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LEBEC

CLIMATE BLENDED FINANCE IN WEST AFRICA



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\$2.4T

Annual climate
investment needed
by 2030

4:1

Typical leverage
ratio of blended
finance

\$15.5B

Climate blended
finance deployed in
2024

42%

Of West Africa's
GDP generated in
coastal zones

SECTION I

Executive Summary

The money required to address climate change in West Africa exists. It sits in pension funds, sovereign wealth funds, and development bank balance sheets, held back by risks that a relatively small amount of the right capital could remove.

Accessing this capital is urgent. Coastal cities and economic hubs across West Africa are experiencing accelerating erosion, flooding, and pollution, while rapid urban growth is intensifying heat stress and straining energy systems, transport, and basic services. Governments face urgent needs to modernize power systems, expand low-carbon transport, and strengthen housing, water, and coastal protection. Declining aid and weaker cross-border investment are limiting their ability to fund these large-scale investments through public budgets alone.¹

Global analyses suggest that developing economies will require roughly US\$2.4 trillion per year in climate investment by 2030 to cut emissions, adapt to worsening climate impacts and build long-term resilience.² The latest available data shows international aid fell by around 9% in 2024 and is projected to drop another 9–17% in 2025, cutting grant funding just as government budgets are already stretched and climate-related losses are rising.³

Blended finance offers a practical way to narrow this gap. A relatively small amount of philanthropic funding, placed strategically, can make a project viable enough for banks, pension funds, and development institutions to participate in. It takes on early risks that others will not. This may include grants, program-related investments, or mission-aligned capital, used to mobilize rather than replace commercial finance.

Blended finance is not a universal solution and works best under specific conditions. In practice, it is most effective where projects generate clear public or climate benefits but face barriers that prevent commercial investment such as early-stage risk or weak credit profiles, despite having a pathway to revenue or repayment over time. It is not suited to interventions that have no realistic way to generate returns, such as humanitarian response, or to projects that are too early-stage or complex to be investable even with catalytic support. In those cases, direct grant funding is the more appropriate tool.

The impact of this approach is already visible. Across emerging markets and developing economies (EMDEs), domestic private actors, from private companies to households, are increasingly financing wind and solar as costs fall and risks become better understood. Blended finance has helped unlock these markets by supporting early projects and building investor confidence. In EMDEs, the share of installed power capacity from renewables has increased from roughly 26% to about 33% over the past decade, contributing to gigaton-scale emissions reductions over the lifetime of these assets.⁴

Recent research from Convergence shows that climate blended finance is continuing to grow. In 2024, these structures channeled roughly US\$15.5 billion into climate investments across 84 deals, including US\$1.6 billion from institutional investors such as pension funds.⁵ Historically, blended finance transactions have mobilized capital at roughly a 1:4 ratio, with each concessional dollar unlocking four dollars of commercial investment.⁶ These structures are helping expand access to clean energy, strengthen climate-smart agriculture, and improve water and urban services for millions of people in climate-vulnerable regions.

While this marks real progress, it remains a small fraction of the US\$2.4 trillion in annual climate investment needed across developing economies. More critically, the majority of funding goes toward reducing emissions, particularly in energy and transport systems, while investments in adaptation, helping communities withstand floods, droughts, and rising temperatures, account for fewer than one in five deals and just 13% of total funding over the past five years.⁷

This disparity is partly structural. Renewable energy projects tend to have predictable revenue, often backed by long-term agreements with utilities, making them easier for commercial investors to finance. Adaptation investments deliver benefits across communities rather than to individual paying users (coastal protection, watershed management, climate-resilient infrastructure) that are harder to monetize directly. Even so, their economic value is high: recent analyses suggest that, on average, every US\$1 invested in adaptation generates between US\$2 and US\$10 in net economic benefits, through avoided losses, higher productivity, and stronger long-term resilience.⁸

There are already examples of how this gap can be closed, as the case studies below illustrate. Adaptation projects start to attract private investment when the structure is right, for example when governments backstop revenue shortfalls, bundle multiple income streams, or when philanthropic capital absorbs early losses to prove a model that larger investors can follow at scale.⁹

