“CATALYZING GREEN GROWTH: A BLENDED FINANCE FRAMEWORK FOR SOCIAL ENTERPRISES”

Research Paper

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”Abstract ”

This paper develops a conceptual framework for applying blended finance to social enterprises, drawing on insights from social enterprises in India. The study examines how social enterprises balance impact with business viability, identifies their unique risks, and analyzes how blended finance can address these challenges. The proposed framework illustrates how concessional capital, investment capital, and technical assistance can mitigate financial, operational, and market risks while enhancing environmental impact. The paper concludes that effective blended finance for social enterprises requires longer time horizons, results-based components, policy risk mitigation, value chain approaches, and local adaptation. Recommendations are provided for policymakers, investors, entrepreneurs, and researchers to advance blended finance applications in environmental sustainability.

Keywords: Blended finance, Social enterprises, Concessional capital, Sustainable business models.

1 Introduction

The global pursuit of sustainable development faces significant financing challenges, with an estimated annual funding gap of $2-3 trillion to achieve the Sustainable Development Goals (SDGs) by 2030 (Taskforce, 2018). Traditional funding mechanisms—whether purely commercial or philanthropic—have proven insufficient to address this gap. In this context, social enterprises have emerged as critical actors operating at the intersection of commercial and social sectors, while blended finance has gained recognition as an innovative approach to mobilize private capital for sustainable development.

Social enterprises occupy a unique position in the economic landscape, balancing profit motives with social and environmental impact. Unlike traditional businesses that primarily focus on economic returns or non-profits that prioritize social outcomes, social enterprises integrate all three dimensions of the triple bottom line: economic viability, social impact, and environmental sustainability. This integrated approach positions them as key drivers of sustainable development.

Blended finance - the strategic use of development finance and philanthropic funds to mobilize private capital for sustainable development - has emerged as a promising solution to the funding challenges faced by social enterprises. By combining different types of capital with varying risk-return profiles, blended finance can help de-risk investments and attract commercial funding to projects that might otherwise be considered too risky or insufficiently profitable.

While blended finance has been applied across various sectors, its application in environmental social enterprises remains underexplored. This paper aims to address this gap by examining how the blended finance framework developed for healthcare social enterprises in India can be adapted and applied to environmental social enterprises. Drawing on insights from Chakraborty's (2025) doctoral research on healthcare social enterprises in India, this paper develops a conceptual framework for understanding how blended finance can help environmental social enterprises address business and financial risks while maximizing environmental impact.

The paper addresses three key research questions:

a) How do social enterprises balance environmental impact and business viability?
b) What specific risks do social enterprises face?
c) How can blended finance enable social enterprises to address these risks and enhance environmental impact?

By answering these questions, this paper contributes to both theoretical understanding and practical application of blended finance in supporting environmental social enterprises. The findings have implications for policymakers, investors, entrepreneurs, and other stakeholders interested in promoting sustainable development through innovative financing mechanisms.

2 Literature Review

2.1 Sustainable development and triple bottom-line

The concept of sustainable development has evolved significantly since its early focus on environmental protection. As noted by Duran et al. (2015), sustainable development represents both durability ("sustainability") and the expansion of potential ("development"). The 1992 Earth Summit in Rio de Janeiro and the 2002 World Summit on Sustainable Development in Johannesburg established sustainable development as a global priority, expanding beyond environmental protection to encompass economic activities (Krajnc and Glavic, 2005).

The triple bottom line (TBL) framework, introduced by Elkington (1997), provides a comprehensive approach to sustainability by integrating economic, social, and environmental dimensions. This framework has gained significant traction, with publications referencing TBL increasing substantially between 2015 and 2019 (Loviscek, 2021). The TBL concept has further evolved into the Environmental, Social, and Governance (ESG) framework, which has become a standard for measuring corporate sustainability performance (The Global Compact, 2004).

Despite its widespread adoption, the TBL framework faces criticism. Elkington himself has acknowledged limitations, noting that "the capitalist system was unsuccessful to give more space to the social and environmental spheres over the economic one" (Elkington, 2018). This highlights the ongoing challenge of balancing economic imperatives with social and environmental considerations—a challenge that social enterprises are uniquely positioned to address.

