Private Finance Mobilisation Report 2026

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Please cite this publication as:
OECD (2026), *Private Finance Mobilisation Report 2026*, OECD Publishing, Paris, https://doi.org/10.1787/a871a032-en.

ISBN 978-92-64-78369-0 (print)
ISBN 978-92-64-72349-8 (PDF)
ISBN 978-92-64-90547-4 (HTML)

Revised version, August 2026
Details of revisions available at: https://www.oecd.org/en/publications/support/corrigenda.html

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Corrigenda to OECD publications may be found at: https://www.oecd.org/en/publications/support/corrigenda.html.

Preface

The global development finance landscape is under growing strain. Amid intensifying fiscal pressures and tightening public budgets, mobilising private finance has become a critical strategy in efforts to achieve more effective sustainable development outcomes. At the Fourth International Conference on Financing for Development (FFD4) in Sevilla, the international community reaffirmed the urgency of scaling up private finance mobilisation while improving its effectiveness, transparency and alignment with sustainable development priorities, an imperative also reflected in the OECD Secretary-General's Taskforce on Mobilisation. The current DAC review process will also help position the use of official development assistance within the broader landscape of sustainable finance and demonstrate how it complements and enables other forms of development finance, including mobilising the private sector.

Within this context, the OECD's 2026 Private Finance Mobilisation Report provides a crucial stocktake of where mobilisation efforts stand today. Drawing on the OECD Development Assistance Committee's statistical framework, the report offers the most comprehensive and internationally comparable evidence on private finance mobilised by official development finance interventions. It sheds light on which instruments and approaches are working, where progress has stalled, and which sectors and regions continue to be left behind.

While private finance mobilisation has increased over time, the evidence in this report shows that volumes remain well below what many had hoped for at the time of the adoption of the Sustainable Development Goals in 2015. Mobilisation outcomes remain highly concentrated across a limited number of instruments, providers and markets, raising important questions about scalability, risk sharing and the targeting of public resources. Strengthening the quality of mobilisation, improving data transparency and ensuring that mobilised finance contributes meaningfully to development outcomes are therefore as important as increasing volumes.

This report is intended to support policymakers, development finance providers and their partners in making more informed, evidence-based decisions on how to deploy scarce public resources to crowd in private investment effectively. By providing robust data, analytical insights and forward-looking recommendations, it aims to contribute to a more coherent, accountable and impactful mobilisation agenda in line with the commitments made at the FFD4 in Sevilla in July 2025. In an increasingly constrained global environment, getting mobilisation right is no longer optional; it is essential.

Pilar Garrido
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Foreword

More than ten years after the Addis Ababa Action Agenda (2015) called for mobilising all sources of finance to close the Sustainable Development Goal (SDG) financing gap – and in light of the outcomes of the Fourth Financing for Sustainable Development Conference – the time is ripe to take stock of the progress made by official development finance providers in unlocking commercial capital for the SDGs. While private finance has become a strategic priority for many providers, current mobilisation levels fall short of what is needed to meet the accelerating financing gap and the growing needs across the development ecosystem. At the same time, in response to the call for additional resources, development finance providers are increasingly deploying innovative financial structures and mechanisms, often in partnership with private sector actors, peer institutions, and other stakeholders.

Building on the 2023 OECD report *Private finance mobilised by official development finance interventions*, this edition takes stock of the progress made by development co-operation providers – bilateral and multilateral – to mobilise private finance in support of sustainable development, highlighting the contribution of such finance to key sectors and regions as well as climate action. It also describes providers' portfolios and the instruments they use to mobilise private finance, with a focus on their use of leveraging mechanisms, as well as the main incentives and obstacles they encounter in scaling up private finance for sustainable development, climate and nature-related sectors.

The report draws upon OECD DAC statistics as the international standard for measuring private finance mobilised by official development finance interventions. In response to the Addis Ababa Action Agenda's call for more transparency, and under a high-level mandate from the Development Assistance Committee (DAC), the OECD has been working with experts from bilateral development finance institutions (DFIs) and multilateral development banks (MDBs) as well as the climate community to develop this OECD DAC international standard for measuring and collecting data on the amounts mobilised from the private sector by official development finance interventions. In this context, three methodological points are noteworthy:

- The term "mobilisation" (or leveraging) refers to the ways in which specific mechanisms stimulate the allocation of additional financial resources for sustainable development; mobilisation requires a demonstrable causal link between finance made available for a specific project and the leveraging instrument used (OECD, 2025, Handbook on Measuring and Reporting on Mobilised Private Finance in OECD DAC Statistics).
- Data on mobilised private finance have been collected since 2012 for the leveraging mechanisms known to be used by development co-operation providers, among them syndicated loans, guarantees, shares in collective investment vehicles, direct investment in companies, credit lines, project finance and simple co-financing arrangements.
- The methodologies for reporting on amounts mobilised are defined instrument (or leveraging mechanism) by instrument (OECD, 2025, *Handbook on Measuring and Reporting on Mobilised Private Finance in OECD DAC Statistics*). They reflect the principles of causality and, in cases where more than one official provider is involved in a project mobilising private finance, pro-rated attribution.

Acknowledgements

This report was prepared by the OECD Development Co-operation Directorate, headed by Director Pilar Garrido, under the strategic guidance of Haje Schütte, Deputy Director.

The report was elaborated under the direction of Cécile Sangaré, Policy Analyst. It was primarily drafted by Emilia Stazi, Junior Policy Analyst, with Callum Thomas, Junior Policy Analyst, as co-author. Cécile Seguineaud, Chiara Falduto and Fatoumata Ngom also made significant contributions. The report also benefitted from valuable inputs by Wiebke Bartz-Zuccala, Paul Horrocks, Lasse Moller and Raphael Jachnik. Valérie Gaveau, Head of the Statistical Standards and Methods Unit, provided overall direction and strategic guidance throughout the process.

The authors are also grateful to Wiebke Bartz-Zuccala, Chiara Falduto, Paul Horrocks, Raphael Jachnik and Emma Raiteri for peer reviewing the paper. Additionally, they also thank all participating institutions and their representatives for their valuable insights and contributions: Drishti Basi (British International Investment), Magnus Cedergren (Impact Fund Denmark), and Emma Blomqvist, Albert Granholm, Agnes Rova and Camilla Rubensson (Swedish International Development Agency).

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Abbreviations and acronyms

CIV	collective investment vehicle
DFI	development finance institution
DIC	direct investment in companies
EMDEs	emerging markets and developing economies
MDB	multilateral development bank
NCQG	New Collective Quantified Goal
ODA	official development assistance
PPA	power purchase agreement
PSI	Private sector instruments
SPV	special purpose vehicle

Executive summary

Key findings

Between 2012 and 2024, official development finance interventions mobilised more than USD 600 billion in private resources, primarily through guarantees (30%), direct investment in companies (25%) and syndicated loans (16%), underscoring the central role of risk-sharing and market-participation instruments in crowding in private capital.

To capture the most recent trends in private finance mobilisation, this report focuses on the period 2021-2024. During this time frame, mobilised private finance displayed a gradual upward trend, peaking at USD 77 billion in 2024. Nevertheless, mobilisation levels remain insufficient relative to projected development needs and to seize available investment opportunities.

- **Regional distribution.** Africa accounted for 30% of total mobilised private finance or an average of USD 19.7 billion per year, making it the largest beneficiary region. Latin America and the Caribbean (LAC) ranked second, with 28% of the total (USD 18 billion on average per year). At the country level, Brazil and India emerged as the main recipients, benefiting from approximately USD 6.5 billion and USD 5.7 billion, respectively, of mobilised private finance per year.
- **Risk profile concentration.** Mobilisation remained concentrated in markets perceived as less risky, with middle-income but not least developed countries (LDCs) receiving nearly 70% of all mobilised finance. In contrast, only 8% reached low-income countries (LICs), highlighting persistent structural barriers to directing private capital to the most fragile contexts.
- **Sectoral trends.** Economic infrastructure and business-related activities attracted 70% of mobilised private finance, while social sectors accounted for just 6%, reflecting ongoing challenges in mobilising private investment at scale in education, health and other social sectors.
- **Mobilised private finance for climate.** About 40% of mobilised private finance (USD 26.2 billion per year) supported climate action. Of this amount, nearly 70% focused on mitigation, 22% addressed both mitigation and adaptation, and only 8% focused exclusively on adaptation despite significant and rising adaptation needs in vulnerable countries.
- **Main actors.** Multilateral development banks (MDBs) remained the dominant mobilisers, accounting for 71% of total mobilised private finance. At the same time, bilateral providers played a meaningful complementary role, led by the United States (USD 6.5 billion per year on average) and followed by France and the United Kingdom (USD 2.1 billion each), largely through the operations of their respective DFIs.

Recent policy discussions at the Fourth Financing for Development Conference (FFD4) emphasised the need to scale up private finance mobilisation through mechanisms such as joint guarantee programmes, blended finance facilities and thematic bond issuances. These approaches aim to move beyond single-instrument approaches to achieve greater scale and efficiency.

Looking ahead, ongoing analytical work is assessing the feasibility of capturing additional approaches used by development finance providers to mobilise private investment such as catalytic interventions and

balance-sheet optimisation (including originate-to-distribute or generation approaches). While statistics on mobilisation will continue to provide a unique source of comprehensive and comparable data series, expanding measurement frameworks could provide a more complete picture of how public development finance supports private capital at scale.

Key recommendations

- **Development finance providers should further strengthen the comprehensiveness, consistency and transparency of data on mobilised private finance for sustainable development**. Improving the quality and granularity of reporting can help build investor confidence, reduce information asymmetries, and narrow the gap between real and perceived investment risks in developing countries, particularly in higher-risk contexts.
- **Policymakers are encouraged to collectively uphold the highest international standards of transparency and disclosure** and to support continued collaboration across institutions to further align data and methodological approaches for tracking mobilisation. Such efforts would help strengthen overall data coherence and comparability. With time series available since 2012, OECD data on mobilised private finance continue to provide an important evidence base for policymakers and private investors alike. Further progress in this area that builds on ongoing work to enhance measurement and reporting – particularly efforts to capture a broader range of mobilisation approaches, such as catalytic instruments and balance-sheet optimisation activities, and to expand access to more disaggregated data –would reinforce the robustness and usability of mobilised finance information.
- **Development finance providers should promote greater standardisation of blended finance instruments to enhance transparency, accessibility and replicability across markets.** Standardisation can help reduce transaction costs, limit information asymmetries and facilitate scaling by easing due diligence and structuring processes for private investors. In this regard, country platforms and other multi-stakeholder co-ordination mechanisms can serve as important enabling conditions to align public and private actors, pool expertise, and mobilise private finance at scale.

1 Trends in private finance mobilisation

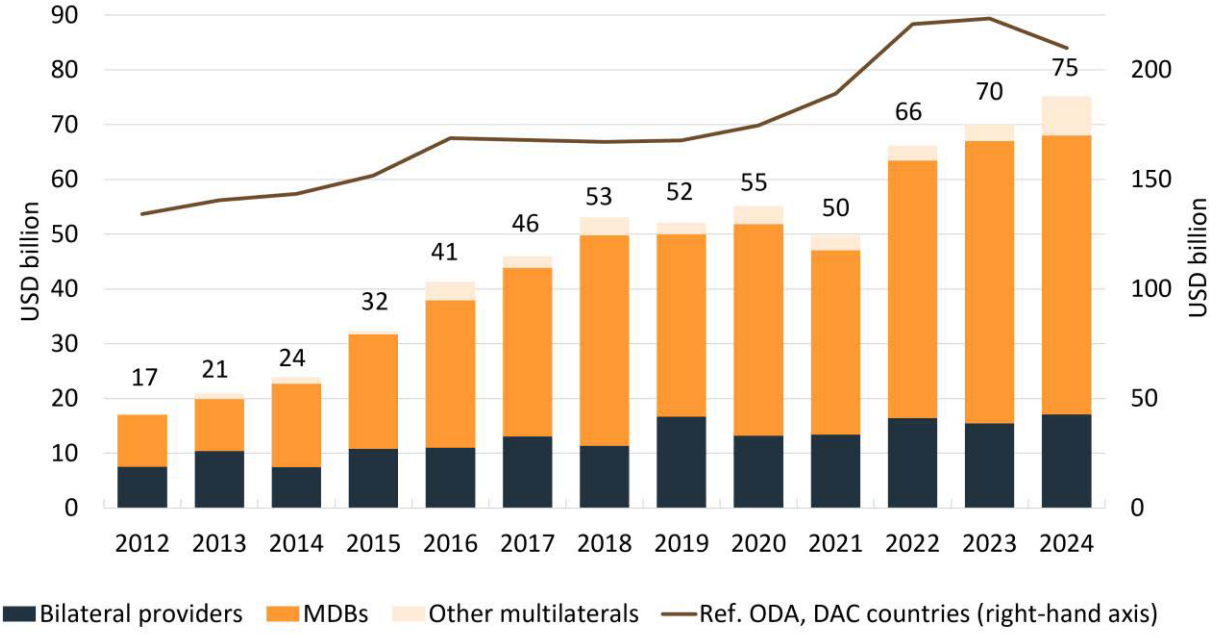
Overview

Mobilised private finance followed an upward trend over 2012-2024, while the financing gap continued to widen

Mobilised private finance through official development finance interventions followed an upward trend over 2012-2024, totalling more than USD 600 billion over the entire period and reaching an annual peak of USD 77 billion mobilised in 2024 (USD 75 billion in 2023 constant prices), a 36% increase from 2020 (Figure 1.1).

Figure 1.1. Trends in private finance mobilised by official development interventions, 2012-2024

USD billion, constant 2023 prices



Source: (OECD, 2026[1]), OECD Dashboard on Private Finance Mobilisation.
Note: Left-hand axis shows mobilised private finance by official development finance interventions in USD constant 2023 prices. Right-hand axis shows ODA by DAC countries in USD constant 2023 prices measured on a flow basis through 2017 and on grant equivalent basis from 2018 onward.

Yet, volumes of private finance mobilised remain below expectations and needs. While financing and investment gaps are growing, and private finance mobilisation is becoming an increasingly important priority for development actors, only USD 13.4 billion of official development finance was disbursed in 2024 in support of private sector development, including through private sector instruments[1](PSI) and other mobilisation activities.[2] Recognising this challenge, the Sevilla Commitment at FFD4 called on development providers to increase the mobilisation ratio of private finance by strengthening the use of risk-sharing and blended finance instruments (UN, 2025[2]).

Recent OECD projections suggest that financing and development needs are increasing at a faster pace than available resources, contributing to the widening Sustainable Development Goal (SDG) financing gap, including for climate-related goals. If this gap continues to grow at its 2015-2022 rate, when it increased from USD 2.5 to USD 4.0 trillion, the annual gap could reach USD 6.4 trillion by 2030 – a 156% increase since 2015 (OECD, 2025[3]). Current crises and the additional needs stemming from critical situations of recent years are further widening the SDG financing gap, particularly as pertains to social sectors in LICs and LDCs (UN, 2024[4]). A major part of the overall financing gap relates to climate and biodiversity, with needs outstripping resources to achieve the adaptation, resilience and nature goals set forth in the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework (Bhattacharya et al., 2023[5]). Scaling private finance mobilisation can play an important role in delivering on development and climate commitments, and providers have made this one of the main areas of focus of their development co-operation policies.

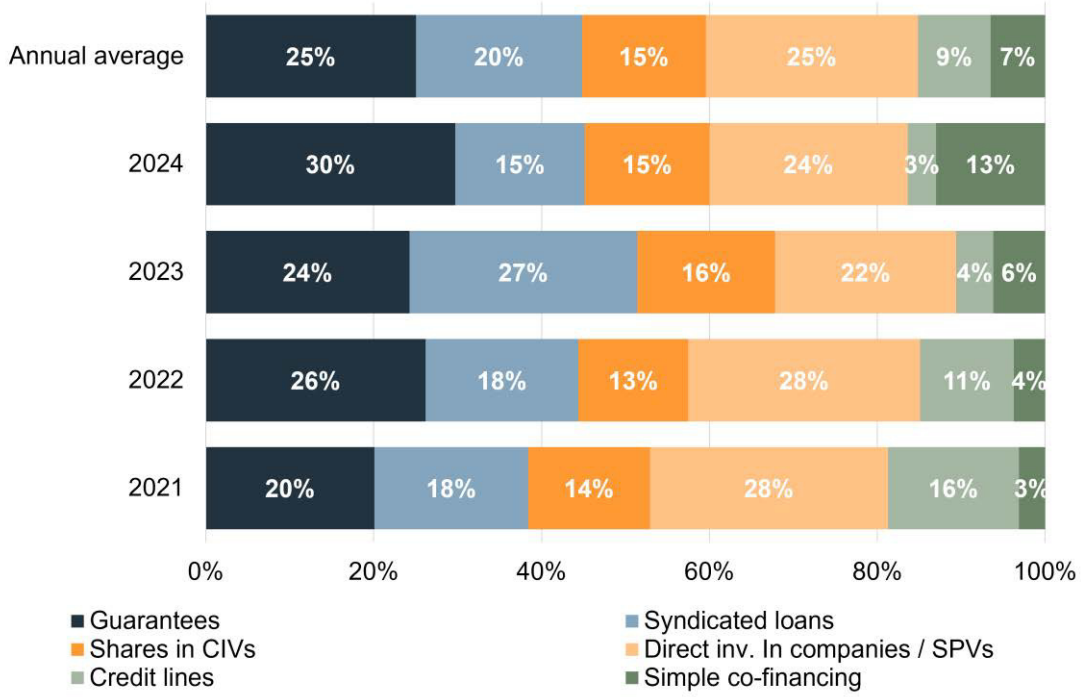
Three leveraging mechanisms accounted for the largest share of private finance mobilised for sustainable development

Alongside the increase in of mobilised private finance over 2021-2024 has been a proliferation of different leveraging mechanisms (Box 1.1). The three main leveraging mechanisms that mobilised the largest volumes over this period were direct investment in companies or special purpose vehicles (DICs), guarantees, and syndicated loans, which together accounted for 70% of the annual average of private finance mobilised (Figure 1.2).

Guarantees were the primary mechanism for mobilising private finance between 2021 and 2024, with volumes mobilised via guarantees increasing dramatically, by 32%, in 2024 over 2023. As shown in Figure 1.2, DICs were the second-most frequently used instrument, with finance mobilised remaining relatively stable over these four years with only a slight dip between 2022 and 2023. Syndicated loans also played a significant part in the same period, accounting for an average of 20% of mobilised private finance per year. This latter trend may reflect strong demand for large-scale financing, particularly in infrastructure, energy and other capital-intensive sectors. Syndicated structures enable lenders to distribute risk while providing borrowers with access to substantial funding under more flexible terms. Mobilised private finance through shares in collective investment vehicles (CIVs), credit lines and simple co-financing remain comparatively modest, yet these instruments continue to play a valuable role in specific contexts such as small and medium-sized enterprise (SME) financing, small-scale project co-funding and support for projects with limited bankability.

Figure 1.2. Mobilised private finance by leveraging mechanism, 2021-2024

Percentage of total



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Box 1.1. Leveraging mechanisms used to mobilise private finance for sustainable development

Development finance providers mobilise private finance through a variety of different leveraging mechanisms.

Guarantees pertain to legally binding arrangements in which the guarantor commits to cover part or all of the obligations – be they loans, equity investments or other financial instruments – should the borrower default or the investment lose value. These guarantees are typically extended on the assumption that without such backing, private investors would not have engaged in the financing.

Syndicated loans are defined as loans provided by a group of lenders or a syndicate that work together to provide funds for a single borrower, with the aim to spread the risk of a borrower default across multiple lenders and thereby encourage private sector participation.

Shares in CIVs are those invested in entities that allow investors to pool their money and jointly invest in a portfolio of companies. A CIV can either have a flat structure or have its capital divided in tranches with different risk and return profiles.

DICs includes on-balance-sheet investments in corporate entities, including SPVs, that are conducted without any intermediary. As such, official investments in companies constitute a key leveraging instrument for private sector development.

Credit lines cover a standing credit amount that can be drawn upon at any time up to a specific amount and within a given time frame. Local financial institutions decide how much of the agreed funding they wish to draw down, and interest is paid only on the borrowed amount. The main objective of credit lines is to support the private sector through the intermediation of the local financial institution.

Simple co-financing encompasses various business partnerships, business-to-business (B2B) programmes, business surveys and matching programmes, including result-based approaches. The measurement of private finance mobilised is based on the additionality assumption that the private sector would not have invested without the official finance interventions.

In addition to these traditional financial mechanisms, official providers have increasingly focused on innovative capital market instruments to unlock additional sources of finance and help bridge the financing gap. These innovations span outcome-based and sustainable bonds – such as green, social, sustainability and sustainability-linked (GSSS) bonds – as well as emerging instruments like blue and biodiversity bonds.