For West Africa, the path forward requires a shift in how climate finance is structured. Key priorities include:

- Building scalable, repeatable pipelines rather than one-off deals
- Bundling multiple projects into larger portfolios to achieve efficiency
- Standardizing contracts and documentation to reduce transaction costs
- Strengthening credit profiles through strategic guarantees and blended structures
- Using catalytic capital deliberately to unlock both domestic and international investors

These approaches are already emerging across the region in practical, real-world applications. Senegal's guaranteed bond¹⁰ for its national utility and the Renewable Energy and Energy Efficiency Fund (REEF) show how strategic use of grants and guarantees can reduce risk, bundle smaller projects together, and enable local pension funds and banks to invest in clean energy.¹¹ Dakar's electric bus rapid transit system¹² demonstrates how government funding, revenue guarantees, and private operators can work together to deliver affordable, low-carbon public transport at scale.¹³ Additional examples from across the region are explored in the sections below.

SECTION II

Blended Finance: A Practical Tool for Climate Action at Scale

What Blended Finance Is

Blended finance is not a single financial product; it is a way of structuring deals. Think of it as using philanthropic capital as a lever: a relatively small amount of grant funding or guarantees, strategically placed, can reduce risk enough to attract much larger investments from banks, pension funds, and development institutions.

Rather than funding entire projects outright, philanthropic capital can absorb specific early-stage or higher-risk components that commercial investors cannot underwrite on their own. By taking this catalytic position, philanthropy can unlock three to ten times more capital than it deploys directly. This approach makes scarce grant dollars go further, mobilizing multiples of commercial and development bank capital rather than substituting for it.

Core Instruments and Their Uses

Blended finance uses different tools depending on what's holding back investment:

Guarantees

Promise to cover losses if a borrower defaults, reducing credit, political, or currency risk and making banks and bond investors willing to participate. Currency guarantees specifically address the risk that local revenue streams (in CFA francs or cedis, for example) will not cover debt obligations denominated in dollars or euros -- one of the most common barriers to cross-border investment in the region.

Concessional loans

Offer longer repayment periods and lower interest rates than commercial banks, bridging the gap between project cash flows and standard financing terms

First-Loss Capital

Philanthropic funding that absorbs losses first, protecting other investors and improving the overall credit profile enough for pension funds and banks to participate

Results-Based Financing

Link payments to verified outcomes, aligning incentives and demonstrating impact before full deployment

Technical Assistance Grants

Cover upfront costs that don't generate revenue but are essential to get deals done such as feasibility studies, legal structuring, project design, and the initial market research and scoping work needed to launch new investment vehicles. These relatively small investments (often tiny compared to total capital mobilized) are nearly impossible to fund commercially.

Each tool addresses a different barrier to investment. The art of blended finance lies in using the minimum catalytic capital necessary to unlock the maximum commercial participation.

CATALYTIC CAPITAL

Some of the most catalytic philanthropic investments are also the smallest. Fund setup costs, market scoping, and stakeholder engagement, often just tens of thousands of dollars, can unlock investment vehicles worth hundreds of millions. These early-stage investments are nearly impossible to fund commercially but are essential to getting deals off the ground. An example of this is when British International Investment used its Climate Innovation Facility to provide a project development loan to The Urban Resilience Fund's coastal resilience project in Mauritania, paying for early studies, assessments, and legal work that would otherwise have stalled the deal. Because repayment is only due once the project reaches financial close, this small, high-risk loan unlocks a much larger package of investment in coastal flood protection.¹⁴

LOCAL LEADERSHIP

Blended finance structures work best when they are anchored in local priorities and led by local institutions. The most durable examples in this primer — REEF, SENELEC, WACA —were co-designed with national governments, sovereign wealth funds, or regional bodies, and governed in ways that build rather than substitute for local institutional capacity.

