April 2025

IMPACT SUMMIT EUROPE - ROUNDUP

The 11th edition of Impact Summit Europe took place on the 1-2 April 2025, in Amsterdam, hosted by Phenix Capital Group. The summit is a highly curated annual convening for institutional investors and asset owners on impact investing with its agenda created to C-suite of financial institutions. A 380+ financial leaders joined the 2025 edition from around the globe.

Highlighted Takeaways

Phenix Capital Group estimates that **€701 billion has been raised** by impact funds since 2015, representing a 160% growth.

🧬 Institutional Capital Evolution

- Institutional investors control more than $200 trillion globally, yet only a sliver of that capital flows to SDG-linked projects in low- and middle-income countries.
- **No Trade-Off Needed:** Reinforced belief that impact investing doesn't mean sacrificing returns.
- Broader reform is needed to make impact investing part of the mainstream institutional playbook, not a niche exception.
- Investors are learning to holistically assess investments, balancing **risk, return, liquidity, and impact** in alignment with values.
- In many cases, the problem isn't the risk itself but the absence of instruments that adjust for it; products that meet institutional mandates without sacrificing social returns.
- Pension funds and insurance companies face internal barriers: lack of familiarity with blended structures, high due diligence costs, and a scarcity of standard, repeatable vehicles that fit into their existing allocation frameworks.

🔀 Blended Finance: A Pioneering Tool

- Blended finance has grown from $8 billion in 2023 to $18 billion in 2024.
- It's **not a silver bullet** - should be seen as a **catalyst and a stepping stone**, not a permanent solution for development financing.
- The blended finance market still remains underutilized, Investors should **Use Blended Finance strategically** as a **pioneering tool** to test new asset classes (e.g., early-stage equity, green bonds, debt-for-nature swaps).
- **Blending Catalytic Capital -** The **right "blend"** helps **de-risk investments** and meet fiduciary duties.
- Philanthropic capital can absorb early-stage risks, provide technical assistance, and enable innovations that commercial capital can later scale. What matters is intent and structure.

🏛 Family Offices: Early Movers

- Speed & Conviction: Family offices integrate values deeply, enabling fast decision-making and long-term relationship building, especially with emerging fund managers
- Family offices often lead in emerging markets (e.g., India, Brazil, Mexico), where valuations are lower and impact opportunities higher
- Family offices pave the way for institutional capital to follow once managers mature.
- **Next-gen successors** embrace different ambitions and could help with shifting the impact investing paradigm in conventional wealth management.

✝️ Faith-Consistent Investing is Rising

- An estimated €10 trillion in faith-consistent investment is held by global faith communities and their institutions.
- Islamic Finance has the bulk of it with roughly $5 trillion while Christian investing accounts for roughly $2 trillion of that total. The remainder is comprised of Jewish and Eastern faith traditions
- Catholic investors are slowly transitioning from ESG to faith-consistent strategies—but they need suitable investment products.
- Multi-faith collaboration offers major opportunities: from Islamic Zakat bonds in blended finance, to

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Jewish mitzvah-aligned frameworks, to Christian-led shareholder activism.

🌿 Nature Financing

- The global funding gap for nature and biodiversity is USD 700 billion.
- The agri-food sector, is increasingly viewed as biodiversity's equivalent to renewable energy - rich with opportunity, if approached creatively. Whether through soil regeneration, alternative proteins, or precision farming, the potential to generate both ecological and financial returns is real.
- A study on 2,300 companies in the MSCI ACWI Index revealed that about 200 companies are responsible for 73% of nature-related impact.
- We need to know the difference between investing for nature (reducing damage) and investing in nature (creating positive effects).

💳 Private Credit vs Private Equity

- Private equity is under pressure—fundraising is slowing, exits are harder, and scrutiny is rising.
- Meanwhile, private credit is booming, filling the gap left by banks with flexible, structured financing options.
- Every asset class can deliver impact: Panellists stressed that impact isn't exclusive to private equity—private credit, public equity, and real assets all have roles in a holistic impact strategy.

💡 Impact Evidence & 4IR (Fourth Industrial Revolution)

- From the early days' "believe me" to "show me" - today "**prove it to me**". It all starts with a clear theory of change. Investors need to be intention-driven and data-assisted – and AI can make us much more efficient in measuring and scaling.
- The solutions already exist - We don't have to wait for the next technological breakthrough – we already have green hydrogen, carbon capture, regenerative agriculture and low-emission cement. Now it's all about scaling – and here both digitalisation and AI can once again play a huge role.

🧲 Catalytic Capital: De-risking Emerging Markets

- Philanthropic capital is a powerful tool to de-risk investments and unlock market-based solutions.
- The most effective funders go beyond money—offering strategic support, flexibility, and long-term partnership.
- Catalytic Capital should NOT be used to improve risk-return profile, it must enable the market capital - not replace.

Thought piece.

In 2015, the world agreed on an ambitious blueprint for shared prosperity: the Sustainable Development Goals. But a decade in, the financing gap has ballooned to an estimated $4.2 trillion annually in emerging markets alone. The rhetoric around "billions to trillions" has not materialized. Traditional sources of development finance, Official Development Assistance (ODA), public sector budgets, and philanthropic capital, are increasingly constrained. Meanwhile, institutional investors control more than $200 trillion globally, yet only a sliver of that capital flows to SDG-linked projects in low- and middle-income countries.

