

Green Guarantee Group Flagship Report 2026

From Recommendations to Implementation

October 2026

GREEN GUARANTEE GROUP

ACKNOWLEDGMENTS

This report is an independent publication coordinated by the Green Guarantee Group (GGG) Secretariat, with technical support and drafting led by Climate Policy Initiative (CPI). It reflects a broad-based, participatory process and benefited from the inputs and strategic guidance of the GGG's high-level Wise Persons Group, as well as contributions from experts and institutional stakeholders across the guarantee ecosystem.

The report draws on the GGG's biweekly Technical Expert Meetings held since COP28, which have engaged more than 150 institutions. It also incorporates insights from bilateral consultations with guarantee providers and other market participants, discussions and convenings at major international fora, substantive review and feedback from external experts, and data from partner institutions. These inputs informed the report's analysis, findings, and recommendations.

WISE PERSONS GROUP MEMBERS

- **Lars-Hendrik Röller**, Chairman, Green Guarantee Group (GGG); Chief Economic Advisor to former German Chancellor Angela Merkel
- **Faruk Yusuf Yabo**, Co-Chairman, Green Guarantee Group (GGG); Permanent Secretary, Nigerian Ministry of Solid Minerals Development; Co-Chair of the GGG
- **Barbara Buchner**, CEO, Climate Policy Initiative (CPI)
- **Junaid Kamal Ahmad**, Vice President of Operations, Multilateral Investment Guarantee Agency (MIGA)
- **Ingrid-Gabriela Hoven**, Member of Management Board, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- **Christian Krämer**, Head of the Management Committee, KfW Development Bank
- **Alan Levy**, Head of Strategy and Advisory, Bank of America
- **Trudi Makhaya**, Partner, Boston Consulting Group, South Africa
- **Avinash Persaud**, Special Advisor on Climate Change to the President, Inter-American Development Bank
- **Haje Schütte**, Deputy Director, OECD Development Co-operation Directorate (Deputized by Lasse Møller)
- **Vera Songwe**, Co-Chair, Independent High-Level Expert Panel on Climate Finance
- **Robert Tichio**, CEO, Fortescue Capital
- **Philippe Valahu**, CEO, Private Infrastructure Development Group (PIDG)
- **Kandeh Yumkella**, Chairman, Presidential Initiative on Climate Change, Renewable Energy and Food Security, Sierra Leone
- **Laurence Tubiana**, CEO, European Climate Foundation (ECF)

SECRETARIAT

- **Head of Secretariat**
  - **Morgan Després**, Executive Director, Finance, Industrial Policy & Trade, Land Use, and Nature & Resilience, European Climate Foundation (ECF)
- **Operational Lead**
  - **Lena Klockemann,** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- **Organizations**
  - **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH:** Nadja Emmanuel, Lea Boukroum, Fabian Hagedorn
  - **European Climate Foundation (ECF)**: Friederike Röder, Camilla Steele
  - **Climate Policy Initiative (CPI)**: Barbara Buchner, Liam Maguire, Karla D. Gonzalez Esquinca, Chris Grant, Nicole Pinko

CONTRIBUTING ORGANIZATIONS

The Green Guarantee Group gratefully acknowledges the experts and organizations that provided substantive feedback and technical inputs during the development and review of this report, including:

African Trade & Investment Development Insurance (ATIDI); Berne Union; European Investment Bank (EIB)/Global Emerging Markets Risk Database Consortium (GEMs); Glasgow Financial Alliance for Net Zero (GFANZ); Harvard Kennedy School; Inter-American Development Bank (IDB); KfW Group; Multilateral Investment Guarantee Agency (MIGA); NewClimate Institute; Organisation for Economic Co-operation and Development (OECD); Private Infrastructure Development Group (PIDG) and GuarantCo; and Task Force on Credit Enhancement for Sustainability-linked Sovereign Financing.

Participation in the review and consultation process does not imply institutional endorsement of the report's findings or recommendations.

Supported by:

On behalf of: Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety of the Federal Republic of Germany

IKI INTERNATIONAL CLIMATE INITIATIVE

Implemented by:

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

European Climate Foundation

CLIMATE POLICY INITIATIVE

LETTER FROM THE GREEN GUARANTEE GROUP CO-CHAIRS

Global climate finance remains highly concentrated, with advanced economies and China consistently accounting for around 80% of flows since 2019. The Green Guarantee Group (GGG) was established to help address this imbalance by strengthening and scaling guarantees as a tool to mobilize private investment in emerging markets and developing economies (EMDEs) for climate and sustainable development goals. Climate finance to EMDEs is growing rapidly, but remains below estimated needs. Global climate finance surpassed USD 2 trillion for the first time in 2024, with USD 1.2 trillion flowing to EMDEs. Nevertheless, EMDEs require almost USD 4 trillion in annual climate finance through 2030 to meet their climate goals. With a limited pool of public capital and high levels of public debt across both advanced and emerging economies, closing this financing gap will require a dramatic increase in private capital mobilization.

More than a year has passed since the publication of the Green Guarantee Group's (GGG) inaugural Flagship Report in Seville in 2025. Since then, guarantees have moved decisively onto the international climate and sustainable development finance agenda, with increased recognition of their unique ability to mobilize private capital. The challenge is now to translate this recognition into more effective, coordinated, and accessible deployment.

The GGG bridges the political, technical and operational dimensions of these agendas to bring together perspectives from developed countries and EMDEs, supported by the German Federal Ministry for the Environment, Climate Action, Nature Conservation, and Nuclear Safety (BMUKN) and Nigeria. Its mission is to serve as the leading platform for the guarantee ecosystem, connecting political leadership, operational experience, and technical knowledge to identify barriers and gaps to effective guarantee usage, strategically coordinate with complementary initiatives, amplify credible solutions, and translate learnings into diverse country contexts.

Since its launch at COP28, the GGG has established its engagement fora, consolidated its high-level convenings, and continues to expand its flagship products. The GGG's Wise Persons Group provides strategic guidance, brings together relevant decision-makers and supports coalition-building. Its Technical Expert Group convenes more than 150 subject matter experts and—through 36 Technical Expert Meetings to date—examines implementation challenges, facilitates the exchange of experience, and develops practical solutions for key challenges in the guarantee ecosystem. Recurring high-level convenings at key political fora connect this technical work with political decision-making and help sustain momentum for action.

The GGG's flagship products consolidate the knowledge of its network and provide shared reference points for the ecosystem. The GGG Guarantee Directory offers a publicly accessible overview of guarantee products available to EMDEs. This second Flagship Report (2026) complements the inaugural Flagship Report (2025) by assessing market developments and progress against the recommendations made, highlighting emerging solutions and identifying where further action is required.

The report's findings show that the next stage of progress will depend not only on further innovation, but on stronger connections between political decisions, technical solutions, operational capacity, and country priorities. The objective is ultimately to move from a market in which guarantees are simply available to one in which they are systematically integrated into financing decisions and deployed where they address clearly identified risks and provide genuine additionality. This is the transition from recognition and innovation to implementation and scale that will determine whether guarantees can fulfil their potential as a catalyst for climate and development finance in EMDEs.



Lars-Hendrik Röller
Chair of the Green Guarantee Group



Faruk Yusuf Yabo
Co-Chair of the Green Guarantee Group

CONTENTS

Executive summary **viii**

Trends in the green guarantee marketplace viii
Progress toward the GGG recommendations ix
Looking ahead x

Introduction **1**

Report structure 2

Tracking trends in the green guarantee marketplace **3**

Guarantees are a significant and growing instrument for private capital mobilization for development 4
Provision remains dominated by a few institutions 7
Data gaps hinder deeper analysis 12
Toward a more efficient and effective green guarantee marketplace 13

Progress on flagship report recommendations **14**

Recommendation 1: Clarify the supervisory treatment of guarantees and develop practical methodologies 14
Recommendation 2: Catalyze investment in local currency by developing and deploying relevant risk-management products 18
Recommendation 3: Improve data transparency and knowledge sharing to improve risk pricing 23
Recommendation 4: Establish and scale national guarantee institutions and regional platforms to promote pooled guarantee facilities 27

Looking ahead: Emerging innovations and coordinated implementation **33**

Annex 1: Methodology for the progress assessment **36**

Annex 2: List of institutions underpinning trend tracking methodology **37**

EXECUTIVE SUMMARY

Mobilizing private capital for climate and development is increasingly important for emerging markets and developing economies (EMDEs), where investment needs are growing while public budgets and fiscal space remain constrained. Private investment is playing a growing role in climate finance, but scaling capital will require stronger domestic financial systems and more effective use of scarce public resources. Climate-aligned guarantees can support this effort by using limited public risk-bearing capacity to mobilize additional private investment. By transferring defined risks to actors better able to bear them, green guarantees can enable viable investments to access financing on more suitable terms in EMDEs.

The growing relevance of climate-aligned guarantees is reflected in broader trends in guarantee deployment and political attention. Between 2012 and 2024, guarantees accounted for around 30% of private finance mobilized for development through OECD-tracked mechanisms. Annual mobilization of private finance through guarantees more than doubled over this period, reaching nearly USD 23 billion in 2024. As a subset of this, climate finance mobilized through guarantees more than tripled, reaching USD 8 billion in 2024.

Building on the Green Guarantee Group (GGG) 2025 inaugural flagship report, this edition assesses progress against four priorities for scaling climate-aligned guarantees in EMDEs:

1. **Clarifying supervisory treatment of guarantees;**
2. **Expanding local-currency finance and managing foreign-exchange risk;**
3. **Improving data transparency and knowledge sharing; and**
4. **Strengthening national and regional guarantee capacity.**

Alongside this progress assessment, this report examines broader trends in the guarantee marketplace. Unless otherwise specified, references to guarantees in this report concern their application to climate-aligned investment in EMDEs.

TRENDS IN THE GREEN GUARANTEE MARKETPLACE

Trend analysis points to an expanding and increasingly diverse guarantee market, but also to an important distinction between availability and deployment. A broad product base now spans sectors and geographies, with product availability strongest in energy and infrastructure, and across Africa and Asia. However, broad product availability does not necessarily translate into accessibility or effective deployment: instruments may be eligible for use across multiple sectors and markets without being deployed at scale or generating additional private investment. The analysis also finds that dedicated currency risk coverage remains relatively limited, and both guarantee provision and mobilization are concentrated among a relatively small number of institutions. At the same time, deployment pathways are diversifying, including through financial intermediaries, specialist guarantee providers, export credit agencies, and pooled and risk-sharing structures.

These trends make it increasingly important to understand not only how much guarantee capacity exists, but where and how it is being used. The growing use of financial intermediaries can extend guarantees to smaller borrowers, diversify risk, and strengthen local financial systems, but it also makes it harder to trace underlying projects and beneficiaries. Available data cannot yet consistently trace the chain from product availability through deployment, mobilization, performance, and development impact. Aggregate growth in guarantee mobilization therefore does not by itself demonstrate that guarantees are reaching the markets where financing constraints are greatest or where risk mitigation can generate the greatest additional private investment.

Together, these findings reinforce the need to translate innovation into broader implementation, impact, and scale. Further progress will depend not only on developing new products, but on addressing the regulatory, market, data, and institutional constraints that determine whether guarantees can be effectively deployed and replicated in markets where they provide genuine additionality. These instruments may also be targeted to build investor experience and confidence in new markets, potentially reducing the need for continued guarantee support over time.

PROGRESS TOWARD THE GGG RECOMMENDATIONS

1. **Supervisory treatment: Progress on clarifying the supervisory treatment of complex and partial guarantees has been limited, but the pathway to do so is becoming clearer.** No agreed methodology from regulators has emerged for calculating capital relief from complex or risk-specific partial guarantees. Meanwhile, broader regulatory reforms remain constrained by limited evidence distinguishing prudential constraints from other barriers to deployment, as well as differences in how standards are implemented across jurisdictions. The immediate priority is to strengthen the evidence and develop practical capital-treatment methodologies, while advancing consistency in guarantee structures to facilitate regulatory recognition of risk transfer.
2. **Local-currency finance: New guarantee structures are helping to mobilize local capital, but achieving scale will require moving beyond a focus on FX risk mitigation.** Local-currency-backed guarantees are expanding across regions, alongside emerging securitization and fund-financing structures designed to mobilize institutional capital and expand local-currency lending. However, high hedging costs and shallow domestic financial markets constrain scale. Sustained progress will require stronger local financial intermediaries, deeper capital markets, greater participation from domestic institutional investors, and complementary regulatory and market infrastructure.
3. **Data transparency: More data can improve risk pricing, but only if it is relevant and usable.** Initiatives such as the GEMs Risk Database are expanding efforts to collect guarantee performance data, alongside broader work on investment risk and cost of capital. However, data gaps remain on private sector transactions and in understanding where guarantee-mobilized finance flows. Connecting and harmonizing fragmented datasets would improve understanding of where guarantee products are deployed, what they mobilize, and ultimately who benefits. This information must also be sufficiently granular and relevant to help reduce mismatches between perceived and actual risk and to inform market decisions and pricing.

4. **National and regional capacity: National and regional guarantee capacity is expanding, but systemic cooperation and risk sharing remain limited.** Local and regional institutions can bring risk-bearing capacity and market knowledge closer to country-level investment needs. Meanwhile, regional mechanisms can diversify exposure and achieve scale. The priority is to develop more durable, systems-level mechanisms for mutual reliance, pooled structures, co-guarantees, and risk sharing across providers. New institutions may be relevant where genuine geographic, institutional, or risk-bearing gaps persist.

LOOKING AHEAD

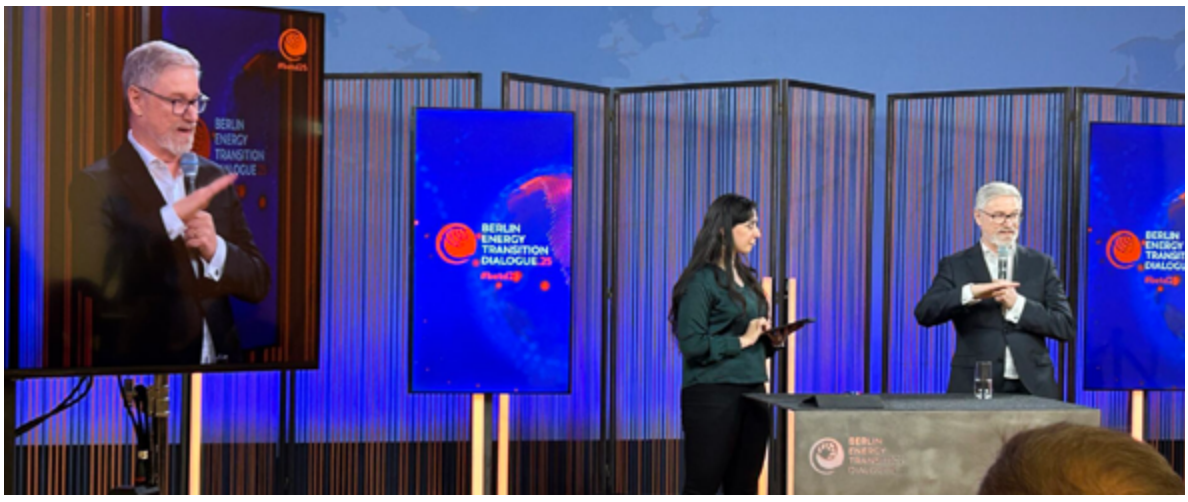
Across the four recommendations, a common direction emerges: scaling guarantees and their impact requires a more connected guarantee ecosystem.

