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## Offering alternatives to ODA: A New Era of Climate Finance Innovation

The development finance landscape stands at a pivotal crossroads. ODA from major donors is projected to fall by a total of US\$31.1 billion in 2025. Yet **these budgetary constraints present an unprecedented opportunity to reimagine how we finance sustainable development and climate action.**

According to Converge, a global network for blended finance, Climate blended finance reached its highest annual total in 2023, growing by 120% to \$18.3 billion, driven primarily by private sector engagement. This surge reflects a fundamental shift: while **donor capital has remained constant, private sector investment into climate blended finance increased by almost 200% in 2023.**

Only a small percentage of the \$210 trillion assets managed by the private sector could replace the missing financing.

Blended finance has matured from experimental concept to proven strategy, with the market seeing an increase in large-scale transactions and six deals exceeding \$1 billion. The model's strength lies in creating win-win scenarios: public funds provide essential risk mitigation while private investors bring efficiency and scale.

**Philanthropic and public capital assumes the highest level of risk**, giving private sector investors more confidence about potential returns. This layered approach has proven particularly effective in climate finance, where institutions have successfully used blended finance models to pioneer renewable energy markets.

**Development finance guarantees can also help reduce risks, lower costs, and expand financing options for climate projects in underserved markets**, this is why Catalytic is exploring using them for financing e-bus in Brazil. By providing credit enhancement and political risk protection, guarantees enable private investors to engage in previously risky markets.

Multilateral development banks and donors can play an important role in supporting blended finance through more extensive use of guarantees. A well-structured guarantee can mobilize multiple times its value in private investment, creating significant leverage from limited public resources.

At the 2024 COP summit in Baku, it was agreed that it is necessary to mobilize at least \$1.3 trillion annually by 2035 to support climate action in developing countries. **This ambitious target demands innovative approaches that traditional ODA alone cannot deliver.**

The current moment demands bold thinking and collaborative action. By embracing blended finance, guarantee schemes, and other innovative mechanisms, the development community can unlock the vast potential of private capital while maintaining focus on poverty reduction and climate action. **The challenge of reduced ODA budgets may prove to be the catalyst for a more effective, scalable, and sustainable approach to global development finance.**

**Each of our initiatives aim to offer solutions to this challenge, continue your reading to learn how.**

## New Initiatives

Since December 2024, Catalytic manages two new initiatives Canopy Trust (formerly CAFI-Invest) and the technical assistance and capital acceleration of the Global Fund for Coral Reefs. In the last six months, significant progress has been made for both.

### Canopy Trust

The mandate won by Catalytic for the Central African Forest Initiative (CAFI) has been renamed Canopy Trust and the foundations have been laid for efficient delivery of the program.

#### Two new colleagues have been hired;

- **Julie Goerig**, Project Pipeline Manager, in charge of sourcing, assessing and overseeing the pipeline of projects and TA, ensuring Canopy Trust stakeholders and partners' engagement.
- **Emmanuel Claude**, Investment Specialist, in charge of conducting due diligence, negotiation and investment agreement and overseeing investees.

#### An interim steering committee has been put in place, including:

- **Jostein Lindland**, Policy Director - Lead on Central Africa. Norwegian International Climate and Forest Initiative, Norway Ministry of Climate and Environment.
- **Berta Pesti**, Head of the Secretariat of CAFI

A first project has been approved, with the allocation of a technical assistance grant for a series of three studies for a 300-hectare industrial hub combining a charcoal retort factory and a cassava flour factory in the Democratic Republic of the Congo.

Finally, a website will be launched shortly and contains all details related to the eligibility criteria and the submission portal.



