



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

DC2026-0005
September 23, 2026

Private Capital Mobilization and Jobs

Attached is the document entitled “Private Capital Mobilization and Jobs,” for the October 15, 2026 Development Committee Meeting.



For Discussion

Development Committee: October 15, 2026

Private Capital Mobilization and Jobs

Update to Governors

Development Committee

October 15, 2026

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Executive Summary

- i. **The private sector is the core engine of global job creation and growth.** Businesses large and small provide income, stability, and prosperity to people and communities everywhere. Ensuring they have the capital they need to thrive is more important than ever—especially in emerging economies. Because over the next 10 to 15 years, 1.2 billion young people will enter the workforce in developing countries, and only 420 million jobs are projected to greet them.
- ii. **Private capital is essential to closing the jobs gap in emerging markets and driving investments that spur growth.** Historically, private sector investment in developing countries has come from commercial banks, firms, and strategic investors. But a vast pool of institutional capital, estimated at around \$280 trillion, remains largely untapped in these markets. The challenge is connecting that capital to investments that create jobs and growth where they are needed most and provide investors with appropriate returns for the risks they take on.
- iii. **The issue is not only a shortage of financing in developing countries.** Private investment stalls when the conditions aren't right. Three years ago, the World Bank Group launched the Private Sector Investment Lab, under the leadership of Mark Carney and Prudential plc Chair Shriti Vadera, to identify what was holding back private investment in emerging markets. The barriers were concrete: policy and regulatory uncertainty, insufficient risk-sharing, foreign-exchange exposure, a lack of early-stage capital, and too few investable assets at scale. Building on the Private Sector Investment Lab's work, we created the High-Level Advisory Council on Jobs in 2024, an initiative led by the President of the Republic of Singapore, Tharman Shanmugaratnam, and the former President of the Republic of Chile, Michelle Bachelet, to develop actionable strategies for large-scale job creation. Both groups brought together leaders from finance, business, and government to provide new, outside-in thinking. Taken together, they have helped shape a more deliberate and coordinated World Bank Group approach to mobilizing private capital for jobs.
- iv. **This paper describes how we are taking that work forward.** Building on previous Development Committee discussions on growth, jobs, and the business-enabling environment, it focuses on how the World Bank Group is adapting to meet the scale of the challenge. Private capital mobilization is the third pillar of the World Bank Group's jobs strategy, interlinked with the other two pillars: foundational investments in human, physical, and natural capital under pillar one and a business-enabling environment under pillar two. The three pillars are interlinked and mutually reinforcing. When combined, they create outcomes across the jobs ecosystem. IBRD and IDA resources remain critical to financing the foundational investments and supporting the adoption and implementation of business-enabling reforms. Alongside this core role, the World Bank Group is expanding its capacity from primarily providing its own finance to also serving as a platform that channels global capital into developing countries under pillar three.
- v. **As highlighted in the Spring Development Committee paper, *Creating the Enabling Environment for More and Better-Paid Jobs*, private investment depends on the policy and regulatory environments that give firms and investors confidence to invest and grow.** Through Development Policy Operations, Program-for-Results financing, the Knowledge Bank, and tools such as B-READY, the World Bank Group is helping countries strengthen the conditions for private investment. In addition to policy and regulatory reform, upstream engagement by IBRD and IDA plays a central role, supporting public investment for foundational infrastructure, capacity building, and the development of a pipeline of bankable projects that can effectively mobilize private investment.