2.2 Social enterprises and environmental sustainability

Social enterprises operate at the intersection of commercial and social sectors, combining elements of both to create sustainable solutions to societal challenges. As defined by Emerson and Twersky (1996), social enterprises are "revenue generating ventures founded to create economic opportunities for very low-income individuals, while simultaneously operating with reference to the financial bottom-line."

Social enterprises contribute to sustainable development in multiple ways. Terziev and Arabska (2017) emphasize their role in promoting sustainable development and meeting SDGs. Zhang and Swanson (2014) highlight their dual contribution through developing innovative solutions and ensuring these solutions are accessible through viable business models. Stratan (2017) notes their potential to deliver social impact through circular economy principles, addressing social and environmental problems while contributing to cost savings and long-term competitiveness.

Environmental social enterprises specifically focus on addressing environmental challenges while maintaining financial viability. These enterprises operate across various sectors, including renewable energy, waste management, sustainable agriculture, and conservation. By developing innovative business models that generate both environmental benefits and financial returns, they contribute to multiple SDGs, particularly SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 14 (Life Below Water), and SDG 15 (Life on Land).

However, social enterprises face significant challenges. Massarsky (2006) found that 71% of social enterprise organizations are unprofitable, with many failing within their first five years. Bradach and Foster (2005) identified the risk of mission drift, where the pursuit of financial sustainability can lead to compromising the original social or environmental mission. These challenges highlight the need for appropriate financing mechanisms that can support social enterprises in achieving both impact and financial sustainability.

2.3 Blended finance and its role in supporting social enterprises

Blended finance emerged as a formal concept in the 2015 Addis Ababa Action Agenda, defined as a mechanism that "combines concessional public finance with non-concessional private finance and expertise from the public and private sector, special-purpose vehicles, non-recourse project financing, risk mitigation instruments and pooled funding structures" (UN, 2015). The OECD further defined it as "the strategic use of development finance for the mobilization of additional finance towards the SDGs in developing countries" (OECD, 2018).

Blended finance addresses a critical funding gap for sustainable development. The United Nations estimates that achieving the SDGs requires approximately \$6 trillion annually, with a gap of \$2-3 trillion per year (Taskforce, 2018). By de-risking investments, blended finance can potentially capture over \$1 trillion in additional annual investment potential.

For social enterprises, blended finance offers a solution to the unique financing challenges they face. Bugg-Levine et al. (2012) note that "some of the more forward-thinking foundations and social investors have realized that the current methods of financing social enterprises are inefficient, for the enterprises and themselves, and have started working to broaden the access to capital."

Blended finance can take various forms, including concessional loans, guarantees, technical assistance grants, and equity investments. These instruments can be combined in different ways to address specific financing needs and risk profiles. According to Akbulaev et al. (2019), social enterprises can access funding from multiple sources, including social entrepreneurs' equity capital, crowdfunding, private investors, charitable and public organizations, large businesses, international organizations, banks, and microfinance institutions.

However, the application of blended finance to environmental social enterprises remains limited. Basile and Dutra (2019) found that while 44% of blended finance transactions targeted business enterprises, they focused largely on energy and financial services sectors, with only a small percentage addressing environmental challenges directly. This highlights the need for more research and practical applications of blended finance in supporting environmental social enterprises.

2.4 Research gap

The literature review reveals several gaps in understanding how blended finance can support environmental social enterprises:

- Insufficient understanding of how philanthropic and public funds can be strategically combined with commercial investments to support environmental social enterprises
- Lack of research on the specific risks faced by environmental social enterprises and how blended finance can address these risks
- Limited evidence on the effectiveness of different blended finance structures in enhancing both financial sustainability and environmental impact

This paper aims to address these gaps by developing a conceptual framework for applying blended finance to environmental social enterprises, drawing on insights from healthcare social enterprises in India.

3 Methodology

This paper employs a qualitative approach to develop a conceptual framework for understanding how blended finance can support environmental social enterprises. The methodology builds on Chakraborty's (2025) research on healthcare social enterprises in India, adapting and extending the findings to the environmental context.

