



# **Zero Gap Fund Update**

# **2019**

**Driving Impact at Scale**

# Zero Gap Fund Update

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Foreword

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Zero Gap Fund

## — Climate change, food insecurity, inequality, energy poverty, the threat of pandemics:

these are the defining challenges of our time; challenges that require significantly more resources than philanthropy and government alone can provide.

Launched in partnership with the John D. and Catherine T. MacArthur Foundation and its flagship Catalytic Capital Consortium (C3), the Zero Gap Fund is a vehicle to channel private investment toward addressing the world's most pressing challenges. C3 is a pioneering investment, learning, and market development initiative bringing together leading impact investors to encourage greater impact and use of catalytic capital globally.

The Fund's mandate is focused on financial innovation—on showing how new investment solutions and products can overcome traditional market barriers to channel critical financing to impact-driven investments.

Through the targeted deployment of patient, risk-tolerant, and/or flexible capital—what we call catalytic capital—the Zero Gap Fund is focused on supporting new investment products and mechanisms marrying deep impact with the potential for replication and growth. While taking a disciplined investment approach, the Fund's mandate looks to support first-of-a-kind solutions and teams aimed at mobilizing private capital for significant impact at scale.

The Fund's diverse and global portfolio includes a new debt instrument for forest restoration in California, a listed bond targeting women-owned businesses across Southeast Asia, a blended private equity fund focused on climate adaptation in the Global South, a pioneering impact fund focused on low-income consumers in emerging markets leveraging insurance and an innovative student loan platform targeting low-income students with high-potential in the U.S. The early impact from these investments is beginning to materialize: 717 acres of reforestation; 23 million low-income and underserved consumers reached; 327 loans to low-income students—in just the first 18 months of the Fund's life.

The launch the Zero Gap Fund builds off The Rockefeller Foundation's long history of pioneering new ways to

magnify the impact of private capital and spur innovative solutions to the world's most pressing problems. The true measure of our success will come through the lasting on-the-ground improvements to vulnerable communities and ecosystems—day to day, year to year—stemming from our investments. As such, this impact report speaks to the driving motivation behind our work. I hope it will also serve as an inspiration and invitation for like-minded investors and partners to join us in shaping the path ahead.



**Maria Kozloski**

Senior Vice President, Innovative Finance  
The Rockefeller Foundation

# Zero Gap Fund



# Expanding the Boundaries of Financial Innovation

The Zero Gap Fund aims to create

**the next generation of high-impact investment solutions**

that mobilize large-scale private capital for SDG-aligned impact.

## Zero Gap Fund Goals

### — Impact

Build a portfolio that delivers measurable social, environmental, and economic benefits in support of the SDGs.

### — Innovation

Invest in new investment solutions that address critical market failures.

### — Scale & Replicability

Focus on scalable investments, each with a potential market opportunity of >\$1 billion.

# Impact Approach

## True Transparency and Real Impact

Simply put, we make investments to have a positive and lasting impact on people and the planet. That has long been the mission of The Rockefeller Foundation.

Ensuring that each of the Zero Gap Fund's investments sustain impact requires measurement and active management through the lifecycle of each investment.

The Fund puts a high value on impact transparency and data— the fundamentals of measuring whether an investment is succeeding and having the impact we and our partners envision.

This commitment allows us to:

- Optimize social and environmental performance
- Manage an investment's financial and social sustainability
- Mitigate and manage known and unknown financial and impact risks

## Each investment must answer the following questions:

What are we trying to achieve?

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Who are we trying to reach?

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How much change do we expect to see, and how quickly?

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What is the investment's contribution toward generating this change?

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What risks are there of unintended consequences?

# Zero Gap Fund Overview

The Zero Gap Fund aims to unlock

**billions in private capital investment**

for SDG-aligned impact.

**INVESTMENT TYPE**

**Multi-Asset Class**

**PURPOSE**

**Addressing the SDG Financing Gap**

**FIRST CLOSE**

**2019**

**COMMITTED CAPITAL TO DATE**

**\$30M**

**PRIVATE CAPITAL MOBILIZED TO DATE**

**\$385.5M**

**CATALYTIC LEVERAGE RATIO\***

**29x**

**GEOGRAPHY**

**Global**

## The Challenge

In 2015, the 193 member states of the United Nations laid out a series of ambitious goals—the Sustainable Development Goals (SDGs)—aimed at achieving a more sustainable and equitable world. The annual cost to implement these goals, however, amounts to trillions of dollars, a sum far larger than the combined funding power of global governments, aid groups, and philanthropic organizations. Estimates place the annual SDG financing gap at over \$2.5 trillion.

The vast majority of capital resides in private hands—pension and investment funds, endowments, and insurers. Private investors are increasingly seeking ways to deploy capital in organizations and enterprises geared toward social good, yet most large-scale investors are constrained in their ability to assume excess risk in this pursuit. Today, the market offers few options for prudent investment into high-impact projects, leaving private capital largely on the sidelines.