Source: OECD DAC, Handbook on measuring and reporting on private finance mobilisation.

Main beneficiaries

Mobilised private finance targeted regions and countries differently depending on various factors including the income group, as well as the information on risks and opportunities associated with the respective geographic area and country. In this regard, if returns are sought, this will affect both the choice to invest in the region as well as the specific instrument or mechanism to use.

Most-targeted regions

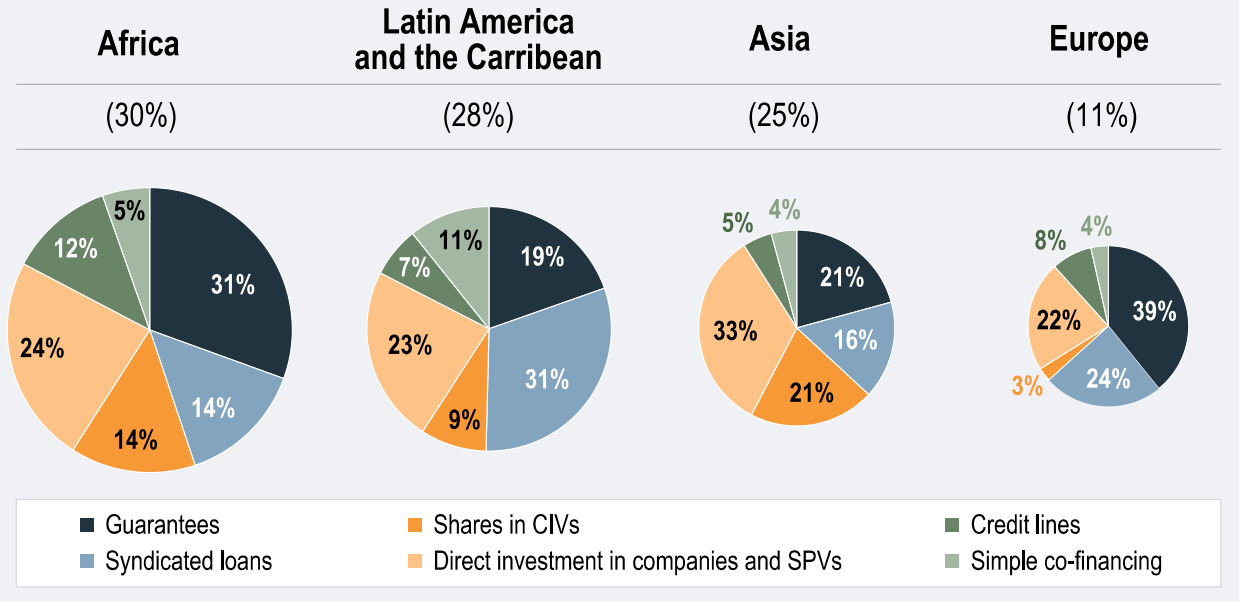
Over 2021-2024, most of the mobilised private finance targeted projects in Africa, which accounted for 30% of the total or USD 19.7 billion on average). The largest volumes in Africa were mobilised via guarantees (31%) and DICs (24%), followed by syndicated loans and shares in CIVs (each 14%). By contrast, credit lines (12%) and simple co-financing arrangements (5%) were the least-deployed mechanisms in Africa (Figure 1.3). Within the region, South Africa was the top beneficiary country of mobilised private finance (USD 1.7 billion on average), mainly through DICs or SPVs, guarantees, and shares in CIVs.

Over the same period, LAC was the second largest beneficiary region of mobilised private finance, accounting for USD 18 billion per year on average over 2021-2024 or 28% of the total. Syndicated loans and DICs were the most prominent mechanisms used to leverage private finance in the region, accounting for 31% and 23%, respectively (Figure 1.3). Other leveraging mechanisms, such as guarantees (19%), also remained key instruments to mobilise private capital. Brazil was by far the top beneficiary country from mobilised private finance, within the region but also across all regions, with an amount equal to USD 6.5 billion over 2021-2024, mainly driven via DICs and syndicated loans and amounting to USD 2.3 and USD 1.9 billion per year on average, respectively.

In Asia, an average of USD 16.5 billion per year was mobilised from the private sector over 2021-2024, mainly through DICs (33%) (Figure 1.3). Within the Asia region, India was the top beneficiary country, with USD 5.7 billion of mobilised private finance per year on average. Among other regions, Europe and Oceania benefitted the least, accounting for 11% (of which 44% was concentrated in Türkiye) and 0.1% of the total, respectively, over the period.

Figure 1.3. Regional distribution of private finance mobilised, categorised by leveraging mechanism, 2021-2024

Percentage of total



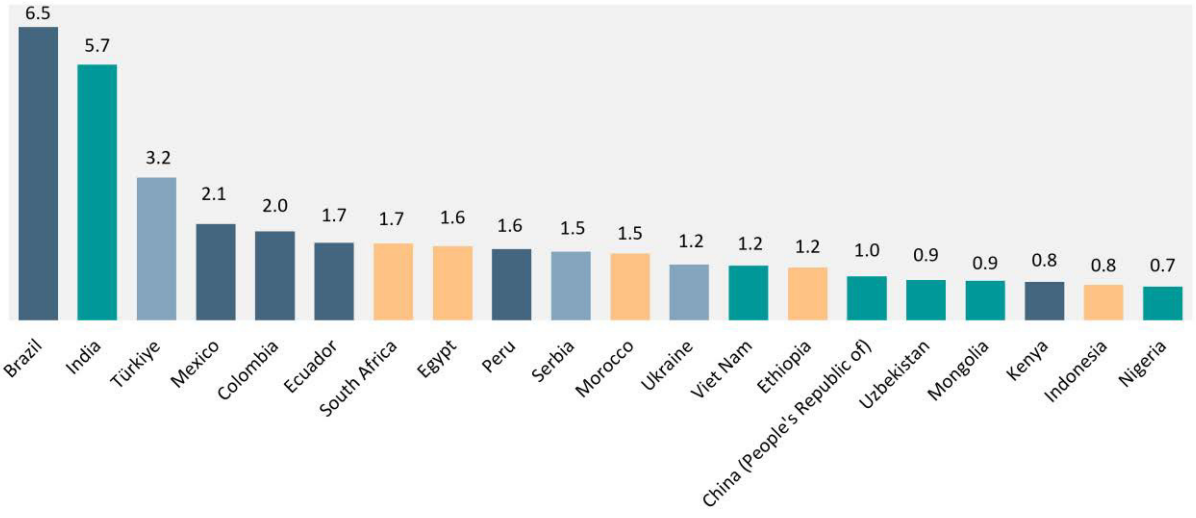
Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Top recipient countries

Globally, Brazil and India were the primary beneficiaries of mobilised private finance in 2021-2024, accounting for 24% of total country-allocable mobilised private finance, followed by Türkiye, Mexico, Colombia and Ecuador (Figure 1.4). While it became the main beneficiary country of mobilised private finance during this period, Brazil also established itself as an active player thanks to several initiatives aligned with the mobilisation agenda, including support to extraordinary bond transactions, and through the increasingly active domestic development banks and their engagement in blended finance with focus on climate and biodiversity (Taskin, Bellesi and Moller, 2020[6]) (Box 1.2).

Figure 1.4. Top 20 recipients of mobilised private finance, 2021-2024

USD billion, annual average, constant 2023 prices



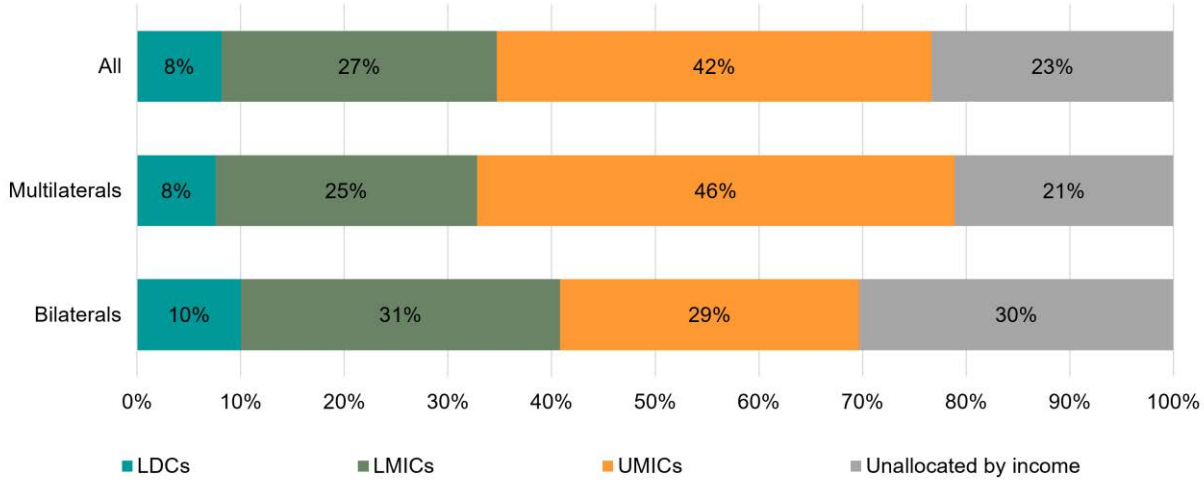
Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Distribution across recipient income levels

The lion's share of mobilised private finance went to MICs in 2021-2024, while countries most in need scarcely benefitted. Middle-income countries (MICs) accounted for 69% of total mobilised private finance on average over 2021-2024[3] (Figure 1.5). Within this category, upper middle- income countries (UMICs) were the main recipients of private finance mobilised over this period, followed by lower middle-income countries (LMICs). By contrast, only 8% of mobilised private finance targeted projects in LDCs. This distribution is consistent with deeper structural constraints affecting investment in poorer and more fragile markets, where limited market depth, higher perceived macroeconomic and political risks, smaller domestic financial sectors, and weaker investment pipelines constrain the ability of private capital to participate in development finance transactions (OECD/UNCDF, 2020[7]; OECD, 2011[8]). Overall, mobilised private finance has scarcely benefitted countries most in need, including those experiencing fragility such as small island developing states (SIDS). This trend, combined with the limited track record of such transactions, reinforces risk perceptions among private investors, further discouraging them in investing in these contexts (Basile and Neunuebel, 2019[9]). In addition, at the regional, provincial and municipal levels, territorial data are scarce, which hinders understanding of the nuances, concentration and disparities in the distribution of private finance within countries.

Figure 1.5. Private finance mobilised by multilateral and bilateral providers by income group, 2021-2024

Percentage



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Attracting private finance towards fragile contexts and SIDS remains particularly challenging

Fragile contexts[4] and SIDS are among the most challenging environments in which to attract and mobilise private finance. Between 2021 and 2024, average annual mobilised private finance amounted to just USD 5.7 billion for fragile contexts and USD 1.1 billion for SIDS, together representing around 10% of the total mobilised over the period. In fragile contexts, DICs and guarantees were the most widely used instruments to leverage private finance, while shares in CIVs along with syndicated loans and guarantees were the predominant mechanisms for mobilisation in SIDS (Figure 1.6). It is expected that the emergence of innovative capital market instruments, including GSSS bonds and blue bonds, may help attract pools of capital towards these sensitive regions.

Box 1.2. Brazil-led Tropical Forest Forever Facility: Creating Investable Pathways for Nature

The Tropical Forest Forever Facility (TFFF) is an initiative led by Brazil to mobilise large-scale finance for the protection, sustainable management and restoration of tropical forests. It aims to direct financial resources toward preserving tropical forests and mitigate the impacts of climate change by protecting vital biomes, reducing carbon emissions, and conserving global biodiversity. Through contributions from high-income countries and multilateral development banks, the Facility will provide financial incentives to countries that maintain tropical forests, helping preserve areas critical to global environmental stability while also benefiting local communities that protect biodiversity.

Biodiversity challenge

Tropical forests are key enablers of climate and biodiversity conservation and offer significant value to the natural ecosystems and local populations. Their loss due to the cumulative negative impacts of climate change would lead to higher global temperatures that in turn would fuel further forest loss and degradation. Nonetheless, tropical forests are being lost due to the lack of a stable, long-term funding mechanism to generate sufficient resources to help developing countries maintain and preserve tropical forests.

Finance providers and instrument

Countries with tropical forests, together with their development partners, will participate in the TFFF. To capitalize the TFFF, sovereign investors from developed countries can raise funds through instruments such as government bonds or global money markets or allocate existing resources (e.g. from sovereign wealth funds or central bank reserves) and provide this capital to the Facility at their relatively low cost of funding. Private investor sponsors and philanthropic organisations would also be invited to participate in the Facility.

Blended finance solution

The TFFF is based on a blended finance structure. It will borrow resources from the governments of high-income countries, multilateral organisations and institutional investors at interest rates aligned with their risk levels and then invest in a higher-yielding portfolio – that is, it will invest in riskier assets with higher expected returns. The income generated by these investments will be used to compensate, through grants or performance-based rewards, countries with significant tropical forest areas that meet certain conservation targets. Funding tropical forest conservation in this way could result in a return that, according to initial estimates, would pay up to USD 4 per hectare annually to eligible countries.

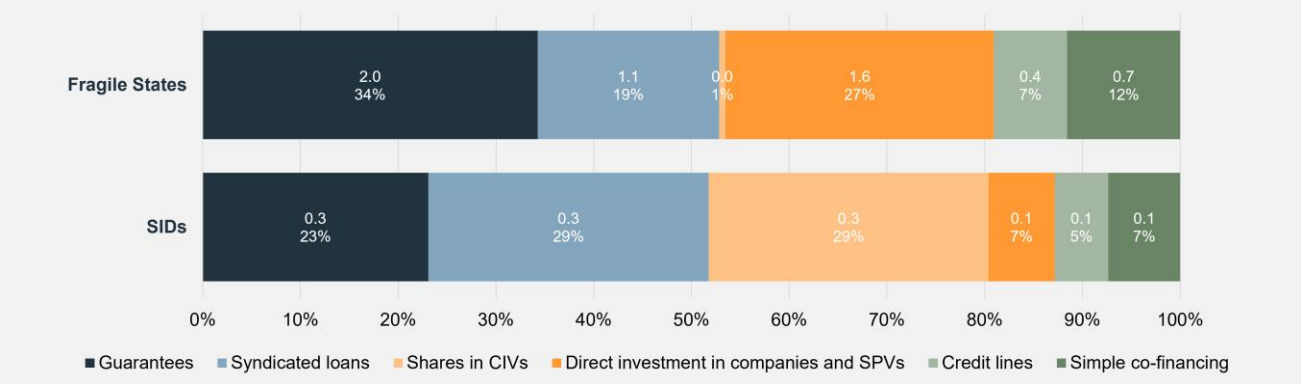
Source: de Nevers, Lay and Wolosin (2018[10]), *The Tropical Forest Finance Facility*, https://www.cgdev.org/publication/tropical-forest-finance-facility; Global Foundation (2024[11]), *The Tropical Forests Forever Facility: A Proposed Multilateral Investment Fund to Reward Tropical Forest Conservation and Restoration*, https://globalfoundation.org.au/wp-content/uploads/2024/06/Brazil-Government-Tropical-Forests-Forever-Initiative.pdf; World Economic Forum (World Economic Forum, 2024[12]), 4 investable pathways to help protect, manage and restore nature in Brazil, https://www.weforum.org/stories/2024/11/investable-pathways-protect-manage-restore-nature-brazil/.

Mobilised private finance remains significantly lower in fragile contexts and LDCs, where economic, environmental and political risks play a decisive role in investment allocation (Basile and Neunuebel, 2019[9]). In these settings, blending opportunities are shaped by heightened risk perceptions, low-income levels and structural weaknesses in local economies. Beyond these risk perceptions, structural characteristics of many LDC and fragile economies – including their smaller market size, limited diversification of productive sectors and underdeveloped financial systems – constrain the scale and replicability of private investment opportunities (OECD/UNCDF, 2020[7]). Inadequate infrastructure, limited institutional capacity, unpredictable regulatory frameworks and other legacies of poor governance further constrain private sector development and create substantial barriers to investment (Collier et al., 2021[13]). Additionally, infrastructure gaps, limited access to reliable energy and transport networks, and thin domestic financial markets increase transaction costs and make investments less attractive to private actors. As a result, mobilising private finance in fragile and conflict-affected contexts requires tailored instruments and higher levels of risk sharing (Box 1.3).

In these challenging contexts, as in developing countries overall, most mobilised private finance in practice is channelled through multilateral institutions, which accounted for an annual average of 66% of the total amounts mobilised in fragile contexts and 73% of the total mobilised in SIDS between 2021 and 2024 (Figure 1.7).

Figure 1.6. Main leveraging mechanisms in fragile contexts and SIDS, 2021-2024

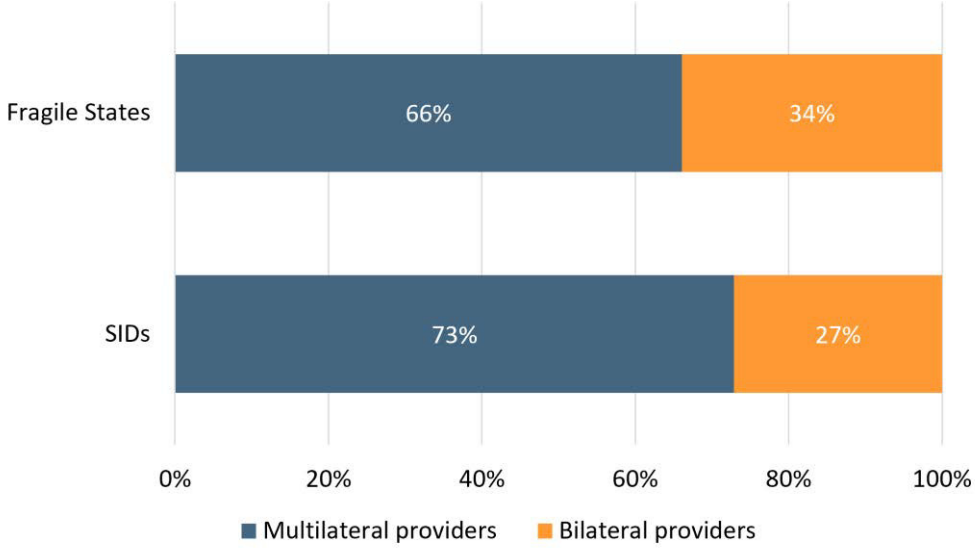
USD billion, annual average, constant 2023 prices, and percentage



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Figure 1.7. Mobilised private finance by category of providers in fragile contexts and SIDS, 2021-2024

Share of each recipient category



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Box 1.3. Mobilising private finance in conflict-affected contexts: The case of Ukraine

Conflict-affected contexts face significant challenges in attracting private capital. Ukraine provides a recent example, with constraints including an unstable environment due to the ongoing war and a weak investment climate.

Ukraine faces numerous challenges in attracting private capital, including an unstable environment due to the ongoing war and a weak investment climate. So far on average over 2021-2024, USD 1.2 billion of private finance has been mobilised towards Ukraine, mainly using instruments such as loan portfolio guarantees and political risk and war risk insurance (Bandura and Stazi, 2025[14]; US International Development Finance Corporation, 2024[15]). Other instruments such as equity investments remain sparsely used.

As Ukraine's reconstruction requirements are vast, significant private finance is needed to complement limited public funding. Ukraine's immediate reconstruction and recovery priorities at national and community level include housing, demining, infrastructure and social services, energy, and transport. However, there are also long-term investment opportunities to decentralise energy supply and heating systems, shifting away from large, centralised networks towards more local, flexible and resilient solutions, as well as to develop the minerals and mining industry and add higher value to the food crop sector.

Blended finance is being tested in Ukraine, and the learning experience can be applied to other crisis settings. Ukraine's rebuilding efforts also present an opportunity to integrate sustainability and innovation, allowing it to also serve as a test case for blended finance in post-conflict recovery. Given that the private sector will play a critical role in the rebuilding of Ukraine, flexible concessional funds from partners are crucial to de-risk high-impact projects and mobilise private sector investment in critical sectors and prepare for the reconstruction phase (IFC, 2024[16]).

Source: Bandura and Stazi (2025[14]), "Blended finance in fragile contexts: Ukraine as a test case", https://www.environmental-finance.com/content/analysis/blended-finance-in-fragile-contexts-ukraine-as-a-test-case.html; US International Development Finance Corporation (2024[15]), "DFC Commits $50 Million in New Political Risk Insurance to Expand War Insurance for Businesses in Ukraine", https://www.dfc.gov/media/press-releases/dfc-commits-50-million-new-political-risk-insurance-expand-war-insurance; IFC (2024[16]), *What we do: Blended concessional finance in cross-cutting areas*, https://www.ifc.org/en/what-we-do/sector-expertise/blended-finance/cross-cutting-solutions.

Sectoral distribution

Mobilised private finance is unevenly distributed across sectors. This reflects differences in commercial viability and in the level of concessionality required for investments, technologies and sectors, both of which vary by project and local context at a given point in time (Lankes, 2021[17]). These conditions are not static: even within similar geographic settings, they evolve over time, making the deployment of blended finance inherently complex and context specific. As a result, disparities in mobilised private finance are particularly pronounced between social sectors and those sectors more directly linked to economic activity (Figure 1.8).

Economic infrastructure and services remains the top beneficiary sector of private finance mobilised

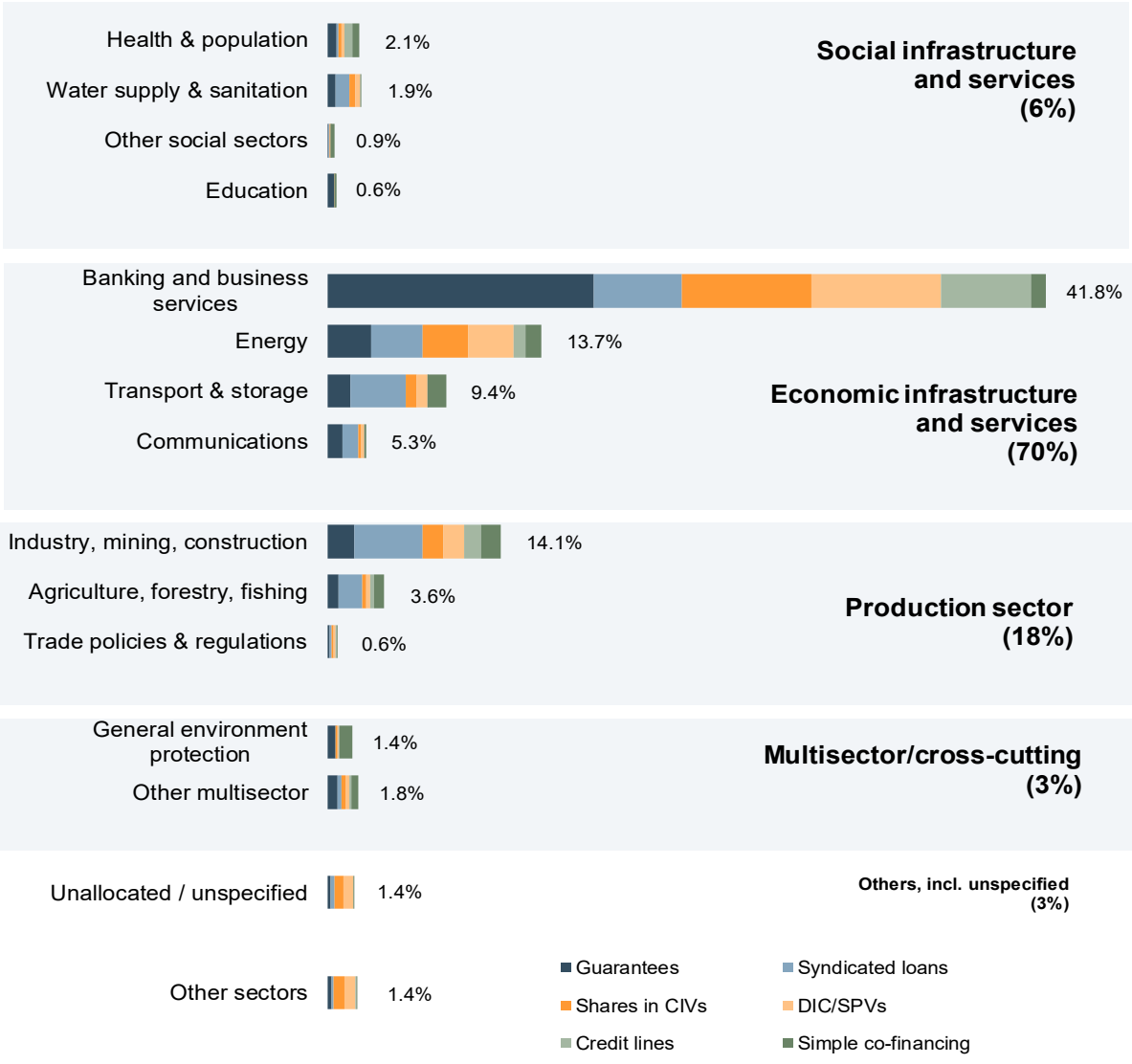
Between 2021 and 2024, almost two-thirds (70%) of mobilised private finance supported projects in economic infrastructure and services (Figure 1.8). Within this category, banking and business services accounted for the largest share (41.8%) followed by the energy sector (13.7%). Mobilisation in these sectors relied primarily on guarantees, shares in CIVs and DICs, with credit lines playing a particularly important role for banking and business services and syndications in the energy sector.

Economic infrastructure and services consistently attract the largest share of private investment, reflecting the comparatively stronger bankability of projects in these sectors. Relative to other areas, such investments in this sector tend to be more standardised and are underpinned by clearer and more predictable revenue streams, particularly in energy and large-scale infrastructure (Beusmans, 2024[18]) (Box 1.3). Energy projects, in particular, typically feature stable expected cash flows and are often supported by sector-specific regulatory and policy frameworks – including power purchase agreements (PPAs), tariff guarantees and public support schemes – that play a critical role in mitigating revenue, demand and policy risks, enhancing their attractiveness to private investors (European Commission, 2024[19]). Similarly, economic and green infrastructure projects tend to be more appealing to private investors due to business models centred on public-private partnerships (PPPs) and to their suitability for fixed-income instruments – such as green, social, sustainability and sustainability-linked (GSSS) bonds – that support long-term financing needs (Dembele, Schwarz and Horrocks, 2021[20]).

The production sector has emerged as the second-largest recipient of mobilised private finance globally, largely driven by industry, mining and construction and agriculture, forestry and fisheries, which attracted on average USD 9.2 billion and USD 2.4 billion, respectively. Within industry, mining and construction, syndicated loans and guarantees were the predominant mobilisation instruments, leveraging approximately USD 2.6 billion and USD 1.0 billion per year on average, respectively, reflecting the capital-intensive nature and relatively predictable revenue profiles of projects in this subsector. In agriculture, forestry and fisheries, private finance mobilisation relied mostly on syndicated loans, which accounted for an average of USD 0.9 billion, pointing to more limited use of risk-sharing instruments in contexts characterised by higher exposure to production and market risks. By contrast, the trade policies and regulations subsector remained the least attractive to private investors within the production sector, accounting for just 0.6% of total private finance mobilised, underscoring persistent challenges in mobilising private capital for policy-oriented and non-revenue-generating interventions.

Figure 1.8. Private finance mobilised by sector, 2021-2024

Percentage of total



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Lowest mobilisation levels observed in social sectors

Social sectors, including social infrastructure and services, received the smallest share of mobilised private finance, averaging annually USD 3.6 billion over 2021-2024, equivalent to just 6% of the total. Within these sectors, the subsectors of health and population and water supply and sanitation accounted for the largest shares of mobilisation, averaging USD 1.4 billion and USD 1.3 billion, respectively. Education and other social services were the least supported, receiving only USD 0.4 billion and USD 0.6 billion, respectively, on average over this period.

This comparatively small share of mobilisation towards social sectors is striking considering that social and development needs are concentrated in LICs and LDCs, which face significant constraints to attracting private investment overall (OECD/UNCDF, 2020[7]). In many frontier markets, development needs are concentrated in sectors such as basic infrastructure, health, water and education, where revenue models are weak and financial returns often insufficient to attract commercial investors without substantial public support. Given the small investment ticket sizes, insufficient returns, limited in-house expertise, and fact that transactions tend to be time- and resource-intensive, social sectors, particularly in challenging contexts, will typically require direct sovereign lending or MDBs to extend sovereign loans along with ODA grants, and therefore alternative sources of financing, including blending, are only part of the solution (OECD, 2022[21]). This highlights the structural limits of mobilisation in certain contexts where the underlying economics of projects or sectors may not allow for significant private participation even with risk mitigation instruments (Kharas, 2025[22]). The limited number of transactions in such contexts, and thus the absence of an evidence base, is another factor affecting the bankability of projects: the lack of transparent information dissuades new market participants as the risks and opportunities of investing in frontier markets remain unclear. These conditions make it harder to attract private finance in social sector programmes that can deliver greater development impact (Convergence, 2024[23]).

The financing profile of social sectors is another important feature that helps explains why it has received the lowest share of mobilised private finance for development. Generally, education and health are deemed to be within the domain and mandate of governments and to be reliant on public investments. However, sovereign actors in emerging markets and developing economies EMDEs and LICs are facing significant challenges including constrained public budgets and macroeconomic concerns. In this context, blended finance approaches can, where feasible, offer an alternative by mobilising private finance to support social investments (Convergence, 2024[23]), as shown in the example in Box 1.4. While private finance in health and education remains nascent, there has been an increase in the use of innovative financial instruments to unlock alternative sources of financing in these sectors. For instance, outcome-based approaches, including impact bonds and social bonds, are being used at a much higher rate in social sectors because their goal is to creative positive social outcomes, although issuances of such bonds remain stable (University of Oxford, 2026[24]; Luxembourg Green Exchange, 2025[25]). Likewise, GSSS bonds can be used strategically to increase financing for social sectors as the capital provided by GSSS bond issuances can be deployed towards greater environmental, development and social results (Dembele, Schwarz and Horrocks, 2021[20]).

Box 1.4. Private finance mobilised for mini-grid energy projects: the German development agency's mini-grid project in Uganda

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) development project for the promotion of mini grids for rural electrification (Pro Mini Grids) was designed to provide renewably sourced electricity to 40 villages in rural Uganda, where electrification rates are particularly low. The programme supported the government of Uganda in securing private investments for solar mini grids in 15 villages in the south of the country and 25 in the north of the country. As part of the business model, the project provided subsidies on capital expenditures for generation assets and support for project aggregation. In addition, technical assistance for contract preparation was also put in place to simplify and standardise the procedures and a larger ticket size was created for investors to pursue.

Investment barriers

As the GIZ programme recognises, mini-grid energy programmes can also present some challenges due to their intrinsic features. Off-grid renewables and mini-grid solutions are often too small to attract the attention of commercial investors, while their disaggregated nature and the relatively high cost of conducting due diligence can be additional barriers to investment. In addition, such programmes do not benefit from the stability of pricing structures such as net-metering or PPAs, which set the financial returns for investments in electricity generation capacity and guarantee stable returns for investors.

Financing solution

In general, mini-grid access projects rely on some form of subsidy to account for the high upfront capital cost and the low ability of consumers to pay. Under the GIZ programme, Winch Energy, the winner of the tender, was eligible to receive a subsidy of up to 80% of the total upfront capital cost, including generation and distribution infrastructure and connections, under a results-based financing approach designed to catalyse private investment. Another important feature of this approach is the bundling of several mini grids into a single contract, hence allowing for larger project sizes and economies of scale.

The initial aim of the programme was to mobilise private investment for 50-60% of the capital costs of generation, which would account for 30-40 % of total capital expenditures on the generation, distribution and connection costs. To achieve these targets, subsidies for generation capital costs were increased, leading to a final private sector contribution equivalent to around 20% of overall project capital costs, including generation, distribution, and connections.

Source: OECD (2022[26]), "OECD blended finance guidance for clean energy", https://doi.org/10.1787/596e2436-en; Pérez-López, Diego (2020[27]), *Uganda: A Bundled Approach to Mini-Grid Tendering*, https://www.get-transform.eu/wp-content/uploads/2020/12/Success-in-Rural-Electrification_Case-Study-Uganda.pdf.

Box 1.5. Mobilising private finance towards water and sanitation: the expansion of the As-Samra Wastewater Treatment Plant in Jordan

Jordan is one of the most water-scarce countries in the world. The extensive stress on its water infrastructure from scarce water resources, combined with high population growth is considered the greatest constraint on growth and development in the country. The As-Samra Wastewater Treatment Plant was initially designed to treat wastewater for the 2.3 million inhabitants of Amman and supply quality irrigation water to the surrounding region. However, due to rapid population growth and a large influx of refugees, the plant was reaching its capacity limits and needed to be expanded. A financing solution was designed to support a programme to increase its capacity to treat wastewater from Amman and Zarqa governorates, including for non-domestic use, and protect existing agriculture from the potential consequences of pollution from untreated wastewater.

Financing solution

The financing solution consists of a blended finance package that includes a funding commitment from the Millennium Challenge Corporation (MCC), created by the United States in 2004, in partnership with the Samra Wastewater Treatment Plant Company Limited (SPC), a private company that built the original plant and operates under a concession from the government of Jordan. Under this arrangement, the MCC compact (i.e. the grant agreement between MCC and the Government of Jordan) covered half the cost of construction and the SPC provided debt and equity funding to cover the remaining construction costs, project development and design, project management, and interest costs. Due to the grant nature of the MCC's investment, the expansion project was more affordable for the Jordan and financially attractive for the SPC and Jordanian banks. The public funds provided as viability gap funding within the financial package were critical to structure the deal and lower the cost of capital, which in turn improved the bankability of the project.

Results and lessons learned

As a result of the plant expansion, freshwater availability increased for approximately 375,000 households in the Zarqa governorate and neighbouring Amman, enhancing water supply services for both domestic and non-domestic uses.

This example illustrates how funding a viability gap can play a critical role in lowering the capital costs of a project and allow it to be financially viable. The blended finance approach allowed the SPC to provide the debt component of the package and decreased the costs of capital that otherwise would have made the plant expansion project too expensive for the government of Jordan.

Source: World Bank (2016[28]), *Blended Financing for the Expansion of the As-Samra Wastewater Treatment Plant in Jordan,* https://documents1.worldbank.org/curated/en/959621472041167619/pdf/107976-Jordan.pdf; MCC (2020[29]), *As-Samra Wastewater Treatment Plant Expansion Project,* As-Samra Wastewater Treatment Plant Expansion Project; (OECD, 2022[21]).

Focus on climate action

Private finance mobilisation has become a central pillar of the international climate agenda. Mobilising additional capital from a broad range of commercial actors in both developed and developing countries is critical to closing the large and persistent financing gap for climate investments, particularly investments in clean energy systems, agriculture, forestry and other land use activities as well as in climate adaptation and resilience (OECD, 2023[30]).

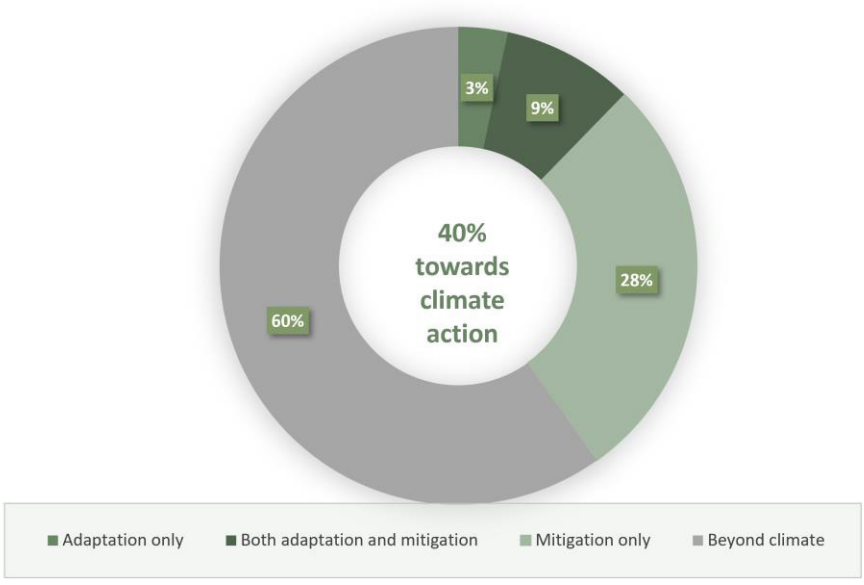
Key challenges persist, particularly for adaptation financing. Adaptation investments face distinct constraints that make mobilisation harder than mitigation investments: many adaptation needs are small ticket and geographically dispersed, revenue streams can be weak or non-commercial, outcomes are highly context specific and uncertain, benefits often accrue publicly or over long time horizons, and all of these factors raise transaction costs, complicate additionality assessment and limit private investor appetite (OECD, 2022[31]; OECD, 2023[30]; OECD, forthcoming[32]).

Roughly 40% of mobilised private finance supported climate action, with most of it directed towards mitigation

Over 2021-2024, USD 26.2 billion of mobilised private finance each year, or about 40% of the total, supported climate action (Figure 1.9). Of this amount, nearly 70% targeted mitigation-only activities, 22% supported both mitigation and adaptation, and 8% targeted adaptation-only activities. DICs were the most widely used leveraging mechanisms, representing 27% of private finance mobilised for climate action, followed by syndicated loans (23%) and guarantees (19%). This disparity highlights the challenge of attracting private investment for adaptation as compared with mitigation and points to the relevance of tailored instruments and patient, transformative interventions, such as blended finance facilities that provide support across the project lifecycle and help de-risk investments to crowd in private capital (Box 1.6).

Figure 1.9. Mobilised private finance towards different areas of climate action, 2021-2024

Percentage of total and percentage of climate action total

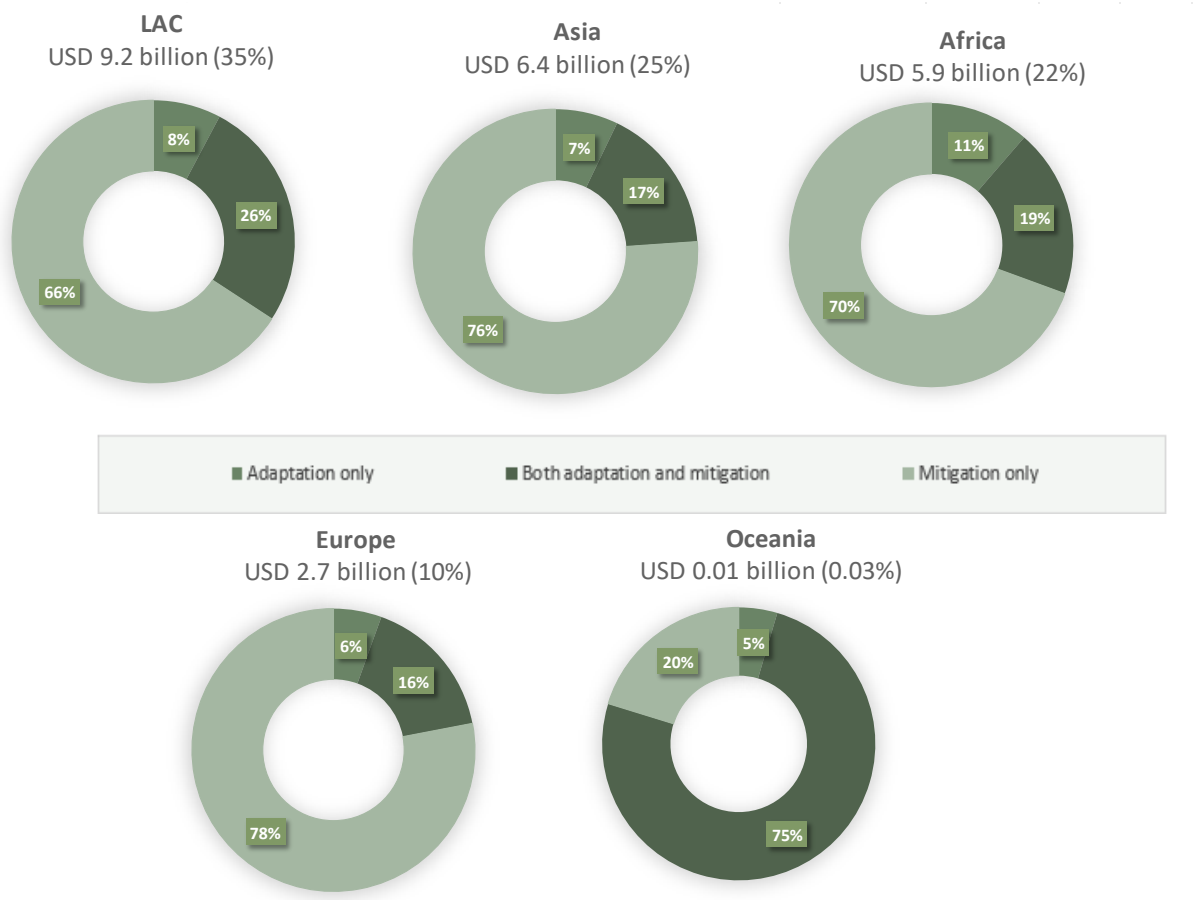


Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Mobilised private finance for climate action was distributed more evenly across the main regions than mobilised private finance as a whole. LAC was the main beneficiary region, accounting for 35%, followed by Asia (25%) and Africa (22%) of total mobilised for climate-relevant activities over 2021-2024. ODA-eligible countries in Europe benefitted from USD 2.7 billion of this finance per year on average (Figure 1.10).

Figure 1.10. Geographical distribution of mobilised private climate finance by climate action area, 2021-2024

USD billion, annual average, constant 2023 prices and percentage



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Box 1.6. Climate Investor Two

Climate Investor Two (CI2) is a blended finance facility focused on delivering sustainable infrastructure solutions in water, sanitation and ocean sectors across emerging markets. Aiming for a total fund size of USD 1 billion, CI2 had secured USD 855 million in commitments by the end of 2022 at its second financial close. Within its targeted sectors, CI2 supports a diverse range of projects including watershed protection, bulk water supply, desalination, wastewater treatment and reuse, waste-to-energy plants, green shipping and ports, and coastal ecosystem preservation, among others.

Actors involved

Climate Investor Two is backed by a consortium including FMO, SNV Netherlands Development Organisation, WWF, and Climate Fund Managers, reflecting a broad multi-stakeholder structure.

DFIs are critical at all three stages of the fund – to provide donor capital in the form of development loans for the development fund, to provide first-loss capital at the construction stage and to de-risk the refinancing fund alongside institutional investors. DFIs also often provide guidance on climate adaptation screening and monitoring.

By structuring new investable securities, the facility expands institutional investors' exposure across pre-operational, operational, and performance phases. CI2's ultimate goal is to catalyse private investment through the involvement of local financial actors.

Financial model

The facility combines funding from the public and private sectors, along with contributions from DFIs, using a co-ordinated approach in mutually beneficial and complementary ways. Public donors primarily support the early development phase of projects, which is typically too risky for private investors, while also playing a key role in drawing in private capital at the construction phase, where returns are more visible and risks better defined.

The CI2 business model provides financing across the full project lifecycle, from initial design through to construction and post-construction refinancing. To do this, it operates through three separate funds aligned with each stage: the development fund finances up to 50% of the planning and development stage of projects, including through loans and technical assistance (targeting USD 90 million); the construction equity fund covers up to 70% of the construction phase of projects through equity (targeting USD 1 billion); and the refinancing fund is intended to provide long-term senior debt once the project is fully operational (also targeting USD 1 billion).

Source: OECD (2023[33]), *Scaling Up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers*, https://doi.org/10.1787/b0878862-en; Climate Policy Initiative (2025[34]), *Climate Investor Two (web page)*, https://www.climatepolicyinitiative.org/gca-africa-adaptation-finance/case_studies/climate-investor-two-2/; Climate Fund Managers (n.d.[35]), *Funds: Climate Investor Two (CI2)*, https://climatefundmanagers.com/funds/#ci2; United Nations (n.d.[36]), *Dutch Fund for Climate and Development – Climate Investor 2*, https://sdgs.un.org/partnerships/dutch-fund-climate-and-development-climate-investor-2.

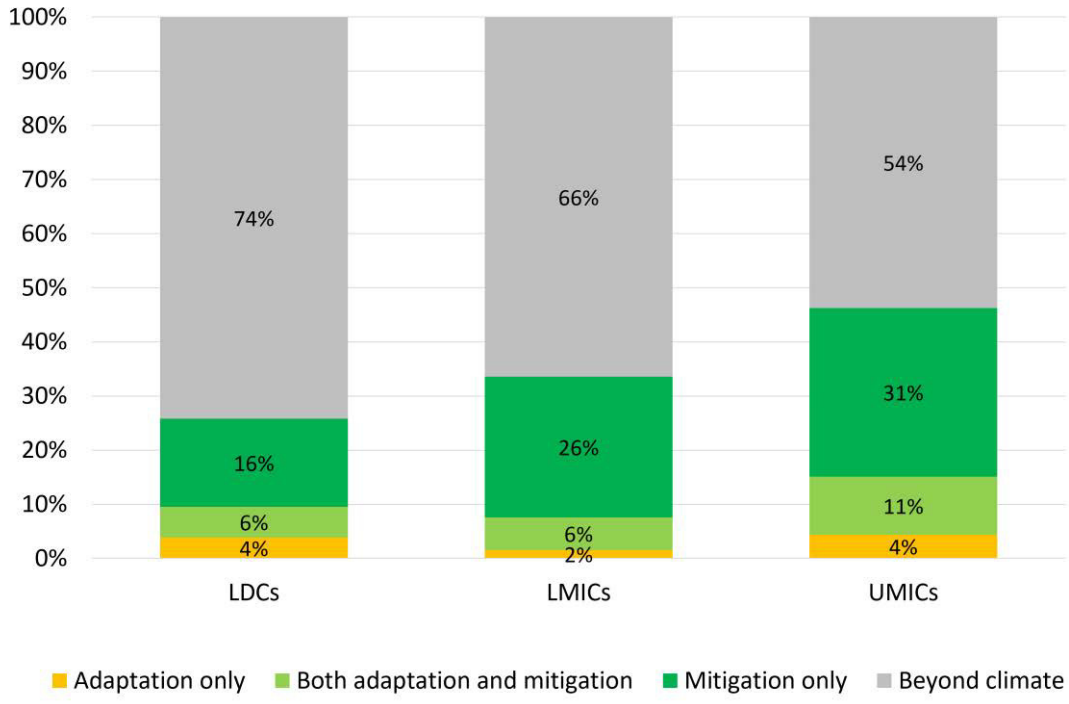
Upper middle-income countries were the largest beneficiaries of mobilised private climate finance

UMICs were the main beneficiaries of mobilised private climate finance over 2021-2024, receiving 46% of the total private finance mobilised for climate action. Within this recipient group, most of mobilised private finance for climate action targeted mitigation projects and only 4% targeted adaptation exclusively. The next-largest beneficiaries of climate finance mobilised for climate were LMICs (32%), with only 26% of their

total mobilisation targeting mitigation-only projects (Figure 1.11). This breakdown underscores the persistent financing gap for adaptation, which was particularly significant in lower-income and more vulnerable countries with limited private sector incentives and structural constraints such as weaker domestic capacities, higher perceived risks and debt sustainability challenges. These findings suggest that blended finance approaches need to better align with the country context so that instruments and risk mitigation instruments are suited to the specific needs of adaptation finance.

Figure 1.11. Mobilised private finance for climate action, by focus and recipient country income group, 2021-2024

Percentage of the total for the income group



Source: OECD (2024[37]), *Climate and development finance FAQ*, https://www.oecd.org/en/data/insights/data-explainers/2024/12/climate-and-development-finance-faq.html#CDF2; OECD (2026[1]), *OECD Data Explorer CRS – Private: Mobilised private finance for development*, http://data-explorer.oecd.org/s/n2; OECD (2024[37]), OECD Dashboard on Private Finance Mobilisation.

Note: OECD DAC statistics on mobilisation also constitute the main source of data for the OECD monitoring of progress towards the United Nations Framework Convention on Climate Change (UNFCCC) USD 100 billion goal. However, figures for mobilised private finance used in this context differ from those presented in DAC statistical outputs such as this report. The main reason is that figures for private climate finance mobilised by multilateral organisations included for monitoring the USD 100 billion goal only include the share of mobilisation and outflows from multilateral organisations that can be attributed to developed countries. As a result, figures presented in this report should not be compared directly with climate finance aggregates presented in the context of OECD tracking of the UNFCCC climate goal.

OECD data remain key to tracking and monitoring progress towards the USD 100 billion climate finance goal …

Since 2015, at the request of donor countries, the OECD has been tracking progress towards the USD 100 billion annual climate finance goal, initially set to be achieved by 2020 and now prolonged to 2025. The most recent assessment, published in 2024 and covering data up to 2022, confirms that the goal was met for the first time in 2022, with USD 115.9 billion provided and mobilised for climate action (OECD, 2024[38]).

These assessments offer a disaggregated analysis of climate finance flows by climate objective, financial instrument, leveraging mechanism and recipient geography.

It is important to note that the methodology used for tracking progress towards the USD 100 billion climate goal only includes the share of mobilisation and outflows from multilateral organisations that can be attributed to developed countries (see also the explanatory note to Figure 1.11), and the figures produced in this context hence differ from the figures presented in this report. However, the trends identified are consistent with the findings presented in this report, with mobilised private climate finance predominantly targeting mitigation activities, accounting for over 95% of the total between 2016 and 2023, and largely directed to UMICs. Mobilised private climate finance also followed an upward trend in recent years, but its overall volume remains modest. Continued efforts are required to increase the effectiveness of public finance in mobilising private finance (OECD, 2023[30]).

The New Collective Quantified Goal (NCQG) on climate finance, agreed at COP29 in 2024 for the period 2026-2035, provides a broader and more ambitious framework relative to the previous climate finance goal, both in scale and scope. It includes both a goal to mobilise USD 300 billion annually by 2035 and an overarching call to scale up total climate finance to USD 1.3 trillion per year by the same year. As highlighted in analysis by the OECD-IEA Climate Change Expert Group, even though further clarification is needed regarding the scope and interaction of these two quantitative elements, the NCQG decision nonetheless sends a strong signal (Falduto and Jachnik, 2025[39]): it creates new entry points and incentives for scaling up the mobilisation of private finance through targeted public finance interventions as well as the catalysation of larger levels of private finance through public policy interventions and enabling public policy frameworks.

… as well as towards financial and technical assistance for industry decarbonisation

Mobilising finance and investment for industry decarbonisation in EMDEs is crucial to support industrial transformation towards a net-zero pathway. The industry sector accounts for as much as 40% of total energy-related global carbon dioxide (CO_2) emissions, with three subsectors – steel, cement and chemicals – forming the bulk of these emissions (Climate Club, 2023[40]).

In the context of the Climate Club[5], the OECD published the first-ever mapping of financial and technical assistance for industry decarbonisation in EMDEs (OECD/Climate Club, 2024[41]). Using OECD data on mitigation-related development finance (public bilateral and multilateral and private finance mobilised) for the steel, cement and chemical sectors, the mapping report provides an overview of trends in support towards industry decarbonisation in these contexts. The initial edition highlighted the relatively limited level of support directed towards industry, noting that industry decarbonisation in EMDEs has so far received insufficient financial and technical assistance. Building on these findings, the global pledge on Scaling International Assistance for Industry Decarbonisation was launched at COP29 (Climate Club, 2024[42]). In this joint commitment, Canada, Germany, the United Kingdom and the Climate Investment Funds (CIF) pledge to scale industry decarbonisation support to USD 1.3 billion, catalyse additional pledges from governments and philanthropies, and mobilise investments from the private sector in the lead-up to COP30.

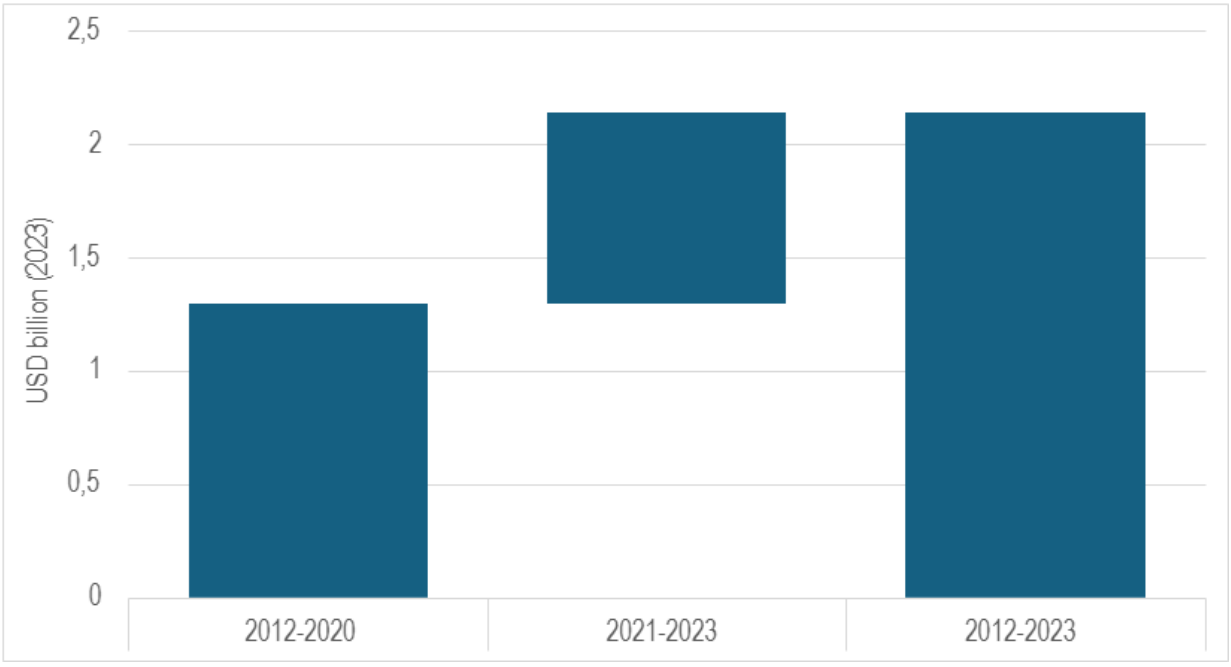
To support the implementation of this global pledge, the mapping has been updated to monitor progress and identify new trends in international assistance for industry decarbonisation in EMDEs (OECD, 2026[43])[6]. The update covers the period of 2012-2023 and confirms that financial and technical assistance for industry decarbonisation in EMDEs remains insufficient for the sector to be aligned with a net-zero pathway. It also shows that only USD 2 billion was mobilised for mitigation-related activities pertaining to the steel, cement and chemical sectors (Figure 1.12).

Even so, financial assistance for industry decarbonisation has increased remarkably in recent years. The 2026 update of the mapping shows that total mitigation-related private finance mobilised since 2012

(cumulative amount since 2012) has increased by two thirds in just three years (2021-2023). However, the increase does not reflect a structural shift in support for industry decarbonisation. Rather, it was primarily driven by the overall rise in ODA as well as the increasing share of mitigation-related flows observed during this period. Therefore, channelling industry development finance towards further mitigation-related activities will be crucial to sustaining the efforts observed in recent years despite the challenging ODA outlook.

Figure 1.12. Mitigation-related mobilised private finance for the steel, cement and chemical sectors

USD billion, cumulative amounts, 2023 constant prices

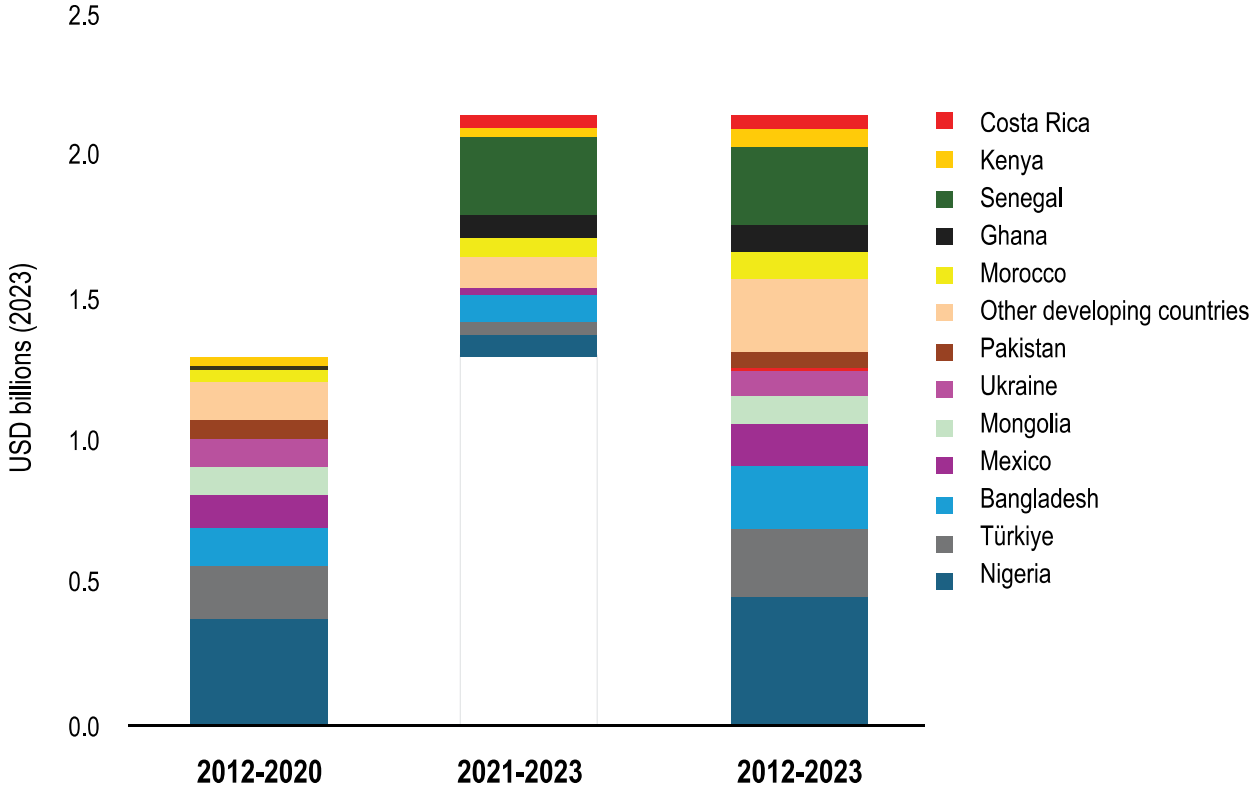


Source: OECD (2026[43]), *Mapping financial and technical assistance for industry decarbonisation in emerging markets and developing economies in 2000-2023: Sustaining the momentum*, https://doi.org/10.1787/2344cee3-en; OECD (2026[1]), *OECD Data Explorer CRS – Private: Mobilised private finance for development*, http://data-explorer.oecd.org/s/n2; OECD Dashboard on Private Finance Mobilisation.
Note: The period 2012-2020 was the period analysed in the first edition of the mapping. The period 2021-2023 includes new added data available from the OECD DAC Creditor Reporting System (CRS) database since the first edition of the mapping.

In terms of recipients of private sector finance for climate action, there is room to target additional countries, especially in regions that face the unique challenge of growing their economies while decarbonising their industry. Between 2012 and 2023, Nigeria received the largest share of the cumulated amount mobilised (roughly 20%) followed by Senegal (13%), Türkiye (approximately 10%), Bangladesh (10%) and Mexico (7%) (Figure 1.13). At the same time, there has been a notable recent shift in focus towards the Africa region, which received 70% of the total private finance mobilised for mitigation between 2021 and 2023. However, the most-targeted recipients do not include major steel, cement and chemical manufacturing countries such as those in Southeast Asia). Consequently, there is still considerable space to increase the impact of mobilised private finance on global emissions reduction for these sectors.

Figure 1.13. Mitigation-related mobilised private finance for the steel, cement and chemical sectors, by recipient countries

USD billion, cumulative amounts, 2023 constant prices



Source: OECD (2026[43]), *Mapping financial and technical assistance for industry decarbonisation in emerging markets and developing economies in 2000-2023: Sustaining the momentum*, https://doi.org/10.1787/2344cee3-en; OECD (2026[1]), *OECD Data Explorer CRS – Private: Mobilised private finance for development*, http://data-explorer.oecd.org/s/n2; OECD Dashboard on Private Finance Mobilisation.
Note: The period 2012-2020 was the period analysed in the first edition of the mapping. The period 2021-2023 includes new added data available from the OECD DAC Creditor Reporting System (CRS) database since the first edition of the mapping.

Finally, regarding impacts on CO_2 emissions reductions, it is important to note that the mobilised support recorded has increasingly targeted industrial projects, with growing attention to the integration of disruptive technologies. Previously, recipient projects largely focused on incremental emissions reductions rather than on disruptive approaches, and most of the assistance provided was aimed at improving energy efficiency, circular economy approaches and waste management. Since 2022, however, emerging trends indicate a growing emphasis on projects involving deep decarbonisation technologies such as clean hydrogen. This apparent shift has the potential to amplify the impact of the private finance mobilised for industry decarbonisation on CO_2 emissions reductions.

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Notes

[1] PSIs are financial instruments extended by DFIs and similar vehicles established by donors to build markets in developing countries and invest in private sector activities to support the countries' economic development and welfare. These instruments include loans to the private sector, equity investments, mezzanine finance instruments, reimbursable grants and guarantees. For further detail, see https://one.oecd.org/document/DCD/DAC/STAT(2024)15/en/pdf.

[2] Mobilisation activities refer to a broader range of development finance interventions that unlock and channel commercial finance towards sustainable development objectives in developing countries.

[3] This represents nearly 90% of country-allocable mobilised private finance (i.e. excluding amounts not assigned to individual countries that accounted for over 23% of total mobilised private finance in 2021-2024).

[4] Fragile contexts present a combination of exposure to risk and insufficient resilience of a state, system and/or community to manage, absorb or mitigate those risks, according to OECD definitions and analysis. For further discussion, see https://doi.org/10.1787/81982370-en.

[5] The Climate Club is an inclusive high-level forum for industry decarbonisation with a total membership of 46 economies, as of October 2025.

[6] Note that figures in this subsection use cumulative amounts – not annual amounts as the rest of the report – between 2012 and 2023.

2 The private finance mobilisation ecosystem: actors and leveraging mechanisms

Leading providers

MDBs are leading actors

MDBs are key players. They accounted for the largest share of private finance mobilisation (71%) over 2021-2024, reflecting their scale, mandates and risk-bearing capacity (Figure 2.1). Bilateral providers played an important role, too, notably through their DFIs.

Figure 2.1. Private finance mobilised by DFIs, 2021-2024

Percentage of total (annual average)

Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Among MDBs, the International Finance Corporation (IFC) played a leading role, mobilising USD 20.6 billion per year on average over 2021-2024 or 41% of all private finance mobilised by multilateral organisations. As shown in Figure 2.2, the next-largest volumes were mobilised by European Union (EU) institutions; the Multilateral Investment Guarantee Agency (MIGA); IDB Invest, the private sector arm of the Inter-American Development Bank (IDB) Group; the African Development Bank (AfDB); and the European Bank for Reconstruction and Development (EBRD).

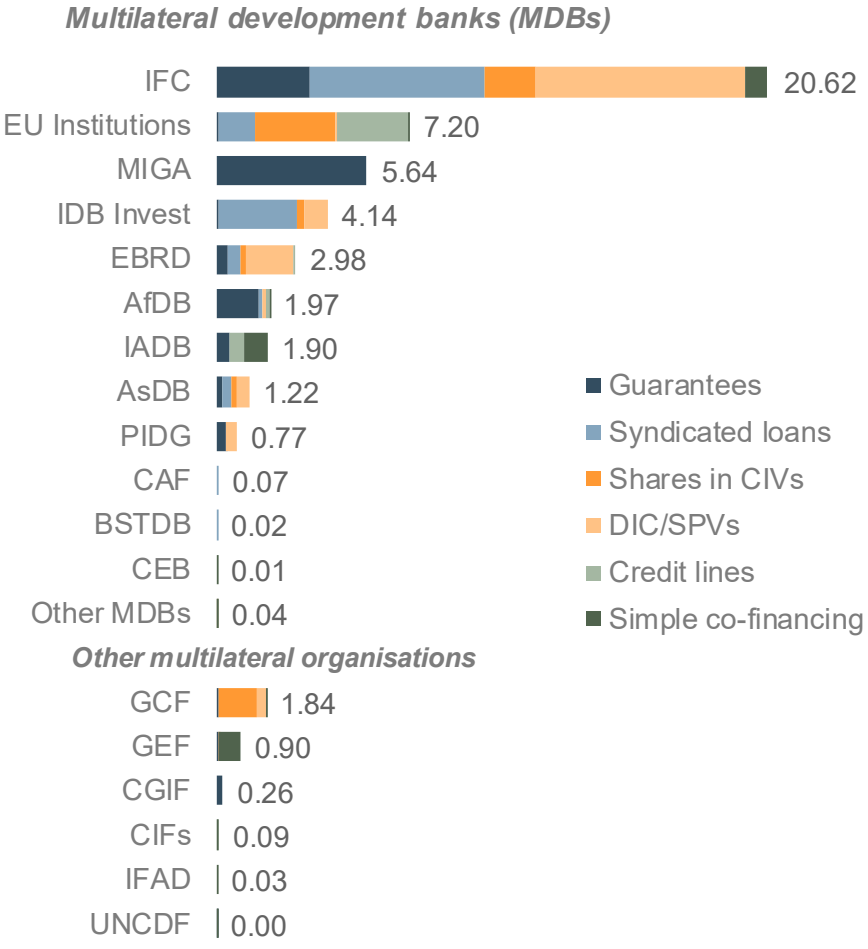
Other multilateral institutions, including multilateral and climate funds, also contributed meaningfully to private finance mobilisation although on a smaller scale. In particular, the Green Climate Fund (GCF) mobilised an average of USD 1.8 billion from the private sector and the Global Environment Facility (GEF) mobilised approximately USD 0.9 billion, highlighting the growing albeit still limited role of dedicated climate funds in crowding in private capital.

Guarantees were the primary leveraging mechanism used by MDBs, followed by syndicated loans and DICs (Figure 2.2). Other multilateral institutions relied on more differentiated approaches: the GCF mobilised private finance predominantly through equity shares in CIVs, whereas the GEF primarily

leveraged private capital through co-financing arrangements, reflecting differences in their mandates, risk appetite and operational models.

Figure 2.2. Mobilised private finance by multilateral development finance providers, 2021-2024

USD billion, annual average, constant 2023 prices



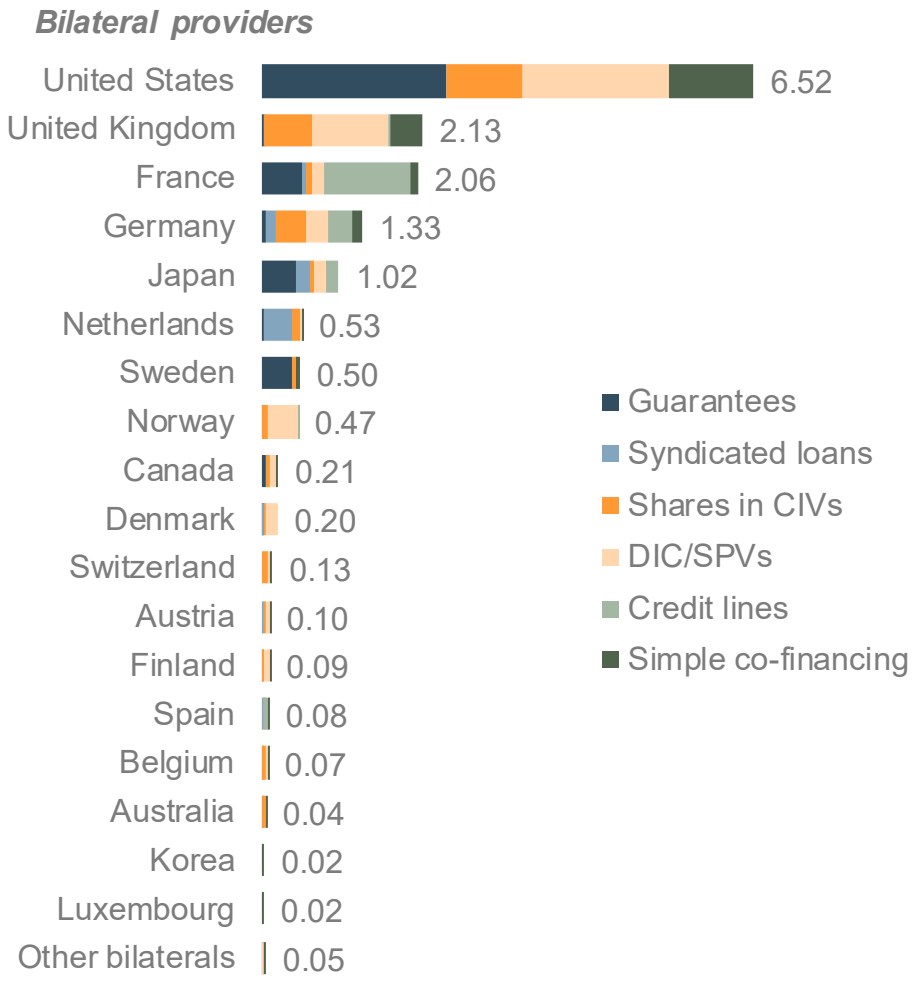
Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.
Note: AsDB = Asian Development Bank, IBRD = International Bank for Reconstruction and Development, CAF = Development Bank of Latin America and the Caribbean, CEB = Council of Europe Development Bank, BSTDB = Black Sea Trade and Development Bank, CGIF = Credit Guarantee and Investment Facility, CIFs = Climate Investment Fund, IFAD = International Fund for Agricultural Development, UNCDF = United Nations Capital Development Fund.

Bilateral providers remain key actors in the mobilisation landscape

Among the bilateral providers, the United States was by far the largest provider of private finance mobilised over 2021-2024, accounting for USD 6.5 billion on average per year or 42% of the total mobilised by bilateral providers, followed by the United Kingdom, France, Germany and Japan (Figure 2.3). DICs were the principal leveraging mechanism used by bilateral providers during this period, accounting for 29% of their total mobilisation, followed by guarantees (25%).

Figure 2.3. Mobilised private finance by bilateral development finance providers, 2021-2024

USD billion, annual average, constant 2023 prices



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.

Bilateral DFIs are also critical players in scaling up private finance mobilisation efforts. Between 2021 and 2024, these DFIs mobilised a cumulative total of USD 42.8 billion, with annual mobilisation increasing from USD 9.2 billion in 2021 to USD 12.2 billion in 2024.

The US International Development Finance Corporation (DFC), Proparco and BII – were the top three largest DFI providers over the 2021-2024 period. The DFC was the single largest mobiliser with USD 5.41 billion mobilised per year on average, Proparco second with USD 1.71 billion and BII with USD 1.40 billion. Other DFI members mobilised substantial volumes, among them FMO (USD 0.53 billion per year on average) and DEG about USD 0.71 billion.

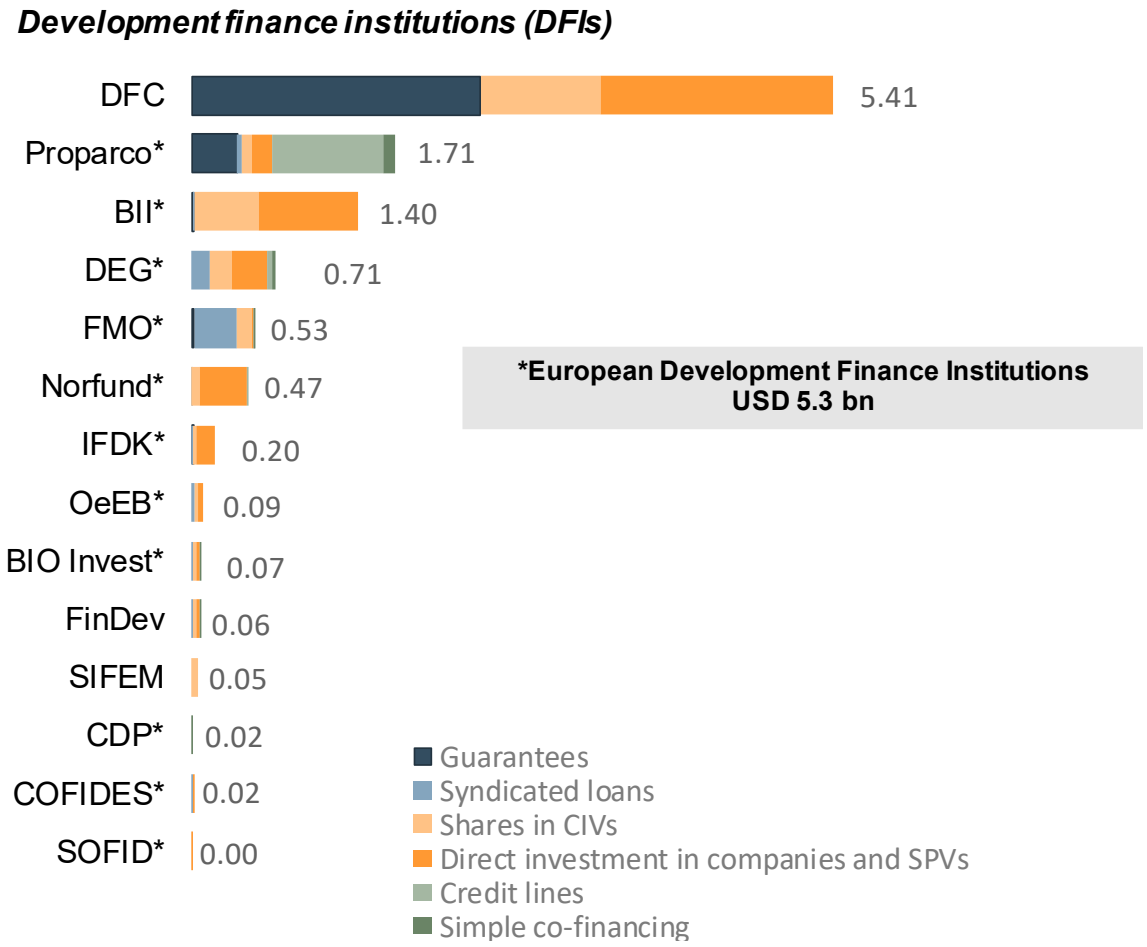
In terms of leveraging mechanism used, DFC relied heavily on guarantees – averaging about USD 2.44 billion per year – and direct investments. Proparco made greater use of credit lines (USD 0.94 billion), and BII focused on shares in CIVs and direct investments (about USD 0.54 billion and USD 0.83 billion, respectively), indicating its emphasis on direct equity financing. DEG's profile highlights a more diversified mix of leveraging mechanism instruments; FMO mobilisation of private finance notably focused on syndicated loans (about USD 0.36 billion annually).

These patterns reflect the significant diversity of institutional specialisations, helping to illustrate how different mobilisation approaches can succeed, while collectively enabling DFIs to engage a broader range of private investors and market segments.

Figure 2.3 and Figure 2.4 also reflect the diverse abilities of bilateral development finance providers in terms of private finance mobilised over 2021-2024. The data show the different institutional capacities and technical knowledge that exist within bilateral development agencies, including national DFIs, to use the toolkit of mobilisation instruments. For instance, the United States, Sweden and Denmark deploy guarantees to a much greater degree than other donors that rely on other leveraging mechanisms.

Figure 2.4. Mobilised private finance by development finance institutions, 2021-2024

USD billion, annual average, constant 2023 prices



Source: OECD (2026[1]), OECD Dashboard on Private Finance Mobilisation.
Note: DFC = US International Development Finance Corporation, BII = British International Investment, DEG = German Investment Corporation, FMO = Dutch Entrepreneurial Development Bank, Norfund = Norwegian Investment Fund for Developing Countries, IFDK = Impact Fund Denmark, OeEB = Development Bank of Austria, BIO Invest = Belgian Investment Company for Developing Countries, FinDev = Development Finance Institute Canada, SIFEM = Swiss Investment Fund for Emerging Markets; CDP = Italian Financial Institution for Development Cooperation, COFIDES = Spanish Development Finance Company, SOFID = Portuguese Development Finance Institution.

Differences in capacity across bilateral and multilateral providers highlight opportunities for greater co-ordination

The data show that bilateral and multilateral development finance providers have different capacities in mobilising private finance. Several factors in the structure of the international development finance architecture explain these differences. For instance, the activities and funding base of multilateral providers are shaped by the contributions that their shareholders, including bilateral DAC and non-DAC providers, make to the multilateral system to ensure that the architecture is able to respond to global development challenges and deliver on its mandate (OECD, 2024[2]). In addition, these multilateral institutions, including global funds and MDBs, have specific in-house technical expertise on the mechanisms and innovative approaches to private finance mobilisation across different contexts. An example is the World Bank's IFC-MIGA Private Sector Window, which aims to unlock sustainable private sector investments through its Risk Mitigation, MIGA Guarantee, Local Currency and Blended Finance facilities (World Bank, 2017[3]). These factors positively impact the capacity of multilateral actors to mobilise private finance. Bilateral providers, by contrast, tend to operate with a different, more limited funding base and in specific sectors and contexts depending on national priorities and technical expertise. The differences underscore the need and potential for further co-operation between the multilateral and bilateral development co-operation providers to jointly meet the objectives of the mobilisation agenda.

Philanthropic foundations can support private finance mobilisation

Philanthropic foundations are another key category of actors in private finance mobilisation, leveraging their role as intermediaries, investors and grant makers to mobilise additional resources. They can employ diverse financial mechanisms to deploy their philanthropic capital towards their endowment to advance environmental, social and governance goals, including as intermediaries (OECD, 2021[4]). As grant makers and intermediaries, foundations also can support an enabling environment that facilitates responsible investing as well as organisations that connect investors from the private, philanthropic and public sectors (Schroeder et al., 2023[5]).

Evidence shows that philanthropic foundations are already engaging in multistakeholder collaboration and are well positioned to expand their efforts to unlock private capital at scale. They de-risk transactions, increasingly support underfunded priority areas that are critical for development, fund early-stage initiatives, and co-invest with DFIs and MDBs to attract private investment (Convergence, 2025[6]). Although philanthropic contributions cannot match the scale of investment provided by DAC donors and development banks, they nonetheless play a crucial role in mobilising additional resources, addressing funding gaps in priority areas and taking on higher-risk investments that larger institutional actors may avoid.

In a pivotal step, the FFD4 explicitly called on philanthropic actors to step forward not only as funders but also as strategic partners, serving as a bridge between the public and private sectors and helping to unlock sustainable investment at scale (UN, 2025[7]). This created momentum for philanthropic actors to engage in catalytic capital initiatives via public-private-philanthropic partnerships, deepen collaboration, participate in structured dialogue with bilateral and multilateral donors, and recommit to mobilising additional capital in LICs via blended finance (OECD, 2025[8]).

Leveraging mechanisms currently captured in DAC statistics

Current leveraging mechanisms

Over 2021-2024, DICs and guarantees were the main leveraging mechanisms, each accounting for 25% of the mobilised finance, followed by syndicated loans (20%), shares in CIVs (15%), credit lines (9%) and simple co-financing (7%).

Credit lines and simple co-financing mobilised the least among leveraging mechanisms, although they offer other opportunities in this area. Credit lines can reach and build capacity in local international finance institutions (IFIs) and support access to finance for SMEs (OECD, 2023[9]), thus allowing these local actors to mobilise domestic private capital (Horrocks et al., 2025[10]).

The data also show that several official providers have strengthened their use of leveraging mechanisms by experimenting with new approaches towards the mobilisation of private capital. These emerging mechanisms include bond issuances specifically designed to attract private capital into their balance sheets as well as extended guarantee programmes and the capitalisation of blended finance funds and facilities (including structured funds).

Focus on guarantee programmes

Guarantees have emerged as one of the most efficient financial instruments from a cost, capital efficiency and mobilisation standpoint considering their high leveraging impact. Private finance mobilised in 2021-2024 via guarantees reached USD 22.4 billion, or almost 30% of the total mobilised private finance. Guarantees have several benefits as a blended finance instrument. They do not require an immediate outflow of funds from donors and are particularly useful for optimising budgets for development while allowing guarantors to leverage their balance sheets more efficiently. In addition, their flexible nature uniquely allows them to mitigate commercial, credit and political risks, and they can bring financial additionality by changing the risk-return profile of investments and alleviating credit restrictions for underserved borrowers (Garbacz, Vilalta and Moller, 2021[11]).

Interest in using guarantees as a risk mitigation instrument to mobilise private finance has increased since 2021. New guarantee institutions like the Green Guarantee Company have been established, and new platforms have emerged to provide and set up innovative guarantee schemes. Several bilateral donors have also established joint guarantee programmes: an example is the Investment Mobilisation Collaboration Alliance, which intends to expand the use of guarantees to mobilise additional private capital (Ministry of Foreign Affairs of Denmark, 2024[12]). Another key step is the recent DAC reform on PSI, aimed at encouraging donors' participation in and use of this tool (Box 2.2). Climate Investor II, discussed in Box 6 in Chapter 1, also illustrates how joint guarantee programmes can unlock lending to underserved market segments while mobilising additional capital.

However, despite these positive developments and increasing interest, guarantees remain underutilised, in part because of several regulatory constraints. These are particularly prominent in more sensitive and higher-risk environments such as LICs and fragile and conflict-affected contexts (Basile and Neunuebel, 2019[13]). Strict eligibility criteria also restrict their uptake, as some MDBs and DFIs cannot meet these requirements. In addition, evidence suggests that financial regulations such as Basel III and Solvency II may constrain the use of guarantees by influencing how financial institutions assess, value, and apply them, particularly in high-risk markets (Convergence, 2024[14]; OECD, 2025[15]).

These regulatory reforms aim to enhance risk management and transparency across financial institutions, for example Basel III, an international framework for banks introduced after the 2008 financial crisis to strengthen financial stability through higher capital and liquidity requirements, and Solvency II, the EU-wide framework for insurers designed to ensure financial soundness through risk-based capital, governance standards and disclosure obligations (Bank for International Settlements, 2011[85])). Under Basel lll, guarantees can be recognised as risk mitigation instruments only if strict criteria are met; some MDBs and DFIs may not qualify under these rules given factors such as lower credit ratings or specific legal structures.

