with DFAT's Economic Infrastructure Development Strategy, AIFFP will consider climate and gender equality, disability, and social inclusion risks and seek opportunities to address local development objectives in these areas, including through ensuring borrowers compliance with DFAT standards.

Australian Climate Finance programme (ACFP):

Launched in 2021 ACFP is an Australian initiative (a single-donor trust fund) with the Asian Development Bank (ADB) to provide up to \$140 million to accelerate private sector investment in low emission, climate-resilient solutions for Pacific Island countries and Southeast Asia. The ACFP provides concessional equity, guarantees, and local currency solutions to mobilise private sector capital. The DFAT-ADB partnership helps to address climate change mitigation and adaptation challenges by partially offsetting costs to investors to climate-proof infrastructure and agriculture investments. The Fund aims to mobilise at least \$785 million in private capital towards climate-related sectors, including mitigation (such as renewable energy, sustainable transport, urban infrastructure) and adaptation (such as agriculture and forestry, water supply and management, and land use management) projects, and help support COVID-19 economic recovery. The ACFP is a gender investment mechanism that promotes gender equality and better economic opportunities for women and girls.

The Impact Private Sector Partnerships (IPSP)'s Business Partnership Platform (BPP):

IPSP is DFAT's key programme to expand collaboration with the private sector by supporting shared value partnerships between sustainable businesses and the Australian Government. It consists of the Business Partnerships Platform (BPP) and the Business Engagement Support Unit (BESU). Through the BPP, which was funded at \$16.9 million, DFAT uses blended finance investments, through grants, and provides TA and other support to impact-focused enterprises. The BESU, which was introduced in Phase 2, is a primary support mechanism that provides training and resources in private sector engagement (PSE) to DFAT and BPP partners. Phase 1 was delivered between 2015 and 2020, and Phase 2 will run from 2021 to 2024. Throughout this blended finance review, we refer to the BPP, the component of the IPSP which supported investments.

Convergence Blended Finance Design Window (Design Window):

Since 2019 Australia has supported Convergence, the leading global network for blended finance, with \$3.5 million to support feasibility and design work for blended finance solutions in the Indo-Pacific. The focus of the Design Window is on structures and mechanisms that address climate change mitigation, climate adaptation, or both and/or that aim to make significant contributions to gender equality outcomes. Applications are invited on a rolling basis, and applicants can apply for funding for feasibility studies or proof of concept to design and structure activities to launch a vehicle. The purpose of design windows is to fund solutions at a very early-stage, and investment into design is to be considered 'patient capital' since results in both development impact and crowded in capital will come over time for those investments that launch. Past design windows have shown that those that do launch can mobilise catalytic capital at a significant scale.²⁷

Grants to nine vehicles, which range between \$150,000 and \$550,000, support design of solutions that target a capital raise of \$15 million to \$300 million in capital (although only a portion will launch). There is a long lead time between design phase funding and the successful launch of innovative solutions, usually a few years. Potential investors include both private commercial investors as well as government investors, foundations, and individuals. Potential development impact of the vehicles may include reduction in carbon emissions, job creation (and specifically job creation for women), household savings and/or increased income, development of SMEs, access to clean and affordable electricity, and improvements in household resilience.²⁸

United States Development Finance Corporation (DFC):

DFAT partners with the US DFC to further gender and climate investments in the Asia-Pacific region. The partnership helps DFAT take advantage of the guarantee blended finance archetype and supports foreign policy goals of working with like-minded bilateral organisations. To date, DFAT has one investment to subsidise a guarantee fee, and there are two additional deals in the pipeline. DFAT has been able to align activities under this partnership with other investments in the blended finance portfolio.

Emerging Markets Impact Investment Fund (EMIIF):

EMIIF is a \$40 million development finance mechanism that was launched in 2020 and will remain active through to 2030. EMIIF provides advice and finance to SMEs as key drivers of growth and recovery from the impacts of the COVID-19 pandemic. As a fund of funds, it does so by allocating \$24 million of investible capital to financial intermediaries (including venture and early-stage capital funds, private debt funds, and non-bank financial institutions: SME Funds) that support SMEs to grow in the Indo-Pacific. It aims to receive a return that will then be reinvested into SMEs. This is done alongside technical assistance aimed at both SME Funds and underlying SMEs, including raising awareness and capacity in gender investing and impact measurement and management to increase the amount of capital allocated with a gender and impact lens. EMIIF Funds provide direct finance to SMEs (loans, equity and guarantees) and aim to be first investors to attract further capital.

²⁷ Across all of Convergence's past design funding windows, approximately USD9 million in grants has mobilised USD1.5 billion in additional capital.