The research follows a diagnostic design, investigating how blended finance can enable environmental social enterprises to address risks and accelerate environmental impact. A qualitative approach is adopted to develop a conceptual model, drawing on existing literature, case studies of healthcare social enterprises, and theoretical frameworks of sustainable development, social entrepreneurship, and blended finance.

The analytical framework examines the relationships between blended finance, risks faced by environmental social enterprises, and environmental impact. It considers how different components of blended finance (concessional capital, investment capital, and technical assistance) can address various types of risks (financial, operational, and market) and enhance environmental impact.

The framework also considers contextual factors that may influence these relationships, including:

- Geographic location (urban vs. rural)
- Stage of business development (early-stage vs. mature)
- Type of enterprise (product-based vs. service-based)

The paper draws on multiple data sources, which include:

- Literature review: Comprehensive review of literature on sustainable development, social enterprises, environmental sustainability, and blended finance
- Case studies: Analysis of four healthcare social enterprises from Chakraborty's (2025) research, with a focus on extracting transferable insights for environmental social enterprises
- Secondary data: Reports, white papers, and other publications on environmental social enterprises and blended finance

Data analysis employs a combination of:

- Framework analysis: Categorizing and interpreting data according to the analytical framework
- Comparative analysis: Identifying similarities and differences between healthcare and environmental social enterprises
- Conceptual modelling: Developing a theoretical framework for understanding the relationships between blended finance, risks, and environmental impact

The research has several limitations. The conceptual framework is based on insights from healthcare social enterprises, which may not fully capture the unique characteristics of environmental social enterprises. The limited number of case studies may not represent the full diversity of social enterprises. The focus on the Indian context may limit generalizability to other geographic contexts. The reliance on secondary data means that the framework has not been empirically tested in the environmental context.

Despite these limitations, the paper provides a valuable starting point for understanding how blended finance can support environmental social enterprises, offering a conceptual framework that can be refined and tested through future empirical research.

4 Results

4.1 How social enterprises address social impact and business viability

Social enterprises face a unique challenge: they must simultaneously pursue social missions while generating sufficient revenue to sustain operations. These dual imperative shapes every aspect of their business models, from product development to pricing strategies and operational decisions. Research into healthcare social enterprises in India reveals fascinating insights about this balancing act. When analysing the responses of social entrepreneurs, three key considerations consistently emerge, as shown in figure 1 below.

Figure 1. Word cloud of key words mentioned by the social enterprises. (Source: Chakraborty, 2025, p. 86)

As the visualization suggests, cost considerations dominate the thinking of healthcare social entrepreneurs, followed by affordability and quality concerns. This hierarchy of priorities reveals a pragmatic approach. To achieve social impact through affordable healthcare, these enterprises must first master cost management to ensure business viability.

The social enterprises adopt several common features enable these enterprises to balance impact and viability, as shown in table 1 below.

Feature	Description
Cost-effective delivery	Streamlining operations to minimize expenses while maintaining quality
Strategic partnerships	Collaborating with other organizations to leverage complementary strengths
Priority population focus	Identifying and targeting specific underserved communities
Social impact orientation	Maintaining mission-driven decision-making throughout operations

Table 1. Features of the business models of healthcare social enterprises. (Source: Author)

The specific implementation of these features varies by enterprise type. For instance, high-end equipment manufacturers focus on technological differentiation and phased market entry, while primary care clinics emphasize standardized protocols and virtual connectivity to ensure quality while controlling costs.

The financial architecture of social enterprises reflects their dual objectives. Successful healthcare social enterprises share several financial strategies, which include the following:

- Affordable pricing: Setting price points accessible to target populations

- Cost optimization: Continuously improving operational efficiency
- Leveraged financing: Utilizing diverse funding sources to support growth
- Designed for scale: Building models that can expand to serve more people

Beyond financial considerations, social enterprises must develop frameworks for measuring and maximizing their social impact. The healthcare enterprises studied share several common approaches.

The impact strategies adopted by the studied social enterprises, include the following:

- Addressing critical gaps: Identifying and filling unmet healthcare needs
- Ensuring affordability: Making services accessible to underserved populations
- Geographic targeting: Focusing on priority regions with limited healthcare access
- Improving accessibility: Reducing barriers to healthcare utilization

These strategies manifest differently across enterprise types. Portable equipment manufacturers emphasize empowering healthcare providers and developing lifesaving technologies, while primary care clinics focus on comprehensive healthcare delivery and demand-side financing solutions.

