Transformative capital:

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

catalytic climate finance facility

I&P INVESTISSEURS & PARTENAIRES

Acknowledgments

AUTHORS

This report was authored by I&P's learning and research hub I&P Ecosystems, including Aïssatou Gaye, Alexandre Ponton, Julie Rouxel, Marianne Vidal-Marin, and Hugues Vincent-Genod.

CONTRIBUTORS

The list of contributors (see Annex 1) includes individuals interviewed during the research phase and peer reviewers during the writing phase. 28 leading blended finance practitioners, fund managers and ecosystem stakeholders were consulted. Their perspectives were invaluable in ensuring the report accurately reflects sector realities. We sincerely thank them for their time and the insights they shared.

This report is the result of the first research grant awarded by the Catalytic Climate Finance Facility (CC Facility) Learning Hub to a research institution with a strong presence in the Global South. The Hub is a joint initiative led by Convergence Blended Finance and the Climate Policy Initiative, and is supported by the International Development Research Centre, as anchor donor. The Hub is a knowledge-sharing platform designed to accelerate the deployment of climate blended finance vehicles in emerging markets and developing economies. It does this by i) bridging climate blended finance research and practice, by translating lessons learned from diverse CC Facility grantees, including fund managers, local entrepreneurs, and project developers, to the wider ecosystem through research and convenings, and ii) supporting institutions in the Global South to become leaders in researching, developing, and funding locally-led blended climate finance solutions. This report by I&P Ecosystems sits within a broader suite of Global South collaborations led by the Hub.

We extend special thanks to Peter George (Spark+ Africa Fund), Wairimu Karanga (Persistent Energy Capital) and Tamer El-Raghy (Acumen Resilient Agriculture Fund) for their active involvement in the research and for their willingness to share data, key learnings and strategies with us for the purposes of this study.

Published in February 2026

Content

Acronyms

A4FM	Blended Finance Accelerator for Fund Managers
AfDB	African Development Bank
ARAF	Acumen Resilient Agriculture Fund
AuM	Assets under Management
BCG	Boston Consulting Group
BII	British International Investment
BIO	Belgian Investment Company for Developing Countries
BOAD	Banque Ouest Africaine de Développement
CCA	Clean Cooking Alliance
CGEF	Climate Gender Equity Fund
CPI	Climate Policy Initiative
CRAF	Climate Resilient Africa Fund
DD	Due Diligence
DFC	International Development Finance Corporation
DFI	Development Finance Institution
DGGF	Dutch Good Growth Fund
E&S	Environmental and Social
EIB	European Investment Bank
EQ	Enabling Qapital
ESG	Environmental, Social and Governance
FMO	Netherlands Development Finance Company
GCF	Green Climate Fund
GHG	Greenhouse Gas
GP	General Partner
HNWI	High-Net-Worth Individual
IDRC	International Development Research Centre
IFC	International Finance Corporation
KPI	Key Performance Indicator
LLC	Limited Liability Company
LP	Limited Partner
MESA	Mobilising Empowering Sustainable Agriculture Fund
MFI	Microfinance Institution
PC	Portfolio Companies
PCV	Permanent Capital Vehicle
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
TA	Technical Assistance
VC	Venture Capital

Executive Summary

Sub-Saharan Africa requires an estimated $2tn by 2030 to build climate resilience[1].

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[2]. 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.

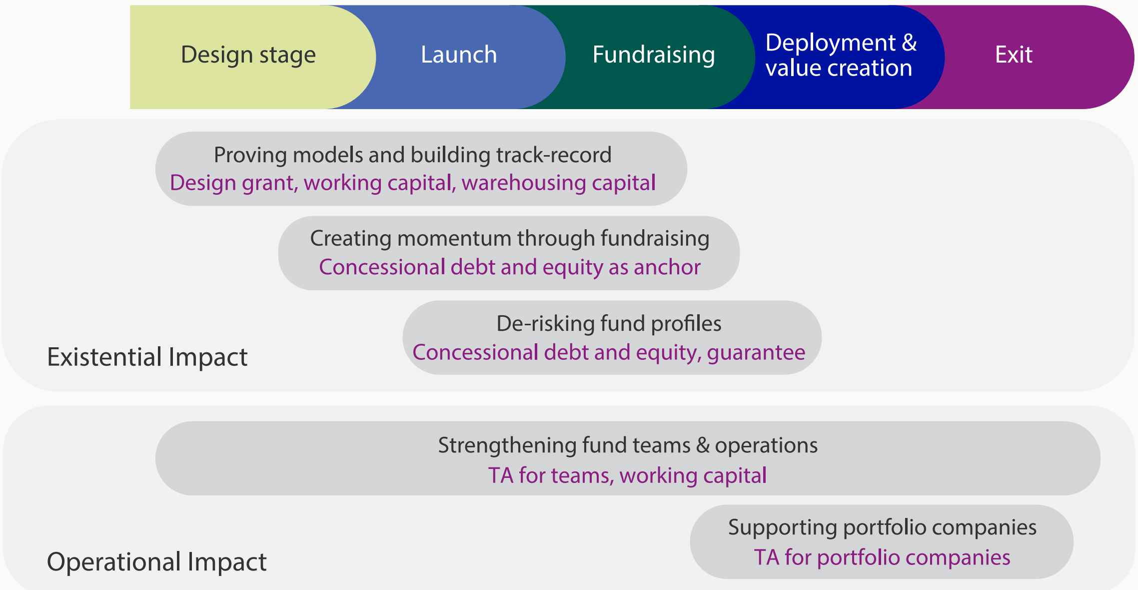
[1] CPI. 2024. Landscape of Climate Finance in Africa
[2] CARE. OXFAM. 2025. Climate Finance Shadow Report 2025: Analysing progress on climate finance under the Paris Agreement.

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.

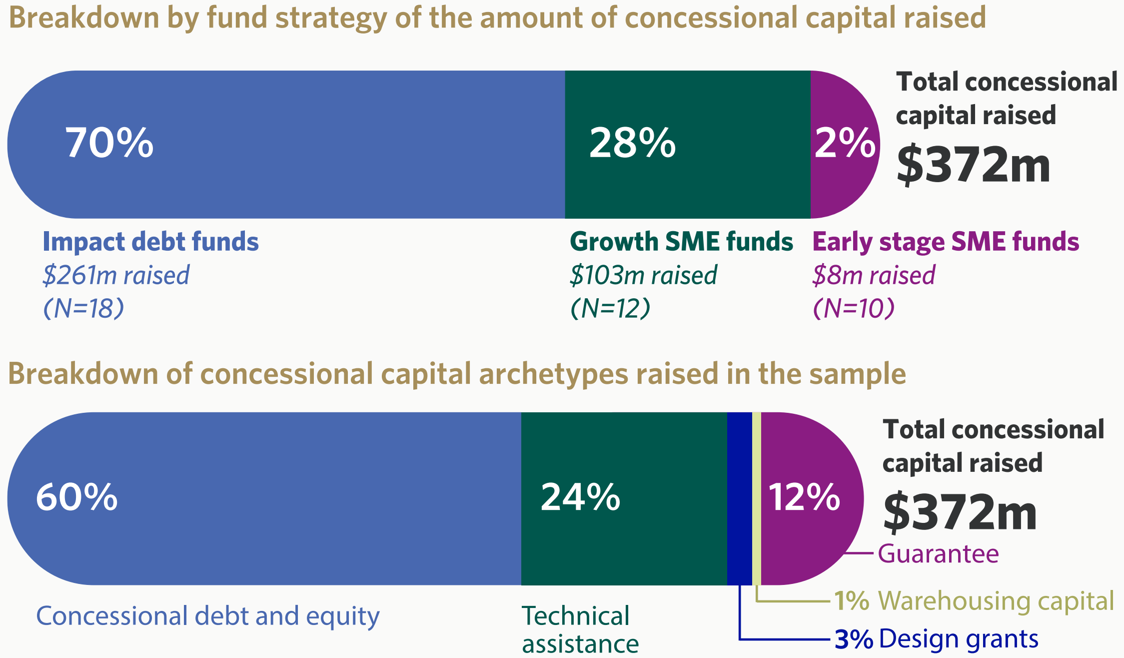
Across the ecosystem, the riskiest strategies (ex: early-stage SME and venture capital (VC) funds), which also face the highest obstacles in terms of fund economics and fundraising, receive the least concessional capital, while safer, cash-flow-predictable debt funds attract the most.

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.

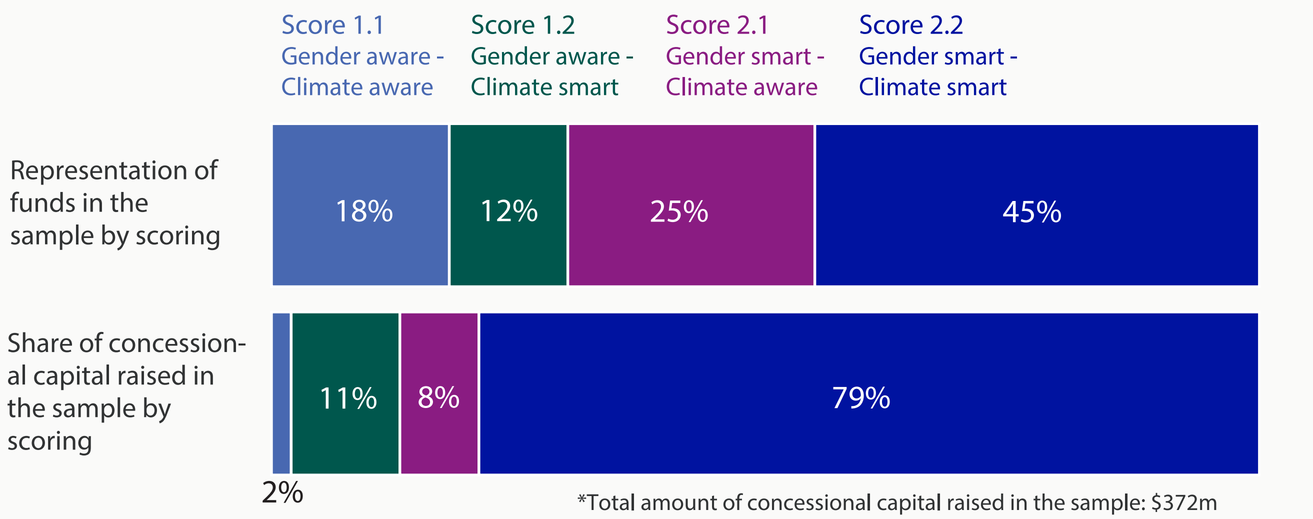
Figure 2. Breakdown by type of archetype and by type of funds over total amount of concessional capital raised



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**.

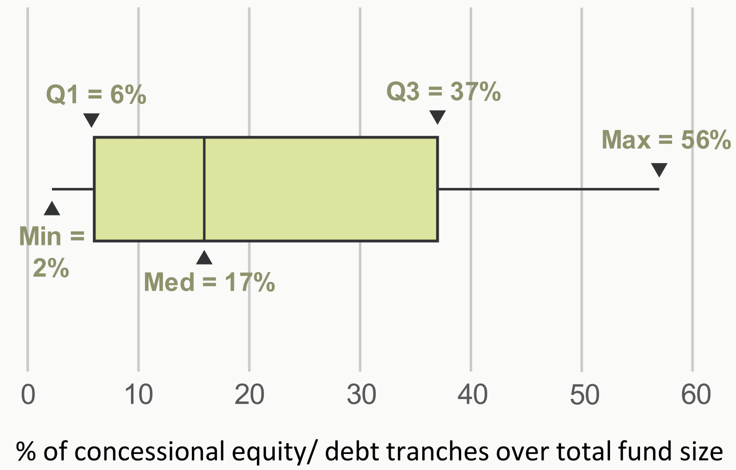
Strengthening these frameworks will be key to ensuring that blended finance continues to drive learning, accountability, and ambition across the ecosystem.

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

AgroServ © Olypia de Maismont, 2021

Introduction

Africa's financing gap is most acute at the intersection of gender and climate

Sub-Saharan Africa requires an estimated $2tn by 2030 to build climate resilience against droughts, floods, and shifting weather patterns that threaten agricultural systems and risk displacing millions[3]. Yet traditional climate financing mechanisms, dominated by large-scale projects and sovereign-level interventions[4], tend to systematically bypass the millions of SMEs and grassroots projects where critical climate adaptation takes place and where mitigation contributions can be significant.

The impact of this financing gap is most acute at the intersection of gender and climate. Women constitute 70% of smallholder farmers across the continent and face disproportionate climate risks, with limited access to 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[5]. When climate shocks occur, women-led households experience deeper impacts and longer recovery periods[6]. At the same time, these same populations represent critical agents of change[7] around climate adaptation and technology adoption. Women farmers adopt drought-resistant crop varieties at higher rates, women entrepreneurs drive innovations in clean cooking and energy access, and women-led businesses often demonstrate greater resilience during climate disruptions[8].

Evidence shows that climate solutions without gender integration often miss critical dynamics, overlooking both the disproportionate risks women face and the catalytic role they play in adaptation and as agents of change. By contrast, solutions that integrate both dimensions enhance inclusiveness, build resilience, and unlock powerful co-benefits. Clean cooking solutions, for example, simultaneously reduce emissions, improve household air quality, and free women's time for economic activities, while climate-smart agriculture and renewable energy access deliver similar multiplier effects across health, economic, and environmental outcomes[9].

These challenges are further amplified by Africa's global position in the climate crisis. The continent contributes less than 4% of global greenhouse gas emissions[10], despite representing 18% of the global population[11], yet it faces some of the most severe climate impacts. This paradox creates strong incentives for financing approaches that prioritize adaptation and resilience while supporting mitigation where opportunities align. To be effective, however, such approaches must work through local networks and intermediaries able to adapt solutions to local realities and channel resources to the SMEs and growing businesses where most economic activity occurs.

[3] CPI. 2024. Landscape of Climate Finance
[4] CPI. 2024. Landscape of Climate Finance in Africa 2024.
[5] CARE. OXFAM. 2025. Climate Finance Shadow Report 2025: Analysing progress on climate finance under the Paris Agreement.
[6] World Bank Group. 2023. Gendered impacts of climate change. Evidence from weather shocks. Gender Global Theme
[7] 2X Global. Gender-smart climate finance: the policy angle. 2023
[8] 2X Global. Gender & Climate Investment. A strategy to unlocking a sustainable future.
[9] Clean Cooking Alliance. 2024. Annual Report
[10] IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp
[11] UNESCO. 2023. UNESCO and CDEA Launch Landmark Report on Africa's Book Industry.

Against this backdrop, impact funds have become essential vehicles[12] serving critical functions across the ecosystem

They bridge financing gaps that traditional actors are often ill-equipped to fulfill, they provide patient capital with hands-on support to SMEs and early-stage companies, and they act as market builders by de-risking business models and creating investable pipelines for larger institutional investors. Over the past decade, two major trends have reshaped the impact fund ecosystem: the integration of climate and the integration of gender into investment strategies.

Climate integration, initially concentrated in renewable energy and infrastructure, expanded following the Paris Agreement in 2015 to encompass adaptation and resilience across all sectors[13]. Gender integration followed a similar trajectory, moving from safeguarding frameworks to more structured and intentional strategies, accelerated by the launch of the 2X Challenge in 2018[14].

These top-down shifts were complemented by bottom-up initiatives from often emerging fund managers who responded by designing differentiated theses with gender and climate at their core. As a result, the intersection of gender and climate or the gender-climate nexus, has become increasingly recognized across the ecosystem as essential to relevant and impactful investment strategies[15]. In 2025, the sector is now diverse and growing with a wide range of strategies and approaches.

The expansion of impact funds at the gender-climate nexus has relied heavily on concessional capital deployed across their entire fund lifecycle. Concessional capital has played both an **existential role**, enabling funds that could not exist without concessional support and an **operational role**, strengthening how established funds deploy capital, integrate gender-climate objectives, and support portfolio companies and their teams.

Recent research, including the Learning Hub's stocktaking report on gender-responsive climate finance[16] and sector-specific analyses of concessional capital[17], has begun mapping the ecosystem. Yet, fund managers often lack practical roadmaps and case studies to apply blended finance archetypes to their strategies which are often shaped by Development Finance Institutions (DFIs) and catalytic fund realities, while catalytic fund investors often deploy resources without systematic frameworks to determine optimal intervention levels. The result is wide variation in concessional capital structures and missed opportunities to maximize catalytic impact.

[12] Climate Policy Initiative (CPI). 2024. State of climate finance 2024.
[13] UNFCCC. Key aspects of the Paris Agreement. [Consulted online : https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement]
[14] 2X Challenge criteria [Consulted online: https://www.2xchallenge.org/]
[15] GenderSmart and partners. 2021. Gender & Climate Investment: A strategy for unlocking a sustainable future.
[16] CC Facility Learning Hub. 2025. Blended Finance and the gender-energy nexus: A Stocktaking Report.
[17] ISF Advisors. 2025. Concessional Capital for Agri-SME Funds: Donor & Investor Guidance Document.
IFC. 2022. Closing the Gender Finance Gap Through the use of Blended Finance.
Global Donor Platform for Rural Development (GDPRD). 2025. Strengthening Accountability and Impact Measurement: Key findings from the Catalytic Capital Framework testing.
DFI Working Group on Blended Concessional Finance Private Sector Projects, Joint Report, December 2021 Update

This report aims at assessing how blended finance archetypes can act as catalysts for gender-climate impact funds in Africa, with a particular focus on funds below $100m

This research aims at building on these existing initiatives and at contributing to the collective effort of strengthening data, knowledge and shared learnings in the fields of impact investing and catalytic capital in Africa. Mandated by Convergence and the Climate Policy Initiative (CPI) and led by I&P Ecosystems, the report aims at assessing how blended finance archetypes can act as catalysts for gender-climate impact funds in Africa, with a particular focus on funds below $100m. The research highlights a diverse landscape of strategies, integration levels, and geographical coverage. Broad trends point to the systemic use of blended finance archetypes, but also to areas where greater rigor, availability, transparency, and alignment are needed to optimize catalytic impact and strengthen outcomes.

To ground these findings, the report features three case studies: Persistent, ARAF, and Spark+ Africa Fund that illustrate how blended finance archetypes can shape fund trajectories while deepening gender-climate integration. Taken together, these cases show that blended finance is not only a structuring approach but also a catalyst for integrating and operationalizing gender-climate considerations throughout the life of a fund.

With blended finance now increasingly mainstream, the frontier is no longer proving its relevance but refining and expanding its practice. The opportunity lies in deploying its tools to strengthen gender-climate integration that aligns with fund strategies and channel capital toward the funds driving Africa's resilience. Ultimately, success will be measured not only in the volumes mobilized, but in the additionality, durability, and inclusiveness these structures enable.

IOT © Joan Bardeletti, 2015

Research methodology

Key definitions

For this report, **blended finance** was defined as *"the strategic use of concessional or catalytic capital from public or philanthropic sources to mobilize private sector investment in sustainable development."*[18]

In line with Convergence[19] and other leading frameworks[20], this report recognizes the following **archetypes** as part of the blended finance toolkit[21]: **concessional debt and equity, design-stage or launch grant, technical assistance ("TA")** and **guarantees**. Other emerging approaches falling outside of traditional archetypes including **warehousing** and **dedicated operational expenses (OPEX) facilities** are also discussed. (See appendix 2 for detailed definitions). Throughout the report, the term **concessional capital** is used as an umbrella concept to refer to these instruments and forms of support, encompassing both concessional financial instruments (debt and equity) and other catalytic mechanisms deployed on below-market terms to mobilize private capital.

These tools are central to the analysis, as their role in capital mobilization and their influence in the strategic direction, impact integration, and fundraising trajectory of gender-and-climate-focused investment funds are explored broadly.

Other definitions

Throughout this research, a wide range of investment vehicles were reviewed, including both closed-ended funds and permanent capital vehicles. As such, this has a direct impact on the terminology used to define their investment vehicle and the team managing it.

For clarity, consistency and ease of read, the following terminology is used throughout the report, with a few exceptions including direct quotes or specific examples:

Fund refers to the **investment vehicle** used to deploy capital and support companies operating at the gender-climate nexus. This category includes closed-ended funds, and permanent capital vehicles.

Fund Manager refers to the team responsible for deploying capital, managing the portfolio, and overseeing the realization of the investments. In practice, they are referred to **as General Partners (GPs) or Managers** depending on the vehicle structure used.

Fund Investor refers to the **provider of capital into the vehicle**. These investors may be catalytic (deploying concessional support) or commercial (benefiting from the concessional support and providing capital at market terms) to meet their risk-return appetite. In practice, they are referred to as **Limited Partners (LPs) or investors**.

It is important to note that, under this definition, "commercial investors" may include DFIs and foundations with strong impact mandates and market rate terms, insofar as they benefit from the support provided by catalytic investors.

[18] Convergence Blended Finance website [Consulted online: https://www.convergence.finance/blended-finance].
[19] Convergence Blended Finance website [Consulted online: https://www.convergence.finance/blended-finance].
[20] Catalytic Capital Consortium C3. 2017. [Consulted online: https://catalyticcapitalconsortium.org/].
DFI Working Group on Blended Concessional Finance for Private Sector Projects. 2017.
[21] As will be explained later in the report, Warehousing and Anchoring are not blended finance archetypes as defined by Convergence but they are often executed using concessional capital and are often coupled with other Blended finance archetype (TA, grants, etc.).

Research questions

The research was guided by four key questions.

- **RQ1**: Who are the funds active at the gender-climate nexus, how do they invest, and what enablers and constraints do they face?
- **RQ2**: How can blended finance archetypes impact funds operating at the gender-climate nexus and contribute to strengthening integration?
- **RQ3**: Which blended finance archetypes are most effective in steering fund strategies toward gender-climate goals?
- **RQ4**: How can fund investors and fund managers better leverage concessional capital to amplify impact?

Research approach: a dual lens

The research follows a dual methodology combining broad trend analysis and deep-dive case studies.

Macro-Level Analysis

- Desk review of existing literature on blended finance tools and gender-climate nexus approaches from various sources (see bibliography).
- Aggregated analysis of **240 funds in the I&P database** using the segmentation approach described below with a focus on the 153 operational funds.
- Integration of **blended finance typologies** and use cases from Convergence Market Data.
- **Ecosystem interviews with 28** DFIs, catalytic funders, ecosystem actors and fund managers to triangulate findings and identify perceived barriers, enablers, and best practices.

Case Studies

- In-depth analysis of **three selected funds with different profiles** (maturity, stage, thematic focus) and blended finance archetypes used (e.g., concessional debt and equity, TA, design grants, etc.) (see detailed methodology in Appendix 2).
- Collection of both **quantitative data** (fund metrics, capital structure, fundraising dynamics, internal processes) and **qualitative insights** (investment strategy, use of blended finance archetypes, gender/climate integration).
- Case studies are used to **substantiate broader findings** and demonstrate the transformative role of blended finance in shaping fund trajectories and impact practices.

Research methods

A mix of research methods was used to define, select and analyze broad trends in the Gender-Climate Nexus:

- **Desk review:** Data was gathered from public sources (literature, filings, presentations), internal documentation (see bibliography for more information).
- **Data collection & analysis:** The report draws on a combination of proprietary and external datasets. The primary quantitative source is I&P Ecosystems' database of 240 African investment funds, constructed from over a decade of fund monitoring and advisory experience. To complement this, the Convergence Market Data was used to incorporate specific data points such as blended finance archetypes, fund structures, and design patterns. Data points for the 46 funds in the gender-climate nexus include general (terms, thesis) and fund model (structure) data, capital structure (LP composition, blended structure) and impact (strategy, core impact metrics).
- **Interviews:** Contextual data was gathered through 28 qualitative interviews conducted with fund managers, fund investors and ecosystem actors. Interviews helped uncover trends, specific use cases of blended finance archetypes across a wide range of perspective (see the list of interviewees in Appendix 1).

