Evaluation of the C3 Initiative: Interim Report

EXECUTIVE SUMMARY

John D. and Catherine T. MacArthur Foundation

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Introduction

In 2019, the John D. and Catherine T. MacArthur Foundation ("MacArthur") launched the Catalytic Capital Consortium (the C3 initiative, or C3) as an investment, learning, and market development initiative.

C3 is a collaborative effort attempting to increase the knowledge, awareness, and use of catalytic capital–a vital form of impact investing that is patient, risk-tolerant, concessionary, and flexible in ways that differ from conventional investment.

Through both grantmaking and investing programs, C3 seeks to demonstrate the power of catalytic capital as synergistic with other forms of investing across the full continuum of capital (including commercial rates of return) to safeguard the environment, support those most in need, and ultimately to help achieve the UN Sustainable Development Goals (SDGs).

The C3 Strategic Partners—The Rockefeller Foundation, the Omidyar Network, and MacArthur —are jointly funding $10 million in grantmaking work; MacArthur is financing more than $123.5 million in C3-related investments.

New Philanthropy Capital (NPC) is the evaluation and learning partner for MacArthur's C3 team. This is NPC's first evaluation report of the C3 initiative and covers the period between the inception of C3 (2018-2019) up until the end of August 2023.[1]

Catalytic capital is debt, equity, or guarantees that accept disproportionate risk and/or concessionary returns from the perspective of a conventional investment to generate substantial positive social and/or environmental impacts and/or enable third-party investment that would not otherwise be possible.

This document includes:

- a brief summary of the C3 conceptual framework
- key findings to date about progress towards outcomes
- a brief discussion of factors that have promoted progress, limitations and challenges
- opportunities for the remainder of the C3 initiative

This first evaluation report reflects an interim analysis, with most of the initiative's workstreams either in progress or in the early stages of their development.

1. As the initiative is ongoing, new information and data is constantly emerging. For this interim evaluation NPC did not include any data that became available after August 2023 and thus the evaluation reflects C3-funded activity up to the first part of 2023. The exception is the data on media coverage of catalytic capital and related terms, which only includes data until the end of 2021. The final report will cover the period from 2018/19 to 2027.

Background to the C3 Initiative

MacArthur led the development of C3 in response to a pervasive, emerging narrative that impact investments overly emphasized the importance and value of investments seeking to achieve fully risk-adjusted returns.

This perspective exacerbated a growing concern among Impact Investments Staff and many of their core partners that impact investing seeking to maximize financial returns, while necessary and critical, is insufficient to support the much-needed development, growth, and sustainability of enterprises that bring about significant positive social and environmental goals.

The growth in the annual funding gap for achieving the UN Sustainable Development Goals (SDGs) (estimated at more than $4 trillion for developing countries[2]) illustrates the inability of conventional capital and public sector funding to fully address the social and environmental challenges that the world faces. More private capital that is willing to take on higher than market rate risks (or, in some cases, accept below-market returns) is needed.

The idea of investors pursuing social and environmental goals ahead of financial goals is not new, but the term and concept of catalytic capital is.[3] Analogous and related terms include impact first capital, patient capital, and concessionary capital, among others.

The purpose of the C3 initiative is to increase the knowledge, awareness, and use of this form of investment, thus helping the impact investing field realise its full potential by fueling innovative solutions, advancing inclusive markets, and seeding, scaling,and sustaining impact-driven funds, enterprises, and fields. All of these advance the SDGs and promote a more just, inclusive, and resilient world.

The C3 initiative hypothesizes that in order for the impact investing field to realize its full potential, the flow of catalytic capital must increase alongside impact investments that seek risk-adjusted market returns.