Despite their innovative approaches, social enterprises face the following challenges in balancing impact and viability:

- Quality-Cost trade-offs: Social enterprises must carefully navigate the tension between quality and affordability. In healthcare, compromising on quality can have serious consequences for patients, yet maintaining high standards while keeping services affordable requires constant innovation and efficiency improvements.
- Scaling difficulties: Many social enterprises struggle to scale their impact. The very features that enable them to serve specific communities effectively—such as localized knowledge and customized approaches—can make expansion challenging. Successful scaling often requires standardizing core elements while allowing for contextual adaptation.
- Regulatory complexity: Social enterprises typically operate in heavily regulated environments, adding compliance costs and complexity to their operations. Navigating these requirements while maintaining their social mission requires specialized expertise and careful planning.

The journey of social enterprises reveals that balancing social impact and business viability is not only possible but can create powerful models for addressing societal challenges. By focusing on cost-effective delivery, strategic partnerships, innovative financing, and targeted impact strategies, these organizations demonstrate that purpose and profit can be complementary rather than competing objectives.

As the social enterprises continue to evolve, the lessons from healthcare organizations offer valuable insights for entrepreneurs across sectors. The most successful social enterprises recognize that business viability is not an end in itself but rather the means to achieve and sustain meaningful social impact. By embracing this perspective, they transform the traditional business paradigm and create models that simultaneously generate economic value and contribute to a more equitable and sustainable world.

4.2 Environmental social enterprises: Similarities with healthcare social enterprises

Environmental social enterprises employ diverse business models to address environmental challenges while maintaining financial viability. Drawing on insights from healthcare social enterprises, we can identify several common approaches, as mentioned in table 2 below.

Business Model	Description	Examples
Product Innovation	Developing environmentally friendly products that address specific environmental challenges	Solar lanterns, biodegradable packaging, water purification systems

Circular Economy	Creating value from waste through recycling, upcycling, or waste-to-energy conversion	Waste management services, recycled products manufacturing, composting facilities
Resource Conservation	Providing services that help conserve natural resources	Water conservation technologies, energy efficiency services, sustainable forestry
Sustainable Agriculture	Promoting environmentally friendly farming practices	Organic farming, agroforestry, precision agriculture technologies
Clean Energy	Generating or distributing renewable energy	Solar home systems, mini-grids, biogas digesters
Environmental Services	Providing services that directly benefit the environment	Ecosystem restoration, carbon sequestration, biodiversity conservation

Table 2. Business models of environmental social enterprises. (Source: Author)

Like healthcare social enterprises, environmental social enterprises focus on affordability, accessibility, and quality. However, they face unique challenges related to the nature of environmental goods and services:

1. Public good characteristics: Many environmental benefits (e.g., clean air, biodiversity) are public goods, making it difficult to capture their full value through market mechanisms
2. Long-term returns: Environmental investments often yield benefits over long time horizons, creating challenges for short-term financial viability
3. Regulatory dependence: The viability of many environmental business models depends on supportive regulatory frameworks (e.g., carbon pricing, renewable energy incentives)
4. Behaviour-change requirements: Many environmental solutions require changes in consumer behaviour, adding complexity to market adoption

Despite these challenges, environmental social enterprises employ innovative approaches to balance environmental impact with business viability. These include cross-subsidization using revenues from commercial activities to subsidize environmental conservation efforts. Another approach is payment for ecosystem services by developing mechanisms to monetize environmental benefits. Thirdly, impact-linked pricing can be adopted by charging different prices to different customer segments based on ability to pay. Lastly, there is hybrid revenue models that Combines commercial revenue with grants, carbon credits, or other impact-linked financing.

4.3 Risks faced by social enterprises and blended finance strategies

Social enterprises face various business and financial risks, many of which parallel those faced by healthcare social enterprises but with important differences.