Fund selection and sample

To identify a representative sample of funds operating at the intersection of gender and climate, a consistent selection methodology was applied:

- Only funds **investing in Africa as their core focus** regardless of geographical domiciliation were selected. Funds with international or opportunistic strategies were excluded.
- Only **"operational" funds that have completed a closing were selected**, excluding funds in the fundraising phase. This ensured fully established capital structures with funds that had completed their fundraising.
- **Funds with a size below $100m** were selected as an attempt to focus the insights and data collected on this under researched segment of the ecosystem.

CIFOP © Tévin Lima-Agence Fent, 2023

Fund selection and sample

A **0-2 scoring methodology** was applied to the 240 funds in the database, inspired by the approach used by Learning Hub's Stocktaking report on the gender-energy nexus[22]. Each fund was evaluated independently on both its gender and climate strategies.

Funds scoring at least 1 on both dimensions were included in the gender-climate nexus sample, **resulting in a pool of 46 funds**. Those funds are referred to as **nexus funds** throughout the report. This scoring framework ensured consistency in fund selection and enabled a structured comparison across different levels of focus.

Figure 5. Scoring methodology on gender and climate strategies

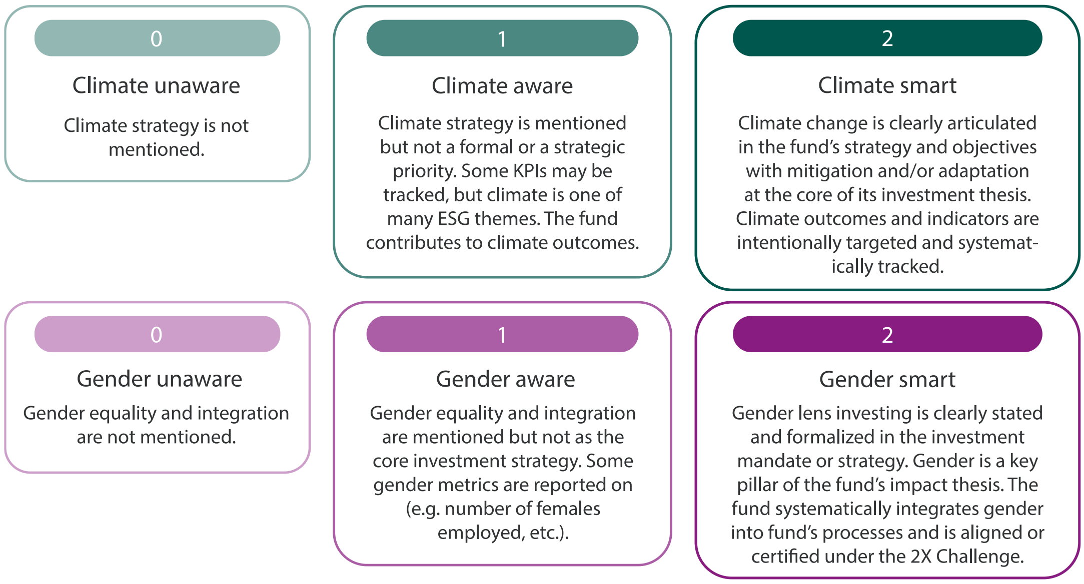
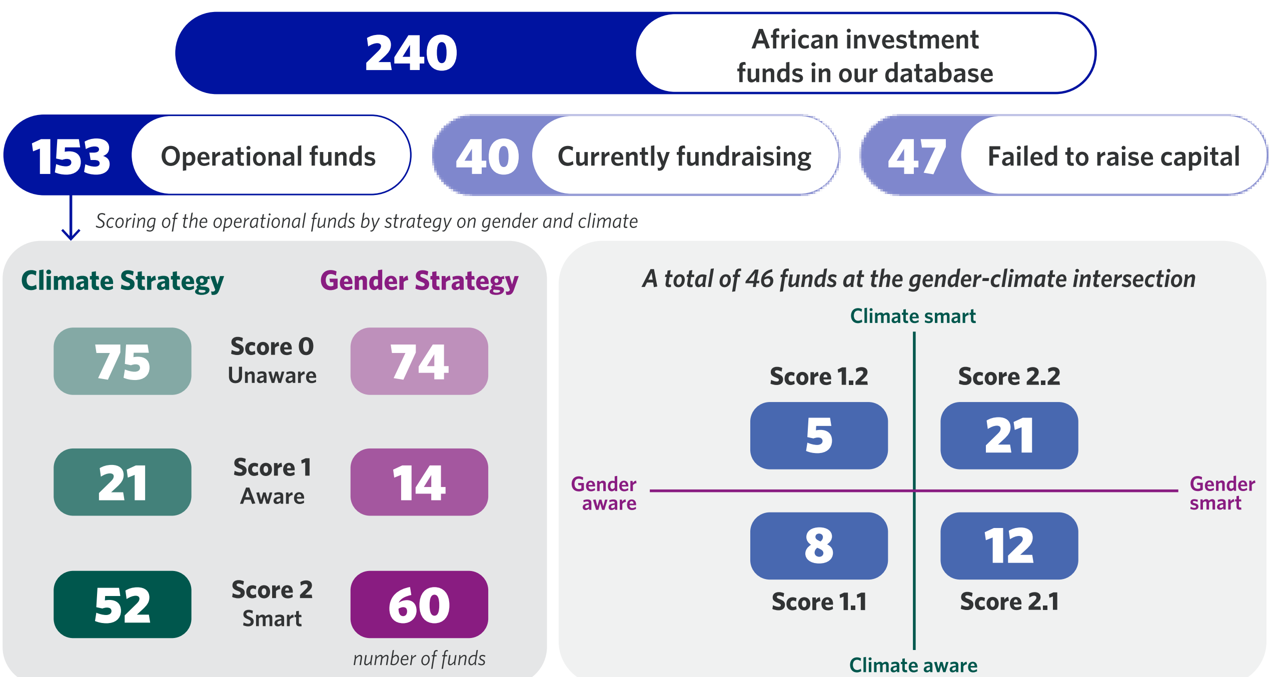


Figure 6. Gender-Climate nexus funds in the database



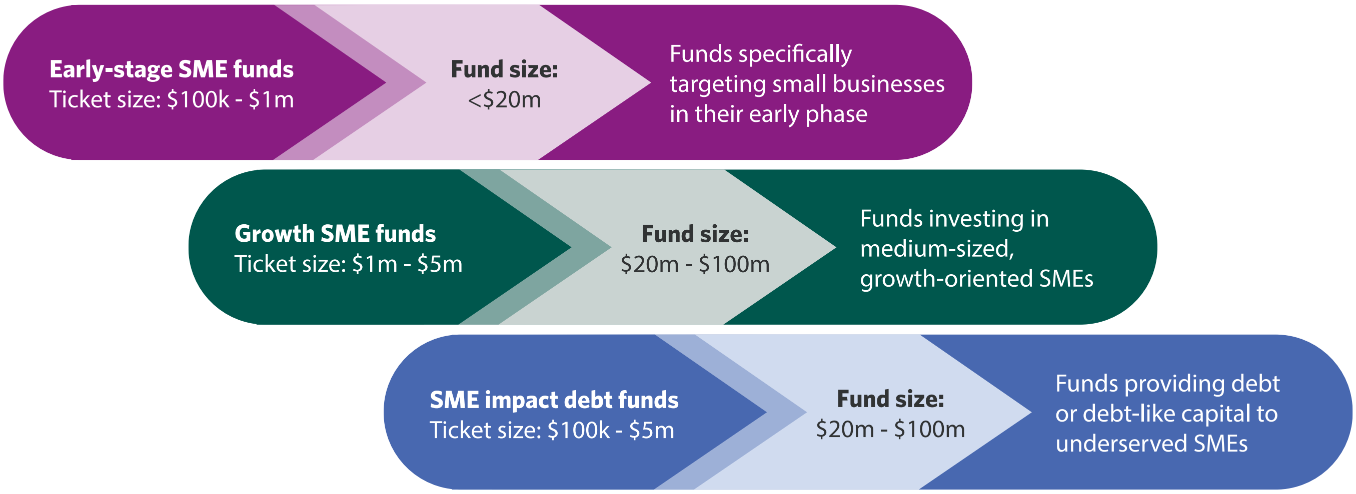
[22] CC Facility Learning Hub. 2025. Blended Finance and the gender-energy nexus: A Stocktaking Report.

Fund categorization

The analysis focuses on **funds with sizes below $100m**, drawing on ecosystem categorizations such as the "Pioneering Impact Fund" archetype from the BII-BCG Blended Finance framework ($50-200m) as well as smaller funds with sizes under $50m. Those funds "enable high-impact projects in early-stage businesses, emerging sectors, and challenging geographies"[23].

The funds were further segmented **by the strategies they deploy**, building on the SME Funds Report[24] and the ISF Report[25], in order to conduct a **granular analysis of the different fund types**: Early-stage SME funds, growth SME funds, debt funds and VC funds (See Appendix 2 for detail about each category).

Figure 7. Types of funds studied by strategy



[23] BII-BCG. 2025. Scaling Blended Finance: Practical tools for Blended Finance Fund Design.
[24] I&P. 2025. How African SME Funds Can Mobilize More Capital I&P.
[25] ISF Advisors. 2025. Concessional Capital for Agri-SME Funds: Donor & Investor Guidance Document.

01.

Blended finance is key in shaping fund trajectories and landscape, though its usage and availability vary significantly among nexus funds

Part 1 examines the **central role of blended finance in shaping impact funds at the gender-climate nexus**.

It outlines who these funds are, how they invest, and the structural enablers and constraints that influence their trajectories. By tracing strategies across the fund lifecycle, the analysis shows how **blended finance archetypes are applied in practice often acting as catalysts** that help fund managers overcome existential barriers, validate new models, and scale solutions.

The insights that follow highlight both the **systemic importance of blended finance and the ways in which it is deployed to enable gender-climate integration**.

Sanuva © Afroto, 2024

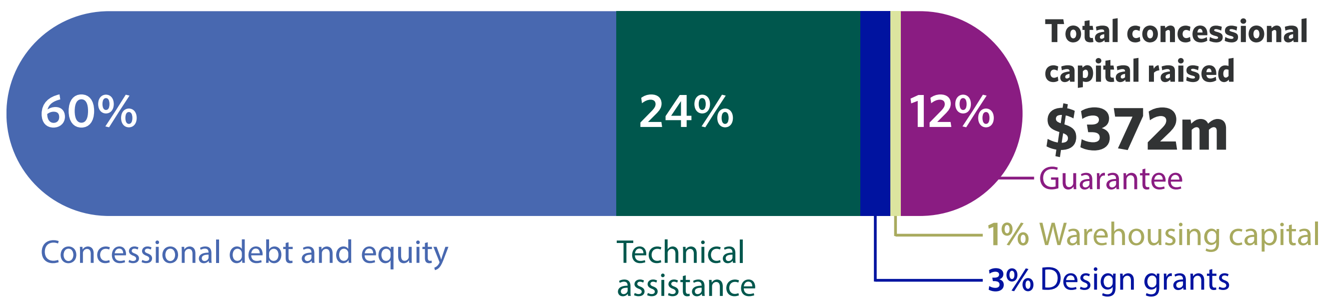
1. Concessional capital is essential to both launch and operate nexus funds

Blended finance[26] is not peripheral to gender-climate nexus funds; it is a systemic feature of how they are structured and raised.

Out of the 46 gender-climate nexus funds reviewed, 40 funds (86%) structured at least one blended finance archetype[27] and 68% two or more. Concessional debt and equity (58% of the fund have structured a concessional tranche), TA (83%) and launch grants (28%) are the most common instruments, making concessional capital a defining feature of the space. Only 6 funds out of the 46 funds studied did not structure any blended finance archetype.

In total, **approximately $372m in concessional capital has been deployed across these funds** (equivalent to 20% of their combined $1.9bn in assets under management)[28].

Figure 8. Breakdown by type of archetype over total amount of concessional capital raised




Rose Eclat © Olympia de Maismont, 2021

[26] As per Convergence, Blended Finance is defined as "the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development".
[27] A blended finance archetype refers here to the structuring approach defined by Convergence, with four main archetypes identified: Concessional Capital, TA, Guarantees, Design Grants.
[28] The funds reviewed as part of this study were raised between 2011 and 2024 and do not cover new funds that may have been raised since then.

How blended finance is used: existential and operational roles

The research highlights two main ways in which concessional capital is deployed for funds at the gender-climate nexus:

An "existential" role

Making the very existence of a fund possible

Many funds (particularly smaller, innovative, or first-time vehicles) rely on concessional capital to reach a viable fund size[29] during fundraising. Instruments such as first-loss capital, design grants, and warehousing facilities play a catalytic role by absorbing risks for senior LPs and by providing managers with resources to test and refine their investment models. These tools have been critical in unlocking additional investor commitments and in establishing the credibility and long-term sustainability of fund strategies.

An "operational" role

Scaling the fund capacity to deliver its thesis

Once raised, funds rely on concessional resources to cover the additional costs of gender–climate integration, with TA facilities being the most common instrument. While TA is frequently applied to broad objectives, such as strengthening the commercial viability of portfolio companies, building investment teams, and improving reporting systems, it is also a key instrument for deepening gender–climate integration as will be described in Insight #2.

This dual role is crucial to understand the impact of blended finance archetypes, which is both the *on-ramp* that enables funds to be raised and the *fuel* that sustains their integration and strengthens their operations throughout the fund lifecycle.

Layered use of instruments

Another key finding is that blended finance archetypes are rarely used in isolation. Most funds employ **layered combinations** that span the fund's capital structure and operations.

A nexus fund can structure different permutations of archetypes:

- Use **design grants** at inception to prove its pipeline and cover operational costs during fundraising.
- Secure **concessional debt or equity** (see Appendix 1 for more information) from a catalytic LP to unlock senior commitments and reach 1st close
- Establish a **TA facility** to provide support and training to its portfolio and investment teams.

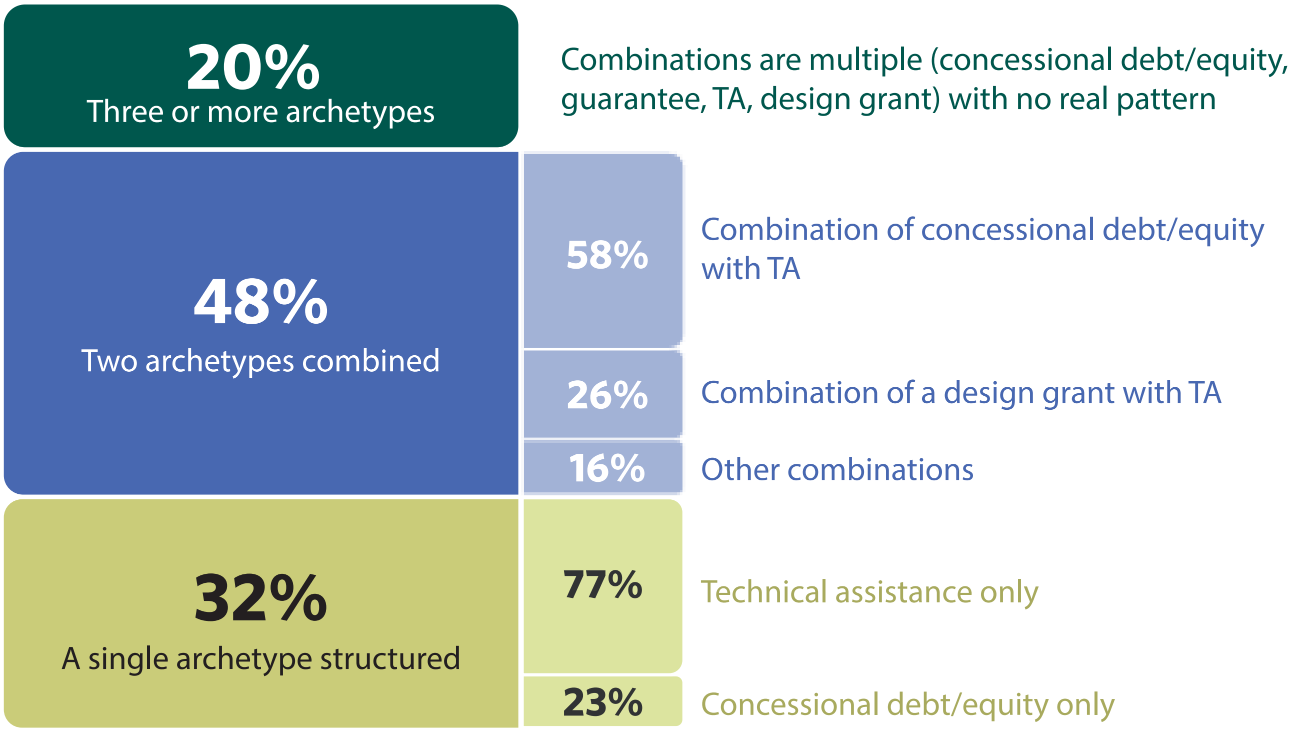
This pattern was echoed by interviewees with catalytic fund investors: ***"It's actually rare to see funds using archetypes in isolation".***

Instead, funds assemble blended finance packages tailored to their risks, strategies, and LP base. Further details on the specific use cases of each combination of archetypes are provided in **Insight #2.**

The table below shows that, out of the 40 funds in the nexus that used blended finance archetypes, most funds use at least 2 archetypes with TA and concessional capital being the most prevalent.

[29] We define viable fund size as the minimum fund size necessary for a fund manager to sustainably operate the fund, deliver on its strategy, and achieve risk-adjusted returns that justify investors' commitments.

Figure 9. Layered use of archetypes: The prevalence of TA and concessional capital in nexus funds



The case of Acumen Resilient Agriculture Fund I (ARAF I), an example of the combination of a concessional tranche with a TA facility:

ARAF I raised $58m using two blended finance archetypes: a concessional equity tranche representing approximately 43% of the fund (provided by the Green Climate Fund and Acumen) and a $6m TA facility. The concessional equity tranche effectively providing a de-risking layer, was critical to mobilize investors such as FMO, Proparco, and Soros Economic Development Fund. This led the fund to be oversubscribed at close from an original target amount of $50m which originally targeted a 50% junior tranche.

The TA facility reinforced the fund's climate resilience thesis in agriculture, with $2.5m allocated to a climate-smart farmer training program and to supporting portfolio companies in climate measurement and evaluation with 60 Decibels (impact measurement of portfolio companies) as well as with Acumen and Winrock through a tool called ARIS that evaluates the climate resilience and impact of business models. TA resources were also allocated to specifically increase awareness of gender issues among portfolio companies and address gender-specific constraints within value chains with training, reporting support and gender action plans. This combination illustrates how concessional capital and TA can be structured together to both unlock investor participation and deepen the fund's gender–climate impact.

[30] See Appendix 2 for more detail on concessional capital, first loss and equity junior tranches

Blended finance archetypes address three central challenges faced by gender–climate nexus funds

◆ **High perceived risks:**

Small and first-time funds, often embedded in local ecosystems or deploying untested models, face significant credibility gaps and are perceived as high risk by institutional fund investors. Concessional debt or equity helps close these gaps by de-risking early commitments and signaling viability.

◆ **High cost of "impact":**

Even if it is difficult to quantify it, integrating gender and climate is resource intensive, requiring specialists, systems, training, and additional engagement with investees. Many investees are ill-equipped to meet the increased reporting burden.

"If you demand certain impact requirements, you must also provide the fund manager with the means to manage and finance them."

- Fund investor

An ambitious impact strategy can also generate costs that go beyond the integration of gender, climate, and ESG considerations. This is particularly true for funds that target small ticket sizes or invest with high additionality as the first investors in SMEs as they face high transaction costs relative to their assets under management (AuM), and spend considerable time making prospective investees investment-ready.

◆ **Need for market-building and model validation:**

Nexus funds frequently operate in nascent sectors with limited data, such as clean cooking or climate-smart agriculture, where viable business models remain unproven and pipeline evidence is scarce.

Together, these factors make blended finance a systemic enabler, allowing nexus funds to validate pipelines, strengthen operational capacity, and reduce their inherent risk profile.

Changes in fund Manager-investor dynamics

Concessional capital, however, can fundamentally reshape fund manager-investors' dynamics. Concessional capital tranches, warehousing, and TA can provide the confidence needed to close a fund and the resources to effectively deploy it, but they also increase LP influence over strategy.

Catalytic fund investors are not neutral actors: they often come with explicit intentions to shape markets around climate, gender, or other priorities. At the same time, fund managers are opportunistic and respond to where resources are available, which means the presence of concessional resources focused on specific themes inevitably influences their strategies.

This dynamic of intentional influence and opportunistic response can generate specific tensions, which need to be addressed early in the fund design process:

◆ **Added complexity which makes the structures less efficient and harder to explain to prospective fund investors.**

As one catalytic fund Investor explained, ***"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 LPs may walk away. Similarly, if you push for an overly ambitious impact thesis and burdensome reporting requirements to satisfy your KPIs as an LP, you are not helping the fund manager and may, in fact, weaken their investment thesis."***

- **Investment thesis distortion** which ultimately weakens the investment thesis as fund managers may adjust decisions to accommodate LP considerations they are either not fully bought into or equipped to deal with.

As one catalytic LP mentioned, **"The goal should not be to convince the fund managers [to adopt a specific thesis], but to work with those who are aligned with it already, and work with them to convince the other fund investors who are the real «clients» of concessional capital as they are the one who are being de-risked."**

The challenge is therefore not to deny this influence, but to ensure it remains virtuous rather than counterproductive. Mechanisms such as precise data requirements, proportionate KPIs, and co-design processes are also essential to avoid gender-washing and climate-washing, where every fund labels itself a gender or climate fund to access concessional resources.

As one fund investor mentioned, **"The point is to define the strict minimal requirements that you as an LP want to send and to align with the fund manager's spirit, without overly constraining their operations since it is heavy, complex and a lot of work."**

Implications for fund investors and managers

The fact that blended finance is so ubiquitous has important implications for fund investors, fund managers and the ecosystem:

For catalytic fund investors:

Catalytic resources shape the entire gender-climate space. Their size, structure and targeting disproportionately influence which funds succeed and how gender-climate integration and impact more broadly is achieved. As such:

- Catalytic fund investors need to ensure there is strong alignment with the fund manager (to avoid overly dictating strategy) and commercial fund investors (who are the ultimate "clients" of the de-risking they provide).
- Catalytic fund investors need to understand their role as gatekeepers and enablers within the ecosystem and proactively address potential biases to ensure equity within the space (see insight #4).

For fund managers:

Concessional capital has become critical in the nexus to fundraising, serving as a toolbox to address structural risks and constraints. Engagement with blended finance providers is now critical from the earliest stages of fund design.

For funds that are perceived as new or high-risk (either through the team behind it or the strategy/area of focus), aligning early with catalytic fund investors to reach first close is often a key success factor as they often play the role of anchors and are increasingly hands-on.

As highlighted in the case studies, fund managers often play a coordination, market-making & market discovery role and should approach their fundraising as a holistic exercise requiring the early and active involvement of commercial and catalytic fund investors.

For the ecosystems:

The prevalence of blended finance underscores the need for benchmarking and coordination among actors. As will be discussed later, roadmaps, frameworks, and case studies remain limited but are essential to maximize the use, efficiency and impact of blended finance.

Blended finance has become mainstream in gender-climate nexus investing. Any discussion of such funds in Africa is therefore very early-on a discussion about blended finance.

