



► Blended finance

An inventory of possible structures used by Dutch and European stakeholders in developed and developing economies



Colophon

Written with the support of

Orlando Coronado Fernández, Program Manager – Emerging Markets, NAB

Andrea Trentalange, Program Officer, NAB

Editorial Board

Jaap Reinking, Principal Investment Officer, Private Equity, FMO

Laure Wessemius-Chibrac, Managing Director, NAB

Design

Monter

Disclaimer

We have taken the greatest care in sourcing and researching the information presented in this report. However, should you find an error please contact us and we will make a correction.

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For more information please email: contact@nabimpactinvesting.nl

Foreword



Dear Reader,

Many investors are showing an increasing interest for impact strategies, and many global challenges require funding. Regulations, risk appetite levels, new sectors or regions can work as a deterrent to invest where impact is most needed. Supply and demand of capital struggle to find each other and addressing the mismatch requires innovative financial structures.

Blended finance is often cited as the solution. It can help bridge gaps between impact goals and (commercial) capital requirements. It can channel capital to areas where it is most urgently needed, though yet least likely to flow under traditional market conditions, and as such a pathway to accelerate progress on the Sustainable Development Goals (SDGs).

But what is blended finance, actually? It is sometimes used as a container term, with different meanings. We have developed this report as a practical guide and we invite you to use it to innovate further and mobilise capital at the scale our global challenges demand.

The report presents the results of a systematic and comparative review of how blended finance mechanisms could function across a diverse set of fund structures, investment strategies, and sectors, evidenced by 21 diverse cases from the Netherlands, Europe and Emerging Markets. We hope that these insights will provide a practical foundation for the design of future blended finance vehicles, equipping practitioners and policymakers with a blueprint for mobilising private capital at scale in service of the SDGs.

In this research, a series of observations underpinned the lessons we distilled from the cases. Among them: blended finance is not a one-size-fits-all model; structuring is inherently a negotiation process; and catalytic capital must align with impact objectives and remain accountable.

Four recurring characteristics emerge across the cases studied:

- Match capital to risk and return expectations through tiered structures and leveraged mechanisms.
- Use catalytic instruments such as guarantees to mobilise private capital at scale.
- Pair finance with ecosystem support — technical assistance, ESG integration, and capacity building — to ensure execution and durability.
- Align governance and regulatory clarity to build trust, reduce uncertainty, and unlock institutional participation.

Taken together, these insights highlight both the potential and the complexity of blended finance. They also reaffirm that, while no blueprint is universal, patterns can be identified, shared, and adapted.

We wish you a great time reading the report. The NAB team remains committed to supporting you and your organisation to further develop your impact strategies.

Laure Wessemius-Chibrac
Managing Director



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Executive summary



This inventory presents a systematic and comparative review of how blended finance mechanisms could function across a diverse set of fund structures, investment strategies, and sectors. Designed for public and private impact investors, institutional asset owners and asset managers, and policymakers, particularly within the Dutch and European ecosystem, it captures the current state of practice in catalytic capital structuring. This inventory synthesises 19 real-world case studies and two strategies into an operational framework of five typical “blueprints” for blended finance.

At the core of the inventory are five foundational mechanisms that recur across most transactions:

- a Phased capital deployment
- b Tiered investor/investee-level risk structuring
- c Return enhancement
- d Technical assistance integration
- e Multi-instrument structure

Reflection: Blended finance requires contextual structuring, it is difficult to standardise

Blended finance cannot rely on a one-size-fits-all model. Structures must be tailored to investor profiles, sectoral dynamics, and local conditions. While the inventory identifies replicable blueprints, their applicability and effectiveness depends on how well they respond to specific investor goals, risk perceptions, and contextual constraints. Standardisation is useful at the blueprint level — but flexibility is required in implementation.

These mechanisms serve not only as a classification tool but also as a diagnostic guide for identifying context-appropriate financial solutions to market failures. Examples such as Climate Investor One (CI1), Climate Investor 2 (CI2), REGMIFA, EMCAF, and the Mobilising Finance for Forests (MFF), deploy a combination of multiple mechanisms in concert, creating integrated, resilient, and catalytic finance structures.

Each structural blueprint is grounded in functional logic. For instance, phased capital deployment (CI1, CI2) allocates adequate instruments across the project lifecycle, from concessional development funding to construction equity and commercial refinancing. Investor-level risk structuring, such as that used in the FMO SDG Loan Fund, employs a combination of subordinated semi-public capital and guarantees to attract institutional investors while absorbing early-stage risks. Meanwhile, instruments such as guarantees (AGRI3, Atradius DSB, Green Shipping Fund), technical assistance (AGRI3, DGGF, SIF), and concessional loans (MFF, France 2030, Seed Capital Scheme) are deployed strategically to overcome capacity gaps, enhance project bankability, and align returns with investor expectations.

Reflection: Investor negotiation and perceptions shape structures

Blended finance structuring is inherently a negotiation process — between fund managers and investors — driven not only by financial logic but by each party’s needs, mandates, and perceived challenges.



The present inventory maps the structural attributes of each case, outlining capital layering, risk transfer, and return pathways. Cross-referenced blueprints and summary tables allow users to compare blended finance designs across sectors, instruments, and geographies.

This report aims to demonstrate that effective blended finance is not merely the deployment of concessional capital, but the strategic orchestration of financial instruments across the investment lifecycle. The most catalytic structures combine public and philanthropic finance to de-risk transactions, send market signals, build investable pipelines, and enable the mobilisation of private capital, especially in underserved regions, or in nascent or underserved sectors such as sustainable agriculture, nature-based solutions, green infrastructure, and social inclusion.

Reflection: Catalytic capital must align with impact objectives and be accountable

Stakeholders providing catalytic capital (e.g., guarantees, first-loss layers) must see a clear path to achieving their impact objectives—whether environmental, social, or developmental. Transparent reporting on results is thus essential, not just for accountability, but for reinforcing trust and validating the catalytic role. Without impact alignment and accountability, concessional investors may withdraw or shift their mandates.

Across the total of 21 cases, four core lessons emerge—grounded in consistent patterns observed across diverse contexts. While these insights offer valuable guidance, they are not universal prescriptions; blended finance solutions remain inherently context-specific and shaped by investor priorities:

- Structure capital to **match risk and return expectation** (investors mix and match various structures to fit their need): use tiered capital and leverage to align investor risk-return preferences (e.g. CI1, CI2 REGMIFA, AGRI3, Warmtefonds, Biodiversity Investment Strategy).
- **Use catalytic instruments** (e.g. guarantees) **to** improve the risk-return profile and mobilise private capital (e.g. CI1, France 2030, Green Shipping Fund, Better Society Capital).
- Pair finance with **ecosystem support**: Complement financial instruments with technical assistance, capacity building of intermediaries and ESG integration to ensure execution and sustainability (e.g. AGRI3, DGGF, SIF, Seed Capital Scheme).
- Align governance, ensure regulatory clarity: Tailor governance structures to the nature of capital, impact-first or commercial, but **ensure clarity, accountability, and strategic alignment to build trust**; Provide clear regulatory pathways and interpretations to lower legal uncertainty and unlock participation from institutional investors; not because regulation blocks blended finance, but because clear rules (e.g. SFDR, Solvency II) reduce compliance uncertainty and unlock sustainable investment mandates.

We hope that, brought together, these insights will provide a practical foundation for the design of future blended finance vehicles. This report aims to equip practitioners and policymakers with a blueprint for mobilising private capital at scale in service of the SDGs.

Introduction



The role of blended finance in structuring capital for impact





Mobilising capital at scale remains one of the central challenges in achieving the Sustainable Development Goals (SDGs) by 2030. Public budgets and philanthropic flows alone are insufficient to address this deficit. While the estimated \$4 trillion annual financing gap is often associated with funding deficits in emerging economies, there is also a rising need for innovative capital structuring in developed markets, particularly within Europe, to address persistent inequalities, energy transition, and social inclusion. Blended finance has emerged as a key structuring approach to mobilise private capital toward investments that yield measurable social, environmental, and economic outcomes.

Blended finance provides a critical solution to bridge the SDG funding gap by strategically combining public, philanthropic, and commercial capital. At its core, it uses catalytic instruments like first-loss capital, guarantees, concessional tranches, and technical assistance (TA) to reshape risk-return profiles, making high-impact markets accessible to (institutional) investors that would otherwise consider them not investable. These mechanisms simultaneously address market failures through three interconnected functions: reducing financial risk for commercial players, enhancing returns through structured concessions, and building investable markets by aligning incentives across divergent investor appetites – allocating risks and returns in a way that reflects each investor’s mandate, whether it’s systemic change, capital preservation, or measurable returns – allowing them to co-invest in markets that would otherwise fall outside their comfort zone.

This inventory presents a comparative portfolio of blended finance structures deployed across both:

- Emerging and frontier markets, where financial ecosystems remain underdeveloped and because of that require a kind of risk mitigation and/or return enhancement, and
- Europe and the Netherlands, where blended finance is increasingly applied to accelerate ecological and social transitions.

Rather than presenting a theoretical typology, the report aims to analyse how blended finance instruments are operationalised to:

- Share risk across public and private capital providers.
- Leverage concessional or mission-driven funding to unlock institutional capital.
- Enhance inclusive, climate-resilient, and innovation-driven outcomes.
- Adapt blended approaches to different regulatory and financial contexts.

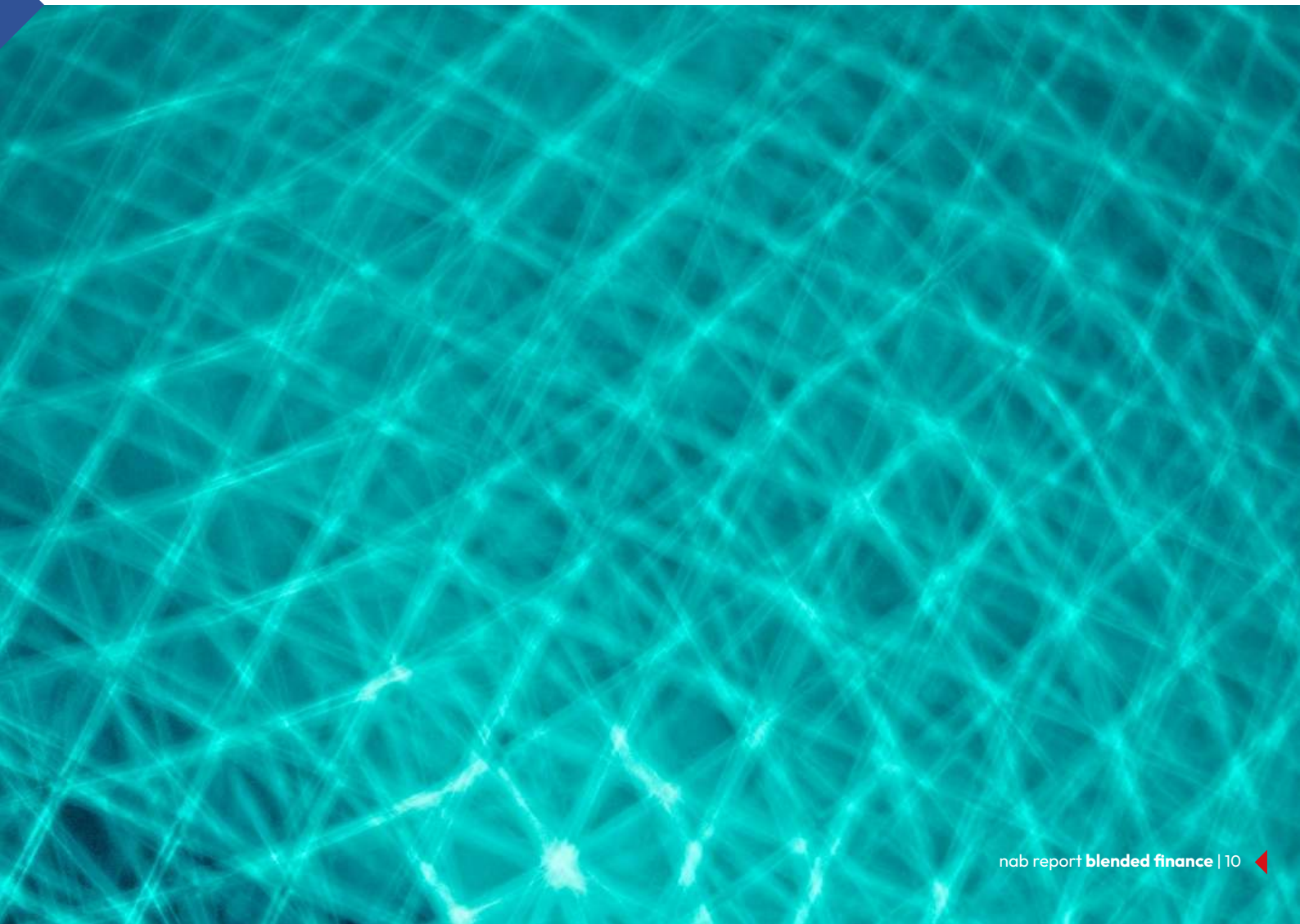
Each case included in this document has been selected for its ability to demonstrate replicable structural innovation, catalytic use of capital, and/or integration of impact objectives with financial discipline. The cases reflect the growing maturity and geographic diversity of blended finance, demonstrating its adaptability from greenfield renewables in Africa to inclusive employment in the Netherlands.

This document should be used as a practical reference for financial practitioners, fund managers, DFIs, policymakers and asset owners seeking to design, assess, or replicate blended finance mechanisms at scale.

Chapter 2



Blended finance structure blueprints





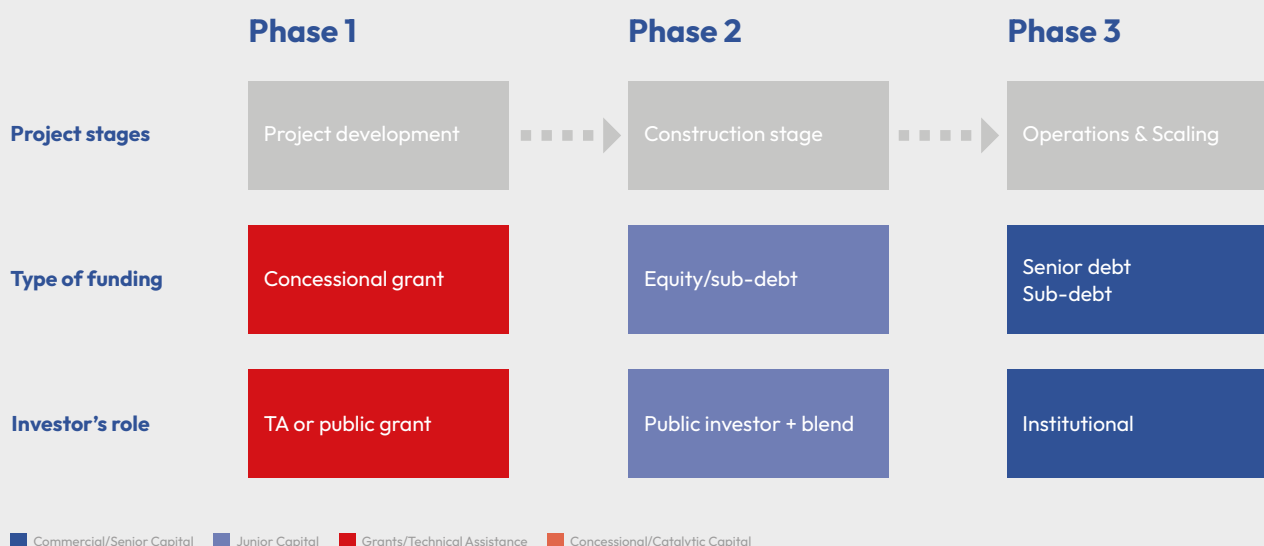
Blended finance (BF) structures and mechanisms vary across sectors and geographies, but a careful review of 19 real-world case studies and two strategies in this inventory reveals five blueprints that consistently define how concessional and commercial capital can interact to overcome market failures. The mechanisms are not mutually exclusive. In practice, they are frequently combined to align risk, enhance returns, and build investable markets. This section summarises each structure, traces its application, and distils the recurring patterns that underpin operational blended finance design.

Phased capital deployment



Overview

This is the most frequent structure, seen in many entrepreneurial activities. It aligns various types of capital with the distinct risk profiles at each project stage (development, construction, operation). It de-risks early-stage activities and provides exit routes for higher-risk investors as projects mature.



Structural mechanism

1. Development and feasibility phase

- Focus: mitigates early risk and funds feasibility studies, permits, and bankability.
- Capital instruments: development grants, reimbursable development loans, seed equity tranches, and dedicated TA facilities.
- Risk profile: highest uncertainty; paramount need for grant-based risk tolerance and capacity building.

2. Construction and implementation phase

- Focus: manages capex overrun risk and funds physical build-out.
- Capital instruments: first-loss equity, mezzanine debt, partial credit guarantees, subordinated tranches.
- Risk profile: medium-high risk mitigated by layering junior tranches beneath senior debt to absorb potential cost overruns.



3. Operation and scale-up phase

- Focus: refinances prior debt and funds ongoing operations/expansion once revenue is visible.
- Capital instruments: senior commercial debt, long-term bonds, institutional equity, refinancing facilities.
- Risk profile: lower operational risk once revenues stabilise; commercial return expectations apply.

Key features

- Investor incentives: the concessional tranches reduce the Weighted Average Cost of Capital (WACC), making the financing affordable for the investees, while keeping a “commercial” return for senior investors.
- TA role: enhances feasibility, ESG compliance, bankability, and governance.

Success factors

- Clear de-risking milestones
- Strong project preparation
- Available concessional capital
- Clear exit pathways for each investor class
- Path to commercial viability

Application and replication

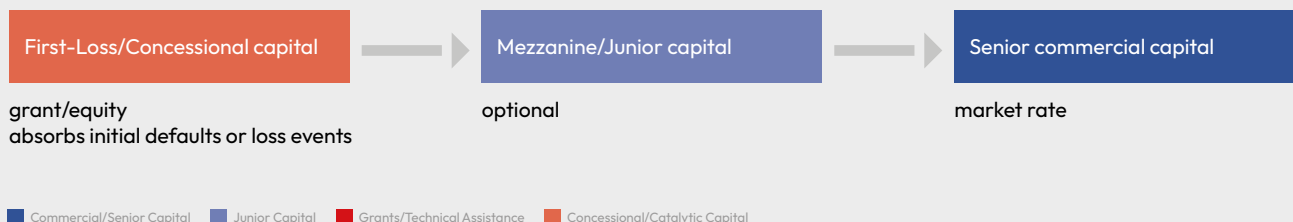
Highly replicable for project finance, with concrete examples found particularly in sectors such as infrastructure, climate, health, and digital inclusion (e.g. Climate Investor One, EMCAF, Green Shipping Fund, France 2030). Ideal for large-scale ventures with distinct, progressively de-risked phases. Another application is when donors/Multilateral Development Banks (MDBs) finance changes in the regulation/supervision of the financial sector in a given country and then support new financial institutions with concessional funding or first losses to help them generate track record and subsequently get replaced by senior investors.

Tiered investor/investee-level risk structuring



Overview

Utilise a multi-layered capital stack—whether in debt, equity, or hybrid structures—to allocate risk and return across investor types. This approach manages both investor-level and transaction-level risk by combining subordinated tranches, preferred equity, and credit enhancement tools to absorb losses and align incentives.





Structural mechanism

1. Concessional / first-loss tranche

- Focus: risk absorption and credit enhancement to catalyse senior capital.
- Providers: DFIs, donor agencies, philanthropic capital.
- Instruments: first-loss equity, subordinated debt, partial guarantees, grant capital.
- Function: shields senior tranches from initial losses, while allowing first-loss tranches to phase out over time as underlying risks diminish or the investment matures, ensuring the structure remains efficient and time-bound.

2. Mezzanine / junior tranche (optional)

- Focus: intermediate risk mitigation and partial return enhancement.
- Providers: impact investors, higher risk appetite lenders.
- Instruments: (preferred or junior) equity, capped-return shares, subordinated loans.

3. Senior / commercial tranche

- Focus: mobilisation of institutional capital at market-competitive terms.
- Providers: pension funds, insurers, banks, endowments, via their asset managers.
- Instruments: market-rate debt, bonds, senior equity.

Key features

- Investor incentives: tiered risk-return profiles, pre-specified entry layers aligned to institutional risk mandates.

Success factors

- Legally codified profit & loss waterfall structure.
- Sufficient concessional capital to protect senior tranches.
- Experienced fund manager with blended finance expertise.
- Investor alignment on risk-return expectations.
- Defined exit for first-loss investors, enabling capital recycling and supporting commercial sustainability.

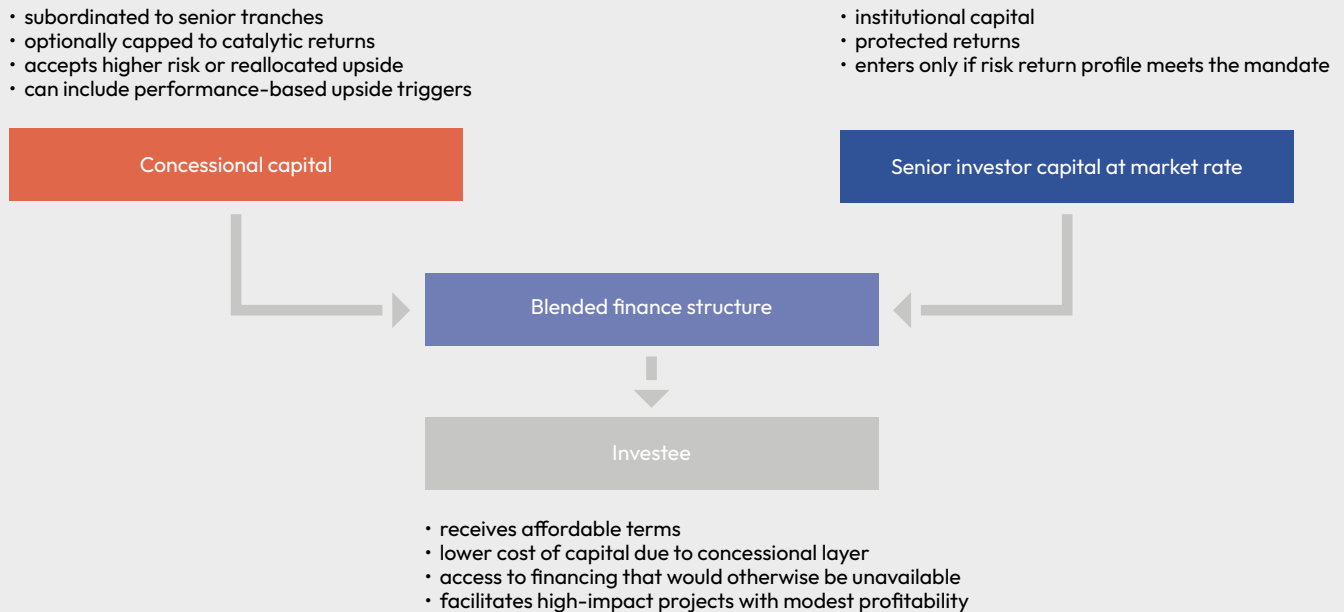
Application and replication

Highly replicable across sectors with high perceived risk and public-good characteristics and for market creation. Effective for: SMEs finance, climate infrastructure, agriculture and land use, social finance, public-private investment platforms. Suitable for large-scale or early-stage investments requiring phased de-risking, especially in emerging markets.

Return enhancement

Overview

Boost net risk-adjusted returns for commercial investors by embedding concessional tranches, cost (hedging) subsidies, and policy (tax, subsidies) incentives to close the return gap without imposing undue burdens on investees.



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Structural mechanism

1. Concessional capital for return enhancement

- Focus: increase investor returns for impact-first or low-yield investments
- Capital: subordinated, concessional (foundations, NGOs, public investors)
- Instruments: capped return layers, low-interest debt or equity

2. Cost structure optimisation

- Focus: lower project WACC, reduce operational cost, and mobilise other sorts of, and more, capital
- Capital: grants, concessional debt
- Instruments: subsidised interest rates, hedging subsidies, and viability gap funding.

3. Fiscal and policy incentives

- Focus: boost post-tax returns or ensure revenue floors, give a value to impact
- Capital: government/public support
- Instruments: tax incentives, milestone-linked grants, impact-based outcome payments, results-based financing¹

¹ It does not reduce upfront capital costs like concessional capital or cost subsidies but increases revenue predictability by rewarding verified impact.



Key features

- Tiered capital structure with upside reallocation
- Targeted Internal Rate of Return (IRR) for senior investors without overburdening investees
- Concessional layer limits downside and redirects upside

Success factors

- Clear identification of cost/return gap
- Transparent linkage between subsidy and investor return
- Strong policy alignment and catalytic targeting

Application and replication

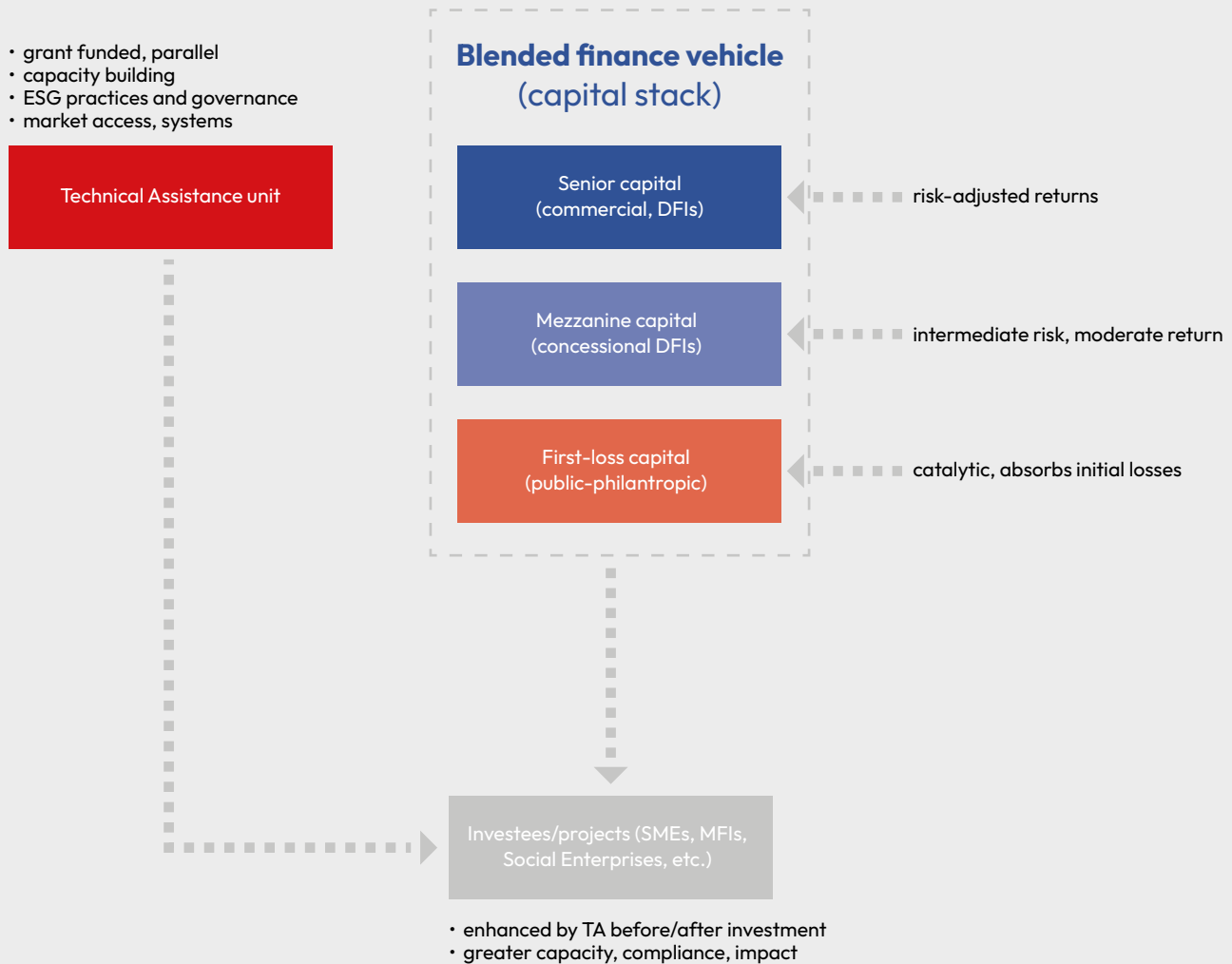
Used in the real-world cases in relation with microfinance, SMEs credit, agriculture value chains, and renewable energy (e.g. Hivos-Triadoss, REGMIFA, CI2, Groenprojecten). Also relevant in regulated or low-return environments across Europe (e.g. France 2030, Green Shipping Fund). Its principles are sector-agnostic and adaptable to areas such as health, education, circular economy, water and sanitation, and affordable housing; any context where public-good outcomes require de-risking to mobilise private capital.



Technical Assistance integration

Overview

Address non-financial impediments, governance, ESG, pipeline development, through an on-going TA mechanism embedded within the blended finance vehicle, thereby strengthening investee capacity and reducing operational risk.





Mechanism

1. Technical Assistance facility

- Focus: enhance investee operational, ESG, and/or financial capacity
- Capital: grant-financed (donors, governments, philanthropies) in all or in part
- Instruments: pre- and post-investment TA; performance-linked disbursement based on Key Performance Indicators (KPIs)

2. Blended capital vehicle

- Often structured in combination with first-loss, mezzanine, and senior tranches alongside the TA to de-risk commercial investment, but not always².

Key features

- Parallel or embedded TA facility supporting pipeline development and post-investment performance.
- Instruments financing investees can also be structured as incentives (e.g. discounted interest rate) to align with TA-enabled improvements.
- Flexible deployment: TA can be a prerequisite or ongoing support.

Success factors

- Strong coordination between financial and TA teams
- Customisation of TA to investee context
- Qualified, sector-specific TA partners with local expertise
- Dedicated and ring-fenced TA funding
- Clear KPIs linking TA results to financial and impact performance

Application and replication

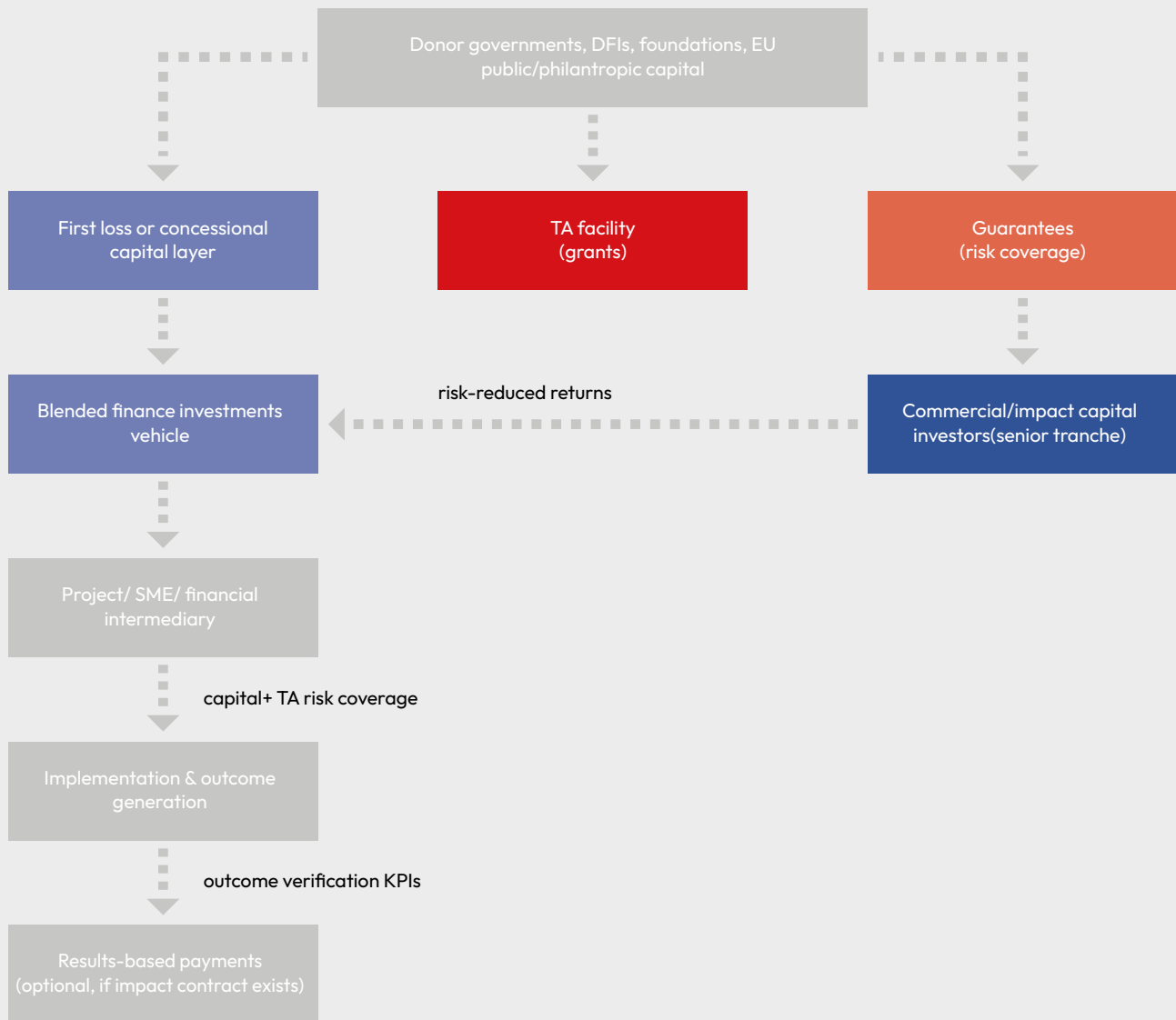
- Used in underdeveloped markets where non-financial barriers hinder making investments.
- Used in the cases in inclusive finance (REGMIFA), sustainable agriculture (AGRI3), green SMEs (MFF), and European social funds (SIF, BSC). While not present in every case of this inventory, Technical Assistance is broadly applicable across all sectors where barriers to invest stem from limited capacity, information asymmetries, weak governance, or early-stage risk.
- Results: improves investee bankability, portfolio quality, and long-term financial sustainability.
- When directly linked to investment, TA becomes more powerful—aligning capacity-building with concrete financial outcomes and ensuring that support is demand-driven, performance-oriented, and investment-relevant.

² Many DFI-led vehicles (e.g., IFC, EIB) blend capital through parallel co-investment or technical assistance without concessionality or formal subordination.

Multi-instrument structure

Overview

This structure integrates layered capital, guarantees, technical assistance, and hedging instruments to address multi-dimensional risks in complex or frontier markets.



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Structural mechanism: combined

1. Layered capital stack (first-loss, mezzanine, senior)

- Focus: investor-level risk absorption and capital mobilisation
- Capital: philanthropic, public, institutional
- Instruments: first-loss equity, subordinated debt, senior commercial tranches



2. Risk insurance and guarantees

- Focus: mitigation of political, FX, and default risks
- Capital: DFIs, Export-Credit Agencies, multilateral guarantors and insurers (such as Multilateral Investment Guarantee Agency)
- Instruments: political risk insurance, partial credit guarantees, FX hedging

3. Technical assistance (embedded and parallel)

- Focus: bankability, ESG compliance, operational capacity
- Capital: public sector donors
- Instruments: TA grants, milestone-linked disbursements, capacity-building programmes

4. Return enhancement tools

- Focus: commercial viability in marginal projects
- Capital: DFIs, donors
- Instruments: concessional capital, subsidies, hedging

Key features

- Simultaneous application layered trenching, guarantee, insurance, and return enhancements
- Ability to use TA to further support investments
- Tailored to address multi-dimensional risk barriers
- Enables scale in fragile or complex investment environments

Success factors

- Rigorous and well documented coordination between capital layers, TA, guarantee and insurance actors
- Clear and precise risk allocation and role clarity
- Robust governance with simplified transaction structures
- Investment able pipeline supported by TA

Application and replication

- Ideal for large-scale infrastructure, nature-based solutions, or high-risk inclusive sectors
- Applicable to both fund structures (e.g., EMCAF, AGRI3) and Special Purpose Vehicles (SPVs).
- Replicable in Europe via EIF/EIB guarantees and national public capital blending for Green Deal investments

Conclusion for all blueprints

The five blueprints in this compendium present a spectrum of blended finance architectures, from single catalytic instruments to fully integrated risk mitigation systems. While each blueprint addresses specific structural and contextual barriers, in practice, high-functioning blended finance structures often combine mechanisms such as layering concessional capital, guarantees, technical assistance, and insurance to match investor risk appetites and impact goals.

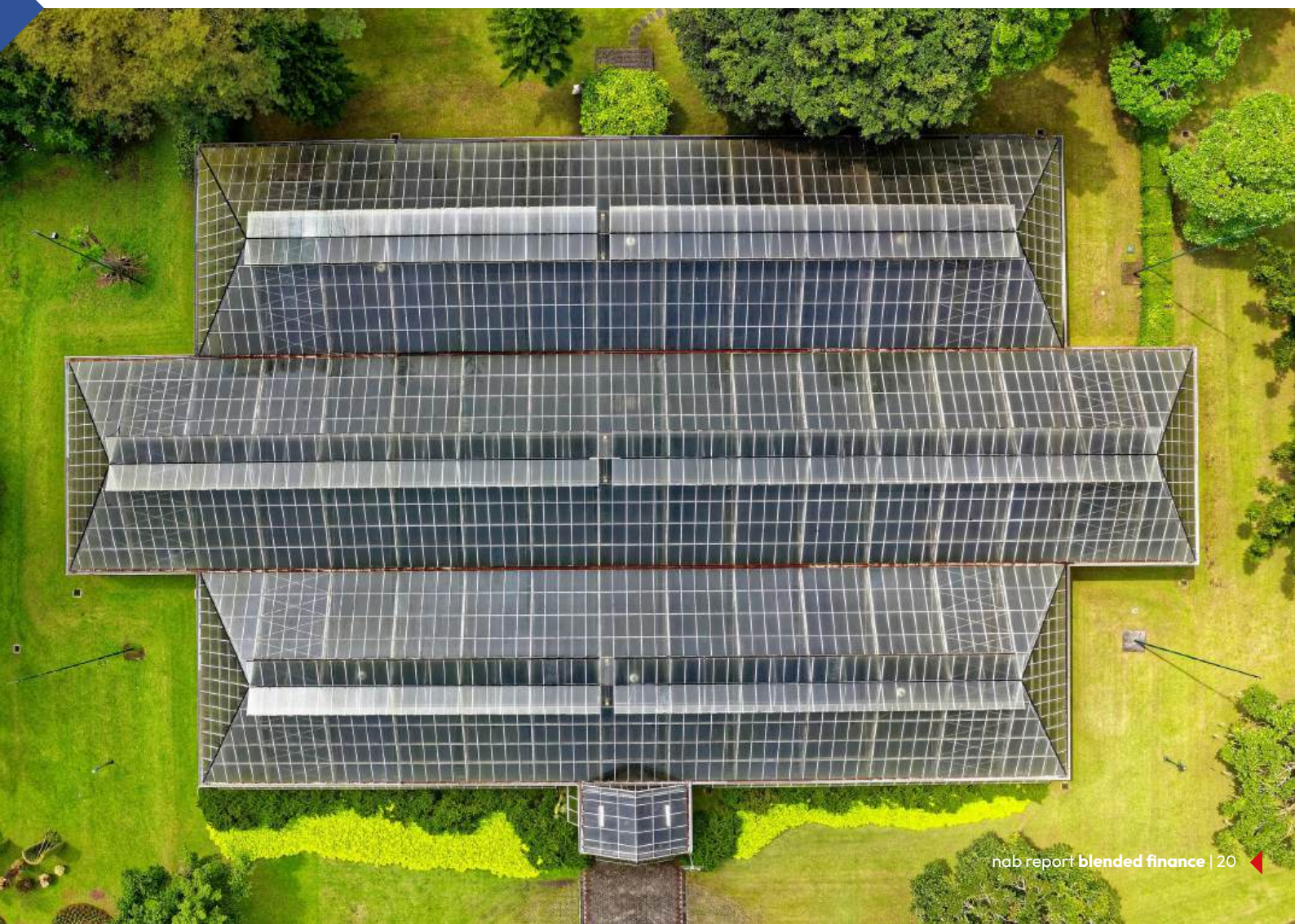
This modular, combinatory approach is essential to mobilise private capital at scale, particularly in high-risk environments and complex sectors such as climate infrastructure, agri-finance, and inclusive economic systems. For example, initiatives like AGRI3, Climate Investor One, and EMCAF illustrate the power of combining TA, risk mitigation, and capital layering to achieve both financial performance and developmental impact.

Blended finance's strength lies in its adaptability: by assembling tailored structures from these blueprints, practitioners can unlock investment in sectors and geographies where commercial capital alone would not tread. While these blueprints offer a useful analytical framework, blended finance structures are ultimately the result of negotiation dynamics, perceived risk, and funder objectives. No blueprint is universally applicable without contextual adaptation. For a comprehensive breakdown of instruments, structures, and suitability by use case, see Chapter 4. The following "Lessons Learned" distil cross-case insights and practical recommendations to inform replication in the Dutch and broader European context.

Chapter 3



Lessons learned from the implementation of blended finance





Blended finance structures are most effective when capital instruments are aligned with project risk, implementation context, and investor expectations. Analysis of 19 case studies and two strategies reveals common, validated lessons applicable across both emerging markets and the Dutch/EU context, offering practical guidance for fund managers, donors, public investors, and institutional actors.

Structure capital to match risk and mobilise private investment

- Use tiered capital structures: instruments such as first-loss tranches and subordinated debt enable different investor risk appetites to co-exist in one vehicle.
- Deploy patient and concessional capital strategically: public capital must play a catalytic role, especially in early-stage or high-risk sectors, and have an option to exit and be recycled
- Avoid overambitious leverage targets: set realistic ratios based on project type, geography, and maturity to maintain credibility and investor confidence.
- Ensure clarity on investor entry and exit points: especially when engaging institutional investors.

Use catalytic instruments to enhance risk-adjusted returns

- Use junior capital to absorb risk: deploy first-loss and subordinated tranches to protect senior investors.
- Apply guarantees strategically: cover credit, political, or currency risks to de-risk investor exposure.
- Incentivise returns: use capped-return layers, interest subsidies, or milestone grants to boost investor IRR.
- Ensure structural transparency: clearly define loss waterfalls, guarantee triggers, and payout terms.
- Match catalytic capital to investor needs: ensure sufficient concessional capital to credibly de-risk and attract senior investors.

Pair financial tools with ecosystem support

- Invest in project preparation and pipeline: blended finance alone is often insufficient; it must be complemented by technical assistance, capacity building, and broader ecosystem development to ensure success.
- Leverage intermediaries and public co-investment: strong fund managers and local financial institutions are critical to deploy capital effectively.
- Support with non-financial tools: integrate ESG, governance, and impact monitoring mechanisms to build trust and improve outcomes.

Align incentives and governance across stakeholders

- Co-design with public-private partners: all partners need to agree upfront on the governance design, how the structure is managed, who makes investment decisions, and how risks, returns, and performance are shared, ensuring transparency, aligned incentives, and accountability throughout the investment lifecycle.
- Enable regulatory support: tax benefits, guarantee schemes, or regulatory clarity can unlock institutional capital.
- Use dormant or underutilised public capital: dormant assets or strategic public reserves can be unlocked through first-loss or subordinated positions.
- Ensure reflexive governance: monitoring and feedback loops support upscaling and adaptability.

These lessons underscore a central theme: blended finance is not merely a funding mechanism but a disciplined approach to market-building. When structured effectively, it transforms development challenges into investable opportunities, making it an indispensable tool in closing the SDG financing gap.

Chapter 4



Summary of structures



Blended finance instruments

Please refer to the following table for a quick search of the most relevant cases depending on the targeted instrument.

Instrument	Role in bf structure	Case
First-Loss Capital	Absorbs initial losses to de-risk senior tranches; enhances credit-worthiness of the structure.	SDG Loan Fund (Class B Shares); CI1/CI2 (Tier 1 Equity); REGMIFA (Class C Shares); EMCAF (Public Junior Tranche); Sociaal Innovatiefonds (Public first-loss); Better Society Capital (Dormant assets as first-loss); DGGF (First-loss guarantee), Sanitation and Water Loan Strategy
Guarantees	Provides partial protection to lenders/investors against specific risks (credit, political, FX), enabling participation.	AGRI3 Fund (Loan guarantees); Atradius DSB (Export credit & investment insurance); SDG Loan Fund (MacArthur Foundation guarantee); Green Shipping Fund (ECA-backed guarantee facility); France 2030 (Guarantees for commercial lending)
Technical Assistance (TA)	Strengthens investee capacity, supports ESG compliance, improves pipeline bankability and monitoring.	AGRI3 Fund (ESG and farmer training); MFF (Pipeline & carbon certification); DGGF (Entrepreneur support); REGMIFA (TA facility for PLIs); Hivos-Triodos (Capacity building); Sociaal Innovatiefonds (Coaching & HR advisory); CI1/CI2 (Project preparation)
Concessional Debt/Equity	Improves project or fund bankability; often provided at below-market terms to catalyse commercial finance.	CI1/CI2 (Development fund loans); MFF (Development finance equity); Hivos-Triodos (Subordinated loan); Seed Capital Scheme (Subordinated loans/equity); Nationale Warmtefonds (Low/zero-interest loans); Sociaal Innovatiefonds (Subordinated convertible notes)
Subordinated Capital	Acts as buffer below senior tranches; can be first-loss or mezzanine depending on structure.	REGMIFA (Subordinated Class C); SDG Loan Fund (Junior Class B); CIO/CI2 (Subordinated Equity); Hivos-Triodos (Junior loan); Seed Capital Scheme (Subordinated public capital); AGRI3 Fund (Subordinated loans)
Grants (Non-TA)	Covers non-recoverable costs (e.g., feasibility studies, innovation, viability gaps); used at early stages.	CI1/CI2 (Early-stage development grants); France 2030 (R&D and decarbonisation grants), TCX + European Commission
Tax Incentives/ Subsidies	Reduces cost of capital for investors or projects via fiscal benefits; incentivises participation.	Green Projects Scheme (Groenprojecten/Groenfondsen – tax credits for eligible green projects)
Hedging Instruments (Subsidised)	Mitigates currency risk to enable local currency investments, especially in volatile FX environments.	TCX + European Commission
Anchor Investments by Public Actors	Initial investment by public or DFI actors to validate fund strategy and crowd in private capital.	Dutch Future Fund I (Invest-NL and EIF as anchors); Better Society Capital (Anchor role in new funds); EMCAF (EIB and public investors as anchors); France 2030 (Public sector as lead capital)

Blended finance structures/mechanisms summary

Please refer to the following table for a quick search of the most relevant cases depending on the targeted structure.

Structure	Cases
Phases	MFF, SDG Loan Fund, CI1, CI2, DFF, REGMIFA, EMCAF, France 2030, Nationale Warmtefonds, Green Shipping Fund
Investor/investee-level	SDG Loan Fund, AGRI3, CI1, CI2, REGMIFA, Hivos-Triodos, DGGF, MFF, Sanitation Strategy, BSC, EMCAF, SIF, Atradius DSB, France 2030, Groenfonds, Seed Capital Scheme, Biodiversity Strategy, Nationale Warmtefonds
Technical assistance	MFF, AGRI3, REGMIFA, CI2, DGGF, SIF, Sanitation Strategy,
Returns enhancement	SDG Loan Fund, Groenfonds, Hivos-Triodos, TCX + European Commission, REGMIFA, France 2030, EMCAF, BSC
Combined structure	MFF, CI1, CI2, REGMIFA, EMCAF, Sanitation Strategy, BSC

Suitability by scenario

Please refer to the following table for quick reference of blended finance structures by typical scenarios, this illustrative overview is neither exhaustive nor prescriptive.

Scenario type	Most suitable structure(s)	Rationale
Large-scale infrastructure (climate, energy)	Combined / Phased	Matches long development cycles, de-risks through phases, integrates TA and guarantees.
Early-stage innovation or inclusive SMEs	Investor/investee-level / Returns enhancement	Risk-bearing public capital or return boosts are needed to engage commercial co-investors.
Fragile or frontier markets	Combined	Multi-instrument structuring reduces exposure to political, FX, and credit risk.
Domestic social inclusion (Europe)	Investor/investee level / Technical assistance	Requires TA and first-loss to engage with unbanked or non-bankable investees.
Green transition in developed economies	Returns enhancement / Investor/investee level	Tax incentives or concessional terms help bridge gaps in IRR expectations.
Agriculture and nature-based solutions	Technical assistance / Combined	Project viability depends on technical performance and risk-sharing across capital stack.
Urban resilience and affordable housing	Phased Development / Combined	Local public-private partnerships, regulatory support, and long-term concessional loans; often suited to DFIs involved in senior/mezzanine positions.
Digital public infrastructure & connectivity	Investor/investee level / Technical assistance	Early-stage concessional investment, local ecosystem strengthening, and possibly public procurement guarantees to enable private sector participation.

Chapter 5



Case studies

The following case studies provide real-world examples of the five blueprints detailed in Chapter 2. Each case demonstrates how these foundational structures are adapted to specific sectors, geographies, and investor mandates, as cross-referenced in the summary tables in Chapter 4.





The Netherlands

Sociaal Innovatiefonds^{4,5,6,7}

1. Project information

- **Name:** Sociaal Innovatiefonds (SIF)
- **Description:** The Sociaal Innovatiefonds (SIF) is a Dutch public-private impact investment fund, launched in 2022 to support inclusive employment and social innovation in the Netherlands. It is designed to improve labour market access for individuals with a structural disadvantage to employment.
- **Location:** Netherlands
- **Stage:** Growth-stage
- **Target sector:** Inclusive employment across various industries
- **Targeted SDGs and problem (impact) addressed:** 8, 10
The challenge of integrating individuals with a distance to the labour market into sustainable employment opportunities.

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Financial risk:** Traditional financiers often hesitate to fund inclusive business models due to perceived risks and uncertain returns.
- **Upfront investment needs:** Employers face initial costs for workplace adaptations and support for employees with disabilities, while benefits like reduced welfare dependency accrue later.
- **Lack of integrated support:** Employers require coordinated assistance from labour market partners to access the right talent and support services.

3. Financing and partnerships

- **Public catalytic capital:** Dutch Ministry of Social Affairs and Employment (Ministerie van SZW): €10 million in first-loss capital
- **Private co-founders:**
 - Stichting DOEN
 - Fonds1818
 - Apostolisch Genootschap
 - Rabo Foundation
 - Kansen voor West (EU)
- **Fund managers:** Start Foundation and Social Finance NL
- **Pilot partners:** Deloitte, SEO Economisch Onderzoek, StartGreen Capital
- **Employer investees (as of 2023):**
 - Social Capital, United Repair Centre, Campooz, A Beautiful Mess, Energiebox, Global Asset Services, Yespers

⁴ <https://sociaalinnovatiefonds.nl/over-het-sif/>

⁵ <https://socfin.nl/het-sociaal-innovatiefonds-zoekt-ondernemers-die-willen-investeren-in-inclusiviteit/>

⁶ https://sociaalinnovatiefonds.nl/wp-content/uploads/2022/11/Impact-Sociaal-Innovatiefonds_SEO_def.pdf

⁷ <https://beleidsonderzoekers.nl/wp-content/uploads/2024/07/Eindrapport-Marktbehoefte-en-Toegevoegde-waarde-SIF.pdf>



4. Investment size and catalytic capital ratio

- **Total fund capital (2023):** €20 million
 - Public First-Loss Capital: €10 million (50%)
 - Private and Philanthropic Capital: €10 million (50%)
- **Invested amount by 2023:** €5.6 million across 8 social enterprises
- **Catalytic capital ratio:** 1:1
- **Impact multiplier:** €6.42 of societal value created per €1 invested (SEO Economisch Onderzoek, 2022)

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- Public first-loss capital: €10 million from the Ministry of SZW provided downside protection, unlocking private sector participation.
- Subordinated convertible notes: tailored debt instruments (5–7 years tenor) with conversion features, enabling patient capital flow to higher-risk social enterprises.

Components:

1. Fund size: €20 million (50% catalytic / 50% private)
2. Ticket size: €100,000 to €500,000 per investment, targeting scale-up capital needs.
3. Fund manager mandate: Social Finance NL and Start Foundation conduct sourcing, due diligence, disbursement, impact monitoring.
4. Return expectations: capital preservation with social impact; some capital recycling expected.

B. Implementation

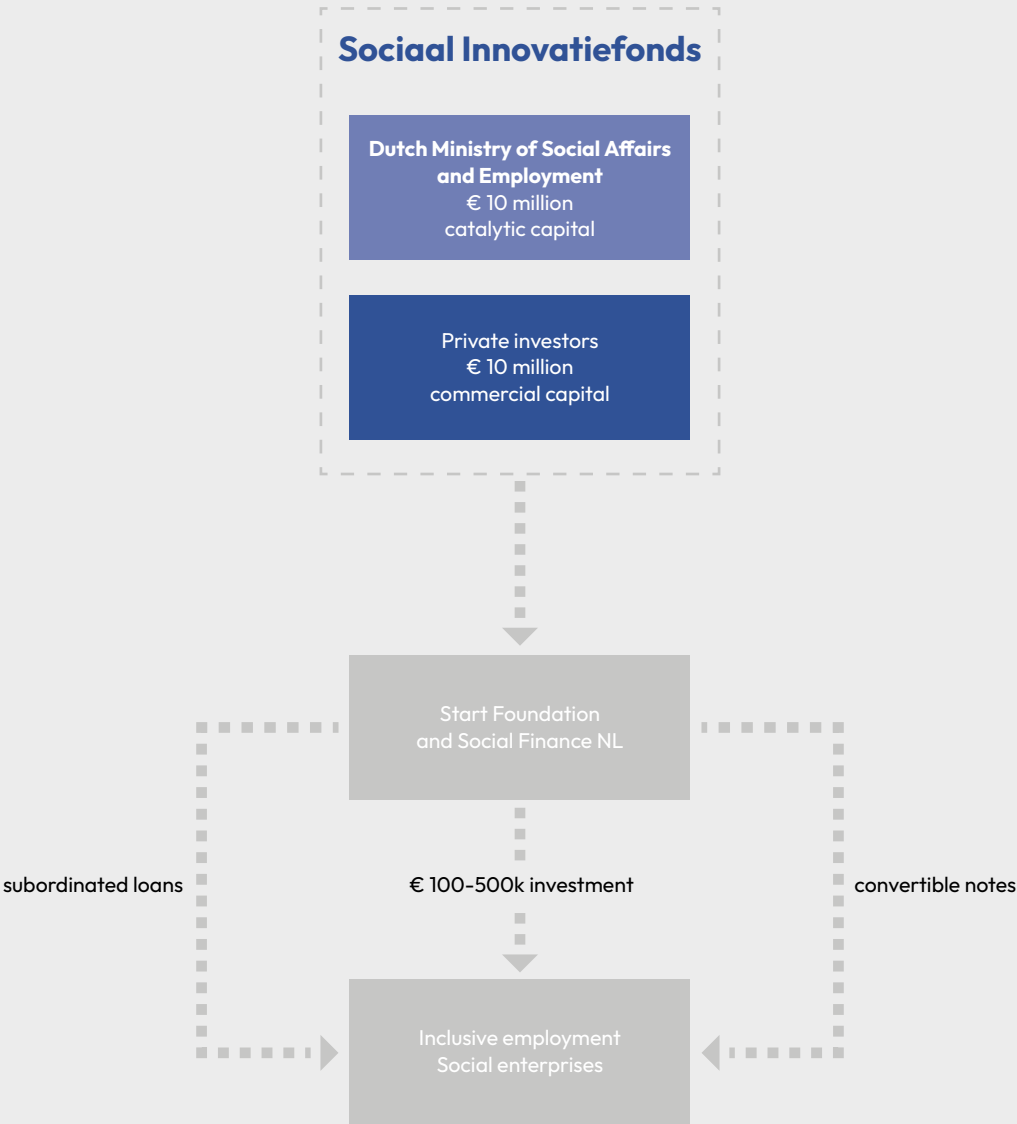
1. Due diligence: multidimensional assessment (financial health, employment impact potential, inclusion methodology)
2. Support tools: beyond capital, SIF offers coaching, HR strategy advisory, and performance tracking to investees.
3. Deployment status (as of 2023):
 - €5.6 million disbursed
 - 8 social enterprises funded
 - 400+ inclusive job pathways supported (estimated)
4. Monitoring: regular reporting on employment metrics, employee outcomes, and business KPIs aligned with Theory of Change.

C. Success factors

- De-risking through public first-loss: reduced risk perception led to greater willingness of foundations and private actors to co-invest.
- Strong policy anchoring: direct alignment with national labour inclusion strategy strengthens legitimacy and coherence.
- Experienced fund management: Start Foundation and Social Finance NL bring complementary expertise in social impact investing and financial structuring.
- Impact-driven investment logic: focused support for SMEs with scalable models for inclusive employment ensures both depth and breadth of social value.



6. Structure diagram (Visual Representation)



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 1 - Sociaal Innovatiefonds structure's diagram (NAB model)



Dutch Future Fund I ^{8,9,10,11}

1. Project information:

- **Name:** Dutch Future Fund I (DFF I)
- **Description:** Launched on 30 October 2020 by Invest-NL and the European Investment Fund (EIF), the DFF aims to provide financing to innovative SMEs in the Netherlands that are ready to scale up, via Venture Capital Fund Investments. The fund focuses on sectors including energy transition, sustainability, circular economy, ICT, Life Sciences, Deep Tech, and AgriFood.
- **Location:** Netherlands.
- **Stage:** Start- / scale-ups.
- **Target sector:** Energy transition, sustainability, circular economy, ICT, Life Sciences, Deep Tech, AgriFood.
- **Target SDGs and problem (impact) addressed:** 7, 12, 13.
- **Impact metrics:** FTE (jobs created), R&D expenditure, number of ventures supported, total ventures funded, capital mobilised, follow-on funding, and innovation outputs such as patents or new products.

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

The DFF helps close the gap in high-risk growth capital for innovative Dutch SMEs by pooling public investments from Invest-NL and the EIF to leverage and attract additional private investors.

3. Financing and partnerships:

- **Financing organisations:**
 - Invest-NL: €150 million (including an additional €25 million contribution from the Dutch Ministry of Economic Affairs and Climate Policy)
 - European Investment Fund (EIF): €150 million of matching funds

4. Investment size and catalytic capital ratio

- **Investment size:** €300 million
- **Mobilised capital:** €848 million to date
- **Catalytic capital ratio:** estimated, approximately 1:2.8 compared to Invest NL and EIF investment

5. Overview of blended finance approach

A. Structuring Process

Catalytic instruments:

- Fund investments by Invest-NL and EIF.

Components:

1. Public Capital Commitment (€300 million):
 - Stakeholders: Invest-NL (€150 million, including €25 million from the Dutch Ministry of Economic Affairs and Climate Policy), EIF (€150 million).
2. Private Capital Mobilisation:
 - Objective: mobilise an additional €1.5 billion in total capital to support innovative Dutch SMEs.
 - Actual mobilisation: Eventually grew to approximately €3.7 billion, although this figure includes several large funds where the EIF/Invest-NL ticket was relatively small.
3. Governance: EIF manages the mandate; Invest-NL can veto investments outside its strategic focus.

⁸ https://www.eif.org/what_we_do/resources/dutch-future-fund/index.htm?lang=en

⁹ <https://www.invest-nl.nl/financiering/portefeuille/dutch-future-fund?lang=en>

¹⁰ https://www.eif.org/what_we_do/guarantees/news/2023/investnl-and-eif-launch-dutch-future-fund-ii.htm

¹¹ <https://www.invest-nl.nl/en/news/invest-nl-and-the-european-investment-fund-launch-dutch-future-fund-ii?lang=en>



B. Implementation

1. Catalytic deployment: public capital anchors the fund, playing an enabling role as a cornerstone investor, facilitating private co-investment in SMEs.
2. Support: approximately 200 innovative Dutch companies are expected to benefit from the fund.

C. Success factors

- Public anchor: €300 million in public capital served as a cornerstone, enabling significant private co-investment.
- Credible partnership: EIF's involvement attracted investors through strong due diligence and European reach.
- Strategic focus: Investments targeted high-growth sectors aligned with Dutch and EU transition priorities.

6. Structure diagram

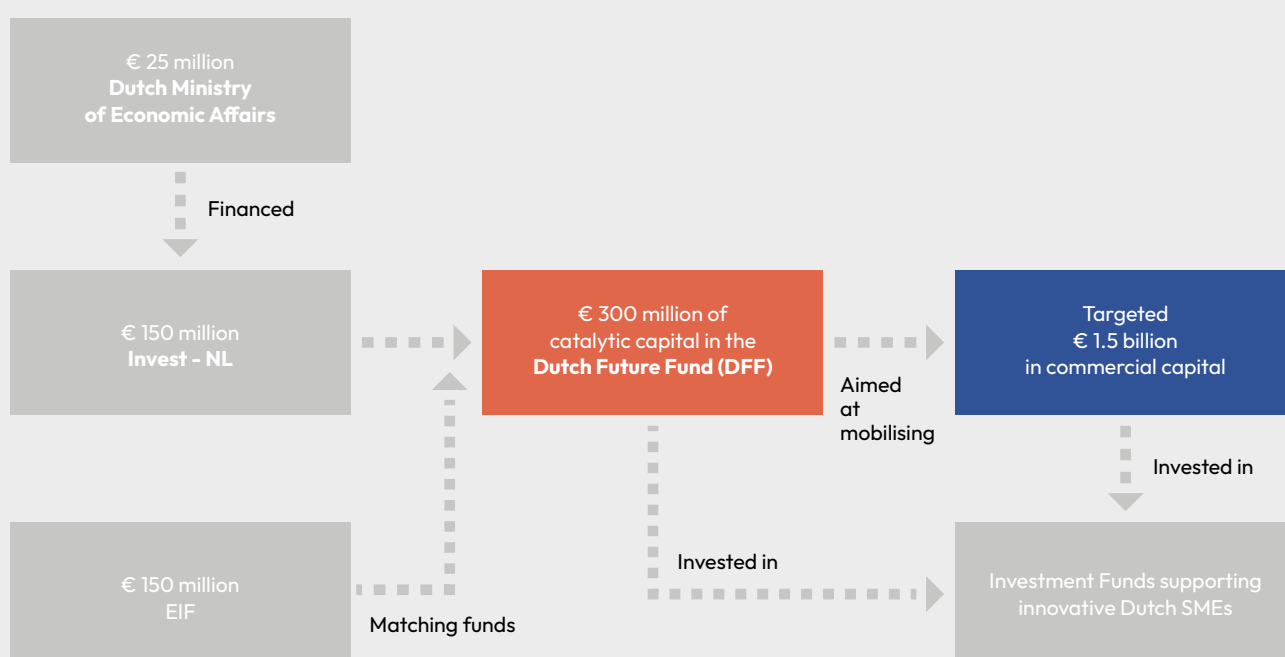


Figure 2 – DFF I structure's diagram (NAB model)



Dutch Export Credit Insurance ¹²

1. Project information

- **Name:** Atradius Dutch state Business (Atradius DSB)
- **Description:** It supports Dutch exporters by providing export credit insurance and guarantees on behalf of the Dutch State since 1932. It facilitates international trade by mitigating risks associated with exporting and investing in emerging markets. Through state-backed blended finance & guarantees Green Shipping Fund collaborates with public and private entities to mobilise capital and make high-risk international transactions more attractive for lenders. Atradius DSB also has cover for fund guarantee solutions ultimately facilitating export finance in emerging markets. Two existing funds are public-private green investment initiatives (Climate Investor I-II and the CFM's Green Shipping Fund).
- **Location:** Netherlands (Headquarters) and global operations
- **Stage:** Mature
- **Target sector:** Dutch export credits are open to all sectors, but an exclusion policy applies. Main sectors include infrastructure, water, waste management, renewable energy, maritime, and agri-food sectors.
- **Target SDGs and problem (impact) addressed:** 8, 9, 13
Facilitating international trade and investment by mitigating risks associated with exporting and investing in emerging markets, thereby promoting economic development and sustainable projects.
- **Impact metrics:** since 2021 Atradius DSB has insured over €3 billion in green labelled export financing transaction. Atradius DSB's main metric encompasses a climate strategy with active fossil exclusion policy, green incentives and decarbonisation of the €17 billion total portfolio. Additionally, through the Dutch Good Growth Fund export finance is facilitated with development impact.

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Technical:** reducing barriers for Dutch businesses to export and invest abroad, especially in emerging markets.
- **Financial:** de-risking international projects so that commercial lenders can participate more confidently.
- **Risk Management:** covering risks associated with non-payment, political instability, and currency restrictions.

3. Financing and partnerships

- **Public:** Atradius Dutch State Business (on behalf of the Dutch State), Ministry of Foreign Affairs
- **Private:** Dutch exporters and project developers, international financiers and investors

4. Investment size and catalytic capital ratio

- **Total investment (annual exposure):** Atradius DSB manages a €17 billion worth of export finance exposure on behalf of the Dutch state. Annually between €3–6 billion of new commitment is given.
- **Catalytic capital ratio:** Not applicable

¹² https://atradiusdutchstatebusiness.nl/en_NL/



5. Overview of blended finance approach

A. Structuring process

Atradius DSB administers a state-backed risk mitigation facility comprising of various insurance and financing solutions.

Each year, Atradius DSB issues between €3–6 billion in new insurance cover, with a total state-backed exposure of €16.8 billion. Its catalytic instruments—Export Credit Insurance and Investment Guarantees—typically cover up to 95% of commercial and/or political risks, unlocking private bank financing by shifting risk to the State. Notably, €1 billion of the portfolio supported green transactions.

The core structure is not fund-based but mainly transaction-specific:

- The Dutch state acts as ultimate risk-bearer through sovereign guarantees.
- Atradius DSB assesses and manages risk (premium income in 2023: €60.1 million).
- Dutch exporters/investors and banks apply for cover, which enables large-scale export financing.
- Newly developed products between 2021–2025 offer investment and whole-fund guarantees (Climate Investor I-II & CFM's Green Shipping Fund).

B. Implementation

Implementation begins with a bank or exporter submitting a transaction to DSB. After full due diligence, including environmental and human rights screening, DSB issues a policy covering the eligible risk portion. For example, on a €100 million export deal, DSB may insure €95 million, allowing a bank to extend financing on de-risked terms. At year-end 2023, the active insured portfolio stood at €17.9 billion. Claims paid amounted to €80.6 million.

C. Success factors

- Sovereign guarantee: the state's full faith backing, AAA rating, ensures high confidence among financiers and their supervisors and ultimately benefits capital requirements.
- Market activation: DSB addresses risk-market gaps, and it mobilises commercial funds which otherwise would not have been issued.
- Risk and ESG management: all deals undergo strict financial and sustainability due diligence.
- Sectoral reach: broad coverage includes industrial sectors that create long-term economic and social impact, both in the Netherlands and abroad.
- Policy alignment: supports strategic objectives.

6. Structure diagram

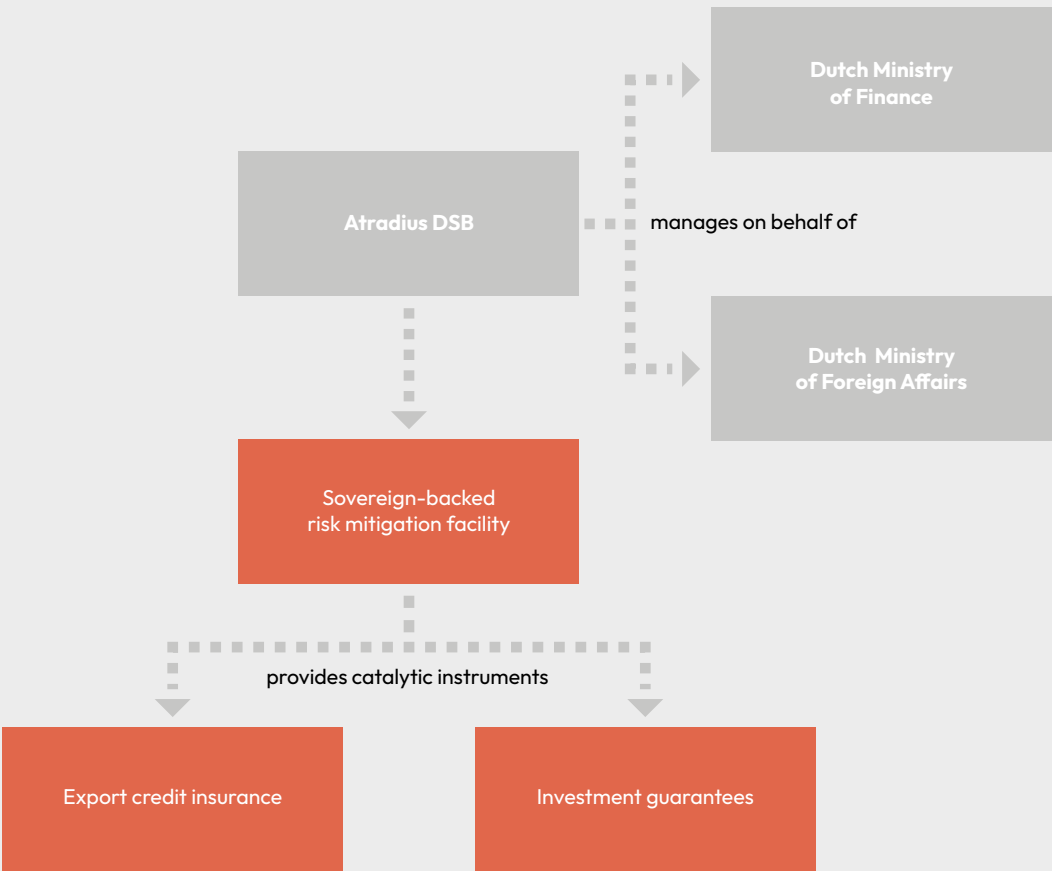


Figure 3 - Atradius DSB structure's diagram (NAB model)

Groenprojecten/Groenfonds ^{13,14,15,16}

1. Project information

- **Name:** Green Projects Scheme (Regeling Groenprojecten)
- **Description:** A blended finance mechanism designed by the Dutch government to stimulate investments in environmentally friendly projects. It integrates public support (Green Certifications) with private financing (bank loans at lower interest rates) to mobilise capital for sustainability initiatives.
- **Location:** Netherlands
- **Stage:** Project financing
- **Target sectors:** Nature, Sustainable Agriculture, Circular Economy, Sustainable Energy, Sustainable Construction, Sustainable Transportation, Climate Adaptation
- **Target SDGs and problem (impact) addressed:** 7, 9, 11, 13
 - Lack of private investment in green projects due to high perceived risks and costs.
- **Impact metrics:**
 - Reduction in CO₂ emissions
 - Increase in renewable energy capacity
 - Number of green projects financed
 - Job creation in sustainable sectors

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Technical/financial challenges:**
 - High upfront costs and long payback periods for green projects deter private investors.
 - Lack of standardised verification for environmental benefits increases perceived risks.
- **Risk mitigation:**
 - Green Certifications provide independent verification, reducing investment risks.
 - Public support lowers borrowing costs, making projects more financially viable.

3. Financing and partnerships

- **Financing organisations:**
 - Ministry of Finance, Ministry of Infrastructure and Water Management. Netherlands Enterprise Agency (RVO) issues Green Certifications (Dutch government provides tax incentives for green investments).
 - Participating banks (ABN AMRO, ASN Bank, Rabo Groen Bank, ING, Triodos Groenfonds) offer preferential loan terms.

4. Investment size and catalytic capital ratio

- **Investment size:** Varies by project, but the scheme mobilises significant private capital through public support. There isn't a centralised fund size.
- **Catalytic capital ratio¹⁷:** No fixed ratio
 - Tax Incentives drive private investment.

5. Overview of finance approach

A. Structuring process

Catalytic instruments:

- Tax Incentives: 0.1% tax credit on green investments (down from 0.7% in 2024), managed by Dutch Tax Authority
- Green Certification: RVO certifies eligible projects, reducing due diligence costs and increasing transparency for investors and banks.
- Governance: RVO certifies projects; banks syndicate loans.

¹³ <https://business.gov.nl/subsidy/green-projects-scheme/>

¹⁴ <https://www.rvo.nl/subsidies-financiering/regeling-groenprojecten#categorie%C3%ABn>

¹⁵ <https://www.rvo.nl/subsidies-financiering/regeling-groenprojecten/groenfonds>

¹⁶ https://www.nationaalgroenfonds.nl/wp-content/uploads/2023/11/Werkprogramma-2023_definitief.pdf

¹⁷ There is no formal leverage ratio reported (as the scheme does not follow a traditional blended finance fund model)



B. Implementation

1. Catalytic mobilisation: over €4 billion mobilised from retail investors since 1995 via green savings and investment products.
2. Risk mitigation: certification assures banks of project viability.
3. Flow of funds supports 7,000+ projects (e.g., solar parks, circular factories).

C. Success factors

- Fiscal alignment: tax credits drive retail participation.
- Standardisation: Green Certifications reduce due diligence costs.
- Impact scale.

6. Structure diagram¹⁸

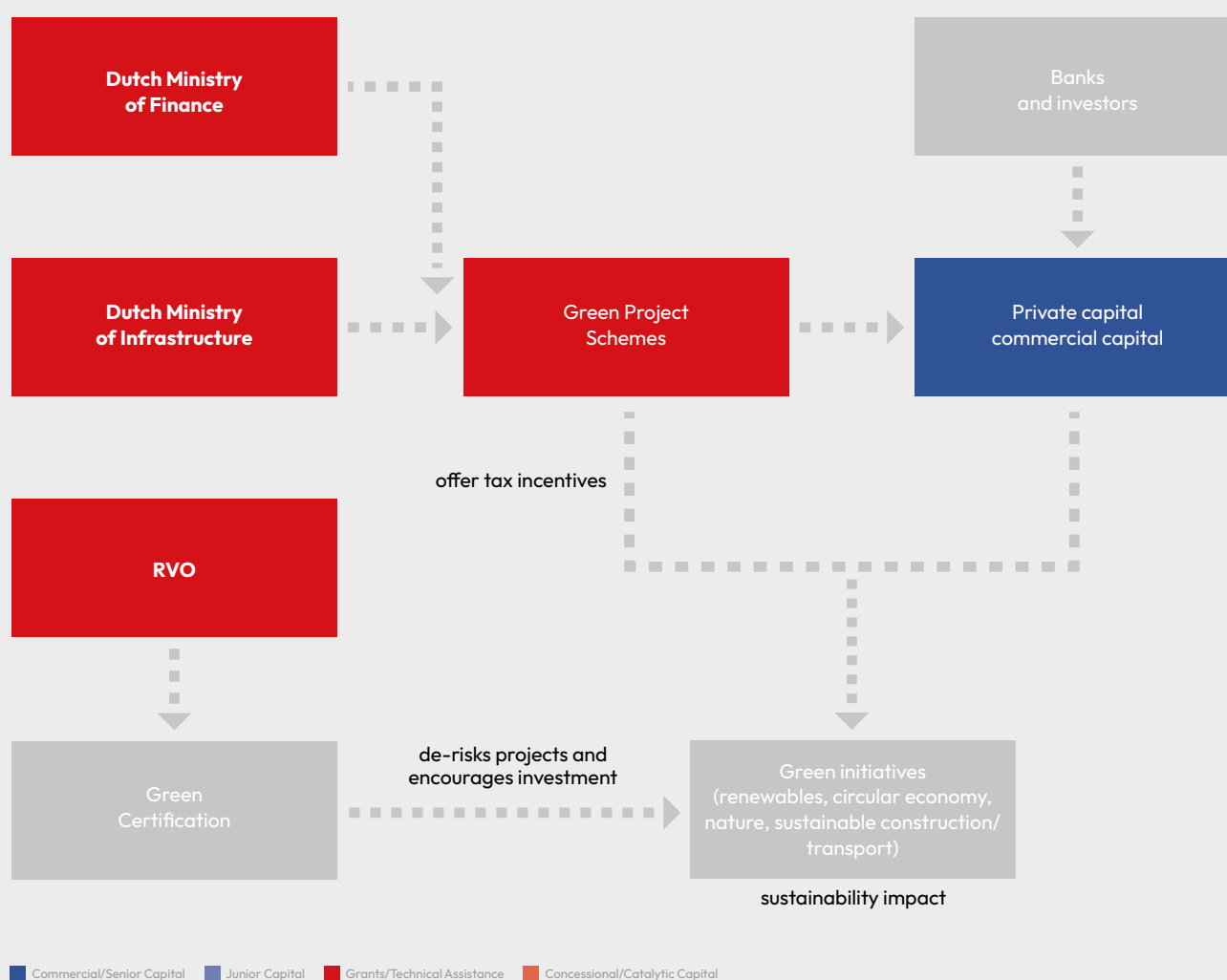


Figure 4 - Groenfonds structure's diagram (NAB model)

¹⁸ The core element is the "Green Declaration" issued by the Netherlands Enterprise Agency (RVO). This official certification verifies a project's environmental benefits, enhancing its credibility and attractiveness to investors.