Risk category	**Specific Risks**	**Description**
Business risks		
Regulatory risks	Policy uncertainty, changing incentives, compliance costs	Regulations and incentives can change rapidly, affecting business viability
Market acceptance risks	Consumer scepticism, behaviour change requirements	Environmentally friendly alternatives often require changes in consumer behaviour
Technology risks	Unproven technologies, obsolescence	Many environmental solutions rely on innovative technologies with limited track records
Competition risks	Conventional alternatives, greenwashing	Competition from both conventional products and false environmental claims

Quality control risks	Performance verification, impact measurement	Ensuring and demonstrating environmental performance
Intellectual property risks	Patent protection, knowledge diffusion	Protecting innovative environmental technologies
Scaling risks	Geographic specificity, context dependence	Environmental solutions often need to be adapted to local contexts
Financial risks		
Revenue uncertainties	Unpredictable cash flows, seasonal variations	Social enterprises often have irregular revenue streams
Long investment recovery periods	Extended payback periods	Social investments typically yield returns over long time horizons
Funding dependencies	Reliance on grants or subsidies	Many social enterprises depend on non-commercial funding
Pricing pressures	Affordability constraints, price competition	Need to keep prices affordable while covering costs
High upfront costs	Capital-intensive investments	Many environmental solutions require significant initial investment
Currency and commodity risks	Price volatility, exchange rate fluctuations	Exposure to changes in commodity prices or currency values
Carbon market risks	Policy uncertainty, price volatility	Dependence on carbon markets for revenue

Table 3. Risks faced by social enterprises. (Source: Author)

These risks vary based on the enterprise's location, stage of development, and type of business. For example:

- Urban vs. rural enterprises: Urban enterprises typically face higher competition but better access to financing, while rural enterprises face logistical challenges but may have less competition
- Early-stage vs. mature enterprises: Early-stage enterprises face higher technology and market acceptance risks, while mature enterprises face scaling and competition risks
- Product-based vs. service-based enterprises: Product-based enterprises face higher upfront costs and intellectual property risks, while service-based enterprises face higher quality control and scaling risks

Blended finance was adopted by healthcare social enterprises to mitigate these risks, which shows how the environmental social enterprises can also follow similar approaches. These are enumerated in table 4 below.

Risk category	**Specific Risks**	**Description**
Concessional capital		
Grants	Subsidizes affordability, provides cash infusion	Finances innovations, improves access to environmental products/services
Recoverable grants	Reduces repayment pressure, builds credit history	Supports market testing and validation
Concessional loans	Lowers cost of capital, extends repayment periods	Enables investment in long-term projects
Investment capital		
Equity investments	Provides growth capital, shares risk	Finances scaling of proven solutions
Commercial loans	Provides working capital, enables	Supports infrastructure development for

	asset acquisition	services
Results-based financing	Links payments to verified outcomes	Incentivizes performance
Technical assistance		
Business advisory	Strengthens business models, improves operations	Enhances efficiency and effectiveness of solutions
Market development	Builds customer awareness, develops supply chains	Accelerates adoption of impactful products/services
Policy engagement	Navigates regulatory environment, advocates for supportive policies	Creates enabling environment for impactful solutions
Impact measurement	Verifies outcomes, builds credibility	Demonstrates value of environmental interventions

Table 4. How blended finance enables social enterprises. (Source: Author)

Based on the analysis of healthcare social enterprises, we can see how blended finance creates a comprehensive framework for addressing the various risks faced by environmental social enterprises. This approach tackles challenges across multiple dimensions, creating a supportive ecosystem for these mission-driven organizations.

In terms of financial risk mitigation, blended finance offers several powerful mechanisms. Concessional capital plays a crucial role by reducing the overall cost of financing while extending repayment periods, giving enterprises the breathing room they need to establish sustainable operations. Additionally, strategic grants help subsidize affordability for low-income customers, ensuring that environmental products and services remain accessible to those who need them most. Results-based financing introduces predictability into revenue streams, allowing enterprises to plan with greater confidence. Throughout this process, technical assistance programs help organizations leverage additional funding sources, maximizing their financial resources.

