HOW CAN MONEY SUPPORT TRANSITIONS RATHER THAN INDIVIDUAL PROJECTS?

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Event Summary · Egregor Community Event · Online · 23 June 2026 **Moderated by: Inès d'Haultfoeuille, COO of Egregor**

Guest Speakers:

1. **Zannatul Ferdous:** Principal Consultant at Agora Global and instructor at the University of Cape Town on systemic impact investing. Zannatul has worked at the intersection of impact investing and systems thinking across multiple continents. She has advised DFIs, family offices, and fund managers on the design and evaluation of impact funds, supported bilateral donors on market system development, and trained practitioners on integrating systemic analysis into investment processes.
2. **Isadora Bigourdan:** Investment and development finance specialist with extensive experience across Africa, including with the Agence Française de Développement. Isadora is the former CEO of Digital Africa and has led multicultural teams across five continents, built partnerships with DFIs, foundations, and institutional investors, chaired investment commitments, and sat on boards, as well as taught at KEDGE Business School.

Overview

This Egregor community session was centered around a key problem at the heart of blended finance: A mechanism that was built to draw private capital toward the hardest development challenges has, so far, mobilised remarkably little of it. A 2025 guidance report even described the field as a "fragmented and poorly standardised cottage industry". It has proven to be layered, costly, human-resource intensive, and still far from mainstream.

The framing figures are stark: Only $29 billion of blended finance was deployed for climate projects in 2023; and for every $1 committed through blended mechanisms, just $0.38 of private capital was mobilised, which is far below the leverage the field promised. The SDG financing gap is still measured in trillions of dollars by 2030. Blended finance has worked least where it was needed most, this being the riskiest and most fragile contexts, while adding the most value where markets were already stable enough to attract capital anyway. The result is that concessional capital concentrates among large, established actors and ignores the smaller, more innovative ventures most likely to change a system.

The two discussion rounds entailed a diagnosis of why the system funds projects rather than transitions, and a practical exploration of what to do differently. Speakers and community members traced the problem to methodology and lens rather than a shortage of money, and moved toward a more systemic, robustness-oriented practice. A theme that kept returning was a simple change of starting question. Instead of asking what we want to finance, the group kept coming back to what is actually holding a company or a market back. Sometimes the answer is capital. Just as often it is regulation, distribution, management capacity, or something else that money on its own cannot buy.

Part I — Reading the System: Why Capital Funds Islands, Not Oceans

The first discussion round reframed the core problem of the system. In good news, the issue is not the amount of capital available. Global financial wealth was estimated at **$333 trillion** in 2025 and continues to grow. The real question is the lens and the methodology applied to deploying it. What does that shift look like in practice? It means reading a company against where its sector is heading over the coming years, and not only against its past performance. It means taking a hard look at the ecosystems a business leans on. And it means folding that kind of systems analysis straight into due diligence and portfolio management, so it shapes everyday decisions instead of sitting off to one side.

> *It is not a question of whether we have the means to transition. The wealth is already here. What we need to change is the methodology.* — **Isadora Bigourdan**

The Islands-and-Oceans Problem

For too long, **finance has funded "islands"**, meaning individual projects, as if they were self-standing, while ignoring the "ocean" of ecosystem services that surrounds and affects them. Due diligence examined the operation and the team, but rarely the dependencies surrounding them, and analysed deals mostly against historical data. That is now shifting: A recent European Investment Bank analysis found that over **75% of corporate loans in the Eurozone are highly dependent on nature's ecosystem services**. Ecosystem health is no longer just a positive externality, it has become a balance-sheet issue. Investors need to change their methodology when assessing how and where to deploy capital, and systematically assess ecosystem dependencies. COVID contributed to the realisation that systemic risk is universal and real, rather than just an emerging-market peculiarity.

Even Silicon Valley did not solely grow through the private market but was built on **trillions of public and philanthropic dollars** that were intentionally deployed: An example that intentional ecosystem-building is essential.

