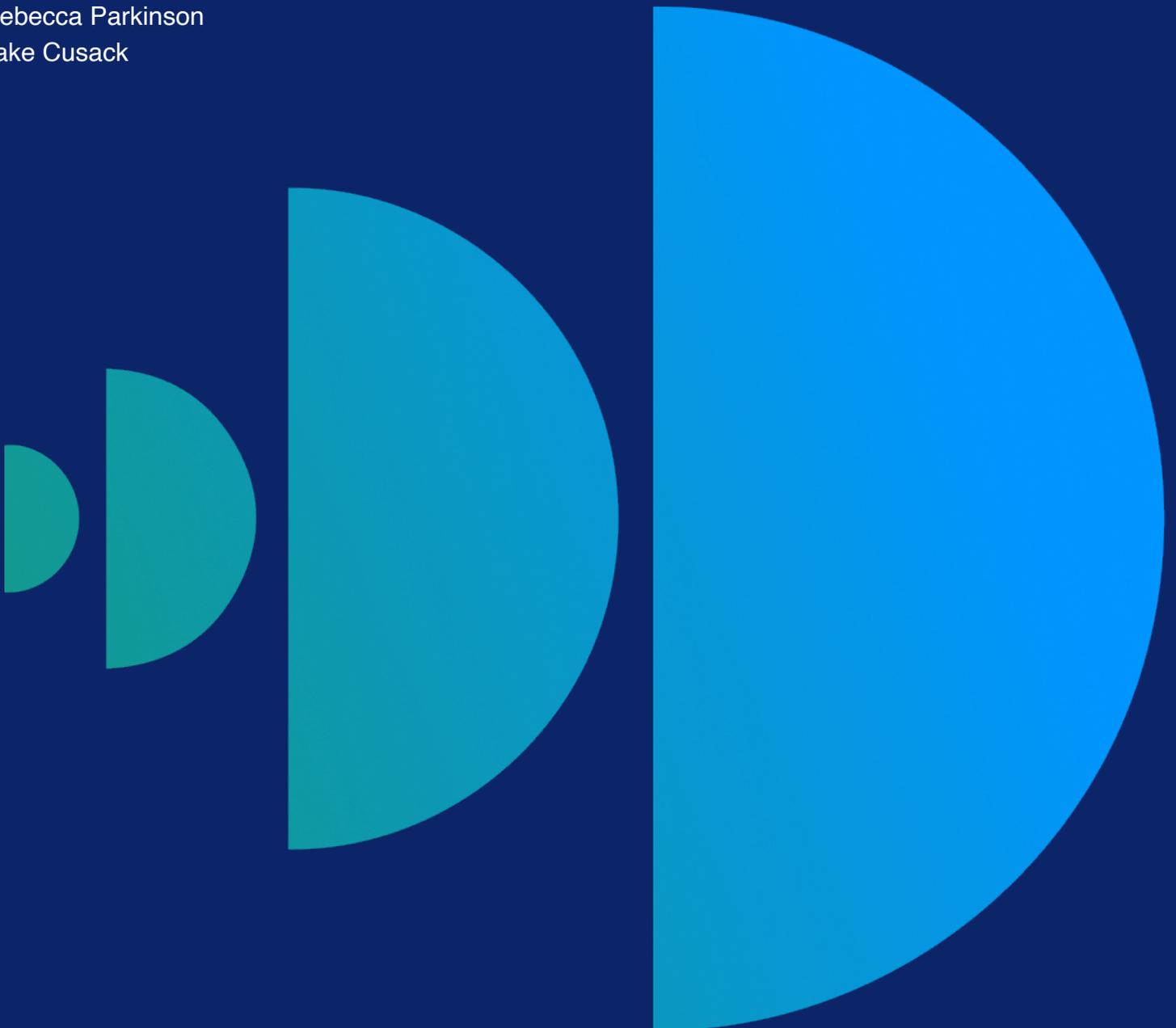




First In, Many Follow: How Foundations are Anchoring the Next Wave of Blended Finance

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May 2025: A closed-door session brings together top-tier philanthropies, investment banks, advisors, and commercial investors to discuss a shared reality—declining official development assistance (ODA) and the growing need for more capital, both commercial and catalytic, to flow into impact sectors.

The challenges are familiar. Commercial investors point to a lack of pipeline and a scarcity of well-structured blended finance deals in which they can participate.

Philanthropies cite three main concerns: their capital being treated as “dumb money,” being consistently asked to boost commercial returns, and impact being treated as an afterthought.

Impact, additionality, and leverage expectations are misaligned across various foundations. The session ends with commercial and concessional capital providers pointing fingers at one another, each waiting for the other to move first.

The outcome: despite broad agreement that more blended finance is needed, multiple transactions in the market fail to attract commercial capital, concessional capital, or either—and fail to address the fundamental differences between these groups of capital providers.

This is not a new dynamic: it has been eleven years since the term “blended finance” was coined, and fifteen years since CrossBoundary structured its first blended finance deal. Yet the core issues various classes of investors raise today are strikingly similar to those raised then. Now, in a world of shrinking ODA, it is more important than ever for philanthropies to step in and fill the gap that has been created in impact sectors.

In the following sections, we unpack a simple construct of blended finance for philanthropies and aim to address some of the critical constraints in the field through a simplified, intuitive framework that we often apply in practice as blended finance practitioners.

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What is Blended Finance?

In *Every Deal is a Blended Finance Deal*,¹ CrossBoundary Co-founder and Managing Partner Jake Cusack notes that every deal has positive or negative externalities that are not fully captured in its financial returns. Blended finance acknowledges these externalities and asks whether they warrant additional compensation, such as revenue subsidies or a lower cost of capital, or penalties, such as taxes or fines, and whether future mechanisms may eventually price them in. In simple terms, blended finance is a structuring approach (as opposed to an investment strategy) that allows organizations with different objectives to invest alongside each other while achieving their own objectives, whether financial return, social impact, or a blend of both.²

Why Does Philanthropy Matter in Blended Finance?