When it comes to operational risk management, blended finance provides equally valuable support. Technical assistance programs strengthen quality control systems and help enterprises navigate complex regulatory compliance requirements. Grants specifically targeted toward innovation and technology development enable organizations to create and refine solutions to environmental challenges. Business advisory services build operational capacity across the enterprise, enhancing efficiency and effectiveness. The blended finance approach also includes support for obtaining patents and certifications, protecting intellectual property and establishing credibility in the marketplace.

Market risk mitigation represents the third major area where blended finance makes a significant difference. Market validation support reduces adoption risks by helping enterprises demonstrate the value of their environmental solutions to potential customers. Phased development support enables a gradual, strategic market entry process rather than an all-or-nothing approach. Technical assistance programs facilitate the building of strategic partnerships that can accelerate growth and impact. Finally, blended finance often includes support for global reach and market expansion, helping environmental social enterprises scale their solutions beyond initial markets.

Through this multifaceted approach, blended finance creates a supportive ecosystem that addresses the complex challenges faced by environmental social enterprises. By mitigating financial, operational, and market risks simultaneously, this model enables these organizations to focus on their core mission: creating sustainable environmental solutions while maintaining viable business operations.

4.4 Blended finance for social enterprises: Conceptual model

Based on the analysis, we propose a conceptual model for understanding how blended finance enables social enterprises to address risks and enhance environmental impact.

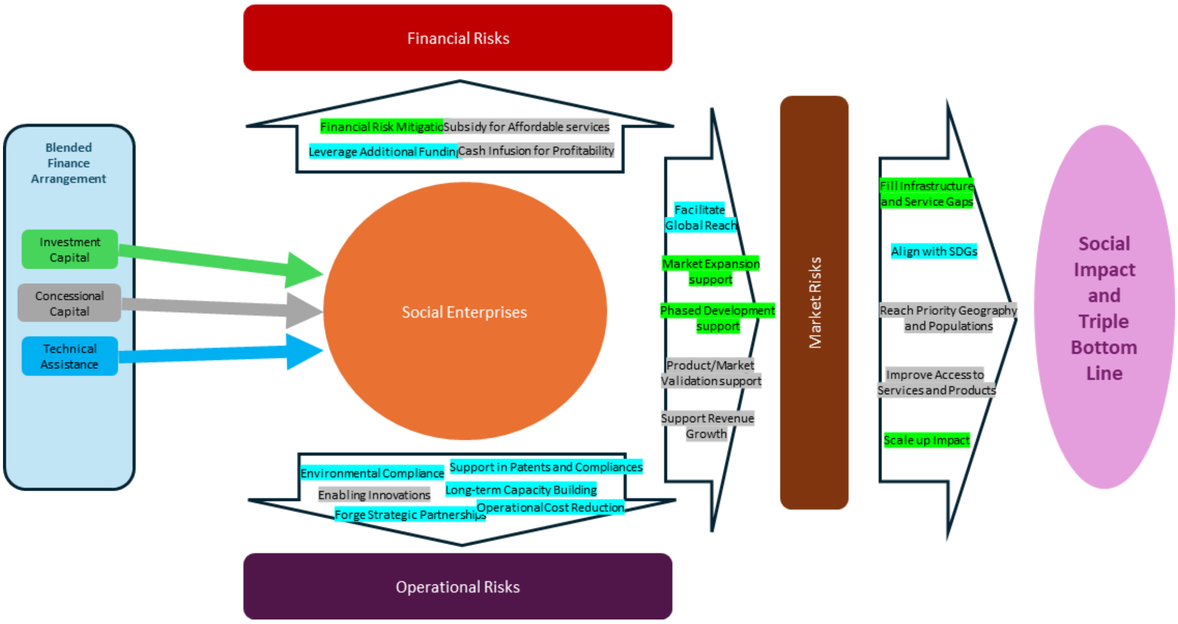

Figure 2. Conceptual model of blended finance and its role in addressing risks and impact for social enterprises. (Source: Chakraborty, 2025, p. 105)

The model shown in figure 2 above illustrates how the three components of blended finance (concessional capital, investment capital, and technical assistance) work together to address different types of risks (financial, operational, and market) faced by social enterprises, ultimately enhancing their environmental impact.

