

The Impact Investment Herald

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The month in short: September was a month in which a lot of public money moved. The Asian Development Bank announced up to \$6 billion for Southeast Asia's blue economy. FMO, Proparco, the EBRD, KfW and the EIB backed banks, funds and companies, and a new \$200 million blended finance facility launched for East African farmers. On the private side, BlueOrchard reached a \$250 million first close for a climate debt fund. India prepared its first blue bond, and the SFDR rewrite is heading for a Parliament vote. The data still shows that money is available, but takes a long time to raise. AI is top of mind and so is blended finance.

KEY THEME

Blended finance is heavily needed to drive change towards a more sustainable world

The role of foundations, family offices and public investment institutions is key to make change happen, capital is available through private commercial investors to scale.....more knowledge & ecosystem development is needed to bring both worlds together.

Blended finance is a strategic investment approach that can help address the financing gap for sustainable development and support the transition to a sustainable economy. It is a tool that can be leveraged to unlock the potential of global financial assets and support the development of innovative solutions for complex and risky projects. Aim is to attract private & commercial investors once high-risk initiatives de-risk and are ready to scale.

Blended finance is essential for several reasons:

1. **Sustainable Development:** It increases financing for sustainable development and reduces risks associated with unsustainable development.
2. **Risk Mitigation:** It provides stability and mitigates risks for private investors, making initiatives more attractive.
3. **Leveraging Capital:** By using public funds to de-risk investments, blended finance can mobilize significantly more private capital.
4. **Creating investable / bankable deal flow:** blended finance aims to develop high risk and innovative initiatives to get through the challenging phases of business growth and to ultimately develop these initiatives to become "investable / bankable"

KEY TRENDS AND DEVELOPMENTS

PUBLIC Development banks lend through local partners. Most of the public deals we tracked in September went through local banks, funds or guarantees: FMO's loans to Nam A Bank and CB Unibank, the EBRD's loan to Raiffeisen Leasing Sarajevo, the EU guarantee for the First Mover Health Fund, and the EIF's commitment to Nordic Foodtech VC. Finnfund and Proparco's ERCO deal went directly to a company.

PRIVATE Raising money is slow, but big institutions keep coming. Impact funds that closed in early 2026 took about 30 months. Pension funds are now the largest source of impact capital, and this summer BlackRock teamed up with Phenix Capital's advisory arm to offer impact mandates to institutional investors. In September, BlueOrchard still reached a \$250 million first close for a climate debt fund.

PUBLIC EIB. The EIB Group approved over €11 billion in new investments. Its new climate risk framework, PATH 2, takes effect in January 2027 and relies on the climate information clients already disclose, rather than adding EIB-specific reporting.

PUBLIC Dutch public finance. On 25 September, Invest International and Invest-NL said they are laying the foundation for a new national investment institution, to provide scale and long-term financing capacity.

PUBLIC BII reaffirmed its 2X Challenge commitment on 16 September and raised its gender investment target to 30% under its new five-year strategy. On 10 September, at a meeting in Islamabad, BII said it plans to invest at least \$2 billion across Asia and Africa under its 2026 to 2031 strategy. On 29 September, DEG said an independent review confirmed its strong impact management.

BOTH Blue finance is spreading, and so are the questions. ADB's up to \$6 billion ASEAN programme, India's first blue bond, BNP Paribas's private placements and Redstone's new ocean tech fund show money moving into the theme from both the public and private side. Legal commentators warn that careless contracts invite blue-washing.

BOTH Blended finance relies on public money lasting. The new East African facility and the health fund both put public partners in the first-loss or guarantee position.

Our view: Public money, whether a guarantee or a first-loss layer, is doing more work than the headline deal size suggests. Ask what happens to a deal if the public piece goes away.

