

BLENDED FINANCE ACCELERATOR FOR ASSET AND FUND MANAGERS (A4FM)

INFORMATION SESSION

September 4th, 2025

www.Convergence.finance



Housekeeping

- This event is being recorded and we will share the recording with all attendees
- Please use the chat function to ask questions

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Agenda

8:30 am ET	Housekeeping and Overview of the A4FM	Leah Pedersen, Senior Director
8:35 am ET	Deep Dive: Eligibility Criteria and Grant Types	Arusha Latif, CFA Associate
8:45 am ET	Insights: Evaluation Criteria and Elements of a Strong Proposal	Kanwal Rathi, CFA Senior Associate
8:55 am ET	Process:Tips,Timelines and More	Arusha Latif, CFA Associate
9:05 am ET	Q & A and Closing Remarks	A4FM Team, Convergence

Overview of the Initiative

What is Blended Finance Accelerator for Fund Managers (A4FM)?

This initiative aims to strengthens the capacity of Canadian and global fund and asset managers by equipping them with the knowledge, catalytic grants, and acceleration support necessary to design, launch and scale-up blended finance transactions that mobilize capital towards the emerging and developing markets.





CAD 10 M (~USD 7.3 M)

PROGRAM SIZE

8YEARS

TENOR

VEHICLES TARGETING EMDES FOR DEVELOPMENT IMPACT

~ **| 5**VEHICLES TO BE SUPPORTED

Why EMDEs?

Demographics and Consumption

Over 85% of the population resides in developing countries

Urbanization and Rising Demand

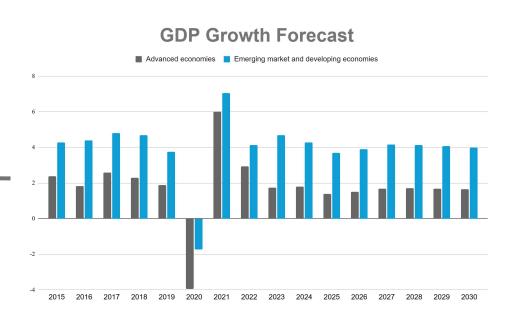
Urban population in EMDEs to reach 60%+ by 2050, boosting consumption and infrastructure needs

GDP Growth Advantage

GDP Growth outpacing developed markets (~4.5% v.s. 1.5%)

Digital & Fintech Expansion

Abundant natural resources and energy transitions (renewables, critical minerals, etc.)



Why Blended Finance Matters in EMDEs for Institutional Fund and Asset Managers?

Top 10 Fastest-Growing Economies = All EMDEs

Strong GDP growth but challenged by below investment grade and perceived high macro risks

Key Challenge for Investors

- Macro risks, currency volatility, political instability, and market fragility, limit institutional and commercial capital flows
- Sustainable growth depends on continually attracting and scaling additional private capital beyond current levels

Blended Finance as a Solution for Institutional Asset and Fund Managers

- Combines concessional / public capital with private investments to present a risk-adjusted way for private investors to invest at scale in Emerging and Developing Economies
- Based on Convergence Market Data, \$1 of concessional capital attracted over \$5 of commercial capital for larger transactions (>100Mn)
- With only ~21% of blended finance deals involving asset managers, PE, and VC firms in a lead structuring role or a General Partner to date, there is a clear opportunity to scale their participation

Components of A4FM

A4FM is a blended finance accelerator designed to provide wrap around services with the support of 3 components:

SKILL BUILDING FOR ASSET AND FUND MANAGERS

Curated training sessions to enhance capacity of Canadian and global asset and fund managers to structure blended finance vehicles

2 CATALYTIC GRANTS

Award grant funding up to CAD 500,000 for the design, launch and scale-up of a blended finance solution



3 ACCELERATION SUPPORT

Access to tailored training, strategic market engagement, and expert capacity building resources to fast track the design and launch process

What Does Acceleration Support Include?

