Geneva
macro
Labs

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Executive Briefing

Global capital is abundant, yet it does not always flow where it can have the greatest impact.

At the same time, the world's ambitions for sustainable development are rising while the financing needed to turn them into reality is becoming increasingly constrained. Bridging this gap requires new ways of mobilising and deploying capital.

Innovative finance offers a promising means of mobilising public, private, and philanthropic resources. By reducing investment barriers and sharing risks, it can unlock additional capital and channel investment towards sustainable development.

While International Geneva is affected by institutional funding cuts and a rapidly evolving financing landscape, it is well positioned to help shape this transition. Its distinctive ecosystem of global experts, decisionmakers, innovators, and providers of capital can support the development, testing, and scaling of collaborative financing solutions. The opportunity is to move beyond convening towards concrete financing initiatives, partnerships, and pilots that demonstrate measurable impact.

Against that backdrop, this paper builds on discussions held at the WHO Innovation Hub EURÊKA in 2026, co-hosted by the Geneva Macro Labs (GeMLabs). The event brought together stakeholders from across International Geneva to explore how innovative finance can support sustainable innovation and strengthen responses to global challenges.

This report highlights practical examples presented at the event, demonstrating how innovative financing approaches can unlock impact. These include UNEP's work on catalytic and blended finance to mobilise investment for climate solutions, UNICEF's use of pre-arranged financing to strengthen disaster management, and Medair's exploration of outcomes-based financing to connect funding with verified humanitarian results.

Together, these examples illustrate the potential of innovative finance to transform traditional funding models and create new opportunities for collaboration, investment, and scale. The collaborative nature of the second part of the event enabled participants to transfer lessons from presented cases and adapt innovative financing approaches to different stakeholder contexts.

For International Geneva, the next step is to translate this potential into concrete financing solutions, partnerships, and scalable initiatives.

1 The Journey Behind the Paper

How can sustainable innovation, particularly in the health sector, be accelerated during a period of increasing geopolitical, financial, and societal change?

This question was addressed at a convening organised on 17th March 2026 at the WHO Innovation Hub EURÊKA. The event was co-hosted by EURÊKA, the Canton of Geneva and the WHO Foundation.

Over coffee and croissants, a diverse group of experts from Geneva's innovation ecosystem gathered to identify actions to turn today's challenges into catalysts for improved innovation. The dialogue highlighted the growing need for new financing models capable of supporting impact-driven solutions particularly in global health, given the current context of declining Official Development Assistance (ODA) in International Geneva and beyond.

Expert representatives of GeMLabs participated in the initial exchange and helped advance the discussion through a follow-up event.

Participants at the event on 2 June 2026 at EURÊKA.

The gathering pursued two complementary objectives. Firstly, it sought to strengthen participants' understanding of innovative finance as a response to the growing development financing crisis through practical case studies. Secondly, it provided a collaborative forum for practitioners to exchange experiences, review best practice examples and generate new ideas through workshops.

Those working groups convened participants from various horizons to further exchange around emerging financing approaches, partnerships, and mechanisms. The objective was to strengthen resilience by exploring how innovative solutions could be adapted, replicated, and scaled across sectors and geographies, while reinforcing International Geneva's role as a platform for collaborative solutions to global challenges.

The present paper draws on the perspectives of various experts. We thank the following contributors (in alphabetical order):

- Louise Agersnap, Head of the World Health Organisation's Innovation Hub
- Guillaume Bonnel, Impact Portfolio Strategy Advisor and former CEO of SDG Impact Finance Initiative (SIFI)
- Sandra Burger, Innovative Finance & Strategic Partnerships Advisor, Geneva Macro Labs and former Innovative Finance Lead at UNOPS
- Damon Elsworth, Humanitarian Impact Finance Lead at Medair
- Jörn Erbguth, President Geneva Macro Labs and Co-Lead Geneva Network of Innovators (ge-ni)
- Deniz Erkus, Founder and CEO Dunyaura, Partner, Investor Relations Leonie Hill Capital Private Limited
- Annabelle Gerber, Consultant WHO
- Renate Günther, VP Geneva Macro Labs and Co-Lead Geneva Network of Innovators (ge-ni)
- Mathias Hirsch, Mentor "Driving Innovative Finance for Impact" program at IMD
- Vana Kavvadia – Starmer, Innovative Finance Manager at UNICEF
- Caroline Millot - Berlier, Market finance lecturer, Treasurer Geneva Macro Labs and former Investment Counsellor, Citi Private Bank
- Ivo Mulder, Head - Climate Finance Unit at UNEP

While the paper emphasises cross-sector learnings and synergies, the following section (2) reflects WHO's perspective as a co-organiser of the event.

2 Where Financial Innovation meets Collective Action

At a time when health needs are growing and traditional sources of development funding are under increasing pressure, innovative finance offers an important opportunity to mobilise new resources and use existing resources more strategically.

Its potential extends beyond introducing new financial instruments: it can bring public, private and philanthropic actors together, distribute risk differently, and create more sustainable pathways for promising health innovations to move from pilot to population-level impact. Yet innovative finance will only deliver meaningful public health value if it starts with country needs and is designed around equity, affordability, and long-term health-system sustainability.

It can complement public and grant financing, while helping overcome some of the persistent barriers that prevent effective innovations from reaching scale. This is closely aligned with the work of the WHO Innovation Hub.

Working group on the Medair case study, including Louise Agersnap of the WHO Innovation Hub (centre).

WHO's *Scaling Innovations in Public Health Systems* guidance and toolkit emphasises that financing is one part of a broader, country-led scaling process. Governments play a central role in stewarding the ecosystem, aligning relevant partners, and embedding innovation within policy, financing, service delivery, and the broader health system. The Digital Innovation Investment Platform applies this thinking in its thematic chapter on virtual care and telesurgery, convening governments, clinicians, innovators, investors and implementation partners to build the evidence, standards, enabling environment, partnerships and sustainable financing needed for safe and equitable adoption.

The gathering at EURÊKA demonstrated why this kind of convening matters. Its value lay not only in bringing different financing mechanisms into the room, but in bringing together people who rarely design solutions together. Innovative finance becomes truly innovative when financial ingenuity is matched by collective intelligence—and when diverse partners move beyond asking what can be funded to asking how capital can help deliver lasting and equitable health impact.

3 When Traditional Development Funding Is No Longer Enough

Global ambitions for sustainable development have never been greater, yet the means required to achieve them continue to fall short.

The financing gap for the Sustainable Development Goals (SDGs) was already significant before the world experienced the major shock of the COVID-19 pandemic. This further intensified the need for global development support. Compounded by population growth, rising climate vulnerability, and increasing development needs, the pandemic placed additional pressure on already constrained resources.

Developing countries have been particularly affected by geopolitical instability and the cost-of-living crisis, placing additional pressure on already fragile economies. Rising debt levels and borrowing costs have further limited their ability to invest in long-term development.

At the same time, the traditional foundations of development finance are becoming increasingly fragile. Official Development Assistance (ODA), a historic cornerstone of international development efforts, is facing unprecedented pressure.

