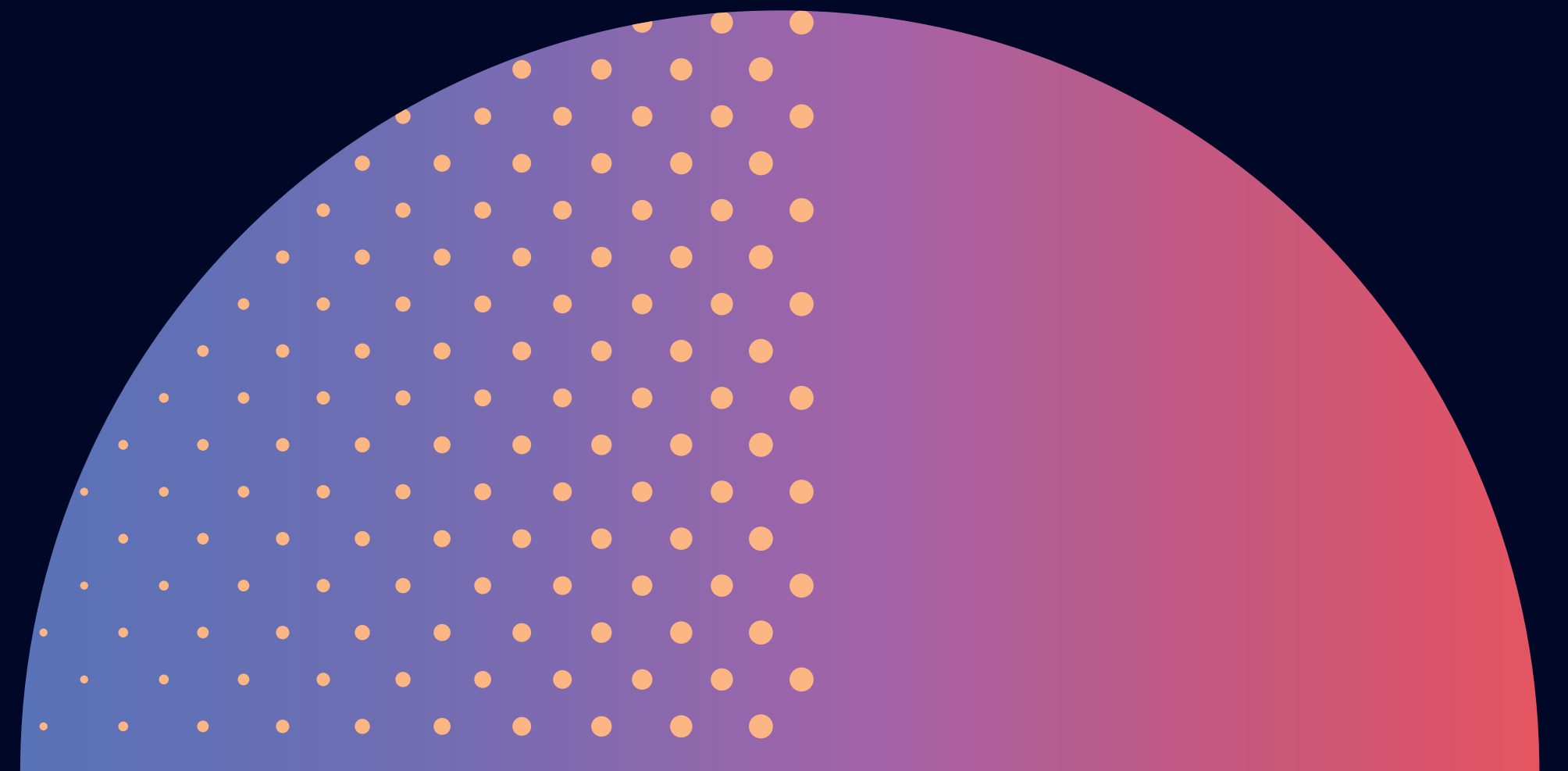




A Practitioner's Guide to Impact Vehicle Structuring



About GSG Impact

GSG Impact builds impact economies. We do this by working to embed social and environmental impact at the heart of every political, investment, business and consumption decision. We connect global leaders, governments, investors, regulators and social innovators, so that together we can build the infrastructure and incentives for social and environmental impact to be central to all decision making. GSG Impact is the cornerstone of the wider GSG Impact Partnership – a global network of 43 National Partners representing 48 countries with more than half in emerging markets.

Learn more at gsgimpact.org

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About this guide

Mobilising capital at scale is essential to address pressing social and environmental challenges. While significant pools of capital exist globally, much of this capital does not reach the enterprises and projects delivering solutions on the ground, particularly in emerging and underserved markets. Bridging this gap requires financial mechanisms that can connect capital providers with investable impact opportunities.

Impact vehicles - including funds, financing facilities, and outcomes-based vehicles - play a critical role in this process. By aggregating capital and deploying it through structured financial mechanisms, they channel investment into initiatives that generate measurable social and environmental impact alongside financial returns. However, designing such vehicles is complex. They must balance diverse investor expectations, respond to local market realities, and establish robust governance and operational structures. As a result, structuring investment vehicles is often resource-intensive and fragmented.

This guide aims to demystify the process of designing and structuring impact vehicles. It provides practical, replicable guidance for organisations seeking to catalyse capital flows into local impact economies. Drawing on lessons from across the GSG Impact Partnership and wider impact investing ecosystem, it presents a structured six-step roadmap to support practitioners throughout the vehicle design process, complemented by a library of case studies sharing practical lessons and real-world structuring experience.

Figure 1. Overview of the six steps for impact vehicle structuring



Who this guide is for

This guide is designed as a practical reference that can be used throughout the investment vehicle development journey. It is intended primarily for:

- GSG Impact National Partners
- Ecosystem builders
- Fund managers exploring new vehicles
- Policymakers and development institutions supporting capital mobilisation

How to use this guide

The six-step roadmap highlights the core elements typically involved in structuring an investment vehicle, from identifying market gaps to operationalising the vehicle. In practice, these steps are rarely linear: many activities take place in parallel, others evolve iteratively, and some continue throughout the structuring process. Each vehicle will follow its own path, as reflected in the case studies.

Readers can:

- Use the steps as a flexible guide rather than a fixed sequence
- Move between sections as assumptions evolve or new information emerges
- Consult case studies alongside each step for practical examples of different structuring journeys
- Draw on linked tools and frameworks to support implementation

Together, the roadmap, case studies, and [practical resources](#) provide a structured approach to designing and launching impact vehicles.

What is an impact vehicle?

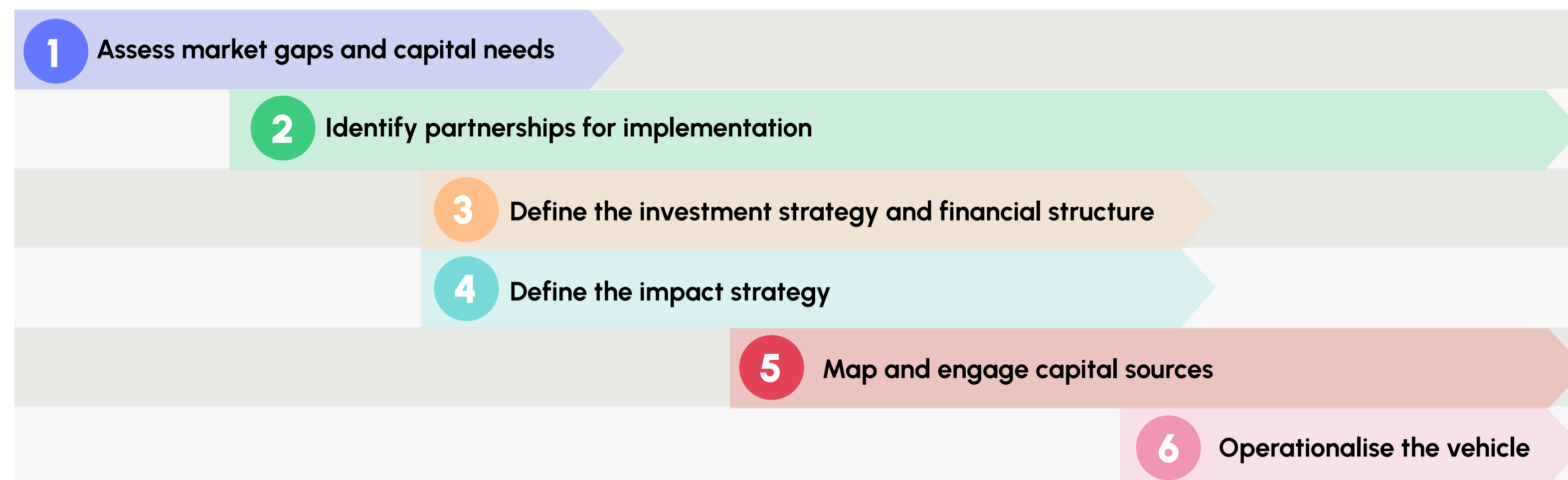
In this guide, an impact vehicle refers to a structured financing mechanism that pools capital from multiple investors to deploy into a portfolio of investments with the intention of generating positive, measurable social or environmental impact alongside financial returns.

Impact vehicles typically:

- Pool capital from multiple sources (e.g. public, philanthropic, institutional, or private investors)
- Deploy capital across multiple investments rather than a single transaction
- Use diversification across sectors, geographies, or investment types to manage risk and support portfolio performance

These vehicles can take many forms - including funds, fund-of-funds, financing facilities, or outcomes-based funds - and may deploy capital directly to enterprises or indirectly through financial intermediaries, using a range of instruments and capital structures, including blended finance approaches.

Figure 2. Six-step roadmap



STEP 1 Assess market gaps and capital needs

Description

Before designing an investment vehicle, it is critical to clearly define the problem the vehicle is intended to solve. This step focuses on understanding where capital is failing to reach target investment recipients ("investees") that generate economic, social, or environmental value.

The analysis should consider both demand-side constraints (which investees cannot access appropriate finance) and supply-side constraints (which capital sources are underutilised or not mobilised effectively).

On the demand side, this involves identifying investee segments that struggle to access finance due to factors such as ticket size, risk perception, sector focus, or lack of appropriate instruments. This should include segmenting target investees by financing needs, growth stage, risk profile, and impact potential to move beyond broad financing gaps toward actionable market opportunities. On the supply side, it involves understanding whether capital exists but is not flowing, for example due to misaligned risk, return, liquidity, or transaction structures, or whether there is a complete absence of capital.

Finally, the analysis should clarify the specific mismatches between investee needs and investor requirements. Disaggregating the capital gap in this way enables the design of targeted financial solutions, rather than attempting to address broad and undifferentiated financing shortfalls.

Objective

Identify underserved investee segments and financing constraints to define the vehicle's market opportunity and investment rationale.

Questions

- Where are capital flows breaking down in the local impact investment ecosystem?
- Which investee segments (enterprises, projects, intermediaries, etc.) are currently underserved by available finance, and how do they differ by financing needs, growth stage, and risk profile?
- What specific financing needs exist within each segment (e.g. ticket size, tenor, instrument type, local currency)?
- What types of capital are missing in the market or insufficient to meet these needs (e.g. equity, early-stage capital, local currency debt)?
- Which capital providers exist but are not currently deploying capital toward these opportunities (e.g. pension funds, foundations, local banks)?
- What mismatches exist between investee needs and investor requirements (e.g. risk, return, liquidity, transaction size)?
- Are existing financing instruments accessible and appropriate for target investees?
- What structural barriers prevent capital from flowing (e.g. risk perception, regulation, transaction costs)?

Decisions

- Decide whether the vehicle addresses supply-side or demand-side constraints, or both
- Select the priority investee segments based on financing needs, growth stage, and risk profile
- Define the specific financing gap the vehicle will target (e.g. ticket size, tenor, instrument, local currency)
- Identify the capital sources the vehicle will aim to mobilise to address the gap
- Decide whether catalytic capital or risk-sharing mechanisms are required to unlock investment

Actions

1. Map investee demand	2. Map capital supply	3. Identify structural gaps	4. Translate gaps into a vehicle concept
Identify underserved investee segments and understand their financing needs.	Assess which capital providers currently operate in the ecosystem and how capital is currently deployed.	Compare investee demand with available capital supply to identify unmet needs.	Synthesize the analysis into an actionable vehicle concept.
<ul style="list-style-type: none"> Segment investees by type (enterprises, projects, funds, intermediaries) Identify financing needs by investee segment (ticket size, instrument, tenor, risk profile) Assess barriers preventing investees from accessing appropriate finance 	<ul style="list-style-type: none"> Map existing investors (banks, funds, development finance institutions (DFIs), angel investors, foundations) Identify available financing instruments, ticket sizes, and return expectations Assess which investee segments are currently served and where capital is concentrated 	<ul style="list-style-type: none"> Develop a capital gap matrix comparing demand and supply Identify segments where financing supply is insufficient or misaligned Diagnose structural barriers such as risk perception, liquidity constraints, regulatory barriers, transaction costs, or limited track record 	<ul style="list-style-type: none"> Define the priority investee segment and financing gap the vehicle will address Articulate the role of the vehicle in addressing the gap (e.g. aggregating capital, de-risking investment, providing appropriate instruments) Identify the types of capital likely required (e.g. concessional, commercial, domestic) at a high level Develop an initial investment thesis linking the market failure, target investees, and intended financing solution



Lessons from practitioners

- **Ground the design in ecosystem diagnostics:** Use market mapping and stakeholder consultation to define the financing gap, priority segments, and realistic demand.
- **Target systemic barriers, not only capital shortages:** Look beyond lack of funding to transaction costs, pipeline weakness, risk perception, and market infrastructure gaps.
- **Differentiate support by market segment:** Design responses around distinct enterprise stages and ecosystem needs rather than assuming one solution fits all.
- **Align the opportunity with national priorities and policy frameworks:** Linking the vehicle to public policy objectives and legal mandates strengthens legitimacy and facilitates stakeholder buy-in.

Other resources



For diagnosing capital gaps and identifying when catalytic capital may be required, see [Addressing Capital Gaps: A Guide to Strategic Deployment of Catalytic Capital](#) (Catalytic Capital Consortium, 2025).

For conducting market diagnostics, sizing demand, and segmenting investees, see [INVEST: The Process and Toolkit](#) (Argidius Foundation, 2025).

For aligning investor motivations, return expectations, and asset classes with impact investment opportunities, see [Understanding Impact Investment for Families](#) (The ImPact, 2016).

STEP 2 Identify partnerships for implementation

Description

The success of an investment vehicle depends not only on its design but also on the partners involved in its development and implementation. Impact vehicles pursue a dual objective of financial returns and measurable impact, which requires a range of capabilities that rarely sit within a single organisation.

In many cases, the actors who identify the need for a vehicle are not the same as those who design and structure it, and the fund manager responsible for implementing the vehicle may be different again. Bringing together the right partners is therefore critical to ensuring that the vehicle can be successfully designed, launched, and managed over time.

This step focuses on identifying the key capabilities required across the vehicle lifecycle and determining which partners can provide them. These capabilities may include investment structuring, fund management, impact expertise in the vehicle's focus area, fundraising and investor relations, and operational management. In some cases, partnerships with public institutions may also be required, particularly where government participation, policy reform, or public capital is part of the vehicle's design.

Additionally, case studies consistently highlight the importance of a collaborative, ecosystem-driven approach. Engaging partners early to co-design the vehicle helps test assumptions, reflect market realities, build stakeholder ownership, and strengthen investor confidence before structuring begins.

Establishing the right partnerships early helps ensure the vehicle is both technically robust and capable of attracting investors, while also building the institutional foundation required for long-term delivery.

Objective

Establish the institutional partnerships required to design, implement, and support the vehicle's development and long-term delivery.

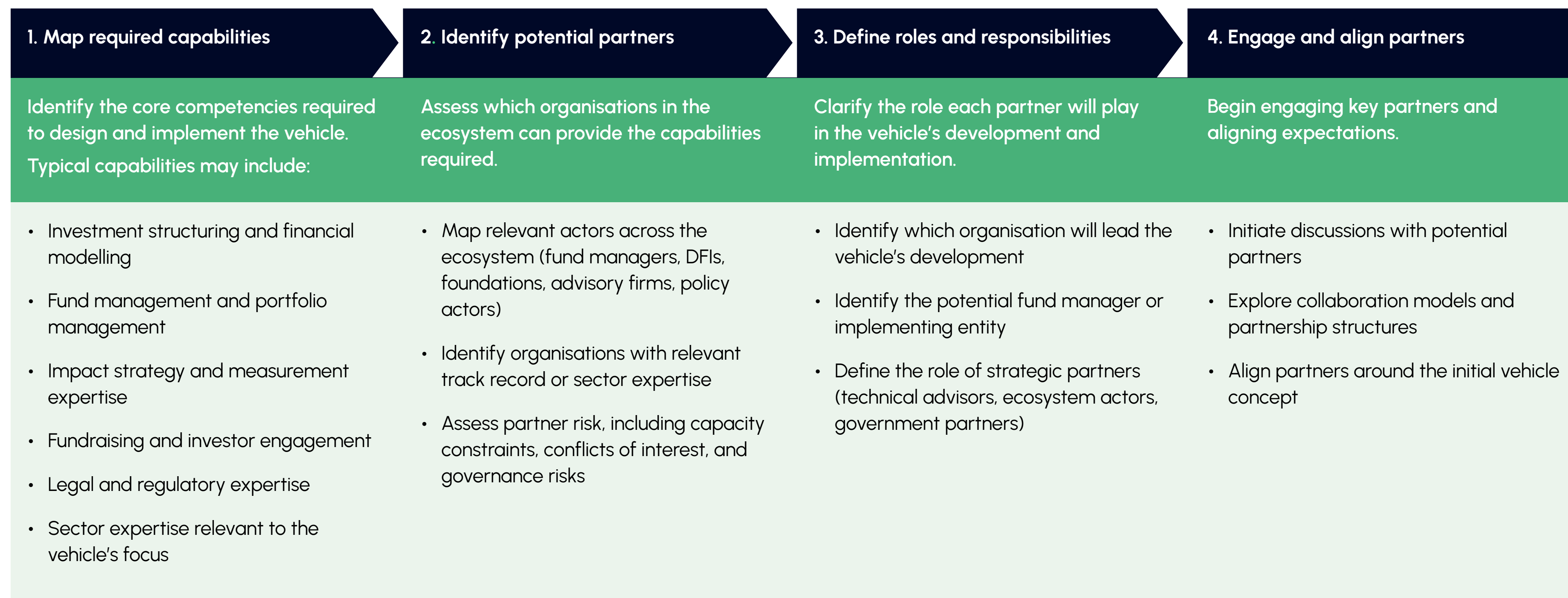
Questions

- What capabilities are required to design, structure, and implement the vehicle successfully?
- Which organisations or institutions can bring these capabilities?
- What roles will different partners play in the design, structuring, and long-term implementation of the vehicle?
- Are any public institutions or policy actors required to support the vehicle's development?
- Which partners are required for credibility with investors and the broader ecosystem?
- How should partnerships be structured to support both vehicle development and long-term delivery?

