

Urgency of sustainable investing



Blended finance



Strategic
Public
Investment

Private
Investment
Mobilised

Blended Finance in a different kind of Industrial Policy

Type of IP	Assumptions	Practice	Theory
TRADITIONAL	Governments know market failure but prone to capture	Ex-ante selection of policy instruments and priority sectors	Well defined externalities + principal-agent
MODERN	Market-failures unobservable ex-ante Requisite information widely dispersed State capacity endogenous	Identification of objectives & constraints through strategic collaboration with firms	Collaborative learning, cost-discovery, error detection

Source: Dani Rodrick