ODA fell by 23.1% in 2025, following an already significant 9% decrease in 2024. These estimates were published by the Organisation for Economic Co-operation and Development (OECD). The outlook beyond 2025 remains highly uncertain.[1]

This projected decline is largely driven by announced cuts from four of the world's largest ODA providers. For the first time in nearly 30 years, France, Germany, the United Kingdom, and the United States all reduced their ODA in 2024. Although some countries plan to increase their contributions, total ODA is projected to return to 2020 levels only by 2027.

These reductions are expected to have the greatest impact on the world's poorest countries and on the delivery of essential services. The impact of the reduction is such that between 9 and 22 million additional deaths are forecasted by 2030, owing not only to effects on service delivery and community resilience but also to the weakening of entire health systems[2].

The annual SDG financing and investment gap is now estimated at between 2.5 trillion and 4 trillion USD[3]. The challenge is not only the amount of funding available, but also its accessibility.

Too often, capital does not reach the communities, entrepreneurs, and organisations working on the front lines of sustainable development.

Remote areas, underserved populations, and smaller organisations continue to face barriers that prevent them from accessing the resources they need to scale their impact.

Closing this gap requires more than increasing existing funding streams. It requires new ways of thinking about finance, approaches that can unlock additional resources, connect different actors, reduce risks, and turn innovative ideas into scalable solutions.

Innovative finance offers this opportunity: to move beyond traditional funding models and create new pathways for sustainable development impact.

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[1] https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html

[2] Impact of two decades of humanitarian and development assistance and the projected mortality consequences of current defunding to 2030: retrospective evaluation and forecasting analysis Andrea Ferreira da Silva, PhDa,b,† · Rodrigo Volmir Rezende Anderle, PhDa,† · Gonzalo Barreix Sibils, MPHc,d,† · Lucas de Oliveira Ferreira de Sales, PhDa · Daiana Pena, MPHc · Caterina Monti, MPHc,d · et al., The Lancet, https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(26)00008-2/fulltext

[3] Financing for Sustainable Development Report, FSDR 2024, https://unctad.org/publication/financing-sustainable-development-report-2024

3.1 A New Financing Reality in International Geneva

The world's leading multilateral hubs are already feeling the impact of declining development financing. While this shift is challenging, Geneva, as a major centre for international cooperation, is well placed to help shape the response to the changing financing landscape.

Its ecosystem brings together around 40 international organisations (IOs) employing approximately 29,000 people, more than 180 state representations, around 400 NGOs, as well as foundations, think tanks, universities, financial institutions and companies.

International Geneva can help turn innovative finance from a collection of promising instruments into a more coherent capability for global impact. Its concentration of IOs, governments, humanitarian and development actors, foundations, financial institutions, researchers and specialist expertise creates a unique environment for addressing financing challenges across institutional and sectoral boundaries.

Geneva's community could leverage its convening power to identify a pipeline of needs and scalable solutions, connect organisations with suitable financing and implementation partners, strengthen project-preparation capacities, and foster shared approaches to evidence, impact measurement and safeguards.

It can also provide a neutral setting in which proposed mechanisms are assessed against public-interest objectives, including equity, additionality and country ownership, before moving towards implementation. This role is becoming increasingly important as traditional sources of development and multilateral financing come under growing pressure as highlighted above.

Since the second Trump administration took office, the United States (U.S.) has significantly reduced its engagement and funding. The U.S. previously contributed around 26%[4] of the overall budget of the international sector in Geneva and was the largest financial contributor to UN agencies. For the 15 largest international organisations based in Geneva, U.S. funding typically accounted for between 15% and 40% of their budgets.[5]

[4] La philanthropie, une alternative crédible pour la Genève internationale?, Bilan, 2025
[5] Yannick Roulin, Ambassadeur au Centre d'Accueil de la Genève Internationale, le CAGI, "La Genève Internationale est dans une phase difficile mais il faut rester positif", 21/01/2026

These drastic cuts have compounded an already existing funding crisis affecting multilateral and humanitarian institutions, which had begun even before Donald Trump's return to the White House.

Geneva is particularly exposed, hosting one of the largest and most expensive UN operational hubs. The consequences include budget cuts, layoffs, relocations and the cancellation of field operations.

Since the beginning of 2025, more than 3,000 Geneva-based jobs within the UN and international organisations have reportedly been cut or relocated, equivalent to roughly one fifth of UN positions in Geneva as of May 2026. The International Labour Organisation recently exited two of the 11 floors at its Geneva base. UNICEF, the U.N. agency for children's welfare, is transferring some 70% of its 400 staff from Geneva.[6]

To preserve International Geneva’s role as a catalyst for global solutions, its unique ecosystem should lead the transition towards innovative sustainable finance approaches that mobilise new resources, scale proven solutions, and make the ecosystem more resilient.

This is increasingly urgent as decades of development progress are put at risk. At the same time, the collective ability to respond to emerging global challenges is being stretched in an increasingly complex and fragile world.

3.2 Unlocking Capital through Innovative Finance

These pressures underscore the need to explore new ways of financing development.

Innovative finance offers one such approach, encompassing a range of financial instruments, mechanisms and partnerships that seek to mobilise additional capital, address financing needs and align investment with measurable social and environmental benefits. While the concept is not new - it gained recognition as early as 2002 at the UN International Conference on Financing for Development[5] - it deserves greater recognition, application and transparency to realise its full potential.

The financing required by international Geneva to deliver on its mission far exceeds the amount of public funding available, both from domestic governments and from international development partners, as highlighted earlier. Consequently, mobilising a broader range of financial sources, particularly private capital, has become essential.

[6] https://www.reuters.com/world/once-city-peace-geneva-sees-united-nations-presence-fade-2026-05-07/?utm_source=chatgpt.com

However, it is important to recognise that innovative finance is not a panacea. Many mechanisms require considerable time, specialist expertise, reliable data and significant transaction costs to establish and operate. Private capital may also gravitate towards interventions offering clearer or more measurable returns, potentially leaving essential services, fragile settings and less readily monetised outcomes underfunded.

Poorly structured mechanisms can transfer disproportionate risk to governments or philanthropic funders, add complexity without mobilising genuinely additional resources, or create incentives to prioritise easily measured results over the outcomes that matter most. Innovative finance should therefore be seen to complement rather than replace predictable public and grant funding, with each mechanism assessed carefully for additionality, equity, cost-effectiveness, transparency and alignment with country priorities.

While we will examine this in greater detail towards the end of the paper, the following section presents a range of sustainable finance mechanisms already being used by international organisations.

4 Learning from Practice

To illustrate how these financing models are being implemented, the WHO Innovation Hub hosted an event on 2 June 2026. The Geneva Macro Lab's network of innovation experts (ge-ni) co-organised the event and helped bring together examples of innovative financing initiatives from three international organisations: UNEP, UNICEF and Medair.

Their case studies were selected to illustrate a range of financing approaches and contexts. These examples are intended to be illustrative and do not represent the full breadth of innovative finance initiatives across International Geneva.