This means better connecting:

- Data and evidence with decision-making;
- Guarantee providers with one another so they can share risk; and
- International providers with national institutions, investment pipelines, and country priorities.

Guarantee providers do not need to have identical mandates, products, or underwriting processes, but they do need sufficient compatibility to work together efficiently. The objective is not a more centralized or uniform guarantee ecosystem, but one that enables greater coordination and risk sharing while preserving institutions' distinct mandates, expertise, and risk appetites.

Within this agenda, the GGG is increasingly supporting implementation and replication: convening actors around unresolved barriers, providing market intelligence and a shared evidence base, supporting peer learning and country-level engagement, and connecting demand with available guarantees. Ultimately, progress will be measured not by how many new guarantee products or platforms are created, but by whether effective solutions become easier to access, replicate, and deploy where they can attract investment that would not otherwise occur.



GGG Chairman Lars-Hendrik Röller speaking at the Berlin Energy Transition Dialogue, March 2025.



INTRODUCTION

Green guarantees[1] are increasingly important for mobilizing climate-aligned investment in EMDEs in a more risk-constrained world. Climate and sustainable development investment needs are growing as the impacts and economic costs of climate change intensify. At the same time, geopolitical uncertainty, macroeconomic pressures, and shifting policy environments are making investment decisions more complex, particularly in EMDEs, where investment is most needed. By transferring defined risks, guarantees enable viable investments to access finance on suitable terms.

Guarantees have strong, well-established mobilization potential, with growing relevance for climate finance amid constrained public budgets and declining official development assistance (ODA). The OECD's Private Finance Mobilisation Report 2026 identifies guarantees as the primary leveraging mechanism between 2021 and 2024, crowding in an annual average of USD 22.4 billion, or almost 30% of total private finance mobilized. This contribution is increasingly recognized in mainstream international climate and development finance discussions, evident in communiqués from the Finance for Development Conference (FFD4),[2] the G20 MDB reform agenda,[3] the Finance in Common Summit,[4] and from the COP30 Circle of Finance Ministers report. Revised OECD ODA reporting rules[5] also allow certain guarantees to count as ODA on a grant-equivalent basis, further embedding eligible guarantees in the international development finance architecture.

Innovation is also accelerating across the guarantee ecosystem. Multilateral development banks (MDBs), development finance institutions (DFIs), export credit agencies (ECAs), and specialized providers are developing new products and delivery models across project and sovereign financing. National and regional institutions are also expanding, while local currency, portfolio, and multi-guarantor structures are being tested.

These developments show a range of emerging approaches, but they have not yet translated into deployment at the scale, consistency, or accessibility required. As the number and diversity of guarantee initiatives grow, it is increasingly important to understand which developments are producing progress, how they relate to one another, and where material gaps remain.

This report offers market intelligence by providing an overview of the green guarantee ecosystem in EMDEs as well as assessing progress against the four recommendations and 11 key actions introduced in the GGG 2025 Flagship Report (see box below). As a neutral broker, the GGG seeks to make relevant developments and outstanding actions visible, provide a transparent basis for accountability and help direct follow-up toward the institutions best placed to act.

---

1 Throughout this report, "guarantees" is used as shorthand for guarantees that support, or have the potential to support, climate-aligned investment in EMDEs, unless otherwise specified. Where broader guarantee market information is presented, including data covering development finance more generally, the relevant scope is indicated.

2 Paragraph 33 of the Outcome document of the Fourth International Conference on Financing for Development mentions guarantees as key to scaling up foreign direct investment and private capital mobilization for sustainable development.

3 The Multilateral Development Banks' Capital Adequacy Framework cites guarantees as a key tool for risk transfer and improved borrowing costs.

4 The FiCS 2025 Final Communiqué calls on MDBs to support financial market access for national development banks through the support of their AAA guarantees.

5 The OECD DAC revised methods for treating private sector instruments allow for guarantees to be treated on a grant-equivalent basis to support sustainable development outcomes.

Figure 1. Recommendations from GGG's Flagship Report 2025

Recommendations	Key actions
1. Clarify the supervisory treatment of guarantees and develop practical methodologies	▪ Regularly review and update a list of "eligible MDBs" and clarify criteria across jurisdictions
	▪ Develop methodologies for calculating capital relief of complex partial guarantees
	▪ Standardize guarantee structures and risk coverage to facilitate regulatory recognition of risk transfer
2. Develop local and currency risk markets to catalyze investment in local currency	▪ Encourage donor-provided local currency mechanisms
	▪ Scale up currency risk hedges, including donor-backed and first-loss facilities
3. Promote data transparency and knowledge sharing to improve risk pricing	▪ Establish a comprehensive guarantee performance database by expanding the Global Emerging Markets Risk Database (GEMs), including private sector data
	▪ Implement a tiered-access approach that balances transparency with confidentiality
4. Scale national guarantee institutions and regional platforms to promote pooled guarantee facilities	▪ Strengthen national guarantee institutions with support from regional hubs
	▪ Encourage co-investment and collaboration for regional platform development by donors, local governments, and private investors
	▪ Standardize underwriting criteria and guidelines across MDBs and development finance institutions (DFIs)
	▪ Explore co-guarantee and exposure-swapping agreements among MDBs and DFIs to pool balance sheets and expand use of guarantees

REPORT STRUCTURE

The report structure reflects the GGG's intended role as providing a shared reference point for the guarantee ecosystem in EMDEs. By bringing together market evidence, implementation experience, and perspectives from across its network, the GGG aims to provide an independent view of how the ecosystem is evolving and where greater collective attention may be needed, while complementing rather than duplicating existing efforts.

This report is structured as follows:

1. **Guarantee trend tracking**: An overview of recent trends in guarantee products and mobilization data, including sectoral and geographic distribution, risk coverage, issuers, and scope, based on the GGG and its partners' underlying data.
2. **Recommendations progress assessment:** An evaluation of progress on the key actions associated with the 2025 Flagship Report recommendations, assessing whether this has been significant, mixed, or limited. This section also highlights complementary guarantee-related initiatives and identifies areas for further action.
3. **Looking ahead:** An overview of the GGG's strategy and priority actions for the upcoming years as well as a forward-looking overview of "new ideas to watch."



TRACKING TRENDS IN THE GREEN GUARANTEE MARKETPLACE[6]

An effective green guarantee marketplace in EMDEs does not simply maximize issuance volume, but deploys risk-bearing capacity where it can unlock the greatest additional flows of private capital for climate and development, and ultimately have the most impact. A marketplace where guarantee providers offer products that meet market needs could support further development of green guarantees; users and capital providers could identify and access the right instruments; and policy, regulatory and supervisory frameworks could support their effective deployment.

The analysis below examines how guarantees are evolving in terms of availability and deployment, where mobilization is growing, and where gaps remain in translating available instruments into financing at scale. Mapping available products provides insight into the range of instruments and risk-mitigation capacity potentially accessible to market participants, but it does not show whether market participants are using these instruments at scale or mobilizing additional private finance. The analysis therefore combines product-level mapping with mobilization data to distinguish where guarantee capacity exists in EMDEs from where it is used, while also highlighting data gaps that limit understanding of where financing ultimately flows and who benefits. These findings provide an evidence base for assessing progress against the GGG recommendations and identifying priorities for future action.

Box 1. Note on data and methodology

The trend analysis below draws on complementary datasets covering different dimensions of the guarantee market for EMDEs. Product-level data from the GGG Guarantee Directory, complemented by the Sustainable Sovereign Debt Hub (SSDH) and the Task Force on Credit Enhancement for Sustainability-linked Sovereign Financing's sovereign guarantee mapping, provide a supply-side view of the guarantee instruments currently available across providers, geographies, sectors, currencies, and types of risk coverage. OECD data on private finance mobilized through official development interventions provide a separate perspective on guarantee deployment and the volumes of private finance mobilized over time. The *OECD Mobilisation Handbook* captures the DAC methodology for tracking the volume of private finance mobilized by guarantees, which is attributed *pro rata* among the official guarantors involved to avoid double counting. The quantitative analysis is complemented by qualitative evidence from GGG stakeholder engagement, which helps identify barriers that may prevent the deployment of available instruments at greater scale.

6 This analysis builds on CPI's 2024 *Landscape of Guarantees for Climate Finance in EMDEs*. The 2024 analysis mapped 52 cross-border guarantee products from 34 institutions and identified gaps in geographic, risk, and financial-instrument coverage. This report's expanded GGG and SSDH product mapping provides a new baseline for future trend analysis.

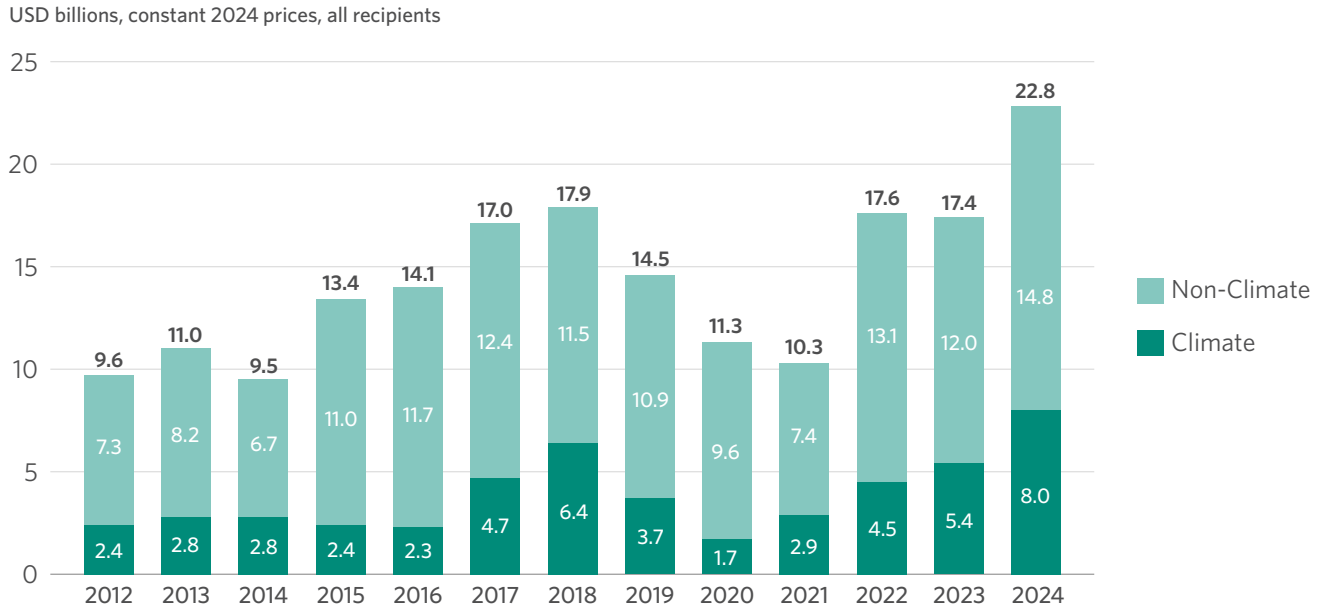
The GGG Guarantee Directory contributes to the guarantee data ecosystem by offering a distinctive provider-sourced view of available guarantee instruments contributing to climate finance in EMDEs. Much of its product-level information is submitted directly by guarantee providers and organized around a common set of fields, allowing the GGG to compile comparable information on product characteristics, eligibility, and risk coverage. The GGG also collaborates with partners, including SSDH, to broaden the evidence base beyond products captured in the Directory. The analysis currently covers 66 guarantee instruments as of June 2026 (see Annex 2 for included institutions), providing a baseline that can be expanded and tracked over time.

Important limitations remain. The GGG Guarantee Directory is continuously expanding and does not yet provide a comprehensive inventory of the global green guarantee market. Because it relies partly on voluntary submissions from providers, it does not capture all active institutions and instruments. The SSDH mapping focuses specifically on sovereign guarantees, while OECD mobilization data does not consistently provide sufficient detail on ultimate beneficiaries and end-use sectors. Beyond the lack of data, the gap also reflects confidentiality constraints on public disclosure and the classification of financing by the direct recipient's sector. Product-level findings should be interpreted as indicative of the instruments captured rather than their share of the overall market, and product availability should not be interpreted as evidence of utilization, transaction volumes, performance, additionality or impact.

GUARANTEES ARE A SIGNIFICANT AND GROWING INSTRUMENT FOR PRIVATE CAPITAL MOBILIZATION FOR DEVELOPMENT

Guarantees are already one of the most important mechanisms for mobilizing private finance, and their usage has increased substantially over time. Between 2012 and 2024, guarantees accounted for approximately 30.1% of total private finance mobilized for development across the mechanisms tracked by the OECD, the largest share of any individual leveraging mechanism. Annual private finance mobilized through guarantees rose from about USD 9.6 billion in 2012 to USD 22.8 billion in 2024, the highest level in the period. While caution is warranted when interpreting annual changes as evidence of a structural shift, since mobilization can be lumpy, the longer-term trend indicates that guarantees have remained a material source of private capital mobilization across very different market conditions.

Figure 2. Mobilized private finance for development through guarantees between 2012 and 2024



Source: *OECD (2026), Mobilized private finance for development dashboard*

Guarantees also play an increasingly important role in mobilizing private climate finance.[7] Between 2012 and 2024, guarantees were the second-largest mechanism for climate finance mobilization after direct investment in companies and SPVs, at approximately 23.5% of the total, and the climate component of guarantee mobilization grew faster than overall guarantee mobilization, according to OECD data.[8] Private climate finance mobilized through guarantees increased from approximately USD 2.4 billion in 2012 to USD 8.0 billion in 2024, more than tripling over the period and reaching its highest recorded level in 2024. Climate-related mobilization has also become a more prominent feature of the guarantee landscape, representing about 35% of all private finance mobilized through guarantees in 2024, up from about 24% in 2012. Over the full period, guarantees mobilized approximately USD 50 billion in private climate finance.