²⁸ The potential development impact of the vehicles is also not final as it may be adjusted during the feasibility studies and proof of concept phase based on findings and the final design.

Embedded in EMIF's operations is a gender strategy that guides actions that target systems change and market building in gender investments.

Investing in Women (IW):

IW is a \$102 million programme for women's economic empowerment (WEE) in Southeast Asia, which launched in 2016 and is due to close in 2023. The programme includes a \$29 million impact investing pathway through which IW partners with impact investors and ecosystem builders to expand market opportunities for women, by incentivising and catalysing access to capital for SMEs that are led by and responsive to the needs of women (W-SMEs). Pathway 2 grants are tailored to impact investing partners (IIPs) based on their capacities and needs using performance-based contracts to maximise leverage ratios, incentivise gender mainstreaming, and guarantee desired outcomes in WEE. Phase 1 (2016–2018) invested in four leading, international impact investors working in the region (Patamar Capital, Capital 4 Development, Small Enterprise Assistance Fund, Root Capital) in order to quickly build the case and track record for gender investing. Phase 2 (2019-2023) shifted strategies to invest in six local impact investors including one angel network, in order to grow capacity in gender investing in the region. DFAT is investing in a successor program, Women in Inclusive Sustainable Economic Recovery (iWISER), which will build on IW's lessons and outcomes.

Pacific Readiness for Investment in Social Enterprise (PacRISE):

PacRISE is a \$9.7 million program, which ran from 2016 to 2021. Its purpose was to address the lack of access to finance that limits the growth of enterprises in the Pacific. The programme piloted a number of grant-based approaches designed to nurture a social impact market in the Pacific and support greater economic empowerment, with an emphasis on women. This included working with investors and financial intermediaries to develop understanding of the potential for impact investment by supporting them to seek and assess investment opportunities and provide investment readiness support. Phase 1 of the programme focused on direct-to-enterprise investments. Phase 2 shifted to investing through a broad range of financing options, particularly financial vehicles. PacRISE also conducted research to support intermediaries to make gender investments and captured and shared knowledge about the investment process and the Pacific ecosystem in order to stimulate further capital flows into the market.

Private Financing Advisory Network (PFAN):

PFAN is a global network of climate and clean energy financing experts offering investment facilitation support (business coaching, mentoring, networks, technical assistance) to entrepreneurs building clean energy and climate businesses in emerging markets. DFAT has provided \$8.8 million to PFAN to bring this approach to the Indo Pacific through activities implemented between 2016 and 2023. PFAN, which is hosted jointly by the United Nations Industrial Development Organization (UNIDO) and the Renewable Energy and Energy Efficiency Partnership (REEEP), is supported by a multi-donor trust fund that also includes the governments of Austria, Japan, Norway, Sweden, and the United States.

Private Infrastructure Development Group (PIDG):

PIDG, which was established in 2012 with a global mandate to address market failures in the financing of infrastructure in developing countries, uses public finance to address early-stage project

development risk, currency risk, commercial risk, and safeguard risk to crowd in private finance into sustainable infrastructure in developing countries. Australia joined PIDG in 2012 and has invested \$54 million. Australia's funding supports two of the PIDG group companies: [InfraCo Asia](#) and [GuarantCo](#). InfraCo Asia focusses on early-stage project development only in South and Southeast Asia. GuarantCo has a global mandate to support local currency financing solutions. Australia's contribution has helped establish GuarantCo in the Indo-Pacific, including a regional office in Singapore. Through PIDG, Australia joins the IFC and five peer governments – the UK, the Netherlands, Switzerland, Sweden, and Germany.

Scaling Frontier Innovation (SFI Frontier Brokers):

Asia Pacific Impact Notes (APIN) led by Brightlight; BIDUK led by Athena Global; Impact Connect led by Good Return; and Equity@Scale led by IIX.

Frontier Brokers was a \$5.4 million programme delivered from 2018 to 2021 to increase the availability of appropriate capital for early-stage social W-SMEs across Asia-Pacific's emerging markets. DFAT's award-winning procurement process supported co-creation with and awareness raising among ecosystem actors leading to the selection of four impact investors and their partners to design, structure, test, and manage gender investing mechanisms that were new in the markets they served. DFAT used results-based contracts with funding dependent on the achievement of stretch targets. DFAT took a deliberate approach to both network building and monitoring, evaluation, and learning and. DFAT provided a small grant to Good Return to convene and curate a Brokers network, which facilitated peer learning and raised awareness in the market on gender investing. The MEL partner, which was embedded within the team, defined six gender dimensions to be tracked by the Brokers and completed a Gender Investing investigative Study and a review of the added value from the Brokers' Network. Frontier Brokers was a component of the innovationXchange [Scaling Frontier Innovation](#) programme.

