14 July 2025

Thematic Working Group Sustainable/Blended Finance
Meeting Minutes

Participants

Group Members

- **Eda Dokle**, *ASLC/CSAF*
- **Ellen Maginnis**, *ASLC*
- **Andrea Zinn**, *CSAF/Aceli*
- **Jared Klassen**, *GAC*
- **Nnedimma Nnebe**, *GAC*
- **Christopher Yordy**, *GAC*
- **Tuleen Alkhoffash**, *IFAD (Co-Chair)*
- **Songbae Lee**, *Independent Advisor (Co-Chair)*
- **Ana Raviña Eirín**, *ISF Advisors*
- **Matthew Newman**, *ISF Advisors*
- ***Dan Zook***, *ISF Advisors*
- **Franziska Salzer**, *KfW*
- **Anders Aabo**, *Norad*
- **Ragna Saeter**, *Norad*
- **Tim Diphoorn**, *One Acre Fund*
- **Peter Beez**, *SDC*
- **Sabine Desczka**, *Wageningen University*

GDPRD Secretariat

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

Agenda

ISSUE	ITEM	DETAILS
1.	Welcome and Introduction	GDPRD Secretariat
2.	Review of Terms of Reference 2025	Co-Chairs
3.	Funding for Phase 2 of Catalytic Capital Framework	Norad
4.	Concessional Capital for Agri-SME Funds: Donor & Investor Guidance	ISF Advisors
5..	AOB and Closing	Co-Chairs

Key Highlights/Issues

1. Welcome and Introduction

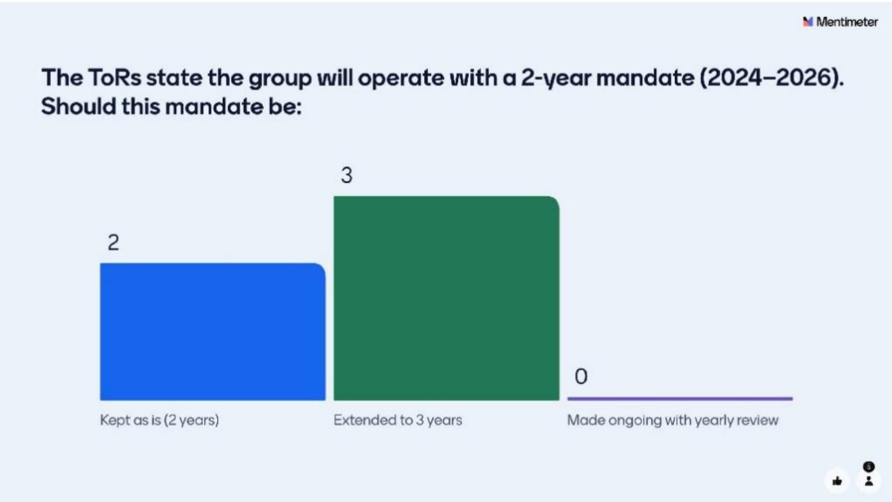
- Christopher Yordy (GAC), Ana Raviña Eirín, Matthew Newman and Dan Zook (ISF Advisors), and Ragna Saeter (Norad) joined the call for the first time.
- The GDPRD recently published a White Paper, "Financing Agrifood Systems for People, Planet and Prosperity: Towards a new pact for mobilizing capital, reforming systems, and driving transformation at scale", which calls for agrifood systems to become a top-tier investment priority. The paper outlines six key action areas for financing agrifood systems transformation, including the creation of collaborative financing agreements to align public and private capital, drive innovation and scale investments.
- The Platform will host its Annual General Assembly toward the end of the year (date tbc), which will build on this year's efforts around financing agrifood systems and the White Paper's key messages. All working group members are invited to participate, and the group is welcome to host a session of its own. ***[Maurizio Navarra]***
- The high-level findings report from Phase One of the Catalytic Capital Framework testing is now published on the website. A detailed findings report from the donor cohort was also shared with TWG members internally. ***[IFAD]***

2. Review of Terms of Reference 2025

PURPOSE OF SECTION:

For the Group to review the Terms of Reference (ToR) and discuss future priorities

Q&A to Members through Mentimeter - Part One: Priorities, Focus Areas & Membership

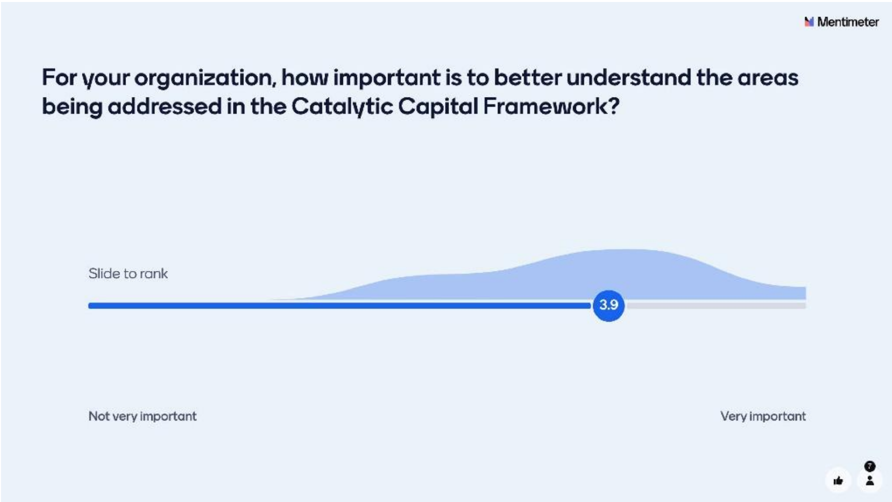


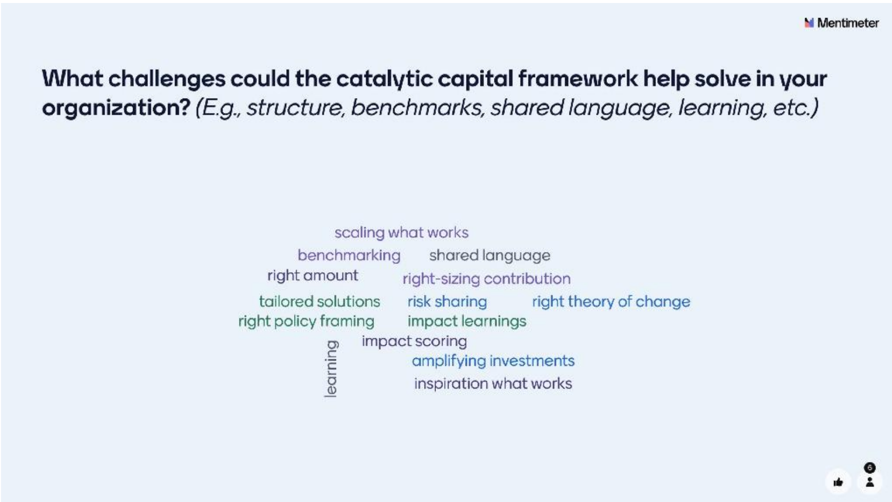

Mentimeter
What should be the TWG's top priority for the next year?
Currency risks, outcome based financing
Understanding each others' financing approaches and instruments
Innovation, identifying thematic focus, and broadening of networks.
Standardising blended finance vehicles to increase interoperability between projects.
Impact messurement and management/outcome based finance/ advocacy
Agree on financing approaches and instruments available to donors, and to advance standardization of vehicles
Sharing market innovations and presenting findings from reports/analyses (with discussion of results)

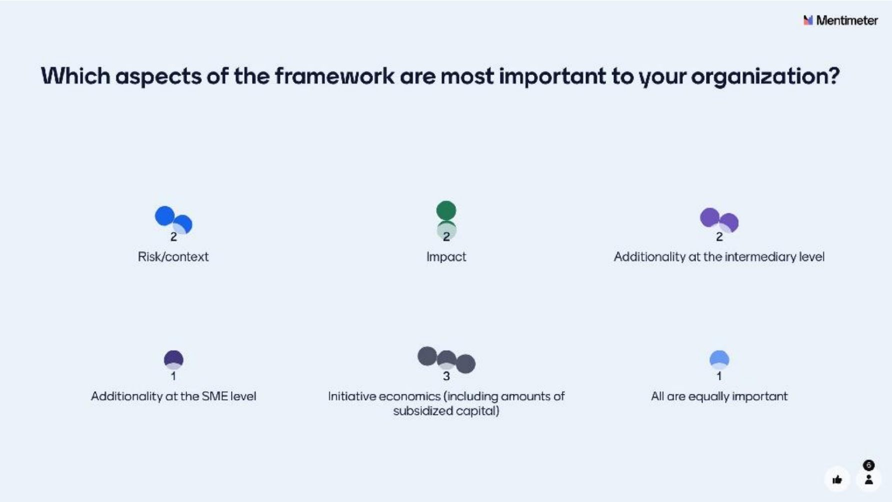

Mentimeter
What has been the most valuable part of your participation in this TWG so far?
5
2
0
0
Peer learning/networking
Access to data & research
Understanding/measuring blended finance impact
Other (please specify in chat)

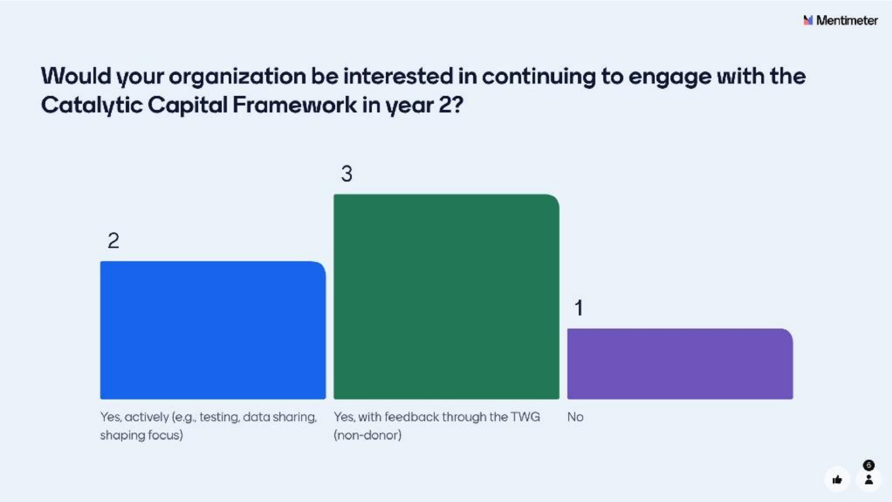

Mentimeter
Are you willing to commit to participating in at least 3 out of 4 working group meetings per year, if the mandate is extended?
4
0
2
Yes
No
Depends

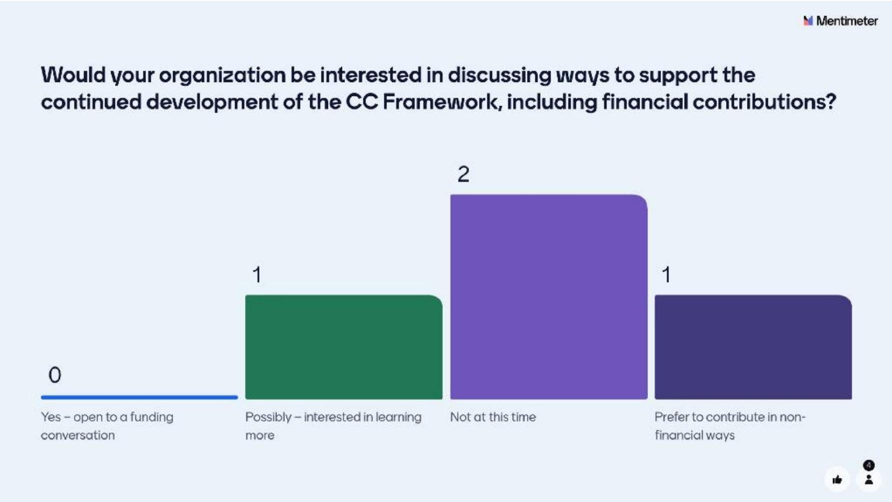
Part Two: Catalytic Capital Framework






Mentimeter
Which aspects of the framework are most important to your organization?
2
Risk/context
2
Impact
2
Additionality at the intermediary level
1
Additionality at the SME level
3
Initiative economics (including amounts of subsidized capital)
1
All are equally important


Mentimeter
Would your organization be interested in continuing to engage with the Catalytic Capital Framework in year 2?
2
3
1
Yes, actively (e.g., testing, data sharing, shaping focus)
Yes, with feedback through the TWG (non-donor)
No


Mentimeter
Would your organization be interested in discussing ways to support the continued development of the CC Framework, including financial contributions?
0
1
2
1
Yes – open to a funding conversation
Possibly – interested in learning more
Not at this time
Prefer to contribute in non-financial ways

