



Foundations Group
for Impact Investing

Blended Finance at Scale

Mobilising Institutional, Philanthropic and Private Capital for Impact Investing

Hosted by: Impact Investing Australia & Foundations Group for Impact Investing

2026 RIAA Conference Australia



Blended Finance at Scale: The Panel



[Dr Catherine Brown OAM](#), Sustainable Value Creation Institute,
Melbourne Business School



[Monique Andrew](#), Transition Accelerator



[Caroline Scott](#), Blended Finance and Investor Engagement Unit,
Department of Foreign Affairs and Trade (DFAT)



Chair: [Michelle Di Fabio](#), Impact Investing Australia

The Impact Capital Landscape



- Impact Investing Australia (IIA) is the peak body dedicated to accelerating the growth of impact investing in Australia and participating in efforts to grow the market globally.
- IIA's purpose is to mobilise capital for positive social and environmental change, in and from Australia.
- Since IIA's establishment in 2014, IIA has developed market infrastructure, grown market participation and influenced government policy, critical to accelerating the growth of impact investing.
- IIA represents Australia as the national partner on [GSG Impact](#) and works closely with its member countries to grow opportunities for investments that deliver measurable social, environmental and cultural benefits alongside financial returns.

[Learn more at: Impact Investing Australia](#)

Foundations Group for Impact Investing

- The Foundations Group for Impact Investing (FGII), launched in 2023, exists to improve the supply and demand for impact capital through convening foundations and trusts who are interested in starting or enhancing their impact investing activities.
- FGII's market building objectives are to:
 - Reduce impact investment transaction costs and market fragmentation; and
 - Improve the flow of capital from foundations to For Purpose Organisations (FPOs).

[Learn more at: FGII](#)

Re-cap: What is impact investing?

*“Impact investments are investments made with the **intention** to generate positive, **measurable social and environmental impact** alongside a **financial return**”*

Source: Global Impact Investment Network [GIIN](#)



Re-cap: Impact Investing and the Capital Spectrum

FIGURE 7 RIAA's responsible investment spectrum

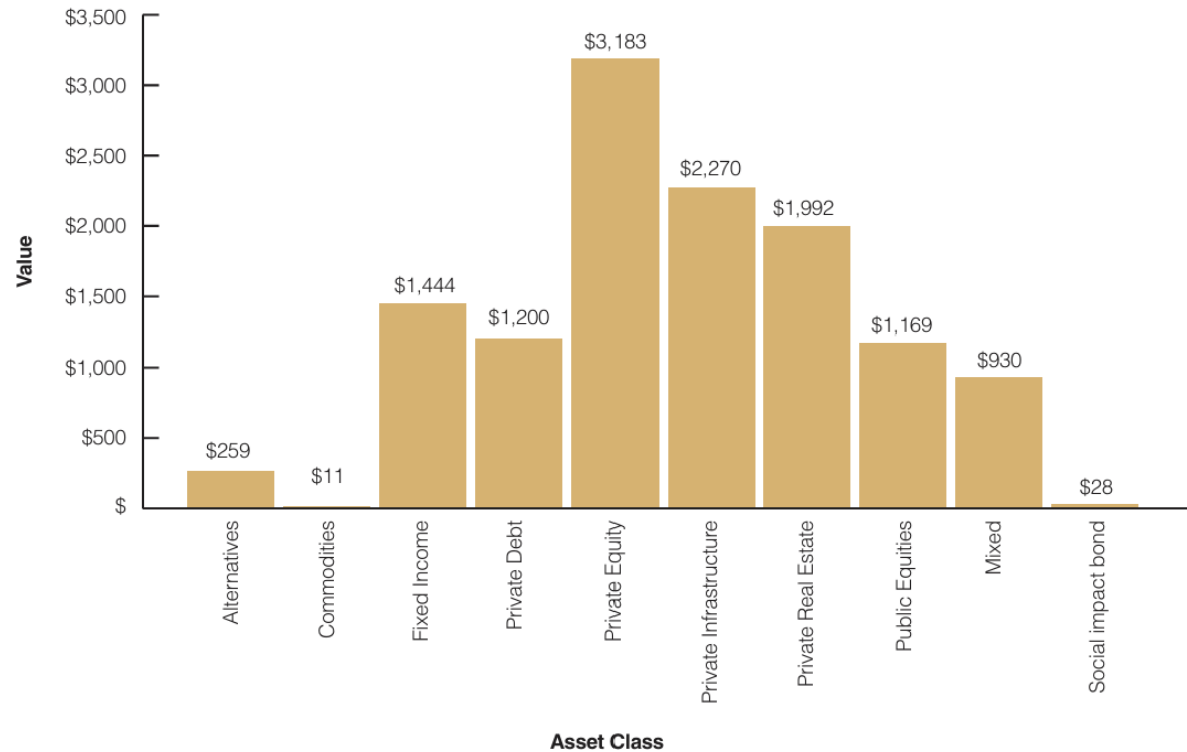
								SESSION FOCUS	
APPROACH	TRADITIONAL INVESTMENT	RESPONSIBLE & ETHICAL INVESTMENT							PHILANTHROPY
		ESG Integration	Exclusionary/negative screening	Norms-based screening	Corporate engagement and shareholder action	Positive / best-in-class screening	Sustainability-themed investing	Impact investing	
METHOD	Providing limited or no regard for environmental, social, governance and ethical factors in investment decision making	Explicitly including ESG risks and opportunities into financial analysis and investment decisions based on a systematic process and appropriate research sources	Excluding certain sectors, companies, countries or issuers based on activities considered not investable due principally to unacceptable downside risk or values misalignment	Screening of companies and issuers that do not meet minimum standards of business practice based on international norms and conventions; can include screening for involvement in controversies	Executing shareholder rights and fulfilling fiduciary duties to signal desired corporate behaviours - includes corporate engagement and filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines	Intentionally tilting a proportion of a portfolio towards solutions; or targeting companies or industries assessed to have better ESG performance relative to benchmarks or peers	Specifically targeting investment themes e.g. sustainable agriculture, green property, 'low carbon', Paris or SDG-aligned	Investing to achieve positive social and environmental impacts - requires measuring and reporting against these, demonstrating the intentionality of investor and underlying asset/ investee and (ideally) the investor contribution	Using grants to target positive social and environmental outcomes with no direct financial return
INTENTION	Avoids harm								
	Benefits stakeholders								
	Contributes to solutions								
FEATURES AND OUTCOMES	Delivers competitive financial returns								
	Manages ESG risks								
	Contributes to better system stability and economic sustainability								
	Pursues opportunities and creates real-economy outcomes								

* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project

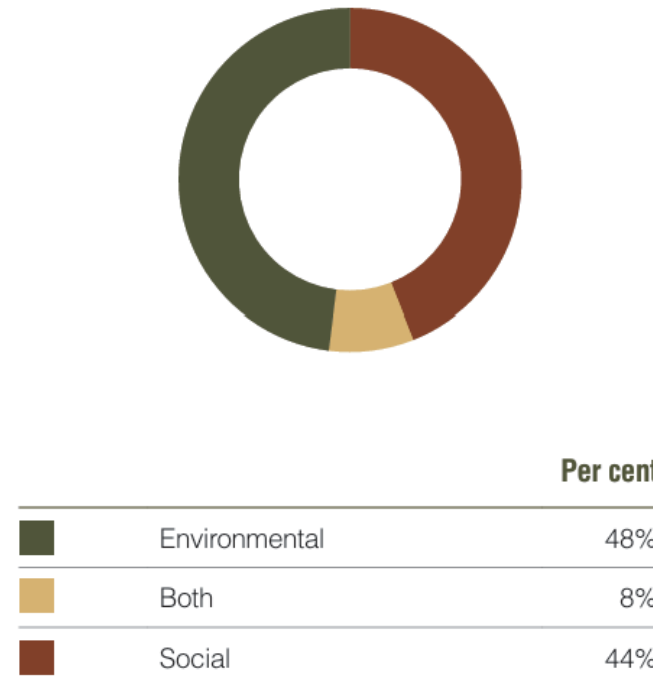
Sizing the Impact Capital Market

Impact Investing in Australia is valued at A\$157+Bn*

Asset Class Distribution in Millions



Impact Focus Distribution (percentage)



*Source: [Impact Investing Australia, Benchmarking Impact 2025](#)