Decisions

- Define the capabilities required to design and implement the vehicle
- Identify the partners that can provide those capabilities
- Determine the roles and responsibilities of each partner in the vehicle's development and implementation
- Decide which partners are required during design and structuring, and which will remain involved in long-term implementation

Actions



Lessons from practitioners

- **Use a trusted convener to align stakeholders:** Neutral ecosystem actors can bridge government, investors, intermediaries, and delivery partners around a shared model.
- **Build the ecosystem alongside the vehicle:** Raising awareness, coordinating actors, and strengthening the ecosystem increases readiness and reduces execution risk.
- **Ensure strong local leadership:** Locally embedded sponsors help build trust, navigate institutional relationships, and anchor the vehicle in market realities.
- **Engage government partners early to build credibility:** Public sector involvement can strengthen investor confidence, de-risk vehicles, and facilitate mobilisation of private capital.

Other resources



For structuring partnerships and clarifying roles across blended finance actors, see [A How-To Guide for Blended Finance: A practical guide for development finance and philanthropic funders to integrate blended finance best practices into their organizations](#) (OECD and the World Economic Forum, 2015).

For structuring cross-sector partnerships and defining collaboration models, see [Unlocking the Power of Partnerships](#) (KPMG, 2016).

For identifying the roles public, private, and civil society actors can play in building impact ecosystems, see [Towards Impact Economies: Aligning government action and private capital for public good, A Policymaker's Toolkit](#) (GSG Impact, 2025).

The role of GSG National Partners in impact vehicles

Across the case studies, National Partners most often played catalytic roles in early-stage design and ecosystem alignment rather than acting as fund managers. Their contribution typically centred on convening stakeholders, shaping policy, framing the market opportunity, supporting structuring, and mobilising capital. The examples below illustrate five recurring roles observed across the case studies.

1. Ecosystem Convener

Role: Bringing together stakeholders across government, investors, intermediaries and development partners, while strengthening the broader ecosystem required for the vehicle to operate effectively.

Value additionality

- Creates dialogue between actors who do not normally collaborate
- Builds shared understanding of market failures and financing gaps
- Educates stakeholders on impact investing approaches
- Strengthens ecosystem coordination so the vehicle can operate effectively

Examples

- In **Ghana**, Impact Investing Ghana convened pension trustees, regulators, and development partners to co-design the Ci-Gaba Fund and build ownership among domestic investors.
- In **Israel**, IFIE convened government, philanthropy and institutional investors to develop the blended finance Israel Growth Fund Initiative.
- In **Sri Lanka**, LIIN convened investors and ecosystem stakeholders to mobilise capital and develop the Social Enterprise Fund.

2. Market Diagnostic and Problem Framing

Role: Identifying the structural market failure and building the evidence base for the vehicle.

Value additionality

- Synthesises ecosystem research and consultations
- Identifies supply- and demand-side capital gaps
- Translates insights into an investable opportunity

Examples

- In **Nigeria**, the Impact Investors Foundation analysed SME financing gaps and the underdevelopment of local fund managers to justify the WIIF.
- In **Ghana**, pension market analysis highlighted the disconnect between domestic capital and SME financing needs.
- In **Sri Lanka**, LIIN conducted a national landscape study to define the growth capital gap for impact SMEs.
- In **Spain**, SpainNAB surfaced supply- and demand-side needs to shape the Social Impact Fund's priorities.

3. Policy Catalyst and Government Interface

Role: Translating ecosystem needs into policy proposals and supporting enabling frameworks.

Value additionality

- Bridges ecosystem and government priorities
- Supports enabling legislation or mandates
- Builds legitimacy within public institutions

Examples

- In **Australia**, Impact Investing Australia helped shape the taskforce that led to the Commonwealth Outcomes Fund.
- In **Spain**, SpainNAB worked with government and COFIDES to inform priorities and strengthen the policy mandate.
- In **Japan**, GSG Impact Japan actors contributed to early discussions around dormant deposits legislation.
- In **Korea**, the NAB introduced wholesale fund models and connected policymakers to international examples.

4. Technical Structuring Partner

Role: Supporting the early design and structuring of the vehicle by mobilising expertise and coordinating technical work.

Value additionality

- Mobilises international expertise and structuring support
- Facilitates technical working groups and design processes
- Ensures global best practice informs the vehicle design

Examples

- In **Zambia**, NABII mobilised technical experts and supported modelling and structuring of the SBGI facility.
- In **Nigeria**, IIF coordinated development of the WIIF structure, IMM framework and technical assistance platform.
- In **Portugal**, Maze Impact contributed technical expertise to the design of social investment instruments.
- In **Sri Lanka**, LIIN led structuring decisions and instrument design.

5. Capital Mobilisation Catalyst

Role: Mobilising catalytic partners and supporting investor engagement.

Value additionality

- Identifies potential anchor investors and catalytic capital providers
- Connects domestic initiatives to global impact investment networks
- Builds investor confidence through ecosystem credibility

Examples

- In **Ghana**, Impact Investing Ghana engaged domestic pension funds and catalytic funders to secure the Ci-Gaba first close.
- In **Korea**, the National Partner helped connect corporate funders to the Social Value and Solidarity Foundation.
- In **Canada**, ecosystem actors helped build confidence among government and private investors in the Social Finance Fund.
- In **Zambia**, NABII engaged the Bank of Zambia as an anchor provider of catalytic capital and is supporting outreach to DFIs and institutional investors for the SBGI.

STEP 3 Define the investment strategy and financial structure

Description

A critical step in designing an investment vehicle is defining its investment strategy and financial structure. This stage translates the market analysis from earlier steps into a practical financing model, determining how the vehicle will deploy capital (vehicle structure), what it will invest in (investees), how it will invest (instruments), and how the vehicle itself will be financed (capital structure).

The first decision concerns the vehicle structure, which determines how capital will flow to the market and what financial architecture will address the identified market failures. Vehicles may deploy capital directly to investees or indirectly through intermediaries, and can include direct investment funds, fund of funds models, specialised financing facilities, or outcomes-based vehicles. Selecting the appropriate vehicle is critical, as it shapes how capital is mobilised, deployed, and managed.

Building on this, the investment strategy should be defined by analysing the financial characteristics and needs of target investees and designing financing approaches that respond to those realities. Increasingly, instruments are moving beyond traditional grants, debt, and equity toward more flexible and hybrid structures suited to varying risk profiles, cash flows, and growth trajectories.

Finally, the capital structure must be designed to support the strategy and attract investors. Blended finance approaches are often used to combine concessional and commercial capital through catalytic tools such as risk-sharing mechanisms, results-based financing, and technical assistance. Together, these decisions determine how capital flows through the vehicle to achieve both financial and impact objectives.

Objective

Design the vehicle's investment strategy, instruments, and capital structure to address market gaps while attracting investors.

Questions

- What type of vehicle structure is most appropriate to address the market failure (e.g. direct investment fund, fund of funds, specialised financing facility, outcomes-based vehicle)?
- Who are the target investees and what are their financial characteristics (ticket size, risk profile, capital needs)?
- What financing constraints prevent them from accessing capital?
- Which instruments best meet their needs (e.g. equity, debt, guarantees, mezzanine)?
- What financial terms do they require (ticket size, tenor, return expectations)?
- What capital structure is required to support the investment strategy (e.g. catalytic capital, risk-sharing mechanisms)?

- What fund economics are required to attract investors and ensure manager sustainability (e.g. management fees, hurdle rates, carry, waterfall)?

Decisions

- Determine the most appropriate vehicle structure for deploying capital (e.g. fund, facility, fund of funds, outcomes vehicle)
- Define the target investees and portfolio focus
- Select the investment instruments and financial terms
- Design the capital structure and decide whether blended finance approaches are required
- Define preliminary fund economics aligned with investor expectations and long-term vehicle sustainability

Actions



Lessons from practitioners

- Match the structure to local market realities:** Adapt instruments, ticket sizes, legal form, and vehicle architecture to actual ecosystem conditions.
- Build flexibility into the design:** Avoid overly rigid structures; allow room to adapt instruments, beneficiaries, and deployment pathways over time.
- Use catalytic capital strategically:** Deploy grants, guarantees, first-loss, warehousing, or concessional capital where they materially improve risk-return dynamics.
- Combine capital with technical assistance and intermediary capacity building tools:** Vehicle design is stronger when paired with TA, pipeline and shared services.
- Align instruments with investee needs:** Select financing approaches that fit enterprise characteristics and support intended impact outcomes.

Figure 3. Overview of vehicle structures, blended finance approaches and investment instruments

Vehicle Structure	Investment funds		Fund-of-funds		Specialised financing facilities		Outcomes-based vehicles					
	Pool capital from multiple investors and deploy it into diversified investment portfolios through a professional fund manager.		Channel large-scale capital into multiple underlying funds or intermediaries, strengthening ecosystems and enabling diversification.		Provide targeted financing or risk-mitigation mechanisms - such as guarantees, leasing, or working capital - to address specific market gaps.		Deploy capital based on verified results, paying only when measurable social or economic outcomes are achieved.					
	Catalytic capital		Risk-sharing mechanisms		Results-based capital		Technical assistance facilities					
	Enables investment that otherwise wouldn't happen, by de-risking or improving the ex-ante risk-return profile of the vehicle.		Transfer or mitigate specific risks that deter private investors - such as credit or currency - without necessarily distorting the capital stack.		Incentivises and rewards verified impact results, by shifting financial risk toward the investor or implementer and tying payments to outcomes achieved.		Improves the performance, readiness, and sustainability of underlying investments or investees - strengthening both impact and financial outcomes.					
Blended Finance Approaches	Debt & working capital tools		Equity & convertibles		Mezzanine & structured exits		Guarantees & insurance		Impact-linked finance		Grants & quasi-grants	
	Provide repayable capital to finance operations, assets, or growth for enterprises with predictable cashflows.		Offer ownership or upside participation, aligning investor returns with business growth and long-term value creation.		Blend debt and equity features to provide flexible repayment or exit structures linked to performance.		Mitigate defined risks by transferring part of the downside exposure to a guarantor or insurer.		Tie financial terms or returns to achievement of revenue or impact outcomes to align incentives and reward.		Deploy catalytic, risk-tolerant capital that bridges philanthropy and investment, often recoverable or convertible.	
Core financing instruments						Catalytic & flexible instruments						

Other resources



For structuring blended finance vehicles, see [A Resource for Structuring Blended Finance Vehicles](#) (Global Impact Investing Network, 2018).

For assessing capital structure options, see [Practical Guidance to Scale Blended Finance](#) (British International Investment & Boston Consulting Group, 2025).

For identifying design considerations across fund models, see [Blended Finance](#) (Netherlands Advisory Board on Impact Investing, 2025).

For assessing innovative financing instruments, see [Adventure Finance](#) (Aunnie Patton Power).

For identifying suitable financing instruments, see [Capital Explorer](#) (Abaca by Village Capital).

For designing impact investment wholesalers and fund-of-funds structures, see [Impact Investment Wholesalers and Fund of Funds: Design Insights from the GSG Impact Partnership](#) (GSG Impact, 2024).

For designing outcome funds and structuring outcomes-based financing mechanisms, see [Developing Outcome Funds: GSG National Partners Action Guide](#) (GSG Impact, 2019).

STEP 4 Define the impact strategy

Description

The impact strategy is a defining feature of an impact vehicle and distinguishes it from traditional financing structures. While the investment strategy sets out how capital will be deployed, the impact strategy defines what change the vehicle aims to create, for whom, and how that change will be achieved and assessed. It complements the investment strategy by ensuring capital is intentionally directed toward clear social and/or environmental outcomes.

This step typically involves three core elements. The first element is to define the impact thesis, including the impact themes, target stakeholders, and intended outcomes. These should align with the market gaps identified and the vehicle's investment approach. Secondly, a theory of change should be developed to articulate how investment activities will lead to the desired outcomes. This links inputs, activities, outputs, and outcomes, and helps test whether the proposed investment approach is likely to deliver the intended impact. The third element involves establishing an impact measurement and management (IMM) framework to support decision-making across the investment lifecycle, including screening, due diligence, portfolio monitoring, learning, and reporting. Where possible, the framework should align with emerging standards and tools such as the Operating Principles for Impact Management and IRIS+.

This step may be undertaken before, in parallel to, or after Step 3, but is most effective when developed alongside the investment strategy.

Objective

Define the vehicle's impact objectives, target outcomes, and measurement approach aligned with its investment strategy.

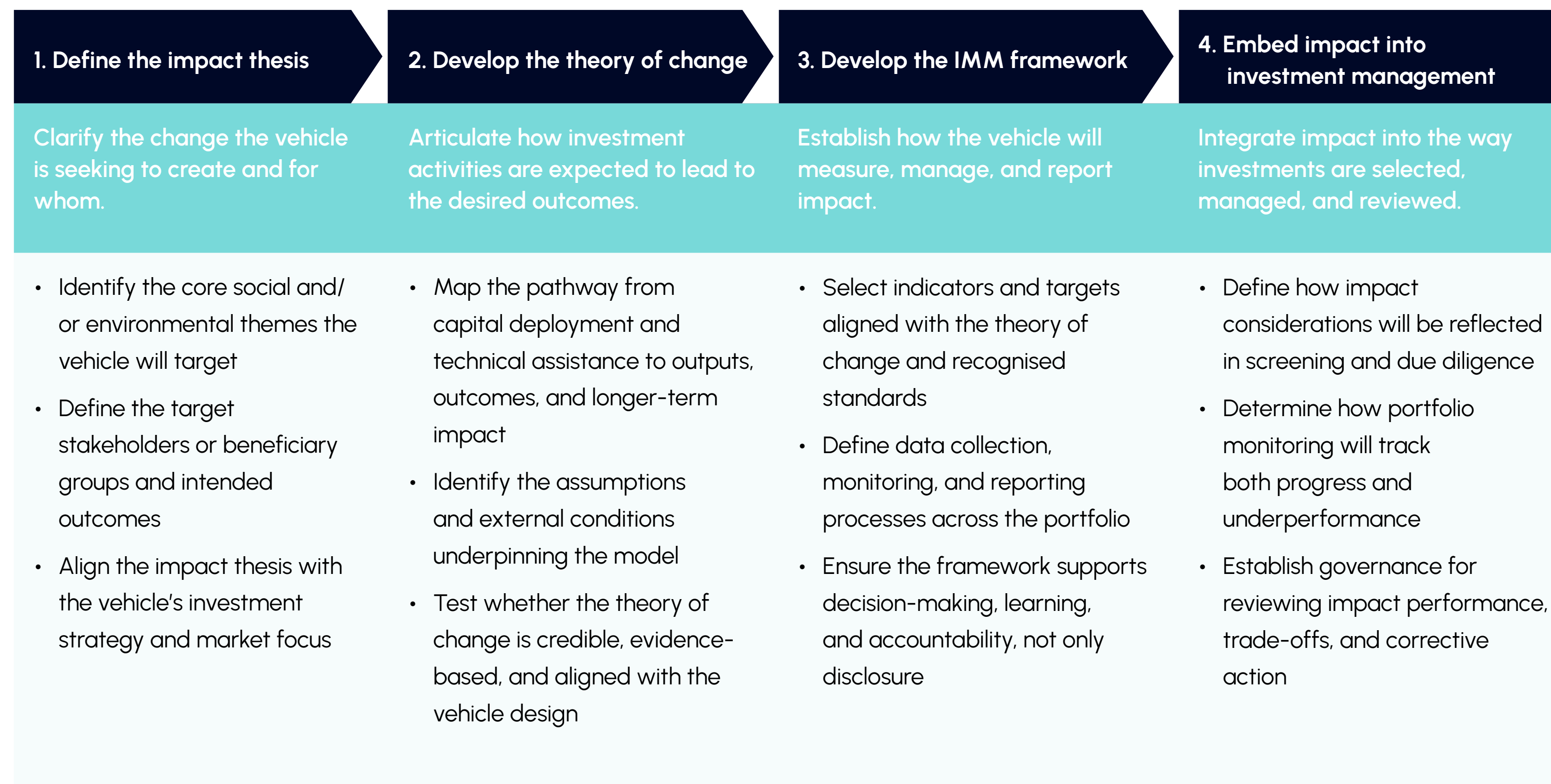
Questions

- What impact outcomes is the vehicle seeking to achieve across sectors, themes, geographies, or target groups?
- Which stakeholders or beneficiary groups is the vehicle intended to benefit?
- How will the vehicle's investment activities contribute to the intended impact outcomes?
- How will impact be measured and tracked across the portfolio?
- How will the vehicle assess additionality, contribution, and impact risk?