Where material externalities exist but are not yet financially incentivized or disincentivized, policy or philanthropic intervention is necessary. There may be significant impact on the public good, but it is typically not yet rewarded by the market. Many natural capital and social outcomes fall into this category.

A catalytic capital component (often contributed by philanthropies) of a blended finance deal accepts disproportionate risk and/or concessionary returns to generate positive impact and thereby enable third-party investment that would not otherwise be possible.³

Why Should Blended Finance Matter to Foundations?

Blended finance is increasingly seen as a highly effective philanthropic strategy for two reasons:⁴

1. **Capital Preservation**—depending on the transaction, a philanthropic organization can expect that some or all of the capital contributed to a blended transaction will be returned for redeployment, resulting in a multiplier effect on their funding.

¹ Cusack, J. (2024, May). *Every deal is a blended finance deal*. CrossBoundary Group. <https://crossboundary.com/every-deal-is-a-blended-finance-deal/>

² Convergence. (n.d.). Blended finance. <https://www.convergence.finance/blended-finance>

³ Tideline. (2019). *Catalytic capital: Unlocking more investment and impact*. <https://tideline.com/catalytic-capital-unlocking-more-investment-and-impact/>

⁴ Blended Finance and Investor Engagement Unit, DFAT. (2024, October 11). Blended finance – philanthropy's next frontier? *Philanthropy Australia*. <https://www.philanthropy.org.au/news-and-stories/blended-finance-philanthropys-next-frontier/>

Blended Finance in Action: An Example From Daily Life

Neil is pursuing graduate studies after five years at a Big Four firm and is considering a student loan. He compares his projected earnings against his fixed and living costs and realizes that servicing a full loan at current interest rates would be burdensome. Instead of relying purely on the bank loan, Neil structures his “capital stack”:

- ❖ He convinces his parents to contribute non-returnable funds (a “grant”).
- ❖ He puts in his own savings (“owner’s equity”).
- ❖ The rest is financed through a student loan (“debt”).

This blended approach reduces Neil’s loan burden during the formative years of his career, improves affordability, and makes the plan and his career viable.

Society has always blended capital; development finance simply formalized the term. Despite it being ingrained in common sense, we have, over time, overcomplicated its application.



2. **Capital Crowd-in**—by providing a catalytic capital tranche in a blended finance transaction to a mission-aligned fund, bond, or project, a greater volume of capital flows to a cause the organization cares deeply about, thereby enabling interventions, companies, and projects to scale beyond what would have been possible with a direct grant.

As such, for foundations, blended finance is not about replacing grants but finding more effective pathways to deploy that capital. Grants remain an important and effective tool for scaling innovation and supporting early-stage adoption. Blended finance can be used as a tool to help the same innovations and projects scale further and steer them toward sustainability and reduced grant reliance as they mature, without compromising on mission.

Regional Context



United States Context	Europe Context	Asia Context
<p>Total estimated charitable giving in the US increased to US\$592 billion in 2024, a 5.3% increase from 2023, with giving by individuals increasing to US\$292 billion (8.2%) and giving by foundations increasing to US\$110 billion (2.4%)⁵. Philanthropic capital in the US is also becoming more structured. The proportion of donors utilizing formal giving vehicles rose from 11% in 2015 to 18% in 2024, and nearly half of high-net-worth households with assets between US\$5 million and US\$20 million report having or planning to establish such a vehicle.⁶ As donors in the US become more strategic in their giving, there is increasing pressure to maximize the impact per dollar spent.</p>	<p>In Europe, there are over 180,000 foundations that in total spent EUR 54 billion in 2023, representing approximately 30% of global philanthropic capital.⁷ Sagana, in its 2025 report on European foundations,⁸ found that when foundations have engaged with catalytic capital, it is often the programmatic (grant-making) capital that is most likely to be invested in less familiar markets—for example, to support small and growing businesses in emerging and developing economies. Most foundations wish to be recognized for the impact they bring to the world rather than as enablers (catalyzers) of third-party capital.</p>	<p>Philanthropy in Asia is deeply rooted in cultural and religious traditions, with giving and community support integral to society. This ethos of generosity has evolved alongside rapid economic growth and the rise of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs).⁹ This surge in wealth has shifted philanthropy from ad hoc charity to structured, strategic giving. Family offices, managing family wealth, are increasingly driving impact-focused philanthropy. In Singapore alone, an estimated 1,400 single-family offices,¹⁰ many led by next-generation philanthropists, prioritize ESG criteria and evidence-based interventions.</p>



Blended Finance Participation Trends for Foundations

Foundations and philanthropic actors globally have only recently begun leaning into catalytic capital within blended finance. Historically, while their participation has at times driven amplified outcomes, it has not been consistent. Over the past decade, Convergence has recorded 236 blended finance transactions that include at least one foundation as an investor, totaling \$24.2 billion in aggregate financing (See Figure 1).

Figure 01

Annual Deal Count and Aggregate Financing of Transactions with Foundation Investors and All transactions within the HDD, 2014-2023



Note. Adapted from Convergence (2024)¹

The thinking and practice of philanthropic giving are evolving, and foundations are increasingly engaging with the idea that by strategically aligning resources, philanthropy can move beyond traditional charity and become a catalyst for sustainable, scalable solutions. Whether by funding early-stage innovations, catalyzing significant investment volumes in critical sectors, or building impact-driven investment ecosystems, leading philanthropic actors are already demonstrating a transformative role by driving blended finance models and participation.