## Meeting the Challenge

Recognizing the critical importance of engaging private capital for public good, The Rockefeller

Foundation established the Zero Gap portfolio in 2015. Initially a grant-focused strategy, Zero Gap focuses on incubating innovative financial mechanisms with the potential to mobilize private capital at scale to address the SDGs. These mechanisms might offer a more efficient allocation of risk, a novel arrangement of stakeholders and shareholders, or a groundbreaking investment strategy (among other approaches). Today, RF's Zero Gap grant portfolio stands at nearly 50 products and investment solutions across diverse geographies, sectors, and asset classes.

In 2019, The Rockefeller Foundation partnered with the John D. and Catherine T. MacArthur Foundation via the Catalytic Capital Consortium to deepen the scale and impact potential of Zero Gap grantees through the creation of the Zero Gap Fund. The Fund, a unique collaboration between two leading foundations in the impact investment sector, deploys catalytic capital into promising innovative financial mechanisms, promoting their growth, development, and potential to catalyze large-scale private investment in the UN's SDGs. Drawing both from the Zero Gap grant portfolio and the broader market, the Fund supports new

mechanisms that are highly replicable and scalable, and seeks to accelerate and de-risk their path to financial sustainability and significant global impact. In doing so, the Fund creates opportunities for impact-conscious investors to channel capital to critical global priorities.

## Scaling it Up

Over its 15-year tenor, the Zero Gap Fund aims to mobilize billions in private capital to help meet the SDGs. In its first full year of operation, the Fund has succeeded in seeding cutting-edge financial innovation and in catalyzing crucial investment support for projects across diverse sectors and geographies, from forest restoration in California to women's entrepreneurship in Southeast Asia. Focused squarely on high-impact financial innovation, the Fund's flexibility allows it to take nontraditional roles to diminish risk and disentangle impediments among a multitude of stakeholders.

\*Catalytic Leverage Ratio = Additional Investment Capital Directly Mobilized (\$)/Zero Gap Fund Investment (\$)

# A diverse portfolio of financial innovations

that catalyze private capital at scale.

## The Zero Gap Fund Portfolio

ORGANIZATION	INVESTMENT	IMPACT
Blue Forest	Forest Resilience Bond	Preventing severity and frequency of forest fires in the United States.
Sixup	Sixup & Sixup Community Fund II	Providing student loans to high-performing, low-income students in the United States.
LeapFrog	Emerging Consumer Fund III	Supporting emerging consumers in Africa and Asia with access to financial services and healthcare.
Lightsmith Group	CRAFT Fund	Driving climate adaptation in emerging markets.
Impact Investment Exchange (IIX)	Women's Livelihood Bond 2	Expanding access to capital for women-owned businesses in Southeast Asia.



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**LeapFrog Investments**

Addressing Global Inequities  
Expanding Access to Healthcare  
and Financial Services

THE INNOVATION

# Equity investment alongside a novel insurance product

Targeting tail-end risks of the traditional private equity fund model to unlock \$270 million in institutional capital for high-impact enterprises serving low-income emerging consumers.



**Zero Gap Fund**  
Portfolio Investment

**LeapFrog Investments**



INVESTMENT TYPE

**Intermediated Equity**

PURPOSE

**Addressing Global Inequities  
Expanding Access to Healthcare  
and Financial Services**

FIRST CLOSE

**2017**

ZERO GAP FUND  
CATALYTIC INVESTMENT

**\$3M**

PRIVATE CAPITAL  
MOBILIZED TO DATE

**\$270M**

LEVERAGE RATIO

**90x**

GEOGRAPHY

**Africa and Asia**

**The Challenge**

In emerging markets, low-income consumers—a four billion strong demographic—are largely deprived of essential services such as healthcare and access to financial services. For example, over two-thirds of adults in emerging markets don't have a bank account at a formal financial institution<sup>1</sup>. Without a formal bank account, they also don't have access to a broader range of services such as savings accounts and insurance products that provide critical safety nets to escape extreme poverty in case of financial or health shocks. Moreover, most of the health expenditure in emerging markets is driven by out-of-pocket spending, compared to just 13% in developed markets<sup>2</sup>. As a consequence, there is enormous inequity in access to healthcare services with the poor and vulnerable often deprived of meeting their essential needs.

**Meeting the Challenge**

LeapFrog's Emerging Consumer Fund III—the largest-ever private equity fund by a dedicated impact fund manager—is focused on providing affordable products for the over two billion emerging, low-income consumers across Africa and Asia. The Fund focuses on scaling companies whose products and services improve productivity, enable future planning, and enhance the resilience of vulnerable populations in the face of financial and health shocks. The Fund's investments target a broad array of services from facilitating remittances to increasing consumer access to critical medical supplies. In total, the fund targets 70 million low-income consumers across Africa and Asia through the deployment of \$743 million in private and impact capital.