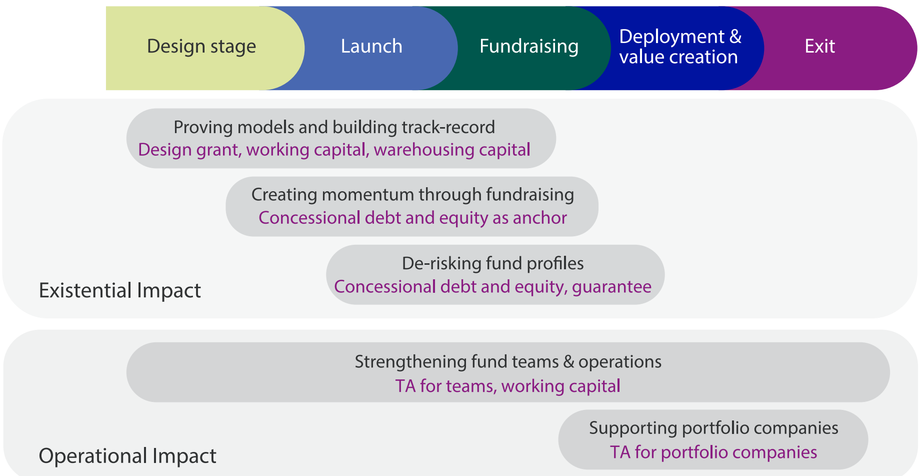
Yet this mainstreaming of blended finance does not translate in equal reach; without greater clarity on sizing, structuring, and long-term phasing, concessional tools risk being misapplied or concentrated in ways that perpetuate exclusion. Areas of exclusion are explored further in Insight #4 and in the recommendations.

2. Blended finance plays a critical role across the entire lifecycle of funds at the gender-climate nexus

Funds at the gender-climate nexus face structural challenges throughout their lifecycle from design and launch, through extended fundraising, to deployment and value creation. Blended finance archetypes can play a critical role at each of these stages.

While some of these use cases and conclusions are relevant to the broader fund ecosystem, especially higher-risk or innovative models, the analysis highlights concrete examples of how gender-climate funds have applied them in practice[31].

Figure 10. Blended finance archetypes supporting gender-climate nexus funds across their lifecycle



Design and launch: Moving from concept to credibility

At the design stage, blended finance enables funds at the nexus to move from concept to a more validated proposition. Funds reviewed show that many managers relied on catalytic resources to overcome early-stage credibility gaps and demonstrate viability. This design stage is particularly challenging because a majority of managers in the nexus are first-time fund managers (55% of the sample), often pioneering innovative and unproven models with relatively untested teams. **Without early support, many would not reach viability.**

SPOTLIGHT – A design grant in the Nexus

mce SOCIAL CAPITAL

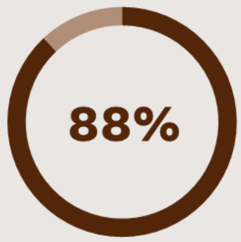
MCE Social Capital (MCE) received a $200k grant from the United States Agency for International Development's (USAID) INVEST initiative in 2021 to support the design and structuring of its first fund, the Empowering Sustainable Agriculture (MESA) Fund. The grant covered costs such as fund design, legal consultations, financial modeling, and investor materials. USAID's involvement also provided validation that helped attract anchor investors, including the Development Finance Corporation (DFC) and Ceniarth, leading to a $41.6m close in 2023. This case illustrates how relatively small design grants can catalyze credibility and unlock larger commitments.

[31] To complement this mapping and draw sector or strategy-specific conclusions, more research would be required to compare the usages, availability and strategies deployed by funds across other focus areas which have raised blended finance (i.e. fragile and frontier markets, agriculture, technology and innovation, etc.).

Different types of funds navigate this stage in various ways:

- **Smaller and first-time funds** often rely on design and launch grants, which average $445k across the sample. These catalytic injections allow managers to refine strategies and structures before engaging fund investors, build a demonstrable pipeline, and cover operational costs during fundraising which can often stretch multiple years. 88% of the early-stage SME funds (fund size below $20m) used design grants, pointing to their important nature in the space.

- **Larger and more established funds** are more likely to leverage existing platforms, draw on internal resources, or engage fund investors early to co-design the fund, making the use of design grants marginal with 11% and 17% usage across debt and growth SME funds. This approach reduces the reliance on concessional grants but still underscore the importance of support in de-risking early fund conception. It is worth noting however that while less frequent design grants can still play a catalytic role for larger vehicles pursuing innovative or niche theses.



of early-stage funds in the sample have used a design grant

The ecosystem is increasingly addressing this gap through dedicated programs:

- The Green Climate Fund (GCF) is the world's largest climate fund of funds, and has provided 110+ design grants worth $73m through its Project Preparation Facility[32] to help funds and projects design their strategies, run feasibility studies and prepare funding proposals.
- The SDG Impact Finance Initiative Innovation and Investment windows grants for innovative impact finance solutions that will mobilize private capital for sustainable development in emerging and frontier markets.
- The Convergence Blended Finance Accelerator for Fund Managers (A4FM) helps emerging fund managers and institutional investors accelerate blended finance solutions through skill building, catalytic grants up to $300k.

Warehousing capital (see Appendix 1) has proven catalytic in other impact sectors but remains underutilized among gender-climate nexus funds. Only one fund in the sample raised warehousing capital. While not formally part of the blended finance archetypes, several programs have deployed warehousing facilities through catalytic capital, often combining grants with concessional tranches. In the case of gender-lens funds, for example, many women-led first-time managers have been supported through warehousing facilities under the Mastercard Foundation Africa Growth Fund, enabling them to test their thesis and strengthen their track record.

The **limited use of warehousing among nexus funds represents a missed opportunity**, as it could allow managers to demonstrate their ability to identify prospective companies and execute transactions aligned with their thesis. It is worth noting that its absence may partly reflect timing; warehousing is a relatively recent instrument, and this study focuses only on funds that had reached financial close (7-years-old on average).

[32] [Consulted online: Project Preparation Facility | Green Climate Fund .]

At the design and launch stage, blended finance instruments, early LP collaboration, and platform support are critical to establishing credibility and viability. For smaller funds, this support most often comes through design grants; for larger platforms, through early LP engagement and internal resources. If more widely available, warehousing could provide first-time managers with a practical way to demonstrate execution capacity, extending beyond what traditional design grants typically enable.

SPOTLIGHT - Resilient Futures Fund (RFF), provider of blended finance archetypes for gender-climate funds

Managed by 2X Global and supported by Amazon, Reckitt, Skoll Foundation, UPS Foundation and Visa Foundation, the RFF aims at **promoting climate solutions led by or involving women and girls by providing catalytic capital and support**. The RFF provides warehousing capital to gender-responsive climate funds, such as Altree Capital, ATG Samata, AWE, Sahara Impact Ventures or Weav Capital. These funds leverage warehousing capital to invest in companies prior to reaching first close, thereby validating three critical dimensions: (1) their capacity to deploy capital effectively, (2) the existence of a viable pipeline of investable opportunities, and (3) the robustness of their impact and investment thesis.

Fundraising: anchoring and de-risking to reach first close

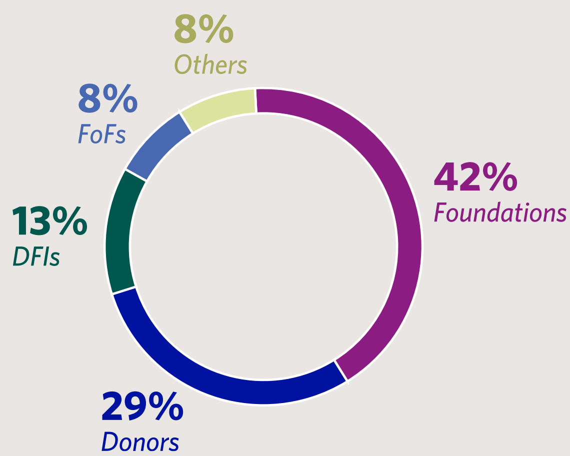
Securing a first close is a pivotal milestone for nexus funds. Among the sub-$100m impact funds in Africa, only 38% reach a viable fund size, and fundraising takes an average of 25 months to first close[33]. The various interviews with fund managers and investors involved in the gender-climate nexus validate this trend.

Support at this stage comes predominantly from concessional capital, provided mostly by foundations (42%), donors (29%), DFIs (13%) and fund of funds (FoF) (8%) with the remaining being family offices and High-Net-Worth individuals.

Concessional capital plays distinct but complementary roles, often at the same time:

- **Anchoring:** providing early, visible commitments that build momentum and credibility.
- **De-risking:** absorbing risk in the capital stack to attract commercial fund investors.
- **Enhancing returns:** improving the fund's return profile to attract commercial fund investors.

Figure 11. Concessional capital providers in the gender-climate nexus (concessional debt and equity tranches)



Looking at those roles in conjunction is essential; focusing on de-risking or return enhancement alone overlooks the equally important role of anchoring, which is frequently done through concessional capital, in helping funds reach key fundraising milestones.

It is also worth noting that while concessional capital can be used to enhance returns by allowing commercial investors to draw on the concessional tranche to meet their return targets, this mechanism was not observed in the sample analyzed.

[33] I&P. 2025. How African SME Funds Can Mobilize More Capital

Anchoring in practice

Anchoring is not itself a blended finance archetype, but **it has become a widely used strategy by concessional providers to de-risk funds and signal confidence**. While commercial fund investors can serve as anchors and concessional providers can decide to take a more hand-off role, anchoring through concessional debt / equity is increasingly assumed by catalytic capital providers. The case studies of Persistent, ARAF, and Spark+ illustrate the importance of such anchors.

Catalytic anchors create value by:

- **Engaging early:** often the first to commit, sometimes co-designing the fund ahead of launch.

The African Development Bank (AFDB) played a role early-on in the design of the Spark+ Africa Fund, with discussions starting in 2017 or five years before first close. Those discussions started with the Clean Cooking Alliance first and later-on the fund manager. The AfDB also committed very early in the design phase of Spark+ to providing financing through a ***first-loss facility****. This commitment was key in subsequently attracting investors to the fund's other tranches*[34].

- **Taking larger commitments:** unlike traditional fund investors who rarely exceed 10-20% of fund size, catalytic providers often take disproportionately large shares. In our sample, concessional debt / equity tranches averaged **22% of total fund size**, with some funds raising as much of 56%.

The Green Climate Fund (GCF) anchored ARAF Fund I with 40% of the total fund size. Its early commitment as an anchor LP was key in creating momentum to achieve the first close.

"It all started with GCF and Acumen working on ARAF's thesis together, and on determining the need for concessional capital to attract other investors. […] The first-loss was initially planned to represent 50% of the fund. New LPs, such as family offices, joined after first close in senior tranches, which ultimately diluted the first-loss layer. A total of $58m was raised in total, and the first-loss layer ended up closer to 40-42%."

- ARAF Fund manager

- **Signaling commitment and credibility:** beyond financial terms, the credibility of the anchor, the size and timing of their commitment, and their involvement in fundraising send a powerful market signal that catalyzes broader confidence.

Spark+ for example mentions:

"That early public backing [from AfDB] was important and helpful, as it signaled strong support even before their actual entry."

\- Spark+

The experience of Persistent offers another illustrative example, demonstrating how **catalytic fund investors can engage early through innovative structuring mechanism** with similar objectives. Persistent operates as a Permanent Capital Vehicle and is currently in the process of raising its first closed-ended fund (the Persistent ACV Fund). FSD Africa Investments (FSDAI) is the anchor investor of the soon to be closed Persistent ACV Fund and had in 2022 provided Persistent with $3m in warehousing capital. This structure, though unique, helps de-risk the fund manager by enabling the team to continue building their track record while at the same sending a strong signal to the market that the next fund is underway.

[34] See case study for more information about the AfDB's engagement

De-risking in practice

Concessional capital in the form of first-loss/ junior tranche is central to de-risking. **58% of nexus funds in the sample have structured a concessional debt or equity tranche**, enabling commercial fund investors to participate in de-risked senior tranches.

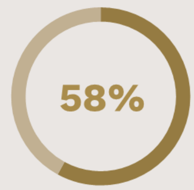
Guarantees also play a role in 14% of funds, particularly debt vehicles where they aim at covering portfolio losses. **Guarantees are less frequently applied in equity funds**, where they are considered costly (5-6% annually) and less practical than deployable capital.

By combining de-risking with anchoring, concessional capital shapes fundraising trajectories and often determines whether a fund succeeds in closing.

"With GCF, the catalytic role was absolutely critical. In fact, I'd say it was binary: without first-loss capital from GCF, we would not have had a fund. Raising an agriculture-focused [climate resilience] fund in Africa is incredibly difficult, and there's a reason you don't see many of them."

- A fund manager

Commercial fund investors' perspectives also reinforce this dynamic: participation is possible when strong fund teams and credible theses are supported by sufficient de-risking.



of funds in the gender-climate nexus have structured a concessional tranche

SPOTLIGHT – The perspective of a fund investor investing in a senior tranche

One of the investors that invested in Spark+' senior tranche was already interested in the clean cooking sector and its impact potential but could not invest directly in the sector due to its risk profile at the time (unproven models, unknown return, etc.). As a foundation, it also faced strict regulatory and financial constraints that limited exposure to such risk. The presence of a concessional tranche was therefore pivotal in enabling this LP to invest in Spark+.

"Regarding our investment in the senior tranche, we primarily looked for protection. [...] For example, if we estimate that the sector might experience a 15% loss over time due to the nature of its investments, we would expect to see a first-loss layer that matches or exceeds that percentage to provide a sufficient buffer."

Going beyond risk reduction through concessional capital and dedicated operating expense (OPEX) facilities

For many emerging fund managers raising early-stage SME funds (<$20m) and investing small ticket sizes, a key challenge faced across their fund life is to **cover their operating costs** as the traditional 2% management fees is often insufficient.

An emerging approach, that extends beyond the structural subordination they take through concessional capital, is for catalytic investors to **pay higher fees than senior investors**, thereby **reducing the overall fee load for commercial investors**. Other catalytic investors are also rolling-out **dedicated opex facilities to cover certain key expenses** and reduce the fee pressure of smaller funds.

For example, the Mastercard Foundation Africa Growth Fund, for which I&P was fund advisor and which is managed by MEDA, supported an African micro-VC by accepting higher management fees than average, and enabling commercial investors to participate at more typical rate.

Deployment to realization: strengthening portfolio companies and fund teams

Once capital is raised, the challenge shifts from securing commitments to deploying funds in ways that deliver both financial returns and gender-climate impact. At this stage, blended finance archetypes, primarily through TA, remain critical, bridging structural gaps by strengthening the investment readiness of prospective companies and enabling deeper value creation within portfolios.

Its role extends beyond companies as investment teams themselves also face steep learning curves as they adapt to new expectations and integrate additional layers of impact into their processes.

of funds in the gender-climate nexus have structured a TA facility

As previously mentioned, TA has become the dominant archetype to address these gaps **with 83% of funds in the sample raising dedicated TA facilities.**

The role of TA can be broken down into two categories:

TA for portfolio companies

Though specific data on TA usage is widely lacking across the sector, interviews with fund investors and fund managers point to the fact that the vast majority of TA resources are designed to flow to portfolio companies. Those TA facilities tend to play a dual role:

- **Pre-investment**: **de-risking prospective investees and building pipeline** by helping investees reach required standards or address key diligence areas.
- **Post-investment**: **supporting long-term value creation** through stronger operations, compliance, ESG systems, and impact data collection among others.

This role is particularly critical at the nexus, where integration brings added reporting and compliance costs that often fall on investees who also have to manage their day-to-day operational challenges and execute on their strategy.

TA can offset these burdens, enabling companies to meet investor requirements while simultaneously improving their operations.

As one fund manager mentioned discussing the role of TA and the need for balance:

"An integrated perspective around climate, ESG, and impact, framed in terms of financial and commercial relevance, could be useful. Companies, regardless of impact focus, face standard business challenges and they need support to be able to overcome all these challenges." *- A fund manager*

TA and on-going support for fund managers

While most TA seems to flow to portfolio companies, targeted support for fund managers and their teams is equally important but, from the research, less common. Fund managers typically operate with small teams and limited budgets in an environment where fund investors demand increasingly sophisticated ESG and impact frameworks.

This support can take several forms:

- **Fundraising stage**: Fund investors often work alongside fund managers for one to two years to co-develop ESG framework and impact objectives. Together, they ensure those frameworks are up to standards. This collaboration can help managers evolve from being climate/gender unaware to climate/gender aware.

FSD Africa for example worked directly with the Climate Resilience Africa Fund (CRAF) team to structure and strengthen their gender lens strategy which ultimately became a strategic and fundraising asset.

- **Deployment stage**: TA has funded internal systems or specialized external studies (e.g., 60Decibels impact and climate resilience surveys on behalf of ARAF, IBIS Consulting study on the Dutch-Good-Growth-Fund (DGGF) Climate Portfolio Assessment) to meet fund investors' standards and build solid ESG frameworks. *Example: DGGF supported Alitheia Capital during its fundraising (through the Technical Investment and Environmental Readiness program) to integrate a gender lens into its investment processes, from screening to impact measurement.*
- **Ongoing accompaniment throughout process**: Some valuable support often comes from investment teams advising and coaching fund managers during fundraising and deployment. The Mastercard Foundation Africa Growth Fund, for instance, provides hands-on support to pipeline fund managers, to help them progress on the gender scale ahead of a future investment. Many DFIs also provide dedicated trainings on the topics of gender and climate (either pre- or post-close).

Spotlight - CC Facility's market acceleration program

An illustrative program providing TA directly to fund managers is the CC Facility's market acceleration services, that provide a combination of grant funding and acceleration support for up to 18 months, from a dedicated team assigned to each blended finance vehicle as well as from field experts. The program provides climate finance-oriented support that include strategy (revenue model, impact modeling, impact assessment, market landscape analysis…), fundraising support (fundraising materials, roadshow organization…) and operations (project management, financial monitoring…).

Despite these examples, dedicated **TA pockets for fund managers remain rare in Africa**. Creating them would likely be impactful especially since fund investor involvement in supporting operations often fades post-close.

Moreover, the current imbalance (where most TA flows to portfolio companies) overlooks the fact that strengthening fund managers themselves can often be more efficient and catalytic, as they frequently act as champions for impact topics across their portfolio.

Creating structured TA pockets dedicated to fund managers to push gender-climate integration could be an effective way to strengthen integration and ensure nexus funds succeed.

Support for fund managers can take many forms, including **co-financing the cost of in-house specialists** (for instance on gender or climate), or providing access to targeted trainings such as those delivered by Value for Women, which have equipped funds with gender lens investing skills.

Initiatives such as **dedicated OPEX envelopes** for fund managers are also being assessed and implemented by some catalytic fund investors including two foundations interviewed who covered some of the operational costs of an emerging fund manager in East Africa and the West-African office of a Pan-African investor. Other examples include **catalytic fund investors accepting a management fee rate that is higher than other investors** in order to increase the total management fee earned by the fund manager and make its fund economics work.

Though still at its early-stage, those emerging strategies are based on the recognition that investing in the fund manager's own capacity can be more transformative than fragmented TA at the company level.

3. Unpacking fund types and strategies reveals the strengths and gaps in the current reach of blended finance

The gender-climate nexus is not defined by a single fund type. The 46 funds identified in the sample vary significantly by size, geography, sector, and investment strategy. **This diversity is central to understanding how blended finance archetypes are applied**: the role that concessional debt / equity or TA plays in a $6m early-stage SME fund differs materially from its role in a $55m debt fund.

Recognizing this heterogeneity is therefore essential to avoid one-size-fits-all interpretations of the usage and availability of blended finance.

Fund strategies at the nexus

The analysis highlights four main categories of funds building on categories used in previous attempts to document the landscape of SME investment funds in Africa[35] :

1 Early-stage SME funds

- **Small size funds:** 25% of the nexus, with small size funds ($6.4m avg) and early-stage focus.
- **Raised by first-time fund managers:** 92% of these funds are raised by first-time fund managers
- **Blended finance archetype:** Strong use of design grants (88%) and TA (78%); little use of concessional debt and equity (20%).

2 Growth SME funds

- **Larger growth-stage funds:** 30% of the nexus, with much larger funds ($55.5m avg) and tickets of $1m–$55m.
- **More specialized strategies:** Able to implement climate strategies (82% scoring 2 on climate integration) and embed gender more systematically.
- **Blended finance archetype:** Heavy use of TA (92%) and concessional debt and equity (55%) to attract senior investors.

3 Debt funds

- **Largest capital share:** Debt funds represent 45% of the nexus, with large funds ($55.2m avg) and broad ticket sizes: $100k - $5m.
- **Experienced, regional lenders:** Mostly run by experienced managers (66%), offering flexible debt products across regions.
- **Blended finance archetype:** Heavy use of concessional debt and equity (88%) and TA (88%), with guarantees also playing a role.

[35] 2X BII, BCG. 2025. Practical guidance to scale blended finance.
ISF. 2025. Concessional Capital for Agri-SME Funds: Donor & Investor Guidance.
I&P. Argidius Foundation.2025. How can African SME funds mobilise more capital?
Shell Foundation. Omidyar Network. 2019. Insights in SME Fund Performance.
AVCA. KIFC. 2023. Funds and Fund Management Services in Africa.
[36] See definition in the detailed methodology in Appendix 2. Global. Gender & Climate Investment. A strategy to unlocking a sustainable future
[37] See definition in the detailed methodology in Appendix 2.

Early-stage SME funds[36]

These are the smallest vehicles, with an average size of $6.4m (average ticket size: $100k-$1m). They are disproportionately single-country (90%) and often generalist in nature focusing on small ticket sizes and early-stage companies. 92% of these funds are raised by first-time fund managers. Their role is often to act as market builders and create pipelines of investable companies for the broader ecosystem. Early-stage SME funds are mostly generalist in nature (mostly climate-aware (70%) and gender-aware[37] (46%)).

These funds face **higher relative transaction costs** due to their small tickets and focus on earlier-stage enterprises. Blended finance is often employed to provide design grants (88%) and TA (78%), which are essential to build pipelines and de-risk investments. Concessional debt/equity is rare (20% used) and the potential reasons will be addressed further in Insight #4.

Figure 12. Profile of early-stage SME funds in the sample

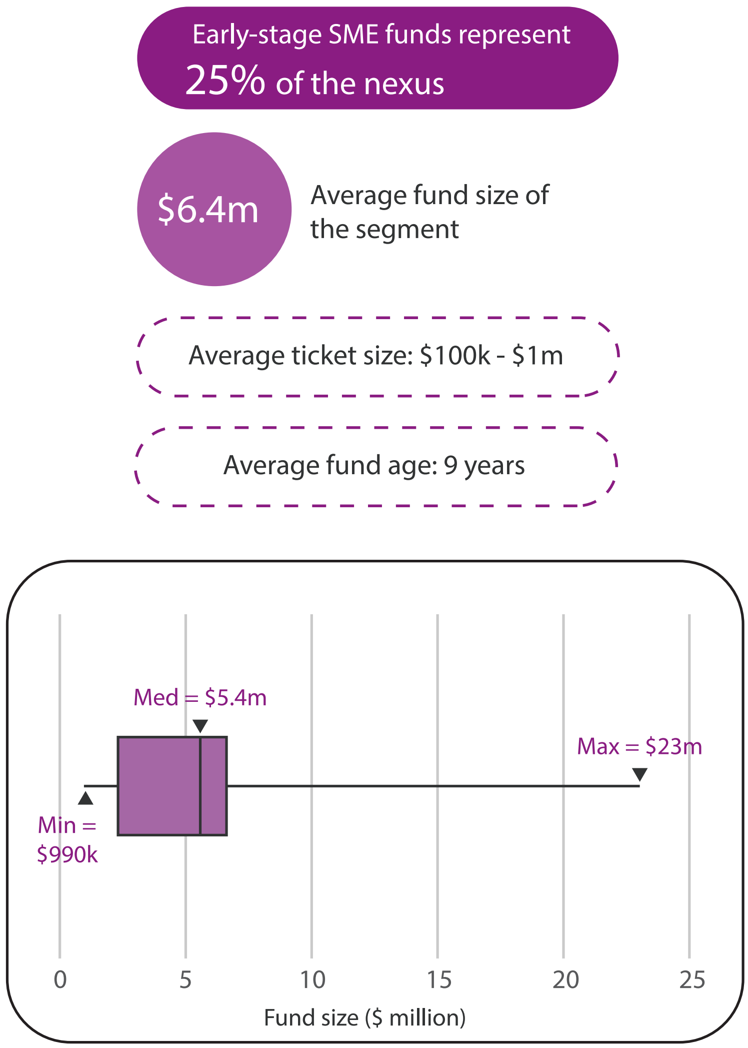
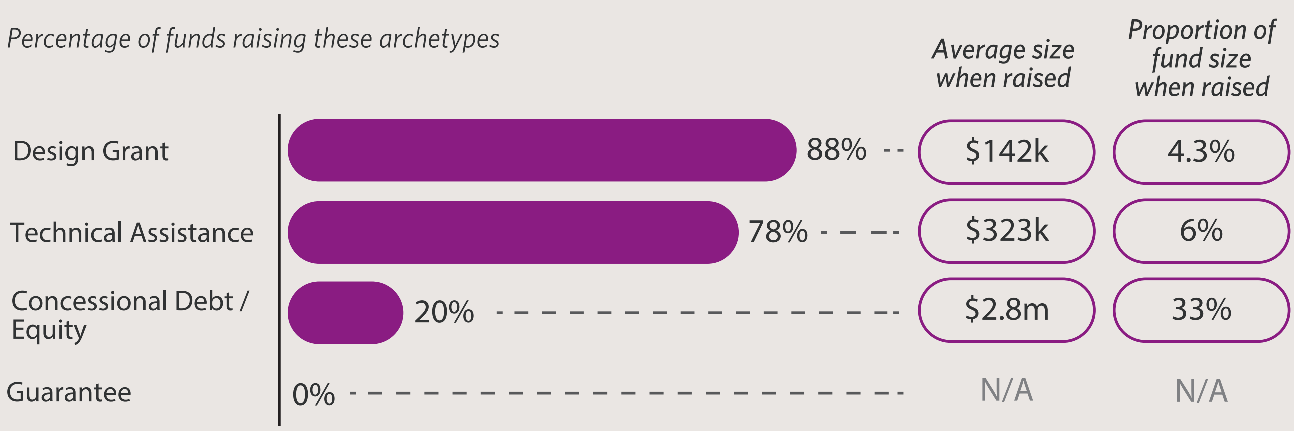


Figure 13. Early-Stage SME fund's use of blended finance archetypes



[38]See definition in the detailed methodology in Appendix 2.