Externally designed vehicles, however well-intentioned, risk imposing timelines or priorities that don't match national plans, or bypassing the domestic actors best placed to design in ways that match local needs. For philanthropic funders, that implies highest leverage not in designing or leading structures, but resourcing the governments, development banks, project developers, and civil society organizations who are.

SECTION III

A Narrowing Window for Climate Investment in West Africa

Three forces are colliding in West Africa right now, creating both crisis and opportunity:

- 1. Climate impacts are accelerating.** Coastal cities face worsening floods and erosion, power grids strain under extreme heat, and water systems can't keep pace with climate variability and rapid urbanization. The cost of inaction, in lost livelihoods, damaged infrastructure, and economic disruption, is rising faster than governments can respond.
- 2. Traditional aid is disappearing.** Official development assistance fell 9% in 2024 and is projected to drop another 9-17% in 2025.¹⁵ Grant funding is falling while climate needs are rising, and in several countries, elevated public debt is further limiting governments' ability to co-finance or backstop investments through traditional means. Concessional finance alone cannot meet the scale required.
- 3. Commercial capital is ready to move, if the conditions are right.** Institutional investors, pension funds, and development banks are actively seeking climate-resilient investments in Africa.

The Opportunity: Proving What Works

This convergence creates a unique window. Pioneering transactions across Africa are demonstrating that blended finance can bridge the gap, using strategic philanthropic and concessional capital to unlock commercial investment at scale:

- The **African Development Bank** launched a \$211 million climate-resilient agriculture program in Angola, reaching 440,000 farmers with adaptive seed systems and solar irrigation.¹⁶
- **SunCulture** has reached over 40,000 farmers with solar-powered irrigation systems, tripling incomes for many and saving 1.5 tonnes of CO₂ per pump annually and just launched a \$15 million blended finance structure designed to unlock local currency capital at scale.¹⁷

- The **West Africa Coastal Areas Management Program (WACA)** is now operational across nine countries with **\$492 million in financing**, protecting coastlines that generate 42% of West Africa's GDP and building resilience infrastructure that will enable future private investment in ports, tourism, and the blue economy. ¹⁸
- The Green Climate Fund made its **largest-ever African equity commitment**—\$253 million—to the Infrastructure Climate Resilient Fund, a first-loss investment designed to **unlock \$3.7 billion in climate-resilient infrastructure** across 19 countries and benefit 50 million people directly. ¹⁹

These initiatives are still early, but they show how climate investments in the region can be structured in ways that reduce risk and attract larger pools of capital.

The Risk of Waiting

Expanding the financial tools that can support these investments will take time, and the choices made over the next few years will influence how quickly climate finance can reach the projects that need it.

Acting now allows philanthropic leaders to:

- **Shape market standards.** The first transactions establish norms around risk-sharing, governance, and impact measurement. These precedents will guide billions in future capital flows.
- **Demonstrate viable models.** Early investments can demonstrate business models while they're still cost-effective, before climate impacts make systems too expensive or impossible to protect.
- **Crowd in domestic capital.** Pension funds and regional banks are watching initial deals closely. Successful early transactions determine whether local capital enters the market or remains sidelined.

Delaying action carries structural consequences. As official development assistance declines and climate pressures intensify, the 'missing middle' will expand. More projects will be too risky for commercial capital but too capital-intensive for traditional grantmaking to cover at the required scale.

Without catalytic philanthropic capital to de-risk and standardize these models now, markets may stall, leaving the countries least responsible for climate change dependent on shrinking grant flows to stem the crisis rather than building sustainable investment ecosystems.

What Makes Climate Investments Ready for Blended Finance?

Not every climate challenge is suited for blended finance. The most promising opportunities share specific characteristics that make philanthropic capital catalytic rather than simply substituting for other funding sources.

The Right Conditions

The economics are sound, but the risk profile deters commercial investors.

The strongest candidates have underlying cash flows (electricity sales, transport fees, agricultural revenues, municipal bond repayments) but face barriers that commercial investors won't accept: payment risk from weak utilities, demand uncertainty for new services, currency mismatches between hard-currency debt and local revenue streams, or long payback periods that exceed typical commercial terms.