2. United Nations Conference on Trade and Development. (2023). World investment report 2023: Investing in sustainable energy for all. United Nations. Retreived from: https://unctad.org/system/files/official-document/wir2023_en.pdf

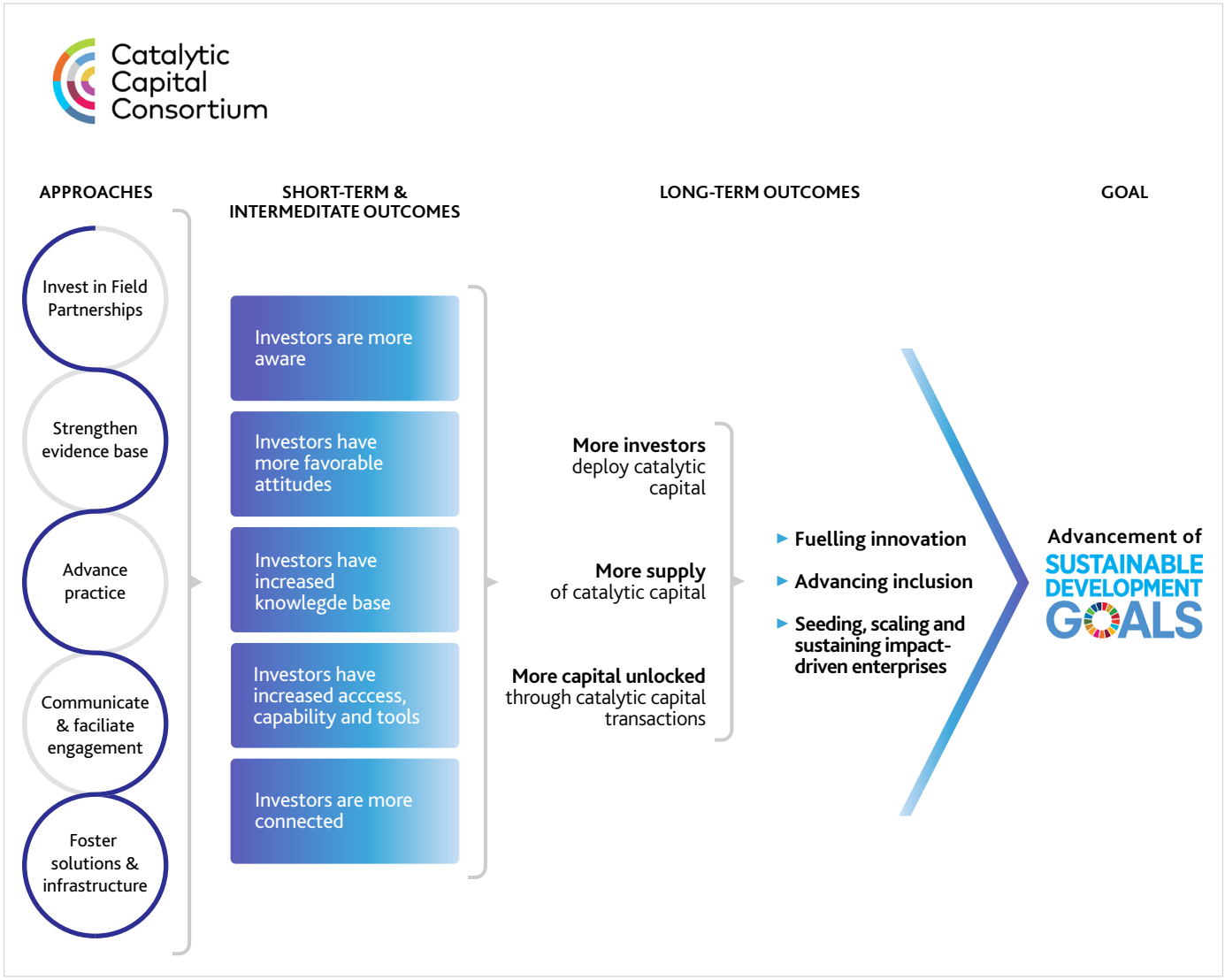
3. Catalytic capital' was used by Thornley et al (Thornley, B., Clark, C., & Emerson, J. (2014). The impact investor: Lessons in leadership and strategy for collaborative capitalism. John Wiley & Sons) with a definition that slightly differs from the that used by Tideline in its 2019 report, which was funded by the MacArthur Foundation, Catalytic Capital: Unlocking more investment and impact. The C3 initiative has adopted the latter definition.

Beginning in 2019 through to 2023, MacArthur committed $123.5 million for impact investments[4], and the C3 Strategic Partners, through a pooled grantmaking vehicle based at New Venture Fund, committed a combined $10 million in grants to promote the short-term, intermediate, and long-term outcomes shown in Figure ES-1.[5]

$123.5 million
for impact investments

$10 million
committed in grants

Figure ES-1: Conceptual Framework for the C3 Initiative



4. The initial commitments made between 2018 and 2020 came to $110 million. After accounting for subsequent commitments to follow-on funds, total investment commitments currently stand at $123.5 million, as of August 2024.

5. Each strategic partner is providing a portion of the initiative's pooled grant funding of up to $10 million for approaches two (evidence base), three (advancing the practice), four (communication and engagement) and five (foster solutions and infrastructure). The investments related to C3 are funded solely by MacArthur Foundation's Impact Investments program. All three strategic partners contribute to grants through a New Venture Fund collaborative vehicle.

Target Audience



The target audiences for the C3 initiative are:

Potential and existing providers of catalytic capital

Primarily foundations, family offices, ultra-high net worth individuals (UHNWIs), but also development finance institutions (DFIs).

Other providers of private or public capital

Organisations who provide the associated investment mobilised by catalytic capital, as part of a blended structure, or through a subsequent investment.

Intermediaries

Such as investment advisors and asset managers, who help define and shape investment practices and policies.

'Influencers' or thought leaders

Such as academics, journalists, and think tanks.

Table ES-1: Summary of investments and grants funded by the C3 initiative

C3 Approach	Description
Investments in field partnerships	Between 2018 and 2023, MacArthur made 11 impact investments, totalling $123.5 million, to draw attention to powerful examples of catalytic capital, develop lessons on deploying catalytic capital, directly create positive social and environmental impacts, and provide evidence on the impacts of catalytic capital. All but two of these investments were selected via an open and global RFP process.
Research grants to strengthen the evidence base	In 2021, $2.2 million in grant funding was provided to support 14 research projects on past uses of catalytic capital around the world to build up knowledge about catalytic capital and explore why and where catalytic capital has been needed, what it looks like, who has been involved, how it has been utilised, and what outcomes have emerged. A small subset of these reports were released in late 2022, and most are now in the field. The C3 initiative publicised these reports via social media, Impact Alpha, and announcements in newsletters, while grantees disseminated their work in regional and sectoral circles and conferences. Further investor engagement on these findings has been requested, and C3 is planning some global investor webinars to share insights in late 2023 and beyond.
Consulting contract to advance practices and develop training	A series of peer "Learning Lab" sessions were run in 2021/2022 involving a select group of experienced practitioners to help identify and share current best practices in deploying catalytic capital. Lessons were summarised in three papers. The expectation is that the sessions and papers will lead the way for the development of a community of practice that will take shape in 2024 through the leadership of others in the field. Several of these leading investors wrote blog pieces on the practice of catalytic capital investing that were run as a series by Impact Alpha. The practitioners have reiterated the value of honest conversations and sharing deal experiences and opportunities, paving the way for the development of a community of practice that will take shape in 2024. As part of a second thread of this workstream, C3 commissioned a catalytic capital training course to be developed by the University of Cape Town in partnership with Roots of Impact. This was intended to support the programmes of some of the networks that were beginning to offer trainings in response to interest among their members including webinars, bootcamps, peer learning groups, and catalytic capital academies. This work is currently being finalised and it is expected to live on Coursera for easy access to the field.
Funding to communicate and facilitate engagement	This encapsulates efforts to: a) communicate about the work of the C3 initiative, and b) promote consistent investor engagement through existing investor networks. For the former, the C3 initiative funded media coverage of catalytic capital by ImpactAlpha, a leading impact investing news service. For the latter, just under $2 million in grants were awarded to a group of eight leading impact investing networks to promote knowledge of and engagement with catalytic capital among their membership, with a focus on those who were ready to start or increase their catalytic capital investing. Other activities included disseminating outputs and learnings from other activities supported by the initiative; shining a spotlight on the field partnerships; connecting with and showcasing catalytic capital activity in the field; and producing thought leadership on catalytic capital.
Grants to foster solutions and infrastructure	In late 2022 and early 2023, grants were used to invest in twelve innovative approaches to enhance the deployment of catalytic capital. These are relatively recent grants and hence have not been pwwart of the scope of this evaluation report. This workstream moves closer to live catalytic capital projects and models on the ground than any of the other grant pools. Several have the potential to serve as demonstration models, with replication possible across markets.