In partnership with LeapFrog Investments, AXA XL Catlin and the U.S. Overseas Private Investment Corp. (now the U.S. International Development Finance Corporation), the Zero Gap Fund amplified its investment contribution through the creation of an innovative insurance product focused on addressing tail-end performance risks to mobilize additional private capital toward investment in low-income emerging consumers. As a result, the Zero Gap Fund-supported product directly leveraged nearly \$270 million in follow-on investment, translating to a capital mobilization multiple of nearly 90 times the Zero Gap Fund's investment. This also represented one of the first times insurance was used as a blended finance tool serving as a model for future replication.

All told, LeapFrog's Emerging Consumer Fund III invests in businesses that serve low-income individuals and communities across 35 countries. These companies offer crucial access to insurance, savings, credit, pensions, medicines, and healthcare services to 164 million potential customers—most of whom subsist on less than \$10 a day, and are accessing these critical services for the first time.

**Scaling it Up**

Zero Gap Fund's investment in LeapFrog Fund III serves as a powerful demonstration of how the strategic deployment of catalytic capital, in conjunction with an innovative insurance product, can overcome key investment risks to mobilize large amounts of private capital for social and environmental good. The Zero Gap Fund's investment

served as a catalyst for others to come in with a significantly larger quantum of investment, thereby leveraging our impact reach. Innovative solutions of this kind offer enormous promise as an effective way to bring private capital into purpose-driven investments in ways that address global development goals while also offering sustainable returns.

**Impact Measurement**

<b>WHAT</b>	Invest in businesses that provide affordable, high-impact healthcare and financial services in emerging markets targeted at low-income consumers and communities.
<b>WHO</b>	“Emerging Consumer”—individuals in sub-Saharan Africa, South Asia, and Southeast Asia, whose daily per capita income is between \$2.72 and \$10.67 and MSMEs that employ between 5 and 100 people.
<b>EXPECTATION/TIMING</b>	Serve 70 million Emerging Consumers by 2029.
<b>INVESTMENT CONTRIBUTION</b>	Dollars leveraged directly and indirectly—\$3 million toward \$270 million in additional funding.
<b>KEY IMPACT RISKS</b>	Ensure the most vulnerable and low-income consumers gain access to key products and services.

Sources: see page 19

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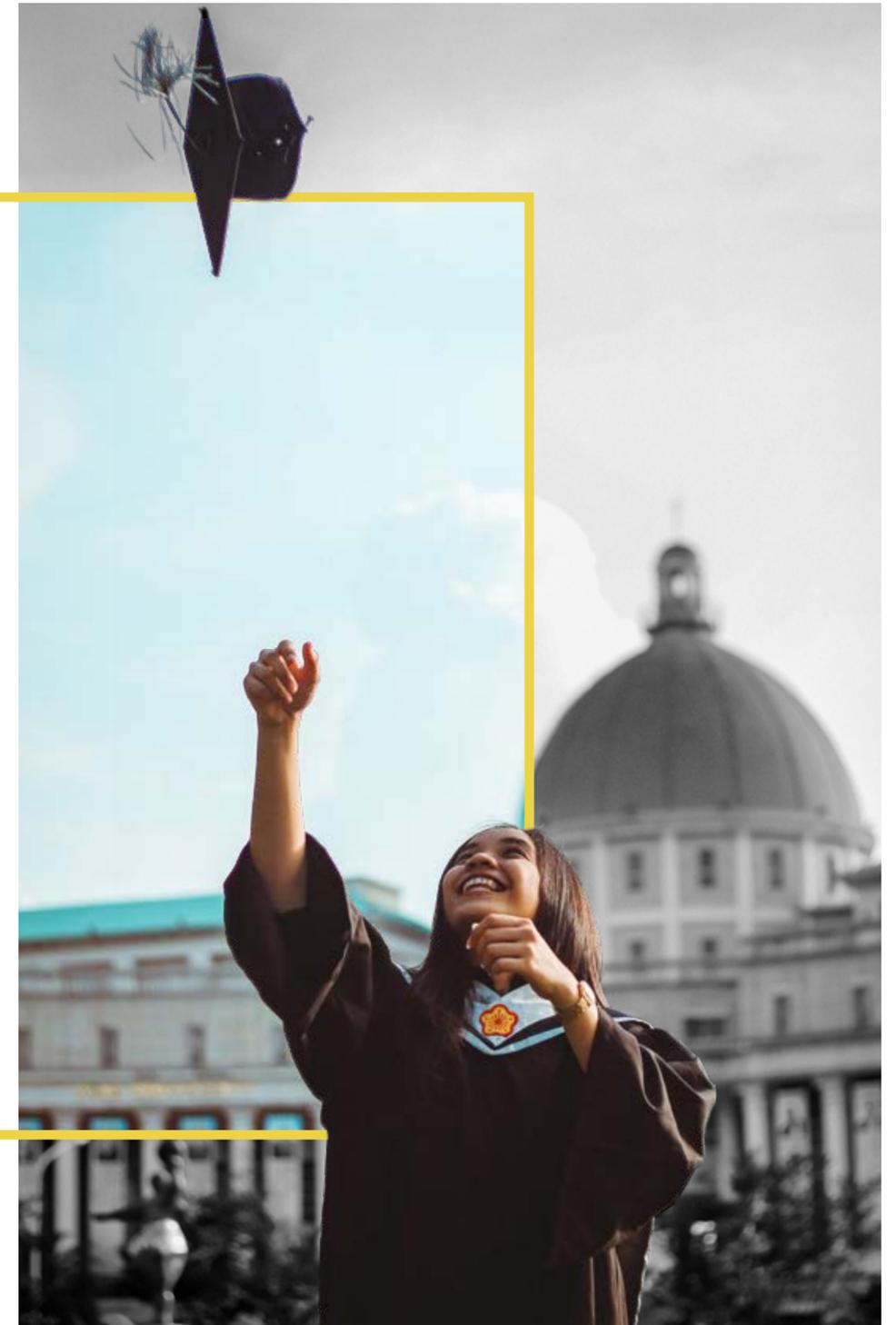
**Sixup**

Expanding Access to College  
Addressing Global Inequities

THE INNOVATION

# Creating a new asset class that mobilizes institutional capital to an underserved market

A financing model for high-achieving, low-income students who lack access to traditional credit relies on big-data analytics to facilitate underwriting and enhance loan performance.



**Zero Gap Fund**  
Portfolio Investment

**Sixup**



INVESTMENT TYPE  
**Direct Equity & Intermediated Debt**

PURPOSE  
**Education Financing  
Reducing Inequality**

FIRST CLOSE  
**2018**

ZERO GAP FUND  
CATALYTIC INVESTMENT  
**\$4M**

PRIVATE CAPITAL  
MOBILIZED TO DATE  
**\$25M**

LEVERAGE RATIO  
**6x**

GEOGRAPHY  
**United States**

**The Challenge**

High-achieving, low-income students often struggle to finance their college education. Without sufficient funding, pathways to the best colleges and to the economic opportunities that flow from a top college degree remain out of reach, even when these students qualify for traditional loans or other support.

Access to finance remains the top barrier for low-income students seeking education. Federal data shows that around seven million high-achieving, low-income students get into college but can't afford the cost of tuition, room and board, even with assistance. One recent survey found that more than four in ten college students face food insecurity, while more than half struggle to afford housing. This out-of-pocket gap can range from \$5,000 to \$15,000 a year—resulting in a national tuition funding gap of around \$70 billion annually.

**Meeting the Challenge**

Sixup began in 2015 as an online lending platform for high-achieving, low-income students without the resources. The Company helps fill the financial gap these students face when other forms of tuition assistance fall short, and when traditional student loans are hard to acquire. Sixup disrupts current underwriting models by tapping into data analytics and a range of wraparound services to support a student's education and early career through the entire loan cycle. Sixup's methodology of investing in students ("upfunding") to attend better schools positions ("upmatching") the student to achieve

better outcomes. Data shows that when students choose their highest quality option they have 6x lower default rates and 6x higher graduation rates.

The Zero Gap Fund stepped in to help demonstrate and scale the Sixup's innovative credit model. The Zero Gap Fund's catalytic capital investment—\$1 million for future equity and a \$3 million mezzanine loan— helped leverage a range of other private investors, with the aim of providing Sixup with over \$25 million in additional lending capacity. Goldman Sachs' Urban Investment Group was a key partner in this next phase of funding.

**Scaling It Up**

This \$70 billion a year tuition gap is sure to grow wider as a result of the novel coronavirus pandemic. There are an estimated seven million high-achieving, low-income students every year who remain underfunded as they look to fulfill their college ambitions. These students are themselves a new asset class for institutional investors looking to invest in the country's next generation of high-performing, low-income youth. Once proven, this financing model has the potential to attract over \$1 billion in institutional investment.

**Impact Measurement**

<b>WHAT</b>	Bridge the financing gap that prevents low-income students from attending four-year colleges by identifying, underwriting, and incubating undervalued students.
<b>WHO</b>	High-achieving, low-income students who are underserved and underfunded. Often first generation students and students of color.
<b>EXPECTATION/TIMING</b>	Decrease the one-fifth of low-income students (seven million) that get into, but do not attend college, and close the degree attainment gap between high- and low-income adults.
<b>INVESTMENT CONTRIBUTION</b>	Dollars leveraged directly and indirectly—\$3 million toward \$25 million in additional funding.
<b>KEY IMPACT RISKS</b>	Student over-indebtedness.