Women's Livelihood Bond (WLB):

Structured and managed by Impact Investing Exchange (IIX), WLB aims to empower women to make the transition toward sustainable livelihoods and is the first gender and impact investing instrument to be listed on a stock exchange (the Singapore Exchange). DFAT supported IIX in 2017 with a USD900,000 subsidy to the United States Agency for International Development (USAID)'s Development Credit Authority, which provided the guarantee that covered 50 per cent of the WLB1's USD8 million portfolio. This was repurposed in 2021 as a USD800,000 grant to support the structuring of WLB2. In addition to the guarantee, the bond also utilises a USD500,000 in first-loss capital. The bond, which was among the first to focus on financial and social returns, far has exceeded its impact target and is currently in its fourth issuance.

ANNEX 5: Indicator Definitions

Goal: Market developed for the private sector investing in projects that enhance inclusive development outcomes and development impact maximised

Indicator G1: Ratio of concessional to private sector capital mobilised

This indicator tracks the ratio between the amount of private sector or commercial capital mobilised versus the amount of investible capital expended by DFAT. Investible capital is deal-specific money and does not include programme costs.

The OECD DCD/DAC criteria (2020) and definitions are applied. This states that ‘additional finance refers to commercial finance that does not primarily target development outcomes in developing countries, while development finance is public and private finance that is being deployed with a development mandate.’

It is calculated using data from AUD value of private capital mobilised (see O1.1) as the numerator, and AUD value of capital provided by DFAT as the denominator reported by DFAT programme documents.

For ongoing projects, ratios calculated before programme end or a specific deal has closed should be highlighted as such, and leverage ratios should be adjusted after each new investment.

Exchange rate should be calculated at project start date based on OECD reported exchange rate. The same should be assumed for other currency-based indicators in the framework.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Type of instrument [Technical Assistance; Guarantee; Equity; Debt; Grant]
- Gender Lens as defined by 2XCriteria²⁹

²⁹ The standard used to classify a gender investment standard is the one developed by the 2XCollaborative, a membership organisation designed to serve investors making their first gender-focused investment as well as investors at the frontier of the field. The 2XCriteria can be accessed at <https://www.2xchallenge.org/criteria>.

- Climate focus as defined by emissions reduction, increase in use in renewable energy (when emissions are not tracked), and access to new and improved infrastructure.

Additionally, information should be collected on any co-financing by public donors at concessional rates and any other financing that comes into the investment from private or public donors at commercial or concessional rates. These should be tracked with the same disaggregates.

Indicator G2: Number people or entities positively affected by blended finance programming based on goals

This indicator tracks the total number of people or entities (end users) positively impacted by a blended finance programme supported by DFAT. This could include the number of SMEs or projects benefiting through access to capital, capacity building, or other resources. It also includes the number of people benefiting from the activities of those SMEs and projects (including employees receiving vocational/capacity building, paying and non-paying customers, people with access to new and improved infrastructure).

Calculating people or entities positively affected depends on the nature of the blended finance program. In some cases, the data can be measured directly (such as number of purchasing customers). In other cases, numbers might be drawn from proxies such as using the average number of people in a household.

Data are drawn from data provided by programs and implementing partners where available, and assumptions will be reviewed to ensure reasonableness. Information provided by programs must include the nature of the intervention and benefit to people and entities. Discretion is used to exclude individuals counted by programs if the engagement is deemed too shallow, such as through mass media or a one-off training.

Disaggregation:

- Outcome [access to clean energy; new and improved infrastructure; new jobs created; investment readiness training] *Note, other disaggregations may be added over*
- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Type (Person or Entity)
- Gender (e.g., for Person and Type of organisation using 2X Criteria)

Objective 1: Inclusive economic growth increased

Indicator G3: % of projects supported with gender focus

This indicator reports the proportion of SMEs and projects receiving investment as a result of a DFAT funded blended finance programme that qualify as a “gender investment” based on 2X criteria.

In the case of investments, it would qualify based on one or more of the following: a majority women- founded/owned organisation, a women-led organisation based on 30 per cent senior management or board, share of women in the workforce between 30–50 per cent depending on the sector, or a product or service specifically or disproportionately benefiting women.