### Global Fund for Coral Reefs (GFCR)

The mandate won by Catalytic is currently providing technical assistance for two projects invested by Pegasus:

**Agrion** is a company based in Brazil that uses sugar cane processing waste to create organo-mineral fertilisers reducing negative impact of agriculture on waterways and Brazilian coral reefs. The company also promotes a circular model by reintegrating agriculture by-products into the process. To further enhance the overall positive impact of the company, **Catalytic is supporting the delivery of 6 technical assistance studies**, including a Reef Impact and Landscape Assessment to further assess the potential positive impacts of the company on coral reefs, and develop expansion recommendations. An Environmental Social Management Plan (ESMS) is also being developed currently to guide company operations.

**Parley** for the Oceans is a global environmental organization and network of creators, thinkers and leaders who raise awareness for the beauty and fragility of the oceans and collaborate to end the cycle of destruction. Parley leads a range of initiatives that drive systemic change and empower more impactful participation in the environmental cause.

**Catalytic is supporting the delivery of 6 technical assistance studies in the Maldives and in Sri Lanka**, including a Plastic Waste and Reef Impact Assessment to further assess the positive impacts of the company on coral reefs and identify potential expansion areas for enhanced impact.

Catalytic also has the mandate to increase capital flowing into reef-positive businesses. For its first investment, Catalytic has issued a call for proposal (CfP) for Investment Funds Investing in Coral Reef-Positive Businesses and Projects in the Pacific Small Island Developing States. For this CfP, **Catalytic is partnering with the SDG Impact Finance Initiative (SIFI) and applications are expected on [their portal](#) before July 4<sup>th</sup>.**



## Ongoing Initiative

# Catalytic — cities —

Since the official launch of Catalytic Cities at COP28, Catalytic has significantly progressed the three blended finance initiatives.

### Port Decarbonization

Under the Catalytic Cities program, Catalytic is advancing the development of a **blended finance vehicle to support port efficiency and profitability through decarbonization activities** (the 'Vehicle') by offering funding and grant-based technical assistance to eligible projects.

Catalytic issued mid-May a [call for proposals](#) to develop this vehicle. A Selection Committee has been formed to oversee the selection process; it will be chaired by Catalytic and composed of two Catalytic representatives, one representative from Amazon, one representative from Lloyds Registry Maritime Decarbonization Hub and independent advisors.

The review, the selection processes are expected to be completed before the end of the year.

### E-buses in Latin America

Following the completion of the e-bus Latam derisking studies, Catalytic and WRI Brazil have issued a **call for proposal for a guarantee manager to define, structure, and manage the Brazil E-Bus Credit Enhancement Vehicle**.

**Deadline to apply: 31<sup>st</sup> of July.**

Further information available [here](#).

For more information, please visit:

<https://www.catalyticfinance.org/catalytic-cities>

Or contact:

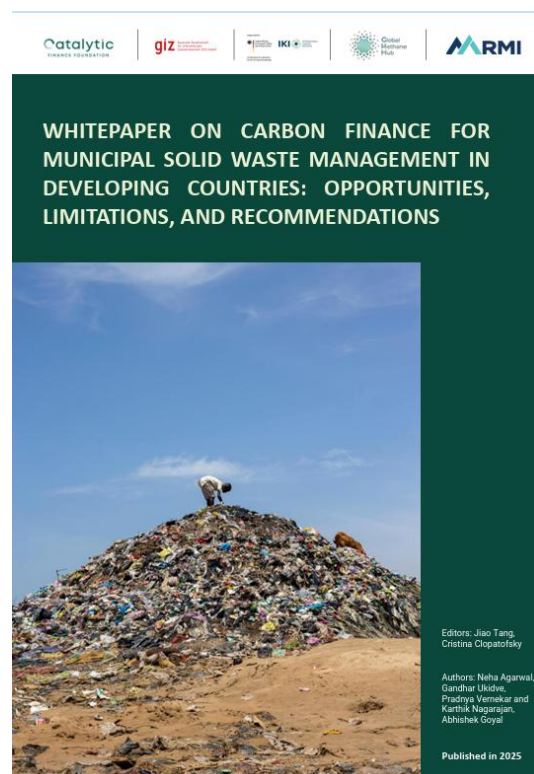
[cristina.clopatofsky@catalyticfinance.org](mailto:cristina.clopatofsky@catalyticfinance.org)