Box 2.1. Strengthening financial inclusion in Rwanda: the Sida and Impact Fund Denmark Joint Guarantee Initiative

In a landmark collaboration aimed at enhancing access to finance for Rwanda's micro, small and medium-sized enterprises, the Swedish International Development Cooperation Agency (Sida) and the Impact Fund Denmark (IFDK, formerly IFU) launched complementary guarantee initiatives targeting local banks. These efforts are designed to unlock capital for underserved sectors, promote inclusive growth and support Rwanda's green transition.

Approach

Based on a market assessment exercise with the banking sector in Rwanda, Sida and the IFDK selected three banks for potential guarantees to reduce collateral requirements and provide financial institutions with the necessary confidence to reach underserved market segments, thereby lowering the barriers that prevent banks from lending to SMEs.

In 2024, the IFDK's Development Guarantee Facility issued its first African guarantee to BPR Bank Rwanda covering USD 5.6 million. This guarantee substitutes part of the collateral typically required by banks, which reduced lending risk and enabled BPR Bank to expand its SME loan portfolio. With up to 70% risk coverage, the facility is expected to unlock USD 8 million in additional capital, focusing on green investments and businesses led by women and youth.

Separately, Sida issued guarantees covering USD 3.5 million and USD 7 million, respectively, to I&M Bank and Bank of Kigali in 2023-2024. Both guarantees have the overarching aim to unlock lending to the SME sector and thus increase the sector's ability to generate employment opportunities. The guarantees have specific focus on women and youth and are expected to unlock USD 5 and USD 10 million of lending. So far, the two guarantees have been successful, with a large portion of loans targeting first-time borrowers (34% of the lending on average) and focused on women (55% of the lending on average).

Sida and the IFDK benefitted from cost-sharing a risk assessment conducted by the Swedish National Debt Office to determine the expected loss and price for the guarantees. The guarantees by Sida and IFDK are further supported by the non-profit organisation Access to Finance Rwanda (AFR) that is part of the broader Financial Sector Deepening Network in Africa. AFR provides technical assistance to banks and clients to ensure effective implementation of the guarantees and impact monitoring. This partnership exemplifies the power of public-private collaboration in addressing structural barriers to finance such as high collateral requirements, which have historically excluded many viable SMEs from formal credit markets.

Outcome

Together, Sida and the IFDK's guarantee mechanisms are not only unlocking capital but also catalysing systemic change in Rwanda's financial landscape. By enabling banks to lend more confidently to SMEs, these initiatives are intended to support entrepreneurship, job creation and sustainable development – key pillars of Rwanda's Vision 2050.

Moreover, the collaboration with Sida has provided the IFDK a newly established guarantee institution along with an invaluable opportunity to deepen its expertise and operational know-how in designing and implementing impactful financial solutions. Through close partnership, the IFDK has benefitted not only from Sida's technical guidance and rich experience in risk mitigation, but also from a hands-on learning environment that has accelerated its institutional growth and capacity to serve emerging markets. This shared journey has enabled the IFDK to refine its approach, foster innovation and build a strong foundation for future interventions, ultimately enhancing its effectiveness as a catalyst for financial inclusion.

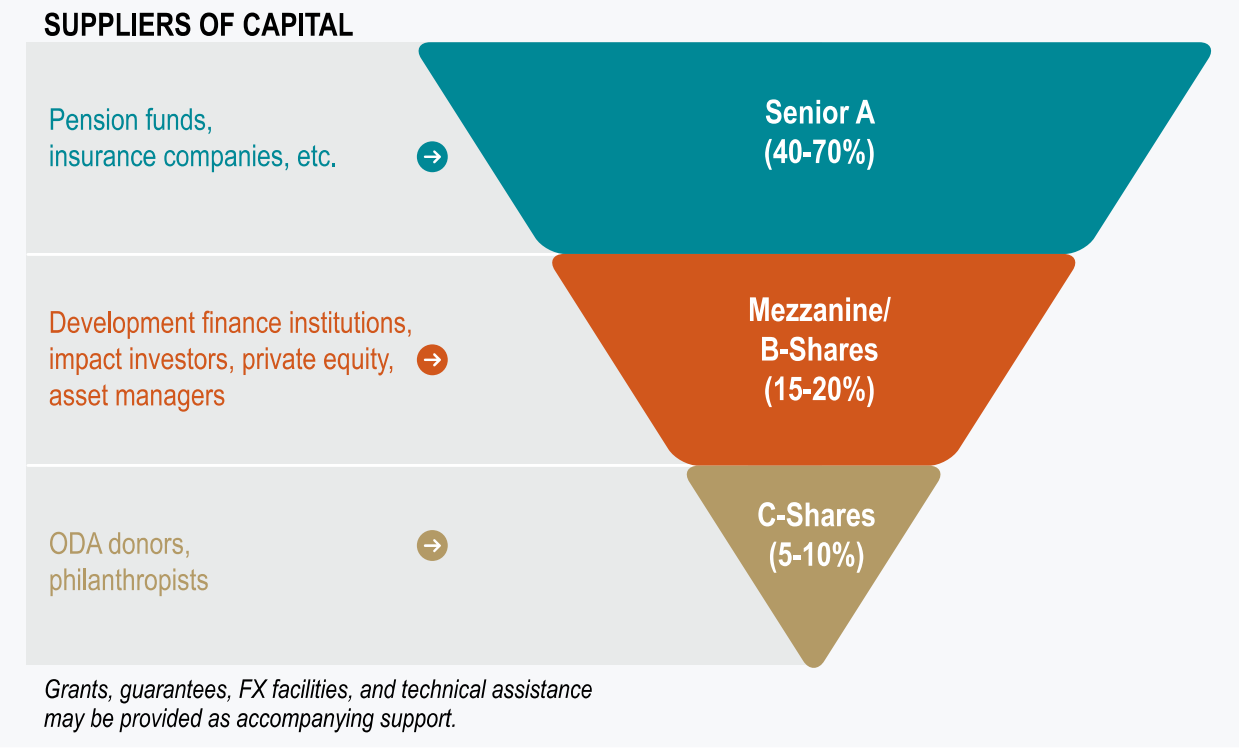
Source: Interviews with Impact Fund Denmark and Sida experts.

Focus on the capitalisation of blended finance funds and facilities

Blended finance funds are a mechanism designed to pool resources, distribute risks and address financing gaps in developing countries. These leveraging mechanisms have been shown to be well-positioned private finance mobilisation instruments both upstream in developed markets, for example when institutional investors invest in structured funds, and downstream through concrete transactions on the ground in EMDEs. While funds can be structured in different ways, for example in a flat structure where all investors share the same risk-return profile (pari passu), structured or layered funds are one that is gaining new attention. Such funds allocate risks and returns differently across different investor classes with the aim to blend development and commercial capital to mobilise additional private finance at both the fund and project level (Basile, Bellesi and Singh, 2020[16]).

Effectively structured funds incorporate layered risk mitigation mechanisms that attract diverse investors, including junior, mezzanine and senior tranches that balance risk and return preferences according to private investor risk-return preferences. Figure 2.5 illustrates the capital structure and operational flow of a typical blended finance fund. Capital is sourced from a diverse number of investors, including senior A-shares (pension funds, insurance companies); mezzanine B-shares (DFIs and mission investors); and junior C-shares (ODA donors and philanthropists), where a technical assistance facility, grants, foreign exchange (FX) facility or guarantee may also be used to further mitigate risks. Managed in-house by an MDB or DFI, or outsourced to a private fund manager, this capital is intermediated through equity loans or other instruments (senior debt, mezzanine debt, guarantees) to target investees, ensuring a dual mandate of both commercial returns and developmental impact goals.

Figure 2.5. Typical structured fund capital stack



Source: E.T. Jackson & Associates Ltd. (2016[17]), *Private Capital for Sustainable Development: Concepts, Issues and Options for Engagement in Impact Investing and Innovative Finance*, https://etjackson.com/wp-content/uploads/2019/05/2016_Private_Capital_for_Sustain_Development.pdf.

Note: Technical assistance facilities, which are not part of the capital stack in this figure, also play a critical role. Such assistance can be provided by donors, DFIs, MDBs and some philanthropists. While the structure depicted in this figure reflects cases where sub-commercial terms are needed in junior tranches to attract private capital, in fully commercial structures private investors may also hold the most junior equity-like positions. Similarly, ODA donors may not always be found in the junior tranche but rather in the mezzanine tranche. As such, the composition of each tranche varies depending on the risk-return profile of the investors and the availability of concessional capital.

Box 2.2. The Private Infrastructure Development Group's Emerging Africa and Asia Infrastructure Fund

Addressing infrastructure gaps remains a core development priority in emerging and frontier markets, particularly in sub-Saharan Africa. Mobilising private capital at scale in these contexts has proven challenging, reflecting both structural barriers and investor concerns related to long project horizons, regulatory uncertainty and high levels of perceived risk. In response, the Private Infrastructure Development Group (PIDG) established the Emerging Africa Infrastructure Fund in 2002 as a dedicated blended finance fund to unlock private investment into essential infrastructure. In 2023, the fund expanded its geographic scope to Asia and was renamed the Emerging Africa and Asia Infrastructure Fund (EAAIF).

The EAAIF is an open-ended blended finance debt fund with a simple two-tier capital structure. Donor governments – including Australia, Canada, the Netherlands, Sweden, Switzerland and the United Kingdom – help provide first-loss equity capital, which absorbs early losses and enables senior debt from private investors and DFIs (e.g. Allianz, the AfDB, the German development bank KfW, the FMO and Standard Bank) to be deployed on commercial terms. In 2024, the EAAIF received an A2 Moody's rating, improving its attractiveness to institutional investors. Notably, over USD 175 million in retained earnings from the equity tranche has been recycled, reinforcing the fund's financial sustainability.

The EAAIF has demonstrated the potential of structured blended finance funds to mobilise significant volumes of private investment in higher-risk environments. As of 2025, the fund has committed over USD 2.5 billion in long-term debt financing and catalysed more than USD 16.5 billion in additional investment across 115 infrastructure transactions spanning over 20 countries. Investments have supported access to basic services for an estimated 150 million people and generated over 24 000 sustained employment opportunities. The fund's streamlined capital structure has enabled effective alignment between donor priority areas and private investor requirements, building a replicable model for deploying concessional capital efficiently while maintaining financial discipline and developmental impact.

Source: Technical consultations with PIDG experts; OECD (2025[18]), "The Emerging Africa and Asia Infrastructure Fund", https://www.oecd.org/en/publications/blended-finance-case-studies_2fb90b9a-en/the-emerging-africa-and-asia-infrastructure-fund_ec4efebd-en.html.

Recent evidence suggests that structured funds continue to face challenges in mobilising private finance from institutional investors, who hold the vast majority yet largely untapped pools of global capital. Responses to the OECD Blended Finance Funds and Facilities 2020 survey indicated commercial asset manager and private capital are only making up 6% of total capital in CIVs (Dembele et al., 2022[19]). The DFI Working Group on Blended Concessional Finance for Private Sector Projects Joint Report noted similar findings: 42% of total blended finance deployed by DFIs as of 2021 was allocated to senior debt, the least effective instrument for mobilising private capital, while only 11% was allocated to subordinated debt (AfDB, AsDB, AIIB, EBRD, 2023[20]). To more effectively unlock institutional capital at scale, donors must play a more catalytic role by assuming more subordinated positions in junior traches; deploy more risk mitigation instruments such as guarantees, foreign exchange facilities and capital recycling

instruments; and support the creation of investable pipelines that meet institutional investors' requirements for scale, liquidity and creditworthiness. Strengthening the creditworthiness of underlying assets and portfolios is particularly critical, as institutional investors are highly dependent on credit quality, predictable cash flows and credible risk profiles when allocating capital at scale, making it a critical component of whether structured funds are deemed investable. Efforts should also be made to standardise fund structures and legal documentation to help reduce transaction costs and increase replicability.

Box 2.3. Private sector instruments for development

The role of PSI in leveraging private finance for development

To leverage the potential of the private sector to shift investments for sustainable development from billions to trillions, donor governments have created PSI vehicles to extend PSI in developing countries. Such PSI vehicles encompass DFIs, expert-managed vehicles and programmes managed by development agencies. PSI include loans to the private sector, equity investments, mezzanine finance instruments, guarantees and reimbursable grants. Since they invest in private sector activities, PSI are key financial instruments for building markets and supporting economic development and welfare in developing countries. These instruments also play a key role in mobilising finance for development projects.

The accounting of PSI in ODA

Prior to the ODA modernisation, most PSI deployed by bilateral DFIs and PSI vehicles other than equities had been out of scope of ODA. In 2016, the DAC adopted principles for integrating PSI in the modernised ODA measure, with provisional methods agreed in 2018. In October 2023, the DAC approved the revised methods for reporting PSI in ODA, hence incentivising support to the private sector of developing countries. The methodological package outlines approaches for ODA accounting by instrument. It also incorporates safeguards to uphold the integrity of ODA along with mechanisms for monitoring and review. A central safeguard for accounting PSI in ODA is the ODA-eligibility assessment of members' PSI vehicles. Furthermore, additionality is a core ODA-eligibility criterion of PSI.

Additionality, a key safeguard for counting PSI in ODA

For a PSI activity to be ODA eligible, it must be additional financially or in value on top of its development additionality. PSI vehicles using public money to leverage private capital must provide clear evidence of additionality (OECD DAC, 2024[21]). This is the case, for example, for investments that help attract private financiers through de-risking mechanisms or that facilitate the purchase of shares by third parties. OECD DAC (2024[21]) statistics distinguish between three types of additionality – financial additionality, value additionality and development additionality.

A PSI activity conveys:

- financial additionality in cases where private sector partners are unable to obtain financing from capital markets (local or international) for a specific activity at the necessary terms and/or scale, or where it mobilises finance from the private sector that would otherwise not have been invested
- value additionality in cases where the official sector provides or mobilises, alongside its investment, non-financial value (e.g. board participation or technical assistance) to private sector partners that the capital markets would not offer and that will lead to better development outcomes
- development additionality if it is intended to deliver development impact that would not have occurred without the partnership between the official and the private sector.

Financial and value additionality seek to avoid market distortions and are assessed at deal level by PSI vehicles using additionality frameworks, checklists, and country, sector and market models, among other things. Development additionality is generally assessed as part of an impact assessment. The revised reporting methods specify that information reported by DAC members on additionality in the OECD CRS is subject to special scrutiny by the Secretariat.

Source: OECD DAC (2024[21]), *Handbook on Private Sectors Instruments: Guidance for Reporting Private Sector Instruments in CRS*, https://one.oecd.org/document/DCD/DAC/STAT(2024)15/en/pdf.

Innovative approaches to private finance mobilisation

The recent call from Publish What You Fund (2024[22]) to harmonise and improve metrics on mobilised private finance has reinforced the need to enhance the measurement and reporting on mobilisation.

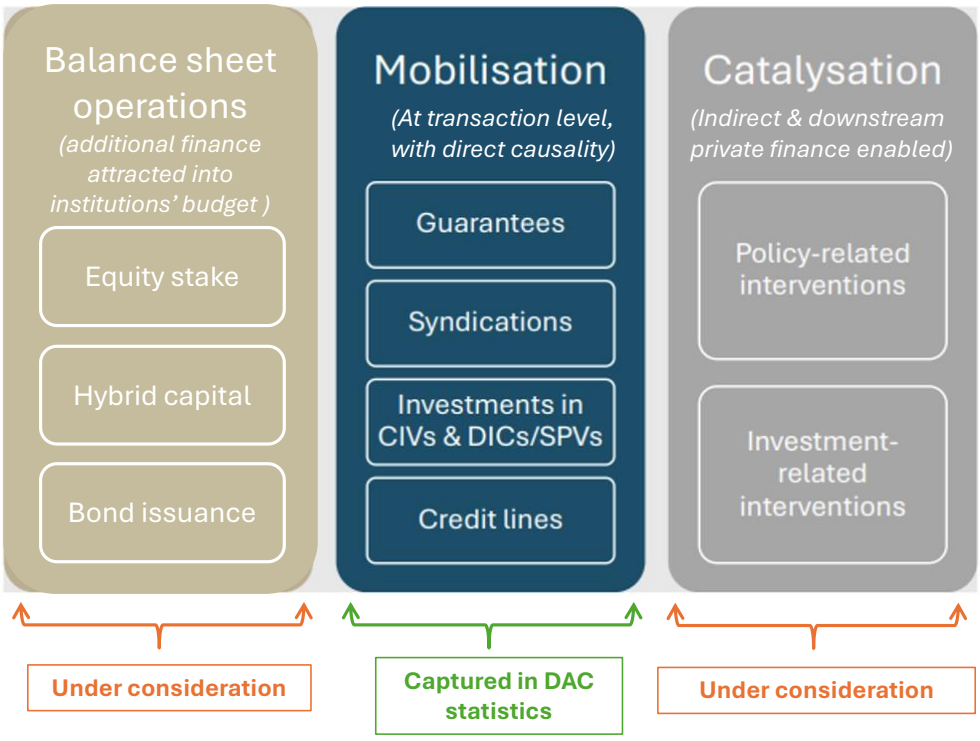
In this context, the OECD DAC has implemented a workplan to enhance the current measurement and reporting on mobilisation in its statistics on development finance (OECD DAC, 2024[23]) including through more harmonised metrics on mobilisation. It is also reflecting on emerging approaches for capturing innovative instruments for mobilisation, such as portfolio mobilisation and hedging, as well as on broader baskets of mobilisation such as generation (referring to balance-sheet operations) and catalysation. Importantly, much of the conceptual development and methodological testing of these emerging approaches is being carried out in close collaboration with the MDB community through the joint MDB-OECD DAC Working Group on Mobilisation to avoid early divergences as progress is made across both systems. This collaborative process ensures that early-stage methodological proposals evolve under shared principles and conceptual frameworks across institutions.

Mobilised private finance, as currently defined under DAC statistical standards, remains the core metric and an internationally recognised benchmark grounded in clear causality principles and fair pro-rated attribution, meaning the role played by all official actors involved, including recipient countries' governments, is considered.

It is important to highlight that the new approaches (portfolio mobilisation and generation and catalysation) remain exploratory and complementary to DAC statistics on mobilised private finance. They are not included in the core mobilisation figures presented in this report and should not be aggregated with these. They are presented to improve understanding of how public finance may support or enable private investment beyond transaction-level mobilisation.

Quantifying these concepts poses several methodological challenges and exploratory work requires continued technical testing, careful methodological development and close consultation with stakeholders to ensure that transparency, conservatism and statistical integrity remain central to the evolution of the mobilisation framework.

Figure 2.6. Broadening the scope of mobilisation interventions in OECD statistics



Note: In its current exploratory work of the broader types of mobilisation, the OECD does not consider balance-sheet operations and catalysation as covered under the definition of mobilised private finance. Should they be quantified, they would constitute new, complementary indicators that are not to be aggregated with mobilised private finance.
Source: OECD (2025[24]), "Tracking private finance mobilisation: latest trends and ways forward", https://doi.org/10.1787/8d414cdb-en.

Innovative mobilisation approaches: portfolio mobilisation and hedging

Portfolio mobilisation

Portfolio mobilisation can be defined as a separate basket of mobilisation activities covering activities through which the official provider transfers the risk to the private sector actors after the financial closure of the projects (OECD DAC, 2025[25]). This category includes specific types of interventions including investment exits, occurring through debt and equity sales, and risk transfer mechanisms such as securitisation and reinsurance of assets. For instance, in the case of sales or reinsurance of bond assets, classified as investment exits, providers transfer the credit risk from assets they hold in companies or SPVs to the private sector. In doing so, they reduce own account exposure to the extent that they increase portfolio mobilisation (British International Investment, 2024[26]).

Focus on securitisation

Securitisation is the process of turning assets – most commonly loans or bundles of loans – into tradable financial instruments such as securities. This mechanism is often used to generate liquidity or transfer risk by selling the resulting securities to private investors (Capital Adequacy Frameworks Panel, 2022[27]), which, in turn, allows the investors to manage their exposure to address regulatory constraints or adjust their own risk appetite. Through securitisation, a diversified portfolio of underlying assets is converted into securities that can be rated and traded on financial markets, in alignment with various investor risk and return profiles. Investors receive income derived from the cash flows of the original assets, while the originating entity gains access to fresh capital that can then be reinvested into new loans or projects. The

use of securitisation has increased in recent years with some multilateral and a few bilateral donors leading the way and using securitisation models to both recycle capital faster and mobilise private capital (OECD, 2025[15]).