Growth SME funds[38]

These are materially larger funds, with an average size of **$55.5m** (average ticket size: $1m - $5m), and regional scope (83%). 50% of these funds are raised by first-time fund managers. They are often able to implement more specialized climate strategies, with **82% scoring “2” on climate integration**, while also embedding gender more systematically **(83% scoring 2).**

Growth SME funds make use of blended finance archetypes primarily through concessional debt/equity (55%) to attract senior fund investors. Larger growth-SME funds also raise TA (92%) extensively.

Figure 14. Profile of growth SME funds in the sample

Growth SME funds represent
30% of the nexus

$55.5m
Average fund size of the segment

Average ticket size: $1m - $5m

Average fund age: 8 years

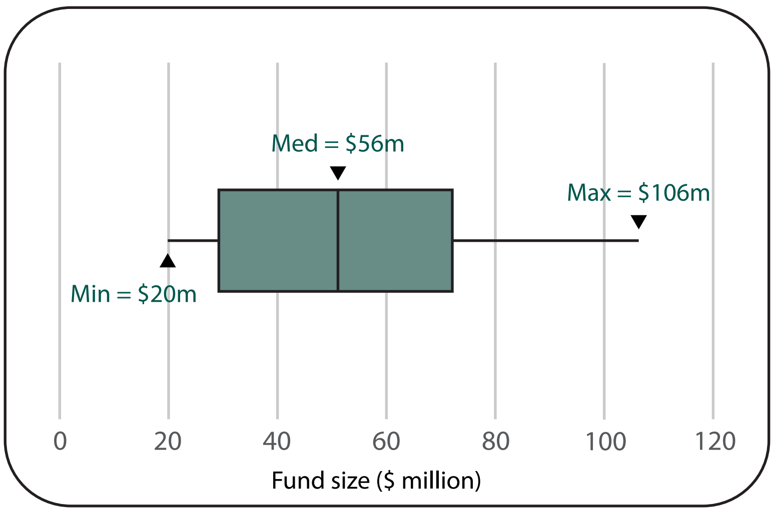
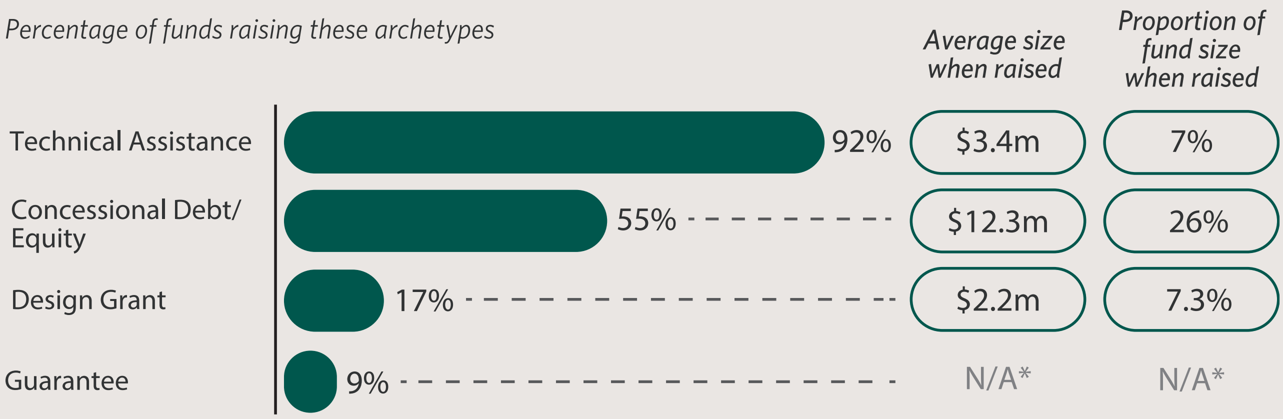


Figure 15. Growth SME fund’s use of blended finance archetypes



**1 fund only has raised guarantee*

Debt funds[39]

These represent the largest share of capital deployed, with a **fund size averaging $55.2m** (broad ticket size: $100k - $5m). They are mainly raised by experienced fund managers (66%). Nearly all are regional or pan-African, providing critical working capital and flexible debt products. Concessional capital and TA are the most commonly used instruments.

Figure 16. Profile of debt funds in the sample

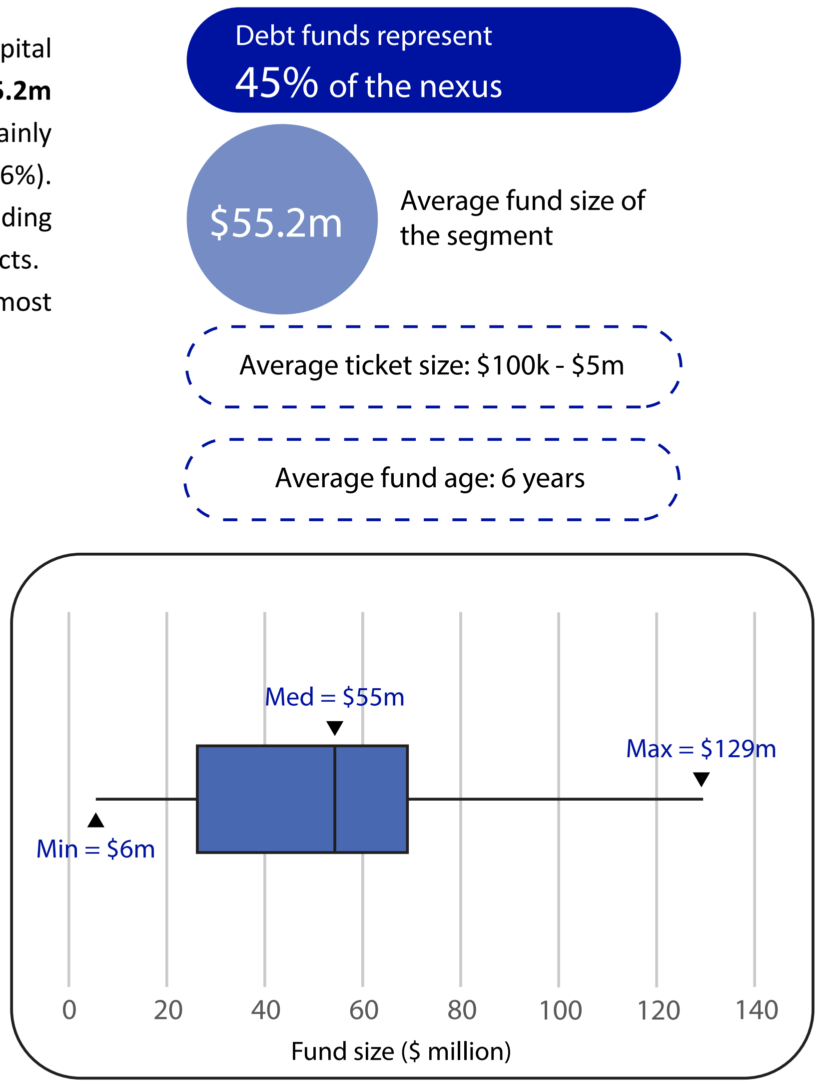
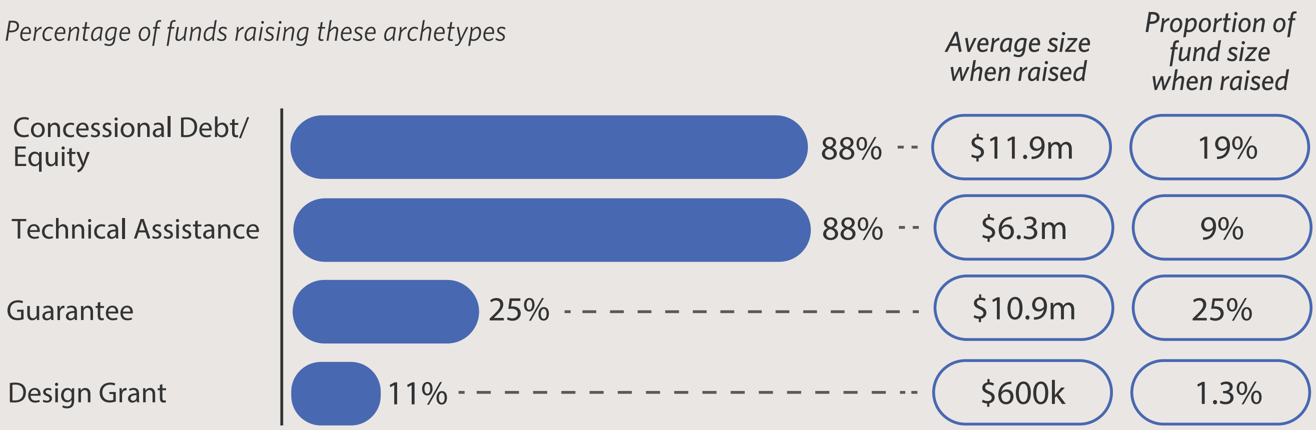


Figure 17. Debt fund's use of blended finance archetypes



[39] See definition in the detailed methodology in Appendix 2.

It is to be noted that VC funds remain underrepresented. Only one fund in the dataset has reached a viable size while fully integrating both dimensions, though several others are currently raising capital with explicit gender-climate theses (see below) with a particular focus on innovation-driven sectors such as climate-tech, agri-tech, and climate resilience.

Over the past three years, numerous VC managers have attempted to raise funds with gender-climate thesis, yet blended finance has played little to no role in supporting them. Examples include funds such as Kazana, Sahara Impact Ventures, and ATG Samata, all of which have developed strong gender lenses with climate integration but struggled to secure concessional commitments.

This blind spot partly reflects the methodology of the dataset, which focuses on funds that have both reached a viable size and successfully mobilized concessional resources. As a result, it excludes the many VC vehicles still in the fundraising stage or that have not achieved sufficient scale (often precisely because they lacked the concessional support that could have anchored or accelerated their trajectory). The underrepresentation of VC funds therefore highlights a critical gap: **blended finance has not yet been mobilized effectively to back early-stage, innovation-driven funds at the gender-climate nexus.**

It should also be noted that other factors, such as **investment geographies** (e.g., in the Sahel region) or **sectors of activity** (particularly agriculture) within our sample, **may further justify the use of blended finance archetypes, beyond considerations of gender and climate alone.**

The diversity of strategies at the gender-climate nexus demonstrates that **blended finance does not serve a uniform function**. For smaller, early-stage funds it is often existential but with only a few archetypes being accessible; for growth SME and debt funds it is often catalytic and enabling.

CATALYST FUND

Spotlight –
The example of a VC fund currently in the fundraising stage:

Catalyst Fund is a VC and venture builder investing with a gender lens in climate tech-enabled solutions on the continent. By 2030, the Catalyst Fund aims to back 50 ventures that collectively serve over 125m customers, mitigate more than 100m tons of carbon emissions, and catalyze over $1bn in follow-on capital. While it is too early to assess the impact of blended finance archetypes in the fund’s ultimate fundraising outcome as it is still fundraising, it is worth noting that blended finance is at the forefront of its fundraising strategy with multiple tranches of concessional debt/equity and blended finance archetypes being mobilized.

4. The access to concessional capital is uneven and large funds tend to capture the bulk of it

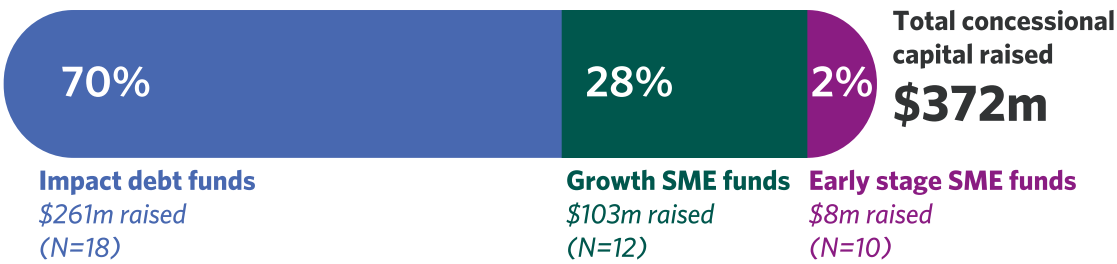
Although blended finance is widely used across gender-climate nexus funds, **access to concessional resources is far from even**. Larger and more established vehicles attract the bulk of it, while smaller and first-time funds are left with limited options.

A skew toward larger funds and debt strategies

Our analysis shows a clear skew towards larger and mostly debt funds when looking at the allocation of concessional capital.

The total blended finance capital raised in our nexus sample amounts to $372m, of which 70% was raised by debt funds ($261m), 28% by growth SME funds ($103m), and 2% by early-stage SME funds ($8m).

Figure 18. Breakdown by fund strategy of the amount of concessional capital raised



This skew is also reflected in the **quantum of concessional capital raised per type of funds** with debt funds capturing the largest share, with 26% of their AuM, growth SME funds receiving on average 16% of their AuM in catalytic resources and early-stage funds receiving 13% of their AuM.

Debt funds, with predictable cash flows, are favored recipients of guarantees and concessional tranches, while early-stage funds are perceived as too risky, difficult and costly relative to their size to underwrite. This is consistent with other research on the use of climate finance highlighting the same trends around the preference towards debt and size[40].

Interestingly and perhaps counter-intuitively, it is the riskier fund strategies (early-stage SME Funds) that receive the least blended finance, and the safer funds (debt funds) that receive the most. Beyond the quantum allocation, this trend is also reflected in the types of archetypes available to funds as described below.

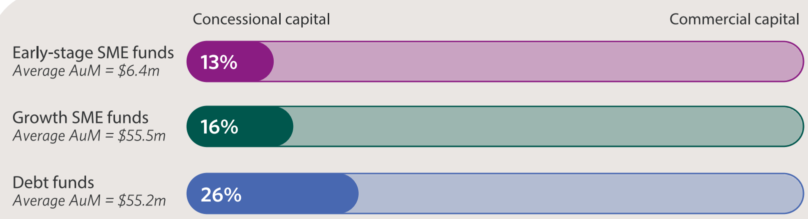


Figure 19. Breakdown by fund strategy of the percentage of concessional capital raised over total fund size

[40] Climate Policy Initiative (CPI). 2024. State of climate finance 2024.

Limited availability of concessional capital for small and first-time funds

For smaller and first-time managers, concessional capital is largely out of reach. Instead, their access to blended finance is limited to design grants and TA facilities.

While helpful, these instruments operate at much smaller scales:

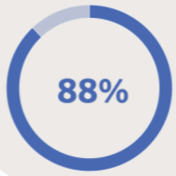
- **Design grants average $445k** across the segment, but for early-stage funds they drop to **$142k on average**. This gap is striking considering that the core costs of designing and researching a fund thesis (market scoping, legal structuring, team building) are largely fixed and shouldn't vary to that extent (>3x) by fund type. In practice, this means that early-stage managers, who already face steeper credibility and fundraising barriers, must attempt to launch with far fewer resources.

- **TA support** accounts for a similar percentage of AuM across fund types (6-9%), but in absolute terms, this translates to only **$320k on average for early-stage funds**, compared to **$3.4m for growth funds** and **$6.3m for debt funds**. Once again, this is a paradox as early-stage funds often target portfolio companies that require more hands-on support due to their often less mature and riskier profiles.

- **Concessional debt / equity** is harder to access across the segment of early-stage funds with only 20% of them unlocking it, compared to 55% for growth SME funds and 88% for debt funds. This is critical as concessional debt / equity is often existential for first-time funds (92% of early-stage funds are raised by first-time fund managers in the sample). The relative underrepresentation of early-stage funds feeds a situation where smaller-sized funds face much higher obstacles to fundraising.

of early-stage SME funds in the sample have raised concessional debt / equity

of growth SME funds in the sample have raised concessional debt / equity



of debt funds in the sample have raised concessional debt / equity

Why it matters

Excluding early-stage, smaller-size and first-time managers from meaningful concessional support has direct consequences:

- It limits the emergence of **new fund managers and often first-time African fund managers** who overwhelmingly raise smaller fund sizes[41] and instead favors already established larger funds, pan-African or foreign teams.

- It reduces **proximity to underserved markets**, as these funds are often embedded within local ecosystems and have strong capacity to reach the small underserved segment of SMEs, one of the most critical for business ecosystems, particularly in LDCs.

- It limits **innovation**, since smaller funds play a disproportionate role in testing models and seeding investable companies.

- It narrows the **pipeline for larger vehicles**, which often depend on smaller funds to develop investable opportunities and support the broader ecosystem.

[41] I&P. 2025. "How can African fund managers mobilise more capital". The report points to the fact that smaller and early-stage funds are often pathway for underrepresented fund managers to enter the space.

Why this is happening

The uneven allocation reflects structural dynamics that disadvantage smaller funds

◆ **Bias against first-time managers:**
Although 55% of the sample are first-time fund managers, the bulk of concessional capital flows to more experienced vehicles. Among early-stage SME funds in the nexus, 92% are first-time managers; excluding them leaves the gender-climate nexus segment mostly made of established teams.

◆ **Generalist positioning:**
Smaller funds tend to embed gender-climate integration with a more generalist climate thesis (80% scoring 1 on climate). While impactful at the portfolio level, this “generalist” approach, which will be described in **part 2**, may fall short of the intentionality / focus some catalytic fund investors seek when deploying concessional resources. More discussion on integration will follow in **Insight #6.**

◆ **Economics of instrument design:**
Concessional debt/equity tranches and guarantee facilities are often structured for scale with an inherent focus on leverage which tend to favor larger and inherently de-risked vehicles. While focusing on leverage is helpful to assess the crowding-in effect of blended finance, looking at it alone and excluding additionality and impact of the equation is likely to be overly simplistic.

◆ **Economics of ticket size:**
Blended finance providers also often need to allocate large tickets, as deploying smaller amounts is costly in time and resources in relation to the capital being deployed. Concessional funders often tend to provide larger tickets, therefore targeting larger funds.

Concessional capital and support is therefore not being deployed evenly: larger funds and debt vehicles capture the bulk of the resources, while managers raising smaller funds and investing at early-stage are left with significantly less support. The combination of historical bias against emerging managers, preference for specialized theses, and the economics of concessional instruments may explain this skew.

Expanding concessional tools beyond design grants and TA to deliberately include early-stage funds could unlock more innovation and build a stronger pipeline for the entire nexus.

Kaoplast © Agence Fent, 2025

5. Fund managers and fund investors lack robust frameworks and data to structure blended finance archetypes

While the previous insights highlight both the prevalence and catalytic potential of blended finance archetypes, the way concessional capital is structured and deployed often remains ad hoc. A central reason is the persistent lack of data and standardized benchmarks or frameworks, which leaves fund investors and fund managers navigating archetypes on a case-by-case basis.

Concessional debt/equity provides the clearest illustration of the opacity surrounding blended finance archetypes, a point raised consistently by fund managers across the nexus. Tranche sizes vary widely, from 2% to 56% of total fund size, with a median of 17%.

Blended finance funders typically justify these layers on capital mobilization grounds, targeting leverage ratios of three to five times their contribution.

“there is no scientific basis to justify these percentages. It comes back to perception and positioning in front of the investment committee or the available envelope.”

- A catalytic investor

In practice, this means fund managers often feel like they have to “take what they can,” while fund investors emphasize headline leverage ratios rather than calibrating the amount of concessional deb/equity to a fund’s actual risk profile, strategy and additionality, or its overall impact. This creates a potential risk of over or under subsidizing certain funds lowering the overall efficiency of concessional debt/equity.

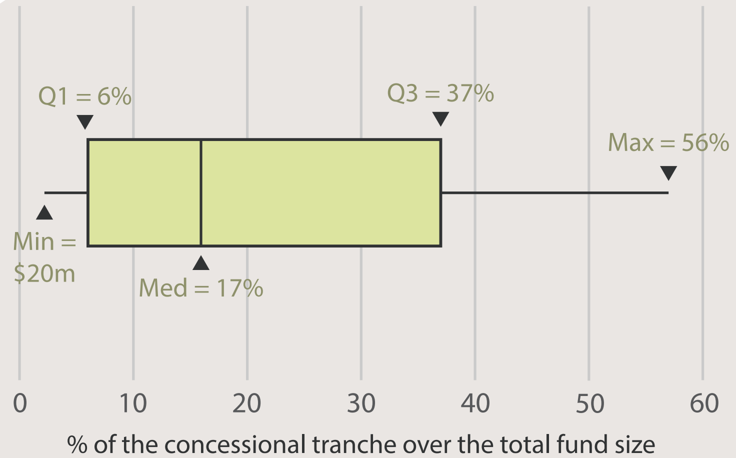


Figure 20. Distribution of concessional debt/equity tranches over total fund size

The absence of clear benchmarks and data extends beyond concessional debt/equity to the other archetypes of blended finance:

◆ **TA:**
While essential, data on TA is widely inconsistent, making it difficult to compare across funds or to assess whether it benefits portfolio companies or primarily strengthens fund manager capacity. It is also difficult to obtain data showing how TA was actually used, whether for financial structuring, portfolio support, human resources support, or ESG/impact-related activities at the company or fund level.

◆ **Design Grants:**
Information on design grants remain scarce despite the fact that they are critical for first-time managers.

For fund managers, especially emerging ones, this opacity compounds their already challenging operational and market-driven challenges. Without clear precedents to draw on, they must navigate donor requirements ad hoc and stitch together fragmented envelopes. As one manager observed, some end up using blended finance tools ***"where it might not have been necessary".***

For fund investors, the lack of benchmarks and standardized methodologies around structuring carries its own challenges. By focusing on headline leverage/mobilization ratios and placing a strong emphasis on private capital mobilization, some catalytic fund investors face the risk of supporting projects that are ultimately more commercial in nature, including those already well positioned to attract private investment, rather than truly high-risk or pioneering ventures.

As a result, they risk overfunding models that could already attract commercial capital, having less additionality and impact. Consequently, fund investors may inadvertently contribute to perpetuate the same exclusion trends previously highlighted and channel resources toward those with access or signaling power, while leaving out managers and funds better positioned to deliver on gender-climate objectives.

Research and data aggregation efforts, such as those led by Convergence[42] or the recent BII-BCG report[43], are beginning to address this gap but more data aggregation and benchmarking efforts are required.