The acceleration support is designed to help fund and asset managers successfully design, structure, and launch blended finance vehicles:



- Specialized blended finance curriculum and training tailored for fund and asset managers.
- Targeted bootcamp sessions addressing awardees' specific interests and needs.



ENHANCED MARKET ENGAGEMENT

- Access to Convergence's network of catalytic capital providers, ecosystem partners, and other practitioners.
- Access to general knowledge products and valuable market insights from Convergence.



STRATEGIC CAPACITY BUILDING

- Peer-to-peer learning sessions, expert feedback from seasoned blended finance professionals
- Investor readiness & strategic positioning with expert feedback on critical design and related deliverables
- Access to a curated and vetted list of technical service providers and/or TA partners.



Who Can Apply for A4FM Catalytic Grants?

Eligibility Criteria

- **Applicant:** Private legal entities* including emerging and established fund or asset managers, and investment management/advisory firms working in partnership with licensed fund/asset managers to design, launch, or scale blended finance vehicles
- **Purpose:** To support the design, pilot, launch, scale-up and/or expansion of blended finance vehicles (e.g. Fund, Facility etc.)
- **Geography:** Global EMDEs as per the <u>OECD-DAC List of ODA Recipients</u>. Vehicles targeting least developed countries and lower middle income countries are encouraged to apply
- **Sector:** Vehicles must target development impact by addressing one or more <u>sustainability- aligned sectors</u> with a focus on gender inclusivity
- **Mobilization:** Vehicle must demonstrate potential to drive private investment at scale for development impact in EMDEs.

Eligibility Criteria: Common FAQs



- Fund/asset manager OR investment management or investment advisory firm working with a fund/asset manager including PE/VC, FI (e.g. family office), and insurance company
- Both first-time and mainstream
- Both Canadian and global fund/asset managers



Eligible Geographies

• Vehicle to target EMDEs, with an emphasis on LMICs or LDCs as per the **OECD DAC list** of **ODA** recipients



Eligible Sectors

- Development impact with sustainability-aligned sectors
- Investing with a gender lens

Eligible Structures

- Blended financing structures using concessional funds (e.g. Archetypes)
- Any pooled financial vehicle structure
- E.g. funds, facilities, bonds/notes



Examples include:

- GP/LP structure or facilities. (E.g. Bonds/Notes, evergreen facilities)
- Corporate fund vehicles (E.g. Investment companies structuring facilities, Reserved Alternative Investment Fund (RAIF) Managers working with fund manager)



Eligible Vehicle Size

- Clear trajectory to financial sustainability
- Preference towards vehicle economics that. demonstrate a pathway to a sustainable fund size (i.e. USD \$50+)
- Smaller first closes are eligible if scalable (roadmap to reach target size)

Common FAQ: Eligible Applicants

Examples of eligible and non-eligible applicants

Eligible Applicants:

- First time fund manager: e.g. a PE firm in the process of designing a blended finance vehicle while concurrently working to establish the required legal framework
- Mainstream fund manager setting up first blended finance fund for investing in EMDEs
- Investment management company or advisory company partnering with licensed fund/asset manager to set up a Facility
- Commercial bank's asset management arm designing a blended finance facility/fund

Ineligible Applicants:

- Project developer designing a single project SPV
- A venture studio that only brokers deals and provides advisory/incubation services without making direct investments
- A social enterprise or NGO (e.g., a clean cookstove company) applying directly for A4FM funding to support the operations of the company

Types of Grants

Funding to explore the feasibility of	e _

new solution and validate its potential

Stage 1: Scoping

Example activities:

- 1. Refine design and structure of the vehicle (legal and financial)
- 2. Market scoping and stakeholder consultations
- 3. Impact analysis and governance mechanism

Stage 2: Proof-of-Concept / Pilot

Funding to support the design and structuring activities to prepare for the vehicle's possible launch.