Numerator is Number of investment projects supported defined as those that focus on gender lens investments as defined by the 2X Criteria
Denominator is total number of projects supported

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Gender Criteria [Entrepreneurship; Leadership; Employment; Consumption]

Indicator G4: Number full-time equivalent jobs created by programme beneficiaries

This indicator measures the number of new full-time equivalent (FTE) jobs created by SMEs or projects receiving technical and/or finance assistance as a result of blended finance programming supported by DFAT.

As a result of blended finance programming means that the programme should have influenced the creation of the jobs.

All types of full-time equivalent jobs are included if they were created during the programme reporting period by SMEs or projects supported. An FTE is based on a 40-hour work week, full time and part time jobs are converted to FTE. A full-time job is 1 FTE, while a part time job working 20 hours would be 0.5 FTE. The job must be filled in order to be counted.

This is a common indicator across the portfolio; however, exact indicators and definitions vary. For example, programs report the total number of jobs created based on the number of people employed full time or part time, in some instances this is disaggregated by full and part time jobs, and in fewer instances FTE is tracked.

For this meta-level review, we did not query the specifics of the jobs data and therefore reported “total number of jobs created”.

Approach to monitoring FTE jobs created varies based on the nature of the blended finance program, usually the number of employees and number of new jobs created are monitored as part of due diligence and ongoing monitoring of investments by the fund manager or other intermediary/investor and are self-reported by the SME or project on a quarterly or annual basis.

It does not include jobs sustained. Jobs sustained may be reported separately, particularly in contexts where external factors lead to limited growth.

Disaggregation:

- Gender

Note: there is a need to agree on a definition of a job across DFAT and track this rigorously.

Indicator G5: % change in annual sales of SMEs

This indicator monitors the change in annual revenues in AUD of SMEs receiving DFAT funded assistance and is derived from yearly revenues of SMEs before, at and after the investment.

A baseline is gathered at the start of an intervention and is the yearly revenue the prior year (financial year). Follow up monitoring again tracks revenues for the year that the SME received support, and the year after. In the case of SMEs receiving equity or debt, this is usually monitored as part of the due diligence and ongoing monitoring of investments.

If revenues are not reported in AUD, conversion to AUD should use the average currency exchange rate of the local currency to AUD during the reporting period.

The change is calculated using the difference between the endline and baseline revenue as the numerator. The denominator is the baseline data. This is multiplied by a hundred to report percentage change.

Improved resilience may be reported by portfolio programs through a range of alternative indicators (to annual sales) for business performance that demonstrate growth or retention. These will be reviewed for relevance and used for descriptive reporting.

Disaggregation:

- Gender based on 2X criteria

Note: there is a need to track this across the portfolio. Currently only BPP, EMIIF and IW track this.

Objective 2: Climate change mitigation and adaptation improved

Indicator G6: % of projects focused on climate change mitigation

This indicator reports the percentage of total projects supported that explicitly and measurably contribute to climate change mitigation. This is most apparent through stated objectives and an indicator reporting on greenhouse gas emission reduced or avoided.

For example, PIDG classifies projects as Tier 1, 2, or 3 for climate mitigation where tier 1 and 2 projects have greenhouse gas reductions that are transformative or incremental.

Numerator is Number of investment projects supported that qualify for criteria defined above.

Denominator is total number of projects supported.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]

Indicator G7: Number (indirect beneficiaries) people with access to clean power

These currently draw from common indicators across the programs.

Note that PFAN's data are prospective.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Gender

Note: There is a need to agree on which indicators will be tracked across DFAT and ensure that they are in line with COP22 reporting.

Indicator G8: MW sustainable energy produced

Clean energy generation capacity (in MW) of projects that have achieved financial closure.

These currently draw from common indicators across the programs.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]

Note: There is a need to agree on which indicators will be tracked across DFAT and ensure that they are in line with COP22 reporting.

Indicator G9: Amount of greenhouse gas (GHG) emissions avoided or reduced by the organisation during the reporting period

Not applicable.

Outcome 1: Additional private finance is mobilised which has inclusive development impact in the Indo-Pacific

Indicator O1.1: Value of private capital mobilised

Value of private-sector capital mobilised in investments and/or transactions aimed at achieving development outcomes. This indicator tracks the total amount in AUD of private capital mobilised as a result of DFAT assistance.

'Mobilised' is defined as: i) for debt, a written or electronic financing commitment from a finance provider and accepted by the finance seeker and ii) for non-debt (or equity), disbursement of financing.

'As a result of DFAT assistance' refers to financing which was directly mobilised as a result of facilitation by one of DFAT's blended finance programs.

Private capital refers to funding provided by a non-state, private finance provider. It does not include concessional capital from other donors.

OECD DCD/DAC criteria should be referenced for full definitions and instructions on calculating private capital mobilised.