Since 2022, philanthropic investors have contributed US\$100 million in catalytic capital to blended finance transactions.⁵ As mission-driven organizations, foundations and philanthropists are focusing their funding on high-impact areas and specific challenges. Foundations are learning to identify areas of market failure and use their relatively scarce forms of capital to mobilize significant private investment into those sectors. Globally, a few emerging themes stand out:

Collaboration is common. Just over half of recorded transactions (122) have two or more foundations as investors, and just over three-quarters of active investors are private foundations (versus corporate foundations). Foundations can participate together in syndicated tiers within blended finance transactions. Impact investors and NGOs are the most common project sponsors, but less common partners than DFIs and commercial investors.⁶

⁵ Convergence. (2025). *State of blended finance 2025*. <https://www.convergence.finance/resource/state-of-blended-finance-2025/view>

⁶ Convergence. (2024, December). *Blending with foundations* [Data brief]. <https://www.convergence.finance/resource/blending-with-foundations/view>



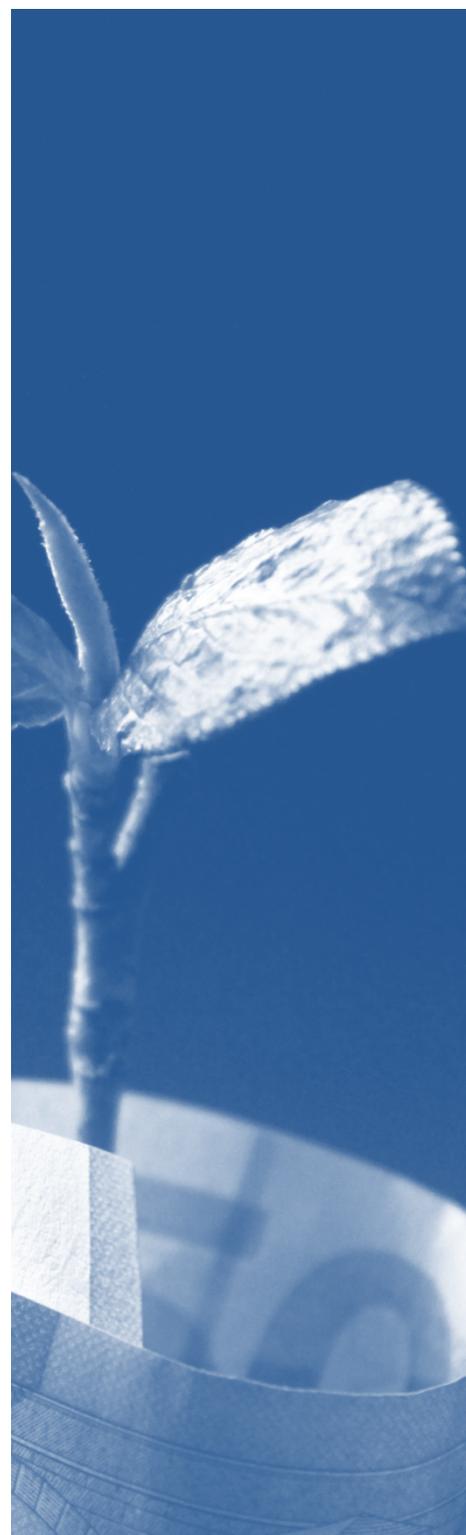
Foundations have utilized all their funding tools (from endowments through to programmatic granting) along the risk/return spectrum to support outcomes. Design-stage grants or technical assistance (TA) facilities are found in a far higher proportion within deals funded by foundations than in those that are not.⁷

Catalyzing additional investment for mission-driven outcomes can be a stand-alone objective. Two-thirds of foundation investment commitments are concessional, indicating that foundations are largely using financial tools within the blended finance structure as a means of mobilizing commercial investors. The Shell Foundation (32 commitments), the Gates Foundation (31), and the Rockefeller Foundation (22) have the most concessional financial commitments, while the Omidyar Network (10), Shell Foundation (9), and Fundación Netri (6) have the most commercial financial commitments.⁸

Foundations can achieve significant additionality with small investment sizes by clearly targeting high-impact but less mature sectors. Transactions partly funded by foundations have a median deal size of US\$34.5 million, compared to US\$54.4 million for those that do not have a foundation investor. The median size of an investment from a foundation into a blended transaction is US\$2 million.

Scale, standardization, and fiduciary obligations are achieved by investing in blended funds managed by both proven and impact-specialist fund managers. Funds (rather than project finance, direct investments, or bonds) are the preferred blended vehicle for foundations, accounting for 51% of all blended transactions partly funded by foundations.⁹

Leading foundations have shown how to start. European foundations that intentionally leverage third-party capital tend to be those that take a systemic view of their solutions¹⁰—that is, they focus on addressing root causes and creating long-term, sustainable change, choosing to support initiatives that aim to transform entire systems rather than just alleviating symptoms. Key success factors for European foundations beginning to deploy catalytic capital include outward-looking leadership that adopts blended finance as a new tool, risk tolerance that makes room for experimentation and learning, proactive change management, and upskilling of grant-making teams in new financing approaches.



⁷ Convergence. (2025). *State of blended finance 2025*. <https://www.convergence.finance/resource/state-of-blended-finance-2025/view>

⁸ Convergence. (2024, December). Blending with foundations [Data brief]. <https://www.convergence.finance/resource/blending-with-foundations/view>

⁹ Convergence. (2025). *State of blended finance 2025*. <https://www.convergence.finance/resource/state-of-blended-finance-2025/view>

¹⁰ Sagana & Dutch Ministry of Foreign Affairs. (2025, April). *European foundations: Their investments in small and growing businesses in emerging markets and their perspective on catalyzing third-party investments*. <https://sagana.com/report/1176/>



Practical tools exist to support supply-side capital in closing capital market gaps.¹¹ Leading foundations are recognizing that such gaps stem from both a lack of investment readiness on the demand side and investors' own knowledge, attitudes, requirements, and expectations. While improving in-house knowledge and understanding is important, many foundations are increasingly using external support in origination, due diligence, and deal-making. Initiatives like the Catalytic Capital Consortium bring foundations together to move past simplistic framings—labeling enterprises and communities as “hard to reach” and perceiving investors as “reluctant to serve”—to articulate investment strategies that address transient and structural capital gaps and to share tools and practices that guide deployment.¹²

What Does Participation in Blended Finance Look Like for Foundations?

