

Concept Note: Creating Mechanisms for Financing Systemic Transformation (FST)

Enhancing Capital Flow to Address Transformational Challenges

This Note is being circulated for comment and expressions of interest in participating.

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Goals

This Concept Note aims to spur development of innovative mechanisms for financing systemic transformation (FST) for social equity and environmental sustainability that:

- greatly increase capital flows from large funds to local transformational initiatives;
- greatly increase private and local capital commitments to transformational initiatives; and
- create the necessary relationships and capacities for realizing transformation.

The vision is global-local financing mechanisms for systemic transformation that are co-created by field developers, implementers of transformation initiatives, and capital stewards (the term refers to philanthropic, private, governmental, retail and other capital sources).

Context

The acuteness of the polycrisis, dissolution of the post-World War II order and a deep economic disruption are causing many to retrench into behaviors that have produced the crises. We need bold advances. Such advances are possible with financing transformation because the state of the art is at a new stage of development in terms of knowledge and organizing structures (see Attachment 1).

The advance requires new innovative financing mechanisms for the transformation. Currently, large funds and members of financing networks face significant challenges in placing substantial investments in local projects. The issues include high costs, difficulties in identifying potential investment opportunities, risks with poorly understood contexts, and complexities in managing project implementation.

Meanwhile, entrepreneurs working with regeneration, bio-regions, circular economics and other transformation strategies have difficulty connecting with capital stewards. Their fragmentation and small scale make it difficult to connect with transformational capital.

There are weak mechanisms to connect large funds to private and local capital in cost-effective ways. Moreover, private capital often does not understand how to identify and assess risk of sustainability investments unless they are at a very advanced stage of development. Local capital is critical to ensure local ownership, but creating mechanisms to connect it to other capital often is complex and stymied by scale, diverse objectives and cultures.

The Proposition

FST is moving from a “system experimentation” stage of development, to “system redesign”. (Attachment 1). This is reflected in two developments.

1. Experiments have produced a foundation of knowledge about *how* to finance systemic transformation that has been generated by numerous entrepreneurs and capital stewards.
2. There are new organizations and networks of three types: local partners and their networks creating ecosystems for financing systemic transformation that apply systemic investing practices; developers of the field of financing transformation; and capital stewards and their partners. (see Attachment 3)

A primary lesson is that collaboration is critical. However, the “collaboration spaces” for the three types of new organizations are very weak. **Accelerating development of the new potential requires building on the modest successes to date with collective, large-scale experimental action that engages local partners, field developers, and capital stewards.**

See Endnotes for some leading publications about the field of financing systemic transformation.

Objective

This Concept Note will build on leading emerging practice to develop what has been referred to as Stewards for FST and Strategic Capital Facilitators (Attachment 2). This will be done by:

1. Developing shared knowledge about how both large funds and local initiatives are financing systemic transformation;
2. Developing relationships and shared language amongst the funds, networks and initiatives;
3. Exploring, testing and refining the frameworks (Attachment 4) and their implications for new mechanisms;
4. Producing resources and documentation to support and amplify participants’ emerging lessons;
5. Outlining potential brokering mechanisms and other activities, and their design principles for powerfully accelerating financing of systemic transformation.
6. Producing working groups to advance key steps.

Activities

The proposed strategy focuses on a participatory inquiry around current cases of financing systemic transformation. This will include examples of large financing with multiple investments led by capital stewards and modest local cases initiated by local entrepreneurs (see Attachment 3). Project collaborators will share and learn from their work, fostering an enabling environment of mutual understanding, shared language and collaboration. They will then outline mechanisms and actions such as brokering to collaboratively advance their insights.

1. Agreeing on Participation and Financing

This concept note will be developed into a more detailed action plan that confirms who will participate, the activities and funding. As well as the capital allocators and networks, researchers on relevant reports (see Endnotes) should be considered. It is anticipated that the funding be split between the capital allocators from operational costs, rather than as a grant.

2. Developing the Cases Within Frameworks

Cases will be developed from existing cases or through modest interviews, with comparative analysis as ecosystems for financing systemic transformation and systemic investing (Attachment 2).

3. Collaboration and Knowledge Sharing

In advance of the Gathering, virtual meetings and synthesis workshops will bring together all collaborators, allowing them to share their experiences, insights, and lessons learned.

4. The Gathering for Direction Setting

A 2-1/2 day meeting will bring together the collaborators to deepen alignment. They will integrate their learning, develop a shared sense of the innovative collaborative potential, outline potential financial brokering and other activities to realize it and identify next steps. The intention is to produce collaborative action funded by participants and possibly others.

5. Written Outputs

A written comparative analysis of the featured cases and a report will be produced.

6. Next Steps

Financing and actions will be developed in alignment with the direction.

Expected Outputs

The investigation is expected to yield the following outcomes:

1. Written descriptions of the cases with challenges, lessons and summary analysis of the cases and the participating collaborators;
2. An outline of the emerging and potential financial mechanisms, new opportunities and pathways for their development;
3. Action plans connected to the collaborating organizations' goals; and
4. Design guidelines for shared finance mechanisms.

Expected Outcomes

The investigation is expected to yield the following outcomes:

1. Enhanced understanding of existing FST systems, systemic investing and their potential for scale-linking strategies between local and regional systems and larger funds;
2. Relationships to advance the work;
3. Shared frameworks and language critical to successful collaboration.

Project Management

A stewardship group of three to five will advise project implementation. Implementation will be led by Bounce Beyond, an organization that develops transformation processes and is associated with the development of FEST, a global community of financial innovators and thought leaders.

Attachment 1: The State of the Art

The new potential for FST builds on three foundations.

1. Recognition of three transformation development and financing stages

Three key stages of development are widely recognized in analysis of transitions, transformation and systemic change. However, inertia from success in one stage can inhibit moving to the next stage because the movement requires changing behaviors and creating new structures and mechanisms to support the new stage.