Example activities:

- 1. Fundraising and investor outreach
- 2. Refine and prepare legal documents
- 3. Investment pipeline development and warehousing or piloting investments

Stage 3: Expansion/ Scale-up

After an initial pilot or launch, funding support for:

- Operational funding for a expansion. For e.g. 2nd, 3rd, or final closes of the fund OR
- Operational funding to replicate/improve the successful blended finance solution in new contexts or new geographies. For example, fund II or III

Amount and Type of Funding

Objective and

Possible

Funded

Activities

Non-repayable funding available up-to CAD 260,000 (~USD 190,000)

Conditionally repayable funding available up-to CAD 500,000 (~USD 360,000)

Conditionally repayable funding available up-to CAD 500,000 (~USD 360,000)

Size of Vehicle

Capacity and potential to scale the financial vehicle to an avg. target size of at least US\$50 million, first close could be less than US\$50 million, supported with a roadmap for scaling up vehicle

Cost Sharing

Grantees must contribute a minimum of 10% of the total cost (in cash or in-kind) towards the completion of the activities

How to Determine the Stage for the Grant Application?

Stage I: Scoping

Stage 2: Proof-of-Concept / Pilot

Stage 3: Expansion / Scale-up

Prerequisites for Each Stage

Completed the following:

- Initial investment and impact thesis
- Initial idea of the blended capital structure
- Identified preliminary partners to support and validate scoping exercise

Completed the following:

- Scoping (refine the vehicle and capital structure, impact and governance)
- Ongoing engagement with investors (e.g. Letter of Interest, NDA, proof-of engagement etc.)
- Feedback from investors
- Partnerships

Completed the following:

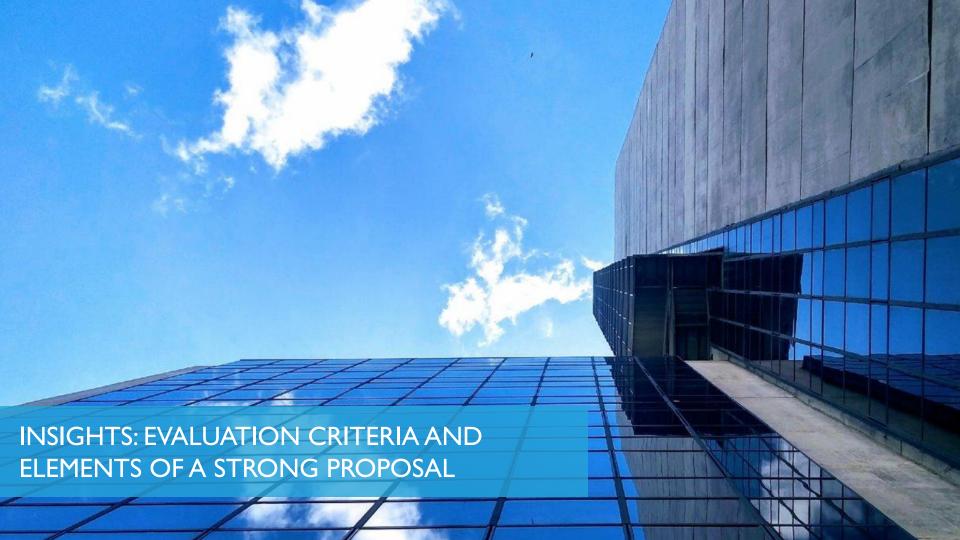
- Launched financial vehicle
- Initiated capital deployment
- Received hard commitments

Examples of Progress At Each Stage

- Early stage scoping, impact and investment thesis defined and actively conducting market sounding exercise
- Dedicated internal team and external stakeholders on board to actively support the scoping
- Legal pathway identified and if applicable, engagement (MoU) with a fund/asset manager has already started

- Actively fundraising (e.g. LOIs, discussions for first close)
- GP set up + management agreement (in process)
- Governance/roles defined
- Legal docs (LPA/PPM) in progress
- Long list of investment pipeline available

- Vehicle launched, initiated capital deployment and first close in process
- Service provider and management agreements in place (fund administrator, auditor, legal counsel, depositor)
- Actively fundraising for subsequent closes or a new fund vintage



What We Look for in an Application?