OuiLait&Degue © Afroto, 2024

[42] [Consulted online: https://www.convergence.finance/resource]
[43] BCG BII. 2025. Scaling Blended Finance. Practical tools for Blended Finance Fund Design.

02.

Blended finance can play a key role in strengthening gender-climate integration across a wide range of fund strategies

This section investigates how gender and climate are integrated into fund strategies and **how blended finance can strengthen this integration**. The analysis also provides the necessary framing to understand which **archetypes are most effective in steering strategies toward gender-climate goals**.

One of the key overarching findings of this section is that integration of **gender and climate considerations occur along a continuum**, with varying degrees of depth and intentionality highlighting both the diversity of funds thesis and impact strategies within the nexus. Viewing integration through this lens sheds light on the specific needs of funds and highlights where blended finance archetypes can be deployed most effectively.

At the intersection, blended finance archetypes play a dual role: **expanding breadth by enabling more generalist funds to mainstream gender and climate practices**, and **deepening impact by allowing specialists to pursue higher-risk and more intentional strategies**. In both the case of gender and climate, awareness is definitely on the rise but work to push for more intentionality and depth is still required.

E'Sens © Ikari Services, 2021

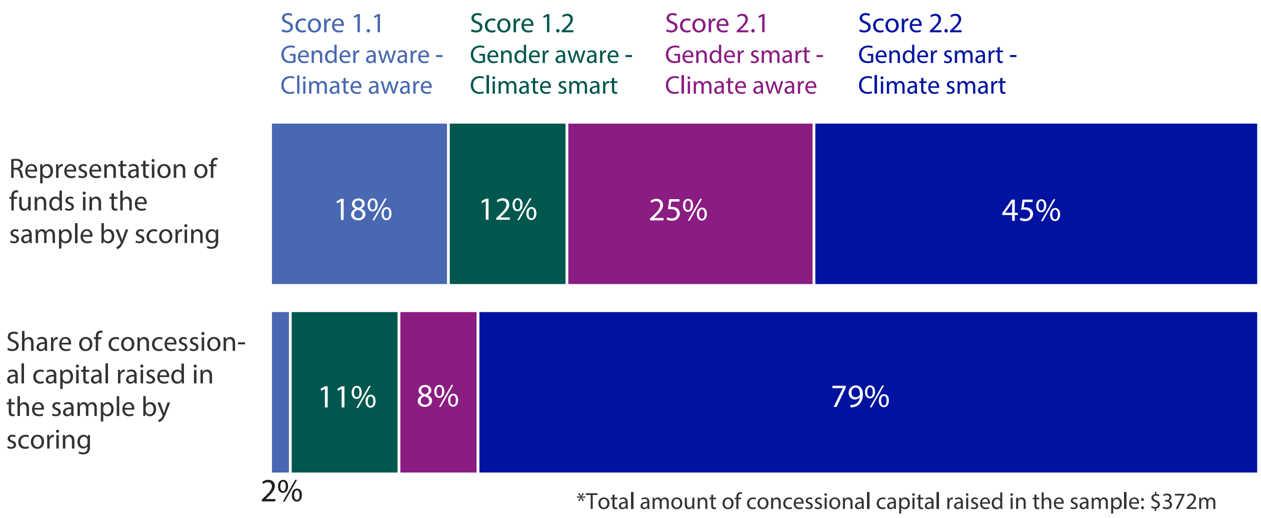
1. Specialization, especially around climate, is a key driver to raise concessional capital

Climate and gender specialization is a key driver of blended finance

Evidence demonstrates a **strong correlation between thematic specialization and the ability to mobilize concessional capital**. Funds labelled as *"smart"* (see methodology P.14) consistently raise more concessional capital than funds that are labelled as *"aware"*[44].

- **2.2 funds** (gender smart & climate smart) represent 45% of the sample yet capture 79% of total concessional capital raised.
- **Single-theme specialized funds** (1.2 and 2.1 funds) make up together 37% of the sample but mobilize only 19% of total concessional capital raised.
- **1.1 funds** (gender aware & climate aware), by contrast, account for 18% of the sample but mobilize only 2% of concessional capital.

Figure 21. Share of concessional capital raised by scoring compared to the representation of funds in the sample by scoring



Climate specialization is a more powerful lever for blended finance than gender specialization

Gender smart & climate aware funds (score 2.1) represent 25% of the sample but attract only 8% of total blended finance, while **gender aware & climate smart funds (score 1.2)** represent 12% of the sample yet raise 11% of total blended finance.

Even when coupled with only minimal gender integration, climate-oriented funds have attracted higher relative volumes of blended finance. By contrast, a gender specialization without strong climate integration appears insufficient to unlock equivalent levels of concessional capital.

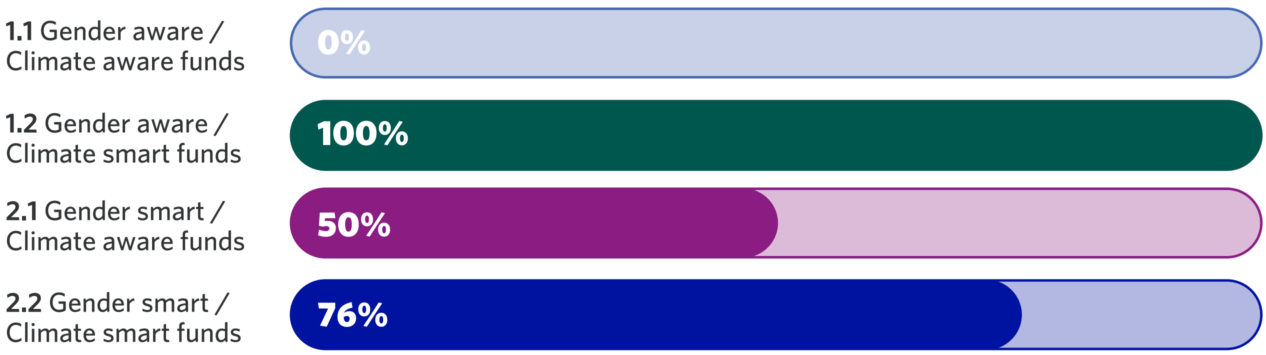
[44] A 0-2 scoring methodology was applied to the funds in the database. Each fund was evaluated independently on both its gender and climate strategies. Funds were annotated based on the results of the two of their scores.

Climate specialization is a more powerful lever for blended finance than gender specialization

The disparities become even starker when focusing exclusively on concessional debt/equity tranches:

- Non-specialized funds (1.1 - gender & climate aware) fail to mobilize any concessional debt/equity tranches, while **76% of dual-specialized funds** (2.2 gender smart & climate smart) structure concessional debt/equity tranches. This underscores that **intersectional specialization is a critical determinant for attracting concessional capital** within the sample.
- A similar asymmetry emerges between gender specialized and climate specialized funds: **only 50% of gender smart-climate aware funds raise concessional tranches, compared to 100% of climate smart-gender aware funds**. This contrast highlights the markedly stronger perception of climate specialization as a rationale for catalytic investment relative to gender specialization.

Figure 22. Share of funds that raised concessional debt/equity tranches by scoring on gender and climate



The following factors could explain this trend:

- **The reward for specialization** makes sense in the context of increased scrutiny around green-washing and gender-washing, and focus of impact-first capital on funds that are not only aware but able to design core strategies around these themes.
- **The greater availability of concessional climate finance**: large-scale mechanisms such as the Green Climate Fund (GCF) and Climate Investment Funds (CIF), are explicitly designed to deploy catalytic capital into climate vehicles, often as anchors. Comparable facilities for gender-focused funds are limited, typically smaller in scale, and often do not have the same strategy of deploying concessional capital.
- **A general perception of gender as a cross-cutting ESG topic** rather than a core impact theme: gender is still widely perceived as a ESG dimension to be mainstreamed across investments, rather than as a standalone impact thesis. More work is needed to acknowledge how gender-transformative funds can support outsized impact, often by solving market failures that require de-risking.

Key takeaways

- It is a positive signal that funds with greater specialization in gender and climate raise more concessional capital. Yet, developing highly specialized theses often requires substantial resources (regional or pan-African footprint, larger fund sizes and operational capacity) which can be challenging for smaller or first-time funds.

- Gender-focused funds, even when classified gender-smart (score 2 on gender) systematically attract less concessional debt/equity than climate-focused funds. This reveals a market bias that may constrain the growth of gender-smart funds and highlights the need to strengthen support concessional mechanisms such as GLI funds-of-funds.

- Supporting funds across the nexus requires both mainstreaming and specialization. Promoting integration of gender and climate considerations while enabling the development of highly specialized theses is essential to mobilize concessional capital effectively.

The next insights will dive deeper into how the integration of climate and gender happens in practice.

AgroServ © Olypia de Maismont, 2021

2. As climate becomes mainstream and specialist funds emerge, blended finance archetypes must adapt along a continuum to remain effective

The analysis shows that climate integration is not uniform but occurs along two broad categories: climate-aware (score 1) and climate-smart funds (score 2)[45]. Together, they represent complementary functions in the ecosystem; mainstreaming climate practices across sectors while pioneering specialized, high-impact models:

Climate-aware funds: 57% of the sample (26 funds). These are often generalist vehicles that embed climate considerations into ESG frameworks and portfolio management. In practice, this could mean working with a manufacturing company to reduce its CO_2 footprint or helping an agro-processor roll out drought-resistant inputs to the smallholder farmers in its network. Climate considerations are not core to the strategy as for climate-smart funds described below but rather play a role as part of their broader impact strategy. 59% of those funds put adaptation strategies at the forefront of their approach (35% focus on mitigation and 6% mix strategies).

Climate-smart funds: 43% of the sample (20 funds). These are specialized vehicles with climate at the core of their strategy, often targeting sectors such as clean cooking, renewable energy, or agricultural resilience. Spark+ Africa Fund is a clear example, pursuing a mitigation thesis in the impactful clean-cooking segment. Those specialized funds tend to focus on mitigation (50%) followed by mix strategies (27%) and adaptation (23%).

This distribution highlights that climate is no longer confined to niche vehicles. A majority of funds integrate climate as a cross-cutting theme, while a significant minority adopt it as their central investment thesis.

Breadth and depth: complementary roles

Continuum between climate-aware and climate-smart funds reflects two complementary functions:

- **Climate-aware funds** are a source of mainstreaming. By embedding adaptation and mitigation practices across sectors like agriculture, services, and manufacturing among others, they normalize climate integration as part of standard business operations[46].
- **Climate-smart funds are a source of innovation and specialization.** They pioneer new business models and methodologies in frontier areas such as clean cooking, distributed energy, or smallholder resilience.

In sum, climate integration across African funds is now both broad and deep. It is mainstreamed by generalist funds and advanced by specialized vehicles. Yet each type of fund has distinct structural needs.

[45] See methodology p.14

[46] It is worth noting that those funds may also look at climate focused businesses on an opportunistic basis even if climate isn't part of their core thesis.

Adaptation and mitigation: shifting dynamics in climate integration

Looking deeper at adaptation and mitigation among climate-aware and climate-smart funds reveals a **clear divergence in how they are prioritized**. Among climate-aware funds, 59% place adaptation at the forefront of their strategies. By contrast, **climate-smart funds are more mitigation-driven (50%), with adaptation representing only 23% of their strategies** (with the balance being mixed strategies). This distribution reflects both the historical dominance of mitigation in climate finance, especially through clean energy and emissions reduction, and the growing recognition of adaptation as a necessary dimension for mainstreaming climate practices[47].

This is likely because adaptation/resilience tends to align more closely with the risk-management and orientations of climate-aware funds, which are often generalist by nature and can integrate resilience practices into existing ESG and portfolio management processes without necessarily shifting their core investment thesis. The absence of a taxonomy and frameworks for adaptation as clear as the one for mitigation also contributes to making adaptation less accessible for funds[48]. Finally, it is worth noting that adaptation and mitigation alignment is self-reported in this case which could overstate the level of integration. This is addressed later in more details in the recommendations.

Pioneering adaptation-and resilience-focused funds, such as ARAF featured in the case study, are also beginning to emerge bringing dedicated focus to the sector and further validating the business and impact case for adaptation and resilience in agriculture.

Yet the fact that **adaptation is becoming increasingly common within climate-aware funds** is an equally important development. It underscores the role these generalist vehicles play in embedding resilience practices such as drought-resistant agriculture, water conservation, and climate-smart supply chains into a broader range of sectors beyond those traditionally associated with climate finance.

This trend carries weight in Africa, where the continent’s vulnerability to climate shocks makes adaptation essential for SMEs, smallholder farmers, and communities. By embedding adaptation into diversified portfolios, climate-aware funds help **normalize it as part of broad investment practice**, extending the reach of climate integration beyond specialized vehicles.

Aligning catalytic capital to this continuum and different level of focus is therefore essential if the ecosystem is to deliver both scale and innovation in climate action[49].

For climate-aware funds (mainstreaming)

- **TA facilities to train investment teams**, build ESG tools, and standardize climate risk assessments across diversified portfolios. In many cases, climate related concepts, though growing in awareness, are still new for many more generalist teams which are used to tracking other indicators (decent jobs, livelihood improvements, etc.).
- **TA to roll-out impact monitoring frameworks with a specific focus on adaptation/resilience.** Most climate-aware funds emphasize adaptation (59%) as part of their climate strategies. Impact measurement and monitoring frameworks for adaptation tend to be more multi-dimensional and challenging to roll-out as they capture outcomes such as resilience, livelihood security, or ecosystem health.

[47] Climate Policy Initiative (CPI). 2025. The global landscape of climate finance 2025.
[48] Climate Policy Initiative (CPI). 2025. The global landscape of climate finance 2025.
[49] The suggestions below are focused on gender-climate integration. While climate-aware funds may benefit from 1st-loss capital or warehousing for example, it is likely to come from other areas of their strategy.

This contrasts with mitigation-focused frameworks, which tend to concentrate more narrowly on quantifying the types of CO_2 emissions. Supporting climate-aware funds around adaptation specifically is therefore critical to help them systematize, interpret, and communicate these diverse impacts.

- **Portfolio-level TA to help SMEs** implement climate-smart practices such as energy efficiency, soil and water conservation, or sustainable sourcing. The TA can also be data-collection / reporting focused helping investees collect the necessary climate data.
- **Warehousing facilities, OPEX financing and design grants** to bridge long fundraising cycles and establish proof-of-concept portfolios for innovative or niche strategies. This is particularly impactful for first-time fund managers spearheading innovative or pioneer climate theses.
- **TA to develop ESG and Impact frameworks**, enabling the creation of new tools where no standards exist.
- **Dedicated TA facilities to provide intensive support to investees** that lack internal systems for climate data collection or compliance.

For climate-smart funds (specialization)

- **Concessional capital** to de-risk high-risk theses in niche markets such as clean cooking or smallholder resilience. The case studies described later provide clear examples.

Blended finance archetypes, when tailored accordingly, can amplify both functions: **helping climate-aware funds raise the level of mainstreaming through a focus on adaptation and resilience and enabling climate-smart funds to pursue ambitious, higher-risk models.**


HERi © Kent Photography, 2024

3. Blended funds are increasingly becoming gender-aware, but structural gaps still hinder progress along the gender spectrum

Gender awareness within blended finance funds has increased markedly in recent years. Alignment with gender-lens criteria, once relatively rare, is now widespread across the sample: more than half of nexus funds scored “2” on gender as part of this report, reflecting that gender is now systematically considered in fund strategies and reporting.

Frameworks such as the 2X Challenge have played an important role in shaping this progress. By providing a **standardized typology** of what it means to align with a gender lens, **2X has created an accessible entry point for managers and a benchmark for fund investors**. Many funds now track gender-disaggregated metrics, analyze the roles of women in their portfolio companies, or incorporate 2X criteria in their due diligence and reporting frameworks. This marks a positive evolution: gender is no longer ignored but integrated as a dimension of investment practice.

“Gender-first” and “Gender-lens” funds

Within the sample reviewed, most of this integration, however, occurs within climate-first strategies rather than gender-first approaches. In 2X terms, **funds at the nexus tend to fall into the category of integrating a gender lens rather than leading with gender**. Gender considerations often operate as a complementary layer to climate-focused theses rather than the central driver of investment strategy.

Several managers even reported that their portfolios achieved 2X alignment “by accident” and not by design, simply reflecting the sectors they targeted. Agriculture and household devices, for example, often have high participation of women:

“We realized we were already 2X-compliant without having designed for it. The sectors we target tend to have a high proportion of women participants, and some of our portfolio companies already had women in senior roles. It wasn’t something we set out to engineer, but the portfolio naturally met the criteria.”

- A Fund Manager

“Much of our current work involves supporting gender integration into climate-focused funds. Very few of our clients are gender-focused funds seeking to integrate climate. In fact, I can think of only one current client that has a primarily gender-focused strategy and is now trying to embed climate considerations into their impact thesis.”

- A DFI

This underscores the direction of travel: climate-first funds integrating gender appears more common than the reverse in the nexus we studied.

Next-generation funds pushing integration further

A growing set of funds are moving to embed gender more deliberately into their strategies and processes. While few are fully leading with gender, their practices signal a shift toward more structured approaches.

This is particularly telling looking at how fund managers expect to integrate gender in their next fund. Several managers described making 2X alignment an explicit investment condition, requiring portfolio companies to meet gender criteria as part of the investment process rather than post-hoc. Others have introduced formal gender targets at the fund or portfolio level, which establish clearer accountability and allow fund investors to track progress more systematically. Investments in structured data systems are also increasing, enabling funds to capture more granular gender-disaggregated information across portfolios. At the operational level, we now see some funds using TA to help SMEs address gender barriers directly. ARAF for example has a dedicated pocket of TA to address gender related barriers in agriculture value chains.

These shifts are also being recognized and rewarded by fund investors. DFIs and other catalytic investors noted in interviews that they increasingly differentiate between funds that merely align with 2X criteria and those that embed gender into their investment logic more deliberately.

Persistent and Aruwa Capital illustrate these dynamics in different ways. Persistent, a climate-first fund, initially encouraged its investees to consider 2X alignment. In 2021, it took a further step by formalizing 2X alignment as a condition for all new investments:

"Women, who make up more than 50% of the population in Africa and are often primary caregivers in rural households, were the immediate beneficiaries. Displacing kerosene or using solar water pumps had a direct impact on women's daily lives. But for other sectors, like C&I solar or e-mobility, the gender impact wasn't as obvious. That's when we started actively integrating the 2X Challenge. Initially, we encouraged our investees to align with 2X criteria, but in 2021 we formalized 2X as an investment condition."

- Persistent

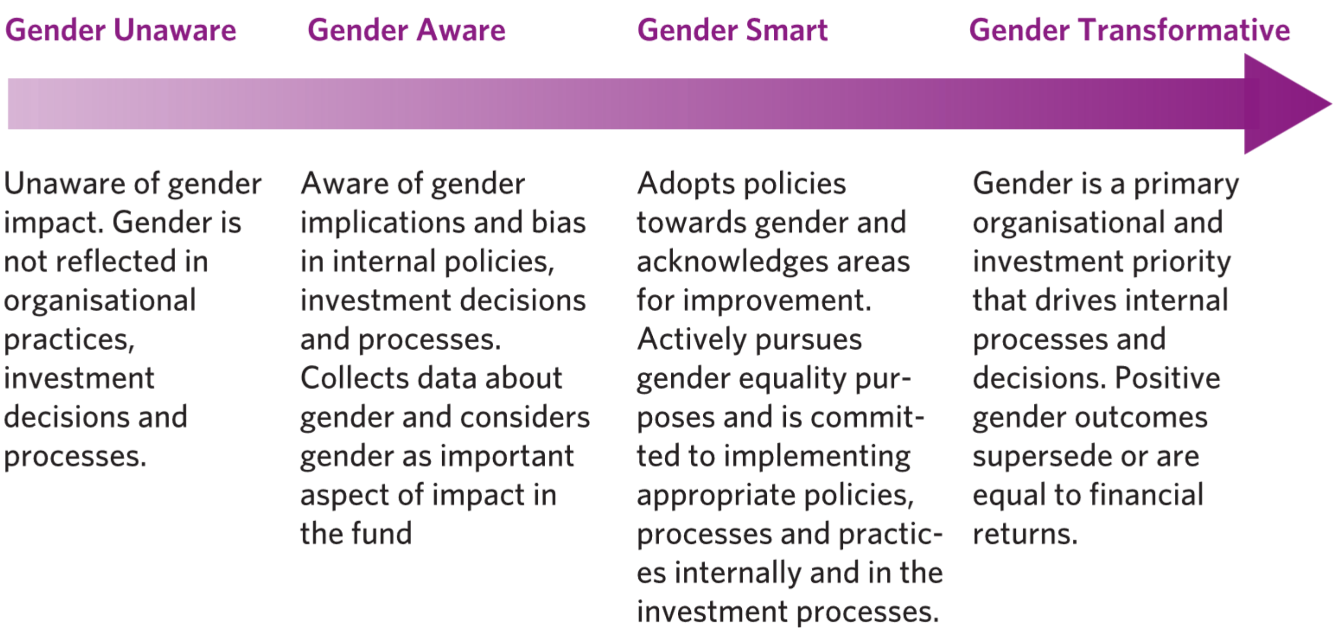
Aruwa Capital, by contrast, was established from the outset as a gender-first fund, created to tackle gender imbalances both within capital allocators and portfolio companies. Gender is at the core of its thesis and central to its impact objectives. More recently, Aruwa has elevated climate as a strategic priority, channeling investments toward renewable energy and climate-resilient solutions, while maintaining its generalist mandate. This evolution demonstrates that gender-first funds can also expand to climate, showing that integration is not unidirectional.

Together, **these examples demonstrate how some managers are beginning to push beyond baseline alignment**, supported by fund investors who are increasingly rewarding funds that embed gender more deliberately.

It is important to note as well that the data on 2X alignment used in this study is self-reported by funds. Alignment should not be confused with 2X Certification, which requires an independent third-party assessment and verification. As a result, reported alignment may overstate the depth of integration and does not always reflect intentionality. This limitation should be kept in mind when interpreting the extent of progress across the sample. Data gaps further complicate the picture. Evidence of 2X alignment is widely available, but information on how funds embed gender into internal processes, decision-making, and operations is limited.

This makes it even more **difficult to assess the depth of gender strategies or to track fund trajectories over time**. Future research could map funds along a more robust continuum from gender-unaware to gender-transformative, incorporating fund governance, pipeline development, impact measurement, and portfolio support. Such analysis would provide a stronger basis for understanding where catalytic interventions can make the most difference on the gender integration continuum.

Figure 23. Assessing the level of integration of gender in a fund



Discussions around the 2X framework highlight the importance of **having a standard approach to gender integration**. 2X has indeed become a reference at all levels, helping not only to quantify impact but also to refine investment and operational processes by embedding clear gender criteria and objectives.

This standard allows the fund ecosystem to move further in a shared direction. Conversely, **the absence of a similarly widely accepted standard for climate-related considerations** (especially around adaptation) makes it harder to benchmark, set a clear direction for generalist funds, and deepen the climate objectives within the ecosystem.

Structural barriers still need to be lifted for gender-integration to move ahead

Despite these advances, important barriers still constrain the wider shift from alignment toward leading with gender.

- **At the fund manager-level:**

Women-led or mixed-gender fund managers remain a small minority of fund managers. Only 15% of funds were raised by women and 8% by balanced teams in the nexus[50]. This is a stark contrast to the funds reviewed in the report "How can African SME Funds raised more capital", in which 63% of the funds were raised by women or diverse teams[51].
This disparity highlights structural barriers to raise blended finance funds for women fund managers, including weaker access to networks, capital, and anchor investor commitments. Gender considerations also tend to trail climate within fund processes. While climate theses are often vetted in specialized committees, gender is usually assessed as part of general ESG or due diligence steps, after key investment decisions have already been shaped. Women fund managers are twice more likely to back women-led businesses[52]. The shift to more deliberate 2X alignment which followed a women partner joining the executive team at Persistent (described in the case study) clearly demonstrates this trend.

