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A partnership between:



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





Acknowledgements

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Canada 

Why Blended Finance Matters for Gender-Climate Nexus Funds

Sub-Saharan Africa requires an estimated \$2tn by 2030 to build climate resilience¹

Women are more vulnerable to climate-related disasters. When climate shocks occur, women-led households experience deeper disruptions and longer recovery periods. They typically have more limited access to the climate-resilient technologies and markets necessary to adapt to environmental changes.²

→ Women constitute around 70% of smallholder farmers across the continent and face heightened climate risks, yet only 3% of climate finance is specifically aimed at enhancing gender equality.³

Women are key drivers of climate adaptation and technology adoption. They lead uptake of drought-resistant crops, advance clean energy innovations, and run businesses that often prove more resilient during climate disruptions.⁴

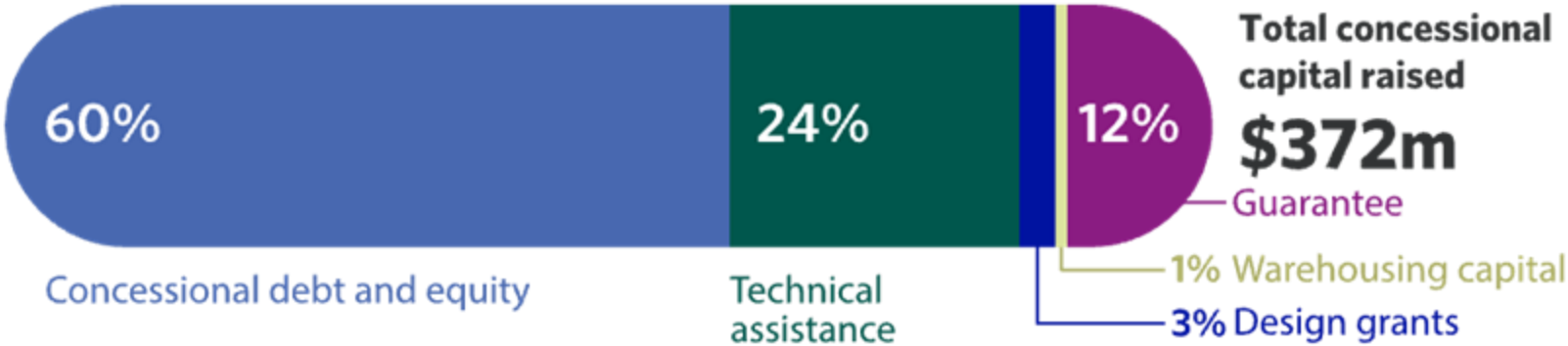
→ Evidence shows that solutions that integrate both climate and gender enhance inclusiveness, build resilience, and unlock powerful co-benefits.⁵

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

- Blended finance is not peripheral to gender-climate nexus funds (“nexus funds”); it is a systemic feature of how they are structured and raised.⁶

- ❖ Out of 240 funds surveyed across Sub-Saharan Africa (<\$100million fund size), 46 invest at the intersection of gender and climate.*
 - 86% have leveraged blended finance to design their funds, support their operations, and mobilize more capital.
 - 70% of fund managers combine several archetypes to solve gaps throughout their fund life.