The Group of Twenty (G20) Independent Review of the Multilateral Development Banks' Capital Adequacy Framework encouraged MDBs to use innovative structures, and several MDBs are now responding and considering or actively developing securitisation structures (Capital Adequacy Frameworks Panel, 2022[27]). Through securitisation, DFIs and MDBs can buy credit protection on a specific tranche of their loan portfolios. The resulting reduction in their risk exposure allows them to redeploy a portion of their assets into new investments, increasing their contribution to the SDGs (Eighteen East Capital and The Rockefeller Foundation, 2020[28]). In this regard, securitisation structures can play a key role in building the necessary bridge between the development finance system and capital markets. The building blocks already exist, including existing legal frameworks and financial structuring techniques that can be leveraged.

Nonetheless, the OECD is taking a cautious and evidence-based approach to measuring portfolio mobilisation activities. The OECD conducted an initial data pilot in 2025, collecting examples of such operations reported by a variety of Members, with the objective of better understanding the scale, structure and potential measurement implications of these instruments (OECD DAC, 2025[25]). Building on these initial results, the OECD is considering the possibility of tracking within the DAC framework private finance mobilisation through investment exits (debt or equity), risk transfer through securitisation, and portfolio insurance. Tracking these interventions would support the investment decisions of informed providers and improve transparency around these increasingly used portfolio-level operations. At the same time, any potential expansion of the framework would require careful implementation to ensure that portfolio-level operations remain clearly distinguished from mobilisation at the transaction level. Box 2.4 presents an illustrative example of such portfolio mobilisation operations.

Box 2.4. British International Investment's approach to portfolio mobilisation: the case of Blue Earth Capital

Exit mobilisation context

Exit mobilisation is a key tool for DFIs to transfer investment risk to private investors and free up capital for new projects. This transfer can happen through various mechanisms: it can either be done for a single asset or for pooled assets (such as via funds) and be done across debt or equity investments. Its importance lies in two main aspects. First, exit mobilisation creates capital headroom for DFIs to reinvest. Second, it enables larger-scale mobilisation by aggregating investments into structures that appeal to institutional investors. Most private investors avoid early-stage or small-ticket emerging market deals due to risk and complexity. By exiting matured or pooled investments, DFIs lower the entry barrier for private capital and help build market confidence.

Case study example

In 2024, BII undertook a secondary sale of fund stakes to Blue Earth Capital. This was BII's first pooled exit and involved the sale of partial stakes in three of its top-performing funds in Africa and Asia. The deal was structured as a pilot to demonstrate the viability of secondaries in emerging markets, where the ecosystem is still developing. BII retained positions in all three funds and continues to sit on their limited partner advisory committees, ensuring alignment and governance continuity.

For Blue Earth, the deal provided immediate exposure to a diversified, high-quality portfolio with known fund managers, reducing risk and increasing predictability. For BII, it unlocked capital to reinvest in new impact opportunities. More broadly, the transaction signals a shift in how DFIs can recycle capital while attracting private investment into emerging markets, helping build a functioning secondary market where very few such transactions exist today.

Source: Publish What You Fund (2024[29]), *Crowding In: An Advanced Approach for Measuring and Disclosing Private Capital Mobilisation*, Crowding-in-An-advanced-approach-for-measuring-and-disclosing-private-capital-mobilisation.pdf; British Internation Investment (2024[30]), "British International Investment and Blue Earth Capital complete landmark secondary transaction", https://www.bii.co.uk/en/news-insight/news/british-international-investment-and-blue-earth-capital-complete-landmark-secondary-transaction/.

Hedging

In EMDEs, foreign currency risk remains one of the most persistent structural barriers to sustainable development finance. While developing country governments, utilities and SMEs typically generate revenues in local currency, the majority of external financing continues to be denominated in hard currencies such as the US dollar or euro, creating an inherent currency mismatch that exposes borrowers to exchange rate volatility and heightens the risk of financial distress during periods of depreciation (Horrocks et al., 2025[10]). The urgency of addressing this imbalance is growing, with debt-to-gross domestic product (GDP) ratios in key emerging market sovereigns projected to rise by up to 5 percentage points between 2023 and 2030 (Bellesia and Gill, 2024[31]), which will only exacerbate the macro-financial consequences of currency shocks. Yet despite repeated calls to expand local currency solutions, including under Brazil's G20 presidency, local currency finance has historically remained a marginal component of the development finance agenda, where the bulk of MDB and DFI funding (approximately 80-90%) continues to be provided in foreign currency, leaving borrowers disproportionately exposed to foreign currency risk.

Against this backdrop, hedging mechanisms have emerged as an important blended finance tool for addressing structural currency mismatches. Rather than shifting foreign currency risk onto EMDE borrowers least able to absorb it, hedging reallocates this risk to development finance lenders including MDBs, DFIs and private sector investors with the balance sheet capacity, diversification benefits and technical expertise to manage volatility over time. In doing so, hedging solutions make it possible to expand local currency financing while preserving the hard currency funding models international lenders continue to rely on. Specialised hedging platforms have been created as an innovative solution, offering a pragmatic pathway to expand local currency financing without destabilising domestic markets. Box 2.4 illustrates this approach through the example of the Currency Exchange Fund (TCX), which demonstrates how foreign currency risk can be absorbed, pooled and managed at scale to unlock local currency lending in frontier and emerging markets.

Box 2.5. The Currency Exchange Fund

TCX was established in 2007 by a consortium of governments, DFIs, specialised microfinance investment vehicles and donors to centralise and professionally manage currency risk. It provides hedging instruments that convert hard currency lending into local currency obligations for borrowers. This allows international lenders to continue raising funds in hard currency while transferring foreign currency risk away from end-borrowers and to TCX, which absorbs and manages this risk on its own balance sheet.

With a capital base of approximately USD 1.8 billion and a balance sheet of about USD 5 billion, TCX focuses on currencies and maturities where commercial hedging markets are absent or ineffective, ensuring strong additionality and avoiding crowding out domestic providers. Its diversified portfolio across more than 70 countries, combined with prudent risk management, enables TCX to carry roughly USD 5 of gross currency exposure for every USD 1 of capital. The fund offers fixed-rate hedges with maturities of up to 25 years or longer where required and can hedge individual transactions of up to USD 200 million. TCX also progressively transfers portions of its foreign exchange exposure to private investors, helping to crowd in and mobilise private sector participants.

Malawi case study example

Founded in 2018, the company Yellow distributes solar home systems and digital services to rural households in Malawi through a decentralised network of more than 1 000 local agents using a pay-as-you-go model, enabling low-income customers to access energy with small, flexible payments. However, like many early-stage energy access companies, Yellow faced significant balance-sheet risks from US dollar-denominated financing while earning revenues in Malawian kwacha. A USD 2 million investment by Acumen's Hardest-to-Reach initiative was therefore structured as local currency-indexed financing, with foreign currency risk hedged through TCX. Crucially, TCX's partnership with the European Commission under its Pricing Facility reduced the cost of hedging by approximately 5% in Malawian kwacha, making the transaction affordable and viable. This intervention enabled Yellow to scale operations sustainably, expand inventory and reach an estimated 182 000 people with energy access, around 145 000 of whom are expected to gain electricity for the first time. Transactions such as this help demonstrate how concessional hedging mechanisms can unlock financially sustainable, locally grounded climate and energy solutions in highly vulnerable markets.

Outcome and Implications

TCX has provided hedging solutions across more than 140 frontier and emerging market currencies, enabling clients to secure over USD 10 billion in local currency financing. Its activities have supported investments across sectors including microfinance, renewable energy, housing and infrastructure and improved debt sustainability and financial resilience for borrowers. TCX also has transferred more than USD 3.5 billion in hedging transactions to private counterparties, demonstrating its role not only as a risk absorber, but also as a market enabler and catalyst for private sector participation in managing foreign currency risk in challenging markets.

Source: OECD (2025[32]), "Case Study: The Currency Exchange Fund", https://www.oecd.org/en/publications/blended-finance-case-studies_2fb90b9a-en/the-currency-exchange-fund_321fe70e-en.html; TCX Fund (n.d.[33]), *TCX - The global solution for local currency* (website), https://www.tcxfund.com/; consultations with TCX staff.

Although hedging currently represents a relatively small share of providers' reported activities, TCX is a valuable example of how hedging instruments can mobilise private finance and support the development of both onshore and offshore capital markets. However, understanding how such tools can be methodologically accounted for in terms of attribution is a complex challenge, especially when multiple actors are involved in one deal. Various approaches exist for measuring the amount of private finance mobilised from hedging – for instance, peak expected exposure estimates, expected depreciation models and capital set-aside methods – a pragmatic path forward should involve further testing through pilots and case studies, allowing providers to assess which approach best balances accuracy, credibility and reporting burden before any inclusion in DAC statistics (OECD DAC, 2026[34]).

Broader baskets of official interventions for unlocking private finance

Generation

Generation is defined as balance-sheet operations through which official institutions may attract additional capital into their budget to be used for specific development activities (OECD DAC, 2026[34]). It covers capital market and non-capital market activities (such as guarantees, bonds, equity investment, carbon credit funding, reinsurance of assets or hybrid capital) that may help enable private investment through balance-sheet operations beyond what is currently captured in DAC mobilisation statistics (OECD DAC, 2025[25]; OECD DAC, 2025[35]). Each of these activities involves private investment in official providers that ultimately improves their balance sheet and allows for greater investment mobilisation, and they represent channels through which private capital may be directed to development activities and areas that could be utilised more to increase overall capital adequacy (Publish What You Fund, 2024[22]). For example, an official provider institution can issue bonds to attract private finance in its balance sheet, which implies that it becomes a borrower and creates a liability in its balance sheet. This increases the provider's ability to indirectly expand financing options for clients (British International Investment, 2024[26]).

Focus on bond issuance

Bond issuance may help DFIs enable private investment through balance-sheet operations. As such, this type of balance-sheet operation may well be one of the most effective means of private capital mobilisation (OECD, 2023[36]). Bond issuance offers investors the means to contribute to sustainable development and benefit from the unique know-how DFIs have developed over decades.

The growing interest in innovative capital market solutions, including GSSS bonds, reinforces the attractiveness of this model. Since their use of proceeds pursue sustainable, social or environmental goals, these instruments attract a diversified and large investor base that gains reputational advantage by

demonstrating a commitment to the SDGs and climate objectives. For instance, by taking advantage of the GSSS bond market, MDBs and DFIs can raise capital effectively and engage with institutional investors that typically are attracted to sustainable bond issuances. Widening the investor base should ultimately result in increased awareness of these instruments and ultimately of GSSS bond issuances generally and in developing countries where local capital mobilisation needs to occur. Still, GSSS bonds are debt instruments at their core, and therefore it is important to consider the debt sustainability of the issuer.

The results of a recent OECD data pilots on generation, which covered balance-sheet operations in the form of equity investments, hybrid capital and bond issuances, confirmed the increasing strategic importance of these types of interventions in expanding the lending capacity of DFIs but also the methodological challenges associated with their measurement, including risks of double counting with existing mobilisation figures (OECD DAC, 2025[25]; OECD DAC, 2025[35]). Based on the data pilots and on discussions within the MDB-OECD DAC Working Group, it was decided that further work on generation should continue on an exploratory basis and clearly distinguished from the OECD DAC data collection on mobilised private finance (OECD DAC, 2026[34]).

Catalysation

Catalysation describes the indirect and downstream private investments enabled by public interventions that seek to create long-term, sustainable improvements in the investment climate of EMDEs (OECD, 2026[37]; OECD DAC, 2026[34]). The OECD working definition, which aligns with the MDB definition, treats catalytic effects as typically occurring within a general three-year window after project completion while allowing for longer horizons in nascent or frontier markets where effects take more time to materialise (OECD, 2026[37]).These types of activities typically include more systemic and upstream interventions that help build robust enabling environments, including policy reforms, as well as institutional capacity building and policy support.

Amid intensifying fiscal pressures and calls for the private sector to contribute more to development and climate finance, building robust enabling environments will be crucial. Catalytic interventions, which can range from regulatory support and policy reform to institutional capacity building and project-level support, play a critical role in building the underlying market conditions needed to attract and sustain private capital.

Catalytic interventions have long played a foundational role in shaping markets and enabling future private investment, yet they remain largely invisible in official development finance statistics, including the OECD DAC statistical framework. This data gap masks the full contribution of development finance actors, particularly in fragile and frontier contexts, and has prompted calls for clearer and more consistent identification and measurement from DAC members, MDBs and transparency advocates such as Publish What You Fund.

However, it is important to underscore that while analytical work is valuable to build a shared understanding of what private finance catalysation refers to, there is broad consensus among the OECD DAC and MDB communities that this concept must remain clearly distinct from mobilisation. Moreover, should it be quantified, catalysation must be presented as a separate indicator. This distinction is essential to maintain the statistical integrity of the core mobilisation metric and to avoid any perception that broader tracking could artificially inflate headline mobilisation figures.

The OECD emerging typology of catalytic interventions

In the absence of a harmonised DAC standard for catalysation, approaches to capturing catalytic interventions will remain fragmented. To address this, the OECD has developed an emerging typology of catalytic interventions that is designed to bring conceptual clarity and enable more consistent identification, classification and tracking of systemic market-shaping efforts (OECD, 2026[37]). To improve consistency in identification and reporting, the Secretariat's emerging typology organises catalytic interventions into

policy-level and project-level categories as well as further sub-categories that distinguish different catalytic impacts. Box 2.6 and Figure 2.7 elaborate this emerging typology.

Box 2.6. Sida's approach to generation: the Sida-IDB Amazon Guarantee

Context and challenges

The Amazon biome faces mounting environmental degradation, biodiversity loss and climate vulnerability, while financing for sustainable development in the region remains constrained, particularly in sovereign contexts with elevated credit risk such as Argentina, Brazil and Ecuador. Limited investor appetite and institutional risk exposure have also hindered the flow of capital towards nature-positive and climate-resilient investments in the region.

Approach

To address this financing gap, Sida issued a balance sheet guarantee to the IDB, to risk-share part of IDB's sovereign country exposure in Argentina, Brazil and Ecuador that covers up to SEK 3.86 billion (Swedish kronor) on a first-loss basis. The guarantee supports IDB's sovereign exposure in the three target countries and is specifically tied to disbursements for projects that contribute to the protection and sustainable development of the Amazon biome. This risk-sharing mechanism is designed to strengthen IDB's lending capacity and improve the bankability of nature-focused sovereign investments.

Outcome and implications

The Amazon Guarantee, effective from 2024 to 2046**,** has successfully mobilised SEK 5.14 billion in capital. The initiative is enabling targeted interventions aimed at reducing greenhouse gas emissions, enhancing the resilience of Amazonian communities and ecosystems, and supporting sustainable value chains in the region. By improving the risk-return profile of sovereign lending, the guarantee is mobilising greater flows of public and private finance towards long-term conservation and regeneration of the Amazon region. This enables increased flows of public and private funds to the protection, conservation and regeneration of the Amazon biome.

Source: Inter-American Development Bank (2024[38]), "IDB and Sweden Sign Guarantee Partnership to Boost Amazonia Forever", https://www.iadb.org/en/news/idb-and-sweden-sign-guarantee-partnership-boost-amazonia-forever; consultations with IDB and Sida experts.

Building on the typology, the OECD conducted a series of case studies in 2025 gathered from development practitioners to test the emerging typology of catalytic interventions (OECD, 2026[37]). These included typical activities undertaken with the intention to improve the enabling investment environment and scale up private finance for sustainable development, among them the IFC and Swiss State Secretariat for Economic Affairs (SECO) Crop Receipts Programme in Ukraine (Box 2.8) and the IDB Social Housing Financing Programme in Ecuador (Box 2.9). The case studies are meant to inform ongoing discussions on the relevance and feasibility of tracking the catalytic effect of public interventions in OECD DAC statistics for the purpose of further recognising and incentivising the broader upstream efforts that are essential to unlocking sustainable private investment in the most challenging markets (OECD, 2025[24]).

Box 2.7. Emerging typology of catalytic interventions

The typology classifies the different ways in which public interventions can enable downstream private investment. It comprises the following categories:

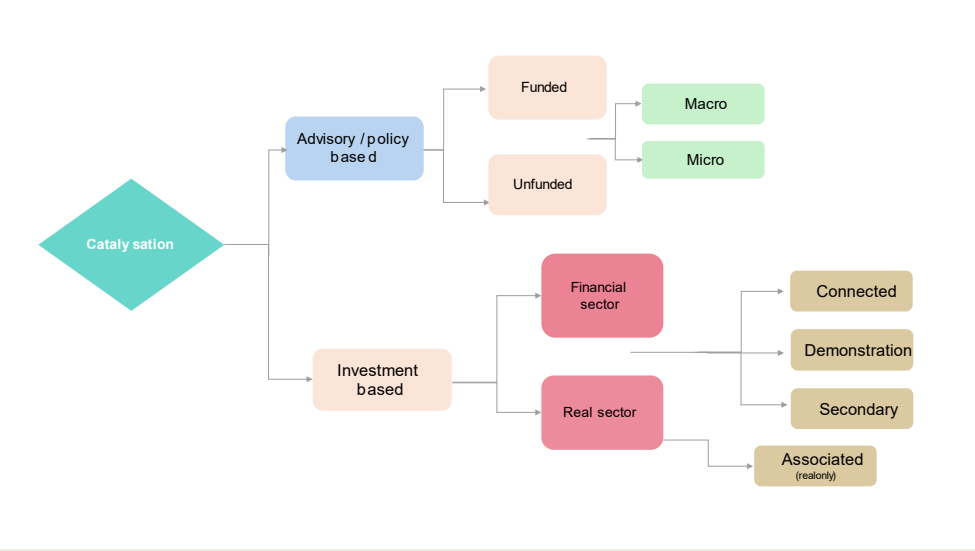
- advisory and policy-based interventions – a category that captures catalytic effects arising from technical assistance, policy reforms, institutional strengthening and capacity-building activities. This category is further differentiated by:
  - funded or advisory interventions accompanied by financial support intended to implement or incentivise reforms (e.g. development policy financing, budget support, funded reform programmes)
  - unfunded interventions including advisory, policy dialogue or technical assistance activities not accompanied by a dedicated financial instrument/investment.

Each of these types of interventions may operate at macro level (economy- or sector-wide reforms) , or micro level (firm-, institution- or project-specific constraints).

- investment-based interventions – a category that captures the catalytic effects of investment-based interventions occurring in the financial sector (e.g. using intermediaries or instruments such guarantees, credit lines, equities, etc.) or in real economy sectors (infrastructure, firms, or productive assets) and differentiated according to:
  - associated – complementary capital expenditures necessary for real sector project viability such as auxiliary infrastructure or connecting assets that would not be undertaken absent the initial supported investment
  - connected – subsequent phases, tranches or closely linked transactions that can proceed because the initial intervention establishes the financial, operational or risk conditions required for planned follow-on investments
  - demonstration – copycat or replication effects in which the initial supported transaction provides a verified proof of concept that reduces perceived market risks, thereby prompting comparable investments in the same market, sector or instrument class further downstream
  - secondary – downstream investments enabled indirectly through intermediaries, structured vehicles or layered financing arrangements channelled via funds, credit lines, risk-sharing facilities or other financial structures beyond the original transaction.

This structure strengthens the analytical logic of the harmonised taxonomy by clearly distinguishing how catalysation arises (advisory vs. investment) and where it operates across macro/micro and financial/real economy levels. It also clarifies how catalytic effects develop downstream through specific catalytic subcategories.

Figure 2.7. Joint MDB-OECD typology of catalytic interventions



Source: MDB – OECD DAC Working Group.

Source: OECD (2026[37]), *Ways forward to pursue exploratory work on Catalysation*
Note: The emerging typology is currently being finetuned to align with the corresponding MDB typology as part of the MDB-OECD DAC Working Group on Mobilisation.

Box 2.8. Macro-level advisory engagement: the IFC-SECO Crop Receipts Project

Improving access to finance for agricultural SMEs in Ukraine has long been a structural challenge. Most small farms operate without fixed collateral and are unable to meet traditional bank lending requirements. To address this challenge, the IFC and SECO launched the Crop Receipts Project (2015-2020), an ambitious macro-level advisory and technical assistance initiative aimed at institutionalising a new financing instrument that would allow farmers to use future harvests as collateral.

The concept of crop receipts was integrated into national legislation in 2012; however, its practical implementation was limited. The intervention by the IFC and SECO aimed to unlock this potential through a blend of legal reform, institutional enhancement, and co-ordinated engagement between the public and private sectors. Legal actions included revisions to the crop receipts law, judicial clarifications and regulatory guidance. A central electronic register for crop receipts was established, enhancing transparency and mitigating enforcement risks. Concurrently, extensive public awareness campaigns and targeted training sessions were conducted for farmers, lenders, notaries and government officials to foster trust and build technical capacity regarding the new instrument.

The project was explicitly designed to be catalytic in nature. Instead of co-financing specific transactions, the intervention sought to transform the enabling environment to facilitate large-scale private lending. Initial implementation was cautious, piloted in a single region before being rolled out nationwide. This careful strategy contributed to building institutional legitimacy and addressing initial resistance from financial institutions and agribusinesses. A particularly significant factor in the adoption was the early involvement of large agribusiness firms, which helped establish credibility for the instrument in the market.

