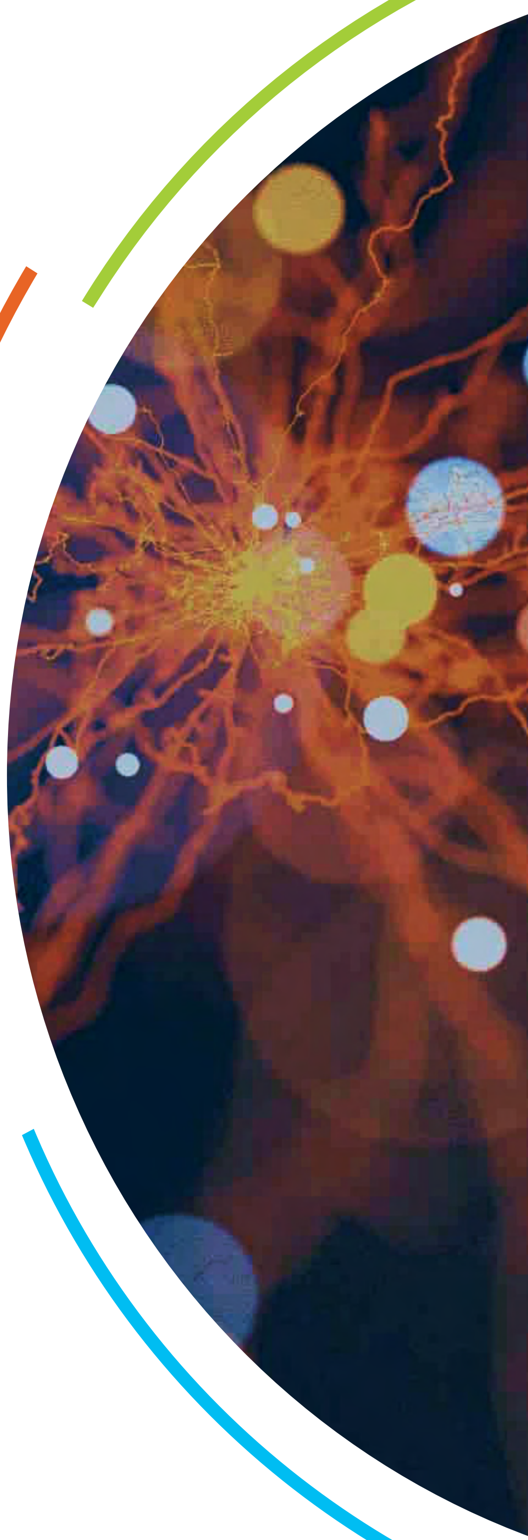
Supported by

Catalytic Capital Consortium

Accelerating Impact:

Catalytic Capital in Asia-Pacific, Latin America, Africa and Europe



avpn

avpa AFRICAN VENTURE PHILANTHROPY ALLIANCE

Impact Europe

Latimpacto

TABLE OF CONTENTS

EXECUTIVE SUMMARY

There's growing interest in catalytic capital across the world. Over the last decade, the global impact investing field has witnessed unprecedented growth, with catalytic tools and approaches playing an important role in market building and developing proofs-of-concept. This positive trend is crucial for closing the global financing gap to address the world's social and environmental issues. Across the world funders, in particular private ones, are beginning to explore the potential of catalytic capital deals and examining their compatibility with their existing funding approaches.

There is potential to accelerate the adoption of catalytic capital beyond the US, in Europe, Asia-Pacific, Latin America and Africa by addressing gaps in specific areas of the ecosystem. Catalytic capital makes up only 5% of the global impact investment market as of last measured global data.[1] Development finance institutions (DFIs), foundations and family offices have historically been the primary providers of catalytic capital, with market composition varying across regions. Private wealth holders such as foundations and high net worth individuals (HNWIs) have begun exploring this approach, especially in emerging markets like Africa and Asia-Pacific. However, governance challenges need to be overcome, for instance, in navigating ways to structure investment deals to fit within current operational, legal, and regulatory requirements. Private sector financing still makes up a small proportion of commercial financing in blended finance transactions. Research by Convergence in 2022 found that in a typical blended finance fund, one concessional dollar from DFIs catalyses four commercial dollars, with one of those four coming from the private sector while the remaining three come from commercial investments by the DFIs.[2] Additionally, catalytic capital investments are concentrated in perceived low-risk geographies and sectors, leaving untapped potential in high-risk markets with greater needs. There is a need to address limited access to deal flow and pipeline, small deal sizes, and a general lack of knowledge about the investment practice, such as investors' understanding of the roles, risks, and additionality in catalytic capital investments.

While each region's context is unique, there is potential to address shared challenges in deploying catalytic capital through the cross-regional exchange of knowledge and collaborative learning. For example, investors in Asia-Pacific, Latin America, Africa, and Europe share the challenge of navigating sometimes difficult and obscure legal and regulatory environments when structuring catalytic capital transactions. This could be overcome through learning from case examples from different regions, partnering with intermediaries, and collaborating with like-minded peers.

ABOUT THE REPORT

This report gives resource providers an overview of catalytic capital in Asia-Pacific, Latin America, Africa, and Europe, and provides insights into its distinct regional characteristics. The report does not include research or insights from the US.

The report maps the practice of catalytic capital across various thematic areas, and surfaces shared and unique trends, best-practice case examples, and offers lessons from investors active in the four regions on ways to effectively integrate catalytic capital into investment portfolio(s). It also presents opportunities for collaboration and partnership.

It is intended as a resource that investors at various stage of their catalytic capital journey can utilise to build their understanding about the practice, as it has emerged in a diversity of contexts, and translate knowledge to action, by addressing capital gaps for impact in their regions.

Insights were derived from targeted engagements with social investors from four social investor networks: AVPN, Latimpacto, AVPA, and Impact Europe. Data available in this report is based on small-scale surveys conducted by the four networks; insights generated through conference sessions, webinars, and other investor convenings facilitated by the networks; one-on-one interviews with catalytic capital investors in respective regions; and publicly available information. More details about these activities can be found in the Methodology section.

This report is supported by the grant making programme of the Catalytic Capital Consortium (C3).

AUTHORS

Nadya Pryana, Assistant Manager, Insights, Knowledge, AVPN
Sangeetha Watson, Senior Manager, Insights, Knowledge, AVPN
Stan Lee Tan, Innovative Finance Consultant

CONTRIBUTORS

Ashima Thomas, Director, Insights, Knowledge, AVPN
Clara Maspons, Knowledge Associate, Impact Europe
Maria Jose Cespedes, Chief Product Officer, Latimpacto
Samir Hamra, Head of Training, Latimpacto
Zachary Mikwa, Project Manager, AVPA

ABOUT THE COLLABORATING ORGANISATIONS

AVPN is the world's largest network of Social Investors active in Asia, with over 600+ diverse members across 33 markets. AVPN enables collaborations between policy makers, family offices, foundations and the private sector to increase the impact & flow of capital deployed towards closing SDG gaps in Asia. AVPN's mission is to catalyse the movement toward a more strategic, collaborative and outcome focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

Latimpacto is a community of more than 200 impact-driven investors with the mission of increasing the flow of human, intellectual and financial capital directed to impact in Latin America and the Caribbean. We are a network of peers, all providers of capital, that under a clear sense of community, create collaborations, learning opportunities and connections along the continuum of capital among actors that invest decisively in the Region.

AVPA is dedicated to unlocking new capital for social impact across Africa. AVPA is a Pan-African network for social investors interested in collaborating to increase the flow of capital into social investments in Africa and ensure that capital (financial, human and/or intellectual) is deployed as effectively and innovatively as possible for maximum social impact.

Impact Europe is Europe's investing-for-impact network. Impact Europe is a unique network at the intersection of finance and purpose, driven by knowledge and focused on impact. Impact Europe strives to increase prosperity and social progress for all, fix inequalities and injustices and preserve the planet.

Impact Europe unites capital providers (impact funds, foundations, corporate social investors, banks, public funders) and social innovators of all sorts - from household names to emerging new players. All capital providers have a crucial role to play in driving transformative change. Impact Europe offers strategies, insights and practical wisdom for investors, wherever they are on the continuum of capital. It rallies people, capital, knowledge and data to catalyse, innovate and scale impact.

The Catalytic Capital Consortium (C3) is an investment, learning, and market development initiative to promote greater and more effective use of catalytic capital, in recognition of its essential role in realising the full potential of the impact investing field, including in achieving the Sustainable Development Goals (SDGs).

KEY TERMS

ADDITIONALITY
Impact Europe

Additionality refers to achieving positive outcomes that are better than what would have happened without the investment.

CATALYTIC CAPITAL
Tideline

Catalytic capital is debt, equity, guarantees, and other investments that accept disproportionate risk and/or concessionary returns relative to a conventional investment to generate positive impact and enable third-party investment that otherwise would not be possible.

BLENDED FINANCE
Convergence Blended Finance

Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.

CONTINUUM OF CAPITAL
AVPN, Latimpacto, AVPA, Impact Europe

Financial, human and intellectual capital that are invested with the expectation of measurable results and cover the entire spectrum of social investing, from impact-only to a combination of impact and environmental-social-governance (ESG)-themed investing and financial returns to risk-minimisation through ESG screens and integration.

IMPACT BONDS
Government Outcomes Lab

Impact bonds (IBs) are outcomes-based contracts. They use private funding from investors to cover the upfront capital required for a provider to set up and deliver a service. The service is designed to achieve measurable outcomes specified by the commissioner. The investor is repaid only if these outcomes are achieved.

COMMERCIAL INVESTORS
Investopedia

An individual, group or institution who makes an investment in for-profit enterprises involved in the buying or selling of goods and services, with the expectation of generating cash flow.[3]

IMPACT ORGANISATIONS
AVPN, Latimpacto, AVPA, Impact Europe

Non-profits, social / impact enterprises and ESG-compliant businesses

INSTITUTIONAL INVESTORS
Global Impact Investing Network

This group can include international banks with wealth management functions, corporations, pension funds, and insurance companies. Institutional investors are a subset of the commercial investors.

MAINSTREAM FINANCIAL INSTITUTIONS
World Economic Forum

Mainstream financial institutions include commercial banks, savings and loans associations, credit unions and consumer credit companies that are not primarily investing in impact investments and are less likely to be familiar with them.[4]

PRIVATE WEALTH HOLDERS
AVPN

Family offices, foundations affiliated with high-net-worth individuals (HNWIs).

SOCIAL INVESTORS
AVPN, Latimpacto, AVPA, EVPA

Foundations, grantmakers, impact funds, family offices, banks, wealth management firms, private equity (PE) and venture capital (VC) funds which seek impact outcomes. This category includes impact investors.

SUSTAINABLE DEVELOPMENT GOALS
United Nations Development Programme

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

INTRODUCTION

There is a persistent financing gap estimated at USD 4.2 trillion that is to be filled for the world to achieve the Sustainable Development Goals in 2030.[5] There is a need to mobilise both public and private capital to address the gap, yet public funding for international development has stagnated over the last decade, and there continues to be disparities in the regions and sectors that receive global investment.[6] [7] While there are investors committed to creating deep and lasting impact such as corporates, family offices and foundations, impact investments, or deployment of private capital with the intention of achieving impact alongside financial returns (at or below market rate), are skewed towards investment-ready markets and sectors. Most investments are managed in Europe and the US and directed to only a handful of sectors, namely financial services, agriculture, and clean energy.[8] [9] The Least Developed Countries (LDCs), saw a decline in impact investment in 2022, receiving only a 5.1% share of investments targeting Sustainable Development Goals (SDGs) in developing countries as a whole.[10]