Foundations can play an increasingly catalytic role in blended finance. By allowing flexibility in their capital, they can help crowd in private investors across different structures, creating a strong multiplier effect. The key characteristic of this capital is the ability to take early risks in sectors where traditional finance does not naturally flow.

However, blended finance is not an answer to all market failures, and it is always advisable to be intentional about its use. Too often, practitioners start with an instrument or a tool and try to find market failures that fit and can justify the use of that structure. This often leads to unsuccessful structures that are unable to crowd in capital or achieve impact.

Where to start

Before getting into structures and instruments, it comes down to four basic questions that a foundation needs to answer:

- **What is our mission?** This focuses on the long-term change that the foundation is trying to enable.
- **What market failure is preventing this from happening?** Is it a demand problem, a regulatory problem, a finance problem, problems associated with information asymmetry, or a mix of all of these? Blended finance is most effective where these constraints translate into a financing or risk-return gap that concessional capital can help overcome. See the illustrative example “How to Address Market Failures”.
- **What is the impact we want to see?** Defining this clearly is essential, as it underpins the credibility and additionality of catalytic capital.
- **What scale and level of leverage is appropriate?** Early alignment on the level of mobilization that is realistic and desirable is important, without compromising additionality or distorting the market.

¹¹ Catalytic Capital Consortium. (n.d.). Research & learning. <https://catalyticcapitalconsortium.org/research-learning/>

¹² Koh, H. (2024, January 18). 5 myths preventing catalytic capital from going where it's needed. *Stanford Social Innovation Review*. <https://ssir.org/articles/entry/impact-investing-catalytic-capital-myths>



Example: How to Address Market Failures (*illustrative*)

Indonesia’s cooling demand, attributed to air conditioning and refrigeration systems, is projected to account for approximately 30% of the country’s electricity consumption, driven by climate, urbanization, and rising incomes. Climate change is further accelerating this demand and locking in a vicious cycle of higher energy use and emissions.

Company X designs and sells efficient, low-cost cooling appliances to low-income households using pay-as-you-go or installment financing to align expenses with household cash flows. It distributes through local retailers and partners (utilities, housing programs, and NGOs).

Market Failure	Market Failure Type	Is Blended Finance Applicable?
Consumers are used to familiar fans and don’t trust new cooling technologies, even when they are affordable and more efficient	Demand problem	No—this is an adoption and behavior change issue, often better addressed through awareness, pilots, regulatory push, and standards
Energy subsidies and procurement rules favor conventional ACs, incentives for efficient or alternative cooling solutions are limited	Regulatory/ policy problem	Limited—this is primarily a policy issue; blended finance may only help bridge transition risk but doesn’t push adoption
The segment has thin margins and high perceived customer risk which prevent lenders from offering consumer financing or PAYGo financing at scale	Financing/risk-return problem	Yes—first-loss capital, guarantees, or concessional debt can crowd in lenders
Consumers and financiers lack credible data on energy savings, durability, and loan repayment	Information asymmetry	Maybe (indirectly)—anchor capital and guarantees can signal viability and reduce perceived risk

Once the above questions are answered, additional tools can help translate intent into action:

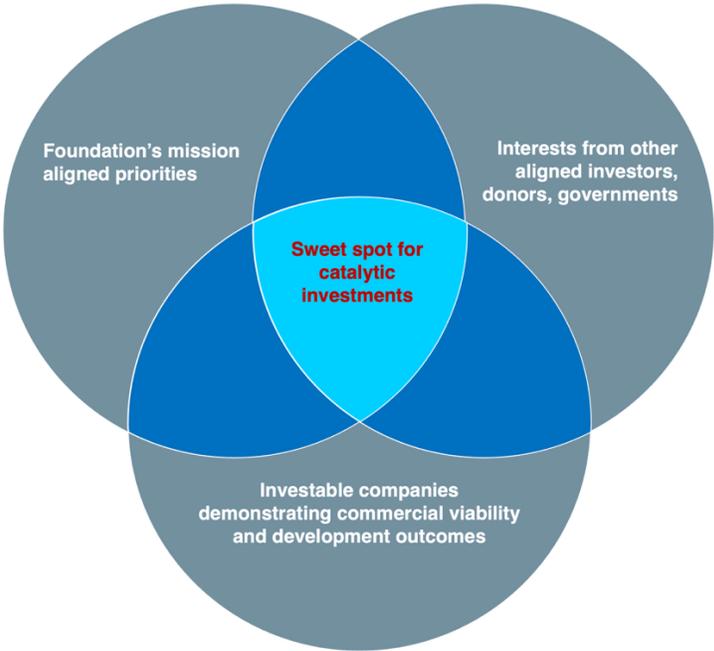
1. **Interest from other capital providers:** A capital map can help clarify the roles of various forms of capital, how they can be aligned at different stages of the objective, and where foundation capital can play an additive and catalytic role relative to other investors.
2. **Investable pipeline:** Investable pipeline development is critically important to ensure the right market failures are identified—those rooted in real challenges faced by potential end beneficiaries and investees. This ensures that structures and interventions are grounded in market reality and built on a credible pipeline, avoiding underutilization or weak deal flow later on.

Ultimately, the “Goldilocks zone for catalytic capital”—that is, blended finance for foundations—lies at the



intersection of a foundation’s mission-aligned priorities, interest from other aligned capital providers, and a real investable pipeline capable of delivering both commercial viability and impact (see Figure 2).

Figure 02 Finding the Catalytic Investment Sweet Spot



How to Think About Impact and Leverage in Blended Finance – A Simplified Framework

A blended finance intervention is truly catalytic if it meaningfully balances impact and leverage. Different philanthropies often land in very different places when it comes to the real trade-off: how do you balance depth of impact with the volume of capital you can crowd in? It ultimately comes down to their mission, vision, and how much risk they are willing to take to get there.