Private sector mobilisation:

- Reduced interest rates: Participating banks (ABN AMRO, ASN Bank, Rabo Groen Bank, ING, Triodos Groenfonds, etc.) offer preferential loan terms to projects with Green Declarations.
- Investor incentives: Tax incentives for individuals investing in green funds further incentivise private capital mobilisation.



Seed capital scheme ¹⁹

1. Project Information

- **Name:** Seed Capital Scheme (SEED Capital Regeling – RVO)
- **Description:** A Dutch government co-investment instrument that supports innovative startups by investing—alongside private venture capital, in high-risk early-stage funds. The goal is to improve access to capital for knowledge-intensive and technology-driven startups.
- **Location:** Netherlands
- **Stage:** project financing
- **Target sector:** Deep-tech, Life Sciences, Energy, Circular Economy, and other high-innovation sectors
- **Target SDGs and problem (impact) addressed:** SDGs: 8, 9, 12, 13
 - Structural underfinancing of early-stage, high-risk technological innovation critical to Dutch transition goals (Energy, Health, Circularity).
- **Impact metrics:**
 - Number of startups funded
 - Follow-on investment volume
 - Survival rate after 5 years
 - Contribution to SDG-related innovation targets

2. Problem / Challenge

- **Technical/Financial:**
 - Private VCs are reluctant to finance early-stage, high-risk ventures due to long development timelines and uncertain exit potential.
- **Blended finance solution:**
 - The government acts as a patient co-investor with a subordinated position, accepting downside to de-risk private VC capital and extend investment horizons.

3. Financing and partnerships

- **Financing organisations:**
 - Ministry of Economic Affairs and Climate Policy (via RVO)
 - Private-sector Venture Capital funds

4. Investment size and catalytic capital ratio

- Average fund size supported: €10–30 million
- Public share per fund: up to 50%, subordinated
- Catalytic capital ratio: 1:1 at entry, but effective leverage is higher due to risk position and follow-on private funding (often reaching 1:2 or more)

5. Overview of blended finance approach

A. Structuring process

- RVO selects fund managers through a competitive process
- Funds must present credible pipeline and impact strategy
- The structure is a fund-level co-investment: public capital is subordinated in repayment and return rights

B. Implementation

1. 32 funds approved since inception (2005), several fully repaid
2. Targeted to fund managers with strong sectoral expertise and impact orientation
3. Investee selection guided by both commercial and innovation-impact criteria

¹⁹ <https://business.gov.nl/subsidy/seed-capital-scheme/>

C. Success Factors

- Clearly defined risk-sharing mechanism (public capital takes first-loss)
- Selection of experienced fund managers with deep sectoral networks
- High alignment with national innovation and sustainability policy (e.g. Top Sectors, Climate Agreement)
- Use of revolving model: repayments feed new fund calls

6. Structure diagram

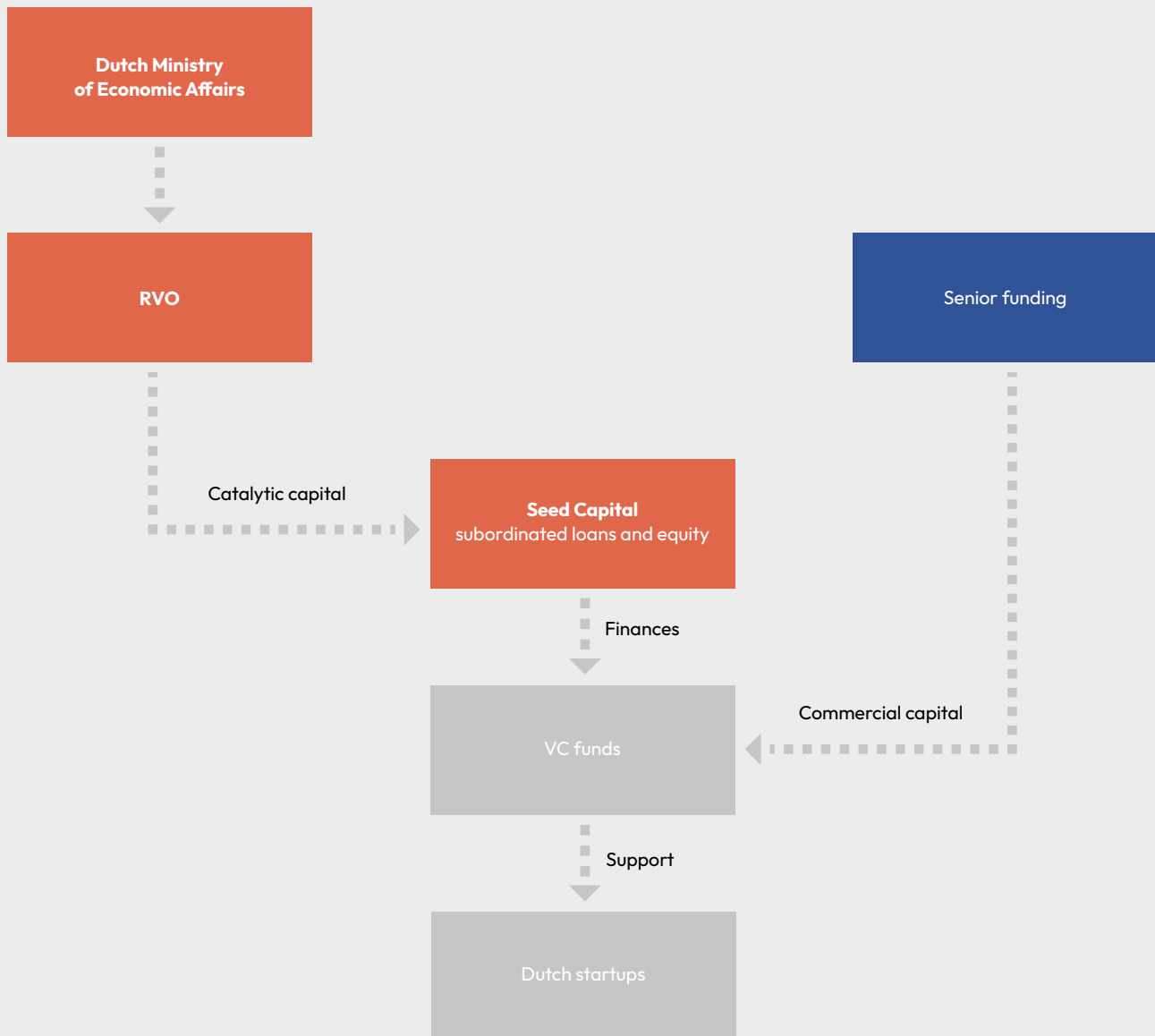


Figure 5 – Seed capital scheme – RVO. NAB model

Nationale Warmtefonds (Dutch heat fund)²⁰

1. Project Information

- **Name:** Nationale Warmtefonds (NWF)
- **Description:** A revolving public fund delivering low-interest loans for residential and building energy efficiency upgrades (e.g., insulation, heat pumps, glazing), targeting low- and middle-income households and owners' associations.
- **Location:** Netherlands
- **Stage:** On-going implementation, loan disbursement
- **Target Sector:** Residential energy efficiency and building retrofit
- **Target SDGs and impact problem (impact) addressed:** SDG 7, 11, 13
 - Market failure in access to affordable retrofit financing for homeowners and owners' associations, especially those underserved by banks.
- **Impact metrics:**
 - 208,000+ buildings retrofitted, €1.2 billion in loans disbursed (up to Dec 2023)
 - In 2023, €267 million for 22,618 households, with 54 % interest-free on low-middle-income loans.

2. Problem / Challenge

- **Financial risk:** commercial lenders avoid small retrofit loans due to handling complexity and low margins; perceived credit risk among lower-income homeowners.
- **Subsidy issues:** traditional grants/subsidies reach fewer households and often have uneven cost-effectiveness compared to revolving loans; no systemic loan product existed for energy retrofit.

3. Financing and partnerships

- **Public equity/loan providers:** Dutch Government via Ministry of BZK, and reinvested recycled repayments
- **DFI/Development Bank loan lines:** Council of Europe Development Bank (CEB) provided €150 million in 2018–19 and €200 million in 2021 for on-lending to homeowners and owners' associations.
- **Private-sector partners:** ING, ASN Bank, municipalities – co-lend or promote loans locally (ING provided €250 million tranche).

4. Investment size and catalytic capital ratio

- **Capital volume:**
 - Capital disbursed since inception (~2013): ≥ €1.2 billion
 - CEB loans: €350 million total
- **Catalytic ratio:** Public equity + DFI loans > 1:3 relative to private loans; municipal and bank contributions further mobilise debt. Exact leverage not standardised in public documents.

5. Overview of blended finance approach

A. Structuring process

- Created in 2013 as a revolving fund; structured as off budget, independent legal entity.
- Public repayments stay in the fund, enabling refinancing and scale.
- CEB loans provide wholesale low-cost capital to fund retail lending.

B. Implementation

1. Offers multiple retail product lines: interest-bearing, interest-free, and bespoke owners' associations loans with five-year grace periods.
2. Household uptake rose from 17,478 (2022) to 22,618 (2023), with 84% of funding to private individuals and 16% to owners' associations.

²⁰ <https://www.warmtefonds.nl/over-ons>

C. Success factors

- Revolving design sustains funding over time
- Low-interest or interest-free terms improve affordability and scale
- Trusted brand and public backing encourage uptake
- Strong partner network with banks and municipalities increases access and volumes

6. Structure diagram

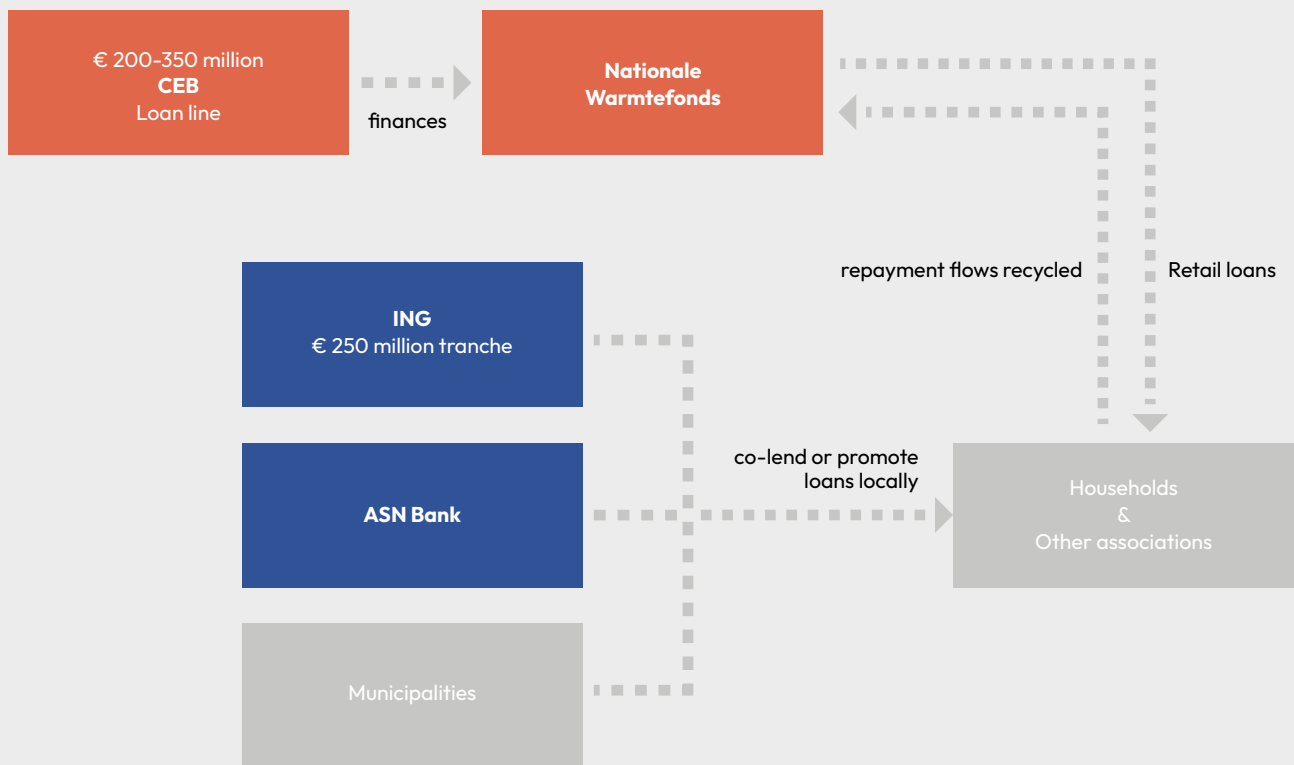


Figure 6 - Nationale Warmtefonds. NAB model

Green Shipping Fund ^{21,22,23}

1. Project Information

- **Name:** Green Shipping Fund (GSF)
- **Description:** A €420 million private senior-secured debt fund that finances new, retrofitted, or hybrid vessels aligned with low-emission, International Maritime Organisation (IMO) 2030/2050 and EU Green Deal standards, targeting Liquefied Natural Gas, Liquefied Petroleum Gas, methanol, hydrogen, or fully electric ships.
- **Location:** Europe (based in Amsterdam, Netherlands)
- **Stage:** project financing
- **Target sector:** Maritime Decarbonisation / Green Shipping
- **Target SDGs and problem (impact):** SDGs: 7, 13
 - Addresses lack of capital for decarbonisation of vessels due to regulatory and ESG barriers.
- **Impact Metrics:**
 - CO₂, NO_x, SO_x and particules emissions reduction (real-time Monitoring Reporting Verification vs baseline conventional ships).
 - Number and capacity of financed low-emission vessels (e.g., €45 million for electric tugboats; financing offshore wind crew transfer vessels).

2. Problem / Challenge

- Traditional banks are reducing exposure to shipping due to climate and tight regulation.
- Transition to green fleets is expensive and constrained by ESG-linked financing gaps and risk-return imbalances.

3. Financing & partnerships

- **Fund manager:** PROW Capital (fund manager); €420 million fund.
- **Debt provider:** Banco Santander acts as the underlying financier of Green Shipping Fund, euro loan facility, 85% of capital (managed by PROW Capital).
- **Guarantee provider:** The Green Shipping Fund is further supported by a guarantee from Atradius DSB (Ministry of Finance/Economic Affairs); covers 80% of portfolio exposure
- **Equity layer:** 15% provided by PROW and partners
- **Co-investors:** FPG AIM²⁴ and others engaged via financial partners group collaboration

4. Investment size and catalytic ratio

- **Average investment per vessel:** €15–50 million
- **Fund size:** €420 million
- **Catalytic capital ratio:** Not explicitly disclosed.

However, the guarantee unlocks 85% senior lending from Banco Santander, backed by 80% risk cover. The guarantee and the equity in the fund substantially amplify private investment while public funds absorb tail risks.

5. Overview of blended finance approach

A. Structuring process

- PROW originates and structures senior-secured ship finance facilities.
- Banco Santander provides most of the funding, de-risked by Atradius DSB's 80% portfolio guarantee.
- PROW pays a premium for the guarantee; the guarantee has not been invoked to date.
- ESG due diligence includes SFDR Article 9 compliance, EU Taxonomy alignment, Green Score Cards, and Monitoring Reporting Verification (MRV)-based emission benchmarks.

²¹ <https://www.prow-capital.com/green-shipping-fund/>

²² <https://www.offshore-energy.biz/dutch-prow-capital-launches-eur420m-green-shipping-fund/>

²³ <https://publications.atradiusdutchstatebusiness.nl/creditnotes-april-2022/green-shipping-fund>

²⁴ FPG AIM is the asset finance arm of Financial Partners Group (FPG), a Japan-listed financial services firm.



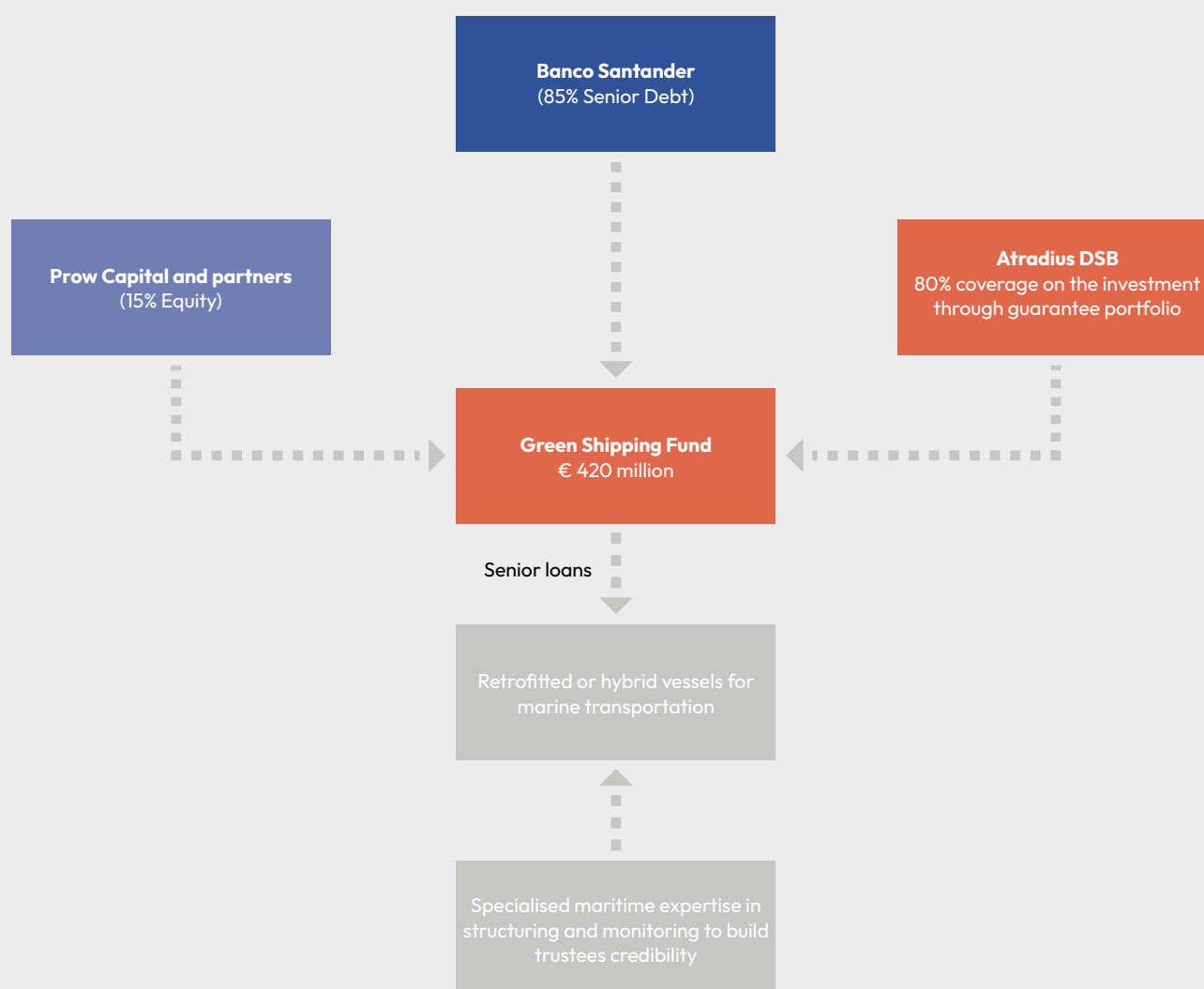
B. Implementation

1. Deployment: financing has supported several emissions-reduction subprojects, including electric tugboats, hybrid ferries, and crew transfer vessels (CTVs).
2. Transparency and accountability: emissions data is collected through independent, real-time MRV systems and validated by third-party verifiers, ensuring credibility and impact traceability.
3. The blended model enables lending to technologies that would otherwise be too risky or capital-intensive for commercial-only structures.

C. Success factors

- Public guarantee enhances Santander's risk appetite.
- Market credibility from Atradius DSB and regulatory ESG alignment (SFDR, EU Taxonomy).
- Asset-level emission monitoring enforces transparency and impact integrity.
- Fund viability directly linked to the catalytic role of public de-risking.

6. Structure diagram



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 7 - Green shipping fund - Prow capital. NAB model



Europe

Better Society Capital^{25,26,27}

1. Project information

- **Name:** Better Society Capital (BSC, previously Big Society Capital)
- **Description:** BSC is the UK's leading social impact investor. It provides capital to UK-based intermediaries (such as fund managers and social banks) that finance organisations tackling social challenges such as homelessness, mental health, and financial exclusion.
- **Location:** United Kingdom
- **Stage:** Growth
- **Target sector:** Housing, Employment, Training, Education, Healthcare, Financial Inclusion.
- **Target SDGs and problem addressed:** 1, 3, 4, 8, 10
Tackling social issues including homelessness, unemployment, poor health outcomes, and financial exclusion in underserved UK communities.
- **Impact metrics:**
 - £1 billion invested and £2.9 billion of co-investment mobilised for impact since inception
 - 3,750+ social enterprises financed
 - 55,000 individuals with complex needs have been reached by social outcomes partnerships.
 - As of 2025, BSC investments are projected to provide homes for over 19,000 people.

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve²⁸

- **Market failure in social finance:** BSC addresses financing gaps by investing its balance sheet equity—comprising £425 million from dormant accounts and £200 million from shareholder banks at founding—into UK intermediaries. These funds are recycled over time to mobilise additional private capital and build market confidence.
- **Investor perception of high risk:** BSC's catalytic wholesale investments demonstrate viability, helping attract institutional and retail co-investors alongside its capital.
- **Lack of large-scale social impact investment:** BSC grows the UK's social impact investing ecosystem by acting as a wholesaler and market builder, including for blended finance, often investing alongside concessional capital providers or into funds with guarantees or return-enhancement mechanisms.

²⁵ <https://betersocietycapital.com/impact-report-2023/>

²⁶ https://en.wikipedia.org/wiki/Better_Society_Capital

²⁷ <https://betersocietycapital.com/latest/bsc-publishes-2024-impact-report/>

²⁸ While BSC is not a blended finance vehicle itself, its role as a market builder means it often invests alongside concessional capital providers (e.g., Access – The Foundation for Social Investment) or into funds with guarantees or return-enhancement mechanisms to reach underserved market segments.



3. Financing and partnerships

- **Financing Organisations:**
 - £425 million dormant assets via Reclaim Fund Ltd and £200 million from shareholder banks form BSC's balance sheet equity (recycled over time). Better Society Capital – wholesaler investing into UK intermediaries
- **Co-investment partners:**
 - Over 250 institutional and retail investors, often alongside concessional capital providers such as Access – The Foundation for Social Investment.

4. Investment size and catalytic capital ratio

- **BSC funding committed:** £1 billion (as of 2024)
- **Private capital mobilised:** ~£2.9 billion in co-investment
- **Estimated catalytic capital ratio:** 1:2.9

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- BSC acts as an anchor investor and market builder for blended finance in the UK, investing alongside other investors and concessional capital providers (e.g., Access – The Foundation for Social Investment) or into funds with guarantees or return-enhancement mechanisms.
- Co-investment vehicles: structures that allow institutional investors to participate alongside BSC in diversified portfolios.
- Outcome-based contracts: payments tied to social outcomes (e.g., reduced homelessness), aligning incentives across stakeholders.

Components

- Fund-of-funds model: BSC invests through intermediaries (social banks, fund managers), enabling scale and specialisation.
- Thematic verticals: capital is allocated across four strategic pillars: Impact Venture, Social Lending, Social Outcomes, Social Property
- Risk-sharing mechanisms: use of guarantees, subordinated debt, and hybrid instruments to mitigate risk for private investors.
- Impact measurement frameworks: embedded across all investments, aligned with SDGs and fiscal impact metrics.

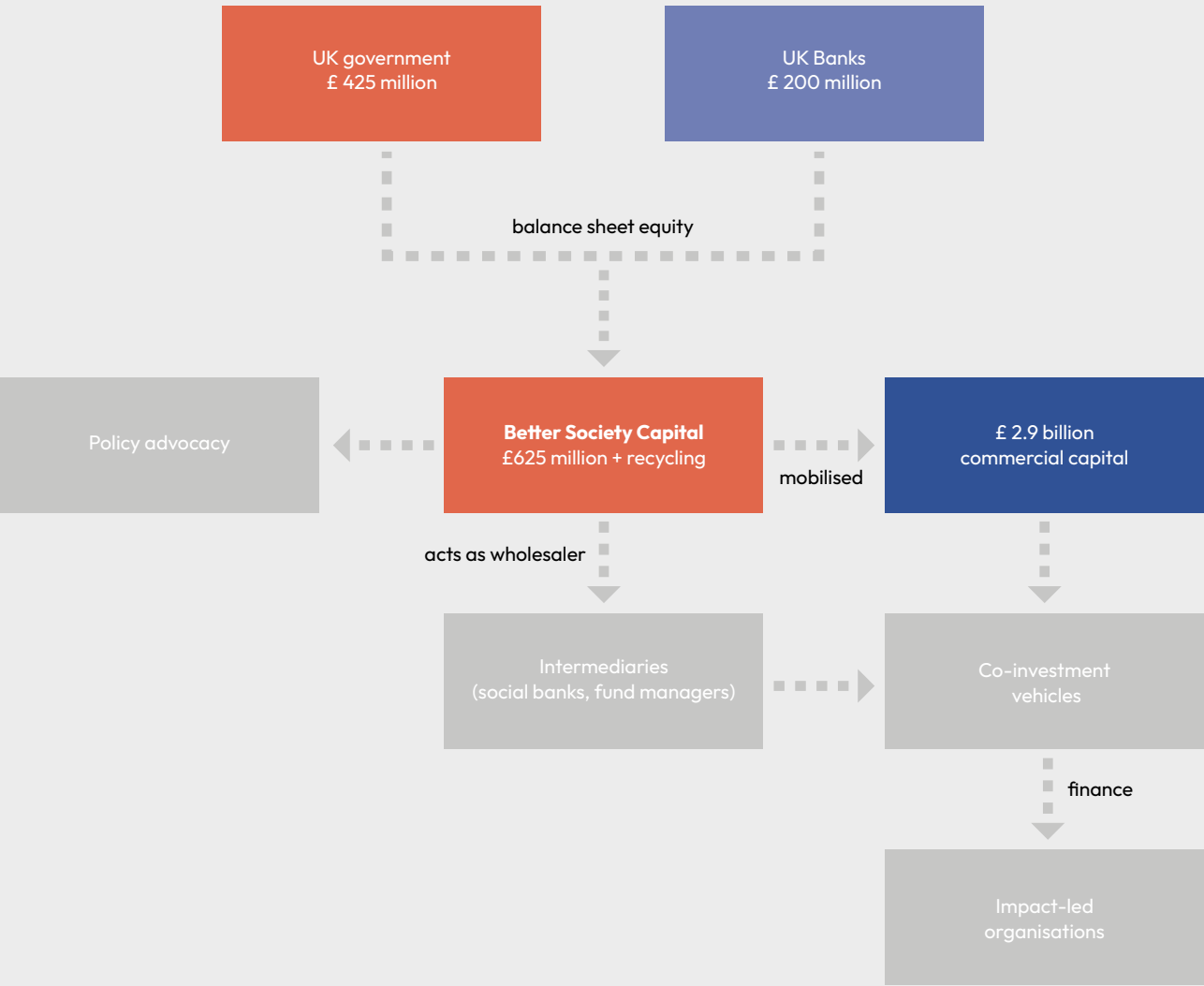
B. Implementation

1. Capital deployment: in 2024, BSC committed £68 million, catalysing £400 million in co-investment.
2. Co-investments with over 250 institutional and retail investors. Over 3,750 social enterprises supported via fund managers and social banks.
3. Sectoral focus:
 - Affordable housing: 7,450+ homes built.
 - Public service commissioning: 70,000+ people supported through outcomes contracts.
 - Tech for good: impact venture funding for startups in areas like financial inclusion and healthcare reaching over 9.7 million people.
4. Policy advocacy: BSC influences government policy (e.g., sits on the Social Impact Investment Advisory Group which is developing the UK's £500m+ Better Futures Fund).

C. Success factors

- Market infrastructure: played a foundational role in building the UK's social investment ecosystem.
- Data and impact: strong emphasis on quantifiable outcomes.
- Reputation and trust: backed by dormant accounts and major UK banks, BSC is a trusted anchor for institutional investors.

6. Structure diagram (Visual representation)



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 8 – Better Society Capital (NAB model)

France 2030 ^{29,30}

1. Project information

- **Name:** France 2030
- **Description:** France 2030 is a €54 billion strategic investment plan launched in 2021, aiming to transform key sectors of the French economy through technological innovation and industrial investment. The plan focuses on decarbonising the economy and supporting emerging, innovative stakeholders.
- **Location:** France
- **Stage:** Project Financing
- **Target sector:** Energy Transition, Sustainable Mobility, Healthcare and Biomedicine, Cultural and Creative industries, Deep Tech and Space
- **Target SDGs and problem (impact) addressed:** 1, 4, 5, 8, 10
 - Scaling private investment in high-capital industries.
 - De-risking emerging technologies (e.g., hydrogen, AI-driven biotech).
 - Overcoming regulatory barriers for sustainable finance compliance.
- **Impact metrics:**
 - €30 billion committed
 - 4,370 projects supported
 - 2,000 patents filed;
 - 40,000 direct jobs created or maintained; and 34,000 new vocational training slots launched

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Technical:** supporting industrial-scale innovation in hard-to-finance sectors like nuclear energy, clean aviation, and hydrogen.
- **Financial:** de-risking private investment in emerging technologies through public-first capital deployment.
- **Risk management:** reducing capital risk through structured co-investment mechanisms.

3. Financing and partnerships

- French Government (Public Capital Contribution)
- Key Implementing Agencies: Bpifrance (Public Investment Bank), ADEME (Environment and Energy Management Agency), ANR (National Research Agency), CDC (Caisse des Dépôts et Consignations)

4. Investment size and catalytic capital ratio

- **Total investment:** €54 billion
- **Catalytic capital ratio:** exact figures on the total private capital mobilised are not specified.

²⁹ <https://www.info.gouv.fr/grand-dossier/france-2030-en/understanding-france-2030>

³⁰ [loire.gouv.fr](https://www.loire.gouv.fr)



5. Overview of blended finance approach³¹

A. Structuring process

Catalytic instruments:

- Grants/Subsidies: for R&D, industrial decarbonisation, and technology adoption.
- Equity/Quasi-Equity: through Bpifrance, in start-ups and strategic industrial ventures.
- Repayable advances and innovation loans: de-risking early innovation stages.
- Guarantees: mitigating risk for commercial bank lending.
- Public procurement and competitive calls for projects: stimulating demand and leveraging private co-finance.
- Sector structuring support: funding for industrial ecosystems, talent pipelines, and shared infrastructure.

Components:

- Centralised Steering: led by SGPI (secrétariat général pour l'investissement) under the Prime Minister, ensuring inter-ministerial alignment.
- Decentralised Implementation: funds managed by expert agencies: Bpifrance (finance/innovation), ADEME (ecological transition), ANR (research), CDC (public investment).
- Project-Level Blended finance: public-private co-financing at the project level via open calls or direct agency investment.
- Dual Allocation: 50% for emerging innovations and SMEs; 50% for decarbonising legacy industries.

B. Implementation

1. Calls for projects (AAP/AMI): funding conditional on private co-finance; aligned with acceleration strategies (e.g., hydrogen, biotech).
2. Equity co-investment: Bpifrance leverages public equity to crowd-in private capital.
3. Regional rollout: local authorities support region-specific innovation, coordinated nationally.

C. Success factors

- Scale and commitment: €54 billion over multiple years signals strong political and financial commitment.
- Sectoral focus: high-impact domains (hydrogen, health, agri-tech, clean energy) attract targeted private capital.
- Instrumental diversity: tailored financial tools support varied risk/return profiles across innovation stages.
- Institutional capacity: expert agencies (e.g., Bpifrance, ADEME) ensure technical rigor and private sector connectivity.
- Agile governance: SGPI's coordination enables adaptive management and strategy recalibration.
- Full innovation chain: support spans from basic research to industrial scale-up, enhancing pipeline investability.

³¹ Bpifrance: Public investment bank supporting SMEs, innovation, and industrial transitions through equity, debt, and guarantees.

SGPI (Secrétariat Général pour l'Investissement): Unit under the French Prime Minister coordinating strategic investment programs such as France 2030.

ADEME (Agence de la Transition Écologique): Government agency funding and advising on projects advancing ecological and energy transitions.

ANR (Agence Nationale de la Recherche): Agency financing scientific research, including basic and applied programs.

CDC (Caisse des Dépôts et Consignations): France's public financial institution for long-term investment in infrastructure, social housing, and sustainability.

AAP/AMI (Appel à projets / Appel à manifestation d'intérêt): Competitive public calls for project proposals or expressions of interest used to allocate grants and co-financing.

6. Structure diagram (Visual Representation)

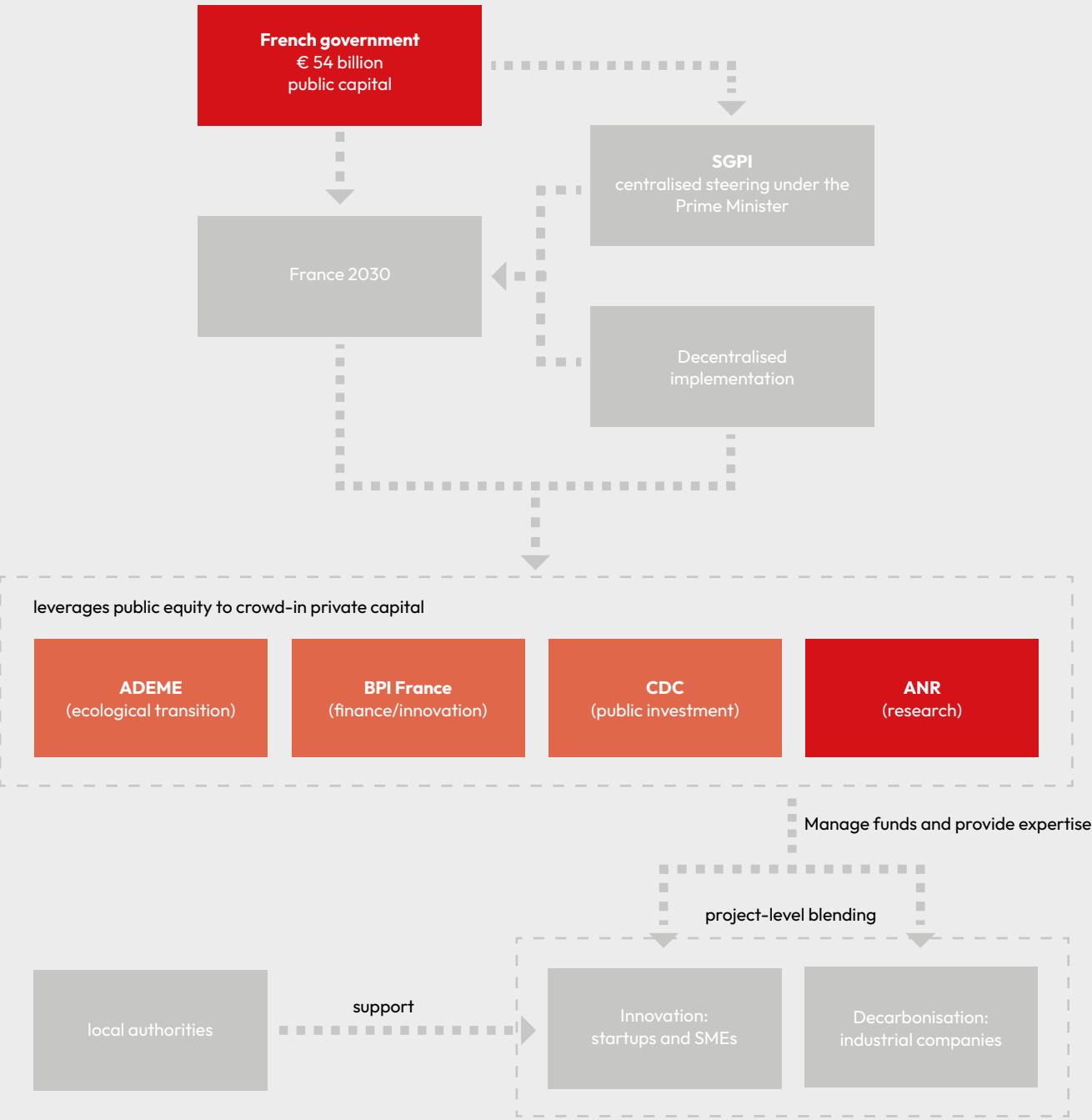


Figure 9 - France 2030 structure's diagram (NAB model)



Emerging Markets

Mobilising Finance for Forests ^{32,33,34}

1. Project information

- **Name:** Mobilising Finance for Forests (MFF).
- **Description:** MFF is a \$305 million blended finance initiative launched by the UK government and FMO in 2021 to boost private sector investments in Forests and Sustainable Land Use (FSLU) projects, combating deforestation in tropical regions.
- **Location:** Tropical forest countries³⁵
- **Stage:** Project development/Project Financing
- **Target sector:** Forestry and Sustainable Land Use (FSLU)
- **Target SDGs and problem (impact) addressed:** 8, 13, 15
Supports global transition to sustainable land use systems to achieve climate, biodiversity, and development goals.
- **Indicative impact metrics:**
 - Hectares of forests under management: 3,217,011
 - Farmland under sustainable management: 174,669 ha
 - Direct jobs: 40,648

2. Problem/challenge

- Investing in forests and nature-based solutions in developing markets is critical. To stop deforestation and help protect and restore forests globally, large pools of capital are needed.
- Investment is often constrained by factors such as long project timelines and unpredictable environmental impacts. Many FSLU ventures struggle to attract capital because traditional financial frameworks are not well-suited to their needs. In addition, projects take a long time to develop, and typically hardly generate income in the first 10 years. Especially in emerging countries this is problematic as commercial investors have a shorter horizon.
- By demonstrating the viability, profitability and impact of FSLU projects, MFF mobilises private and public sector investments, including through other DFIs.

3. Financing and partnerships

- UK Government – Department for Energy Security and Net Zero (DESNZ): £152 million committed + £48 million pledged at COP29
- Dutch Ministry of Foreign Affairs: \$33.5 million committed in 2024.

³² <https://mff.fmo.nl/2023/performance-on-our-strategy/highlights>

³³ <https://mff.fmo.nl/#:~:text=Mobilising%20Finance%20for%20Forests%20%28MFF%29%20was%20established%20in,land%20use%20practices%20contributing%20to%20global%20climate%20change.>

³⁴ <https://www.fmo.nl/driving-investments-in-forests>

³⁵ Tier 1 countries (receiving at least 50% of funding): Brazil, Colombia, Peru, Ghana, Ivory Coast, Republic of Congo, DRC, Gabon, Indonesia, and Malaysia. Tier 2 countries: Mexico, Paraguay, Ecuador, Nigeria, Ethiopia, Kenya, Tanzania, Mozambique, Zambia, South Africa, India, Myanmar, Thailand, Laos, Cambodia, Vietnam, and the Philippines.



4. Investment size and catalytic capital ratio

- **Fund size:** ~ \$305 million.
- **Catalytic capital ratio:** MFF is fully funded with concessional donor capital
- **Targeted mobilisation ratio – Private finance mobilised:** approximately 1:5-1:6

5. Overview of blended finance approach

A. Structuring process

- The MFF programme is managed by FMO, the Dutch Entrepreneurial Development Bank.
- It composes a simple structure, consisting of concessional donor capital provided by the UK Government and the Dutch Ministry of Foreign Affairs.
- Alongside MFF's capital, FMO also aims to deploy capital from its own balance sheet—either by co-investing through senior instruments or by stepping in later as project risk decreases.
- This blended approach helps crowd in DFIs and other impact investors, enabling larger-scale investments over time. As the model matures and risk reduces, commercial investors can eventually enter on more acceptable terms—either alongside public capital or at a later stage.
- The MFF model has the potential to integrate other funding sources: foundations, philanthropies, and mission-driven funders can potentially deploy capital within the same framework, enhancing its scale and impact.

B. Implementation

MFF deploys a blended investment model designed to unlock private capital for FSLU activities. The programme uses three types of concessional capital—Capital Investment (subordinated debt, mezzanine, equity), Repayable Development Contribution (RDC), and TA—which can be deployed individually or combined within the same transaction, depending on project maturity and risk profile.

1. Capital investment (at least 75%)

The majority of MFF's funding is allocated to equity, mezzanine, and subordinated debt instruments. These are structured to take early or risk-bearing positions in the capital stack, improving the risk-return profile for other investors.

2. Repayable Development Contribution (up to 20%)

RDCs are structured as repayable grants—essentially zero-interest loans—with pre-agreed repayment triggers (e.g. financial close of scale-up financing or positive cash flows). These instruments were designed to serve a project development function for high-impact FSLU models.

3. Technical assistance (up to 5%)

The TA Facility (TAF) complements financial investments by providing technical assistance that strengthens pre- and post-investment delivery and support ecosystem-wide learning. TA projects help investees and prospects improve ESG performance, build operational capacity, and replicate successful models. Learning, Convening, and Influencing Platform (LCIP)

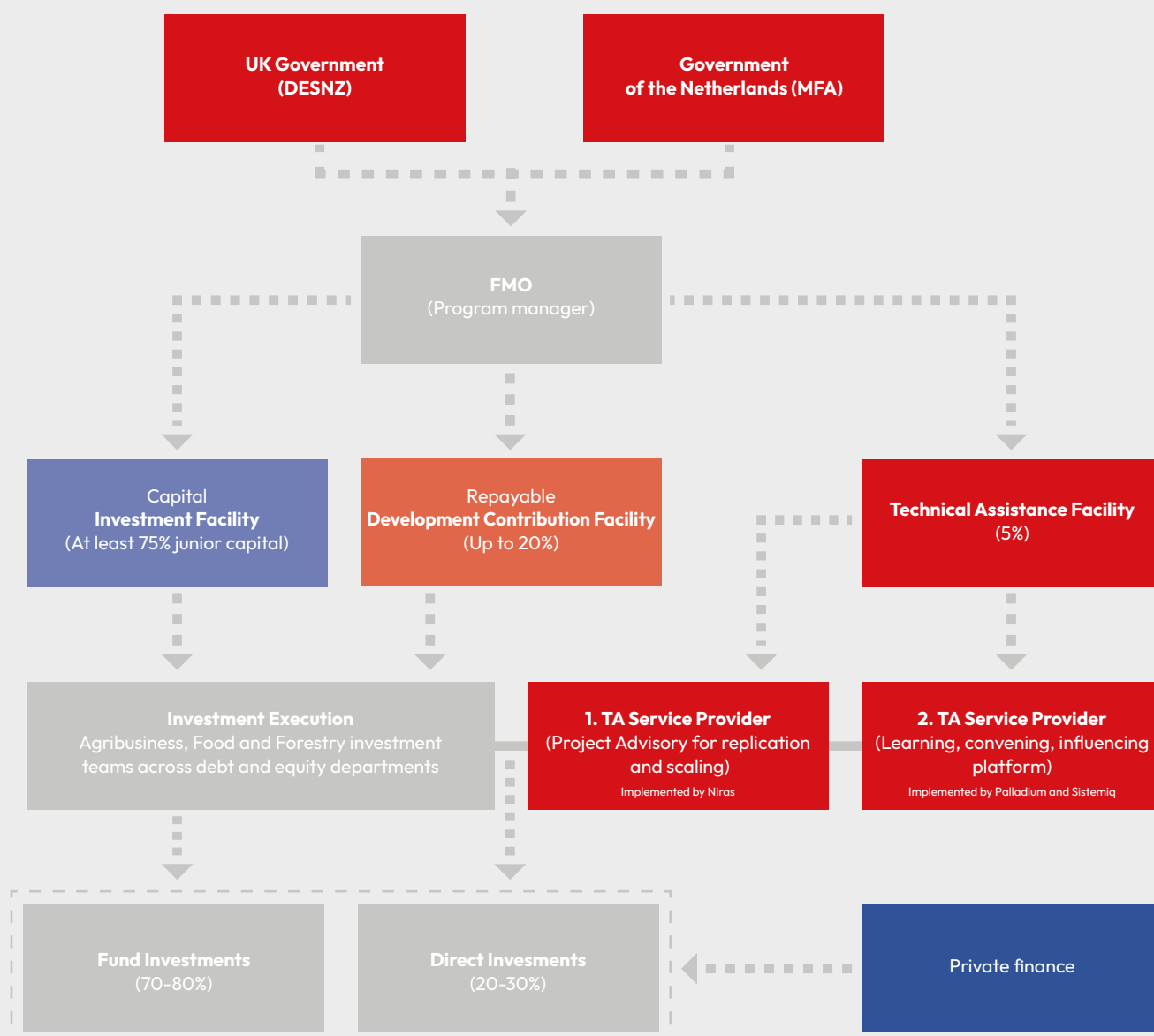
Besides providing concessional capital, MFF consists of a Learning, Convening, and Influencing platform. The LCIP strengthens the enabling environment for FSLU investment by building knowledge, aligning and convening stakeholders, and addressing systemic barriers to investment.

4. Success factors

- The MFF programme backs a mix of business models—from established forestry operations to early-stage nature-based solutions ventures. This blend is designed to generate steady cashflows where possible, while enabling innovative models for forest conservation and sustainable land use to be developed and scaled.
- Demonstrated ability to crowd in private capital at scale: by offering long-term debt, equity and using blended finance, MFF enhances the attractiveness of projects and mobilises much-needed private capital into such structures. The most notable example in terms of demonstrating mobilisation at scale was a \$40 million investment in The Reforestation Fund (TRF) which has leveraged \$304 million in private finance.

- MFF's Technical Assistance Facility offers a flexible, integrated platform that supports both individual businesses and the broader forest-positive investment ecosystem. Its broad mandate enables technical assistance before and after investment, across a wide spectrum of needs—from ESG performance and impact measurement to business model innovation and operational improvement.
- The MFF architecture is intentionally replicable. It brings together a development finance institution (FMO), long-term concessional capital, and a dedicated investment platform, creating a model that can be applied to any sector where high-impact investments are held back by long payback periods, early-stage business risks, or weak enabling environments.

6. Structure diagram



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 10 - MFF BF structure's diagram (adapted by the NAB)

The SDG Loan Fund ^{36,37,38}

1. Project information

- **Name:** The SDG Loan Fund
- **Description:** The fund aims to increase institutional investor exposure to SDG-aligned investment opportunities in emerging and frontier markets while delivering appropriate risk-adjusted returns.
- **Location:** Emerging and frontier markets
- **Stage:** Scale-up
- **Target sector:** Agribusiness, Financial Institutions, and Renewable Energy.
- **Target SDGs and problem (impact) addressed:** 8, 10, 13.
 - Limited institutional investor participation in SDG-aligned investments.
 - Inadequate financing for SMEs, agribusinesses, and clean energy projects in emerging markets.
- **Indicative impact metrics:**
 - Jobs Supported: 60,000
 - GHG Emissions Avoided: 450,000 tCO₂e per year

2. Problem/challenge (technical/financial/risk) that the BF structure is solving

- Limited institutional investor participation in SDG-aligned private debt in emerging markets.
- Mismatch between institutional risk-return expectations and the perceived risks of SMEs/agribusiness/clean energy financing.
- To tackle this, the SDG Loan Fund deploys catalytic capital and a mezzanine structure to mobilise private investment at scale.

3. Financing and partnerships

- **Financing organisations:** Allianz SE, Skandia FMO, MacArthur Foundation, as well as other institutional investors.

4. Investment size and catalytic capital ratio

- **Fund size:** \$1.111 billion.
- **Catalytic capital ratio**³⁹: 1:9

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- First-loss investment from FMO, credit-enhanced with a guarantee from the MacArthur Foundation.

Components:

- Junior tranche (Class B Shares - \$111 million):
 - Stakeholders: FMO wholly funded the Class B shares. The MacArthur Foundation provides a guarantee to FMO for up to \$25 million.
 - Terms: First-loss shares, junior to Class A shares. Cashflows from principal repayments go first to Class A investors until this share class is redeemed in full, and then to redeem the Class B investors.
- Senior tranche (Class A Shares - \$1 billion):
 - Stakeholders: Allianz SE, pension funds.
 - Terms: The weighted average life of the Class A investment is 7-8 years. Both share classes receive a share of the interest payments received throughout the Fund's life.
- Guarantee: The MacArthur Foundation provides a \$25 million guarantee to FMO, covering potential losses on FMO's first-loss investment.
- Governance: FMO Investment Management (FMO IM) acts as the Portfolio Manager. AllianzGI has oversight responsibilities for FMO IM.

³⁶ <https://www.convergence.finance/resource/SDG-Loan-Fund/view>

³⁷ <https://impact-investor.com/sdg-loan-fund-building-a-1bn-catalytic-investment-vehicle/>

³⁸ <https://www.fmo.nl/news-detail/6fb79fab-ec10-4e7e-9fe8-d908dda30b06/sdg-loan-fund-mobilises-usd-1.1-billion-of-investor-capital>

³⁹ FMO's 111million first-loss capital mobilised 1 billion in private capital.



B. Implementation

1. Catalytic deployment: FMO committed \$111 million as first-loss capital, which is credit-enhanced with a \$25 million unfunded guarantee provided by the MacArthur Foundation.
2. The MacArthur Foundation's guarantee enabled FMO's first-loss investment by fulfilling technical requirements and reducing the credit and counterparty risk of the loan portfolio.
3. Capital mobilisation: The \$111 million first-loss capital from FMO mobilises \$1 billion from private sector institutional investors (Class A shares), achieving a mobilisation ratio of 1:9. Allianz SE is an anchor investor.
4. Flow of funds: The SDG Loan Fund capital is invested as participations in FMO-originated senior loans. These loans are channelled into sectors such as agribusiness, financial institutions, and renewable energy in emerging and frontier markets, aligning with SDGs 8, 10, and 13. For each investment, FMO retains the higher of \$10 million or 20% of each loan on its balance sheet.

C. Success factors

- High leverage: catalytic capital efficiently mobilised private debt at a 1:9 ratio.
- Institutional Appeal: the Fund's scale and structure attracted significant institutional investment.
- Strategic Risk Mitigation: FMO's first-loss capital, enabled by MacArthur Foundation's guarantee, met institutional risk-return needs.
- Aligned Interests: FMO retained exposure to each loan on its balance sheet and through its first-loss position in the Fund.
- Independent Management: FMO IM's independent role as portfolio manager enables large-scale deployment of capital as well as institutional investor access to FMO's assets.

6. Structure diagram

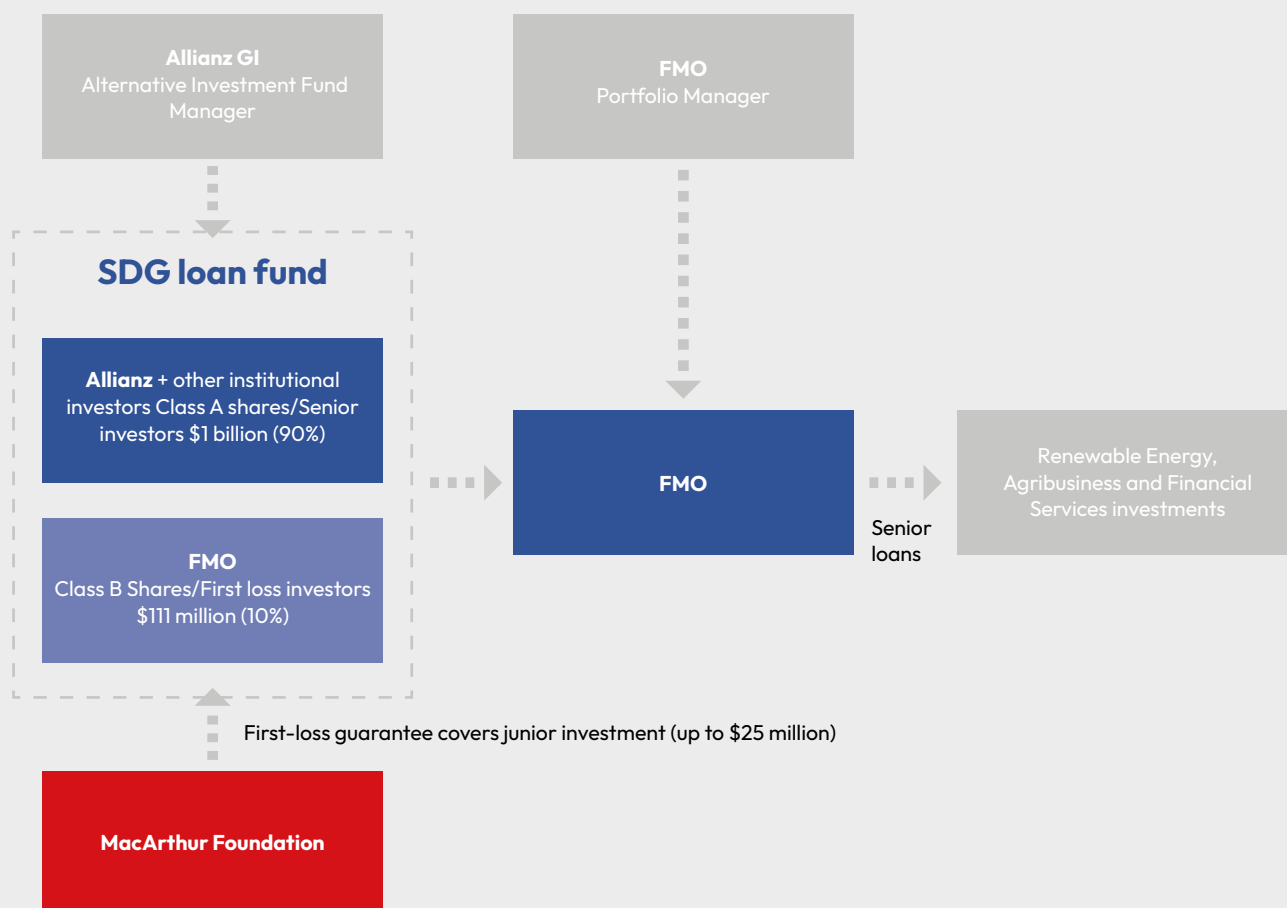


Figure 11 - SDG Loan Fund structure's diagram (adapted by the NAB)

Climate Investor One^{40,41,42}

1. Project information

- **Name:** Climate Investor One (CI1)
- **Description:** Climate Investor One (CI1) accelerates renewable energy infrastructure projects in emerging markets by offering a tiered blended finance structure that attracts institutional investors.
- **Location:** Africa, Asia, Latin America, and the Caribbean
- **Stage:** Project financing
- **Target sector:** Renewable energy infrastructure
- **Target SDGs and problem (impact) addressed:** 7, 8, 13, 17
CI1 provides development and construction financing to accelerate the transition to renewable energy, ensuring energy access, reducing GHG emissions, and strengthening climate resilience.
- **Impact metrics:**
 - 1,050 MW newly installed renewable energy capacity; 6,861 GWh electricity generated.
 - 4.7 million people with improved access to renewable energy.
 - 3.95 million tCO₂eq avoided to date.

2. Problem/challenge

- **Early-stage financing gaps:** donor-funded Development Fund covers high-risk project preparation.
- **Construction-phase risks:** tiered equity to absorb risks and attract private capital.

3. Financing and partnerships

- **Investors:**
 - Public/DFIs: FMO, Green Climate Fund (GCF), EC, AfDB, USAID, Dutch Ministry of Foreign Affairs, NDF, Swedfund, FinDev Canada.
 - Private: Aegon, NWB Bank, KLP, MP Pension, Triodos Bank, IMAS Foundation, LPP.

4. Investment size and catalytic capital ratio

- **Fund size:** \$850 million (final close in 2019), with subsequent top-ups taking the size to \$920 million.
- **Catalytic capital ratio:** 1:4

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- Concessional capital via reimbursable loans (Development Fund)
- Tiered equity structure (first-loss, subordinated, and senior equity in Construction Equity Fund)
- AAA guarantees for tier 3 (via Atradius Dutch State Business)

Components:

1. Development fund (\$120 million):
 - Capitalised by donors' grants and loans (e.g., USAID, GCF, EC, NDF, Dutch Government)
 - Provides reimbursable loans for early-stage project development
2. Construction equity (\$800 million):
 - Tier 1: \$160 million First-loss (Junior Equity - concessional) (donor/DFI)
 - Tier 2: \$320 million Subordinated (Ordinary Equity - commercial) (DFI/impact investors, institutional investors)
 - Tier 3: \$320 million Senior (Senior Equity - commercial) (institutional investors).

⁴⁰ Source: internal, provided by the working group member. CFM_CI2 Case Study.pdf

⁴¹ <https://impact.climatefundmanagers.com/funds/minima-sunt-quisquam>

⁴² <https://climatefundmanagers.com/funds/>



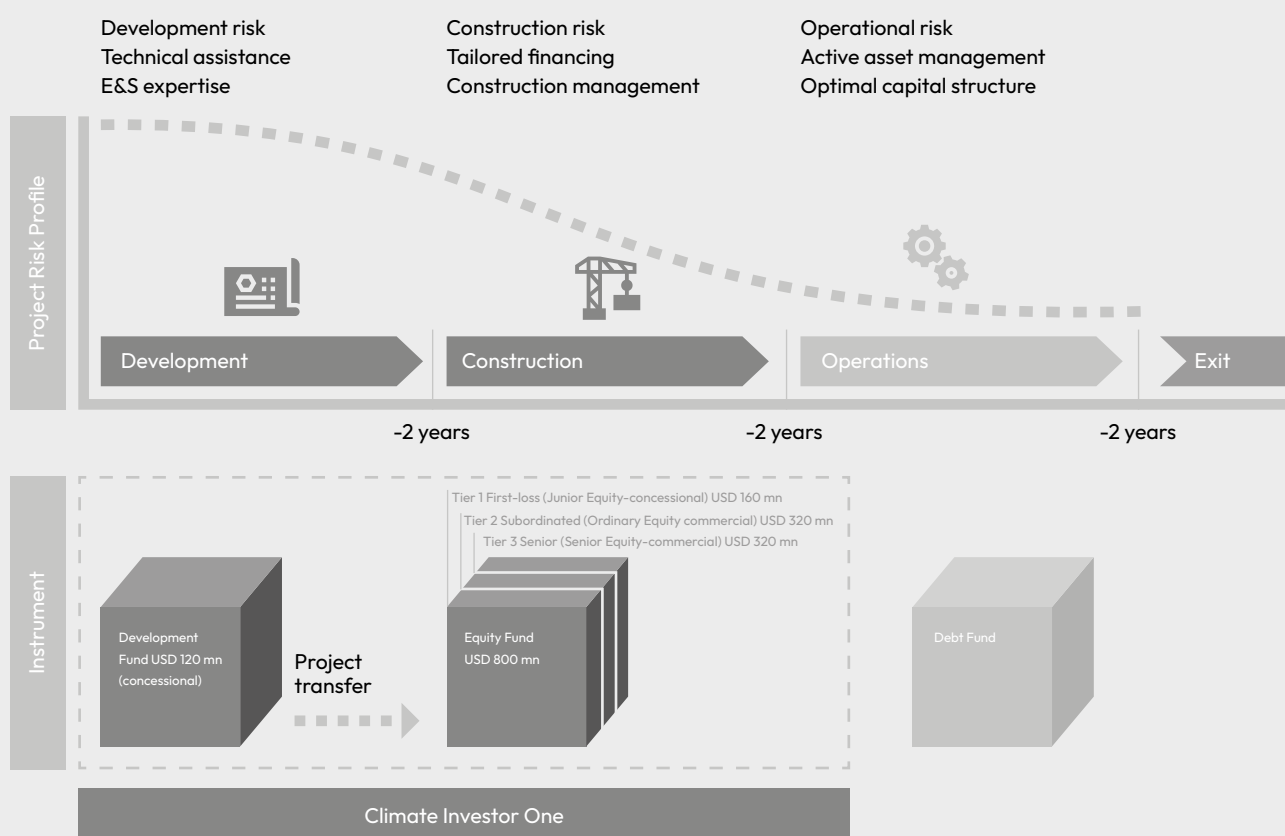
B. Implementation

1. Catalytic deployment: donor-funded reimbursable loans de-risk pre-construction activities.
2. Risk mitigation: tier 1 (first-loss) equity absorbs early-stage risks, enabling more senior capital participation.
3. Capital mobilisation: tiered structure attracts private and institutional investors, leveraging concessional capital.
4. Project flow: funds deployed to renewable energy projects (e.g., wind, solar, hydro) across Africa, Asia, and Latin America.

C. Success factors

- Lifecycle support: covers development to operation, with support for refinancing phases.
- Risk tiering aligns investor risk appetite with project phase.
- Scalability: replicated across 20+ countries.

6. Structure diagram



Source: Climate Investor One, adapted by the NAB.

Figure 12 - CI1 Structure



Climate Investor Two ^{43,44,45}

1. Project information

- **Name:** Climate Investor Two (CI2).
- **Description:** CI2 is an emerging market infrastructure fund focused on sustainable water, sanitation, oceans, and waste-to-energy sectors. It blends public and private capital through a two-tier structure: a fully concessional Development Fund (\$50 million) supporting early-stage project preparation, and a \$1 billion Construction Equity Fund with 20% catalytic capital to de-risk investments and mobilise institutional finance. CI2 aims to accelerate climate-resilient infrastructure development.
- **Location:** Low-, lower-middle-, and upper-middle-income countries in Africa, Asia, and Latin America
- **Stage:** Project financing
- **Target sector:** Water and sanitation, waste-to-energy, oceans and coastal ecosystem management
- **Target SDGs and problem (impact) addressed:** 6, 7, 13, 14, 17
 - Lack of infrastructure investment in sustainable water and ocean management.
 - Need for scalable solutions in waste-to-energy and coastal ecosystem restoration.
 - High financing barriers for climate-adaptive infrastructure in emerging markets.
- **Impact metrics:**
 - 11,595 (tCO₂e) avoided GHG emissions
 - Marine and coastal ecosystems protected: 6 million ha
 - 20.5 GWh total renewable power production.
 - 5 MW installed renewable energy capacity.
 - 386 direct jobs created and supported.
 - 47,087 people served.

2. Problem/challenge (technical/financial/risk) that the BF structure is solving

- CI2 addresses the chronic lack of early-stage and construction-phase financing for water, sanitation, oceans, and waste-to-energy projects in emerging markets. By de-risking investments with catalytic capital, it overcomes technical complexity, high perceived risks, and limited private sector engagement in climate-resilient infrastructure.

3. Financing and partnerships

- **Financing organisations:** CFM, FMO, Sanlam, DFCD, Green Climate Fund, Nordic Development Fund, European Commission, Swedfund, Cambridge Associates, IMAS Foundation, KLP, Aegon, BNG Bank, and other commercial investors.
- **Other participating organisations:** Atradius DSB – providing a guarantee for the Senior Tier investors.

4. Investment size and catalytic capital ratio

- **Fund Size:** \$1,050 million committed (final close in Mar 2025).
- **Catalytic capital ratio estimate**⁴⁶: 1:3.2

⁴³ Source: internal, provided by the working group member. CFM_CI2 Case Study.pdf

⁴⁴ <https://impact.climatefundmanagers.com/funds/minima-sunt-quisquam>

⁴⁵ <https://climatefundmanagers.com/funds/>

⁴⁶ Ratio = Total Catalytic Capital/Total Mobilised Commercial Capital
Ratio = \$ 250 million/ \$ 800 million



5. Overview of blended finance approach

A. Structuring process

Components:

- Development fund (\$50 million) - concessional to finance high-risk early-stage projects.
 - Purpose: covers up to 50% of planning and development costs, including technical assistance.
 - Instruments: grants and reimbursable grants.
- Construction equity fund (\$1 billion)
 - Structure: three-tiered equity:
 - Tier 1 First-loss (Junior Equity - concessional): \$400 million AAA-rated fixed-return for institutional investors.
 - Tier 2 Subordinated (Ordinary Equity - commercial): \$400 million commercial capital, benefiting from the outperformance as the return is capped for Tier 3 and Tier 1.
 - Tier 3 Senior (Senior Equity - commercial): \$200 million first-loss junior equity, concessional capital providing downside protection.
 - Terms: finances up to 75% of construction costs via equity, eliminating construction-phase debt.
- Refinancing debt facility
 - Role: external or CFM-managed post-construction debt facility to refinance equity investors via long-term senior debt.
- Governance
 - Manager: Climate Fund Managers (CFM).
 - Oversight: Fund Advisory Board (donor/commercial reps) + two independent Investment Committees.

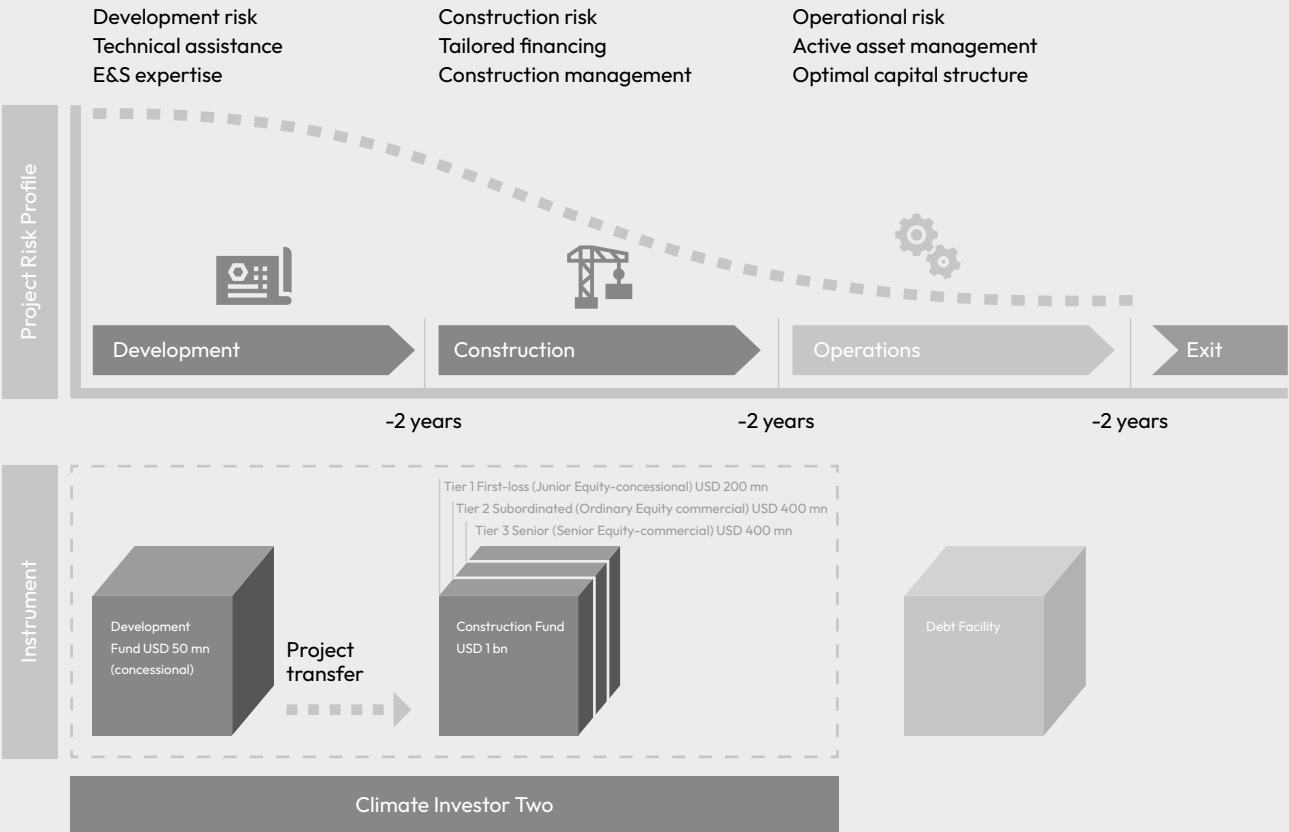
B. Implementation

1. Catalytic Deployment
 - \$50 million Development Fund finances early-stage project preparation (feasibility studies, permitting)
2. Risk mitigation
 - Junior equity tier absorbs construction risks
 - Technical assistance and ESG compliance by the in-house Technical and ESG teams
3. Capital mobilisation
 - Development Fund of \$50 million and concessional Tier 1 (Construction Equity Fund) mobilise \$800 million of commercial capital from institutional investors, DFIs, family offices.
4. Fund deployment

C. Success factors

- Tiered equity structure to balance risk-return, attracting diverse investors.
- Sector focus: targets underserved climate infrastructure (water, sanitation, oceans).
- Demonstrable impact: measurable results in GHG reduction, water access, and ecosystem protection.
- Public-private synergy: blended finance model combines donor capital with private investment.

6. Structure diagram



Source: Climate Investor Two, adapted by the NAB

Figure 13 - CI2 Structure⁴⁷

⁴⁷ CFM_CI2 Case Study.pdf

TCX – European Commission EFSD / EFSD+ Facility ^{48,49}

1. Project Information

- **Name:** TCX + European Commission: EU Market Creation Facility (EUMCF) and Pricing Component+ (PC+)
- **Description:** A portfolio risk-sharing blended finance structure co-developed by TCX, KfW (PC) / EDFI MC (PC+), and the European Commission to reduce the cost of currency hedging in emerging markets. The programme makes local currency loans viable by using donor capital to subsidise hedge pricing and support TCX's risk taking capacity.
- **Location:** Sub-Saharan Africa, Asia, MENA, and Eastern Europe
- **Stage:** PC pilot (2021–2024) completed; PC+ signed - implementation to be launched (est. Q3/4 2025) under EFSD+ (European Fund for Sustainable Development)
- **Target sector:** Financial institutions, renewable energy, micro, small and medium-sized enterprises (MSMEs), infrastructure, and public sector development
- **Target SDGs and problem (impact) addressed:** 8,9,13
 - Problem: Lack of affordable FX risk management solutions in high-risk markets, which undermines sustainable finance and deters private capital.
- **Impact metrics:**
 - Over 68 trades in 14 currencies
 - Hedge cost reduction: average 2.23% p.a. (during pilot)
 - Enabled €120 million in local currency loans in 17 countries during the pilot
 - Catalysed > USD 1 billion in pipeline interest from 50 investors
 - PC+ target: support €1–1.5 billion in investments over 5 years

2. Problem/challenge

- **Technical/financial risk:** In frontier and EMDC markets, FX risk is high, and hedging is prohibitively expensive. Without affordable hedging, local currency financing remains unviable; threatening both investor returns and borrower solvency.
- **Challenge solved:** The facility makes local currency financing more affordable by subsidising the cost of hedging, thereby addressing a key risk barrier for investors and unblocking capital flows into underserved markets.

3. Financing and partnerships

- **Sponsors & Implementers:** TCX Fund, KfW (pilot), EDFI Management Company (PC+)
- **Donor Capital:** European Commission (€20 million for PC pilot; €150 million for PC+)
- **Other Stakeholders:** TCX investor base includes DFIs, IFIs, and commercial development institutions

4. Investment size and catalytic capital ratio

- **PC Pilot:** €20 million concessional capital unlocked €120 million in investments (6x leverage, capped by EC)
- **PC+:** €150 million in donor capital targeting €1–1.5 billion in local currency lending (6–10x leverage, no cap)

5. Overview of Blended Finance Approach

A. Structuring process

- The facility includes two blended mechanisms:
 1. Pricing Component: Uses concessional capital to discount the cost of FX swaps in developing markets
 2. Capacity Component: Strengthens TCX's balance sheet to increase its overall risk absorption capacity
- Pricing subsidies are allocated through an auction-based mechanism, ensuring efficiency and aiding price discovery to minimise market distortion.

B. Implementation

- PC ran as a 3-year pilot (2021–2024) and was oversubscribed 8x.
- PC+ signed, to be launched, under EFSD+ with broader geographic and sectoral reach and no investment ceiling.
- Investors accessed discounted hedge pricing, enabling de-risked local currency lending in frontier markets.

⁴⁸ <https://www.tcxfund.com/wp-content/uploads/2025/06/tcx-impact-report-2024-1.pdf>

⁴⁹ <https://www.tcxfund.com/wp-content/uploads/2025/07/20250627-PRESS-RELEASE-EFSD-PC-Signing-final.pdf>

C. Success factors

- Strong DFI-donor partnership and risk-aligned structuring
- High demand for hedging in Emerging Markets and Developing Economies (EMDCs)
- Auction-based pricing model prevents market distortion
- Clear eligibility and scoring system (e.g. “difficulty-of-hedge” scores)
- Transparent MRV reporting (TCX monitors GHG savings, FX protection)

6. Structure diagram

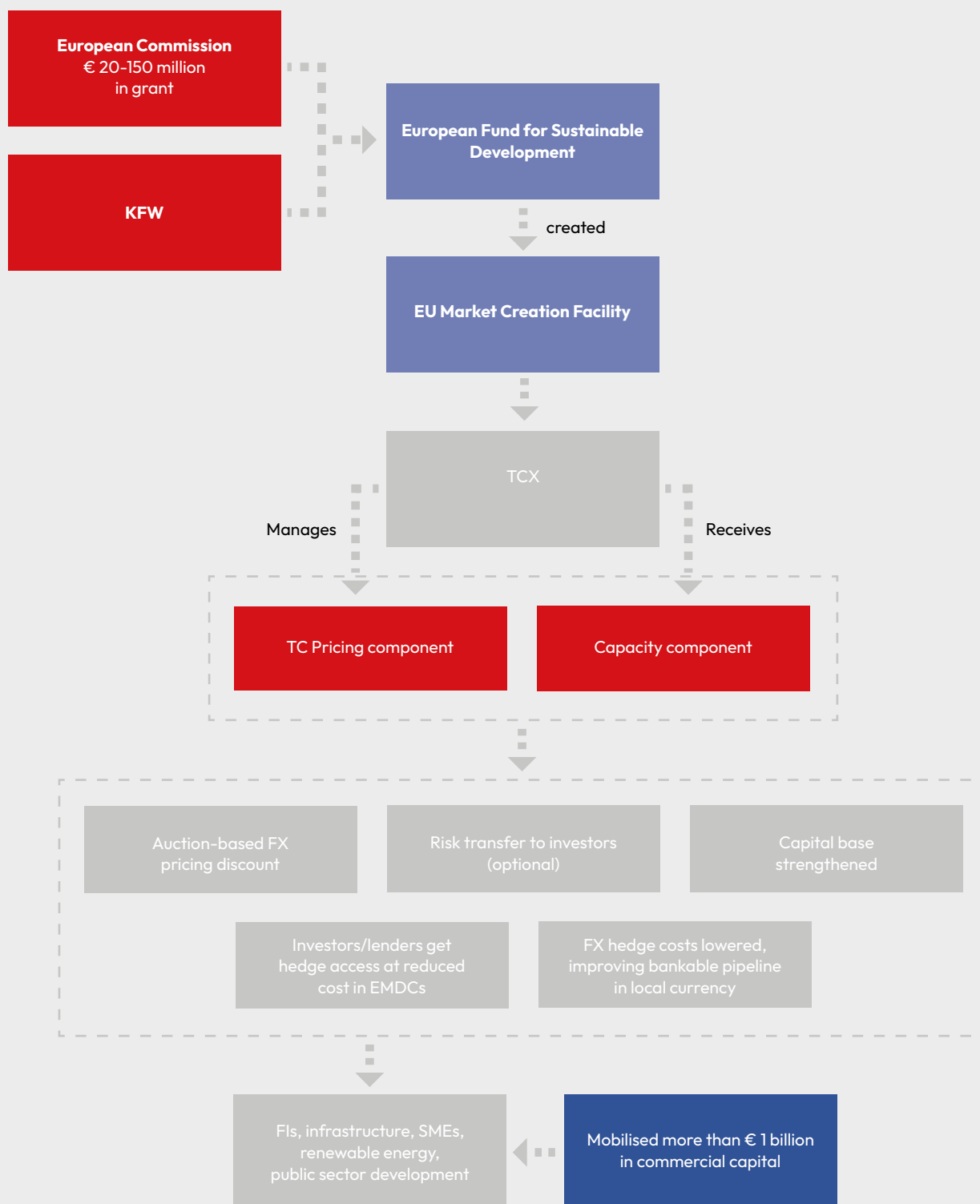


Figure 14 - TCX - European Commission EFSD / EFSD+ Facility structure's diagram (NAB model)

HIVOS-Triodos Fonds ^{50,51,52,53,54}

1. Project Information

- **Name:** Hivos-Triodos Fonds
- **Description:** Established in 1994 as a joint initiative between Triodos Bank (private) and Hivos (NGO), this fund was among the first global movers in financial inclusion investments. It invests in scalable enterprises in emerging markets to drive a sustainable, inclusive, and green economy.
- **Location:** Low- and middle-income countries across Asia, Africa, and Latin America, with a particular focus on Sub-Saharan Africa and South and South-East Asia.
- **Stage:** Scale-up
- **Target sector:** sustainable agriculture, renewable energy
- **Target SDGs and problem (impact) addressed:** 1, 2, 5, 7, 8, 10, 12, 13, 17
 - Financial inclusion for small-scale farmers.
 - Resilience-building against climate change.
 - Sustainable land use and energy access for vulnerable communities.
- **Impact metrics:**
 - 272,700 households and businesses connected to clean energy.
 - 1,970 kilotons (ktCO₂) of GHG emissions avoided.
 - 50% of small-scale farmers reached are women.
 - 5,279 number of employees across the portfolio.