- **At the Ecosystem-level:**

Fund investors mandates and catalytic programs are typically siloed as either climate-first or gender-first, with few designed explicitly at the intersection. This means funds working at the nexus often must adapt to mandates that prioritize one over the other. This separation reinforces the pattern of gender trailing climate, as climate is pushed earlier and more systematically into fund design and monitoring, while gender is added later on a best-effort basis.

Blended finance funders can be part of the solution

Blended finance has a catalytic role in helping funds move from integrating a gender lens toward leading with gender.

- **Dedicated catalytic vehicles**, inspired from the Mastercard Foundation Africa Growth Fund and designed explicitly for the nexus, could provide targeted support to funds working across gender and climate.
- **Design grants and TA facilities** allow managers to integrate gender strategies at inception, develop data systems, and expand pipelines of women-led SMEs. As one fund investor put it: ***"If I provide pre-investment TA for women entrepreneurs, it will enable more women-led businesses in the pipeline to be investment-ready."***
- **Impact-linked incentives**, such as carry linked to gender outcomes, can encourage managers to move beyond alignment and embed gender in their strategies, even if complicated to implement in practice.

Overall, **gender integration in funds at the nexus is progressing**. Alignment is now common practice, and a next wave of managers is embedding gender more systematically into investment processes and portfolios. Persistent and Aruwa exemplify different pathways for this evolution, while several other managers are beginning to experiment with targets, data systems, and TA. Fund investors are increasingly recognizing and rewarding these practices, although structural barriers remain and gender continues to trail climate in most funds. Blended finance archetypes, applied in context-specific ways, can play a decisive role in sustaining this progress and supporting the transition from alignment toward more funds leading with gender.

[50] "Balanced" means a team composed of both men and women at the fund management (GP) level.
[51] I&P. 2025. How can African SME funds mobilise more capital?
[52] Crossboundary Group. 2024. The value of gender lens investing in South and Southeast Asia: Opportunities and lessons from Africa.

4. The lack of standardized and actionable roadmaps for gender-climate integration uncovers key areas of intervention for catalytic capital providers

One of the most consistent findings of this research is the wide range of depth of integration between gender and climate in fund strategies. While both have gained visibility in recent years, the frameworks available to fund managers differ sharply in clarity and usability.

On **climate, multiple fund managers mentioned the absence of standardized roadmaps leaving fund managers** (especially those with more generalist mandates) navigating with limited guidance. Beyond broad categories such as mitigation and adaptation, managers face a proliferation of metrics, taxonomies, and reporting demands, often without clear prioritization. As a generalist fund manager mentioned:

"What does climate mean? We were told two words: mitigation and adaptation".

- A Fund Manager

This lack of clarity creates tensions: generalist funds are pushed to ***"say something on climate"*** to meet fund investors' expectations, but without accessible tools and a clear roadmap, integration risks being superficial or costly. Initiatives like DGGF's Capacity Development Program or BII's Climate Playbook[53] have begun providing structure, but the need for harmonized, fund-relevant roadmaps remain important.

As mentioned earlier, **gender integration** has benefited from the emergence of the **2X Challenge** framework, which sets pragmatic and standardized benchmarks. This has given fund managers and fund investors a common language and a clear entry point. However, interviews revealed that many funds stop at "2X alignment."

More transformative approaches (moving from gender-unaware to gender-aware, gender-smart, and ultimately gender-transformative strategies) remain the exception.

Frameworks like 2X have equipped managers with practical benchmarks but this leaves questions around intentionality beyond compliance. Gender-first funds that are also climate-smart remain rare.

For the ecosystem, the next step is to **equip fund managers with usable roadmaps that move beyond compliance or opportunistic thesis tweaking.**

[53] BII. FMO. 2024. Climate Investment Playbook.

An evolving integration with positive momentum

The analysis of Part 2 shows that climate and gender are both increasingly being integrated into fund strategies, but in different ways and at different depths. **Climate integration tends to be more thesis-driven and sector-specific, while gender often appears as a cross-cutting theme anchored in frameworks like 2X**. This explains why climate-focused funds increasingly embed gender considerations, whereas the reverse (gender-first funds deliberately integrating climate) remains rare.

At the intersection, **blended finance archetypes play an important but uneven role**. It has helped climate-smart funds pioneer high-risk models and enabled climate-aware funds to mainstream practices. On gender, it has created entry points and raised awareness, but too often progress seems to stall at compliance rather than intentionality. Taken together, these patterns reveal a **dual dynamic**: blended finance archetypes are expanding breadth by encouraging mainstreaming, while also enabling depth by underwriting risk in specialized strategies. Yet the overlap between gender and climate is still fragile.

HERi © Kent Photography, 2024

03.

What ambition should the ecosystem set for gender-climate integration within African funds ? Recommendations

Given the climate emergency and the stark gender inequalities, **supporting their integration within gender-and climate-focused funds has become a necessity**, particularly to ensure that capital effectively reaches women-led enterprises, smallholder farmers, and underserved communities most exposed to climate and economic vulnerabilities.

At the same time, there can be no one-size-fits-all framework as this may exclude funds on the continent that are focused on addressing other critical theses including access to essential goods and services, food systems, inclusion of fragile states, among others, all of which also demand strong concessional support from fund investors.

A **promising pathway for the ecosystem lies in supporting integration across the full continuum described earlier**: on the one hand, pursuing mainstreaming so these themes become widely adopted, while on the other hand providing targeted support to specialized funds.

In this section, recommendations are put forward to **better support funds active alongside the gender-climate nexus continuum** and ultimately reach women entrepreneurs & innovators, smallholder farmers, agents of change, and communities most affected by climate change.

AgroServ © Olympia de Maismont, 2021

#1 Calibrate blended finance interventions to diverse fund profiles and levels of gender-climate integration

Target audience

DFIs, Catalytic Fund Investors, Fund-of-Funds, and Ecosystem Builders

The report shows that funds operating at the gender–climate nexus are highly diverse in their strategies (equity, debt, hybrid), fund sizes (from <$20m early-stage vehicles to $100m debt funds), and team experience (first-time managers vs. established platforms). They also differ in how they integrate gender and climate (from basic awareness to intentional and dedicated strategies). Applying uniform blended finance interventions risks inefficiencies: over-subsidizing some funds while leaving others without the catalytic support needed to achieve their potential[54].

Key potential actions

- Develop differentiated and calibrated support packages for fund categories, tailored to their specific capital and capacity-building needs that include a variety of archetypes and forms of support (concessional capital, TA, design grants…).
- Develop TA only for portfolio companies but also for funds managers, and align TA support with the fund manager maturity, e.g., embedded support and training for first-time managers versus targeted tools and frameworks for established platforms.
- Match the depth of gender-climate integration with appropriate blended finance interventions, incentivizing fund managers to take the first steps for less robust integration while incentivizing further progress where strategies are already advanced.

Impact

Calibrating and tailoring blended finance interventions to reflect the diversity of fund profiles increases the efficiency and effectiveness of catalytic capital. It ensures that resources are deployed where they are most additional, supports innovation among emerging managers, and rewards more advanced funds for deepening gender–climate integration. This approach strengthens the overall ecosystem by recognizing diversity as an asset rather than a constraint.

[54] This is particularly relevant when assessing funds with highly impactful thesis where the geographical, sectoral or maturity focus may justify the use of blended finance archetypes outside of gender and climate considerations.

#2 Expand concessional capital access for early-stage and first-time funds

Target audience

DFIs, Catalytic Fund Investors, Fund-of-Funds and Ecosystem Builders

Current allocation patterns disadvantage smaller funds at the gender-climate nexus. Early-stage funds receive only 13% of their AuM in blended resources, compared to 26% for debt funds, despite often being ecosystem builders closest to underserved SMEs and startups. According to a Fund Investor : ***"the responsibility of concessional support providers is not only to make a certain fund possible at the micro level, but also to help build an investment ecosystem that is more African, more resilient and diverse, and covering a wider scope of the entrepreneurial fabric on the continent, which will support long term impact."***

Ensuring that capital is available for a wide scope of investment theses is essential to building such an ecosystem.

Key potential actions

- Develop specialized concessional debt/equity tranches and support packages for smaller funds (under $20m) that are adapted to their structures, specificities (ex: for PCVs) and fund economics. In addition to the concessional debt/equity tranches, OPEX facilities and mechanisms to cover the higher relative management fees of smaller funds should also be considered.
- Create dedicated warehousing facilities allowing first-time fund managers to confirm execution capacity before fundraising.
- When designing blended finance vehicles as concessional fund investors (design grants, concessional capital, TA programs), make sure that they are inclusive for first-time fund managers.
- Design vehicles (such as Funds-of-Funds) providing anchor commitment programs (grants, training, TA, concessional capital) with dedicated gender-climate thesis.
- When providing concessional debt/equity to a first-time team, anchoring the fund to maximize additionality and impact on the fund's trajectory should also be considered. This often means investing at first close, leading the due diligence process on the fund, taking a large proportion of the fund (20-50% for emerging fund managers, with a progressive reduction of this tranche for subsequent funds as the fund manager become more established).
- Unlock risk-tolerant pools of capital to finance the experimentation of niche, innovative, untapped and impactful investment thesis to create a space to test and learn from models and act as a market enabler.

Impact

This addresses the structural bias favoring established managers while unlocking innovation from emerging fund managers who often pioneer new approaches to gender-climate integration but lack access to the de-risking capital.

#3 Establish dedicated TA facilities for fund managers to strengthen gender-climate integration

Target audience

DFIs, Catalytic Fund Investors, and Ecosystem Actors

Fund managers struggle to move beyond alignment-based approaches to achieve meaningful gender-climate intersectionality. The report reveals that while climate integration is often thesis-driven, gender sometimes "trails" climate strategies, with some funds achieving 2X alignment by default rather than design.

Key potential actions

- As Fund Investors, fund the costs of gender and climate specialists within portfolio funds teams to support them in developing and implementing their impact strategies.
- Provide multi-year TA to small funds for them to develop climate and gender impact frameworks and processes.
- Support creation of gender-differentiated climate impact measurement systems that capture women's roles as key agent of change on climate
- Facilitate development of investment criteria that prioritize climate solutions addressing gender-specific vulnerabilities

Impact

Purpose-built TA would help managers evolve from treating gender and climate as parallel considerations to developing integrated strategies that recognize how women are uniquely impacted by climate change and their potential role as champions of climate adaptation and mitigation.

#4 Develop gender-climate integration roadmaps tailored to specific fund profiles and strategies

Target audience

Fund Investors, Standard-Setting Bodies, and Fund Managers

The report reveals that while funds across strategies understand the importance of both climate and gender dimensions, they often lack practical frameworks for embedding and progressing on the gender-climate front.

Key potential actions

- Create strategy-specific integration playbooks for early-stage SME, growth SME, and debt funds that translate gender-climate principles into actionable investment criteria and portfolio management practices. The 2X "Gender and Climate Toolkit"[55] is a great example of a guide to help funds managers identify and prioritize gender-smart climate finance opportunities throughout the investment cycles.

- Establish benchmarking systems that help managers assess their integration maturity and identify specific areas for strategic development. The BII has for example developed the "TCFD maturity matrix", a self-assessment tool for fund managers to evaluate their level of maturity to matters related to climate change[56]. Similar frameworks at the gender-climate intersection could be developed.

- A repository of actionable tools, including standards, frameworks, and guides, could be established to support fund managers in adopting best practices and to foster greater collaboration around various frameworks.

Impact

This addresses the core challenge where funds recognize gender-climate importance but struggle to operationalize integration in ways that strengthen their investment thesis, enhance deal flow, and create sustainable impact.

[55] 2X. Gender and climate finance toolkit: https://www.2xglobal.org/climate-toolkit-home
[56] BII. TCFD maturity matrix assessment: https://toolkit.bii.co.uk/climate-change/tcfd-toolkit/assessing-tcfd-maturity/

#5 Improve blended finance coordination, benchmarking and data sharing around impact, structuring and sources

Target audience

Catalytic Capital Providers, DFIs, and Industry Associations

The report reveals inefficiencies in concessional capital allocation with wide variations in concessional debt/equity (ranging from 25% to 50% for similar fund strategies) and limited transparency around sizing rationales. From the various interviews conducted, this wide range also extends to other archetypes where information is often lacking. Fund managers often "take what is provided" rather than accessing strategically designed support, while providers lack robust frameworks for determining appropriate intervention levels.

Key potential actions

- Build on established databases to track blended finance structures, pricing, and performance across gender-climate funds to enable evidence-based sizing decisions. Reports such as the BII BCG's *"Practical guidance to scale blended finance"*[57] or the ISF's *"Concessional capital for agri-SME funds"*[58] are a first step in this direction, yet several areas remain largely under-researched.

- Develop transparent benchmarking tools that help providers assess whether concessional support levels are appropriate for specific fund profiles and risk characteristics.

- Build frameworks that take into account not only the leverage effect that the catalytic tranche has, but also additionality, fund economics, risk levels and impact. The Catalytic Capital Framework developed by the Agri-SME Learning Collective offers a useful reference in this regard.[59]

- Build coordination mechanisms among catalytic fund investors to avoid over/under-funding fund strategies and ensure complementary rather than duplicative support. The Global Donor Platform for Rural Development[60] is another great example of the coordination of practitioners around data sharing, practice building and coordination on blended finance.

Impact

This addresses the current fragmentation where similar funds receive vastly different blended finance packages without clear rationale, leading to inefficient capital allocation, longer fundraising cycles, and missed opportunities to maximize catalytic impact across the gender-climate nexus ecosystem.

[57] BCG BII. 2025. Scaling Blended Finance: Practical tools for Blended Finance Fund Design.
[58] ISF Advisors. 2025. Concessional Capital for Agri-SME Funds: Donor & Investor Guidance Document.
[59] Global Donor Platform for Rural Development. 2025. Strengthening Accountability and Impact Measurement: Key findings from the Catalytic Capital Framework testing.
[60] Global Donor Platform for Rural Development. [Consulted online https://www.donorplatform.org/]

04.

Case Studies

We selected **three investment funds and vehicles, Spark+ Africa Fund, Persistent, and ARAF I**, illustrating diverse and complementary approaches, across **strategies** (early-stage equity, growth equity, debt), **blended finance archetypes** (concessional debt & equity, design grants, and TA) and **impact priorities** (gender, mitigation, adaptation, energy access, clean cooking, climate-resilient agriculture).

Persistent is a permanent capital vehicle that focuses on early-stage companies supported by a venture building model. Spark+ and ARAF are institutional co-creations supported by key actors such as the GCF for ARAF I and AFDB for Spark+ with strong influence on their design and structuring process. Both funds have a more specialized thesis and focus on larger tickets.

Taken together, these **three vehicles are emblematic of the broader landscape of funds operating at the gender-climate nexus.** Their journeys illustrate the **diversity of strategic pathways, models, risk appetites, and catalytic instruments that characterize this emerging segment**. While each has been shaped by distinct market realities and partners, they collectively demonstrate how blended finance can unlock new approaches across the gender-climate nexus.


CIFOP © Tévin Lima-Agence Fent, 2023

	Persistent	ARAF I	Spark+ Africa
Fund manager	Persistent	Acumen Capital Partners (ACP)	Enabling Qapital
Investment thesis	Climate-tech gender responsive ventures	Climate adaptation agri-SMEs in SSA	Clean and modern cooking solutions in SSA
Size	$23m	$58m	$64m
Instrument	Early-stage equity and venture building	Growth Equity	Debt
Ticket size	$250k - $1m	Up to $3m	$500k - $7.5m
Climate strategy	Mitigation, Adaptation & Resilience	Adaptation and Resilience	Mitigation
Gender strategy	2X aligned	2X aligned	2X aligned
Blended finance archetype	Grant Warehousing capital Concessional debt/ equity	First loss tranche TA for impact measurement, business development and farmers' training	First loss tranche Launch support TA pocket for portfolio

Figure 24. Funds studied for the report

1. PERSISTENT Case study

PERSISTENT

Investing in early-stage climate ventures

Persistent Energy Capital LLC

Category: **Early-stage equity, venture building**

Structure: **Open-ended**

AuM: **$23m**

Ticket: **$250k - $1m, follow-on capability**

Geography: **Sub-Saharan Africa**

Climate strategy: **Mitigation, Adaptation, Resilience**

Origins of the investment company

Founded in 2012 by Chris Aidun and Dirk Muench, Persistent Energy Capital LLC (“Persistent”) **is a venture-building permanent capital vehicle** addressing the need for in-depth hands-on operational support for early-stage climate-tech companies. Persistent’s Venture Building model focuses on combining **capital and operational support** through a hands-on bespoke and flexible approach to meeting founders’ needs. The current Partners of Persistent are Tobias Ruckstuhl (Managing Partner), Chris Aidun, Wairimu Karanja and Toukam Ngoufanke. Today, Persistent consists of 25 professionals from over 10 nationalities, more than 60% of whom are African and more than half of whom are female with over 80% of the entire team residing in Africa.

Persistent has raised $23m across three on-balance sheet equity rounds to invest in 25 climate-tech businesses. Throughout its investment journey, **Persistent mobilized two blended finance archetypes**: grants that catalyzed their Series A equity raise in 2016, and a warehousing investment in their Series C in 2022 designed to be transferred into their first off-balance sheet venture capital fund described below.

ABOUT PERSISTENT

Founded in 2012, Persistent is a specialized impact investment company focused on providing early-stage equity (pre-seed stage to series A stage) to climate impact ventures in Africa. For the past 13 years, Persistent has raised and invested $23m in 25 companies in over 20 African countries. Persistent combines the roles of venture builder and fund manager, offering deep sector expertise in distributed renewable energy, AgTech, e-mobility, and other climate solutions.

In addition to its own investments, Persistent is a fund advisor, and has advised over $240m in AUM to other Africa energy transition focused funds, including the Energy Entrepreneurs Growth Fund (EEGF) and the Clean Energy and Energy Inclusion for Africa (CEI Africa). Persistent is currently raising its first closed-end climate fund, the Persistent Africa Climate Venture Builder Fund (the “Persistent ACV Fund”), targeting a $70m fund size and aiming at continuing to support impactful early-stage climate ventures.

Persistent deploys a unique Venture Building Approach to provide in-depth operational support for portfolio companies

Persistent has since inception, provided in-depth venture-building support to its investees, which goes beyond capital provision. It delivers dedicated support across finance, operations, strategy, ESG, legal, IT, and governance, enabling companies to scale effectively despite limited internal resources. This Venture Building model can take multiple forms according to the company's needs. Venture builders dedicate a certain amount of time on a specific agreed scope (e.g., a 12-month, 50%-time commitment, as an interim CFO). There may also be on-demand support agreed (e.g., for legal and compliance questions). In the past, compensation could take various forms, such as sweat equity as agreed with the company. For the fund, Persistent is raising a grant-based Venture Building Facility in order to ensure more access to venture building support by the fund's portfolio companies.

The progressive integration of gender into a strong climate-tech impact strategy

Since its launch, Persistent has applied both a gender and a climate lens in shaping its investment thesis, with a core focus on its climate strategy. Persistent has in place a Gender Strategy and is aligned with the 2X Criteria. Its investing primarily targets renewable energy ventures, including off-grid sectors which expand women's access to energy and improve livelihoods.

While intentionality is central to impact, Persistent's trajectory also highlights the challenges small teams face in aligning with international standards, often constrained by limited time, resources, and access to external expertise. Against this backdrop, the support of Persistent's fund investors has played a crucial role in helping the team build and strengthen such expertise.

Persistent's impact trajectory has mirrored its growth an investor and Venture Builder:

- **2012–2016:** In its early years, Persistent's investors were high-Net-Worth Individuals and private foundations, such as Cottier-Donze Foundation and BK Ventures. Persistent tracked metrics focusing on the "triple bottom line" of environmental, social and financial success of companies. Metrics used were financial KPIs, CO_2 avoided, MWs installed, households and businesses electrified, lives improved, jobs created, female jobs created and lives improved. The firm was still relatively small, with a lean team and limited resources to dedicate to DFI-level ESG monitoring and reporting.
- **From 2019:** Following the close of its Series B round, Persistent received funding from repeat investors and larger foundations and private investors, including Shell Foundation and DPI Ventures. Persistent was able to strengthen its ESG and impact monitoring frameworks, notably through the support of Shell Foundation. This included standardized templates, E&S management, a formal exclusion list aligned with EDFI standards and 2x Challenge alignment for Persistent and its portfolio.
- **In 2022:** Persistent did its last on-balance sheet fundraise - Series C round, with lead investors such as Kyuden International (a strategic corporate), FSD Africa Investments (FSDAi) and other private investors and high-net-worth-individuals. With support from FSDAi, Persistent was able to significantly scale its impact measurement processes and frameworks, including a new ESG Management System that tracked formally portfolio performance with the IFC Performance Standards and other DFI Impact Principles.

Persistent now tracks a wide range of metrics to measure its impact and to ensure consistency across portfolio companies

- **Climate:** greenhouse gas emissions avoided and megawatts of clean energy generated, particularly through commercial and industrial solar projects. Over 1.4 million tonnes of CO2 have been avoided.
- **Gender:** job creation for women, gender representation at staff and management levels, and alignment with the 2X Challenge, both at the fund level and across the portfolio. Persistent requires gender impact and 2x compliance in its investment conditions. Over 80% of its portfolio is 2x compliant. Out of over 21k jobs created by its investments, close to 7k jobs (30%) were held by women.
- **Additional outcomes** include expanded access to energy, jobs created, lives improved (calculated using a multiplier of five per household reached), and capital mobilized across portfolio companies. Through the companies it supports, Persistent has powered over 767,000 households, improved the lives of more than 1.6 million people, and mobilized over 10x its invested capital.

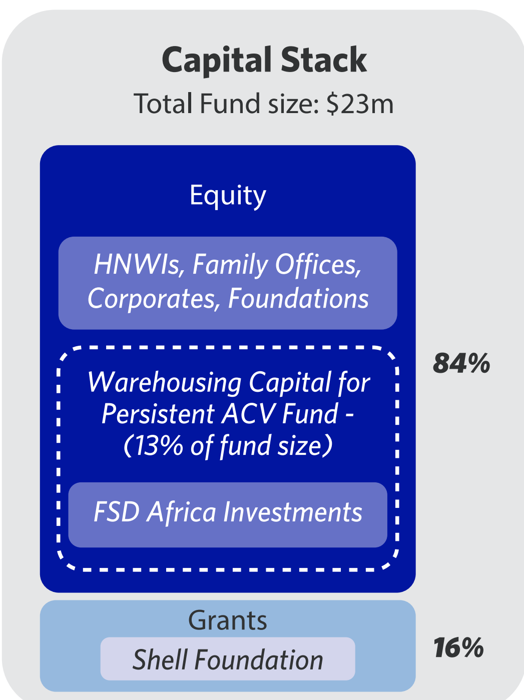
Figure 25. Key impact results of Persistent (as of 2025)

6 million	Lives improved
1.4 trillion	Tonnes of CO_2 emissions avoided
102.1 MWp	Renewable energy has been installed

Persistent was originally structured as an investment company without concessional instruments in its capital structure

Persistent was initially structured as a PCV with a single tranche of capital in the vehicle. However, the firm raised grants prior to its external fundraising phase, which were later integrated in the capital stack.