Decisions

- Define the vehicle's core impact themes and target outcomes
- Identify the target stakeholders or beneficiary groups
- Determine the theory of change linking investments to intended outcomes
- Select the impact measurement and management framework
- Decide how impact data will inform investment decisions and reporting

Actions



Lessons from practitioners

- **Embed impact into the investment process:** Treat impact as part of eligibility, underwriting, structuring, and monitoring, not as a separate reporting stream.
- **Align impact goals with market needs:** Impact priorities should reflect real demand, national needs, and the operational realities of target investees.
- **Frame the opportunity to broaden buy-in:** Position the vehicle around priorities that resonate with a diverse range of stakeholders and capital providers.

Other resources



For selecting approaches to measure and track impact, see [Measuring Impact](#) (GSG Impact, 2014).

For understanding impact measurement and management frameworks and ecosystem approaches, see [Impact Measurement & Management \(IMM\): Impact Investing's Evolving Ecosystem](#) (GSG Impact, 2021).

For developing a Theory of Change, see [IRIS+'s Simple Theory of Change Checklist](#) (Global Impact Investing Network).

For selecting standardised impact metrics and indicators, see [IRIS+](#) (Global Impact Investing Network).

For aligning impact measurement and management practices with global norms, see [Impact Management Platform](#).

For integrating impact considerations across the investment lifecycle, see [Operating Principles for Impact Management](#).

For aligning investment practices with the SDGs using recognised impact standards, see [SDG Impact Standards](#) (UNDP).

For developing an impact strategy and defining impact objectives, see [How to Develop an Impact Strategy](#) (Investment Impact Index, 2019).

Description

Once the investment and impact strategies are defined, the next step is to determine how the vehicle will be capitalised and which investors to target. This involves analysing the capital stack and identifying the types of capital required across the risk-return spectrum, considering the instruments, tenors and terms required. Additionally, it will be important to consider whether capital will be sourced domestically, internationally, or through a mixed approach.

Based on this analysis, potential investors should be mapped according to their mandate, risk tolerance, and alignment with the vehicle's structure. Fundraising is typically iterative and time-intensive, requiring a clear value proposition and strong supporting materials, including a pitch deck, financial model, and draft term sheet. Securing an anchor investor, particularly for a catalytic layer, can help build credibility and crowd in additional capital.

Engagement with investors may require refining elements of the investment or impact strategy to align with investor expectations while preserving the vehicle's core objectives. This process often relies on leveraging networks, maintaining momentum, and progressively building a pipeline of aligned capital providers.

Objective

Identify and engage potential capital providers aligned with the vehicle's risk profile, structure, and investment proposition.

Questions

- What type of capital is required across the capital stack and risk-return spectrum?
- Which domestic and international investors are aligned with these requirements?
- Where can existing networks support investor outreach?
- What refinements may be required to align with target investors?

Decisions

- Define target investor segments for each layer of the capital stack
- Determine domestic versus international fundraising approach
- Identify anchor investor targets, particularly for catalytic capital
- Decide adjustments to strategy or structure to meet investor requirements

Actions

1. Define target capital sources	2. Map and prioritise investors	3. Develop fundraising materials	4. Initiate investor outreach
Identify the investor segments aligned with the capital structure.	Develop a structured pipeline of potential funders.	Prepare tools to communicate the investment proposition.	Engage potential investors and build momentum.
<ul style="list-style-type: none"> Analyse capital needs across concessional and commercial layers Match investor types to risk-return expectations Define target ticket sizes, terms, and participation structure 	<ul style="list-style-type: none"> Identify aligned domestic and international investors Prioritise based on fit, likelihood, and strategic value Track engagement through a fundraising pipeline tracker 	<ul style="list-style-type: none"> Develop pitch deck and investor narrative Prepare financial model and draft term sheet Compile supporting documentation in a data room 	<ul style="list-style-type: none"> Leverage networks for introductions and warm outreach Conduct initial discussions and gather feedback Iterate materials and strategy based on investor input



Lessons from practitioners

- **Mobilise anchor capital early:** Early anchor investors improve credibility, create momentum, and help attract additional funders.
- **Tailor the proposition to investor constraints:** Structures should reflect fiduciary duties, risk appetite, return expectations, and mandate differences across investor groups.
- **Use catalytic capital to shift risk-return dynamics:** First-loss capital, guarantees, and concessional commitments can unlock conservative investors and seed new funds.
- **Engage diverse capital providers deliberately:** Larger vehicles often require a mix of public, philanthropic, and commercial capital with tailored engagement approaches.
- **Build investor awareness alongside fundraising:** Education and ecosystem-building are often needed to strengthen understanding of impact risk–return and enable participation.
- **Leverage alternative domestic capital sources:** Dormant assets and other underused pools can provide catalytic capital where regulation permits.
- **Build trust-based fundraising over time:** Capital mobilisation often depends on long-term relationship-building, not only technical structuring.

Other resources

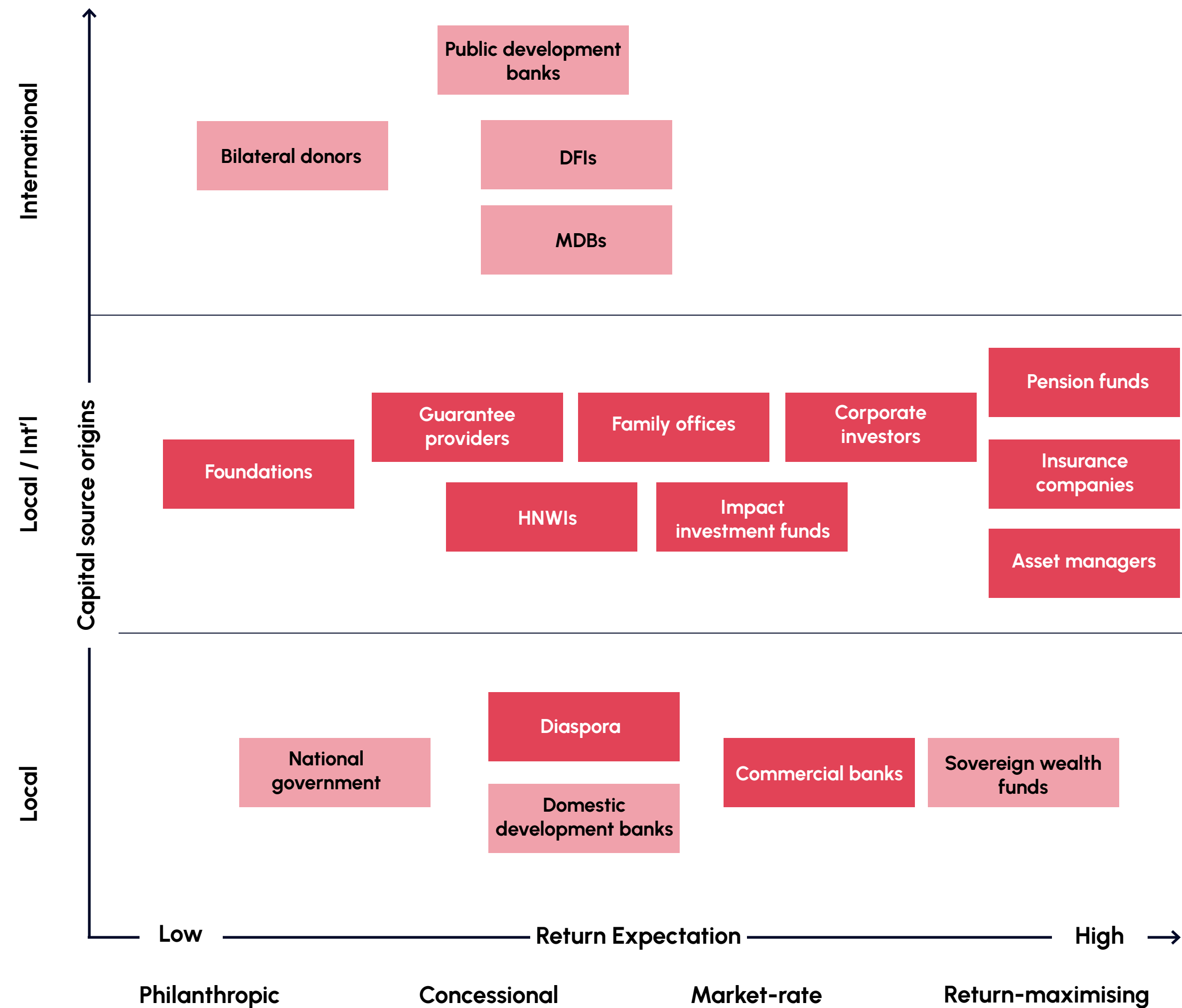


For recommendations on how to develop a fund pitch deck, see [How fund managers can create a winning investor pitch deck](#) (Carta).

For fund structuring concepts including layered capital and tranche design, see [A Framework for Structuring a Blended Finance Fund](#) (Amundi, 2025).

For recommendations on how to raise capital, see [Five Tips for Attracting Capital to Blended Finance Vehicles](#) (Convergence).

Figure 4. Segmentation of capital sources



Public Private

Domestic capital mobilisation

Domestic capital mobilisation has been a defining feature across many of the investment vehicles supported by GSG Impact National Partners. Mobilising local public and private capital is particularly important in emerging markets, where reliance on international financing often creates currency mismatch risks, shorter investment horizons, and limited alignment with local market needs. Expanding local capital pools, especially in local currency, helps reduce foreign exchange risk, improve affordability for investees, and strengthen the sustainability of financing solutions. The availability of local currency finance is therefore a key enabler of more resilient and scalable impact vehicles.

Domestic capital mobilisation also strengthens market ownership and builds long-term ecosystem capacity. In many emerging markets, domestic institutional investors, such as pension funds, insurance companies, and development banks, hold significant capital but face regulatory, risk, or pipeline constraints that limit deployment into impact investments. Addressing these barriers can unlock substantial local capital and reduce dependence on concessional international funding.

Key actions to enable domestic capital mobilisation include:

- Advancing policy and regulatory reforms to allow domestic institutional investors to allocate capital to impact vehicles
- Structuring local currency vehicles to reduce exchange rate risk for investees
- Leveraging DFIs and public development banks to provide catalytic capital, guarantees, or anchor investments
- Building partnerships with domestic asset owners and financial intermediaries
- Developing investment vehicles aligned with local market needs and investment horizons

Together, these approaches can crowd in domestic capital and support the long-term development of sustainable impact ecosystems.

Description

As fundraising progresses, attention should shift to operationalising the vehicle by putting in place the legal, governance, and operational structures required for implementation. These elements translate the investment and impact strategies into a functioning investment vehicle and provide confidence to investors.

This step begins with selecting the legal structure, considering jurisdiction, regulatory requirements, tax efficiency, investor preferences, and the nature of the investment strategy. The structure must also accommodate the capital stack, investor rights, and reporting requirements. Common structures include limited partnerships, corporate fund structures, trusts, or specialised facilities, depending on the vehicle's objectives and investor base.

A robust governance framework is then required to ensure transparency, accountability, and fiduciary oversight. This includes defining roles for the fund manager, investment committee, advisory committees, and impact oversight mechanisms, as well as clarifying delegation of authority and conflict-of-interest policies.

Finally, the operating model must be established. This includes appointing the management team, defining investment and risk processes, and implementing systems for pipeline development, due diligence, portfolio management, and reporting. Together, these elements enable the vehicle to move from design to launch and support long-term implementation and scale.



Other resources

For governance structures, fund roles, and operational considerations across the impact vehicle lifecycle, see [Setting up an impact fund: a comprehensive guide](#), (IQEQ, 2022)

For designing governance structures and decision-making bodies in early-stage impact funds, see [Governance](#)

[Framework for Early-Stage Fund Managers and Investment Companies](#) (FSD Africa, 2025).

For legal and governance considerations when establishing investment funds, see [Private Investment Funds Governance Handbook](#) (International Senior Lawyers Project, 2023).

Objective

Establish the governance, management, and operational systems required to launch, manage, and scale the vehicle effectively.

Questions

- What legal structure best aligns with the investment strategy, capital stack, and jurisdiction?
- What regulatory approvals or licensing requirements must be satisfied prior to launch?
- How should governance bodies be structured to ensure fiduciary oversight and investor confidence?
- What roles and responsibilities should be assigned between the vehicle, fund manager, and partners?
- What capabilities are required within the fund management team?
- What operational processes are needed across the investment lifecycle?
- What reporting, compliance, and impact management systems are required?

Decisions

- Determine the most appropriate legal structure and jurisdiction for establishing the vehicle
- Define the governance framework and decision-making bodies required for oversight
- Determine the operating model and fund management approach for implementation
- Define key service providers and operational infrastructure required for launch

Actions

1. Select the legal structure	2. Design the governance framework	3. Develop the operating model
Determine the most appropriate legal structure based on jurisdiction, investor requirements, and the vehicle's investment strategy.	Establish governance arrangements that ensure accountability, fiduciary oversight, and alignment with investor expectations.	Establish the management team, processes, and systems required to implement the vehicle effectively.
<ul style="list-style-type: none"> Assess jurisdictional options and regulatory requirements Align legal structure with investor preferences and capital stack Define key legal agreements (fund documents, management agreements, investor terms) Engage legal advisors and initiate structuring and registration process 	<ul style="list-style-type: none"> Define roles for the fund manager, investment committee, advisory bodies, and oversight functions Establish decision-making processes and delegation of authority Define conflict-of-interest and risk management policies Integrate impact oversight within governance structure 	<ul style="list-style-type: none"> Define the fund management team and required capabilities, including which functions will be delivered in-house and which may be outsourced Establish investment processes (pipeline, screening, due diligence, approvals) Develop portfolio management and investee support processes Set up financial, compliance, technology and reporting systems to support investor requirements, impact performance, and ongoing fund operations



Lessons from practitioners

- Align the vehicle with legal and regulatory realities:** Structures should reflect local legal frameworks, mandates, and regulatory constraints, with enabling reforms secured early where needed.
- Choose the legal form carefully:** The institutional form should support the vehicle's purpose, investor participation, and operational flexibility.
- Select credible and capable fund managers:** Delivery institutions should combine investment expertise, operational flexibility, and legitimacy with key stakeholders.
- Design governance structures that build trust:** Transparent governance, independent technical scrutiny, and clear accountability mechanisms help de-risk new vehicles.
- Plan for longer implementation timelines:** Structuring, approvals, pipeline development, and fundraising often take longer than expected, particularly in emerging markets.

Launch readiness checklist

- Structure & legal**
 - Legal entity established
 - Governing documents finalised
 - Regulatory approvals obtained
- Capital & fundraising**
 - Anchor investor secured (if applicable)
 - Target fund size and first close defined
 - Term sheet finalised
- Governance**
 - Investment committee appointed
 - Decision-making framework approved
- Operations**
 - Fund manager appointed
 - Administration and reporting systems in place
 - Financial model finalised
 - Investment process defined
- Pipeline**
 - Initial pipeline identified

Case study library from across the GSG Impact Partnership

Vehicle name	Country	Vehicle	Capital source	Target investees
Build Bangladesh Impact Fund	Bangladesh	Blended finance impact fund	Local private sector, HNWs, international impact investors, NGOs, and diaspora capital	Growth-stage SMEs and women-led businesses
Micro Impact Investment Fund	Bangladesh	Community-based micro-equity investment vehicle	Local individuals, diaspora investors, corporates, and NGOs.	Formal and informal microenterprises led by ultra-poor, women, and rural communities.
Ci Gaba (Progress) Fund	Ghana	Fund of funds	Pension funds, catalytic capital, DFIs	Local fund managers focused on SMEs
Climate United Fund	United States	Government-backed catalytic climate finance facility	Concessional government funds	Community development financial institutions, and clean energy infrastructure projects.
Commonwealth Outcomes Fund	Australia	Public outcomes fund	Government outcomes funding	Social projects delivered by local government, social enterprises and NGOs.
Fondo de Impacto Social	Spain	Public revolving impact fund	Public EU funds	Impact investment funds and vehicles, and impact businesses.
Ignition Fund	Mexico	Early-stage venture capital fund	Institutional investors, corporates, family offices and catalytic capital providers	Early stage agri-tech startups
Indonesia Impact Facility	Indonesia	Blended finance de-risking and fund of funds platform	Catalytic capital, concessional capital and commercial institutional capital	Local capital providers (fund managers, banks, fintechs) financing high-impact SMEs
Israel Growth Fund Initiative	Israel	Blended finance growth equity fund	Philanthropic grants institutional capital and a state portfolio guarantee	Mid-market businesses in Israel's northern and southern regions
JANPIA Dormant Deposits Investment Scheme	Japan	Government-designated dormant deposits wholesaler	Dormant accounts	Funds Distribution Organisations and impact venture capital funds
Korea Social Value and Solidarity Foundation	Korea	Non-profit social finance foundation, investing as a wholesaler	Private endowment capital from commercial banks, cooperatives, credit unions and a small number of public corporations	Social finance intermediaries
Nigerian Wholesale Impact Investment Fund	Nigeria	Blended finance wholesale impact fund of funds	Catalytic capital and commercial institutional capital, including local pension funds	SME-focused fund managers investing in Nigerian SMEs across priority sectors and underserved regions
Social Enterprise Fund	Sri Lanka	Blended finance fund with catalytic first-loss tranche	Development partners, commercial investors, local angles, diaspora capital	Growth-stage impact SMEs
Social Finance Fund	Canada	Government-backed wholesale social finance facility	Federal government capital and mobilised private capital	Social finance intermediaries financing social purpose organisations
Social Innovation Fund	Portugal	Public catalytic co-investment vehicle	Public EU funds (European Social Fund)	Equity co-investments and loan guarantees
Small Business Growth Initiative	Zambia	Guarantee facility	Central bank	Commercial banks, non-bank financial institutions, and specialised MSME lenders
Taiwan Green Growth Fund	Taiwan	Government-backed co-investment platform	Catalytic public capital and matched private co-investment	Unlisted green and net-zero companies in Taiwan

About this case study library

GSG Impact's National Partners play a critical role in building impact economies within their markets, including supporting the development of impact vehicles that mobilise capital toward social and environmental priorities. These vehicles respond to different market failures and opportunities, and vary widely in their structure, capital sources, governance arrangements, and impact objectives.