The use cases address a range of development financing challenges and illustrate three distinct innovative finance approaches: (i) blended and catalytic finance, (ii) pre-arranged trigger-based financing, and (iii) outcomes-based financing.

4.1 UNEP – A catalytic and blended financing approach for climate solutions

The United Nations Environment Programme (UNEP) provides global leadership on environmental issues, sets the global environmental agenda, promotes the environmental dimension of sustainable development within the UN system, and advocates for the protection of the global environment. At the event the organisation was represented by Ivo Mulder, then Head (ai), UNEP Climate Finance Unit.

Ivo focused on two landmark, complementary Innovative Finance mechanisms spearheaded by UNEP's climate finance unit:

The first, managed in-house with partners, is the Repayable Seed Capital Facility (RSCF), a catalytic project preparation facility providing repayable grants. The second is AGRI3, an externally managed blended finance risk-sharing vehicle.

Participants in the UNEP working group, including Ivo Mulder of UNEP (right).

4.1.1 RSCF: Repayable Grants Financing Project Preparation

The Restoration Seed Capital Facility (RSCF)[7] is an initiative designed to unlock private investment in Forest Landscape Restoration (FLR) projects in developing countries. By

[7] https://www.unep.org/news-and-stories/press-release/new-restoration-seed-capital-facility-launched-promote-investment

offering catalytic co-funding and de-risking early-stage project development, it helps fund managers and developers build bankable portfolios that protect biodiversity and fight climate change.

The RSCF provides repayable grants on a cost-sharing basis (50%/50%) to impact fund managers, investment advisors and project developers in the pre-investment stage. The USD 28 million facility has helped to unlock more than USD 120 million in private capital over the past four years through eight impact investors who have been contracted. In 2026 several new project developers and impact investors were in the process of becoming contracted.

4.1.2 AGRI3 Fund: Credit Guarantees as a Risk-Sharing Mechanism to Mobilise Private Capital

The AGRI3 Fund [8] is an impact-driven blended finance vehicle designed to unlock commercial capital for sustainable, deforestation-free agriculture in emerging markets.

Established in 2020 by the UN Environment Programme and Rabobank, it mitigates credit risks to help banks finance projects that protect forests, restore ecosystems, and improve rural livelihoods. It mostly works by providing credit guarantees to partner financial institutions, enabling them to provide funding to clients that meet the following conditions:

- Prevent Deforestation: Direct capital toward zero-deforestation agricultural production and land use.
- Promote Sustainability: Fund projects that encourage reforestation, efficient supply chains, and regenerative agriculture.
- Support Communities: Enhance the living conditions and economic resilience of smallholder farmers and rural populations.

UNEP played a catalytic role in designing, establishing, and launching the partnership and fund, and continues to support its governance, stakeholder engagement, and the achievement of its environmental and social objectives.

The AGRI3 Fund is one example of how blended finance structures are being increasingly deployed. Those mechanisms are defined as the strategic use of concessional public or philanthropic capital to improve the risk-return profile of projects and therefore mobilise private investment. This is now widely recognised as a practical solution for making public-private partnerships financially viable.

[8] AGRI3 Fund launched with Dutch Government and Rabobank as anchor investors, 27 Jan 2020, Ivo Mulder

4.2 UNICEF – A pre-arranged trigger-based financing approach for disaster management solutions

The United Nations Children's Fund (UNICEF) protects the rights and well-being of every child, especially the most disadvantaged, and supports countries in ensuring that all children can survive, thrive, and reach their full potential. UNICEF was represented at the event by Vana Kavvadia – Starmer, Innovative Finance Manager.

Vana presented a pre-arranged trigger-based financing model. This is an innovative approach designed to better protect children from climate shocks and disasters by shifting from reactive crisis response to proactive risk management and reduced reaction time.

Participants of UNICEF working group including Vana Kavvadia-Starmer of UNICEF (left) and Sandra Burger of Geneva Macro Labs (right)

UNICEF's model combines two complementary elements. The 'Today' component focuses on strengthening resilience through engagement in disaster preparedness, risk reduction and climate adaptation, helping reduce the impact of shocks before they occur.

The 'Tomorrow' component is a pre-arranged, trigger-based financing mechanism that uses parametric cyclone risk insurance to secure funding in advance, enabling rapid payouts when predefined parameters are met.

It enables fast and predictable access to funding when disasters strike. The pre-arranged financing model thus helps address critical financing and timing gaps during emergencies and allows interventions to scale as needs increase.

Based on the example of cyclone emergency response, this parametric climate risk insurance mechanism provides financial protection to children, women, and families affected by cyclone events.

Insurance payouts are based on the Child Cyclone Index (CCI), which captures the impact of cyclone wind speeds on children and aggregates this impact at the national level. For smaller events meeting the minimum threshold, a minimum payment fixed for each country is triggered. For more intense cyclones, payouts are calculated by translating the country-level CCI value into country-specific dollar amounts and adjusting these for regional attachment and exhaustion points. Accurate and timely CCI data are important for effective disaster response and for ensuring that funds are deployed where they are most needed.

UNICEF's current pilot provides USD 100 million in cyclone insurance coverage and has paid out more than USD 15.27 million following 31 cyclones in eight countries. By developing and refining organisation-wide procedures and governance processes, the organisation enabled faster transfers of funds to the field.

The average payout time for eligible cyclones decreased from five to six days in 2023 to 36–72 hours. The pilot will be further tested by UNICEF with the ambition to scale its adoption and implementation going forward.

Compared with traditional earmarked funding, this insurance mechanism also offers greater flexibility, allowing resources to be allocated where they are most needed. This significantly improves the efficiency, sustainability, and cost-effectiveness of disaster response.

The initiative also marked the first collaboration of its kind between UNICEF and the private insurance industry.

Together, the 'Today' and 'Tomorrow' components reinforce one another, maximising their overall impact. Research shows that investing in resilience, disaster risk reduction, and early action can increase the efficiency of future emergency funding by three to ten times.[9] Combined, the two components create a more predictable and efficient approach to climate and disaster risk management, helping ensure critical services for children can continue before, during, and after emergencies.

4.3 Medair – An outcomes-based financing approach for humanitarian emergency response solutions

Medair is an international humanitarian organisation that provides emergency relief and recovery assistance to people affected by crises, including conflicts, natural disasters, disease outbreaks, and displacement. The organisation was represented at the event by Damon Elsworth, Medair's Humanitarian Impact Finance Lead.

Participants in the Medair working group, including Damon Elsworth of Medair (centre).

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[9] Innovative financing for a safer future: reshaping cyclone resilience and child-responsive disaster management, UNICEF

Medair is piloting the innovative humanitarian financing mechanism through the issuance of Verified Impact Assets (VIAs) in partnership with Common Good Marketplace (CGM).

The initiative seeks to address a growing challenge in the humanitarian sector: rising needs, declining traditional funding, and increasing demand from donors and funders for greater trust and accountability.

