



## CoP-PF4SD Conference 2025

Mobilising Private Finance  
Towards 2030 and Beyond

OECD DAC Community of Practice on Private Finance for Sustainable Development (CoP-PF4SD)

### CoP-PF4SD Conference 2025: *Mobilising Private Finance towards 2030 and beyond*

4-5 February 2025

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## Outcome Document

### Scene-setting

Looking forward towards the 4th International Conference on Financing for Development (FfD4) and the Roadmap from Baku to Belem, identifying effective solutions to accelerate the mobilisation of private finance is imperative. The year ahead has a number of policy discussions, such as the G7 and G20 presidencies, where private finance mobilisation will likely be part of the policy dialogue. Partnering with, and mobilising, the private sector is a crucial piece of the puzzle to scale up financing for sustainable development in emerging markets and developing countries, complementing development finance such as Official Development Assistance (ODA), non-concessional development finance as well as other domestic resources. By improving the risk-return profile of investments, and aiming to build financial markets, blended finance can be a powerful approach to mobilise commercial capital towards sustainable development in developing countries. Blended finance has been established as the strategic use of both concessional finance and non-concessional finance with a development mandate with a view to unlock commercial finance at market rates.<sup>1</sup>

Taking place on February 4<sup>th</sup> and 5<sup>th</sup> 2025, the [Community of Practice on Private Finance for Sustainable Development \(CoP-PF4SD\) Conference 2025](#) reflected on past experiences to inspire scaling of effective blended finance practices. The two days paved the way to increased co-operation, collaboration and engagement in the development finance community and provided recommendations for private finance mobilisation to live up to its potential by overcoming barriers, tailoring solutions, taking risks and innovating. The CoP-PF4SD Conference 2025 brought together more than 400 professionals from the private sector (including banks, asset owners, and asset managers), public institutions, developing countries, donors, MDBs and DFIs in a range of panels that addressed the current challenges and what can be done looking towards the future. The topic of a new narrative and action on blended finance was at the core of the conference, with sessions on *Why are we still talking, and not delivering more mobilisation?* to *What is next for blended finance to live up to its potential?*, among others.

Action is required, along with a new narrative on mobilisation and blended finance. Despite the potential that blended finance holds, significant shortfalls continue to exist: Private finance mobilised by official development finance interventions reached only USD 70 billion in 2023. The widely acknowledged potential to mobilise needs to be acted upon, as well as the limitations. The necessity of development and private actors to work more effectively together is widely recognised. Barriers preventing this from taking place need to be removed. Risks and returns need to be balanced, and successes replicated and scaled. The desire for exposure to sustainability from the investment community is clear, though risk-return considerations remain strong in the context of developing countries.

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<sup>1</sup> The OECD defines blended finance as the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries. Source: [Making Blended Finance Work for the Sustainable Development Goals | OECD](#).

Institutions and risk frameworks have changed since the 2015 mobilisation agenda was developed and much has been learnt – but much remains to be done. Identified barriers need to be addressed, and more should be done to scale the use of innovative financial instruments that can effectively mobilise large pools of commercial capital to sustainable development in developing countries. The following action areas were identified by participants and synthesised based on the discussions at the CoP-PF4SD Conference 2025. They are considered a starting point of a collective, co-operative and ambitious journey towards jointly shifting trajectories of the mobilisation agenda. The CoP-PF4SD will continue to facilitate the dialogue across relevant parties on the agenda, with a view to creating actions and outcomes.

- 1 Action Area 1: Effective use of development finance for mobilisation and catalysation
- 2 Action Area 2: Enhancement of the performance of the development finance system
- 3 Action Area 3: Greater transparency and standardisation of sustainable investment opportunities
- 4 Action Area 4: Development and scaling of instruments and financial markets, including in local currency, while addressing regulatory challenges

## Action Area 1: Effective use of development finance for mobilisation and catalysation

### **Action Area 1.a: Increase the volume of development finance that is specifically targeted towards mobilisation efforts and develop a coherent policy for mobilisation.**