This library brings together case studies from across the GSG Impact Partnership, highlighting investment vehicles that National Partners have helped shape, influence, or support. The examples span different regions and approaches, illustrating how vehicles have been designed to mobilise capital, strengthen ecosystems, and address financing gaps in diverse market contexts.

How to use the case studies

Each case study provides a structured overview of a specific investment vehicle, including its key features, structuring roadmap, the role of the National Partner, and lessons learned. Together, they offer practical insights into how different vehicles have been designed and implemented.

Readers can:

- Explore individual case studies to understand different vehicle structures and approaches
- Identify examples relevant to their market context or financing gap
- Learn how National Partners have contributed at different stages of vehicle development
- Draw practical lessons to inform their own vehicle design and capital mobilisation efforts

Vehicle	Country	Ecosystem convener	Market diagnostics	Policy catalyst	Structuring partner	Capital mobiliser
Build Bangladesh Impact Fund	Bangladesh	✓	✓	✓	✓	✓
Micro Impact Investment Fund	Bangladesh	✓	✓	✓	✓	✓
Ci Gaba (Progress) Fund	Ghana	✓	✓	✓	✓	✓
Climate United Fund	United States	✓		✓		
Commonwealth Outcomes Fund	Australia	✓		✓		
Fondo de Impacto Social	Spain		✓	✓	✓	
Ignition Fund	Mexico		✓			
Indonesia Impact Facility	Indonesia	✓	✓		✓	✓
Israel Growth Fund Initiative	Israel	✓	✓	✓		
JANPIA Dormant Deposits Investment Scheme	Japan	✓		✓		
Korea Social Value and Solidarity Foundation	Korea	✓	✓	✓		
Nigerian Wholesale Impact Investment Fund	Nigeria	✓	✓	✓	✓	✓
Social Enterprise Fund	Sri Lanka	✓	✓	✓	✓	✓
Social Finance Fund	Canada	✓				
Social Innovation Fund	Portugal	✓		✓	✓	
Small Business Growth Initiative	Zambia	✓	✓	✓	✓	✓
Taiwan Green Growth Fund	Taiwan	✓		✓		

Build Bangladesh Fund

A blended finance impact fund designed to address Bangladesh's "missing middle" by mobilising institutional and private capital to invest in scalable impact enterprises, particularly women-led and growth-stage SMEs.

Key features:

Country:	Bangladesh
Status:	Launched with initial capital commitments; further scaling underway.
Target size:	USD 10 million (target), with an initial pilot of approximately USD 1 million.
Vehicle type:	Blended finance impact fund targeting growth-stage SMEs.
Impact focus:	Job creation, gender equity, enterprise growth, sector transformation, and strengthening local economies.
Target investee:	Growth-stage SMEs, women-led businesses, scalable startups, and enterprises in climate resilience, agriculture, digital economy, and light manufacturing.
Capital sources:	Blended capital from local private sector, high-net-worth individuals, international impact investors, NGOs, and diaspora capital.
Instruments:	Equity, quasi-equity, convertible capital, and blended finance structures.
Partners involved:	Build Bangladesh; NAB Bangladesh; Impress Capital Limited (asset manager); regulators; local and international investors.

Structuring roadmap:

- **2018–2019 – Ecosystem building and policy advocacy:** NAB Bangladesh and ecosystem partners began promoting impact investing, identifying the "missing middle" financing gap and engaging regulators and investors.
- **2022 – Development of national impact investment strategy:** Stakeholders collaborated on the Bangladesh Impact Investment Strategy and Action Plan, highlighting the need for catalytic investment vehicles.
- **2023 – Two-tier vehicle concept developed:** Build Bangladesh and partners designed complementary vehicles to address both grassroots capital access and growth-stage financing.
- **2023 – Investor consultations and design refinement:** Engagement with private sector investors, diaspora capital providers, and development partners informed the blended finance structure.
- **2024 – Pilot capital mobilisation and vehicle launch preparation:** Initial commitments were secured and governance, regulatory, and operational structures were finalised.
- **2026 – Fund operationalisation and first investments:** The Build Bangladesh Fund began deploying capital to growth-stage SMEs and impact enterprises.
- **Next steps – Scaling and institutional capital mobilisation:** The vehicle aims to crowd in institutional investors and expand sector coverage

Micro Impact Investment Fund

A grassroots investment vehicle designed to democratise impact investing by enabling individuals at the bottom of the pyramid to become investors and asset owners.

Key features:

Country:	Bangladesh
Status:	Operational, with capital deployed across local communities.
Target size:	USD 10 million target, with approximately USD 1 million pilot initiated.
Vehicle type:	Community-based micro-equity investment vehicle.
Impact focus:	Asset creation, income growth, financial literacy, women's empowerment, and inclusive participation in economic development.
Target investee:	Ultra-poor households, women-led microenterprises, informal sector entrepreneurs, and rural communities.
Capital sources:	Local individuals, diaspora investors, corporate contributions, NGOs, and blended catalytic capital.
Instruments:	Micro-equity, revenue-sharing arrangements, and community investment pools.
Partners involved:	Build Bangladesh; NAB Bangladesh; community partners; NGOs; Impress Capital Limited;

Structuring roadmap:

- **2021 – Concept development for grassroots ownership model:** Stakeholders identified the need for inclusive investment mechanisms beyond microcredit.
- **2022 – Community engagement and pilot design:** Local partners and NGOs were engaged to test appetite for micro-equity participation.
- **2022 – Pilot investment structure established:** Initial community-based investment pools were designed and governance structures defined.
- **2022–2023 – Pilot deployment and investor education:** Financial literacy and trust-building programmes supported early participation.
- **2024 – Capital mobilisation from local and diaspora investors:** Additional capital was mobilised to scale the pilot.
- **2026 – Expansion of community investment model:** The vehicle expanded to additional regions and sectors.
- **Next steps – Scaling participation and replication:** Focus on growing participation and strengthening governance frameworks.

Role of GSG NP:

NAB Bangladesh acted as ecosystem convener and structuring partner, identifying financing gaps, convening stakeholders, shaping the two-tier architecture, and supporting investor engagement to mobilise both grassroots and institutional capital. In addition, NAB Bangladesh negotiated with the Regulators for various tax incentives to encourage impact investment vehicles.

Lessons Learnt:

Successes:

- **Two-tier investment architecture addressed multiple financing gaps:** The complementary design of a grassroots investment vehicle alongside a growth-stage fund allowed capital to support enterprises across different stages of development.
 - **Strong ecosystem coordination enabled vehicle development:** Convening by the National Partner helped align policymakers, investors, and intermediaries around a shared investment approach.
 - **Blended capital improved investor participation:** Combining catalytic and commercial capital helped address perceived risks and attract a broader range of investors.
 - **Focus on ownership expanded the impact narrative:** The Micro Impact Investment Fund introduced asset ownership at the bottom of the pyramid, while the Build Bangladesh Fund supported scalable enterprise growth.
 - **Local leadership strengthened credibility:** Locally led design and implementation improved stakeholder buy-in and ensured alignment with market realities.
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Challenges:

- **Investor awareness and education requirements:** Both vehicles required significant engagement to build understanding of impact investing and blended finance structures.
 - **Regulatory and governance complexity:** Establishing appropriate governance arrangements and navigating regulatory requirements increased timelines.
 - **Trust-building with new investor segments:** Mobilising grassroots investors and diaspora capital required sustained relationship-building.
 - **Pipeline development constraints:** Identifying investment-ready enterprises, particularly at early stages, required additional ecosystem support.
 - **Coordination across multiple stakeholders:** Aligning government agencies, investors, and intermediaries created operational complexity during design.
-

Considerations for replication:

- **Design vehicles to address different market segments:** A complementary approach can support both grassroots inclusion and scalable enterprise growth.
- **Use National Partners as neutral conveners:** Trusted intermediaries can align stakeholders and accelerate ecosystem coordination.
- **Combine policy reform with vehicle design:** Supportive regulatory environments strengthen investor confidence and enable innovation.
- **Mobilise blended capital early:** Catalytic capital can improve risk-return dynamics and crowd in commercial investors.
- **Invest in investor education and trust-building:** New investment approaches require sustained engagement with both institutional and grassroots investors.
- **Prioritise local leadership and ownership:** Locally anchored structures improve credibility and long-term sustainability.

Ci Gaba (Progress) Fund

A blended finance fund of funds designed to mobilise domestic pension capital into impact-focused SME investment vehicles across West Africa. The vehicle combines catalytic capital, local currency structuring, and technical assistance to improve risk-return dynamics and enable Ghanaian pension funds to invest in private markets for the first time.

Key features:

Country:	Ghana
Status:	Operational. First close achieved in March 2026 with Ghanaian pension fund participation and capital deployment underway.
Target size:	GHS 1 bn (c. USD 75m) target, with a first close of GHS 383m (c. USD 35m).
Vehicle type:	Blended finance fund of funds investing in impact-focused private equity and debt funds targeting SMEs.
Impact focus:	Unlocking domestic pension capital to expand financing for SMEs, supporting job creation, sector diversification, and inclusive economic growth.
Target investee:	Impact investment funds and intermediaries that provide growth capital to SMEs and small and growing businesses across Ghana, Nigeria, Senegal and Côte d'Ivoire.
Capital sources:	Domestic pension funds alongside catalytic capital from philanthropic and development partners, including FSD Africa and Small Foundation, supported by grant funding for design and ecosystem development.
Instruments:	Equity and debt investments through underlying funds, supported by a catalytic first-loss layer (approximately 30%) and complemented by technical assistance to strengthen fund managers and ecosystem participants.
Partners involved:	Impact Investing Ghana (fund sponsor); Savannah Impact Advisory (fund manager); GSG Impact (ecosystem partner and structuring support); FSD Africa Investments; Small Foundation; Stanbic Investment Management Services and its corporate trustees including Axis Pension Trust Ltd. and Enterprise Trustees; CAL Asset Management Company Ltd.; and FMO.

Structuring roadmap:

- **2021 – Market diagnostic and domestic capital thesis:** Impact Investing Ghana conducted initial analysis of Ghana's pension ecosystem, identifying a structural disconnect between growing domestic pension assets and limited SME financing channels. Early engagement highlighted fiduciary concerns, limited capacity, and the absence of institutional-grade vehicles.
- **2021–2022 – Early investor engagement and co-creation:** Impact Investing Ghana convened pension trustees, regulators, and ecosystem actors to test appetite and shape the vehicle design. These consultations informed key structuring decisions, including local currency denomination, blended finance architecture, and the need for embedded technical assistance.
- **2022–2023 – Capacity building and design calibration:** Capacity-building programmes for pension trustees were implemented to improve understanding of alternative assets and blended finance. In parallel, the catalytic capital structure was calibrated, including a first-loss layer designed to unlock conservative institutional participation.
- **2023–2024 – Legal structuring and operational design:** Legal structuring, governance arrangements, and compliance work progressed alongside development of a technical assistance facility to strengthen fund managers, SMEs, and investors.

- **2024–2025 – Investor engagement and fundraising:** Engagement with domestic pension funds and catalytic investors intensified, supported by continued ecosystem coordination and alignment with regulatory requirement.
- **2026 – First close and capital deployment:** The fund achieved first close with Ghanaian pension participation, marking a significant milestone in mobilising domestic institutional capital for SME investment.

Role of GSG NP:

Impact Investing Ghana played a central role as sponsor, ecosystem convener, and structuring partner. It led pension engagement, coordinated capacity-building programmes, mobilised catalytic grant funding, and supported the appointment of the fund manager. The organisation also facilitated collaboration among regulators, pension trustees, and development partners, ensuring the vehicle reflected local institutional realities and fiduciary requirements.

Lessons Learnt:

- | | |
|--|---|
| Successes: | <ul style="list-style-type: none"> • Design anchored in a clear market failure: The vehicle addressed the disconnect between large domestic pension assets and limited SME financing, framing the challenge as a design and governance issue rather than a lack of capital. • Catalytic capital unlocked institutional participation: A first-loss layer calibrated at around 30% improved risk-return dynamics while maintaining market discipline. • Local currency structuring built investor confidence: Denominating the fund in Ghanaian cedis aligned with pension liabilities and mitigated foreign exchange risk. • Early and sustained pension engagement: Co-creation with pension trustees from the outset helped address fiduciary concerns and build ownership. • Technical assistance as core infrastructure: Embedded technical assistance supported capacity building across pension funds, fund managers, and SMEs. |
| Challenges: | <ul style="list-style-type: none"> • Institutional capacity constraints: Pension trustees required significant support to evaluate alternative investments and understand blended finance structures. • Regulatory navigation: Ensuring compliance and aligning with pension investment rules required sustained engagement with regulators. • Ecosystem coordination complexity: Aligning multiple stakeholders - pensions, fund managers, regulators, and development partners - increased design timelines. |
| Considerations for replication: | <ul style="list-style-type: none"> • Mobilise domestic anchors early: Engaging pension funds early ensures structures are designed around investor needs and fiduciary constraints. • Use catalytic capital strategically: First-loss capital can unlock conservative institutional investors while preserving market incentives. |

- **Structure in local currency where possible:** Reducing foreign exchange risk is critical for domestic institutional participation.
- **Embed technical assistance from the outset:** Capacity building should be treated as core infrastructure, not an add-on.
- **Ensure strong local leadership:** Locally embedded sponsors play a critical role in building trust and navigating institutional relationships.

Climate United Fund

A federally supported climate finance facility designed to deploy catalytic capital through community lenders to reduce emissions and expand access to clean energy in underserved communities across the United States.

Key features:

Country:	United States
Status:	Awarded April 2024; funds deposited September 2024; deployment paused following federal funding freeze in February 2025.
Target size:	USD 6.97bn (grant award under the National Clean Investment Fund).
Vehicle type:	Government grant-funded catalytic climate finance facility deploying capital through community finance intermediaries.
Impact focus:	Reducing greenhouse gas emissions while expanding clean energy access, economic opportunity and infrastructure investment in underserved communities.
Target investee:	Community development financial institutions (CDFIs), mission-driven lenders, project developers and clean energy infrastructure projects.
Capital sources:	US federal funding through the Greenhouse Gas Reduction Fund (Inflation Reduction Act).
Instruments:	Concessional loans, construction finance, leasing structures, credit backstops, aggregation facilities, limited grants.
Partners involved:	Climate United coalition: Calvert Impact (Climate United Fund), Self-Help, Community Preservation Corporation, supported by networks of CDFIs and community lenders.

Structuring roadmap:

- **2022 – Policy foundation established:** The Inflation Reduction Act created the USD 27bn Greenhouse Gas Reduction Fund to scale climate finance through intermediaries.
- **2022–2024 – Programme design:** The Environmental Protection Agency designed three programmes and launched a competitive award process.
- **April 2024 – Climate United selected:** Climate United awarded USD 6.97bn under the National Clean Investment Fund.
- **May–August 2024 – Grant negotiation:** Coalition negotiated grant agreement and deployment plan with EPA.
- **September 2024 – Capital deposited:** Funds transferred to managed accounts for deployment through intermediaries.
- **Late 2024 – Initial investments launched:** Early projects initiated across solar, building electrification and clean transport.
- **February 2025 – Funding freeze:** Capital deployment paused following federal administrative decision; funds remain held pending legal proceedings.

Role of GSG NP:

The U.S. Impact Investing Alliance supported policy dialogue and convened stakeholders to advance the Greenhouse Gas Reduction Fund. It advocated for inclusion in the Inflation Reduction Act, supported implementation discussions, and helped emphasise community impact priorities, including access to capital for underinvested communities and input into programme design.

Lessons Learnt:

- Successes:**
- **Leveraging existing community finance networks:** Deploying capital through established CDFIs enabled rapid pipeline development and access to underserved communities.
 - **Coalition model strengthened delivery:** Complementary expertise across coalition partners enabled sector-specific strategies and diversified deployment.
 - **Catalytic capital to transform markets:** Concessional financing structures were designed to crowd in private investment and standardise new clean technology markets.
 - **Capacity-building spillover effects:** The programme accelerated readiness within community lenders to finance clean energy projects.
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- Challenges:**
- **Political and policy risk:** Changes in administration resulted in funding uncertainty and halted deployment.
 - **Limited government implementation capacity:** Programme design and oversight were constrained by limited technical and staffing resources.
 - **High compliance burden:** Extensive reporting and regulatory requirements increased transaction costs and slowed deployment.
 - **Fragmented delivery structure:** Multiple awardees reduced coordination and limited standardisation across the programme.
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- Considerations for replication:**
- **Frame the investment opportunity to broaden buy-in:** Position the vehicle around widely shared priorities (e.g. economic growth, affordability, resilience, infrastructure) to attract diverse stakeholders. Avoid narrow framing that may alienate certain political groups or investor segments.
 - **Build on existing financial infrastructure:** Partnering with community lenders improves reach and deployment speed.
 - **Ensure institutional capacity for implementation:** Public agencies require sufficient financial expertise to manage large-scale catalytic programmes.
 - **Balance oversight with flexibility:** Compliance requirements should not inhibit innovation or slow deployment.
 - **Allow adaptability to technology change:** Programmes should remain flexible as clean technology costs evolve rapidly.

Commonwealth Outcomes Fund

A Commonwealth of Australia outcomes-based funding vehicle designed to reduce entrenched disadvantage by making contractual payments for agreed social outcomes, initially through partnerships with state governments and service providers.