2. Problem/challenge (technical/financial/risk) that the BF structure is solving

- Lack of financing for smallholder farmers and SMEs due to high perceived risk by commercial banks. Limited access to capital for renewable energy and climate-resilient projects in emerging markets.
- Uses blended capital to de-risk investments, offering longer tenors, concessional loans, and value chain financing.
- Provides patient capital (equity, mezzanine finance, and debt) to support long-term, impact-driven enterprises.

3. Financing and partnerships

- **Financing organisations:**
 - Private: Triodos Bank
 - NGO: Hivos
- Hivos (NGO) provides subordinated funding to make high-impact investments possible.

4. Investment size and catalytic capital ratio

Hivos-Triodos Fonds has invested more than € 300 million in total since 1994. By the end of 2023, the total AuM were € 53.2 million.

The ratio of catalytic capital is not reported.

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- Subordinated loan from Hivos
- Financial instruments to investors: debt (senior/subordinated), equity, and participations

⁵⁰ <https://www.triodos-im.com/impact-report/2023/hivos-triodos-fonds>

⁵¹ <https://hivos.org/program/hivos-triodos-fund/>

⁵² <https://www.fmo.nl/project-detail/64519>

⁵³ https://www.youtube.com/watch?v=kL_Crro6qCQ

⁵⁴ <https://hivos.org/hivos-triodos-fonds-celebrates-30-year-milestone/>



Components:

- Subordinated loan from Hivos
- Senior funding (Private Capital): Triodos Bank, Triodos Impact Strategy Funds.
- Amount: €53.2 million total portfolio (2023), €300 million+ cumulative since 1994

B. Implementation

1. Catalytic deployment:
 - Hivos' subordinated loan
2. Risk Mitigation:
 - Portfolio diversification: 37 investments across 20 countries (2023).
3. Capital Mobilisation:
 - Private senior funding
4. Flow of Funds:
 - Sectors:
 - Renewable energy (e.g., solar mini-grids in Madagascar, avoiding 1,970 ktCO₂e in 2023).
 - Sustainable agriculture (e.g., 56,600 hectares under organic cultivation).
 - Impact requirements: Gender inclusion (52% women borrowers), climate resilience.

C. Success factors

- **NGOs-Private Investors Synergy.** Hivos' first-loss role enables Hivos-Triodos Fonds to invest in high-risk sectors like smallholder agriculture.
- **Gender inclusion.** 50% of small-scale farmers financed are women, enhancing social impact and repayment rates.
- **Long-term patient capital.**

6. Structure diagram

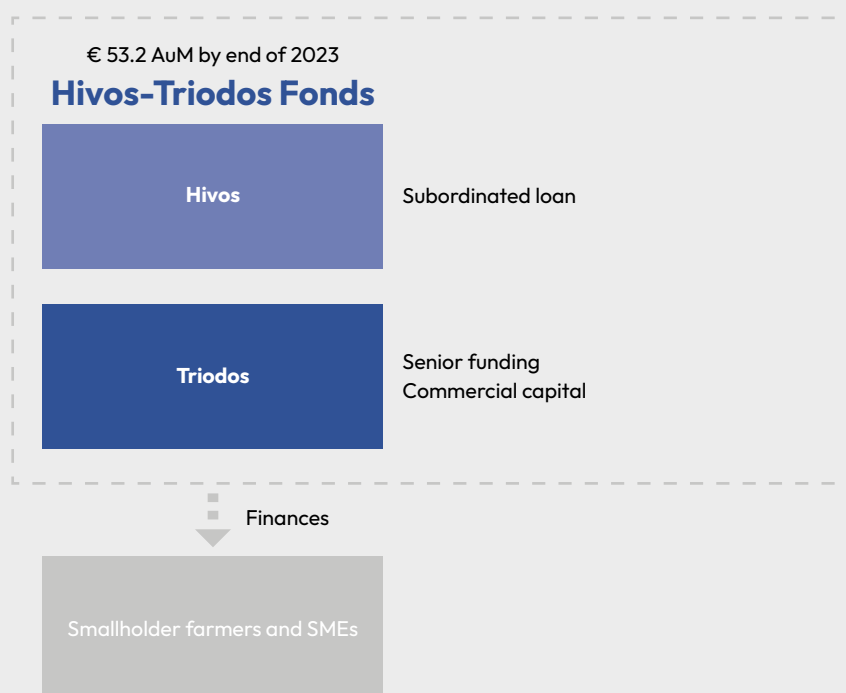


Figure 15 - Hivos-Triodos Fund structure's diagram (NAB model)

AGRI3 Fund ^{55,56,57,58,59}

1. Project information

- **Name:** AGRI3 Fund
- **Description:** It is a blended finance initiative designed to mobilise \$1 billion in public and private capital to support sustainable agriculture, prevent deforestation, and improve rural livelihoods. Established in 2017, the fund combines credit enhancement tools (e.g., guarantees, subordinated loans) and technical assistance to enable financial institutions to finance high-impact projects in forestry, agriculture, and rural development.
- **Location:** Incorporated in the Netherlands; targets Central/South America, Africa, Emerging Asia.
- **Stage:** Scaling up
- **Target sector:** Forestry and Agriculture
- **Target SDGs and problem (impact) addressed:** 1, 2, 13, 15
Deforestation, unsustainable agriculture practices, low rural incomes.
- **Impact metrics:**
 - Hectares of forest under sustainable management; tCO₂e reduced annually.
 - Number of farmers with increased income/employment.
 - Projects screened for alignment with impact goals.
 - Borrowers must meet milestones tied to environmental/social action plans.

2. Problem/challenge (technical/financial/risk) that the BF structure is solving

The AGRI3 Fund addresses the high perceived risk and limited bankable pipeline in sustainable agriculture and forest conservation projects in emerging markets.

It overcomes barriers such as deforestation risks, weak borrower credit profiles, long investment horizons, and lack of incentives for commercial banks to finance sustainable land use.

The structure uses guarantees and subordinated capital to de-risk lending and mobilise private sector financing that would not otherwise flow into these sectors.

3. Financing and partnerships

- **Financing organisations:**
 - Public: Dutch Government, European Commission
 - Private: Rabobank, Global Environment Facility (GEF)
- **Other participating organisations:**
 - Public: United Nations (UN) Environment Program
 - Private/Non-Governmental Organisations (NGOs): IDH (The Sustainable Trade Initiative) (manages Technical Assistance Facility), Cardano Development, FMO, Conservation International, Fount

4. Investment size and catalytic capital ratio

- **Total investment size:** \$500 million
- **Catalytic capital ratio⁶⁰:**
 - Current: 1:2.5
 - Aimed: 10x

⁵⁵ <https://agri3.com/>

⁵⁶ <https://www.cardanodevelopment.com/insight/how-is-the-agri3-fund-financing-sustainable-land-use-through-local-currency/>

⁵⁷ <https://www.greenfinanceinstitute.com/casestudies/agri3-fund/>

⁵⁸ Source: internal, provided by Agri3Fund

⁵⁹ <https://www.government.nl/topics/development/documents/reports/2024/06/24/evaluation-of-the-agri3-fund---2020-2022/>

⁶⁰ \$32 million in catalytic capital (guarantees) mobilised \$73.5 million in private finance, \$1 billion mobilised via \$100 million



5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- Partial credit guarantees offered by AGR13 (up to 100% coverage for mezzanine tranches).
- TA for farmer training, certification, and sustainable practices

Components:

1. First and Second Loss tranche (\$200 million):
 - Stakeholders: Dutch government, European Commission
 - Terms: First-loss and subordinated guarantees (e.g., mezzanine tranches) to de-risk private capital.
2. Senior Debt and Senior Equity tranche (\$300 million):
 - Stakeholders: Rabobank, commercial lenders, institutional investors
 - Terms: Market-rate loans
3. Governance: Cardano Development structures deals; IDH and FMO implement TA and impact monitoring.

B. Implementation

1. Catalytic deployment: public guarantees unlock bank lending.
2. Risk mitigation: guarantees cover subordinated losses; TA improves farmer creditworthiness.
3. Capital mobilisation: senior debt attracts \$300 million at 1:2.5 leverage.
4. Loans directed to sustainable agriculture (40% of portfolio), forest conservation (20%), and food systems (40%) across priority countries (e.g., Brazil, Indonesia, Kenya).

C. Success Factors

- TA Integration: training reduces default rates.
- Deforestation metrics.

6. Structure diagram

Target Capital Structure

To facilitate the anticipated expansion of the Fund the target capital structure has been modelled using Moody's tool with support from Standard Chartered structured finance teams.

The senior/junior ratio has been evaluated at 60/40 with a view to a future credit rating with the senior tranche targeting investment grade.

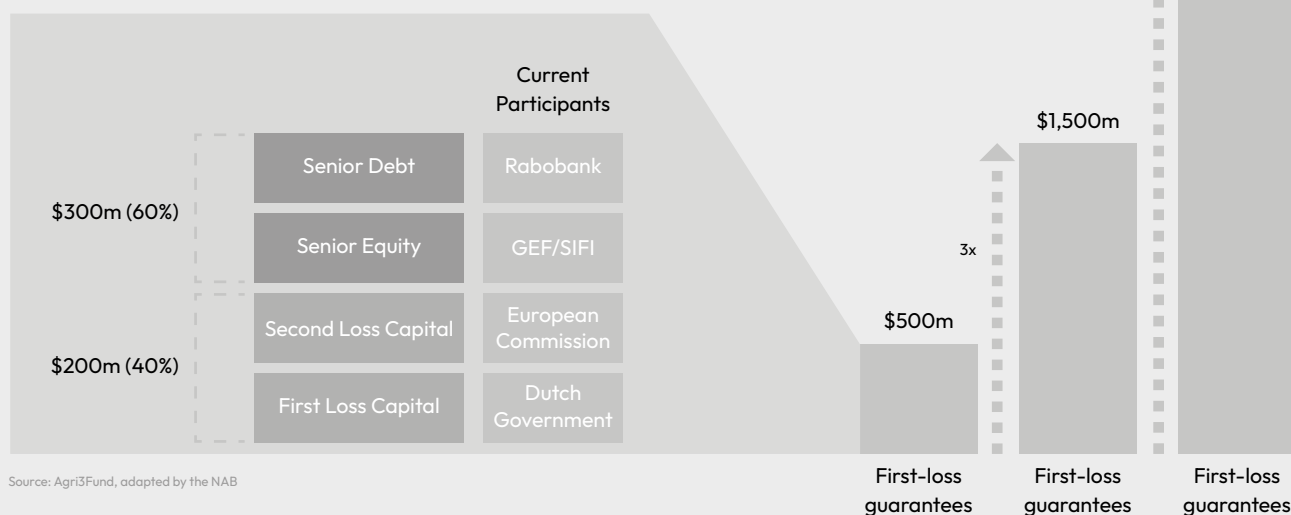


Figure 16 – AGR13Fund structure's diagram



Regional MSME Investment Fund for Sub-Saharan AFRICA S.A., SICAV-SIF (REGMIFA) ⁶¹

1. Project information

- **Name:** REGMIFA Fund (managed by Symbiotics)
- **Description:** Launched in 2010, REGMIFA Fund aims to foster economic development and prosperity in Sub-Saharan Africa through the provision of demand-oriented financing to qualified financial intermediaries serving MSMEs and low- and middle-income households (LMIHs).
- **Location:** Sub-Saharan Africa
- **Stage:** Growth
- **Target sectors:** MSME and access to basic services
- **Target SDGs and (impact) addressed:** 1, 5, 8,
- **Impact metrics:**
 - Estimated total end borrowers reached in 2024: 218,798
 - Number of microfinance clients financed since inception: 2,090,867
 - Number of countries reached: 23
 - Institutions financed: 121
 - Outstanding portfolio (2023): \$ 180.4 million

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Technical:** local financial institutions lack access to stable, long-term, and appropriately structured funding—particularly in local currency—to serve MSMEs. This creates systemic currency mismatches and constrains outreach.
- **Financial:** high inflation, currency volatility, and limited investor confidence restrict access to affordable capital. These conditions elevate borrowing costs and suppress financial intermediation in underserved markets.
- **Risk:** private investors face high perceived credit and FX risks. By layering capital (junior, mezzanine, senior), REGMIFA shields senior tranches from first losses, enhances portfolio stability, and catalyses private investment.

3. Financing and partnerships

- **Financing organisations:**
 - ASN Bank (Notes)
 - FMO (B shares)
 - Symbiotics Asset Management SA (B shares)
 - Oesterreichische Entwicklungsbank AG (B shares and C shares)
 - Kreditanstalt für Wiederaufbau (KfW) (Structuring Agent) (C shares)
 - Agence Française de Développement (C shares)
 - Ministerio de Asuntos Exteriores y de Cooperación (C shares)
- **Other participating organisations:**
 - Symbiotics Capacity Building (TA Facility Manager)

4. Investment size and catalytic capital ratio

- Investment size: \$190.6 million
- Catalytic capital ratio: approximately 1:2 –1:3⁶²

⁶¹ <https://regmifa.com/fund-overview-and-impact-report-2024/>

⁶² Assumptions: Catalytic capital = Nominal value of C-Shares (~\$ 86.8 million, derived from NAV of \$ 79 million at 91% of nominal). Total mobilised capital = Outstanding portfolio (\$ 180.4 million).



5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- First-loss tranche: Class C shares held by governments
- Junior tranche (subordinated debt): Class B Shares held by donors/DFIs absorb losses (\$ 83.5 million by end of 2024)).
- Local currency lending via swaps and open exposure: Enables REGMIFA to disburse local currency loans (\$ 13.1 million disbursed in 2023 under open FX exposure) in XOF, XAF, UGX, MGA.

Components:

- First-loss tranche:
 - Funded by concessional investors and DFIs
 - Class C shares
 - First-loss capital
 - Absorbed FX compensation and credit losses.
 - Junior tranche: class B shares, receives full dividend and interest.
- Senior tranche:
 - Commercial investors (Notes, Class A and B shares).
 - Received full dividends and interests for 13th consecutive year.
- TA Facility:
 - \$ 2.7 million in approved TA projects (in 2023).
 - Supported 20 PLIs; focused on SME finance, digitalisation, risk management.
- Governance: Symbiotics Asset Management SA, a Geneva-based firm specialising in impact investing.

B. Implementation

1. Catalytic deployment:

- In 2024, \$36.7million invested in 18 PLIs across 23 countries.
- 48% of disbursements went to Tier II/III institutions (PLIs < \$100 million in assets).

2. Risk Mitigation:

- FX risk absorbed through first-loss and mitigated by synthetic hedging or open FX strategy.

3. Capital mobilisation:

- Total portfolio: \$ 190.6 million (gross asset value by end of 2024)).
- Since inception: approximately \$ 702 million originated, 511 private debt transactions, 121 institutions financed.

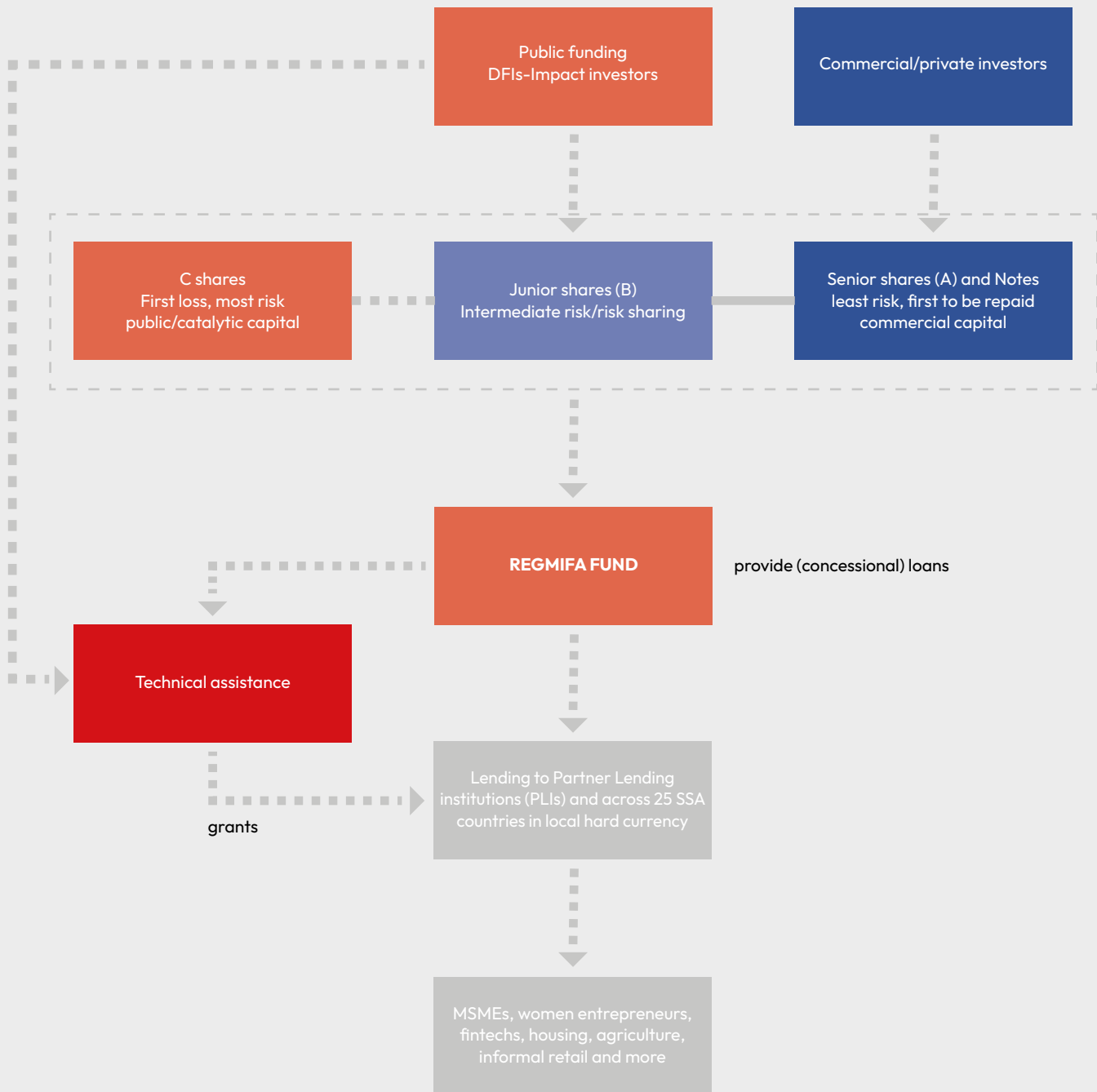
4. Flow of funds:

- Donor capital → First-loss tranche (C shares).
- DFIs/Private investors → Junior and senior tranches (A/B shares and notes).
- Fund → PLIs → End-borrowers (via local currency loans or USD).
- Repayments flow back; losses covered first by C-shares, and the by in B-shares

C. Success factors

- De-risking structure: \$83.5 million in junior tranche cushions senior investors.
- In 2023, local currency lending: \$13.1 million disbursed via open currency strategy despite volatile FX conditions.
- Impact focus: in 2024, REGMIFA reached over 218,000 end-borrowers (39% women; 27% rural areas; 22 countries reached classify as low-income and middle-low-income countries).
- TA integration: 135 TA projects completed; scholarships; SMEs and risk management pilots.
- Diversified portfolio: 55 PLIs active in 23 countries, 40% Tier II/III, including fintechs and agri-lenders.

6. Structure diagram



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 17 - REGMIFA structure's diagram (NAB model)

Dutch Good Growth Fund ^{63,64}

1. Project information

- **Name:** Dutch Good Growth Fund (DGGF)
- **Description:** It is an initiative by the Dutch Ministry of Foreign Affairs aimed at financing small and medium-sized enterprises in emerging markets. It provides funding for entrepreneurs in developing countries as well as Dutch SMEs looking to expand into these regions. The objective is to foster economic growth, create jobs, and support sustainable business development in frontier markets where access to finance is limited.
- **Location:** 70+ countries across Africa, Asia, Latin America, Eastern Europe, and the MENA region.
- **Stage:** Early-Stage SMEs, Growth-stage SMEs, Project financing
- **Target sector:** Cross-sector (Agribusiness, Tech, Financial services, Healthcare, etc.).
- **Targeted SDGs and problem (impact) addressed:** 1, 5, 8, 10, 13
 - Inadequate access to finance for SMEs in developing countries, especially for youth- and women-led enterprises and those in fragile states.
- **Impact metrics:**
 - SMEs financed: 11,794
 - Women-owned/led SMEs supported: 4,833
 - Youth-owned/led SMEs supported: 4,884
 - SMEs in fragile states: 4,825
 - Jobs sustained or created: 150,000+

2. Problem/challenge (technical/financial/risk) that the bF structure is aiming to solve

- **Market Failure:** SMEs in LMICs experience systemic financial exclusion due to perceived high risk, small ticket sizes, lack of collateral, and a general scarcity of professional fund managers operating in frontier markets.

3. Financing and partnerships

- **Financing organisations:** Dutch Ministry of Foreign Affairs
- **Fund Managers:** Triple Jump B.V. and PwC Advisory N.V.
- **Other Participants:** 78 financial intermediaries, SMEs finance funds globally, and local actors.

4. Investment size and catalytic capital ratio

- **Fund size:** €400 million (as of 2023)
- **Catalytic capital ratio:** Exact leverage ratio is not disclosed at the fund level. Leverage effect varies per sub-fund.

5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

- Public first-loss capital (equity and subordinated debt) to de-risk intermediated investments
- Technical Assistance (TA) Facility. €62 million. Seed Capital & Business Development (SC&BD).
- Patient capital through flexible structuring terms, enabling local fund managers to operate in fragile or undercapitalised markets.

Components:

1. Catalytic capital layer: €400 million from the Dutch Ministry of Foreign Affairs.
2. TA facility. €62 million
3. Governance: managed by Triple Jump and PwC, with oversight from the Dutch Ministry of Foreign Affairs
4. Financial intermediaries: 78 + funds and institutions financed. SME reach: 11,794 SMEs supported.

⁶³ <https://english.dggf.nl/latest/news/2024/10/22/newsitem-october>

⁶⁴ https://www.bothends.org/uploaded_files/document/Dutch_Good_Growth_Fund.pdf



B. Implementation

- Market penetration
- Targeted sectors
- Green growth integration
- Technical assistance

C. Success factors

- Frontier market focus: targets fragile states (e.g., Somalia, Haiti).
- Gender inclusion: 4,833 women-led SMEs financed.
- Green impact: 40 million+ allocated to renewable energy SMEs

6. Structure diagram (Visual Representation)

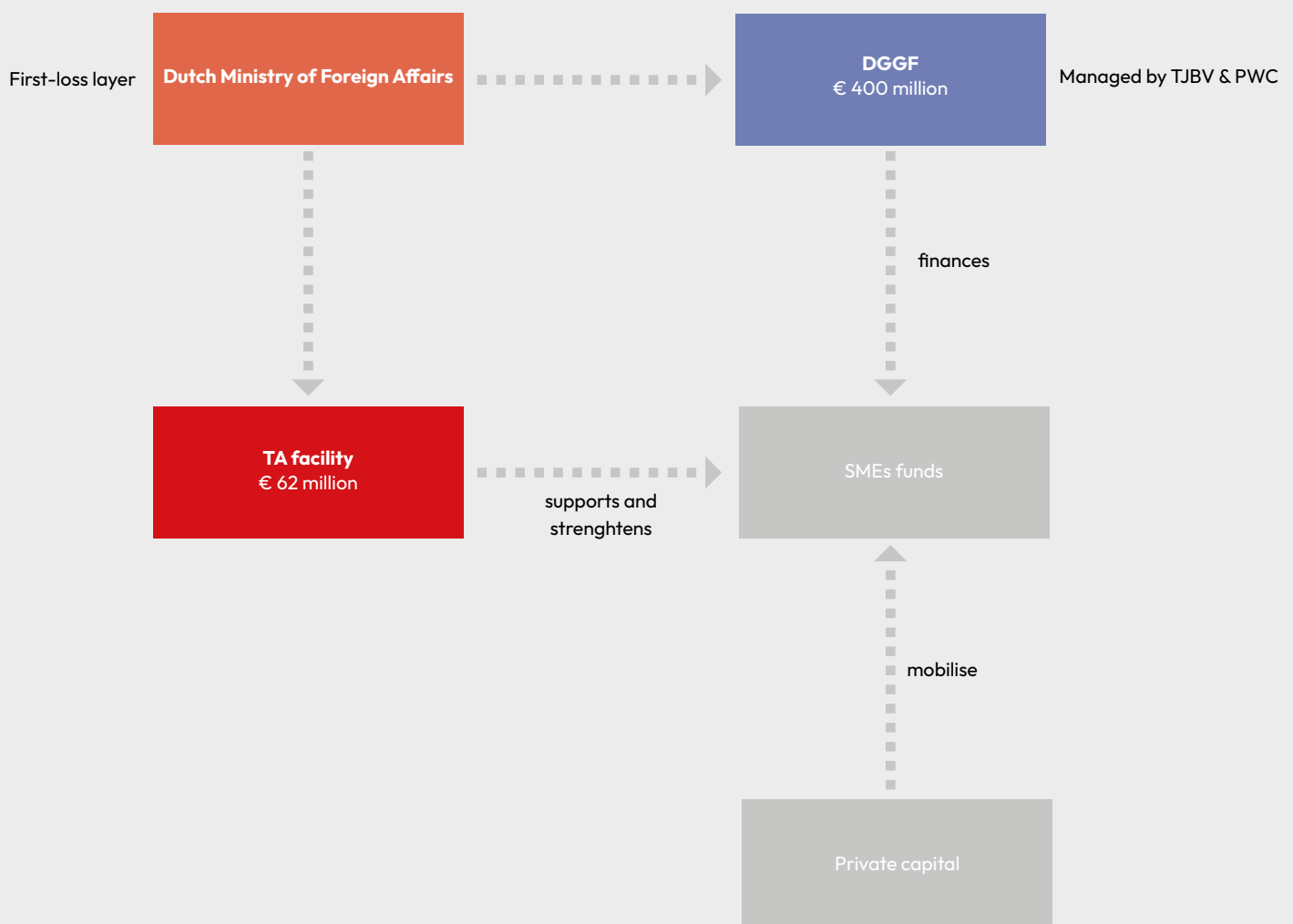


Figure 18 - DGGF structure's diagram (NAB model)

Emerging Markets Climate Action Fund ^{66,67,68,69}

1. Project information

- **Name:** Emerging Markets Climate Action Fund (EMCAF)
- **Description:** It is a blended finance fund-of-funds established in 2021 by the European Investment Bank and Allianz Global Investors. The fund aims to provide catalytic early-stage equity financing to greenfield projects focused on climate mitigation, climate adaptation, and environmental sustainability in emerging and developing markets.
- **Location:** Luxembourg
- **Stage:** Project financing
- **Target sector:** Renewable energy, Energy efficiency, Sustainable transport, Forestry, Water supply and Wastewater management
- **SDGs targeted and problem (impact) addressed:** 7, 9, 13
The fund addresses the need for increased investment in climate mitigation and adaptation projects in emerging markets, aiming to reduce greenhouse gas emissions, enhance resilience to climate change, and promote environmental sustainability.
- **Impact metrics:**
 - 800,000 metric tonnes of GHG emissions reduced.
 - 771 GWh of clean energy produced
 - 842 jobs created

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- **Private capital reluctance:** Due to high financial/political risks, lack of bankable projects, and limited exit opportunities in emerging markets.
EMCAF de-risks investments through public capital participation (first-loss tranche, guarantees) and concessional terms to attract private investors.