- vi. **Progress is real and changes are translating into results.** Some of these approaches are already delivering at scale. Others are being piloted or developed to extend that progress. While financing from World Bank Group’s own resources rose from \$98 billion to \$124 billion over the last five years, private capital mobilization surged from \$35 billion in FY22 to \$112 billion in FY26. This more than threefold increase represents a fundamental shift in our ability to bring external capital into development opportunities at scale, making us the largest mobilizer of private capital among multilateral development banks (MDBs). Our guarantees grew by nearly 50 percent in FY26. We are providing patient equity in markets where early-stage capital is scarce and expanding local-currency financing where foreign-exchange risk would otherwise deter investment. We are also deepening domestic capital markets to mobilize domestic savings and attract long-term private capital. Building on established mobilization platforms and recent securitization transactions, we have begun piloting “originate-to-distribute” approaches to connect institutional investors with emerging-market assets at greater scale. And we’re providing investors and ratings agencies with historical data on the performance of emerging market lending through the Global Emerging Markets Risk Database. The practical shifts we are making support investment and jobs.
- vii. **These early results reflect a change in how the World Bank Group mobilizes private capital.** But the scale of the jobs challenge requires a different model. This paper highlights how we’re moving from a deal-by-deal approach to a platform approach that connects projects with investors. Rather than relying principally on our balance sheets, we are increasingly using financing, guarantees, data, and our convening role to crowd private capital into the most productive sectors for job creation alongside financing from the World Bank Group’s own balance sheet. This means building investable pipelines, creating mechanisms that allow risk to be distributed across a broader set of investors, and connecting a much larger pool of global capital to development opportunities.
- viii. **Scaling private capital mobilization changes how risk is allocated and managed, but does not eliminate risk.** Financial, operational, macroeconomic, environmental and social, and integrity risks remain central considerations. The World Bank Group’s standards, risk-management systems, and continued participation in transactions are designed to ensure that mobilization supports sustainable development outcomes—and bolsters the case for private capital to flow.
- ix. **Micro, small, and medium-sized enterprises (MSMEs), which account for the vast majority of firms and jobs in developing countries, are central to the World Bank Group’s jobs agenda.** For these businesses, we are adopting a more coordinated approach that uses digitalization, data, risk-sharing, capital markets solutions, and diversified financing channels to help firms become more visible, connected, enabled, and funded—moving beyond traditional bank financing. This work is especially important in places where private capital rarely goes on its own—the poorest countries, countries affected by fragility, conflict, and violence (FCV), and smaller economies. In those areas, we combine concessional funding, guarantees, advisory work, and an on-the-ground presence to help businesses and projects become attractive to investors.
- x. **Our focus on job creation requires us to rethink how we operate internally.** We are moving expertise, decision-making, and client engagement closer to the markets we serve. We are building an integrated One World Bank Group client coverage model, supported by Country Partnership Frameworks that align public and private sector solutions around jobs, growth, and private investment. We are strengthening engagement with investors through dedicated teams and an expanded presence in major financial centers. At the same time, we are simplifying processes, deploying new digital platforms and AI-enabled tools, and strengthening accountability through Scorecard measures on how much private capital we mobilize and enable, and how many more and better-paid jobs are created as a result of our interventions. The goal: to be easier to work with,

more present in the markets that matter, and more effective at bringing public and private solutions together.

- xi. **This is about more than financial instruments or institutional strategy.** It is about whether developing countries can generate the jobs and growth needed for the next generation. The challenge is connecting capital to opportunities that create employment, raise incomes, and strengthen economies. By transforming risk, scaling partnerships, and mobilizing private investment, the World Bank Group is reshaping itself to meet that challenge—and achieve our mission of creating a world free of poverty on a livable planet.

I. Private Capital Mobilization and Jobs

1. **The world stands at a defining moment.** Over the next 10 to 15 years, 1.2 billion young people will enter the global workforce. That's a surge of talent, energy, and potential unlike anything in history. It's also one of the largest economic and social challenges of our time—because only 420 million jobs are expected to greet that rising generation. How we meet the moment will determine the trajectory of growth, stability, and shared progress for the rest of this century.

2. **Creating decent work, unlocking entrepreneurship, and investing in people will take more than incremental effort in the current global landscape.** Growth in emerging markets has been persistently weak, and the risks are tilting in the wrong direction: rising debt burdens, geopolitical fragmentation, climate shocks, and declining official aid. The stakes could not be higher—because growth and jobs are not merely parallel pursuits. When economies grow, firms gain the confidence and capital to invest and hire. When workers find better jobs, their rising incomes fuel demand, lift productivity, and drive the growth that creates still more opportunity. This virtuous cycle—growth enabling jobs, jobs sustaining growth—is the engine of lasting prosperity.

