HIFHUB hosted by the Danish Red Cross
HUMANITARIAN
INNOVATIVE
FINANCE

MAINSTREAMING HUMANITARIAN BLENDED FINANCE

In the context of the Red Cross and Red Crescent Movement

MARCH 2025

Contents

1 Introduction

The Humanitarian Innovative Finance Hub (HIFHUB) has prepared this briefing paper in response to the growing body of work and interest among humanitarian actors in using blended finance models in humanitarian and fragile settings. The content is based on the outcomes of a 2024 consultancy on mainstreaming humanitarian blended finance (HBF) in the context of the International Red Cross and Red Crescent Movement.

The purpose of this briefing paper is to support the strategic dialogue within the Movement regarding the relevance, opportunities, and challenges of using HBF to advance its work and activities. Specifically, the report aims to:

- Clarify the concept of blended finance in humanitarian and fragile settings.
- Develop a shared language and approaches for further Movement engagement with HBF.
- Identify relevance and use cases for addressing specific challenges.
- Highlight selected examples of existing experiences within the Movement and beyond.
- Conclude on opportunities and challenges as well as related recommendations.

The briefing paper provides a snapshot of the Movement's experiences with (humanitarian) blended finance. However, it also raises new questions and highlights the need for further analysis to explore the potential fully.

1.1 Methodology

This report is based on the 2024 consultancy and its interviews with staff and leadership from the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC), selected Red Cross and Red Crescent National Societies, and external experts and organisations with blended finance expertise (see full list in annex 9.1). The case examples were identified during these interviews and further discussed with relevant stakeholders. It is important to note that these are illustrative examples, not a comprehensive overview of the Movement's experiences with blended finance. A more exhaustive mapping would require systematic data collection beyond the scope of this report.

About the Humanitarian Innovative Finance Hub (HIFHUB)

The HIFHUB is an initiative under the International Red Cross and Red Crescent Movement, the world's largest humanitarian network. We are committed to expanding the use of financial instruments to address challenges in humanitarian and fragile settings. By supporting the development of a portfolio of investible projects, strengthening organisational capacity, and fostering partnerships and sector-wide support, we aim to amplify the impact of humanitarian interventions. At the heart of all we do remains our dedication to addressing the needs of people affected by crisis and conflict. Learn more at HIFHUB.org.

2 Context and case for humanitarian blended finance

The humanitarian system is under unprecedented pressure, with crises affecting over 340 million people, annual funding gaps compounded by massive cuts in 2025 following the demise of USAID and commitments to defence spending in Europe. The gap between needs and available resources continues to grow, exponentially so from 2025 onwards. Traditional, short-term, grant-based funding models are no longer sufficient. If new ways of working have been a necessity for some time, they have now become imperative. Relying on grants alone will erode the Movement's impact and relevance over time.

2.1 The opportunity for humanitarian innovative finance

Humanitarian innovative finance (HIF) offers a transformative approach to bridge this gap. In June 2024, a Grand Bargain Strategic Dialogue session defined Humanitarian Innovative Finance as reflecting *a range of financing models and approaches that leverage humanitarian capacity and funding (grants) to catalyze capacity, partnerships and financing (capital) from the development, local and private sectors. At its core, HIF aims to broaden the resource base in fragile settings, generate efficiencies, and achieve more sustainable impact on affected populations - reducing needs and providing humanitarian exit strategies over time.*

A key approach within HIF is blended finance for humanitarian impact or humanitarian blended finance (HBF). Using grants to de-risk investments, HBF can attract additional finance from, e.g., development banks, the private sector, governments and impact investors. This approach has shown promise in increasing financing availability, delivering scalable impact, and offering potential for replication, particularly in sectors like water and sanitation, it could also be applicable to other thematic areas such as climate, economic security or health.

2.2 Why explore humanitarian blended finance?

Development actors have an increased interest in investing in humanitarian and fragile settings, but high perceived and actual risks, coupled with relatively low potential returns, continue to limit their engagement. HBF can help address these barriers through purposeful cross-sector partnerships, proactive deal origination, and de-risking strategies.

The Humanitarian Innovative Finance Hub (HIFHUB) supports efforts to expand the use of HBF in humanitarian and fragile settings by fostering collaboration between humanitarian and development actors, host governments and the private sector.

3 Definitions and typologies

Humanitarian blended finance (HBF) is an emerging approach that strategically combines humanitarian grants with concessional and commercial financing. This approach aligns with broader blended finance principles but is specifically designed to operate within humanitarian and fragile settings, with measurable impact on affected populations.

3.1 Definition of blended finance

Blended finance, defined by the Organisation for Economic Co-operation and Development (OECD), is "*the strategic use of development finance for the mobilisation of additional commercial finance towards the SDGs in developing countries*".[1]

Convergence, a global network for blended finance, defines it as "*the mobilisation of both grant monies and private capital towards the achievement of a specific impact investment opportunity*".[2]

Blended finance structures typically use catalytic capital, such as development or philanthropic grants or concessional funds, to attract commercial capital. They incorporate risk-sharing mechanisms, including guarantees, first-loss provisions, and insurance, to encourage investment in high-risk markets. In doing so, they rely on public-private collaboration, bringing together governments, philanthropic donors, development finance institutions, and private investors to mobilise funding and scale impact.

Over the past decade, blended finance has been key in mobilising private capital for Sustainable Development Goals (SDG) and climate-related investments. Between 2014 and 2023, Convergence recorded 1,123 transactions amounting to USD 213 billion, primarily targeting financial services, agriculture, energy, health, and education sectors.

Despite its successes, blended finance remains underutilised/difficult in humanitarian and fragile settings due to higher risks, limited return prospects, and weak institutional frameworks. Typical blended finance structures are illustrated in the figure below:

Figure 1, Typical blended finance structures (source: OECD)

[1] The OECD DAC Blended Finance Guidance
[2] State of Blended Finance 2024, *by Convergence*

3.2 Definition of humanitarian blended finance

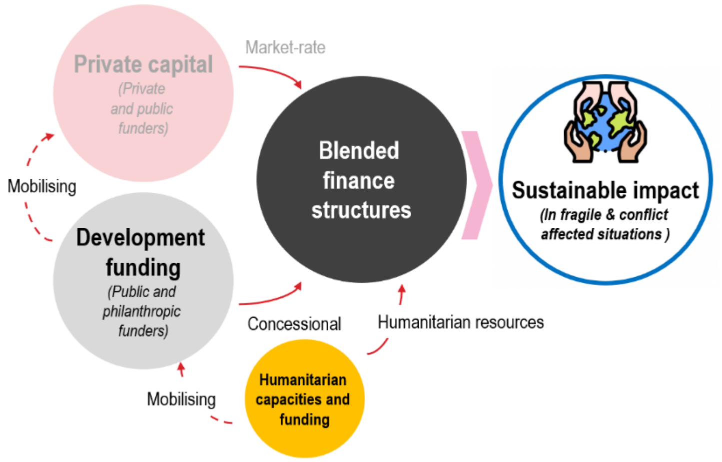
Humanitarian blended finance (HBF) applies blended finance principles to humanitarian and fragile settings. This briefing paper defines the approach as *the strategic use of humanitarian resources to catalyse concessional finance and greater private sector participation to deliver a positive impact on populations affected by fragility, conflict, and climate change.*

This definition attempts to provide a more precise and concise version of previous definitions:

- At a roundtable in June 2023, co-organised by the Delegation of the European Union to the UN, the Permanent Missions of France, Germany, and Switzerland to the UN, and the ICRC, HBF was defined as *"a series of innovative approaches to partnering across sectors and to the sequencing or blending of humanitarian grants with development finance and private sector participation. It generates additional and measurable impact on affected populations and more sustainable responses. The highest potential is in protracted FCV [Fragile, conflict-affected, violent] settings, with a focus on infrastructure, access to essential services, and the resilience of families and communities."* This definition emphasises cross-sector partnerships and sequencing of funds, which leans more toward innovative finance aspects than typical blended finance.
- A policy brief on innovative financing in humanitarian and fragile settings, produced by ODI in October 2024[3], defined HBF as: *"a range of financing models that 'blend' humanitarian resources with financing from development banks and/or private finance; it is an umbrella term used to cover different types of blending, and is therefore used to describe multiple types of innovative financing by different actors."*

The key distinction between blended finance and HBF is that the latter relies on humanitarian capacities supported by grants to enable blended finance transactions in fragile settings, with measurable impact on affected populations. Humanitarians bring critical advantages to this process. Their on-the-ground presence allows them to assess needs and risks accurately, while their established community engagement and trust foster local buy-in and collaboration.

Figure 2, The Mechanics of humanitarian blended finance



[3] ODI Humanitarian Innovative Financing In Fragile Settings Taking Stock And Charting the Road Ahead

Additionally, their technical and operational expertise ensures that projects are designed and implemented effectively, balancing humanitarian priorities with long-term development goals. The figure above illustrates the mechanics of humanitarian blended finance:

4 The value proposition of HBF

Humanitarian blended finance (HBF) is mainly about scaling impact by creating sustainable financial structures that complement traditional funding. HBF's value proposition is built on three key levers:

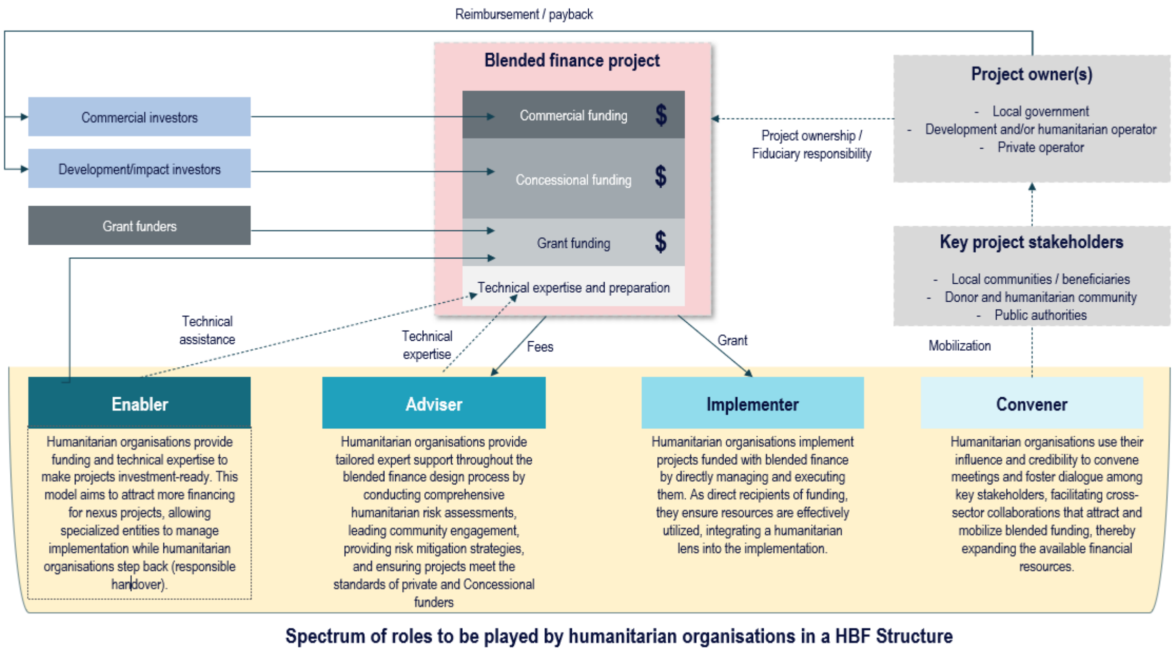
1. Aligning funding flows and building coalitions to maximise impact: HBF goes beyond enhancing humanitarian interventions – it also strengthens development efforts by fostering long-term, sustainable financing models**.** By aligning funding flows from humanitarian, development, and private sector sources, HBF ensures that financial resources are deployed more efficiently and effectively towards common objectives. This is particularly critical in today's resource-constrained environment, where fragmented funding streams often limit the scale and sustainability of interventions. HBF builds strong coalitions among humanitarian and development actors, donors, governments, private sector entities, and local stakeholders. These partnerships break down silos and create financing structures that maximise impact, promote long-term resilience, and reduce dependency on short-term, reactive aid**.**
2. Reducing reliance on traditional funding: HBF can help shift from short-term, reactive funding to long-term, scalable financing solutions. Integrating concessional and commercial finance reduces pressure on overstretched humanitarian budgets, ensuring funding is more predictable and responsive to needs, and allowing for responsible exit strategies.
3. Enhancing the quality of humanitarian response: HBF combines local contextual knowledge, governmental support, and financial expertise to prevent the collapse of public systems, provide diversified financial structures, and allow for durable, long-term solutions.

HBF strategically leverages partnerships and redistributes risks, enhancing the quality of humanitarian responses. Fostering collaboration, integrating local and financial expertise, and tackling systemic challenges creates a strong framework for maximising impact across sectors.

5 How can humanitarian actors engage with HBF?

Every HBF project requires a *project owner* who holds fiduciary responsibility toward concessional and commercial funders, ensuring accountability for repayment. The project owner can be a local government, a development actor, or a private operator responsible for managing financial obligations and securing future cash flows. A humanitarian actor may take on this role in rare cases. However, in most cases, humanitarian actors assume one or more of the four roles outlined in more detail below.

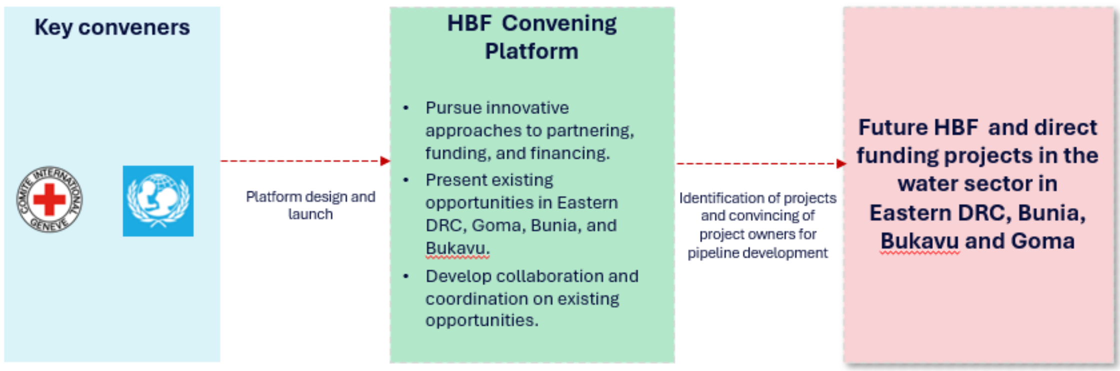
Figure 3, Humanitarian organisations model of engagement in HBF projects



5.1 Role 1: The convener

As conveners, humanitarian organisations identify suitable HBF projects and leverage their credibility to bring stakeholders together. They facilitate cross-sector dialogues, foster collaboration, and align stakeholders – local communities, governments, development actors, and private sector partners – toward shared humanitarian and development goals.