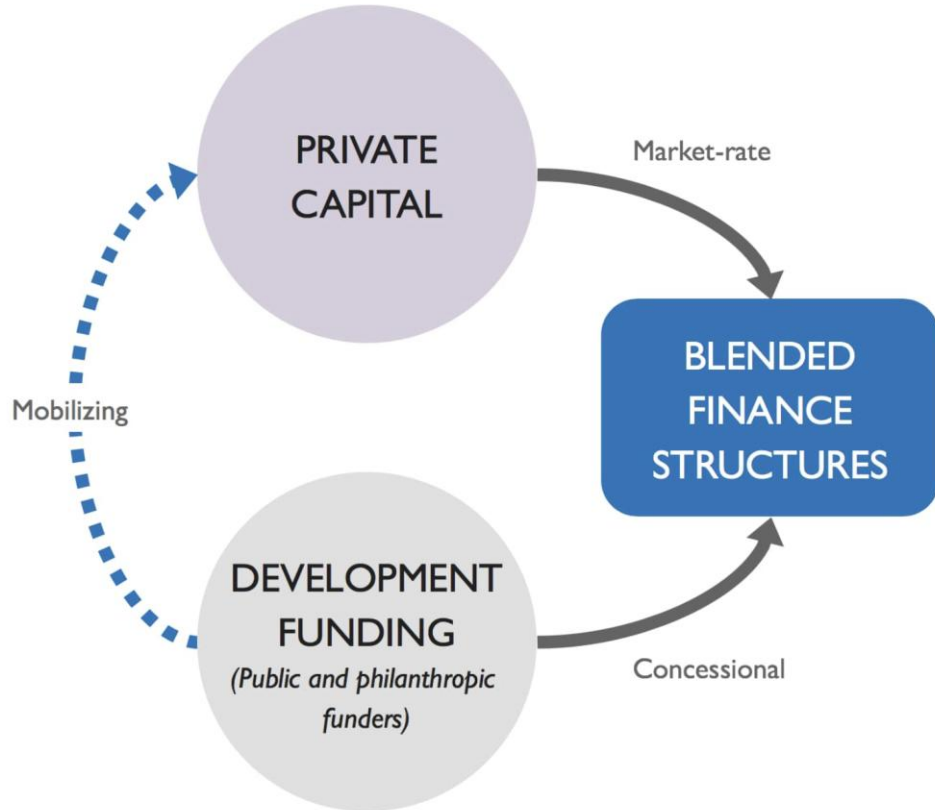
SUSTAINABLE
VALUE CREATION
Institute

Accelerating blended finance

Blended Finance for Climate Initiative

What is blended finance?

STRATEGICALLY CONNECTING ALL THE SOURCES OF FINANCE AND FUNDING



(*Convergence*)

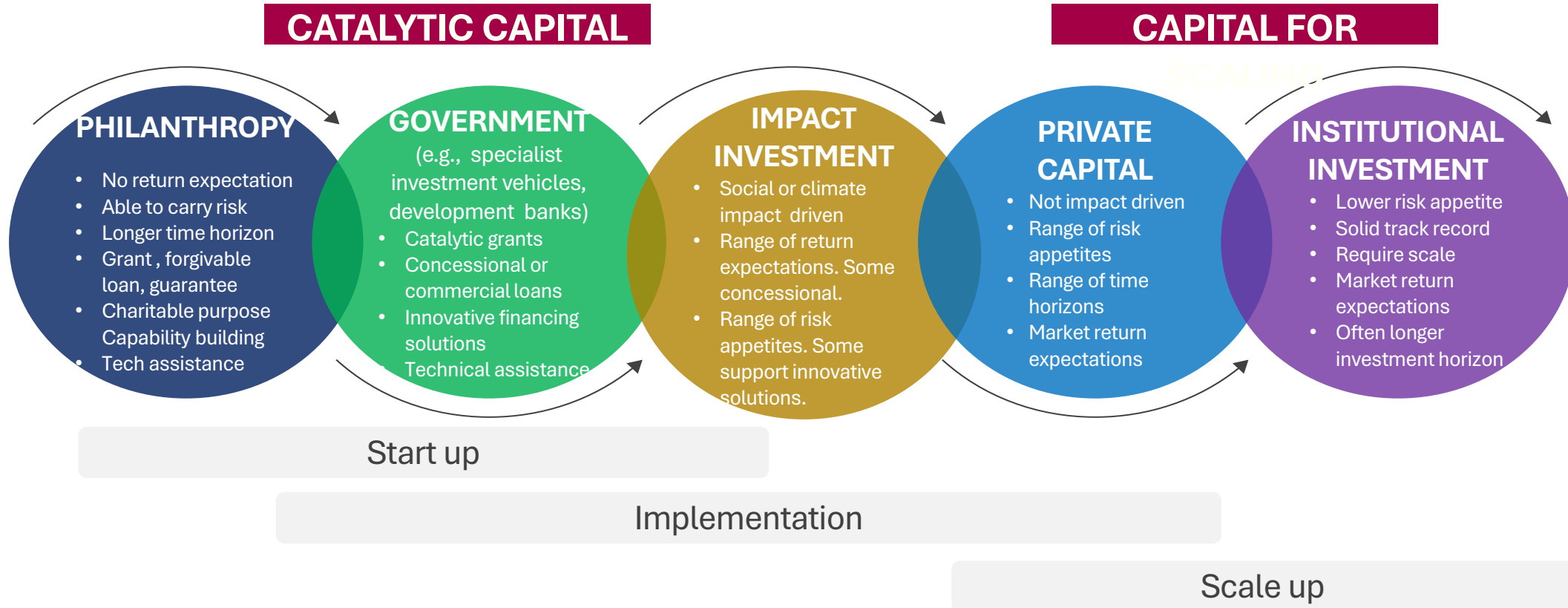
- Blended finance uses catalytic capital from public [e.g. SIVs, DFAT] or philanthropic sources to increase private sector investment in developing countries [and developed countries] to realize the Sustainable Development Goals (SDGs) and climate goals.
- Blended finance allows organizations with different objectives to invest alongside each other while achieving their own objectives (whether financial return social/environmental impact, or a blend of both).