DISCUSSION AND Q&A:

- The vote against harmonizing KPIs and impact measurements is surprising, since one of the main challenges with donors is the lack of alignment on indicators, which complicates analysis. Standardizing KPIs is essential for comparative evaluation across projects, so understanding the reasons behind the resistance would be valuable for the next phase. ***[IFAD]***
  - Indeed, this is surprising, but it may reflect a difference between personal versus institutional priorities. ***[Songbae Lee]***.
- Strong support for the Catalytic Capital Framework and its objectives was shown from donors and practitioners during Phase One testing. The responses to the Mentimeter questions also reflect how the framework can help address challenges like scaling effective approaches and promoting shared learning. The pilot testing findings found that many donors operate in silos, lacking common answers to if the capital they deploy is catalytic, what change it is driving, and how to measure the impact. A major gap identified was the lack of indicators and shared language across stakeholders, also reflected in the answers above (i.e., 'impact scoring' and 'shared language'). Participants showed strong interest in continuing engagement with the framework, although time constraints and competing priorities may affect participation in the second phase. ***[ASLC]***
  - Donors consistently push for improved and aligned data, especially when it comes to reporting. For example. IFAD is currently supporting the Africa Rural Climate Adaptation Finance Mechanism (ARCAFIM), an unfunded shared facility with GCF, Finland and Denmark. The donors involved have emphasized the need to standardize KPIs, given the large size of the project, and they want to avoid inconsistent reporting with varying definitions. Standardization ultimately simplifies internal reporting and ensures accuracy. ***[IFAD]***

ACTION POINTS:

- The Co-Chairs/Secretariat will revise the TORs based on the discussion and share with members via email for endorsement.

3. Funding for Phase 2 of Catalytic Capital Framework

PURPOSE OF SECTION:

Discussion on funding for the continuation of the CCF.

ISSUES DISCUSSED:

- The Financing for Agricultural Small-and-Medium Enterprises in Africa (FASA) Fund, is an $85 million fund of funds, which aims to unlock financing for agri-SMEs across Africa, by providing first-loss capital to investment funds that are active in the sector. FASA is jointly funded by USAID, Norway, the UK, and Korea.
- FASA has three pillars: (1) providing investment capital; (2) providing technical assistance to fund managers and their agri-SMEs, and; (3) fulfilling a learning agenda, which is strongly related to this AgriSME Learning Collective and Catalytic Capital Framework.
- One of the difficult issues that FASA encounters is determining the appropriate level of first loss funding (e.g., 10%, 20%, 30%, etc.), since the answer is on a case-by-case basis and there is no tool or methodology to determine the amount. Norway has therefore provided funding through FASA to support the AgriSME Learning Collective to continue the development of the Catalytic Capital Framework for exactly this reason: it is a valuable and structured tool that helps FASA and other donors make smarter, more efficient funding decisions. With tightening budgets, especially in Europe, such tools help to allocate resources wisely and avoid overcommitting unnecessarily, like agreeing to higher first-loss guarantees without proper analysis. Norway encourages other donors to join in supporting the AgriSME Learning Collective. ***[Norway]***
- The support for the Catalytic Capital Framework is coming from FASA's learning agenda, not a separate or new funding for the Agri-SME Learning Collective. This is a smart and efficient use of existing resources. ***[Songbae Lee]***

ACTION POINTS:

- Members to consider the next phase of the working groups activities and options for voluntary financial contributions (including by looking at existing projects, as was done by Norad) to support the ongoing testing of the Catalytic Capital Framework.

4. Concessional Capital for Agri-SME Funds: Donor & Investor Guidance

PURPOSE OF SECTION:

Presentation by ISF Advisors on the recent report Concessional Capital for Agri-SME Funds: Donor & Investor Guidance Document. [PowerPoint Presentation Annex II]

ISSUES DISCUSSED:

- ISF Advisors are a research and financial advisory group focused on mobilizing investment in sustainable food systems. Originally incubated by USAID and KfW, ISF has supported initiatives like CSAF, the Nutritious Food Financing Facility, and the early design of FASA.
- The investor guidance document for concessional investors, commissioned by USAID, involved interviews with 15 blended finance funds to understand their blending structures, investor perspectives, and impact approaches. The research analysed how concessional capital is used within blended finance vehicles. It includes 10 case studies highlighting existing funds that are successfully implementing best practices.
- ISF analyzed data from 18 funds, grouping them into four archetypes based on their investment and additionality strategies: two debt (large structured and niche impact) and two equity (growth and early-stage venture). The study focused on current, active funds, working with expected (not realized) returns and losses, as actual performance data was not yet available. While impact data was collected, it proved difficult to standardize, highlighting the need for frameworks like the Catalytic Capital Framework.
- Key findings on capital structure:

    - First-loss capital often far exceeds expected losses, driven by senior investors' high risk perceptions rather than actual fund performance.
    - Risk mitigation strategies (e.g. intermediation, diversification, flexible debt/equity mandates) are widely used to align with investor expectations.
    - Anchor concessional capital is essential for fund launch but is unevenly accessible across fund managers.
    - Design grants and technical assistance play a key enabling role when paired with first-loss capital.
    - Concessional investors face trade-offs between risk/return and impact, with no standard approach across funds.
- In 16 out of 18 funds studied, anchor investors played a central role, often contributing a significant portion of the capital. These investors frequently provided capital in junior tranches, with 80% of junior capital across the sample coming from a single anchor. Beyond financing, anchor investors were instrumental in shaping fund strategies and supporting fund managers. However, access to these types of investors tends to favour fund managers with strong existing networks, creating a barrier for newer or less connected actors.
- Nearly all funds had post-investment TA facilities, generally sized at about 10% of the total fund. While TA was universally seen as essential for de-risking and achieving impact, there was no consistent methodology for determining how much to raise. Most fund managers defaulted to a 10% benchmark but reported this was often insufficient. Similarly, design grants were vital in the early stages of fund development, used by 60% of the sample, but were difficult to access due to complex application and reporting requirements. These hurdles disproportionately affected first-time fund managers.
- Most funds did not achieve high leverage ratios; only wholesale debt strategies surpassed a 1:1 ratio. This reflects a broader challenge in blended finance between achieving commercial returns and delivering meaningful impact. Rather than focusing solely on capital mobilization, concessional investors should aim to optimize the use of subsidies; deploying the minimum necessary concessionality to achieve both financial and impact goals.
- Moving forward, donors and investors can take several actions to advance the overall sector for concessional capital, including:
    - Integrate learning agendas and data-driven methodologies into investments;
    - Promote better market signaling and collaboration among stakeholders;
    - Align first-loss with other tools and sources of capital to maximize outcomes and reduce risk. ***[ISF Advisors]***

DISCUSSION AND Q&A:

- Many of the funds that GAC works with are quite new. Did your analysis include any older or closed funds that have reported final financial returns or impact metrics, since most of the funds we're investing in are still early stage and lack that hindsight? ***[GAC]***
    - We didn't analyze fully closed and liquidated funds, but we did include some open-ended funds that provided historical portfolio data to inform expected returns and losses, using their track records rather than just projections. Though limited, we had about two or three such examples to help fill that data gap. ***[ISF Advisors]***
- Could there be more clarity on whether the DFI capital mentioned was first-loss capital or the senior tranche? Funds are usually structured with a first-loss layer, a senior tranche typically taken by DFIs, and then another tranche for institutional investors, but this overview only mentioned two types of capital in the leverage breakdown. ***[KfW]***

- In the charts presented, dark green represented DFI capital typically positioned in the senior tranche, and light green represented other investors such as foundations and commercial investors. The visualization separated first-loss from non-first-loss capital and focused on who provided capital in the senior (non-first-loss) tranches. The chart represented leverage as a multiple of concessional capital, showing how much senior capital was raised against each unit of junior capital. The DFI capital in the chart referred to senior capital and not first-loss. ***[ISF Advisors]***
- Whether capital is labeled as DFI capital depends on its source: if it comes from a DFI's balance sheet, it should be considered DFI capital, regardless of whether it's in the senior tranche. This discussion highlights the need for standardized definitions to prevent differing interpretations of terms like "first-loss" and "senior capital." ***[IFAD]***
- The role of first-loss capital is to mobilize other forms of capital, which is why it is key to understanding leverage. While the charts are useful to give a general picture, the detailed explanation can be found in the full report. ***[ISF Advisors]***.

5. AOB and Closing

ISSUES DISCUSSED:

- The next meeting will be scheduled in Q3/4 2025; date and time to be announced in due course.