Evaluation Criteria

Eligible applications will be evaluated on the below criteria:

Track Record and Capabilities

- Organization and core team commitment, and expertise
- Ability to design and manage investment vehicles
- Local presence or strong partnerships in target markets

Market Opportunity and Additionality

- Addresses a clear market gap
- Strong rationale for blended structuring approach
- Potential to drive capital into EMDEs with A4FM support

Target Size and Potential to Scale

- Clear capital structure and fundraising strategy
- Participation from institutional/private capital
- Defined pathway to scale-up, reach target size, and replicate

Development Impact

- Development impact thesis and value creation lens
- Targets underserved communities with a gender lens
- Defined KPIs using global measurement and monitoring standards

Commercial Viability and Path to Financial Close

- Bankable structure aligned with investor risk-return profile
- Progress towards closing with clear next steps
- Robust risk management and governance framework

Strategic Partnerships and Stakeholder Support

- Support from key internal and external partners
- Well-defined roles and engagement strategy

Elements of a Strong Proposal

1. Additionality and Catalytic Effect: Unlocking New Markets, Sectors, or Types of Capital

- Mainstream asset managers or first-time fund manager using blended finance for the first time to invest in underserved markets/communities.
- Compelling rationale for **blended finance mechanisms**.
- Strong vehicle economics and strategic use of catalytic/concessional capital to **crowd in private commercial investors at** scale.

2. Clear Pathway to Impact

- Clear investment thesis, demonstrating strong link between the proposed vehicle and ultimate impact.
- Deep understanding of local dynamics & proven need.
- Initiative addresses a specific unmet demand and is appropriate for the given context.
- **Right-sized vehicle** aligned to market needs.
- Intentional integration of **gender inclusive mechanisms** in the design and investment strategy of the vehicle.

Elements of a Strong Proposal

3. Scalability and Replicability

- Proposed financial and investment structures are **standardized and familiar** to the private sector.
- Clear outline of financial/legal structures and financing flows (via capital structure and governance diagrams), with defined risk management mechanisms. Level of nuanced details may vary by stage.
- Efficient use of blended archetypes and other interventions that build upon existing initiatives and meet market need.

4. Stakeholder Support and Validation

- Early validation from key stakeholders is critical to evidencing momentum (proof of early engagement).
- Investor market sounding provides valuable sense checks, with feedback incorporated along the way.
- Investment structures mapped to **target investor strategies**, ensuring **risk-return alignment**.
- **Strong and strategic partnerships** to accommodate for limited track record in a specific area or strengthen local engagement.

Elements of a Strong Proposal

5. Justified Usage of the Support

- Well-defined purpose and usage of acceleration support.
- Activities align with **eligible uses** of catalytic grants (excluding direct investment into the vehicle).
- Organization's commitment is evidenced through meaningful contributions:
 - Financial skin-in-the-game: budget support via external sources and internal cash/in-kind resources.
 - Operational commitment allocation of team time and expertise across different levels from vehicle design to launch and management.



Tips to Fill Your Application

Tips for your application

- You will start with the **eligibility form**, fill in that carefully. The concept note form will **only appear to eligible applicants**.
- The concept note form has 5 sections: Basic Details, Organization Profile, Grant
 Stage Identification, Core Application questions and Convergence Engagement.
- Answer all the question and fill in the information clearly:
 - Core Application questions has a 150 word limit.
 - Specify why you are applying for the particular stage of grant funding.
 - You must upload:
 - A capital and governance structure diagram of your vehicle.
 - An MOU with the fund/asset manager (if applying as investment advisor).
 - Optional: Upload supporting documents (e.g., pitch deck, MOUs, agreements).
 - Make sure to fill out the tables in the concept note completely e.g. team, stakeholder and investors (current and potential).

Applications accepted in **English** or **French**, only one application per organization will be accepted



Important Dates and Application Review Process



^{*}Applicants will be asked to upload financial model, capital and governance structure/ pitch deck and MOU with partners (if any)

^{**}We will review concept notes as they're received, so early submissions are highly encouraged

^{***}Only a select high-quality concept notes will be invited to submit a full proposal

Due Diligence

What does the due diligence process include?