Private sector capital that is "catalysed" towards development outcomes is reported alongside mobilisation figures. This is capital that can be linked to DFAT's intervention but does not meet OECD criteria for capital leveraged. For example, technical assistance programs do not currently fall under criteria for private capital mobilisation, and so private capital invested in SMEs as a result of investment readiness training and investor matching is reported as private capital catalysed. Similarly, a guarantee mechanism in which DFAT provides a grant subsidy and is not the guarantor is reported as capital catalysed.

Disaggregation:

- Geography (Country)
- DFAT Program
- Gender lens as defined by 2X Criteria (see G3)
- Climate focus (see G6)
- blended finance Archetype

Indicator O1.2: Number of investments

The total number of SME or projects receiving investments (of which there may be multiple).

Disaggregation:

- Geography
- Investment type (grant, equity, debt, guarantee)
- Size
- Date of project start (month/year)

Indicator O1.3: Number of programs evaluated as effective at achieving target inclusive development outcomes

This indicator tracks the number of Blended Finance programs that have been evaluated as effective at achieving intended target development outcomes by a third-party evaluator, either mid-term (on track) or end of program.

This will be determined by reviewing evaluation reports for effectiveness, and concluding that the programme is 'effective', 'partially effective' or 'ineffective' in achieving target development outcomes. (Signalled by use of colours: green, amber, red)

Disaggregation: None

Intermediate Result 1.1: Market strengthened for private capital investment into inclusive development**Indicator IR 1.1.1: Number of investment intermediaries (direct beneficiaries) adopting products, services, or assets**

This indicator tracks the number of investment intermediaries (direct beneficiaries) who have adopted products/services/assets as a result of participation in DFAT assisted programming.

This includes financial intermediaries such as SME Funds, Fund of Funds, VCs, Banks, and other financial institutions that are a target of DFAT market building assistance.

Products, services, and assets might include new financial instruments, new capacity building services for SMEs, new funds under management etc.

programme documentation including quarterly reports, completion reports, and evaluations are reviewed for explicit examples of direct beneficiaries reporting the adoption of new products, services, or assets, as a result of their participation in the DFAT assisted support.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Organisation type (bank, impact investment fund, pension fund, insurer, XX)

Indicator IR 1.1.2: % of participants reporting increase knowledge and capabilities

Percentage of participants in capacity building activities reporting an increase in knowledge and capabilities as a result of the activity.

This outcome is tracked alongside:

- Number of capacity building activities delivered as a result of DFAT assistance
- Number of participants in activities

Portfolio activities that aim to improve knowledge and capabilities among direct beneficiaries includes any technical assistance fully or partially funded by DFAT. Technical assistance programs can target intermediaries as well as their beneficiaries (SMEs or projects receiving investment and non-financial support).

Disaggregation:

- Gender of participants
- Type of organisation receiving support (Intermediary or Investee)

Output 1.1.1: Catalytic capital models developed

Indicator IR 1.1.1.1: Number of new catalytic capital models structured that better serve direct beneficiaries

This indicator tracks the number of new catalytic capital models structured across the portfolio that better serve direct beneficiaries.

‘Structuring is the combining of different types of capital, risk mitigation, and incentives to attract investors and appropriately fund an investment. Capital structure in blended finance refers to the specific combination of debt, equity, or grant capital used to finance an investment.’

To better serve means to be considered to create improved efficiency or effectiveness for direct beneficiaries.

Catalytic capital models may be structured by DFAT, by DFAT and partners in collaboration, or by DFAT partners with financial and non-financial assistance from DFAT.

Disaggregation:

- Type of organisation that has structured or partnered to help structure the model
- Type of instruments included [Equity, Debt, Guarantee, Grant, TA, Other]

Goal: Increased private sector engagement through significant partnerships and uptake of the most effective blended finance approaches contributes to the Australian Government’s priorities in the Indo-Pacific region

Indicator G9: % of partnerships that are classified as significant

This indicator tracks the percentage of partnerships among the portfolio programs that are classified as significant.

Calculating the indicator involves a mapping process of programme partnerships against the partnership matrix. The matrix considers partnership along two dimensions, collaboration and additionality. Qualitative evidence from documentation is reviewed and discussed with a DFAT programme officer. Partnerships that are high in both collaboration and additionality at the time of the assessment are classified as significant.

The matrix should be accompanied by a definition or illustration of ‘the partnership’ that is being considered for a particular program, including the types of organisations involved and the relationships within the set of partners that make up the partnership.

Significance is defined by BFLP as a partnership that is (a) classified as contributing to progress toward systems change with the application of the Springfield Center’s AAER framework against DFAT’s priorities and (b) have demonstrated an increase in added value.