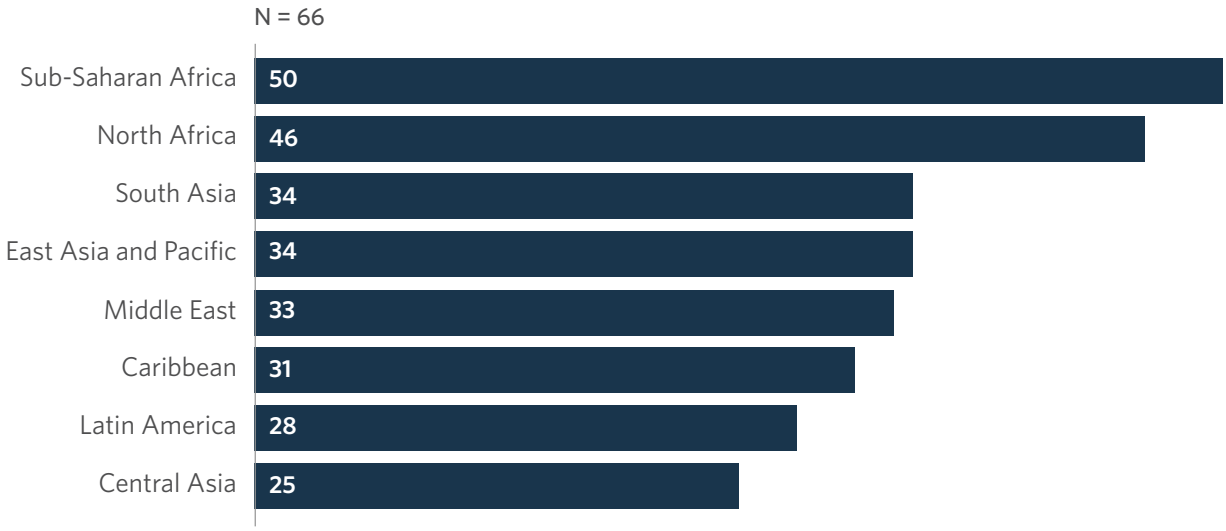
The green guarantee landscape in EMDEs provides a relatively broad product base for further scale, with instruments spanning multiple sectors, geographies, and risk types. GGG Guarantee Directory data shows that products are available across all EMDE regions and are particularly prevalent across African markets. Additionally, guarantee products cover a broad range of sectors,[9] with energy and infrastructure particularly well represented.

7 The OECD uses the UNFCCC Standing Committee on Finance's definition for climate finance: "Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts."

8 Shares in collective investment vehicles and direct investment in companies and SPVs also make up a significant portion of climate finance mobilization. In complex financing structures that combine several leveraging mechanisms, OECD applies significant project-finance attribution rules rather than assigning mobilization solely to one instrument. Guarantees and syndications may receive greater attribution where they are considered to have a stronger causal link to the private investment mobilized.

9 Sector-level information is available from the GGG Guarantee Directory but not from the SSDH dataset and therefore covers a smaller universe (53 guarantee instruments) than the other indicators.

Figure 3. Geographic availability of guarantee products analyzed by region



Source: *Data from the GGG Guarantee Directory*

However, gaps remain in local-currency product offerings. Figure 4 shows that 29 of the instruments captured can support local-currency lending in some form, but this does not necessarily mean that they absorb the underlying foreign-exchange (FX) risk. A guarantee denominated in, or applicable to, local currency may mitigate the credit risk associated with the underlying transaction while still leaving currency, liquidity, or market risks elsewhere in the financing structure.

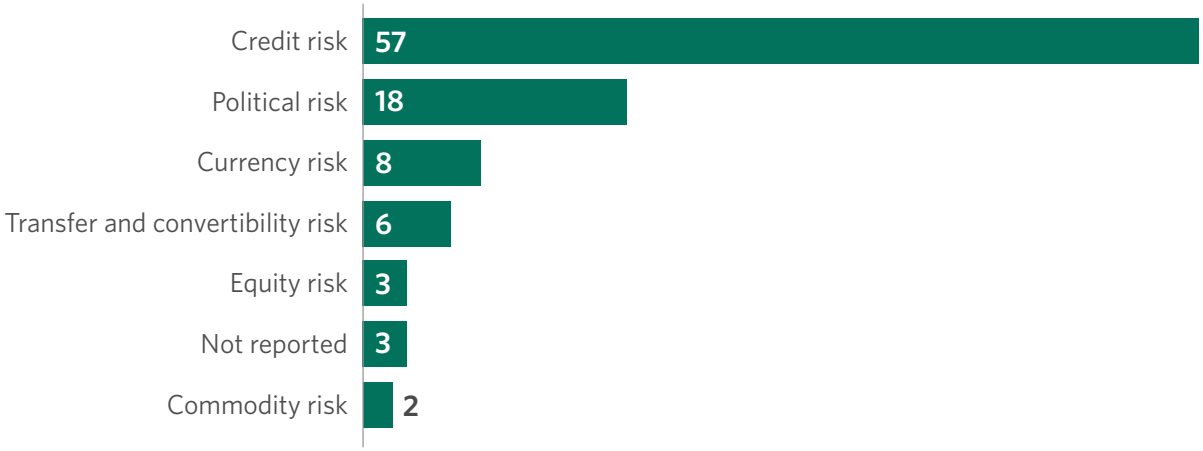
Figure 4. Number of guarantee instruments analyzed by lending currency offering in 2026



Source: *Data from the GGG Guarantee Directory*

Dedicated coverage for currency-related risks remains less widely available, **with most guarantees focusing on credit risk,** as shown in Figure 5. This broadly aligns with CPI's 2024 Landscape of Guarantees for Climate Finance in EMDEs, which found commercial risk the most widely covered category, while political and currency risk products were less accessible.

Figure 5. Number of guarantees available by type of risk covered in 2026

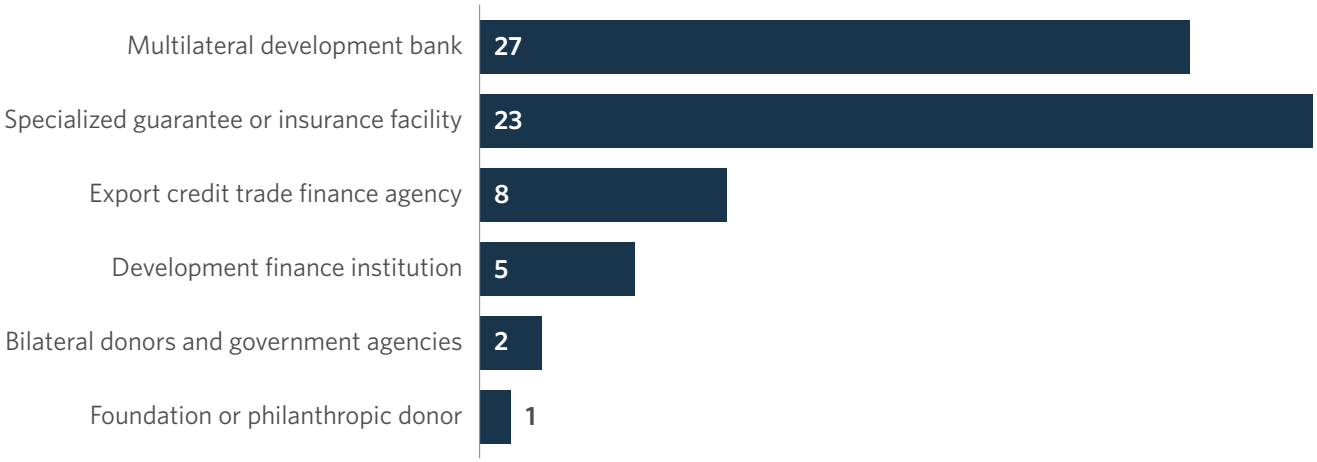


Source: *Data from the GGG Guarantee Directory*

PROVISION REMAINS DOMINATED BY A FEW INSTITUTIONS

The product landscape captured by the GGG Guarantee Directory highlights the prominent role of MDBs and specialized guarantee facilities[10] **in guarantee provision.** While the Directory is not comprehensive and its coverage is weighted toward these institutions, the number and breadth of products they offer illustrate the role these institutions play in assuming or reallocating risks that commercial lenders and investors may be unwilling or unable to bear. Specialized facilities are often mandated to address specific market failures or risks and can therefore offer products tailored to particular sectors, countries, or financing structures.

Figure 6. Types of institutions offering guarantees in 2026

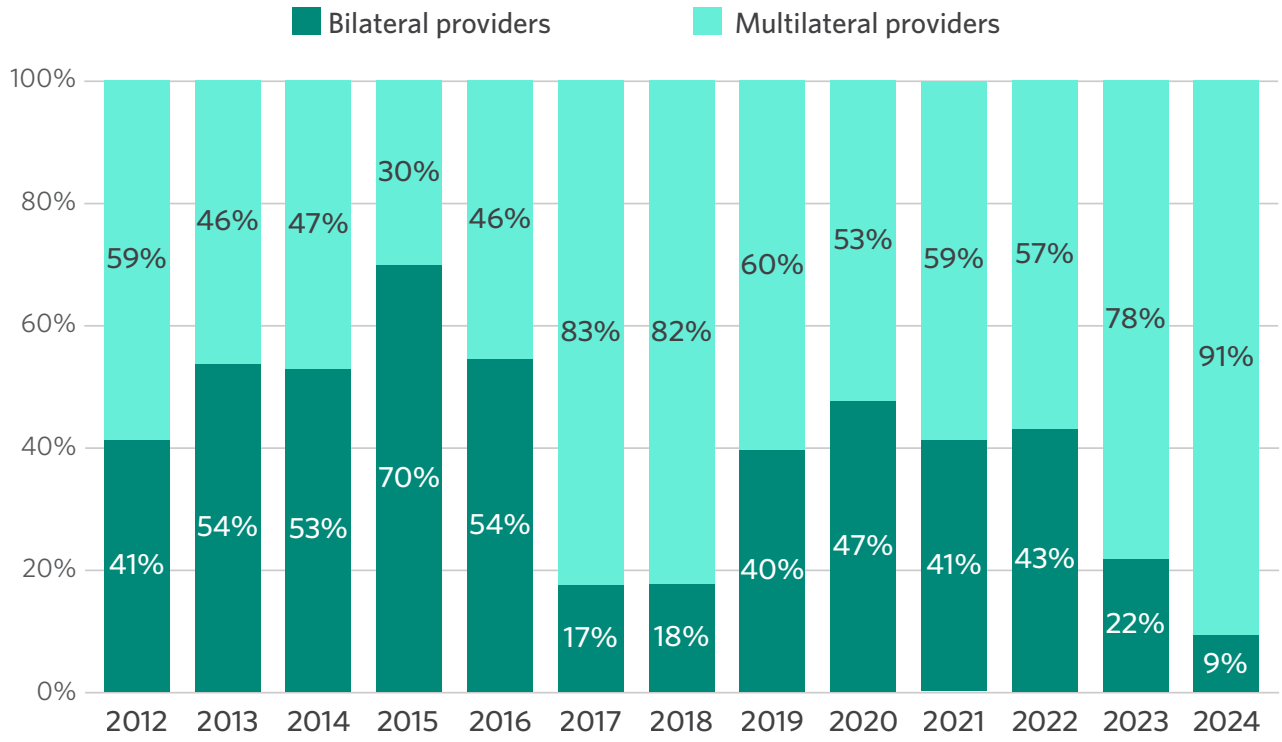


Source: *Data from the GGG Guarantee Directory*

10 Specialized facilities are entities that operate similarly to private sector organizations but are funded by governments and development institutions, generally focusing on guarantee-specific types of risks in specific situations (CPI, 2024).

This prominence is evident in actual mobilization. OECD data shows that guarantees are important mobilizers of private finance, but their use appears to have been concentrated among multilateral providers in recent years.[11] While bilateral providers accounted for a significant share of climate guarantee mobilization in earlier years, multilateral providers have become increasingly prominent, accounting for approximately 91% of climate private finance mobilized through guarantees in 2024. This may reflect large institutions' ability to deploy guarantees at greater scale across countries and sectors and to diversify risk across their portfolios.

Figure 7. Climate finance mobilized through guarantees by type of provider between 2012 and 2024



Source: *OECD (2026), Mobilized private finance for development dashboard*

Among providers captured in the OECD data, private climate finance mobilized through guarantees appears highly concentrated at the institutional level. In 2024, the International Finance Corporation (IFC) mobilized about USD 3.0 billion in private climate finance through guarantees, and the Multilateral Investment Guarantee Agency (MIGA) mobilized about USD 2.8 billion, together accounting for 72% of all private climate finance mobilized through guarantees by official donors. Considerably smaller volumes were mobilized by other providers, including the Private Infrastructure Development Group (PIDG), the African Development Bank, the Global Environment Facility, bilateral providers, and regional development institutions. Some of these organizations may also play an indirect role in expanding guarantees by financing

11 The available data may understate the role of bilateral providers in climate-related guarantee mobilization. For example, Germany, and potentially other bilateral donors, does not report climate-relevant export credit guarantees through the OECD climate finance reporting process. The observed concentration among multilateral providers should be interpreted in light of these reporting gaps.

guarantee provision rather than providing them directly.[12] The United States was the third-largest provider of climate finance mobilized through guarantees in 2024, as captured in the OECD data, and the largest bilateral provider, mobilizing USD 462.5 million.

Figure 8. Climate finance mobilized through guarantees by provider in 2024



Source: *OECD (2026), Mobilized private finance for development dashboard*

12 Provider-level figures reflect the OECD provider perspective and the institutions and transactions reported to the dataset. Coverage is not comprehensive across all guarantee providers: in particular, some climate-relevant export guarantee activity is not reported, including German export guarantees. The figures therefore describe the distribution of mobilization captured by OECD rather than the relative market shares of guarantee providers globally. Berne Union data presented in this report provide complementary evidence on ECA guarantee and political risk insurance activity that is not fully reflected in OECD mobilization statistics.

Box 2. ECA risk cover represents an important source of guarantee capacity in EMDEs

Export credit agencies (ECAs) are an important source of guarantee capacity; however, existing databases, such as OECD DAC mobilization statistics, do not fully capture their activity. Data from Berne Union provides a complementary perspective on ECAs' role in the guarantee marketplace. Across Berne Union ECA members, new cross-border guarantee and political risk insurance cover for renewable energy projects in EMDEs reached approximately USD 10 billion in 2024, compared with USD 4.4 billion in 2019. New cover peaked at USD 11.6 billion in 2023 and remained sustained at USD 8.4 billion in 2025. Most of this was medium- and long-term cover for debt transactions, complemented by political risk insurance for equity.