Rather than funding activities alone, VIAs enable funders to support humanitarian outcomes that have already been delivered, independently verified, and certified for mobilising additional resources. Each VIA represents a standardised unit of social value, creating a more tangible connection between funding and measurable impact.

The first Medair issuance is linked to a severe acute malnutrition intervention in South Sudan, where the organisation treated more than 1,900 children suffering from severe acute malnutrition. Project outcomes were independently audited and certified using the CGA Impact Framework, generating over 5,700 Verified Impact Assets corresponding to USD 6.6 million in verified social value. The model combines rigorous humanitarian monitoring systems, independent verification, and transparent reporting to provide funders with greater confidence in the outcomes achieved.

More broadly, the initiative explores how innovative finance can complement traditional philanthropy and humanitarian assistance. By making impact more visible, comparable, and verifiable, VIAs aim to attract new sources of capital to humanitarian action while strengthening stewardship and accountability as humanitarian funding gaps continue to widen globally.

Medair believes outcome-based mechanisms such as VIAs offer a promising pathway for mobilising additional resources and connecting funders more directly to the lives their contributions help transform.

5 From Case Studies to Action

As highlighted earlier, the event at the WHO Innovation Hub aimed to strengthen participants' understanding of innovative finance through knowledge exchange and practical exercises based on real-world examples.

Working groups were designed to build on the case studies presented, enabling participants to explore how these approaches could be adapted and integrated within their own organisational contexts, as described above.

The groups facilitated discussions on how innovative financing solutions could be transferred, adapted, and replicated across different contexts. Three teams were established to brainstorm transferable innovative financing concepts for selected use cases, drawing on the approaches and lessons learned presented in the case studies.

While the applicability and feasibility of a particular innovative finance concept depend on an organisation's mandate, context and specific challenges, the working groups provided a basis to facilitate action-oriented discussions between various stakeholders complementing exchanges as part of thematically related conferences. The use cases discussed are summarised below.

Working groups interacting during a practice session.

5.1 Applying lessons from the UNEP case study

Building on UNEP's blended finance initiatives, the working group chose to examine a practical model from within their organisations with potential for wider application: financing sustainable seaweed farming.

The participants began by focusing on opportunities in Tanzania, where seaweed farming could be particularly relevant for blended finance. This case explores how an overlooked marine resource could become a driver of sustainable development.

They asked whether one of the world's most overlooked marine plants could improve livelihoods and strengthen coastal ecosystems. Could it also empower women entrepreneurs and emerge as a viable, investable asset class?

At first glance, seaweed may seem like a niche product. However, it has enormous economic, environmental and social value. The group stated that the plant is used in food, cosmetics, pharmaceuticals, and many other industries, creating growing global demand. But what inspired the team most was not the product itself - it was the people behind it.

In the region they studied, around 70% of seaweed farmers are women. Supporting seaweed farming therefore means much more than increasing production. It strengthens livelihoods, empowers women, supports local entrepreneurship and creates more resilient coastal communities. Healthy seaweed ecosystems also improve marine biodiversity, contribute to cleaner oceans, support fisheries, and enhance the natural beauty of coastlines, which in turn benefits tourism.

One regenerative investment can therefore generate multiple forms of value, economic, environmental, and social. The opportunity is not simply to finance individual projects, but to create a resilient system that enables communities, ecosystems, and investors to thrive together. As the group explored this opportunity, they realised that Tanzania is not the only seaweed-producing region.

Seaweed projects exist also in the Philippines, the Caribbean, the Mediterranean and many other parts of the world. Yet they often operate independently, competing for funding rather than learning from one another.

The group then asked if these projects could be aggregated into a single global investment platform. Such a diversified portfolio could enhance resilience while creating scale and enabling broader investment.

If production in one region is disrupted, for example, by a typhoon in the Philippines, production from other regions can continue, providing greater stability for both, communities and investors. With that vision in mind, the group developed an investment structure that can make this possible.

Participants of UNEP working group including Deniz Erkus of Geneva Macro Labs (centre)

The opportunity is compelling, but for institutional investors, a good story might not be enough: They require a robust investment case supported by evidence, scalability, and clear risk-return considerations to become an investable proposition. The group's objective was therefore to develop a blended finance structure that reduces investment risk while enabling capital to reach entrepreneurs on the ground.

The first stage: catalytic capital.

When setting up a new initiative – be it a seaweed farming model in emerging markets or other topics – it is necessary to have some 'development' or 'kick start' funding to cover the six to 12 month needed to put the initiative in place, from visiting and pitching to donors and investors, to building the environmental and social risk and impact framework, bringing on board new partners, or issuing an RFP for a fund manager or TA manager. This funding may come from development agencies, NGOs, foundations or other development partners. It often also includes working with the ultimate beneficiaries (in this case seaweed farmers) to understand what their needs are and which constraints they are facing. This is to ensure that any fund or facility set up is ultimately fit-for-purpose, i.e. that it tackles one or several constraints which farmers or SMEs are facing.

Philanthropic organisations and development partners provide the first layer of funding. This allows working directly with seaweed entrepreneurs and farming communities. The producers are not simply suppliers but entrepreneurs with specific needs. Alongside financing, they may need support and technical assistance to strengthen their businesses, improve market access, and build sustainable revenue streams. As the projects mature and demonstrate measurable results, a proven track record is established. This proof of concept is essential before approaching larger institutional investors. At that stage, the investment is structured using different levels of risk and return.

- Senior investors receive the lowest-risk tranche.
- Mezzanine investors accept a higher level of risk in exchange for potentially higher returns.
- Catalytic or first-loss capital absorbs the highest initial risk, helping to protect institutional and private investors while making the overall structure more attractive.

To get things off-the-ground, the most critical element of any fund is to find a sponsor or anchor donor willing to take the highest risk (the so-called junior investor). Once this is in place it is possible to target other investors, which may have a mandate to invest provided the risk is reduced by having a sub-ordinate investor taking first loss at a given level of default. While some impact investors may accept concessionary returns, traditional investors generally require competitive risk-adjusted returns (including impact investors). Once the investment model has been validated, major financial institutions can be approached. This is no longer a promising idea. Once proven, it becomes an investable platform with demonstrated results. It is not merely an investment in seaweed, but in resilient coastal economies.

Once a fund demonstrates that it can work in one country, such as Tanzania, it could be extended to other countries. The important element is to build it in a step-by-step manner. It can connect projects across multiple regions, creating a diversified global seaweed platform that strengthens coastal communities, protects marine ecosystems, and delivers long-term value for investors.

This opportunity is created by combining regenerative impact with the catalytic power of blended and innovative finance, building on the approach presented by UNEP.