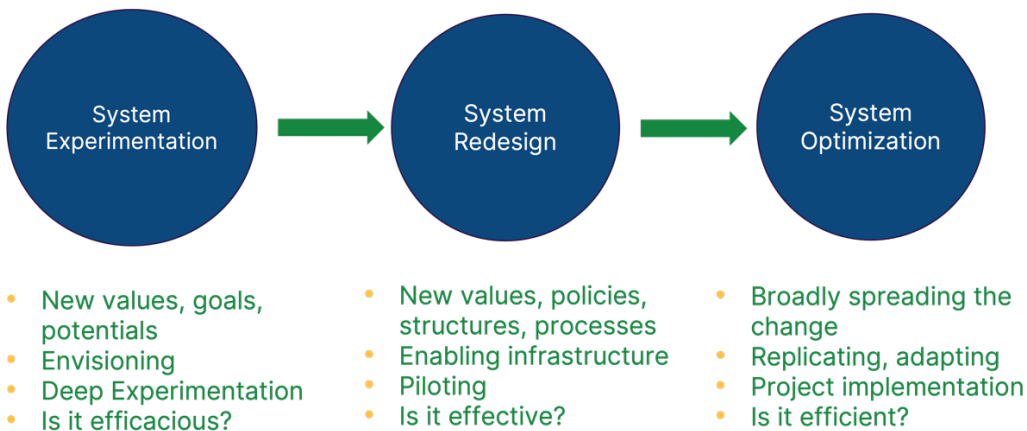


Figure 1: The Three Stages of Transformation

The stages are illustrated in Figure 2. These are:

1. **System Experimentation:** The first stage arises with the sense of a new potential or dissatisfaction with the status quo, such as with new technologies or unsustainable economic systems. Experiments with options to address a transformational challenge produce prototypes.
2. **System redesign:** To advance development and use of the prototypes requires new networks, organizations, policies, and capacity development. This creates a new socio-technical infrastructure.
3. **System Optimization:** With the new infrastructure the transformation can be widely applied to realize the scale and new norms associated with them.

Transformation requires connecting all three stages. If not, prototypes go nowhere. **Connecting these three stages creates ecosystems for FST.** However, each stage requires different arrangements of governmental, philanthropic, private and other forms of capital.

The three-stage process is also occurring with financing transformation itself.

Dissatisfaction arose with the inability of the conventional finance system's ability/willingness to fund the sustainability transformation. Experiments have produced prototype ecosystems for FST. They have produced sufficiently clear lessons that it is time to shift to system redesign for financing FST.

2. Lessons from FST Experiments

The FST experiments have resulted in broad consensus around some key points, including:

1. Transformation is driven by transformation work and enabling environment, and financing is needed to support it
2. Financing transformation requires financing three stages
3. Financing includes polycapital, with different stages involving different sources of capital – both financial and other forms from diverse resource providers
4. Financing must be of sufficient scale and duration to deliver transformational impact
5. Diverse funders and local partners working on different transformation issues must be connected
6. Financing governance must be developed locally in connection with regional and global finance governance (governance as processes of direction-setting, decision-making and action-taking)
7. Three useful analytic frameworks are:
 - a. Ecosystems for financing systemic transformation
 - b. Systemic investing shifting power relationships and
 - c. Transition bundles
8. Innovative social capacities/structures and financial instruments/tools are required
9. Moving through the development requires persistence and resilience
10. Learning and unlearning and developing shared language are critical activities
11. New leadership and shifting mental models are important

This foundational knowledge provides the basis for design guidelines for the system redesign infrastructure. One suggestion is for guidelines is to be:

- **system-centric:** starting with the needs of a socio-technical system and its stakeholders and “working backward” to the financial world
- **portfolio-based:** directed toward portfolios composed and managed in a strategic way, based on the notion that systems change is the result of combinatorial effects among assets
- **intelligence-led:** using systems analytics to identify financing needs, bottlenecks, and leverage points to guide capital allocation decisions
- **holistically motivated:** designing an approach to intervening in the system which is built on an understanding of the interconnectedness and interdependence of all its elements
- **capacity-building:** developing the enabling conditions (knowledge, market structures, relationships) for financial capital to flow — in time — in self-organized and self-sustaining ways. (Hofstetter, 2024)

3. New Infrastructure is Emerging

The emergence of new infrastructure also points to the potential of moving to the system redesign stage for FST. This infrastructure can be categorized as of four types.

Capital Structures

There is now an array of new structures for mobilizing capital for FST. This includes new mechanisms for components of an ecosystem for FST, such as with Convergence which is addressing the need for blending and aggregating capital. There are numerous funds of different capital providers, such as philanthropic, private sector and government ones. These continue to develop, with the notable addition in late 2025 of the social change stock exchange Blackthorn that will mobilize retail financing.

New Knowledge and Capacity Development Structures

Some new knowledge and capacity development structures are associated with academic institutions, such as the MIT Sloan Sustainability Initiative and the University of Utrecht Deep Transitions Lab. There are also many associated with particular capital providers, such as the Philanthropy Transformation Initiative with WINGS, the Center for Sustainable Finance with private wealth, assessment initiatives such as The Predistribution Initiative (TPI) and The Investment Integration Project (TIIP), and programs associated with government funding such as with the Climate Investment Funds and Finance in Common (public banks).

Local Partner Networks

There are new networks of those looking for FST capital. These include those taking a regenerative approach such as with the Capital Institute, a bio-regional approach with the BioFi Project, a land management framework with 1000 Landscapes for 1 Billion People, and Transformation Investing in Food Systems (TIFS) with a food and agriculture issue focus. These hold potential for dispersing investment in cost-effective ways.

Ecosystems for FST

Prototypes of ecosystems for FST where capital-capacity-implementer are already brought together provide guiding insights about System Redesign. They may be thought of as fractals of what a more advanced systems for FST can look like across scales. For example, lessons can be drawn from modest, local arrangements such as ones led by the MeSSInA Foundation in Sicily, Makaia-Nodoka and Latin America, Hawai'i Investment Ready, and Industree in India. Lessons can be drawn from large capital providers with an ecosystem for FST approach, such as Co-Impact, the Climate Investment Funds and Builders Vision.

Attachment 2: Mechanisms for Financing Systemic Transformation

The activities of FST and their organizers have been referred to as 1) ecosystems for FST with Stewards, 2) Systemic Investing with Strategic Capital Facilitators and 3) Transition Bundles and their Bundlers. **Ecosystems for FST may be thought of as the structure and systemic investing as the activities that the structure supports.**

1. Ecosystems for Financing Systemic Transformation and their Stewards

Adapted from: Waddell, Steve, and Jennifer van der Meer. "Creating Financial Ecosystems for Systemic Transformation." Under Review.

Financial systems and their inertia are critically factors in maintaining the status quo in the face of calls for transformation. They include all the financial industry businesses, policies, and regulatory structures. They are based in particular mental models, goals and values that lead to limiting assumptions about what is possible. These financial systems are proving inadequate in our era of polycrisis. Indeed, they are an important source of growing social-economic inequity and pursuit of business in a way that is producing widespread environmental collapse.