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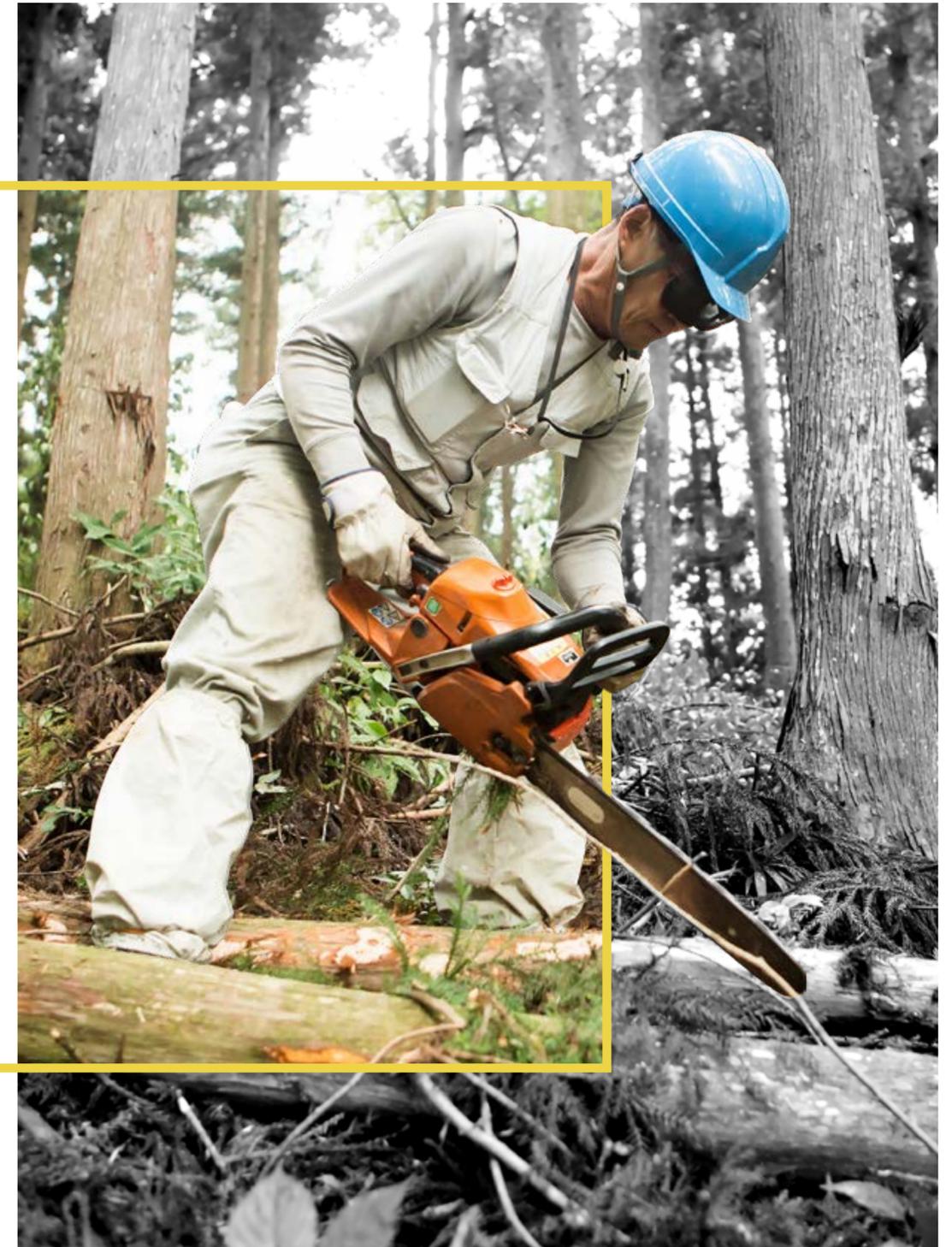
**Forest Resilience Bond**

Restoring Forests  
Combating Climate Change

**THE INNOVATION**

# A unique bond structure that addresses funding bottlenecks

The Forest Resilience Bond is a public-private partnership that enables private capital to finance much-needed forest restoration across the U.S.



**Zero Gap Fund**  
Portfolio Investment

**Forest Resilience Bond**



INVESTMENT TYPE  
**Intermediated Debt**

PURPOSE  
**Forest Restoration  
Climate Mitigation**

FIRST CLOSE  
**2018**

ZERO GAP FUND  
CATALYTIC INVESTMENT  
**\$1M**

PRIVATE CAPITAL  
MOBILIZED TO DATE  
**\$3M**

LEVERAGE RATIO  
**3x**

GEOGRAPHY  
**United States**

**The Challenge**

The world faces a pressing need for comprehensive forest protection at a time of accelerating climate change and catastrophic wildfires. Since 2018, the U.S. has lost 13.1 million acres to 98,786 recorded wildfires, while California battled over 8,000 fires in 2019 alone. Sustainable management of forests—clearing of overgrowth, controlled burning, management of invasive species, and watershed restoration—is crucial for both public safety and ecological balance.

Yet forest restoration is costly, extending far beyond the reach of government and philanthropic donors. Nearly half of the U.S. Forest Service’s (USFS) 193 million acres require restoration, at an estimated cost of over \$100 billion. At current levels of government spending, it will take over 200 years to complete this critical work.

**Meeting the Challenge**

The Forest Resilience Bond (FRB) empowers the distinct financial beneficiaries of healthy forests and watersheds to collectively and proactively contribute to crucial forest restoration activity, significantly reducing the risk of severe wildfire and its environmental, social, and financial costs. Through the FRB, private investors provide working capital for restoration while key beneficiaries, including the U.S. Forest Service and local utility companies, commit to repay investor principal and interest through contracted cost-share contributions, backed by low-risk government grants.

This groundbreaking model seeks not only to contain seasonal infernos, but is broadly applicable across a range of settings, including climate-focused initiatives, environmental finance, responding to epidemics, and other areas where restrictive government policies constrain the potential of public-private collaborations for the common good.

The Zero Gap Fund invested \$1 million in the first FRB, a pilot project in the Yuba River district of California’s Tahoe National Forest intended to showcase the structure’s viability. The Zero Gap program has also provided grant funding to Blue Forest Conservation, the developer of the FRB, since the organization’s inception in 2015. In the Tahoe pilot, work culling deadwood, planting aspens, and creating meadows across 15,000 acres began in 2019.

Varied stakeholders such as the U.S. Forest Service, utilities, and state governments have an interest in averting severe wildfires—for the public good and forest health—and also for pressing economic reasons. Standing alone, each entity lacks the legal standing, capacity, and resources to address the problem. The FRB provides, for the first time, the chance for these diverse actors to band together to reduce the risks of catastrophic fire that could harm them all.

**Scaling it Up**

The FRB model has wide applicability in California and across the country. Nationwide, one of every

three homes is potentially in the path of a wildfire. Homes farther from wooded areas are also affected as national forests represent the single largest source of drinking water in the United States, providing water to more than half the country’s population. Preserving the world’s ecosystems will require over \$300 billion in annual investment—six times the amount provided today.

**Impact Measurement**

<b>WHAT</b>	Long-term ecological restoration to reduce the frequency and severity of wildfires and increase forest resilience.
<b>WHO</b>	The pilot project improves the resilience of communities and forests in California, while testing a model to finance forest restoration throughout the U.S.
<b>EXPECTATION/TIMING</b>	Active restoration of 15,000 acres in North Yuba.
<b>INVESTMENT CONTRIBUTION</b>	Dollars leveraged directly and indirectly—\$1 million toward \$3 million in additional funding.
<b>KEY IMPACT RISKS</b>	Blue Forest, the investment team behind the FRB, unable to achieve financial sustainability; U.S. Forest Service withdraws support; regional particularities hinder replication; large fire in target region obscures impact.

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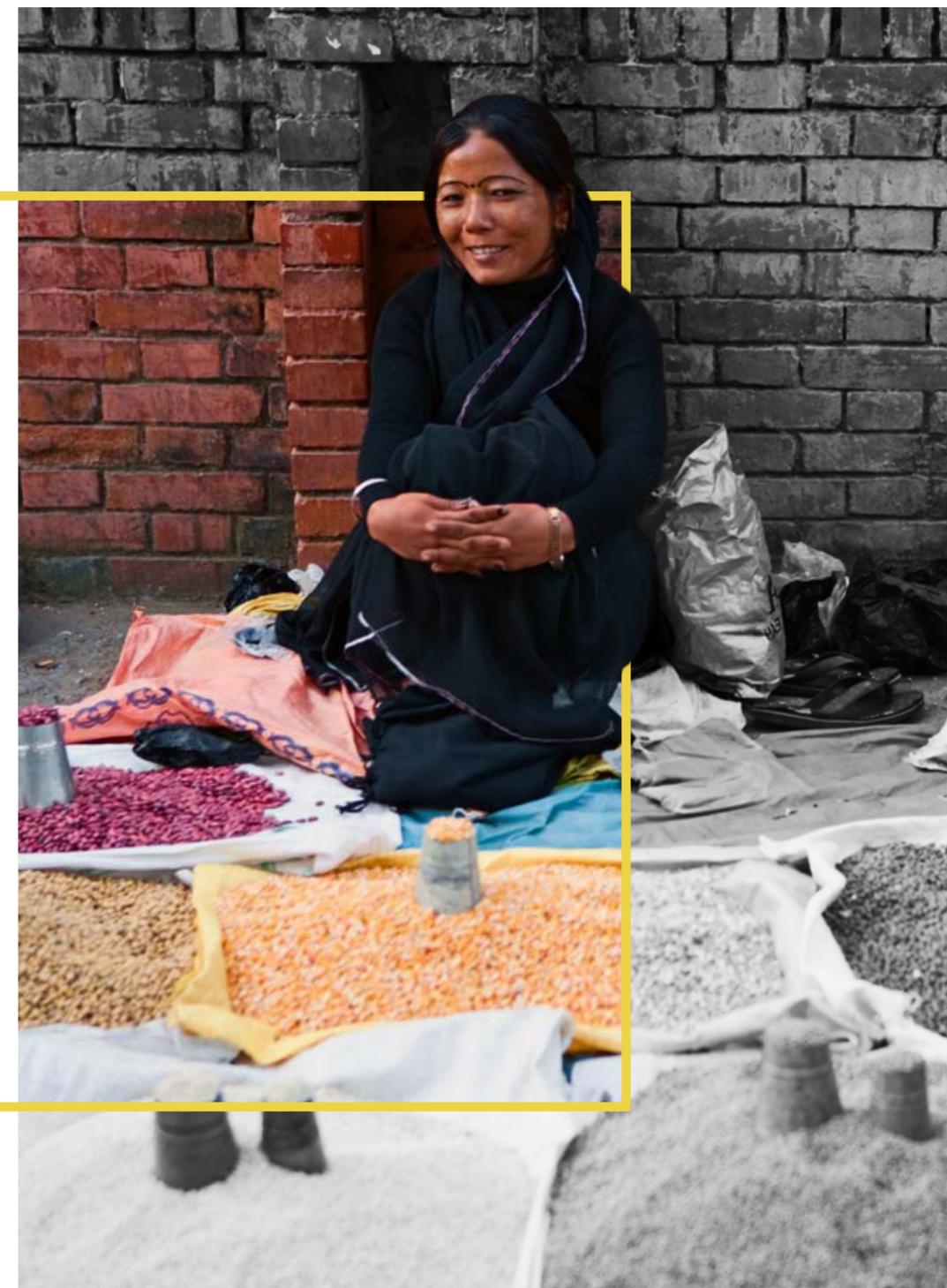
**Women's Livelihood Bond 2**

Expanding Access to Finance  
Addressing Global Inequities  
Advancing Gender Equality

**THE INNOVATION**

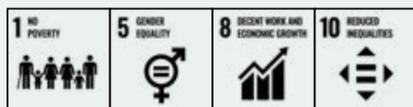
# A blended finance approach to launch the world's first gender-lens impact investing security listed on a stock exchange

generating deep impact, introducing a new strategy and structure to the market, and showcasing Asian investors' demand for impact.



**Zero Gap Fund**  
Portfolio Investment

**Women’s  
Livelihood Bond 2**



Alongside 8 other UN SDGs.

INVESTMENT TYPE

**Intermediated Debt**

PURPOSE

**Decent Work and Economic Growth  
Gender Equality**

FIRST CLOSE

**2020**

ZERO GAP FUND  
CATALYTIC INVESTMENT

**\$1.5M**

PRIVATE CAPITAL  
MOBILIZED TO DATE

**\$10.5M**

LEVERAGE RATIO

**7x**

GEOGRAPHY

**Asia**

**The Challenge**

In much of Southeast Asia, an ambitious but poor would-be woman entrepreneur faces multiple obstacles—with access to financing at the top of the list. The IFC estimates that women-owned small businesses in developing countries face an annual financing gap of nearly \$1.5 trillion, while loan approval rates for women entrepreneurs are 15–20% lower than those of men. While larger microfinance institutions attract increasing interest from international investors, small microfinance institutions, which often focus on the most remote and vulnerable populations—including a disproportionate focus on women—remain badly underfunded. Without sufficient financing to stimulate women-led businesses, this vital segment of the private sector remains stymied.

Meanwhile, despite substantial recent wealth creation, increasing income inequality, and a long history of community altruism, Asian investors remain largely on the sidelines when it comes to local impact investing.

**Meeting the Challenge**

Starting in 2015, The Rockefeller Foundation teamed up with Singapore-based Impact Investment Exchange (IIX) to develop and launch the region’s first Women’s Livelihood Bond (WLB). The bond leverages a blended finance structure and specialized approach to gender-lens investing to attract new sources of private sector capital to empower underserved women in emerging markets transition from subsistence to

sustainable livelihoods. This initial bond, designed and managed by IIX, was the first gender-focused vehicle of its type in Asia when it launched in 2017.

In January 2020, IIX launched the second Women’s Livelihood Bond (WLB2), a \$12 million multi-country, multi-sector social bond to support a group of women-focused, high-impact enterprises in Asia-Pacific. The WLB bonds are among the first publicly traded securities focused entirely on the needs of women entrepreneurs, the first to utilize a blended finance structure, and the first of both categories to trade on the Singapore stock exchange.

**Scaling it Up**

WLB2 represents an evolution from the WLB1 in scale, impact, and risk profile. With a broader geographic and sectoral scope and more flexible terms for borrowers, WLB2 offers increased breadth and depth of impact, while reducing financial risk through superior diversification and additional risk mitigation.

The Zero Gap Fund invested \$1.5 million in the critical first tranche of WLB2, aiming to catalyze the full WLB2 series, provide a clear path to financial sustainability for IIX, and inspire the creation of still more bonds of this type.

