

ANNEX E. SYSTEMATIC LITERATURE REVIEW: SUMMARY TABLES

Appendix Table A: Summary of Systematic Literature Review (SLR) - Academic peer-reviewed articles

Study name/authors	Study focus	Main Method	Instrument / Leveraging mechanism (main focus)	Donor / Institution / Provider and Data Source	Recipient / Country / Region	Sector	Outcome focus	Main results	Assessment (Positive / Mixed / None)
Ahiabor and James (IJFE, 2019)	Using a sample of 1,270 project finance syndicated loan tranches arranged from 1998 to 2011 and worth over \$300 billion, the paper estimate the causal impact of certification by domestic lead arrangers on the pricing of project finance loans in emerging markets. We hypothesised that, on average, domestic arrangers are better able to structure and screen project finance deals, credibly communicate the true value of a project and its underlying network of contracts, and monitor the loan contract compared with foreign arrangers. If so, all else equal, domestic arranger certification should result in lower loan spreads than foreign arranger certification.	Quant - regression model allowing for endogenous switching to account for the non-random selection of domestic vs. foreign arrangers.	Syndicated loans - cofinancing	Data on 14,000 syndicated loan deals using data from Dealogic's ProjectWare database between 1998 and 2011.	World	Broad sector focus	Loan terms and market distortions	Results support the main hypothesis. After controlling for project and loan characteristics and the potential endogeneity of the lead arranger's selection, the paper finds that certification by domestic arrangers reduces loan spreads across industrial categories and project geographic locations. This finding demonstrates the economic value of domestic arranger certification in project finance lending. Results suggest that, in the presence of information asymmetry between project sponsors and participant lenders in the syndicate, certification by domestic arrangers offers a superior mechanism to minimise search, information, and monitoring costs.	POS
Avellan et al (WD, 2024)	Explores how Multilateral Development Banks (MDBs) can help to fill a large infrastructure financing gap in developing countries by indirectly mobilising resources from other entities.	Quant - Panel regression with fixed effects.	All/Other	Focus on MDBs. The analysis focuses on more than 6,500 transactions from 2005 to 2020 in low-income developing and emerging markets from the Project Finance & Infrastructure Journal (IJ Global).	World	Broad sector focus	Additionality, Innovation and Mobilisation	MDB lending significantly increases the inflows from other sources. Cross-border and domestic resources are mobilised from the official and private sectors. Results exhibit country heterogeneity. Mobilisation occurs in countries of all income levels, though it decreases as a country's income increases. In countries that use capital controls frequently, mobilisation effects are undermined. When the 2008 global financial crisis hit, no difference in mobilisation effects was found, unlike the COVID-19 pandemic, when mobilisation effects were weakened. Finally, evidence of complementarity between bilateral and multilateral financing in mobilising resources. The findings withstand a long battery of robustness checks, and no evidence of anticipation effects is found.	MIX
Barboza and Vasconcelos (NAJEF, 2019)	Study the impact of Brazilian Development Bank (BNDES), one of the largest development banks in the world, investments between 2002 to 2016.	Quant - Bayesian VAR, impulse response, time series analysis.	All/Other	Brazilian Development Bank (BNDES) - use of internal data.	Brazil	Broad sector focus	Additionality, Innovation and Mobilisation	A positive and statistically significant impact on Brazilian aggregate investment is found. Results lie between what is alleged by BNDES critics (zero impact) and what is claimed by unconditional advocates of state-owned banks (impact near one). Results are consistent with microevidence on the effects of BNDES.	POS

Bozkurt and Günsür (EL, 2023)	The Turkish government announced an increase in the Treasury support for the Credit Guarantee Fund to alleviate a credit squeeze. The paper investigates whether investor reactions to the announcement of the increase in Treasury support in KGF are in line with the stated aim of policymakers.	Quant - event study methodology (Brown-Warner tests).	Guarantees	Focus on KGF (Turkish Credit Guarantee Fund) - Daily stock return data for all firms listed on Borsa Istanbul (416 firms).	Turkey	Broad sector focus	Loan terms and market distortions	Firms listed on Borsa İstanbul had positive and significant cumulative abnormal returns (CARs) in the 9-day window around the announcement. Investors anticipated that the benefits from public guarantees would outweigh the costs. The CAR result suggests that the information released in the announcement, in line with the programme aims, positively affected investor expectations. The proportion of firms securing their first time loans suggests that the policy aim of providing funds to credit-constrained Turkish firms proved successful.	POS
Broccolini et al (WBER, 2021) - Academic peer-reviewed article	This study uses loan-level data on syndicated lending to a large sample of developing countries between 1993 and 2017 to estimate the mobilisation effects of multilateral development banks (MDBs), that is, their ability to crowd-in capital from private creditors.	Quant - Panel FE regression with syndicated loan data.	Syndicated loans - cofinancing	Data on syndicated loans to 127 developing countries from 1993 to 2017 from Dealogic Loan Analytics.	Emerging and Developing Countries	Broad sector focus	Additionality, Innovation and Mobilisation	Evidence of positive and significant mobilisation effects of multilateral lending on the size of bank inflows. The number of lenders and the average maturity of syndicated loans also increase. These effects are present not only on impact but also last for up to three years and are not offset by a decline in bond financing. There is no evidence of anticipation effects. Results are economically sizable, indicating that MDBs can mobilise about seven dollars in bank credit over a three-year period for each dollar invested.	POS
Carter et al (WD, 2021)	Development finance institutions (DFIs) annually invest \$90 billion to support under-financed projects across the world. Although these government-backed institutions are often asked to show that their investments are “additional” to what private investors would have financed, it is rarely clear what evidence is needed to answer this request. This paper demonstrates, through a series of simulations, that the nature of DFIs’ operations creates systematic biases in how a range of estimators assess additionality. Recognising that rigorous quantitative evidence of additionality may continue to elude us, we discuss the value of qualitative evidence, and propose a probabilistic approach to evaluating additionality.	Quant Simulation of DGPs, evaluation of OLS, IV, GMM biases.	All/Other	Focus on DFI investments.	World	Broad sector focus	Additionality, Innovation and Mobilisation	Results suggest that unequivocal evidence of DFIs’ investment additionality will remain elusive. It is difficult to reliably estimate DFIs’ investment additionality from datasets that researchers have access to. However, the type of qualitative evidence commonly used to support claims of additionality is no less immune to bias.	NON

Clo et al (RP, 2022)	Analyse the role of European development financial institutions (DFIs) in supporting innovation by empirically investigating the impact of their participation as investors in equity deals on target firms' patenting activity.	Quant - PSM + DiD with innovation (patents) as outcome.	Equity finance	Build a international data set of deals and firm-level data from 2007 to 2019. Data from Zephyr and Orbis, data managed by Bureau Van Dijk, on the entire set of equity deals with at least one investor headquartered in Europe. Among them, they isolate deals participated in by at least one DFI (DFI-backed). Then, within this category, they further distinguish DFI-only deals - backed exclusively by DFIs - and DFI-partner deals - backed by DFIs in partnership with other investors (non-DFIs).	World	Broad sector focus	Additionality, Innovation and Mobilisation	Results highlight the positive contribution of DFIs in mobilising finance to support innovation, and the magnitude of this effect is amplified when DFIs act in partnership with other investors. This represents novel evidence of the innovative-oriented mission driving their activity. These new findings point to the recent role of DFIs in sharing the management of EU financial instruments, implementing programmes to strengthen the longer-term support of finance for enterprises, and boosting innovation and growth.	POS
Degl'Innocenti et al (JEF, 2022)	Explore whether development banks affect the syndicate structure using data of syndicate loans across 48 countries from 2001 to 2016. Investigate whether syndicates with development banks are less concentrated and have greater diversification of risk exposure across lenders.	Quant - Cross-sectional regression of syndicate structure variables on a dummy for DB participation. Matching estimators to control for selection bias. Placebo tests with random DB assignment.	Syndicated loans - cofinancing	Data from DealScan covering 11,949 syndicated loans from 2001 to 2016 across 48 countries.	48 countries	Broad sector focus	Loan terms and market distortions	Syndicates have more diffuse loan ownership structures and more participating lenders in the consortium. Syndicate "leads" retains lower loan shares, consistent with the view that development banks' participation in the syndicate offers a "certification effect" to the syndicate market concerning the investment's quality. Development banks reduce the lead agent share, particularly in countries and years with higher financial instability, and the effect is stronger for firms in green industries. Development banks are also found to reduce informational and contractual frictions within the syndicate. However, development banks' presence in syndicates is not associated with riskier borrowers and increasing risk-taking.	MIX
Dreher et al (JDE, 2019)	Investigates whether some governments can influence the allocation of IFC loans to the benefit of private companies in their countries.	Quant - Cross-sectional probit/logit with political variables.	Syndicated loans - cofinancing	IFC loan data for more than 3000 IFC projects between 1995 and 2015.	World	Broad sector focus	Additionality, Innovation and Mobilisation	Show that (joint) IFC Board membership of countries where borrowing companies are based and of countries where the projects are implemented increases the likelihood that these countries receive IFC loans. An average country that gets a seat on the Board increases the chance that one of its firms receives an IFC loan by about a fifth. Pairs of countries that simultaneously have a seat on the Board more than double their chance to receive a joint project as	MIX

								sponsor and recipient. This has implications for the debate on leveraging private-sector investments for development.	
Fotak and Lee (JBF, 2020)	Co-lending by private-sector and government-owned lenders accounts for over one-tenth of all syndicated-loan funding to corporate borrowers from 1980 to 2010. The paper investigates whether that is co-lending "discipline" government-owned lending, or whether political distortions affect "mixed" syndicates, including both private and government-owned lenders.	Quant - Cross-sectional OLS and PSM: Assesses differences in loan terms while controlling for borrower characteristics and potential selection bias. Post-loan Performance Analysis: Compares ex-post borrower outcomes for matched sets of mixed vs. private loan recipients.	Syndicated loans - cofinancing	Thomson Reuters Loan Pricing Corporation Deal Scan database ("DealScan"). DealScan includes loans, high-yield bonds, and private placement transactions from around the world. The version of the database used here contains loans initiated between January 1980 and May 2010.	World	Broad sector focus	Loan terms and market distortions	The paper finds that mixed syndicates allocate more loans to government-connected firms than private syndicates do. Further, loans from mixed syndicates have lower spreads, longer maturities, less collateral, and fewer covenants. Terms are most favourable when borrowers are "connected". Firms borrowing from mixed syndicates show a decline in profitability and valuation in subsequent years, suggesting that loans are inefficiently allocated. The evidence is consistent with political distortions in mixed lending. Results are driven by domestic government lenders: loans by syndicates, including foreign government-owned lenders, resemble private-sector loans more closely, both in allocation and loan terms.	NON
Frigerio and Vandone (EJPE, 2020)	Misallocation of investments due to political interference has historically been one of the major concerns related to the action of state-owned banks. The paper analyses the issue for all development banks headquartered in Europe, whose strategic role in catalysing long-term finance and implementing EU policies has come to light after the 2008 crisis.	Quant - Fixed effects (FE) panel regression with bank fixed effects and country-year fixed effects.	Syndicated loans - cofinancing	Focus on DFIs - Orbis Bank Focus database, produced by Bureau van Dijk (BvD) - 40,201 bank-year observations covering 4,228 banks, including 73 development banks.	World	Broad sector focus	Loan terms and market distortions	European development banks are not necessarily politically influenced, in the sense that they do not modify their lending activity during electoral years, which is the variable traditionally used to proxy the issue. Findings suggest that providing financial funds to development banks does not necessarily lead to an inappropriate use of public resources. Moreover, evidence of a counter-cyclical stance in their lending activity confirms the beneficial role played by development banks in periods of economic slowdown.	NON
Gomes and Do Valle (EM, 2023)	This study analyses the effects of funding from the Brazilian Development Bank (BNDES) on corporate investments, considering beneficiary companies' social engagement. Previous studies have examined these effects only from an industrial perspective, where increased investment is mandatory, neglecting social initiatives.	Quant - Panel DiD with firm-level investment, social subgroup analysis.	All/Other	Brazilian Development Bank (BNDES) - Explore a sample of 2515 companies between 2002 and 2019.	Brazil	Broad sector focus	Additionality, Innovation and Mobilisation	The evidence shows that the BNDES's impact on investments after treatment is heterogeneous: socially engaged companies did not increase investments, while companies without social engagement invested more. Thus, the criticism that the BNDES does not impact investment can be wrong if examined without considering the social perspective.	POS
Gong et al (JIMF, 2023)	This study examines whether national development banks (NDBs) fill market gaps in the syndicated loan market.	Quant - Propensity Score Matching (PSM). Two-step selection model.	Syndicated loans - cofinancing	National Development Banks (NBS) - Dealscan for syndicated loan data (from 1996 to 2016). 48,912 syndicated loans issued to	World	Broad sector focus	Loan terms and market distortions	Using a large, international sample of non-sovereign syndicated loans over the past two decades, results show that loans with NDBs have longer maturity and higher loan spreads than those without. It is also found that NDBs provide financial support for credit-rated borrowers and play a countercyclical role during global liquidity cycles. The study implies that	POS