The vast majority of ODA is needed to fulfill traditional development activities and is too scarce to bridge the financing gap for the SDGs and the Paris goals. ODA is already supporting the foundations upon which financial transactions can occur, but blended finance instruments and structures will be the key component for mobilising additional finance, building markets, create impact and helping to address the sustainable development needs of developing countries. Multiple innovations in models, instruments and structures that are able to mobilise private finance through concessional or non-concessional development finance have been tested and proven effective for scaling. This includes guarantees, structured funds, multi-asset mobilisation through intermediation, securitization, investment funds and green, social, sustainability and sustainability-linked (GSSS) bonds. There is a need to leverage these models and increase the volume of both concessional development finance such as ODA, but also non-concessional development finance that is specifically targeted towards mobilisation efforts. Without a greater commitment from donors, overall mobilisation will remain low, and the use of instruments such as equity will remain limited. The increase in development finance for mobilisation should be ambitious but reasonable, striving to move from USD 15 billion that are mobilised by DAC members in 2023, up to USD 45 billion per year by 2030. This should be in line with an overall increase of mobilisation figures, from USD 70 billion that are mobilised in 2023, up to USD 210 billion per year by 2030. Along with development finance actors' efforts to support the development of sustainable markets that will encourage effective mobilisation.

In addition, there is a need for donor agencies to develop global coherence on the strategic approach to mobilisation of private finance. The approach should include improved co-ordination and collaboration amongst donor agencies and other development actors leveraging all innovations that have been successfully tested, to further ensure greater scaling of funds toward mobilisation.

### **Action Area 1.b: Ensure the effective use of ODA in supporting the enabling environment for catalysation, including through local development actors.**

ODA is a unique resource in that it can support development in less developed countries, regions and social sectors that the private sector initially struggles to operate in. Within and outside donor agencies there is a need for greater recognition of the role that grants and technical assistance, as well as concessional loans can play in terms of capacity building and as catalysts for mobilisation in terms of addressing policies and regulations that enhance private sector participation in sustainable development. For mobilisation to occur effectively at the country level and at scale, local national and regional activities are key. A strong enabling environment ensures local capacity is in place to mobilise private finance and other domestic resources, including the role of domestic resource mobilisation in improving tax

systems, illicit financial flows, and anti-corruption. ODA helps improve the enabling environment through technical assistance, which can in turn catalyse private sector capital – particularly via policy and regulatory reforms, and capacity building of local authorities. ODA is vital in helping to build the foundations for the development of capacities and capabilities at the country level, which allows mobilisation to occur through transactions and portfolios. Central to the mobilisation agenda is to ensure the efficient use of ODA to address the building blocks of mobilisation including supporting risk-taking by development actors.

➔ **Implementation of Action Area and monitoring of progress:**

- *Ministries and donor agencies will be responsible for implementation; and monitoring of progress will be undertaken through the ODA and mobilisation data collection exercise by the OECD.*

## **Action Area 2: Enhancement of the performance of the development finance system**

### **Action Area 2.a: Strengthen co-ordination amongst bilateral donors, MDBs and DFIs.**

The development system needs to work more effectively, across both multilateral and bilateral operations, by focusing mobilisation efforts on proven instruments, such as guarantees, but also structures, such as risk transfer mechanisms. Co-operation and co-ordination are lacking yet required both at the multilateral and the national level; inter-institutional arrangements and joint programs between donor agencies and DFIs remain limited. Donor agencies have the budgetary scale and capabilities, as well as the approach to risks that grant funding provides, and the experience of working in challenging settings. This donor capacity is necessary to ensure that the enabling environment in developing countries can effectively mobilise. For the mobilisation agenda to benefit, MDBs, DFIs and donor agencies need to come together on platforms and work together on programs, projects and portfolios from creation to financial close. Strong engagement with private sector players is necessary for all this co-operation to deliver on mobilisation – especially to meet the growing interest by other private sector actors, such as institutional investors, to invest in sustainable development.

Bilateral donor agencies need to be better integrated into the mobilisation actions of the MDBs, absorbing risks through grants, preparing projects and providing technical assistance where MDBs may not have the grant capacity to develop the project that subsequently should become a financial structure supported by the MDB. At the bilateral level within national development systems, donors and DFIs need to improve co-ordination and co-operation to avoid fragmentation of programs and strengthen synergies in development and delivery, helping LDCs and sectors where mobilisation is more challenging.