State of Blended Finance, Convergence, 2024, p12



Blended Finance Continuum

ALIGNING DIFFERENT SOURCES OF FUNDING & FINANCE FOR SOCIAL AND CLIMATE IMPACT



Catalytic Finance

SOME CRITICAL ROLES

- Working alongside other sources of finance as flexible and innovative sources of capital.
- Philanthropy, special investment vehicles (government) and impact investment (including some venture capital) can find synergies with the goal of greater scale & greater impact i.e. a faster transition to a net zero carbon economy.
- Impact investment return expectations and risk appetites vary but that can be understood and considered within a project's capital stack or via technical assistance programs.
- Funding of technical assistance, research and early-stage support by philanthropy can be a huge lift to investment readiness.



Opportunity 1: Grow catalytic investment

Foundations as co-investors

- Encourage foundations (especially with endowments) to engage in blended finance investment opportunities as **grantmakers**, as providers of loans and guarantees (from grant funds of Ancillary Funds. Note: The Taxation Administration (Private Ancillary Funds) Guidelines (2019)), and as **impact investors** (from capital).
- Inspire a **mindset shift so that foundations see themselves more often as part of the continuum of capital**, in line with their own impact strategies, grants and investment policies and legislative context. *Become active investors in public-private-philanthropy financing collaborations as envisaged at COP 31.*
- Impact Investing Australia, Foundations Group for Impact Investing (Philanthropy Australia hosted), International Development Investor Group (DFAT supported) are connectors.



Opportunity 2:

Australian Climate Finance Aggregator Platform

Aggregate projects into investible opportunities

- Overcome the barrier of investees presenting projects to super funds that are too risky, too small, too complex, too short term or otherwise a mismatch to super funds investment policies and mandates.
Aggregate to achieve scale and derisk.
- Provide **blended finance capability** to support aggregation – and the climate finance investment pipeline more broadly.
- **Act as a connector or bridge** between different types of finance, from impact driven catalytic sources (philanthropy, impact investors, specialist investment vehicles (e.g. CEFC, NRF, ARENA), and private and institutional capital.

Currently testing Aggregator concept through consultation: testing alignment with other initiatives, aim to increase efficiency, help mainstream blended finance.



Blended Finance for Climate Initiative:

Roundtable reports and case studies:

[Sustainable Value Creation Institute |](#)
[Blended Finance for Climate Initiative |](#)
[Melbourne Business School](#)

Wilyun Pools: Blended Finance in Nature- Based Solutions



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A Simple Goal

01

Our Objective

We set out to fund a high-impact carbon and biodiversity project.

Wilyun Pools was ready: 900 hectares of ecological regeneration, a partnership with the Wirlomin Noongar people, and measurable climate benefits.

02

Funding Challenge

The project faced a funding challenge due to unattractive returns for commercial investors.

Additionally, the scale was too large for philanthropy to cover alone.

03

Potential Risk

This gap left a promising initiative at risk of stalling.

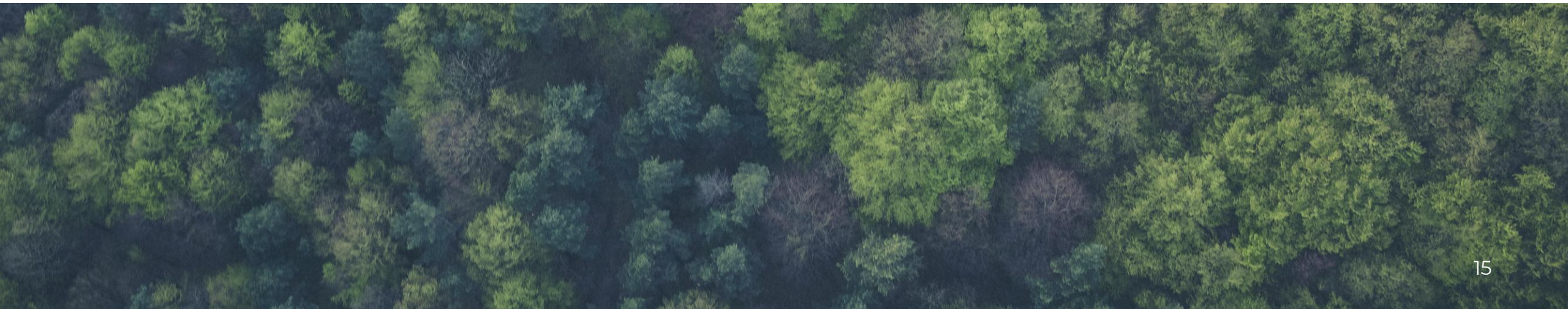
Despite its potential for meaningful impact, the project required innovative funding solutions.

04

Call to Action

Addressing this funding gap was crucial to realise the project's environmental and cultural benefits.

Collaboration and support were essential to overcome these challenges.



01

Funding Challenges for Climate Projects

Many promising climate and nature projects struggle to secure adequate funding.

This lack of financial support hinders their ability to achieve their potential impact.

02

Financial Return Expectations

Projects often fail to meet the financial return targets demanded by private investors.

This creates a barrier for securing necessary investments.

03

Insufficiency of Philanthropic Grants

Philanthropic grants, while vital, are insufficient to support large-scale delivery.