				10,698 firms across 71 countries. 2,007 loans involved at least one NDB.				NDBs address market failures in the syndicated loan market.	
Gurara et al (JIMF, 2020)	This paper looks at the role of multilateral development banks (MDBs) on the terms of syndicated loans, focusing on loan pricing.	Quant - Propensity Score Matching (PSM). Two-step selection model.	Syndicated loans - cofinancing	Focus on MDB involvement. Data for more than 23,000 syndicated loans to emerging and developing countries originated between 1994 and 2015 from Dealogic Loan Analytics.	Emerging and Developing Countries	Broad sector focus	Loan terms and market distortions	The results show that MDBs' participation is associated with higher borrowing costs and longer maturities, signalling a greater willingness by MDBs to finance risky projects which may not be financed by the private sector. Also, they show that MDBs are more likely to lend to borrowers located in countries with high credit and financial risk. Findings suggest that MDBs could play a role in easing access to credit for high-risk borrowers.	POS
Gurmessa et al (DP, 2022)	Investigates the effectiveness of concessional loans in mobilising private finance in developing countries, with a specific focus on the blended finance modality. Examine donor behaviour and market contexts in which concessional finance achieves the greatest leverage.	Quant - Logit (selection) and IV-estimation.	Syndicated loans - cofinancing	The analysis uses a proprietary dataset of 273 blended finance transactions from 2005 to 2020. Data is drawn from major DFIs and includes project-level information on: Deal structure (loan terms, concessionality); Participating financiers (public and private); Sector, country, and project characteristics.	Emerging and Developing Countries	Broad sector focus	Additionality, Innovation and Mobilisation	Concessional loans can be catalytic, but their effectiveness is highly context-dependent. Mobilisation is significantly more likely when concessional loans are: (i) structured as junior or subordinated debt, (ii) provided in larger volumes relative to project size and (iii) combined with technical assistance or policy support. The catalytic effect is strongest in upper-middle-income countries and in infrastructure and energy sectors. In contrast, concessional loans in low-income or fragile settings tend to yield lower mobilisation ratios, indicating that other factors (for example risk perceptions, governance) may dominate. The study strengthens the case for strategic targeting and careful structuring of concessional resources within blended finance operations, but also cautions against over-reliance on blended finance in high-risk or underdeveloped markets where its catalytic potential is weaker.	MIX
Hu et al (WD, 2022)	Long-term finance is often in short supply, especially in developing countries. Governments in both developed and developing countries have established national development banks (NDBs) to provide much-needed long-term loans. Built a database on NDBs worldwide to systematically examine whether NDBs lend longer than commercial banks in deciding the maturity of their loans.	Quant - Panel regression with fixed effects.	Syndicated loans - cofinancing	National Development Banks (NBS) - BankFocus data for 8 years. 1,253 banks, 106 countries: 58 NDBs, 112 SCBs, 695 PCBs and 388 FCBs.	World	Broad sector focus	Loan terms and market distortions	Find that long-term loans constitute a larger proportion of the total loan portfolio in NDBs than that in commercial banks in general and privately owned commercial banks in particular. Contributes to the literature on loan maturity and analyses on whether NDBs play a maturity-lengthening role in filling the financing gap.	POS
Humphrey (DC, 2019)	The majority of MDBs are in fact relatively small and controlled by developing as opposed to industrialised countries. How do the differing governance arrangements of	Qualitative - Mixed Methods.	Syndicated loans - cofinancing (However, focus not on	Focus on Trade and Development Bank (TDB), an MDB in Africa with 22 regional member	Africa	Broad sector focus	Loan terms and market distortions	Finds that borrower-led governance leads to substantial disadvantages in terms of access to finance. Borrower-led governance permits TDB and other MnDBs greater operational flexibility, which partially compensates for this financial disadvantage,	MIX

	these 'minilateral' development banks (MnDBs) impact their operations?		blended finance directly)	countries. Analysis of TDB's track record since 2005 and interviews with management and shareholders.				but these operational strategies come with trade-offs in terms of developmental effectiveness. The findings suggest that MnDBs have substantial latent potential.	
Humphrey and Michaelowa (WD, 2019)	Official development finance from China has risen tremendously in the past two decades across the globe, including in the world's poorest continent, Africa. How has this sudden increase in development resources affected the two major multilateral development banks (MDBs) in the region, the World Bank and the African Development Bank (AfDB)? The study uses statistical tests and interviews with government officials in three recipient countries.	Qualitative - Mixed Methods.	Syndicated loans - cofinancing (However, the focus is not on blended finance directly)		Ethiopia, Tanzania and Malawi	Broad sector focus	Loan terms and market distortions	Results indicate that total MDB finance by country change little over time in response to Chinese activity. The sectoral allocation of concessional lending to poorer countries does not show any responsiveness either. In contrast, shifts in levels and sector allocation can be observed for non-concessional countries. The study suggests that while China's role in African development finance is indeed substantial and growing, it has not had the "game changing" impact on traditional development finance.	NON
Jud (ISQ, 2024)	Political lending is problematic for the operations of multilateral development banks (MDBs) since politically motivated aid has a greater default risk than other aid projects. MDB bureaucrats, therefore, face a dilemma. On the one hand, they want to please major shareholders by engaging in political lending. On the other hand, they want to mitigate their MDB's exposure to excessive risk. One way to solve this dilemma is to share the risk of loans with other lenders through co-financing. I expect that as countries' share of politically motivated aid increases, these countries' portfolios will receive more co-financed loans.	Quant - OLS regressions with country and year fixed effects.	Syndicated loans - cofinancing	Focus on EBRD - Data based on web-scraping of EBRD Project Summary Documents (PSDs) published between 1996 and 2018. 1,927 projects in 37 countries, aggregated into a country-year panel.	World	Broad sector focus	Loan terms and market distortions	Using newly collected loan-level data from the European Bank for Reconstruction and Development, the paper shows that UNSC membership increases the number of co-financed loans and increases the share of co-financed loans in a country's European Bank for Reconstruction and Development loan portfolio. Results are consistent with the argument that MDB bureaucrats want to mitigate risk.	MIX
Khatri-Chhetri et al. (ERL, 2021)	Evaluates the performance and potential of blended finance in scaling climate-smart agriculture across developing countries. Identify the barriers and enabling conditions that shape the mobilisation and impact of private investment.	Qualitative - Mixed Methods. Portfolio review of 108 blended finance projects implemented between 2012 and 2019.	All/Other	Data compiled from international databases, donor platforms, and project documentation. Information on typology (instrument, region, investor type), case study comparisons, and expert interviews with	Developing countries	Climate-smart agriculture, examining its mitigation and adaptation potential.	Additionality, Innovation and Mobilisation	Blended finance was found to have significant potential to unlock private capital for climate-smart agriculture, but mobilisation is uneven and concentrated in a few countries and regions. Projects that succeeded had public de-risking through guarantees or concessional loans and integrated support such as technical assistance and capacity building. However, the majority of climate-smart agriculture relevant blended finance projects target mitigation outcomes (for example, emissions reduction) rather than adaptation and resilience. Moreover, private sector participation remained limited in smallholder-	MIX

				implementers and policymakers.				dominated or fragile environments, due to high risk and low perceived return.	
Kotchen and Negi (WBER, 2019)	Study the determinants and impacts of cofinancing using data from the GEF on 3,269 projects from 1991 to 2014, along with detailed ex post evaluations of more than 650 completed projects.	Quant - Mixed. OLS regressions with country fixed effects. Tobit models to handle censoring. Double hurdle models to separately examine intensive and extensive margins.	Syndicated loans - cofinancing	Global Environmental Facility (GEF) - Data from the GEF Project Management Information System (PMIS) covering 3,269 projects approved between 1991 and 2014.	World	Climate and renewable energy	Loan terms and market distortions	Greater emphasis on cofinancing tend to favour projects that are larger, less global in reach, focused on climate change, in countries with better governance, and led by certain multilateral development banks. A push towards greater private-sector involvement and loans rather than grant financing will tend to encourage projects with similar characteristics. Greater cofinancing results in better ex post evaluations, but projects executed by the private sector tend to achieve lower ratings.	NON
Kotchen and Vogt (WD, 2025)	Study whether cofinancing within GEF and GCF helps promote institutional objectives, or creates perverse and inefficient incentives.	Quant - Theoretical model + empirical regressions on GEF/GCF data.	Syndicated loans - cofinancing	Global Environment Facility (GEF) and the Green Climate Fund (GCF).	World	Climate and renewable energy	Additionality, Innovation and Mobilisation	Tradeoffs exist between emission reductions and cofinancing. But they are not strong enough to imply that current cofinancing preferences are diminishing the environmental benefits that funds can claim. However, the emphasis on cofinancing in project selection is likely to be globally inefficient, as projects with greater cofinancing ratios tend to yield smaller emission reductions per gross dollar spent.	NON
McHugh (JFMIM, 2023)	Evaluates the competitive conditions in development finance and the implications for successfully mobilising private sector finance, using financial data for 61 development banks between 2010 to 2019.	Quant - Panzar-Rosse test, competitive equilibrium analysis.	All/Other	61 Entities - Multilateral development banks (MDB = 13), Regional development banks (RDB = 9), European DFIs (EDFI) and national development banks outside EDFI (SOV) (EDFI+SOV = 17) and Export-import banks (EXIM = 22).	World	Broad sector focus	Additionality, Innovation and Mobilisation	The international development finance market is structured as a competitive oligopoly. Successful mobilisation of private sector finance will therefore require more innovative funding solutions. Large-scale crowding-in of private sector banks on existing terms is likely to fall short due to a lack of profitability and risk appetite.	MIX
Probst et al (WD, 2021)	Recent research has shown some of the limitations of broad financing mechanisms, such as the Clean Development Mechanism (CDM) and existing carbon markets. This has resulted in a growing interest in designing novel investment support schemes, such as modifications of feed-in tariffs (FiTs) that may be more cost-effective and better targeted towards particular outcomes when compared to traditional deployment subsidies or broad financing	Qualitative - Mixed Methods - Financial modelling, project feasibility analysis + satellite data.	All/Other	DFIs (especially the German Development Bank).	Uganda	Climate and renewable energy	Additionality, Innovation and Mobilisation	Using financial modelling on detailed project-level data, it is found that most projects were additional and would therefore not have been built without the subsidy. In addition, using firm-level panel data, it is shown that power outages hamper manufacturing performance in Uganda. Outages have declined substantially since the introduction of GET FiT. It is also demonstrated that programmes to incentivise additional renewable generation in developing countries, whether funded internationally or domestically, should liaise closely with grid authorities to ensure that supply does not outstrip demand.	POS

	mechanisms. We evaluate the design and outcomes of one such novel support schemes: the GET FIT (Global Energy Transfer Feed-in Tariff) investment support scheme in Uganda, which has attracted ~ 453 million USD in private sector investment for 17 small-scale renewable energy projects (solar, hydro, bagasse) in only three years.								
Ray and Kamal (DC, 2019)	The article explores whether the performance of the Development Bank of Latin America (CAF) and the Islamic Development Bank (IsDB) has lived up to their goals of establishing borrower control over bank governance without sacrificing financial dynamism. Using power-weighted voting indices for member representation on bank boards, the authors determine that these banks offer borrowers much more representation on their boards than do their Northern-based counterparts, the Inter-American Development Bank (IDB) and the World Bank International Bank for Reconstruction and Development (IBRD). The article also analyses bank operations to determine whether their governance structure impacts their internal performance, as reflected in balance sheets, and their external performance — gaining relevance in development finance, particularly in infrastructure lending, including the burgeoning sector of sustainable (climate-resilient) infrastructure.	Qualitative - Mixed Methods.	Syndicated loans - cofinancing (However, the focus is not on blended finance directly)	Data based on financial statements by the Development Bank of Latin America (CAF) and the Islamic Development Bank (IsDB) and interviews with stakeholders.	Latin America and the Middle East	Broad sector focus	Loan terms and market distortions	The authors find that the CAF and IsDB have become major players in development finance, including in sustainable infrastructure. However, important issues remain regarding their continued internal capacity development, especially with regard to the environmental and social safeguards necessary to oversee lending.	MIX
Taguchi and Yasumura (Sustainability, 2021)	Assess the current use and effectiveness of blended finance in accelerating the energy transition in Asian developing economies. Identify the barriers and structural challenges to scaling blended finance in the energy sector.	Qualitative - Mixed Methods.	Concessional loans and guarantees (Concessional loans are most commonly used for project co-financing alongside MDBs or DFIs.	A review of over 60 blended finance energy projects in Asia, Institutional reports from MDBs (e.g., ADB, World Bank, GCF), and Secondary data on investment trends, policy environments, and donor commitments.	South Asia and Southeast Asia	Clean and renewable energy projects (solar, wind, geothermal), energy efficiency and, in some cases, off-grid electrification.	Additionality, Innovation and Mobilisation	Blended finance has played a catalytic role in mobilising capital for clean energy projects, especially in solar and wind sectors, but remains underutilised relative to the region's climate investment needs. Mobilisation performance is highly uneven across countries. Middle-income countries (for example, India, Vietnam) have attracted more private capital, while low-income economies remain underserved. Significant scaling barriers identified: High project preparation costs (sunk costs are high), significant currency and political risks, and a general lack of bankable projects.	MIX