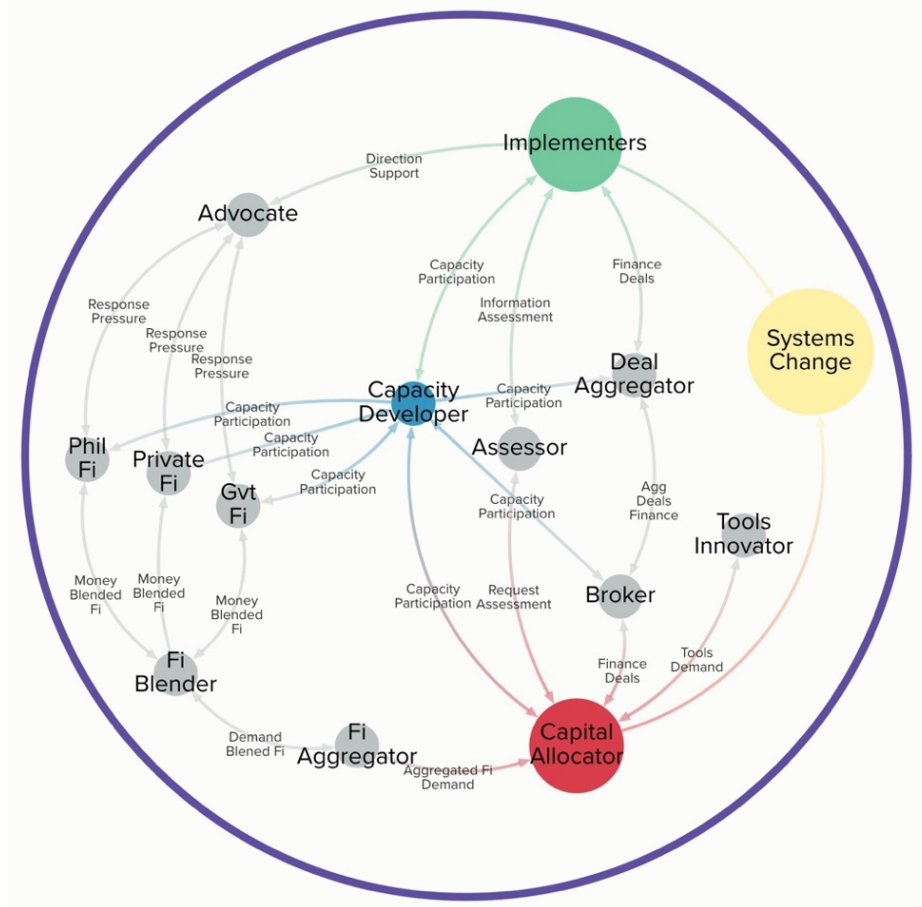


Figure 2: Generic Roles-Based View of a Finance System

Words on the linking arrows indicate some key exchanges necessary for the system to work. E.g.: The advocate pressures capital holders to invest in transformation and capital holders have a response.

A financial ecosystem includes people, activities, and organizations that facilitate the flow of money between those who have it and those who use it. Figure 1 identifies key roles in any financial system. It features various capital providers with different goals, including philanthropic, government and private. Capital allocators create instruments to meet the demand for money from implementers, who seek funds by advocating their financial needs. Continual capacity development is crucial for the system's effectiveness.

This financial system can be capitalist, socialist, or communist, with varying emphasis on roles such as private capital providers. Its generic nature often obscures the unique aspects of a financial ecosystem. What distinguishes the type of financing system are goals and values that are the basis for systems' design. In the case of an ecosystem for FST, the goal is transformation in support of flourishing life and sustainability, and the values with it.

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

– Buckminster Fuller

Efforts to work within the current financial system like socially responsible investing, creating new funds, ESG, and impact investing are fighting what Fuller calls “existing reality”. A financial system designed with the new goals and values are required to avoid co-optation and realize the desired transformation. The goals and values require supportive structures, processes, tools and operating environments distinct from, although linked to, conventional finance. These are emerging ecosystems for FST.

Examples of FST often begin with a modest effort such as creating a new fund or sustainability initiatives, but deeper and longer-term experience leads to production of new FST *ecosystems*. The [Climate Investment Funds](#) of the World Bank, for example, started in the classic tradition of a pool of national government money to address climate change. Over fifteen years, it has developed distinctive evaluation, capacity development, engagement of other funders, and deal aggregation processes. It has developed a new **financing system** in support of its transformational climate change goals. [Co-Impact](#) has developed a similar system with high networth and foundation investors working with those in the Global South for transformation. But the starting point does not have to be with pooling of money. [Industree](#) started with its network of 11,000 farmers and artisans in India to create an FST ecosystem; [Nodoka](#) is developing such a system based on unusual processes to identify transformational projects and bridge to funders; [TransCap](#) is growing out of its particular knowledge about how to organize such systems with the concept of “systemic investing”; [Project Blackthorn](#), a new social stock exchange opening in 2025 in Scotland will be doing the same with that new institution as its base.

The examples cited have an organizing agent (Climate Investment Funds, Industree, etc.). These are referred to as **a Steward of an Ecosystem for FST**. Their role is to evolve and maintain the relationships and roles necessary for a powerful ecosystem. This raises questions about how to finance the system's development and operation.

2. Systemic Investing and Strategic Capital Facilitators

Adapted from: Hoffstetter, Dominic, and Jess Dagers. "Definition and Hallmarks of Systemic Investing." TransCap Initiative, August 2024.

Systemic investing is the deployment of financial capital to transform human and natural systems with the intention of advancing environmental sustainability and social justice. The definition sketches a boundary around the field of systemic investing in terms of objects (financial capital), goals (transformation), and investor motivation (sustainability and justice).

Excerpted from: Hofstetter, Dominic. "Strategic Capital Facilitation." TransCap Initiative (blog), July 18, 2024. <https://medium.com/transformation-capital/strategic-capital-facilitation-a783197d2d24>.

Our axiomatic starting point is the notion that systems change rarely results from a single technology, project, company, or social enterprise. Instead, it emerges from a confluence of multiple developments occurring within a system simultaneously and with a high degree of shared directionality.