Blending, Finance, but not Impact

Language reveals a lot about the current view of blended finance: The term contains "blending" and "finance," but not "impact." While blending mechanics have grown highly sophisticated, as thousands of deals are now reviewed through platforms such as Convergence, the field **has lost sight of what it is blending for**. Two differing goals are often conflated: Mobilising capital at scale against a roughly $4 trillion SDG gap, and generating genuine impact. While they should be aligned, hey are not the same: Mobilising more money without addressing root causes simply increases the gap further. Only a minority of development finance institutions have been deliberate about why concessionality is needed and designed their instruments accordingly.

> *When you hear "blended finance," you hear blending and you hear finance. But you don't hear impact.* — **Zannatul Ferdous**

Capital alone rarely solves the problem. Anexample from three years of work in Nigeria's poultry sector illustrated the point: Women depended on chickens as a primary asset, but the binding constraint was not access to finance, it was barriers such as **cold-chain logistics and fragmented distribution**. This lesson was already learnt in the development sector: Decades of free money did not produce sustainable change. The practical implication is to treat systemic impact not as a lofty “systems change” ambition but as **starting where you are** and asking what else, beyond capital, determines whether impact actually materialises. The honest first move is to work out what is really holding a business or a market back. Now and then it is capital. Very often it is something else entirely: regulation, distribution, technical assistance, management capacity, refinancing mechanisms, partnerships, or plain financial literacy. Naming that binding constraint is crucial to establish whether money is even the right tool to reach for.

From Performance to Robustness

A concrete methodological shift is already visible: Instead of assessing a company against historical data, a growing number of funds now **stress-test it against where its sector is likely to travel** over the next ten years, which is the standard horizon of an investment fund, and one over which no one can predict the state of the world. In practice that looks like sketching two or three plausible paths the sector could take over the coming decade, checking whether the company still stands up under each one, and mapping the outside dependencies, from supply chains to regulation, it would lean on to get there. Approached this way, the systemic lens is not an added risk but the way **risk is mitigated**: when the ARIZ guarantee fund at AFD analysed its portfolio at risk, some 85% of the default rate traced back to human and management issues rather than market factors. The next step is to stop assessing companies as if they must maximise returns in a stable environment and instead ask whether they can **survive in a highly variable one**: Focusing on robustness, not performance. This is a discipline emerging markets already know well, precisely because nothing there could ever be taken as fixed.

Community Discussion: Institutions, Extraction, and Coordination

The first round opened into a dense exchange with the audience. Asked whether public institutions enable change or slow it down, the advice was to resist grand ambitions and start with specificity: Identify the two or three structural issues where public authority is genuinely needed. Many national impact-investing bodies in emerging markets do not yet fully grasp impact investing, as it is still new and too jargon-heavy. DFIs carry real leverage given their place in the hierarchy, and portfolio companies are sometimes better positioned than investors to open a public dialogue. **Regulation, when well designed, can be transformative**: In Senegal, recognising a financial-inclusion gap created the conditions for mobile money to become so dominant that moving through the country without a mobile wallet is now nearly impossible. Another factor is the regulation of corporate structures: Where incorporating means paying full taxes even with no revenue, informal businesses never formalise, while lighter structures make that transition far easier.

Regarding the tension of funding companies that are still tied to extractivism, most investors begin with exclusion criteria. In the grey zone, the decisive question is whether a company cannot transition because the technology does not exist, or because the incentives simply do not align. Climate-adaptation deals are especially hard to fund because their commercial thesis is unclear; without one, extractive firms rarely change, and it is more honest to channel resources elsewhere than to expect to change a mind. The most **effective entry point is the balance sheet**: showing what climate costs, such as energy and water, will do to the numbers. A microfinance comparison made the case: The institution that paid slightly lower salaries but offered a strong benefits package saw lower staff turnover, and therefore lower costs, than a higher-paying competitor without benefits.

A community member then pressed the hardest structural question. With interventions running on completely different timelines, who coordinates systemic change, and who is actually rewarded for coordinating it? While a deal can close in just a few months, legislation inevitably takes years. Does this demand new institutional capacity at the local level?