Philanthropic role: Guarantees, first-loss positions, or concessional debt that absorb the specific risks keeping commercial capital away. This can help unlock low carbon investment in markets where unsustainable debt burdens have narrowed the fiscal space to act.

Projects can be aggregated and standardized.

Individual \$1-10 million projects struggle to attract institutional investors because transaction costs are too high. But when projects are bundled into funds, use standardized contracts, or create repeatable templates, they become investable at scale.

Philanthropic role: Fund setup costs, project preparation facilities, and technical assistance to develop standardized documentation, small investments that unlock entire pipelines.

Local or regional capital is available but needs de-risking.

West Africa's pension funds, regional development banks, and emerging institutional investors hold significant capital but have strict fiduciary requirements and limited experience with climate investments. Recent deals have shown that they will participate when risks are adequately mitigated.

Philanthropic role: Credit enhancements and capacity building that enable domestic capital markets to finance their own climate transitions, reducing long-term dependence on external funding.

The Adaptation Opportunity

Adaptation investments require a different lens. Benefits are often spread across whole communities rather than individual paying customers: coastal protection shields entire neighborhoods and ports, climate-resilient agriculture stabilizes food systems, and urban drainage reduces city-wide flood risk. That makes it hard to charge users directly, even though these investments often deliver very high economic returns in avoided losses. Developing countries are expected to need about US\$310–365 billion per year for adaptation by 2035, but current international public funding is only around US\$26 billion per year, a shortfall of roughly 12–14 times the present level of support with particularly acute implications for highly exposed regions like West Africa’s coasts and rain-fed farming systems.²⁰

Philanthropic capital plays a unique role in advancing these types of transactions. Commercial investors increasingly understand mitigation, renewable energy and efficiency “pencil out” on familiar revenue and risk terms, but they are still learning how to value resilience, especially where cash flows are indirect or bundled into public services. The emerging evidence from least developed countries and small island states shows what is possible when catalytic, patient capital participates:

- **Debt-for-climate** deals use guarantees and grants to lower a country's debt payments and set aside reliable funding for water security and climate resilience.
- **Green bonds** issued by local utilities (such as Tanga's water bond in Tanzania) show that towns and cities can borrow directly from investors to fund climate-resilient water and other services when they have clear rules and good support.
- **Locally led adaptation programs** put money and decision-making in the hands of communities themselves, which makes projects more relevant and effective, but they still depend on grants and other flexible funding to get started.

Philanthropic capital can help move these approaches beyond isolated examples by backing early projects, testing new models, and taking on risks others avoid.

Questions to Ask

When evaluating blended finance opportunities, philanthropic funders should ask:

Is there genuine additionality? Would this capital flow without philanthropic participation, or are we truly unlocking something new?

What's the leverage ratio? How much commercial and DFI capital does each philanthropic dollar mobilize? Effective structures achieve 3:1 to 10:1 or higher.

Is this replicable? Does the transaction create a template, standard, or proof point that enables future deals?

Does it build local capacity? Are we strengthening domestic financial institutions, project developers, and markets?

What happens to adaptation? Given its severe underfunding, are we actively creating pathways for adaptation investment?

The case studies that follow demonstrate how these principles work in practice and why this moment offers philanthropic leaders an outsized opportunity to shape the next decade of climate finance in West Africa.

SECTION V

Case Studies: Proven Models Ready to Scale

CASE STUDY 1

Senegal Clean Energy – SENELEC Guaranteed Bond

THE PROBLEM

Senegal's state-owned power utility, SENELEC, needed to raise \$200+ million for solar and battery storage to meet the country's renewable energy targets. Local pension funds (holding billions in assets) wanted to invest but couldn't due to SENELEC's credit rating. Without intervention, Senegal would remain dependent on expensive foreign lending or limited grant funding.