This limitation restricts the scalability of impactful projects.

04

The Funding Mismatch Paradox

Projects with huge potential impact frequently stall or fail to launch due to this funding mismatch.

This paradox highlights the need for innovative funding solutions.

The Problem

Our Approach

01

Strategic Deployment of Concessional Capital

We bridged the funding gap by deploying concessional capital strategically.

This approach involved underwriting and syndicating a **\$3 million interest free loan**, secured against the land.

02

Improving Financial Returns for Commercial Investors

The concessional capital improved the overall financial returns.

This made the project attractive to private investors, facilitating their participation.

03

Embedding Safeguards for Impact Integrity

Environmental and cultural safeguards were embedded into the project.

These measures ensured the protection of impact integrity throughout the initiative.

04

Attracting Commercial Equity Investment






The blended finance approach enabled the **attraction of \$6 million in commercial equity**.

This capital would not have been invested without the strategic alignment of diverse funding sources.



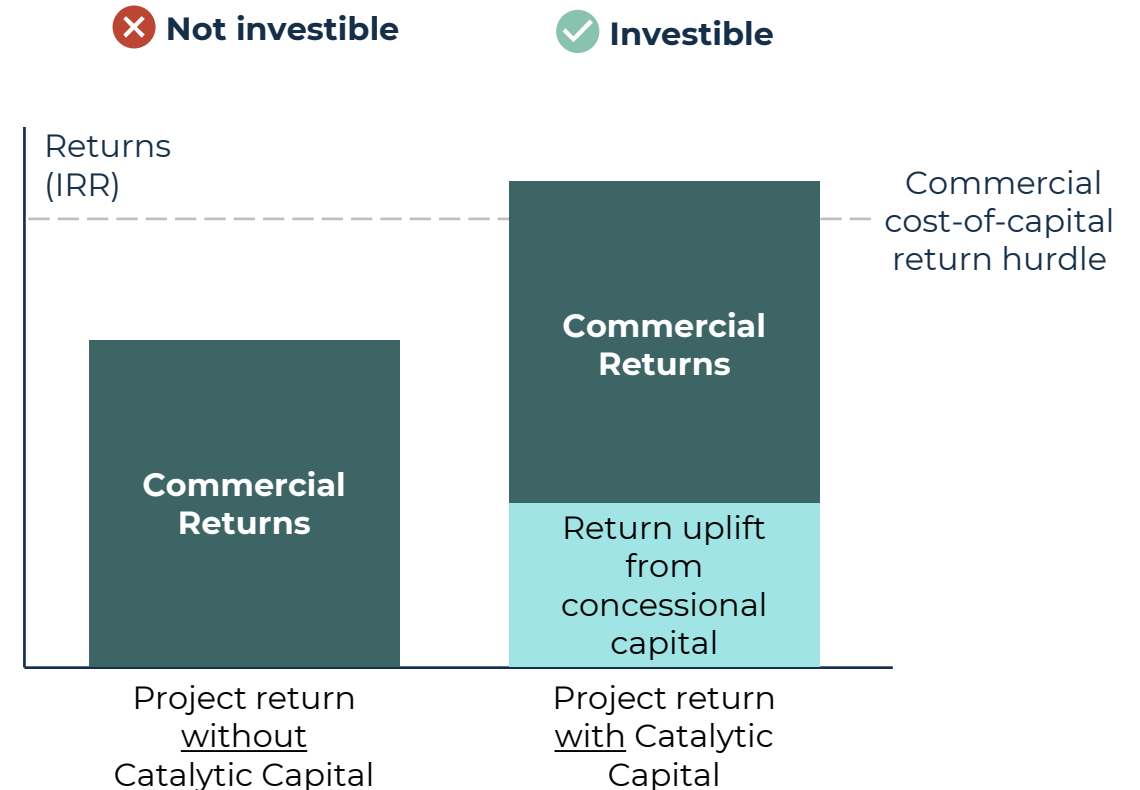
Project Partners: Roles & Responsibilities

Each partner brought a specific, critical capability: from financial structuring to ecological integrity to cultural leadership

	 Investment management	 Philanthropy facilitator	<div style="border: 1px solid black; padding: 5px; text-align: center;"> PRIVATE ANCILLARY FUNDS </div>	 Carbon & Forestry	 Nature & biodiversity	 First Nations
Capital Role	<ul style="list-style-type: none"> Commercial Equity (\$6m) 	<ul style="list-style-type: none"> Structured & Underwrote Loan 	<ul style="list-style-type: none"> Concessional Loan (\$3m) 	<ul style="list-style-type: none"> No capital 	<ul style="list-style-type: none"> Loan conduit (DGR1 entity) 	<ul style="list-style-type: none"> Future landowner
Function / Contribution	<ul style="list-style-type: none"> Project investor Leads implementation and reporting 	<ul style="list-style-type: none"> Raised & syndicated \$3m concessional loan Protected impact & negotiated terms 	<ul style="list-style-type: none"> Provided 0% interest loan to enable private investment 	<ul style="list-style-type: none"> Delivered environmental planting Ongoing carbon project monitoring / management Receives revenue share 	<ul style="list-style-type: none"> Legally received loan Received revenue share 	<ul style="list-style-type: none"> Cultural partner Will take ownership of land over time Receives revenue share

How it Worked

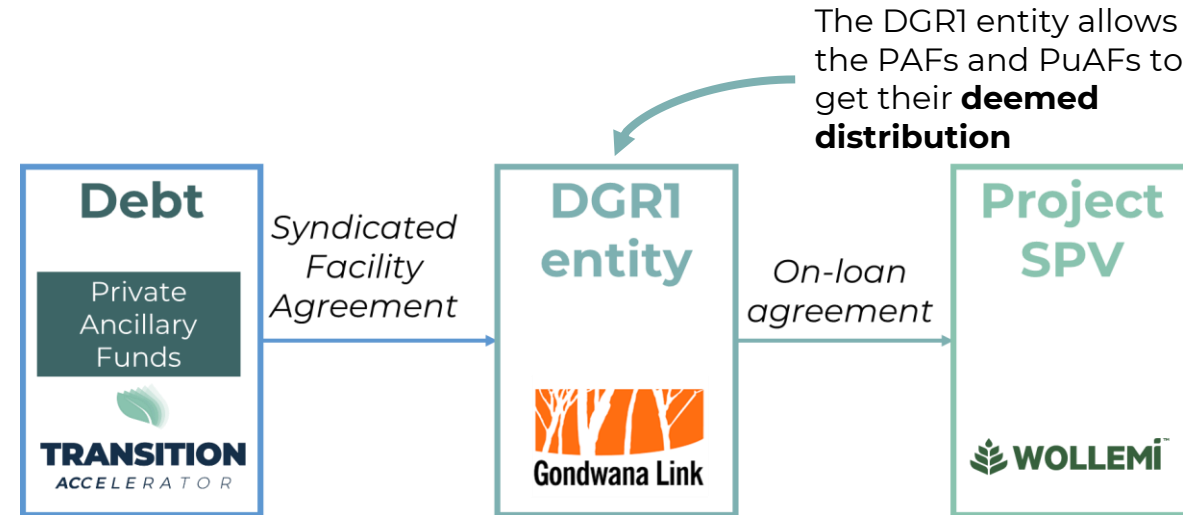
- Without intervention, this project delivers around 10% IRR; not enough to meet the commercial capital hurdle.
- We structured a **\$3m interest-free loan**, fully secured against the land
- This increased the effective IRR for commercial equity to 15%, making the project investible
- In return, we secured impact protections, and a share in the project upside, to recycle into future projects
- **This is the essence of blended finance: not compromise, but alignment**



Why This Was Smart for Foundations

Foundations supported the project, and met their distribution obligations

- Under ATO rules, PAFs must distribute 5% of their corpus annually, usually as grants
- But if they make a **concessional or interest-free loan to a DGR1 entity**, the **foregone interest counts toward that distribution**
- That's called a **“deemed distribution benefit”**
- In short: foundations met their obligation, supported climate and First Nations outcomes, and preserved their corpus



- ✓ The \$3m loan was made to a DGR1 (Gondwana Link)
- ✓ Market interest was deemed ~12–16%
- ✓ So PAFs got full distribution credit, and kept their capital intact

Wilyun Pools

The Impact

Method	Environmental Planting Plantation Forestry
Location	South-West Western Australia
Size	1,200ha 900 ha plantable



430,000+

Tonnes of carbon abated



900

Hectares of land regenerated



572 species

Habitat protection



First Nations

Land transferred and revenue shared with the Wirlomin Noongar people

Why This Was Powerful



Philanthropy as a Catalyst

Philanthropy didn't just fund the project, it made it possible.

This catalytic approach transforms philanthropic capital into a powerful engine for impact.



Leveraging Private Investment

Every dollar of concessional capital leveraged three dollars of private investment (1:3 ratio).

This demonstrates the ability to attract significant private sector participation.



Upside Sharing Mechanisms

Upside sharing mechanisms allow philanthropic investors to benefit if the project outperforms expectations.

This aligns incentives and rewards success.



Replicable Model for Scaling

Established templates, terms, and governance frameworks create a replicable model for scaling.

This enables the approach to be applied to other projects effectively.



Contact Details

Alan Schwartz AO
alan@trawallagroup.com.au

Izzy Jensen
izzy@transitionaccelerator.com.au

Monique Andrew
monique@transitionaccelerator.com.au



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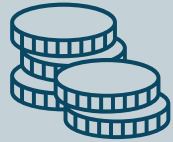
RIAA Conference Australia 2026:

Blended Finance at Scale: Mobilising Institutional, Philanthropic and Private Capital for Impact Investing

Caroline Scott – Director, Blended Finance & Investor Engagement Unit

[DFAT.GOV.AU](https://dfat.gov.au)

What does DFAT's blended finance unit do?