> *Who coordinates systemic change? And who is actually rewarded for coordinating it?*
> **— Community member**

The response resisted the idea of an external coordinator: no one pays for a standalone coordination service, and inventing one only makes the work more expensive. Instead, the guiding question is **who has the most to gain, and over what time horizon**. An equity investor with a two-to-three-year exit horizon should not lead policy dialogue; a DFI with a market-transformation mandate can and should; and the portfolio company, in the country for the long haul, often has the strongest incentive of all. A South African fund manager working on groundnut processing showed how this can play out: By approaching the national agricultural research institute, which had neglected groundnut for decades in favour of maize, the company got groundnut added to the research agenda. This will not be quick change, but it will make a difference over the next decades.

Part II — Building for Robustness: Operational Levers for Systemic Finance

The second round turned from diagnosis to practice, opening from a community observation: **Systems are not static**. The very deficiencies that people notice are often already generating movement. For example, mobile money emerged precisely because the banking system failed to serve people. That argues for a more **reflexive investment strategy**, which is able to capture organic system innovation as it develops rather than attempting to engineer change from above.

Adjust Expectations, and Reclaim Accountability

The first operational shift is to lower the ambition to something honest: **No single investment will transform a system**. The goal is to help systems adapt in a direction that serves SDG impact, as they can very much also develop in the opposite direction. The second shift is **accountability.** Fund managers, not just their investees, are accountable to asset owners for impact; the common habit of outsourcing impact responsibility to portfolio companies is technically wrong. In practice, that means not relying solely on portfolio KPIs but picking up the phone and calling people in the market to learn what is happening on the ground. Finance training is part of the problem: professionals are taught to look for maximum return of investment, not impact, so tools built on a for this purpose must be adapted for impact contexts.

A Two-Tier Toolkit

Two levels of practice were offered, depending on resources:

- **Fund-level market analysis**, for those who can afford it: Mapping the sector and designing a strategy that demonstrates true additionality. A technical-assistance facility in Armenia, funded by the Swedish government, found that existing guarantee facilities were not working, which then led to an entirely different approach.
- **Investment-level analysis**, for those who cannot: Examining the system-level vulnerabilities of each transaction, and letting them inform the structuring of deals, management support and impact measurement.

The connecting principle is that system analysis should not sit in a separately funded category. It needs to be **embedded into what institutions already do**, like due-diligence templates, sourcing criteria, and impact indicators, so that it stays lean, day-to-day and durable. Institutional awareness and operational tools only work hand in hand.

The analysis must be led by **identifying key constraints**, rather than just looking for something to finance: These constraints might be capital-related, but often they are issues of management, regulation, distribution, etc.

The Behavioural Side: Literacy, Readiness, and Confidence

A community member working directly with entrepreneurs in Africa pushed the conversation toward the **people side of change**. Many capable people carry limited belief in themselves and face discriminatory barriers, making capital feel impossible to reach. Changing their mindset and their work processes, can result in them mobilising funding quickly. The answer offered was **financial literacy and investment-readiness programmes**. Finance is a methodology. Entrepreneurs often hold all the relevant information but do not know how to structure their claim in a way that reassures financiers. At one investment campus, funds reported holding capital they could not deploy for lack of “bankable” projects, as they lacked the training to present them. Financiers repeatedly back the same ventures because prior due diligence lowers transaction costs. Investment readiness reframes fundraising as a sales discipline: It teaches to analyse the market of investors, choose which ones fit and which do not, and reclaim agency over the process.

Unlock, Don’t Just Finance

A further point made concerned the instrument itself. Managing money starts with an honest question about the return being sought: A fund owing its investors a market return behaves very differently from a foundation, which is content to feed a revolving fund whose capital recycles into many projects over time. Increasingly, funds are extending **loans and guarantees rather than equity**, because what many entrepreneurs need is cash flow, not the “return-at-all-price” logic of a fund that only earns when it exits. This is difficult in markets with no secondary buyers. The bridge financing extended to startups when revenues collapsed during COVID, while their expenses held steady, illustrated the principle. The question worth asking is what a business or a market needs in order to move forward, or in other words, **what we want to unlock**. That same logic recurs inside the financial sector itself: Smaller institutions in Indian housing finance cannot serve low-income families not for lack of capital, but because they lack the refinancing agreements and the legal authority to issue ten-year loans.