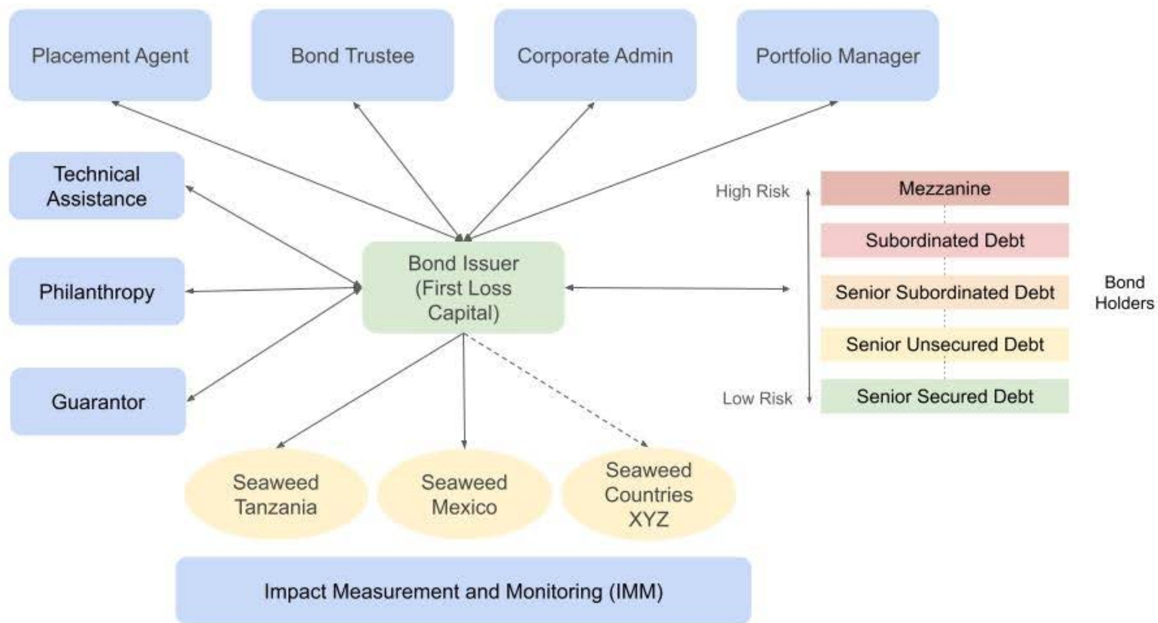


Figure 1: Illustrative blended finance structure

We will now examine another solution that was developed at the event:

5.2 Applying lessons from the UNICEF case study

Based on UNICEF's pre-arranged financing approach, a second working group discussed innovative financing mechanisms to help Medair secure funding for nutrition and medicine stocks in advance of a potential emergency, rather than waiting for funding after a crisis has escalated.

Given Medair's humanitarian mandate, similar to UNICEF, the idea was to link funds to pre-agreed triggers, such as drought, flood, epidemic risk, displacement, or food insecurity indicators, so that once triggered, payouts could be made rapidly and directly to support procurement, warehousing, transport and distribution of critical nutrition and medical supplies. This approach could reduce delays caused by traditional fundraising cycles and improve preparedness before needs peak.

In line with pre-arranged financing approaches, the group further discussed potential use cases of catastrophe (cat) bond structures, in particular, the catastrophe cash human bond (CCHB) approach.

The CCHB is a parametric cat bond that mobilises private investor capital, complemented by donor support, to provide pre-arranged financing for major climate and disaster events. When pre-defined, transparent triggers are met, funds are released rapidly to support anticipatory action, emergency response and early recovery, enabling faster and more predictable financing than traditional humanitarian funding.

The model is integrated with existing Cash and Voucher Assistance (CVA), social protection and national response systems, strengthening rather than replacing existing mechanisms.

By combining innovative risk financing with efficient digital payment channels, CCHB aims to ensure timely assistance reaches affected populations while providing a scalable and replicable model for humanitarian preparedness and response.

While catastrophe bonds are generally used to insure against high-intensity, low-frequency climate and disaster events, pre-arranged financing (PAF) can apply across a broader spectrum of event frequencies and severities, with different instruments suited to different risk layers.

Furthermore, as a follow-up to the event, a potential partnering opportunity between UNICEF and Medair was raised for discussion, with a view to leveraging potential synergies and mobilising additional funding. While the detailed approach, feasibility and level of interest would need to be assessed further, one possible model discussed was a development impact bond (DIB) structure based on a pre-defined trigger event, involving a social investor, an outcome funder and implementing organisations.

The trigger event relates to humanitarian emergency situations - e.g. floods, droughts, cyclones, epidemics, conflict-related displacement or food insecurity, where timely and coordinated efforts are needed. The following roles are usually involved in such a partnering structure:

- Social ‘investor’: Provides upfront funding as working capital to fund the envisaged programme interventions in case of a trigger event and bears the risk - if the trigger event happens and outcomes are met, the social investor receives a repayment of the principal funding plus pre-negotiated returns - e.g.: Private foundations
- Implementing organisations: Implement the programme interventions as agreed in line with the pre-defined trigger event and impact indicators - the implementing organisations are responsible for delivering the desired outcomes - e.g. Humanitarian organisations
- Outcome funder: Pays for the programme interventions in case of a trigger event - the outcome funder defines the desired impact KPIs and commits to paying for achieved outcomes - e.g.: Bilateral development agency or larger humanitarian organisations

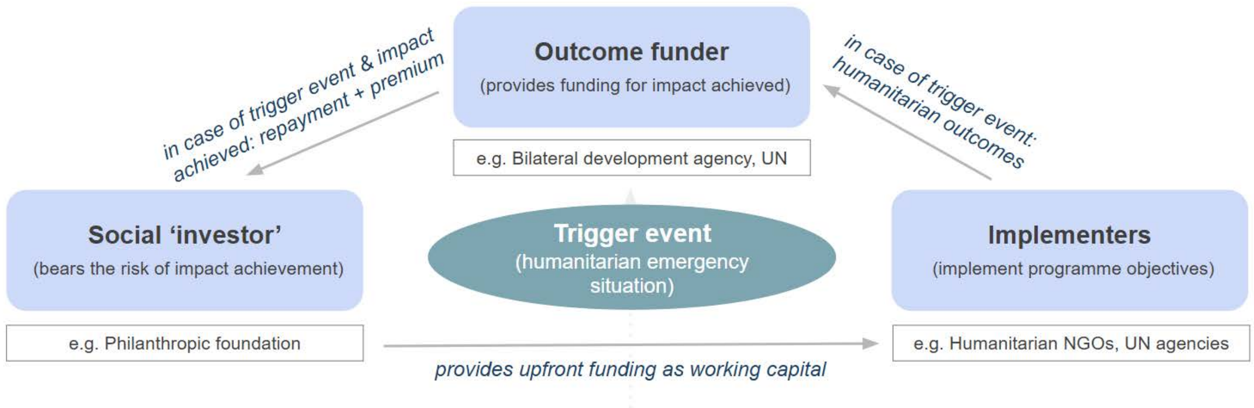


Figure 2: Illustrative structure for potential partnering opportunity

In general, eventual challenges of high complexity and lengthy set-up timelines will need to be analysed carefully to evaluate if these would be outweighed by potential additional fundraising opportunities.

The concept was raised as a potential area for further exploration, subject to organisational interest and a more detailed assessment of its feasibility and added value.