This overlaps with BPP’s definition based on its consideration of additionality. The BPP definition does not consider the dimension of collaboration: “significance” is measured through qualitative evidence of policy influence, network effects or depth of impact/change to target groups.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Strategic priority areas:
 - GLI/gender equality
 - Climate resilience
 - Geostrategic influence

Outcome 2: Australia’s strategic interests are advanced, and Australia’s influence in the region is enhanced through private sector partnerships

Indicator O2.1: % of investments making progress in effectively implementing strategies to promote or comply with X (e.g., GLI/gender equality, climate resilience/GESDI) as a priority through their own policies and processes

This indicator is tracking the percentage of DFAT investments making progress in effectively implementing strategies to promote or comply with one or more of DFAT’s strategic priority areas. Changes are reported as being a result of DFAT involvement.

This is calculated based on the number of investments within a programme reporting qualitative evidence of progress in one or more, compared with the total number of investments made.

An “investment” is a programme fully or partially supported by DFAT.

Disaggregation:

- Geography

- Strategic priority areas:
 - GLI/gender equality
 - Climate resilience
 - Impact measurement

Indicator O2.2: % of partnerships classified as strategic

This indicator tracks the percentage of partnerships classified as strategic.

These partnerships include those in G9 (highly collaborative and high additionality, contributing to systems change), as well as those that are highly collaborative and low in additionality. Programs that are lower in additionality might have the potential to contribute to systems change but are still in the pilot stage.

Disaggregation:

- Geography [Country in South Asia, Southeast Asia, Pacific excluding India]
- Strategic priority areas:
 - GLI/gender equality
 - Climate resilience/GESDI
 - Geostrategic influence

Indicator O2.3: % of partners citing Australia as favoured partner

This indicator tracks the percentage of partners in the portfolio self-reporting that Australia is a favoured partner at the end of a program. Indicators adopted by portfolio programs that are included report positive perceptions of the programme and/or DFAT (ex post).

More depth can be ascertained by looking at an NPS score, and qualitative reasons provided for the score.

The numerator is the total number of partners that agree with a statement identifying Australia as a favoured partner (and if not, a statement that they have positive perceptions of the programme and/or DFAT). The denominator is the total number of partners surveyed with this question.

A partner is an entity, meaning that an individual in a leadership position has responded to a survey on behalf of the entity. In some cases, multiple individuals within an entity are surveyed.

Disaggregation:

- Partnerships classified as strategic and non-strategic.

Intermediate Result 2.1: DFAT's operational and organisational effectiveness improved through private sector partnerships

Indicator IR 2.1.1: Number of programming/policy changes in X (e.g., GLI/gender equality, climate resilience/GESDI) documented as a result of DFAT involvement, both internally and among partners

This indicator tracks the total number of changes made within the programme and among direct partner organisations to programming or policy in one or more of DFAT's strategic priority areas. Changes are reported as being a result of DFAT involvement.

Information about programming and policy changes is ascertained through surveys/interviews with programme staff and partners and supported by documentation shared by partners.

Disaggregation:

- Type of partner
- Strategic priority areas:
 - GLI/gender equality
 - Climate resilience
 - Impact measurement

Indicator IR 2.1.1.2: % of partners reporting added value as a result of DFAT partnership

This indicator tracks the percentage of partners reporting that added value from partnering was experienced in one or more areas and as a result of the partnership formed through the program.

Added value is value experience by partners that is usually over and above the anticipated project results. It is the “collaborative advantage” of a partnership derived from the unique combination of diverse and complementary strengths and objectives of those involved in the design and implementation of a program, and leverage through the approach to partnering.

Measuring added value includes a qualitative and quantitative component. Implementing this indicator requires surveying DFAT and partners.

The qualitative information is the types of added value experienced or observed. The quantitative information is the extent to which the added value was experienced (on a Likert scale of 1-7), and the percentage of partners who report experiencing added value (a score of 5-7).

Type of added value depends on the purpose of the partnership. In blended finance partnerships this is likely to include:

- Access specialised knowledge, skills and expertise / knowledge transfer
- Access to market intelligence
- Access learning / capacity building
- Access new opportunities (new markets and sectors)
- Access network of valuable relations
- Improve quality and scale of intervention
- Improve public-private sector cooperation/collaboration
- Strengthen relationships with strategic partners (geo-strategic value)
- Increase recognition and respect from others
- Increase influence on ecosystem

Disaggregation:

- Partnership model
- Type of organisation

Output 2.1.1.: Partners engaged through partnerships

Indicator IR 2.1.1.1: Number of partners engaged through partnerships

This indicator tracks the total number of partner organisations that have been engaged through partnerships across the BFLP portfolio.