These developments might encompass new technologies, business models, and pieces of physical or digital infrastructure — the typical targets of traditional investors. But they could also include areas typically not on an investor's radar, such as policies and regulations, shifts in social norms and values, innovative educational formats, and changes in institutions and governance frameworks.

Each of these developments results from an individual intervention, and each intervention tends to have its own specific financing requirement. Some are perfectly investible with market-rate investment capital, perhaps with a pinch of concessional capital for de-risking purposes. Others require grants from foundations or subsidies and tax incentives from governments. Still others depend on new insurance products, supply chain finance or advanced market commitments from corporations, or income from carbon credits.

Funding systems transformation thus boils down to a two-pronged orchestration challenge. The first is about systemic intelligence generation: figuring out what interventions to finance. The second is about capital matchmaking: channeling the appropriate kind of capital to the right kind of intervention at the optimal time.

We need a structural solution to address them. By "structural" we mean something that is not an incremental improvement of an existing approach — think, a fancier hammer in the form of new kinds of investment funds — which, in some way, is where the sustainable finance effort is currently stuck. We mean something that is more fundamentally different, like a new element in the sustainable finance infrastructure.

What our experimental work has started to point us to is that what's missing is a new role that we call "strategic capital facilitation." We define strategic capital facilitation (SCF) as the role in the systems change ensemble whose purpose is to mobilize and orchestrate capital flows within specific socio-technical systems to catalyze their sustainability transformation.

SCF should enable the effective and efficient allocation of a multitude of different kinds of capital from a multitude of sources to a multitude of destinations, guided by a theory of transformation for particular socio-technical systems.

SCF should embody many of the hallmarks of systemic investing. Particularly, it should be...

- **system-centric:** starting with the needs of a socio-technical system and its stakeholders and “working backward” to the financial world
- **portfolio-based:** directed toward portfolios composed and managed in a strategic way, based on the notion that systems change is the result of combinatorial effects among assets
- **intelligence-led:** using systems analytics to identify financing needs, bottlenecks, and leverage points to guide capital allocation decisions
- **holistically motivated:** designing an approach to intervening in the system which is built on an understanding of the interconnectedness and interdependence of all its elements
- **capacity-building:** developing the enabling conditions (knowledge, market structures, relationships) for financial capital to flow — in time — in self-organized and self-sustaining ways.

3. Transition Bundles

Excerpted from: Schot, Johan, Diana Velasco, Jack Davies, Teresa Botargues, and Tatiana Fernandez. “Transformative Bundle to Foster the Bioeconomy Shared Agenda of Terres de Lleida, Pirineu i Aran in Catalonia.” Deep Transitions Lab, Ingenio, Diputacio de Lleida, Generalitat de Catalunya, October 2024.

The Deep Transitions Lab has introduced the concept of a transition bundle as a key approach to implementing transformative investment (Schot et al., 2022; Penna et al., 2024). This concept holds significant potential, not only for consolidating existing efforts into a cohesive strategy for pursuing multi-system transition pathways, but also for identifying new opportunities for Lleida—and Catalonia more broadly—to expand, scale up, and unlock deeper transformative potential in its initiatives. Transition bundles provide a framework to align diverse actions, enhancing their impact and fostering systemic change.

A transition bundle can be defined as:

A mutually coherent and aligned, yet dynamic and evolving collection of place-based transition processes constituting one (or more) transition pathways, enabled by a group of investors, public funders and other actors operating in shifting coalitions, possibly coordinated by an intermediary actor responsible for organizing a learning process.

The notion of a transition bundle takes inspiration from blended finance but expands upon it functionally, temporally, and spatially.

First, whereas blended finance relates explicitly and exclusively to investment and finance, transition bundles include other forms of niche building, scaling and amplification, regime destabilization and coupling work. It is not only about funding transitions but about bringing together other transition actors within the umbrella of the bundle. Consequently, actors developing and supporting transition bundles must develop partnerships across numerous fields and sectors, from project developers to social movements and public institutions.

Second, as transitions entail a mix of processes occurring concurrently and sequentially, bundles must evolve over time regarding actors involved, actions taken, and allocated resources. New actors may enter, and others may leave throughout a bundle’s activity.

Third, whereas blended finance need not necessarily have a spatial aspect, all transition processes are spatially demarcated and connected to other spaces. Bundles, therefore, need to consider regional and local specifics to produce tailored and effective transition processes whilst remaining cognizant of other spaces the bundle connects to (including on a global scale).

Finally, a recognized common issue within blended finance is the lack of organized learning processes (STAP, 2024). Blended finance is a fast-developing field with a growing need to tackle numerous persistent issues, yet guidance on selecting and using blended finance instruments generally neglects the need for monitoring and learning. This, in turn, holds back the development and improvement of blended finance as an intervention strategy. Therefore, developing a robust evidence base and a program of active formative evaluation is necessary to draw insights and improve the process.

A formative evaluation is even more crucial within a transition bundle, where activities span multiple disciplines, fields, and areas of expertise. The concept of a transition bundle is complex and largely untested, presenting greater challenges than more established frameworks like blended finance. This complexity increases the likelihood of issues such as coherence gaps, difficulties balancing flexibility and structure, and high transaction costs. To address these potential challenges, systematic learning is essential. Therefore, we emphasize the importance of a structured learning process, coordinated and facilitated by an intermediary actor, to ensure effective adaptation and problem-solving throughout the implementation.

Attachment 3: New Organizational Potential

The potential collaborators have been identified because of these shared characteristics:

- Commitment to transformation
- General alignment of values and principles (Attachment 4)
- Embrace of a multi-stakeholder perspective
- Recognition that financing transformation requires multiple types of capital (polycapital)
- As a group, they pull together the categories of field developers, capital allocators and implementers.
- Within capital allocators, they collectively represent polycapital
- Collectively they have a global north-south diversity

Illustrative Initiatives		
Field Developers & Their Networks	Capital Stewards & Their Networks	Local Partners Networks
Armillaria	Blackthorn	1000 Landscapes
Convergence	Builders Vision	BioFi Project
Dark Matter Labs	Climate Investment Funds	Heifer
Deep Transitions Lab (Utrecht)	Co-Impact	Industree
FEST	Convergence	Kwaxala
Rockefeller Philanthropy Advisors	Future Commons	Makaia-Nodoka
Sustainability Initiative (MIT)	Global Environment Facility	MeSSInA
TransCap	Principles for Responsible Investment	TIFS
TWIST	Rockefeller Philanthropy Advisors	TransCap
WINGS	Toniic	TNC Iconic Places
Capital Institute		TWIST Cases
		Dark Matter Labs
		Capital Institute

1. Field Developers

These are organizations that have multiple activities and experiments to develop knowledge, connections and capacity for financing system transformation. Some new knowledge and capacity development structures are associated with academic institutions, such as the MIT Sloan Sustainability Initiative and the University of Utrecht Deep Transitions Lab. There are also many associated with particular capital providers, such as the Philanthropy Transformation Initiative with WINGS, the Center for Sustainable Finance with private wealth, assessment initiatives such as The Predistribution Initiative (PDI) and The Investment Integration Project (TIIP), and

programs associated with government funding such as with the Climate Investment Funds and Finance in Common (public banks).