Impact and leverage can often be assessed together across four common dimensions:

- **Capital:** Does the intervention mobilize capital that would not otherwise be available, or enable different types of capital to participate?
- **Risk:** Does catalytic capital absorb early or downside risk that is preventing private investors from engaging?
- **Timing:** Does the intervention accelerate deployment, scale, or market entry in ways that materially affect outcomes?
- **Demonstration:** Does the structure change future market behavior, enabling replication with less or no concessional capital over time?

Counterfactuals should focus on addressing additionality rather than theoretical metrics

Counterfactuals should be grounded in current market evidence, including feedback from the pipeline and from investors, as well as historical market evidence through transaction patterns.

The core question is simple: What would have happened without the foundation's intervention, and how does the structure change investor or market behavior?

This can be captured through a simple theory of change: the blended finance structure drives behavior change, generating investment outcomes, and in turn delivering development impact.



Capital

Mobilize new or different capital



Risk

Absorb early or downside risk



Timing

Accelerate scale or market entry



Demonstration

Change market behavior over time



Impact: The First Pillar

Impact is the key starting point of any structuring exercise, and a solid impact framework should be front of mind throughout the structuring, execution, and post-investment phases. We recommend ex ante impact assessment to start with necessity and causality. Too often, there is a tendency to base the impact framework on forecast outcomes in isolation, which may lead to weak or failed blended finance structures. The right starting point is not what the desired outcomes are, but how catalytic capital can be truly additional without compromising end-user and population-level metrics, which remain critical for ex post assessment. Foundations can consider additionality by assessing whether their capital is unlocking investment that would not occur on similar terms without intervention—by absorbing early risk, reducing the cost of capital, accelerating timelines, or enabling first-of-a-kind structures. If the same outcomes would materialize anyway, blended finance is probably not the right answer.

Leverage: The Second Pillar

Leverage is often misunderstood and misinterpreted, especially by concessional and catalytic capital providers. We are often asked: Why is crowding in private capital important? Capital available from individual philanthropies is rarely sufficient to drive outsized impact or systemic change, whether in a single deal or across the ecosystem. As such, mobilizing private capital is essential for the sustained growth of both the company and the ecosystem. This doesn't necessarily mean protecting commercial returns, but rather leads to the strategic use of catalytic capital to enable scale, sustainable growth, and replication over time.

Foundations should look at leverage as a diagnostic, not a target. In blended finance, leverage is not about maximizing a headline multiple. In many cases, the most impactful uses of catalytic capital show lower initial leverage. Therefore, we recommend using leverage as a barometer of behavioral change and assessing it dynamically over time. The relevant question is not only how much capital is mobilized per dollar of concessional capital, but whether catalytic capital unlocks investment that would not otherwise occur, by addressing the same four dimensions above. Over time, successful blended finance models should generate increasing leverage through replication and learning, even as reliance on concessional capital declines.



1

Core Questions of Blended Finance



Capital: Does the intervention mobilise capital that would not otherwise be available, or enable different types of capital to participate?



Risk: Does catalytic capital absorb early or downside risk that is preventing private investors from engaging?



Timing: Does the intervention accelerate deployment, scale, or market entry in ways that materially affect outcomes?



Demonstration: Does the structure change future market behaviour, enabling replication with less or no concessional capital over time?

2

What additionality does it deliver?



Capital Additionality: Would this volume or type of private capital be mobilised at all without catalytic support?



Timing Additionality: Would the investment occur later, at smaller scale, or only following policy or subsidy changes?



Demonstration Additionality: Does the structure enable first-of-kind transactions, new asset classes, or new investor participation that would otherwise not exist?

3

How will this mobilize others?



Capital Leverage: How much private capital is mobilised per dollar of catalytic capital? Useful but insufficient alone: high leverage can coexist with low additionality if capital would have entered regardless.



Risk Leverage: How much private capital is unlocked by absorbing a small amount of early or downside risk? Often the most meaningful metric, as it directly addresses the binding constraint



Timing Leverage: How much sooner does capital deploy because catalytic support is present? Earlier entry into high-potential structures can have outsized impact even when the capital multiple looks modest.



Demonstration Leverage: Does this deal or platform shift future market behaviour? The most overlooked yet potentially most impactful metric - initial transactions may show low multiples, but replication over time with little or no concessional capital can yield leverage exceeding 200x

How to Participate in Blended Finance – An Integrated Approach

Once there is clarity on market failure, impact, and leverage, we find it helpful to simplify decision-making along two dimensions:

- Outcome ambition: Are you seeking direct, transaction-level outcomes, or are you aiming for broader market or systems change that may reshape how capital flows beyond individual deals?
- Participation approach: Are you looking to invest alone off your own balance sheet, or to work in partnership with other funders through coalitions, pooled vehicles, or platforms?

Putting these together, a simple 2x2 framework leads to four archetypes of blended finance participation and can help foundations decide where they want to play (see Figure 4).

Figure 04

2x2 Framework for Blended Finance Participation for Foundations



Some key features across these participation archetypes are below:

Direct Steward: *Direct support to a single organization or project, with flexible capital aligned to the foundation's mission.*

- **Motivation:** Advance the foundation's predefined thematic / social environmental goals
- **Mechanism:** Direct grant or investment into one company, project, or enterprise
- **Decision-maker:** Single foundation
- **Capital:** Flexible use of grants, equity, debt, or other instruments over time
- **Control:** High - foundation sets instruments, terms, and pacing
- **Typical use:** Backing mission aligned organizations as they grow and mature.

Collaborative Investor: *Participation in a predefined blended vehicle alongside other investors.*

- **Motivation:** Advance mission aligned outcomes with greater scale and leverage
- **Mechanism:** Fund, bond, or structured vehicle with defined terms
- **Decision-maker:** Individual foundation opts in, within a shared structure
- **Capital:** Selected role within a capital stack (e.g. grant, first loss, concessional)
- **Control:** Shared - governed by vehicle and tranche design
- **Typical use:** Doing larger or riskier deals by sharing risk and effort.