Breakdown of concessional capital archetypes raised in the sample

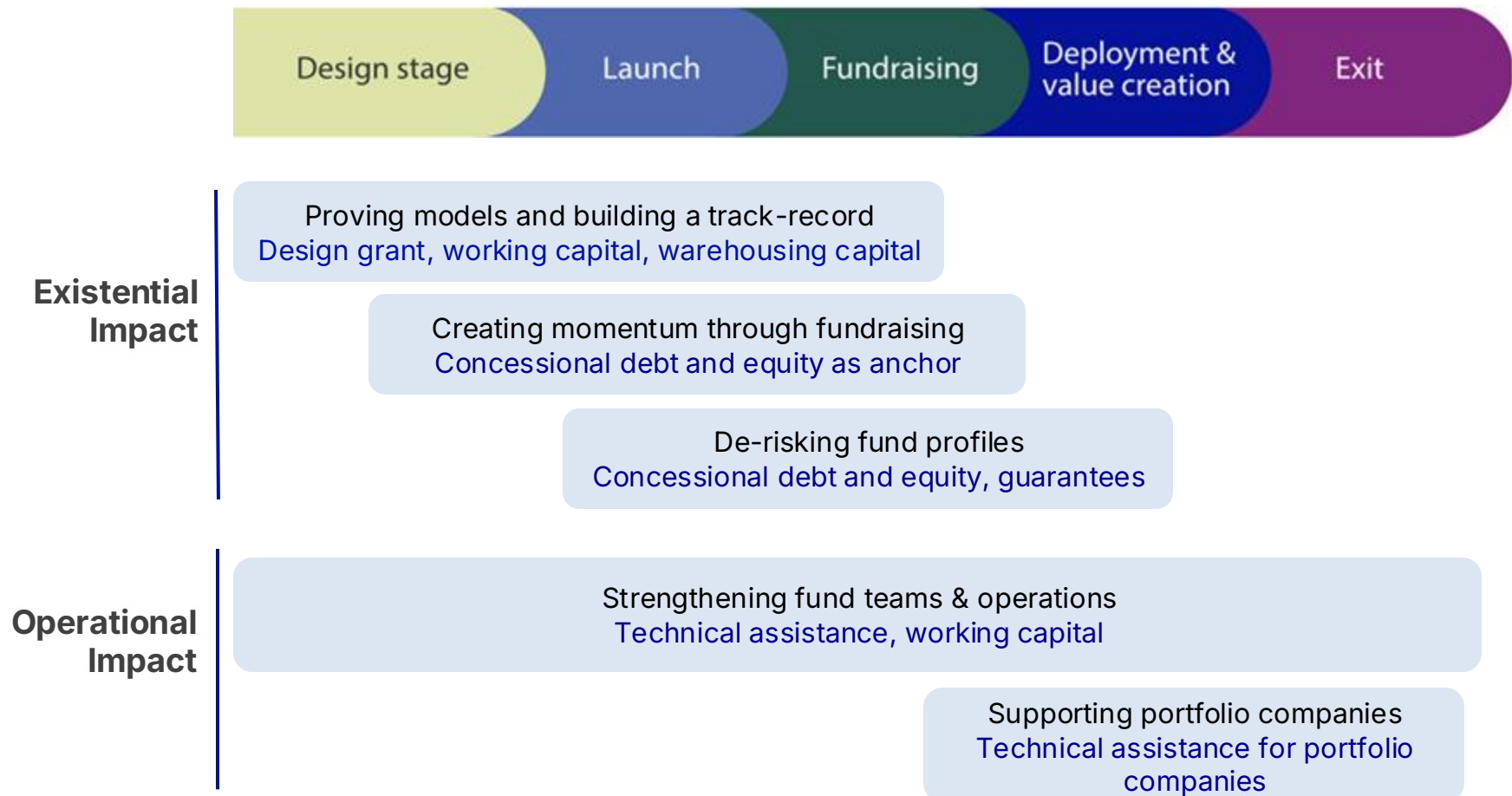


*See Appendix 1 for more information on methodology.

Blended finance archetypes support nexus funds across the fund lifecycle

Concessional capital plays two roles in a fund:

1. *Existential* - Makes the very existence of a fund possible
2. *Operational* - Scales the fund capacity to deliver its thesis



Blended finance can address central challenges faced by nexus funds

These include:

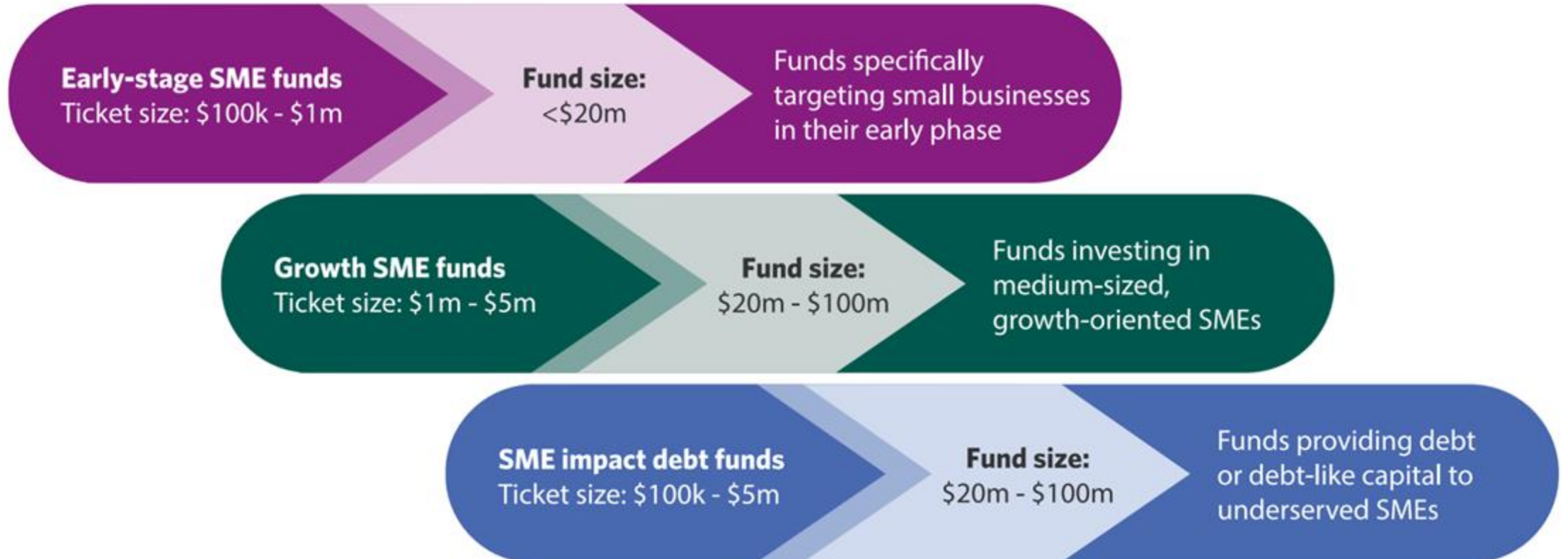
- **High perceived risk & credibility gaps:** Smaller or first-time funds using new models are often seen as high risk; concessional capital helps de-risk early investments and signal viability.
- **High cost of impact integration:** Gender–climate strategies require added resources, expertise, and reporting, increasing operational and transaction costs—especially for funds investing in smaller or early-stage enterprises.
- **Need for market-building & model validation:** Many funds operate in nascent sectors with limited data and unproven models, making blended finance essential to build pipelines and demonstrate viability.

→ Concessional capital can fundamentally reshape fund manager-investors' dynamics. Concessional debt/equity, warehousing, and technical assistance can provide the confidence needed to close a fund and the resources to effectively deploy it.

How Blended Finance is used in Gender-Climate Nexus Funds

Nexus funds vary by size, geography, sector, and strategy

- The gender-climate nexus spans diverse fund types, with the 46 funds in the sample varying widely. This diversity is key: blended finance archetypes play very different roles in a \$6 million early-stage small and medium enterprises (SMEs) fund versus a \$55 million debt fund.



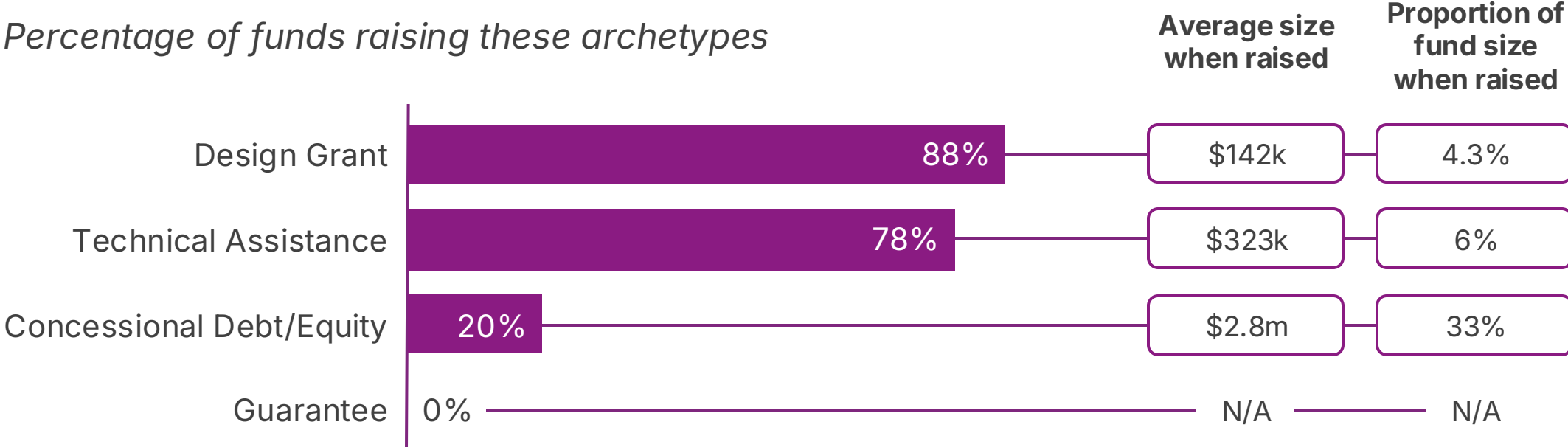
In early-stage SME funds, design grants and technical assistance are most frequently used

Early-stage SME funds represent 25% of the nexus

\$6.4m Average fund size of the segment

Average ticket size: \$100k - \$1m
Average fund age: 9 years

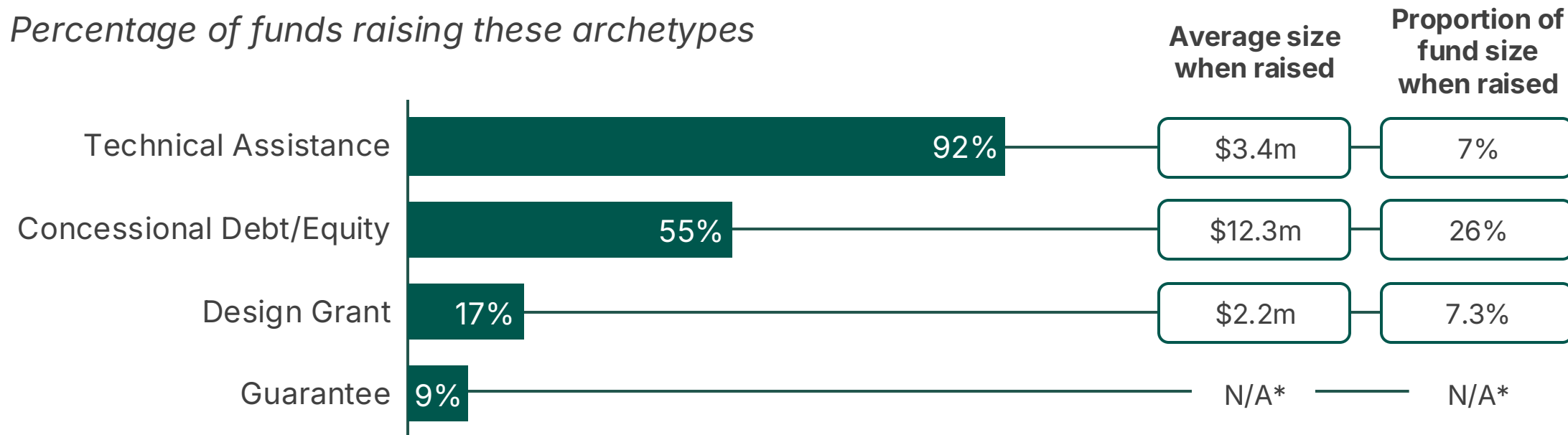
Percentage of funds raising these archetypes



The majority of growth SME funds make use of blended finance archetypes through concessional debt/equity



Percentage of funds raising these archetypes



*1 fund only has raised guarantee

Concessional debt/equity and technical assistance are used with equal frequency in debt funds