Example: ICRC and UNICEF's HBF convening platform in eastern DR Congo



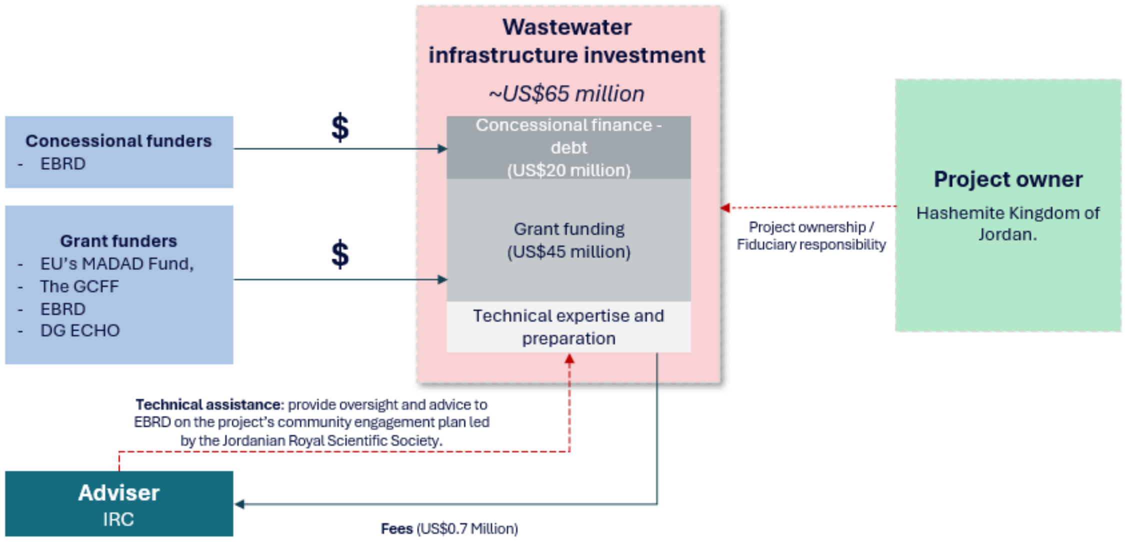
In recent years, the ICRC has spearheaded HBF in the water sector (see more details in chapter 7 and Annex 9.3). Acting as conveners, the ICRC and UNICEF are launching a platform to enhance funding coordination and cooperation among humanitarian and development actors, donors, authorities, international and local businesses. The platform is already changing the game in terms of collaboration, shared ambitions and distribution and financing of work in the water sector in key urban centres of Eastern Democratic Republic of Congo.

5.2 Role 2: The advisor

As advisors, humanitarian organisations provide expertise to HBF projects led by other entities. Their input ensures projects align with communities' needs while meeting the requirements of grant funders, concessional financiers, and commercial investors. They offer guidance on community engagement, risk assessment, and programme design, helping other stakeholders navigate complex humanitarian and fragile settings.

In return for advisory services, humanitarian organisations receive fees from *project owners*, funders or financiers to cover operational costs. Their involvement enhances the social impact of HBF initiatives by ensuring projects are inclusive and responsive to humanitarian priorities.

Example: The International Rescue Committee (IRC) advising on wastewater project in Jordan



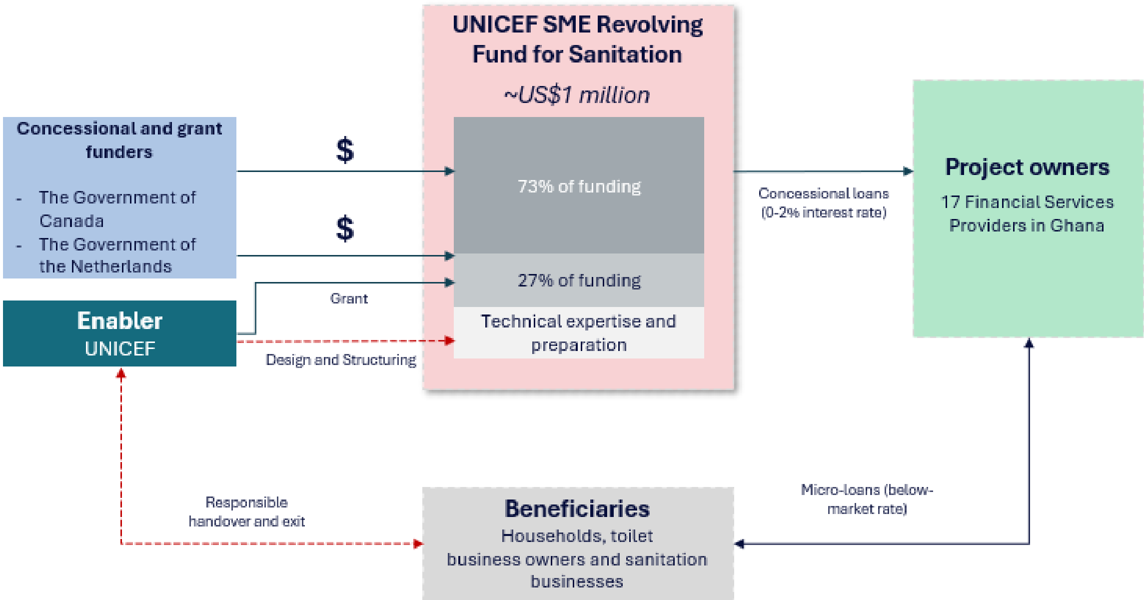
The IRC took on an advisory role in a EUR 65 million wastewater infrastructure project in West Irbid, Jordan, designed to benefit Syrian refugees and host communities. The project, financed through a loan from the European Bank for Reconstruction and Development (EBRD) with co-financing from multiple partners, is supported by Jordan's Ministry of Water and Irrigation and the Water Authority.

The EBRD partnered with the IRC for technical assistance to ensure effective implementation. Supported by The European Commission's Civil Protection and Humanitarian Aid Operations department (DG ECHO), the IRC oversees and advises on the project's community engagement plan. This collaboration ensures meaningful participation from both Syrian refugees and local Jordanians, fostering inclusion and enabling social impact goals.

5.3 Role 3: The enabler

As enablers, humanitarian organisations identify projects that can benefit from HBF and guide their development from concept to investment-ready initiatives. They play a key role in structuring projects and aligning stakeholders before stepping back to allow other entities to lead implementation, ensuring responsible handover and exit as well as long-term sustainability.

Example: UNICEF enabling funding for WASH through SME Revolving Fund



To mobilise additional financing for achieving SDG 6.2[4], UNICEF country offices in Ghana, Nigeria, and Togo enabled the establishment of the Revolving Fund for Sanitation (RFS) – an innovative finance mechanism that channels capital into local financial institutions to provide micro-credit for households and sanitation businesses. Under the management of a fund administrator, the RFS extends 0%–2% interest loans to Financial Service Providers (FSPs), which in turn offer micro-loans at below-market rates to households, toilet business owners, and sanitation enterprises. Once the sanitation facility is built and verified, borrowers (household owners) repay the FSPs, who then return funds to the RFS. This revolving structure ensures continuous reinvestment of the initial capital, sustaining long-term sanitation financing.