We invest



Australian Climate Finance Partnership (ACFP)



We engage investors

International Development Investor Group (IDIG)

Partnership with the Australian Sustainable Finance Institute



We innovate new products

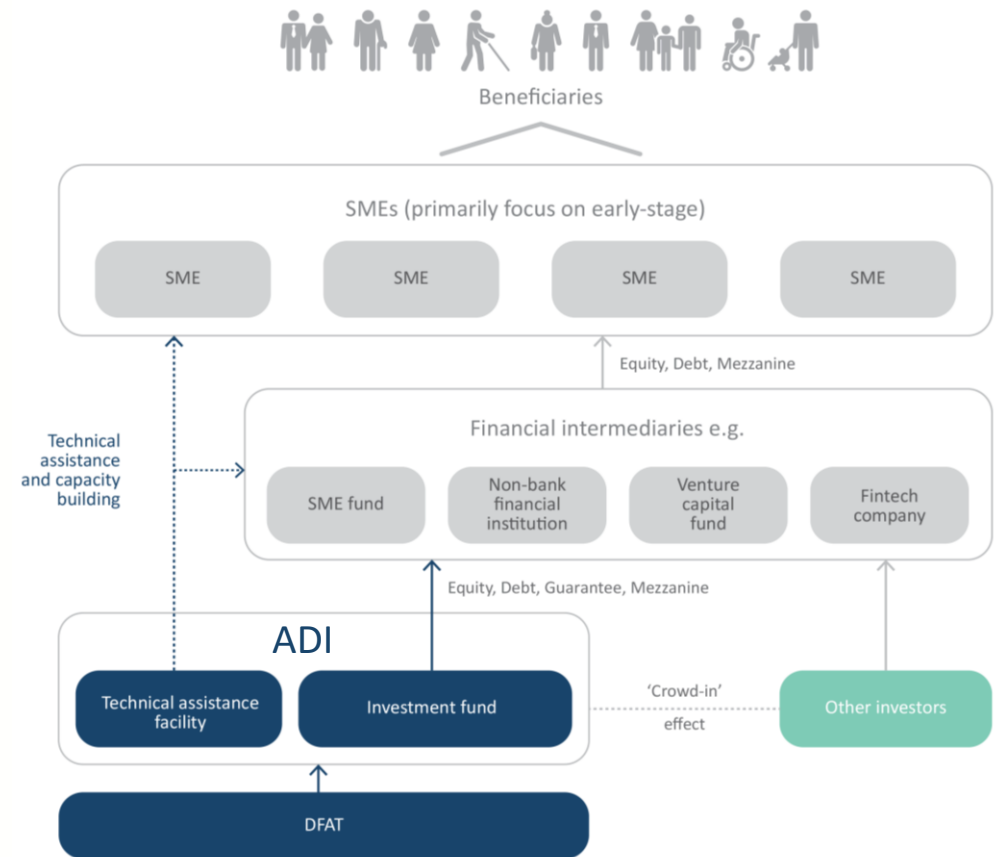


**Net-Zero Transition Bond
NGO Blended Finance Accelerator**

Australian Development Investments (ADI)

- \$250 million impact fund-of-funds
- Early stage and concessional investment
- Invests in SME funds that advance development, gender and climate outcomes in the Indo-Pacific
- 1:5 private finance mobilisation rate
- Provides TA to both fund and SME level to help build capability to support social gains in gender inclusion and ESG

ADI's Fund of Funds Approach





International Development Investor Group

The International Development Investor Group (IDIG) is a group of Australian Family Offices and Foundations who are active impact investors with an interest in investing in climate and gender equality outcomes in the region alongside DFAT

DFAT delivers a range of support services to IDIG members including:

- Deal origination and pipeline
- Share due diligence and facilitate co-investment, **including developing dedicated investment vehicles**
- Share market intelligence

DFAT curates an annual program of engagements for IDIG members including workshops, masterclasses and study tours



Asia Climate-smart Landscapes Fund (ACLF)

Projects managed to IFC Performance Standards and according to core impact objectives and associated indicators.



FOREST AND LANDSCAPE

- Retained canopy cover (an additional [25,000] ha¹ of forest kept standing).
- Apply NDPE commitment for all transactions
- Forest/key ecosystems restored by ~30%²



EMPLOYMENT AND LIVELIHOODS

- 8,000 new/improved jobs. Living income and wage increased by 15%². Better smallholder farming practices by 30%² (based on GAP, BMP)³



GENDER

- 30% of new employment is women.
- 30% improved women's participation in decision making



SUSTAINABLE SUPPLY CHAINS

- Improved use of credible certifications² by mills, cooperatives, use of technology and innovation for better farming practices



CLEAN ENERGY

- Installed capacity of clean energy³
- Total electricity produced
- Access to clean energy



EMISSIONS REDUCTION

- Reduced emissions from reducing forest burning (avert forest fire) and substituting polluting electricity generation for renewables