The mismatch isn't due to a lack of opportunity. Emerging markets present some of the highest-impact, highest-need investment prospects on the planet - from green infrastructure in Southeast Asia to SME financing in sub-Saharan Africa. But private capital continues to sit on the sidelines, held back by perceived risks, structural misalignments, and a lack of investable, scalable vehicles.

A commonly cited challenge is risk, specifically, the perception that frontier and emerging markets are too volatile or unstable for fiduciary investment. This perception often diverges from reality. Data from multilateral development banks (MDBs) show lower-than-expected default rates across a range of sectors and countries. In many cases, the problem isn't the risk itself but the absence of instruments that adjust for it; products that meet institutional mandates without sacrificing social returns.

Blended finance was designed to address exactly this. By strategically deploying concessional capital - grants, guarantees, subordinated debt - blended finance reduces the risk profile of investments that would otherwise be deemed too risky for commercial investors. It's not a silver bullet, but it is a powerful catalytic tool. When used well, it creates pathways for institutional capital to flow into places and sectors that traditional markets wouldn't touch.

Still, the blended finance market remains underutilized. Deals are often too bespoke, too costly to structure, and too small to interest large institutional players. Fund managers working in high-impact areas - such as refugee financing or women-led SMEs - struggle to raise catalytic capital, which is essential to unlock senior tranches. Meanwhile, pension funds and insurance companies face internal barriers: lack of familiarity with blended structures, high due diligence costs, and a scarcity of standard, repeatable vehicles that fit into their existing allocation frameworks.

There's also a regulatory dimension. Fiduciary duty laws in many jurisdictions restrict allocations to illiquid or unconventional assets, even when risk-adjusted returns are sound. That's starting to change. In the UK, the "Value for Money" framework and the introduction of Long-Term Asset Funds are beginning to create room for diversification into impact-oriented strategies. But broader reform is needed to make impact investing part of the mainstream institutional playbook, not a niche exception.

Donors and development finance institutions (DFIs) have a critical role to play in making this shift happen. Their capital can be most catalytic when it's used strategically - to provide first-loss coverage, technical assistance facilities, or currency risk mitigation. But for this to work, donors need clear guidance on where their capital can generate the highest leverage. They must also resist the temptation to try to de-risk everything for everyone. Selective, intentional deployment is far more effective than blanket subsidies.

In this light, the debate over whether donors should "subsidize" private investors misses the point. The goal isn't to replace markets - it's to create them. Philanthropic capital can absorb early-stage risks, provide technical assistance, and enable innovations that commercial capital can later scale. What matters is intent and structure. Some of the most successful models blend unrestricted early funding with strategic oversight - supporting local leaders while ensuring long-term viability. Passive grants rarely move the needle, but hands-on, risk-tolerant capital often does.

This same principle applies to investing in nature and biodiversity - a sector long considered too complex, too unquantifiable. Yet new tools and business models are emerging. The agri-food sector, for instance, is increasingly viewed as biodiversity's equivalent to renewable energy - rich with opportunity, if approached creatively. Whether through soil regeneration, alternative proteins, or precision farming, the potential to generate both ecological and financial returns is real. But this too requires an ecosystem of enablers: long-term buyers, data infrastructure, de-risking facilities, and transparent metrics.

Private markets are evolving alongside these shifts. While private equity is under pressure—facing fundraising headwinds, exit constraints, and increased scrutiny - private credit is booming. As banks pull back from risk, private credit is filling the void with structured, flexible financing options. In many cases, it now delivers equity-like returns with less volatility, making it increasingly attractive to institutional allocators. Private credit also lends itself well to impact - whether through green loans in Eastern Europe or media investments that defend democracy.

This flexibility matters, especially as Europe turns inward, redirecting capital toward defence, energy security, and domestic infrastructure. The ripple effects are felt globally. Capital that once flowed to emerging markets is harder to

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mobilize, even as the impact per dollar is arguably higher. Selective investments - such as ringfenced green bonds or catalytic credit lines - can still thrive, but they require careful design and political will.

That will must extend to the very structures we use to measure and guide impact. Many investors now speak of a "theory of change" - a narrative that ties capital deployment to systemic outcomes. But that theory needs supporting architecture: metrics, risk-sharing frameworks, local partnerships, and above all, trust. Some of the most effective funders are those who provide not just money, but strategic guidance, unrestricted support, and a commitment to walk alongside investees. This is not charity - it's capital with conscience.

This is not just about finance. It's about rewriting the playbook on how we fund development in the 21st century. It means moving from one-off deals to standardized investment products. From pilots to portfolios. From donor-led models to true public-private partnerships that leverage the comparative strengths of each player.

Markets reflect what we choose to value. If we value dignity, sustainability, and long-term stewardship, then our financial systems must begin to reflect that. The architecture exists. The capital exists. What's needed now is the will to connect the two.

>> REPLAYS & OTHER CONTENT>>

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