Amarillia

Amarillia creates collective impact infrastructure for innovators, intermediaries, investors, individuals, organizations and communities with opportunities to build resilience and scale their impact.

Capital Institute – (also a local partners network)

The Capital Institute is building the foundation for a regenerative economy. It works with a transdisciplinary network, and with the gifted entrepreneurs making the Regenerative Economy happen on the ground.

Convergence (also a Capital Steward)

Convergence is a global network that connects and supports private, public and philanthropic investors to collaborate on blended finance deals in emerging markets. It aims to drive investment where it's needed most for sustainable development by providing data, intelligence, and deal flow to its members. Convergence also offers design funding to support the development of innovative finance structures that can attract private capital to projects with high development impact.

Dark Matter Labs (also an Implementer)

Dark Matter Labs is a research and design organization focused on reimagining the hidden systems and infrastructures that shape society. One of its key themes is finance, where it explores how capital can be redesigned to drive systemic transformation. Their work challenges conventional financial models by developing new approaches to regenerative, distributed, and mission-driven finance, ensuring capital flows align with long-term social and environmental outcomes. Alongside finance, Dark Matter Labs engages in governance, infrastructure, and institutional redesign – collectively working to build the enabling conditions for a more just and sustainable future.

Deep Transitions Lab (University of Utrecht)

The Deep Transitions Lab is a research initiative based at the University of Utrecht that investigates the long-term patterns of socio-technical change, known as “deep transitions”. It explores how past industrial revolutions have shaped current societal systems and seeks to inform strategies for sustainable futures. The lab collaborates with scholars, policymakers, and industry leaders to understand and guide transformative change across sectors. A key focus of their work is on the role of finance and investing in enabling systemic change.

FEST

[FEST](#) is a global community of financial innovators and thought leaders who are focused on accelerating the development of financing for systemic change. It aims to transform financial systems to effectively address complex global challenges, including social inequality, environmental degradation, and economic instability.

FEST grew out of Catalyst Now (formerly Catalyst2030) to embrace the wide range of frameworks for next economies and finance, including regenerative, doughnut, systemic investing, circular, indigenous, and buen vivir. The core elements of FEST's approach include:

1. **Commitment to Systems Change:** A steadfast dedication to implementing comprehensive systems change and transformation.
2. **Vision of an Equitable Future:** Maintaining a vision for a flourishing and equitable future.
3. **Amplifying Systemic Impact:** Enhancing relationships and actions to achieve systemic impact.
4. **Organizing Financing Ecosystems:** Structuring financial ecosystems that support and sustain systemic change initiatives.

Participants in FEST include people from Catalyst Now, Transformation Capital Initiative, TWIST, Dark Matter Labs, Future Earth, Club of Rome, Regeneration, Buckminster Fuller Institute, Armillaria, Center for Sustainable Finance, MIT Sloan Sustainability Initiative, Indigenous Commons, 1000 Landscapes for 1 Billion People, Predistribution Initiative, Transformative Innovation Policy Consortium, and Finance Lab Utrecht.

Rockefeller Philanthropy Advisors

Rockefeller Philanthropy Advisors (RPA) is a nonprofit organization that partners with individuals, families, foundations, and institutions to help them create thoughtful, effective philanthropy. With roots in the Rockefeller family's legacy of strategic giving, RPA provides advisory, research, and management services to support impactful philanthropic efforts around the world. The organization works at the intersection of capital, purpose, and systems change, offering deep expertise in collaborative funding models, field-building initiatives, and innovative approaches to social investment. RPA also serves as a fiscal sponsor for more than 100 projects.

Sustainability Initiative (MIT)

The Sustainability Initiative at MIT Sloan is committed to integrating sustainability into management education, research, and industry engagement. Central to this mission is the Owing Impact Project, which explores how financial capital can be strategically deployed to drive systemic change and transformative impact. Through collaborations with organizations like TWIST and the TransCap Initiative, the project delves into systemic investing approaches that align with environmental sustainability and social equity.

TransCap Initiative (also a local partner network)

The TransCap Initiative is a collaborative, action-learning platform reimagining how capital can be mobilized to address today's complex, interconnected challenges. It is building the field of systemic investing by running an open innovation space where investors, practitioners and change agents come together to develop, test and scale systemic investment approaches. Through research, prototyping and field-building, TransCap supports the design of portfolios that align financial, social, and environmental outcomes to nurture systemic health and resilience. Its growing set of investment prototypes serve as real-world cases, helping to shape a new generation of capital strategies that prioritize long-term well-being over short-term returns.

TWIST

TWIST (Together We Invest for System Transformation) is a global learning and action platform focused on mobilizing investment for systemic change. Bringing together a global collective of investors, practitioners, and facilitators who are actively deploying capital and/or facilitating

processes for positive system change. TWIST bridges practice and learning, developing shared frameworks, case studies, and collaborative experiments that help reshape the field of systemic investing. The initiative originally emerged through a collaboration with the Katapult Foundation.

WINGS

WINGS is a global network of organizations in 58 countries dedicated to strengthening and promoting the development of philanthropy and social investment around the world; essentially, it acts as a community of philanthropy support organizations working together to enhance the effectiveness of giving on a global scale by sharing knowledge, best practices, and advocating for policies that foster a healthy philanthropic ecosystem. Its [*Philanthropy Transformation Initiative*](#) is leading development of innovative philanthropic approaches in support of transformation.

2. Capital Allocators and Their Networks

The term “Capital Allocators” refers to those who make decisions about financial support and investing. There is now an array of new structures for mobilizing capital for FST. This includes new mechanisms for components of an ecosystem for FST, such as with Convergence which is addressing the need for blending and aggregating capital. There are numerous funds of different capital providers, such as philanthropic, private sector and government ones. These continue to develop, with the notable addition in late 2025 of the social change stock exchange Blackthorn that will mobilize retail financing.