The entities that are considered ‘partners’ to DFAT through a specific programme should be considered on a case-by-case basis as this can vary based on whether DFAT leads the programme or is supporting an existing initiative.

Partners are those that work together on an initiative in various capacities. They may be direct partners of DFAT itself (defined by formal or informal partnership documents and/or structures), or of DFAT’s implementing partners (defined by formal or informal partnership documents with them). A partnership document may be a contract, an MOU, or a “ways of working” document.

Disaggregation:

- BFLP Partnership types (if available)
- Geography
- Organisation type (donors, governments, private sector, implementer, intermediary)

Outcome 3: Effective blended finance approaches are adopted across DFAT and among its partners

Indicator 3.1: Number of blended finance models in the BFLP portfolio replicated by DFAT or among partners

This indicator tracks the Number of blended finance models developed and tested in BFLP programs that are replicated at DFAT or by partners.

Implementing this indicator requires surveying DFAT staff and partners to report any qualitative observations and accompanying evidence of instances where they have replicated blended finance models in the BFLP portfolio, or where they have observed others to have replicated them.

This indicator should be accompanied with details of the blended finance model replicated and the linkages between them.

Disaggregation:

- Geography

- Type of DFAT unit or type of organisation (DFAT department/post/donors, governments, private sector)
- Model replicated

Output 3.1.1: Learning & evidence generated on blended finance approaches

Indicator IR 3.1.1.1: Number knowledge products, guidance documents, or case studies / impact stories on blended finance approaches produced and disseminated

This indicator tracks the total number of case studies and impact stories produced and disseminated internally and externally by DFAT or programme partners during the reporting period.

Products include those that:

- describe processes, results and document lessons learned
- describe evaluative evidence on blended finance approaches
- describe 'how to', policies, standards, and tools

Copies of documents are submitted by DFAT programme officers and partners and reviewed for relevance based on the indicator definition.

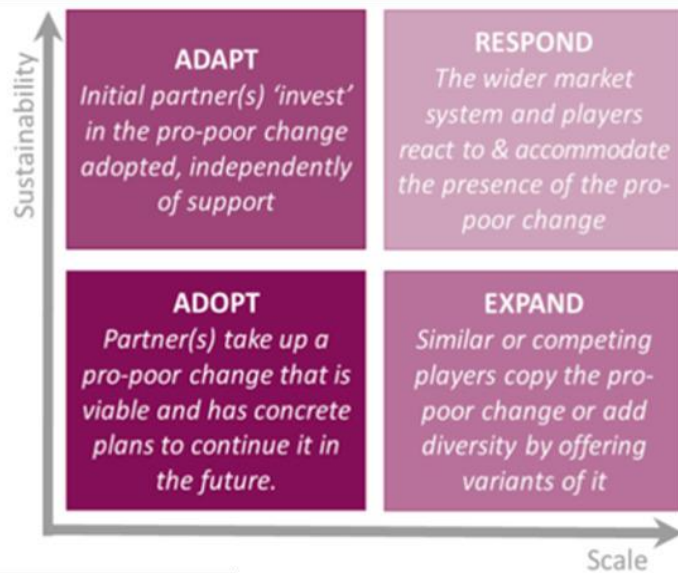
Products may be fully, partially, or not at all funded by DFAT, and this information should be recorded.

In addition to the number of products, qualitative information is gathered on how the product has been disseminated, including any quantitative information on the number of people reached through dissemination activities.

Disaggregation:

- Type of product (case study, guidance document, knowledge product)
- programme
- Focus on gender and climate

ANNEX 6: DFAT's Systems Change Approach to Gender Investment



Source: Springfield Centre

Below are the detailed examples of the systems change progress that DFAT has made.

Pre-AAER

- DFAT is building its own knowledge and expertise in gender equality and gender lens investing by learning from investments and applying these learnings on future programs
 - IW and SFI both adapted their measurement frameworks at their midpoints to incorporate gender investment goals:
 - IW introduced programme outcomes on learning about gender investment both within DFAT and in the ecosystem and subsequently reported significant learning from partners and experts in gender investing.
 - SFI incorporated gender systems change metrics throughout all of its components, including SFI Frontier Brokers, and found that collaborative partnerships led to increased added value through increased connections with peers on gender investing.
 - The design of EMIF built on lessons on gender investing from IW.
 - Several programs have produced knowledge products and tools on gender investing. The box below lists some examples of DFAT-developed tools and knowledge products.