Importantly, the programme utilised a thorough ex-ante quantification framework to assess its potential impact. It initially estimated USD 520 million in loans based on crop receipts, but post-implementation monitoring showed that over USD 1.1 billion had been facilitated by the end of the project – more than double the expectations. The number of crop receipts issued (4 707), and farmers reached (4 234) also greatly surpassed targets. These outcomes highlight the significance of legal and institutional foundations for enabling systemic mobilisation of private capital in agriculture. Ukraine's model has since drawn interest from other countries in Eastern Europe, Asia and Latin America looking to replicate its success.

Source: OECD (2025[24]), "Tracking private finance mobilisation: latest trends and ways forward", https://doi.org/10.1787/8d414cdb-en; technical consultations with IFC staff and practitioners.

Box 2.9. Unlocking mobilisation and catalytic effects: IDB's Social Housing Financing Programme in Ecuador

Limited long-term mortgage instruments and high financing costs have constrained access to affordable housing in Ecuador. To address this gap, the IDB provided a USD 300 million investment guarantee to support a USD 400 million sovereign social bond issued by the government of Ecuador. The bond proceeds were channelled into a public trust that financed mortgage loans for low- and middle-income households, including women-led families and those in underserved regions.

The guarantee enhanced the bond's credit quality to investment grade, enabling institutional investors to participate and lowering the cost of capital. This structure mobilised USD 100 million in private investment (the uncovered bond portion) while catalysing an estimated USD 600 million in new mortgage loans through subsequent securitisation. The financing supports approximately 4 560 new housing units, targeting households earning up to one Unified Basic Salary (USD 386 per month).

By demonstrating the viability of capital market-based mortgage finance, the programme is designed not only to mobilise private investment directly but also to catalyse a broader housing finance ecosystem involving local banks, construction firms and investors. The intervention aligns with IDB's Development Effectiveness Framework and serves as a replicable model for how targeted credit guarantees can unlock both immediate mobilisation and downstream catalytic effects in social sectors.

Interventions such as this highlight how development finance interventions can be designed to achieve both mobilisation and catalysation objectives simultaneously and as complementary rather than sequential outcomes. This dual effect also illustrates how well-structured guarantees can bridge immediate financing gaps while enabling systemic and self-sustaining market development over time.

Source: OECD (2025[24]), "Tracking private finance mobilisation: latest trends and ways forward", https://doi.org/10.1787/8d414cdb-en; technical consultations with IDB staff and practitioners.

Recognising the potential of catalysation

Recognising catalytic interventions is central to understanding the full strategic role of development finance in shaping investable markets and scaling private capital beyond individual transactions. Their potential is increasingly acknowledged in broader international policy debates, including the billions to trillions narrative as well as discussions around the NCQG and the Baku-to-Belém Roadmap, all of which highlight the need for systemic approaches to unlocking private finance at scale. The World Bank and other institutions have

also taken steps to better measure and track catalytic efforts, including through the development and introduction in 2025 of a new private capital enabled indicator within the World Bank Group (WBG) Scorecard, defined as “the value of private investments resulting from WBG programs expected to materialize within three years of a project's closure”. (World Bank Group, 2025[39]). Capturing catalysation more effectively also provides a more accurate reflection of a provider’s strategic effort and risk appetite, particularly in contexts where investments are not immediately commercially viable. Mobilising private capital in mature, relatively liquid MICs, such as Brazil or India (where regulatory frameworks and market infrastructure are already established), is far less complex than catalysing investment in fragile or frontier LDCs, where foundational market conditions must first be built. Institutions that engage in this deeper market-building work therefore make a critical, though often less visible, contribution to long-term development outcomes. Thus, the robust recognition of catalytic efforts could have wider implications for the development finance landscape. It could, for example, help in shifting incentives towards upstream market-building activities and strengthening the integration of donors into the broader mobilisation agenda. As such, more accurately capturing these catalytic interventions could help ensure that institutions allocate concessional resources where they are needed most and recognise these institutions not just for mobilisation successes but for more broader systemic impact.

At the same time, measuring and recognising catalysation introduces important methodological challenges. The indirect nature and longer time horizons of catalytic interventions complicate attribution, increase the risk of double counting where multiple actors are involved and raise questions around how to appropriately reflect the role of domestic governments in strengthening enabling environments. These challenges, alongside concerns that premature quantification could create perverse incentives or blur the distinction between measured mobilisation and broader enabling contributions, highlight the need for cautious approaches that ensure that catalytic intervention attributions are neither overstated nor overlooked, while maintaining transparency and consistency across reporting systems (OECD, 2026[37]).

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3 Challenges and opportunities to scale up mobilisation efforts

Development finance providers should undertake to scale up private finance for sustainable development

Overall, while the trends noted in this report confirm providers' intention to mobilise additional finance for sustainable development, including for climate action, the amounts mobilised from the private sector remain limited (Chapters 1 and 2). This is mainly because of challenges identified in the architecture of the ecosystem and challenges for providers and private actors when co-investing in developing countries. For instance, the current fragmentation of the ecosystem at the international level hampers the efforts of development finance providers to scale up their mobilisation efforts. Additionally, as shown in Chapter 1, the mobilisation landscape is dominated by several multilateral and bilateral players engaged in several different transactions – through different leveraging mechanisms – to uphold their development commitments and cope with ongoing international crises.

To mobilise private finance at the necessary scale and pace, analysis points to the importance of shifting from individual deal-based investments to broader transformative and systemic efforts (OECD, 2025[1]). Although private finance flows are increasing, shares of mobilised private finance are increasing only gradually, largely driven by isolated opportunities. Tackling long-standing structural obstacles that hinder private investment in developing countries is crucial to convert investor interest into actual investments and tap into global capital reserves to support sustainable development in lower-income countries. The overlap of compounding crises presents new opportunities for development providers to show a well-co-ordinated systemic response, with development partners being urged to maximise the impact of their operations by working together more closely and operating as system (World Bank, 2024[2]).

The lack of robust investment data remains a fundamental obstacle to scaling up private investments, especially in markets where information is relatively scarce

Among the barriers to mobilising private finance for development, data inconsistencies can create a discrepancy between the real and perceived risks related to investment opportunities in developing countries, including in hard contexts and sectors. For instance, in the case of biodiversity and nature-related projects, the weak available data and reporting make it hard to establish a solid evidence base. These obstacles highlight the need for disaggregated investment data based on consistent and harmonised measurement of mobilised private finance. Such data are key to providing private sector actors with the information they need and ensuring effective accountability of their investments.

More data transparency can provide information on how the composition of financing sources for investments in a given sector and geographic context – concessional and non-concessional development finance as well as commercial finance –is evolving, thereby helping to inform decisions on when development finance can eventually exit to avoid a crowding out of private finance. More generally, better data on mobilisation can demystify and dissolve some of the perceived risks associated with investments

in developing countries that, alongside real risks associated with such investments, continue to drive decisions of private investors not to invest.

There has been progress in that some development providers are embracing and pursuing more robust evidence and transparency. Yet, some barriers persist. For instance, bilateral institutions have agreed on new rules for the disclosure of data at the activity level, including through PSIs. This is an important step towards the granularity and transparency objectives of the mobilisation agenda. Nonetheless, several remaining challenges hinder progress towards greater transparency and provision of mobilisation data, among them a client confidentiality agreement and the lack of a comparable and harmonised approach to reporting and disclosure.

The limited availability of robust investment data – reflected in the weak record of transactions in more challenging economic and political environments – hinders private investors' ability to make informed decisions, given their limited exposure to such contexts.

Development finance efforts to mobilise private finance remain limited relative to the increasing financing needs

Development finance has significant potential to unlock private investment, yet this potential remains underutilised. Almost all bilateral providers and all multilateral institutions responding to a 2022 OECD DAC survey reported that mobilising private resources for development, including for climate action, was to either some or a great extent a strategic objective for their respective institutions (OECD, 2023[3]). The prioritisation of private mobilisation for climate action drew similar responses, with 64% of multilateral providers and 42% of bilateral providers saying it was primarily a strategic objective. Although there have been strong political commitments, advances in blended finance instruments and some growth in private capital mobilisation, overall progress towards scaling up private finance mobilisation has been slow. In particular, the amount of private finance mobilised by bilateral providers has seen only a marginal increase since 2019 (OECD, 2025[4]). Similarly, blended finance has mobilised a relatively low share of private finance in more challenging sectors like education and social sectors as well as in more risky contexts like those facing high and extreme fragility, conflict-affected contexts, LDCs, and LICs.

At the same time, amounts allocated to blended finance schemes remain limited, constraining their ability to drive meaningful market transformation. When deployed effectively, blended finance can play a transformative role, mitigating risks, attracting private capital at scale and fostering deeper, more resilient financial markets. However, for blended finance and other mobilisation tools to achieve their intended impact, they require stronger and more targeted support through development finance.

Standardising financial instruments and structures is critical to strengthen transparency, improve access and scalability of blended finance models, reduce transaction costs, and mitigate information asymmetries (OECD, 2025[4]). While innovative and tailor-made transactions continue to play an important role in market development, it is important to shift the focus towards scaling models that have demonstrated success. This requires greater investment in, and standardisation of, proven instruments and structures for mobilising private capital such as guarantees, insurance mechanisms, GSSS, structured funds and securitisation (OECD, 2025[5]).

Strengthening policy frameworks for investment and institutional capacity is key to facilitating domestic and cross-border private capital flows into developing countries

Investors encounter a range of commercial, financial and political risks in developing countries that hinder capital flows into these geographies. These challenges include macroeconomic instability, currency risk, weak legal and regulatory systems, high transaction costs, and limited access to sustainable project pipelines. Additionally, the high costs of due diligence compared to the relatively small size of deals, along with elevated capital costs, further reduce investor willingness to engage in more sensitive contexts.

Developing countries generally present weak financial systems and capital markets that hamper their ability to attract private investment at scale. Their markets often suffer from low liquidity and a heavy reliance on foreign currency financing, making them vulnerable to exchange rate fluctuations and external shocks. Strengthening domestic financial systems, including capital markets, is also crucial for managing debt sustainability by decreasing both dependence on foreign currency and exposure to currency risk (OECD, 2025[6]). However, these contexts often have a small institutional investor base, and their financial infrastructure, regulatory systems and corporate governance standards are also generally weak. This increases perceived risk and limits the ability to mobilise domestic savings. A comprehensive strategy is needed to reduce currency-related risks, including expanding local institutional investment and improving financial market infrastructure to attract more foreign investment in local currency-denominated securities (Horrocks et al., 2025[7]).

In addition to challenges within the domestic policy and regulatory environments, international financial regulations across advanced economies can also hinder investment in capital-intensive projects, particularly in developing countries. However, while these measures have made the financial system more resilient, some prudential regulations may inadvertently restrict the availability of long-term financing needed for infrastructure and other projects essential to achieving both local and global development goals in developing countries.

The lack of a sound enabling environment in developing countries contributes to fuelling risk perception and information asymmetries among private investors. These, in turn, generate a vicious cycle that hinder private sector participation in the sectors and regions with the greatest financing needs but also the lowest shares of mobilised private finance. Such bottlenecks are further exacerbated by the low expected level of returns on investment portfolios, the lack of project pipelines, foreign currency risk, and limited bankable or sizeable investment opportunities in high-impact projects in frontier markets.

The case of climate and nature-related sectors

Mobilising private finance in specific areas such as climate change adaptation and biodiversity remains particularly challenging. Adaptation and nature-related projects have traditionally been financed by the official sector as they generally do not offer sufficient financial returns to attract private investors. The main reason is the very small size of investment opportunities for adaptation, making it difficult to build a business case and achieve the required scale for private investors to come in (OECD, forthcoming[8]). But private investors generally also have less exposure to and knowledge about climate adaptation and biodiversity-related projects, which lessens their incentive to invest in this domain. Relatedly, adaptation and nature-specific projects and programmes should be structured and developed to involve banks, corporations and other private actors early on, including in design stage financing plans, and consider investors' concerns in the project design phase (OECD, forthcoming[8]).

Effective investment in climate and biodiversity depends on a stable and enabling policy landscape. Yet, in many developing countries, this foundation is lacking, undermined by un-co-ordinated sector policies, inconsistent regulations and limited government funding for vital infrastructure. These shortcomings discourage sustained private sector involvement. Additionally, insufficient project preparation, ineffective procurement processes and limited capacity to structure public-private partnerships further reduce the availability of viable investment opportunities.

To encourage more private investment into climate and nature-related sectors, development finance providers should continue exploring innovative ways to overcome systemic bottlenecks. To enhance replicability and scalability, they should also reduce the complexity and transaction costs of blended finance approaches, including by clarifying their scope and shape for climate and nature-related projects and engaging with potential commercial private investors to eventually scale up blended finance approaches The way forward to enhance and scale up private finance mobilisation (OECD, forthcoming[8]).

Robust and enhanced evidence is critical to inform policymaking to scale up private finance mobilisation

Development providers should collectively commit to upholding the highest transparency standards and principles to improve data quality, accessibility and availability. Doing so would help reduce data-related barriers that hinder private investment flows to developing countries and social sectors and additionally meet private investors' needs.

The OECD DAC statistics remain pivotal to providing the highest standards of data and evidence for policymakers and private sector players. Indeed, the enhanced availability, accessibility and quality of disaggregated data at the transaction level have the potential to foster evidence-based decision making, increase investors' confidence and enable a proper analysis of investment opportunities in developing countries. As shown in the trend analysis in the preceding chapters, data play a key role by mapping and tracking the progress development co-operation providers are making in their private finance mobilisation efforts while also reassuring private investors and building trust in the markets (OECD, 2024[9]). To this end, these statistics are the underlying basis and key source for international discussions and initiatives around the mobilisation agenda, including major analyses such as the OECD book series on Climate Finance and the USD 100 Billion Goal, as well as processes such as Total Official Support for Sustainable Development (TOSSD).

Policymakers should seize the opportunity to engage and take part in existing and high-level initiatives aimed at fostering data granularity and transparency, including through sharing data on mobilisation to the OECD DAC statistics and participation in the Hamburg Data Alliance. It is important to also support and participate in ongoing efforts by the OECD and MDBs to align approaches for measuring mobilisation – including broader baskets such as generation and catalysation – through a more coherent and whole-of-government approach, particularly for those that are council and/or board members of both types of institutions.

In addition, when refining existing metrics on mobilisation and working on approaches for capturing broader baskets of mobilisation, policymakers and stakeholders should remain mindful of the risk of inflating figures, which could lead to undermining the credibility of the statistics on mobilisation and sharpening the focus on quantity of finance rather than on quality.

Effective allocation and use of development finance remain a key determinant for scaling up private finance mobilisation

Enhancing the use and effectiveness of blended finance and other risk mitigation tools is vital for making projects bankable and unlocking private capital for development, climate action and biodiversity goals. These instruments can help attract a diverse range of investors by facilitating risk sharing, mitigating financial exposure and improving creditworthiness. Tailored instruments can also address specific risks at various stages of a project's lifecycle. However, scaling their impact requires stronger evidence to better understand what drives success, which enabling conditions matter most and what obstacles continue to hinder their adoption.

Ensuring that blended finance lives up to its mobilisation potential requires a stronger focus on the need expressed by private investors for standardised products that emphasise simplicity, efficiency, speed, cost and volume. It also requires more collaboration among donors, DFIs, MDBs and other stakeholders to pool resources, portfolios and ideas on new and more effective approaches and requires the implementation of higher standards on transparency in blended finance, particularly around financial performance, additionality and impact (OECD, 2025[5]). The OECD updated the Blended Finance Guidance in 2025 to ensure that donors, policy makers, commercial actors and other stakeholders in blended finance can respond to the international call for mobilising private finance at scale.

In addition, the long-term success of blended finance to mobilise more investment in EMDEs also hinges on an integrated approach in which technical assistance and other support help build and strengthen enabling environments. This includes interventions that address sustainable regulations and the investment climate in recipient countries as blended finance at the transaction level cannot sustainably compensate for the absence of structural and regulatory reforms. The five OECD DAC Blended Finance Principles continue to provide a strong foundation for upholding high standards in blended finance, with the goal to provide tools and showcase good practices that can help scale up blended finance interventions in the coming years, ultimately making blended finance a routine component of both public and private sector financial operations.

While increasing the volume of finance remains an important objective, the quality of financing flows is equally critical. As such, development finance deployed to mobilise private capital should ensure strong financial and development additionality – meaning that it should ensure that public resources are used only where they unlock investments that would not otherwise occur and where they deliver measurable development outcomes (OECD, 2025[5]). At the same time, the terms, cost of capital and debt implications of financing structures must be carefully considered to avoid exacerbating fiscal vulnerabilities in developing countries, particularly where borrowing already places pressure on public debt sustainability. Recent analysis shows that many developing countries face higher borrowing costs and rising debt servicing burdens, both of which limit fiscal space and can undermine the effectiveness of development finance if financing is not structured carefully (OECD, 2025[10]; OECD, 2026[11]). These concerns have increasingly featured in global policy debates – including discussions at the Finance in Common Summit, the Bridgetown Initiative, the Paris Summit for a New Global Financing Pact and the World Bank and International Monetary Fund Spring Meetings – that emphasised lowering the cost of capital for EMDEs while ensuring that development finance supports sustainable debt trajectories and delivers genuine additionality.

It is essential that policymakers establish sustainable finance regulations, guidance and instruments to help EMDEs overcome gaps in climate and development financing. This includes promoting credible climate transition plans, improving sustainability-related disclosures, and assessing climate- and nature-related financial risks through, for instance, climate scenario analysis and stress testing. The NCQG also recognises the need to strengthen the domestic enabling environment to enable countries to fully realise the potential of climate finance and more broadly make finance consistent with climate mitigation and resilience goals (Falduto, Noels and Jachnik, 2024[12]). Market authorities also play a critical role in identifying and addressing biodiversity and broader nature-related financial risks by evaluating dependencies, impacts, economic implications and transmission channels to the financial system. The OECD's Supervisory Framework for Nature-related Financial Risks offers valuable support to EMDEs in advancing this agenda (OECD, 2023[13]).

Developing fit-for-purpose sustainable financial instruments is key to driving investment in climate, development and biodiversity that is tailored to specific sectors, technologies and national or regional contexts. This includes both market-based financial products and services as well as blended finance and other risk mitigation tools. Financial authorities in EMDEs can also take clear actions to integrate development, climate and biodiversity considerations into capital market activity, doing so in close co-operation with MDBs, donors and international organisations and in co-ordination with other financial authorities in OECD countries pursuing similar efforts. In the clean energy sector, for example, innovative instruments like energy savings insurance and energy efficiency insurance can help unlock investment in energy efficiency across EMDEs. Effective co-ordination among market authorities and stakeholders, alongside capacity building across the ecosystem, remains critical to advancing the development and uptake of these instruments (OECD, 2025[6]).

Addressing the challenges faced by investors in developing countries and scaling up the volumes of mobilised private finance to close the SDG and climate finance gaps will therefore require a more profound and radical shift in providers' portfolios and approach in the coming years. Experience sharing between

providers (e.g. to develop green bond ecosystems to attract private investors) could help drive behavioural change and contribute to strengthening institutions' financial capacities and expertise. More comprehensive reporting and full disclosure on co-financing schemes involving private finance would support peer learning in this area and contribute to building trust in the markets and reducing the risk perception. These structural challenges require effective deployment of blended finance approaches including technical assistance programmes, local currency financing and sustainable outcome bonds (e.g. GSSS bonds) (Dembele, Schwarz and Horrocks, 2021[14]; OECD, 2025[15]).

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Private Finance Mobilisation Report 2026

As public budgets tighten and development needs grow, private finance mobilised through public resources has become a central pillar of sustainable development efforts. This report provides the most comprehensive and internationally comparable evidence to date on how mobilisation supports sustainable development outcomes.

Drawing on OECD Development Assistance Committee (DAC) statistics, the report analyses recent trends in private finance mobilisation across regions, sectors, instruments and providers. It highlights where mobilisation has increased, where progress has stalled, and which markets and sectors continue to face persistent financing gaps. The analysis shows that while mobilisation volumes have grown over time, results remain concentrated in a limited number of instruments, providers and countries, raising important questions about scalability and effectiveness.

The report emphasises the importance of improving the quality, transparency and targeting of mobilisation efforts. It sheds light on which financial instruments tend to mobilise the most private capital, where risk-sharing remains insufficient, and how public resources can be used more strategically to crowd in private investment. The report is intended for policymakers, development finance institutions and partners seeking evidence-based insights to strengthen mobilisation approaches and ensure that scarce public resources deliver meaningful development impact.

PRINT ISBN 978-92-64-78369-0
PDF ISBN 978-92-64-72349-8