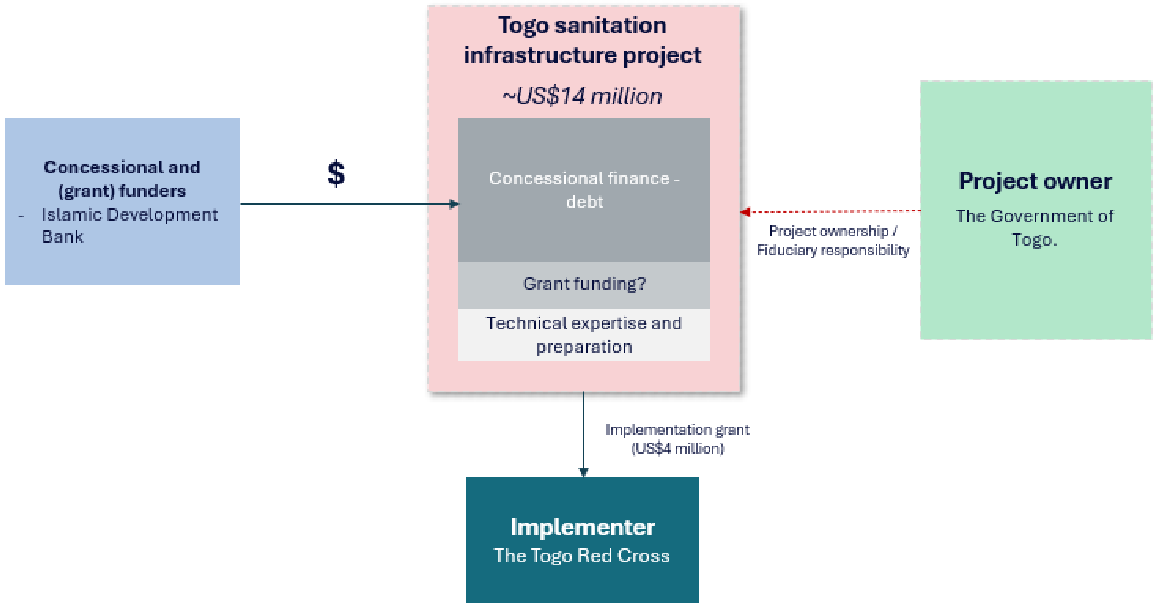
[4] SDG Target 6.2, Sanitation and hygiene: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

5.4 Role 4: The implementer

As implementers, humanitarian organisations execute HBF projects by leveraging their technical expertise, operational capacity, and on-the-ground presence. They receive funding in the form of grants from project owners and ensure projects are efficiently managed and aligned with humanitarian principles.

To take on this role, humanitarian organisations must strategically engage with project owners and financiers early on, ensuring their role is well-defined during project design. This proactive involvement creates new opportunities for local humanitarian actors, including National Societies, strengthens credibility and guarantees their expertise is integrated into implementation.

Example: Togolese Red Cross implementing a sanitation project



The Togolese Red Cross is implementing a sanitation project funded by a loan from the Islamic Development Bank to the Togolese Government. Approximately USD 4 million of the USD 14 million loan was allocated by the Togolese Government (the borrower) as a grant to the Togolese Red Cross for execution. This model enabled the Togolese Red Cross to focus on delivering results while reinforcing its role as a trusted partner in humanitarian and fragile settings. Although not a traditional HBF transaction, this case illustrates how humanitarian actors can access development financing, diversify their funding and play a key role in project implementation.

6 Applicability of HBF

Humanitarian blended finance (HBF) can be applied in various contexts to enhance resilience, recovery, and long-term development. While its structural requirements make it less suited for immediate crisis response, it offers significant value in preparedness, protracted settings, post-crisis recovery, and refugee-host settings. Below is an overview of how HBF can be strategically leveraged across different situations.

Context	Suitability	Potential applications
Preparedness & adaptation: Strengthening resilience in humanitarian and fragile settings before a crisis strikes to reduce the severity and scale of humanitarian needs at later stages.	High	Resilient infrastructure: Improving water and sanitation systems, healthcare, and energy systems can bring immediate benefits and help withstand future shocks. Early warning & monitoring: Creating and expanding early warning systems and monitoring tools can help communities prepare for, detect, and respond to future crises. Livelihood & economic stability: Investing in sustainable farming, microfinance, and small business programmes can reduce vulnerability.
Acute crisis: Providing rapid humanitarian response in acute crises to save lives and relieve suffering.	Low	Not applicable: HBF is generally unsuitable for rapid humanitarian response due to the time needed for design and implementation of HBF projects.
Post-crisis recovery: Transitioning from emergency relief to long-term development to reduce reliance on humanitarian budgets in prolonged crises, allowing these resources to be used for acute crises.	High	Rebuilding critical infrastructure: Restoring water, health, and energy systems through a mix of grants and concessional loans can create assets for the community and reduce future risks. Economic revitalisation: Supporting small businesses and entrepreneurs through low-interest loans or grants can strengthen economic stability. Health & education investments: Expanding access to healthcare and education with concessional finance and grants can address both immediate recovery needs and long-term resilience.
Refugee & host communities: Creating shared benefits for refugees and host communities to reduce dependency on emergency aid and foster social cohesion and economic stability.	Medium	Job creation & livelihoods: Financing vocational training, business grants, and microfinance for both refugees and host communities can create much needed income opportunities for both groups. Affordable housing & community facilities: Blending public and private resources can help develop sustainable housing solutions for both groups. Infrastructure strengthening: Upgrading roads, power, waste and water systems can support an increased demand.

7 Lessons from mapping HBF within the Movement

As part of our consultation, we conducted in-depth interviews with approximately 30 key stakeholders across the Movement to map existing humanitarian blended finance (HBF) initiatives. While we identified numerous innovative financing efforts within the Movement, only a handful of these initiatives fully aligned with the strict definition of HBF outlined in this report. This suggests that while the Movement is actively experimenting with new financing models, true blended finance structures remain relatively rare and complex to implement.

Within the Movement, ICRC leads the way with its Multi-Year Multi-Partner (MYMP) Urban Water Infrastructure portfolio. Initiated with two pioneering projects in Mossul and in Goma, this portfolio now encompasses 11 projects under different stages of implementation, with the potential to mobilize over a billion CHF (around 12-13% in grants, 87-88% in concessional finance) and reach 11 million people by 2030-2032). Over the past three years, this strategic approach has already secured CHF 46 million in grants for the ICRC, CHF 87 million in concessional finance (grants and loans) for host governments, from donors and development actors (Lombard Odier Foundation, SIDA, SDC, ECHO, WB, AFD). To note, National Societies can play an important role in these projects, as was the case with the RDC and Swedish Red Cross in Goma, around engagement with communities and their capacity to pay for water services. For more on the Goma/HBF model and the MYMP Urban Water portfolio, see Annex 9.3.

Another example, while not a pure HBF transaction, is the Togolese Red Cross Sanitation Project. In this case, the Togolese government secured a $14 million loan from the Islamic Development Bank, allocating $4 million as a grant to the Togolese Red Cross for project implementation. Although this project does not follow a strict blended finance structure, it illustrates the crucial role National Societies can play in facilitating innovative financing solutions. It also underscores how external financing mechanisms, when aligned with local humanitarian organisations, can enhance the reach and impact of such initiatives. The Togolese Red Cross has learned from the experience and is further engaging with the Government and the OPEC Fund for International Development in the frame of a USD 25 million loan from the latter to the former, from which the Togolese Red Cross, supported by the IFRC, expects to be awarded around USD 10 million in grants.