Progress on SDGs

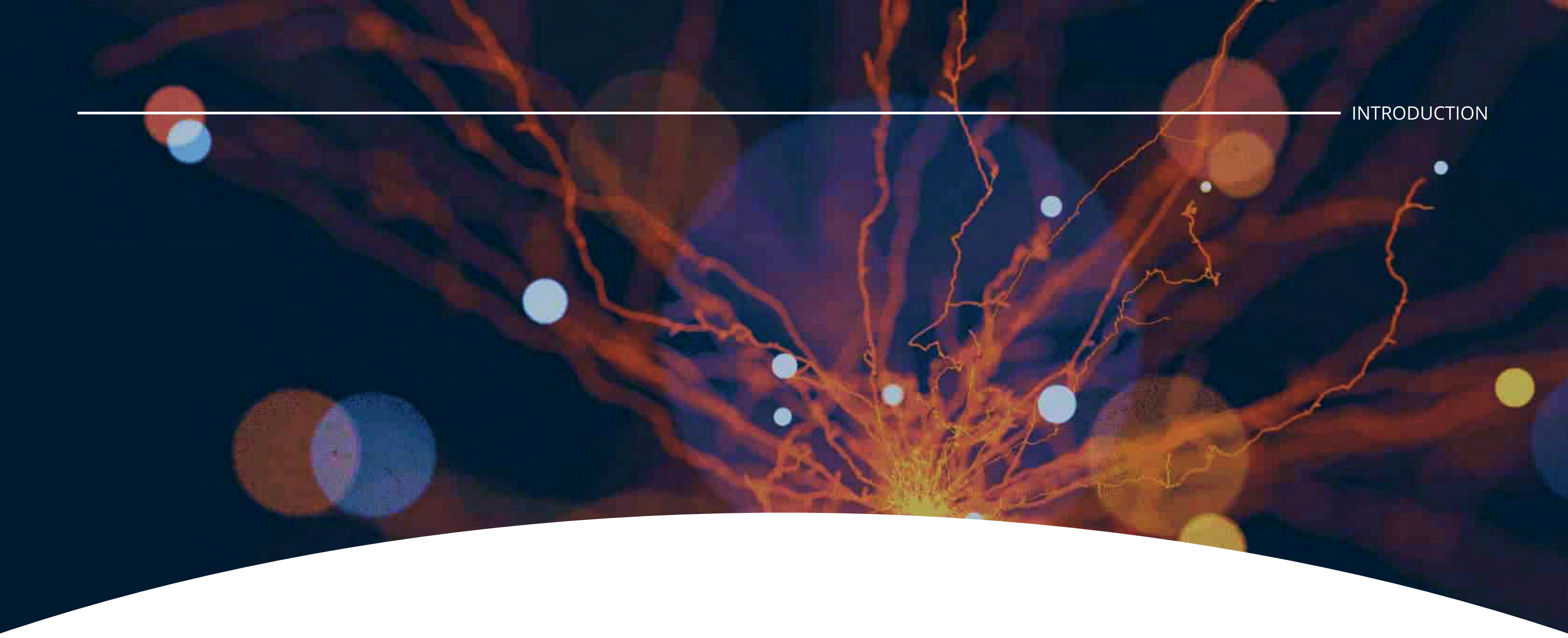
As of 2022, Asia-Pacific grappled with a substantial annual SDG financing gap of USD 1.5 trillion.[11]

Latin America and the Caribbean, in 2019, faced a similar challenge with a USD 1.4 trillion annual SDG financing gap.[12]

Africa in 2023, grappled with a USD 1.6 trillion annual SDG financing gap.[13]

Europe has contributed to closing the financing gaps, providing EUR 92.8 billion (USD 98.1 billion) in Official Development Assistance globally in 2022.[14]

Significant global development challenges and diverse financing needs persist across the four regions. Despite Asia-Pacific receiving the largest share of foreign direct investment in 2022 its development needs are diverse and extensive.[15] Governments in the region have acknowledged that the public sector alone cannot bridge the SDG funding gaps. In Latin America, despite many countries being middle or high-income, the region faces a high degree of inequality, as evidenced by the region's Gini coefficient which averages 46.2.[16] The situation is similar in Africa (Gini coefficient of 41.6) where, in addition, the traditional development financing model which is reliant on aid and government funding is under threat due to declining donor funding and rising public debt. In contrast, Europe has made substantial contributions to global SDG efforts, but has faced setbacks brought on by the COVID-19 pandemic including a decline in GDP growth, disrupted industries, job losses, increased social inequalities, and challenges related to poverty, healthcare access, and inclusive economic opportunities.



THE OPPORTUNITY FOR CATALYTIC CAPITAL

Widespread adoption of catalytic capital could prove a turning point for closing critical capital gaps and advancing progress towards achieving the SDGs. Interest in catalytic capital and its deployment has been growing steadily across Asia-Pacific, Latin-America, Africa and Europe as investors show signs of becoming increasingly committed to addressing capital gaps and developing expertise that enable them to achieve deeper impact.[17] This trend has been coupled with the development of tools, frameworks, and new financing models, like blended finance structures, that enable the deployment of catalytic capital.[18] In Asia-Pacific, some family offices and foundations have started to show an interest in the practice which has the potential to further drive these trends. In Latin America and Africa, catalytic capital investors are receiving support from other actors in the ecosystem. Specifically, in Latin America, intermediaries are sharpening their tools in anticipation of capitalising on the momentum, while Africa is seeing non-governmental organisations (NGOs), and informal community groups playing a key role in offering on-the-ground insights. Of the four regions, research suggests that investors in Europe are deploying the most catalytic capital outside of their region in addition to within. Despite signs of growth in impact investment activity, more information is needed to understand what proportion is catalytic in nature. Research conducted by Tideline in 2019 estimated that catalytic capital may represent only 5% of the total impact investment market globally.[19] While there is a dearth of data on how much additional capital has been crowded in as a result of its deployment, research by Convergence in blended finance transactions (an approach for deploying catalytic capital) identified that one concessional dollar from DFIs catalyses four commercial dollars, with one of those four coming from the private sector.[20]

Investors primarily deploy their catalytic capital based on the alignment between investment opportunities and impact goals. This prioritises potential social or environmental impact in investments, making it the foremost factor affecting the deployment of catalytic capital. Many investors also aim to attract further funding and unlock additional capital and are intent on developing proofs-of-concept and nurturing innovative solutions.

To date, the primary providers of catalytic capital largely consist of development finance institutions, family foundations and family offices, however each region holds a unique composition of these investors. Development Finance Institutions (DFIs) are among the main movers of catalytic capital funding.[21] Private wealth holders have started to explore catalytic capital deals through their family offices and foundations, although governance issues are a significant hurdle. This is especially true in emerging markets such as Asia-Pacific, Latin America and Africa, where funders and investors grapple with structuring deals to align with operational, legal, and regulatory requirements and have trouble finding partners in the space. Some family offices have addressed this challenge by setting up teams equipped with local market and development expertise. Yet many still find that in markets of interest there is a lack of talent with the right expertise to manage transactions.[22]

Continued exploration of how DFIs, private wealth holders and other social investors can more effectively collaborate is crucial. DFIs have intensified efforts to track and mobilise capital from a variety of sources, including private finance. Globally, concessional funds committed by DFIs increased by about 16% in 2021 from 2020, with the private capital mobilised by these investments increasing by more than 50%.[23] That said, research suggests that, at present, only a portion of the blended finance transactions by DFIs and multilateral development banks (MDBs) have been effective in mobilising private capital. Some investors engaged by the four networks perceived that the quantums deployed by DFIs, which are often large, have the effect of crowding out commercial capital, and maintain the opinion that DFIs should do more to catalyse larger pools of commercial capital.

Catalytic capital transactions are concentrated in markets perceived as being low-risk, seeing untapped potential in underserved markets where such capital is needed most. Catalytic capital investors contend with a range of both real and perceived risks when investing in historically underfunded markets or sectors, creating tension between investors' appetite for risk and discomfort with failure. These risks often pertain to inadequate investment infrastructure, political and economic stability and related issues such as currency fluctuations and high inflation. Underserved markets also suffer from associated administrative issues and a lack of domestic technical expertise. For example, it is well-documented that the poorest and most climate-vulnerable countries struggle to access capital from climate funds due to inadequate technical knowledge, which is often a prerequisite for navigating complex application processes.[24] Even multilateral donors have shown an implicit bias, often supporting activities in investment-ready or near-ready markets, with an assumption that these countries would absorb and use the funds more effectively, given their perceived institutional and regulatory capacities.[25]

Addressing the geographical imbalance in catalytic capital investments requires that transactions be coupled with efforts to build market infrastructure.[26] This could be achieved through blended finance approaches that integrate additional grant funding to subsidise the development of critical infrastructure and contribute to building the technical capacities of stakeholders in underserved markets. Additionally, as more investors engage in such transactions, metrics and data would become key in advancing transparency and accountability, building the foundation for more investors to be crowded in.

The deal flow and pipeline for catalytic capital needs further improvement across Asia, Africa and Latin America.[27] Despite a general improvement in the quality and quantity of deals as well as governance over the last decade, there is still a need for quality deal flow, with many enterprises offering low potential for scale due to the lack of an enabling ecosystem.[28] For example, in certain markets social enterprises do not have a way of legally registering their entities to reflect their unique operating models. Research by the British Council in Asia also suggests that impact-first enterprises can face social stigmas where consumers perceive product offerings to be of lower quality than those offered by conventional businesses.[29] Some social enterprises do not have the necessary resources for bookkeeping and financial projections, which are minimum requirements for investment.[30] These issues, coupled with limited market information are a hurdle for investors attempting to identify investable social enterprises with the potential to scale. However, some DFIs are employing blended finance as a means of supporting building the capacity of impact ventures and thereby contributing to the pipeline of investable solutions. For example, the Asian Development Bank (ADB) conducted a business development, technical assistance project to identify financing gaps and deploy blended concessional financing in the area of clean technology innovation which helped to generate a pipeline of potentially scalable enterprises in the sector.[31]

Investors new to catalytic capital require the support of intermediaries to increase their awareness and expertise. In Asia, some foundations and impact-first family offices perceive an inherent conflict between catalytic capital investments and traditional philanthropic practices. They often deploy philanthropic and investment capital through separate entities and find it a challenge to bridge risk-return expectations when considering catalytic capital deployment. Those at the beginning of their catalytic capital journeys noted the importance of knowledge partners and continued involvement in discussions about the practice alongside their peers.[32] Encouragingly, some are showing an inclination towards investing into impact funds, which they consider to be an effective way of navigating catalytic capital deployment. This approach is particularly attractive for investors who do not have in-house expertise and feel they are too early in their catalytic capital journeys to invest in resources and talent internally.

What is Catalytic Capital?

According to the Catalytic Capital Consortium and Tideline, catalytic capital deployment refers to investments which address capital gaps and accept disproportionate risk and/or concessionary returns relative to a conventional investment, in pursuit of impact for people and the planet that otherwise would not be achieved.[33] It can help to address funding gaps by fulfilling different roles and taking on different characteristics.[34]

Roles

SEEDING

Catalytic capital can provide essential support to impact enterprises that either have not yet achieved breakeven or have slim operating margins. These impact enterprises may need time to test and refine their business models and/or to adapt to serving new geographies or previously underserved populations. Grants are often important for impact enterprises at this stage, but patient equity and convertible debt can be useful instruments for overcoming early-stage challenges as well.

SCALING

Impact enterprises may have the potential to multiply their impact with capital structured specifically to help them scale and/ or replicate their business. Catalytic capital can help impact enterprises realise economies of scale and reach new geographies and population segments. Concessionary debt, equity, and hybrid instruments are often used for this objective. Catalytic capital that aims to de-risk and leverage investment from other investors can also be critical to supporting scale.

SUSTAINING

Sometimes catalytic capital is provided to support an investee that requires subsidy on an ongoing basis. For example, an impact enterprise or intermediary may require this kind of capital to preserve its goal of reaching vulnerable beneficiaries or to otherwise operate a business model not designed to be fully commercially viable. Concessionary debt and long-term guarantees are instruments often used to fill this role.

Characteristics

DISPROPORTIONATE RISK-TOLERANCE

Catalytic capital may absorb higher risk and is often deployed with the intent to crowd-in capital with lower risk thresholds or as a way of pioneering innovative financing mechanisms.

CONCESSIONARY RETURNS

Catalytic capital investments may yield below-market returns and allow for crowding-in of capital with higher return expectations.

PATIENT

Catalytic capital investments may offer a longer investment tenor or time horizon allowing the investee more time for repayment or exit.

