Kaizenvest



CHILD-LENS INVESTING

A Framework for Supporting Children Through SME Financing



This document complements the Save the Children Global Ventures (SCGV) Child-Lens Investing (CLI) brochure by providing a practical investor-oriented view that considers the diverse perspectives within the impact investing ecosystem and discusses different investment approaches to CLI. The aim is to deepen understanding, unlock capital, and promote alignment across stakeholders for improved outcomes for children.

Different Perspectives and How They all Come Together

Understanding how different stakeholders within the ecosystem influence and enable CLI is central to unlocking its potential.

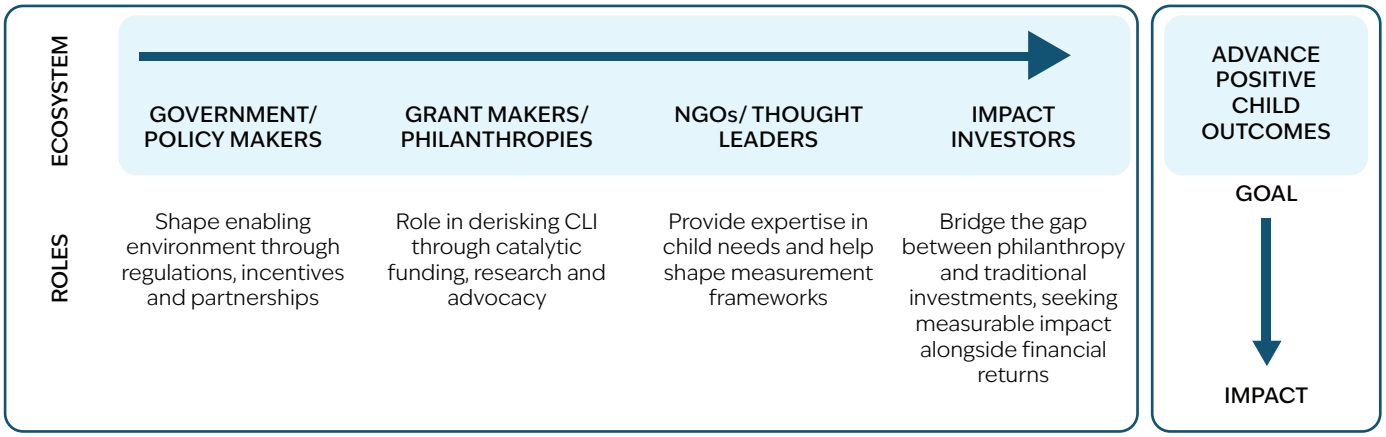


Figure 1: Ecosystem Influence on CLI

1 Child-lens investing, March 2025, SCGV

Government / Policy Makers

Government and the policies they develop have the responsibility to shape how the current and future generations are educated, the society and market in which future generations work and the environment in which they live.

As it relates to CLI, governments play a role in shaping the enabling environment for CLI through regulations, incentives and public-private partnerships[1]. By integrating CLI into national development plans and offering fiscal incentives such as tax benefits for impact investors, governments can mobilize more capital into this space. The power of government in the investing market can be illustrated by referring the climate lens and its related Paris Agreement, which saw government pledges of an estimated $23 trillion towards climate investment opportunities in emerging markets[2]. Governments have large influence on shaping the enabling environment for child lens, as we've seen with climate lens once governments integrate CLI into their development plans large amounts of capital can be unlocked.

Grant Makers/ Philanthropies

Philanthropic organizations and grant makers are instrumental in de-risking CLI by providing first-loss capital, guarantees, and catalytic funding. Their role extends beyond financial contributions; they also offer strategic support in research, advocacy, and policy development to drive systemic change in child-focused impact investing. Whilst impact investors would normally seek concessionary, or market related returns grant makers and philanthropies would most often seek zero returns and often accept loss of capital. On the impact investing spectrum there is a distinctive need for grant makers and philanthropies as they often work with organisations that are not yet ready for higher return seeking investors.

NGOs and Thought Leaders

Non-governmental organizations (NGOs) and thought leaders provide critical expertise in understanding child development needs and monitoring social impact. Their deep-rooted community presence ensures that investments address real challenges faced by children. They also contribute to shaping measurement frameworks that ensure accountability and effectiveness in CLI strategies. As an example, UNICEF is a prominent thought leader on child rights and development; UNICEF developed the CLI framework to advocate the need for CLI to investors.

Impact Investors

Impact investors seek measurable social and environmental returns alongside financial returns[3] . This approach can be used across asset classes including private equity firms, venture capitalists, and development finance institutions. Impact investors are important in bridging the gap between philanthropy and traditional investing. They leverage a range of financial instruments to support child-focused SMEs, ensuring both social impact and financial viability. By integrating child-related metrics into their investment due diligence, impact investors can foster a stronger commitment to CLI.

