



8 April 2025

Thematic Working Group Sustainable/Blended Finance Meeting Minutes

Participants

Group Members

- **Brian Milder**, *Aceli/ASLC*
- **Chris Wayne**, *Acumen*
- **Raheena Adeleke**, *AFEX*
- **Oluwabori Ademuson**, *AFEX*
- **Emmanuel Ajayi**, *AFEX*
- **Blessing Mamakelechi**, *AFEX*
- **Eda Dokle**, *ASLC/CSAF*
- **Ellen Maginnis**, *ASLC*
- **Andrea Zinn**, *CSAF/Aceli*
- **Jared Klassen**, *GAC*
- **Nnedimma Nnebe**, *GAC*
- **Tuleen Alkhoffash**, *IFAD (Co-Chair)*
- **Songbae Lee**, *Independent Advisor (Co-Chair)*

- **Anders Aabo**, *Norad*
- **Tim Diphooorn**, *One Acre Fund*
- **Oshani Perera**, *Shamba Centre for Food and Climate*
- **Kawtar Zerouali**, *UNCDF*
- **Sabine Desczka**, *Wageningen University*
- **Albena Melin**, *ZEP-RE*

GDPRD Secretariat

- **Maurizio Navarra**
- **Michelle Tang**
- **Alessandro Cordova**
- **Monique Amar**
- **Sierra Berardelli**

Agenda

ISSUE	ITEM	DETAILS
1.	Welcome and Introduction	GDPRD Secretariat
2.	Review of Process Map and Outlook for 2025	Co-Chairs
3.	Lessons Learned on Catalytic Capital Framework: Donor Cohort	Agri-SME Learning Collective
4.	AOB and Closing	Co-Chairs

Key Highlights/Issues

1. Welcome and Introduction

- Alben Melin (ZEP-RE); Raheena Adeleke, Oluwabori Ademuson, Emmanuel Ajayi, Blessing Mamakelechi (AFEX); and Anders Aabo (Norad) joined the call for the first time.
- The group marked its first meeting of 2025, one year since its establishment.
- Songbae Lee will continue to co-chair alongside Tuleen Alkhoffash (IFAD), now in his personal capacity as an Independent Advisor.

2. Review of Process Map and Outlook for 2025

PURPOSE OF SECTION:

For the Group to review the activities of the first year of operation and future priorities [\[Annex I\]](#).

ISSUES DISCUSSED:

- Following the group's establishment in April 2024, the draft Catalytic Capital Framework was introduced as the group's concrete output for year one. In collaboration with five bilateral donors: Global Affairs Canada (GAC), Norwegian Agency for Development Cooperation (Norad), Swiss Agency for Development and Cooperation (SDC), U.K. Foreign, Commonwealth & Development Office (FCDO), and U.S. Agency for International Development (USAID), the donor-cohort was formed, and testing began (*emerging findings detailed in Section 3*). **[IFAD]**
- In 2023, the GDPRD Board allocated 30,000 EUR to support the inception of the working group, which funded the donor-cohort testing of the Catalytic Capital Framework. **[Maurizio Navarra]**
- The key findings from the first testing phase will be finalized and published circa July 2025. The working group may consider expanding the testing of the framework and engaging a broader set of stakeholders (such as MDBs), subject to funding availability. At the July meeting, members will review the Terms of Reference to determine the group's direction and engagement for the coming year. **[IFAD]**

3. Lessons Learned on Catalytic Capital Framework: Donor Cohort

PURPOSE OF SECTION:

Eda Dokle, Agri-SME Learning Collective (ASLC) Coordinator & CSAF Data and Learning Manager and Ellen Maginnis, ASLC Consultant, presented the emerging findings of the donor-cohort testing of the draft Catalytic Capital Framework.

ISSUES DISCUSSED:

- Agri-SMEs are critical for inclusive and sustainable food systems, but they face significant financing gaps. Catalytic capital can help address this, but deploying it effectively remains a challenge due to inconsistent practices and a lack of standardized, comparable data.
- The draft Catalytic Capital Framework (first presented to the group during the [03 July 2024 TWG meeting](#)) ultimately aims to establish harmonized standards and benchmarks for deploying catalytic capital. The long-term objective of the framework is to investigate key questions, including:
 - What type of catalytic capital works best in different contexts;
 - How much is needed;