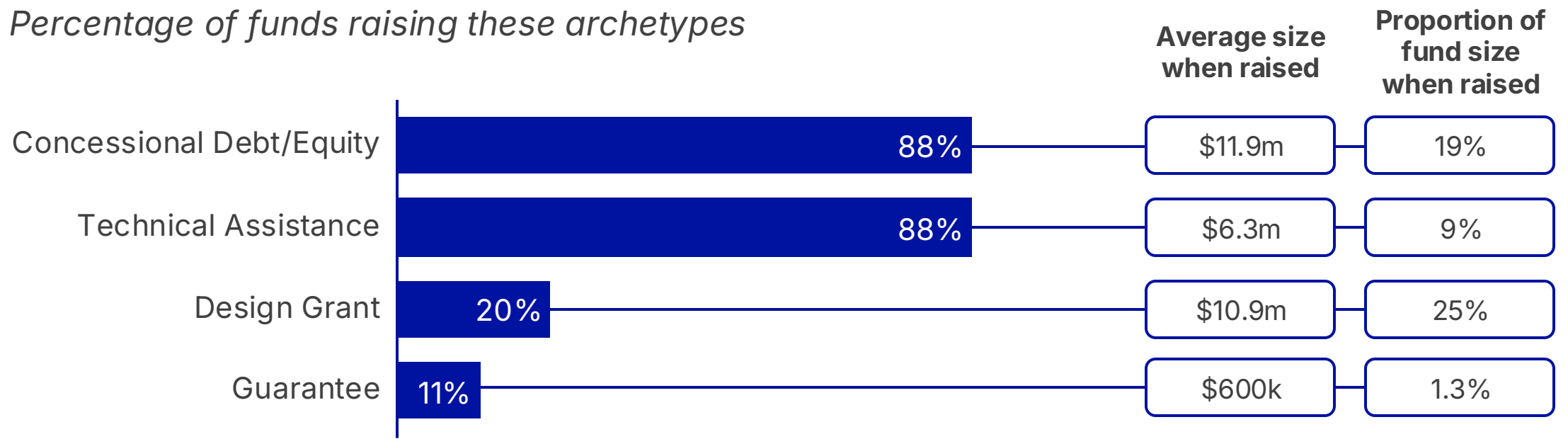
Debt funds represent 45% of the nexus

\$55.2m

Average fund size of the segment

Average ticket size: \$100k - \$5m
Average fund age: 6 years

Percentage of funds raising these archetypes

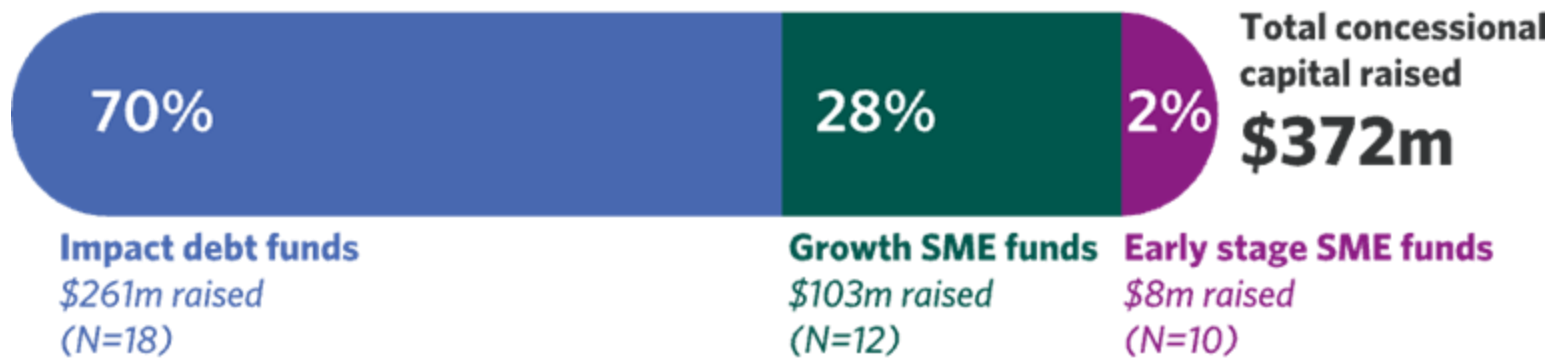


Access to concessional capital is uneven and large funds tend to capture the bulk of it

Differences in fund size and manager maturity mean that some funds are better positioned to secure blended finance support than others.

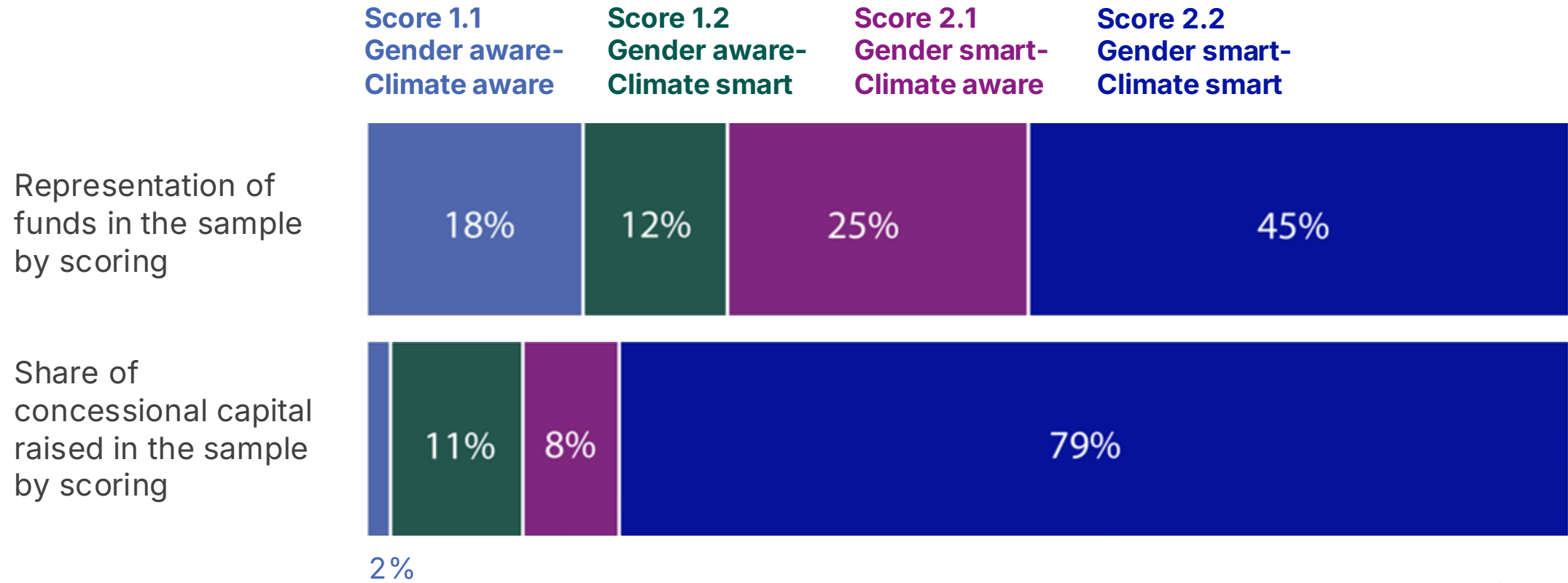
- Early-stage SME funds, women-led funds, small-sized funds, and first-time fund managers are often excluded from meaningful support.
- Larger vehicles tend to attract a higher proportion of concessional capital than smaller funds.