### Waste Management for Methane Reduction

Together with the Federal Ministry for Economic Affairs and Climate Action (BMWK) via the International Climate Initiative (IKI), the Global Methane Hub, and Rocky Mountain Institute (RMI), Catalytic Cities has published a new whitepaper: ***"Carbon Finance and the Funding Gap for Municipal Solid Waste Management in Developing Countries – Opportunities and Limitations."***

Municipal solid waste in developing countries is frequently mismanaged, leading to significant methane emissions and environmental degradation. While carbon finance presents a valuable opportunity to enhance project bankability by monetizing emission reductions, existing mechanisms remain insufficient. To effectively mobilize investment at scale, carbon finance must be complemented by performance-based instruments and embedded within enabling policy, regulatory, and institutional frameworks.

📄 Explore the full whitepaper for key insights, limitations, and actionable recommendations: [https://lnkd.in/exdpa\\_sZ](https://lnkd.in/exdpa_sZ)



## Ongoing Initiative

The Subnational Climate Fund (SCF), launched in 2021, is a blended finance initiative dedicated to investing in and scaling mid-sized, climate-resilient, low-carbon infrastructure projects in emerging markets and developing countries.

### New investor, new investment

In April 2025, Pegasus Capital advisors announced that [Ajinomoto Co., Inc. a Japanese multinational invested approximately USD 20 million](#) into the Subnational Climate Fund.

In May, [Ifria Cold Chain Development Company](#), one of the SCF portfolio company, **successfully acquired Lotraf**, a premier temperature-controlled logistics company based in Mohammedia, Morocco.

### New projects

In the last quarter, 8 new Technical Assistance grants were approved for:

- an eco-tourism project in Cambodia
- a waste management project in Tunisia
- a agri-transport project in Kenya
- an agriculture project in Brazil
- a renewable energy project in Chile



**SUBNATIONAL  
CLIMATE  
FUND**

### Number of studies supported by SCF Technical Assistance Grants

**91 Studies**

approved since inception

**47**

Projects supported to date

**USD 28 million**

For technical assistance



The SCF works in **42 countries** in Asia-Pacific, Latin America, the Caribbean, the Mediterranean, and Africa

## Meet the Team!

Catalytic is growing! We have welcomed new colleagues in the last few months:

We're excited to welcome **Julie Goerig** as the **Project Pipeline Manager** for **Canopy Trust**.

Julie sources, assesses and oversees the pipeline of projects and TA, ensuring Canopy Trust stakeholders and partners' engagement.

Having lived in Africa for over 15 years, including Central and Western Africa, Julie has extensive experience of supporting ecosystems of impact start-ups and financiers in Africa.



We also would like to welcome **Emmanuel Claude** as our new **Investment Specialist**.

As we embark on our new capital acceleration journey, Emmanuel will oversee the deployment of concessional capital for GFCR and Canopy Trust.

With 10+ years in M&A and Strategy departments of major agroindustry corporates, Emmanuel has extensive experience on transactions, partnerships and strategic cooperation structurations.



## Recruitment

As we expand our activities—managing new mandates from the Central African Forest Initiative and the Global Fund for Coral Reefs, while continuing to implement the Subnational Climate Fund and Catalytic Cities — we are excited to announce new job opportunities to join our team:

### 1. Communication Specialist

We are looking for a communication and marketing specialist to manage the Subnational Climate Fund's communications as well as support our other initiatives.

Learn more and apply [here](#).

### 2. ESG Officer

We are looking for an ESG Officer to assist with initiatives relating to climate mitigation, climate adaptation, biodiversity, social impact, gender equality and landscape assessment.

Learn more and apply [here](#).

### 3. Internship

We are seeking an intern to assist our activities, offering opportunities to the intern to learn about various aspects of topics in which Catalytic operates.

Learn more and apply [here](#).

# Catalytic

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