Blackthorn – (Retail Capital)

After several years of persistence effort, a new social stock exchange called Blackthorn will open later this year. Based in Scotland but operating globally, listing on the exchange requires including a theory of change that the listing organizations must report on. Both equity and debt will be raised, for costs and amounts far below traditional exchanges. It will thus mobilize retail investors – average people – as a whole new source of transformation investing that to date has only been accessible through crowd finance.

Builders Vision – (Philanthropic Capital)

[*Builders Vision*](#) is an impact platform founded by Lukas Walton, dedicated to supporting initiatives that promote a more humane and healthy planet. It employs a versatile approach, combining philanthropy, direct investments, and asset management to drive change across key areas such as food and agriculture, climate and energy, oceans, and community development.

As of October 2023, Builders Vision has committed approximately \$3 billion towards its mission. This includes \$1.8 billion allocated to energy initiatives and \$1 billion directed towards food and agriculture projects.

The platform operates through three main branches:

1. **Builders Initiative:** The philanthropic arm that collaborates with non-profits, businesses, and other organizations to develop sustainable solutions to societal and environmental challenges.
2. **Builders Private Capital:** Formerly known as S2G Ventures, this branch provides direct investments to entrepreneurs and companies innovating in sectors like food, agriculture, and ocean conservation.

3. **Builders Asset Management:** This division manages strategic, patient capital investments across a diverse portfolio, generating returns that are reinvested to drive long-term impact.

Through these integrated efforts, Builders Vision aims to catalyze transformative change by empowering those on the frontlines of innovation and sustainability.

Climate Investment Funds – (Inter-) Governmental Financing

The [*Climate Investment Funds*](#) (CIF) is a multilateral climate finance mechanism established in 2008 to support developing and middle-income countries in their efforts to mitigate and adapt to climate change. CIF provides concessional financing to empower transformations in clean technology, energy access, climate resilience, and sustainable forest management. It collaborates with governments, the private sector, civil society, local communities, and six major multilateral development banks to implement its programs.

CIF has received pledges totaling approximately \$12.5 billion, supporting nearly 400 projects in 72 low- and middle-income countries. These investments aim to accelerate climate action and drive sustainable development by addressing key areas such as clean technology adoption, enhanced energy access, and improved climate resilience.

CIF's unique approach involves deploying concessional finance to stimulate transformative change, often by mobilizing additional resources from other public and private sector partners. This strategy helps to bridge financing gaps and pilot innovative solutions tailored to the specific climate challenges faced by developing nations.

Co-Impact – (Foundation/HNW Capital)

[*Co-Impact*](#) is a global philanthropic collaborative established in 2017, dedicated to achieving significant and enduring improvements in health, education, and economic systems across Africa, Asia, and Latin America. By uniting a diverse group of funders, Co-Impact supports locally-rooted organizations and coalitions striving for large-scale, just, and inclusive systems change.

To date, Co-Impact has raised over \$450 million through its Gender Fund, supported by more than 20 funders. This fund aims to mobilize and deploy \$1 billion by 2030, providing substantial, long-term, and flexible funding to predominantly women-led, locally-rooted organizations. The goal is to transform systems to be more equitable and inclusive, advance women's power, agency, and leadership at all levels, and shift harmful gender norms that hinder progress.

In its initial Foundational Fund, Co-Impact brought together 40 funders from over 16 countries, deploying \$350 million to support initiatives that deliver lasting change in health, education, and economic systems. These efforts have facilitated collaborative systems change, aiming to achieve significant and enduring improvements for millions of people.

Convergence – see Field Organizations

Future Commons (Public Bank Capital)

Future commons is a catalytic initiative working to unlock and reimagine the power of public capital – especially through public development banks – for just and regenerative futures. By focusing on the governance, flow, and purpose of public bank capital, Future Commons supports systemic shifts in how public funds are directed, stewarded, and held accountable. Through research, convening, and prototyping, it helps public institutions align capital deployment with the needs of communities and ecosystems.

Global Environment Facility – (Inter-) Governmental Financing

The [*Global Environment Facility*](#) (GEF) is a multilateral environmental fund established in 1991 to address pressing global environmental challenges. It provides grants and blended financing for projects related to biodiversity, climate change, land degradation, international waters, chemicals, and waste management. The GEF operates in partnership with 186 member countries, international institutions, civil society organizations, and the private sector, aiming to support sustainable development initiatives that yield global environmental benefits.

Since its inception, the GEF has allocated substantial financial resources to environmental projects worldwide. As of December 31, 2023, the GEF had approved funding totaling approximately \$24.2 billion. This funding has been instrumental in supporting over 5,200 projects and programs, mobilizing an additional \$120 billion in co-financing. These efforts have facilitated numerous initiatives aimed at combating environmental degradation and promoting sustainability.

In its latest replenishment cycle, known as GEF-8 (covering 2022 to 2026), donor countries pledged a record \$5.33 billion to further the facility's mission. This commitment underscores the global recognition of the GEF's pivotal role in addressing complex environmental issues and fostering international cooperation for a healthier planet.

Principles for Responsible Investment – (Institutional Capital)

Principles for Responsible Investment (PRI) is a United Nations-supported network of institutional investors working to integrate environmental, social and governance (ESG) factors into investment decision-making. Representing over 5,000 signatories and more than \$120 trillion in assets under management, PRI plays a central role in aligning institutional capital with long-term, sustainable outcomes. Through research, policy advocacy, and collaborative initiatives, PRI supports investors in embedding responsible investment principles into global financial systems.

Rockefeller Philanthropy Advisors – see Field Organizations

Toniic – (Private/HNW Capital)

Toniic is a global network dedicated to "deep impact investing" where high net-worth individuals, family offices, and foundations come together to actively use their capital to create positive social and environmental change through investments, with a focus on building community, providing education, and facilitating access to impact investment opportunities across various asset classes; essentially aiming to move beyond traditional impact investing and maximize the positive impact of their investments.

3. Local Partner Networks

These are networks organizing initiatives that are looking for capital for FST that reflects a polycapital effort to move through system experimentation-redesign-optimization (Attachment 1). There are new networks of those looking for FST capital. These include those taking a regenerative approach such as with the Capital Institute, a bio-regional approach with the BioFi Project, a land management framework with 1000 Landscapes for 1 Billion People, and Transformation Investing in Food Systems (TIFS) with a food and agriculture issue focus. These hold potential for dispersing investment in cost-effective ways.