SECTOR WATCH

Climate and energy. Money went to grids, storage and clean power: KfW IPEX-Bank's €250 million for Berlin's grid, the EIB's €600 million for grid equipment makers, UniCredit's financing for Greenvolt's battery projects in Poland, and Finnfund and Proparco's solar and storage deal with ERCO in Colombia. In the European deals we tracked, the money went to grids and storage.

Food and water. Nordic Foodtech VC's second fund and the ARCAFIM farm facility both reach farmers through funds and credit lines, not direct investments. In water, Wint raised \$36 million for water-saving software, and the Walton Family Foundation backed a new \$25 million water and nature fund.

Financial inclusion and small business. FMO's loans to Nam A Bank and CB Unibank, the EBRD's loan to Raiffeisen Leasing Sarajevo and BlueOrchard's new fund all reach small businesses through local lenders. BII's \$65 million is aimed at financial markets in Zambia and Zimbabwe.

DEALFLOW

Public sector: development banks, MDBs and government

DEAL	SIZE	DETAILS
Nam A Bank (Vietnam)	\$60M loan	FMO's five-year, unsecured loan for green projects and lending to small businesses.
CB Unibank (Azerbaijan)	\$50M term facility	FMO and the bank restarted their cooperation with a four-year facility.
ERCO (Colombia)	\$33M	Finnfund and Proparco are backing solar and battery storage, to reduce reliance on hydropower in dry years.
Raiffeisen Leasing Sarajevo (Bosnia and Herzegovina)	Up to €20M	EBRD senior loan for lending to small and mid-sized companies. At least half must go to projects that meet the EBRD's Green Economy Transition criteria, under its Western Balkans outcome-linked green lending framework.
Zambia and Zimbabwe financial markets	\$65M	BII commitment, announced 28 September, to strengthen financial markets and unlock investment in frontier economies.
Tygerberg Hospital (South Africa)	€45M	Invest International support for the redevelopment of the hospital.
Berlin electricity grid (Germany)	€250M	KfW IPEX-Bank is financing the expansion of the city's electricity grid.
Nordic Foodtech VC (Helsinki)	€30M	The European Investment Fund is investing in the manager's second fund.
European grid equipment makers	€600M	The EIB and Crédit Agricole CIB aim to mobilise up to €2.4 billion in investment.

Private sector: investment firms and funds

DEAL	SIZE	DETAILS
BlueOrchard, Climate Action Mobilization Fund	\$250M first close	Debt capital to banks and other lenders in emerging markets that offer climate finance products to small businesses. BII welcomed the first close.
European Catalytic Impact Investing Fund II	€21M first close	Run by FASE and Chi Impact Capital.
Greenvolt (Lisbon, projects in Poland)	€153M bridge + €65M guarantee	UniCredit financing for two battery storage developments in Poland.
Wint	\$36M	AI service that detects and prevents water waste and damage in commercial buildings. Co-led by LIP Ventures and Inven Capital, a €500 million European climate tech fund.
Bia Energy (Colombia)	\$18.5M	Energy supplier to businesses. Investors include Kaszek, Endeavor Catalyst, RA Capital, EWA Capital and the Inter-American Development Bank.
Circulate Capital, Jayachandran Global Refineries (India)	\$9.5M	Reclaims plastics from vehicles and large appliances for reuse.

DEAL	SIZE	DETAILS
Walton Family Foundation water and nature fund	\$25M	New impact-first fund, as reported by ImpactAlpha.
Sun King (Zambia)	\$5M equity	Acumen investment to support the off-grid solar company's work in Zambia.
ARC Ride (Kenya)	\$33.3M debt and equity	Battery swapping for electric two- and three-wheelers.