THE PHILANTHROPIC LEVER

GuarantCo provided a \$50 million partial guarantee, just 25% of the total bond. This single intervention upgraded the bond to investment-grade, making it eligible for pension fund portfolios.²¹

THE RESULT

SENELEC raised over \$200 million entirely from domestic investors including pension funds and local institutions, many of which had not previously financed renewable energy. The money is legally ring-fenced for solar-plus-storage projects that will improve grid reliability, reduce blackouts, and cut emissions.

4:1

Leverage ratio

\$200M+

Domestic capital
mobilized

40%

Renewable target
by 2030

WHY THIS MATTERS FOR PHILANTHROPY

- **Leverage:** The \$50 million guarantee mobilized \$200 million in private capital, a 4:1 ratio. Every dollar of catalytic capital unlocked four dollars of investment.
- **Market creation:** This was the first bond in Senegal where investors' returns were explicitly linked to achieving sustainability targets. It didn't just fund one project, it opened an entire asset class to local investors and created a template that other West African utilities are now studying.
- **Self-sufficiency:** By enabling domestic pension funds to finance their own clean energy transition, the deal reduces long-term dependence on foreign aid and external financing.
- **Climate impact:** The financed projects directly contribute to Senegal's commitment to reach 40% renewable energy by 2030, avoiding significant CO₂ emissions.²²
- **Local currency structure:** By issuing in CFA francs rather than dollars, the bond eliminated currency mismatch risk -- a structural advantage that made it more durable than hard-currency alternatives.

THE REPLICATION OPPORTUNITY

Across West Africa, utilities and infrastructure entities face similar perception barriers despite being fundamentally creditworthy. The guarantee model is directly replicable in others markets such as Ghana²³ and Nigeria²⁴, each with pension funds ready to invest domestically if the risk can be managed. A regional guarantee facility could potentially unlock billions in local capital.

CASE STUDY 2

Dakar Electric Bus Rapid Transit – Making Low-Carbon Transport Bankable

THE PROBLEM

Dakar desperately needed modern public transportation.²⁵ Traffic congestion choked the city, air pollution harmed public health, and existing bus services were unreliable and carbon-intensive. A Bus Rapid Transit (BRT) system with electric buses could transform urban mobility, but private operators wouldn't touch it. The perceived risks were too high: Would riders actually use it? Could electric buses handle Dakar's conditions? Would fare revenues cover operating costs?²⁶

THE PHILANTHROPIC LEVER

Rather than funding the entire system, strategic blended finance targeted the precise barriers keeping private capital away:

- **Infrastructure funded publicly:** The World Bank and European Investment Bank financed the dedicated bus lanes, stations, and charging depots, the public-good foundation that enables private operations.
- **Minimum revenue guarantee:** Government committed to top up fare revenues if ridership falls below agreed levels, capping the private operator's downside risk.
- **Concessional support from IDA:** Long-term, low-cost financing made the project economics work for a 15-year contract.

With these pieces in place, a private consortium (Dakar Mobilité, backed by Meridiam and Senegal's sovereign wealth fund FONSIS) financed and now operates 120+ electric buses. Commercial lenders EAIF and Proparco provided loans, confident that the risk-sharing structure protected their investment.²⁷

THE RESULT

Hundreds of thousands of daily riders now have access to clean, affordable, reliable transport. The system slashes urban air pollution and transport-sector emissions while demonstrating that African cities can leapfrog to electric mass transit.

WHY THIS MATTERS FOR PHILANTHROPIC CAPITAL

This case shows how relatively modest concessional and guarantee support can unlock far larger volumes of private and development finance in cities. Philanthropic and concessional capital did not pay for the buses; instead, it was used surgically to design the structure, support government capacity, and de-risk the revenue model so private operators and lenders could step in. For funders, this illustrates a high-leverage role: paying for the early design, guarantees, and technical assistance that make a first-of-its-kind deal investable, rather than shouldering the full project cost.

REPLICATION POTENTIAL

The model is highly replicable across fast-growing African cities facing similar congestion, pollution, and climate challenges.²⁸ The core ingredients of a publicly financed corridor, a private operator on a long-term contract, and targeted guarantees or concessional loans to manage demand and payment risk, can be adapted to other contexts with different city sizes and fare structures. Philanthropic capital can help replicate this approach by supporting project preparation facilities, standardized concession and guarantee templates, and regional facilities that provide revenue or credit guarantees for urban electric transport, enabling a pipeline of similar projects.