These figures broaden the picture provided by OECD mobilization data, which show that climate private finance mobilized through guarantees is highly concentrated among multilateral providers. ECA activity is not fully reflected in the OECD DAC measure of private finance mobilization. In this sense, Berne Union figures capture the value of new risk cover issued by ECAs as an important additional source of risk-bearing capacity in the guarantee ecosystem.

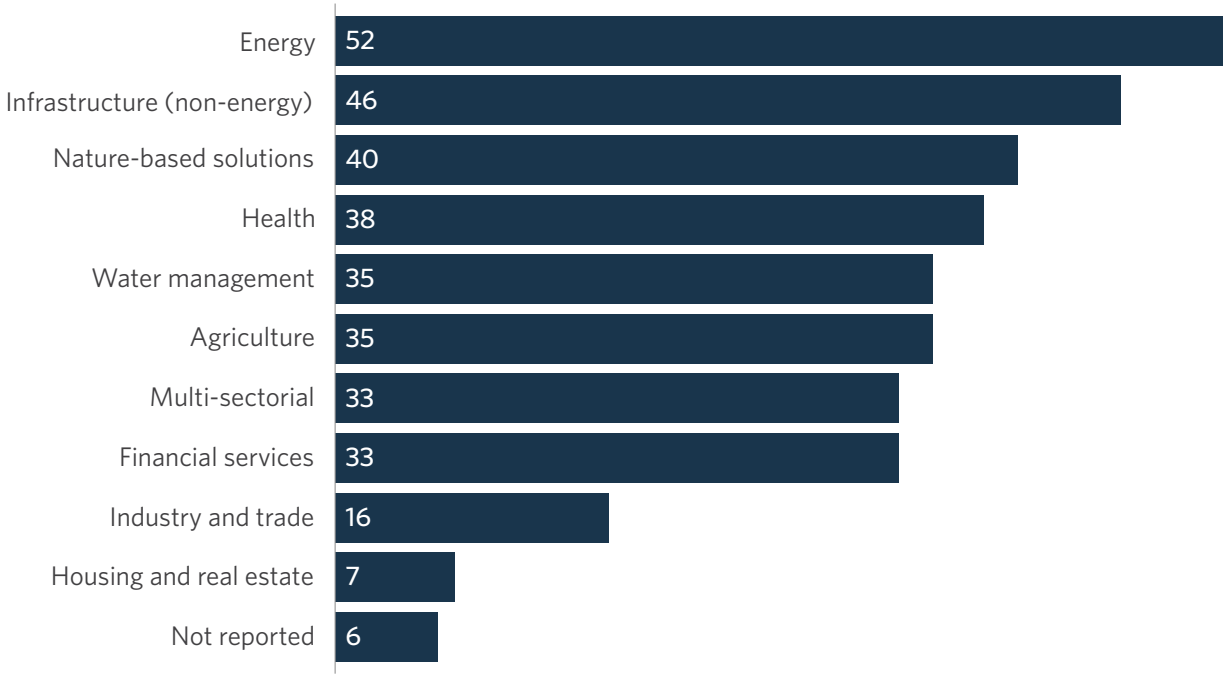
The available guarantee product base spans a range of sectors, with energy and infrastructure particularly well represented.[13] The prominence of energy and infrastructure aligns with the traditional role of guarantees in supporting capital-intensive investments, where long investment horizons, project-specific risks, and high upfront financing requirements can constrain private participation. At the same time, the relatively broad coverage of agriculture, nature-based solutions, water, health, and financial services shows that guarantee instruments are being applied beyond conventional infrastructure. The available data does not let us determine whether this broader sectoral coverage is a recent development, or whether these sectors consistently deploy eligible products. However, the breadth of available products suggests that increasing utilization may depend not only on expanding product availability, but also on ensuring that existing instruments are sufficiently tailored, visible, and accessible to project developers and financial institutions.



GGG Roundtable at African Climate Summit, September 2025.

13 Sector-level information is available from the GGG Guarantee Directory but not from the SSDH dataset and therefore covers a smaller universe (53 guarantee instruments) than other indicators presented in this report.

Figure 9. Number of guarantees in 2026 by sector covered



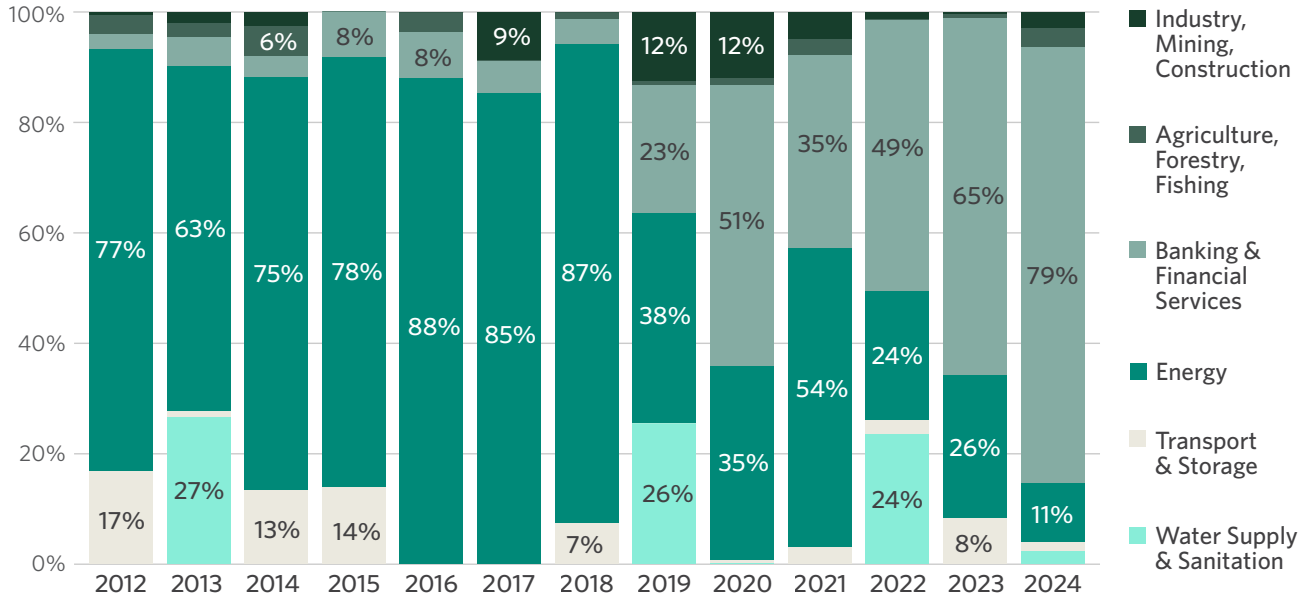
Source: *Data from the GGG Guarantee Directory*

Product availability, however, does not indicate where guarantees are ultimately being deployed or where they generate additional investment. A product may be eligible for use across multiple sectors without being actively deployed in each of them. The OECD mobilization data therefore provides a complementary perspective on how guarantee-supported financing is reaching each market.

Recent mobilization data shows the growing prominence of the banking and financial services sector in private climate finance mobilized through guarantees, which may signal an increasing role for financial intermediaries in guarantee deployment. Private climate finance mobilized through guarantees in the banking and financial services sector rose from approximately USD 1.9 billion in 2022 to USD 5.7 billion in 2024, accounting for around 80% of climate finance mobilized through guarantees, while the share going to energy directly has fallen dramatically. This suggests a shift from guarantees attached directly to individual infrastructure assets toward structures that reduce the risk of financial institutions with the intention of allowing institutions to extend financing to multiple underlying borrowers or projects. This would align with several of the models identified through the GGG's qualitative analysis in the following section on Progress of GGG Recommendations, including portfolio guarantees, fund-financing structures, and approaches that use guarantees to increase the lending capacity of local financial institutions.

A shift in guarantee deployment toward structures involving financial intermediaries can help address constraints, but increases the importance of transparency. Guarantee structures that work through local banks or other financial intermediaries can potentially address several constraints simultaneously: they can distribute risk across a portfolio, reach smaller borrowers that would be difficult for international institutions to finance directly, and help build local financial-sector capacity. At the same time, greater use of intermediated structures increases the importance of transparency around the underlying projects and beneficiaries to understand where finance ultimately flows and what impact it generates.

Figure 10. Private climate finance mobilization by sector between 2012 and 2024



Source: *OECD (2026), Mobilized private finance for development dashboard*

Alongside financial intermediation, donor governments, vertical climate funds, MDBs, and other investors are showing growing interest in capitalizing specialist guarantee providers and incubators. ECAs and private insurers provide an additional source of risk-bearing capacity. Co-guarantees, reinsurance, risk-participation agreements and pooled facilities are also receiving greater attention as ways to combine balance sheet capacity, credit standing and institutional capabilities.

DATA GAPS HINDER DEEPER ANALYSIS

Significant data gaps constrain analysis of who ultimately benefits from guarantee-mobilized climate finance. While the OECD dataset provides considerably more information on mobilization volumes than product-level repositories, disclosure rules based on confidentiality considerations for multilateral institutions reporting on guarantees to the OECD contribute to limited geographic and income-level data. In 2024, significant portions of the guarantee-related data were not disclosed by recipient group. The available data are therefore insufficient to draw robust conclusions about the distribution of guarantee-mobilized climate finance across least-developed countries, lower-middle-income countries, and upper-middle-income countries.

This matters because aggregate growth in mobilization alone does not show that guarantees reach markets where financing constraints are greatest. It also limits the ability to assess whether observed geographic patterns in product availability translate into actual financing flows. For example, the GGG Guarantee Directory and SSDH mapping above show relatively broad availability of guarantee products in African markets, but the OECD data currently provide insufficient disaggregated information to determine whether this translates into a correspondingly large share of climate private finance mobilization.

More fundamentally, existing datasets cannot readily trace the chain from product availability through deployment and mobilization to ultimate beneficiaries and development impact. These gaps also hinder assessment of whether available climate-aligned guarantee products are

fit for purpose, and understanding what end beneficiaries need to access and use guarantees more effectively.

TOWARD A MORE EFFICIENT AND EFFECTIVE GREEN GUARANTEE MARKETPLACE

While guarantees are already an important and growing mechanism for mobilizing private capital, they are not a standalone solution to financing constraints. Their value lies in sharing and reallocating specific risks to actors best able to bear them, alongside complementary measures that address underlying barriers to investment. Scaling guarantees therefore requires strengthening the broader enabling infrastructure around them.

The analysis above demonstrates that the barriers addressed by the four recommendations highlighted in the GGG's 2025 Flagship Report remain relevant to building an efficient and effective marketplace:

- **Regulatory and supervisory treatment** continues to shape whether guarantees deliver recognized risk transfer and capital relief, reinforcing the need for practical methodologies and greater clarity on the treatment of complex and partial guarantees, as discussed under Recommendation 1.
- **Scaling local-currency finance** depends not only on expanding guarantee availability, but also on strengthening domestic financial markets, mobilizing local institutional capital, and improving the availability and affordability of mechanisms for managing FX risk, as discussed under Recommendation 2.
- **The lack of disclosed data on guarantees** makes it difficult to trace the full chain from product availability, to deployment, to mobilization, and ultimately to performance and development impact, explored under Recommendation 3**.**
- **The concentration of provision in a few institutions** underscores the importance of expanding guarantee deployment by bilateral, regional, and national providers if mobilization is to grow beyond the balance sheets and mandates of multilateral institutions and to promote competition in guarantee pricing, as discussed under Recommendation 4.
- **Capacity constraints among supervisors and local financial institutions** can limit the uptake of available instruments, making technical assistance an important complement to risk-bearing capacity in many markets across all recommendations.

These findings reinforce the importance of expanding local and regional risk-bearing capacity, improving interoperability across guarantee providers, and strengthening data transparency. More broadly, they suggest that the next phase of guarantee market development should focus not only on increasing the number of guarantee products available, but on ensuring that existing and new instruments can be **deployed at scale, replicated across institutions, supported by greater peer learning – including among Debt Management Offices for sovereign guarantees – and directed to markets where risk mitigation can generate the greatest additional private investment and impact.**

The question now is how far the GGG's four recommendations have advanced, and what it will take to move them forward.



PROGRESS ON FLAGSHIP REPORT RECOMMENDATIONS

GGG's inaugural flagship report — Scaling Up Green Guarantees: Recommendations by the Green Guarantee Group — was launched at the Financing for Development Conference (FfD4) in July 2025, as part of the Sevilla Platform of Action. The report presents four recommendations with 11 key actions to unlock the potential of green guarantees to mobilize climate-aligned investment in EMDEs. These recommendations support broader efforts to mobilize USD 1.3 trillion annually for EMDEs by 2035, reflecting the role of guarantees highlighted in the Baku to Belém Roadmap and the COP30 Circle of Finance Ministers. The recommendations are informed by technical expert discussions, bilateral discussions, and input from the GGG-convened "Wise Persons Group."

The following subsections synthesize progress across those recommendations since the first report's publication, highlighting relevant initiatives, projects, and collaborations. They also identify key tensions, present illustrative case studies, and highlight the best-placed actors to advance implementation of the recommendations over the coming year. Each recommendation was taken forward by (co-)champions from the GGG Wise Persons Group, working alongside key stakeholders across the ecosystem to validate the analysis in this report and build coalitions to drive the actions identified. The methodology for assessing progress on key actions is based on expert interviews, discussions at international fora and publicly available qualitative and quantitative information. See Annex 1 for details.

Recommendation 1: Clarify the supervisory treatment of guarantees and develop practical methodologies

KEY TAKEAWAY

Progress on clarifying the supervisory treatment of complex and partial guarantees has been limited, but the pathway for further action is becoming clearer. Some stakeholders have prioritized developing practical methodologies for the capital treatment of complex guarantees, while broader regulatory reforms will require more evidence and coordination across jurisdictions.

Recommendation 1 key action progress assessment

Action	Description	Progress rating*	Rationale for progress rating
1a	Regularly review and update the list of MDBs eligible for zero risk-weight treatment.	Limited	There has been some discussion of extending eligibility to additional regional development banks, but no meaningful expansion has occurred, and near-term shifts remain unlikely.
1b	Develop methodologies for calculating capital relief from complex guarantees within the standardized approach to risk-based capital requirements.	Limited	This remains one of the least advanced key actions. The debate has gained visibility (HSC, FiCS, Spring Meetings), but there are still no agreed supervisory methodologies.
1c	Standardize guarantee structures and risk coverage to facilitate regulatory recognition of risk transfer.[14]	Mixed	Market participants are innovating around regulatory constraints, but limited standardization remains a barrier to guarantee beneficiaries obtaining regulatory recognition for risk transfer.