Strategic Architect: *A foundation led strategy to address a systemic challenge, delivered through a specialist intermediary.*

- **Motivation:** Design and prove new market or financing models while leveraging external expertise for execution.
- **Mechanism:** Intermediated fund, platform, or strategy designed around a foundation defined mandate.
- **Decision maker:** Single foundation defines objectives, scope, and success.
- **Capital:** Flexible capital, often including grants and other catalytic instruments.
- **Control:** Strategic - mission and mandate retained, execution delegated.
- **Typical use:** Driving systemic change while outsourcing sourcing, structuring, and deal execution.

Market Builder: *Co-creation of platforms or coalitions designed to address systemic market failures.*

- **Motivation:** Change how a market functions and unlock new pipelines, sectors, or investment models at scale.
- **Mechanism:** Intermediated platform deploying catalytic capital across multiple deals, built jointly with partners.
- **Decision maker:** Multiple funders jointly shape strategy and governance.
- **Capital:** Anchor or catalytic capital alongside other philanthropic and institutional partners.
- **Control:** Shared - coalition or platform led decision making.
- **Typical use:** Tackling problems too large or complex for any single funder to address alone.



Foundations typically enter blended finance through one of four pathways, and over time, many move across quadrants. We have often observed foundations adding tools as they encounter persistent market constraints, partnering when execution and deal-making capacity is the binding constraint, and building internal capability once approaches show results and become replicable at scale. Some foundations may also be able to use various combinations of tools across quadrants from the outset, depending on appetite and capabilities.

We showcase a few case studies relevant to each quadrant in the annex, showing various ways in which foundations—and in some cases other government donors—have participated in blended finance.

Conclusion

We are at a moment when, despite concerns about shrinking ODA, there is a growing landscape of exciting innovations and impactful interventions across sectors and markets. This presents an unprecedented opportunity for foundations to step up and take measured risk—something that can go a long way toward reshaping how financing is done in the years to come. All that is needed is clear intention and aligned thinking, keeping in mind the core principles of why we ever started exploring blended finance; practical methodologies exist to quickly arrive at the right solution for the right problem.



Annex: Case Studies

Archetype: Direct Steward

Project/Initiative Sponsor: Shell Foundation Gender Results Based Financing Pilot	
Description	<p>Shell Foundation, together with Odyssey Energy Solutions and CrossBoundary, funded by the FCDO, piloted a results-based financing (RBF) program to increase women’s access to income-generating productive use appliances. The goal of the pilot was to design an innovative incentive structure that could help improve women’s livelihoods through increased income and savings, alongside time savings and improved health, and gather learnings from the pilot that could inform a potential full-scale roll-out.</p> <p>The pilot focused on four key appliances (cold storage, AG mills, cookstoves, and water pumps) working with separate distributors for each. The incentive targeted both distributors and women customers to drive uptake of income-generating appliances through supply- and demand-side stimulation. Of the total incentive, up to 70% was allocated to distributors to address working capital needs and better reach women customers, while at least 30% directly reduced appliance costs for women to improve affordability. Subsidy levels were tailored to each appliance considering its income potential, price, market maturity, and availability of other support such as carbon credits, ensuring resources were directed where they could provide the greatest impact and additionality. Since direct payment transfers to customers were difficult to administer, subsidies flowed through distributors as discounts to the various payment plans offered by distributors. Payments to the distributors were tied to two to three clear milestones: (i) confirmation of a verified sale to a woman and completion of a baseline survey; (ii) demonstration of consistent usage of the appliance (for cookstoves only) and completion of endline surveys. To reinforce impact, the pilot also included technical assistance to help distributors better reach and serve women customers.</p> <p>The US\$500k pilot is expected to generate US\$4.6m in income gains (9.2x return) for 2,500 women, demonstrating the potential of gender-targeted RBF at scale.</p>
Core motivator	Mission area: gender equity, income upliftment, and productive use of energy. The starting point was evidence that women are primary users of off-grid energy but remain under-represented as owners of income-generating appliances and businesses.
How—starting point	Shell Foundation conducted a landscape assessment focused on gender and productive use of energy (PUE) appliances to understand the funding gap, as well as the state of RBF catering to this segment. Based on the learnings, CrossBoundary and Odyssey Energy Solutions designed a pilot to test the feasibility of a gender RBF structure.
Market failure addressed	High upfront appliance costs, weak incentives for distributors to target women customers, lack of credible impact data to attract commercial capital, and underinvestment in gender-specific distribution, financing, and marketing models.
Benefits for the foundation/asset owner	<p>For Shell Foundation, the pilot generated practical, evidence-based learnings on how to design gender-intentional RBF mechanisms. It also provided insight into where limited concessional funding can be most effective in driving gender outcomes.</p> <p>Shell Foundation’s catalytic use of grant capital (US\$500k) unlocked US\$4.6m+ in expected lifetime income gains (9.2x leverage), generated independently verified gender and income impact data, tested scalable RBF design features, and identified pathways to crowd in future commercial and impact investors through demonstrated proof points.</p>
Benefits for the investee	<p>Participating distributors received performance-linked payments that reduced the risk of experimenting with new customer segments and sales strategies, while women end-users benefited from improved affordability and access to income-generating appliances, supporting increased earnings and economic resilience</p> <ul style="list-style-type: none"> • 81% of women reported increased income • 77% improved their ability to save • 57% reduced time spent on business tasks • 77% reported improved household health



Helpful prerequisites for the sponsor	Clear gender objectives, risk-tolerant and patient capital, ability to fund technical assistance and third-party impact verification, access to a technology platform for milestone tracking and disbursement, and sufficient program duration to allow business model experimentation and learning
Challenges and learnings	<ul style="list-style-type: none"> • PUE appliances increased women's incomes by, on average, 36%, and provided additional benefits such as increased savings, reduced time on burdensome activities, and improved health. • End-user subsidies were complex to implement and difficult to sustain, and pricing and payment-plan adjustments created repayment risks. An increased focus on enterprise-level funding would allow appliance distributors to innovate on models that enable them to better reach women customers. • Short pilot duration limited the depth of business model change. • Distributor-led data collection proved burdensome. Third-party data collection is critical for scale.
Example deal	N/A
Sources	CrossBoundary learnings from project execution and pilot learnings report ¹³