Key features:

Country:	Australia
Status:	Operational. The fund was announced in the 2023–24 Budget, its design was confirmed through the 2024–25 Budget process, and the first projects are now underway.
Target size:	AUD 100m public funding
Vehicle type:	Public outcomes fund making contractual payments for agreed, measurable social outcomes, rather than a traditional investment fund with third-party capital at the fund level.
Impact focus:	Three priority areas: families and children, barriers to employment, and homelessness.
Target investee:	Projects delivered by states, territories, service providers and, over time, social enterprises and civil society organisations.
Capital sources:	100% Commonwealth funding at launch, with no formal external investor pool at fund level in the current design.
Instruments:	Outcomes-based contracts with upfront payments that are adjusted based on results achieved.
Partners involved:	Department of Social Services; Treasury; state and territory governments; service providers; and the Australian National Partner, Impact Investing Australia (IIA), in an advisory and policy-shaping role.

Structuring roadmap:

- **2018 – Government establishes the Social Impact Investment Taskforce:** Following advocacy by Impact Investing Australia, the federal government established a taskforce to consider the future of social impact investing in Australia and develop recommendations for market-building vehicles.
- **2020 – Taskforce report is delivered:** The Taskforce completed its recommendations, including an outcomes fund, but progress paused as the report was effectively set aside during the COVID period and under the previous government.
- **2022 – New government reactivates the work:** After the change of government, ministers asked for the Taskforce work to be updated and resubmitted, reviving the policy agenda around social impact investing and outcomes funding.
- **May 2023 – Commonwealth commits AUD 100m in the Budget:** The government announced a AUD 100 million Outcomes Fund as part of the Targeting Entrenched Disadvantage package, broadly reflecting the Taskforce recommendation.
- **2024 – Co-design and consultation phase shapes the model:** Treasury and DSS ran a consultation process on the design of the fund. The final model prioritised three social policy areas and framed the fund as a contractual outcomes-payment mechanism rather than a traditional investor-backed social impact bond structure.

- **2024–2025 – Initial rollout through state partnerships:** The government first invited states and territories to bring forward projects suitable for outcomes funding. The first approved projects were developed with state governments, with service providers delivering the interventions.
- **2025 onward – Fund is operational:** The first round of projects is now underway. Government has indicated that future rounds are expected to open more explicitly to non-government and civil society actors, beyond the initial state-led pipeline.

Role of GSG NP:

Impact Investing Australia (IIA) played a central role in the early stages. It pushed for the establishment of the national taskforce, sat on the taskforce, helped shape the intellectual and policy foundation of the recommendations, and then acted as secretariat after the taskforce completed its work. IIA has remained a key policy advocate and design adviser, but it is not the delivery agency for the Fund.

Lessons Learnt:

- Successes:**
- **Taskforce first:** A government-commissioned taskforce created the political legitimacy and formal pathway needed to get government seriously engaged on vehicle design and policy reform.
 - **NP as catalyst:** The National Partner was most effective at the agenda-setting stage - bringing in global thinking, shaping recommendations, and keeping pressure on government over several years.
 - **Outcomes funding track record:** The fund builds on an existing Australian track record in outcomes contracting and social impact bonds, while moving toward a less bespoke and potentially more scalable outcomes-payment model.
 - **Government ownership:** Although slow, keeping design within government has helped build internal public-sector understanding of outcomes funding rather than relying entirely on consultants or external intermediaries.
 - **Bilateral learning matters:** Direct introductions between Australian officials and counterparts in other GSG markets, especially Canada, were seen as especially useful in shifting thinking on adjacent vehicle models.
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- Challenges:**
- **Slow design:** The design phase took longer than expected due to limited in-house expertise on outcomes funds and the government was simultaneously rebuilding public-sector policy capacity.
 - **Limited early crowding-in:** Despite a history of philanthropic working capital in earlier payment-by-outcomes pilots, the current fund launched initially as a fully public mechanism, creating frustration among philanthropic actors who wanted a clearer participation pathway
 - **State-first rollout:** The first phase has moved through state-led projects rather than opening immediately to civil society, which has limited breadth and caused some market impatience.

- **Budget dependence:** Because the fund relies on annual Commonwealth budget decisions rather than ringfenced external capital, it has been exposed to political and fiscal constraints.
- **Template risk:** Early thinking leaned heavily on UK models of outcomes funds and wholesalers. Over time, that became a weakness, as Australian policymakers questioned whether those models really fit local conditions.

Considerations for replication:

- **Use a formal taskforce:** For publicly funded vehicles, a commissioned taskforce can be a strong entry point to generate legitimacy, consultation, and a clear line into government decision-making.
- **Expect long timelines:** Publicly designed vehicles can take years to move from recommendation to implementation, especially where internal government capacity is limited.
- **Don't import model like-for-like:** International models are useful reference points, but they need to be adapted carefully to local policy systems, political realities and delivery institutions.
- **Keep pressing on crowding-in:** Even when government chooses to start with public funding only, there is value in continuing to push for philanthropic and private participation over time.
- **Position the NP role upstream:** National Partners can be most valuable in ideation, policy shaping, convening and translation of global practice, rather than in fund delivery itself.

Fondo de Impacto Social

("FIS" or Social Impact Fund)

A €400 million public, catalytic impact investment vehicle in Spain, managed by COFIDES, designed to address underserved social and environmental challenges, strengthen the national impact ecosystem, and crowd in additional private capital.

Key features:

Country:	Spain
Status:	Operational. The Fund became fully operational in December 2024 and by March 2026, COFIDES reported 28 approved operations worth €276 million, around 70% of the Fund.
Target size:	€400m public capital, fully committed
Vehicle type:	Public revolving impact fund, catalytic wholesale and direct investment vehicle. It combines fund investments, co-investment, direct financing, and technical assistance.
Impact focus:	Social and environmental impact across 11 thematic areas, including equality and social inclusion, housing and infrastructure, health and well-being, employment, territorial cohesion, education, climate, responsible production and consumption, and ecosystem life.
Target investee:	Financially sustainable impact investment funds and vehicles, impact-driven SMEs, start-ups, social economy organisations, non-profit, foundations, and other entities tackling underserved social and environmental challenges in Spain.

Capital sources:	100% public capital at launch, within the framework of the NextGeneration EU instrument and Spain's Recovery, Transformation and Resilience Plan ("PRTR").
Instruments:	Equity, debt, quasi-equity, participative loans, co-investment, fund subscriptions, technical assistance, and potentially social impact contracts and other innovative products. Direct financing ranges from roughly €0.3 million to €40 million, while fund investments range from €2 million to €50 million.
Partners involved:	COFIDES as fund manager, the Ministry of Inclusion, Social Security and Migration as the fund sponsoring ministry; the Ministry of Economy Trade and Business as responsible of coordination and deployment of funds under Spain's PRTR and the European Commission, in its supervisory role.

Structuring roadmap:

- **2022–2023 – Government and ecosystem actors frame the need:** As Spain designed the addendum to its NextGenerationEU recovery plan, policymakers and ecosystem actors identified a growing mismatch between rising social challenges and the lack of flexible, impact-oriented capital. The Fund was conceived to address both social needs and ecosystem weakness by deploying capital into financially sustainable, impact-generating opportunities.
- **October 2023 – European approval provides the policy anchor:** The Fund was included in Spain's PRTR and approved at EU level, giving it strategic legitimacy, a €400 million mandate and a clear public-policy rationale.
- **Late 2023 to mid-2024 – Listening phase shapes the model:** COFIDES and government undertook an extensive listening and co-creation process with around 200 stakeholders, including a February 2024 Bilbao workshop bringing together around 80 institutions from the impact economy and social economy. This process helped refine priorities, ticket sizes, instruments and the need for a flexible multi-tool structure.
- **June 2024 – Legal framework is approved:** Spain approved the Fund through Royal Decree-Law 4/2024, formally creating the vehicle and, for the first time, defining impact investing in Spanish law as investment that intentionally seeks measurable social and/or environmental outcomes while preserving at least the principal invested.
- **June–July 2024 – Strategy and Theory of Change are built:** COFIDES developed the Fund's Theory of Change, narrowing a broader universe of issues into 11 priority themes and using this framework to guide eligibility, prioritisation, selection and future measurement.
- **Mid-2024 – COFIDES is positioned as delivery institution:** The Spanish government selected COFIDES to manage the Fund, on the basis of its proven long-standing and successful track record, extensive experience in the management of public funds, consolidated methodologies, demonstrated adequacy of operational capabilities, and strong commitment to responsible and sustainable investment principles.
- **Mid-2024 – Governance architecture is established:** The Fund set up a layered governance model consisting of internal COFIDES screening, an Independent Expert Panel of five specialists selected through a public process, and a final investment Interministerial Technical Committee. This governance of the fund was agreed with the European Commission in order to safeguard a high level of rigour, accountability and sound financial management.

- **September–December 2024 – Impact-led deployment begins:** From September 2024, the Theory of Change became the reference point for prioritisation and assessment, and by December 2024 the Fund was fully operational. The first operations helped signal what Spain considered credible impact investment and began attracting both domestic and European funds.
- **2025 onward – Capital is deployed to build the ecosystem:** COFIDES has used the Fund both to finance organisations directly and to seed impact funds, including first-time structures and European funds entering Spain, with the explicit aim of building track record, reducing risk perception and crowding in additional capital. Once the funds are committed in August 2026, the Social Impact Fund enters a second phase, which includes monitoring and the possibility of receiving additional public funds. As it is a revolving fund with no end date, loan repayments and sales of equity stakes will be reinvested in the Fund.

Role of GSG NP:

SpainNAB played an important ecosystem and market-shaping role. It contributed market data, surfaced needs from both the supply and demand sides, helped shape priority themes, provided methodologies and good practice on impact management, and acted as a trusted counterpart to COFIDES in identifying gaps, testing assumptions and strengthening the broader impact investment ecosystem. COFIDES and SpainNAB also formalised their relationship through an agreement and ongoing collaboration.

Lessons Learnt:

- Successes:**
- **Clear legal mandate:** Embedding the Fund in Spain's legal and policy framework gave it legitimacy, clarity and a strong public mandate from the outset.
 - **Flexibility mattered:** The ability to use multiple instruments and finance different types of beneficiaries was critical in responding to real market needs rather than forcing one standard product.
 - **Strong ecosystem engagement:** The early listening phase with around 200 stakeholders helped ground the design in actual market conditions and gave the Fund stronger buy-in across the ecosystem.
 - **Theory of Change backbone:** The Theory of Change gave the Fund a practical decision-making framework for prioritisation, screening and future measurement, rather than treating impact as a reporting exercise added at the end.
 - **Catalytic and additionality signalling:** The Fund shows a strong catalytic and additional role, with COFIDES reporting that each euro committed is expected to attract roughly two to three additional euros, and in some structures more. It has also helped bring new European funds and first-time structures into Spain.
 - **Fund's strong deployment:** This is partly due to the appointment of a manager with a long and proven track record in fund management, bringing consolidated methodologies, operational capabilities and full team support.

- Challenges:**
- **Smaller direct tickets:** The average size of direct business investments turned out to be smaller than expected, which increased transaction costs relative to the amount deployed.
 - **Pipeline readiness earlier:** Although pipeline proved stronger than expected, more systematic work on pipeline readiness, especially for smaller direct opportunities, would likely have reduced early friction.
 - **Measurement systems need time:** COFIDES treated impact measurement as essential to credibility, but acknowledged that building a robust end-to-end measurement system remains a major task beyond initial commitment of capital.

- Considerations for replication:**
- **Anchor in policy first:** A catalytic public vehicle is easier to launch when it is explicitly linked to national priorities and backed by a clear legal framework.
 - **Choose the right manager:** Selecting an institution with both public legitimacy and operational flexibility is critical, especially where standard public administration processes may be too rigid for investment activity.
 - **Build flexibility in:** Replication should avoid single-instrument design and instead allow instruments, ticket sizes and beneficiary types to adapt to real ecosystem needs.
 - **Use governance to build trust:** A transparent governance model with independent technical scrutiny and a clear public accountability layer can help de-risk a new public impact vehicle for both internal and external stakeholders.
 - **Apply private-sector investment discipline:** Maintaining financial analysis and underwriting criteria aligned with private market standards is critical to ensuring viability and attracting private capital over time.
 - **Embed impact into the investment process:** Impact should be integrated into eligibility, structuring, and monitoring, rather than treated as a separate reporting layer.
 - **Use public capital to create markets:** Public capital is most catalytic when used to build track record, reduce perceived risk, and crowd investors into underdeveloped segments, rather than replace private investment.

Ignition Fund

Early-stage investment fund supporting sustainable agriculture innovation in Latin America, bridging acceleration and later-stage capital to accelerate adoption and commercialisation of agri-tech solutions.

Key features:

Country:	Mexico / Latin America
Status:	Under development. Fund structuring and fundraising are underway, with pipeline development through incubation and acceleration programmes.
Target size:	USD 20-25m
Vehicle type:	Early-stage venture capital fund focused on agri-innovation.

Impact focus:	Sustainable agriculture, climate mitigation and resilience, food security, soil health, water efficiency and adoption of climate smart agricultural innovations, blue economy, biodiversity and improving the quality of life of small farmers by increasing their yields and giving access to financing.
Target investee:	Early stage agri-tech startups emerging from accelerator programs and being investment ready.
Capital sources:	Institutional investors, corporates, family offices and catalytic capital providers under discussion.
Instruments:	Early investments at pre- seed and seed stage.
Partners involved:	Accelerators, farmers, corporates, ecosystems partners and strategic investors.

Structuring roadmap:

- **2023 – Market gap identified:** Limited early-stage capital for agri-innovation and weak adoption pathways between incubation and growth-stage funding.
- **2024 – Vehicle concept developed:** Ignition Fund designed as bridge capital between incubators and later-stage investment vehicles.
- **2025 – Pipeline partnerships established:** Collaboration with incubators and accelerators to source investment-ready startups.
- **2025–2026 – Structuring and fundraising:** Investment strategy refined and capital mobilisation underway.
- **Next steps – Launch and deployment:** Finalise fund structure and begin investing in early-stage agri-innovation startups.

Role of GSG NP:

The Mexican National Partner helped build the market case for the Ignition Fund through its first impact investing market sizing study. The study highlighted growing interest in sustainable agriculture and food security, reinforcing the need for a vehicle that can channel capital into agricultural innovation aligned with clear market demand.

Lessons Learnt:

- Successes:**
- **Ecosystem-building improves outcomes:** Investing alongside acceleration programmes that fund startups bringing solutions to challenges faced by farmers and their customers strengthens pipeline quality and increases adoption through pilots.
 - **Regional scaling pathways:** Startups often expand across Latin America, improving growth and exit potential.
 - **Collaborative ecosystem culture:** Purpose-driven collaboration across actors strengthened partnerships and deal flow.

- Challenges:**
- **Fundraising remains the hardest stage:** Raising capital, particularly for intermediary structures, requires extensive relationship-building.
 - **Limited catalytic capital availability:** Efforts to secure concessional funding are not always successful.
 - **Adoption risk remains a core challenge:** Agricultural innovation can be slow to adopt in practice. The Ignition Fund is addressing this by working with farmers and corporates willing to pilot startup solutions and help validate market fit.

- Considerations for replication:**
- **Build trust-based fundraising early:** Long-term relationship-building with LPs is critical to securing commitments.
 - **Create momentum through anchor investors:** Early champions within LP institutions help convert interest into commitments.
 - **Pair ecosystem-building with capital:** Pipeline development and support programmes improve investment readiness.
 - **Align incentives across stakeholders:** Clear carry and governance arrangements improve execution.
 - **Promote diversity in decision-making:** Gender-diverse investment teams improve investment performance.
 - **Partner public capital with private-sector managers:** Public capital is most effective when deployed through independent fund managers.
 - **Leverage regional growth pathways:** Cross-border expansion opportunities increase scalability and exits.

Indonesia Impact Facility

A catalytic blended finance facility designed to unlock capital for Indonesia's "missing middle" of SMEs by de-risking local financial intermediaries, reducing transaction costs, and building market infrastructure. The facility combines grants, concessional capital, and commercial investment to mobilise domestic and international capital at scale.

Key features:

Country:	Indonesia
Status:	Under development. The facility is currently in the design and structuring phase, with stakeholder validation ongoing and a first close targeted for October 2026.
Target size:	USD 30 million catalytic facility designed to mobilise approximately USD 300 million (1:10 leverage within 10-year period), with an initial first close target of USD 5–7 million.
Vehicle type:	Blended finance catalytic facility with phased implementation, including de-risking mechanisms, fund-of-funds deployment, and capital recycling components with the purpose of market learning to pilot scale of mature portfolios.
Impact focus:	Unlocking capital for high-impact SMEs, supporting resilience, inclusive growth, and sustainable development, while strengthening local financial ecosystems and enabling systemic market development.
Target investee:	Local Capital Providers (LCPs), including fund managers, banks, fintechs, and non-bank financial institutions financing climate and impact-oriented SMEs.

Capital sources:	Catalytic capital from philanthropy and development partners, combined with concessional capital (foundations, family offices) and commercial capital from institutional investors.
Instruments:	Blended instruments including grants (e.g. due diligence cost-sharing, guarantee premium subsidies), concessional credit lines, guarantees, and fund-of-funds equity and debt investments, alongside technical assistance and shared services.
Partners involved:	Indonesia Impact Alliance (National Partner and sponsor); GSG Impact; local and international investors; financial intermediaries; and government stakeholders.

Structuring roadmap:

- **2024 – Market diagnostic and landscape analysis:** The Indonesia Impact Alliance conducted a landscape study identifying a significant financing gap for “missing middle” SMEs, particularly in climate sectors, and highlighting structural inefficiencies in capital allocation.
- **2024–2025 – Pre-structuring and model exploration:** Initial concepts focused on a wholesale financing vehicle. Multiple design pathways were explored, including fund-of-funds and intermediary-led approaches.
- **2025 – Stakeholder validation and design iteration:** Extensive consultations were conducted with intermediaries (fund managers, banks, fintechs) and potential funders. Feedback led to a shift from a single large vehicle to a phased approach, improving feasibility and stakeholder alignment.
- **2025–2026 – Co-creation and capital mapping:** Roundtables and interviews with capital providers were used to assess appetite, refine the structure, and identify potential anchor investors.
- **2026 – Facility design and fundraising:** The facility design is being finalised, including de-risking mechanisms and governance structures, alongside active engagement with potential anchor investors and capital partners.
- **Next steps – Launch and pilot implementation:** Formal launch targeted for October 2026, with initial capital deployment focused on piloting de-risking instruments and demonstrating viability to crowd in institutional capital.

