

NGO NEXUS: SHARING SUCCESS

Cracking the code of blended finance



Leveraging resources for projects

The goal of this document is to encourage the sharing of effective strategies among NGOs and community-based organisations, to strengthen a network of individuals driving positive change. Leveraging the expertise found in SIP's best practices, this information serves as a guidance for distribution and implementation of best practices.

What is blended finance?

Blended finance is a financial strategy that combines public and private sector funds to address development challenges. It leverages public money to attract private investments, fostering sustainable and impactful projects, particularly in emerging economies.

The Social Employment Fund

The Social Employment Fund (SEF), managed by the Industrial Development Corporation, has provided meaningful work for over 89,000 individuals in various community-benefitting areas in just over a year.

Strategic Implementing Partners (SIPs) are tasked with employing a minimum of 1,000 participants for 16 hours per week in projects serving the common good.

Currently, the SEF collaborates with 37 SIPs in areas like community health, education, greening, and arts, who, in turn, partner with over 1,000 community organisations.

Visit the [SEF microsite](#) for more information



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Why is blended finance important?

- **Leveraging resources.** It combines public and private funds, multiplying the financial resources available for development projects, which can help bridge the funding gap for critical initiatives. Funders often want entities to increase and/or diversify their sources of funding, making a blended finance strategy helpful.
- **Risk mitigation.** By blending public funds with private investments, it can reduce the perceived risks associated with projects in developing regions, making them more attractive to private investors.
- **Innovative solutions.** Blended finance encourages innovative approaches to development challenges, as the private sector often brings fresh ideas and efficiency to project implementation.
- **Scalability.** It enables the scaling up of projects that might otherwise be limited by a lack of funding. This is particularly important for large-scale infrastructure and sustainable development projects.
- **Sustainability.** Blended finance can foster self-sustaining projects by transitioning them from dependency on public funding to financial models that can operate independently.
- **Broader impact.** By engaging the private sector, blended finance can address a wider range of development issues, from infrastructure and healthcare to education and environmental sustainability.
- **Alignment with Sustainable Development Goals (SDGs).** Blended finance helps align investments with the SDGs, making it an essential tool for achieving global development targets.

Tips on how to approach a blended finance strategy

1. Where to begin?

- Begin with a clear vision of what you aim to achieve, grounded in a compelling "why." Ensure your project addresses a genuine and pressing need supported by evidence, with the potential for a positive impact on beneficiaries, aligning with UN Sustainable Development Goals (SDGs) where possible, as many funders align with SDGs.
- Verify the practicality and availability of tools, or develop your own if necessary, based on research and best practices.
- Involve beneficiaries and communities in the planning, establish a realistic timeline, and secure buy-in from stakeholders, including experts, to drive your project's success.

2. Meeting the needs of the community

- Focus on meeting the needs of both clients and communities, with clients encompassing funders and beneficiaries. Prioritise the concerns and preferences of beneficiaries, as they directly experience the outcomes. Identify their priorities and seek opportunities for quick wins that can rapidly improve services and results.
- Initiate a pilot programme with limited resources, maintain regular feedback loops, and ensure that beneficiary needs are met, so they too become enthusiastic supporters.
- Find an anchor funder who shares an interest in the issue and engage in ongoing testing and learning with frequent reviews.
- Celebrate successes and respond promptly to beneficiary problems and concerns.

Tips on how to approach a blended finance strategy

3. Mobilising resources

- For sustainable project growth, consider resource mobilisation beyond traditional fundraising. Tap into community and beneficiary in-kind resources, local business CSI and donations, contributions from local government, clinics, or schools, and individual donations. Resources include services, materials, systems, procedures, training, money, and influence.
- Leverage existing contributions in fundraising efforts and showcase commitment from various sources to attract more supporters.
- Aim to secure funding from at least 20 funders to increase the likelihood of success, avoiding over-reliance on a single source.
- Build a diverse mosaic of resources to ensure project sustainability and expansion.

AN EXAMPLE ON SECURING BLENDED FINANCE

PLEASE REFER TO THE SMALL PROJECT FOUNDATION'S EYECARE EXAMPLE IN DR PAUL CROMHOUT'S PRESENTATION. SEE PRESENTATION [HERE](#).



Photo credit: Small Projects Foundation



Small Projects Foundation

Small Projects Foundation (SPF) is one of the SEF's Strategic Implementing Partners. They are an NGO located in East London that has been operating throughout the Eastern Cape, nationally and internationally for 34 years. SPF, using principles of sustainability and participation, empowers disadvantaged beneficiaries and stakeholders to improve the economic, physical, mental and social qualities of their lives. We build up people to empower themselves and their communities. SPF is involved in the Health care, Education and Social sector.

SPF works with communities and community service providers where they draw on their own knowledge and resources, to identify constraints that face them; and develop plans to use their knowledge and take action in managing challenges facing the communities.

SPF aims to strengthen the systems of health facilities through skills development, training and mentoring to embed models creating sustainability beyond funding term. They train and mentor community health care workers, members of community based organisations and learner support agents in various skills; providing them with knowledge, skills and competence to provide the necessary support to communities.



Photo credit: Small Projects Foundation