5.3 Applying lessons from the Medair case study

What if the survival of a woman screened early for breast cancer in Kenya could be recognised – and financed – as verified social value?

Building on Medair's outcomes-based financing experience, the working group applied the Verified Impact Assets™ (VIA) model to a new domain: early breast cancer detection in Kenya. Today, around 70% of women with breast cancer in Kenya are identified only at stage three or four, when treatment is rarely successful. The group's ambition was to invert this picture, so that 70% of cases are identified at stages one and two, when survival rates are dramatically higher.

A major obstacle is that investments in early detection often compete with other health priorities because screening is viewed primarily as a cost rather than an investment. This is precisely the gap the VIA model closes, by translating a health outcome into a quantified, verifiable and purchasable unit of social value.

The group kept the theory of change deliberately simple and auditable. The activity is the screening of women; the outputs, including the number screened, the number testing positive, and the stage at identification, are measurable at the health facility. The outcome is a population-level shift towards stage one to two identification, with access to treatment as the critical assumption.

Social value is quantified using established methodologies and industry-accepted assumptions around recovery rates: the additional survivors, multiplied by the GDP per capita of a woman in Kenya over her remaining life expectancy, and converted into a corresponding number of VIAs.

To illustrate the scale, expanding breast cancer early detection and care in Kenya through clinical breast examination-led screening could save an estimated 236,000 'life-years' for women over 40 years and generate around KES 350 billion (approximately USD 3.5 billion) in net economic benefits.[10]

Design thinking: Working groups collaborating on practical solutions

[10] An economic evaluation of breast cancer interventions in Kenya, https://pubmed.ncbi.nlm.nih.gov/39552713/

On the demand side, the group identified four initial buyer segments:

- Government investment - which is driven to see an increased economic output of citizens to grow national GDP
- Multilateral investors - seeking returns on investment in a healthy and growing economy
- Charitable foundations - who value measurability, comparability and reputation protection
- Corporate foundations - a streamlined, verified, full life-cycle view of their contribution, to which VIAs are particularly well suited

Open questions remain, including Ministry of Health endorsement, baseline data, verification standards, and how the “human capital approach” can be applied, using GDP per capita as the financial proxy. As in Medair’s own experience, building buyer demand for this innovative financing instrument is expected to be the main challenge, similar to the early emergence of carbon credits in the 2000s.

The use case nonetheless demonstrates how the VIA approach can be applied across sectors: by putting a value on an outcome the market currently prices at zero, it reframes early cancer detection from a budgetary cost into an investable proposition.

6 Making Innovative Finance Work at Scale

The discussions initiated at EURÊKA were a useful starting point for further advancing innovative finance in International Geneva. The objective is to continue this format in 2026 and 2027 through a series of focused sessions, progressively moving from exploring innovative finance to enabling its implementation and scale. Four follow-up sessions are planned for late 2026 and early 2027, as outlined below:

The next gathering will build on the June discussions and present the paper and working-group outcomes before taking a deeper look at blended finance. It explores relevant approaches, best practices, challenges and their potential applicability to International Geneva.

The following session shifts from approaches to concrete opportunities. Using 2–3 case studies, participants examine what is needed to make projects investable, including project preparation and acceleration, structuring, appropriate financing instruments and support mechanisms.

The focus then moves to implementation within organisations. Drawing on practical experience from UN agencies, NGOs and innovative finance practitioners, the session examines organisational barriers and solutions for turning innovative finance strategies into tangible outcomes.

The final session brings in the capital and partnership perspective. Investors, DFIs and other financing partners will discuss what makes opportunities investable, what prevents capital from flowing, and which pipeline opportunities are most relevant for private investors. The discussion will also examine return expectations, including those of development banks, and explore how stronger partnerships can be built, particularly with national and regional development banks and blended finance funds.

7 From Innovative Mechanisms to Market Infrastructure

The real-world examples in this paper show that innovative finance can improve the way development and humanitarian organisations fund specific interventions.

Yet the larger question is systemic: how can International Geneva help build the pipes through which private capital can reliably finance SDG-related solutions, especially in emerging and developing economies?

The starting point is uncomfortable. The capital exists, but it is not flowing at sufficient scale to the places and sectors where it is most needed. Health, education, energy access, climate resilience, food systems and basic infrastructure remain underfunded, while many investors continue to allocate overwhelmingly to familiar developed markets. This is not only a financing gap. It is a market-design gap.

The core challenge is clear: impact investing remains a very small share of global assets, while the annual SDG financing gap is counted in trillions. Emerging markets are where development needs are greatest, but also where future growth, productivity gains and demographic momentum may create attractive long-term opportunities. The issue is therefore not simply that investors must accept lower returns for the sake of impact. In many cases, the issue is that the financial system does not yet provide the information, risk-sharing, liquidity and regulatory treatment that would allow private investors to participate with confidence.

In this sense, innovative finance should not be presented only as a toolkit of clever instruments. It should be understood as a way to build missing market infrastructure.

Project preparation facilities, incubators and accelerators build and improve investable pipelines. Guarantees and first-loss capital improve the risk-return profile of investments.

Technical assistance strengthens delivery capacity. Outcome-based instruments make impact more visible and verifiable. Pre-arranged finance improves timing and predictability. Secondary-market facilities and liquidity mechanisms create exits. Data standards and verification reduce information asymmetry. Together, these elements are the pipes that can move private capital from intention to allocation.

7.1 How Blended Finance Works: Aligning Capital for Impact

Blended finance is one of the most important approaches within the broader toolkit of innovative funding mechanisms. It brings together, within a single investment solution, different types of capital with different objectives, risk appetites and return expectations.

Public and philanthropic investors can deploy concessional or catalytic resources, accepting greater risk, lower returns or longer investment horizons in pursuit of development impact. Private investors, by contrast, typically require risk-adjusted market returns, credible governance, predictable exits and clear reporting. By allocating risks and returns among the actors best able and willing to bear them, blended finance can align these different expectations and mobilise larger pools of private capital towards a shared impact objective.

For UN organisations, this provides a way to use scarce public and philanthropic resources strategically to make SDG-related solutions investable and attract additional private capital. Blended finance is not intended to replace grants or public funding, nor to subsidise investments that would have happened anyway. Its purpose is to address specific barriers that prevent high-impact opportunities from attracting capital at the required scale.

In practice, blended finance can address these barriers through different instruments. A so-called junior or first-loss tranche can absorb initial losses and protect senior investors. Concessional debt can reduce financing costs, while guarantees can cover specific risks such as credit, political or currency risk. Grants can support project preparation, feasibility studies, technical assistance or impact measurement. Outcomes-based or results-based financing can reward verified results through targeted incentives, such as e.g. interest-rate discounts within a debt fund. Each instrument addresses a different barrier to investment, allowing capital to be structured around the specific needs and risks of a project.