Key lessons for scaling HBF

The experiences of these projects, as well as past blended finance initiatives within the Movement, reveal critical lessons that must be considered to scale and replicate HBF structures effectively:

1. **HBF is resource-intensive and requires long-term commitment:** The Goma project, for instance, would not have reached its current stage without the sustained efforts of a dedicated team, strong leadership, and a willingness to take calculated risks.
2. **HBF structures often clash with existing operational cultures and organisational frameworks:** Some National Societies have attempted to implement HBF models but found them complicated, time-intensive, and misaligned with their current structures and working modalities.

Traditional humanitarian financing mechanisms often do not prioritise the detailed financial structuring, risk assessments, and multi-stakeholder coordination required for HBF to succeed.

3. **Building internal capacity and fostering a partnership-driven mindset is crucial:** Even within the ICRC – widely regarded as a leader in exploring HBF structures – there is a recognised need for greater investment in organisational capabilities. This includes:
    - Strengthening internal expertise in innovative finance
    - Developing new partnership models with DFIs, commercial investors, and impact funds
    - Creating flexible systems that allow for financial structuring while remaining adaptive to humanitarian needs on the ground

    Achieving this balance will require a thoughtful integration of new financing mechanisms into existing humanitarian structures while ensuring that necessary standards, oversight, and governance frameworks remain intact.
4. **Successful HBF implementation demands stronger project coordination and clear decision-making processes:** The lack of streamlined internal systems remains a significant barrier to scaling HBF initiatives. Robust governance structures, clear roles and responsibilities, and enhanced project oversight will be essential to integrating blended finance within the Movement's broader humanitarian agenda.

Growing appetite for blended finance in the Movement

Despite the challenges, there is clear momentum within the Movement to explore and adopt blended finance approaches in a more intentional way. Several key indicators highlight this trend:

- **Capacity building initiatives**: Movement actors have shown a strong interest in building expertise around blended finance. For example, participation from Movement colleagues other than ICRC in the Driving Innovative Finance for Impact (DIFI) programme has increased from four in 2023 to twenty-six in 2024.
- **Generation of pipeline of projects**: As a direct result of engagement in this consultancy and in the DIFI programme, at least three National Societies are currently exploring HBF projects (see annex 9.4).
- **Blended finance expertise as a hiring criterion:** Movement members are increasingly recognising the importance of blended finance expertise when hiring key personnel. For instance, the recent job description for a Resource Mobilisation Officer in East Africa explicitly listed experience in blended finance as a preferred qualification.

The Movement has made significant strides in experimenting with innovative finance models, and there is growing interest in making blended finance a core part of its funding strategy. However, scaling HBF within the Movement will require:

- A shift in organisational culture towards long-term financial structuring and partnership-driven approaches
- Greater investment in internal capacity and expertise
- Stronger governance frameworks to support more complex funding and financing arrangements

By addressing these challenges while leveraging existing momentum, the Movement has the potential to position itself as a leader in mobilising large-scale, sustainable financing for humanitarian needs.

8 Opportunities, challenges and recommendations

8.1 Opportunities

Humanitarian blended finance (HBF) is relevant across all levels of the Movement. Each role could be more or less appealing to different Movement members (as seen in below overview) and adjusted to the core capacities of each entity. Joining forces in coalitions could present added value.

Figure 4, Potential Roles of Movement members in humanitarian blended finance structures

8.2 Challenges

Despite its potential, HBF in the Movement faces several bottlenecks that needs to be addressed:

- Limited awareness: Many Movement members lack a clear understanding of HBF, hindering their ability to leverage its opportunities.
- Technical capacity gaps and the partnership mindset: Due to limited expertise and a narrow approach to partnering across sectors, many entities struggle to identify, structure, and implement HBF projects.
- Funding shortages for the design phase: Early-stage financing is often unavailable, making it very difficult to develop viable projects.
- Weak collaboration frameworks: Stronger partnerships between Movement members, development funders, and local governments are needed.

8.3 Recommendations

To overcome challenges and, over time, scale HBF across the Movement, consider the following recommendations:

- Enhance awareness and capacity building: Boost targeted training, workshops, and knowledge-sharing platforms to build expertise.
- Develop easy to use how-to tools: Provide a step-by-step guide on project design, risk mitigation, and investor engagement.
- Secure seed and early-stage funding: Engage with partners to establish dedicated funding pools and partnerships with financial institutions.
- Strengthen collaboration: Advocate for National Societies' inclusion in development plans and multilateral finance projects.
- Engage public entities early: Work with governments to align expectations and ensure HBF models fit within national frameworks.

9 Annexes

9.1 List of people interviewed

#	Full Name	Entities	Title
1	Helene Willart	ICRC	Operations Advisor seconded from AFD
2	Elodie Bruder	ICRC	Water and Habitat Development Actors Partnership Advisor
3	Fidy Rajaonson	ICRC	Manager, Development Centre of Expertise
4	Melker Mabeck	IFRC	Strategic Partnership and Resource Mobilisation Department, Geneva
5	James Carey	DG ECHO	Policy Officer, Innovation, Private Sector, Innovative Finance
6	Francois Moreillon	ICRC	Head of Delegation, Democratic Republic of Congo
7	Maria Pinzon	IFRC	Global Team Leader, Water Systems Strengthening, Geneva
8	Elvin Dawn	IFRC	Partnerships Advisor, Water Systems Strengthening, Geneva
9	Ellen Brooks Shehata	IRC	Director of Innovative Finance
10	Alessandro Fedele	IFRC	Global Head Private Sector Unit, Strategic Partnership and Resource Mobilisation Department, Geneva
11	Ramya Gopalan	IFRC	Senior Officer, Innovative Finance and Private Sector, Strategic Partnership and Resource Mobilisation Department, Geneva
12	Micol Pistelli	UNHCR	Head of Financial Inclusion
13	Loyse Tabin	ICRC	Cash and Market Specialist
14	Pierre Kremer	IFRC	Deputy Regional Director, Africa Region
15	Louise Daintrey	IFRC	Regional Head of Strategic Engagement and Partnership, Africa Region
16	Bhupinder Tomar	IFRC	Head of Delegation, West Coast Cluster
17	Andrew Lawday	P-SHI	Consultant, Partnering for Sustainable Humanitarian Impact (P-SHI)
18	Nora Schmidt	P-SHI	Consultant, Partnering for Sustainable Humanitarian Impact (P-SHI)
19	Stephen Mcandrew	IFRC	Deputy Regional Director, Americas Region
20	David Peppiat	Cash-Hub	Special Advisor, British Red Cross
21	Arthur Brizou	UNCDF - UNITLIFE	Innovative Finance and Partnerships
22	Toulaxay Xayakhom	WFP	Head of Innovative Finance
23	Philippe Doust-Blazy	UNITLIFE	President
24	Frederik Teufel	AfDB	Lead Coordinator, Partnerships and Innovation
25	Bumi Camara	AfDB	Principal Economist, Fragility, Resilience
26	Elise Baudot	ICVA	Humanitarian Financing and NGO Development
27	Jerome Berndt	AfDB	Principal Fragility and Resilience Officer
28	Andrej Naricyn	IFRC	Head of Strategic Partnership and Resource Mobilisation, Regional Office for Europe
29	Thomas Husson	PROPARCO	Head of the FCV Unit
30	Emma Sanchis Peris	PROPARCO	Investment Officer
31	Liselotte De Koning	Netherlands Red Cross	Director, Red Cross Princess Margriet Fund
32	Juja Kim	IFRC	Deputy Regional Director, Asia Pacific Region
33	Richard Blewitt	British Red Cross	International Director
34	Jillian Smith	British Red Cross	Business Development Manager
35	Costanza Tognini	British Red Cross	Head of Institutional Partnerships
36	Libertad Gonzalez	Netherlands Red Cross	WASH Adviser
37	Stefania Giodini	Netherlands Red Cross	Head of Water Advisory and Innovation

9.2 List of relevant reports

HBF Recommendations for NGFP Summit 2023: Highlights HBF's role in addressing funding gaps, particularly in the water sector, and calls for greater coordination, climate action integration, and cross-sector partnerships.

Humanitarian Blended Finance Roundtable (2023): Summarizes discussions on expanding HBF through systematic approaches, cross-sector collaboration, and the creation of bankable projects.

ICRC Discussion Paper on Parallel Funding (2022): Explores parallel funding as a strategy for sustainable humanitarian financing through coordinated contributions from multiple entities.

How should National Societies relate to humanitarian innovative finance? (2023). Examines HIF's role in crisis prevention, resilience, and reconstruction, emphasizing strategic alliances and coordination.

Sustaining engagement and impact in conflict-affected contexts through the World Bank – ICRC partnership (2024). Reviews joint efforts to support vulnerable populations, highlighting knowledge exchange, advocacy, and operational collaborations.

Blended Finance Best Practice: Case Studies and Lessons Learned (2023). A playbook of 13 case studies demonstrating how public-private funds can support SDGs through risk mitigation and standardized frameworks.

State of Blended Finance (2024). Provides a global overview of blended finance, stressing the need for transparency, regulatory reform, and expanded investment.

Partnership Playbook: Leveraging Partnerships for Impact (2022). Offers guidance on structuring partnerships between investors and humanitarian actors to align investments with social impact goals.

Humanitarian Innovative Financing in fragile settings (2024). Discusses blended finance and green finance as mechanisms for addressing funding gaps in fragile contexts.

Humanitarian Impact Finance: Instruments & Approaches (2024). Explores financial instruments for addressing protracted crises and climate change, with a focus on scalable, impact-driven solutions.

The OECD DAC Blended Finance Guidance (2021). Provides principles for structuring blended finance initiatives, maximizing development impact, and mobilizing private sector investment.

9.3 The Goma/HBF model:

Scaling and Replicating Innovative Approaches to Partnering, Funding and Financing

In 2018, at the request of the ICRC Operations Africa, the DRC Delegation, the Water and Habitat and the Development Actors teams, the ICRC New Financing Models Unit started exploring innovative financing avenues to support the Goma West Water Project. At the time, Goma West was a CHF 40 million water infrastructure project that the ICRC thought it would have to fundraise for and implement itself if it wanted an end to decades of stop-gap solutions that did not solve the problem nor offer a responsible exit: access to affordable, clean water for around 500.000 people amongst the most vulnerable in Goma, including IDPs.

Having explored innovative approaches to partnering and financing, the ICRC implemented preparatory works (supported by CHF 8 million in additional grants from Lombard Odier, SIDA, Slovenia and, particularly, SDC), that enabled World Bank commitments of USD 42 million in concessional finance (grants and loans) for the host government to implement the lion's share of the Goma West Project: the design and build of the water infrastructure and a financially sustainable operating model afterwards, with significant private sector participation and a central role for the Government of DRC. GIZ, funded by USAID (USD 2 million), is leading a critical piece of the project, the setting up of the provincial water authority. The Swedish and DRC Red Cross have contributed with community engagement assessments. End of 2024, the ICRC handed over the Goma West Water Project to the National and North Kivu Water Authorities and the World Bank, while committing to staying engaged with support/advisory functions. At the time of writing end of March 2025, the ICRC and the World bank are engaged in discussions to secure continued support in the current operational context in Eastern DRC. At the heart of ICRC's value proposition for partners in HBF projects is the ability to step up when the situation deteriorates.

Very importantly, the WB has recently committed to another package of USD 15 million to invest in another area of Goma (Buchara), also on the basis of ICRC's preliminary works, INTPA and ECHO are looking to fund the ICRC to complete the water infrastructure in the North of Goma (Euro 15 million). Mostly but not exclusively through a convening role, the ICRC will help catalyze further investments to bring water to the whole of Goma. In brief, with initial ICRC leadership and a limited investment, we have catalyzed the investments of others at a rate of 1 to 9 so far and provided exit strategies for the ICRC and humanitarian donors. The overall total of the above works in Goma, when completed in stages over the next few years, will bring water sustainably to around 2.500.000 people.

The Goma approach, also termed as Humanitarian Blended Finance[5], involves the strategic sequencing of grants to prepare the ground for development institutions to step in with larger quantities of concessional finance (grants and loans) for the host government, and with the primary goal of more and more sustainable impact for affected populations. Through a co-creation and partnership process between the ICRC, humanitarian donors, development institutions, the private sector, government and water authorities, the project is brought to the necessary level of maturity. This ensures that humanitarian grant-funded interventions embed the essential conditions for a handover to development institutions and host governments with clear outcomes for conflict affected populations. It also enhances localization and increased national and international private sector participation through seed funding, technical assistance, and design-build-operate models. Critically, it has been and is being replicated in DRC itself and in other geographies, has sparked the Movement to explore HBF in WASH and is considered as best practice in the innovative financing space (see, for example, the ODI report mentioned in the footnote). The overall ICRC Multi-Year, Multi-Partner (MYMP) Urban Water Infrastructure portfolio with development actors includes the following projects:

ICRC Multi-Year, Multi-Partner (MYMP) Urban Water Infrastructure Portfolio with development actors and other partners

Location	Beneficiaries	Grants to the ICRC	Development actors' investments via host governments	Status	Comments
Mossul & TalAfar, Iraq	1.700.000	CHF 23 million (AFD)	No further investments foreseen at this stage	Implemented	Mossul was a trailblazer in terms of collaboration with development actors (AFD, direct funding to the ICRC). Not a HBF project per se, even if the government has the option of mobilizing AFD loans to expand the coverage.
Goma West, DRC	500.000	CHF 8 million (SDC, SIDA, Lombard Odier, Slovenia)	USD 42 million from WB (1/3 in grants, 2/3 soft loan)	Under implementation	Additionally, USAID provided a USD 2 million grant to GIZ to build the North Kivu Water Authority. For the ICRC, Goma is the first HBF project and a model to replicate and scale up.
Bukavu, DRC	1.300.000	CHF 3 million (AFD)	CHF 30 million (AFD, in grants)	Under implementation	In this case, the AFD approached the ICRC for support.
Montepuez, Mozambique	120.000	CHF 12 million (AFD and ECHO)	No further investments foreseen at this stage	Under implementation	A Euro 25 million investment from the EIB was planned but declined in the end by the Government, which preferred to invest in oil and

[5] For more on Humanitarian Blended Finance see ODI's Briefing Paper on Humanitarian Innovative Finance and DG ECHO's Blended Finance for Humanitarian Aid. To note as well, the Movement's Humanitarian Innovative Finance Hub is finalizing a consultancy on HBF, what it is, how it works, the potential for the Movement and beyond. On a very practical front, Goma has inspired further discussions across sectors in the DRC, leading to further collaboration, coordination and co-creation across sectors in the field of water in Eastern DRC. To note as well, HBF is agnostic in terms of thematic approach. Stated differently, it can be replicated in health, economic security, etc.

					gas. The possibility for additional investments in the future does remain. Works implemented by the ICRC are self-contained.
Goma Resilient Water Services (GRWS), DRC	2.000.000	TBC	Around CHF 100 million, starting with USD 15 million (grants and loans) already confirmed by WB for Bushara area	Confirming additional partners, preparing more convening efforts to secure collaboration	GRWS builds on Goma West and on other ICRC investments in Bushara and other areas of Goma. Discussions well advanced with at least one other donor and one other development actor for direct grants to the ICRC.
Maiduguri, Nigeria	2.500.000	CHF 30 million	CHF 400 million	Looking for partners	For these projects (Maiduguri, Aden, Mokolo, Callao, Gao, Bunia), at earlier stages of progress, ICRC investments in master plans and other studies are done, but no additional funding or investments have been secured yet. Regarding Bunia, DRC, pending approval by MYMP Board, it could become the first major operational collaboration in Urban WASH with UNICEF, following the World Bank-UNICEF-ICRC Joint Forces Report of 2021
Aden, Yemen	1.000.000	CHF 5 million	CHF 100 million	Looking for partners	
Mokolo, Cameroon	500.000	CHF 35 million	TBC	Looking for partners	
Callao, Venezuela	70.000	CHF 10 million	CHF 20 million	Looking for partners	
Gao, Mali	225.000	TBC	CHF 19 million	Looking for partners	
Bunia, DRC	1.000.000	CHF 20 million	CHF 200	Project not yet greenlighted	

Notes on the table:

- Figures for beneficiaries and investments from partners are based on current understanding of the projects and will evolve over time
- On current estimates, if projects successfully implemented over time, number of beneficiaries adds up to close to 11.000.000 people
- In DRC, where the models are the most developed, *at this point in time*, CHF 11 million in grants have allowed the ICRC to enable or help de-risk investments from the WB and AFD of CHF 87 million (Goma, Bukavu)

9.4 Movement HBF projects in WASH

As a result of the 2024-2025 Driving Innovative Finance for Impact (DIFI) Program, three water projects leveraging HBF are being advanced with Humanitarian Innovative Finance Hub (HIFHUB) support:

Project 1

Sustainable Water Supply and Sanitation for Refugees in Uganda (SAWA-SR)
Uganda Red Cross project aiming to improve water access in refugee settlements in the western region;

Project 2

WASH and Behavior Change in Urban Low-Income Groups
Partnership between the Ghana Red Cross and Netherlands Red Cross integrating underserved communities into the water system through a pay-for-service model.

Project 3

Water at the Heart of Climate Change
an IFRC initiative convening a consortium of partners for water and climate adaptation in the Nile Basin;

Project 1: Sustainable Water Supply and Sanitation for Refugees in Uganda (SAWA-SR)

The proposal introduces a pioneering Social/Green Bond aimed at financing the expansion of safe water access in refugee-hosting areas of Uganda, specifically targeting the Nakivale and Kiryandongo refugee settlements. With Uganda hosting one of the largest refugee populations globally, current water services, largely provided through humanitarian aid, are insufficient and unsustainable. This bond seeks to address these challenges by transitioning water services to the National Water and Sewerage Corporation (NWSC), integrating them into Uganda's national infrastructure.

The bond aims to raise approximately USD 30 million, which will be used for rehabilitating existing water infrastructure, expanding distribution networks, installing digital meters, and training local staff. Additionally, the project will introduce a gradual transition from free emergency water provision to a sustainable, paid service model, backed by donor guarantees to mitigate risks to investors.

The Government of Uganda, through NWSC, will be responsible for implementing the project, with donors providing guarantees to ensure minimum water sales during the initial years, reducing financial risks. The bond's duration is set for 10 years, with a possibility of extension to 15 years, allowing time for infrastructure improvements and gradual cost recovery. It offers a scalable model that can be replicated in other refugee settlements or underserved areas, with the goal of creating a long-term, self-sustaining water service.

Through this initiative, over 245,000 refugees and host community members will gain access to reliable water services, improving health outcomes, reducing water-borne diseases, and fostering social cohesion. The bond structure combines private investment with development aid, offering a new financing pathway for sustainable water infrastructure in protracted refugee situations.

This bond represents an innovative approach to financing WASH (Water, Sanitation, and Hygiene) services, combining social and environmental impact with a financial return for investors. By leveraging Uganda's progressive refugee policies and NWSC's operational expertise, the project aims to provide a blueprint for financing sustainable services in refugee and underserved communities globally.

Role of Humanitarian Organizations

Convener Role: The Uganda Red Cross and Austria Red Cross will initially play a crucial role as conveners, working to secure commitments from the Government of Uganda as the project owner and from donors to provide the volume guarantee. In their role as conveners, these organizations will help initiate the necessary discussions to bring the project to fruition. Their influence and credibility will be key in connecting the relevant stakeholders, including government bodies (Ministry of Finance and Ministry of Water) and international financial institutions (Donors). By bringing together these diverse actors, the Uganda Red Cross and Austria Red Cross will facilitate cross-entity collaboration, ensuring that all parties involved work effectively toward a shared goal of improved water access in refugee-hosting areas.

Advisor Role: As the project moves into its design and implementation phases, both the Uganda Red Cross and Austria Red Cross will transition into advisor roles, providing essential support throughout the lifecycle of the bond. Their expertise will be instrumental in ensuring the project's alignment with both humanitarian and financial objectives. The organizations will conduct humanitarian risk assessments, identifying potential challenges to the project's long-term success and helping to structure it accordingly. This assessment will include ensuring that the community's needs are well understood and integrated into the planning phase.

A key responsibility for the Uganda Red Cross and Austria Red Cross will be leading community engagement efforts. Moreover, they will develop and implement risk mitigation strategies to help the project remain stable and resilient over time, addressing potential vulnerabilities and enabling the transition from emergency relief to sustainable service provision.

Through their roles as conveners and advisors, the Uganda Red Cross and Austria Red Cross will play a pivotal part in the project's success, facilitating collaboration, providing expert guidance, and ensuring that humanitarian goals are met alongside financial sustainability.

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Project 2: WASH and Behaviour Change in Urban Low-Income Groups

The Ghana Urban WASH project addresses the challenge of limited access to household water connections in Low-Income Communities (LICs) across Ghana. Many households in these communities rely on expensive, low-quality water from street vendors or unsafe free sources due to inadequate infrastructure from Ghana Water Limited (GWL). The proposed solution includes a Volume Guarantee Financial Mechanism to encourage investment in water infrastructure and build trust between GWL and LIC customers.

The Volume Guarantee Financial Mechanism aims to reduce financial risk by ensuring that GWL recovers a minimum revenue level, even if water connections and consumption fall below targets. The guarantee will be provided by a consortium of donors, development finance institutions, and philanthropic organizations, such as UNICEF, IFRC, and NLRC. The mechanism ensures GWL can invest its own resources and raise additional concessional funding to extend the water network into LICs. It will also involve community engagement through social marketing campaigns led by Ghana Red Cross Society (GRCS), aimed at educating LICs about the benefits of legal water connections and flexible payment options.

Key Components of the Volume Guarantee Mechanism

- Guarantee Provider: Donor consortium (e.g., UNICEF, IFRC, NLRC, and Dutch MOFA).
- Volume Target: 20,000 household connections in the first phase, with benchmarks for water consumption.
- Trigger for Guarantee: If uptake or consumption falls below targets, the guarantee compensates GWL for the shortfall.
- Implementation Steps: Baseline assessments, performance monitoring, and incentives for GWL to surpass targets.