**Impact Measurement**

<b>WHAT</b>	The WLB brings women front and center of the capital markets by pooling together a group of high impact enterprises focused on women empowerment and creating a portfolio that balances risk, return, and impact.
<b>WHO</b>	Women entrepreneurs from low-income, rural or marginalized communities.
<b>EXPECTATION/TIMING</b>	100,000 direct women beneficiaries and 250,000 total (direct and indirect) beneficiaries. WLB2 expects to generate a <a href="#">Social Return on Investment</a> of at least 3.0, or \$3 of social value for every \$1 of investment capital mobilized.
<b>INVESTMENT CONTRIBUTION</b>	Dollars leveraged directly and indirectly—\$1.5 million toward \$10.5 million in additional funding.
<b>KEY IMPACT RISKS</b>	Underrepresentation/underservice of lower-income people.

THE INNOVATION

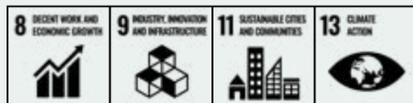
# Pioneering a new strategy in climate finance

The launch of the first-ever private investment fund for climate adaptation accelerates capital flows to a new market—companies that build community resilience.



**Zero Gap Fund**  
Portfolio Investment

**Lightsmith Group**



INVESTMENT TYPE  
**Intermediated Equity**

PURPOSE  
**Climate Adaptation**

FIRST CLOSE  
**2019**

ZERO GAP FUND  
CATALYTIC INVESTMENT  
**\$4M**

PRIVATE CAPITAL  
MOBILIZED TO DATE  
**\$77M**

LEVERAGE RATIO  
**19x**

GEOGRAPHY  
**Global**

**The Challenge**

Efforts to combat climate change have spawned a multitude of investment opportunities and garnered global attention. Investments into climate adaptation and resilience, on the other hand, have earned far less focus. Despite widespread agreement that diminishing the harm wrought by climate change will be increasingly vital in the years ahead, climate adaptation efforts now receive just 6% of all climate finance flows—the vast majority of which comes from public sector funders. The 2016 Paris Agreement called for climate adaptation and climate mitigation initiatives to receive equal priority in financing, yet the imbalance since then has been dramatic.

**Meeting the Challenge**

In late 2019, The Zero Gap Fund teamed up with Lightsmith Group to address this funding imbalance. Together with other partners and investors, they launched the first-ever private sector investment fund focused exclusively on climate adaptation. If successful, this financing vehicle—known by its acronym, CRAFT— will help to open a new avenue for investing in a growing array of climate adaptation and resilience services.

The CRAFT fund, anticipated to grow to \$250 million, will invest in around a dozen companies that provide data, tech-enabled services and products that help entities—from cities to homeowners—to manage and diminish the risks of climate change. The Zero Gap Fund committed \$4 million to the 10-year fund.

The chief insight of the CRAFT approach is that technologies to address climate change currently exist, present a compelling investment opportunity, and must expand across developed and developing regions, alike. CRAFT’s mission is to fund, facilitate, and steward this growth to maximize its potential for profit and public good. The fund identifies high potential companies with philosophically aligned leadership, and agrees on high-impact growth strategies prior to investment. The fund devised its own rigorous impact measurement system to track the efficacy and impact of the technologies it supports.

**Scaling it Up**

CRAFT’s founders believe the fund will pave the way for similar strategies to flourish in the near future, without need for concessional funding. Beyond the first set of investments, the fund is tracking more than 1,000 companies whose focus and innovations make them potential investment targets in the future—a compelling illustration of the strategy’s potential for growth. Across 20 sectors, including food and agriculture, water, energy, and transportation, companies and governments are spending tens of billions of dollars a year on climate-related projects. What may have seemed a niche opportunity less than a decade ago looks set to become a major investment area in the years ahead.

**Impact Measurement**

<b>WHAT</b>	Global private equity fund focused on climate adaptation, and seeking to maximize impact and growth of critical technologies supporting climate resilience.
<b>WHO</b>	Growth-stage companies operating in climate-critical sectors such as disaster analytics, water efficiency, food resilience, healthcare, and power. Focus on technology that can be scaled rapidly.
<b>EXPECTATION/TIMING</b>	Direct and indirect impact on poor and vulnerable populations through accelerated development and growth of ‘climate resilience solutions’—that is, technologies, products, and services to assess and manage the types of risks and repercussions amplified by climate change.
<b>INVESTMENT CONTRIBUTION</b>	Dollars leveraged directly and indirectly—\$4 million toward \$77 million in additional funding.
<b>KEY IMPACT RISKS</b>	Possibility of funding low- or negative-impact companies; potential that climate adaptation strategy fails and sends negative signal to the market.

**The Rockefeller Foundation  
Impact Investment Management**

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**Design**

50000feet

**Sources**

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Impact Management Project  
(<https://impactmanagementproject.com/>)

**PAGE 10**

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2: UBS (2017) Emerging Market Healthcare Report, LIT series, World Health Organization