Interim Evaluation



Findings from the C3 initiative interim evaluation to date

Evidence so far shows that:

- The C3 Conceptual Framework (see Figure ES-1) is **meaningful, coherent, and feasible.**
- Its implementation has largely **gone as planned to date**, without any notable adverse consequences.
- Grantees have provided **positive feedback** about their experience of working with the C3 team.
- Moreover, the initiative has been **effective in raising awareness** of catalytic capital.
- It has made **modest progress towards the short-term outcomes** shown in *Figure ES-1*, namely:
  - Improving attitudes towards catalytic capital.
  - Increasing the knowledge base about catalytic capital.
  - Enhancing capabilities to deploy catalytic capital.
  - Increasing connections among investors.

  These short-term outcomes are ambitious and difficult to achieve at scale within such a short timeframe.

Despite positive anecdotal evidence of new catalytic capital initiatives that have emerged since the launch of the initiative, it is too early to judge how much the C3 initiative has influenced the number of investors who deploy catalytic capital or the volume of such capital that has been deployed.

However, the C3 initiative is on-going. Many of the grantmaking workstreams are still in an early stage of development. The C3 team expects that activities planned for the next couple of years, along with the on-going dissemination of the initiative's outputs, will lead to further progress. The team is also adapting the planned activities over the course of the initiative to align with feedback from the field, and the type of reinforcement needed to make grant outputs more influential in changing the behaviour of investors with respect to catalytic capital.

Key Findings

Awareness and understanding

The C3 initiative has contributed to increased awareness and understanding within impact investing of the potential role for catalytic capital to bring about positive social and environmental outcomes. This is reflected in a significant increase in the use of terminology related to catalytic capital in the news and social media.

Research

While catalytic capital remains an under-researched topic, the initiative also has directly contributed to evidence about catalytic capital through 14 research reports commissioned with the intent to build an evidence base that could be useful for practitioners.

Attitudes

There is not clear evidence that attitudes towards catalytic capital are generally becoming more favourable, but there is support from some in the field and indications of increasing openness to catalytic capital among ultra-high-net-worth individuals (UHNWI) and family offices.

Framing

Some impact investors have embraced the framing of catalytic capital to describe their approach.

Skills and capabilities

Some impact investors believe it is easier to access the skills and capabilities to deploy catalytic capital than it was several years ago. The C3 initiative is contributing to the development of skills and capabilities though the impact of C3 activities on practitioner skill levels has not been tracked yet.

Interest in catalytic capital

There is anecdotal evidence of increased interest in catalytic capital as new initiatives have come online since 2018. However, this increase is not clearly reflected in secondary data about deployment of catalytic capital at least in part because of difficulties in tracking data on catalytic capital at a level of detail that would be sufficient to track the contribution of C3.

Continuation

The C3 initiative continues through the term of the catalytic capital investments made by MacArthur and C3 Grantmaking is extended through 2027 to promote the intended outcomes. We expect to have a clearer picture of the impact of C3 at this point.

Raising awareness

Awareness of the term and concept of catalytic capital has increased.

The term and concept now seems established in the key segments of the impact investing sector that have been targeted by the initiative (UHNWIs, family offices, foundations, and to a lesser extent DFIs). Awareness is not well-known outside of target audiences, namely in the mainstream financial sector, though that is not an intended outcome of the strategy.

There has been a significant increase in the use of terminology related to catalytic capital in the news and social media since the initiative's inception - by some measures a doubling.

This increase is primarily driven by a rise in the use of the related term 'blended finance', reflecting the large size and importance of the development finance sector[6], and to a lesser extent by increased use of the term catalytic capital itself. Increasing the use of the term 'catalytic capital' was not a key goal of C3 but has occurred directly through the support of Impact Alpha and indirectly by the grants to network partners and others.

Some investors may continue to use related terms that are already accepted in their networks or that they are familiar with, such as 'impact-first investing' or 'patient capital'. It seems likely that 'catalytic capital' will be used alongside such terms, rather than replaced. This is not inconsistent with the goals of the C3 initiative, which are to promote the idea of catalytic capital rather than to focus narrowly on the particular term.

Influencing attitudes

Some network partners and investors have embraced the term and conceptual frame of catalytic capital, using it as their preferred term and concept, though this is not the primary goal of the C3 initiative.

Such investors include, but are not limited to, those in emerging and developing countries and in the climate/energy sector. Being willing to accept a below-market return to receive outsized social and environmental impact is a precursor for an investor deploying catalytic capital. The grants were not designed to directly influence this attitude. Instead, the target audience were deliberately favourably inclined to consider the use of catalytic capital. The exception is that the views of a small number of UHNWIs and family offices seem to be changing as a result of demographic changes.[7] Shifting a foundational attitude towards maximising wealth is difficult over any period, let alone in the space of a few years.

6. According to Convergence, the global network for blended finance and a C3 Grantmaking Network Partner, Blended finance is "the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development." As such, blended finance is a related by not synonymous term for catalytic capital, as it represents the outcome of catalytic capital combining with other, more conventional forms of investment within a capital stack.

7. These generational shifts that are often referred to as the global wealth transfer were a core factor influencing Impact Investments in launching the C3 initiative.

Increasing the knowledge base

Grants to researchers have led to direct incremental contributions to the knowledge base about catalytic capital.

Research proposals were selected to show the breadth and range of catalytic capital as well as to stimulate interest. Hence the research covered a wide range of topics including the use of catalytic capital: in Indian Country (United States); for artisans in India; for the housing sector in Eastern and Southeastern Europe; and to support African entrepreneurs.

Interviews with selected grantees have suggested that the research has been well-received. However, most reports have only recently been published so the impacts of the research are not yet clear. As they are targeted to specific issues, geographies and/or sectors, the audience for each individual study may be limited.

Although the total value of the research grants made is high by historical standards, this is an under-researched area relative to the size of the potential market. While it is too early to tell how much follow-on research will be commissioned, some grantees are interested in conducting further research.

Increasing skills and capabilities

The approaches and grants have made limited progress to date towards increasing skills and capabilities in the sector, but work is on-going.

One stream of work involved identifying and documenting good practices from several cohorts of experienced practitioners. Learnings from these sessions have recently been published but the findings have not yet reached much beyond the participants, though the C3 team reports it has already begun hearing of impact investing teams using the presentation and terminology from these notes to guide internal strategy decisions.

There are plans for wider dissemination through training, a new website, and network engagement in late 2023 and 2024.[8] Nonetheless, some interviewees noted that it is easier to access skills needed to deploy catalytic capital now than it was five years ago. In addition, a catalytic capital training course including "train-the-trainer" guidance has been developed (and piloted with a cohort of C3 grantees) in 2023 and will be shared more broadly in early 2024. The Impact Investments team reports it has received multiple requests to help train and develop a cadre of experts that could further the sharing of this knowledge and set of tools.

8. A new website for C3 was launched subsequent to the report evaluation period.

Promoting connections among investors

The grants awarded to the network partners have helped them to engage and connect with investors within their networks on the idea of catalytic capital, with moderate to strong degrees of enthusiasm.



The more recently established networks are especially enthusiastic about the concept of catalytic capital and have convened investors in their region on this topic.

Several interviewees suggested a community of practice (COP) is emerging and partners in the family office and funding community are supporting efforts to build on-going network connections to establish this COP. [9]

Regional venture philanthropy and impact investing networks see themselves as central to the diffusion of thinking and practice around catalytic capital, suggesting that the current networks will maintain the work of C3 to some degree. The C3 initiative did not plan to facilitate promotion of connections across different types of investors, though there is some appetite for this among the C3 grantees.

9. Subsequent to the review period for this report, a community of practice that builds on the work of the Learning Labs was established by leaders in the field of catalytic capital. NPC will review this effort as part of the next phase of the evaluation.

Number of providers catalytic capital and volume catalytic capital deployed

There are some indications that the number of investors who deploy catalytic capital is increasing as the impact investing sector grows.

According to surveys administered by the Global Impact Investing Network (GIIN), the number of impact investors engaging with catalytic capital has increased from 81 investors in 2016-2018 (35% of all impact investors surveyed) to 96 investors in 2019 (33% of all impact investors surveyed). In particular, there have been notable increases in engagement among family offices and foundations, which are among the target audiences of the C3 initiative. Further evidence of growing interest is that 11% of a 2020 survey of impact investors administered by the GIIN reported that they have not yet engaged with catalytic capital but intend to do so in the future.

There is anecdotal evidence of increasing investment in catalytic capital though this is not reflected in changes in aggregate, sector-levels of catalytic capital reported in secondary data.

The challenges of aligning individual secondary and intermediate datasets to the definition of catalytic capital and the timescale of the evaluation period are explored further in the main synthesis report. A study commissioned by C3 identified 44 examples of new catalytic capital investment funds (four of which pre-dated C3) that have been implemented since 2018. Around half of these funds have been launched since 2022. The C3 team has been engaged with, or aware of, the development of approximately half of these funds.

A few of the investors behind these initiatives have publicly or privately credited C3 for being the inspiration behind their development. The C3 team sees this as a significant increase in deployment of catalytic capital. NPC is more cautious as there is no replicable baseline for the study to show a measurable change and arguably some of the initiatives may have occurred anyway.[10]

However, secondary data does not show a clear pattern of increased deployment of catalytic capital overall to date, as indicators of the change in investment levels of different types of catalytic capital point in different directions. The applicability and robustness of different data sources used, including GIIN survey data, the blended finance database of funds and facilities, the OECD private philanthropy for development database, IFC-DFI Working Group data and Climate Policy Initiative data, is discussed further in the main synthesis report. Discrepancies in the data may result from data quality issues and / or that there are many different types and sources of catalytic capital that are not necessarily correlated with each other making it difficult to identify any patterns.

Furthermore, these indicators have been affected by short-term trends, such as the COVID-19 pandemic, the Russia-Ukraine war, and macroeconomic conditions. Moreover, as not much time has elapsed since the initiative started, the slight upward trend in the number of investors could result from parallel trends, such as the growth of blended finance in the development finance sector and the urgency of addressing climate change.

10. Ten of the 44 initiatives were started by asset managers rather than asset owners and there is a risk of double counting by adding them together. Of the 34 initiatives created by asset owners, 4 pre-dated C3, at least 11 were initatives of investors who have a history of deploying catalytic capital prior to C3. Ten initiatives were set up by public sector investors, including two U.S. agencies.

Factors that have promoted progress

Coordinated and complementary activities to increase awareness and understanding of catalytic capital.

As a newly introduced term and concept, catalytic capital required publicity and explanation. Support for coverage by ImpactAlpha was especially helpful for communicating the concept of catalytic capital, as well as integrating news about the different approaches and grants.

The relative ease in increasing awareness compared to achieving the other outcomes.

It takes more effort and more time to change attitudes or increase knowledge, skills, and capabilities, compared to raising awareness.