Pre Due Diligence

- Initial Q&A and clarifications(e.g. Screening interview).
- Details on the financial model, capital and governance structure.



Proposal Level Due Diligence

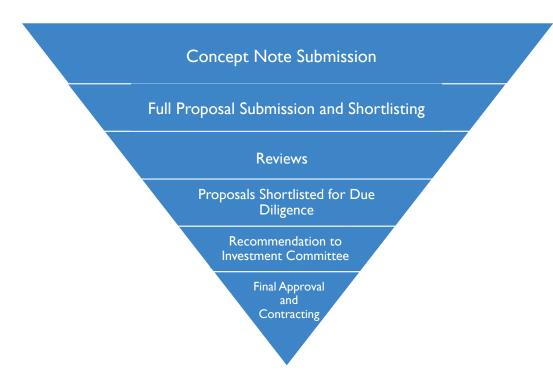
- Follow-up detailed Q&A with the applicant/
- Introductions to key stakeholders for interview.
- Key documents to support stage of application*:
 - Proof of investor commitment
 - MOU/agreement with fund/asset manager and service providers
 - Legal documentation etc.
 - Resource planning & budget etc.



Applicant Level Due Diligence

- Compliance Review (AML/CFT, background check).
- Key documents required for all stages:
 - Incorporation certificate
 - Audited financial statements

What to Expect from A4FM's 1st Call for Proposals?



- **Timeline of Support:** A4FM will provide support for over 12-24 months and provide milestone based grant disbursements.
- 2nd Call for Proposals: Next cycle of A4FM is expected to launch in April 2026

Comparison: Different programs at Convergence

Catalytic Climate Finance Facility







Objective: Accelerate implementation and scaling of market-ready blended climate finance vehicles in emerging markets

Sector: Climate mitigation and adaptation sectors Stage of Application: Scale-up stage vehicles that are market-ready or close to market-ready

Support:

- Up to 70 days of hands on, tailored in-kind technical advisory by CPI for each vehicle including:
 - Developing go-to-market strategy
 - Refining financial models and vehicle structures
 - o Fundraising, investor matchmaking, and due diligence
 - Gender mainstreaming and impact measurement systems
 - Enhancing local capacity
 - Refining operational frameworks
- A learning hub that generates and shares evidence to close knowledge gaps and mobilize capital for climate action
- Expert feedback on the design and structuring of the blended finance vehicle
- Visibility and access to network including investors, ecosystem partners, etc.
- Access to knowledge products and trainings.
- Peer learning sessions

Asia Climate Solutions Design Grant



Objective: Support development of early-stage blended finance vehicles targeting climate transition and resilience in emerging markets in Asia

Sector: Climate mitigation and adaptation sectors in Asia

Stage of Application: Feasibility and Proof-of-Concept

Support:

- Expert feedback on the design and structuring of the blended finance vehicle
- Visibility and access to network including investors, ecosystem partners, etc.
- Peer learning sessions
- Access to knowledge products, trainings, and blended finance market insights

Blended Finance Accelerator for Fund Managers (A4FM)



Objective: Strengthen Canadian and global fund/asset managers' capacity in blended finance with support in scoping, piloting, and scaling vehicles targeting emerging markets

Sector: Any sustainability aligned sector

Stage of Application: Scoping, Proof-of-Concept/Pilot, Scale-up/Expansion

Support:

- Blended finance training tailored to fund and asset
- Bootcamp sessions targeting specific interests and needs
- Peer learning sessions
- Visibility and access to network including investors, ecosystem partners, etc.
- Expert feedback on the design and structuring of the blended finance vehicle
- Access to curated knowledge products and blended finance market insights



THANK YOU

Learn more about the accelerator:

https://www.convergence.finance/accelerator

For any questions please contact:

<u>accelerator@convergence.finance</u>

In-person Blended Finance Training for Canadian Fund and Asset Managers

in Toronto - October 15th: Register here