Breakdown by fund strategy of the amount of concessional capital raised



Concessional capital is more highly concentrated in climate- focused strategies

Climate-focused strategies attract greater shares of catalytic capital than gender- focused strategies.



*Total amount of concessional capital raised in the sample \$372m

Key Insights for Blended Finance in Gender-Climate Nexus Funds

Blended finance archetypes must adapt along a continuum to remain effective

For: Development finance institutions (DFIs), catalytic investors, fund-of-funds

Climate-Aware Fund Recommendations:

- Technical assistance to build environmental, social, and governance (ESG) tools and standardized climate risk frameworks
- Support for SMEs adopting energy efficiency, water management, and sustainable sourcing
- Impact measurement systems focused on adaptation and resilience outcomes

Climate-Smart Fund Recommendations

- Concessional capital to de-risk high-ambition, niche climate theses
- Warehousing, operational expenses (OPEX) financing, and design grants to bridge fundraising gaps
- ESG and impact frameworks where sector standards are still emerging
- Targeted tech to support investees lacking climate data, systems, or compliance capacity

Blended finance archetypes can help climate-aware funds raise the level of mainstreaming through a focus on adaptation and resilience, and enable climate-smart funds to pursue ambitious, higher-risk models.⁷

Structural gaps hinder progress in integrating gender-smart strategies

For: Standard-setting bodies, DFIs, catalytic program designers

Most integration of gender strategy in the sample funds occurs within climate-first strategies; funds at the nexus tend to integrate gender, not lead with it. Underrepresentation of gender in nexus funds is a result of structural barriers.

Barriers at the fund level

- Women-led and diverse fund managers face structural barriers to networks, capital, and anchor investors
- Gender integration is added to ESG processes late instead of shaping core investment decisions from the start

Barriers at the ecosystem level

- Investor mandates and catalytic programs are siloed: climate-first and gender-first tracks rarely converge
- This reinforces gender trailing climate, with climate embedded early and gender added later

Targeted blended finance tools like dedicated vehicles, incentive-linked TA, and explicit anchor commitments are among the few levers capable of disrupting this pattern.

Lack of integration know-how requires standardized roadmaps for gender-climate integration

For: Standard-setting bodies, TA providers, fund managers

Funds have the intent to integrate, but face the absence of practical, fund-type-specific roadmaps for operationalizing gender-climate integration.

Gender

- Clearer frameworks exist (e.g. 2X), but most funds stop at basic alignment
- Deeper integration wherein gender shapes deal sourcing, structuring, and portfolio support remains rare

Climate

- Practical, standardized roadmaps are largely absent
- Integration is fragmented and often superficial; it's often compliance-driven rather than strategy-driven

This is where catalytic capital can play an often-overlooked role: not just de-risking financial returns, but funding the knowledge infrastructure funds need to act with genuine integration.