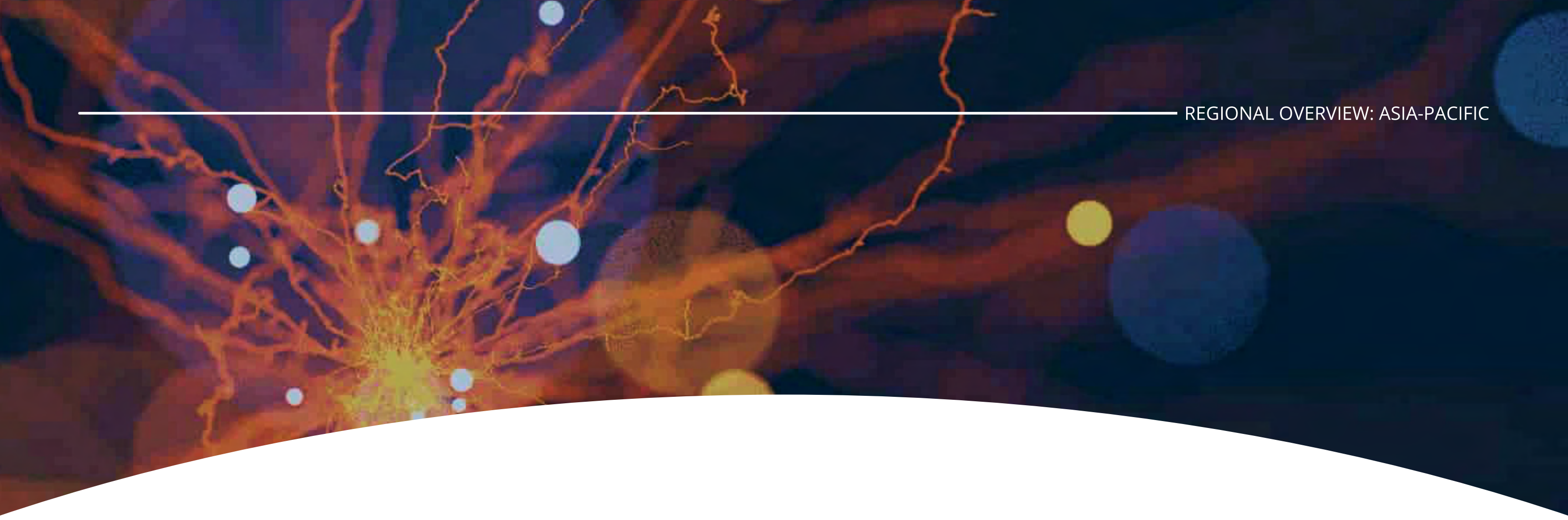
FLEXIBLE

In addition to flexibility on risk, returns and time horizons, catalytic capital investments may demonstrate flexibility on other terms and features (such as the need for collateral or the ability to commit before others) or the use of investment tools (across debt, quasi-equity, equity, guarantees and others).

REGIONAL OVERVIEW

ASIA-PACIFIC

While the term is relatively new to the region, the practice of deploying catalytic capital is not. Asia-Pacific has a history of investors intervening to address market failures, driven by a community of pioneers who are committed to creating deep and lasting impact in challenging and new markets and sectors. New and diverse players like corporates, family offices and foundations have joined the ranks of impact investment firms and DFIs, experimenting in deploying catalytic capital. In markets such as South Korea, corporates are playing a significant role as they make catalytic investments through their corporate foundations.[35] A scoping study conducted by AVPN showed that investors are open to exploring a diversity of investment instruments, overcoming challenges like the need to adjust impact measurement methodology, to accommodate their evolving practice.[36] In addition, some governments are creating an enabling environment by deploying public capital and introducing supportive policies and programmes.[37] Despite these positive measures, mainstream financial institutions across the region are yet to be significantly crowded-in through these activities.



Investors employ a range of financial instruments, including debt, equity, and guarantees to deploy catalytic capital to achieve deep and sustainable impact. The &Green Fund exemplifies the use of debt, offering subordinated loans under flexible terms to finance sustainable commodity production in regions like Indonesia.[38] These loans facilitate investment in projects that could be perceived as high-risk in the short or medium term, particularly in tropical forest areas. Guarantees can help provide the security for other capital to flow, such as the guarantee provided by the Development Finance Corporation for ADM Capital’s Asia Secured Lending Facility, which covered a percentage of any losses from the fund.[39] Investors sometimes combine different instruments in a capital structure, best suited to the growth stage of their investees. This helps them generate higher returns while simultaneously establishing a track record that can attract follow-on commercial funding. One example is the platform Sustainable Access to Markets and Resources for Innovative Delivery of Healthcare (SAMRIDH), which was established by the U.S. Agency for International Development (USAID) in partnership with multiple government agencies in India. SAMRIDH combines commercial, public, and philanthropic capital to provide grants and debt financing along with technical assistance to healthcare enterprises serving India’s most vulnerable communities.[40] To date it has mobilised a capital pool of USD 300 million, from financial institutions and foundations like Axis Bank, IndusInd Bank and Rockefeller Foundation. From 2021 to 2022, SAMDRIDH’s blended finance facility leveraged an average of more than ten times its initial funding.[41] In 2023, SAMRIDH launched the Recoverable Grants initiative which lends patient capital to social enterprises, helping them to build a track record and create a credit history, making them more investment ready in the future.[42] Through this initiative SAMRIDH serves health businesses that are often too big for micro-finance, too small for private equity, and lacking sufficient collateral and growth prospects for commercial investors.

Some private wealth holders in Asia have started to explore catalytic capital through their family offices and foundations, considering equity and debt in addition to their grant making. Asian private wealth holders still exhibit “two pocket-thinking”, with one pocket of money set aside for investment and the other to “do good”.[43] Each pocket is distinct, and while combining the two is a growing practice, it is still rare. Organisations like Minderoo Foundation and Ishk Tolaram Foundation are among the few that deploy a combination of both philanthropic and investment capital. While they recognise the power of grantmaking, given it's impact focus and risk tolerance, a combined approach allows them to deploy larger investments, building a stronger and more resilient pipeline of impact organisations.[44] Some family offices such as RS Group in Hong Kong and Tripple in Australia, have adopted a total portfolio approach that encompasses a wide range of activities including deploying loans to charities, investing equity in social enterprises and allocating grant capital as part of an investment in research or management costs.[45] [46] [47]

Asia-Pacific's impact bond market has continued to grow in the last decade, seeing the launch of the world's first development impact bond and social impact guarantee.[48] Impact bonds are a means of deploying catalytic capital, where investors provide upfront risk capital and expect a return on outcomes achieved. The purpose of impact bonds is to de-risk the testing and roll-out of innovative service delivery models by non-profit organisations, thereby creating a proof-of-concept that can lay the foundation for future private investment in these solutions.[49] The Stone Family Foundation, based in the United Kingdom partnered with USAID in the creation of the world's first development impact bond (DIB). The foundation invested risk capital towards achieving outcomes in the water and sanitation sector in Cambodia.[50] Despite a surge in the impact bond market, some investors in Asia have stated that such innovative models can be unduly costly and complex to design and implement, especially because there is little precedence. They often require new administrative structures, and have to navigate complex legal or regulatory systems and accounting standards. As a consequence, potential investors consider it easier to deploy charitable philanthropic capital such as grants instead. Whilst pioneers in impact bonds have persisted with the support of intermediaries and partnerships with other values-aligned investors, it is undeniable that such partners are few and far between. Most investors do not yet have the bandwidth to explore these types of innovative financing approaches.

DFIs have long played an active role in Asia by creating new funds and developing new financing models that are patient, risk-tolerant and sometimes concessionary. In 2023 the ADB established ADB Frontier, an innovative lending facility to invest in frontier and new markets in small-scale economies such as the LDCs, fragile and conflict-affected states, or small-island developing states.[51] It supports early-stage, fast-growing, small, and medium size companies showing consistent and rapid expansion of both employment and sales. With flexibility to take on greater risk than other parts of the bank, investments made through this catalytic facility seek to create deeper localised impact in often neglected sectors and geographies, such as Cambodia and Lao PDR.

Blended financing has seen an uptick in the region, spearheaded by DFIs. Recent research shows that DFIs are actively deploying catalytic capital investments in Asia by using concessional pricing.[52] For instance, in 2018, the ADB deployed USD 1.2 billion in concessional funds with other DFIs which supported nearly USD 9 billion in private investment in emerging markets with USD 3.3 billion of this capital crowded-in from private investors.[53] That said, research by Convergence suggests that some investors question the true catalytic value of this funding, expressing that while DFIs are mandated to fill gaps, de-risk larger transactions and crowd-in commercial capital, they sometimes appear to take less risk and have the opposite effect of crowding out catalytic capital instead.[54] In one example cited by Eco-Business related to the transition to net-zero DFIs provided financing by investing directly in commercially viable, bankable projects in the renewables sector, therefore competing with the private sector.[55] The analysis found that DFIs should direct their funding towards projects that are marginally bankable or even below that level in order to crowd-in more private capital towards the decarbonisation of hard-to-abate sectors, like cement, steel and coal, which typically yield a lower rate of return.

Catalytic capital investors in Asia grapple with the question of who gets the returns in blended finance transactions. While investments from foundations and family offices have the potential to crowd-in larger investors, some have shared their hesitation about being the "soft layer" in blended transactions. They view their first-loss or upfront capital as paving the way for mainstream investors to gain greater returns.[56] There is also a perception that the presence of more concessional investors has the potential to compromise the rigour of fund managers.[57] As such, investors continue to reflect on their position as first-loss capital providers, cautious not to distort markets by encouraging potentially perverse risk-taking behaviour.[58] Recognising these concerns and continuing the discourse through various forums and conversations is crucial as investors explore the value of blended transactions.[59]

CASE STUDY

MERRY YEAR SOCIAL COMPANY

Supporting new businesses in an historically underserved sector by investing upfront risk capital via an impact bond

ISSUE AREAS	INVESTEE	COUNTRY
Education (Students with Special Needs)	Daekyo Consortium	South Korea

How is it catalytic?

Merry Year Social Company (MYSC) operates on the principle that their capital, although limited, can create impact at scale by catalysing investments from other investors. They have successfully partnered with financial institutions like HSBC and UBS, and senior equity investors, by leveraging their own capital, with the financial support of the Korean government aid agency, Korea International Cooperation Agency (KOICA), and corporate philanthropy from organisations like Hyundai Motor Group and Samsung. By doing so, they streamline approaches across public, corporate and social sectors, creating an opportunity for shared value creation and innovation that aligns the financial and impact objectives of for-profit and nonprofit entities in addressing social problems. Between 2016 and 2019, MYSC investments led to at least three follow-on funding activities valued at approximately USD 2.8 million.[60]

MYSC acts as both investor and intermediary, leveraging its role to design blended structures, and iron out challenges that emerge in complex, new financing mechanisms where financial, impact, and risk expectations of stakeholders might not be equal and aligned. In addition to deploying upfront risk capital to encourage other equity investors to join in deals, MYSC helps a range of partners overcome barriers to working together, navigating the law, financial motivations and aligning stakeholders with mixed backgrounds who, while diverse, still share some common goals.

In one example, MYSC invested in and helped structure a Social Impact Bond (SIB) in South Korea to support special needs students. With an IQ of 71-84, individuals with Borderline Intellectual Functioning (BIF) are not categorised as persons with intellectual disabilities, but they tend to exhibit poor performance in school and have below average social adaptability skills. In the past, there was no state support for individuals with BIF, as they were technically excluded from programmes for people with disabilities and had limited access to welfare benefits as well as other support tailored to their special education needs.[61] Moreover, although the Act on Special Education for Persons with Disabilities had been in place since 2008, more needed to be done, particularly in the area of designing quality special education curricula specific for children with special needs, particularly BIF.[62]

This was the gap that the Seoul SIB, the first in Asia, tried to address.[63] It aimed to improve the educational outcomes of children with special needs in welfare facilities across the city through extra-curricular academic and social skills training over three school years.[64] MYSC was one of the first upfront investors to put KRW 1.07 billion (USD 827.7 million) risk capital into the bond. Together with Pan Impact Korea as the intermediary, MYSC pooled resources and capital and supported the structuring of the transaction, which eventually crowded-in other upfront investors, mainly mainstream capital providers in the transaction. Daekyo Consortium (Daekyo Culture Foundation), an education company in Korea, was selected to implement the project.[65]

Additional Impact Generated

The Seoul SIB eventually exceeded expected results by **more than 10%** after three years of project implementation, unlocking returns of **25% for the investors**.

The project also helped to raise awareness about BIF. In 2021, the Seoul city government announced the development of South Korea's first permanent education centre for BIF, with a long-term plan to open additional centres in different neighbourhoods in Seoul.[66]

Catalytic Role

Seeding. MYSC's investment into the bond supported the growth of a new business focusing on underserved demographic profiles. Before the launch of the first SIB, the needs of children with disabilities drew little attention and few interventions from the government, the general public, and the investment sector. The Seoul SIB allowed the service provider and the sector to demonstrate a model for success, garnering interest from both government and the public.

CASE STUDY

ARTHA IMPACT

Supporting innovation and market building through co-investment

ISSUE AREAS	INVESTEE	COUNTRY
Health of women and girls	Aakar	India

How is it catalytic?

Artha Impact is the impact investing arm of Rianta Capital, an advisor dedicated to managing the Singh Family Trust. Artha deploys patient capital with a timeframe of 5-7 years (and sometimes longer), investing in early-stage high-impact businesses in India that reach underserved communities and paving the way for their growth.

Artha supports the development and the de-risking of businesses that have the potential to scale and eventually attract larger equity investors. Artha's portfolio includes direct equity investments and a small number of investments in funds.