Bilateral donors can also work together on mobilisation by combining their resources, expertise and experience, on instruments that are promising in term of scale and impact, as recently showcased by the Investment Mobilization Collaboration Arrangement (IMCA)<sup>2</sup>; more examples of this type of collaboration are needed. However, collaboration can come in many forms. It can include, for example, working together on budgets allocated to blended finance instruments; on transactions where scale is important; on funds with a particular geographic focus, focus on subnational actors, with participation of local government, or sectoral themes such as infrastructure; as well collaborating on financial structures and aligning on impact reporting.

### **Action Area 2.b: Reform the bilateral DFI architecture to work together as a system.**

Similar to the MDB efforts around working together as a system, bilateral DFIs amongst themselves need to improve efforts to work more effectively together, synchronising projects and programs to enhance budget and balance sheet capacity and scale effects. Areas where synergies should be explored include pooling projects to ensure greater portfolio effect, to mitigating the foreign exchange risks of projects of greater local currency exposure. Each DFI has specific strengths and expertise, be it working primarily through equity or debt – and these need to be recognised and leveraged, as part of a system that works to originate-to-share, rather than originate-to-hold.. Themes where there is

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<sup>2</sup> [The United States and Nordic countries launch joint funding initiative to increase climate investments in emerging and developing markets: World Climate Foundation](#)

a need for private sector mobilisation, such as adaptation and biodiversity, should be explored and joint-up approaches adopted.

To reform the DFIs system, DFIs need to reflect more on the risk and impact and less on the return, including through innovation and exploration of financial instruments and structures that would enhance their mobilisation and impact capacities. DFIs should increasingly mobilise private finance in line with the OECD definition of blended finance, thereby leveraging additional commercial financial flows with their own account finances. A focus should be on creating investment opportunities for institutional investors DFIs also need to work more effectively with their own financial systems, and build institutional investor (namely, pension fund and insurance company) interest in sustainability, to harness this low-cost long-term finance toward developing countries, such as for example the IFU-managed SDG Fund.

### ➔ Implementation of Action Area and monitoring of progress:

- *Bilateral donors as the owners and shareholders of DFIs and MDBs – possibly working through a coalition of liked-minded agencies championing scale mobilisation activities – as well as MDBs and DFIs themselves, will be the implementors of these action areas. This will be facilitated by working with and through the CoP-PF4SD. Implementation will be assessed based on announcements and publicly available information collected through AI, with a particular focus on joint funds and facilities that integrate development actors (current examples being IMCA). OECD mobilisation measurement, particularly mobilisation through technical assistance from donor agencies, will complement understanding of how donor agencies are working on mobilisation alongside MDBs and DFIs.*

## Action Area 3: Greater transparency and standardisation of sustainable investment opportunities

### Action Area 3: Increase transparency on and standardisation of opportunities in developing countries.

Capital flows to EMDEs are hindered by a myriad of elements that restrict the volume and increase cost of investments, including lack of data. Enhancing the quality, accessibility, and availability of data will help remove data-related investment barriers for private finance to flow towards EMDEs and should help increase the volume and reduce the cost of finance. The mobilisation agenda would be well-served by having enhanced transparency around project and market financial data: this would incentivise private investors, increase comparability, and potentially reduce the layers of blending that development actors are requested to provide. Project-level data on mobilisation can be used to demonstrate additionality of private sector mobilisation, which can incentivize more blended finance from official actors.

Improved transparency can be delivered through a number of channels, such as improved project-level reporting on mobilisation by donors, DFI, and MDBs. Moreover, private sector data requirements and making data a lever for private investment can be enhanced, thereby informing and encouraging new financial actors to explore EMDE opportunities. For data to mobilise, disaggregated data that is of high quality, accessible and available should be provided as a public good. Asset allocators and project financiers need to have access to data, and existing databases need to be built upon to enhance harmonisation. The Global Emerging Markets Risk Database (GEMS) is an example of a private credit markets data resource that MDBs and DFIs can use to facilitate market development: this should be made available to private sector actors to enable positive spill-over across the entire financial systems.

Understanding current models that effectively and efficiently work to scale the mobilisation is a main ingredient to achieve standardisation, which itself is essential to reach scale of mobilisation. Rather than continuously developing and implementing bespoke transactions – while acknowledging the power of innovation - the currently fragmented blended finance market would benefit from consolidated efforts. Donors should develop standardised entry points and transaction models that have proven successful in both delivering development impact, while addressing private financial sector needs. Donors should back these financially and streamline implementation and communication to move towards a blended finance landscape that can absorb larger scale private finance. For example, the Hamburg

Sustainability Platform works towards standardisation in practice, including the pooling of scarce development finance to scale private finance.