Gender Tools and Resources Developed by DFAT and DFAT Investments

- WLB™ Series Blueprint Paper
- [Gender Based Violence Due Diligence Tool](#)
- [Conducting an informed gender analysis in the Pacific](#)
- [Value of Gender Lens Investing introductory video](#)

Adopt

- DFAT incentivises investors and supports direct investments to prioritise gender lens investing, which does not crowd out the private sector / distort the market.
 - IW provided capital through performance-based contracts and capacity building.
 - SFI structuring procurement around gender investing awareness raising to ecosystem actors, who would later design and implement SFI Frontier Brokers.
 - EMIIF provided capital, capacity building, and ways of working (shared goals) to support partners to move past their starting point on gender investing. They did not only target funds with existing gender investing approaches. AVV was supported despite the fact they were not a proponent of gender investing.
 - AIFFP provided an additional grant responding to modern slavery concerns found during due diligence.
- Partners create innovative gender investing mechanisms that build market understanding of solutions that meet the needs of SMEs and women-led SMEs in the Indo-Pacific.
 - DFAT invested in innovation and experiments and was willing to learn and risk failure.
 - DFAT supported pioneers in their earliest stages, for example, the first-of-its-kind instrument WLB.
 - DFAT co-created the SFI Frontier Brokers programme with ecosystem actors and committed to 2 brand new ideas—APIN and BIDUK. Another was working in contexts in which gender investing was very novel.
- DFAT leveraged strong partners in gender investing for demonstration effect, capacity building and immediate, sustainable gender outcomes.
 - IW Phase 1 worked with well established, international impact investors to help ensure quick results and to generate evidence that gender investments provide both financial and social returns.
 - Impact@Scale leveraged IIX's knowledge in gender investing and supported them in expanding their awareness raising to both investors and companies.
 - Criterion Institute and Value for Women provided assistance across the portfolio, helping to ensure both consistency of approach and evolutionary thinking on gender strategies and process metrics (EMIIF, IW, SFI) and awareness raising and technical assistance (IW, PacRISE, PFAN).

Adapt

- Partners were introduced to gender investing and are continuing to make gender investments beyond the DFAT investment period.
 - IW gathered evidence of IIPs launching gender focused follow-on funds independent of DFAT investment.

- EMIIIF works with investors that don't yet meet 2X criteria with the express goal of supporting them to increasingly commit to making gender investments.

Respond

- DFAT is recognised as a contributing actor in advancing the narrative on gender equality and gender lens investing in the Indo-Pacific.
 - Anecdotal evidence exists that IW and therefore DFAT is recognised as accelerating the gender lens movement.
- Research and knowledge products developed with support from DFAT build awareness and capacity among a wider set of actors in the region.
- Partners are raising awareness and influencing their networks in gender equality and gender investing.
 - IW investors anecdotal influence on others/each other (MAIN and Bangladesh Angel Network).
 - SFI Frontier Brokers made in kind contributions to joint initiatives and the Brokers network's awareness raising activities, such as the gender investing podcast and the gender investing video. While these initially enjoyed modest support by the network convenor contract, Brokers involvement continued beyond the funding period.
 - IIX's Orange Bond Initiative was launched following the successes of the WLB and aims to make it easier for other funds to learn from their experience and issue gender bonds.
 - PIDG's gender standards and approaches are industry leading as they go beyond the IFC's ESG standards commonly used by other DFIs. PIDG has a more comprehensive approach to gender investing through an emphasis on women empowerment instead of simply increasing women's access to finance. PIDG was described as a "tugboat" that was pulling along other DFIs by setting standards and demonstrating to larger multinationals how to implement these standards in infrastructure projects and markets not usually accustomed to this way of working.
 - PIDG held 10 HSES and gender lens investing workshops with project developers in 2021 and regularly holds workshops and events to familiarise partners and other interested market actors with PIDG's approaches.

Expand

- Multi-donor trust fund programs raise standards in gender in response to DFAT advocacy and actions. These become the standard for standards recognised by DFIs as particularly rigorous.
 - DFAT's advocacy influenced PFAN's mainstreaming of gender.
 - DFAT's advocacy influenced PIDG's strong gender and safeguarding policies and practices.

Post-AAER

- Outcomes for women and girls are targeted through impact frameworks
 - PacRISE carried out research on the sectors that were most promising for gender investments in the Pacific. 90 per cent of portfolio targeted outcomes for women and girls.
 - ACFP investment in TAFF2 includes activities and objectives in skills development for female employees in the forestry sector.

- BPP introduced a gender framework in order to align the portfolio with DFAT priorities.