Several approaches are particularly relevant for the cases in this paper:

First, project preparation, technical assistance/capacity building and repayable grant facilities can strengthen investees (e.g. infrastructure projects' bankability and early-stage enterprises' investment readiness), local intermediaries and implementation partners, which is especially important where the investable pipeline is thin, and help turn ideas into bankable solutions. Many development solutions fail to attract capital not because their impact is weak, but because they are not yet structured in a way investors can assess.

Second, risk-sharing vehicles such as credit guarantees and subordinated capital can mobilise commercial lenders and institutional investors by improving downside protection.

Third, platform approaches can aggregate small or fragmented opportunities across geographies or sectors, creating diversification, reducing transaction costs and making ticket sizes more relevant for larger investors.

Fourth, liquidity facilities, securitisation and secondary-market mechanisms can create exit pathways, a key constraint for private investors in emerging and frontier markets.

The UNEP-related examples in this paper illustrate this logic. Repayable seed capital can support early-stage project development, while a blended finance risk-sharing vehicle such as AGRI3 can use guarantees and concessional capital to unlock commercial lending for sustainable agriculture and forest protection. The broader lesson is that blended finance is most powerful when it tackles a precise market failure: lack of pipeline, weak bankability, excessive perceived risk, unattractive tenor, currency exposure, limited exits or insufficient data.

7.2 Can Blended Finance Scale? A Cautiously Optimistic View

Blended finance is promising, but it should not be oversold. The trajectory is not yet good enough.

Despite years of discussion, blended finance and impact investing still represent only a limited share of global assets, and the volume mobilised remains far below what is required to close the SDG financing gap. Too many transactions remain bespoke, slow to structure and dependent on a small number of public or philanthropic actors. Decision cycles can be long, data is fragmented, documentation is not sufficiently standardised, and successful structures are not replicated fast enough. There is also a risk that blended finance becomes a collection of pilots rather than a pathway to institutional scale.

A cautiously optimistic view is therefore appropriate. Blended finance can help at scale, but only if it evolves from transaction-by-transaction de-risking into a more industrialised market-building approach.

This means larger platforms rather than isolated funds; standardised terms rather than fully bespoke structures; shared data rather than opaque performance records; credible impact verification rather than marketing claims; and well-designed secondary markets rather than permanent illiquidity.

The objective should not be to make every transaction concessional. It should be to use scarce concessional capital where it is truly additional, catalytic and temporary, so that private capital can eventually finance more of the market on its own.

Additionality is central. Concessional resources should be used only when they unlock investments that would not otherwise happen, improve the risk-return profile enough to mobilise private investors, or create a market signal that lowers barriers for others. This requires disciplined due diligence. If public capital simply improves the economics of already bankable projects, it risks subsidising private investors without changing the system. If it is used too cautiously, however, it will fail to mobilise capital where it is most needed. The right balance must be assessed at portfolio level, accepting that some investments will maximise additionality while others demonstrate strong mobilisation potential.

7.3 The Role of MDBs and DFIs: from Participants to Market-makers

The most important challenge is the role of Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs).

These are public or multilateral institutions that provide financing and investment to support economic development, infrastructure, and private-sector growth, especially in emerging and developing markets.

They are essential actors, but their contribution should be judged not only by how much they invest directly. It should be judged by how much private capital they enable, how much risk they remove from the system, how much liquidity they create, and how effectively they recycle their balance sheets. If their mandates remain too focused on preserving capital, maintaining conservative ratings and participating in transactions that private investors might also consider, their systemic impact will remain constrained.

MDBs and DFIs could change the system if they were ready to take more catalytic risk. They can provide first-loss capital, guarantees and local-currency solutions. They can anchor new funds and platforms. They can fund technical assistance and project preparation. They can improve data transparency by publishing performance and default information in ways that help investors price risk more accurately.

Most importantly, they can act as liquidity providers and market-makers. For example, they could sell mature assets to institutional investors to create visible exit pathways and recycle capital into earlier-stage or higher-risk opportunities. They could also support secondary facilities that buy stakes in impact funds or DFI-originated portfolios, helping investors know that there is a credible exit route.

This shift would require courage. It would ask MDBs and DFIs to accept that their highest value is not necessarily to be the safest investor in the safest part of a challenging market. Their highest value may be to absorb risks that private investors cannot yet take, to build markets that do not yet exist, and to exit when private capital is ready to enter.

This is a different interpretation of financial additionality. It is less about participating in deals and more about changing the conditions under which deals become possible.

At the same time, in line with the latest Financing for Development Agenda, the role of national and regional development banks in the Global South can be further strengthened for local-currency financing solutions, given their relationships with national governments, which support country ownership, as well as their local market intelligence, which enables tailored and feasible approaches. Their public development mandates generally allow them to take more risk than local financial institutions (FIs), particularly commercial banks. Depending on their business models, many national and regional development banks also partner directly with local FIs through technical assistance (TA)/capacity building, guarantees and on-lending, thereby acting as a critical link to improve bankability and leverage SDG financing in local-currency terms for impactful market-based solutions while also reducing exposure to exchange rate fluctuations.

Moreover, strategic financing partnerships between national and regional development banks in the Global South and UN agencies, as well as other development partners, are likely to become increasingly important for the future of development finance, particularly in light of current funding constraints and the growing need for practical innovative finance solutions that are anchored in countries' realities and mobilise public and private capital beyond organisations' own balance sheets.

7.4 Other Pipes Still Need to be Built

Rating agencies also matter. As independent organisations, they assess the creditworthiness of governments, companies, and financial instruments, helping investors evaluate the risks of lending or investing. Since the 2008 financial crisis, their methodologies, incentives, and influence have also faced greater scrutiny.

Risk perception is one of the strongest barriers to capital flows into emerging markets. In practice, perceived risk can exceed observed risk in some impact asset classes, including parts of inclusive finance. If rating approaches do not properly account for blended structures, diversification, guarantees, repayment history and local-market realities, they can reinforce a conservative view of risk. Because ratings are embedded in regulatory frameworks and investor mandates, overly conservative assessments can have a systemic effect far beyond a single transaction.

Regulators and policymakers also have an important role to play. Investor protection remains essential, while regulatory frameworks can benefit from being proportionate, practical and supportive of innovation. Where appropriate, reducing administrative complexity, streamlining fund authorisation processes, clarifying capital treatment and improving the interoperability of taxonomies could help facilitate market participation, including for smaller or innovative fund managers. Clearer standards, proportionate regimes for appropriate products and robust approaches to recognising verified positive impact could help reduce unnecessary friction while maintaining high standards of market integrity.

Regulation should not require investors to enter impact markets, but it should ensure that long-term, diversified, and well-structured development investments are appropriately recognised and assessed.

Private investors could also be challenged. Progress will require stronger pipelines, more guarantees, better data and greater liquidity, alongside continued efforts to strengthen the capacity needed to assess and engage with emerging-market opportunities. Pension funds, insurers, banks, foundations and asset managers can play an important role by continuing to develop the skills, mandates and partnerships needed to assess and invest responsibly in these markets.

It will be important to distinguish between underlying risks and areas where greater familiarity or information may be needed. Greater transparency around the conditions under which capital could be allocated would also help public and philanthropic actors design catalytic interventions that respond to investors' actual constraints and needs.

