Creating the Perfect Blend

ACCESS
The Foundation for Social Investment

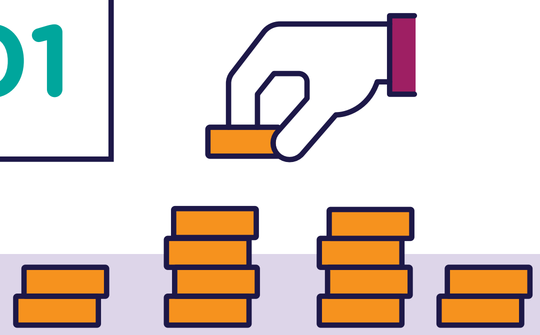
What is BLENDED FINANCE?

Blended Finance mixes different forms of grant with different forms of repayable finance to help make the social investment available more suitable to the needs of charities and social enterprises.

That blending can happen in different ways and at different points in the flow of money, for example the mix might happen in a fund, or with a loan plus grant made available to the organisation. What matters is that the charity or social enterprise is able to access finance to support their needs and enable them to focus on their cause while growing their revenue and asset base and thereby building their resilience in the long term.

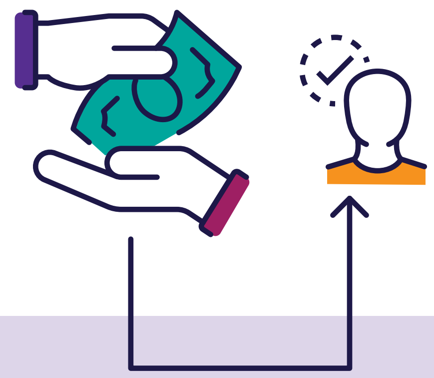
What are the benefits of blended finance?

01



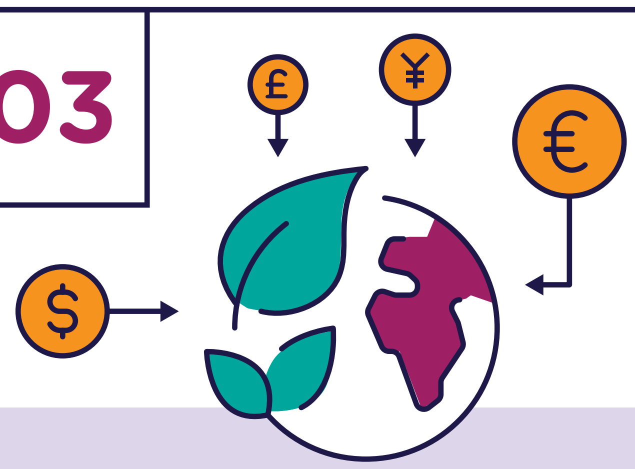
It allows lenders to make smaller loans: The subsidy available in blended finance can help incentivise lenders to offer smaller loans to those who need them. The Growth Fund has made over 500 investments in the sector since 2016 with an average deal size of £66k, much smaller than other social investment programmes.

02



It is more inclusive: Blended finance can help lenders to take more risk and support organisations who are otherwise unable to access capital. The average turnover of a Growth Fund borrower is under £250k and the programme has supported organisations with, on average, half the income and one eighth of the assets of those who normally attract social investment.

03



It reaches the parts where investment is most needed: By supporting organisations who are otherwise financially excluded, blended finance allows capital to flow to the most deprived parts of the country. The Growth Fund strongly shows this trend with a quarter of loans made in the most deprived 10% of neighbourhoods all around England, and more than half in the most deprived 30%.

What's the future for blended finance?

The Growth Fund alone is around 20% of the social investment market by number of deals done, and has demonstrated that the demand for smaller investments from the sector is strong. Other gaps exist in the social investment landscape that blended finance can help fill. A key part of Access' role is advocating for blended finance, encouraging more adoption of the model, and ensuring the long term flow of subsidy, all with the aim of continuing to improving the resilience and success of the charities and social enterprise sector.