Role of GSG NP:

The Indonesia Impact Alliance has played a central role as ecosystem convener and structuring partner. It identified the market failure, led the design of the facility, and convened stakeholders across government, private sector, and philanthropy. Its multi-stakeholder governance model has enabled alignment across diverse actors, refined the facility's scope, and strengthened engagement with both policymakers and investors.

Lessons Learnt:

Successes:

- **Co-creation strengthened design and buy-in:** Engaging a wide range of stakeholders through consultations and roundtables improved the design and built early ownership across the ecosystem.
- **Phased approach improved feasibility:** Shifting from a single large vehicle to a phased model enabled a more realistic pathway to mobilisation and implementation.
- **Strong focus on systemic market development:** The facility targets underlying market failures – such as transaction costs, risk perception, and lack of infrastructure, rather than individual transactions, increasing long-term impact.
- **Broad stakeholder engagement expanded the capital base:** Engagement with both advanced and emerging capital providers (e.g. corporates, foundations, faith-based organisations) widened the potential investor pool.

Challenges:

- **Difficulty securing an anchor investor:** Identifying a credible anchor funder has been a key constraint, slowing fundraising and affecting overall momentum.
- **Low awareness of impact investing among local capital providers:** Many domestic investors are still unfamiliar with impact investing and blended finance, requiring significant education and engagement.
- **Siloed market dynamics:** Fragmentation between SME finance, climate finance, and financial innovation ecosystems has made it challenging to align stakeholders and mobilise capital across sectors.
- **Regulatory and policy uncertainty:** Ongoing government transitions and evolving regulatory frameworks have created both delays and uncertainty in structuring and implementation.

Considerations for replication:

- **Adopt a phased approach to market entry:** Starting with smaller, de-risking-focused pilots can improve feasibility and build investor confidence before scaling.
- **Prioritise ecosystem building alongside structuring:** Investor education and stakeholder alignment are critical in markets with limited familiarity with impact investing.
- **Target systemic barriers, not just capital gaps:** Addressing transaction costs, risk perception, and market infrastructure can unlock sustained capital flows.
- **Engage diverse capital providers early:** Segmenting and tailoring engagement strategies for different investor types improves mobilisation outcomes.
- **Leverage National Partners as neutral conveners:** Locally embedded institutions play a critical role in bridging public, private, and philanthropic stakeholders and ensuring alignment with market realities.

Israel Growth Fund Initiative

A proposed blended finance growth fund designed to address a structural financing gap affecting mid-market firms in Israel's economic periphery, particularly in the northern and southern regions. The initiative uses catalytic philanthropic capital and state portfolio guarantees to improve risk-return dynamics and mobilise institutional and private investment at scale into underserved real-economy sectors.

Key features:

Country:	Israel
Status:	Under development. The state is preparing an open call to philanthropic partners and a subsequent tender to appoint a fund manager.
Target size:	Target fund size NIS 500m – 2bn (approximately USD 130m – 520m), with a working target of around NIS 1bn.
Vehicle type:	Blended finance growth equity fund designed to catalyse private investment in mid-market businesses in Israel's economic periphery.
Impact focus:	Economic recovery and regional development in Israel's periphery, with emphasis on job creation, productivity growth and environmental improvements.
Target investee:	Mid-market businesses with annual turnover of approximately NIS 20–90m located primarily in Israel's northern and southern regions, particularly firms operating in real-economy sectors such as manufacturing, services and local infrastructure that face structural barriers to accessing growth equity.
Capital sources:	Blended structure combining philanthropic grants (~10%), institutional investor capital (~90%), and a state portfolio guarantee of up to 15% of the fund.
Instruments:	Primarily equity investments, with flexibility to deploy quasi-equity instruments such as preferred shares and mezzanine financing.
Partners involved:	State of Israel (Accountant General), philanthropic foundations, institutional investors, a competitively selected private fund manager, and the GSG National Partner Israel Forum for Impact Economy (IFIE).

Structuring roadmap:

- **2023 – Post-conflict economic context identified:** Following the October 2023 war, stakeholders identified an urgent need to support economic recovery in Israel's northern and southern regions, particularly for mid-sized businesses facing financing constraints.
- **2023–2024 – Market failure analysis and blended finance concept developed:** The IFIE and partners analysed structural financing gaps affecting mid-sized firms, identifying limited access to equity capital despite strong economic potential in peripheral regions.
- **2024 – Stakeholder consultations across the financial ecosystem:** Engagement with institutional investors, fund managers and philanthropic actors to validate the financing gap and test the feasibility of a blended finance equity fund.
- **2024–2025 – Blended finance model designed:** A catalytic capital structure was developed combining philanthropic grant capital, institutional investment and a state-provided portfolio guarantee to improve risk-return dynamics.

- **2025 – Open call to philanthropic partners developed:** The State designed a formal framework inviting philanthropic institutions to provide catalytic capital to support the establishment of blended finance growth funds which has yet to be issued.
- **Next phase – Tender for fund manager:** Following confirmation of philanthropic commitments, the State will launch a competitive tender process to appoint a private fund manager responsible for fundraising and investment execution.

Role of GSG NP:

The Israel Forum for Impact Economy (IFIE) acted as a convener and catalyst for the initiative. The NP helped identify the market opportunity, convene stakeholders across government, philanthropy and finance, and advocate for the use of blended finance as a mechanism to mobilise capital toward regional economic recovery. The NP is not expected to have an operational role once the fund is established.

Lessons Learnt:

- Successes:**
- **Blended finance to mobilise underutilised capital:** The model demonstrates how philanthropic capital can be strategically deployed alongside public guarantees to mobilise institutional investment at scale.
 - **Clear articulation of market failure:** A strong evidence base around the financing gap for mid-sized firms helped justify the use of catalytic capital to address structural risk-return barriers.
 - **Alignment between philanthropic and public objectives:** The initiative builds on shared priorities between government and philanthropic actors around regional development and economic recovery.
 - **Innovative incentive design:** Linking fund manager compensation partly to impact performance helps align financial incentives with the fund's social and environmental objectives.

- Challenges:**
- **Legal structuring complexity:** Combining philanthropic grants, public guarantees and institutional capital within a single fund structure required extensive legal design and coordination across stakeholders.
 - **Philanthropy participation constraints:** Some philanthropic organisations face restrictions on receiving financial returns, requiring creative structuring mechanisms to accommodate different mandates.
 - **Blended finance unfamiliarity:** The concept required significant explanation to stakeholders unfamiliar with catalytic capital approaches, particularly regarding the rationale for using philanthropic funds to de-risk private investment.
 - **Alignment of multiple capital sources:** Coordinating commitments across philanthropy, government and private investors has been time-intensive and required careful sequencing of processes.

Considerations for replication:

- **Build a strong market-failure case:** Blended finance interventions require clear demonstration that viable investments exist but are not financed due to structural market barriers.
- **Use catalytic capital to unlock institutional investment:** Strategic use of grants and guarantees can shift risk-return dynamics sufficiently to attract commercial investors.
- **Secure strong government leadership:** Public sector involvement, particularly through guarantees and regulatory frameworks, can provide the credibility needed to mobilise private capital.
- **Use ecosystem actors as conveners:** Neutral conveners such as National Partners can play an important role in bringing together government, philanthropy and private investors around a shared investment model.

JANPIA Dormant Deposits Investment Scheme

A Japan-based dormant deposits vehicle that provides grants and investments. On the investment side, it channels catalytic capital through intermediaries to address priority social issues, using an impact-first, public-private model to expand financing for underserved social ventures and local enterprises.

Key features:

Country:	Japan
Status:	Operational. JANPIA was established in 2018, designated in 2019 to utilise dormant deposits, operated first through grants, and introduced its investment scheme from FY2023/FY2024, with blended finance added from FY2025.
Vehicle type:	Government-designated dormant deposits wholesaler financing vehicle.
Impact focus:	Social impact across three broad areas defined by law: (1) support for children and young people; (2) support for people facing social or economic difficulties; and (3) support for local communities facing decline and other social challenges.
Target investee:	Funds Distribution Organisations (FDOs) including primarily impact venture capital funds, which then invest in Japanese for-profit companies, including start-ups and SMEs tackling social challenges.
Capital sources:	Dormant bank deposits inactive for 10 or more years, with 50% reserved for repayment to account holders and the annual utilisation amount for public interest activities determined by the government. In FY2024, approximately JPY 169.4 billion (USD 1bn) in dormant deposits was transferred to the Deposit Insurance Corporation. The amount available for public interest activities is allocated annually.
Instruments:	Grants and investments across the broader JANPIA system; on the investment side, JANPIA currently uses equity into impact VC funds. From FY2025 it introduced a blended finance structure targeting funds meeting specified criteria, designed to attract private co-investors. Under this structure, JANPIA accepts a 1x return over 10–15 years and waives any additional upside, enabling other LPs to earn more market-aligned returns. This structure is intended primarily for areas where social investment capital is harder to attract, such as entrepreneurship support for people with disabilities, social reintegration of former offenders, and anti-bullying initiatives.

Partners involved: JANPIA; the Cabinet Office; the Council / special committee related to dormant deposits; financial institutions; FDOs / intermediary funds; external due diligence experts; JANPIA's Investment Committee and Board; and downstream GPs and companies. JANPIA was established under the leadership of the Japan Business Federation (Keidanren) with the aim of fostering collaboration across business, government, academia, and labour to address social challenges.

Structuring roadmap:

- **2016–2018 – Government creates the legal foundations:** Japan enacted the Act on Utilization of Funds Related to Dormant Deposits in December 2016, enforced from 2018, establishing the legal basis to use dormant deposits for public interest activities. The law established three broad impact areas, within which JANPIA and downstream intermediary organisations are required to operate, while retaining flexibility over specific sub-themes and delivery models.
- **2017–2019 – Institutional architecture is set up:** Following a preparatory period, the Cabinet Office created the governance framework, including the Council for Utilization of Dormant Deposits, and in 2019 designated JANPIA as the Designated Utilization Organisation.
- **2019 – Grant-based dormant deposits model is launched:** JANPIA began by distributing dormant deposits mainly through grants via Funds Distribution Organisations, building a national intermediary model and a track record in funding social issue programmes.
- **FY2023–FY2024 – Investment scheme is introduced:** After five years of grant-making, the law was amended in FY2023 to formally introduce the investment scheme. JANPIA added an investment function, allowing it to invest in FDOs including impact venture capital funds, and begin operating as an impact investment wholesaler.
- **2024 – JANPIA adopts an impact-first investment strategy:** JANPIA positioned itself as a catalytic LP targeting social issues and local enterprises that conventional VCs and banks struggle to finance, particularly where expected returns are low or time horizons are longer than standard VC models allow.
- **2024 onward – Intermediary selection process is operationalised:** JANPIA began selecting FDOs including impact VC funds through public consultations / RFPs, internal screening, external due diligence, Investment Committee review, interviews and final Board approval; the process takes roughly three to six months.
- **FY2025 – Blended finance is added:** Based on early market feedback that JANPIA's concessional terms were difficult to combine with commercial LP expectations, JANPIA introduced a blended finance model in which it accepts a 1x return over 10–15 years and waives additional upside to improve returns for other LPs.
- **Annual cycle – Government determines deployable capital:** The amount JANPIA can use each year is not fully pre-allocated upfront; rather, the Government determines annual budgets based on dormant deposit availability and JANPIA's track record.

Role of GSG NP:

The GSG National Partner in Japan did not play a direct structuring role in JANPIA's investment scheme. However, GSG-related actors were involved in the earlier dormant deposits discussions. JANPIA expects the National Partner to play a role in developing the broader impact-first market, including among non-profit actors: educating foundations and non-profits on impact investing, convening new catalytic LPs, and helping grow the supply of impact-first capital in Japan.

Lessons Learnt:

Successes:

- **Catalytic positioning:** JANPIA's willingness to accept highly concessional, impact-first returns created a new source of catalytic capital for social venture funds that would otherwise struggle to launch.
- **Policy-backed model:** The close link between dormant deposits legislation, Cabinet Office oversight and JANPIA's mandate created a strong institutional foundation for the vehicle.
- **Intermediary approach:** Channelling capital through FDOs including impact VC funds enabled JANPIA to reach more specialised actors and build a broader ecosystem rather than investing directly itself.
- **Strong governance:** Cabinet Office supervision, committee oversight, formal selection processes and public disclosure created a high-trust governance model suited to the sensitive use of dormant deposits.
- **Market signal:** Even at relatively small scale, JANPIA's entry has helped legitimise impact-first investment and encouraged some GPs and social actors to consider launching new impact vehicles.

Challenges:

- **Sharper market research:** At present, JANPIA selects target issue areas largely based on incoming GP proposals within its broad legal mandate. Conducting more detailed research to identify which sub-sectors are best suited to investment, and setting priority areas proactively, could enable more effective capital mobilisation.
 - **GP pipeline support:** More work is needed to nurture impact-first GPs and improve market readiness, rather than assuming the fund manager pipeline already exists.
 - **Team integration:** JANPIA's grant and investment teams are still relatively separate, and stronger integration could help build a more blended support pathway from grant funding to investment.
 - **Market education:** JANPIA has had to spend significant effort explaining that impact-first investing can legitimately prioritise social outcomes over high financial returns, including internally and among public stakeholders. In particular, given the limited participation of the non-profit sector in the impact investment market, building a broader community of practice is identified as a priority.
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Considerations for replication:

- **Use dormant assets as capital:** Dormant deposits can be a viable capital source where regulation permits their use for public interest or catalytic investment purposes.
- **Secure enabling law first:** Replication depends heavily on enabling legislation and a clear institutional mandate; without this, the vehicle would not have been possible.
- **Combine public oversight with private delivery:** The JANPIA model shows that public oversight and private-sector delivery can be combined through a structured intermediary model.
- **Use catalytic LP capital strategically:** Highly concessional LP capital can help seed first-time or specialist impact funds in areas where commercial investors are unwilling to invest alone.
- **Strengthen intermediary capacity:** The model depends on having credible intermediaries and GPs that can absorb capital and deploy it effectively, so market-building support is just as important as capitalisation.

Korea Social Value and Solidarity Foundation

A South Korea-based social finance foundation established to operate as a wholesale vehicle for social value creation, channelling patient capital through intermediaries to social economy actors and impact enterprises underserved by commercial finance.

Key features:

Country:	South Korea
Status:	Operational. Established in 2019 and active for seven years.
Target size:	Originally designed at around USD 250m with public-private matching. Current fund size is approximately USD 25m.
Vehicle type:	Non-profit social finance foundation designed as a wholesale vehicle, investing mainly through intermediaries rather than directly.
Impact focus:	Broad social and environmental impact, with priority areas including housing, education, culture, care, green economy, social innovation, employment and financial inclusion, with particular attention on underserved sectors and regions outside Seoul.
Target investee:	Social finance intermediaries including impact funds, microloan organisations, sectoral associations and cooperatives, which in turn support social enterprises, cooperatives and other mission-driven businesses.
Capital sources:	Currently financed entirely through private endowment capital, mainly from commercial banks, cooperatives, credit unions and a small number of public corporations.
Instruments:	Predominantly loans and indirect investments, with a small number of direct investments. Financing ranges from concessional loans at 0% to more commercial investments, with an overall sustainability target of around 4% return.
Partners involved:	Commercial banks, cooperative finance institutions, sector intermediaries, social economy actors, and the Korean GSG National Partner.

Structuring roadmap:

- **Early 2010s – Social economy actors begin pushing for legal and financial reform:** Social economy organisations in Korea began advocating for a stronger legal basis and better financial support to help mission-driven enterprises grow and access capital.
- **2018 – Government adopts a national strategy on social finance:** The Korean government announced a strategy to promote social finance, creating the political opening for a wholesale vehicle dedicated to social value creation.
- **2018–2019 – Preparation process and design work are undertaken:** A preparation phase was launched involving landscape research, consultations across sectors and enterprise types, and detailed design work to define the structure, purpose and roadmap of the vehicle.
- **2019 – SVS Foundation is established:** The foundation was launched as a non-profit entity, reflecting a compromise between actors favouring a more flexible foundation model and those who had advocated for an asset management company.
- **2019 onward – Private endowment capital is raised, but public matching does not materialise:** Although the vehicle was originally designed around a 50:50 public-private matching model, the legal basis for government capital never materialised, leaving the foundation with only a fraction of its planned scale.
- **2020 onward – Operations continue at smaller scale through intermediaries:** SVS began deploying capital mainly through social finance intermediaries, maintaining a wholesale approach in practice but at a much smaller scale than originally intended.
- **2023–2026 – Legal reform and restructuring discussions intensify:** Given the limitations of the foundation structure, discussions have focused on securing a legal basis for public funding and potentially creating an asset management company alongside the foundation to complement its current role.

Role of GSG NP:

The Korean GSG National Partner played a significant role in the early design phase. It introduced the wholesale fund model to Korean policymakers, connected the government to international examples through the GSG network and Better Society Capital, organised study visits, and helped build the policy case for a wholesale vehicle. Its role became less central after launch, but the relationship remains close and the foundation still draws on the NP's international knowledge.

Lessons Learnt:

- Successes:**
- **Strong early advocacy:** Long-term advocacy by social economy and impact investing actors helped create the political momentum needed to establish the vehicle.
 - **Wholesale perspective matters:** Even at smaller scale, operating with a wholesale mindset enabled the foundation to observe the wider ecosystem, identify financing gaps and play a useful market-shaping role.