			Guarantees are underused especially in markets with higher perceived risk).							
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Appendix Table B: Summary of Systematic Literature Review (SLR) - Policy working papers

Study name/authors	Study focus	Instrument / Leveraging mechanism (main focus)	Donor / Institution / Provider	Recipient / Country / Region	Sector	Outcome focus	Main results	Assessment (Positive / Mixed / None)
Asare (IGC, 2024)	Case study exploring how blended finance can be used to support distributed renewable energy (DRE) in fragile and conflict-affected situations (FCS), focusing on the innovations by Energy Peace Partners (EPP) through the Peace Renewable Energy Credit (P-REC) and the P-REC Aggregation Facility.	Peace Renewable Energy Credits (P-RECs), P-REC Aggregation Facility, Grants, Concessional Equity, First-Loss Tranche.	Energy Peace Partners (EPP)	DRC, South Sudan, Somalia, Chad, Ethiopia, Haiti	Renewable Energy	Energy access, Co-economic co-benefits, peace, environmental improvements, job creation, additionality.	Initial results suggest improvements in safety, economic activity, and peace indicators in areas with P-REC-funded projects. However, the economic viability of mini-grids remains difficult due to affordability and currency risks. Moreover, risk perceptions often exceed actual risks due to a lack of local knowledge. Finally, there is difficulty in tracking additionality and attribution as projects scale and multiple funders are involved.	NON
Aydin et al (CEPR WP, 2024)	Evaluates the economic impact of a blended finance programme targeting female entrepreneurs in Türkiye, specifically the Women in Business (WiB) programme implemented from 2014 to 2019. It uses matched administrative datasets (credit registry, tax filings, and firm networks) to analyse whether blended finance can increase access to credit, and what real outcomes this generates for women-owned businesses.	Blended Finance Credit Lines, First-Loss Risk Cover (FLRC), Technical Assistance.	EBRD and EIB	Turkey	Five Turkish commercial banks targeting more than 12,000 women-owned small businesses (SMEs)	Financial inclusion and economic outcomes (investments, employment, sales, profit, survival).	The WiB programme in Türkiye provides robust evidence that well-designed blended finance, with technical assistance and risk-sharing, can improve credit access for underserved groups (women entrepreneurs) and generate meaningful real-economy impacts without compromising loan quality. It offers a replicable model for financial inclusion in emerging markets.	POS
Basile et al (OECD WP, 2020)	Presents findings from the 2018 OECD Survey on Blended Finance Funds and Facilities, focusing on how blended finance vehicles define development strategies, track development performance, and conduct evaluations. It builds on Part I of the survey, which addressed fund structures and investment strategies. This study aims to inform better policy and accountability in blended finance aligned with the OECD DAC Blended Finance Principles, especially Principle 5 (monitoring for results and transparency).	Equity, Loans, Guarantees, Technical Assistance, Layered risk capital structures, CIVs.	Multiple DFIs and MDBs as well as philanthropies	Multiple - Global Climate Partnership Fund and Women in Business Programmes highlighted frequently	Multiple - Energy, Climate, SMEs, Agriculture	Economic outcomes: job creation, SME growth, investment mobilisation; Social outcomes: gender equality, education, health access. Environmental outcomes: CO ₂ emissions reduction, energy access; Governance metrics were least tracked.	Highlights that while blended finance vehicles increasingly align with SDG-related goals and principles, impact tracking and evaluation practices vary widely. Development impact reporting remains underdeveloped, especially regarding ex-post impact measurement, beneficiary engagement, and transparency. Facilities tend to be more rigorous than funds in impact monitoring due to closer donor oversight. Key findings: Only two-thirds of interventions had clear quantitative development targets (mostly at the output/outcome level). However, ex-post evaluations were rare, and impact attribution was limited. Monitoring mostly relied on client self-reporting, with a few involving end beneficiaries. Only a quarter of evaluations were made publicly available.	MIX

Cafe (IDB WP, 2024)	Evaluates whether access to federally guaranteed loans improves public investment and development outcomes in Brazilian municipalities. Using a fuzzy regression discontinuity design, it exploits a creditworthiness threshold (CAPAG) that determines eligibility for sovereign loan guarantees. The research investigates whether municipalities use loans efficiently (boosting capital investment) or if funds are diverted to recurrent expenditures.	Sovereign Guaranteed Loans (SGLs)	Not 100% clear - Federal Government of Brazil using subsidies from multilateral banks or international agencies	Brazil - Brazilian municipalities, especially smaller, fiscally constrained ones with CAPAG ratings A or B (eligible for sovereign guarantees).	Mainly infrastructure, but also health and environmental protection.	Multiple	Federally guaranteed loans significantly increase investment and improve development outcomes in municipalities facing borrowing constraints. The study provides robust evidence that well-targeted public credit mechanisms can enhance local fiscal capacity and service provision in developing countries. Access to guaranteed loans led to large increases in investment spending among compliers. No increase in personnel expenditure, indicating funds were not misallocated. Improvements in social outcomes, including: More health infrastructure (for example, prenatal visits, lower low-weight births); Greater sewage coverage; Increased recreational infrastructure; No immediate change in service quality, but investment likely supports long-term gains.	MIX
Cerda et al (IDB WP, 2023)	Evaluates the causal impact of COVID-19 government-guaranteed loan programmes on micro, small, and medium-sized enterprises (MSMEs) in Chile and Colombia. Using randomised controlled trials (RCTs) with over 13,000 firms, it assesses how these loans affected the liquidity and earnings of previously credit-constrained businesses during the pandemic.	Partially or fully guaranteed loans	IDB	Support was coordinated with private commercial banks, reaching 10,072 Chilean and 3,379 Colombian MSMEs.	SMEs are broadly defined across all sectors	Liquidity (credit access); Earnings (proxied by bank deposits); Firm Survival.	Government-backed loans during COVID-19 effectively increased liquidity for high-risk MSMEs in Chile and Colombia. Though average earnings didn't show a strong effect, those who received the loans did see large gains. These results affirm the importance of credit guarantee programmes in stabilising MSMEs during economic crises and support their continued or expanded use in future downturns.	POS
Cole et al (NBER WP, 2024)	Provide evidence on the long-run returns to private equity in emerging and frontier markets using the cash flows from every equity investment made by the International Finance Corporation (IFC) across 130 countries over 58 years.	Equity	IFC	130 Countries	All	(i) Public Market Equivalent (PME) - PME evaluates the returns against an investor whose wealth is held in the index; if the ratio is greater than one, the investor prefers the portfolio to the index.	Risk-adjusted returns are comparable to the S&P 500 from 1961 until 2010. Returns improve with economic growth, but decline as banking systems deepen and countries relax capital controls. These results are consistent with the thesis that financial frictions have prevented the flow of capital from rich to poor countries, and that the persistence of impact investors' performance may rely on identifying or creating new markets that lack access to capital.	NON
Flammer et al (ECGI WP, 2025)	Develops a conceptual and empirical framework to analyse how Development Finance Institutions (DFIs) use blended finance to catalyse private investment in sustainable development projects, especially those with high political risk or public good characteristics. It explores how concessionality varies across deals based on sustainability impact, political risk, and information asymmetries.	Blended finance mechanisms examined include: Concessional loans (below-market interest rates), Junior equity tranches (subordinated equity investments), Risk management provisions (First-loss guarantees,	Mainly IFC	Private sector firms (including agribusinesses, manufacturers, financial institutions). Project developers in low- and middle-income countries, especially in Africa (50.9% of deals)	Multiple - Agribusiness and forestry (15.6%), Infrastructure (8.7%), Manufacturing (7.5%)	Degree of concessionality (the subsidy level) provided and its relationship with: Sustainability impact (measured by number and type of SDGs a project supports); Political risk and opacity (higher-risk countries receive more concessional support	Blended finance is a strategic tool used by DFIs to allocate limited concessional capital toward high-impact, high-risk projects that would otherwise be unfundable. The study demonstrates empirically that impact and risk context drive concessionality, validating the design logic of catalytic blended finance models. Key findings: (i) Projects with higher social/environmental SDG alignment receive more concessionality; (ii) Concessionality rises with country political risk and information asymmetry, and (iii) Risk management tools are more likely in riskier geographies.	MIX

		Cross-currency swaps, Risk-sharing facilities, Interest rate buy-downs) and Performance-based incentives (disbursed upon achieving key sustainability outcomes).				and risk management tools) and Deal structuring (more concessionality and blended features (like guarantees) in high-risk contexts).		
Gajigo et al (AfDB WP, 2022)	Investigates whether Development Finance Institutions (DFIs), particularly in Africa, align their Lines of Credit (LOCs) with their stated development mandates, mainly to support financial access for SMEs and promote inclusive financial sector development. The analysis is based on data from 2007 to 2019, covering 844 banks across 54 African countries, 136 of which received DFI LOCs.	Lines of Credit (LOCs): Long-term funding provided by DFIs to local banks, which are expected to on-lend to SMEs and underserved segments.	Multiple - Multilateral: African Development Bank (AfDB), International Finance Corporation (IFC), and European Investment Bank (EIB). Bilateral: Proparco (France); DFC (USA); BII (UK); FMO (Netherlands); Norfund (Norway), and others.	World	Main focus - Financial Sector	Banking indicators	Finds a misalignment between DFIs' development mandates and actual recipient profiles: LOCs reinforce banking sector concentration, reducing competition. Larger banks tend to lend to larger firms, neglecting SMEs. AfDB-funded banks were the largest but least effective in targeting SMEs. Key Findings: (i) DFIs prioritise risk mitigation over development impact. (ii) AfDB's LOC recipients had lower performance (for example, higher NPLs) despite being the largest. (iii) No strong evidence that LOCs led to increased SME financing or reduced inequality in financial access.	NON
Gatti et al (EIB WP, 2023)	Analyses whether European Investment Bank (EIB) operations in countries outside the EU lead to increased private sector lending, particularly through syndicated loans. It focuses on the catalytic effect of EIB funding; i.e., how EIB interventions signal borrower creditworthiness and stimulate private capital flows in emerging and developing countries.	Loans, Syndicated loans, Equity.	EIB	Emerging and developing countries (78 non-EU countries studied).	Finance and utilities sectors show the strongest response in syndicated lending. Sectors covered span across 13 industries, with significant activity in: Utilities, Finance, insurance, and real estate	Multiple, but main focus on mobilisation and loan characteristics.	EIB operations act as signalling mechanisms, encouraging private investment by reducing perceived country risk and demonstrating project viability. The catalytic effect is strongest in early engagements, in public-sector projects, and in countries where financial markets are underdeveloped but institutions are relatively strong. Key findings on EIB's catalytic impact on private capital flows: an increase in syndicated loan counts and a doubling in loan volumes within a year of intensified EIB activity. No significant impact on average loan maturity (contracts remain short-term). Strongest effects observed in: (i) Low-income countries, (ii) Countries with strong institutions and (iii) Countries with high debt levels. Effects are short-lived (1-2 years) and have limited impact from repeat EIB engagements. Public-sector lending crowds in more private capital than lending to private borrowers. Equity and SME-focused operations showed minimal catalytic effect.	MIX