Artha often facilitates co-investments with peers and on occasion, local investors to strengthen its networks, partnerships, and market presence. It also works systematically to serve the goal of collaboration, not only through co-investments but through its initiatives. It launched the Artha Venture Challenge (AVC) in 2013, for example, to catalyse co-investment and establish an investment pipeline on offer to peer donors and funders for matched funding. It ran the competition for approximately six years, aiming to discover promising early stage social enterprises in India. The finalists of the AVC received between 9-18 months of free technical assistance from local partners, and could then apply for USD 50,000 - USD 100,000 in matched funding from Artha Impact if a minimum of USD 50,000 was secured in loan, equity, or grants from other investors. By adopting this format Artha Impact was able to identify and add new companies to the portfolio, catalyse capital from other investors and, to some extent, de-risk their investments.

Portfolio Case Study: Aakar Innovations is an example of an Artha portfolio company that succeeded in the AVC in 2013. Aakar is a social enterprise that provides low-cost solutions for production, distribution, marketing and sales of affordable and compostable sanitary pads.[67] It works amidst a backdrop of complex menstrual health problems in India, where only 36% of 335 million menstruating women use sanitary napkins for their personal hygiene needs, and 70% of Indian families cannot afford the sanitary napkins currently available in the market. Aakar's business model allows the production of pads to take place in local communities, in areas where low-cost pads are otherwise unavailable, helping to drive costs down, promote economic development, and ensure better health access to underserved communities.

Three years after the company was founded,[68] Artha Impact provided patient capital in the form of a equity investment and took a position on the company's board. In 2014, Artha, alongside the Centre for Innovation Incubation and Entrepreneurship (CIIE) at the Indian Institute of Management, Ahmedabad (IIM-A) and a group of impact investors and alumni of IIM and the Indian Institute of Technology (IIT) invested an undisclosed amount in Aakar.[69] More than seven years on, Artha's capital has enabled Aakar to expand production capacity and to refine the product quality to match the sophistication of mainstream sanitary pad products.

Additional Impact Generated

Since inception, Aakar has:

- Launched **40+ mini factories** in India and **15+** in Africa and Nepal were set up by Aakar and **700+ female employees** were working in those units.
- Enabled **over INR 50 million** in revenue generated by women entrepreneus as part of Aakar business model and distribution channels.
- Reached **1 million** girls and women as consumers.
- Ensured that Anandi pads are certified compostable and sage as per ISO-17088 and 10993, and follows US-FDA standards.

Catalytic Role

Seeding. Investment by Artha has allowed Aakar to build a viable operating and market base in India, and has poised the company to benefit from potential testing and penetration in Europe, Australia, and beyond. Through the years, the company has also managed to scale up and build partnerships with nonprofits, CSR arms of corporates and hospitals, and government procurement bodies; product distribution has expanded as a result.[70]

REGIONAL OVERVIEW

LATIN AMERICA

There is a growing but limited deployment of catalytic capital by investors within Latin America. Early research by Latimpacto of impact investors in Latin America in 2021 identified that 14% of those surveyed deployed catalytic capital, while nearly half intended to in the future.[71] There was also indication of a growing recognition that catalytic capital can help validate high-risk social impact business models, attract more investors to the region, and improve access to non-traditional financing for early-stage businesses and underserved sectors. However, Latin America continues to be dominated by early-stage enterprises that cannot yet access the flexible capital they require to meet their financing needs.

To date, catalytic capital deployments in Latin America have been driven by individual impact-led investors such as foundations, impact investment funds and family offices, with a few large-scale projects funded by DFIs. In 2020, Bogota-based Acumen LatAm Impact Ventures, or ALIVE, raised USD 28 million for the Acumen Latin America Early Growth Fund to invest in up to a dozen early-stage social ventures, primarily in Colombia and Peru.[72] ALIVE aimed to demonstrate that bridging the capital gap for young social ventures is not only possible but economical and can contribute to a competitive edge in the growing market for venture capital in Latin America. The fund successfully closed with a USD 5 million investment from the MacArthur Foundation. Another example is the USD 11.5 million deployed as loans by agricultural lender Root Capital in 2019 to agribusinesses across Latin America deemed too small or too risky for other lenders to make.[73] This investment was catalysed by USD 1 million in outcome payments by the Swiss Agency for Development and Cooperation and IDB Lab, the innovation laboratory of the Inter-American Development Bank Group. As a result, the 32 businesses generated almost USD 50 million in revenue, and as of 2021, four of those businesses had successfully secured new loans from other sources.

A handful of mainstream asset managers have engaged in catalytic deals made possible by the allocation of catalytic capital from impact-led investors, reducing risks. One example is the Climate Finance Partnership (CFP), managed by BlackRock, which made its first investment in Latin America in October 2023.[74] CFP is a public-private fund collaborating with the French, German and Japanese governments and some U.S.-based foundations, focusing on emerging market climate infrastructure in Asia-Pacific, Latin-America and Africa. Through an equity investment in Brasol, a Brazilian renewable energy firm, CFP aims to increase energy generation capacity in the region. A total of USD 130 million of catalytic capital from the public and philanthropic sector, as well as an initial commitment of USD 20 million from CFP was used to mobilise institutional investors such as pension funds and banks in Europe, Asia, and the United States.[75]

There is much untapped potential for catalytic capital to fill essential funding gaps in Latin America as most investors continue to perceive the region to be too high risk. Most of impact investment activity originates from outside Latin America. Only 26% of capital and 33% of impact investment deals are headquartered in Latin America.[76] Despite having significant financing needs, Latin America only manages 1% of global impact assets, with 55% managed by Western, Northern, and Southern Europe.[77] Latimpacto has observed that impact investors find it challenging to attract foreign private capital to the region, leaving an opportunity for catalytic capital investors to address the funding gaps.

There is an opportunity to engage domestic institutional investors in establishing enabling conditions for more catalytic capital transactions. In the context of climate mitigation in Latin America, key players such as public pension funds, local banks and national development banks in the region have made substantial investments in related infrastructure.[78] Their practical experience and networks, policy knowledge and risk management capabilities position them to influence policy changes and the development of local infrastructure, fostering more inclusive financial markets. This, in turn, could reduce the prohibitive cost of capital and lay the foundation for follow-on catalytic capital investment.

Some investors struggle to understand how catalytic capital fits within the larger landscape of impact-led finance. Catalytic capital is commonly associated with catalytic philanthropy or blended finance,[79] as observed through engagements with the Latimpacto community. There is a need for case studies about the local application of catalytic capital and in-depth learning opportunities where investors are able to develop and design their own catalytic capital strategies to enable participation from investors who are still on the fence about the value and their role in catalytic capital transactions.

The region requires more intermediaries who can provide crucial support to funders, fostering deal creation and facilitating partnerships. Given the nascency of the catalytic capital market in Latin America, intermediaries have a pivotal role in providing the know-how and technical support to navigate the legal and regulatory landscape in the structuring of catalytic capital investments. Kaya Impact is one such field building intermediary that has played a key role in market development. It supports the whole ecosystem of stakeholders from helping investors define their investment thesis, conducting due diligence, managing investment portfolios, to providing impact organisations with capital advisory services so that it can access and maximise capital.[80] More such intermediaries are key to the growth of impact investing ecosystem in the region.

CASE STUDY

INVERSOR

Improving access to non-traditional financing for early-stage businesses in an underserved sector

ISSUE AREAS	INVESTEE	COUNTRY
Employment of vulnerable populations	Organisations that work to increase the employability of vulnerable populations	Colombia

How is it catalytic?

Colombia implemented four Social Impact Bonds (SIBs) focused on generating employment for vulnerable populations through partnerships between the public and private sector, which contributed to strengthening the impact investing ecosystem in the country. Three of these SIBs had a total resource allocation of USD 6.09 million, including the amount paid for results. The funded programmes were highly successful. In addition, a focus on inclusivity enabled more equal employment opportunities.[81]

Inversor, created by 13 organisations and investors including Latin America Enterprise Fund Managers, JP Morgan, and foundations such as Fundación Avina and La Fundación Diego y Lía, took part in the investment and provided upfront risk-taking loans as part of the bond which eventually create positive impact in the job market in Colombia.

Additional Impact Generated

- **8,672 vulnerable people** trained on how to seek jobs more effectively.
- **3,853 jobs secured**, of which 2,671 were retained after 3 months.
- **1,924 beneficiaries** completed a full survey, of which:
    - **77%** were women.
    - **55%** belonged to an ethnic minority.
    - **44%** were conflict victims / survivors.
    - **35%** were the main provider of livelihood in their home.
    - Only **28%** had bank accounts.

Catalytic Role

Sustaining. The catalytic capital was crucial in ensuring that adequate support for employment reached vulnerable populations. As targets were met, the government paid for the results delivered.

CASE STUDY

INSTITUTO DE CIDADANIA EMPRESARIAL

Reducing the risk perception of investing in early-stage impact-oriented startups in Brazil

ISSUE AREAS	INVESTEE	COUNTRY
Education, health, financial services, waste management, rural development, housing	16 impact start-ups	Brazil

How is it catalytic?

Instituto de Cidadania Empresarial's (ICE) impact investing programme was launched in collaboration with the Inter American Development Bank (IDB) and aimed to demonstrate the feasibility of lending to early-stage impact-oriented startups in Brazil.[82] The catalytic capital invested in these start-ups was fundamental to develop a credit history and build their capacity to access further resources. It demonstrated the importance of a structured process for managing and sharing knowledge, allowing its dissemination throughout the ecosystem and mobilising additional resources to similar initiatives.

The programme deployed USD 1 million in 2017 and 2018, providing loans to 16 impact-oriented start-ups in diverse sectors. In 2020, as repayments came in, USD 185,000 was reinvested in 21 new businesses through various funds and intermediaries. Preliminary results show a 75% repayment of loans and significant expansion of the start-ups supported, the attraction of more clients and funders, and the strengthening of the impact management capacity. There was also a reflection on the broader impact ecosystem, indicating a rising trends of using debt for supporting start-ups at this stage.

Additional Impact Generated

More than 2.3 million people benefitted from the services offered by the start-ups supported through this mechanism, including:

- **1 million** students.
- **2,500 low-income people** benefitted from home improvements.
- **3,600 low-income people** lived in social housing projects with improved management.
- **30,000 were able to access an eye doctor**, of which 2,500 received glasses for free.
- **580,000 lived in municipalities** with improved efficiency in budgeting.
- **3,000 tonnes of recycled material** was prevented from reaching a landfill.

Additionally, the start-ups raised 1.6 times the amount allocated within 12 months of receiving the loan (in aggregate), and raised 16 times that amount within 5 years.

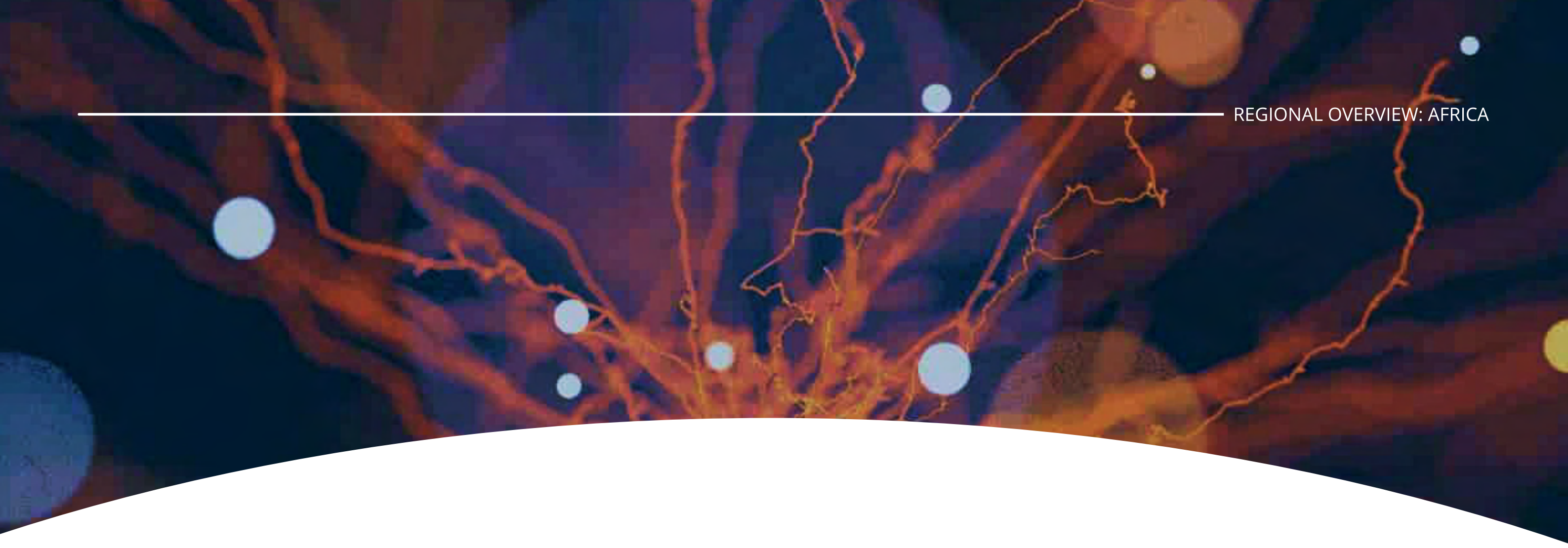
Catalytic Role

Seeding. The initiative sought to reduce the risk perception of investing in early-stage impact-oriented start-ups, an important funding gap in developing a healthy pipeline of impact businesses in the country.