Figure 26. Key insights on the transformative role of blended finance for Persistent

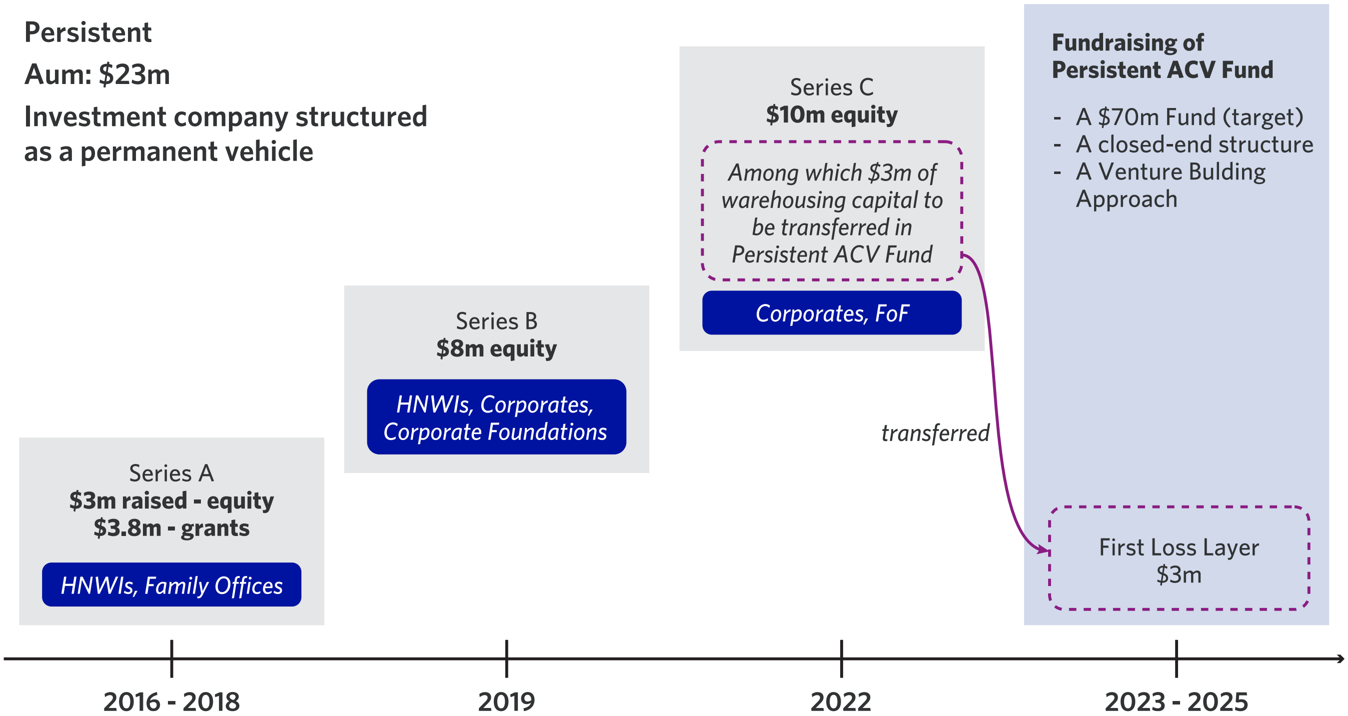


Persistent is structured as an investment company, permanent capital vehicle. The capital stack is composed of a two-tranche structure, with a grant protecting the equity tranche.

+ Grant: A 3.8m grant was raised by Persistent at the launch of the fund during its Series A Round. The grant was designed to provide capital to make first investments and support costs for the launch of the fund. It integrated later on the capital stack as it has been used to make investment.
+ Warehousing capital for Persistent ACV Fund: Persistent raised a $3m pool of warehousing capital with FSD Africa Investments, aiming at being transferred into the successor closed-end fund, ACV Fund and at catalysing fundraising for the new fund seek to raise $70m.

Persistent's trajectory reflects the critical role of blended finance in enabling early-stage funds to raise capital and scale

Figure 27. Key insights on the transformative role of blended finance for Persistent



◆ **The early years of Persistent - A $3.8m grant with a dual effect:**

In 2016-2018, Persistent raised $3.8m grant funding from the Shell Foundation for its investment activities and to later catalyze private investment. Shell Foundation approached Persistent in 2016 and indicated that they wanted to help Persistent build itself into a strong financial intermediary for the off-grid renewable energy sector. The Grant fulfilled two functions:

1/ The grant enabled Persistent to prove its venture-building model. The grant allowed Persistent to execute early deals, launch its investment and venture-building activities, and build its team. This grant facilitated the fundraising from HNWIs in their Series A round in 2017 with some of whom continued to invest in later rounds.

2/ Since part of the grant was deployed for investment purposes, it effectively became part of Persistent's capital stack as capital enhancement for other investors. The grant, which represents 16% of the capital raised, considerably reduced the overall firm risk profile. This concessional structure played a decisive role in attracting private investors, who were comforted by this "equity cushion".

◆ **Fund growth and successive fundraising rounds**

Following its initial Series A round in 2017 raised primarily from HNWIs, Persistent completed two additional fundraising rounds in 2019 ($8m) and 2022 ($10m), increasing the fund's size to a total of $23m. The evolving profile of its investor base, with a sizable increase in institutional investors' participation, across these successive rounds reflects the successful demonstration of both the validity and viability of its model (see figure above).

◆ **Fund scaling – A warehousing facility to support the transition to a first off-balance sheet venture capital fund:**

After ten years of gradual expansion and proven success, the natural next step for Persistent was to scale further. Persistent thus launched fundraising for its first off-balance sheet fund, the Persistent ACV Fund, a $70m closed-end fund targeting DFIs, institutional LPs, family offices and HNWIs.

This scaling and transition to an off-balance sheet model was a significant challenge, requiring engagement with new LP networks, managing new expectations and demonstrating a strong track record to convince DFIs and others to invest.

To facilitate this transition, FSDAi invested $3m of warehousing capital in the Series C round of Persistent. A mechanism was established for selected assets to be transferred into the Persistent ACV Fund. This warehousing was designed with two objectives:

1. **Enable Persistent to close its $10m Series C round,** thereby maintaining strong deal flow and track record during the fundraising for Persistent ACV Fund, and ensuring capital was already available to execute its strategy.

2. **Anchor the Persistent ACV Fund by converting the $3m warehoused capital part of a first-loss tranche** within the new capital stack, sending a strong signal to prospective LPs with a very early commitment to the new fund.

For FSDAi, this warehousing facility also aimed at having **a strong leverage effect** by both structuring the last round of Persistent Series C with the ambition to transfer the assets into the new fund structure and support its $70m fundraise. As FSDAi mentioned:

"The clearest component from the beginning was that we would only pursue this initiative if it led to the creation of a fund strategy with greater ambition and scale. Our support was conditional on Persistent's ability to mobilize capital at scale, and for this to happen, we believed that a transition into a structured fund model was ideal."

\- *FSDAi*

Persistent's trajectory underscores the value of tailoring blended finance archetypes to a firm's development stages

Persistent followed a relatively typical fund trajectory accompanied by blended finance archetypes which proved impactful: from a small-scale pilot fund supported by a $3m grant in 2016 to the launch and first commitments towards a first closed-ended fund, the Persistent ACV Fund with a $70m fund size target.

It is worth noting that Persistent structured its first investment vehicle as a PCV (on balance sheet, Open-Ended Structure), as is the case for many early-stage funds launched by emerging fund managers (90% of early-stage funds in our nexus sample are structured as PCVs). Raising a PCV is often accompanied by a single-tranche structure, since the initial fund sizes are usually small (under $5m at first close). Persistent's was a multi-tranche structure, but was done like a venture start-up, through on-balance sheet multi-series issues of its own equity.

Persistent's PCV had multiple layers/tranches of capital that were critical to its growth: It had Common equity (founders and staff, including phantom equity (ESOP), three series of Preferred equity (Series A, B and C), all with grant capital underneath, and future fund warehousing capital. It would have been relatively easy to add a first loss equity layer in the on-balance sheet structure. Persistent and Shell Foundation simply did the capital as grants and concessional loans. The Shell Foundation grant proved particularly catalytic to attract commercial investors. For small closed-ended funds, fund management requirements can make structuring multiple layers challenging. Despite those challenges, the multi-tranche structures mentioned worked for Persistent's PCV and can be modelled by others. As Persistent met milestones, concessional capital became increasingly useful and is now being used to directly shape the fundraising journey of its $70m Persistent ACV Fund.

This case study provides valuable insight into how grantors and investors can support early-stage SME investors and venture builders at different stages and develop tailored tools for small, niche impact funds that face structural challenges in getting started. Those tools can take the form of grants and warehousing capital.

PERSISTENT IS CURRENTLY RAISING ITS NEW CLOSED-ENDED FUND

The Persistent ACV Fund is a Mauritius-based fund that invests in early-stage climate impact ventures, from pre-seed to Series A stages, across Africa. The Fund's geographical focus is Africa, with a core focus in sub-Saharan Africa. Building on Persistent's nearly 15 years of investment experience, the Fund will focus on Energy Transition investments which include subsectors of e-mobility, commercial and industrial solar, residential solar, energy efficiency and productive use of energy. The Fund will also invest in energy-related businesses tackling the Agriculture and Resource Transitions. In addition, the Fund will invest in technology enablers in the climate ecosystem. The Fund seeks to invest in African businesses, reduce CO2 and greenhouse gas (GHG) emissions, create jobs, improve lives and achieve gender impact through the Fund's 2x alignment. Through its integrated Venture Building Facility - a grant facility to finance Persistent's Venture Building services for Fund portfolio companies - the Persistent ACV Fund will provide in-depth and tailored human capital support for its portfolio companies, with venture builders taking on operational roles in finance, ESG, legal, tech and business strategy as needed to support our companies. To learn more about Persistent: https://persistent.energy/

Rose Eclat © Olympia de Maismont, 2021

2. ARAF I Case study

Acumen Resilient Agriculture Fund

Investing in agribusiness | **Acumen Capital Partners (ACP)**

***Category:* Growth Equity Fund** | ***Structure:* Closed-end** | ***Fund size:* $58m**

Ticket:* Up to $3m** | ***Geography: East and West Africa | ***Climate strategy:* Adaptation**

Overview and origin of the fund

Acumen Resilient Agriculture Fund (ARAF) I was launched by Acumen to support agri-SMEs and help smallholder farmers build resilience to climate change. Conceived with a strong agriculture and resilience focus, fundraising for ARAF I began in 2018 with opening discussions with the Green-Climate Fund (GCF). GCF took part in the design discussions early-on and anchored the fund with a 40% concessional tranche. Acumen appointed Tamer El-Raghy as Managing Director and the fund reached its close after three years of fundraising, reaching a $58m size with a two-layer structure.

Climate adaptation as the core impact rationale

Smallholder farmers in Sub-Saharan Africa face disproportionate climate risks: erratic rainfall, droughts, floods, and shifting seasons undermine both livelihoods and food security. Unlike climate mitigation strategies (focused on reducing or avoiding GHG emissions), ARAF I prioritizes adaptation: enabling vulnerable communities to withstand and adjust to climate shocks. The rationale is that without adaptation finance, farmers remain trapped in low productivity cycles, highly exposed to climate stress, and excluded from broader economic growth.

Although gender was not explicitly considered in ARAF's initial investment thesis, it was naturally embedded in its approach, given that women constitute a significant share of smallholder farmers and play pivotal roles within food systems. Over time, ARAF's gender strategy has evolved from a gender-blind to a gender-smart approach, actively measuring how portfolio companies reach, benefit, and empower women farmers and entrepreneurs.

ABOUT ACUMEN

Acumen is a global non-profit impact investment fund manager, founded in 2001, with a mission to tackle poverty and build more inclusive and sustainable markets. Headquartered in New York and with regional offices across Africa, South Asia, Latin America, and the Middle East, Acumen has raised over $150m across multiple funds. Its investment strategy targets companies addressing critical challenges in energy access, agriculture, education, and healthcare, with a particular focus on underserved and low-income communities.

ESG and impact through Fund Investors support and requirements

ARAF's teams were able to develop over time strong ESG/impact frameworks with the support of their fund investors, deployed through TA, grants and trainings. Few examples of this support included:

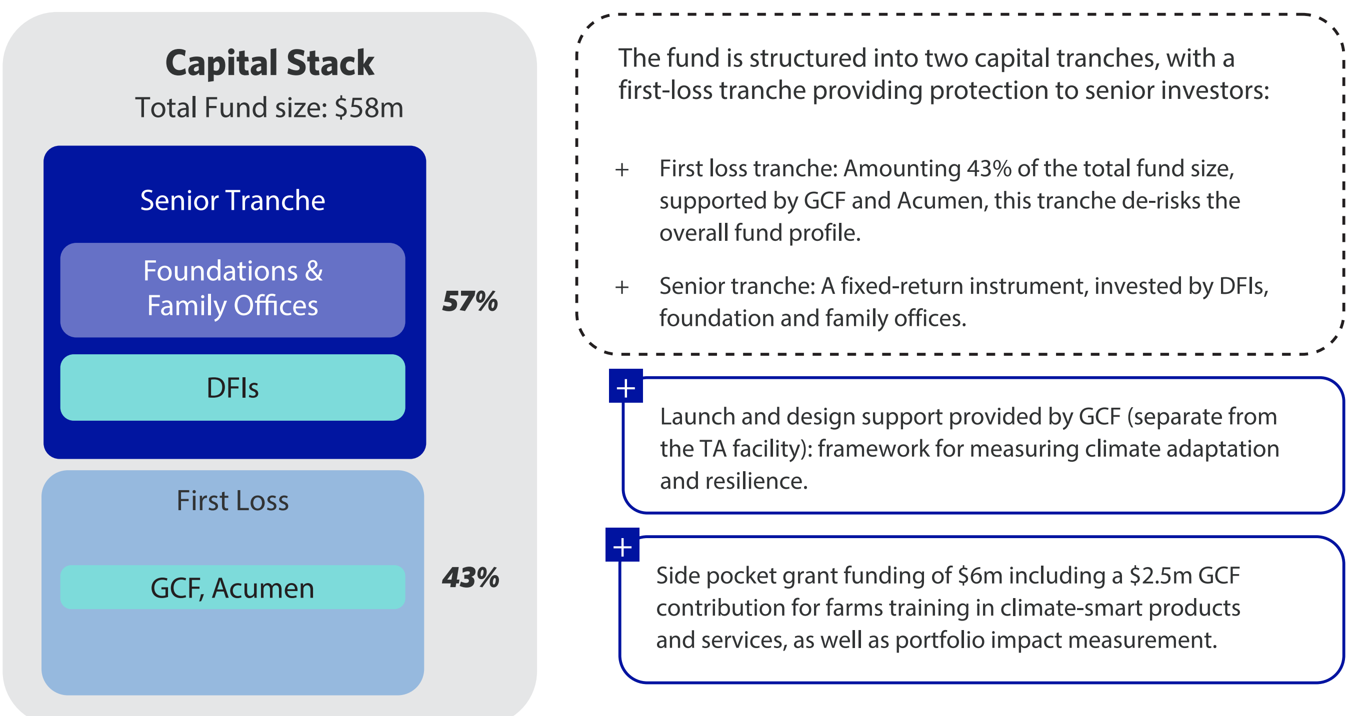
- **Support from GCF and Acumen** to develop with Winrock a climate resilience screening for portfolio companies, called ARIS (Acumen Resilience Investment Screen).
- **Training from FMO's ESG Senior Staff** to build in-house capacities of ARAF's ESG/Impact teams.

Figure 28. ARAF I impact results as of June 2025

90%	Reported increase in income
12.6 million	Lives impacted
38%	Farmers reached were women

ARAF I achieved closing and oversubscription thanks to its blended capital structure and strong anchor commitment

Figure 29. The transformative role of blended finance for ARAF I



A fundraising journey starting with a catalytic anchor investment by the GCF that enabled ARAF I to de-risk and validate the model

The GCF anchored ARAF I with a $23m first-loss tranche (originally designed to be a $25m, 50% first loss tranche, with additional $2m provided by Acumen). Soon after this initial commitment, COVID-19 struck, when the fund was only half-raised and had just achieved first close. At the time, **most potential fund investors conditioned their participation on the fund reaching a viable size**, which it had not yet done. Despite this, ARAF team began making initial investments in commercially viable, scalable business models around the fund's adaptation thesis. These early deals established a track record and demonstrated the fund's viability, which in turn reassured investors. This was a key contributor to the fund being ultimately oversubscribed bringing the first-loss tranche to 43% of the capital structure.

This trajectory highlights the **truly transformative role of an anchor fund investor** providing 43% of a fund at the outset (down from the 50% initially targeted as the fund was oversubscribed): it allows the team to form, begin investing, and build the credibility needed to bring in new fund investors.

For fund managers, this showcases **the benefits of reaching first close** and starting to validate the model even in challenging environment. The portfolio ARAF I was able to build during that stage proved to be decisive to unlock senior fund investors and DFIs.

The example of grants and support from fund investors that unlocked the impact strategy of a fund

One of ARAF's early challenges was how to concretely measure climate adaptation and resilience among farmers.

"While measuring farmer incomes is more standardized, there was no existing framework for climate adaptation or resilience. We had to build one from scratch."

- ARAF Fund manager

To do so, ARAF secured a grant from GCF to develop a tailored impact measurement framework in collaboration with 60 Decibels. The fund's ESG processes were also strengthened with support from FMO, which provided a senior ESG officer to train the team and oversee the first transactions. This mentorship built ARAF's internal expertise and positioned the fund to meet DFIs' expectations on ESG standards and processes.

"Without the grants from GCF and support from FMO, we wouldn't have been able to conduct proper impact measurement. It's one of those areas where the outcomes are appreciated by fund investors, but funders are reluctant to finance the process behind them."

- ARAF Fund Manager

Supporting the ARAF team in their impact and ESG practices proved transformative and enabled them to meet DFIs expectations.

A TA facility with multiple approaches, focused on impact measurement and support

ARAF raised a $6m TA facility, partly funded by their anchor GCF, that has been used in multiple ways:

- **Deepening impact measurement:** TA has enabled ARAF to work with 60 Decibels to run lean data surveys with farmers, capturing complex outcomes such as well-being, yields, income, and climate resilience, thereby demonstrating the fund's impact and validating the uniqueness of their climate adaptation thesis.

- **Farmer training and gender/climate initiatives**: The facility has supported training programs for farmers, particularly women, focused on climate-smart products and services.
- **Business development support**: TA has strengthened portfolio companies through capacity-building, hiring consultants, implementing ERP systems, and other growth initiatives.

These TA activities are essential for driving greater gender and climate impact, while also enhancing impact measurement across portfolio companies and beneficiaries. Strong TA measurement not only helps "prove" impact but also increases the likelihood of future fundraising.


CIFOP © Tévin Lima-Agence Fent, 2023

3. SPARK+ Case study

SPARK+ AFRICA INVESTING IN MODERN COOKING

Financing the transition to clean cooking in Africa	Enabling Qapital & Stichting Modern Cooking

Category: **SME Debt Fund**	***Structure:*** **Closed-end (7+1+1y)**	***AuM:*** **$64m**
Ticket: **$0.5m - $7.5m**	***Geography:*** **Sub-Saharan Africa**	***Climate strategy:*** **Mitigation**

Overview and origins of the fund

Spark+ emerged from an initiative of the Clean Cooking Alliance (CCA) to establish a **dedicated investment vehicle for modern cooking solutions**. The goal was to mobilize private capital and scale businesses such as cookstove manufacturers, clean fuel providers, and carbon project developers. In 2018, CCA initiated discussions with the African Development Bank (AfDB) under the Green Deal for Africa, which encouraged the creation of a structured fund and expressed strong interest in participating. The Spark+ Africa Fund was ultimately structured as a joint partnership between Enabling Qapital (EQ) and Stichting Modern Cooking, a foundation with seed funding from CCA for this purpose.

After extensive discussion between AFDB, CCA and EQ, fundraising began in late 2019. After four years of fundraising (marked by the COVID pandemic), the **Spark+ Africa Fund reached a third and final close in late 2023, with a total fund size of $64.8m**. The fund's trajectory was shaped significantly by blended finance, combining strong sponsor backing with concessional capital embedded in its structure.

Spark+ Africa Fund offers a concrete example of how to embed the gender-climate nexus into an investment strategy

Around the world, billions of women spend hours each week collecting firewood and cooking on polluting stoves, limiting their opportunities for education, jobs and affecting their health and well-being[61]. Nearly 900m people and over 70% of the population in Sub-Saharan Africa, use inefficient cooking methods relying on wood, charcoal or kerosene[62]. Inefficient stoves and traditional fuels drive deforestation, ecosystem degradation and contribute to air pollution, emitting 25% of the continent's GHG emissions[63].

ABOUT ENABLING QAPITAL

EQ is a Swiss-based impact asset manager, founded in early 2020 with a mission of "Moving Money to Meaning", blending financial returns with tangible social and environmental impact. EQ manages over $700m in assets within microfinance, access to energy, clean cooking and listed emerging market bonds with three funds: Spark+ Africa Fund, the Enabling Microfinance Fund (EMF) and the EQ Emerging Markets Sustainable Bond Fund.

[61] Clean Cooking Alliance. 2024. Women & Clean Cooking | Clean Cooking Alliance.
[62] Clean Cooking Alliance. 2024. Women & Clean Cooking | Clean Cooking Alliance.
[63] IEA. 2025. Universal Access to Clean Cooking in Africa.

The Spark+ Africa Fund was created to invest in companies developing and broadening access to clean cooking methods across the continent. The fund provides debt and quasi-equity instruments to the companies in the value chain around clean-cooking solutions that improve household energy access, women's lives and lower CO_2 emissions.

The Spark+ Africa Fund inherently lies at the intersection between gender and climate, as both are central in the context of clean-cooking by simultaneously improving women's health and living conditions while mitigating environmental impacts.

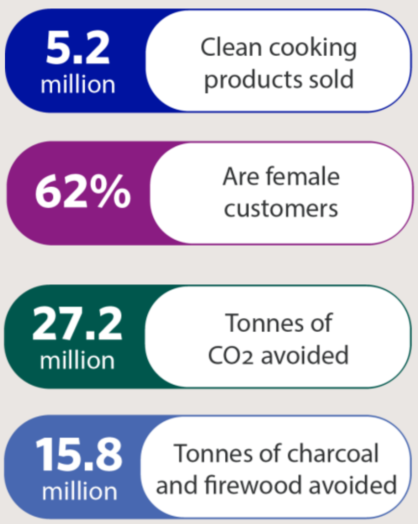


Figure 30. Key impact results of the Spark+ Africa Fund (as of Q2 2025)

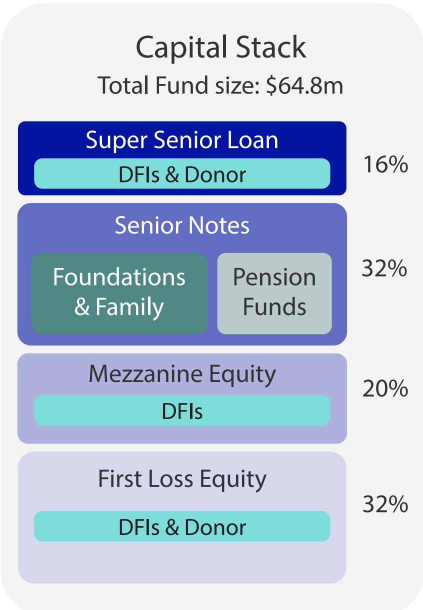
Climate throughout the investment lifecycle

Beyond having a strong impact investment thesis, Spark+ has developed robust processes and methodologies with a dedicated impact team for measurement and support with its portfolio companies to amplify their gender and climate impact.

- **Pre-investment:** Portfolio companies are assessed against ESG and gender criteria aligned with the 2X Challenge. The IFC risk classification framework defines the scope of due diligence, supplemented by technical input from ESG consultants, with ESG risk results publicly disclosed for each portfolio company.
- **Post-investment**, Spark+ works closely with investees to translate ESG and gender objectives into practice through capacity building, impact target set up and monitoring of key metrics (GHG emission, gender-disaggregated data, employment).
- **Financial incentives:** To incentivize impact performance, Spark+ sometimes links funding terms to impact targets. For example, loans may benefit from a reduction in the interest rate if companies meet pre-defined impact objectives.