					and Public infrastructure and services.			
Gregory (CGD WP, 2023)	Reviews how Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) have innovated since 2015 to mobilise private capital for sustainable development and climate finance, particularly in emerging and developing economies (EMDEs). It evaluates financial and process innovations in mobilisation, identifies challenges, and offers recommendations to scale effective models.	Multiple	Multiple	World	Climate mitigation and adaptation (especially clean energy, transport), SME finance, Trade finance, Infrastructure (transport, energy, digital), Local capital market development through local currency bond issuance.	Multiple	Concludes that while innovations exist and have potential, DFIs and MDBs must scale and replicate effective models, shift toward “originate to share” strategies, and reform business models to meet the scale of private capital required for SDGs. Mobilisation should be embedded in institutional mandates, strategies, and incentives. Increased private capital mobilisation into development-oriented sectors. Improved risk sharing and blended financing structures for high-risk investments. Highlighted challenges: Mobilisation volumes remain low, Lack of standardisation and data sharing, Limited scale of blended finance, need for new incentives, fee structures, and risk appetite shifts.	NON
Kenny (CGD, 2019)	Evaluate the rationale and limitations of blended finance in the poorest countries, particularly in terms of mobilising private capital. Question the assumptions underlying the widespread promotion of blended finance as a development solution in high-risk environments.	Multiple	Multiple	LICs	All	Financial additionality and whether blended finance catalyses private investment that would not otherwise occur.	Blended finance has shown limited success in mobilising private investment in the poorest countries, where the business environment and profitability prospects remain weak. Most mobilised private finance goes to middle-income countries and commercially viable sectors, not to the least developed or highest-need areas. There is little robust evidence that blended finance delivers superior development impact or crowding-in effects in LICs. Using concessional finance to subsidise private investment in very poor countries may risk inefficiency and misallocation unless clearly justified by additionality and long-term impact.	NON
Kenny and Yang (CGD, 2020)	Assess current practices in measuring the impact of blended finance, especially regarding development outcomes and financial additionality. Propose a framework and practical reforms to improve the evidence base for how blended finance delivers value for	Multiple	Multiple	LICs	All	Development impact (e.g., poverty reduction, job creation, service delivery). Financial additionality (whether the private investment would have occurred	Current monitoring systems used by MDBs and DFIs overemphasise private capital mobilisation while neglecting whether: (i) the mobilised capital delivers development additionality; (ii) the project would have occurred without public support (financial additionality). There remains little empirical evidence that blended finance consistently leads to better development outcomes than alternative uses of aid (e.g., grants or public investment).	NON

	money and achieves developmental objectives.					anyway). Value for money compared to other uses of public funds. The authors argue that mobilisation alone is insufficient and that blended finance must prove its development effectiveness.		
Kenny (CGD, 2024a) - blog post	Assess whether the IDA PSW has successfully increased the volume and share of IFC investments in IDA countries. The IDA PSW was established to use IDA subsidies to help IFC and MIGA manage investment risks, thereby encouraging more private-sector investments in challenging markets.	IDA Private Sector Window (PSW), a blended finance instrument designed to de-risk private investments in IDA countries through subsidies and guarantees.	World Bank Group	Low-income countries eligible for concessional financing from the IDA.	All	Primary outcome assessed is the increase in IFC investments in IDA countries as a result of the PSW.	Despite the introduction of the IDA PSW, the share of IFC investments in IDA countries has declined. In the first half of the 2010s, over half of IFC projects in IDA countries were rated satisfactory. Now, it is significantly lower. The PSW has not significantly increased the scale of IFC operations in the world's poorest countries. Core IDA projects continue to deliver results, but the PSW has failed to stop a slide in the scale of IFC operations in these regions.	NON
Kenny (CGD, 2024b) - blog post	Assess the track record of blended finance over the past 25 years, especially regarding its success in mobilising private capital for development projects. Scrutinises the persistent optimism surrounding blended finance initiatives and questions whether they have delivered on their promises.	All	Multiple - Both MDBs and DFIs	Low- and middle-income countries	All	Development impact/additionality	Despite numerous initiatives and substantial efforts, blended finance has not significantly increased private sector investment in development projects. DFIs often highlight the amount of private capital mobilised as a success metric, without adequately assessing the actual development impact of these investments. Argues for a more grounded approach to blended finance, suggesting that expectations should align with the practical challenges and historical performance of such initiatives.	NON
Lee and Cardenas (CGD WP, 2020)	Assesses the state of private development finance in low-income countries (LICs) and evaluates why private investment mobilisation remains limited. It reviews trends across DFIs, blended finance, impact investing, and infrastructure finance, and proposes reforms to make development finance institutions (DFIs) more effective in delivering private capital for SDG-aligned investments in LICs.	Multiple - Loans (especially senior debt, the dominant DFI instrument); Guarantees (58% of mobilised finance in LICs comes from guarantees); Equity and subordinated debt (limited use, despite higher mobilisation potential); Blended concessional finance (combining market-rate and concessional capital).	Multiple - Both MDBs and DFIs	World	Finance sector (78% of DFI blended finance in LICs); Infrastructure (4% of blended finance in LICs in 2018); Health and education: only 3% of mobilised finance in LICs.	Multiple - but mobilisation central.	Private finance is not reaching poor countries at needed scale due to risk aversion, weak institutions, and market failures. The authors argue for bold institutional reforms (including new instruments, new mandates, and better deployment of concessional finance) to ensure that DFIs live up to their development mandates in the poorest and most vulnerable markets. Current mobilisation levels are insufficient to meet SDG needs: No upward trend in private participation in infrastructure (PPI) in LICs. Declining FDI as a share of GDP in LICs. Very limited use of concessional finance to de-risk LIC transactions. Proposes reforms: Set LIC-specific targets for DFI investment and concessional finance. Create risk-tolerant financial structures. Use sectoral compacts to align policy reforms and private investment. Strengthen local capital markets, especially for early-stage firms. Build green finance ecosystems via credit enhancements and local bank capacity-building.	NON

Leon (FERDI WP, 2024) - Now published in WD (2025)	Investigates the impact of intermediated lending programmes by Development Finance Institutions (DFIs) on the lending activity of commercial banks in Africa. Contrary to the common assumption that DFI support catalyses additional private lending, the study finds that supported banks actually reduce lending by about 8% over five years. It attributes this to limited absorptive capacity and portfolio reallocation, raising concerns about potential unintended side effects of blended finance strategies.	Analyses several instruments used in DFI programmes: Loans (57% of projects); Guarantees (20%); Equity investments (10%); Technical assistance (2%); Intermediated investments (8%).	17 DFIs operating in Africa	231 commercial banks across Africa	Main focus - Financial sector. Intended focus: SME financing and financial inclusion	Access to finance and loan characteristics.	Challenges assumptions about the catalytic role of blended finance in bank-based SME finance. It shows that DFI support can unintentionally reduce lending, particularly when recipient banks lack the capacity to scale up. This suggests a need for better design and monitoring of blended finance programmes, especially in fragile or capacity-constrained financial systems. Negative effect on loan growth among supported banks over five years. MFIs did not experience a decline but also did not expand lending. No positive spillover to untreated banks. Lending contraction mainly results from banks shifting focus to new clients, reducing credit to existing ones. First-time DFI support had stronger negative effects than repeat interventions. Equity interventions had a more negative effect than loans or guarantees.	NON
Mishra (CSAE WP, 2023)	Investigates whether Development Finance Institutions (DFIs) indirectly mobilise foreign private capital for infrastructure projects in developing countries. The central hypothesis is that DFI participation reduces perceived risks in specific country-sector combinations, thereby catalysing future private sector investment, particularly in infrastructure, where high risks deter commercial financing.	Multiple DFI instruments	Multiple - both MDBs and DFIs	Uses data from 13,352 infrastructure projects in 131 developing countries between 1990 and 2022, across 875 country-sector pairs.	Infrastructure.	Number of commercial foreign banks participating in projects. Number of total infrastructure transactions. Number of privately financed projects. More projects with sole foreign private financing.	DFI presence catalyses private infrastructure financing at the extensive margin, particularly in the same country-sector, by reducing perceived risks. However, the effect does not extend to fully private financing or to other sectors or countries, suggesting that targeted DFI investment is crucial for scaling private capital in infrastructure, but must be complemented by deeper risk mitigation strategies and data transparency. Strong positive correlation between DFI participation and: (i) Number of commercial foreign banks, (ii) Number of total projects and (iii) Number of private projects with at least one foreign bank. But no significant effect on projects entirely financed by foreign private actors, implying DFI catalytic role is partial, not sufficient for full risk absorption. Mobilisation is strongest in moderately fragile countries; weakest in high-fragility settings. No clear cross-sector or cross-border spillover effects observed.	MIX

Appendix Table C: Summary of Systematic Literature Review (SLR) - Institutional reports

Study name/authors	Study focus	Main results	Assessment (Positive / Mixed / None)
ADB (2022)	Assess the potential of blended finance to close the substantial climate finance gap in developing Asia. Evaluate the effectiveness of different blended finance instruments in mobilising private capital for climate mitigation and adaptation. Identify key constraints and enablers for scaling blended finance, with a focus on institutional, market, and policy-level barriers.	Blended finance has mobilised modest amounts of private capital in Asia relative to the region's needs. Among the instruments used, guarantees and subordinated equity showed the highest private capital leverage. Climate adaptation projects mobilised far less capital than mitigation-focused initiatives like renewable energy. Guarantees (partial risk or credit) were most effective in mobilising private capital by de-risking investments. Concessional loans and equity played a significant role in anchoring projects, but often yielded lower mobilisation ratios. Technical assistance was essential for project preparation and improving bankability, especially in less developed markets. Key challenges included high perceived risk and lack of bankable projects, weak regulatory frameworks, and limited capacity among public and private stakeholders to structure and scale blended finance.	MIX
Attridge and Engen (ODI Report, 2019)	Primary aim of the study is to provide an evidence-based evaluation of blended finance's potential to fill the SDG financing gap in LICs.	Low Leverage Ratios in LICs. This casts doubt on the "billions to trillions" narrative. Public actors cover a large share of blended project costs, especially in LICs. Raising concerns about whether such subsidies offer sufficient development impact. Blended finance flows overwhelmingly to middle-income countries. LICs receive disproportionately little, despite their greater need. Private finance mobilised via blended finance is concentrated in infrastructure and finance, with minimal investment in social sectors. Identifies binding constraints in LICs, including poor investment climates, few bankable projects, limited use of concessional instruments, and conservative risk appetites of MDBs and DFIs. Instruments are not adequately tailored to LIC risk profiles. The emphasis on blended finance may redirect official development assistance (ODA) away from its core poverty eradication goals in LICs. The report urges a more nuanced and tailored approach to blended finance in LICs. It emphasises that while blended finance has a role to play, it is not a silver bullet. Without systemic reforms, improved instruments, and better risk-sharing by MDBs and DFIs, its potential in LICs will remain modest.	NON
Attridge and Gouett (ODI Report, 2021)	The report aims to evaluate how well DFIs and MDBs have performed in mobilising private finance in developing countries. Also examines their role in supporting the "build back better" agenda following COVID-19. Finally, assesses the trade-offs DFIs and MDBs face between mobilising private finance, achieving development impact, and maintaining financial viability. Offer policy recommendations to realign DFI/MDB practices with the ambition of the AAAA and the SDGs, especially in low-income countries (LICs).	DFI/MDB investment grew only marginally from 2013 to 2018, far below what is needed to close the SDG financing gap. COVID-19 has further constrained their ability to expand investments. Mobilised private finance increased, but not as much as expected. The growth was insufficient relative to the scale of global investment needs. Leverage ratios rose slightly, driven mostly by multilateral institutions, not bilateral DFIs. While DFIs and MDBs slightly shifted portfolios towards riskier countries, investment in LICs remained very low. The poorest LICs (bottom income decile) received under 2 cents per invested dollar. Loans remain the main instrument. Equity use declined, and guarantees (despite their high mobilisation potential) remained underused due to complexity and balance sheet constraints. Inconsistent definitions, limited disclosure, and methodological divergences between DFIs/MDBs and the OECD hinder effective evaluation and accountability. There are risks of ODA misclassification and double-counting mobilised finance. DFIs and MDBs are constrained by a trilemma. They are expected to mobilise capital at scale, achieve development impact, and remain financially sustainable, goals often in conflict. Without a shift from opportunistic investment to strategic, market-creating approaches, particularly in LICs, current models will fall short.	NON
Attridge et al (ODI Report, 2019)	The report aims to: Take stock of the knowledge base on the development impact of DFIs. Provide an evidence-based assessment of how DFI investments contribute to SDGs, especially SDG 7 (clean energy), SDG 8 (jobs and growth), and SDG 13 (climate action). Identify gaps in measurement, attribution, and harmonisation of impact evaluation frameworks.	DFIs contributed to millions of jobs in 2017, both directly and indirectly. DFIs increasingly focus on both the quantity and quality of jobs, emphasising decent work standards. Yet, methodological challenges remain in attributing indirect and induced job effects. DFIs have played a catalytic role in crowding in private finance for clean energy, especially through IPPs in Sub-Saharan Africa. Evidence shows that DFI energy investments reduced energy costs and outages, contributing modestly to GDP growth in countries like Cape Verde and Honduras. DFIs can promote economic transformation by shifting capital toward higher-productivity sectors. However, this is a complex area where impact is hard to measure and attribute. Innovative approaches like network analysis and theories of change are being explored to assess transformative impacts. While DFI investments increase economic outputs, less is known about who benefits. There is limited evidence on how DFI projects impact poverty reduction, affordability, or access for marginalised groups. There is significant variation across DFIs in how development impact is measured. Lack of standardisation impedes cross-comparison and credibility. Harmonisation initiatives are underway but require deeper institutional commitment. DFIs have developed sophisticated tools for assessing firm-level results (for example, DERA, Lean Data). But mostly self-evaluation, which questions reliability. Tools for macroeconomic and systemic impact are still nascent and underfunded. The report underscores that DFIs have a	MIX