There is also the question of who actually hands the money over. Part of why blended finance stalls is that development finance institutions sit a long way from the daily reality of a small entrepreneur.

They are built to move large facilities, tens or hundreds of millions at a time, while a business on the ground may need a small slice of that, shaped around its own cash flow. Closing that gap calls for **intermediaries**: microfinance institutions, local funds, and specialised operators who can take a big pool of concessional capital and break it into financing that genuinely fits an SME. Without that layer in between, the money tends to stay parked at the top and never reaches the companies it was meant for.

New Architectures and New Capital

A French-Algerian community member introduced a model of alternative architecture in which he works with African family businesses on international transitions. He observed that across Africa, local capital exists but is **disconnected**, especially on the level of family businesses and networks. Drawing on conversations with over 100 African family-business leaders, he is building a network for peer learning and deal-sourcing and connects established family businesses with significant revenue to impactful SMEs that banks overlook, with workshops already held in Nairobi and more planned across West and East Africa.

On the application of systemic thinking by smaller actors with limited teams, two contrasting examples were offered. A UK-based family office investing in the WASH sector in Kenya commissioned a market analysis and discovered its portfolio was concentrated in a few business models and geographies. It is now expanding into new verticals and regions. In Armenia, a country with a huge diaspora, diaspora capital had been deployed informally, so a **digital platform** was needed to regularise and channel that capital. Both illustrate the importance of asking ***what additionality are we providing that market actors cannot?***

The round closed by highlighting a generational shift. Entrepreneurs who have exited successfully across Africa are increasingly willing to give back. They are forming **club deals**, pooling ventures, and financing the next generation with a startup methodology that is built on accountability and efficiency. An example is African Leadership University, which was founded by a diaspora entrepreneur. In China, inheritors of family-offices are increasingly conditioning their takeover of family firms on the central role of sustainability and impact. The old obsession with ROI is less dominant as **robustness** as a metric has grown in significance.

Cross-Cutting Insights

It Is Not a Money Problem

The wealth to finance the transition already exists. What fails is the current lens: Funding isolated projects on historical data, in a world whose risks are systemic and fast-moving. The shift the field needs to make is from **performance in a stable world to robustness in a variable one**.

Capital Is One Piece of the Puzzle, Never the Whole

From poultry cold chains in Nigeria to refinancing rules in Indian housing finance, the binding constraint is frequently something capital alone cannot buy. Recognising that a portfolio company does not operate in isolation is the first, indispensable step.

Match the Lever to the Actor

Not everyone should attempt to make change at every level. Policy dialogue belongs to those with the mandate and time horizon for it; smaller investors add more value by equipping their portfolio companies with evidence, or by building the literacy and readiness that let good projects become fundable. The guiding question comes back to **additionality**.

Embed Systematic Thinking

Systemic thinking survives only when it is built into existing processes rather than run as a separately funded exercise. Lean, embedded practice, that uses due diligence, sourcing, and indicators is what makes a different way of investing durable.

Conclusion — From Projects to Systems

The session's throughline was that blended finance has not failed for lack of money or sophistication, but for lack of a **systemic lens**: Funding islands while ignoring the ocean and blending capital without clarity about what it is blending for. The path forward is a disciplined, embedded practice: Start where you are, ask what additionality you can genuinely provide, match the lever to the actor and their time horizon, and speak the language of the balance sheet while keeping impact as the main mission.

A new generation of investors and excited entrepreneurs is willing to trade maximal returns for robustness and systemic change, and regulation, when well designed, can move a whole market in a few short years. A reason for real optimism. Nevertheless, for blended finance to have a real leverage effect, a lot of change needs to happen. Moving mobilisation from $0.38 to at least $0.60 of private capital per concessional dollar would be an important step.

> *Money is an energy: It will flow whatever happens. The real question is the direction we choose to point it in.* — **Isadora Bigourdan**

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