

FONDO ACCIÓN:



**Catalytic capital at the
service of nature and
local communities in
Colombia**

Latimacto

Fondo
Acción

About Fondo Acción

Fondo Acción is a private Colombian fund with more than 25 years of experience in deploying and managing resources to promote biodiversity conservation, sustainable development, and childhood well-being. Its structure has evolved over time from a traditional role of channeling resources to a more strategic function of **designing, articulating, and operating long-term financial mechanisms** that combine philanthropic, public, and private sources.

The Fund's vision is based on a clear assumption: the environmental and social challenges experienced in Colombia will not be solved through isolated projects, but, instead, with stable and flexible financial structures adapted to local territories, which enable sustained positive impacts over time and transform productive systems, while ensuring the conservation of nature.

This case study analyzes how Fondo Acción has used its catalytic capital to create, lead, and participate in several financial instruments and mechanisms, thereby performing a key role in the reduction of risks, in the interconnections among diverse players, and in the construction of trust for the mobilization of resources towards initiatives which, otherwise, would not have been able to obtain access to adequate funding.

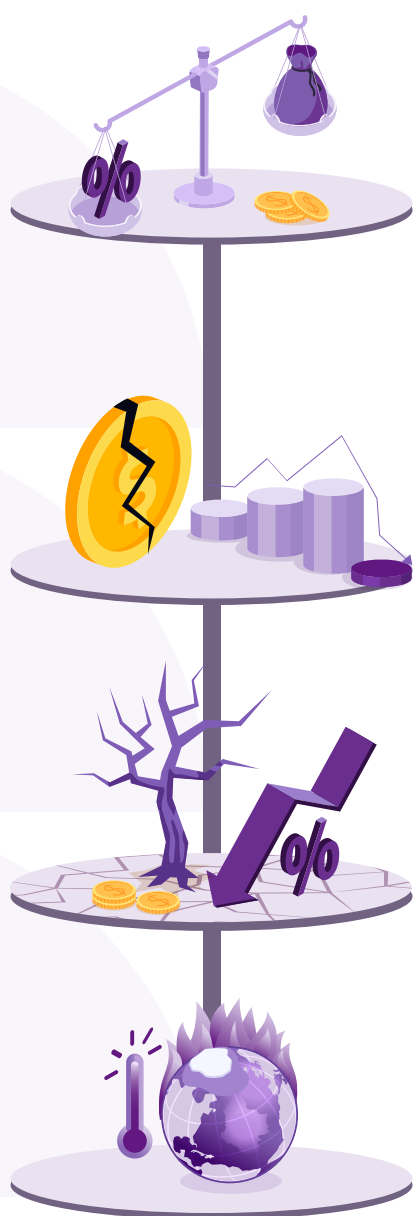
The case study

In a country characterized at once by a rich biodiversity, deep territorial gaps, and a growing exposure to the effects of climate change, such as Colombia, one of the main challenges has been the lack of sustainable, stable, and long term funds for initiatives aimed at conservation, sustainable production, and resilience in communities.

Over the years, Fondo Acción has provided answers to this challenge not only by financing projects, but also, by designing a diverse financial architecture that includes equity accounts, rotation funds, blended mechanisms, payments for environmental services, impact investment, and climate insurances. In many of these instruments, the provision of catalytic capital has been the key component for unlocking additional resources, aligning incentives, and enabling the participation of several stakeholders.

The issue addressed

The central issue addressed by Fondo Acción has multiple and interconnected dimensions:



The lack of adequate financing for conservation and sustainable production.

Several environmental and community initiatives must operate in contexts of high perceived risks, low short-term financial returns, and narrow long-term impact prospects. All these factors restrict their access to traditional credit and commercial capital.

Gaps in access to financing in rural territories and local communities.

Small farmers, ethnic communities, and local organizations usually do not have a record of access to credit, guarantees or financial instruments adapted to their productive and environmental realities.

Fragmentation of resources and efforts.

Without adequate interconnection mechanisms, the coexistence of multiple cooperation, philanthropy, and private sector sources often leads to inefficiencies and makes long-term sustainability more difficult.

Increasingly higher environmental and climate-related risks.

Extreme weather events, the degradation of ecosystems and the loss of biodiversity require financial solutions that provide answers both in terms of prevention and recovery. But traditional instruments usually do not envisage such options.

A diverse portfolio

Fondo Acción has designed and operated different financing mechanisms, including the following:

Equity accounts, such as the Malpelo Equity Fund and the Glen Nimnicht Grant Fund, which ensure the availability of stable resources for environmental conservation and social development in the long run;

Blended mechanisms connecting philanthropic initiatives, international cooperation, and the private sector, such as the Resilience Fund for women and children, and the Rotation Fund for Agricultural Sustainability;

Dedicated and rotation funds, to meet specific needs of communities and territories, with adapted return frameworks, such as the fund for the development of community carbon-projects involving the conservation or restoration of forests;

Impact investing via funds such as FIMI and SolNatura+, aimed at businesses that contribute to biodiversity and human well-being;

Climate insurances, such as the parametric insurance for the recovery of coral reefs in San Andrés, Providencia and Santa Catalina, in case of hurricane occurrences.

Through all these instruments, the Fund seeks to increase the mobilization of resources by combining different sources and considering long-term initiatives.

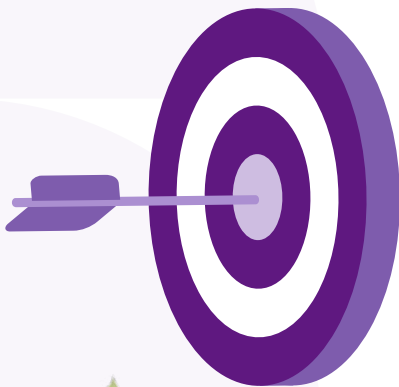


A concrete example: the FIMI Fund



Based on the object of its mission, Fondo Acción structured the Mission Impact Investment Fund (FIMI) to provide support, through investment resources, to the growth of Colombian enterprises with a business model intentionally aimed at generating positive environmental and social impacts. Since 2018, the FIMI has invested nearly USD 2.5 million in 8 enterprises at the national level in sectors such as nature tourism, bioeconomy, circular economy, rural development, renewable energy, and early childhood development.

The challenge



A significant part of Colombia's environmental and social solutions is being constructed by companies in their initial stages: in other words, by companies that already have products and sales, but have not yet had positive results in terms of profitability, thus finding themselves in the situation known as the "death valley". In this stage, an enterprise is usually confronted with a low availability of capital, since traditional banks identify a high level of risk for them, while commercial capital requires returns and deadlines that are not always compatible with the timing of these enterprises' maturing and their impact models. Consequently, many initiatives with a high potential for impact end up not counting on patient capital, or on the follow-up that they need for scaling up their activities.

The catalytic solution

The FIMI operates as an impact investment vehicle with a well-defined investment policy that includes aspects such as governance, investment thesis, and alignment criteria based on the enterprise's institutional purpose. It has initially mobilized USD 2.5 million for constructing a portfolio aimed at impact generation. It invests, primarily, through equity with minority shares, complemented by subordinate debt instruments, convertible notes, or simple agreements that may be converted to SAFE equity. Its average investments have ranged between USD 200,000 and USD 450,000 per company and are designed on a case-by-case basis, according to each business' maturity stage, as well as to its risks, the advisable share percentages, and the size of the fund. Completion is projected for a time when companies stabilize their income, attain a consistently positive cash flow, and obtain systematically positive impact results, with a temporal reference of approximately 7 years after investing.

The following graph illustrates the FIMI's scope of activities, considering this stage of maturity of different enterprises, based on their (positive or negative) profitability over time:



Graph 2: "The FIMI in the startups' lifecycle". Adapted from *The Journal of Technology Transfer* (Maha, 2021)

The roles performed by Fondo Acción in the FIMI

In addition to investing, Fondo Acción contributes with non-financial support to reduce risks and accelerate capacities. It provides follow up to companies in the setting up and reporting of their impact metrics. It also supports the construction of management tools (for instance, indicator dashboards and best corporate governance practices), provides legal and financial technical assistance, facilitates connecting with investors, accelerators, and partners, and fosters synergies among enterprises and territorial programs of the Fund, in such way that capital can be translated into upscaling and increased adoption in real contexts.



FIMI's Results

The mobilization of catalytic capital has generated tangible and measurable results that show the established ecosystem's feasibility and impact.

Financial results:

Deployed capital: from 2018 to 2025, the project has mobilized and deployed **USD 2.5 million** in financing;

Scope: 8 enterprises;

Average ticket size: USD 200.000 and USD 450.000



In addition to the investment deployed and to the number of supported enterprises, the Fund's most relevant impact has been to show that it is possible to structure and manage a mission-based investment vehicle in Colombia that provides patient capital and strategic follow-up to companies in early stages. Thus, a key impact has been to make headway with each of these companies in its portfolio in terms of measuring, evaluating, and managing the produced social and environmental impacts. By overcoming financing gaps related to the "death valley" and strengthening entrepreneurial capacities (such as governance, supply chain resilience, and entrepreneurial management), as well as impact, the FIMI has contributed to advance solutions with high environmental and social potential towards increased scale and sustainability. These features have been essential for attracting new investors and connecting them to the entrepreneurs.



Concluding remarks and lessons learned

The Fondo Acción-experience offers key lessons on the strategic use of catalytic capital:

The value of capital resides in its role within the structure of risks

The impact of catalytic capital does not depend on its volume but, instead, on its strategic place within the structure of risks. By accepting the early, institutional, or territorial risks that other actors would not accept, the provision of early capital creates enabling conditions for the future arrival of additional resources - via international cooperation, development banks, and impact investment -, as well for the upscaling of solutions.

Catalytic capital is not exclusively limited to the deployment of financial resources. The provision of follow-up to entrepreneurs for strengthening their management, governance, and impact management capacities is a key element for reducing risk and making them attractive to other investors. The catalytic role acts as a bridge for the arrival of additional players of the regional impact investment system, as well as of the financial system, by taking risks that are inherent to investing in early-stage businesses, thus enabling access to additional impact resources (structured as equity or debt), and linkages with potential investors, accelerators, and strategic partners. This combination - strengthening the enterprises from within, while connecting them from outside - accelerates their transition from promising models to financially and operationally sustainable companies with high potential for upscaling.



Governance is a crucial factor for financial leveraging. A solid corporate governance is neither an accessory component, nor a burden that could restrict the growth and creativity of enterprises. Instead, it is a key mechanism for managing risks and improving efficiency in terms of processes, productivity, and operational stability. Clarity about rules, roles, and decision-making processes generates trust, attracts new resources, and increases the efficiency of capital. On the other hand, fragile or ambiguous governance structures are inherently more exposed to risks, and for this reason they are more frequently perceived by potential financial providers as unreliable businesses, even when their impact potential is high.

Systemic change requires long-term commitment and flexibility. Catalytic capital requires structural patience and operational elasticity. The financial sustainability of public goods - such as biodiversity, climate action, or childhood - requires long-term instruments with flexible allocation rules and the capacity to adapt to changing contexts, uncertainties, and external shocks.

The effectiveness of capital depends on its territorial anchoring. Flexibility, combined with a deep knowledge of the territory, is the decisive factor for success. The most effective mechanisms, in this regard, are the ones that can acknowledge and adapt to the productive, environmental, social, and cultural realities of territories, instead of attempting to impose homogenizing or out-of-context designs.



Latimacto

Fondo
Acción 