Recommendations

Five priorities for catalytic capital providers,
DFIs, and ecosystem builders

Five actions to unlock transformative capital

#1

Tailor blended finance to fund type and integration depth

DFIs · Fund-of-funds · Catalytic investors

#2

Open concessional capital to early-stage and first-time managers

DFIs · Catalytic investors · Fund-of-funds

#3

Embed gender-climate expertise directly in fund teams

DFIs · Catalytic investors · Ecosystem actors

#4

Build practical integration roadmaps, not just frameworks

Standard-setters · Fund investors · Fund managers

#5

Coordinate the ecosystem — stop leaving funds to navigate blended finance alone

Catalytic capital providers · DFIs · Industry associations

RECOMMENDATION 1 - FOR: DFIs, CATALYTIC INVESTORS, FUND-OF-FUNDS, ECOSYSTEM BUILDERS

Tailor blended finance to different fund profiles and gender-climate integration levels

THE PROBLEM

One-size-fits-all blended finance approaches fail to match the diverse strategies, sizes, and gender-climate integration levels of funds, leading to inefficiencies and misallocated support.

KEY ACTIONS

- **Tailor support to fund type** by combining concessional capital, TA, and grants
- **Scale technical assistance across the ecosystem**, aligned with manager maturity
- **Align blended finance support with the depth of gender-climate integration**, incentivizing both entry and advancement

IMPACT:

Breaks the structural bias toward established managers and unlocks the next generation of gender-climate innovators who lack access to de-risking capital.

RECOMMENDATION 2 - FOR: DFIS, CATALYTIC INVESTORS, FUND-OF-FUNDS

Open the door to early-stage and first-time fund managers

THE PROBLEM

Early-stage funds, women-led vehicles, and first-time managers receive only 2% of total concessional capital raised in this sample — despite representing the most innovative and underserved part of the nexus.

KEY ACTIONS

- **Design concessional tranches and OPEX support** tailored to the economics of smaller funds
- **Establish warehousing facilities** so first-time managers can demonstrate execution capacity before fundraising
- **Build anchor commitment vehicles** specifically for gender-climate strategies — and use concessional capital to fill that anchor role early

IMPACT: Breaks the structural bias toward established managers and unlocks the next generation of gender-climate innovators who lack access to de-risking capital.

RECOMMENDATION 3 - FOR: DFI, CATALYTIC INVESTORS, ECOSYSTEM ACTORS

Embed gender-climate expertise directly inside fund teams

THE PROBLEM

Most funds lack the internal capacity to move beyond parallel gender and climate tracks. Intent exists; infrastructure does not.

KEY ACTIONS

- **Fund dedicated gender and climate specialists** within portfolio fund teams, not just at the DFI level
- **Provide multi-year TA** for small funds building gender-climate frameworks from the ground up
- **Support development of gender-responsive climate impact measurement systems** and investment criteria that target climate solutions addressing gender-specific vulnerabilities

IMPACT:

Moves managers from running parallel tracks to integrated strategies — ones that genuinely recognize women's disproportionate climate exposure and their role in driving adaptation.

RECOMMENDATION 4 - FOR: STANDARD-SETTING BODIES, FUND INVESTORS, FUND MANAGERS

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

THE PROBLEM

Funds recognize the importance of gender-climate integration but cannot operationalize it. Existing frameworks (including 2x)⁸ tend to define what integration looks like, not how to get there.

KEY ACTIONS

- **Develop strategy-specific playbooks** that translate gender-climate principles into concrete investment screening, portfolio support, and measurement practices
- **Build benchmarking tools** so funds can assess their current integration maturity and identify the next step
- **Create a shared, openly accessible repository of tools and standards** to reduce duplication and accelerate adoption

IMPACT:

Helps funds shift from simply recognizing gender-climate importance to operationalizing integrated strategies that strengthen investment theses, enhance deal flow, and drive sustainable impact.

RECOMMENDATION 5 - FOR: CATALYTIC CAPITAL PROVIDERS, DFIS, INDUSTRY ASSOCIATIONS

Improve coordination, benchmarking and data sharing around impact, structuring and sources

THE PROBLEM

Similar funds receive inconsistent and uncoordinated support. The result is duplication, funding gaps, longer fundraising timelines, and catalytic capital that fails to be genuinely additional.

KEY ACTIONS

- **Strengthen shared data infrastructure** to track blended finance structures, pricing, and performance — enabling evidence-based deployment decisions
- **Develop transparent benchmarks** for appropriate concessional support levels by fund profile and risk category
- **Establish coordination mechanisms** among catalytic investors to align mandates, eliminate gaps, and prevent overlapping support to the same vehicles

IMPACT: Transforms a fragmented ecosystem into a coherent one — where every dollar of catalytic capital is deployed with full awareness of what the rest of the field is doing.