Archetype: Collaborative Investor

Project/Initiative Sponsor: CrossBoundary Energy I	
Description	<p>CrossBoundary Energy I (CBE I) was Africa's first dedicated commercial & industrial (C&I) solar investment fund, established to finance, own, and operate distributed solar PV assets for businesses across Sub-Saharan Africa. The fund used a blended finance, two-tier equity structure, combining a subordinated, capped-return first-loss tranche from US Foreign Assistance with senior commercial equity. CBE I invested in on-site solar projects under long-term power purchase agreements (PPAs), removing upfront capital and technical risk for African businesses while delivering reliable, lower-cost electricity.</p> <p>Since the initial US\$1.3m catalytic tranche, CrossBoundary Energy has raised hundreds of millions of dollars in cumulative private capital across later funds and platforms, building Africa's C&I solar market. Fund I achieved a successful exit in 2020, with assets consolidated into a permanent operating platform.</p>
Core motivator	Demonstrate that C&I solar in Africa is fundamentally commercial but underfinanced due to perceived risk, lack of precedent, and unfamiliarity with distributed energy business models among investors.
How—starting point	Mission focus: energy access, private-sector productivity, and climate mitigation. The starting point was CrossBoundary's advisory experience, which revealed that African businesses faced high power costs and unreliable grids, while investors lacked vehicles to deploy capital into mid-scale distributed energy assets.
Market failure addressed	The fund addressed multiple market failures: (i) absence of long-term project finance for mid-scale C&I solar; (ii) high perceived counterparty and technology risk; (iii) lack of standardized PPAs and asset aggregation; (iv) investor discomfort with first-time distributed energy platforms; and (v) high upfront capital requirements for corporate off-takers. CBE I solved this through asset ownership, portfolio aggregation, and concessional first-loss capital.
Benefits for the foundation/asset owner	For US foreign assistance and other catalytic funders, CBE I offered: (i) strong demonstration effects for a new asset class; (ii) efficient use of concessional capital (first-loss capped at ~15%); (iii) crowd-in of returns-first private capital; and (iv) proof that C&I solar could scale without ongoing subsidy.
Benefits for the investee	Business customers received cheaper, cleaner, and more reliable electricity with zero upfront capital, reduced exposure to fuel price volatility, and transferred technical and operational risk. For developers, the fund provided a scalable financing and ownership platform.

¹³ Shell Foundation. (2026, March 8). *Gender results-based financing pilot* [Learning report]. <https://shellfoundation.org/learning-report/gender-results-based-financing-pilot/>



Helpful prerequisites for the sponsor	Anchor concessional capital willing to take first loss; strong in-house technical and asset management capability; standardized PPAs; ability to aggregate assets across countries; and credible sponsors with deep local operating presence.
Challenges and learnings	<ul style="list-style-type: none"> • Modest first-loss capital can be highly catalytic—a relatively small subordinated tranche (≈13–15%) was sufficient to crowd in returns-oriented private equity and unlock a new asset class. • C&I solar proved more commercial than initially expected. Once demonstrated at scale, the sector no longer required as much concessional support as anticipated, confirming its long-term viability. • Standardization was critical to scaling. Replicable PPAs, asset aggregation, and portfolio-level structuring were essential to reducing transaction costs and investor friction. • Early wins built investor confidence; closing and operating initial projects successfully was key to overcoming first-mover risk and attracting follow-on capital.
Example deal	Garden City Mall, Nairobi, Kenya: 858 kWp grid-tied solar-hybrid system. Kigali Genocide Memorial, Kigali, Rwanda: 20.5 kWp grid-tied solar system.
Sources	CrossBoundary learnings.

Archetype: Strategic Architect

Project/Initiative Sponsor: US Foreign Assistance Water Energy 4 Food (WE4F) South and Southeast Asia Hub	
Description	The Water and Energy for Food (WE4F) Grand Challenge is a joint international initiative that supports sustainable innovations in agriculture to increase food production, reduce water use, and improve energy efficiency. It focuses on enhancing the livelihoods of smallholder farmers while ensuring environmental resilience, particularly in developing countries and emerging markets. CrossBoundary acted as a transaction advisor under this program.
Core motivator	Support the scaling-up of climate-friendly, environmentally sustainable, and energy and/or water-efficient innovations in the water-energy-food (WE4F) nexus across South and Southeast Asia, with a focus on women and low-income populations.
How—starting point	Mission focus: climate-smart agriculture.
Market failure addressed	Many of the target enterprises were small or growth-stage innovators with promising products or business models but were not yet investor-ready. Businesses were often too small, too early, or too operationally underdeveloped to attract investors on their own, despite having commercially relevant solutions. Specific market failures addressed included: (i) low investment readiness among small impact enterprises; (ii) limited ability of founders to build robust financial models and investor materials; (iii) weak matchmaking between enterprises and appropriate investors; (iv) high transaction costs for investors to assess smaller enterprises across fragmented markets; and (v) lack of neutral intermediary support to help deals progress from interest to close. The program therefore funded a platform approach: identify promising innovators across multiple countries and sectors, provide tailored technical assistance and transaction support, and connect them to relevant capital providers through a structured pipeline.
Benefits for the foundation/asset owner	For US foreign assistance, this model offered (i) broader regional reach across 15 countries; (ii) a higher chance of success by supporting multiple enterprises rather than a single bet; (iii) a stronger probability of capital mobilization by combining TA with transaction intermediation; and (iv) catalytic use of concessional funding to crowd in private risk capital.
Benefits for the investee	<p>Investees received hands-on support to become fundable, including refining business models, improving financial models, preparing investment materials, sharpening their pitches, engaging in workshops and coaching, and participating in investor–investee engagement opportunities. For smaller enterprises, this improved their ability to understand what investors require, communicate traction credibly, and negotiate more effectively. Even where deals did not close, enterprises may still have built internal capabilities in fundraising.</p> <p>CrossBoundary closed US\$50m in capital for companies participating in this platform leading to a ~ 20x capital leverage</p>