- How can both additionality and impact be ensured;
- What metrics and evaluations matter most?
- The framework is currently structured around the following three areas (with rigor across):
 1. Capital Additionality: flows from donors to intermediaries and from intermediaries to SMEs, with indicators including leverage, impact orientation, and demonstration effect.
 2. Impact: including agri-SME and farmer livelihoods, and thematic areas including gender, youth, climate and environment and food security.
 3. Context: including country/regional economy, political stability and climate vulnerability.
- The first phase of Catalytic Capital Framework testing took place throughout Q1 2025, in two parallel cohorts: one for practitioner members of the Agri-SME Learning Collective (ASLC) and another for the aforementioned group of 5 donors (with 3 agri-finance related initiatives per donor), with the primary aim to refine and strengthen the framework's feasibility and structure, rather than solely collect data.
- Testing included 11 agri-finance initiatives with diversity across:
 - Instruments (such as grants, guarantees, equity, debt, etc.);
 - Capital flows (donor to intermediary to SME; donor through multiple intermediaries to agri-SME);
 - Geographic focus (solely LDCs, Africa, one country or global);
 - Return profiles (ranging from non-returnable capital to market rate expectations);
 - Focus on agri-SMEs (agri-SME exclusive versus sector agnostic SMEs);
 - Size of SMEs; and
 - Stages of implementation (ranging from concept design to full capital deployment).
- The wide range of diversity affirmed the need for specification on certain initiative archetypes to better compare data.
- The **key findings** from phase one of testing:
 - 1. There are various approaches for assessing additionality and impact.**
 - Donors place strong emphasis on additionality, considering factors like expected private capital mobilized, leverage ratios, geography and risk. Each donor prioritizes different factors based on their individual strategies.
 - Intermediaries vary widely in their approaches, with some using scoring systems (i.e., scoring each investment on an additionality scale from 1-4) and others conducting extensive research on capital needs for their target SMEs.
 - Impact measurement varies greatly, which reflects varying strategies, priorities and resources, making it difficult to compare practices across initiatives.
 - 2. There is little consistency in definitions and calculations used to measure and manage impact and additionality.**
 - For example, across both donors and intermediaries, there was no consistency in definitions, scope or calculations for assessing market ecosystem change. This lack of consistency in definitions feeds directly into the challenge of comparing data.
 - 3. There is not (yet) agreement on how certain factors relate to additionality and impact.**
 - For example, some participants saw a positive relationship between leverage and additionality (where higher leverage meant more additional investment) while others viewed the relationship as inverse (suggesting that higher leverage,

especially at the fund level, made capital less needed or additional). These differences should be explored further as part of the framework standardization.

4. Donors and intermediaries allocate capital based on assumptions related to impact and additionality (that don't often hold true).

- For example, intermediaries at the fund level working with donors to determine the amount of first-loss capital needed to reduce risk and attract private capital sometimes find that even after securing the necessary amount, fundraising targets aren't met.
 - Another example is that intermediaries may adjust their impact strategies to meet financial constraints or return expectations, particularly in funds, leading to changes in target size, type, or geography.
- The first phase of testing highlights the importance of learning from discrepancies to refine the framework to acquire usable data and develop benchmarks.
 - The main deliverables for this phase of testing include an internal report of detailed insights for internal use within the TWG, a concise (2-page) summary for broader dissemination through the GDPRD website.
 - The next phase of this process would be to conduct additional testing rounds (aiming to start in the second half of this year, pending funding). Based on the findings from Phase 1 of the framework, we will need to narrow the focus which can either be on a specific investment archetype (e.g. debt funds targeting smaller SMEs) or a specific area within the framework (e.g. impact measurement) with a broader set of stakeholders. Before each additional testing round, the decision will be to either broaden the application (engage more stakeholders and initiatives) or deepen it (focus on a specific investment archetype for richer data). **[ASLC]**

DISCUSSION AND Q&A:

- Because of the variety of initiatives being piloted, we are using the term 'intermediary' to mean a variety of things (e.g., a fund manager, a program implementer, a financial institution). **[ASLC]**
- There has been ongoing debate about the purpose of blended finance – whether the primary goal is to achieve impact or to mobilize private capital. These goals can diverge depending on the structure and achieving one does not always guarantee the other. **[ZEP-RE]**
- Impact is often intentionally driven by the investor toward the end beneficiary, but this intention can be diluted at the intermediary level, where measurement approaches and priorities may differ. As a result, investors are frequently asked to provide impact data they lack, due to a disconnect between what intermediaries report and what actually reaches beneficiaries. **[ZEP-RE]**
 - It is challenging to get aggregate impact information that is useful for decision making at the donor level. There has been progress in standardizing KPIs, for example the number of agri-SMEs reached, but there are not yet standard mechanisms for aggregating impact data up the capital chain. **[ASLC, ZEP-RE]**.
 - Donors are calling for more consistent definitions and measurements, especially among MBDs and DFIs. However, since indicators tend to be associated with the foreign policy objectives of the donor country, they lack consistency. **[IFAD]**
- Could further details be provided on the inverse relationship between additionality and leverage, especially at the fund level? **[Shamba Centre]**
 - Some donors tend to associate a positive correlation with more private capital leveraged per subsidized capital, assuming that unlocking additional private capital reflects stronger additionality. However, the inverse view is that when less private capital is leveraged, a lower leverage ratio means greater additionality, e.g. because