		critical but specialised role in the global development finance architecture. Their contribution to jobs and clean energy is tangible, but broader effects on transformation and inclusion are not well understood. Improved data, stronger evaluation systems, and better harmonisation are needed.	
Convergence (2023a)	The report aims to identify how donor governments can more effectively mobilise private capital for the SDGs using blended finance. Examine the institutional arrangements, financial instruments, and strategic choices made by donor agencies. Share best practices to improve the catalytic use of concessional finance. Provide actionable guidance on programme design, including participation models (internal vs. external), engagement with DFIs, and instrument choice (grants, loans, guarantees, equity).	Despite recognition of blended finance's potential, only a minor part of ODA is currently allocated toward private sector mobilisation. Donor institutions often lack capacity, clear mandates, and robust strategies for engaging the private sector. Donors adopt different institutional setups. The choice is influenced by political context, financial ecosystems, and historical private sector engagement. DFIs are seen as key actors but often prioritise financial sustainability over high-risk, high-impact investments. Most DFIs operate commercially and need concessional capital to expand investment in LICs or fragile contexts. Donors influence DFIs via off-balance-sheet concessional facilities. Grants remain the most commonly deployed instrument, but guarantees are emerging as effective tools for de-risking. However, integrating guarantees faces institutional and regulatory barriers. Equity and debt instruments are also used, but require more technical capacity. A major barrier is the lack of internal financial expertise within donor agencies. Some donors rely on DFIs or intermediaries for technical execution, while others are investing in capacity-building. For blended finance to play a transformative role, donor governments must adopt a more risk-oriented catalytic approach.	MIX
Convergence (2023b)	Assess the ex-post financial and development performance of 28 blended finance transactions previously documented by convergence. Aims to strengthen the evidence base for blended finance by providing empirical insights into how these transactions have performed in terms of commercial returns and development outcomes. In essence, the report seeks to transition from theory and deal design to documented outcomes, thereby contributing to greater accountability, learning, and replication in the blended finance market.	Leverage ratios ranged widely. 60% of deals had a ratio of 0x to 3x. Equity funds and direct equity in companies performed well. Most equity investments yielded returns exceeding 10% IRR. Debt investments had more moderate returns. Development Impact Bonds (DIBs) and blended bonds/notes typically returned below 10% IRR, aligning with market benchmarks for emerging-market bonds. Energy sector investments dominated equity returns. Concessional capital returns were low: 75% of concessional equity and 80% of concessional debt yielded returns below 5% IRR. These positions were mostly first-loss, aimed at derisking transactions for commercial investors. In sum, the report provides encouraging evidence of the dual success of blended finance in delivering both financial viability for commercial investors and meaningful development impact. However, it also highlights structural and methodological areas that require refinement for blended finance to scale effectively.	MIX
Convergence (2024)	The report was developed to document successful blended finance structures that have effectively mobilised private capital. Extract and synthesise key enabling factors and design principles from these cases. Offer a blueprint to reduce the time, cost, and complexity involved in developing new blended finance vehicles. Address the standardisation gap by presenting best practices that can serve as templates for future instruments.	The report concludes that blended finance is still far from its potential. Absence of standardisation, limited catalytic capital, and high perceived risks in emerging markets are some reasons identified. Key enablers of success: Alignment of purpose across public and private actors and credible fund managers with proven track records. Use of first-loss capital, guarantees, insurance, and tailored structures to improve risk-return profiles. The most effective vehicles use a tiered capital structure with junior tranches absorbing first losses (often philanthropic), mezzanine from DFIs, and senior tranches targeting institutional (private) investors. Institutional investors need better education on how blended finance can fit into conventional asset strategies. The report emphasises the importance of scaling from bespoke deals to programmatic, standardised vehicles. To unlock blended finance's full potential, actors across the ecosystem (public, private, philanthropic) must coordinate on shared principles, reduce friction, and scale what works.	MIX
Convergence (2025a)	The report's core aim is to document and analyse the fundraising challenges and performance of African SME funds, with a focus on early-stage, growth-stage, and SME	The ecosystem has diversified significantly. Yet, the capital gap remains vast: the unmet financing need is estimated at \$140 billion, and 45% of first-time fund managers fail to reach first close. First-time and emerging investors face major structural barriers: high transaction costs, low fund sizes, tight management models, and risk perceptions. Many DFIs still apply restrictive criteria that exclude small, local, or non-traditionally credentialed fund managers. SME funds launched since 2015 are delivering better gross returns than	MIX

	debt funds. Provide empirical data on fund terms, returns, and fundraising outcomes from a sample of 55 SME funds and a broader 135-fund ecosystem. Identify success factors for both general partners (GPs) and limited partners (LPs), and recommend strategies to improve capital flows into the “missing middle” of African private finance.	their predecessors. Emerging managers and those with non-traditional backgrounds often outperform expectations. Newer structures (for example, open-ended vehicles, hybrid models, permanent capital funds) are improving alignment. Philanthropic, public, and foundation capital in the form of junior tranches and working capital boosts fundraising success. Partnering with platforms or sponsors triples the likelihood of reaching viable fund size. African SME investing suffers from fragmented, opaque data on returns and performance. The report is a call to action for shared data infrastructures to improve benchmarking and decision-making. The report concludes that African SME funds operate in a fragmented and under-resourced ecosystem. Mobilising more capital requires a rethinking of due diligence standards to better reflect the realities and potential of emerging fund managers. Stronger (high-risk) catalytic finance strategies, particularly at the early stage.	
Convergence (2025b)	Evaluate the mobilisation effectiveness of blended finance by analysing the private capital mobilised across a large dataset of actual transactions. Seeks to benchmark mobilisation ratios for different instruments, regions, sectors, and deal types and identify structural and institutional factors that influence the success of mobilising private finance.	Average private capital mobilisation ratio was 2.6x, meaning every dollar of concessional capital mobilised \$2.60 in private finance. However, the median was lower (1.3x), suggesting a concentration of high-performing outliers and a skewed distribution. 52% of deals mobilised less than \$1.50 per concessional dollar, while 25% mobilised more than \$3. Guarantees had the highest median mobilisation ratio (4.4x), followed by subordinated equity (2.0x) and first-loss debt (1.4x). Instruments offering downside protection consistently outperformed others in attracting commercial capital. Infrastructure and energy deals showed the highest mobilisation, with medians of 3.2x and 2.9x, respectively. Agriculture and SME finance had lower medians (0.9x and 1.2x). Sub-Saharan Africa had a lower median (1.0x), while Latin America and Southeast Asia were above average. Project finance transactions showed higher leverage than funds, particularly when guarantees or anchor investments were used. Fund structures tended to mobilise less private capital, particularly in nascent or riskier markets. Concessional capital was most effective when used early, with clear signalling, and paired with strong sponsors. Repeat sponsors, larger deal sizes, and DFI co-participation were associated with better mobilisation. Smaller and first-time sponsors, as well as highly concessional terms, did not consistently result in higher leverage. In sum, blended finance can mobilise significant private investment, but actual leverage is often lower than claimed. Instrument choice, sponsor quality, and project type are key determinants of success.	MIX
Deval (2020)	Evaluation examines structured funds as a financing instrument of German development cooperation. It assesses their alignment with development objectives, their ability to mobilise private capital, their financial sustainability, and their effects on financial intermediaries and sub-borrowers. The evaluation addresses three overarching questions: when structured funds are an appropriate development instrument, to what extent they can mobilise private capital, and how effectively they affect FIs and reach sub-borrowers.	The evaluation finds that structured funds contribute to strengthening financial system stability and expanding access to finance. However, they rarely improved access to credit for sub-borrowers who had previously been excluded from formal financing. When trade-offs arise between financial sustainability and development impact, funds tend to prioritise financial sustainability in their approach to target group outreach. The mobilisation performance of the structured funds assessed is considered adequate overall, although the volume of private capital mobilised in higher-risk sectors remained limited.	MIX
EBRD (2024)	Assess how EBRD strategically uses blended finance to achieve development outcomes and crowd in private capital across its regions of operation. Evaluate the performance and additionality of concessional finance in EBRD’s portfolio, including mobilisation ratios, climate alignment, and value-added. Draw lessons from EBRD’s experience to inform future blended finance design and implementation both within EBRD and across the development finance system.	From 2011 to 2022, EBRD deployed over €1.2 billion in concessional finance across over 270 projects, mobilising more than €6 billion in private capital. This translates into an average private capital mobilisation ratio of 5x, meaning every €1 of concessional finance mobilised €5 in private capital. Blended finance was mainly used in energy, infrastructure, and financial sectors, with increasing alignment towards climate mitigation and adaptation goals. Mobilisation ratios varied by instrument. Guarantees and first-loss equity mobilised the most. Technical assistance and interest subsidies mobilised less but were critical in earlier project phases. Around 75% of blended finance projects were aligned with climate goals. Projects supported by concessional finance often demonstrated higher risk tolerance and innovation, such as energy efficiency in SMEs, renewables in challenging markets, and climate-resilient infrastructure. The concessional element was often crucial in overcoming barriers related to high upfront costs, currency mismatch, or policy risk. EBRD applied ex-ante assessments of financial additionality leading to concessional finance often improving pricing, tenors, or risk allocation.	POS