The model also recognizes that the specific mechanisms through which blended finance operates may vary based on contextual factors such as location, stage of development, and type of business. For example, urban enterprises may benefit more from technical assistance for regulatory compliance and market differentiation. Rural enterprises may benefit more from concessional capital to subsidize distribution costs and technical assistance for building local partnerships. Early-stage enterprises may benefit more from grants for innovation and technical assistance for product development. Mature enterprises may benefit more from investment capital for scaling and technical assistance for market expansion. Product-based enterprises may benefit more from concessional capital for manufacturing and technical assistance for quality control. Service-based enterprises may benefit more from results-based financing and technical assistance for capacity building.

5 Discussion

In today's complex social enterprise landscape, organizations focused on environmental and healthcare challenges share many commonalities while facing distinct obstacles unique to their sectors. Both types of enterprises operate with a triple bottom line approach, carefully balancing economic viability with social and environmental considerations.

When we look at their shared challenges, affordability stands out prominently. Both environmental and healthcare social enterprises struggle to make their products and services accessible to those who need them most while maintaining financial sustainability. This delicate balance extends to quality-cost trade-offs, where compromising on quality could undermine their very mission. Additionally, these enterprises navigate heavily regulated environments, rely heavily on innovation to address complex problems, and face significant hurdles when attempting to scale their impact.

However, important differences emerge when examining these enterprises more closely. Healthcare organizations typically focus on direct human health outcomes with relatively clear metrics of success, while environmental enterprises often address broader ecosystem health with benefits to humans that may be indirect or diffuse. The timeframe for returns also differs significantly—environmental investments typically require longer payback periods compared to healthcare initiatives. Environmental benefits often display stronger public good characteristics, making it more challenging for enterprises to capture the full value they create. This challenge is compounded by the complexity of measuring environmental impact compared to healthcare outcomes. Perhaps most notably, environmental enterprises tend to be more dependent on supportive policy frameworks such as carbon pricing or renewable energy incentives.

These distinctions have important implications for designing effective blended finance mechanisms. For environmental social enterprises, financial structures need to accommodate longer investment horizons with patient capital and extended repayment periods. Given the measurement challenges, incorporating results-based elements that link financing to verified environmental outcomes can be beneficial. Mechanisms to mitigate policy risks are essential, as are coordinated approaches that address multiple points in value chains. Additionally, environmental solutions often require adaptation to local ecological and social contexts, necessitating flexible financing structures.

Several challenges persist in applying blended finance to environmental social enterprises. Impact measurement remains difficult, particularly for interventions with diffuse or long-term effects. Ensuring additionality—that financing genuinely catalyses new environmental impact rather than subsidizing existing activities—presents another hurdle. Many environmental challenges require large-scale interventions, creating a mismatch with the relatively small scale of many social enterprises. The complexity of blended finance structures can lead to high transaction costs, especially for smaller organizations, and environmental interventions often require coordination among multiple stakeholders.

Despite these challenges, numerous opportunities for innovation exist. Digital platforms can reduce transaction costs and improve coordination. Developing standardized environmental impact metrics can facilitate results-based financing and impact verification. Aggregation mechanisms can help address scale mismatches, while new hybrid financial instruments might better match the risk-return profiles of environmental investments. Finally, developing blended finance structures that mitigate currency risks could better support local environmental enterprises in diverse global contexts.

6 Conclusion

Drawing on insights from healthcare social enterprises in India, the blended finance framework for social enterprises identifies specific mechanisms through which concessional capital, investment capital, and technical assistance can mitigate financial, operational, and market risks while supporting environmental outcomes. The analysis reveals that while environmental social enterprises share many characteristics with healthcare social enterprises, they also face unique challenges related to the nature of environmental goods and services, the timeframe of returns, and the complexity of measuring environmental impact. These differences suggest the need for adapted blended finance approaches that accommodate longer time horizons, incorporate results-based elements, mitigate policy risks, adopt value chain approaches, and support local adaptation.

In conclusion, blended finance offers significant potential for supporting social enterprises in addressing critical environmental challenges while maintaining financial viability. By strategically combining concessional capital, investment capital, and technical assistance, blended finance can help these enterprises navigate the complex risks they face and enhance their environmental impact. Realizing this potential will require continued innovation, collaboration, and learning among all stakeholders involved in financing sustainable development.

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