1 Child-lens investing, March 2025, SCGV
2 Gender & Climate Investment 2021, GenderSmart
3 What you need to know about impact investing, 2025, GIIN

There is a Unique Opportunity for Various Actors to Come Together to Make This Investment Lens Widely Adopted

CLI offers a unique opportunity for these various actors to come together and align their efforts toward a common goal. Unlike other impact investment approaches, CLI necessitates a multi-stakeholder approach due to the complex and cross-cutting nature of child-related issues[1]. Children must be given a stable environment in which to thrive, including good health and nutrition, protection from threats and access to opportunities to learn and grow. Investing in children is one of the most important things a society can do to build a better future[4].

By fostering collaboration between governments, investors, philanthropists, and NGOs, CLI can gain wider adoption and scale its impact across diverse geographies and sectors.

Potential Investment Strategies

Child-lens investing (CLI) can be implemented through a combination of outcome-driven sectoral focus, appropriate investment instruments, and capacity-building support. The goal is to direct capital – whether credit, equity, or blended finance—towards enterprises and systems that measurably improve children's well-being across health, education, and climate resilience. A successful CLI strategy typically integrates the technical assistance (TA) as discussed in the SCGV brochure, and the following components:

Stage of Investment

Child-lens investments can target enterprises across their life cycle, depending on the maturity of their models and their potential to improve child-related outcomes:

Early-Stage Enterprises

Developing innovative, high-impact solutions in areas such as EdTech, low-cost diagnostics, or resilient school infrastructure.

Growth-Stage SMEs

Expanding proven models that enhance access to education, healthcare, nutrition, or clean energy for children and their communities.

Mature Enterprises

Diversifying their offerings or entering new markets with child-focused products and services (e.g., fortified foods, inclusive learning tools).

Investing across these stages enables both innovation and scalability, while ensuring a pipeline of investable opportunities that align with child-lens goals. The multi-thematic nature of CLI offers vast potential of early- and growth-stage enterprises, should investors apply the CLI framework.

1 Child-lens investing, March 2025, SCGV
4 WHO, https://www.who.int/health-topics/child-health#tab=tab_1

Target Sectors for Investment

CLI frameworks emphasize outcomes in sectors that directly impact a child's ability to survive, learn, and thrive:



Education Access & Quality

Investing in school and ECD infrastructure, teacher training, and localized EdTech tools that improve learning outcomes and reduce dropout rates



Health & Nutrition

Supporting access to affordable clinics, maternal and child health services, and nutrition-focused enterprises such as food fortification and safe water systems



Climate Resilience

Financing adaptation and mitigation interventions like solar-powered schools, flood-proof classrooms, and water conservation systems in vulnerable geographies

Focusing on these areas allows capital to be directed where it can meaningfully address both immediate and long-term barriers to child development.

Type of Instrument – Credit, Equity, Blended

CLI can be facilitated through various financing mechanisms, including:



Credit

Loans to MSMEs and SMEs providing services or products that positively contribute to the holistic well-being of children



Equity

Direct investment in scalable enterprises with high social impact potential, specifically contributing to the holistic well-being of children



Blended Finance

Combining philanthropic capital with commercial investment to de-risk ventures that fall within CLI. Blended finance could also entail a technical assistance portion to support enterprises through capacity building or rewards programs

Direct Investment into SMEs Versus Through Partners Such as Financial Intemediaries

Capital can be deployed directly into enterprises aligned with child-lens outcomes, or indirectly through financial intermediaries (FIs):

Direct investment

Allows for closer alignment with enterprise-level impact goals and greater influence over operational and outcome design

FI-led investment

through banks, MFIs, or other intermediaries—enables broader outreach and leverages the capacity of established institutions to on-lend to child-impacting SMEs

Both approaches can be complementary. Investors may fund CLI-aligned enterprises directly or channel capital through financial institutions that support SMEs. Partnering with banks, microfinance, or DFIs enables broader reach and scalability, as these institutions on-lend to businesses that impact children's well-being.

Kaizenvest's Contribution to Child Lens Investing



In 2023, Kaizenvest partnered with Save The Children Global Ventures (SCGV) in setting up a debt fund, applying the principles of blended finance to focus on Sub-Saharan Africa. With a targeted fund size of US$50m (and an additional $5-10m via a Technical Assistance Facility), The Generation Empowerment Fund ("GenEm") is poised to reach first close during 2025, with the goal of unlocking private sector capital for financial institutions and community SMEs that positively impact the holistic well-being of children. GenEm is contributing to the impact investing field by using a new CLI approach. GenEm Fund's child-lens investment strategy spans areas that will have the most direct impact for children: education, health, nutrition, sanitation and related climate mitigation needed to enable overall resilience, social impact and/or social mobility. GenEm's goal is to deliver integrity, rigour and intentionality to the process of investing, to ultimately drive better outcomes for children and their families. We also believe that promoting social impact at a childhood level will contribute positively to other investment lenses, specifically climate and gender lens investing.

Kaizenvest has also identified themes in the Asia Kaizen Private Equity III fund that overlap between human capital development lens and CLI. With a new focus on child lens, the fund can now report on child lens metrics as well as the human capital development.

Conclusion

Child Lens Investing represents a transformative opportunity to ensure sustainable and systemic improvements in children's well-being by supporting relevant SMEs. Through collaborative efforts, innovative financing structures, and robust measurement systems, CLI can become a mainstream impact investing strategy, driving both financial and social returns for future generations and society.



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