- **NP as bridge-builder:** The National Partner added real value by bringing international models and credibility into domestic policy discussions.
 - **Patient capital positioning:** The foundation created a differentiated role for itself by focusing on patient, risk-tolerant capital for social value creators that commercial finance struggled to serve.
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Challenges:

- **Law came too late:** The biggest challenge was the absence of a legal basis allowing government funding to flow into the vehicle, which prevented the original public-private matching model from materialising.
 - **Foundation structure has limits:** The non-profit legal form made it harder to attract investment capital, hold equity freely, and operate like a true wholesale fund.
 - **Fundraising remains difficult:** Without stable public funding or more investment-friendly legal structures, capital mobilisation has remained one of the foundation's biggest constraints.
 - **Governance was hard to balance:** It was difficult to build a board and team that balanced the expectations of funders, social sector actors and financial professionals, all of whom had different risk appetites and views on impact finance.
 - **Commercial investors remain hesitant:** Many private investors still perceive impact investing as higher risk and lower return, making it difficult to crowd in broader pools of capital.
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Considerations for replication:

- **Establish the legal basis in place first:** Where public funding is central to the model, the legal basis should be secured early, before launch.
 - **Choose the vehicle carefully:** Legal form matters greatly as different structures serve different purposes: a foundation can provide flexibility for ecosystem building and tailored support, while other structures may be better suited to raising and deploying investment capital at scale.
 - **Secure stable capital for wholesale vehicles:** To operate effectively at scale, wholesale vehicles need regular and predictable capital sources, whether public, private or hybrid.
 - **Build awareness alongside structuring:** Replication depends not only on structuring a vehicle, but also on building investor understanding of impact risk, return and value creation.
 - **Mobilise multiple forms of capital:** Larger and more catalytic vehicles require a broader mix of capital providers, including investors motivated by impact as well as financial return.
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Nigerian Wholesale Impact Investment Fund (WIIF)

A naira-denominated wholesale impact investment fund designed to mobilise catalytic and commercial capital into SME-focused fund managers in Nigeria. The vehicle aims to address the financing gap faced by SMEs while strengthening the broader impact investing ecosystem through capital deployment, market building, and impact management.

Key features:

Country:	Nigeria
Status:	First close target Q3 2026. Kuramo Capital has been selected as fund manager, and structuring and fundraising are underway.
Target size:	USD 1 billion overall target, with USD 100 million targeted for first series
Vehicle type:	Blended finance wholesale impact fund of funds, with complementary warehousing and technical assistance components.
Target investee:	New and existing SME-focused fund managers investing in Nigerian SMEs, with co-investments also envisaged.
Impact focus:	Expands MSME finance to drive jobs and growth across priority sectors, using locally embedded fund managers to reach underserved regions and strengthen Nigeria's impact investing ecosystem, with climate and gender cross-cutting.
Capital sources:	Catalytic and institutional investors with the goal of 4x catalytic multiple. For every \$1 of concessionary capital, WIIF looks to raise \$4 of commercial capital from qualified institutional investors, including Nigerian pension funds, and other private investors.
Instruments:	Primarily equity with complementary warehousing and bridge finance where applicable for emerging fund managers.
Partners involved:	Impact Investors Foundation and the Nigerian National Advisory Board (sponsor); Kuramo Capital (fund manager); The Federal Ministry of Budget and Economic Planning; Ford Foundation; EU/BMZ funded GIZ Nigeria Competitiveness Project (NICOP); GSG Impact; DFC; Research & Innovation Systems for Africa Fund (RISA) and Gates Foundation.

Structuring roadmap:

- **2021–2023 – Ecosystem vision and vehicle concept emerge:** The WIIF was developed as a response to persistent SME financing gaps and the need for a market-building wholesale structure that could both finance social enterprises indirectly and strengthen the broader impact investing ecosystem.
- **2024 – Appointment of Kuramo Capital Management:** Kuramo Capital Management was appointed as the fund manager for the WIIF on 13 June 2024, following a rigorous selection process. This marked a significant foundational step toward the establishment of the fund. Kuramo Capital was subsequently onboarded in July 2024 through engagements with key stakeholders, including the Government Finance Committee on the WIIF, the Federal Ministry of Finance, the Federal Ministry of Budget and Economic Planning, and other relevant parties to harmonize strategic direction, discuss legal frameworks, and establish a collaborative working relationship.
- **2024 - Fund structure and core terms are developed:** A draft term sheet was prepared for a Nigerian limited partnership structured as a wholesale fund, with a 10-year term, a USD 100 million first series, a blended capital structure, and a focus on investing through SME-focused fund managers across Nigeria's six geopolitical zones.

- **2024 – Impact framework is designed and validated:** IIF developed the IMM framework and reporting templates. A stakeholder validation workshop was held in December 2024 to refine the theory of change, sector focus, and priority impact metrics.
- **2024–2025 – Complementary catalytic facilities are explored:** Alongside the core fund of funds, the team developed additional catalytic tools, including warehousing and bridge finance for first-time fund managers and other de-risking models such as guarantees, intermediary lending, and first-loss structures.
- **2025 – Technical assistance platform is developed:** The WIIF TA programme was designed around Kuramo's ABCD market-systems framework, combining fund incubation, bridge capital, catalytic investment, shared services, and ecosystem support.
- **Next steps – First close and operationalisation:** First close targeted for 2026, with fundraising underway in parallel with finalisation of the fund structure. A technical assistance programme for fund managers and business support providers is expected to begin in Q2 2026.

Role of GSG NP:

The Impact Investors Foundation, which houses the Nigerian NABII, has played a central role as sponsor, ecosystem convener, and structuring partner. It has helped shape the WIIF concept, engage stakeholders, commission the IMM framework, and coordinate validation processes. The NP's role extends beyond fund design into broader market building, including standards-setting, policy engagement, and ecosystem strengthening.

Lessons Learnt:

- | | |
|--------------------|--|
| Successes: | <ul style="list-style-type: none"> • Market-building embedded in the vehicle design: The ABCD framework (Accelerate, Bridge, Catalyse, Deepen) integrates fund manager incubation, warehousing capital, co-investments, and ecosystem support within a single platform. • Local currency structuring to reduce FX risk: Designing the vehicle in Naira addresses currency mismatch risks and improves alignment with domestic investors and SMEs. |
| Challenges: | <ul style="list-style-type: none"> • Dependence on government anchor capital: Delays in the disbursement of the proposed government commitment slowed progress toward first close. Catalytic investors saw this as a crowding out factor reducing the need for their capital to bring in the private sector. • Technical assistance funding constraints: Delays in raising TA resources affected rollout of the fund manager accelerator and pipeline development. • Ecosystem maturity constraints: Limited pipeline of investment-ready SMEs and an underdeveloped local fund manager landscape required additional capacity-building support. • Complex stakeholder coordination: Extensive consultations and government transitions created delays and uncertainty in structuring and fundraising. |

Considerations for replication:

- **Build the ecosystem alongside the fund:** Wholesale vehicles are stronger when paired with technical assistance, pipeline support, and market-building functions.
- **Use complementary catalytic tools:** Warehousing finance and first-loss structures can help address early-stage fund manager constraints and crowd in more commercial capital.
- **Anchor in domestic institutions:** Locally sponsored and locally domiciled structures may improve alignment with policy priorities and domestic capital mobilisation objectives
- **Tailor structures to pension fund constraints:** Engaging PFAs requires aligning with fiduciary requirements and risk appetite through strong de-risking, credible fund management, competitive returns, and flexible commitment structures to enable gradual allocation to private impact investments.

Social Enterprise Fund

A blended finance investment vehicle designed to address the growth capital gap for Sri Lanka's impact-oriented SMEs. The fund combines catalytic first-loss capital, commercial investment, and a technical assistance facility to mobilise private capital and strengthen enterprise readiness.

Key features:

Country: Sri Lanka

Status: Structuring and fundraising underway; first close targeted 2026

Target size: USD 5 million (LKR-denominated)

Vehicle type: Blended finance SPV with catalytic first-loss tranche

Impact focus: Inclusive, climate-smart SMEs; gender equality; job creation in underserved and post-conflict regions; SDG-aligned outcomes.

Target investee: Growth-stage impact SMEs requiring flexible capital and investment readiness support

Capital sources: Catalytic first-loss capital from development partners, senior commercial investors, local angels, and diaspora capital

Instruments: Convertible notes, venture debt, and revenue-linked financing

Partners involved: Lanka Impact Investing Network (LIIN); GSG Impact; UNDP; development partners and local investors

Structuring roadmap:

- **2017–2018 – Market gap identified and pipeline development:** Initial SME investment pipeline developed through a national TV-reality programme called "Ath Pavura", supporting sustainability-focused enterprises. Limited equity financing options and reliance on bank lending highlighted the growth capital gap.

- **September 2018 - Partnership established:** Memorandum of Understanding signed with UNDP to design a blended finance vehicle and develop an impact measurement framework.
- **2024 – Early 2025 - Market research and fund design:** National impact investment landscape study conducted, informing sector focus, instruments, and technical assistance requirements. Initial fund structure developed based on findings.
- **March 2025 - Initial structuring completed:** Completion of research and preliminary fund structure design.
- **May 2025 - Structuring support strengthened:** Partnership with GSG Impact to support financial structuring and fundraising.
- **September 2025 - Investor engagement:** Due diligence by potential first-loss capital provider and continued fundraising outreach.
- **February – Q2 2026 - First close targeted:** Initial capital commitments expected and technical assistance facility operationalised.
- **2026 - Deployment and scale-up:** Fund deployment and pipeline investment, with second close envisaged following initial implementation.

Role of GSG NP:

The Lanka Impact Investing Network (LIIN) originated the concept, conducted market analysis, built the pipeline, led structuring, and will support early fund management. The National Partner also convened investors and ecosystem stakeholders to mobilise capital and strengthen deal flow.

Lessons Learnt:

- | | |
|--------------------|--|
| Successes: | <ul style="list-style-type: none"> • Flexible instrument design improved market fit: Expanding beyond equity to include convertible notes and revenue-linked financing reduced SME concerns around ownership dilution and broadened the investable pipeline. • Technical assistance strengthened investee readiness: Introducing a complementary TA facility improved pipeline quality and enabled catalytic investors to participate. • Ecosystem mapping informed fund design: A national landscape study helped refine sectors, ticket sizes, and instruments aligned to local market conditions. • Blended capital structure improved risk-return dynamics: Incorporating a first-loss tranche helped mobilise commercial investors. |
| Challenges: | <ul style="list-style-type: none"> • Regulatory constraints on fund structures: Absence of LP/GP legal frameworks required structuring the vehicle as a limited liability company with multiple share classes. • Limited ecosystem awareness of impact investing: Significant capacity-building was needed to support fundraising and pipeline development. |

- **Currency and macroeconomic risk:** Limited hedging mechanisms increased complexity for local-currency investment strategies.
- **Early-stage pipeline maturity:** Additional investment readiness support was required to build investable enterprises.

Considerations for replication:

- **Conduct early ecosystem diagnostics:** Market mapping helps align ticket sizes, sectors, and instruments with local demand.
- **Build technical assistance alongside capital:** TA can improve pipeline quality and crowd in catalytic investors.
- **Design for legal and regulatory realities:** Vehicle structures should reflect local legal frameworks rather than imported fund models.
- **Engage catalytic partners early:** Early involvement of development partners can accelerate structuring and de-risk fundraising.
- **Maintain flexibility in instrument mix:** Adapting instruments to local SME preferences improves uptake and investor confidence.

Social Innovation Fund

A public catalytic co-investment facility established under the Portugal Social Innovation programme to mobilise private capital into social innovation ventures. The fund combined public European funding with private impact investment through equity co-investments and loan guarantees to address financing gaps for mature social innovation projects and enterprises.

Key features:

Country:	Portugal
Status:	Partially implemented. The equity co-investment stream supported several investments during the 2014–2020 EU programming period, but the financial instrument was discontinued.
Target size:	Approximately €20m mobilised through the equity stream across 17 investments during the first programming period.
Vehicle type:	Public catalytic co-investment vehicle operating within a broader national social innovation policy framework.
Impact focus:	Supporting innovative solutions to social challenges while strengthening Portugal's emerging social investment ecosystem.
Target investee:	Social enterprises and SMEs implementing social innovation projects, typically supported alongside private impact investors.
Capital sources:	Primarily European Social Fund resources allocated through national managing authorities.
Instruments:	Equity co-investments alongside private impact investors and loan guarantees for commercial bank lending to social innovation organisations.
Partners involved:	Portugal Social Innovation (programme manager); European Social Fund managing authorities; European Investment Bank (technical support); Banco Português de Fomento, national development finance institutions, and Maze Impact.

Structuring roadmap:

- **2014 – Portugal Social Innovation programme launched:** The Portuguese government established a national public policy programme to promote social innovation and build a social investment market using European Structural and Investment Funds.

- **2014–2017 – Ecosystem-building instruments introduced:** Portugal Social Innovation launched several complementary instruments including capacity-building programmes, matched grants and a Social Impact Bonds programme to build pipeline and investor engagement.
- **2016–2018 – Social Innovation Fund designed:** With technical support from the European Investment Bank, Portugal Social Innovation developed a financial instrument combining a wholesale loan guarantee facility and a retail equity co-investment model.
- **2019 – Equity co-investment stream launched:** The equity stream began investing alongside private investors, covering up to 70% of investment rounds to reduce risk and crowd in private capital.
- **2020 – Debt guarantee stream launched during COVID-19:** The loan guarantee facility was introduced but struggled to gain traction due to overlapping emergency lending programmes and limited demand for debt among social innovation organisations.
- **2020–2022 – Institutional restructuring creates implementation challenges:** The merger of several public financial institutions into a national development bank disrupted fund governance and slowed investment approvals.
- **2023 – Transition to new EU funding period:** Due to limited deployment under the financial instrument and new European Commission requirements, the Social Innovation Fund was not renewed, although other Portugal Social Innovation programmes continue to operate.

Role of GSG NP:

The Portuguese National Partner, Maze Impact, played an important ecosystem-building role. It helped raise awareness of impact investing, contributed expertise to the design of social investment instruments, and connected policymakers with international examples and investors. It was also directly and deeply involved in several Social Impact Bonds contracts. Its leadership and technical expertise were particularly influential in the early development of Portugal's social investment ecosystem.

Lessons Learnt:

- Successes:**
- **Integrated ecosystem strategy:** The Social Innovation Fund was embedded within a broader ecosystem-building programme that included grants, capacity-building, incubators and outcomes-based funding mechanisms.
 - **Catalytic public capital:** Public funding covering up to 70% of equity investments helped reduce risk and attract private impact investors into early-stage social innovation ventures.
 - **Co-investment structure worked well:** The deal-by-deal co-investment model allowed private investors to lead investments while public capital acted as a silent partner.
 - **Equity stream demonstrated strong demand:** Private impact investors showed strong interest in participating in equity co-investments with the fund.
 - **Public policy commitment strengthened the ecosystem:** The broader Portugal Social Innovation programme helped mobilise hundreds of social innovation projects and investors across the country.

- Challenges:**
- **Governance and institutional complexity:** Changes in the institutions responsible for managing the fund created delays and uncertainty in investment decisions.
 - **Debt instrument misalignment:** Loan guarantees were less suited to the needs of social innovation organisations than equity or grant-based funding.
 - **Timing constraints from EU funding cycles:** European funding programmes operate on fixed timelines, leaving limited time for new financial instruments to scale.
 - **Institutional risk aversion:** The institutions responsible for managing the fund were not always equipped to operate with the speed and risk tolerance required for venture-style investments.

- Considerations for replication:**
- **Build the ecosystem alongside the fund:** Financial instruments are more effective when combined with capacity-building, pipeline development and investor engagement programmes.
 - **Align financial instruments with ecosystem needs:** Equity investment proved more appropriate than debt for supporting early-stage social innovation ventures.
 - **Ensure experienced governance and management:** Institutions managing the vehicle should combine strong public accountability with practical expertise in impact investing and venture-style financing.
 - **Allow sufficient implementation time:** Public investment vehicles often require several years to develop pipelines and demonstrate results.
 - **Use public capital catalytically** Strategically deployed public capital can help crowd in private investment and accelerate the development of new impact markets.

Small Business Growth Initiative

A catalytic guarantee facility designed to reduce SME lending risk through guarantee incentives and technical assistance support to financial intermediaries, initially capitalised by the Bank of Zambia.

Key features:

Country:	Zambia
Status:	Under development. Facility structuring has been completed and the Debt Sleeve is expected to launch in 2026, with additional components under design.
Target size:	ZMW 5 billion (~USD 250 million) catalytic capital from the Bank of Zambia for the debt sleeve to de-risk the SME asset class at system level.
Vehicle type:	Guarantee facility to catalyse financial institutions' SME portfolios, implemented through a dedicated Special Purpose Vehicle (SPV) and intended to expand to include other asset classes.
Impact focus:	Expanding affordable access to finance for Zambia's "missing middle" of SMEs, supporting job creation, productivity growth, and inclusive economic development.

Target investee:	Participating Financial Intermediaries (PFIs), including commercial banks, non-bank financial institutions, and specialised MSME lenders.
Capital sources:	Anchor catalytic capital (equity and debt) from the Bank of Zambia, with the structure designed to crowd in additional capital from DFIs, philanthropic investors, pension funds and other asset owners over time.
Instruments:	Subordinated debt instruments structured as funded portfolio guarantees to PFIs, typically with 7 to 10-year tenors and coverage ranging between 40% to 80% based on alignment policy priorities, such as underserved segments or sectors. The guarantee is designed to achieve both credit risk sharing and regulatory capital relief, which is central to incentivising bank participation.
Partners involved:	Bank of Zambia, National Advisory Board for Impact Investing Zambia (NABII); GSG Impact; development partners supporting structuring; participating financial institutions; and potential institutional investors.