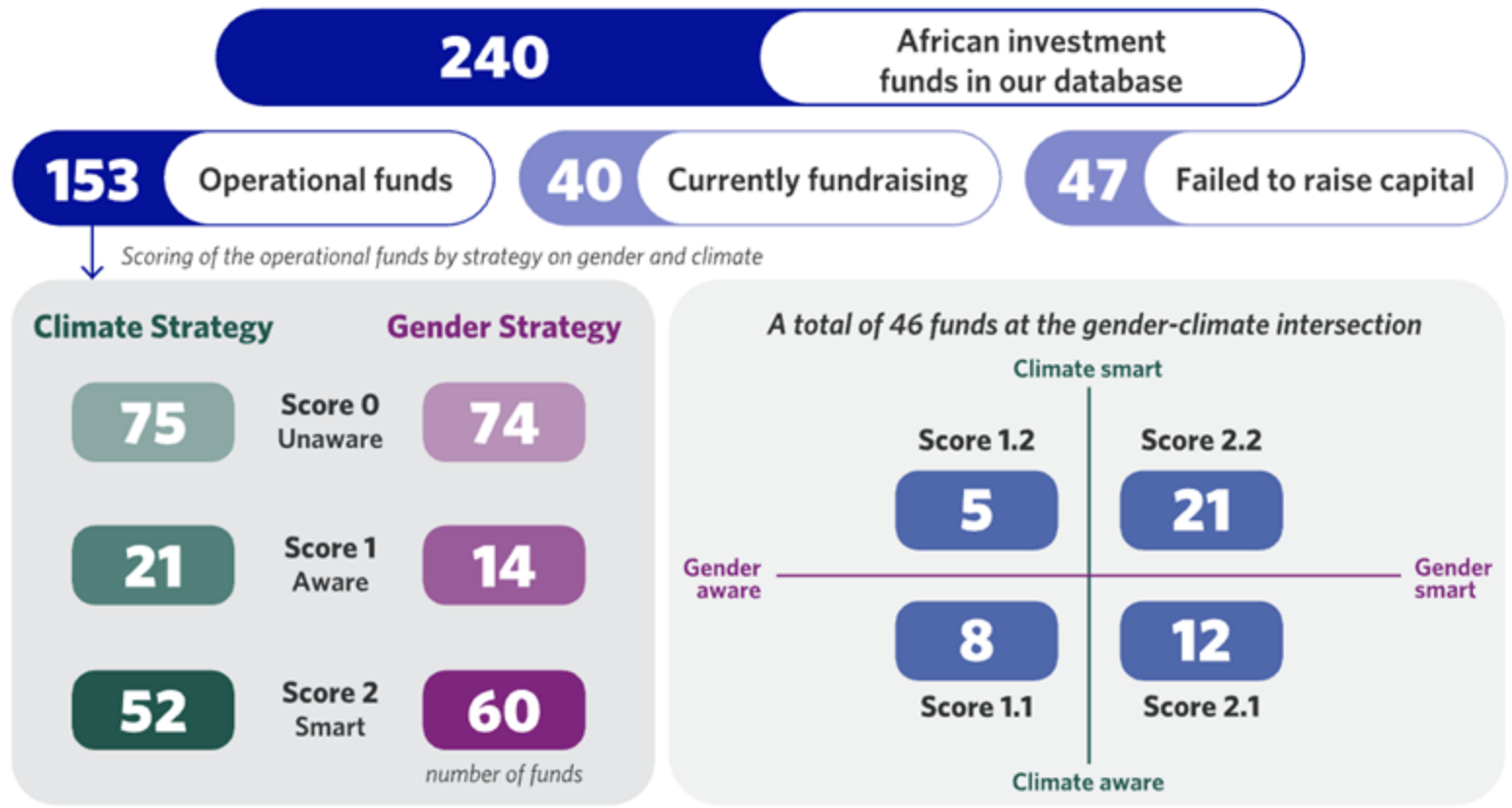
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Appendix 1: Methodology

Each fund was assessed across two dimensions: the depth and intentionality of its gender strategy and its climate strategy, based on publicly available information and proprietary data.



- A 0-2 scoring framework was applied to the database reflecting the degree of integration of gender and climate focus within the fund’s investment thesis, governance, and operational practices.
- Funds scoring at least 1 on both gender and climate dimensions were classified as operating at the gender-climate nexus.

This process resulted in a final sample of **46 “Nexus Funds”**.

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