### ➔ Implementation of Action Area and monitoring of progress:

- *Bilateral donors, MDBs and DFIs, as well as the private sector and other relevant actors, will be responsible for implementation. Ongoing efforts like the Hamburg Sustainability Platform and the Hamburg Data Alliance will be leveraged to implement action. Monitoring will be undertaken based on the increase of publicly available data from MDBs and DFIs, through information sources such as GEMS, as well as project-level reporting on OECD mobilisation data. The private sector will also be called upon to increase transparency and make efforts to increase data availability; possible proxies for this will be accessible and harmonised data platforms as well as indices and indexes created focusing on developing countries. Standardisation efforts will be monitored based on a less fragmentation of blended finance efforts around models and approaches.*

## Action Area 4: Development and scaling of instruments and financial markets, including in local currency, while addressing regulatory challenges

### **Action Area 4.a: Ensure effective innovation, use and replicability of blended finance instruments and structures.**

The success of blended finance depends on the effective use of financial capabilities, ensuring innovation while effectively managing risks. Many developing countries who face debt sustainability issues are not in need of further debt products, but equity. These are complex and capital-intensive injections of capital where working together can help to ensure efficiencies – particularly in encouraging the development of local currency financing, for example for SMEs. Debt products such as loans and bonds remain important as they provide scale and funding for large scale projects, yet they need to be calibrated and based on local debt sustainability capacity. The significant and growing appetite by private investors to increase their exposure to sustainability, together with the strong financing needs of governments and corporates wishing to demonstrate impact, are together creating financial instruments, such as GSSS bonds. Yet GSSS bond issuances in developing countries remain significantly out of sync with financing needs.<sup>3</sup>

Mobilisation occurs with development actors providing instruments or using structures, which can expose the balance sheet of financial providers to extra risk but enhance the financial volume available for investment. For the balance sheets of MBDs and DFIs to have the ability to take on more projects and provide greater levels of finance, it will be essential to have equity injections from owners and use balance sheets more effectively. The G20 Capital Adequacy Framework (CAF) provides insights on some possibilities, and MDBs are using some of these options, as seen with the recent USD 1 billion securitization of IDB Invest.

Evidence suggests that the most efficient and effective instruments and mechanisms to mobilize private finance at scale include securitization, guarantees, structured funds, and GSSS bonds. These therefore need to be explored and used more actively by both donor agencies, MDBs and bilateral DFIs. Efforts to operationalise originate-to-share across the development finance system must be strengthened. Continuing to increase the evidence base is key to ensure effective scaling of what works – including for policy themes and objectives that are of high relevance for sustainable development. The forthcoming *OECD DAC Blended Finance Guidance for Climate Change Adaptation* as well as the ongoing work on the mobilisation of private finance for biodiversity outcomes are examples how effective solutions should be distilled, with the view to enable scale.

### **Action Area 4.b: Recognise the role of public and private markets, and develop new financing products that mobilise and deliver impact.**

Alongside private markets, donors and MDBs need to develop instruments and structures that can be intermediated into products, such as GSSS bonds that are subsequently listed on public markets. GSSS bonds have proven to be powerful tools to drive financing towards green or social projects, or to incentivise future improvements in agreed-

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<sup>3</sup> See [Green, Social and Sustainability Bonds in Developing Countries | OECD](#) and [Sustainability-Linked Bonds | OECD](#)



upon sustainability outcomes. By linking scale with impact, these innovative instruments hold significant potential to tap into deep pools of private capital and help bridge financing gaps. Within this category, sustainability-linked bonds (SLBs) are also highly relevant for areas such as biodiversity, climate change adaptation and social outcomes, which have strong financing needs but lack bankable assets. Donors are particularly well-placed to support these instruments, which align well with the sustainable development priorities of donor agencies. More broadly, donors' experience with blended finance instruments can also be applied in the context of GSSS bonds. The nascent stage of the SLB market in particular provides an important opportunity for donors to ensure market development from the onset, and that the instrument establishes itself as a credible financing tool for developing countries. The broader GSSS bond market in developing countries would benefit from MDBs and DFIs agreeing to come together and utilize well-known and well-recognized "standards" and "certifications" to help the market grow, while recognising that not all jurisdictions are in a suitable position to further issue debt instruments. Granular reporting and well-defined KPIs are key to facilitate market development.