REGIONAL OVERVIEW

AFRICA

Catalytic capital in Africa is a nascent but rapidly evolving field, and is critical for addressing capital gaps in the region. While developed markets continue to attract significant impact capital, sub-Saharan Africa has garnered increased attention, with a 10% allocation of the total global impact investment assets under management going to this region. Notably, one-third of investors who contributed to the 2023 GIIN Insight Report plan to boost their allocations to the region, signalling a promising future for impact investing on the continent.[83] AVPA's baseline study of ecosystem players active in 2023 showed that approximately 36% are already deploying catalytic capital to address systemic gaps in key sectors.[84] Despite this growth, the level of impact investment remains insufficient to adequately address the needs of the continent. To achieve the SDGs by 2030, an estimated additional USD 194 billion is required annually,[85] an amount equivalent to 7% of Africa's GDP and 34% of its 2021 investments.



Catalytic capital has an important role in addressing the financing needs of the 'Missing Middle'. Similar to Asia-Pacific and Latin-America, many enterprises in Africa are at a stage where they require a larger quantum of financing than is made available via microfinance, but are not yet ready for mainstream institutional funding.[86] An estimated 95% of businesses in Africa are micro, small and medium-sized enterprises (MSMEs) presenting an enormous opportunity for investors.[87] Significant shifts to the traditional MSME financing landscape may already be underway in the region. West-Africa saw a fivefold increase in the quantum of capital made available to Small, Medium Enterprises (SMEs) through targeted initiatives to increase financing directly or indirectly between 2004 and 2021, with 80% of the total invested categorised as catalytic capital. Catalytic capital investments have the potential to close the financing gaps faced by SMEs in Africa, because they take on more risk and/or concessionary returns which is needed in a sector that sees businesses that lack the financial structures, track records and collateral required by commercial financing.[88]

Investors in Africa use a variety of catalytic capital instruments including debt, equity, and hybrid forms of investments through established lending structures which offer both financial return and social impact outcomes. Close to 60% of impact investors active in the region who participated in the AVPA survey utilised debt in their investments. A significant proportion (31.8%) deploy equity investments in African businesses and projects with the goal of achieving long-term social impact and potential financial returns.[89] This aligns with a growing trend of impact investing in the African start-up ecosystem. Hybrid forms of capital such as mezzanine financing, repayable grants, income share agreements (ISA), and guarantees were deployed by more than 27% of the investors surveyed.[90] While less commonly used than debt, these innovative financing models showcase the adaptability and creativity of financing structures applied by catalytic capital providers in the region. Africa is also seeing a rise in blended finance solutions. According to data from Convergence,[91] sub-Saharan Africa has attracted over 216 blended finance transactions targeting one or more countries, representing USD 45 billion of capital flows.

There is potential to unlock more domestic capital through catalytic financing. Fast-growing pension funds in the region represent a viable pool of local capital that could be leveraged to support the growth of SMEs. Pension fund assets in West Africa's two largest economies, Nigeria and Ghana, alone exceed USD 35 billion.[92] Leveraging these assets to unlock new capital flows towards SMEs could be transformational. The development banks of Nigeria & Ghana have in the last 5 years, both launched new wholesale development financing vehicles. There is a strong appetite for these institutions to continue to adopt innovative financing mechanisms to ensure their long-term sustainability, and catalytic financing would provide a way to efficiently leverage the capital being made available for SMEs. Successfully engaging public capital in catalytic financing will increase the impetus of private equity, private debt, and venture capital providers to channel more funding into this region. High-growth SMEs could leverage these trends, across a range of sectors including technology and infrastructure, where more investment-ready deals are emerging.

There is a growing understanding that long-term, systemic strategies, built on collaboration, scalability, and innovation have the potential to enable catalytic capital deployment in the region. Organisations like the Small Foundation, an Ireland-based family office that invests in MSMEs in rural Africa, are shifting the focus from short-term investments towards a systemic approach for long-term change. It uses equity investments and other tools, such as grant funding for targeted research and ecosystem building initiatives such the Council of Smallholder Agricultural Finance Ecosystem.[93] to pursue the change of systems and lasting impact. Approaches like these are essential for addressing Africa's unique challenges effectively while empowering stakeholders to leverage financial resources strategically and catalyse positive change.

Wider adoption of catalytic capital is hindered by investors' limited understanding coupled with persisting risk-aversion and regulatory issues in the region.[94] Similar to Asia-Pacific and Latin America, knowledge gaps remain around the specific role investors can play in the catalytic capital market, signalling the need for more regional initiatives that increase understanding and awareness. Balancing financial returns and social impact while taking disproportionate risk to address the capital gap is challenging in practice. The majority of catalytic capital investors demonstrate relatively higher risk appetites than their peers. For most investors, however, a low tolerance for losses and market-rate return expectations remain significant obstacles to participation in catalytic capital deals. Furthermore, the varying standards of financial regulation, governance and transparency across the region often requires investors to undertake extensive, costly and time-consuming due diligence. As such, while it is important that any advocacy around catalytic capital includes government engagement as they are key enablers, a number of investors in the region indicated that alignment with government priorities is not yet considered a key driver of catalytic capital investments.[95]

Africa's catalytic capital landscape sees an increasing role for NGOs, and informal community groups. These organisations act as pivotal links between investors and local needs, offering crucial on-the-ground insights that contribute to both the strategic and operational dimensions of catalytic capital deployment. This is likely true in the other emerging markets in Asia-Pacific and Latin America as well.

CASE STUDY

KENYA CLIMATE VENTURES

Fostering innovation by investing in climate smart enterprises

ISSUE AREAS	INVESTEE	COUNTRY
Climate change, agriculture, women empowerment	Botanic Treasures	Kenya

How is it catalytic?

Established in 2016, Kenya Climate Ventures (KCV) is an impact investment firm based in Kenya founded with seed capital through grants from Danida and UKAid. Dedicated to fostering climate-focused enterprises in Kenya and East Africa, KCV provides straight debt, convertible debt and equity financing mechanisms, technical assistance, and other forms of support to early-stage and growth-stage companies developing innovative solutions for climate change mitigation and adaptation. Its focus areas include renewable energy, sustainable agriculture, water management, and energy efficiency, among others. KCV aims to contribute to the growth of a green economy and support Kenya's transition towards a low-carbon, climate-resilient future. KCV has invested USD 4.01 million in 20 enterprises.

In 2020, KCV provided patient debt financing of USD 50,000 to Botanic Treasures for the purchase of a moringa processing machinery alongside technical support. Botanic Treasures is a female-owned Kenyan company that produces health and nutrition products using moringa trees and other drought-resistant crops grown in Tharaka Nithi County. The company uses the underutilised moringa leaf powder as a low-cost protein and nutrient-dense ingredient for various products.[96] Botanic Treasures provides a high-value and guaranteed end market for farmers, creating an alternative source of income for those affected by drought and unpredictable precipitation patterns. The moringa tree also helps regenerate and restore degraded farmland.

The investment from KCV allowed Botanic Treasures to obtain essential machinery and technical support that it needed to scale production that it wouldn't have otherwise been able to procure. In addition, KCV's credibility the company provided Botanic Treasures with access to relevant impact networks to seek more financing.

KCV's goal is to unlock three times the amount they invest in additional funding for SMEs. By providing patient debt financing of USD 50,000 to Botanic Treasures, KCV aims to catalyse an additional USD 150,000 in funding from other funders.

Additional Impact Generated

- **500 farmers** employed with 1,500 more smallholder farmers to be onboarded.
- **Planted 2.3 million moringa trees**.
- **KCV's active engagement** with Botanic Treasures yielded additional technical support and strategic partnerships, demonstrating the catalytic effect of the investment. The debt allowed Botanic Treasures the time to implement and scale its plans, aligning with KCV's aim to support the growth of a green economy and promote innovative solutions for climate change mitigation and adaptation.

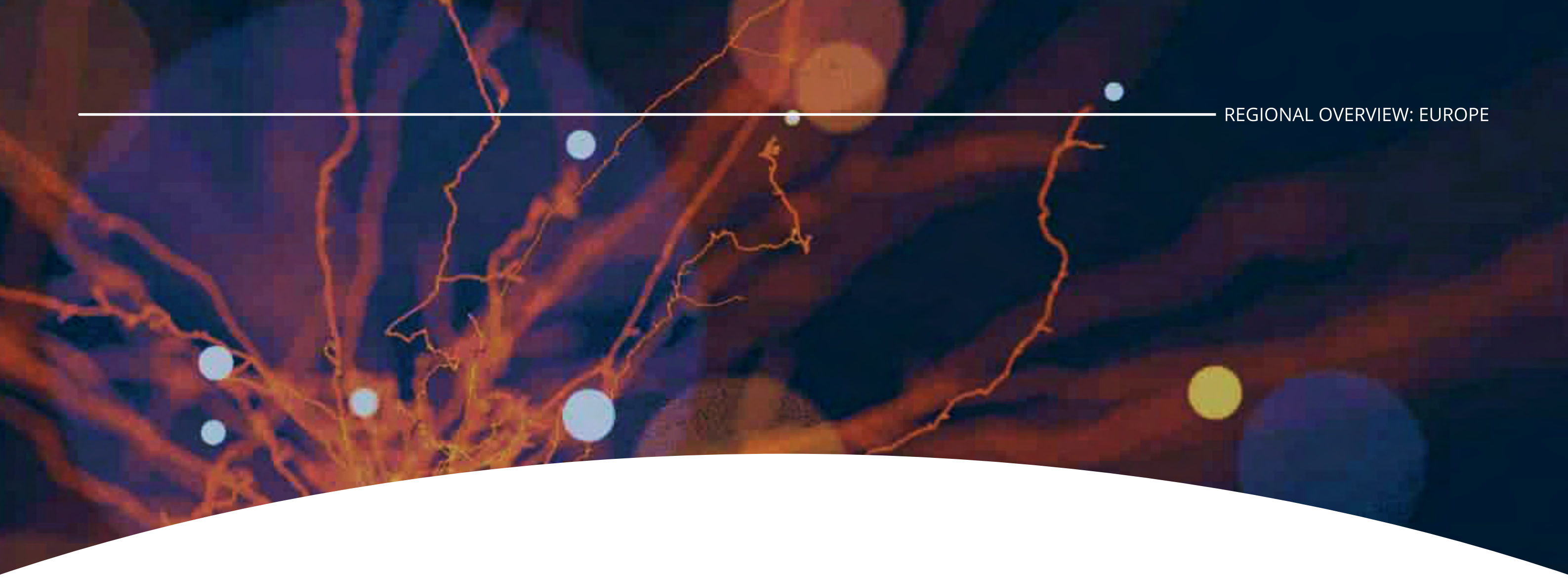
Catalytic Role

Seeding. KCV’s investment and hands-on support enabled Botanic Treasures to set up a moringa processing facility in Kenya using solar dryers. This will see production capacity increase more than tenfold by 2025 and create additional income for ~1,500 smallholder farmers. Currently, the firm and the farmers in its supply chain have planted more than 2.3 million trees. Botanic Treasures intends to quadruple this number by the end of 2024. KCV also initiated efforts to crowd-in financing from other funders with their investments.

REGIONAL OVERVIEW

EUROPE

The practice of catalytic capital in Europe is considerably more advanced than the other regions in this report. In 2023, the European direct impact investment market was estimated at about EUR 80 billion (USD 84.6 billion), with at least EUR 32 billion (USD 33.8 billion) demonstrating *additionality*, or positive contribution that would not have happened if not for the investment intervention.[97] It is worth noting that part of this may be considered catalytic capital, but further research is needed to accurately capture its value. A parallel consideration emerges when examining the distribution of European impact capital across geographies, 40% of which is directed outside Europe.[98] In comparison as of 2022, Western, Northern, and Southern Europe manage 55% of global impact assets,[99] while Sub-Saharan Africa only manages 2% and Latin America 1%. Additionally, European impact investment assets under management grew by a substantial 26% from 2020 to 2021, reflecting the market's expansion.[100]



Europe-based investors deploy capital both within and outside of the region. The differing roles of public institutions and maturity of the social economy and market infrastructure in each country create varying challenges and opportunities for catalytic capital deployment. Place-based catalytic capital investments, or investments that make a societal impact in a specific community, have picked up in markets like the United Kingdom and Italy.[101] [102] In areas such as Eastern Europe where market building activities are underway, the development of a more favourable ecosystem for impact investing as an industry is more challenging.[103]

Microfinance and social housing are key sectors in which European investors have found catalytic capital deployment to be impactful. The catalytic capital providers in the region engaged by Impact Europe are mainly impact funds who raised funding from a diverse range of investors, including high net worth individuals, utilising grants, debt, and equity in their investments.

Discussions on catalytic capital among various stakeholders encompass debates on its definition, as well as its distinctive value proposition in comparison to other social investment approaches. In a 2021 survey, more than one-third of investors engaged by Impact Europe were unsure about what catalytic capital was. There is a persisting misperception that catalytic capital approaches create ambiguity around who benefits from the investment and who bears the cost. Similar to Asia-Pacific, investors in Europe also expressed the notion that catalytic capital is often perceived to subsidise private capital. As catalytic capital is often deployed to accelerate the influx of other investors alongside or following its deployment, the role of patient and early-stage investors that de-risk investments and attract follow-on funding should be recognised by subsequent capital providers. While recognising they are the ones laying the foundation, they acknowledge that follow-on investors will also reap the rewards in tandem with them.

European investors also recognise that measuring outcomes and defining KPIs for catalytic capital investments can be challenging particularly considering its distinctive nature and impact compared to other investments. Practitioners in the region question what impact means for catalytic capital transactions, and whether investors should focus on the overall impact or the *additionality* of the catalytic capital, where outcomes are achieved that wouldn't have been possible otherwise.

Given these substantial knowledge gaps that exist regarding catalytic capital, significant efforts are being made to enhance understanding and clarify these complexities. Academic institutions are engaging in conversations around practice, building credibility and growing the body of knowledge. For example, the Impact Hau research team at the University of Bologna partnered with Impact Europe to collect case studies on catalytic capital.[104] Additionally, the Government Outcomes Lab, a research and policy institution at Oxford University, collates some of the world's most comprehensive information around outcomes-based contracts.[105] These efforts are already yielding follow-on benefits that extend to all regions.

CASE STUDY

KAMPANI

Improving access to non-traditional financing for early-stage businesses in an underserved sector

ISSUE AREAS	INVESTEE	COUNTRY
Agriculture	Smallholder farmers	Africa, Asia, and Latin America

How is it catalytic?

Kampani is an impact first investment fund which provides patient growth capital for capex-heavy investments, such as land, buildings, equipment to producer cooperatives and high-impact SMEs. The firm uses equity or subordinated debt, with ticket sizes of EUR 100,000 - 500,000 (USD 107,700 - 538,500) that ranges from 6 to 8 years.[106]

Kampani secured a first loss tranche with public funding from the Belgian government, reducing investment risk for private shareholders. Such de-risking made Kampani more attractive to risk-averse investors, encouraging their participation in the fund. The injection of public money validated Kampani's impact-first approach, and drew further interest and support from follow-on investors. By leveraging private investment and mobilising resources, the public funding had a multiplier effect, enhancing the fund's overall impact.

Kampani bridges the "missing-middle" gap in agricultural finance due to the scarcity of accessible investment capital tailored for small-scale agricultural producers, cooperatives, and high-impact SMEs.

Additional Impact Generated

Kampani's expansion reached and influenced the lives of nearly **100,000 smallholder farmers** underserved by other investment funds. Its success was measured through the lens of vulnerability reduction among smallholders, focusing on pivotal outcomes such as increased income, enhanced profit margins, and a diversified and more reliable income stream.

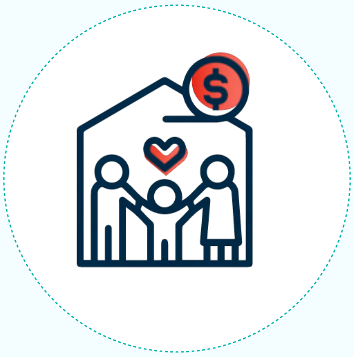
Catalytic Role

Scaling. Through investments and technical assistance, Kampani contributes to the growth of their investees in the form of diversification, vertical integration and/or scaling the size of their businesses. This enables them to unlock commercial investments and financing beyond individual loans and microfinance.

CASE STUDY

FONDAZIONE CARIPLO

Deploying catalytic capital to test and scale social housing solutions



ISSUE AREAS	INVESTEE	COUNTRY
Affordable housing	Fondazione Housing Sociale (FHS), Fondo Abitare Sociale 1 (now Fondo Immobiliare di Lombardia C1 or FIL), REDO SGR	Italy

How is it catalytic?

Fondazione Cariplo is a philanthropic foundation of banking origin in Milan that focuses on bridging widening social gaps that have made communities more fragmented and vulnerable.[107] Through its non-profit Fondazione Housing Sociale (FHS), Fondazione Cariplo tested and validated a model for addressing a gap left by mainstream finance and the public in the housing sector. It focused on people with an annual gross income between EUR 20,000 (approximately USD 21,000) and EUR 50,000 (USD 52,900), who were not eligible for public housing and would have struggled to secure housing in the traditional market.[108]

FHS created a collaborative social housing model which offers homes at affordable rent, and promotes communities with shared spaces, tools and services. This model was then adopted and scaled by the Italian national promotional bank, Cassa Depositi e Prestiti (CDP). As a result, they built the social housing market in Italy, in parallel to the one developed by social cooperatives.

Cariplo provided a mix of grant funding and catalytic investment capital across five phases:

Grant for feasibility study: An initial grant covered the costs of the first feasibility study which yielded crucial insights for the development of a social housing model to be piloted.

Sustaining of early-stage projects: Subsequent grants provided covered the costs of FHS in the first three years after its inception in 2004.

Endowment for strategic development: In 2008, Fondazione Cariplo donated EUR 10 million (USD 10.6 million) to Fondazione Housing Sociale as an endowment. This contribution allowed them to structure a finance team dedicated to the development of the first housing fund and the creation of strategic partnerships with public entities.

Equity Investment in "Arbitrare Sociale I": A total of EUR 30 million (USD 43.5 million) equity investment was provided to the first real estate ethical fund, "Abitare Sociale I", marking the culmination of Fondazione Cariplo's efforts. This catalytic investment not only showcased confidence in the social housing model but facilitated the mobilisation of additional resources, setting the stage for larger-scale initiatives at the national level.

Equity Investment: EUR 8 million (USD 9.5 million) of investment was provided to REDO SGR, the benefit company managing the FIL, solidifying its role in the broader social housing ecosystem.

In essence, Fondazione Cariplo's instrumental support, spanning grants, an endowment, and catalytic equity investments, not only validated the housing model but also paved the way for its adoption and scaling by CDP.

Additional Impact Generated

The support provided by Fondazione Cariplo was instrumental in the creation of the housing model scaled by CDP, and without it more than **25,000 families and 8,000 students** would have struggled to access housing, potentially resulting in excessive dept, homelessness or, for students, limited or no access to university.

In 2007 Fondazione Housing Sociale promoted "Abitare Sociale I", the first social housing fund with a focus on Lombardy where Cariplo itself invested **EUR 30 million (USD 43.5 million)**, which attracted an additional **EUR 55 million (USD 58.2 million)** from institutional investors. This model saw great success and turned over to CDP making it a system of funds at the national level. In 2009, the CDP structured a system of **29 housing funds** that collected **EUR 3 billion (USD 3.2 billion)** from private and institutional investors, which is still in place.

Catalytic Role

Seeding. After proving the model, an equity injection facilitated the initial development of the solution and the creation of social housing funds managed by FIL, attracting larger private and commercial investors.

Scaling. The second equity injection of EUR 8 million (USD 9.5 million) supported the scalability of the project, strengthening REDO SGR's position and enabling it to extend its influence and address broader and long-term gaps in Italy's housing market.

RECOMMENDATIONS

Cross-regional findings have demonstrated that impact investors, at varying levels of awareness about catalytic capital deployment, are ready to initiate or deepen their adoption of the approach. These recommendations cater to all impact investors, including newcomers and seasoned practitioners. Building on recommendations shared in the Catalytic Capital Consortium's Guidance Notes, these recommendations are based on shared opportunities surfaced across the four regions and aim to support investors in advancing catalytic capital practice.[109]

Be open to a shift in mindset to enable the full potential of catalytic capital to be realised

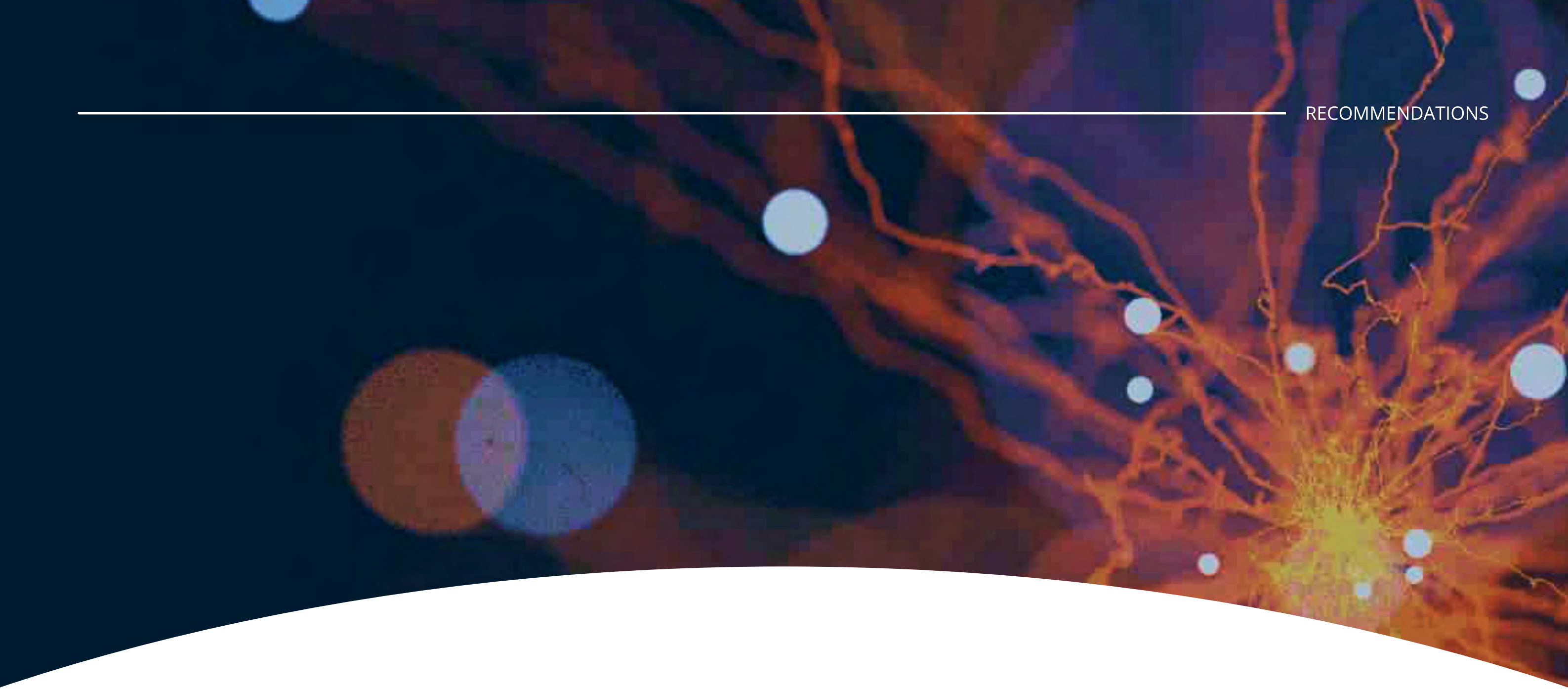
Catalytic capital deployment is a long-game. Catalytic transactions typically present low liquidity and uncertain investment horizons and there is the inherent risk of failure when embarking on an untested approach. However, this also presents an opportunity to test and scale innovative approaches and new business models. Such experimentation is vital for addressing complex problems and driving systemic change. As the examples in the preceding sections have shown, in sectors where investment opportunities are emerging or underdeveloped, catalytic capital can spur market growth and stability. It can build investor confidence and attract additional private capital.