***Progress key:** ***Significant** = implemented across multiple institutions/markets, with potential for scale; **Mixed** = some meaningful progress, but uneven or constrained; **Limited** = mainly early-stage or isolated action; Insufficient evidence = not enough information to assess progress. (See Annex 1 for details)*

PROGRESS TO DATE

Expanding the Basel Framework's list of MDBs eligible for zero-risk-weight treatment has seen little progress amid significant geopolitical constraints. Although increasingly relevant as regional institutions increase guarantee provision, strict eligibility criteria and geopolitical constraints make near-term expansion unlikely.

The possibility of developing practical methodologies for the capital treatment of complex guarantees is receiving growing attention. Under the Basel Framework's standardized approach, there is currently no methodology for calculating the capital relief of complex or risk-specific partial guarantees, meaning that banks must use custom methodologies under the internal ratings-based approach to gain capital relief. The topic was addressed during events and conversations at the June 2026 Hamburg Sustainability Conference, the April 2026 Finance in Common Summit, and April 2026 IMF-World Bank Spring Meetings, however, no agreed methodology has emerged. KfW has highlighted the regulatory burden involved in developing a new guarantee product while working with counterparties subject to different jurisdiction-specific regulatory requirements. This illustrates how the absence of clear, consistently applied methodologies can hinder product development and replication, including uncertainty over whether and to what extent a guarantee will receive regulatory recognition for risk transfer and associated capital relief across jurisdictions.

Guarantee providers continue to innovate their products, providing useful evidence of what can work under existing regulation. MDBs and guarantee providers are developing liquidity mechanisms, co-guarantees, layered risk-sharing arrangements, and other structures within existing regulatory frameworks. MIGA, for example, has developed liquidity mechanisms that help address regulatory and investor constraints associated with certain guarantee structures.

14 The language of Recommendation 1c has been updated since the 2025 Flagship Report for clarity. This recommendation centers on standardization to support consistent regulatory recognition and predictable risk transfer for entities benefiting from guarantees. Other parts of this report mention standardization of underwriting, due diligence, and application processes.

Progress toward greater convergence in guarantee structures, risk coverage, and terms and conditions remains limited, although some initiatives have emerged. Standardization of individual provider structures and requirements could reduce private investors' administrative costs to obtain regulatory recognition of the risk transfer provided by guarantees, and therefore facilitate guarantee uptake. The Taskforce on Credit Enhancement for Sustainability-linked Sovereign Financing is working with MDBs and financial institutions to develop standardized sovereign guarantee term sheets, an emerging example of efforts to increase consistency in guarantee structures and terms.

KEY TENSIONS

Efforts to address regulatory frictions should be grounded in more robust data to distinguish prudential constraints from other barriers to guarantee deployment, while maintaining coherence across jurisdictions and coordinating the actors responsible for implementation.

Amid diverse proposals for regulatory reform, it is important to maintain the coherence of financial regulation across jurisdictions. Some major jurisdictions have proposed changes to their implementation of the Basel Framework and/or delays to implementation of certain Basel III standards. While many of these calls for reform have sound rationales and may be achieved within national regulatory rules, rules should not diverge substantially across jurisdictions. Due to interconnections among global financial markets, international cohesion of regulatory rules for internationally active financial institutions supports financial stability while also maintaining a level playing field for institutions based in different jurisdictions. Accordingly, efforts to identify and ameliorate gaps or frictions in current regulation should be coordinated to maintain coherence and focus on developing a single set of international best practices.

Available evidence is insufficient to isolate the impact of prudential regulation from other barriers to guarantee deployment, but initiatives are working to fill this gap. There is some attention on the potential unintended consequences of prudential regulation for private finance mobilization in EMDEs. However, stakeholders point to limited transaction-level data as a constraint to building an empirical case for reform. This highlights that data availability, as discussed in Recommendation 3, constrains progress on some supervisory matters. Initiatives such as the 4P Eminent Persons Group on Barriers to Investment in EMDEs are examining whether and how prudential frameworks may unintentionally constrain investment flows, with the stated aim of gathering evidence and developing pragmatic recommendations that safeguard financial stability.

Prudential regulation is just one part of the enabling environment. National implementation, institutional risk appetite, and domestic policy frameworks can all affect whether guarantees mobilize additional financing. Further analysis should identify where regulatory treatment is genuinely binding and quantify its effect on capital requirements, financing costs, and guarantee uptake relative to other constraints. National processes, such as Nigeria's recent public-private dialogue on regulatory barriers to development finance, can help identify where these constraints arise in practice and which require domestic rather than international action.

Discussion on the regulatory treatment of complex or partial guarantees is part of a broader conversation on regulatory and prudential barriers to private investment in EMDEs.

Responsibility is dispersed across international standard setters, national supervisors, MDB shareholders, guarantee providers, and regulated financial institutions, while EMDE borrowers have limited ability to change these rules themselves. Several initiatives are building the evidence base and coordinating relevant actors, including the OECD, CETEx, CEP, E3G, IDFC, and private sector networks. The EMDE Investor Taskforce, for example, is examining the treatment of guarantees and political risk insurance as part of its work on prudential barriers to private capital mobilization. Broader work on prudential barriers to EMDE investment is also examining whether risk assessment and prudential treatment adequately reflect underlying project characteristics and realized performance, including how project risk changes between construction and operation. These questions extend beyond the guarantee-specific focus of this recommendation but are relevant to the wider enabling environment for guarantee deployment, and will be explored in a forthcoming OECD/4P publication.

Rating-agency treatment presents a related but distinct consideration for guarantee structures. S&P Global Ratings, for example, issued a Request for Comment in 2026 on a proposed methodology for considering partial credit support in issue ratings. Together, these developments reinforce the need to understand which barriers materially constrain guarantee deployment, which actors have the authority to address them, and where technical analysis or political engagement can help move specific issues forward.

FURTHER CALLS TO ACTION ON RECOMMENDATION 1

To strengthen progress on the recommended actions, we propose the following:

Actors	Further call to action	Action	GGG role
Regulators and standard setters	Regularly review the treatment of MDB guarantees, including those provided by regional MDBs, and clarify eligibility for zero-risk-weight treatment as the guarantee market evolves.	1a	Monitor developments in the regulatory treatment of MDB guarantees and surface relevant changes through GGG analysis and convenings.
Technical experts, central banks, prudential authorities	Collect evidence and convene key partners to build an analytical basis for determining the appropriate level of capital relief for lenders benefiting from guarantees provided by MDBs or other AAA-rated guarantors.	1b	Convene relevant technical experts, regulators, and market participants to support development, testing, and terms of practical methodologies for the capital treatment of complex guarantees.
MDBs, DFIs, and other guarantee providers	Coordinate with each other and with prudential regulators to enable the beneficiaries of guarantees to more easily obtain regulatory recognition of the risk transfer provided by guarantee products through standardized guarantee structures and clarification of requirements regarding timeliness and unconditionality of guarantee payouts.	1c	Facilitate dialogue between guarantee providers, investors, and regulators on the structural features needed for guarantees to receive appropriate regulatory recognition, and disseminate emerging good practice.

Recommendation 2: Catalyze investment in local currency by developing and deploying relevant risk-management products

KEY TAKEAWAY

Progress on expanding local-currency finance has been significant, with new guarantee facilities and financing structures emerging across markets. However, high hedging costs and shallow domestic capital markets continue to constrain scale, with a need for approaches that extend beyond FX risk mitigation to support broader financial market development.

Recommendation 2 key action progress assessment:

Action	Description	Progress rating*	Rationale for progress rating
2a	Encourage donor-provided local-currency mechanisms.	Significant	New and expanding local-currency guarantee facilities demonstrate increasing uptake and replication, including models supported by donors, MDBs, and national or regional guarantee institutions.
2b	Scale up currency risk hedges, including donor-backed and first-loss facilities.	Mixed	Considerable innovation is underway to manage currency risk and mobilize local capital, but hedging remains expensive and unavailable for many currencies.

Progress key: Significant = implemented across multiple institutions/markets, with potential for scale; Mixed = some meaningful progress, but uneven or constrained; Limited = mainly early-stage or isolated action; Insufficient evidence = not enough information to assess progress. (See Annex 1 for details)

PROGRESS TO DATE

Progress on Recommendation 2 has broadened beyond standalone FX hedging to a wider range of approaches to expand local-currency finance. New models combine guarantees with domestic capital market development, securitization, institutional investor participation, and stronger financial intermediation. This reflects a growing recognition that hedging products alone cannot address currency risk: scaling local-currency finance also requires strengthening the institutions and markets through which local capital is mobilized. This broader emphasis on financial intermediation appears in recent mobilization data, with banking and financial services accounting for a growing share of climate private finance mobilized through guarantees.

Local-currency-backed guarantee facilities continue to expand across regions. Initiatives such as the PIDG-backed InfraZamin, Dhamana, and InfraCredit show how national and regional guarantee institutions can strengthen domestic capital markets while mobilizing domestic institutional investors, including pension funds, whose participation has often been constrained by regulatory requirements and investment mandates. PIDG exited InfraCredit Nigeria in early 2026, signaling developed market confidence in domestic credit enhancement. Complementary efforts, such as the EBRD's Delta Initiative, combine pooled local-currency liquidity across development banks with policy support to address market infrastructure constraints and expand local-currency lending.

Vertical climate funds are also exploring how guarantees and other concessional instruments can support financial intermediation and local-currency finance. The Green Climate Fund (GCF) already deploys guarantees through Accredited Entities and financial intermediaries, including a USD 10 million guarantee supporting climate-resilient agriculture lending through CRDB Bank in Tanzania and a USD 100 million guarantee supporting industrial energy-efficiency financing through local financial institutions in Indonesia. The GCF is also developing approaches to local-currency financing, including options to use de-risking instruments to catalyze local-currency lending by financial institutions.

Institutions are also testing new financing structures that extend beyond traditional guarantee products. IDB's asset-backed securities initiative seeks to attract institutional investors by packaging seasoned EMDE loan portfolios into investment-grade securities while managing FX risk through diversification and hedging strategies. GuarantCo, PIDG's guarantor arm, is exploring fund-financing structures that use guarantees to provide financial institutions with lower-cost, longer-term funding, enabling them to expand local-currency lending while concentrating FX risk among stronger intermediaries rather than end borrowers.

Alongside these innovations, specialized facilities such as TCX[15] continue to play a foundational role in providing currency risk management infrastructure across emerging and developing markets. In 2026, TCX partnered with the European Commission (EU COM) to establish the EFSD+ Pricing Facility, which provides lenders with discounted FX hedges, allowing loans to be offered at lower interest rates. The facility is supported by a EUR 150 million guarantee that supports a subset of discounted hedges within TCX's portfolio, with EU COM absorbing losses relative to TCX's standard hedging terms. Still, hedging alone cannot create system-level change. Broadened uptake and use will require TCX-style risk pooling alongside targeted concessional support and market expansion.

KEY TENSIONS

Expanding local-currency finance availability alone will not make it affordable or scalable. High hedging costs and structural constraints in domestic capital markets mean guarantees can enable local-currency financing, but cannot substitute for deeper financial market development. The challenge is to use risk-mitigation instruments not only to expand local-currency lending, but also to strengthen the markets and institutional capacity needed to sustain it over time.

Local-currency finance does not automatically translate into lower borrowing costs. While local-currency finance helps mitigate borrowers' exposure to FX risk, the elevated cost of capital in EMDEs also reflects structural factors, including limited domestic savings, shallow capital markets, macroeconomic risks, and strong demand for investment finance. Macroeconomic risks can also compound during periods of stress: inflation, fiscal pressures, and currency depreciation may weaken borrowers' repayment capacity, potentially increasing guarantee claims across multiple exposures simultaneously. Simply increasing local-currency lending without addressing these constraints could place further pressure on demand for already scarce capital, driving up

15 TCX and InfraCredit Nigeria were highlighted in the 2025 Flagship Report as core case studies; please refer to that report here for more information.

borrowing costs. As a result, sovereigns and private sector borrowers sometimes continue to prefer hard-currency financing, as it can be cheaper than borrowing in local currency, despite the currency mismatches and vulnerabilities it can create. This trend is reinforced by the fact that many underlying projects in EMDE countries are delivered by international companies, generating greater demand for finance denominated in hard currency.

The availability and affordability of FX hedging remain important constraints. For many frontier currencies, hedging markets are thin, competition is limited, and collateral requirements can significantly increase the cost of managing currency risk for local financial institutions. Together, these factors limit the scale and affordability of local-currency financing.

Guarantees are an important enabler, but they cannot substitute for deeper capital market development. The broader objective is not simply to expand local-currency lending, but to build deeper, more resilient domestic capital markets that can provide sustainable financing over time, along with a credible pipeline of projects to which local currency can be allocated. Guarantees can support this transition by mobilizing domestic institutional investors, strengthening local financial intermediaries, and channeling international capital into local-currency markets. Initiatives such as Cardano Development's Frontclear illustrate this broader approach, combining guarantees with technical assistance, legal and regulatory reform advisory, and market infrastructure development to address the underlying market constraints that limit local-currency finance. Such approaches show how guarantees can de-risk individual transactions while building the markets needed to reduce reliance on guarantees over time.

FURTHER CALLS TO ACTION ON RECOMMENDATION 2

To strengthen progress against the recommended actions, we propose the following:

Actors	Further call to action	Action	GGG role
MDBs and guarantors	Identify and replicate successful local-currency structures, documenting the market conditions, risk allocation, and supporting infrastructure required to adapt them across markets.	2a	Identify, document, and disseminate replicable local-currency and FX-risk-management models, and use GGG forums to convene relevant public and private actors around common barriers to their uptake and replication.
Donors and MDBs	Provide first-loss, liquidity support, and targeted pricing support for FX-risk-management mechanisms. This should include support for mechanisms that reduce the hard-currency collateral burden associated with hedging agreements. National development banks should be further included as recipients of MDB guarantees alongside commercial financial institutions.	2b	
Regulators and policymakers	Review constraints that limit local pension funds and other domestic institutional investors from investing in guaranteed climate assets, particularly when investments can be made in local currency, and support with technical assistance where needed.	2b	

Box 3. Case Study: Senelec – Connecting local-currency finance to international institutional capital

The case of La Société nationale d'électricité du Sénégal (Senelec) illustrates that international institutional capital can be connected to local-currency assets, but doing so currently requires considerable bespoke structuring. *Senelec's 2025 asset-backed securitization shows how guarantees and innovative finance structures can link local-currency assets in EMDEs to international institutional capital. GuarantCo's guarantee credit enhancement, combined with a euro-denominated repackaging structure in Luxembourg, enabled a UK asset manager to participate in a West African CFA franc (XOF)-denominated bond issuance.*

The financing opportunity: Senelec, Senegal's state-owned national electric utility, held a significant pool of past-due customer invoices as accounts receivable, tying up capital that could otherwise have supported new investment. Securitizing these receivables offered a way to convert future payments into liquid financing for near-term infrastructure development.