- of the need to reduce risk. Ultimately, the approaches to risk and impact varies greatly among donors, making the interpretation of the relationship between leverage and additionality nuanced. **[ASLC]**
- The scope of this testing round was primarily to understand the applicability of the areas covered in the framework and how donors consider these factors when deploying limited catalytic capital. **[ASLC]**
 - In an ideal scenario, an initiative would have both financial additionality and impact. However, they are completely separate. **[GAC, IFAD, Shamba Centre]**
- Was there a focus on the stage/size of SME? **[Acumen]**
 - No, all stages and sizes were considered, as long as the focus was on agri-SMEs. **[ASLC]**
 - Were there any notable consistencies found across the intermediaries? **[Acumen]**
 - The areas covered in the framework, including all the sub-areas under capital additionality, impact, and context, were those deemed most important by donors. The framework is focusing on the most important elements for decision-making, but the underlying aspects of those elements and the related calculations have inconsistencies. **[ASLC]**
 - It could be useful to categorize initiatives into specific archetypes/profiles to better compare similar investment vehicles, as well as clarifying the priorities of each fund or investment vehicle. **[GAC]**
 - Indeed, tracking the scope and objective of each initiative being tested would help interpret the data and improve comparisons. We're still waiting on donor confirmation regarding how much detail can be disclosed. Once that's settled, the initiatives will be included in the report. **[ASLC]**
 - It would be useful to have a subsection summary of the reviewed activities. Although aggregating results is not the primary goal, some indications of the high-level groupings would be helpful. **[Songbae Lee]**
 - The sample size is a challenge, so perhaps this TWG can collaborate with related research initiatives for validation and expanding the pool of tested initiatives. **[GAC]**
 - The issue of the small sample size will likely become more challenging going forward. Instead of trying to reach a larger sample size, it would be preferable to go deeper into the work. Working on a narrower, more specific archetype would be more practical than trying to reach a broader scope, so we can develop a targeted, useful tool for donors interested in a specific activity. **[GAC, Songbae Lee]**
 - One useful approach to refining the framework could be applying it to the same initiative implemented in different contexts. For example, a risk sharing facility deployed by different partners. Even if the impacts vary, it could help test how well the framework captures those differences and inform further refinement. **[IFAD]**
 - For the next iteration of this work, we're open to both going deep within a single archetype and going broader across multiple initiatives. Depth allows for more detailed data collection and indicator analysis, while a broader approach would engage more stakeholders and enable comparisons across sub-archetypes. Ideally, we'd consider a mix of both to balance depth and comparability. **[ASLC]**
 - If funding is secured, it would be critical to have at least one MDB-funded project in the next iteration. **[IFAD, Shamba Centre]**
 - Traditional MDBs often define terms including blended finance, additionality, and private capital mobilization differently than donors, so understanding these

differences is useful, especially if the ambition is to bring this work to the OECD.

[IFAD, ZEP-RE]

- The draft Catalytic Capital Framework should be brought to the attention of the DFI Blended Finance Working Group. **[ZEP-RE]**
 - Indeed, there is ambition to bring the framework to the DFI Working Group, especially since MDBs are working on standardization. Additionally, a goal is to present the framework to the GDFRD Board, then to hold a subsequent session at the GDFRD's 2025 Annual General Assembly (AGA). **[IFAD]**
 - Donors sometimes move into the spectrum of where DFIs usually operate. In the framework, we have therefore focused more on the bilateral and most concessional end of the spectrum. Over time, it would be helpful to look across the spectrum of both instruments and actors. **[ASLC]**
- The zero-draft outcome document of the upcoming Fourth International Conference on Financing for Development (FfD4) calls for greater transparency and accountability in blended finance and supports efforts to standardize blended finance instruments – which is precisely aligned with our work on the Catalytic Capital Framework. **[Maurizio Navarra]**
 - The framework is also aligned with the Canadian G7 Presidency's efforts to standardized definitions and impact measurements. **[IFAD]**

ACTION POINTS:

- Members to consider the next phase of the working groups activities and options for voluntary financial contributions to support the ongoing testing of the catalytic capital framework.

4. AOB and Closing

ISSUES DISCUSSED:

- A survey will be launched to understand members' viewpoints on the TWG's ToRs, outputs, and membership. **[IFAD, GDFRD]**
- The next meeting will be scheduled in July 2025; date and time to be announced in due course.

Annex I: TWG Sustainable/Blended Finance 2024-25 Process Map