BIODIVERSITY PROTECTION

- Net gain⁴ for protection of threatened species and biodiversity, particularly in high conservation value ("HCV") forest near projects

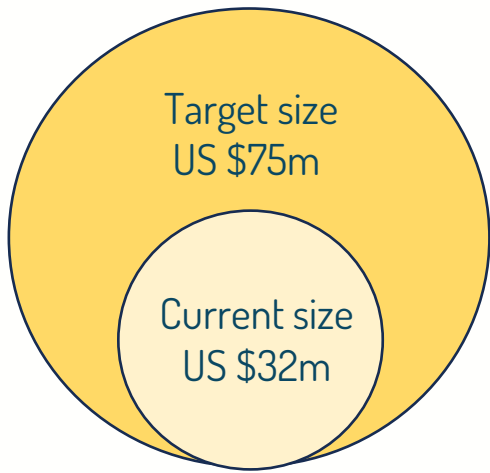


POLLUTION REDUCTION

- Pollution reduction in freshwater systems; reduced air emissions; reduced soil contamination from better farming practices; reduced burning of crops

Asia Climate-smart Landscapes Fund (ACLF)

Ceniarth, the David and Lucile Packard Foundation, the John D. and Catherine T. MacArthur Foundation, Margaret A Cargill Philanthropies and RS Group



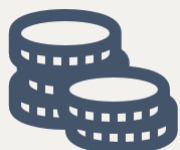
Australian private investors



ADI Climate Partners: key features



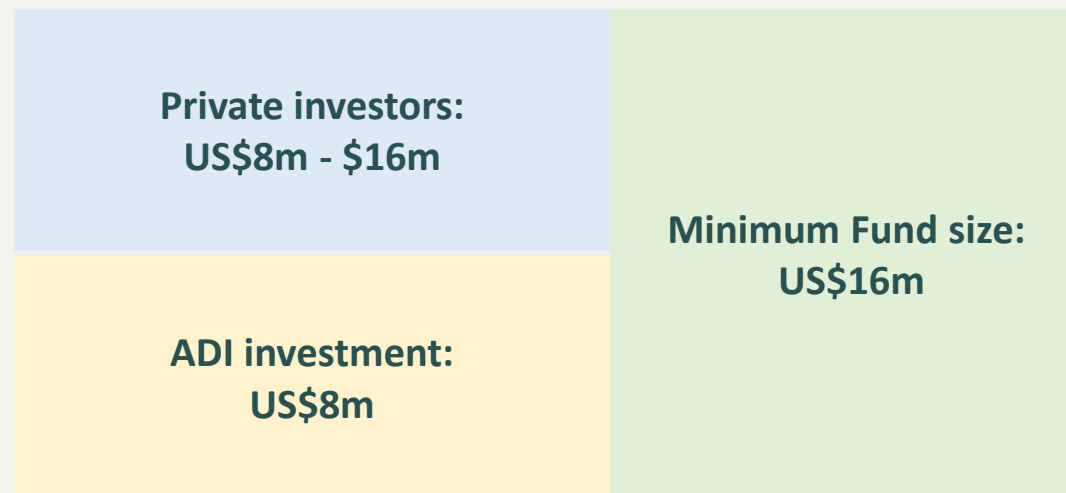
Australian domiciled vehicle



Preferred return structure



Management fee reduction



ADI Climate Partners: structure

Ecotone Partners

Trustee & Investment
Manager

- Australian fund management with Australian Financial Services Licence
- Responsible for structuring the feeder fund, managing AFF governance and investor engagement and communications.
- Provides fiduciary oversight, custody and unitholder administration consistent with Australian wholesale market practice.

Sarona Asset Management

ADI Fund Manager

- Acts as ADI's investment manager and as a non-binding Investment Advisor to the AFF, bringing specialised experience in impact-aligned private investments and climate-smart real-asset finance in emerging markets.
- Sarona supports pipeline evaluation and portfolio insights in relations to ACLF.

ADI

DFAT Fund of Funds

- Provides catalytic capital to crowd-in private investment, including a preferred return structure at the feeder fund level.
- ADI's mandate emphasises mobilising private capital into high-impact sectors while sharing downside risk to support market development

Key Benefits for Australian investors to participate

- **Australian domiciled vehicle:** Enables investors to invest in ACLF through a structure established and regulated in Australia
- **Dual layer of protection:** ADI preferred return structure at the feeder fund & DFC Guarantee at ACLF level
- **Reduced management fees:** Set up costs and annual feeder fund management fee covered by DFAT
- **Investment access:** Ability to invest in ACLF below the fund's minimum investment threshold for an individual
- **Due diligence materials:** Access to ADI's due diligence
- **Market recognition:** Visibility and recognition (if desired) of being an early-market participant investing alongside the Australian Government.



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Australian Government

Department of Foreign Affairs and Trade

For more information contact
blended.finance@dfat.gov.au

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What's the future of impact investing in Australia?

Contribute to Australia's 2026 Impact Investing Market Sizing study:



[Have your say here. Survey now open!](#)