Working with established partners who are strongly mission aligned.

The grants were strongly aligned with grantee interests and the different types of grantees are keen to continue the work in some way. This will help to sustain the progress achieved so far.

The breadth of the initiative.

Covering different types of investors, who use different investment instruments and who operate in different countries and sectors, means that the concept of catalytic capital has reached much of the intended target audience. The corollary of choosing a broad approach that covered different investor types, asset types, sectors, and geographies is that the resources are spread more thinly compared to a more focused approach. This is not necessarily a 'right or wrong' choice, but choosing breadth over depth means certain impacts are less visible in the near term.

Thoughtfulness as to how C3 was planned and implemented, and the support provided to grantees by MacArthur's C3 team.

Grantees and investees expressed much goodwill towards MacArthur's C3 team and the Strategic Partners, reporting that being a grantee of the C3 initiative has been a very positive experience.

Changes in the broader landscape that have generally been supportive of the goals of the C3 initiative (see *Table ES-2*).

These factors are expected to continue to be favourable or neutral to C3 in future.

Table ES-2: Influence of external factors on the goals of C3

Landscape factor	Promoted or hindered goals of C3
Slow changing / long-term landscape factors	
Societal concern about existential environmental threats	Promoted
Societal concern about growing income and wealth inequality	Mixed effect
Generational wealth transfer	Unclear effect
External shocks / short-term landscape factors	
Backlash to ESG investing and concerns about impact washing	Mixed effect
Calls for racial justice	Promoted
Covid-19 Pandemic	Mixed effect
Macroeconomic conditions and policy: quantitative easing and tightening, inflation, strengthening of US dollar	Impeded
Russia-Ukraine war	Unclear effect
Changes in the impact investing field	
Growth in sustainable investing and impact investing	Mixed effect
Increasing ESG and impact reporting requirements	Promoted
Growing maturity of impact measurement and management	Promoted
Increasing use of impact verification	Promoted
Changes in the development finance field	
Changes in overseas development assistance	Promoted
The increasing financing gap to achieve the SDGs	Promoted
Changes in the financing of the SDGs: use of blended finance, mobilisation of private finance, and use of concessional capital	Promoted
Growth of climate finance	Promoted



Limitations and Challenges

While the C3 approaches were carried out more or less as planned, a few minor logistical barriers have led to slower changes or progression than anticipated.

There have also been some limitations and challenges to achieving the goals of the initiative. Some of these limitations reflect the timing of the approaches and grants as some of the outputs (such as research papers and identifying good practices) have only recently been completed and are not yet fully disseminated. These limitations may fade over the rest of the grant period.

While the introduction of catalytic capital as a new term and framing has generally been well received, **some stakeholders are neutral about its use. Moreover, there are some risks in relation to how the term may be used and, more importantly, understood, in the future which could potentially affect progress towards outcomes.**

The network partners and their members have spent time and resources discussing and debating the meaning and value of the term 'catalytic capital'.

Concerns include:

- Whether the term unnecessarily focusses on the "concessionary aspect" [interviewee term] of catalytic capital, rather than the positive social and environmental impacts, even though the C3 initiative has sought to downplay this.
- If and how catalytic capital differs from existing terms.
- The risk of the bandwagon effect, where the intended meaning is diluted as people adopt the term to mean different things by different stakeholders in different contexts. For example, one minority-held interpretation, that any seed capital (even if it seeks market rate returns) is catalytic capital, is not consistent with the definition put forward by the initiative.

Much of the discussion of terminology involves semantics and nuances that may not be practically consequential, however, there have been some genuine misunderstandings. There is a risk that communication gets bogged down in definitional issues.

- **Some grantees reported that they felt that the C3 grants were too siloed and that they as grantees were not well-informed about what was going on in other approaches and grants.**

  They would have liked to have been more engaged with other grantees throughout the grant period and earlier in their engagement with the initiative so they both could learn from each and feel part of a concerted effort rather than operating independently.