Private and public markets play complementary roles in ensuring developing countries can access finance. The large-scale public equity and debt markets provide visibility and transparency and can align with impact standards on platforms, and provide access to large scale pools of finance. Private credit markets can be important in those jurisdictions that do not have financial platforms but where funding is needed to deliver development. Platforms such as stock exchanges are important as they provide information to financial actors on the opportunities in developing countries and the possibilities to list products that have been supported or originated by MDBs and DFIs – therefore further enhancing the role that development actors play in capital market development. For all these elements to come to fruition, the private sector also needs to be a key player in these recommendations and in their delivery.

#### **Action Area 4.c: Encourage further use of local currency approaches to strengthen local currency financial markets.**

The capital needs of the SDGs depend on a combination of local and external hard currency capital. To date, the development community has traditionally worked in hard currency for the most part. This remains an important challenge for financing SMEs and infrastructure projects, as well as for the creation and development of local capital markets. Expanding the availability and affordability of local currency finance represents an effective way for the development finance system to rebalance currency risks more equitably, addressing the current disproportionate burden borne by borrowers. There is therefore a need for MDBs, DFIs and other development finance actors to provide solutions that increase the supply of local currency financing, deepen domestic capital markets and mobilise local financial actors, whilst ensuring hard currency options remain available based on sectoral needs (i.e. infrastructure).<sup>4</sup> Platforms adapted to specific local contexts or local guarantees schemes, backed by MDBs and DFIs, could be useful to unlock domestic resources for small businesses, and are important in developing countries as they bring together financial actors in local currency.

#### **Action Area 4.d: Explore solutions to international policy and regulatory barriers that restrict the flow and increase the cost of capital.**

Capital for delivering the SDGs will need to flow both from international and domestic sources. International flows, as highlighted, are affected by information asymmetry as well as regulatory blockages. Regulation around risk exposure is now impacting the cost of capital to the detriment of developing countries – for example, insurance companies' obligations under Solvency II that prevent them from investing in higher risk/sub-investment grade, less liquid assets. Meanwhile Basel III has had several unintended consequences that could be detrimental to investing in developing countries. Important investment themes for developing countries, such as infrastructure, incur significantly higher capital charges for assets held on balance sheets of banks and bank-regulated investors to developing countries. These financial regulatory and prudential frameworks should be assessed to understand the balance between pure risk-based parameters versus geographical and political parameters that may be less advantageous for non-OECD countries, and amendments to rebalance regulation with unintended consequences should be pursued.

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<sup>4</sup> [Unlocking local currency financing in emerging markets and developing economies | OECD.](#)

## ➔ Implementation of Action Area and monitoring of progress:

- *OECD will continue to build the evidence base on effective use of blended finance instruments, structures and markets. Bilateral donors, MDBs and DFIs, as well as the private sector, will be responsible for implementation. Monitoring will be undertaken through the OECD mobilisation data, where instrument use will be assessed. Debt products such as GSSS bonds will be assessed based on issuance volumes in developing countries in relation to overall issuance, recognising debt sustainability. Efforts around development impact and joint approaches by MDBs, DFIs and the private sector are needed for GSSS bond market development. The number of platforms and the use of these for financing development will be assessed, particularly those that can aggregate and include institutional investors. Balance sheet optimization will be assessed based on announcements and volumes of finance shared with the private sector. Monitoring will be additionally undertaken based on instruments, structures and balance sheet exposure of MDBs, DFIs and donors to local currency.*
- *On regulatory barriers, monitoring will be undertaken based on announcements around international financial regulatory architecture that has the possibility of addressing blockages and costs of capital to developing countries.*

## Way forward on implementation of all Action Areas

The action areas will be assessed on progress and monitored over the next two years. It is acknowledged that a variety of bodies are responsible for monitoring (and implementation) of factors raised in this note, for example with respect to regulatory obstacles to effective mobilisation. A state-of-play will be provided prior to the next edition of the CoP-PF4SD Conference on where progress has been made on each of the action areas. The agenda of the next CoP-PF4SD Conference will be adapted to address areas in particular where progress has been limited, with further investigation and analysis of blockages to progress as well as new themes that may emanate.