Spark+ Africa Fund raised a four-layer structure with concessional capital to de-risk its profile and TA to support portfolio companies

Figure 31. Key insights on the transformative role of blended finance for Spark+ Africa Fund



The fund is structured into four capital tranches, with a first-loss tranche providing protection to senior investors (mezzanine equity, senior notes and super senior loan):

+ First loss tranche: Amounting 32% of the toal fund size, the first-loss tranche de-risks the overall fund profile
+ Mezzanine equity tranche: Subscribed mainly by DFIs, this tranche benefits from the protectioin of the first-loss layer
+ Senior note tranche: A SOFR-linked return instrument, invested primarily by pension funds.
+ Super senior loan tranche: Provided by a DFI at a lower fixed rate than the senior note holders' rate and at a higher seniority than the senior note. By introducing lower-cost capital at the top of the structure, this tranche enhances the return profile of the mezzanine equity.

+ Side pocket grant-funded TA facility of $450k (aiming for $6m) managed by the Stichting Foundation designed for portfolio companies

+ Launch support provided by the Clean Cooking Alliance: Pipeline building support, Financial support, Market relationships

Spark+ fundraising journey illustrates the critical importance of sponsor backing during the launch phase

Even if the fund did not receive a "launch grant" per se, the Clean Cooking Alliance provided substantial support during the launch phase that proved transformative for Spark+' fundraising journey:

1. Prior to fundraising, CCA financed research, market benchmark and **pipeline development work across the clean cooking sector in SSA.** It helped Spark+ overcome one of the main barriers for first-time funds: demonstrating the existence of a credible investment pipeline.

2. The CCA **provided financial resources to recruit the fund manager** and sustain the fundraising process over two years.

3. CCA also brought **strong market relationships and reputational weight,** reassuring institutional investors. CCA engaged in a relationship with the AfDB prior to the launch of the fund, which subsequently became the first institutional DFI to commit.

Spark+ illustrates the typical journey of innovative funds operating at the gender-climate nexus. Market viability must first be demonstrated through institutional support and research, with anchor investors playing a pivotal role during fund design while providing sizable de-risking commitments. Industry platforms can help bridge this credibility and market gap, providing early validation and convening power that accelerate momentum. Mobilizing commercial fund investors, however, remains a lengthy process which took nearly four years in the case of Spark+, although the fund achieved a first close in about two and a half years.

First loss capital was key in the Spark+ fund trajectory to enable a first closing

When Spark+' fundraising began 2019, it was the first fund ever dedicated exclusively to clean cooking solutions in Sub-Saharan Africa. The **risk perception for fund investors was high on multiple levels**:

- The clean cooking sector lacked reliable data, knowledge, and benchmarks for key fund design assumptions such as the depth of pipeline of investable companies within the sector and their repayment rates.
- By focusing on the specialized sector of clean cooking, the fund had strong exposure to the evolving and volatile carbon markets. The fund was also seen as exposed to political and economic instability.
- Focusing on clean cooking access itself was also seen as challenging, as adoption of clean cooking requires shifts in consumer behavior.

These combined perceived risks, alongside the fund's strong initial impact thesis, made it a clear candidate for blended finance through concessional capital and TA.

"Without first-loss capital, we simply wouldn't be investing in clean cooking at all. It enabled us to execute our previously untested investment thesis by taking on the level of risk necessary to make it work."

- Spark+ Fund Manager

The AfDB was the first anchor investor to commit to the fund and provided a $10m first loss investment. The European Commission then followed with another $10m, leading to 32% of the fund benefiting from concessional capital.

This **first loss tranche was highly transformative for the fundraising of Spark+**, it provided a strong de-risking signal for other investors to join in the mezzanine tranche.

"For higher-risk sectors, we look for a substantial first-loss protection. That's the logic we applied. In the case of Spark+, we felt that the risk protection built into the fund's structure was ample. The way it was designed made it a very easy case for me to present to our investment committee and secure their support."

- Commercial fund investor in Spark+

The fundraising journey of Spark+ Africa Fund shows that order and timing of commitments across tranches matters as much as the blended finance structure itself

The fundraising trajectory of Spark+ is particularly instructive, as it combines several levers that create the "momentum" essential to successful fundraisings.

- **An early backing by a sponsor:** The AfDB committed concessional capital early in the fundraising process, sending a strong signal to other investors. Beyond signaling and backing, AfDB brought in a large ticket (16% of the targeted fund size). Such a large ticket was significant for Spark+, as it brought the fund closer to reaching minimum viable fund size.
- **Early commitments from senior investors**: The early engagement at first close of senior investors at the senior layer also played a decisive role in building market confidence and catalyzing subsequent closes.

In the case of Spark+, fundraising was ultimately a matter of sequencing and momentum. Early catalytic backing from AfDB was followed by mezzanine investors and senior commitments, which in turn paved the way for the super-senior debt from a DFI at final close. Spark+ investment teams managed to create strong interest from investors with a first close of $40m.

Spark+ future fundraising

A successor fund to Spark+, with a likely targeted size of $100m and a strategy which will be complementary and aligned with the original fund, is envisioned to be launched in late 2026 or early 2027.

To learn more about the fund: https://www.sparkafricafund.com/

Conclusion and looking ahead

Funds at the gender-climate nexus have become a distinctive feature of Africa's investment landscape. Their trajectories show that integrating gender and climate action into fund strategies is not only possible but increasingly common. They also demonstrate the structural and often vital role of blended finance: not a peripheral tool, but the backbone that has enabled funds to launch, scale, and deepen their impact.

Case studies such as Spark+, ARAF, and Persistent illustrate this dynamic. Concessional capital and TA did more than mobilize money; they shaped investment theses, built measurement frameworks, and allowed new models to emerge. The prevalence of blended finance archetypes across 86% of funds confirms its central role in enabling intersectional investment strategies.

At the same time, the findings show that integration is best understood as a **continuum rather than as a fixed state**. For climate, funds range from climate-aware vehicles, embedding risk management or ESG practices, to climate-smart funds, where adaptation or mitigation sits at the core of the thesis. For gender, the spectrum follows the same path, often with the 2X Challenge as a natural starting point. Recognizing these continua matters: it highlights that progress happens in stages, shaped by fund investors' requirements, fund strategies, and operational realities, and that catalytic support must be tailored accordingly.

Against this backdrop, persistent shortcomings come into light. Unequal access to concessional resources remains a barrier: early-stage SME funds, women-led funds, first-time fund managers and venture capital managers are often excluded from meaningful support, even though they play a vital role in building pipelines and testing new approaches. In parallel, blended finance archetypes are frequently applied in simplified ways, with tranche sizes or TA allocations set without sufficient alignment to fund characteristics, risk profile and additionality. This likely undermines efficiency and reduces the catalytic potential of scarce concessional resources.

Areas for further research

This research provides a detailed mapping of gender-climate funds in Africa to date, but it could be strengthened by deeper inquiry in the following areas:

- **Integration continua:**

The 0–2 framework used to grade the funds on gender and climate was a useful starting point, but more nuanced continua are needed to capture how funds progress over time. Future research should explore what drives movement towards more deliberate and robust gender and climate strategies. A clearer picture of these trajectories would help design tailored roadmaps and support mechanisms for funds at different stages.

◆ **Sizing and structuring of blended finance archetypes:**

Concessional tranches in the sample differed widely from 2% to 56% of fund size while TA and design grant allocations were uneven. Benchmarking structuring choices, costs, and outcomes would allow catalytic providers to calibrate interventions more effectively and avoid misallocation of resources. This requires greater transparency and data sharing across the ecosystem.

◆ **Coverage of the sample:**

By focusing on funds that reached viable size and structured blended finance archetypes, the dataset excluded vehicles that attempted but failed to raise particularly VC funds with strong gender-climate theses. Capturing these "near-miss" experiences would shed light on persistent barriers and inform how concessional support could unlock innovation in underrepresented segments.

◆ **Dynamics of influence of concessional capital providers over fund managers' strategies:**

While this was addressed early-on in the report as a key area of consideration, more research is required to extract the guidelines and case studies needed to better guide catalytic Fund Investors and blended finance providers on how to most effectively influence fund managers' strategies around specific impact themes while reducing the risks around investment thesis distortion and overburdening of fund managers.

◆ **Phasing out and effectiveness of de-risking:**

The funds in the sample were established seven years ago on average, a little bit over halfway into their fund life, which means that many of them have not yet entered their respective divestment stage. This makes it difficult to determine whether concessional tranches were calibrated well enough for the fund's actual risk profile. The answer to this question will become clearer in a few years and an analysis will be needed to assess how many of these junior tranches were used. Case studies show that even after relatively strong first-fund performance, successor funds still consider blended finance archetypes though usually representing a lower share of their capital structure. This is a positive sign that will require further investigation over multiple fund vintages.

◆ **The cost of impact:**

A key challenge in the analysis was assessing the "cost of impact; that is, quantifying both the absolute costs and the share embedded in management fees that funds require to deliver on a rigorous impact thesis, including monitoring, reporting, and other operational requirements. This is particularly critical for small-scale funds, as benchmarks help fund investors understand what to reasonably expect and how funds can meet these expectations despite limited capital.

Final reflections

Funds at the gender–climate nexus have proven that intersectional investing is possible and impactful at scale in Africa. Blended finance has been one of the engines of this progress, but its continued effectiveness depends on refining practice, addressing inequities in access, and enabling deeper integration along the gender and climate continua.

The challenge ahead is therefore not whether blended finance archetypes work, but how to make them work better. Success will be measured not only in the volume of concessional and commercial resources mobilized, but in whether those concessional resources expand what is investable and who gets to shape solutions at the nexus.

Bibliography & Appendix

Bibliography

2X Challenge. 2024. *2X Challenge criteria.* https://www.2xchallenge.org/

2X Global. 2023. *Gender-smart climate finance: The policy angle.* https://www.2xglobal.org/knowledge-hub-blog/climate-finance-policy

2X Global. Gender and climate finance toolkit. N.d. Gender and climate finance toolkit — 2X Global

AfDB, ADB, AIIB, EEBRD, EDFI, EIB, IDB, ICD, IFC. 2023. *DFI Working Group on blended concessional finance for private sector projects: Joint report (March 2023 update)*. 2023-03-dfi-bcf-joint-report.pdf

African Private Equity & Venture Capital Association (AVCA); Kigali International Financial Centre (KIFC). 2023. *Funds and fund management services in Africa.* https://www.avca.africa/data-intelligence/research-publications/funds-and-fund-management-services-in-africa-part-1/

Boston Consulting Group (BCG); British International Investment (BII). 2025. *Scaling blended finance: Practical tools for blended finance fund design.* https://assets.bii.co.uk/wp-content/uploads/2025/04/23104557/Scaling-blended-finance.pdf

British International Investment (BII). N.d. *TCFD maturity matrix assessment*. https://toolkit.bii.co.uk/climate-change/tcfd-toolkit/assessing-tcfd-maturity/.

Clean Cooking Alliance. 2024. *Women & clean cooking.* https://cleancooking.org/the-issues/women-and-clean-cooking/

Climate Policy Initiative (CPI). 2024. *Landscape of climate finance in Africa 2024.* https://www.climatepolicyinitiative.org/wp-content/uploads/2024/10/Landscape-of-Climate-Finance-in-Africa-2024.pdf

Climate Policy Initiative (CPI). 2024. *State of climate finance 2024.* https://www.climatepolicyinitiative.org/wp-content/uploads/2024/10/Global-Landscape-of-Climate-Finance-2024.pdf

CC Facility Learning Hub. 2024. *Blended finance in Sub-Saharan Africa: SME financing.* https://www.convergence.finance/resource/blended-finance-in-sub-saharan-africa-sme-financing/view

CC Facility Learning Hub. 2024. *State of blended finance 2024.* https://www.convergence.finance/resource/state-of-blended-finance-2024/view

CC Facility Learning Hub. 2025. *Blended finance and the gender–energy nexus: A stocktaking report.* https://www.convergence.finance/resource/blended-finance-and-the-gender-energy-nexus-a-stocktaking-report/view

CC Facility Learning Hub. 2024. *State of blended finance: Climate edition.* https://www.convergence.finance/resource/state-of-blended-finance-2024-climate-edition/view

CC Facility Learning Hub. 2025. *Convergence blended finance primer.* https://www.convergence.finance/blended-finance

Criterion Institute. 2024. *Introducing standards of practice for gender lens investing.* https://www.criterioninstitute.org/resources/introducing-standards-of-practice-for-gender-lens-investing

Criterion Institute. 2025. *Reimagining gender lens investing futures: Possibilities and perspectives from the field.* https://www.criterioninstitute.org/resources/reimagining-gender-lens-investing-futures

DFI Working Group on Blended Concessional Finance for Private Sector Projects. 2021. *Joint report.* https://www.ifc.org/content/dam/ifc/doc/mgrt/202112-dfi-bcf-joint-report.pdf

GenderSmart et partenaires. 2021. *Gender & climate investment: A strategy for unlocking a sustainable future.* https://kiteinsights.com/hubfs/GenderSmartClimateReport.pdf?hsLang=en

Global Donor Platform for Rural Development (GDPRD). 2025. *Strengthening accountability and impact measurement: Key findings from the Catalytic Capital Framework testing.* https://www.donorplatform.org/post/publications/strengthening-accountability-and-impact-measurement-key-findings-from-the-catalytic-capital-framework-testing/

Global Donor Platform for Rural Development (GDPRD). Nd. https://www.donorplatform.org/.

ISF Advisors. 2025. *Concessional capital for agri-SME funds: Donor & investor guidance document.* https://www.donorplatform.org/wp-content/uploads/2025/05/ISF

International Energy Agency (IEA). 2025. *Universal access to clean cooking in Africa.* https://www.iea.org/reports/universal-access-to-clean-cooking-in-africa/executive-summary

International Finance Corporation (IFC). 2022. *Closing the gender finance gap through the use of blended finance.* https://www.ifc.org/en/insights-reports/2022/closing-the-gender-finance-gap-through-blended-finance

International Labour Organization (ILO). 2010. *Gender mainstreaming strategies in decent work promotion: Programming tools (GEMS toolkit).* https://www.ilo.org/publications/gender-mainstreaming-strategies-decent-work-promotion-programming-tools

Investisseurs & Partenaires (I&P); Argidius Foundation. 2025. *How can African SME funds mobilise more capital?* https://www.ietp.com/sites/default/files/Publication-How%20can%20African%20SME%20funds%20mobilise%20more%20capital.pdf.

KawiSafi. 2022. *Community report 2022.* https://www.kawisafi.com/resources/KawiSafi-Ventures-2022-Community-Report.pdf

Network for Greening the Financial System (NGFS). 2023. *Scaling up blended finance for climate mitigation and adaptation in emerging market and developing economies (EMDEs).* https://www.ngfs.net/en/publications-and-statistics/publications/scaling-blended-finance-climate-mitigation-and-adaptation-emerging-market-and-developing-economies

Organisation for Economic Co-operation and Development (OECD). 2020. *Blended finance funds and facilities: 2020 survey results.* https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/06/blended-finance-funds-and-facilities_05511bbb/fb282f7e-en.pdf

Organisation for Economic Co-operation and Development (OECD). 2020. *Evaluating blended finance instruments and mechanisms: Approaches and methods.* https://one.oecd.org/document/DCD/DAC%282020%2942/FINAL/en/pdf

Organisation for Economic Co-operation and Development (OECD). 2022. *Blended finance for gender equality and the empowerment of women and girls.* https://one.oecd.org/document/DCD%282022%291/En/pdf

Shell Foundation; Omidyar Network. 2019. *Insights on SME fund performance.* https://shellfoundation.org/wp-content/uploads/2020/06/Insights-on-SME-fund-performance-ShellFoundationOmidyar.pdfSustainable Markets Initiative; Investor Leadership Network. 2024. *Blended finance best practice: Case studies and lessons learned.* https://investorleadershipnetwork.org/wp-content/uploads/Blended_Finance_Best_Practice_Case_Studies_Lessons_Learned.pdf

UN Women. 2014. *Gender mainstreaming in development programming.* https://knowledge.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2014/GenderMainstreaming-IssuesBrief-en%20pdf.pdf

UN Women. 2021. *Training manual on gender and climate resilience.* https://wrd.unwomen.org/practice/resources/training-manual-gender-and-climate-resilience

United Nations Development Programme (UNDP). 2017. *Resource book for mainstreaming gender in UN common programming at the country level.* https://unsdg.un.org/sites/default/files/Resource-Book-Mainstreaming-Gender-UN-Common-Programming-Country-Level-web.pdf

United Nations Framework Convention on Climate Change (UNFCCC). N.d. Key aspects of the Paris Agreement. https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement

World Resources Institute (WRI). N.d. Paying for Paris: A resource hub for climate finance (NDC Partnership). https://ndcpartnership.org/knowledge-portal/climate-toolbox/paying-paris-resource-hub-climate-finance

World Bank Group. 2023. Gendered impacts of climate change. Evidence from weather shocks. Gender Global Theme. Gendered Impacts of Climate Change : Evidence from Weather Shocks

Appendix

Appendix 1. List of contributors and interviewees for the report

I&P contributors

- Abdeljaouad Wiem, Director, FASA
- Barres Isabelle, Director, Impact
- Boyé Sébastien, Managing Partner
- Darde Clémentine, Intern
- Gaye Aïssatou, Manager, Growth
- Grivel Shino, Director, Finance and Operations
- Hajdenberg Jérémy, Managing Partner
- Munnich David, Executive Director, I&P Acceleration and I&P Development
- Ponton Alexandre, Manager, I&P Ecosystems
- Rouxel Julie, Consultant, I&P Ecosystems
- Severino Jean-Michel, Chair, Supervisory Board
- Thirouin Alexis, Director, Finance
- Vidal-Marin Marianne, Director, I&P Ecosystems
- Vincent-Genod Hugues, Director, Growth & Strategy

CCF contributors

- Bery Ayesha, Associate Director, Convergence
- Byrd Rosaly, Manager, Climate Policy Initiative
- Ivory Robin, Manager, Convergence
- Tessema Edel, Senior Program, Associate, Climate Policy Initiative

Interviewees

- Blake Gretchen, Head Gender and Job Quality Advisory, SLR Consulting
- Bosma Charissa, Senior Sustainable Finance Officer, Dutch Entrepreneurial Development Bank (FMO)
- Chandiwana Rutendo, Program Manager, 2X Global
- Dartsmith Christopher, Investment Manager, BII
- de Gersigny Zee, Head of Investments, FSD Africa Investments
- Goodenough Alex, Investment Director and Innovative Finance Lead, British International Investment (BII)
- Haba Elena, Investments Lead, 2X Global
- Innocenti Demetrio, Climate Lead, 2X Global
- Jamshad Ayra, Investment Associate, British International Investment (BII)
- Javoy Emmanuelle, Senior Financial Sector Specialist, CGAP
- Koh Harvey, Senior Advisor, Catalytic Capital Consortium (C3)
- Kho Julia, Manager for seed capital and business development, Triple Jump (DGGF)

Case studies

Spark +

- George Peter, General Partner, Spark +
- Abdulhafizova Farida, Head of Sustainability Department, Enabling Qapital AG
- Pal Monojeet, Manager, African Development Bank
- Ragni Joséphine, Social Investment Manager, Netri Foundation

Persistent

- Gachuiri Amos, Head-Investments, FSD Africa Investment
- Karanja Wairimu, Chief Legal Officer & Partner, Persistent

ARAF

- El-Raghy Tamer, General Partner, ARAF
- Mincy Rebecca, Investment Director, ARAF
- Mwangi Esther, Investment and Climate Analyst, ARAF

Appendix 2. Additional information about methodology

Blended finance archetypes

In line with Convergence[64] and other leading frameworks[65], we recognize the following archetypes as part of the blended finance toolkit:

- **Concessional debt/equity:** Public or philanthropic investors provide funds on below-market terms to lower the overall cost of capital and provide a protective layer (e.g., first-loss capital) or enhance returns within the fund's capital structure.
- **Design-stage or launch Grant:** Grant that supports transactions that may otherwise be too risky or complex to pursue at the beginning of a fund project by funding activities such as feasibility studies, proof of concept, fundraising operations, pipeline development, etc.
- **Technical Assistance (TA):** A grant-funded TA facility is deployed pre- or post-investment, either at the fund level or for underlying portfolio companies, to enhance commercial viability and impact.
- **Guarantees:** Credit enhancement is provided through guarantees or insurance from public/philanthropic investors, typically on concessional terms.

Some forms of concessional capital mentioned in the report are not necessarily included in this approach:

- Warehousing is not a blended finance archetype as defined by Convergence, but it is often executed using concessional capital alongside other blended finance archetypes (TA, grants, etc.). Similar to anchoring, it functions as a de-risking strategy.
- Working capital provides a transformative way to launch funds by enabling them to finance human resources during fundraising and execute initial deals.
- Sponsoring management fees (taking on higher management fees to lower costs for other commercial fund investors) is a catalytic way to de-risk fundraises and sponsor funds.
- OPEX financing is a catalytic way to support emerging funds by enabling them to hire the expert talent they otherwise could not afford.

First-loss equity and junior equity are both concessional instruments designed to absorb risk ahead of senior investors, but they differ in structure and emphasis. First-loss equity is typically defined by its explicit function: it is the tranche expected to bear initial losses, providing a clear cushion that protects senior capital and facilitates fundraising. Junior equity, by contrast, generally refers to a subordinated position within the fund's capital stack, ranked below senior equity but without a strictly predefined "first-loss" role. In practice, however, the boundary between the two is often blurred. Junior tranches are frequently structured to perform a de facto first-loss function, while instruments labeled as first-loss may carry features, such as capped exposure or performance incentives, that bring them closer to junior equity.

Warehousing capital in practice

Warehousing capital refers to money provided, usually by an anchor or concessional investor, to pre-fund early investments before a fund's first close. The fund manager uses it to build a pipeline and demonstrate traction. Once the fund closes, those warehoused assets are meant to be transferred into the fund's portfolio.

[64] Convergence Blended Finance website (https://www.convergence.finance/blended-finance)
[65] Catalytic Capital Consortium C3 - https://catalyticcapitalconsortium.org/
DFI Working Group on Blended Concessional Finance for Private Sector Projects. 2017.

Detail on the fund strategy categorization

We looked specifically at the funds falling into the "Pioneering Impact Fund" category under the BII-BCG Blended Finance fund archetypes ($50m to $200m size) and smaller funds (<$50m). Those funds "enable high-impact projects in early-stage businesses, emerging sectors, and challenging geographies". This approach enabled us to have a detailed picture of the sector.

We further segmented the funds by the strategies they deploy, building on the SME Funds Report and the ISF Report, in order to conduct a granular analysis of the different fund types: early-stage SME funds, growth funds and SME debt funds.

Early-stage SME funds play a catalytic role in local ecosystems by often being the first institutional investors in underserved markets, thereby demonstrating additionality and contributing to job creation, economic resilience, and the development of a pipeline for larger funds. Their impact is amplified through non-financial support (TA, mentorship, and capacity building).

Historically backed by African (i.e. AfDB, BOAD, etc.) or international (IFC, Proparco, EIB, etc.) DFIs, this asset class is typically managed by more experienced fund managers able to raise larger Growth SME funds. The barriers to entry are high in this space as raising a minimum fund size of $30-$50m is often a prerequisite. Businesses targeted are often larger and significantly more mature than Early-Stage SME Funds.

SME debt funds are investment vehicles that provide short- to medium-term debt and mezzanine finance to underserved SMEs lacking access to bank financing or traditional equity. They aim to fill critical financing gaps, particularly in working capital, local currency, and flexible lending, for segments such as rural enterprises, women-owned businesses, and early-stage innovators.

VC funds are funds providing equity financing to early-stage or high-growth startups that aim to generate strong returns. Only one VC fund appeared in the gender-climate dataset, resulting in a sample too limited to permit a meaningful analysis of the asset class.

Our fund sample thus excludes:

- Large funds with a fund size over $100m, as we focus solely on pioneer impact funds, debt and equity.
- funds that have not achieve yet a viable fund size (or first close) and are still in the fundraising process.

Boston Consulting Group (BCG); British International Investment (BII). 2025. Scaling blended finance: Practical tools for blended finance fund design.
I&P. 2025. *How African SME Funds Can Mobilize More Capital I&P*
ISF Advisors. 2025. Concessional capital for agri-SME funds: Donor & investor guidance document.

catalytic
climate finance
facility

INVESTISSEURS
& PARTENAIRES