EBRD (2025)	Clarify and assess the evolving concept of additionality, both financial and non-financial, as operationalised by MDBs. Synthesise lessons from 86 evaluation reports conducted by the EBRD, ADB, IFC, AfDB, and others, drawing practical insights on how additionality is achieved across instruments, sectors, and contexts.	Blended finance enhances financial additionality by enabling MDBs to provide first-loss capital, subordinated debt, or concessional equity, structures that absorb risk and make transactions bankable for private co-investors. It is most effective when deployed early in market development or for pioneering transactions in challenging environments, such as fragile states or climate-vulnerable sectors. MDBs acting as syndication leaders or trusted structurers of blended finance transactions can amplify mobilisation, particularly when combined with guarantees or local currency financing. Blended finance facilitates non-financial additionality by allowing MDBs to attach policy reforms, ESG standards, and capacity-building efforts to their interventions, elements that are often bundled with concessionality. However, the report cautions that repeated use of concessional finance in maturing markets can erode additionality if not justified by innovation, inclusion, or systemic change. It is concluded that a more rigorous justification and documentation of concessionality is needed, especially to ensure that blended finance is not crowding out commercial investment or substituting for necessary reforms.	MIX
EC (2021)	Assess the strategic relevance and implementation effectiveness of EU-funded blended finance operations under the External Investment Plan (EIP) and other instruments. Determine the extent to which EU blending operations mobilised private finance, delivered development impact, and achieved financial and non-financial additionality.	EU mobilisation through blending operations mainly came from public sources (DFIs and MDBs). The evaluation also noted insufficient attention to crowding-in private investors at scale, with blending used more often to support public DFIs. Mobilisation ratios varied widely, with better performance in energy and infrastructure, and limited private investment in social sectors and fragile contexts. Private investor participation was limited, especially in Africa, due to high risk perception, small ticket sizes, and weak enabling environments. Blending was particularly effective when combined with technical assistance and policy dialogue, though these synergies were not systematically leveraged. Many projects also lacked clear, results-based monitoring frameworks to assess longer-term impact or indirect effects. The EU lacked a clear, unified strategy for blended finance, leading to inconsistent application of additionality and concessionality principles across platforms. There was limited coordination among implementing partners, with insufficient knowledge sharing and harmonisation of reporting standards.	MIX
IDB (Report, 2022)	Assess the extent and effectiveness of the IDB Group's use of guarantees to mobilise private capital. Analyse both sovereign-guaranteed (SG) and non-sovereign-guaranteed (NSG) guarantees issued by the IDB and IDB Invest. Identify the constraints limiting the uptake of guarantees, including institutional, policy, and market-based factors.	The IDB Group issued only 70 guarantees (5 SG and 65 NSG), amounting to \$3.8 billion between 2005 and 2020 (less than 4% of its total lending). Many guarantees were cancelled or dropped due to complexity, pricing issues, or lack of client interest. Guarantees are treated the same as loans in terms of capital allocation and country lending limits, discouraging their use. Both clients and IDB staff are more accustomed to loans; knowledge and capacity to structure guarantees are limited. Many clients are unaware that the IDB offers guarantee instruments outside of short-term trade finance (TFFP). While some guarantees were effective in crowding in private finance, systematic data on mobilised capital and financial additionality are lacking. For NSG guarantees, only a handful of assessment reports contain sufficient data to assess mobilisation or improved financing terms. Around 80% of NSG guarantees were concentrated in four countries (Mexico, Colombia, Brazil, Paraguay), with a strong correlation to financial market development. Guarantees at the IDB Group are significantly underutilised relative to their potential. While some successful cases exist, overall mobilisation has been low, and institutional and policy constraints limit wider application. Without strategic adjustments guarantees will remain marginal.	NON
IEG (Report 2023)	The report assesses the relevance and effectiveness of IFC's additionality in the context of MICs, where private capital is more readily available. The study seeks to examine the types and incidence of anticipated and realised additionality. Assess the extent to which additionality is linked to improved development outcomes. Identify factors that support or hinder the realisation of additionality.	A very high percentage of anticipated financial additionalities (for example long tenors, local currency loans) were realised. In contrast, only two-thirds of anticipated nonfinancial additionalities (for example, innovation, ESG standards) materialised. Nonfinancial additionality is more strongly linked to development additionality, but is also harder to monitor. IFC tends to claim more financial additionality in UMICs and more nonfinancial additionality in LMICs. Additionality varies significantly by sector. Success is also shaped by client capacity, staff quality, and supportive policy environments. IFC has strong processes for anticipating additionality at project approval (ex-ante) but weak monitoring systems during implementation and after (ex post). IFC's stated strategy emphasises innovation and market creation in MICs, but its actual activities reflect a stronger focus on traditional finance. IFC must improve delivery and documentation of nonfinancial additionalities, which are crucial for long-term development impact in MICs.	MIX
IFC (IEG Report, 2019)	The report aims to assess the performance and development outcomes of IFC projects using blended concessional finance. Provide lessons on what worked and what didn't, based on project evaluations from two cohorts: early blended finance projects (2010 to 2014) and more recent ones (2012 to 2016).	Among 14 early projects, only 4 achieved intended development objectives. Low utilisation of blended facilities, weak economic impacts, and limited incentive effects were common. Early projects lacked robust demand assessments and alignment between client business models and development goals. All five deep-dive projects achieved commercial sustainability and delivered positive development impacts. Projects contributed to improved livelihoods, access to services, environmental gains, and market creation. Social benefits often exceeded the financial subsidy, underscoring the cost-effectiveness of well-structured blended finance. Blended finance was essential to get high-risk, developmentally important projects off the ground, particularly in fragile and low-income contexts. IFC's advisory services played a role in enabling market adoption and client preparedness (for example, training farmers, promoting green building standards). IFC's own financial returns were often low due to high transaction costs, currency risks, and small deal sizes. The evaluation finds that while early IFC blended finance efforts were mixed, more recent projects have successfully demonstrated both financial and development additionality. The report underscores the importance of targeted subsidies, strong	MIX

		client alignment, and complementary advisory services. However, improved subsidy tracking and clearer financial performance metrics are needed to optimise the use of blended finance and scale its impact.	
IFC (Report, 2022)	Assess whether Global SME Facility (GSMEF) has improved access to finance for SMEs in emerging markets. Evaluate the effectiveness of blended finance instruments and advisory services in mobilising capital, particularly for women-owned SMEs (WSMEs), SMEs in fragile and conflict-affected situations (FCS), and climate-smart businesses. Provide data-driven insights into portfolio performance and outcomes to inform the future strategy of GSMEF and IFC's SME support.	GSMEF-supported financial institutions almost doubled their SME loan portfolios between 2018 and 2020, outperforming the IFC regional benchmark of 63%. The facility has mobilised approximately \$1.4 billion in total. Despite targeting riskier segments, non-performing loan (NPL) ratios of GSMEF clients were similar to those of other IFC clients, indicating that SME lending, when supported by risk mitigation and capacity building, is not inherently riskier. WSME loan portfolios among GSMEF clients also grew without higher default rates. Performance-based incentives were effective in shifting banks' behaviour toward underserved women entrepreneurs. In FCS countries, GSMEF clients not only provided more and larger SME loans, but also achieved lower default rates compared to peers, demonstrating the potential of blended finance in the most challenging environments. The facility influenced the creation of additional programmes like the Women Entrepreneurs Opportunity Facility (WEOF) and the Small Loan Guarantee Program (SLGP). Blended finance works best when paired with advisory services and tailored incentives. Digital transformations are essential to scaling SME finance. SME lending is commercially viable and not as risky as often perceived, even in low-income or FCS settings. The GSMEF has proven to be an effective blended finance mechanism for expanding SME finance in developing countries. It successfully mobilised capital, reduced perceived and actual lending risks, and supported inclusive growth.	POS
Joint (Multi Report, 2025)	Aim to quantify the total private finance mobilised in 2023 by MDBs/DFIs across all income levels, especially low- and middle-income countries (LICs and MICs). Assess trends in mobilisation effectiveness by institution, instrument type (direct vs. indirect), region, and sector.	Private Direct Mobilisation (PDM) accounted for \$40.6 billion, while Private Indirect Mobilization (PIM) was \$47.4 billion. The ratio reflects a healthy combination of deal structuring by MDBs and broader catalytic effects. MDBs are accelerating private finance mobilisation, particularly in challenging LIC and LDC contexts.	MIX
Joint (Multi Report, 2024)	Aim to quantify the total private finance mobilised in 2022 by MDBs/DFIs across all income levels, especially low- and middle-income countries (LICs and MICs). Assess trends in mobilisation effectiveness by institution, instrument type (direct vs. indirect), region, and sector.	New financial instruments introduced since 2016 (for example, infrastructure CLOs, blended finance structures, managed co-lending portfolios) contributed nearly 14% of total MIC/LIC mobilisation, up from under 2% in 2016. The growth rate of mobilisation from new products was nearly 4 times that of traditional ones. The report underscores that MDBs are scaling up mobilisation efforts through product innovation, enhanced risk-sharing instruments, and greater targeting of LICs.	POS
Joint (Multi Report, 2023)	The report aims to update and analyse data on blended concessional finance commitments and mobilisation from DFIs through 2021. Share emerging practices, governance reforms, and innovation in the use of concessional finance instruments. Highlight the application of the Enhanced DFI Principles, designed to ensure additionality, minimise concessionality, and avoid market distortion. Showcase case studies that demonstrate development and market-level impacts, particularly in fragile contexts and climate finance.	DFIs supported \$13.4 billion in long-term private sector projects with blended concessional finance (in 2021). This included \$1.9 billion in concessional commitments, \$4.6 billion in private finance mobilised, and \$5.3 billion in DFI own-account financing. Private mobilisation rose over 50% from 2020 levels. Sub-Saharan Africa received the highest concessional funding and project volume. Lower-middle-income countries (LMICs) attracted the largest share of both concessional funds and private capital mobilisation. Concessional funding in low-income countries (LICs) rose from \$261 million (2020) to \$445 million (2021). Finance and banking surpassed infrastructure as the top sector for concessional commitments. However, infrastructure projects still attracted more private and DFI co-financing. Most used instruments were senior debt (42%), followed by guarantees/risk-sharing facilities (21%), equity (16%), subordinated debt (11%), and grants (10%). Climate finance remained the dominant theme, especially in MICs. Blended finance in fragile and conflict-affected states (FCS) rose significantly, reaching nearly the same volume as SME-focused projects. DFIs are improving internal governance, transparency, and standardisation. Programmatic platforms are helping to scale and streamline concessional finance. Case studies show blended finance can catalyse sustainable commercial markets and reduce the need for concessionality over time. Blended concessional finance is proving to be a critical tool for DFIs to mobilise private capital in challenging markets. While still representing a small share of total DFI operations, it has shown increased traction in LICs, FCS, and high-risk sectors. The report calls for ongoing improvements in data, transparency, innovation, and cross-institutional alignment to ensure that concessional finance is effectively targeted, time-bound, and catalytic.	MIX
Norad (2024)	Assess how effectively Norad and its partners have used blended finance	Blended finance instruments were generally effective in reducing investment risks and catalysing private participation in underserved markets. Financial additionality was strongest in high-risk or first-mover contexts, where guarantees enabled transactions that	MIX

	instruments, especially guarantees, to mobilise private capital and support development outcomes. Evaluate the strategic use, financial additionality, and development impact of these instruments, particularly in low-income and fragile contexts.	commercial actors would not have entered otherwise. However, development additionality was inconsistently documented. Many projects lacked a clear articulation of expected long-term or indirect outcomes. It was noted that guarantees were often structured too conservatively, resulting in underutilisation and limited leverage. Concessional equity and loans played a complementary role but were used less frequently, and generally blended finance operations lacked a clear, coherent strategy, and concessionality was not always systematically justified. Monitoring frameworks were weak, especially regarding private capital mobilisation and impact measurement. Blended finance efforts were often siloed from broader development programmes and lacked alignment with partner country strategies. There was insufficient coordination among traditional donors and DFIs, which constrained potential leverage and scalability.	
ODI (Report, 2025)	Examines why and how DFIs are creating new ventures to address persistent gaps in private investment, especially in fragile and low-income countries. Assess the design choices, operational challenges, and capital mobilisation outcomes of 12 ventures sponsored by BII and/or Norfund. Offer lessons and guidance for other DFIs and development actors considering similar approaches to scale impact, build markets, and catalyse private capital in underinvested sectors.	DFIs launched new platforms in sectors and geographies where investible firms are lacking: electricity distribution (Gridworks), forestry (AFIP), SME finance (GIP), and health (MedAccess). This helped address development challenges that could not be met via traditional DFI financing of existing companies. DFIs committed over \$4.2 billion to 12 new ventures. These ventures have mobilised nearly \$3 billion in private capital, with particularly strong performance by Ayana (\$1.8B) and Globeleq (\$835M) in infrastructure. Sponsoring new ventures allows DFIs to build new markets, pioneer business models, and crowd in co-investors over time, roles not possible through passive investing. Platforms like Ayana, Gridworks, and Arise are helping to catalyse commercial ecosystems. Creating and managing ventures demands long-term commitment, specialised skills, and upfront resource allocation. DFIs often face barriers such as limited ability to hold majority equity positions, insufficient internal incentives, and accounting complexities related to consolidation. DFIs experimented with various models, from wholly owned ventures (for example, MedAccess, GIP) to joint ventures with private sponsors (DP World), and perpetual capital vehicles (AFIP). Structural choices affected speed, control, and scalability. While most ventures are still maturing, early signs of success include improved access to energy, finance, and healthcare in difficult markets. Many platforms are showing financial independence, suggesting commercial viability. Concludes that DFI-sponsored platforms are a promising tool for expanding private investment into sectors and regions that are underserved by conventional approaches. If well-designed and adequately supported, these ventures can scale impact and mobilise private capital systematically, especially in high-risk, low-return frontier markets. However, doing so demands structural reforms, dedicated resources, and sustained institutional commitment.	POS
OECD (Report, 2023)	The report aims to quantify private finance mobilised by official development finance (ODF) providers between 2012 and 2020. Assess how mobilised finance contributes to SDGs and climate goals. Provide insights from a 2022 OECD survey on provider portfolios, exploring instruments used, challenges, and institutional incentives for scaling private capital mobilisation.	Between 2012 and 2020, nearly USD 300 billion in private finance was mobilised by official development interventions. In 2020 alone, mobilisation peaked at USD 51.3 billion, with guarantees and direct investments as dominant leveraging mechanisms. Africa (34%) and Asia (28%) received the bulk of mobilised finance (from 2018 to 2020). Middle-income countries (MICs) received 87% of funds, while only 12% went to low-income countries (LICs). Least Developed Countries (LDCs) and fragile states received disproportionately little, except for exceptional cases like Mozambique's LNG projects. The majority of funds targeted economic infrastructure: banking/business services (36%), energy (18%), and transport (6%). Only 7% supported social infrastructure (e.g., health, education, water and sanitation). About 32% of mobilised private finance (USD 15.5 billion annually) was allocated to climate action, primarily mitigation (USD 12.2B), with adaptation finance still low (USD 1.8B). Most mobilisation occurred through direct investments (38%), guarantees (26%), and credit lines/syndicated loans. Multilateral development banks (MDBs) accounted for 69% of total mobilisation; key actors included the IFC, EBRD, EIB, and AfDB. Bilateral DFIs, particularly the US DFC, Proparco (France), BII (UK), FMO (Netherlands), and IFU (Denmark), also played major roles. Key barriers include perceived risk, low returns, thin project pipelines, and institutional innovation gaps. Mobilisation remains concentrated in relatively high-return sectors and markets. While most providers prioritise mobilisation, only 18% of their financial instruments are explicitly geared toward it. Providers are increasingly experimenting with new vehicles (e.g., blended finance funds, green bonds, guarantees). Providers cited a need for business model reforms, expanded use of guarantees, and better impact tracking. Despite significant progress, the mobilisation of private finance by ODF actors remains modest relative to SDG needs. Most capital flows to MICs and infrastructure, with LICs and social sectors underrepresented. Scaling up requires stronger risk mitigation tools, financial innovation, and institutional alignment around mobilisation objectives. Improved measurement, harmonised impact tracking, and greater use of blended finance mechanisms are essential to close the SDG financing gap.	MIX