Transaction structure: Senelec transferred a portfolio of these outstanding payments of receivables to the Senelec Receivables Securitization Fund 2025–2030, a special purpose vehicle based in Togo and arranged and managed by BOAD Titrisation. The SPV then issued XOF-denominated bonds totaling XOF 120 billion (approx. USD 213 million). GuarantCo extended an up-to USD 50 million guarantee over a portion of the senior tranche, reducing credit risk for investors in the guaranteed portion. A vehicle arranged by Symbiotics in Luxembourg subsequently purchased the local-currency bonds, benefiting from the GuarantCo guarantee, and issued a euro-denominated guaranteed instrument, to which M&G Investments, a UK-based asset manager, subscribed.

Innovation: Innovation occurred across several layers of the transaction. Senelec monetized an existing pool of receivables through securitization, converting future payments into financing for new investment. GuarantCo also accommodated unusual currency exposure, despite a mandate that does not normally allow it to take on currency risk. Because the West African CFA franc is pegged to the euro with fixed parity, conventional FX risk was limited. GuarantCo thus assumed only the political risk associated with countries de-pegging their currency from the euro. Finally, Symbiotics' repack addressed constraints on the international investor's ability to hold the local-currency instrument directly.

Development impact: The transaction was a landmark green bond issuance by a public company in Africa and the first African bond issuance to receive both Green Bond and Sustainability-Linked Bond labels under the International Capital Markets Association (ICMA) standards. The proceeds will allow Senelec to finance 585 MW of solar power generation and a 329 MW Battery Energy Storage System. The transaction will provide reliable energy access for 1.8 million end users and avoid an estimated 853,000 tCO_2e annually (GuarantCo).

Replication potential: The transaction demonstrates both the feasibility and complexity of bringing international institutional capital into local-currency financing structures. According to GuarantCo, M&G Investment's participation would not have been feasible without its guarantee. At the same time, GuarantCo's ability to accommodate the currency exposure relied specifically on the West African CFA franc's fixed parity with the euro, and the Luxembourg repack added cost, time, and structural complexity to the transaction. Replication will therefore depend not only on the availability

of guarantees, but on developing more cost-effective, scalable ways to bridge local-currency assets with international investors' regulatory and investment requirements.

Senelec Sustainability-Linked Securitisation Structure

How future receivables are converted into investment for sustainable energy

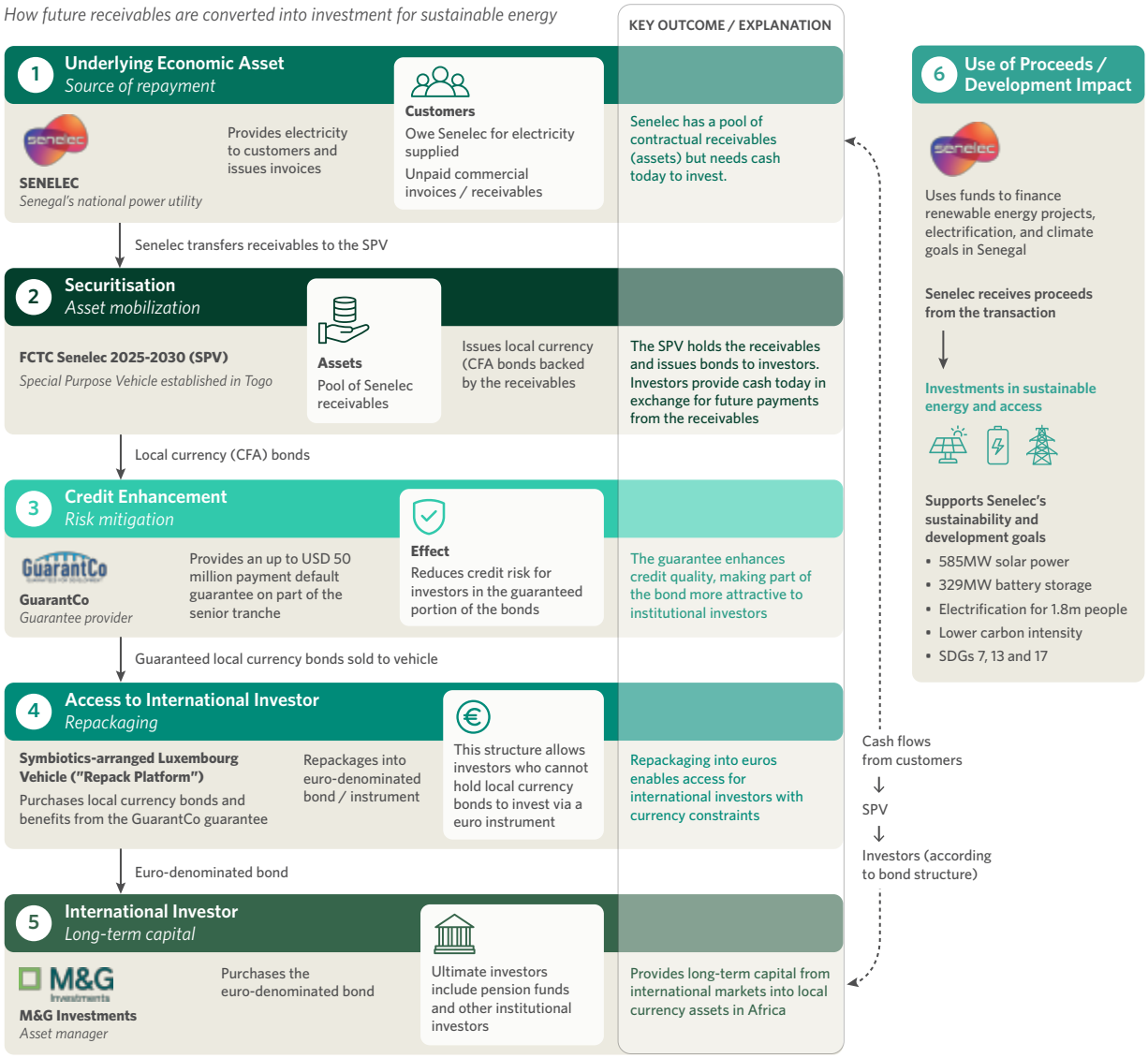


Image source: *CPI*

Recommendation 3: Improve data transparency and knowledge sharing to improve risk pricing

KEY TAKEAWAY

Progress on guarantee data has been limited, despite several new and expanding initiatives. More data will most effectively shift risk pricing if it reflects the risks private investors face and is usable by market participants. Emerging evidence points to a need for more granular private sector performance data, greater interoperability across existing data initiatives, and continued investment in data infrastructure.

Recommendation 3 key action progress assessment

Action	Description	Progress rating*	Rationale for progress rating
3a	Establish a comprehensive guarantee performance database by expanding the Global Emerging Markets Risk Database (GEMs) to include private sector data.	Limited	GEMs issued a call for guarantee data submissions but received too few responses to publish in its 2026 report. It will work with partners to expand inputs in 2027. This is complemented by OECD's work on reporting guarantees through DAC/CRS statistics on official development finance and mobilized amounts.
3b	Implement a tiered-access approach that balances transparency with confidentiality.	Limited	There is recognition of the issue, but relatively little concrete implementation. Stakeholders continue to note that transaction-level data remains difficult to access.

***Progress key:** ***Significant** = implemented across multiple institutions/markets, with potential for scale; **Mixed** = some meaningful progress, but uneven or constrained; **Limited** = mainly early-stage or isolated action; Insufficient evidence = not enough information to assess progress. (See Annex 1 for details)*

PROGRESS TO DATE

Momentum is building behind efforts to improve the availability and quality of guarantee performance data. Guarantees are often deployed in response to elevated perceptions of investment risk in EMDEs. Improved data transparency can make guarantees more effective by enabling risks to be assessed on evidence rather than perception. Stronger, more granular, standardized, and comparable performance data is needed to persuade regulators, rating agencies, and investors to adjust how they assess risk of EMDE transactions.

Aligned with GGG's recommendation, the GEMs Risk Database, which collects information on default, recovery rates, and credit risk on MDB/DFI lending, issued a call in April 2026 for participating institutions to submit information on guarantee performance. Due to insufficient response from partner institutions, GEMs will not publish guarantee data this year. Given common capacity constraints in the early years of new initiatives, it will engage participating institutions to identify bottlenecks and potential solutions before resoliciting guarantee transaction data in 2027. The limited response highlights a central implementation challenge: building a comprehensive performance database depends not only on creating a repository, but on establishing incentives and protocols for institutions to contribute sufficiently granular data, and on the size of the underlying transaction pool. Guarantee activity has grown over time, but

the number of transactions remains considerably smaller than for lending, which may limit the volume of performance data available even with broader institutional participation.

Strong examples of standardization and coordination exist across data initiatives, but progress on data accessibility remains limited. For example, after identifying overlapping work on collecting data on available guarantee products, GFANZ and the GGG agreed to align and cross-link their respective repositories of catalytic capital and risk-sharing mechanisms. The Catalytic Capital Repository (CCR) – developed by GFANZ and GCBC alongside other partners to include concessional debt, equity, and grants geared toward mobilizing private capital – outsourced and cross-referenced its guarantee input with the GGG Guarantee Directory; the CCR was subsequently elevated as a deliverable under the French G7 Presidency. These efforts reduce duplication across platforms, but they do not yet address the harder challenge of expanding access to relevant information on product use, including underlying performance data where relevant.

KEY TENSIONS

More data alone will not improve risk pricing. Decision-useful data must reflect the risks private investors face, be sufficiently granular to inform market decisions, and be interoperable across initiatives to avoid creating additional fragmentation. Greater transparency will also require balancing legitimate commercial confidentiality with clearer reporting expectations to improve decision-useful, transaction-level data, particularly where private actors benefit from publicly backed risk-bearing support.

Despite recent advances, significant questions remain about whether current data initiatives can change market behavior. Conversations with major rating agencies revealed that aggregated data, like that provided by GEMs, is insufficient to affect risk assessments; agencies need a high volume of transaction-specific information to inform their ratings. Even robust transaction-level data has limits. MDBs and DFIs – which provide data for the GEMs database – may benefit from preferred creditor status (PCS), under which sovereign borrowers generally prioritize servicing their obligations to these institutions over those owed to commercial creditors. As such, rating agencies argue that default rates based on GEMs loan or guarantee performance may not fully reflect the credit risk private investors face, as they do not benefit from PCS. Where private firms benefit from publicly backed guarantees or other risk-bearing support, clearer minimum reporting requirements could help expand the evidence base, while maintaining appropriate protections for commercially sensitive information. Closing the data gap therefore requires expanding beyond MDB and DFI performance data to include institutions without preferred creditor treatment, including ECAs and private investors. Discussions with ECAs, including UK Export Finance (UKEF), are exploring opportunities to improve the availability and comparability of guarantee performance data, including by aggregating and disseminating it through relevant platforms.

Better data can help identify where targeted guarantees may have the greatest potential to create lasting demonstration effects that lower the cost of capital. Researchers from the Harvard Kennedy School and Oxford University's Smith School have collected data from nearly 1,000 non-guaranteed, non-concessional infrastructure projects across 66 EMDEs and 15

sectors. Their analysis indicates that the cost of capital required by private investors declines substantially over an individual investor's first five transactions in a market, then levels off. They find a permanent decrease in lending rates of over two percentage points (200 bps) over an investor's first five transactions, suggesting that familiarity with and experience in a market can materially affect the pricing of risk.[16] This finding points to a potentially catalytic role for guarantees: targeted support for an investor's first transactions in a market could help reduce the cost of capital for borrowers as the investor gains experience in the market, after which the investor may be able to continue to provide financing at a lower cost without guarantee support. This can also support cross-sector linkages and, once viability is demonstrated and borrowing costs are observed to decline, open new markets.

Greater interoperability is needed to ensure that the proliferation of data initiatives produces usable information rather than additional fragmentation. Institutions may be asked to report overlapping information using different definitions and methodologies, while product-level, mobilization, and performance datasets remain largely disconnected. Better alignment on core guarantee data fields, taxonomies, and reporting protocols could reduce reporting burdens while enabling comparison and linking of information collected across platforms. The objective should be not simply to produce more data, but to build an evidence base that investors, rating agencies, regulators, and guarantee providers can use consistently.

Efforts to improve this coordination are already underway. In June 2026, the COP30 Presidency, EMDE Investor Taskforce, Systemiq, Climate Policy Initiative (CPI), and the Independent High-Level Expert Group (IHLEG) convened actors at London Climate Action Week to increase coordination and collaboration. The table below captures guarantee-related data initiatives with both distinct and sometimes overlapping scopes. To avoid duplication, we note possible opportunities for collaboration between stakeholders.

Table 1: Overview of guarantee-relevant data initiatives

Data Initiative	Scope	Opportunities for Collaboration
GEMs Database	Pools credit-risk data from participating MDBs and DFIs, including default and recovery information. GEMs solicited guarantee performance data in 2026, but insufficient submissions prevented publication.	Develop common guarantee performance fields and expand participation, particularly from institutions with guarantee portfolios; explore mechanisms for controlled access to more granular data.
Hamburg Data Alliance	Convenes public and private financial institutions to share data on climate-related investments and risk in EMDEs, with a focus on improving comparability of climate finance flows across reporting frameworks.	Align guarantee-related taxonomies and reporting definitions with GEMs, OECD, and other initiatives to reduce duplicative reporting burdens; explore common guarantee-specific data fields.
EMDE Investor Taskforce	With support from the government of Norway, Systemiq is developing EMInvest, an anonymous, investor-led, transaction-level database of private investment performance in EMDEs. Drawing on data contributed by domestic, international, and publicly funded investors such as DFIs, MDBs, and ECAs, EMInvest secures a broader scope of relevant financial data, including returns.	Align with other initiatives on definitions of mobilized private finance to support comparison of public- and private sector performance. The project has an envisioned three-year timeline and feeds into complementary Taskforce initiatives on EMDE transaction and product ratings and assessing scope for regulatory change.

16 This insight is from a forthcoming publication: Sandler, E., Schrag, D. P., & Hepburn, C. (2026). The cost of capital in developing countries. Manuscript submitted for publication.

