



The Catalytic Capital Consortium is an investment, learning, and market development initiative launched by the John D. and Catherine T. MacArthur Foundation, in partnership with The Rockefeller Foundation and Omidyar Network. Its aim is to inform and inspire the use of catalytic capital globally to help enterprises and funds access the financing they need to innovate, scale, and sustain high-impact strategies that further the UN Sustainable Development Goals (SDGs).

Integral to the Catalytic Capital Consortium, MacArthur is committing up to \$150 million in investments on a matching basis to approximately five funds or intermediaries that demonstrate a powerful use of catalytic capital across sectors and geographies.

MacArthur's first investment is \$30 million to expand and accelerate The Rockefeller Foundation's Zero Gap initiative. The investment marks a unique impact investing collaboration between two foundations, where each will invest \$30 million side-by-side with the aim of catalyzing at least \$1 billion in new capital to help meet the SDGs. These funds will be managed by The Rockefeller Foundation's new impact investment management platform, which aims to tap into mainstream markets and investors, scaling up investments into promising new finance vehicles that help to close the SDG funding gap.

WHAT IS CATALYTIC CAPITAL?

Catalytic capital is a subset of the full continuum of investment capital. Catalytic capital is patient, risk-tolerant, concessionary, and flexible in ways that differ from conventional investment. It is an essential tool to bridge capital gaps and achieve both breadth and depth of impact, while complementing conventional investing.

THE CHALLENGE

The cost of solving the world's most critical problems runs into the trillions—including an estimated \$5 trillion to \$7 trillion annual funding gap needed to achieve the SDGs. Yet, global philanthropic funds, even when combined with the development and aid budgets of governments, add up to only a fraction of this funding need. How do we close this gap? Catalytic capital can help to mobilize more private finance to fill the SDG-financing gap and help address pressing global challenges.

ZERO GAP

The Rockefeller Foundation supports a number of innovative financing mechanisms needed to close the gap between global development funding needs and the resources that are currently available to meet them. The Rockefeller Foundation develops and deploys a mix of traditional program-related investments and grants that align with its mission to deliver positive social, economic, and environmental outcomes, while pushing the boundaries of impact investing to attract more private capital at scale. Bolstered by MacArthur's collaboration and a \$30 million investment through the Catalytic Capital Consortium, The Rockefeller Foundation is expanding and accelerating this work, which they call Zero Gap.

THE ZERO GAP PORTFOLIO

Begun in 2015, Zero Gap aims to create the next generation of financing instruments with the potential to mobilize large-scale private investment toward the SDGs. Since then, the Zero Gap portfolio—which is open to all instrument types or classes, geographies, sectors, or market sizes—has grown from a handful of grants to nearly 50 investments across 28 countries. Now, with MacArthur's collaboration and its \$30 million investment—matched by an additional \$30 million by The Rockefeller Foundation—Zero Gap aims to mobilize more than \$1 billion to help meet the SDGs.

CASE STUDY**SIXUP**

Sixup is an innovative education finance platform developed under the premise that high-performing, low-income students are just as creditworthy as their higher-income peers. The company helps bridge the financial gap preventing individuals from attending four-year colleges by identifying, underwriting and incubating undervalued students—creating a new asset class branded as “Future-Prime.” By leveraging financial innovation alongside technology-enabled student support, Sixup hopes to boost a student’s education and social mobility through the entire lending lifecycle while targeting SDGs 4 (Quality Education), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequalities).

**ROCKEFELLER’S HISTORY IN IMPACT INVESTING**

The Rockefeller Foundation has a long history in supporting innovations that seek to catalyze private sector investment for social and environmental good. In 2007, the term “impact investing” was coined at The Rockefeller Foundation’s Bellagio Center, putting a name to a nascent concept. Since then, the Foundation has worked to build the necessary infrastructure for the impact investing field to take hold, incubating the Global Impact Investing Network to increase the scale and effectiveness of impact investing, and helping to establish the Impact Reporting and Investment Standards and Global Impact Investing Ratings System—important metrics to track reporting and performance standards for impact funds. As leaders in the field, the Foundation has invested more than \$215 million over 20 years in a mix of grants and program-related investments that address critical development challenges.

MACARTHUR’S HISTORY IN IMPACT INVESTING

MacArthur has been a leading impact investor for more than three decades. The Foundation has made more than 250 catalytic capital investments, furthering its grantmaking priorities and financing important work in affordable housing, economic development, and energy efficiency, among other sectors. Those investments include \$517 million in below-market loans, equity, guarantees, and other instruments, which have improved the outlook for low-income people and places in the US and abroad.

For more information visit www.macfound.org/CatalyticCapital.