

## Consultation Response: Business Instruments E3 and E5

June 2026

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### Introduction

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Dansk Impact Komité, a part of Aktive Ejere, welcomes the opportunity to respond to the consultation on Business Instruments E3 (Impact Accelerator) and E5 (Impact Investor Partnerships) under the Danida Business Initiative. We represent a group of impact investors focused on the Global South and view the initiative as a necessary and ambitious step towards mobilising private capital to close the SDG financing gap. The comments below reflect our overall support for the initiative and set out concrete recommendations for strengthening both instruments further.

### E3 – Impact Accelerator

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We support the core rationale behind E3: addressing the “missing middle” in the financing gap for SMEs in EMDEs. The combination of concessional financing and technical assistance is well chosen, and it is positive that the Facility is designed as impact-first and is not expected to be financially self-sustainable.

#### Broader definition of eligible models

The current framing of E3 assumes that supported portfolios consist primarily of investments in companies and SMEs. This may exclude innovative models operated by Danish-founded or local organisations including solutions where investees may be NGOs, social enterprises, fund managers, educational institutions or individuals. Such models build on commercial logic and create pipeline, demonstrate financial additionality, mobilise capital, deliver measurable SDG outcomes, and are fully comparable to what E3 aims to promote.

**Recommendation:** Expand eligibility criteria to include a broader range of organisational models and “asset classes”. Eligibility should be based on demonstrated financial additionality, sustainability and SDG relevance rather than organisational form alone.

#### Education and human capital as eligible impact

The Strategic Framework acknowledges that SDG4 is significantly off track, yet education and human capital are absent from E3’s priority sectors. For an initiative centred on jobs and inclusive growth, human capital development is upstream of virtually all other outcomes.

**Recommendation:** Explicitly recognise education, skills development and employability as eligible impact under E3. Broaden the measurement of job creation to include not only FTEs employed but also employability and labour-market readiness as relevant outcomes.

### E5 – Impact Investor Partnerships

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We support the core rationale behind E5: the instrument addresses structural weaknesses in the Danish impact investment ecosystem i.e., insufficient support for non-public players in mobilisation of private capital from family offices, philanthropic foundations and institutional investors (de-risking) as well as a lack of clarity of relevant roles and expectations for each of these players (ecosystem), and the limited number of experienced fund managers with EMDE experience (strategic partnerships)

#### IFDK’s role: mobilising and facilitating

We support IFDK as the best-placed organisation to implement E5 due to its strong credibility and extensive emerging-market experience. However, it is important that the instrument’s success

criteria reflect a mobilisation and facilitator role and not only the capital allocation role. IFDK's mandate under E5 should explicitly be to catalyse, facilitate, and provide de-risking for private/none-public initiatives and private capital. The instrument should also aim to be administratively light, flexible, innovative and decisive - qualities essential to supporting emerging fund managers and new partnerships at the right moment.

The strategic partnerships component, which allocates DKK 30 million to IFDK to co-design and co-invest in impact mandates with philanthropic foundations and family offices, should be cognisant of the risk of crowding out an emerging private market in which private fund managers and impact advisers already operate commercially. Preferably, partnerships should be made with these players, when collaborating with philanthropic foundations and family offices, and allocation should be directly to these partnerships. This would underscore E5's role in and possibility for building a stronger and broader impact investing ecosystem.

### **Recommendation:**

- IFDK should establish a dedicated team with a clear mandate and success criteria, separate from IFDK's other investment activities and focused on mobilisation, facilitation, partnerships and de-risking. The administration should be light, flexible, innovative, timely and decisive.
- Redirect the strategic partnerships allocation directly to market participants: partnerships between foundations or family offices and fund managers or advisers should apply jointly to the IFDK-administered facility to develop specific impact investing mandates. IFDK's role should be to assess applications, connect relevant partners and advise throughout design and implementation. IFDK should not act as a fund manager in the initiatives established.
- The facility should support strategic partnerships modelled on IFDK's SDG Fund I and II experience, in formats accessible to private fund managers. Concessional capital under E5 should not be used to de-risk or protect IFDK's own positions in those same investments. Nor should IFDK attach preferential rights as a condition for support, as this would risk crowding out other actors. IFDK should, however, be permitted and actively encouraged to co-invest alongside recipients of E5 (or E3) support.
- Concessional capital should unlock, not replace, private and philanthropic impact investments. The instruments should build a self-sustaining ecosystem beyond IFDK's own activity. This is not reflected in the success criteria, which seems to focus on capital mobilised through or with IFDK. A measure of success would be the number of blended finance partnerships established by private and/or new players supported by the instruments with concessional financing or partnership facilitation. Another measure would be how much private capital has been raised by new initiatives established by private and/or new players supported by the instruments.

### **Building a stronger blended finance ecosystem**

E5 has the potential to serve as a laboratory for developing flexible blended finance models in a Danish context. We recommend that the instrument actively work to document and share experiences with financial structures, legal frameworks and impact measurement. The instrument should also support capacity building of due diligence standards and competencies that raise standards across the Danish impact investment environment.

- Recommendation: to actively contribute to ecosystem development through knowledge-sharing, design of support tools (legal, due diligence, impact measurement), and capacity building.

### **Framework conditions for impact investments**

We would welcome E5 also supporting ecosystem actors in working to improve framework conditions for impact investments, including regulatory and fiscal incentives. We acknowledge that

this is difficult to operationalise within an ODA-funded instrument but propose that it be included in the instrument's learning and knowledge-sharing mandate and the DKK 5mn allocation to ecosystem building.

## Budget

The funds allocated to E3 and E5 are modest relative to the ambitions. A total commitment of DKK 150 million over three to five years of which only DKK 90 million is allocated to concessional funding limits the instrument's ability to meaningfully de-risk investment funds.

**Recommendation:** Reassess the scale and financial structure of the instruments to ensure it can effectively de-risk funds of sufficient size and deliver impact at scale. Establish clear and transparent criteria from the outset for when and how additional allocations can be triggered, so that the instruments do not lose momentum as they begin to generate impact.

## Conclusion

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Dansk Impact Komité under Aktive Ejere is supportive of both instruments and looks forward to continued dialogue with the Ministry of Foreign Affairs and Impact Fund Denmark on implementation. We remain available for further input and stand ready to contribute to strengthening the Danish impact investment ecosystem.