Structuring roadmap:

- **2018 – Ecosystem engagement begins:** NABII established an impact investing taskforce and began engaging regulators and financial institutions on structural barriers to SME finance.
- **2022 – Formal collaboration between NABII and the central bank:** A Memorandum of Understanding was signed between NABII and the Bank of Zambia to explore solutions to Zambia’s SME financing gap and develop a catalytic investment vehicle.
- **2022–2023 – Market diagnostics and ecosystem consultations:** Stakeholder consultations were conducted with banks, SMEs, intermediaries and ecosystem actors to analyse the structural barriers preventing capital from reaching SMEs.
- **2023 – Vehicle concept developed:** Partners agreed to design a blended finance vehicle focused on reallocating lending risk through guarantees and capital relief mechanisms rather than direct SME lending.
- **2023–2024 – Technical design and structuring:** A technical working group (“Design Works”) conducted detailed research, modelling and consultations to develop the facility structure, governance and operational model. The design phase was intentionally iterative, combining technical modelling with continuous stakeholder validation, which helped build ownership across the ecosystem.
- **2025 – Finalisation of facility structure and term sheet:** Technical discussions between BoZ and the design team concluded with agreement on the final facility blueprint, including capital structure, governance, guarantee mechanisms and operational arrangements.
- **Next steps – Implementation and platform expansion:** The Debt Sleeve is expected to launch in 2026, deploying funded portfolio guarantees through participating financial intermediaries. In parallel, the Design Works team will continue designing the Alternative Capital Sleeve, which aims to mobilise equity and flexible capital instruments – such as revenue-based financing, mezzanine finance and leasing – through specialised intermediaries to support SME growth and longer-term investment.

Role of GSG NP:

NABII played a central role as ecosystem convener and structuring partner. It helped identify the structural market failure in SME finance, convened stakeholders across regulators and financial institutions, and mobilised technical expertise through the GSG Impact partnership. NABII also facilitated early funding for design work, sourced international expertise, and provided a neutral platform through which the Bank of Zambia and ecosystem actors could collaborate on the vehicle design. NABII's role as a neutral intermediary was critical in bridging the Bank of Zambia and market participants, building trust across institutional boundaries.

Lessons Learnt:

- Successes:**
- **Catalytic leadership of the central bank:** The Bank of Zambia's commitment of ZMW 5 billion and its convening authority significantly strengthened credibility and stakeholder engagement.
 - **Design anchored in market failure:** The vehicle was built around a clear structural problem: SMEs lacked access to finance despite significant liquidity within Zambia's banking system.
 - **Design around available capital:** Having anchor capital committed early allowed the design process to focus on solving the market problem rather than adapting to fundraising constraints.
 - **Strengthening existing institutions:** Working through existing financial intermediaries strengthens the ecosystem rather than creating a parallel direct-lending structure.
 - **Ecosystem convening by NABII:** Long-standing relationships between NABII, regulators and financial institutions helped build trust and accelerate collaboration.
 - **Importance of policy-market alignment:** Early and sustained alignment between regulatory objectives and market realities was essential to arriving at a workable structure.
 - **Demonstration effect as a core objective:** Beyond immediate capital deployment, SBGI is designed to prove the commercial viability of SME lending, thereby crowding in capital over time.

- Challenges:**
- **SME pipeline development:** Building a strong pipeline of investment-ready SMEs remains a constraint and requires stronger business development support.
 - **Institutional investor engagement timing:** Engagement with pension funds and other institutional investors could have begun earlier in the design process.
 - **Legal and regulatory considerations:** The participation of a central bank in catalytic investment vehicles raises broader questions about the legal mandates of monetary authorities. In addition, it shapes governance, risk allocation, and operational independence.
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- Considerations for replication:**
- **Use central banks catalytically:** The model demonstrates how central banks can play a catalytic role in addressing market failures, though replication will depend on legal mandates.
 - **Use public capital to unlock private investment:** Strategically deployed catalytic capital can shift risk-return dynamics sufficiently to crowd in domestic institutional investors.
 - **Work through existing financial institutions:** Strengthening existing intermediaries can improve scalability and minimise market distortion.
 - **Combine financial innovation with ecosystem support:** Guarantees and risk-sharing mechanisms are most effective when combined with technical assistance, data systems and market learning.

Social Finance Fund

A Government of Canada wholesale social finance facility designed to grow the country's social finance market by channelling flexible, repayable capital through intermediaries to social purpose organisations addressing social, cultural and environmental challenges.

Key features:

Country:	Canada, with one dedicated fund manager for Quebec and two with wider national scope.
Target size:	Total program size of CAD 755 million.
Status:	Operational. Announced in 2018, fund managers were selected in April 2022, contribution agreements were signed on 31 March 2023, and deployment began in June 2023. By December 2024, wholesalers had committed capital to 34 intermediaries and one direct Social Purpose Organization (SPO) investment.
Vehicle type:	A wholesale social finance model deploying capital through Social Finance Intermediaries, primarily structured as limited partnership (LP/GP) funds, debt facilities (e.g. on-lending models), and select direct investments (in limited cases).
Impact focus:	Broad social and environmental impact, with emphasis on equity-deserving groups, gender equality, Indigenous reconciliation, health, decent work, reduced inequalities, sustainable communities and climate action.
Target investee:	Primarily social finance intermediaries, which then invest in Social Purpose Organizations (SPOs), including charities, non-profits, co-operatives, social enterprises, and for-profit companies with social and environmental objectives. Direct SPO investments occur only in limited cases. CAD 400 million allocated across three wholesalers, with CAD 50 million dedicated to the Indigenous Growth Fund. Remaining capital is subject to future allocation decisions.
Capital sources:	A blended capital structure combining public and private sources. Capital includes conditionally repayable capital, repayable over about 16 years, and non-repayable capital for market-building, capacity development, and catalytic activities. Wholesalers are expected to mobilise additional private capital, though matching requirements are not formally prescribed. An additional \$100 million was allocated to the Investment Readiness Program.

Instruments: Debt, equity, quasi-equity, outcomes financing and real-asset investments across the chain; wholesalers receive conditionally repayable investment capital and non-repayable market-building funding for technical assistance, capacity building, and blended finance structures.

Partners involved: Employment and Social Development Canada (ESDC); three wholesale fund managers - Boann Social Impact, Realize Capital Partners, and Fonds de finance sociale CAP Finance; ecosystem partners supporting impact reporting and IMM, including Common Approach and Impact Frontiers.

Structuring roadmap:

- **2010–2013 – Early ecosystem development and advocacy:** Canadian impact investment practitioners, foundations, and intermediaries began convening to explore repayable capital as a complement to grants. In 2015, the National Impact Investing Practitioners Table (now TIIP) formally called on the federal government to establish a social finance acceleration fund.
- **2015–2018 – Policy alignment and field-building:** Social finance entered federal priorities through ministerial mandate letters, while ecosystem actors advanced education, research, and policy engagement. Three influential reports (2012, 2014, 2018) helped define the field and demonstrate financial viability. In particular, the 2018 loan loss reserve analysis provided critical evidence that social finance could deliver both impact and financial returns.
- **2017–2018 – Federal strategy and co-creation process:** The Government of Canada established the Social Innovation and Social Finance Strategy Co-Creation Steering Group, bringing together practitioners, intermediaries, and policymakers. Its 2018 report, *Inclusive Innovation*, set out 12 recommendations, including creation of a national Social Finance Fund.
- **2018 – Policy approval and budget announcement:** Within weeks of receiving the recommendations, the Government announced the Social Finance Fund in the federal budget as a catalytic wholesale vehicle to scale social finance nationally.
- **2019–2020 – Technical design and investment readiness:** The government led technical design of the Fund, while the Investment Readiness Program (IRP) launched in 2019 with CAD 50 million, followed by another CAD 50 million in Budget 2021. However, the IRP preceded finalisation of the Fund's deployment pathways, limiting its pipeline-building impact.
- **2020–2021 – Wholesale model design and selection process:** The government shifted from a single wholesaler to a multi-wholesaler model, including a Quebec-specific vehicle. ESDC launched a competitive selection process in August 2021.
- **2022–2023 - Fund manager selection and launch:** Three wholesalers were selected on 8 April 2022, contribution agreements were signed on 31 March 2023, and capital deployment began in June 2023.
- **2023 onward – Capital deployment and market development:** Wholesalers began deploying capital while continuing capacity-building, ecosystem coordination, and impact measurement efforts.

Role of GSG NP:

Canada did not have a formal GSG National Partner leading the Fund's design. Instead, domestic actors such as TIIP played a similar convening and advisory role. GSG representatives and international practitioners contributed selectively through convenings and global examples, such as Big Society Capital, but did not directly shape the Fund's design or implementation.

Lessons learnt:

Successes:

- **Strong policy alignment enabled rapid launch:** Alignment across ecosystem, political, and civil service actors created a clear policy window.
- **Wholesale model enabled effective capital deployment:** Specialised intermediaries expanded market reach, leveraged expertise, and avoided direct government investment management.
- **Ecosystem-informed design strengthened legitimacy:** Co-creation ensured the Fund reflected market realities, strengthening buy-in, credibility, and practical alignment.
- **Catalytic signalling effect mobilised additional capital:** Government participation validated the market and attracted private and philanthropic capital.
- **Integration of capital and market-building tools:** Non-repayable funding supported capacity building and impact measurement alongside capital deployment.

Challenges:

- **Investment readiness and deployment were misaligned:** Many supported organisations did not match intermediary requirements or due diligence standards.
- **Investable demand was overestimated:** Strong demand existed, but many organisations were not ready for repayable finance.
- **Pre-launch work was under-resourced:** Pipeline development, structuring, and partnerships required significant work with limited dedicated funding.
- **Policy objectives and market realities created tensions:** Multiple objectives introduced trade-offs that were not always fully reconciled.
- **Cost of capital created sustainability tensions:** Grant-shaped expectations did not align with repayable capital realities for intermediaries.
- **Implementation timelines took longer than expected:** Due diligence, fundraising, and market development slowed deployment beyond expectations.

- **Investment readiness and deployment were misaligned:** Many supported organisations did not match intermediary requirements and a lack of segmented pathways weakened readiness efforts and pipeline development effectiveness.
- **Macroeconomic conditions constrained fundraising:** The post-pandemic environment made matched private capital harder to secure.
- **Multi-wholesaler design increased fragmentation:** Multiple wholesalers increased duplication, coordination demands, and system-wide overhead.
- **Government capability gaps created friction:** Repayable capital delivery required capabilities not fully aligned with grants frameworks.
- **Ecosystem support infrastructure remained weak:** Limited legal and fund design expertise created bottlenecks for intermediaries.
- **Reliance on public capital remained high:** The system still depended heavily on government funding despite mobilisation efforts.

Considerations for replication:

- **Prioritise intent and manage trade-offs:** Multiple objectives require clear prioritisation to avoid misaligned expectations and implementation challenges.
- **Align readiness, capital, and pipeline sequencing:** Readiness, deployment, and pipeline development should operate as one integrated system.
- **Resource early-stage market development:** Pipeline development, structuring, and intermediary set-up require dedicated upfront funding.
- **Invest in intermediary capacity:** Strong intermediaries are essential; supporting fund managers is as important as capitalising funds.
- **Build supporting professional services infrastructure:** Legal, financial, and structuring expertise should be treated as core infrastructure.
- **Combine capital with ecosystem-building tools:** Technical assistance and impact infrastructure should accompany capital deployment.
- **Balance diversity with system coherence:** Ecosystem diversity matters, but fragmentation can reduce efficiency and increase coordination costs.
- **Set clear expectations on cost of capital:** Misaligned pricing expectations can distort demand and hinder deployment.
- **Plan for longer time horizons:** Social finance markets take time to build and mature.
- **Use government capital catalytically:** Public capital should catalyse markets, not replace private and institutional investment.
- **Adapt structures to local ecosystems:** Models should reflect local market maturity, capacity, and ecosystem dynamics.
- **Adopt a learn-by-doing approach:** Building new financial ecosystems requires iteration, learning, and flexibility.

Taiwan Green Growth Fund

A government-backed co-investment platform designed to accelerate Taiwan's green growth and 2050 net-zero transition by mobilising private capital into emerging green and net-zero businesses through catalytic public investment.

Key features:

Country:	Taiwan
Status:	Operational. Approved in November 2024, operating guidelines released in February 2025, and early investments have already begun.
Target size:	NT\$10 billion (approximately USD 315 million) public allocation from Taiwan's National Development Fund.
Vehicle type:	Government-backed co-investment platform using a matching fund model to crowd in private capital into green growth and net-zero sectors.
Impact focus:	Accelerating Taiwan's green growth and 2050 net-zero transition by supporting emerging businesses in circular economy, advanced energy, energy storage, deep energy efficiency, carbon capture and negative-carbon technologies, digital low-carbon technologies, and climate adaptation.
Target investee:	Unlisted Taiwanese companies, and offshore companies whose principal business activities are in Taiwan, operating in net-zero and sustainability-related emerging industries. Listed and OTC-listed companies are excluded.
Capital sources:	Catalytic public capital from the National Development Fund, matched by private co-investment from venture capital funds, corporate venture capital, financial institutions, investment advisers, accelerators, and strategic investors.
Instruments:	Primarily equity investments, including preferred shares. Investments are generally made alongside matching investors, with public capital typically matched 1:1, although the private matching threshold may be reduced for six priority sectors and certain government-linked cases. Matching investors may receive management fees and performance-based compensation.
Partners involved:	National Development Fund; Ministry of Environment; project office managing implementation; approved matching investors including VC funds, financial institutions, accelerators and strategic investor, some of whom are members of Taiwan Impact Investing Association (TIIA).

Structuring roadmap:

- **Pre-2024 - National Development Fund model established across other sectors:** Taiwan's National Development Fund had already used matching fund models to support strategic sectors including SMEs, manufacturing, AI and cultural industries, creating the policy precedent for a similar mechanism focused on green growth.
- **2024 - Green growth and net-zero investment gap prioritised:** As climate and net-zero transition became more central to Taiwan's industrial strategy, stakeholders identified the need for a catalytic investment vehicle to mobilise more private capital into emerging green sectors. The Ministry of Environment used this opportunity to move from a primarily regulatory role into a more investment-oriented one.
- **2024 - Consultation and design process launched:** The Ministry of Environment consulted venture capital professionals, industry associations, experts, scholars and government agencies to shape the vehicle design. TIIA participated as a facilitator, bringing private capital and ecosystem perspectives into the discussion.
- **29 November 2024 - Fund approved:** The National Development Fund Management Committee approved the programme with a NT\$10 billion allocation.

- **4 February 2025 - Operating guidelines released:** The Ministry of Environment published the operating guidelines, confirming the trust-account structure, shared quota model, co-investment rules, and governance framework.
- **2025 - Vehicle operationalised through project office and matching investor model:** A project office was established to sign management contracts, support investor selection, and oversee investment and post-investment management. Matching investors were approved to source, execute, and manage investments under the fund's framework.
- **2025 - Early deployment begins:** The fund became operational and had already completed several early investments, particularly in circular economy and related environmental sectors.

Role of GSG NP:

Taiwan Impact Investing Association (TIIA) played a facilitative and bridging role between government and private capital. It contributed investor and ecosystem perspectives into the design process, helped ensure the structure was investable from a market perspective, and used its membership base and platform function to surface practical feedback on investor participation, incentives, and commercial frictions. TIIA also acted as an opinion leader in the field, drawing on relationships with ministries and lessons from other GSG markets including Japan and the UK.

Lessons Learnt:

- Successes:**
- **Built on an established public investment model:** The fund drew on Taiwan's long-standing National Development Fund matching model, giving it policy legitimacy and a practical operating foundation.
 - **Public-private structure strengthened investability:** Combining public anchor capital with private-sector execution helped balance policy intent with commercial discipline.
 - **Broad investor eligibility widened participation:** Allowing participation from financial institutions, VC funds, accelerators, CVCs and strategic investors improved the vehicle's ability to crowd in different types of capital and expertise.
 - **Impact was embedded in the design:** Decarbonisation was integrated into sector selection, investment review, and matching rules rather than treated only as an ex-post reporting requirement.
 - **Government data supported pipeline development:** The project office and Ministry of Environment were able to use government-held sector data, especially in regulated areas such as circular economy, to help identify pipeline and connect investors with potential investees.

Challenges:

- **Government mindset still shaped the design:** While the National Development Fund was experienced, line ministries such as the Ministry of Environment were more conservative and at times approached the vehicle from a regulator's perspective rather than an investor's.
 - **Governance provisions risked deterring investees:** Proposed requirements such as a mandatory board observer seat regardless of ownership share were seen as overly interventionist and could discourage attractive companies from participating.
 - **Climate investment ecosystem remains early-stage:** Climate tech and circular economy are still emerging sectors in Taiwan, with limited specialist investor depth and market familiarity.
 - **Geographic investment constraints may limit market depth:** Restricting eligibility to domestically linked investments may limit access to advanced technologies and reduce opportunities to strengthen Taiwan's climate investment ecosystem through global integration.
 - **More investor incentives may be needed:** Although the structure is catalytic, stronger commercial incentives may be required to accelerate participation from VC co-investors.
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Considerations for replication:

- **Use public anchor capital to crowd in private capital:** Matching public investment with private co-investment is highly relevant in sectors where commercial potential exists but investor risk appetite remains limited.
- **Let government set the mandate, but not do all the investing:** Replication is strongest where public institutions provide patient capital and structure, while private-sector partners lead execution.
- **Broaden the pool of eligible co-investors:** Limiting participation to traditional VC managers may be too narrow; strategic corporates, financial institutions and other intermediaries can strengthen capital mobilisation and sector expertise.
- **Balance accountability with commercial flexibility:** Public vehicles need strong governance, but not so much intervention that founders and investors see them as commercially unworkable.
- **Combine capital with ecosystem development:** Replication works best where there is enough private capital capacity, a credible public anchor, some investable pipeline, and an intermediary able to bridge policy and market perspectives.

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