

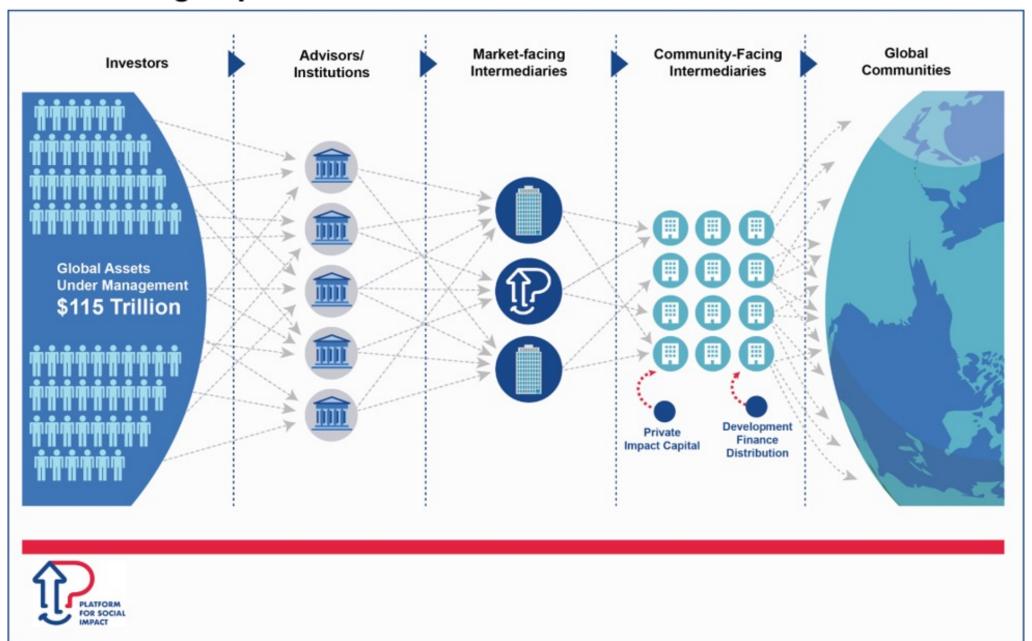
Billions: The power of catalytic capital

Join a deep dive into how Foundations can strategically utilize catalytic capital to enhance their impact. We will delve into the opportunities and challenges Foundations face in catalyzing private sector investments, exploring risk appetite, funding structures, technical assistance, and partnerships.



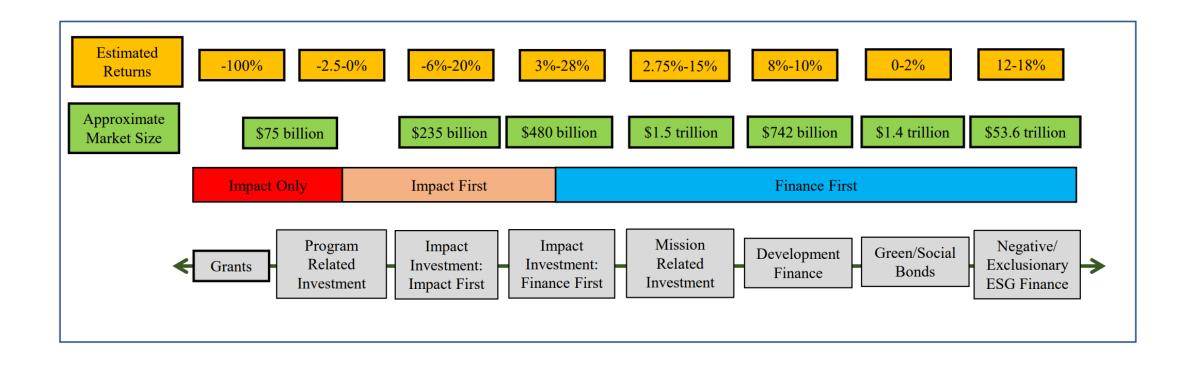


Connecting Capital to Communities





Spectrum of Finance



Choices and strategies for investors on the 'spectrum of capital'

Approach	TRADITIONAL	RESPONSIBLE	SUSTAINABLE	IMPACT DRIVEN			PHILANTHROPY	
				'Finance first' ◆	1	→ 'Impact first'		
Financial goals	Target c	ompetitive risk-a	djusted financial	returns	Unchartered returns	Below-market returns	Partial capital preservation	Complete capital loss
		Avoid harm a	nd mitigate ESG i	risks				
Impact goals			Benefit all sta	keholders				
				Contribute to	solutions			
Description	Limited or no regard for ESG practices or societal impact	Mitigate risky ESG practices, often in order to protect value	Adopt progressive ESG practices, that may/are expected to enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are unknown, or investors risks largely unknown	Address societal challenges that require a below- market financial return for investors	Address societal challenges by supporting non-commercially viable models, inc. guarantees	Address societal challenge with donations or with the expectation of full capital loss
				The 11	pact economy	,		



Catalytic Capital

- 1. Catalytic capital—is <u>define</u> as capital that accepts disproportionate risk or concessionary returns to generate positive impact and enable third-party investment that otherwise would not be possible—has been at the forefront of this push.
- 2. In the case of an unproven fund, enterprise, or innovation, catalytic capital might be the investment that helps things get going, building a track record that can attract other investors to riskier opportunities in areas <u>such as energy access</u>.
- 3. In a blended finance transaction, catalytic capital might mitigate risk through a guarantee, subordination, or first-loss investment.
- 4. The aim of catalytic capital is to unlock impact and additional investment that would not otherwise be possible, strengthening communities, expanding opportunity and economic growth, and fueling innovation that advances the well-being of people and the planet, while laying the groundwork for mainstream investors to participate in transformative investments



STAGE OF DEVELOPMENTS

Late: Entrepreneurs, projects,
intermediaries that have demonstrated intermediaries that have demonstrated market viability and are on track for commercial viability.