Helpful prerequisites for the sponsor	Partners with strong capabilities in on-the-ground pipeline generation and diligence, as well as a robust network of investors offering a variety of instruments and support, including equity, debt, grants, and technical assistance.
Challenges and learnings	<ul style="list-style-type: none"> • A platform approach is valuable; supporting a portfolio of enterprises across countries and subsectors helps create a broader pipeline and allows tailored support depending on enterprise maturity. • Not all deals will close, and that is part of the model—the role is not only to close transactions but also to screen, prepare, and help enterprises learn, with some progressing to investment. • Technical assistance needs to be practical and tailored. Workshops, pitch refinement, financial modeling support, and investor-facing preparation are critical for smaller innovators. • Intermediation reduces friction—a neutral intermediary can help translate between investor expectations and founder capabilities, lowering search and transaction costs on both sides.
Example deal	<ul style="list-style-type: none"> • Capital raise for mini-grid company operating in India. • Equity raise for solar rooftop company in Nepal. • Capital raise for producer of charcoal briquettes in Cambodia. • Debt raise for farming solutions company in Cambodia and Myanmar.
Sources	CrossBoundary learnings from project execution.

Archetype: Market Builder

Project/Initiative Sponsor: Africa Resilience Investment Accelerator (ARIA)	
Description	ARIA is a pan-African investment facilitation and market-shaping platform designed to increase development finance institution (DFI) investment in fragile and frontier African markets. The platform is conceived, designed, funded and led by British International Investment (BII), FMO, the Dutch entrepreneurial development bank, and Proparco, a DFI partly owned by French Development Agency (AFD). The platform focuses on building country-level investment pipelines, deploying flexible/grant capital (similar to foundation capabilities) to unlock their own as well as other DFI investment capabilities. The pre-investment TA helps in reducing information and transaction costs that prevent DFIs from deploying capital at scale. CrossBoundary and Cadmus serve as the implementing partner, supporting deal origination, due diligence, investment readiness, and ecosystem development across countries including Benin, the DRC, Ethiopia, Guinea, Liberia, Sierra Leone, and Togo. This is an easily replicable model for foundations.
Core motivator	Enable DFIs to deploy capital more effectively and confidently in fragile states, where perceived risk, limited local presence, and weak deal pipelines constrain investment despite strong development need and commercially viable opportunities.
How—starting point	Mission focus: resilience, financial inclusion, and private-sector development in fragile and frontier markets. ARIA starts from the premise that DFIs face structural constraints in sourcing, conducting due diligence on, and originating deals in high-risk environments, and therefore require a shared, neutral platform to originate and advance investments.
Market failure addressed	Key market failures include: (i) weak and fragmented deal pipelines; (ii) lack of investment-ready enterprises and financial institutions; (iii) high transaction and due diligence costs relative to deal size; (iv) limited local market intelligence for DFIs; (v) coordination failures among DFIs operating in the same markets; and (vi) absence of intermediaries able to bridge enterprise needs with DFI requirements. ARIA addresses these by funding a platform approach that combines pipeline development, TA, and coordinated DFI engagement.
Benefits for the foundation/asset owner	<p>For ARIA's core-DFIs (BII, FMO, and Proparco), other DFIs, and relevant African frontier market investors, the program offers: (i) expanded access to investable pipelines across multiple fragile countries; (ii) reduced origination and diligence costs through shared infrastructure; (iii) improved deal quality via targeted TA and diagnostics; (iv) stronger coordination and learning across DFIs; and (v) increased probability of capital deployment in markets that would otherwise remain underserved.</p> <p>Under the program, CrossBoundary has referred over US\$4bn of deals to partner DFIs; 16 deals have received IC approval, and 26 deals have been greenlit for due diligence. Moreover, 62 TA interventions have been completed / are underway, represented by 41 companies supported.</p>



Benefits for the investee	<p>Enterprises and financial institutions supported under ARIA receive hands-on pre-investment support, including investment readiness diagnostics, financial and operational improvements, ESG alignment, and support in navigating DFI processes.</p> <p>This increases their ability to engage DFIs, meet institutional requirements, and progress from initial interest to formal investment consideration.</p>
Helpful prerequisites for the sponsor	<p>DFIs willing to collaborate on a shared platform; local presence or partners with market knowledge; flexible TA funding; strong diagnostic frameworks; and a neutral intermediary capable of aligning enterprise needs with DFI mandates.</p>
Challenges and learnings	<ul style="list-style-type: none"> • An on-the-ground team with strong knowledge of the local landscape is key to sourcing high-quality deals. • A platform approach is essential in fragile markets. Single-deal sourcing is inefficient where pipelines are thin and fragmented; shared platforms significantly reduce origination and diligence costs. • TA must be high-touch and investor-oriented. Generic TA is insufficient; support needs to be closely aligned with DFI investment criteria, ESG requirements, and internal approval processes. • Coordination across DFIs reduces duplication and accelerates learning. A neutral intermediary can align incentives, share market intelligence, and avoid parallel efforts in the same frontier markets.
Example deal	<ul style="list-style-type: none"> • BII's US\$25m risk-sharing facility to Ecobank to support on-lending. • FMO's US\$10m investment into Baobab to support SME on-lending. • Proparco's US\$20m senior loan to Jolaks to support edible palm oil refinery.
Sources	<p>CrossBoundary learnings from project execution.</p>





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Advisory

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At the core of
CrossBoundary
is our purpose
**We unlock capital
for sustainable growth
and strong returns
in underserved markets**

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