1000 Landscapes for 1 Billion People

A global initiative emerging from the integrated landscape management movement, focusing on empowering local stakeholders and financing holistic land transformations to enhance livelihoods, ecosystems, and climate resilience.

BioFi Project

A global community of practice advancing bioregional finance approaches, connecting initiatives rooted in place-based, ecological, and regenerative development strategies across diverse geographics.

Capital Institute – see Field Building Organizations

The Capital Institute is building the foundation for a regenerative economy. It works with a transdisciplinary network, and with the gifted entrepreneurs making the Regenerative Economy happen on the ground.

Dark Matter Labs

Dark Matter Labs is implementing place-based experiments and prototypes that explore how finance can serve systemic transformation. These include testing new models of capital allocation, civic infrastructure, and governance that support regenerative futures at the local level.

Heifer International

An international NGO transitioning from traditional donor-led models to regionally-rooted strategies that support smallholder farmers through systemic, locally led development and regenerative agriculture.

Industree

A platform that organizes over 11,000 artisans and smallholder producers across India into inclusive value chains, combining livelihood development with community ownership and environmental sustainability.

Kwaxala

An emerging Indigenous-led network aiming to connect Indigenous communities in Canada and globally, focusing on community resilience, sovereignty, and intergenerational stewardship of land and culture.

Makaia – Nodoka

A Latin American initiative that supports and connects social entrepreneurs and grassroots organizations fostering collaborative ecosystems for innovation and community-driven development.

MeSSInA

A replicable model of systemic community development, which has successful “cloned” itself in five additional locations, fostering deep collaboration, shared ownership, and regenerative local economies.

TIFS (The Initiative for Food Security)

An initiative aligned with the Global Alliance for the Future of Food, TIFS supports systemic financing strategies to scale diverse, locally led food and agriculture initiatives across the globe.

TNC Iconic Places

A program of The Nature Conservancy (TNC) focusing on catalyzing large-scale, systemic transformations in priority landscapes and seascapes globally, combining conservation with sustainable development.

TransCap

A collaborative field-building platform that develops, tests, and scales systemic investing approaches. TransCap supports prototypes and learning communities that align capital with deep transformation across sectors and geographies.

TWIST Cases

TWIST (Together We Invest for System Transformation) curates and connects systemic investing experiments, particularly those supported by high-net-worth individuals, foundations, and catalytic capital, to foster learning and impact at scale.

Attachment 3: Foundational Frameworks

There are several frameworks related to financing systemic transform that will provide the basis for the conversations and analysis.

1. Ecosystems for Financing Systemic Transformation

FEST, a community of financing transformation innovators and thought leaders, works with the framework of “ecosystems for financing systemic transformation”.

Financial systems and their inertia are critically factors in maintaining the status quo in the face of calls for transformation. They include all the financial industry businesses, policies, and regulatory structures. They are based in particular mental models, goals and values that lead to limiting assumptions about what is possible. These financial systems are proving inadequate in our era of polycrisis. Indeed, they are an important source of growing social-economic inequity and pursuit of business in a way that is producing widespread environmental collapse.

A financial ecosystem includes people, activities, and organizations that facilitate the flow of money between those who have it and those who need it. Figure 1 identifies key roles in any financial system. It features various capital providers with different goals, including philanthropic, government and private. Capital allocators create instruments to meet the demand for money from implementers, who seek funds by advocating their financial needs. Continual capacity development is crucial for the system's effectiveness.

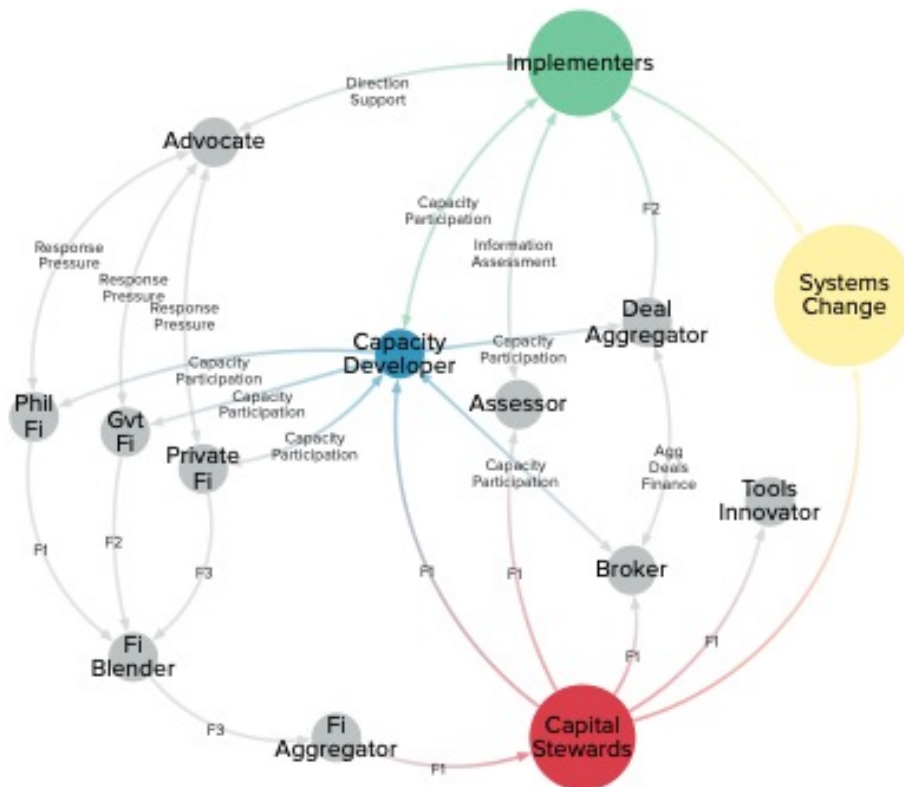


Figure 3: Generic Roles-Based View of a Finance System

Words on the linking arrows indicate some key exchanges necessary for the system to work. E.g.: The advocate pressures capital holders to invest in transformation and capital holders have a response.

This financial system can be capitalist, socialist, or communist, with varying emphasis on roles such as private capital providers. Its generic nature often obscures the unique aspects of a financial ecosystems. What distinguishes the type of financing system are goals and values that are the basis for systems' design. In the case of an ecosystem for FST, the goal is transformation in support of flourishing life and sustainability, and the values with it.