3. Financing and partnerships

- **Financing organisations:** European Investment Bank (EIB)
- **Other participating organisations:**
 - Allianz Global Investors (AllianzGI)
 - German Federal Ministry, through Kreditanstalt für Wiederaufbau (KfW)
 - Luxembourg-EIB Climate Finance Platform (LCFP)
 - Nordic Development Fund (NDF)
 - Italian Climate Fund
 - UK's Foreign, Commonwealth & Development Office (FCDO)

4. Investment size and catalytic capital ratio

- **Total investment:** As of January 2025, EMCAF reached a final size of €450 million, with expectations to mobilise up to €10 billion for climate projects in emerging and developing countries.
- **Catalytic capital ratio:** estimated 1:2.6

5. Overview of blended finance approach

A. Structuring process

Catalytic instrument:

- First-loss capital

⁶⁶ <https://www.eib.org/en/press/all/2025-017-emerging-markets-climate-fund-created-by-eib-and-allianz-global-investors-reaches-final-size-of-eur450-million>

⁶⁷ <https://emcaf.allianzgi.com/>

⁶⁸ <https://esgnews.com/allianz-global-investors-eib-raise-491-million-for-emerging-markets-climate-fund/>

⁶⁹ <https://emcaf.allianzgi.com/-/media/allianzgi/eu/emcaf/impact/rpt-emerging-market-climate-action-fund-annual-impact-report-2023.pdf?rev=edef1ce4181a4389b7d8c-c34b2b9f432>



Components:

- First-loss capital: €128 million from public investors, including KfW, NDF, FCDO, and the Luxembourg Ministry of the Environment, anchors the junior tranche.
- Senior tranche: €322 million mobilised from Allianz, Folksam, the European Investment Bank, and other institutional investors constitutes the commercial tranche
- Governance:
 - Fund Manager: Allianz Global Investors oversees investment decisions, fund deployment, and portfolio management.
 - Strategic Oversight: EIB provides technical support and helps ensure alignment with environmental and social (E&S) performance standards

B. Implementation

EMCAF operates by channelling capital into selected private equity funds that specialise in climate action projects. These funds then invest in initiatives such as renewable energy, energy efficiency, sustainable transport, forestry, and water management. The fund's structure is designed to attract private investors by mitigating risks through public sector participation and offering favourable return profiles.

C. Success factors

- Public-Private Partnership: the collaboration between public institutions and private investors enhances credibility and financial robustness.
- Strategic alignment: endorsed by the G7 in 2022 as an innovative approach to mobilise private investments for climate infrastructure.
- Diversified investment portfolio: by investing in multiple funds and projects, EMCAF spreads risk and taps into various climate-related sectors.

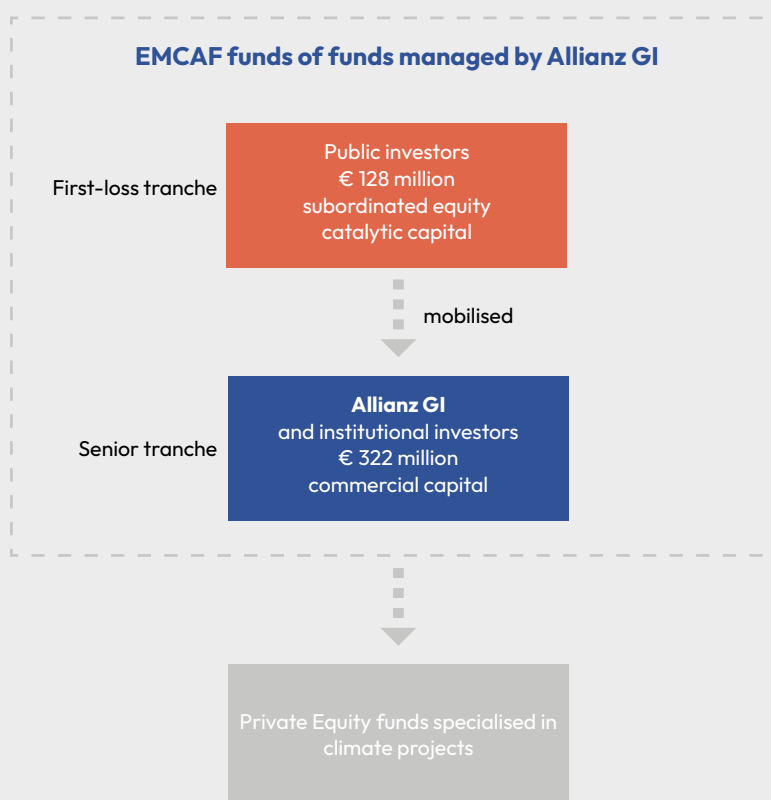
6. Structure diagram

Figure 19- EMCAF structure's diagram (NAB model)

■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital





Strategies

Distinct from the operational case studies presented earlier, the following two strategies illustrate blended finance models currently in the design or co-creation phase. They offer forward-looking insights into structuring investments for emerging impact themes like biodiversity and sanitation.

Sanitation & Water Impact Loan Strategy ⁷⁰

1. Project information

- **Name:** Sanitation and water impact loan strategy (by Cardano Development)
- **Description:** The strategy provides direct loans to financial institutions in emerging markets, which in turn offer microloans to low-income households and MSMEs for improved sanitation and water facilities. Financial institutions can receive outcome-based funding if they meet predefined impact targets, verified by an independent third party.
- **Location:** Emerging Markets
- **Stage:** Operational strategy
- **Target sector:** access to clean water and improved sanitation
- **Target SDGs and problem (impact) addressed:** 3, 6
Limited access to clean water and sanitation infrastructure for low-income communities and MSMEs in emerging markets.
- **Impact metrics:**
 - Increasing access to improved sanitation facilities for 13 million low-income people.

2. Problem/challenge (technical/financial/risk) that the BF structure is aiming to solve

- The strategy aims at de-risking the investment through a junior tranche provided by catalytic capital (10%), so that this capital can leverage and mobilise commercial capital for a senior tranche (90%). This structure makes the investment more attractive for private investors, tackling high perceived risk to invest in emerging markets.

3. Financing and partnerships

- Public funding for junior tranche; senior tranche opens to institutional investors.
- Cardano conducted risk analysis simulations

4. Investment size and catalytic capital ratio

- **Total expected fund size:** € 200 million
- **Catalytic capital ratio:**
 - Junior Tranche (first-loss, public funding): 10% (~ €20 million)
 - Senior Tranche (institutional investors): 90% (~€180 million)

⁷⁰ Blended Finance Case Study - Sanitation and Water Impact Loan Strategy.pdf (internal source)



5. Overview of blended finance approach

A. Structuring process

Catalytic instruments:

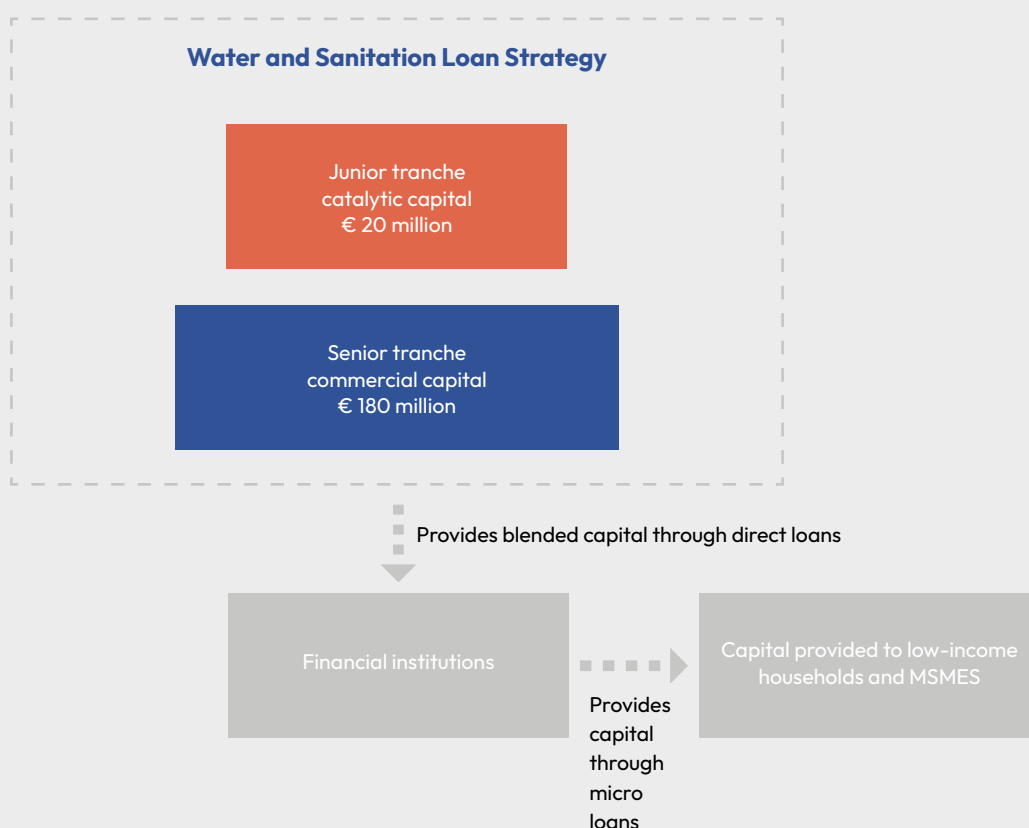
- Junior tranche (first-loss capital): Public funding absorbs initial losses to de-risk senior investors.
- Outcome-based funding: Disbursements tied to verified impact metrics (e.g., improved sanitation access).

B. Components:

- Junior tranche (First-loss):
 - Stakeholders: public funders (unspecified government/donor agencies).
 - Amount: €20 million (10% of total fund size).
 - Terms: concessional, first-loss position covering initial defaults.
- Senior tranche (Commercial):
 - Stakeholders: institutional investors (e.g., pension funds, impact investors).
 - Amount: €180 million (90% of total fund size).
 - Terms: market-rate senior debt, prioritised for repayment.
- Technical assistance (TA):
 - Purpose: risk analysis simulations by Cardano Development to optimise loan structuring.
 - Activities: not explicitly detailed but likely includes borrower capacity-building and impact monitoring.
- Governance: Cardano Development designs risk models; financial intermediaries (local banks/MFIs) disburse loans.

Implementation and success factors can be evaluated when strategy is implemented.

6. Structure Diagram



■ Commercial/Senior Capital ■ Junior Capital ■ Grants/Technical Assistance ■ Concessional/Catalytic Capital

Figure 20 - Sanitation and Water Loan Strategy structure's diagram (NAB model)



Biodiversity Investment Strategy ⁷¹

1. Project Information

- **Name:** Biodiversity Investment Strategy (Polestar Capital)
- **Description:** Provides growth-stage financing to scale-ups that reduce biodiversity loss and that struggle to access conventional capital due to asset intensity and perceived risk. The strategy targets measurable reductions in biodiversity loss drivers through tailored financial instruments.
- **Location:** Netherlands (primary focus), expanding into Northwest Europe
- **Stage:** Developing phase
- **Target sector:** Biodiversity, with focus areas including reduction of land/sea use, emissions, pollution, and natural resource exploitation (not sector-bound but ~75% agri-food)
- **Target SDGs and problem (impact) addressed:**
 - 2, 6, 8, 12, 13, 14, 15
 - Underinvestment in asset heavy tech solutions focused on reducing biodiversity loss due to high perceived risk and lack of financing benchmark.
- **Impact metrics:**
 - Ha of reduced land and sea use
 - Tons of biomass (extraction avoided)
 - Tons of CO₂-equivalent emissions reduced or avoided
 - Tons of pollution reduction (by material type)
 - Monitoring is customised to each investee, aggregated at portfolio level when feasible

2. Problem / Challenge

- **Technical/Financial:**
 - Lack of historical benchmarks in biodiversity financing creates uncertainty for institutional investors
 - The combination of convertible loans and senior secured loans is unfamiliar to mainstream financiers
 - Both increasing perceived risk
- **Blended finance solution:**
 - A 10–20% first-loss guarantee would realign perceived risk and facilitate institutional entry into the strategy

3. Financing and partnerships

- **Financing organisations:**
 - Polestar Capital (lead manager)
 - In co-creation with Achmea Investment Management
- **Other Partners:**
 - Nine Dutch pension funds, two insurance companies engaged in five co-creation sessions
 - Partners involved in design, structuring, and governance development

4. Investment size and catalytic capital ratio

- **Target size:** ~€500 million
- **Current catalytic capital ratio:** 0%
- **Target catalytic capital:** 10–20%

5. Overview of blended finance approach

A. Structuring process

- Developed through collaborative sessions with institutional investors to overcome sector unfamiliarity
- Structured around two key instruments:
 - Convertible Loans (CLAs): early-stage, operational readiness financing
 - Senior Secured Loans: to finance scale-enabling assets
- A future guarantee layer (10–20%) would act as first-loss, enabling institutional investment alignment

⁷¹ Source: internal. Provided by the working group member



B. Implementation

- Pending full deployment; sessions planned with investor partners to define governance and investment rules

C. Success factors

- Strong co-design process with institutional capital holders
- First-loss coverage to make unfamiliar risk profile acceptable
- EU SFDR Article 9 alignment to ensure transparency and ESG rigor
- Sectoral flexibility within biodiversity as a theme expands pipeline potential

6. Structure diagram

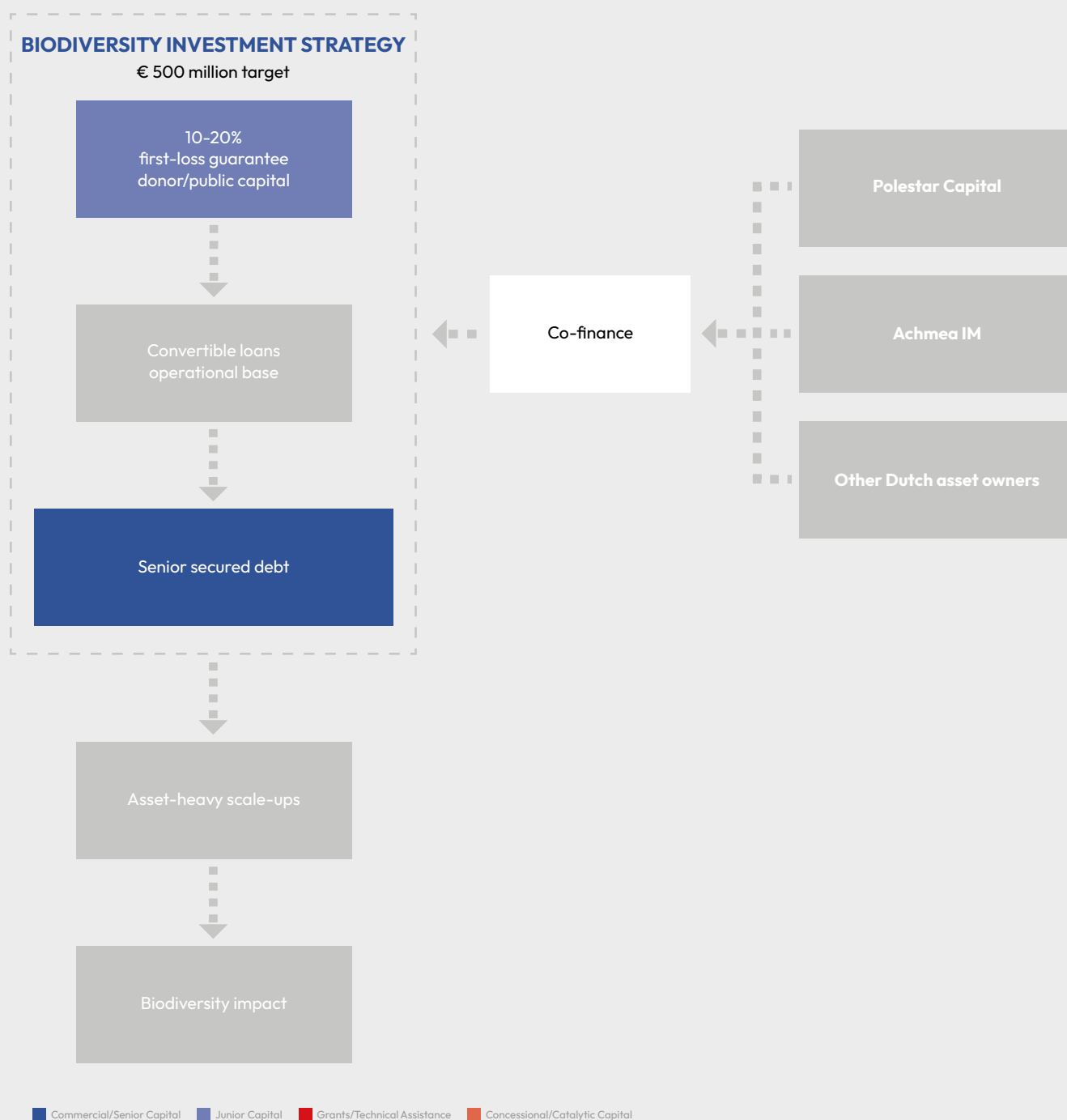


Figure 21 - Biodiversity investment strategy - Polestar capital, NAB model



Glossary



Blended finance	The strategic use of concessional finance from public or private sources to mobilise additional private sector capital for sustainable development, particularly in markets where risk or return barriers exist.
Capital layering	The structuring of different tiers of capital (e.g., concessional, mezzanine, senior) within a fund or vehicle, to allocate risks and returns across investor types and mobilise private finance.
Catalytic capital	Concessional or risk-tolerant capital deployed to crowd in commercial investment that would otherwise not materialise.
Catalytic ratio	A measure of leverage in blended finance, representing the volume of private capital mobilised per unit of concessional (public or private) capital. Expressed as a ratio, e.g., 1:5.
Concessional capital	Capital provided on terms softer than market conditions—such as below-market interest rates, subordinated ranking, or capped returns—with the explicit objective of attracting commercial co-investment.
First-loss capital	A subordinated investment tranche that absorbs initial losses in a capital structure, protecting more senior tranches and improving their risk-adjusted returns.
Guarantee	A risk mitigation instrument, often offered by DFIs or public agencies, covering part of the credit, political, or operational risk of an investment, to attract private sector participation.
Mechanism	A catalytic instrument or intervention used within a blended finance structure to shift risk or return profiles. Examples include concessional capital, guarantees, technical assistance, and return enhancement.
Outcome-based financing	A financial arrangement where disbursements or repayments are contingent upon the achievement of predefined social or environmental outcomes that are independently verified.
Phased capital deployment	A structuring principle that aligns specific types of capital (e.g., grants, mezzanine, senior debt) with distinct stages of a project's lifecycle—typically development, construction, and operation—to match evolving risk profiles.
Pipeline development	The process of identifying, preparing, and enhancing a portfolio of potential investments so that they become financially viable and impact-aligned for blended finance vehicles.
Return enhancement	A mechanism that improves the net return of commercial investors, often by capped-return junior tranches, subsidies (e.g., hedging), or tax incentives, to close the gap between market expectations and project viability.
Risk transfer	The shifting of financial risk from one party to another through instruments such as guarantees, insurance, or subordinated tranches, enabling private investors to enter higher-risk markets.



Solvency II	The EU's capital and risk framework for insurers. It sets capital requirements based on risk, influencing how much insurers can invest in assets like infrastructure or blended finance vehicles. Structures with guarantees or subordinated tranches can lower capital charges, making such investments more attractive.
Structure	The overarching design of a blended finance vehicle (e.g., fund, platform, facility) that integrates multiple mechanisms into a single investment model to serve distinct investor segments.
SFDR (Sustainable Finance Disclosure Regulation)	The EU regulation requiring financial market participants to disclose how sustainability risks and impacts are integrated into their products, shaping capital flows towards sustainable investments.
Technical Assistance (TA)	Grant-funded or subsidised support provided alongside financial investment to enhance investee performance, ESG compliance, project bankability, and long-term viability.
Tiered capital stack	A layered investment structure comprising different tranches (typically first-loss, mezzanine, and senior), each with its own risk/return profile, used to align incentives among diverse capital providers.
Waterfall structure	A financing structure that allocates cash flows or losses in a predefined order among different investor tiers.

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Acronyms



General Acronyms

- **BF** – Blended Finance
- **CGAP** – Consultative Group to Assist the Poor
- **DFI** – Development Finance Institution
- **DFIs** – Development Finance Institutions
- **EIB** – European Investment Bank
- **EFSD** – European Fund for Sustainable Development
- **EU** – European Union
- **FSLU** – Forest and Sustainable Land Use
- **FX** – Foreign Exchange
- **GHG** – Greenhouse Gas
- **GEF** – Global Environment Facility
- **GWh** – Gigawatt Hour
- **ha** – Hectare
- **IMO** – International Maritime Organization
- **IRR** – Internal Rate of Return
- **KPIs** – Key Performance Indicators in the following line
- **LCFP** – Luxembourg Climate Finance Platform
- **LMIHs** – Low- and Middle-Income Households
- **MDBs** – Multilateral Development Banks
- **MFIs** – Microfinance Institutions
- **MRV** – Monitoring Reporting Verification
- **MSMEs** – Micro, Small, and Medium Enterprises
- **MW** – Megawatt
- **NDBs** – National Development Banks
- **NDF** – Nordic Development Fund
- **NGOs** – Non-Governmental Organizations
- **PLIs** – Partner Lending Institutions
- **RVO** – Netherlands Enterprise Agency
- **SDGs** – Sustainable Development Goals
- **SMEs** – Small and Medium Enterprises
- **TA** – Technical Assistance
- **tCO₂e** – Tonnes of Carbon Dioxide Equivalent
- **UK** – United Kingdom
- **UN** – United Nations
- **WACC** – Weighted Average Cost of Capital

Funds, Facilities, and Program Acronyms

- **AGRI3** – Agriculture and Forestry Impact Fund
- **BSC** – Better Society Capital (formerly Big Society Capital, UK)
- **CI1 / CI2** – Climate Investor One / Climate Investor Two
- **DFCD** – Dutch Fund for Climate and Development
- **DGGF** – Dutch Good Growth Fund
- **EMCAF** – Emerging Market Climate Action Fund
- **GCF** – Green Climate Fund
- **GSF** – Green Shipping Fund
- **MFF** – Mobilising Finance for Forests
- **NWF** – Nationale Warmtefonds
- **REGMIFA** – Regional MSME Investment Fund for Sub-Saharan Africa
- **SDG Loan Fund** – Sustainable Development Goals Loan Fund
- **SIF** – Sociaal Innovatiefonds
- **SEED** – Seed Capital Scheme

Institutional and partner acronyms

- **ADEME** – French Environment and Energy Management Agency
- **AfDB** – African Development Bank
- **ANR** – French National Research Agency
- **Atradius DSB** – Atradius Dutch State Business
- **CDC** – Caisse des Dépôts et Consignations
- **CEB** – Council of Europe Development Bank
- **EIF** – European Investment Fund
- **FMO IM** – FMO Investment Management
- **IMAS Foundation** – Ingvar Kamprad Management Foundation
- **KLP** – Kommunal Landspensjonskasse
- **LPP** – Laerdal Pension Fund
- **NWB Bank** – Nederlandse Waterschapsbank
- **SGPI** – Secrétariat Général pour l'Investissement
- **SocFin** – Social Finance NL
- **SEO** – SEO Economisch Onderzoek
- **USAID** – United States Agency for International Development



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► **email**

contact@nabimpactinvesting.nl

► **website**

www.nabimpactinvesting.nl

► **adres**

Titaan 0.18

Saturnusstraat 95

2516 AG Den Haag