Continue to learn about the practice and potential of catalytic capital

The impact investing landscapes of Asia, Latin America, Africa and Europe, vary in maturity and scale of catalytic capital deployment. Nonetheless, it is evident that investors globally welcome avenues to deepen their knowledge about its potential and practice. Learning can address a challenge that many investors expressed: understanding what catalytic capital deployment really entails and its value proposition in relation to other impact investment and philanthropic strategies. Translating this knowledge to action enhances clarity regarding the strategic objectives and parameters of catalytic capital investment. This is particularly important, as it means socialising definitions that provide the organisation with direction across its specific teams (e.g., investment team, risk team, impact team, and investment committee).[110]

The Catalytic Capital Consortium and partners, including AVPN, Impact Europe, Latimpacto, AVPA, Courageous Capital Advisors, Convergence, GIIN, and Toniic, have developed a range of resources, including case studies, frameworks and toolkits, and modules to enable continued learning and engagement even as the field evolves. Some resources include:

- *Catalytic Capital web page, and Frequently Asked Questions by the Catalytic Capital Consortium*
- *Guidance Notes on the Seeding, Scaling, and Sustaining roles of catalytic capital by Courageous Capital Advisors and the Catalytic Capital Consortium*
- *Catalytic capital in Asia web page by AVPN*
- *Catalytic capital case studies by LatImpacto*
- *Catalytic capital webinars for investors in Africa by AVPA*
- *Catalysing Impact report and Catalytic capital Quiz by Impact Europe*
- *Data brief on How DFIs Deploy Catalytic Capital by Convergence.*
- *Report on Catalytic Capital: A key to aligning infrastructure investments with climate mitigation in emerging markets by GIIN*
- *Catalytic capital course by Toniic*



Consider grant funding for feasibility studies as a way of ensuring a potential investment aligns with market demand

Innovations seeking to address issues in underserved geographies and sectors often face unexpected challenges from externalities and unpredictable market landscapes that investors might not be familiar with.[111] Feasibility studies ensure that investment strategies account for all the market realities that can affect opportunities over time.[112] A structured and data-driven approach is a critical step in the due diligence process. This involves understanding the capital gap the investment aims to bridge and determining whether a proposed initiative is feasible and adept at identifying a pipeline of investments. The analysis can surface the needs of the local market and the various relevant capital structures. As part of its Blended Finance Design Funding Window, Convergence offers grants to cover the design and launch of blended finance transactions aimed at attracting private capital to ensure sustainability at scale.[113] It covers the cost of due diligence, legal and financial structuring, feasibility studies, and other expenses associated with deal development.

Explore collaboration as a way of reducing risk

Investors tend to manage their due diligence and negotiations independently, with little coordination with others. A catalytic approach has the potential to provide opportunities to collaborate with other investors, share due diligence requirements and reduce risk. This is especially relevant in catalytic capital transactions that play a seeding role, as deals with any novel aspects can be challenging. Sharing of data and insights with fellow investors contributes to a more robust understanding of the opportunity at hand. Investors can leverage their varied experiences to ensure that a catalytic capital transaction aligns with their unique modes of operation.

To get started on finding partners, investors can attend events and visit shared spaces to find like-minded partners. This includes the AVPN Global Conference, Impact Europe's Impact Week, or Latimpacto's Impact Minds and GIIN's various events.

Partner with trusted intermediaries

A core ecosystem challenge is the lack of channels for investors to identify allies and opportunities to co-invest. For example, silos persist because of the absence of architecture that connects all the stakeholders in Asia-Pacific. Additionally, crafting financial instruments and investment structures that balance risk and return, while ensuring a focus on impact, can be complex and time-consuming.

Intermediaries serve as critical connectors, facilitators, and enablers in catalytic capital deals. In many cases, intermediaries have local knowledge and relationships. They understand the nuances of the local business environment, cultural considerations, and stakeholder dynamics, which can be critical in the success of an investment.

Incorporate capacity building into deals to reduce risk and support scaling

Investors can support their investees through and beyond capital deployment. They can play a role in improving the risk-return profile of investments by providing technical assistance and training to entrepreneurs or fund managers to help them refine their pitch, business plans, project designs, and operational strategies. This could include offering financial management training, or helping to establish sound governance structures, as well as proper financial reporting and controls. It could even mean providing access to networks and outreach to other investors so that investees can leverage industry expertise and critical resources, such as market connections, suppliers, and distribution channels. Investors could also go so far as to co-create the catalytic capital vehicle with fund managers.

Commit to data transparency and disclosure and partner with experts in impact measurement as a way of helping the ecosystem grow

Investors and resource providers can help contribute to growing the knowledge around catalytic capital deployment by being open to sharing data and details about sources of funding, terms and outcomes in order to avoid duplication of work and shorten investment timelines . They can also share impact assessment frameworks and measurement results with stakeholders to demonstrate the effectiveness of catalytic capital. This can be done on an ad-hoc basis for specific transactions, or through a structured platform for sharing and collaboration, facilitated by intermediaries. In the case of specific deals such as blended scaling transactions for example, which carry the complexity of aligning different investor types, intentions and levels of experience, cooperation and transparency are crucial.[114]

Impact measurement is a complex issue that requires specialised expertise in quantifying outcomes and establishing a methodology for measurement that is feasible and cost-effective. Investors should consider partnering with impact measurement organisations due to the high level of technical expertise required. Starting points include recommendations from other investors and investor networks, social research arms of universities, and specialty evaluation firms.

CONCLUSION

Increased collaboration between advocates of catalytic capital may be the key to unlocking its full potential. There is still a significant amount of work to be done to convince the wider impact investment community and institutional investors that critical funding gaps will only be closed if investors can leverage each other's resources. This can be addressed through collaboration across a diverse set of stakeholders in the ecosystem, including different types of investors, trusted intermediaries, impact measurement specialists, knowledge partners and others.

While it is a slowly expanding field in Asia, Latin America and Africa, there are a number of promising use cases globally. Catalytic capital has been shown to crowd-in additional investments for tackling a wide range of issues including housing, education, climate, and more. Blended finance - through which catalytic capital can be deployed - has mobilised approximately USD 200 billion in capital towards sustainable development in developing countries in the last decade.[115]

However, all regions need to overcome unique and shared challenges to see catalytic capital adoption at scale. These include educating and engaging key capital holders in the practice of catalytic capital, navigating the legal and regulatory landscapes, creating or refining assessment methodologies and finding collaborators.

This work cannot be done by a single organisation alone. It requires advocates of catalytic capital - old and new - to work together to continue spreading awareness, deploying capital, helping develop industry infrastructure by way of more intermediaries, investor knowledge-sharing, support organisations facilitating catalytic capital transactions, and building and publishing public case studies and best practices. By working together, investors stand to benefit from the learnings in other regions and could even uncover solutions that otherwise would have not been evident.

METHODOLOGY

This report is a culmination of insights gathered over a 2-year period by AVPN, AVPA, Latimpacto, and Impact Europe in partnership with the Catalytic Capital Consortium. Insights and trends were generated through a variety of activities and vetted by experts.

Each partner organisation undertook its own initiatives aligned under the broad goal of advancing catalytic capital within their regions. The information presented in this report will not be uniform but should provide a clear perspective of the unique situation in each region and highlight the shared challenges and opportunities.

TIME	ACTIVITIES
Q1 2022	***Impact Europe:*** Surveyed the investing for impact community via annual Impact Europe membership survey (88 respondents)
Q2 2022	***AVPN:*** Conducted a scoping gathering exercise through desktop research, and one-on-one interviews. This included 35 semi-structured interviews conducted with impact funders, philanthropists, development finance institutions (DFIs), government bodies, and intermediaries. ***Latimpacto:*** Officially launched the Catalytic Capital Program during the first edition of its annual conference - Impact Minds, and hosted a panel with regional actors and a representative from C3.
Q3 2022	***Impact Europe:*** Created the Community of Practice, hosted five gatherings for Impact Europe-members (41 participants from 32 organisations) and hosted a public E-talk based on Catalytic Capital (which achieved 74 participants) ***Latimpacto:*** Developed content for training deliverables. 105 actors were surveyed to better understand the needs and wants of the community. Worked alongside Roots of Impact and the University of Cape Town was done to define the contents and structure of Masterclasses and Bootcamp. Delivered the first Catalytic Capital Masterclass. ***AVPA:*** Hosted catalytic capital in Africa webinars which included a survey of 22 diverse ecosystem players from across the continent ranging from DFIs, ecosystem builders, impact funders, family offices and more. ***AVPN:*** Organised a session on catalytic capital at the AVPN conference attended by over 190 impact funders, family offices, DFIs, and foundations.

TIME	ACTIVITIES
Q4 2022	***Impact Europe:*** Organised four sessions on catalytic capital at Impact Week (17 speakers from 17 organisations from four continents) and published an article reflecting on the concept and its definition. ***Latimpacto:*** Identified case studies through desktop research, one-on-one interviews, and online questionnaires. Conducted research and developed of four local case-studies and translated 1 case study from Convergence into Spanish and Portuguese. Hosted a webinar on Catalytic Capital, featuring three local speakers presenting their cases.
Q1 2023	***AVPN:*** Finalised the Catalytic Capital in Asia-Pacific scoping report. ***Impact Europe:*** Collected 14 practical cases which showcased successful examples from Impact Europe members. Six of these cases were published on Impact Europe's website, alongside an additional article that reflected on catalytic capital's concept and its definition. Launched an open consultation which allowed Impact Europe's CoP and broader audience to share their views and insights on catalytic capital, deployment strategies and target gaps and geographies. ***Latimpacto:*** Conducted 1 Catalytic Capital Masterclass.
Q2 2023	***AVPN:*** Organised a session on catalytic capital at the AVPN conference attended by impact funders, family offices, DFIs, and foundations. ***Latimpacto:*** Launched the Catalytic Capital bootcamp, where 22 people from 20 organisations participated. Imparted two Catalytic Capital Masterclasses. Conducted a three-day workshop for intermediaries with Kaya Impacto ***All Networks:*** Hosted two global webinars 1: Partnerships and Alignment and Global Webinar 2: Assessing Additionality
Q3 2023	***AVPN:*** Drafted Synthesis Report ***Impact Europe:*** Launched Catalysing Impact report to illustrate the benefits, challenges and barriers faced when deploying capital catalytically in the region

TIME	ACTIVITIES
	Latimpacto: Hosted a Deal Share Session in CC during Latimpacto´s annual conference, where seven member organisations pitched their initiatives and made calls for collaboration. These seven organisations received one-on-one support from Kaya Impacto to prepare for the session. Launched the dissemination campaign for Catalytic Capital Case Studies. ***All Networks:*** Hosted a third global webinar: Who gets the returns?
Q4 2023	***AVPN:*** Launch of Catalytic Capital Learning Series for investors based in Asia-Pacific ***Impact Europe:*** Supported the Catalytic Capital gathering in October 2023 with the Catalytic Capital Consortium, launched catalytic capital quiz and hosted Catalytic capital sessions at the Impact Week 2023 ***Latimpacto:*** Launched a Catalytic Capital Canvas and accompanying User Guide, to allow organisations to better design and communicate their catalytic capital strategies. ***All Networks:*** Hosted a fourth global webinar: Investor Insights: Understanding catalytic capital in Asia, Africa, Europe, and Latin America and Launched the Synthesis Report
2023 Onwards	***Impact Europe:*** Plans to develop learning materials, case studies, and promote catalytic capital within its Community of Practice. ***AVPA:*** Plans to launch a training programme to help build catalytic capital community in Africa and organise webinars on deployment of catalytic capital and social finance in the region ***Latimpacto:*** Plans to launch a structured six session community of practice on Catalytic Capital and promote the use of catalytic capital through the Green and STEAM Catalytic funds.