- **Other stakeholders also found it hard to find information about the work and findings of grantees, although this is likely to change as further reports are made public.**

  The limited capacity of MacArthur's Impact Investments team and the team focused on C3 grantmaking, as well as grantee capacity, was cited by interviewees as one factor as to why they thought that there were fewer convenings than they had expected, and the C3 team noted that COVID-19 significantly impacted plans for efforts like this. C3 recently convened grantees after the GIIN 2023 conference to help promote learning across grantees, and the impending launch of the C3 website should help to enable easy access to information.

  As noted above, the impact of activities promoting skills and capabilities in the sector has not yet been tracked.

- **More fundamentally there is some uncertainty over what skills and capabilities are needed to effectively deploy catalytic capital.**

  There are some mixed views on whether the skills and capability needed to deploy catalytic capital differ significantly in comparison to those needed for impact investing generally.

- **The estimates of the amount of catalytic capital and number of providers are far from precise.**

  There are differing interpretations of catalytic capital, and it is deployed in various forms and asset types that are not consistently tracked - or even trackable.

  The absolute figures should be treated with caution because of omissions and overlaps in and unreliability of the data.

- **Moreover, it is unlikely that the duration of the C3 initiative at this early stage of implementation is long enough to show up in international or national data.**

  If the C3 initiative is effective in contributing to the increased deployment of catalytic capital at any level, there will likely be a lag before increased volumes are observed. However, anecdotal data of investments collected consistently and longitudinally may show stronger evidence of C3's contribution in this regard.

- **Additional factors limiting progress towards the C3 goals include:**

  - The relatively short amount of time and level of resources made available for C3 compared to the ambition of the initiative. Changes in investment practices do not happen quickly, especially for DFIs.[11] The C3 initiative can provide - and seems to be providing - a spark for change, but the barriers for sustained contribution to change are significant.
  - The paucity of robust empirical evidence about the impacts of catalytic capital remains a barrier to changing attitudes towards and increasing deployment of it. The features of catalytic capital - which include diverse and atypical investments; use of private capital; closely held financial data; social and environmental impacts that are difficult to measure; and the lack of theory - makes empirical research difficult.

11. Although foundations and family offices represent the primary target audience, not DFIs.

Opportunities for the remainder of the grant period

The following are activities identified by NPC for the consideration of the C3 initiative to help build on progress achieved to date. Many of these are already planned for the next phase of the work.

Organise

various convenings and webinars to allow grantees to share their findings and discuss their experiences, such as the convening that followed the 2023 GIIN conference.

Monitor

use of the term catalytic capital and take appropriate steps - such as opinion pieces - if the term is used in ways that are inconsistent with the intended use.

Disseminate

the perspective of grantees, such as insights provided in grantee reports to C3, to the broader network. Others may find these insights valuable.

Supplement

C3 strategic partners could supplement learnings from the initiative by sharing their own experiences and debates about where and when it is appropriate to deploy catalytic capital, along with the challenges in doing so

Review

how to further promote the C3 goals of increasing skills and capabilities and building the knowledge base. C3 grantmaking to help advance practices led to sharing of ideas and experiences among different types of investors and several participants noted the sessions were valuable. By design, participation was limited to few people and organisations.

Engage

grantees and others in addressing some of the specific issues raised, such as how to compare the value of short-term impacts vs. promoting long-term financial sustainability and growth, and concerns about unnecessarily subsidising mainstream investors.

Share

appropriate data from Field Partnerships as part of building the evidence based around the use of catalytic capital. MacArthur's experience from investing in the Field Partnerships could directly contribute to the building of knowledge and skills in deploying catalytic capital and the evidence base if shared widely and openly.

Next Steps



The C3 initiative will continue through the life of the Field Partnership investment commitments.

While most grants are largely complete, the time period of C3 Grantmaking extends through 2025. The evaluation will continue to track changes in the intended grant outcomes and the impact of the Field Partnerships. A final evaluation report will be delivered to the MacArthur Board at the end of 2025.


NPC