7.5 From Ecosystem to Market: The Next Role for International Geneva

For Geneva, the opportunity is to move from convening to market-building.

The ecosystem brings together UN agencies, humanitarian actors, foundations, NGOs, governments, academic institutions, insurers, banks, impact investors and development finance institutions. This proximity can be used to create a practical agenda around five priorities.

First, build investable pipelines by linking field knowledge with project preparation, incubation and technical assistance.

Second, design blended finance platforms and strategic financing partnerships around priority sectors such as health, nutrition, climate resilience, energy access, food systems and nature-based solutions.

Third, create liquidity solutions, including secondary-market facilities, DFI asset sales, securitisation pilots and open-ended or evergreen structures where appropriate.

Fourth, develop shared data, standards and verification systems so that financial and impact performance can be compared, priced and trusted.

Fifth, convene a rules-of-the-game coalition with MDBs, DFIs, regulators, rating agencies and private investors to address structural barriers that currently keep capital from moving at scale.

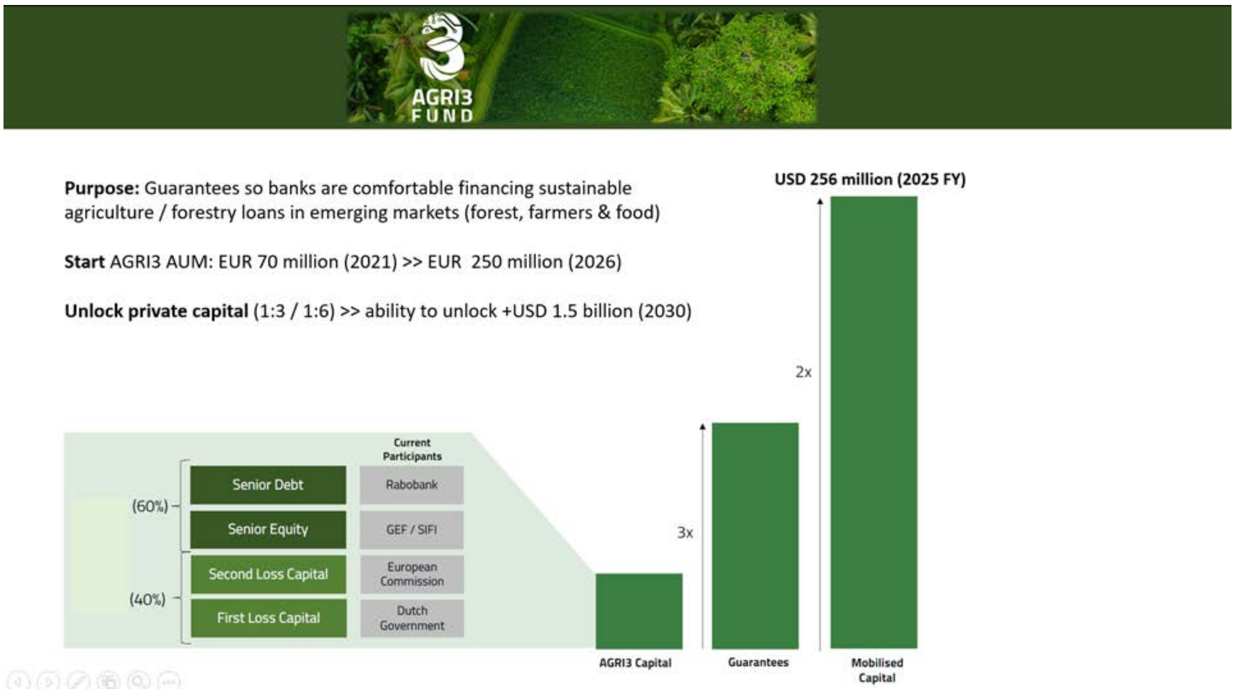
This agenda would complement the case studies in the paper. UNEP shows how catalytic and blended finance can improve bankability and mobilise commercial capital. UNICEF shows how pre-arranged financing can make funding faster and more predictable. Medair shows how verified outcomes can create new ways of recognising and financing impact.

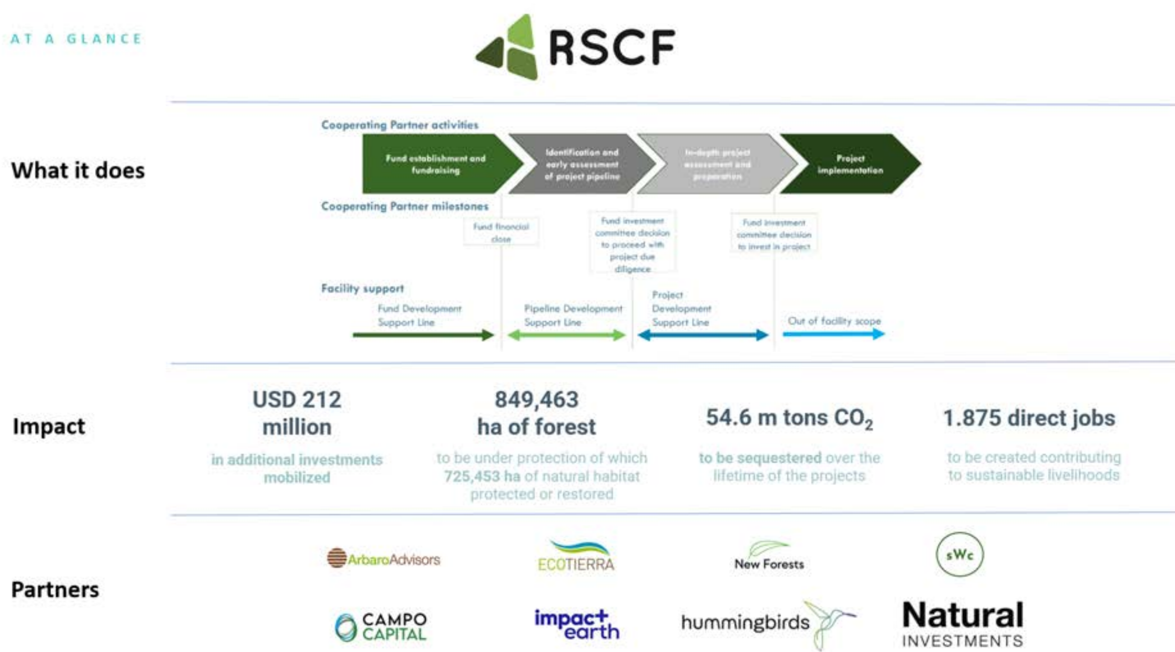
The next step is to connect these examples into a broader market architecture. If International Geneva can help build the pipes, not only showcase the instruments, it can play a meaningful role in redirecting capital toward solutions that support people, the planet and resilience.

Appendix

Case study presentation excerpts (UNEP, UNICEF, Medair)

UNEP case study presentation excerpt:





UNICEF case study presentation excerpt:

Medair case study presentation excerpt: