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# Transformative capital:

The role of blended finance in shaping the trajectories of gender- and climate focused impact funds in Sub-Saharan Africa

## Executive Summary



catalytic  
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# Executive Summary

## Sub-Saharan Africa requires an estimated \$2tn by 2030 to build climate resilience<sup>1</sup>.

The impact of this financing gap is most acute at the intersection of gender and climate. Women constitute around 70% of smallholder farmers across the continent and face heightened climate risks, alongside persistent constraints in accessing climate-resilient technologies, inputs, and markets. Yet, only 3% of climate finance is specifically aimed at enhancing gender equality, despite women and girls bearing a disproportionate share of climate impacts<sup>2</sup>. When climate shocks occur, women-led households experience deeper disruptions and longer recovery periods. At the same time, these populations play a central role in climate adaptation and the adoption of resilient technologies.

Over the past decade, funds operating at the gender-climate nexus have become a distinctive feature of Africa's investment landscape. Their trajectories demonstrate that integrating gender equity and climate action into investment strategies is not only feasible but increasingly common.

Blended finance has become a keystone for these funds at the nexus of gender and climate. It plays a dual, transformative role: **both existential, by**

**enabling such funds to emerge, and operational, by supporting the deployment of their investment and impact theses.**

Importantly, the rise of blended finance over the last decade has already delivered substantial results. Many of the funds in our sample simply would not have launched, or would have achieved far narrower impact, without concessional capital. Concessional support has enabled these managers to reach meaningful scale, operate in high-risk markets, and invest in women-led and climate-focused enterprises that commercial capital has historically overlooked. This success is precisely what now allows for a deeper diagnostic: with a decade of practical experience, the sector is mature enough to assess how blended finance is being deployed and identify pathways for even greater effectiveness.

To dive deeper, **I&P Ecosystems**, in partnership with the **CC Facility Learning Hub, managed by Convergence and CPI**, explored how blended finance transforms the trajectories of gender-climate nexus funds below \$100m in size. Drawing on a comprehensive literature review, a database sample of 46 funds, three fund case studies and more than 30 interviews with fund managers and fund investors, the study highlights how fund managers and investors have leveraged blended finance mechanisms to unlock catalytic capital for the gender-climate nexus.

For the purposes of this report, blended finance refers to the strategic use of concessional capital and other catalytic support from public or philanthropic sources to mobilize private sector investment in sustainable development. **Concessional capital** is used throughout the report as an umbrella term that includes concessional debt and equity, technical assistance (TA), guarantees, grants, warehousing, and dedicated OPEX funding. Please refer to the methodology section below for detailed definitions.

<sup>1</sup> CPI. 2024. Landscape of Climate Finance in Africa

<sup>2</sup> CARE. OXFAM. 2025. Climate Finance Shadow Report 2025: Analysing progress on climate finance under the Paris Agreement.

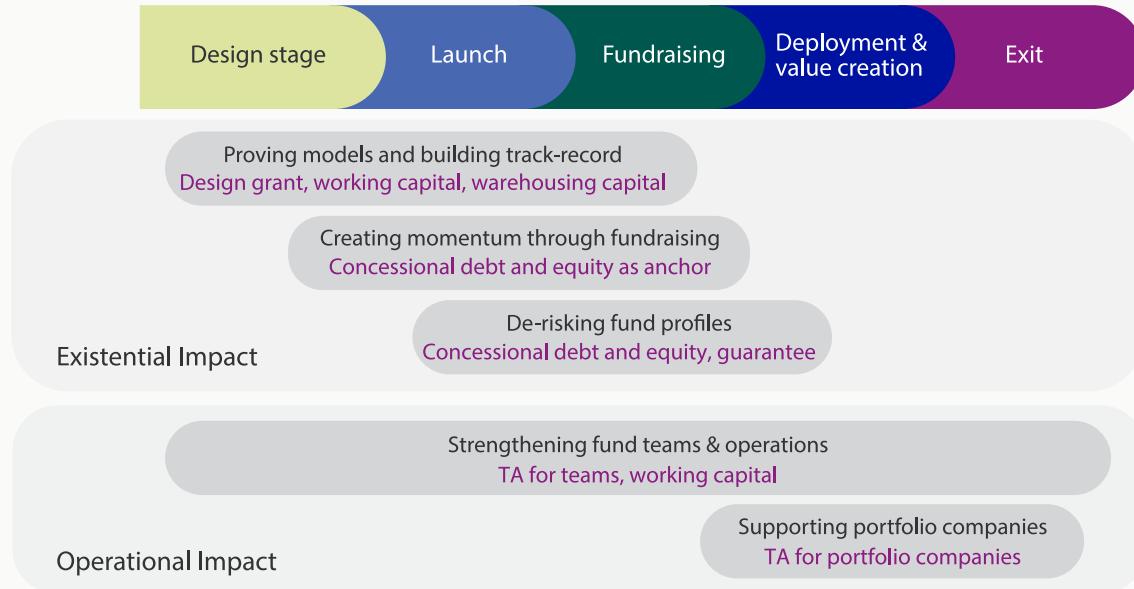
## Blended finance has become a must-have for gender and climate funds, from design to exit

Out of 240 funds surveyed (<\$100m fund size), 46 invest at the intersection of gender and climate. Among these, blended finance archetypes clearly emerged as a defining feature: **86% have**

**leveraged them to design their funds, support their operations, and mobilize more capital.**

The **role of blended finance archetypes plays out across the fund lifecycle**, with different archetypes serving distinct purposes at each stage. As such, it is not surprising that 70% of fund managers combine several archetypes to solve gaps throughout their fund life.

**Figure 1. Blended finance archetypes supporting gender-climate nexus funds across the fund lifecycle**



## Blended finance archetypes have served the needs of a widely diverse fund landscape, from ambitious pioneers to mainstreamers

The 46 nexus funds identified in this study helped us measure how broadly gender and climate objectives are integrated. On one end are **funds that mainstream these themes, seeking to embed gender and climate lenses across their investment processes** without making them the core of their thesis. On the other end, are **funds that become specialists in one or both dimensions** and pioneer high-impact models focused on women's economic empowerment, climate adaptation, and clean-energy access among many others.

Between these poles lies a wide variety of fund profiles and strategies, reflecting different levels of maturity, integration and impact ambition. The sample includes early-stage small and medium

enterprises (SME) funds experimenting with catalytic models and playing a pioneering role in often challenging markets, venture capital funds pushing innovation, growth SME funds integrating gender and climate across more established companies, and debt funds providing the much-needed working capital and asset financing companies need. Fund sizes also vary significantly from under \$10m for often emerging fund managers to \$50-100m for more established teams.

This diversity underscores that there is **no single “nexus fund” model**. Each fund's maturity, strategy, and level of gender-climate integration determine the types of concessional instruments that are most effective.

Recognizing this diversity is essential to designing catalytic interventions that are adapted, proportionate, and aligned with each fund's position along the gender-climate continuum.

## Funders must acknowledge that blended finance instruments contain their own challenges, and mitigate them to avoid failures

While blended finance is indispensable and increasingly common, it also brings a new set of frictions that both fund investors and fund managers must actively manage.

First, **added complexity in fund structuring can make vehicles less efficient** and harder to communicate to investors.

*“Complexity is an important issue to watch out for. If you introduce too much complexity at the structural level, de-risking certain investors but not others, you create significant complications in the waterfall structure, and some may walk away.”*

- *Catalytic fund investor*

Likewise, **overambitious impact theses or burdensome reporting requirements can distort investment strategies and weaken execution.** The dynamic between intentional influence from blended finance funders, and opportunistic response from fund managers can generate frictions that, if left unaddressed, risk undermining the very impact these structures seek to achieve.

*“The goal of concessional capital should not be to convince the fund managers to adopt a specific impact thesis, but to select the fund managers who are aligned with it already, and work with them to convince the other investors who are the real beneficiaries of de-risking.”*

- *Catalytic fund investor*

Once funders recognize these risks, they can address them via mechanisms such as proportionate Key Performance Indicators (KPIs), co-design processes, and shared concessional frameworks which are essential to build alignment, avoid “gender-washing” or “green-

washing”, and reach proportionate levels of concessionality.

**One of these risks is bias: while blended finance has been instrumental to impact funds at the nexus, it has also reproduced the existing **unequitable access to concessional capital.****

Yet, the very diversity that defines the nexus landscape also unearthed the **unequitable access to catalytic resources.** It was observed that differences in fund size, fund manager maturity and investment focus have better positioned some models to meet investor expectations and secure blended finance support. As a result, the deployment of **concessional capital does not only mirror the needs of funds, it also reflects the underlying risk perceptions, institutional preferences, and structural biases of the ecosystem.**

**Early-stage SME funds, women-led funds, small-sized funds and first-time fund managers are often excluded from meaningful support,** even though they play a vital role in building the ecosystem from the ground-up, pioneering new models that are often homegrown.

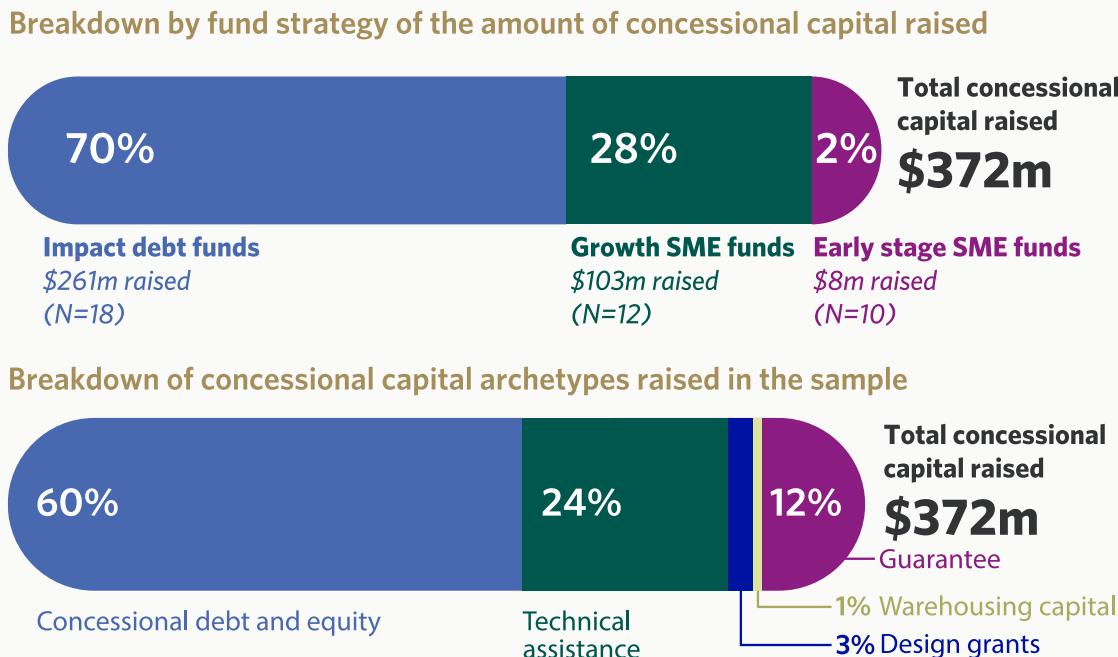
Across the ecosystem, the riskiest strategies (ex: early-stage SME and venture capital (VC) funds), which also face the highest obstacles in terms of fund economics and fundraising, receive the least concessional capital, while safer, cash-flow-predictable debt funds attract the most.

For instance, the 10 early-stage SME funds in the sample have received together only \$8m (2% of total concessional capital raised), mostly launch & design grants, while 18 debt funds have raised \$261m including concessional debt and equity, TA and other archetypes while no VC funds have received concessional support.

**Larger vehicles tend to attract a higher proportion of concessional capital than smaller funds.**

This imbalance remains striking after accounting for fund sizes. On average, debt funds with \$55 million in AuM raised 26% of their funds from concessional capital, compared to just 13% for early-stage funds.

