

Powering the hardest to reach: Building energy ecosystems in displacement and fragile settings

Roundtable on the margins of the Humanitarian Innovative Finance Summit 2026

Recommendations

- **Investors** should support blended finance tailored to the needs of displacement contexts and invest in local ecosystems and project pipelines.
- **Enterprises** should undertake market validation and seek concessional financing to mitigate risks when entering challenging environments.
- **Humanitarian organisations** should offer non-financial assistance to the private sector and investors to facilitate their entry into the market.

About the workshop

There are more than 122 million displaced people around the world and 76% are hosted in low- and middle-income countries. Many of these people live in hard to reach (H2R) areas affected by fragility, conflict, and violence (FCV). Humanitarian funding has significantly decreased and is constrained by short-term grants that prioritise near-term needs rather than long-term sustainability. Sustainable energy access is not prioritised, nor is support the wider energy ecosystems that could enable it. New initiatives like Mission 300 offer scaling opportunities but displacement-affected communities in H2R and FCV areas risk being left behind.

Financing and scaling up energy projects from fragmented efforts to large-scale development plans are increasingly crucial. This roundtable, convened by the GPA Secretariat and co-hosted by Social Finance and Carbon Trust, brought together humanitarian, development, and finance stakeholders to address the challenges of funding sustainable energy access in displacement and FCV settings.



Demand side issues: What do enterprises need?

Higher operating and transactional costs in H2R and FCV settings make them less attractive to private sector actors. Companies need to understand demand for products and services before deciding on market entry. Because these market assessments can be resource-intensive—particularly when products need to be adapted to local needs—and market entry is already challenging, companies often focus their attention and resources on easier-to-access markets and customers.

Securing investment is challenging for enterprises due to diverse operational and project needs. Smaller companies struggle to attract investors, which view the energy access market as fragmented amongst micro-enterprises which limits the potential for fewer companies to achieve scale. Meanwhile larger projects like mini-grids often fail to secure corporate equity as their expected return is too low for those seeking even concessional return profiles, let alone those of venture capital.

Blended finance is necessary in displacement and FCV contexts as commercial finance alone is unviable. This entails the strategic use of subsidies within financial flows to achieve an appropriate risk-return profile and, importantly, to provide private sector actors with financing structures that are suited to scaling. These strategic subsidies can be deployed in a way to mitigate underlying risks like volatile politics/economics, vulnerable supply chains, currency fluctuations, and macroeconomic shocks.

- **Implement blended finance approaches** which are structured to bridge the gap between commercial approaches and the needs of displacement and FCV contexts.
- **Mitigate risks** by introducing guarantees, subsidies, and non-financial support in areas of the financial value chain where they are most likely to catalyse change, both for investors and across the wider ecosystem.
- **Develop tailored financing mechanisms** and other financial flows that offer solutions specific to enterprises' needs while catalysing the full spectrum of investment capital.
- **Provide market validation** by offering support for market sizing studies and data collection to give private sector companies confidence to enter H2R settings.

Operating in displacement-affected and FCV settings can be complex and costly, whilst enterprises have diverse needs for support. Financing should focus on bridging the gap between grants and commercial finance to mitigate risks and catalyse change throughout the wider ecosystem.

Supply side issues: How does capital respond?

There is high demand for funding in the humanitarian and development sectors. However international investors typically avoid displacement and FCV contexts due to perceived political, reputational, macroeconomic, and performance risks, preferring "easy" projects with higher returns and/or lower risks. National financial ecosystems, meanwhile, can be more knowledgeable of local situations but struggle to provide financing in challenging settings because of the perceived risk profile and lower potential returns compared to their other investment options. Where available, this financing can also be expensive which locks many enterprises out.

The donor landscape is complex and fragmented across funders (governments, private finance), financing types (ticket sizes, grants, concessional/commercial finance), and return expectations (commercial or social impact). Coupled with the misalignment between the multi-year structuring of commercial/blended finance and the humanitarian sector's one-year budget cycles, this complexity hinders coordination between financing opportunities.

There is a lack of investor-ready projects, pipeline development, and funding to support these in displacement and FCV contexts. Humanitarian sector organisations and smaller enterprises struggle with the formats and information required for investment proposals, especially for large-scale projects, and to meet investors' requirements for due diligence.

- **Partner with ecosystem actors**, which have unparalleled reach in local markets, and technical partners to address the data gaps that currently inhibit investment.
- **Leverage and influence large-scale mechanisms** such as Mission 300 to include displacement and FCV settings, as well as working within local financial ecosystems.
- **Collaborate to overcome gaps** in financing types, align on common proposal formats and due diligence requirements, and co-design projects.
- **Invest in project development pipelines** with consistent assessment frameworks, benchmarking, and impact assessments.

Investors typically avoid displacement and FCV settings because of the perceived risks and low returns. This is further hindered by the lack of pipelines for investable projects. Engaging with local ecosystem actors and integrating into wider sectoral mechanisms can help to identify new opportunities, bridge gaps in financing, and advocate for greater investment in displacement and FCV settings.

The way ahead

The path forward requires a **systemic shift from fragmented, short-term humanitarian projects to long-term, large-scale development plans using an ecosystem approach**. This will include leveraging sector-wide opportunities to include displacement settings in country funding mechanisms, and supporting local ecosystem and project pipeline development.

Stakeholders must bridge the gap between humanitarian and investor perspectives through dialogue and partnerships, robust data, and long-term financial models. Non-financial support by humanitarian organisations can help to derisk investments and demonstrate market opportunities. A blended finance approach is essential, combining targeted grants for the hardest-to-reach with concessional finance for market entry. Success will require long-term thinking, local private sector engagement, and sustainable returns.

For further information about the workshop or future activities on this topic, please contact Mark Gibson (markgi@unops.org) and Aimee Jenks (aimeej@unops.org).

March 2026