Data Initiative	Scope	Opportunities for Collaboration
OECD tracking and Private Sector Instruments Framework	Tracks private finance mobilized by official development interventions, including guarantees, as well as guarantee-related data through the Private Sector Instruments (PSI) framework since 2023 and data on official public export credits.	Publish a guarantee mobilization tracking methodology; build on work to align methodologies for attributing private capital mobilization; strengthen linkages with product and performance datasets so mobilization can be compared with guarantee characteristics and outcomes.
GGG Guarantee Directory	Maps available guarantee products, providers, terms, sectors, and geographic applications across the guarantee ecosystem.	Continue linking guarantee information to the GGG Guarantee Directory rather than maintaining duplicative guarantee datasets; explore common identifiers that allow users to navigate across platforms.
Catalytic Capital Repository	Catalogs concessional and catalytic capital available for climate and broader sustainable development projects, including grants, concessional debt, and equity geared toward mobilizing private capital.	Share data and harmonize data fields with the GGG; integrate information on guarantee offerings in the repository directly from the GGG Guarantee Directory.
Berne Union	Collects and publishes aggregate data on export credit and investment insurance activity across its member ECAs and private insurers, including claims and recoveries.	Explore whether appropriately anonymized guarantee performance information could complement MDB/DFI datasets with evidence from institutions that do not benefit from preferred creditor status.
Academic Research on Cost of Capital	Researchers at Harvard and Oxford universities have compiled a large dataset of private sector borrowing costs and are analyzing the determinants and impacts of risk premia across countries and sectors.	Link cost-of-capital findings with guarantee and performance data to identify where guarantees may have the greatest additionality; explore whether guarantee-supported market entry can produce sustained reductions in financing costs.

FURTHER CALLS TO ACTION ON RECOMMENDATION 3

To strengthen progress against the recommended actions, we propose the following:

Actor	Further call to action	Action	GGG role
Researchers and data initiatives	Link guarantee performance and cost-of-capital data to identify where guarantees can have the greatest additionality, including whether targeted support for investors entering new markets can produce sustained reductions in financing costs.	3	Amplify relevant research findings and connect researchers with policymakers, regulators, and guarantee providers that can translate evidence into action.
GEMs, OECD, Hamburg Alliance GGG, EMDE Investor Taskforce	Along with other major guaranteedata initiatives, agree on a common set of guarantee definitions, core reporting fields, and identifiers, so that product, mobilization, and performance datasets can be linked without requiring institutions to report the same information multiple times.	3	Continue convening major data initiatives to improve interoperability, align guarantee-related definitions and reporting fields, and reduce duplication across initiatives.
MDBs and DFIs participating in GEMs	Prioritize submitting guarantee performance data in the next data collection cycle, with sufficient coverage on defaults, recoveries, claims, and payouts to expand the available evidence base and, where sufficient data are available, enable GEMs to publish meaningful analysis on guarantee performance.	3a	Use the GGG's high-level and technical networks to reinforce calls for guarantee performance data submissions and communicate why greater participation matters for the wider market.
The Berne Union and member ECAs	Explore contributing anonymized guarantee transaction data to help build a case for non-preferred creditor lender guarantee performance in EMDEs.	3a	Continue engaging ECAs, including UKEF, on plans to expand data sharing initiatives and contribute to increased understanding of risk for private lenders in EMDEs.

Recommendation 4: Establish and scale national guarantee institutions and regional platforms to promote pooled guarantee facilities

KEY TAKEAWAY

National and regional guarantee capacity is expanding, but systemic cooperation and risk sharing across institutions remains limited. Progress now depends on moving beyond individual facilities and transactions toward more durable systems-level mechanisms for pooling and sharing risk across providers, while strengthening the technical and institutional capacity to deploy guarantees effectively.

Recommendation 4 key action progress assessment

Action	Description	Progress rating*	Rationale for progress rating
4a	Strengthen national guarantee institutions with support from regional hubs.	Mixed	This recommendation has shown visible progress through facility expansion and growing interest in regional models. Replicability and sustained institutional performance are not yet established across the board.
4b	Encourage co-investment and collaboration for regional platform development by donors, local governments, and private investors.	Mixed	Strong momentum, but collaboration is still largely project-specific rather than systematic.
4c	Standardize underwriting criteria and guidelines across MDBs and DFIs.	Mixed	Emerging mutual-reliance frameworks and standardized documentation demonstrate progress toward interoperability, but common underwriting approaches remain limited and have not yet been widely applied to guarantees.
4d	Explore arrangements, including co-guarantee structures and exposure-swapping agreements, that allow MDBs/DFIs to pool balance sheets and expand broader use of guarantees.[17]	Mixed	Emerging multi-guarantor structures show meaningful experimentation with risk sharing, though specific exposure-swapping arrangements and institutionalized mechanisms for pooling guarantee capacity across providers remain limited.

***Progress key:** ***Significant** = implemented across multiple institutions/markets, with potential for scale; **Mixed** = some meaningful progress, but uneven or constrained; **Limited** = mainly early-stage or isolated action; **Insufficient evidence** = not enough information to assess progress. (See Annex 1 for details)*

17 The language of Recommendation 4d has been updated since the 2025 Flagship Report for clarity and to expand from a narrow focus on exposure-sharing agreements to include other approaches for institutional collaboration.

PROGRESS TO DATE

National and regional guarantee institutions play a critical role in translating MDB capital and global financial commitments into country-level investment. While their number has expanded significantly in recent years, development remains uneven across regions. PIDG has established two country-level guarantor facilities in Nigeria and Pakistan, as well as a regional facility in East Africa. Their experience suggests that successful national guarantee institutions require more than just capitalization: strong credit governance, local origination capacity, and the ability to tailor products to domestic market needs.

Box 4. Technical assistance can help translate guarantee capacity into deployment

Risk-bearing capacity alone is not enough to ensure guarantees deploy effectively. Across the GGG recommendations, stakeholder engagement highlights complementary capacity needs at the regulatory, institutional, and project levels. Supervisors and policymakers need the capacity to assess risk transfer and develop enabling regulatory frameworks; guarantee institutions and local financial institutions require strong credit governance, underwriting, and risk-management capabilities; and project preparation and pipeline development are needed to connect available guarantees with investable demand. Technical assistance can help address these non-financial constraints alongside guarantee capital.

The PotentializEE program in Brazil illustrates this complementary role. The program combines a credit guarantee addressing lenders' collateral requirements with GIZ technical assistance for energy audits, expert training, and project preparation. While the guarantee addresses a financing constraint, technical assistance strengthens market actors' capacity to originate and finance eligible investments and helps develop the underlying pipeline. The example illustrates a broader lesson: guarantees are more likely to achieve scale when risk-bearing capacity is accompanied by the regulatory, institutional, and project-level capabilities needed for effective deployment.

Regional guarantee mechanisms can overcome some of the scale limitations of national facilities by pooling capital and diversifying risk exposure across markets. The Africa Trade & Investment Development Insurance (ATIDI) Regional Liquidity Support Facility (RLSF) provides an example of a regional facility deploying a standardized guarantee mechanism across multiple markets. Launched with KfW and later supported by Norad, RLSF protects renewable energy Independent Power Producers against payment delays by public utilities, helping improve project bankability across participating countries. At the same time, renewed attention to country platforms is creating opportunities to connect guarantee supply with country-led investment pipelines. The forthcoming PDB Guarantee Hub is particularly relevant, developing a networked model connecting national and regional PDBs with guarantee providers, catalytic capital, and technical assistance. As a window of the Catalytic Guarantee Facility, it is intended to complement existing institutions rather than operate as a standalone guarantee provider.

Progress toward interoperable underwriting, due diligence, and approval processes remains limited, though some MDBs are advancing mutual-reliance approaches. MDBs, DFIs, insurers, and national guarantee institutions continue to use different underwriting criteria, approval

processes, documentation, monitoring and evaluation models, and claims-management frameworks, making co-guarantee structures costly to execute. ADB, IDB, and the World Bank have also approved the Full Mutual Reliance Framework (FMRF), which applies a single set of operational requirements, including environmental and social standards, procurement, and Paris Agreement alignment assessments, across co-financed operations, reducing duplicative due diligence. While the framework extends beyond guarantees, the effort suggests that scaling co-guarantees may depend less on creating identical underwriting frameworks than on establishing sufficient mutual recognition for institutions to rely on one another's processes.

MDBs and DFIs are increasingly exploring ways to share risk and coordinate guarantee provision across institutions, although these approaches remain largely transaction-specific. While exposure-swapping arrangements remain uncommon, emerging multi-guarantor structures show how institutions can combine risk-bearing capacity beyond what any single provider could support. The World Bank Group Guarantee Platform offers a complementary model, coordinating access to guarantees through a common platform without creating a new balance sheet or requiring full harmonization of institutional mandates. The broader opportunity is to move from bespoke collaboration toward more institutionalized mechanisms, including co-guarantees, pooled structures, and exposure-sharing arrangements. Pooling guarantee capacity can let institutions with different credit-enhancement instruments and risk appetites participate in a coordinated structure, enabling larger transactions or portfolios without concentrating full exposure on a single provider's balance sheet.

KEY TENSIONS

Scaling guarantee capacity requires greater coordination and risk sharing, but not necessarily more standardization or new institutions. National and regional providers bring local knowledge, mandates, and balance sheet capacity that can complement MDBs and international guarantors. The challenge, therefore, is to strengthen connectivity, mutual reliance and risk sharing across institutions while preserving institutional diversity and ensuring that new platforms address genuine gaps rather than creating additional fragmentation.

Capitalization alone is insufficient to build effective national and regional guarantee markets in EMDEs. New facilities require sufficient underlying demand and credible pipelines of viable transactions, alongside the institutional capacity to develop those pipelines over time. Technical cooperation can help strengthen these foundations alongside guarantee capital.

MDB balance sheet constraints and capital adequacy frameworks require clearer allocation of risk across guarantee providers in guarantee structures. Greater clarity on where MDBs can most effectively provide guarantees, and where regional facilities, DFIs, or private insurers should instead absorb risk, would help optimize guarantee structures and better align stakeholder expectations. MDBs can also expand effective guarantee capacity through balance sheet optimization and external risk transfer, including by transferring portions of guarantee exposure to insurers, reinsurers, bilateral agencies, or other MDBs. The effectiveness of these approaches depends in part on whether transferred risk is recognized as effective, legally enforceable, and timely for capital and rating purposes. This should ultimately support a clearer role for MDBs and

their additionality in the guarantee ecosystem, focused on absorbing risks other institutions are unable or unwilling to take.

The proliferation of new guarantee platforms also risks further institutional fragmentation. New regional facilities can fill market gaps, but also require additional capital, governance structures, underwriting capacity, project pipeline development, and significant time to become operational. Excessive fragmentation can also prevent individual providers from reaching the scale sought by institutional investors, weaken the sustainability of provider business models and credit ratings, and create complexity for investors, regulators, and rating agencies navigating multiple institutions and products. New platforms should therefore fill a demonstrated geographic, institutional, or risk-bearing gap; where credible institutions already exist, strengthening their capacity and connectivity may provide greater additionality than creating parallel structures.

At the same time, national institutions are constrained by the size of their balance sheets and the need to diversify their portfolios. Catalytic capital can help address these constraints by enabling national and regional institutions to extend guarantees into markets or risk layers beyond what their existing capital or mandates can support. Where possible, such support could flow through coordinated facilities or dedicated windows that work with existing guarantee providers, with clear requirements for additionality, eligibility, risk sharing, governance, and results, rather than creating parallel retail guarantee institutions. In markets where genuine gaps in local risk-bearing capacity remain, establishing credible national-level institutions may be warranted, provided they complement rather than duplicate existing provision.

As delivery pathways diversify, donor coordination becomes increasingly important. Research commissioned by MOBILIST and the Swiss State Secretariat for Economic Affairs (SECO) on specialist guarantee companies emphasizes the importance of clearly defined market niches and complementarity with existing providers, while the Berne Union Blended Finance Hackathon illustrates growing efforts to develop practical collaboration models across ECAs, insurers, DFIs, and private investors. More systematic coordination should therefore map existing mandates and risk appetites, identify where country demand remains underserved, and determine where donors can most effectively provide capitalization, technical assistance, or risk-sharing capacity.

FURTHER CALLS TO ACTION ON RECOMMENDATION 4

To strengthen progress against the recommended actions, we propose the following:

Actor	Further call to action	Action	GGG role
Bilateral donors, philanthropic partners, and technical assistance providers	Provide catalytic capital and long-term technical assistance to establish and strengthen national and regional guarantee institutions, including support for institutional governance, regulatory frameworks, underwriting capacity, pipeline development, and product design.	4a, 4b	Document and disseminate lessons from national and regional guarantee models, and connect institutions with relevant technical cooperation, funding, and peer-learning partners to strengthen guarantee pipelines and deployment capacity.
Regional development banks	Capitalize and scale regional guarantee platforms while supporting the co-creation of new facilities through technical assistance and peer-learning initiatives that enable successful national guarantee models to be replicated across regions.	4b	

Actor	Further call to action	Action	GGG role
MDBs and DFIs	Proliferate the use of mutually recognizable underwriting, due diligence, documentation, and co-guarantee frameworks that allow institutions to rely on one another's processes and reduce duplicative transaction requirements.	4c	Convene guarantee providers to advance practical approaches to mutual reliance and interoperability (e.g., document emerging models and lessons and use GGG forums to build institutional alignment). Identify and disseminate emerging risk-sharing models and convene MDBs, DFIs and other providers to explore more pathways toward systemic co-guarantees, pooled structures and other forms of institutionalized risk sharing.
MDBs and DFIs	Identify opportunities to institutionalize risk sharing across providers, including through co-guarantees, pooled guarantee structures, and other mechanisms that combine or recycle balance sheet capacity beyond individual transactions.	4d	

Box 5. Case study: Multi-Guarantor Debt-for-Resilience Initiative — Pooling guarantee capacity for sovereign resilience

The Multi-Guarantor Debt-for-Resilience (MgDR) Initiative illustrates how multiple guarantee providers can combine risk-bearing capacity to scale sovereign resilience finance. *Initially developed by the Inter-American Development Bank (IDB), Caribbean Development Bank, Development Bank of Latin America and the Caribbean (CAF), and the World Bank Group in 2026, the initiative is developing an interoperable structure that allows multiple institutions to participate in the same debt-for-resilience transaction while retaining their own guarantee instruments, mandates, and governance arrangements.*

The financing opportunity: Climate-vulnerable countries can face a reinforcing cycle in which natural disasters increase borrowing needs and weaken fiscal space, while vulnerability itself can contribute to higher sovereign borrowing costs. Debt-for-resilience swaps can help address this challenge by replacing more expensive existing debt with lower-cost financing backed by highly rated guarantees, directing a portion of the resulting fiscal savings toward resilience investments. However, the scale of these transactions is constrained by the amount of affordable guarantee capacity available to support them.