BLENDING FINANCE

- **BOTH ARCAFIM, East Africa.** IFAD and Equity Group launched a \$200 million facility at the Africa Food Systems Forum in Kigali, for smallholder farmers and agribusiness in Kenya, Uganda, Tanzania and Rwanda. Equity Group is putting in \$90 million from its own balance sheet alongside concessional capital, and public and climate finance partners take part of the first-loss and mezzanine risk.
- **PUBLIC First Mover Health Fund (Sub-Saharan Africa).** On 24 September the European Commission and Cardano Development signed a €63 million guarantee, with a €4.5 million technical help facility channelled through FMO. It anchors a €150 million fund for affordable healthcare, local production of essential health products and child nutrition.
- **Worth reading:** an IFC review article (September) argues that banks should set up dedicated blended finance desks, and that pension funds and insurers should ask for standardised, rated blended vehicles. It also says each dollar of concessional capital unlocks seven to ten dollars of impact. That is a claim, not a measured result.

HOW IT'S BUILT: ARCAFIM

What is known

- \$200 million facility, launched by IFAD and Equity Group
- Equity Group puts in \$90 million from its own balance sheet
- Concessional capital sits alongside it
- Public and climate finance partners take part of the first-loss and mezzanine risk
- Kenya, Uganda, Tanzania and Rwanda

Not yet public in the sources we saw

- Size of the first-loss layer
- How long the concessional money is committed
- How much private money is expected beyond Equity Group
- How results will be measured

Our view: *The useful question is not how much money a deal mobilised, but how little public money it needed and how long that support lasts. In both new structures above, public partners take the first losses or provide the guarantee.*

BLUE ECONOMY

- **PUBLIC ADB's ASEAN Blue Economy Initiative.** On 19 September the Asian Development Bank announced it will mobilise up to \$6 billion through 2030 for Southeast Asia's seas. The money will go to fisheries, aquaculture, coastal resilience and port-linked value chains, and to cutting marine pollution, with finance designed to bring in private capital. It is part of the \$30 billion ADB pledged in May for ASEAN priorities. ADB has not yet said how the money will be split between countries.
- **PUBLIC India's first blue bond.** Sagarmala Finance Corporation planned to open the country's first blue bond on 28 September, raising up to ₹1,100 crore if demand is strong. The bond is rated AA+ and is meant to fund ports, coastal and marine projects.
- **PRIVATE BNP Paribas** says it has widened its green bond framework to include the blue economy, and that in 2025 it completed three blue private placements worth €75 million in total. Its focus is water management and treatment, and marine and coastal protection.
- **PRIVATE Redstone Blue.** Just before the month began, the Berlin and Helsinki fund manager Redstone reached a €25 million first close for its first ocean fund, which backs early-stage companies from pre-seed to Series A. Investors include the City of Turku, Meriaura Invest and the insurer LähiTapiola. Its co-lead told Impact Loop that first investments should be announced this autumn.
- **PRIVATE Katapult Ocean Asia.** Japan's Social Innovation and Investment Foundation gave early funding to support the development of the fund, ImpactAlpha reported on 25 September.