CASE STUDY 3

Renewable Energy and Energy Efficiency Fund (REEF) – Turning a Pipeline into a Platform

THE PROBLEM

Senegal has ambitious goals to expand renewable energy and improve energy efficiency, but the projects needed to deliver this shift such as commercial and industrial solar, grid-connected renewables, efficiency upgrades, are often too small, too new, or perceived as too risky for commercial banks and institutional investors to finance directly.²⁹

Developers struggle to secure long-term financing, and promising projects stall before reaching scale.

THE PHILANTHROPIC LEVER

The Renewable Energy and Energy Efficiency Fund (REEF) is being designed as a €200 million blended fund with a pipeline of nearly 40 projects worth around €2.5 billion. The fund will focus on clean power and energy efficiency investments that can help increase the share of renewables in Senegal's electricity mix from 30% to 40% by 2030 and create more than 5,000 green jobs. Rather than using only traditional senior loans, REEF will provide subordinated debt and minority equity that take more of the early risk. By strengthening project finances and allowing longer repayment periods, this gives commercial banks and institutional investors enough comfort to come in as senior lenders where they otherwise would not.³⁰

€200M

Blended fund size

40

Projects in
pipeline

5,000+

Green jobs
targeted

THE ECOSYSTEM BEHIND IT

REEF is being co-developed by the national sovereign wealth fund FONSIS, the Ministry of Energy, the Global Green Growth Institute (GGGI), and the African Climate Foundation after several years of groundwork: policy reforms, civil society engagement, local financial sector readiness, and early green industry pilots.³¹ As a result, the fund will sit on top of a strong national ecosystem with clear policy direction, local ownership, and institutional capacity, rather than operating as a one-off transaction. As of this writing, REEF is capitalizing and preparing its initial portfolio; specific investments have not yet been publicly disclosed.

WHY THIS MATTERS FOR PHILANTHROPY

REEF offers a powerful example of how country-led, blended funds can turn a government's climate priorities into a scalable investment platform. Junior and subordinated capital from philanthropic and concessional sources can unlock many times its value in senior debt and institutional capital, while strengthening domestic financial markets. Instead of funding individual projects, foundations can support the design, capitalization, and early-risk layers of vehicles like REEF that systematically move dozens of projects from concept to close.

REPLICATION POTENTIAL

Many countries across West Africa face a similar challenge: strong renewable energy and efficiency targets, a growing pipeline of potential projects, and local investors who are interested but cautious.³² The REEF model—country-owned, aligned with national plans, using risk-absorbing capital to crowd in senior lenders, and anchored in a supportive ecosystem—is highly replicable. With the right support, similar funds could be developed to aggregate and finance climate-aligned investments in power, industry, buildings, and even adaptation-related infrastructure across the region.

CASE STUDY 4

Adaptation Finance Window for Africa (AFWA) – Moving Adaptation “One Step Upstream”

THE PROBLEM

Across Africa, there is no shortage of climate risks or promising ideas for building resilience, but there is a shortage of investment vehicles that can channel money into adaptation at scale. Many adaptation projects are small, fragmented, or lack clear revenue models, so they never make it into funds that institutional investors can back. As a result, adaptation continues to lag far behind mitigation in terms of private capital mobilized.

THE PHILANTHROPIC LEVER

The Adaptation Finance Window for Africa (AFWA), launched under the Investment Mobilisation Collaboration Alliance (IMCA), is designed to tackle this gap by working one step upstream.³⁰ Instead of financing individual projects, AFWA provides €40 million in catalytic capital and technical assistance to support innovative investment vehicles such as funds and platforms that will themselves invest in adaptation and resilience across Africa. Each euro of AFWA's catalytic capital is intended to unlock several euros of private investment into multiple underlying portfolios. AFWA's call for proposals closed in early 2026, with selected vehicles expected to reach launch by 2027.