**Figure 2. Breakdown by type of archetype and by type of funds over total amount of concessional capital raised**

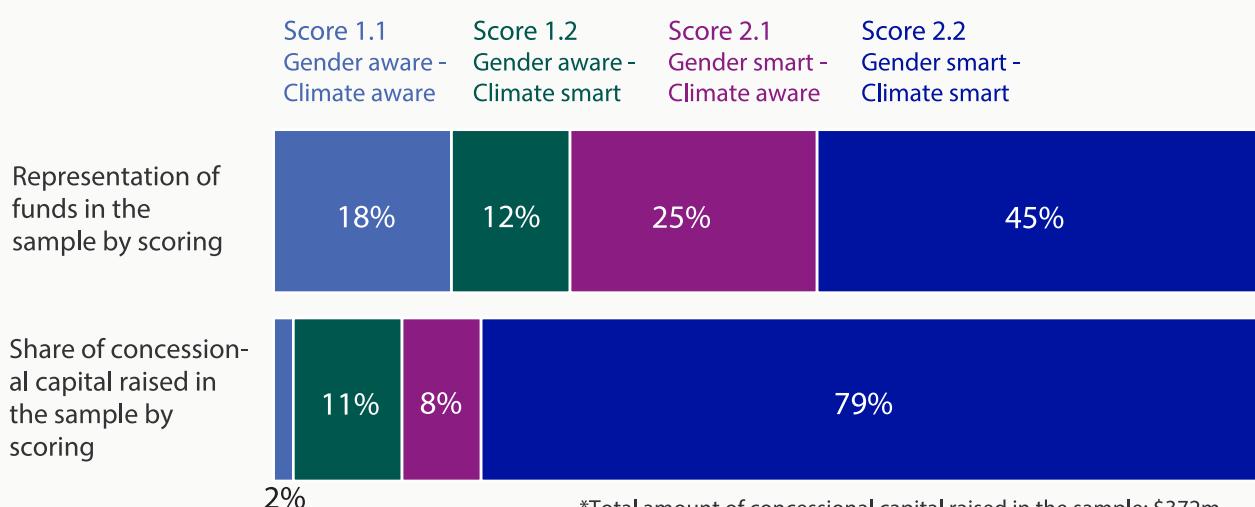


**Climate and gender specialization are also both key drivers of concessional capital mobilization.**

Climate-focused strategies attract greater shares of catalytic capital. A comparison between the share of funds in the sample and the share of

concessional capital they attract shows that climate-focused funds mobilize catalytic capital far more readily than gender-focused funds without a strong climate component. This is particularly telling in funds that are gender-smart with a more limited climate focus who while they represent 25% of the sample only mobilized 8% of the concessional resources raised.

**Figure 3. Share of concessional capital raised by scoring compared to the representation of funds in the sample by scoring**



## Bridging frameworks, roadmaps and closing coordination gaps.

A growing number of funds now integrate a gender and/or climate lens, embedding these priorities into their investment theses and governance structures. **Blended finance has played a central role in shaping this evolution, pushing funds to articulate clearer strategies, set measurable objectives, and strengthening their operational capacity to deliver them.**

However, this strengthened practice still creates strong inefficiencies and inconsistencies which put in question **the efficiency of concessional funding**. Stronger impact frameworks and TA are needed to support funds in moving beyond compliance and box ticking, and towards more ambitious and transformative approaches to gender and climate. The feedback of fund managers reinforces this: fund managers pointed to the absence of common metrics for adaptation or climate resilience impact, and the need for clearer guidance to integrate gender and climate across their investment process.

Similarly, **shared assessment frameworks would help calibrate the right levels and types of catalytic support for a given fund strategy**. Concessional debt and equity remain the clearest illustration of the lack of standardization and transparency surrounding blended finance archetypes, with **tranche sizes in the sample**

varying from 2% to 56% of total fund size.

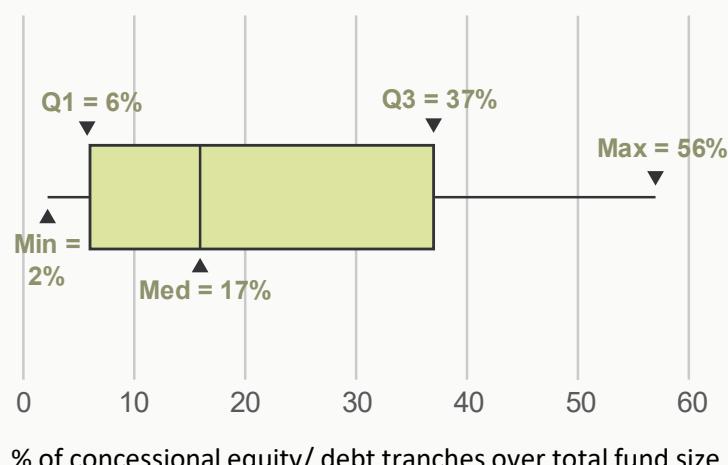
Strengthening these frameworks will be key to ensuring that blended finance continues to drive learning, accountability, and ambition across the ecosystem.

## The transformative potential of blended finance.

In a widely diverse yet unequal space, blended finance holds a transformative role. When designed intentionally, it can fill funding gaps, shape strategies, advance impact, and accelerate the integration of gender and climate considerations across the investment ecosystem. But blended finance should go beyond fund-level change and achieve a new frontier: by aligning their interventions with the needs of diverse fund managers, **funders can use the flexibility of their concessional capital to move the needle on systemic change**, and unlock capital for underrepresented funds that need it to the most while strengthening accountability and capital efficiency across the ecosystem.

Building on this potential, **the study identifies five priority actions to make blended finance more equitable and effective in supporting a more robust, Africa-based and diverse fund manager landscape** while strengthening integration frameworks, and improving coordination across the ecosystem.

**Figure 4. Distribution of concessional debt and equity tranche over total fund size**



## Synthesis of key recommendations

- #1. Calibrate blended finance interventions to diverse fund profiles and levels of gender-climate integration
- #2. Expand concessional debt and equity access for early-stage and first-time funds
- #3. Establish dedicated TA for fund managers to strengthen gender-climate integration
- #4. Develop gender-climate integration roadmaps tailored to specific fund profiles and strategies
- #5. Improve blended finance coordination, benchmarking and data sharing around impact, structuring and sources



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