The expected impact of the Ghana Urban WASH project includes a significant increase in household water connections in Low-Income Communities (LICs), driven by the volume guarantee mechanism that reduces financial risks and accelerates the extension of water services. This mechanism, coupled with targeted community engagement efforts, will help build long-term trust between Ghana Water Limited (GWL) and LIC customers, ensuring greater adherence to GWL's services. Furthermore, the project offers a scalable model that can be replicated in other regions and sectors, expanding water access in underserved areas. However, there are several challenges and risks associated with the project. These include political and economic instability, which may pose difficulties in securing financial commitments from the Government of Ghana (GoG). Implementation delays could arise due to market variations, such as inflation and technical constraints, potentially slowing progress. Additionally, there may be resistance from water vendors, who fear the loss of their clientele as GWL extends its infrastructure and services into LICs.

Role of Humanitarian Organizations

Humanitarian organizations, particularly GRCS, NLRC, and IFRC, will play a critical role in both convening and advisory capacities:

Convener Role: In the design phase, GWL and the Ministry of Water will convene a meeting with key stakeholders such as UNICEF, VEI, the RCRC network (GRCS/NLRC/IFRC), the African Development Bank, the World Bank, and other partners. The objective is to explore blended financing options for the project. The IFRC will act as an advisor, sharing expertise on innovative financing mechanisms like the Volume Guarantee and providing guidance on structuring financial vehicles.

Advisor Role: During implementation, the NLRC will guide the overall financial strategy, ensuring alignment with humanitarian goals and facilitating the adoption of blended finance strategies. GRCS will lead community engagement, helping to build trust within LICs through education campaigns that focus on the benefits of legal water connections and flexible payment systems.

The partnership between GWL and GRCS is formalized through an MOU, with GWL leveraging its position as a state-owned utility to mobilize financial resources for infrastructure. GRCS, with its nationwide presence and high level of trust within LICs, will be crucial in fostering community engagement and participation. Additional support will come from UNICEF, NLRC, and VEI.

The Ghana Urban WASH project represents an innovative approach to addressing water access in LICs by reducing financial risks and building trust. The partnership with GRCS and the NLRC will ensure effective community engagement and long-term success, while the Volume Guarantee will provide the necessary financial security for GWL. With strong alignment to SDG 6 and potential for scaling, this project offers a sustainable solution to water insecurity in urban Ghana.

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Project 3: Water at the Heart of Climate Change - an IFRC initiative convening a consortium of partners for water and climate adaptation in the Nile Basin

The "Water at Heart of Climate Action in African Nile Basin" project aims to enhance water resilience in five countries of the Nile Basin: Sudan, South Sudan, Ethiopia, Uganda, and Rwanda. The project focuses on the intersection of water security, climate change adaptation, disaster risk reduction, and early warning systems. The regions are prone to extreme climate events, including droughts and floods, which have severely affected local water infrastructure and communities, making it difficult for millions to access clean water after a disaster. In the medium term, the initiative is exploring to move into a more operational phase in South Sudan, one of the countries most affected by climate-related water crises, including floods, droughts, and water scarcity. These challenges threaten not only public health but also food security and economic stability. The project aims to create a sustainable, coordinated action plan for water resilience, spearheaded by the Ministry of Water in partnership with the South Sudan Red Cross and other local stakeholders.

The initiative seeks to develop and implement a national strategy to improve water infrastructure and promote climate-resilient water management. The project emphasizes integrated water resource management and flood preparedness protocols, which will be implemented through community-led adaptation measures. The goal is to strengthen water governance and local institutions while enhancing the resilience of communities affected by the climate crisis. This project will address the fragmented efforts that have historically weakened local institutions and failed to achieve long-term impact. It aims to create a unified, strategic framework that will drive lasting change and stability in the water sector.

The project will be rolled out in three key phases:

- **Phase 0 (2023-2025):** Convening stakeholders, building the project's foundation, establishing partnerships and exploring blended finance models (concessional funding, diaspora bonds, etc.).
- **Phase 1 (2025-2026):** Masterplanning and preparing the project for investment and implementation.
- **Phase 2 (2026-2030):** Full implementation and scale-up of climate-resilient WASH (Water, Sanitation, and Hygiene) infrastructure and community-driven adaptation initiatives.
- **Phase 3 (2030 and beyond):** Sustainable operation, ensuring that the project remains viable and effective in the long term.

The total financial ask for this project is approximately EUR 41 million, with EUR 6.6 million already secured from the Netherlands Ministry of Foreign Affairs (MFA) and additional soft commitments of EUR 4.4 million. The remaining EUR 30 million is sought to fully fund the project's implementation. The financial model will be designed to ensure the project's sustainability (cost recovery), with the potential to generate significant economic returns.

Role of Humanitarian Organizations

Humanitarian organizations, particularly the South Sudan Red Cross and IFRC, will play crucial roles throughout the project's lifecycle:

Convener Role: These organizations will help bring together key stakeholders, including government bodies, development partners, and private sector players. They will leverage their networks and credibility to secure the necessary commitments and mobilize funding, creating a collaborative environment for sustainable water resilience solutions.

Enabler Role: During the design and implementation phases, IFRC will focus on leading the master planning process, conducting technical and financial feasibility studies, and providing capacity building to local implementers. Additionally, IFRC will address urgent infrastructure needs, such as the construction of boreholes, while the master plan is being executed.

The project is expected to increase the resilience of South Sudan's water infrastructure, reduce vulnerability to climate-related disasters, and enhance the capacity of local communities and water authorities to manage water resources more effectively. By focusing on integrated water management and community-led initiatives, the project aims to foster long-term improvements in water access, health outcomes, and economic stability.

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9.5 Additional outcomes of the consultancy

The consultation with Movement colleagues and the wider ecosystem, has generated clear interest and actionable steps around HBF, such as:

- In October 2024, the HIFHUB was invited to the IFRC Africa Regional Water systems workshop, where the initial findings of the consultancy were presented and discussed. This led to 15 WASH/WASH-related colleagues participating in the IMD Driving Innovative Finance course and to three NS/IFRC-led HBF projects being selected for further development in the course. The HIFHUB is continuing its support to the projects leaders with a view to submitting the projects to the attention of the HIFHUB Sponsors at the quarterly meeting in April 2025 (see Annex 9.4. for a short description of the projects).
- The ICRC Water and Habitat team adopted the four roles model in its CHF 100 million vision paper and its submission thereof for the updated all-of-Goma project to the ICRC Multi-Year-Multi-Partner (MYMP) Board in December and obtained the go ahead. Further on this front, the MYMP Board is in the process of adapting the four roles model as a key criterion for selecting MYMP projects going forward.
- Engagement with the IFRC Africa Region has led to the inclusion of a HBF perspective in the upcoming Lake Chad Basin consultancy on resilience, planned for later in 2025. The HIFHUB is already invested in desk research on HBF-type of transactions in the region.
- ICRC, IFRC, HIFHUB have been promoting HBF in different fora, in Kinshasa, London, Copenhagen, Cape Town, Lausanne, the Grand Bargain. HBF models have been included in at least three public reports by DG ECHO, IMD/HIFHUB and ODI. A further paper, deep diving into blended finance models, building up the evidence, is under discussion with Convergence and the Grand Bargain Secretariat.