OECD (Report, 2024)	The report aims to verify whether developed countries have met the USD 100 billion annual climate finance goal for developing countries. Track trends in public and private finance flows, across bilateral, multilateral, and export credit sources. Disaggregate flows by instrument, income group, region, and climate theme (mitigation, adaptation, cross-cutting). Evaluate progress towards related targets, including the doubling of adaptation finance by 2025 and the mobilisation of private finance.	Public finance (USD 91.6 billion) made up 79% of the total in 2022, with significant increases from both bilateral (USD 41B) and multilateral (USD 50.6B) sources. Growth was particularly strong among multilateral development banks (MDBs), which now provide nearly half of all public climate finance. Private finance mobilised jumped to USD 21.9 billion, up 52% from 2021, after years of stagnation. The increase was linked to improved leverage strategies and strong growth in public finance volumes. Total adaptation finance reached USD 32.4 billion, up from USD 18.8 billion in 2019, suggesting progress is on track toward the 2025 doubling goal. However, much of the increase was concentrated in a few large projects. Mitigation still dominates (60% of finance), especially in energy and transport. Adaptation finance is more diversified across sectors like water, agriculture, and sanitation. Most finance went to LMICs (40%) and UMICs (30%). LICs received just 10%, though absolute volumes for LICs quintupled since 2016. LDCs and SIDS received higher shares of grants and adaptation-focused finance, but far lower private capital mobilisation. Instruments Used: Loans (69%) remain the dominant instrument, with grants (28%) used mostly in LICs. Equity and guarantees remain underused despite their potential for private sector leverage. The 2024 OECD report confirms that developed countries finally met the USD 100 billion climate finance goal in 2022, driven by strong growth in public finance and a rebound in private mobilisation. However, the geographic and thematic imbalance persists, with LICs and adaptation underfunded and private finance highly concentrated. Scaling adaptation and mobilised finance, especially through grants, risk-sharing tools, and blended finance, remains critical for future progress towards 2025 and beyond.	MIX
Rust-Smith et al (BII-FCDO Report 2024)	The report is part of the Longitudinal Mobilisation Study (LMS), which aims to evaluate how and to what extent BII mobilises investment in the renewable energy sector. Understand both direct mobilisation (co-investments triggered by BII's involvement) and indirect mobilisation (demonstration effects that catalyse further investment over time). Extract lessons to help BII and other DFIs better design and implement future investments to achieve greater development and financial impact.	BII's investments successfully mobilised public and commercial capital in all three projects: Ayana (India): BII established the platform and mobilised major equity investment from India's sovereign wealth fund (NIIF) and Green Growth Equity Fund (GGEF). BII's early role and governance structure were essential in crowding in both public and private investors. Benban (Egypt): BII participated in an IFC-led consortium that provided debt financing for nine solar plants. Its role helped attract \$170 million in commercial equity. Redstone (South Africa): BII's early re-engagement helped reassemble the financing consortium after IFC's withdrawal, enabling the project to reach financial close. Each case had potential market-wide demonstration effects: Ayana showed that greenfield renewable energy platforms could succeed commercially while maintaining high business integrity (BI) and ESG standards in India. Benban demonstrated that large-scale solar projects could be delivered on time and profitably in a frontier market, increasing Egypt's attractiveness to investors. Redstone, once operational, is expected to show that high-risk CSP technology can be bankable in South Africa under the right institutional setup. BII often played a leading role in setting strong ESG and BI standards, which became part of the project's value proposition: In Benban, BII helped train local regulators on IFC Performance Standards, improving future regulatory capacity. In Redstone, BII influenced commercial partners to adopt higher ESG standards, proving that such standards can coexist with commercial viability. Strong financial performance was central to attracting additional capital: Ayana and Benban provided early proof that renewable energy projects can deliver both impact and returns, thus increasing replication potential. Credible public-sector partners are critical to project success. Projects must be structured to reflect local market and political economy conditions (ex-ante assessments are critical). DFIs' presence de-risks projects and signals quality to private investors. High ESG and BI standards, when shown to support profitability, can influence industry norms. The study concludes that BII's renewable energy investments have effectively mobilised both public and private capital through a combination of strategic structuring, early engagement, and commitment to high standards. Demonstration effects, though harder to quantify, are beginning to emerge, showing how DFIs can shape markets and investor behaviour beyond individual deals. Continued investment in platform-building, ecosystem partnerships, and policy dialogue is recommended to amplify these effects.	MIX
Spratt et al (BII-FCDO Report, 2024)	The report aims to assess BII's direct mobilisation (co-investment alongside BII in the same fund) and indirect mobilisation (demonstration effects that attract future investors). Understand the drivers of mobilisation across deals, ecosystems, and national investment climates. Provide lessons to improve BII's and other DFIs' ability to crowd in capital, especially in frontier and high-risk markets. The study draws on detailed case studies of four long-term fund partnerships: CAPE I-IV (Nigeria), India Value Funds (IVFs), Lok Capital (India), Frontier Funds (Bangladesh).	BII catalysed private co-investment through: CAPE IV (Nigeria): Helped launch a local-currency vehicle that attracted domestic pension funds. IVF III (India): Anchored the fund post-financial crisis, triggering LP investments during market uncertainty. Lok III (India): BII's long-standing relationship with the fund and impact focus reassured DFIs like TIAA and Obviam. Frontier Funds (Bangladesh): Legal restructuring led by BII enabled other DFIs to invest. BII's influence extended beyond the fund level to: Business Integrity (BI) and ESG: BII helped formalise strong standards across markets. CAPE and IVF shaped national PE norms in Nigeria and India. Fund Structures: Introduced international best practice in governance and investor protections, especially in Bangladesh. Backed active investment approaches (e.g., control-stake PE in IVF) that later became market norms. Strong returns in early CAPE and IVF funds created positive demonstration effects, encouraging follow-on capital. Where financial performance was weak (e.g., Frontier Funds), mobilisation stalled—underscoring the need for credible return track records. Mobilisation requires minimum standards across deals, the ecosystem, and the national investment climate. Identify and address binding constraints specific to each market. DFIs should demonstrate clear value-add and realised returns to attract co-investors. Strong BI/ESG combined with financial performance creates the ideal demonstration effect. Blended finance and other non-commercial tools can help align financial and developmental goals and accelerate commercial transitions. The report finds that while BII has played a crucial role in both mobilising capital and shaping PE markets, success depends heavily on financial returns, long-term engagement, and structural country-level reforms. Direct	MIX

		<p>mobilisation is necessary, but demonstration effects through successful funds are ultimately more transformative. DFIs must deploy their full toolkit, including concessional finance and policy engagement, to achieve scalable mobilisation in frontier markets.</p>	
UN (Report, 2024)	<p>Aims to evaluate global financing trends and challenges that affect sustainable development, particularly for developing countries. Prepare the analytical foundation for the Fourth International Conference on Financing for Development (FfD4). Highlight systemic issues in the global financial architecture, public and private resource mobilisation, trade, debt, and development cooperation. Offer actionable recommendations to close growing investment and financing gaps, reform global institutions, and support the SDGs through more equitable and effective financial flows.</p>	<p>Developing countries face an annual financing gap of \$2.5–\$4 trillion to meet the SDGs. Many LDCs now spend more on interest payments than on education or health. Borrowing costs for developing countries are 2–3 times higher than for comparable investments in developed countries. Blended finance and private capital mobilisation have stalled, especially for climate mitigation in LICs. The current system is outdated, fragmented, and insufficient to respond to modern risks like climate shocks and pandemics. MDBs and donors are called to scale up lending, modernise governance, and align flows with the SDGs. The UN proposes an SDG Stimulus of \$500 billion annually, calling for reforms in tax systems, blended finance, concessional lending, and international trade rules. Four core themes for FfD4 are: (1) closing financing gaps; (2) reforming financial architecture; (3) restoring trust in global partnerships; and (4) rethinking development pathways. The report presents a sobering assessment: financing for development is in crisis. Yet it also offers a roadmap for action through FfD4. Mobilising adequate public and private resources, reforming multilateral systems, and improving policy coherence across global economic governance are essential to rescue the SDGs and avert climate catastrophe. Without bold, collective action, current trajectories will lead to deeper inequality, instability, and missed global goals.</p>	MIX
WB (IEG Report 2024)	<p>The evaluation was designed to assess how the PSW has evolved since its launch and whether it is meeting its goal of catalysing private investment in high-risk, low-income (IDA and FCS) countries. Examine whether PSW-supported projects address binding constraints on private sector development. Evaluate the extent and nature of concessionality and additionality (both financial and nonfinancial) in PSW transactions. Explore the market development effects.</p>	<p>PSW usage has accelerated significantly from a slow start. The number of PSW-supported countries grew from 8 in 2018 to 39 in 2023. PSW enabled the World Bank Group to invest in new countries, sectors, and riskier clients that IFC and MIGA had previously avoided. PSW has mobilised approximately \$20.3 billion in additional capital from IFC, MIGA, and third-party sources since inception. Evidence suggests that PSW investments are enabling entry into previously underserved markets and sectors, including renewable energy in fragile states and local currency bonds in frontier markets. However, IFC's average annual commitments declined post-PSW, though less sharply in PSW-recipient countries, highlighting a stabilising rather than growth-inducing effect in a difficult global environment. PSW projects systematically address key constraints (e.g., long-term finance, political risk, local currency gaps) than comparable non-PSW projects. Notable examples include MIGA political risk guarantees and IFC crisis-response liquidity facilities. PSW concessionality (subsidies) is necessary to de-risk high-risk investments; pricing without PSW support would often be 5-30 percentage points higher. Yet, IDA overestimates risk exposure, setting aside capital assuming full loss on all PSW obligations, while actual losses have been negligible. The report recommends improved risk modelling to optimise IDA capital usage and expand reach. Most PSW projects deliver financial additionality through innovative structures (e.g., risk-sharing). However, nonfinancial additionality is less clear when compared to IFC projects in middle-income countries. The IDA PSW has demonstrated real potential to de-risk high-impact investments, expand IFC and MIGA operations into underserved markets, and mobilise significant third-party capital. However, to maximise its effectiveness, the PSW must improve risk modelling, increase nonfinancial additionality, and establish clearer financial reporting. These changes would enable a more strategic, efficient use of concessional resources to support sustainable private-sector development in the world's poorest and most fragile countries.</p>	MIX