CITATIONS

1. Catalytic_Capital_____Unlocking_more_investment_and_impact
2. Convergence, 2022, Research brief: How DFIs deploy catalytic capital
3. Investopedia, Commercial Investment: What It Is, How It Works, Pros And Cons. Accessed: 20 October 2023
4. World Economic Forum, Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors
5. OECD, 2021, Closing the SDG Financing Gap in the COVID-19 era: Scoping note for the G20 Development Working Group
6. Deloitte and USAID, 2019, Mobilizing Private Finance for Development: A Comprehensive Introduction
7. UNCTAD, 2023, World Investment Report 2023.
8. GIIN, 2022, GIINsight: Sizing the Impact Investing Market 2022
9. IISD, 2023, Bridging the SDG Financing Gap Through First-Time Fund Managers
10. UNCTAD, 2023, World Investment Report 2023.
11. UNESCAP, 2022, Financing a sustainable recovery from COVID-19 and beyond
12. Castellani, F., Olarreaga, M., Panizza, U., and Zhou, Y. 2019, Investment Gaps in Latin America and the Caribbean
13. AUC/OECD (2023), Africa's Development Dynamics 2023: Investing in Sustainable Development, AUC, Addis Ababa/OECD Publishing, Paris, https://doi.org/10.1787/3269532b-en
14. OECD, 2022, The EU's Voluntary Review reaffirms commitment to delivering the Sustainable Development Goals at home and around the world
15. UNCTAD. 2023. World Investment Report 2023
16. World Bank, 2023, World Bank Data
17. Solomon, 2020, James Chen: Why I am a 'catalytic' philanthropist
18. UNESCAP, 2017, Innovative Financing for Development in Asia Pacific. AVPN Academy also defines social finance as an approach and set of financial tools that drives social and environmental outcomes combined with seeking financial returns (AVPN Academy, 2021, What is social finance?); Convergence, 2020, Data Brief: Blended Finance in Sub-Saharan Africa
19. Catalytic_Capital_____Unlocking_more_investment_and_impact
20. Convergence, 2022, Research brief: How DFIs deploy catalytic capital
21. Convergence, 2022, Research brief: How DFIs deploy catalytic capital
22. Referenced from catalytic capital scoping research conducted by AVPN in 2022.
23. DFI Working Group on Blended Concessional Finance Projects, 2023, DFI Working Group on Blended Concessional Finance for Private Sector Projects: Joint Report, March 2023 Update
24. OECD, 2022, Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis
25. Ibid/OECD, 2022, Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis
26. GIIN, 2023, Catalytic capital: A key to aligning infrastructure investments with climate mitigation in emerging markets
27. Referenced from catalytic capital scoping research conducted by AVPN in 2022; and from the discussions with investors in Asia, Africa, Europe and Latin America during the fourth Catalytic Capital Webinar organised by AVPN, AVPA, Impact Europe, and LatImpacto on the topics of "Investor Insights" in December 2023. More details available here.
28. Soukhasing, D., Dea, V., Ruslim, C. 2017. Social Finance and Social Enterprises: A New Frontier for Development in Indonesia. Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning, 1(3), 240–255. https://doi.org/10.36574/jpp.v1i3.22
29. British Council, 2020, The state of social enterprise in Hong Kong
30. Referenced from catalytic capital scoping research conducted by AVPN in 2022; and from the discussions with investors in Asia, Africa, Europe and Latin America during the fourth Catalytic Capital Webinar organised by AVPN, AVPA, Impact Europe, and LatImpacto on the topics of "Investor Insights" in December 2023. More details available here.
31. DFI Working Group on Blended Concessional Finance Projects, 2023, DFI Working Group on Blended Concessional Finance for Private Sector Projects: Joint Report, March 2023 Update
32. Referenced from the discussions with investors in Asia during the first Global Catalytic Capital Webinar organised by AVPN and AVPA on the topics of "Partnership & Alignment" in April 2023. More details available here.
33. Catalytic Capital Consortium. 2022. Frequently Asked Questions about Catalytic Capital
34. Tideline. 2019. Catalytic Capital: Unlocking more investment and impact
35. Stanford Social Innovation Review. 2019. Korea's New Integrated Business Strategy
36. Referenced from catalytic capital scoping research conducted by AVPN in 2022; AVPN, n.d., Accelerating Impact with Catalytic Capital
37. ADB. 2021. Primer on Social Bonds and Recent Developments in Asia
38. &Greenfund. 2023. How we invest
39. ADM Capital. 2018. ADM Capital Closes Asia Secured Lending Facility II with USD178m
40. SAMRIDH, 2023, Samridh Is A Healthcare Blended Finance Facility Strengthening India's Health Systems And Solving Emerging Healthcare Challenges
41. NITI Aayog, Samridh Healthcare Blended Finance Facility. 2022. Reimagining Healthcare In India Through Blended Finance
42. SAMRIDH, 2023, SAMRIDH invites applications for its newly launched Recoverable Grants initiative from healthcare enterprises to solve India's healthcare challenges
43. Referenced from catalytic capital scoping research conducted by AVPN in 2022; AVPN, n.d., Accelerating Impact with Catalytic Capital
44. Referenced from the discussions at the AVPN Conference in June 2023, and during the first Global Catalytic Capital Webinar organised by AVPN and AVPA on the topics of "Partnership & Alignment" in April 2023. More details available here.
45. RS Group. 2020. Our Approach
46. AVPN. 2023. Catalytic Capital Investor in Asia: Tripple
47. Referenced from catalytic capital scoping research conducted by AVPN in 2022; RS Group, n.d., Approach; AVPN, 2023, Catalytic Capital Investor in Asia: Tripple
48. FTSE Russel Insights, 2023, Unveiling APAC's Impact Bond Boom: Green Growth and Resilience; ADB, 2021, Primer on Social Bonds and Recent Developments in Asia
49. Roots of Impact, 2021, Innovative Finance Toolkit
50. The Stone Family Foundation, n.d. Cambodia Rural Sanitation Development Impact Bond

51. ADB. 2023. Private Sector Financing
52. Convergence, 2022, How DFIs deploy catalytic capital
53. ADB, 2018, press release
54. Convergence. 2022. How DFIs deploy catalytic capital
55. Eco-business, 2023, Explainer: Why has blended finance not lived up to its promise?
56. GIIN, 2013, Catalytic First Loss Capital
57. Impact Alpha, 2019, An investor's journey
58. Referenced from catalytic capital scoping research conducted by AVPN in 2022; AVPN, n.d., Accelerating Impact with Catalytic Capital
59. Referenced from the discussions with Asia-based investors at the AVPN Conference in June 2022, and during the third Global Catalytic Capital Webinar organised by AVPN, Impact Europe, and AVPA on the topics of "Who gets the return" in September 2023. More details here.
60. MYSC - Impact investing
61. Pan-Impact Korea, LLC. 2016. Pan-Impact Korea; Kyungyhang.com. 2021. Seoul Considers Lifelong Learning Centers for "Slow Learners". Kyungyhang.com, September 27, 2021
62. Jeongae, K. & Mikyung, S. 2022. Special Education in South Korea: Policies and Issues. The Journal of Special Education Preparation (JOSEP), Vol. 2 No. 2 (2022) page 70-78. https://doi.org/10.33043/JOSEP.2.2.70-78
63. The 1st Seoul SIB Fact Sheet – Pan-Impact Korea
64. Government Outcomes Lab, University of Oxford. n.d. Seoul Welfare Facilities Children Education SIB
65. Booyuel, K. n.d. Collaborative Partnership: A Case from the 1st SIB Project in Korea
66. Pan-Impact Korea, LLC. 2016. Pan-Impact Korea; Kyungyhang.com. 2021. Seoul Considers Lifelong Learning Centers for "Slow Learners". Kyungyhang.com, September 27, 2021
67. AVPN, 2021, SAICF Healthcare W1D2: Improving Access to Affordable Healthcare Through Critical Investments
68. https://www.vccircle.com/iim-as-tech-incubator-ciie-invests-bio-degradable-napkin-maker-aakar
69. https://www.business-standard.com/article/companies/iim-a-alumnus-ciie-invest-in-aakar-innovations-114120801054_1.html; https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/menstrual-hygiene-makers-like-aakar-innovations-saral-designs-signal-emergence-of-local-brands/articleshow/50925816.cms
70. Advani, S. 2016. Menstrual hygiene makers like Aakar Innovations, Saral Designs signal emergence of local brands. The Economic Times, 10 February 2016
71. Referenced from surveys conducted by Latimpacto with before and after its Catalytic Capital Masterclass program in 2021, which aims to build and disseminate more knowledge on catalytic capital. The surveys engaged 42 and 7 investors respectively.
72. Impact Alpha. 2022. Catalytic capital helps Acumen's ALIVE bridge financing gap for social ventures in Peru and Colombia
73. Impact Alpha. 2022. A little incentive goes a long way to change lending for small farmers in Latin America
74. Reuters. 2023. BlackRock fund backs renewable energy firm in first LatAm investment
75. BusinessWire. 2021. Climate Finance Partnership Mobilizes US$673 Million to Accelerate Net Zero Transition in Emerging Markets
76. 'Impact Investing in Latin America', Aspen Network of Development Entrepreneurs, 2020
77. GIIN. 2022. Sizing The Impact Investing Market
78. GIIN. 2023. Catalytic Capital - A Key to Aligning Infrastructure Investments with Climate Mitigation in Emerging Markets
79. Latimpacto, n.d., Catalytic Capital Bootcamp
80. Kaya Impact. 2023. Home
81. LatImpacto. 2023. Inversor – Colombia
82. LatImpacto. 2023. ICE – Brasil
83. 2023 GIInsight https://thegiin.org/assets/documents/pub/2023-GIINsight/2023%20GIINsight%20%E2%80%93%20Impact%20Investing%20Allocations,%20Activity%20&%20Performance_Final.pdf
84. Referenced from The Catalytic capital Baseline Survey 2023 conducted by AVPA with 22 ecosystem players.
85. AUC/OECD (2023), Africa's Development Dynamics 2023: Investing in Sustainable Development, AUC, Addis Ababa/OECD Publishing, Paris, https://doi.org/10.1787/3269532b-en
86. https://au.int/en/afdd2023
87. Kana, Hermann. 2022. LIGS University. The 'Missing Middle' | A Major Cause of Dwarfing of SMEs in Francophone Central Africa
88. Impact Investing Ghana. 2022. Catalytic Capital Investment in Ghanaian SMEs: Strategies, Hurdles, and Outcomes report
89. Referenced from The Catalytic capital Baseline Survey 2023 a survey conducted by AVPA in 2023 with 22 ecosystem players.
90. (ibid)/Referenced from The Catalytic capital Baseline Survey 2023 a survey conducted by AVPA in 2023 with 22 ecosystem players.
91. Convergence, 2020, DATA BRIEF: BLENDED FINANCE IN SUB-SAHARAN AFRICA
92. AVPA. 2022. The Rise of Catalytic Capital in SME Financing in West Africa
93. Small Foundation. 2023. Leveraging catalytic capital to transform economic systems in Africa
94. (ibid)/Referenced from The Catalytic capital Baseline Survey 2023 a survey conducted by AVPA in 2023 with 22 ecosystem players.
95. (ibid)/Referenced from The Catalytic capital Baseline Survey 2023 a survey conducted by AVPA in 2023 with 22 ecosystem players.
96. KCV, 2021, Impact Investing Plants Seeds Of Growth For Farmers
97. Impact Europe, 2023, Catalysing Impact
98. Impact Europe, 2022, Accelerating Impact
99. GIIN, 2022, Sizing the Impact Investing Market 2022
100. Impact Europe, 2023, Catalysing Impact
101. Resonance. 2023. Place-Based Impact Investing Through Housing
102. Fondazion CRT. 2023. Impact Deal
103. https://collaborate4impact.org/insights/middle
104. https://www.Impact Europe.ngo/insights/academia-goes-catalytic
105. https://golab.bsg.ox.ac.uk/about/
106. VANDERSYPEN, W. Impact Europe, 2023. Targeting the missing middle in agricultural finance: Belgian public money multiplies private money

107. https://www.fondazionecariplo.it/en/the-foundation/la-fondazione.html; Social Impact Investment Taskforce, 2019, IMPACT INVESTMENT: THE INVISIBLE HEART OF MARKETS
108. Gaggiotti, G. et al. (2023) "Catalysing Impact - Catalytic Capital in Europe Whitepaper". Impact Europe.
109. Guidance Notes on the Seeding, Scaling, and Sustaining role of catalytic capital by the Courageous Capital Advisors and the Catalytic Capital Consortium. The guides support investors who are active in deploying catalytic capital or have set an intention to do so in addressing the practical challenges of catalytic capital investments, drawn from the discussions with catalytic capital investors from the Catalytic Capital Consortium Learning Lab.
110. Catalytic Capital Consortium, Courageous Capital, FSG. 2022. Advancing the Practice in Catalytic Capital Guidance Note 1 - The Seeding Role.
111. Tong, E. 2023. Heard at AVPN Global Conference 2023: Three Key Learnings on Effectively Deploying Catalytic Capital in Asia, AVPN
112. Catalytic Capital Consortium, Courageous Capital, FSG. 2022. Advancing the Practice in Catalytic Capital Guidance Note 1 - The Seeding Role.
113. Convergence. n.d. Design Funding
114. Catalytic Capital Consortium, Courageous Capital Advisors. 2022. "Executive Summary. Advancing Practice in Catalytic Capital: Guidance Note 2 - The Scaling Role"
115. Convergence. n.d. Blended Finance

AVPN
171 Tras Street #10-179 Union Building Singapore 079025
info@avpn.asia
avpn.asia