> Mid: Projects with proven track record, results at some scale, in business 3-5 years

Early: Projects with limited track record (ex. less than 3 yrs, pilot stage) not yet profitable

> Seed: Early stage development (concept, pilot)

Seed: Test new models, create new solutions

ded and Scarce:

nine, (Mezzanine is most scarce source of capital)

Needed: Grant, Investment (Equity, Debt) Scarce: Subordinated Debt - Junior,

Needed: Investment (Equity, Debt)
Scarce: Equity, Debt at scale
(Debt at scale is the most scarce form of capital)

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Early: Demonstrate proof of concept, generate outcomes (ex. jobs, housing, customers served, etc.)

Mid: Support program growth, sector growth, systems change, direct outcomes (ex. jobs, housing, customers served, etc.)

Late: Support program scaling, sector scaling, systems change, multiplying business outputs

POLE OF INVESTOR

Foundations, HNWI, Private and nestitutional Investors, Governments, and DFIs

Foundations, HNWI, Private and Institutional Investors, Governments, and DFIs

Foundations, HNWI, DFIs, some private investors

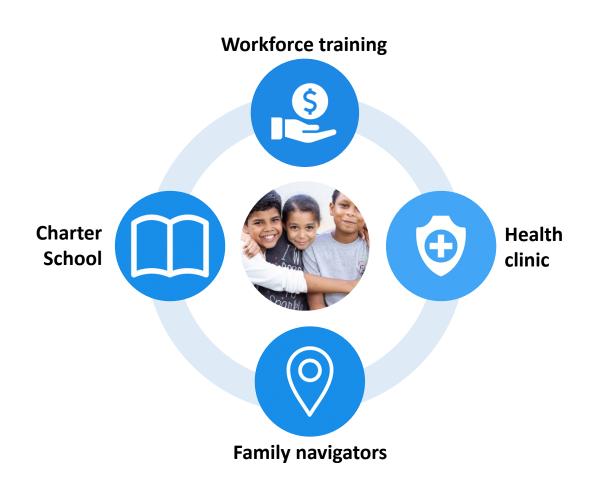
Foundations, HNWI, crowdfunding, accelerators, friends



Over the next decade, with a combination of public policy work and scalable projects, PSI will become the most impactful investor/operator in programs and services for families outside of the government in Puerto Rico. Lead the efforts toward the reduction of child poverty in a half by 2030.



"Oasis" economic mobility zone: \$100M Investment













Traditional Investing

Responsible Impact Investing Sustainable Impact Investing Thematic Impact Investing Impact First Investing

Philanthropy

Competitive Returns

ESG Risk Management ESG Opportunities

Maximum-Impact Solutions

Seeks financial returns regardless of Environmental, Social or Governance (ESG) factors Investments are screened out based on ESG risk

Sustainability factors and financial returns drive investment selection

Targeted themes and financial returns drive investment selection Social and environmental considerations take precedence over financial returns

Financial returns disregarded in favor of social and environmental solutions





















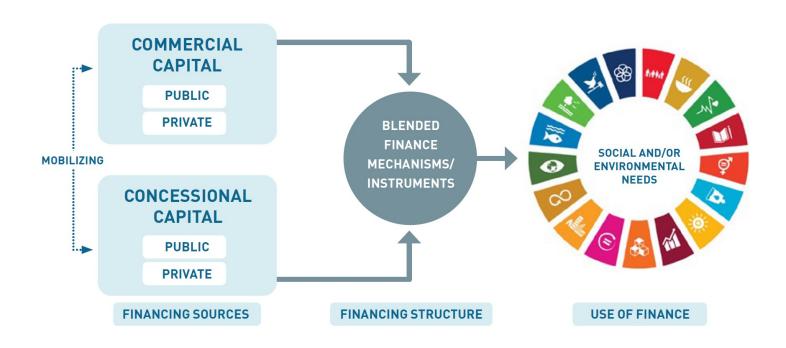


Other Philanthropy

Blended Finance for Social Good

FIATOR HORIZON 3

☐ THE FUND



Source: Adapted from "OECD DAC Blended Finance Principles" Report.



reasoning ealth steps simply idea skills word success intelligence perfectionism explanatory action pessimists physical assessment action pessimists physical assessment action pessimists thinking test example

Indicate the consistently

Indicate the consistent action possible to best problems attitude consume assessment optimalists theory optimalis







Si no se da todo, mejor ser nada. Que no quiero perder el tiempo. _{Juan Get}