

# Country Platforms

A programmatic approach  
to blended finance

\*Exact effective date to be confirmed in Q3 2024



standard  
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# 01. Why do we need country platforms?

## An urgent need to bridge the sustainable development financing gap

In 2015, the world committed to delivering a set of Sustainable Development Goals (SDGs): the United Nations ‘2030 Agenda’.<sup>1</sup> Standard Chartered has a target of mobilising USD300 billion of sustainable finance by 2030 to support these goals. However, global levels of investment required to meet the 2030 Agenda have not yet been met. This gap is particularly acute in emerging and developing economies, and it is growing: up from USD2.5 trillion in 2015 to an estimated USD4 trillion per year now.<sup>2</sup>

Such a gap cannot be closed by public finance alone, much more private sector investment is required. But how are we to mobilise this amidst a continued aversion to emerging market risk in the private sector? Blended finance, where concessional capital is used to mobilise private sector investment, has a vital role to play and must be deployed.

## An opportunity to change the ‘rules of the game’ and solve ‘at scale’

Blended finance at a project level – such as to build a power station or road – is well understood across the market. However, if we are to deliver the size of investment required, we must be more ambitious and significantly scale the blending of public and private finance and expertise. Project-level blended finance may help get a particular facility over the line, but it is limited in its ability to change the ‘rules of the game’ that render projects difficult to bank in the first place: a lack of project pipeline, small ticket sizes, persistent regulatory friction and high political and currency risk.

To change the game, we need to use blended finance to solve at scale. ‘Country platforms’ seek to do just this: applying concessional finance at a country level to help remove barriers to investment and unlock the policy reform required to enable private finance to invest with confidence and at scale in support of the SDGs.

<sup>1</sup> The Sustainable Development Goals (SDGs) are a call to action to end poverty and inequality, protect the planet, and ensure that all people enjoy health, justice and prosperity

<sup>2</sup> SDG investment is growing, but too slowly: The investment gap is now \$4 trillion, up from \$2.5 in 2015 | UNCTAD

## 02. What is a country platform and how does it work?

The ‘country platform’ concept – “voluntary country-level mechanisms, set out by governments and designed to foster collaboration among development partners, based on a shared strategic vision and priorities”<sup>3</sup> – was first advanced by the World Bank back in 2017.

Country platforms move beyond just single projects and take a programmatic approach to blended finance. They seek to create **a forum for key partners to discuss where concessional capital can be used most effectively in-country**, ensuring different forms of concessional capital – including grants, loans, investments – are matched against the most suitable projects, as well as to consider how concessional finance can most efficiently leverage the private sector. This discussion can help support long-term policy and regulatory reform, identifying and unlocking barriers to investment at a system level.

## 03. What have we learned from the work to date?

The first significant example of a country platform was the ‘Just Energy Transition Partnership’ (JETP) announced by South Africa alongside the UK, USA, EU, France and Germany at COP26.

The South African JETP is tasked with:

**01**

Retiring coal plants ahead of schedule

**02**

Creating a reliable clean electricity supply by accelerating investment in renewable energy and the adoption of related technologies

**03**

Ensuring a ‘just transition’ for vulnerable workers and communities.<sup>4</sup>

The international donor community committed an initial sum of

**USD8.5 billion**

of concessional finance as part of this partnership

with the intention to mobilise a further

**USD90.0 billion**

of private sector financing towards delivering its ambitious goals.



<sup>3</sup> G20 Reference Framework for Effective Country Platforms

<sup>4</sup> ODI Emerging analysis Country platforms for climate action.pdf (cdn.ngo)





## An opportunity to identify and unlock barriers to investment at a system level

**Whilst not without its challenges, the implementation of the JETP in South Africa has highlighted the role country platforms can play in unlocking innovative approaches to mobilising capital to where it is needed.**

As partners began to implement the South Africa JETP, all parties quickly agreed that – given its limited sums – the concessional capital that was available should be conserved for funding activities that were unlikely ever to be bankable. This includes initiatives designed to support coal mining communities as they transition away from coal. This meant that other investment priorities – such as the buildout of renewables – would have to be financed completely commercially. To achieve this, the JETP partners identified barriers to private investment in these areas at a system level that could be resolved through implementing regulatory reform.

In response, in 2022 the South African government removed the licensing threshold for ‘embedded generation’. This freed major power consumers in South Africa to invest in building out their own renewable generation capacity.

This has begun to yield encouraging results; the South African government signed off 14.5GW of new renewable energy projects in 2023, with a further 45GW of projects in the pipeline, against only 50GW of currently installed capacity.