Transaction structure: Under the MgDR model, participating institutions each provide their own guarantee under their existing policies and governance arrangements, while coordinating with the beneficiary government so that the guarantees operate together as part of a larger financing package. This allows different guarantee instruments to be combined according to their comparative advantages without requiring participating institutions to fully harmonize their institutional frameworks. The first transaction being structured under the initiative is expected to be approved by the end of 2026 and would combine four guarantors in a single debt-for-resilience swap.

Innovation: The initiative seeks to move beyond bespoke coordination among guarantors by developing a more interoperable approach to combining risk-bearing capacity. Participating institutions will retain their mandates, risk appetites, and governance arrangements while ensuring sufficient compatibility for their guarantees to work together. The model also builds on broader efforts toward mutual reliance among MDBs and is designed to accommodate additional types of guarantors over time, including public guarantors, philanthropic providers of risk capital, and private insurers

and reinsurers. The first transaction will also test a unified monitoring report across participating guarantors, illustrating how interoperability can extend beyond financial structuring to reduce duplicative reporting requirements for borrowers.

Development impact potential: By using guarantees to lower the cost of refinancing existing debt, the model is designed to generate fiscal savings that can be directed toward resilience investment without increasing overall debt. The first transaction would apply this approach to health resilience, with savings supporting resilient health infrastructure, digital health solutions, and service-delivery systems designed to maintain essential services through natural-disaster shocks. A portion would also support regional pharmaceutical and medical-supply capacity as a regional public good.

Replication potential: The initiative is designed to extend beyond a single transaction, country, or group of institutions. Once the operational arrangements for coordinating multiple guarantors around a common financing package have been demonstrated, the model could be replicated across countries and sectors and opened to additional guarantors. MDB participation can provide an important foundation, but the longer-term opportunity is to use that foundation to mobilize risk-bearing capacity beyond MDB balance sheets – particularly from insurers and reinsurers, alongside government and philanthropic guarantors. Successful implementation could therefore provide a pathway from transaction-specific risk sharing toward a more scalable multi-guarantor market for resilience finance.



GGG contribution at the Xingu Finance Talks, hosted by the COP 30 Presidency at the Annual Meetings of the IMF and World Bank, October 2026.



LOOKING AHEAD: EMERGING INNOVATIONS AND COORDINATED IMPLEMENTATION

The analysis points to a clear next step for the green guarantee market in EMDEs: **the challenge is increasingly not the absence of guarantee solutions, but their ability to be deployed, combined and replicated at scale.**

Over the past year, experimentation has grown in new guarantee facilities, local-currency structures, risk-sharing arrangements, and institutional models. While innovation remains important, broader success will be measured by whether solutions can scale. Many successful transactions remain bespoke, costly to structure, and difficult to replicate. Greater impact will require integrating guarantees earlier into project preparation and financing strategies, identifying models with demonstrated replication potential, and building stronger pipelines where guarantees can provide clear additionality.

Scaling these models will require strengthening the enabling infrastructure around guarantees. Priorities include:

- **Bolstering enabling frameworks:** developing practical approaches to regulatory and supervisory treatment;
- **Strengthening local financing ecosystems:** combining guarantees and FX-risk-management tools with deeper domestic capital markets, stronger financial intermediaries, and greater mobilization of local institutional capital;
- **Moving from availability to deployment**: making existing guarantee solutions easier to identify, access, and match to market needs;
- **Translating fragmented information into usable market intelligence**: improving the availability, granularity, and interoperability of data;
- **Lowering transaction costs:** improving interoperability across underwriting, due diligence, and documentation requirements; and
- **Connecting risk-bearing capacity with implementation**: strengthening national and regional guarantee institutions and coordination across international, regional, and national providers, while investing in the technical, regulatory, institutional, and pipeline development capacity needed to originate, structure, and deploy guarantees.

Looking ahead, the GGG's role is less about facilitating the development of additional guarantee products and more about connecting the actors, evidence, and platforms needed to deploy and replicate effective solutions. The objective is not to centralize the guarantee ecosystem, but to make it more connected, transparent, and responsive to EMDEs' financing needs.

As a neutral platform connecting policymakers, guarantee providers, financial institutions, investors, researchers and implementation partners, the GGG will focus on four complementary functions:

- Convening actors around unresolved policy and market barriers;
- Providing market intelligence and a shared evidence base;
- Supporting peer-learning and country-level capacity needs with relevant technical partners; and
- Facilitating connections between demand for guarantees and available risk-bearing capacity.

A key priority will be strengthening government-to-government engagement on guarantee-related policy reforms and regulatory frameworks, providing a space for governments to exchange experience, identify common barriers, coordinate positions in international processes, and connect international policy discussions with national contexts.

The objective is ultimately to move from a market in which green guarantees are increasingly available to one in which they are systematically integrated into financing decisions, deployed where they provide genuine additionality, and delivered through more connected and scalable guarantee ecosystems. **The following emerging products, facilities, and initiatives underway in 2026 illustrate areas of innovation that could advance this transition and the GGG recommendations.**

Table 2: Guarantee initiatives to watch

Title	Responsible entities	Overview and relevance
PDB Guarantee Hub	AFD, IDFC, MIGA	Emerging platform designed to strengthen coordination among public development banks on guarantee deployment, pipeline development, and risk-sharing, with potential to support shared pipelines and replication across regions (Recommendation 4).
Pan-African Guarantee Platform	AfDB and ATIDI	As part of the New African Financial Architecture for Development (NAFAD), AfDB will support ATIDI in expanding guarantee capacity across Africa by building a regional platform (Recommendation 4).
Standardized sovereign guarantee term sheets	Task Force on Credit Enhancement for Sustainability-linked Sovereign Financing, MDBs, DFIs	Develop standardized guarantee term sheets to clarify requirements for sovereign borrowers, reduce transaction complexity and support greater interoperability among guarantee providers (Recommendations 1, 4).
Scaling Capital for Sustainable Development (SCALED)	Germany, Canada, Denmark, UK, South Africa, France	New investment platform designed to standardize and replicate blended-finance structures for institutional investors in EMDEs. By developing common structures, standards, and processes rather than bespoke transactions, SCALED could provide lessons for integrating guarantees and other risk-mitigation instruments into scalable investment vehicles (Recommendation 4).
KfW Promotional Guarantee	KfW	New guarantee product under development that may provide lessons on designing more replicable guarantee structures (Recommendation 1).

Title	Responsible entities	Overview and relevance
Bilateral/DFI guarantee pool facility to backstop MIGA/WB guarantee instruments	Bridgetown Initiative, Denmark, Sweden	A bilateral guarantee pool focused on EMDEs in Africa to lower financing costs, increase potential savings, address country envelope constraints, and make larger transactions viable. The specific financial mechanism will be developed in discussions (e.g., first-loss guarantee, reinsurance or risk transfer, etc.) (Recommendation 4).
Counterparty Credit Risk Facility (CCRF)	Cardano Development	The CCRF provides guarantees that currency hedging clients will meet their obligations under the hedging contract — allowing investors and entrepreneurs to reach hedge providers despite elevated credit risk profiles. Targeting a EUR 200 million capitalization, the CCRF seeks to support a target portfolio of EUR 3 billion (Recommendation 2).
The Global Gateway Investment Hub	European Commission	A platform that brings together relevant ministries, financing institutions and private actors to improve coordination, increase standardization and facilitate matching project proposals (e.g., in Nigeria) with suitable financing instruments (Recommendation 4).
GCF local-currency financing and guarantee deployment	Green Climate Fund, Accredited Entities	Building on its existing use of guarantees through financial intermediaries, the GCF is exploring approaches to expand local-currency financing, including de-risking mechanisms to catalyze local-currency lending (Recommendation 2).



Hamburg Sustainability Conference, June 2026.



GGG High-Level National Stakeholders Workshop in Abuja, Nigeria, June 2026.

ANNEX 1: METHODOLOGY FOR THE PROGRESS ASSESSMENT

Progress against each of the 11 key actions from the 2025 GGG Flagship Report was assessed using a structured qualitative framework. Ratings reflect the extent to which there is evidence of implementation, the degree to which initiatives have demonstrated potential for replication or scale, and whether key structural barriers identified in the original recommendations have begun to be addressed.

Assessments draw on multiple sources, including bilateral interviews with guarantee providers, MDBs, DFIs, regulators, and market participants; discussions at major international fora (including the IMF-World Bank Spring Meetings, Hamburg Sustainability Conference, Finance in Common Summit, G7, ECOWAS, and GGG Technical Expert Meetings); quantitative evidence from the GGG Guarantee Directory, OECD guarantee mobilization data, GEMs, and CPI's Landscape of Climate Finance Guarantees; and publicly available information on new facilities, products, partnerships, and policy developments.

The assessment considers three questions for each recommendation:

- **Implementation**: Has the recommendation resulted in concrete products, facilities, policy changes, collaborations, or institutional initiatives?
- **Scale and replication**: Has progress extended beyond isolated pilots to demonstrate broader adoption or potential for replication across institutions or markets?
- **Remaining barriers**: To what extent have the structural constraints identified in the 2025 report been reduced, or do they continue to limit implementation?

Note: The assessments are intended to provide an indication of directional progress rather than a precise measure of implementation. They reflect the current state of evidence available to the GGG at the time of writing and recognize that many recommendations require sustained action over multiple years. Each key action is assessed according to the following criteria:

Rating	Interpretation
Significant progress	Clear evidence of implementation by multiple institutions or jurisdictions, with concrete products, facilities, policies, or collaborations that substantially advance the recommendation. Progress extends beyond individual pilots and demonstrates potential for replication or scaling.
Mixed progress	Meaningful implementation has occurred, but progress remains uneven, fragmented, or limited in scale. Structural barriers continue to constrain broader adoption.
Limited progress	The recommendation has gained attention or discussion, but relatively few concrete actions have been implemented. Progress is largely confined to dialogue, isolated initiatives, or early-stage work with limited market impact.
Insufficient evidence	Available information is not sufficient to determine whether meaningful progress has occurred, or developments are too limited to support a robust assessment.

ANNEX 2: LIST OF INSTITUTIONS UNDERPINNING TREND TRACKING METHODOLOGY

SPECIALIZED GUARANTEE OR INSURANCE FACILITIES

Institution	Guarantee instrument
Africa Solidarity Funds	Bank Loan Guarantee
African Guarantee Fund	Loan Individual Guarantee
	Loan Portfolio Guarantee
	Bank Fundraising Guarantee
	Equity Guarantee
African Trade & Investment Development Insurance (ATIDI)	Regional Liquidity Support Facility (RLSF)
	Political Risk Insurance
	Credit Risk Insurance
	Non-Honoring of Sovereign or Sub-Sovereign Obligations
Arab Investment & Export Credit Guarantee Corp.	Sovereign / public-buyer non-payment cover (NHSFO-type)
Dhamana	100% Bond Guarantee
	Partial Loan Guarantee
	Bank Portfolio Guarantee
	Tenor Extension Facility
	Infrastructure Refinancing Guarantee
FAGACE - African Fund for Guarantee and Economic Cooperation	Wholesale Guarantee
GuarantCo	Partial Credit Guarantee
	Liquidity Extension Guarantee
	Securitisation Guarantee
	Portfolio Guarantee
	Framework Guarantee
	Engineering, Procurement, and Construction Guarantee
	Offtaker Guarantee
Infra Zamin Pakistan	100% Credit Guarantee for Gender Bonds
The Green Guarantee Company (GGC)	Partial Credit Guarantee
	Full Credit Guarantee
	Portfolio Credit Guarantee

MULTILATERAL DEVELOPMENT BANKS

Institution	Guarantee instrument
African Development Bank (AfDB)	Partial Credit Guarantee (AF-PCG)
	Policy-Based Guarantee
Asian Development Bank (ADB)	Credit Guarantee and Investment Facility
	Partial Credit Guarantee (sovereign borrower)
	Policy-Based Guarantee
Asian Infrastructure Investment Bank (AIIB)	Sovereign-backed Guarantee
European Bank for Reconstruction and Development (EBRD)	Energy Security Support Facility (ESSF)
	IKI-EBRD Climate Syndication Platform (CSP)
European Investment Bank (EIB)	Guarantee on converted/refinanced sovereign debt (debt-for-climate swaps)
ICIEC (Islamic Development Bank Group)	Non-Honoring of Sovereign Financial Obligation (NHSFO)
IDB Invest	Trade and Supply Chain Guarantees
	Partial Credit Guarantee Significant Risk Transfer Guarantee and Total Credit Guarantee
Inter-American Development Bank (IDB)	Investment Guarantees: Partial Credit Guarantees
	Policy-Based Guarantees (PBG)
	Credit Guarantee — sovereign obligation (Flexible Guarantee Instrument)
International Development Association (IDA) & International Bank for Reconstruction and Development (IBRD)	Policy-Based Guarantee
	Project-Based Loan Guarantee
	Sovereign Credit Guarantee (PCG)
Multilateral Investment Guarantee Agency (MIGA)	Political Risk Insurance
	Capital Optimization
	Credit Enhancement Guarantee (Non-Honoring of Financial Obligation)
	Trade Finance Guarantee
New Development Bank (NDB)	Guarantee — sovereign / sovereign-guaranteed

EXPORT CREDIT TRADE FINANCE AGENCIES

Institution	Guarantee instrument
African Export-Import Bank (Afreximbank)	Sovereign Obligations Guarantee
	Investment Guarantee
	Project Finance Guarantee
Export Finance Norway (Eksfin)	Buyer Credit, Investment financing, and bond guarantees
UK Export Finance (UKEF)	Critical Minerals Supply Finance
	Buyer Credit Facility
	Standard Buyer Loan Guarantee (SBLG)
	Early Project Services Guarantee (EPSG)

DEVELOPMENT FINANCE INSTITUTIONS

Institution	Guarantee instrument
Hellenic Development Bank (HDB) Greece	Guarantee Fund TMEDE
	Innovation Guarantee Fund
	Development Law Financial Instrument Guarantee
Impact Fund Denmark	Sovereign Development Guarantees
U.S. International Development Finance Corp. (DFC)	Political Risk Insurance credit-enhancing sovereign debt-conversion notes (debt-for-nature swaps)

FOUNDATIONS OR PHILANTHROPIC DONORS

Institution	Guarantee instrument
Mitigation Action Facility (MAF)	Mitigation Action Facility (MAF) Guarantee

BILATERAL DONORS AND GOVERNMENT AGENCIES

Institution	Guarantee instrument
Norwegian Agency for Development Cooperation (Norad)	The Norwegian Sovereign Guarantee Scheme for Renewable Energy
Swedish International Development Cooperation Agency (SIDA)	Sida Guarantee Instruments



Wise Persons Group meeting at the Spring Meetings of the IMF and World Bank, April 2026.



greenguaranteegroup.org