AFWA shows how relatively small amounts of philanthropic and concessional funding can unlock much larger sums of private capital for adaptation when used in the right place. Before AFWA even launched, philanthropic support helped fund a market sounding and scoping exercise to understand where adaptation investment opportunities existed and how to structure the window. This kind of early analytical work—interviews, pipeline mapping, investor consultations—is essential but rarely funded by commercial or public lenders.

REPLICATION POTENTIAL

The model can be replicated for urban resilience, climate-smart agriculture, or water and coastal protection windows, using similar combinations of early analytical funding, junior capital, and technical assistance.

CASE STUDY 5

West Africa Coastal Areas Program (WACA) – Building the Resilience Foundation for Future Investment

THE PROBLEM

West Africa's coastline is eroding at alarming rates, with some countries losing up to 15 meters of land per year in places, putting homes, roads, ports, and livelihoods at risk.³³ Nearly one-third of the region's population lives in coastal zones that generate about 42% of West Africa's GDP.³⁴ Yet many of the benefits of coastal protection, including avoided flood damage, preserved fisheries, safer communities, and stable ports, do not generate direct cash flows that private investors can capture. Left to the market, these investments simply would not happen at the needed scale.

THE PHILANTHROPIC LEVER

The West Africa Coastal Areas Management Program (WACA), led by the World Bank and regional partners, is designed to fill this gap. With US\$492 million in financing across nine countries, the program stacks grants and concessional funding from the Global Environment Facility, PROBLUE, bilateral donors, and IDA to finance coastal protection works, nature-based solutions, and regional coordination.³⁵ A dedicated marketplace matches resilience project ideas with partner finance.

Because most benefits are public and dispersed (reduced erosion, safer communities, healthier ecosystems), the program is built around public and concessional finance rather than private returns. That is precisely the point: not every climate investment can or should be structured for commercial capital, and WACA shows what well-designed public finance can accomplish at scale

€492M

Total financing

9

Countries
participating

42%

Of GDP in coastal
zones

MANGROVES AS NATURAL INFRASTRUCTURE

Mangrove restoration is central to WACA's approach.³⁶ Mangroves act as natural seawalls, dampening storm surges and protecting shorelines from erosion, while also supporting fisheries and storing carbon. Countries like Guinea and Ghana are investing in restoration alongside conventional infrastructure such as dikes and hard coastal defenses such as concrete barriers, creating hybrid protection systems that are often cheaper and more durable over time.³⁷ These investments rarely generate direct revenue, but they protect the economic base (ports, fisheries, tourism, agriculture) that future private investment depends on.

WHY THIS MATTERS FOR PHILANTHROPY

WACA shows how grant and concessional finance can build the resilience foundation that makes later private investment possible. Philanthropic capital can amplify this by funding early-stage analytics such as coastal risk mapping or valuing mangrove ecosystem services, supporting community-based restoration that is essential for long-term effectiveness but chronically underfunded, and helping design revenue models (blue carbon credits, resilience bonds, insurance-linked products) that could, over time, draw private capital directly into coastal resilience.

REPLICATION POTENTIAL

The WACA model is highly replicable in other vulnerable coastal regions. As countries develop ports, tourism zones, and coastal cities, having this resilience backbone in place makes it far easier for private investors to participate without bearing unmanaged climate and erosion risk.

CASE STUDY 6

Women Adapt – De-risking Climate Finance for Women-Led Agriculture

THE PROBLEM

Across West Africa, women produce a large share of food but face severe barriers to finance, technology, and insurance needed to adapt to climate shocks.³⁸ In Benin, Nigeria, and Burkina Faso, women-led micro, small, and medium enterprises (MSMEs) and smallholder farmers struggle to access credit for climate smart seeds, irrigation, storage, and advisory services, even as droughts, floods, and erratic rainfall intensify. Commercial lenders perceive these clients as too risky and costly to serve, resulting in a chronic adaptation investment gap at the last mile.³⁹

THE PHILANTHROPIC LEVER

The Women Adapt Project, backed by the Global Environment Facility and implemented with partners including the Africa Enterprise Challenge Fund, mobilizes around US\$20 million for women-led agriculture in these three countries.⁴⁰ GEF grants and first-loss funding anchor the structure, absorbing the risk that keeps commercial lenders out, while drawing in additional public and private co-investment. Alongside the capital, technical assistance helps women-led businesses strengthen their financial models and meet lender requirements, building a pipeline of viable deals that larger investors can follow.