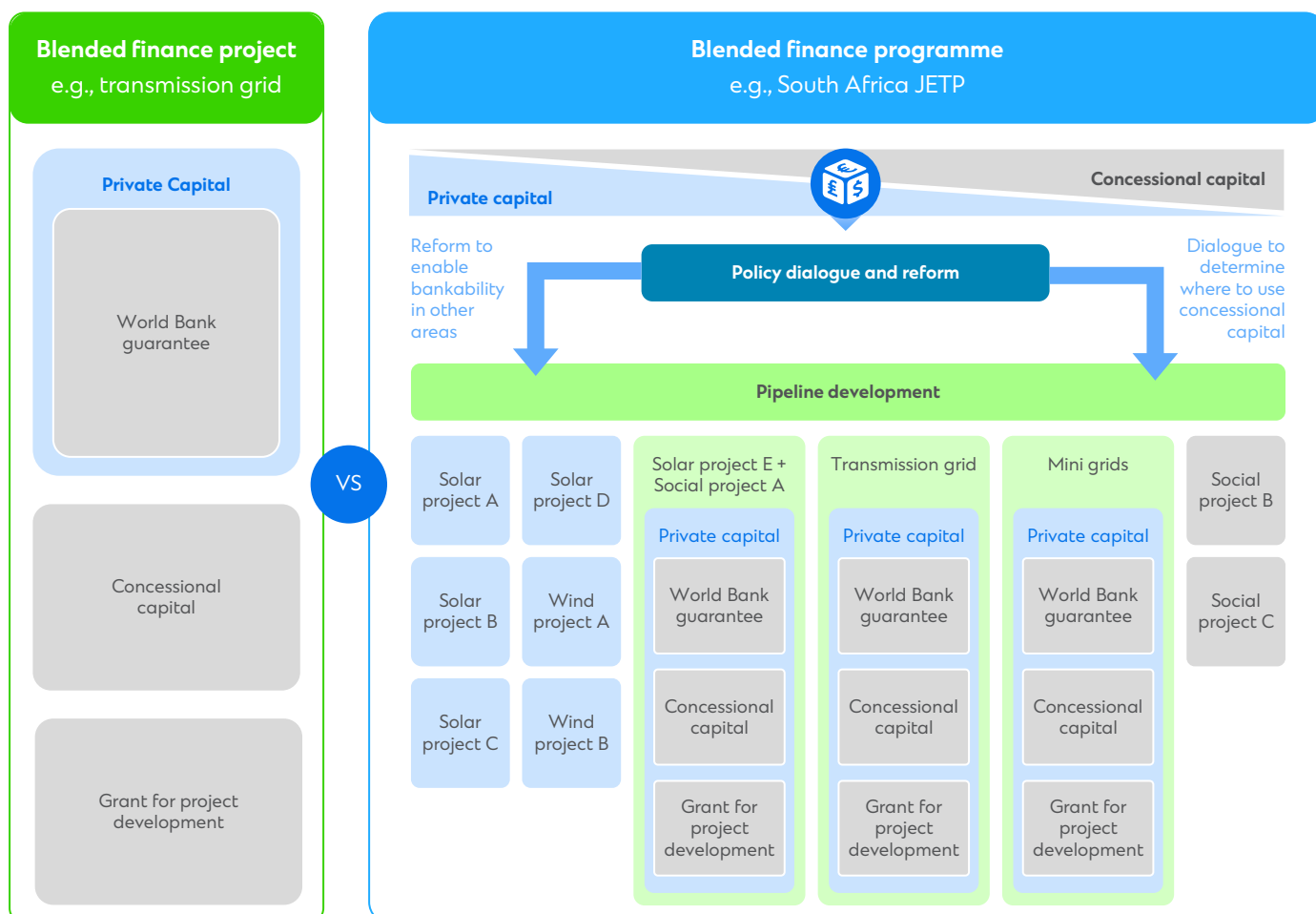


## B A new model for using public finance resources for maximum impact

Although the JETPs are the leading example of blended finance at a programme level, many projects within this framework will be wholly funded by the private sector, having been unlocked by policy reform or regulatory change at a system level. Other projects will be funded purely by concessional capital. And there will also be what look like traditional blended finance projects where a mix of the two is required: this is likely to be the approach in building out transmission grids.

Importantly, if the country platform fosters strong partner coordination, a model like this will **give donors confidence that their public sector financing will not be ‘crowding out’ the private sector** and that policy dialogue is helping to mobilise overall investment. Through the work on the South Africa JETP, a new ‘clearing house model’ has been established to ensure concessional capital is used most appropriately.

**Figure 1: Blended finance project vs blended finance programme (illustrative purposes only)**





## 04. Where to next?

There are now **four JETPs across the globe, including Indonesia, Vietnam and Senegal**, each seeking to address unique national priorities. They all continue to progress at different speeds, and all vary in their approach due to distinguishing domestic circumstances and political processes. Moreover, the JETPs are not the only example of country platforms: **Egypt** launched the Nexus of Food, Water and Energy in 2022 and **Bangladesh** looks set to formally launch its own Climate and Development Platform aimed at addressing both mitigation and adaptation issues.

Country platforms are not without their challenges. Multinational investment plans of this size, timeframe and ambition have never been attempted before and so each is adopting a 'learning by doing' approach – but this is also what makes the work to implement them so valuable.

We can now see **lessons from the South African JETP being applied to other platforms**. For example, in Vietnam and Indonesia the role of the private sector has been built into the governance structure from the outset. As well as clarifying how concessional finance can best be used to lower risk and help meet returns, this helps in the identification of local policy and regulatory changes needed to unlock private sector investment. This approach is already bearing fruit. Standard Chartered has pledged support in both countries as part of a cohort of GFANZ member banks that have collectively committed to at least match initial donor pledges.

This is equivalent to USD10 billion and USD7.75 billion in Indonesia and Vietnam respectively:

**USD10 bn** in Indonesia

**USD7.75 bn** in Vietnam

with expectations that the initial funding will mobilise up to **10x** in both countries as set out in their investment plans.



## 05. Who can I partner with on country platforms?

Delivering across such an agenda is complex. Getting the formula of concessionary finance, reform and private finance right such that it delivers the most impact requires actors that can work across traditional public and private sector divides. It also requires geographical awareness, sensitivity and regional and industry knowledge: what works in one country may not work in another.

Standard Chartered has been identified by Convergence as the number #1 blended finance bank.<sup>5</sup> With our unique, long-standing footprint across developed and emerging markets, we are well positioned to support the implementation of the JETPs at a policy and a commercial level.

To further aid the navigation and innovation of such topics, we have built a multidisciplinary and highly experienced team from both the public and private sector to help our clients establish and invest in country platforms.

[Click here](#) to get in touch and start the conversation.

<sup>5</sup> Summary Analysis - Investor Data | Convergence

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