

iv) Sustainable finance

- Sustainable finance is the practice of creating economic and social value through financial models, products and markets that are sustainable over time. In addition to be financially viable, the investments shall lead to sustainable outcomes, meaning that the results achieved must be economically, socially, and environmentally sustainable and fully integrate climate change considerations. Governments should establish a regulatory environment that discourages unsustainable investment and encourages the sustainable kind. The state owned companies could be turned into role models for sustainable development, e.g. in terms of sustainability reporting and sustainability goals.

v) Local capital market development

- Developing local capital markets should be a strategic d Ø

- Private giving has increased significantly and plays an important role in specific communities and on several issues. To increase the effectiveness of such actions, these providers could also follow the international principles.

4. Additional issues the EU wishes to cover

Blending

- Combining grants with loans, equity or other risk sharing mechanisms from public and private financiers is an important vehicle for leveraging additional resources for development and also increasing the impact of aid. The grant can be used to address developmental impact. Blending is one implementation instrument complementary to others, used in accordance to the specific country or sector context.
- Through the EU Platform for Blending in External Cooperation, the EU is working together with Finance institutions on increasing the catalytic effect of blending in crowding in more private financing through greater use of financial instruments such as guarantees, equity and other risk-sharing instruments. The EU is exploring options to expand the scope of blending in new areas such as sustainable agriculture and to facilitate more projects with a strong impact on local private sector development like SME access to finance.

Impact financing

- More attention should be given to the financing of female entrepreneurs, to impact financing for social businesses and high-impact investments, as well as to improving financing needs typically are not met by either microfinance institutions or traditional banks.