<p>WB (IEG Report, 2025)</p>	<p>The report aims to review performance trends in project and country-level outcomes across the Bank Group. Analyse the factors that affect results, including institutional, contextual, and design-related challenges. Identify levers of performance improvement, especially in fragile and conflict-affected settings (FCS), IDA/blend countries, and amid crises like COVID-19. Provide insights to guide ongoing “Better Bank” reforms, including adaptive management, enhanced risk mitigation, and improved collaboration across institutions.</p>	<p>Blended finance, especially through the IDA PSW, enabled IFC and MIGA to operate in higher-risk markets, including fragile and conflict-affected situations (FCS), where purely commercial projects would not have been viable. The use of concessional capital facilitated private investment in underserved sectors like renewable energy, small-scale infrastructure, and financial services. IFC’s blended finance operations demonstrated strong financial additionality, particularly in projects supported by the PSW. These projects often involved non-standard instruments (e.g., local currency loans and risk-sharing facilities) and innovative structures that would not have occurred on commercial terms alone. However, nonfinancial additionality (such as innovation, standard-setting, or capacity building) was less frequently achieved, indicating room to strengthen the developmental rationale of blended finance use. While blended finance did mobilise private capital, the mobilisation ratios in IDA/FCS contexts remained modest due to inherent risk and limited market depth. IFC advisory services attached to blended finance operations were sometimes successful in catalysing market-wide effects, but many projects lacked systems to track indirect or demonstration effects. The report raised concerns over the management and reporting of concessionality in blended finance: There is limited transparency in subsidy accounting across facilities. Inconsistent documentation of concessional terms makes it difficult to evaluate whether blended finance is being used efficiently and proportionately. Blended finance operations often lacked robust monitoring systems to assess impact, especially in terms of systemic market transformation or sustainability after concessional support ends. IFC and MIGA had no systematic approach for tracking market-level results from blended operations, an important omission given the high expectations attached to concessionality. The IEG finds that blended finance has enabled the World Bank Group to operate in more difficult environments and with more challenging clients, fulfilling a core aspect of its development mandate. However, the effectiveness of blended finance is uneven, and its development impact is constrained by weak monitoring, limited transparency on subsidy use, and insufficient tracking of long-term mobilisation or systemic outcomes. Strengthening accountability systems, ensuring subsidy efficiency, and improving nonfinancial additionality will be critical to enhancing the performance and legitimacy of blended finance tools moving forward.</p>	<p>POS</p>
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Appendix Table D: Summary of Systematic Literature Review (SLR) - Reviews

Study name/authors	Study focus	Instrument / Leveraging mechanism	Donor / Institution / Provider	Recipient / Country / Region	Sector	Outcome focus	Main results	Assessment (Positive / Mixed / None)
Agnese et al (JAFB, 2019) - Academic peer-reviewed article	Investigates if Credit Guarantee Schemes (CGSs) have an effect on Small and Medium Enterprises (SMEs) bankruptcies.	Guarantees	Various credit guarantee funds	9 countries - special focus in review on Colombia and Turkey	SME development	SME bankruptcies	CGSs may increase the probability of SMEs bankruptcies, suggesting the questions of moral hazard and adverse selection as possible motivations. Results are mixed, in some countries (e.g., Turkey), higher guarantees correlate with higher bankruptcy rates, potentially due to adverse selection and moral hazard. Effectiveness of CGSs is context-dependent, shaped by country-specific economic and institutional factors.	MIX
Barboza et al (BJPE, 2023) - Academic peer-reviewed article	Provides a systematic review of causal effect studies of one of the largest and most representative development banks in the world, the Brazilian Development Bank (BNDES). We review 48 academic papers that estimate BNDES loans and credit programmes' impact on several policy dimensions.	Focus on all instruments provided by the largest Brazilian development bank.	Unclear	Brazil	SME development and climate change	SME development and deforestation	Development banks can be an effective instrument to increase investment, exports, employment and GDP, particularly when borrowers are micro, small and medium-sized enterprises (SMEs). The Brazilian experience also suggests that development banks can be an important tool to fight against climate change, reducing deforestation. On the other hand, evidence indicates that the greatest difficulty for these institutions is to generate positive impacts on productivity, an essential variable for economic growth. Finally, the evidence is inconclusive on political influence on development banks' loans.	MIX
Bertzky et al (Deval WP, 2020) - Working Paper	Systematic review of blended finance studies and evaluations. Using an evidence gap map (EGM) results for eight blended finance instruments and 14 sub-effects are presented. Results are then grouped into categories of effects: (i) financial additionality, (ii) development additionality, (iii) market development and (iv) sector-specific effects. A total of 33 publications are reviewed, containing 87 individual pieces of evidence.	Eight blended finance instruments, as defined by the Blended Finance Taskforce.	Mixed - but emphasis on a mixed set of DFIs and MDBs	Not reported, but 21% of studies covered have a Sub-Saharan Africa focus	Seven sectors (Health, Financial services, Energy, Education, Infrastructure, Water and Agriculture)	Mixed set of outcomes	Identifies severe evidence gaps despite market growth. Blended finance has grown from USD 16 billion in 2007 to USD 136 billion in 2018. Evidence is concentrated on results-based financing and health-sector impacts, leaving major gaps elsewhere. Limited rigorous evidence with two-thirds of studies being programme evaluations, mostly qualitative or descriptive. Few used experimental or quasi-experimental designs, making it hard to assess true impact or additionality. Found a mismatch between practice and evidence. Instruments most studied (for example, results-based incentives) account for only 1% of real-world blended finance deals. Most-used instruments (for example, subordinated capital, insurance, guarantees) have little or no rigorous evidence backing their effectiveness. Also observed sector mismatches. Blended finance is widely applied in energy and financial services, but most "true" impact evidence is found in health and "other sectors". Critical areas like the energy sector effects and financial services are largely unstudied, despite absorbing substantial funds.	MIX

Cull et al (WB WP, 2024) - Working Paper	Summarise evidence on financial instruments and regulatory approaches to spur private investment. Starting from a theoretical framework demonstrating that raising the marginal product of capital is the key to crowding in private investment. The paper also assesses the track record and prospects for five types of instruments/regulatory.	(i) Guarantees, (ii) Public-private partnerships (PPPs), (iii) Syndicated loans, (iv) Sustainable financial contracts, and (v) Climate policies and banking regulations.	Mixed - but MDBs in focus	World	All	Especially mobilisation	Despite considerable gains in the amount of private investment mobilised by these vehicles, the volumes still fall short of the trillions of dollars estimated to be necessary to achieve the SDGs. The pipeline of projects in developing countries that can meaningfully raise the marginal product of capital to attract private investment is growing, but it is still small even in developing countries that have maintained reasonable rates of economic growth. Until this pipeline becomes bigger, expectations of mobilising trillions of dollars of private capital for development projects will not be realised. MDBs have the most direct influence over public-private partnerships, guarantees, and syndicated loans. But these instruments are much smaller in scale than sustainable financial contracts, policies and regulations to promote green and other sustainability goals, over which the MDBs at best exercise an indirect influence. Demonstrating that projects have crowded in private capital to countries that would not have otherwise received it remains a challenge for all the instruments discussed.	NON
de Haas and Gonzales-Uribe (ARFE, forthcoming) - Academic peer-reviewed article	Review the literature on the effectiveness of public policies to facilitate firms' access to finance, focusing on public lending through state and development banks; public lending through private banks; subsidised credit; credit guarantee schemes; export credit agencies; publicly backed venture capital; and tax incentives for equity investors.	Mixed set of instruments - results cover 20-30 studies on credit guarantee schemes and 10-15 on equity finance schemes.	Mixed - focus on DFIs	World	Limited sectoral breakdown	Multiple outcomes, but focus on interventions that alleviate financing barriers	Public lending through State and Development Banks can promote growth, especially in downturns, but often suffers from political interference and inefficiencies. Growing use of blended finance and co-financing models, but more rigorous impact evaluations are needed. However, limited evidence shows it can relax credit constraints, especially for small firms, but risks misallocating capital or generally crowding out private finance. Use of credit guarantee schemes is shown to improve credit access and firm performance, but risk of moral hazard and increased defaults in some contexts. Publicly backed venture capital schemes show mixed effectiveness: Government-backed VC often underperforms financially but may support innovation and early-stage ventures in underserved markets. Design matters, and impacts differ depending on whether governments act as general or limited partners.	MIX
Leon (FERDI, 2025) - Working Paper	Presents a literature review of 78 studies on development finance institutions (DFIs), examining their mandate, functioning, resources and tools, performance, and impact.	Mixed - focus on broad categories of loans, guarantees and equity finance.	DFIs	World	Mixed	Multiple outcomes	Results raise concerns about the ability of DFIs to deliver their additional impact. Current evidence suggests that DFIs are risk-averse and do not take full advantage of their public status. They have difficulty reaching SMEs in low-income countries. DFIs are more active in investing in emerging markets and in large projects and enterprises, where they can access other funding.	NON

McHugh (JDS, 2021) - Academic peer-reviewed article	The article aims to critically assess how effectively Multilateral Development Banks (MDBs) and similar institutions are mobilising private sector finance to support development goals. Specifically, it explores: What determines the availability of credit for development finance. How lending is priced in development projects. How MDBs can catalyse (rather than crowd out) private sector investment. The strategic, financial, and political conditions under which private capital can be mobilised for development finance. Reviews 33 papers, covering a diverse set of methodologies (empirical, theoretical, mixed-methods). Categorised into four thematic areas: International Political Economy, Project Structure, Syndicate Formation & Credit Availability, and Loan Pricing & Risk.	All - also non blended finance instruments.	Multilateral Development Banks (MDBs)	World	All	Mobilisation	Four key determinants of mobilisation success: (i) Political Economy: The geopolitics of aid, especially China's rise, affects capital flows, project motivations, and donor coordination. (ii) Project Structure: Well-designed financial and legal frameworks (e.g. project finance, offtake agreements) can significantly reduce risk and attract private investment. (iii) Role of MDBs in Syndicates: MDBs help crowd-in private capital by acting as catalysts or "political umbrellas" in risky environments. Their involvement increases transaction credibility and lowers perceived risk. (iv) Risk and Pricing: The private sector's appetite is highly sensitive to risk-return profiles. MDBs can reduce spreads by de-risking projects through guarantees, governance, and technical expertise. MDBs as Catalysts vs. Competitors: Evidence shows MDBs do not crowd out private investors but often enable their involvement. However, governance structures and shareholder politics within MDBs affect their risk appetite and project selection. Constraints: MDBs' conservative credit ratings and capital structures limit flexibility. Differences between concessional (subsidised) and non-concessional (market-rate) lending complicate private sector participation. Regulatory environments also dampen banks' appetite for long-term, high-risk development lending.	MIX
Polzin et al (AE, 2019) - Academic peer-reviewed article	Substantial scholarly research on renewable energy (RE) deployment policies has been carried out over the last two decades, resulting in inconclusive findings regarding the effectiveness of mobilising private finance. Review 96 empirical studies concerning the impact of policies on two key investor decision metrics: investment risk and investment return.	All - also non blended finance instruments.	Mixed	World	Renewable energy (RE)	Mobilisation	Review shows that effective policies address risk and return simultaneously. Generic instrument design features, such as credibility and predictability (through continuous evaluation and monitoring), considerably affect investment risk. The specific design elements of feed-in tariffs, auctions and renewable portfolio standards reveal that these instruments are most effective when they are designed in such a way that they reduce RE project risk while increasing return. Policies that reduce general risks (e.g. price volatility, grid access, legal uncertainty) are more effective at mobilising finance than those that only raise project-specific returns.	POS
Sharma et al (IJFS, 2023) - Academic peer-reviewed article	Examines the current trends in partial risk guarantee (PRG) and blended finance ecosystem research. Reviews 57 peer-reviewed articles. Aims to identify future research areas to work upon.	Blended finance with a focus on partial risk guarantees (PRGs).	Mixed	World	Mixed	Climate outcomes and Mobilisation	The bibliometric analysis highlights the need and advantages of blended finance and PRG. The study highlights themes from the literature on blended finance, such as climate finance, the SDGs, impact investments, and blended finance/PRGs. This study illustrates the impact for researchers and managers regarding the future direction to undertake and the domains where PRG can work wonders. The research allows for a comprehensive view of the leading trends, such as utilising blended finance tools, such as PRG, in funding the work in climate financing, SDGs, water, sanitation, and impact investment. This is perhaps the first study to conduct a bibliometric analysis of the emerging literature on partial risk guarantees in blended finance to highlight its importance and advantages.	MIX