SECTOR AND MARKET RESEARCH

AREA	REPORT	MAIN FINDING
Market	GIIN, Sizing the Impact Investing Market 2024	Estimates the global impact investing market at \$1.571 trillion.
Blended finance	Convergence, State of Blended Finance 2025 (2024 data)	123 blended finance deals worth \$18 billion in 2024. Climate deals were 49% of deals and over 62% of financing. Private investors put in more than development banks and MDBs, and local capital stayed under 20%. The 2026 edition launches on 7 October.
Market	GIIN, State of the Market 2025	Assets of surveyed investors rose to \$448 billion, from \$249 billion in 2024. Pension funds are the largest source of capital, at 35%. New findings are due at the Impact Forum in October.
Market	European Impact Investing Consortium, The Size of Impact (2024 edition)	Europe's private impact market is about €190 billion, or 2.5% of the €7.6 trillion that could be eligible. About 45% is invested outside Europe: Africa 18%, Asia 12%, Latin America 8%.
Netherlands	NAB, The Netherlands, global centre for impact finance (2025); Dutch Pension Funds Impact Investments 2021–2025 (January 2026)	The Dutch market for impact and SDG-aligned investments exceeds €200 billion. The NAB targets 10% of assets for impact, with 4% for emerging markets. Dutch pension funds say the main barrier is a lack of opportunities with the right theme, ticket size and track record.
Wealth and philanthropy	BCG, The Multiplier Effect of Impact Capital (September)	In a survey of 114 foundations, family offices, wealthy individuals and advisors, nearly 75% knew about impact-first investing, but only 21% put a high share of their assets into it. The top barrier is a lack of investable opportunities, followed by the difficulty of measuring impact. 42% of advisors call the instruments too complex, against 19% of foundations. The sample leans towards people already active in the field, and about 70% are US-based.
Market	PitchBook impact analysis	Impact fundraising has fallen sharply in recent years, but assets in private impact funds stayed at record levels. Europe supplied 37.6% of impact fundraising since 2008, against 24% of all private markets fundraising.
Market	Phenix Capital, Impact Fund Universe (data to end 2024)	Money raised by impact funds since 2015 rose 160% to €701 billion. 122 impact funds launched in 2024.
Blue economy	European Commission, BlueInvest Investor Report 2026	159 private funds are active in the EU blue economy: about €3 billion from fully dedicated funds and about €11 billion from investors with partial exposure. The sector is still underfunded compared with its potential.
Policy	Eurosif, position on the EU's next long-term budget (16 September)	Puts the yearly transition investment gap at €750 to 800 billion. Says private capital must be mobilised alongside public money.
AI	BCG, What it takes to scale AI for social impact	The AI model itself drives only about 10% of success. Compute and data add about 20%, and people and process about 70%.

REGULATORY

SFDR 2.0. The Parliament's economic affairs committee adopted its position on 10 September, and a full vote is expected in October. The Council agreed its own position on 24 June. Talks between the three institutions follow, with the new rules expected to apply from early 2029. All three back three product categories: "Transition", "ESG Basics" and "Sustainable". Eurosif welcomed the committee's improvements but says the talks must still fix the remaining gaps. For managers of professional-only impact funds, the opt-out for alternative funds is the point to watch.

EU Taxonomy. On 22 September the Platform on Sustainable Finance published its reply on the review of the Taxonomy Disclosures Delegated Act, as an introduction to its response to the Commission's consultation.

COMING UP

DATE	EVENT	DETAILS
5–7 Oct	ICOE OEE 2026, The Hague	Ocean Energy Europe and the Dutch Energy from Water Association host a joint ocean energy conference and exhibition, with technology and policy tracks and a site visit to Dutch ocean energy sites.
6 Oct	PYM Asset Class Deep Dive: Impact with Private Debt (online, 12:00–13:00)	A free session on lending for impact with Triodos Investment Management, StartGreen Capital and FMO Investment Management, aimed at wealth owners and professionals.
6 Oct	Camino al Impacto, Spain	Organised by SpainNAB, the Spanish partner of GSG Impact, for the Spanish impact community.
7 Oct	Convergence: 2026 State of Blended Finance launch (online)	Launch of Convergence's yearly report on global blended finance market trends, including its analysis of climate blended finance.
12–14 Oct	SOCAP26, Chicago	The annual impact economy conference, held in Chicago for the first time. Includes a session on blue capital systems.
13–16 Oct	Barcelona 4 Impact	A city-wide programme of events on impact investing, regenerative food systems and the circular economy.
22–23 Oct	Impact Festival Europe (HIIC26), Athens	Started by the Hellenic Impact Investing Network. Looks at where capital is moving next across energy, AI, the blue economy, nature, food systems and healthcare.
27–29 Oct	GIIN Impact Forum, Amsterdam	The GIIN will release its State of the Market findings on day two, including its market-size estimate.
9–20 Nov	COP31, Antalya, Türkiye	The World Leaders Summit is on 11 and 12 November.
17–20 Nov	7th World Conference on Marine Biodiversity, Belgium	

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