\$20M

Mobilized capital

3

Countries served

WHY THIS MATTERS FOR PHILANTHROPY

Women Adapt shows how a relatively small amount of philanthropic and concessional funding can open a market that commercial capital would otherwise ignore entirely. The goal is not to subsidize farming indefinitely, but to demonstrate that women-led adaptation businesses are creditworthy, generate the performance data that reduces risk perception for future investors, and build a replicable structure that larger public and private funders can scale. For philanthropies, this is a high-leverage entry point at the intersection of gender equity, food security, and climate resilience.

REPLICATION POTENTIAL

The Women Adapt model is directly replicable across West Africa and beyond. The core structure, which pairs concessional and first-loss capital to de-risk lending with technical assistance to build borrower capacity, can be adapted to other countries, crops, and climate contexts wherever women face similar barriers to adaptation finance. As the facility generates performance data on women-led agricultural businesses, it also reduces the information gap that currently deters commercial lenders, making each successive transaction easier to finance than the last. Philanthropic capital that seeds similar facilities in new markets would not just fund adaptation — it would help build the domestic financial infrastructure needed to sustain it.

SECTION VI

Unlocking Scale Through Strategic Philanthropy

Across these examples, philanthropic capital plays a critical role, helping projects reach the point where other investors are willing to come in. It often pays for upfront work and absorbs risks that governments and commercial investors are not set up to take, opening the door to larger-scale investment.

BE THE CAPITAL THAT GOES FIRST

The highest-value philanthropic role is absorbing early losses, backing untested structures, or taking on policy and currency risk that keeps commercial capital from participating.

When philanthropic capital takes the first loss in a blended fund, or guarantees revenue for an unproven service model, it changes the risk calculus for every other investor in the structure. One well-placed grant or guarantee can unlock a transaction that would otherwise never close.

FUND EARLY-STAGE DESIGN AND PROJECT PREPARATION

Some of the most catalytic philanthropic investments are also the smallest. Concept development, feasibility studies, legal structuring, impact monitoring frameworks, and stakeholder engagement are essential to getting deals done, and nearly impossible to fund commercially. The same is true for the broader ecosystem: project preparation facilities, venture studios, and technical assistance programs that turn promising ideas into investment-ready opportunities.

MAKE ADAPTATION INVESTABLE

Adaptation remains severely underfunded not because the need is unclear, but because the business models are unproven. Resilience services, climate-resilient infrastructure, and community risk pools can attract private capital at scale, but only once someone has demonstrated that they work. Philanthropic funders are uniquely positioned to back the pilots, absorb the early losses, and generate the performance data that commercial investors need. Every adaptation model that reaches commercial viability today reduces the cost and risk of the next one.

CATALYZE BLENDED VEHICLES AND PLATFORMS

Funding projects one by one is the least efficient use of philanthropic capital. The greater opportunity lies in seeding the vehicles and platforms (blended funds, guarantee facilities, investment windows) that systematically move dozens of projects from concept to close. As the REEF, AFWA, and Women Adapt cases illustrate, a single well-designed facility can mobilize multiples of private and public capital across an entire pipeline, with each transaction building on the standards, relationships, and evidence base established by the last.

The Moment to Act

The blended finance architecture being built across West Africa today will shape how climate capital flows in the region for the next decade. The guarantee structures, fund designs, and market standards established now will determine whether billions in commercial and institutional capital enter this market or remain on the sidelines. The philanthropists who engage now will not just be funding climate resilience; they will be building the market infrastructure that makes it possible at scale.

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