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

– Buckminster Fuller

Efforts to work within the current financial system like socially responsible investing, creating new funds, ESG, and impact investing are fighting what Fuller calls “existing reality”. A financial system designed with the new goals and values are required to avoid co-optation and realize the desired transformation. The goals and values require supportive structures, processes, tools and operating environments distinct from, although linked to, conventional finance. These are emerging ecosystems for FST.

Examples of FST often begin with a modest effort such as creating a new fund or sustainability initiatives, but deeper and longer-term experience leads to production of new FST *ecosystems*. The Climate Investment Funds of the World Bank, for example, started in the classic tradition of a pool of national government money to address climate change. Over fifteen years, it has developed distinctive evaluation, capacity development, engagement of other funders, and deal aggregation processes. It has developed a new **financing system** in support of its transformational climate change goals. Co-Impact has developed a similar system with high networth and foundation investors working with those in the Global South for transformation. But the starting point does not have to be with pooling of money. Industree started with its network of 11,000 farmers and artisans in India to create an FST ecosystem; Innpactia is developing such as system based on unusual processes to identify transformational projects and bridge to funders; TransCap is growing out of its particular knowledge about how to organize such systems with the concept of “systemic investing”; a new social stock exchange opening in 2025 in Scotland will be doing the same with that new institution as its base.

Capital allocation focuses on what transformational initiatives should be funded. However, there is also the question about how to finance the system's development and operation.

2. Systemic Investing

The TransCap Initiative and others are leading development of an approach to developing ecosystems for FST that is called “systemic investing. *The following is excerpted from: Dagers, Jess, Alex Hannant, and Jason Jay. “Systemic Investing for Social Change.” Stanford Social Innovation Review, December 12, 2023.*

This new investment logic is a different way of framing and understanding the nature of the change needed: not only increasing the amount of capital available to address systemic issues, but also considering how investment capital is deployed alongside other forms of financial and non-financial capital. Because of the integrated nature of environmental and social change, we need a much broader network of actors working to address priority issues, and to weave their

efforts together in more aligned and complementary ways. As a result, systemic investing seeks to utilize financial capital as both resource and connective tissue.

The TransCap Initiative has defined systemic investing as: “the application of systems thinking and complex systems science to understanding societal problems and addressing them through the strategic deployment of diverse forms of financial capital nested within a broader systems change program for the purpose of transforming human and natural systems.” TransCap has also identified Guiding Principles for systemic investing:

- **Adopt a systems lens.** This work demands that the nature of the world is seen as interconnected, contingent, and ever-changing. A systems lens focuses on both objects and the relationships between them, and this tracks to all levels of scale. This principle also extends to how individuals see themselves in relation to change. Transformation is both an outward and inward process, and this requires an openness to learning, a willingness to listen to other perspectives, and empathy that means checking ego at the door.
- **Be open to different understandings of success.** Conventional understandings of investment success need to be left at the door, both to avoid fixed expectations regarding returns and outcomes, and to open minds as to who sets the change agenda and what counts as “good practice” in investment.
- **Have respect for complexity.** Simple answers are often a sign of oversimplification. Systemic investing recognizes the messiness of complexity and works with the constraints it creates, particularly in terms of what is knowable. Simple impact metrics, for example, are unhelpful if they create a false impression of causality and ignore the web of relationships that contribute to any given change. A relational view also has implications for modes of operation, including how portfolios are formed (to generate multipliers and spill-overs), how cooperation is fostered between actors, the importance of learning, and the need for adaptive strategies.
- **Deprivilege Finance.** Finance plays a vital role in systems transformation, but only as one element among many. This principle entails searching for ways to put capital to good, complementary use, and understanding its interdependence with other actors and inputs. Systemic investing should not be dominated by the needs and preferences of individual capital-holders. Indeed, many systemic challenges may require a softening or reversal of normal power dynamics that privilege asset owners.
- **Focus on the real economy.** Building on the previous point, systemic investing takes real economy systems as the starting point, asking how finance can help shift and heal systems that meet the needs of people within the boundaries of the planet. These needs are often anchored in place and are articulated through shared transformative goals by people in those places (such as a swimmable Birrarung fiiver). This approach sits in contrast to many sustainable finance initiatives, which start with the needs and interests of the financial system and seek to create behavior change that will lead to changes in capital allocation.

3. A Philanthropic Perspective: Mindset Shifts and Principles

Particular sources of capital have also identified frameworks. In analysis of those working for systemic transformation, WINGS, the global network of philanthropies and their support organizations have identified mindset shifts and principles to guide philanthropic investors who hold transformational intent.

The following is excerpted from: “The Philanthropy Transformation Initiative Report: Enabling Change, Walking the Talk and Creating the Future.” WINGS, 2023.

Three important mindset shifts that apply equally at an individual, organizational or field level:

1. Be an enabler
2. Walk the talk
3. Think about and create the future

The first is about the mindset shift we must embrace – from seeing ourselves as ‘achievers’, who deliver ‘our’ impact against targets we set for ourselves, to ‘enablers’ dedicated to serving others (actors, partners, communities, movements, but also other sectors, markets, and/or governments) contributing to change at a greater scale. The second key message highlights the incredible potential of leveraging philanthropy’s assets, beyond grants or operations, and bringing consistency across all dimensions of our work. It is about unifying behind values: leadership and culture, influence and connections, endowments and assets, programming, as well as the capacity to influence families and business practices in the way wealth is being created. The last message speaks to the necessity to keep the future of humanity in sight, alongside more immediate or visible needs, and reflect on the type of society we are contributing to building. This involves thinking long-term and anticipating what could greatly affect our children and grandchildren’s futures and acting in line with that today.

10 principles to guide philanthropy action

Principle 1: Act with transparency, openness and accountability

Principle 2: View philanthropy as risk capital

Principle 3: Practice trust, distribute power and support local agency

Principle 4: Engage with relevant actors and sectors through multi-stakeholder partnerships and joint action

Principle 5: Invest in strengthening giving ecosystems, and grow philanthropic societies

Principle 6: Align governance, leadership, management and organizational culture with values

Principle 7: Embrace a systems change mindset and address the root causes of challenges

Principle 8: Leverage all our assets: investments, resources, influence, and expertise

Principle 9: Leverage the power of data

Principle 10: Keep humanity’s future in sight and integrate the polycrisis lens

Endnotes

Related publications that have informed this Concept Note include:

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