3. **Governments enable jobs, the private sector creates them.** Nearly 90 percent of employment is generated by the private sector—largely through micro, small, and medium-sized enterprises (MSMEs). Entrepreneurship is an especially important driver of job creation and innovation, particularly for young people. Realizing its potential requires a combination of access to finance and an enabling business environment that makes it easier to start and grow firms. The World Bank Group's jobs strategy reflects these realities. It is built around three interlinked pillars. First, foundational infrastructure—human, physical, and natural capital. Private investment and jobs won't materialize without investments in energy, transport, water, fertile land, digital connectivity, health, and education. Second, a business-enabling regulatory environment. Because clear rules and predictable and consistent policies and regulations reduce uncertainty for entrepreneurs and private businesses. Third, helping the private sector thrive, from entrepreneurs and early-stage firms to larger employers, by mobilizing private capital at scale across job-rich sectors. Our approach prioritizes five sectors that consistently generate employment at scale: infrastructure and energy, agribusiness, healthcare, tourism, and value-added manufacturing.

4. **The scale of the jobs challenge requires the private sector to play a leading role alongside the World Bank Group and other partners.** Governments, multilateral institutions, and philanthropies alone cannot provide the trillions in investment that developing countries require every year for growth and development. Public budgets can finance only a fraction of it—and many are stretched. MDBs are stepping up, but their balance sheets are limited. And official development assistance has been declining since reaching a high of \$223 billion in 2023, totaling \$188 billion in 2025. The central question is how to mobilize enough private capital to generate productive investment, enable firm growth, and create employment. That is the focus of this Development Committee Paper.

5. **The private capital needed exists in abundance.** Institutional investors (pension funds, insurers, and asset managers) collectively manage around \$280 trillion in assets. Yet their exposure to developing economies amounts to just five to eight percent of their total assets. For pension funds and insurers, the figure is below one percent. Foreign direct investment flows into low-and middle-income countries have remained largely flat at around \$500 billion over the last decade and have fallen below this level for the last two years.

6. **The problem is not a shortage of capital—it's a failure to create the right risk-reward balance for capital to flow into productive investment and job creation in developing countries.** This is why we launched the Private Sector Investment Lab in 2023—under the leadership of Mark Carney and Prudential plc Chair Shriti Vadera—to help identify what hinders private investment in developing countries. The answer was not one barrier. It was several. Regulatory and policy uncertainty. Political risk. Currency exposure.

Limited early-stage risk capital. Financing structures that do not work for institutional investors. And too little accessible data to help investors distinguish perceived from actual risk. The Lab focused on turning those barriers into an operating agenda. Building on this work, we established the High-Level Advisory Council on Jobs, led by President Tharman Shanmugaratnam of Singapore and former President Michelle Bachelet of Chile, to translate these insights into practical approaches for large-scale job creation. Together, these two bodies have brought outside perspectives from finance, business, and public policy into the World Bank Group's efforts to mobilize private capital and create jobs at scale.

7. **Moving the needle requires the World Bank Group to evolve—expanding from primarily providing our own finance to also serving as a mobilization platform that channels global capital to developing countries.** This demands a new approach to originating, pooling, transforming, and distributing risk. Drawing on recommendations from the Private Sector Investment Lab and the High-Level Advisory Council on Jobs, we are scaling private capital mobilization and job creation through guarantees, equity and first-loss capital, currency solutions, capital markets, and originate-to-distribute approaches. These tools transform risk, finance needed investments and jobs, and enable a wider range of investors—including institutional investors and others across the globe—to participate at scale. Private capital mobilization is not a one-size-fits-all approach. The World Bank Group works with operating companies—global, regional, and domestic—and with financial and institutional investors, including banks, pension funds, and insurers, to tailor mobilization to meet investment requirements at the project or portfolio level.

8. **The public sector plays a key role.** The Private Sector Investment Lab identified regulatory uncertainty as one of the most critical barriers to private investment in emerging markets. Excessive and overlapping regulations are difficult to follow, creating opportunities for rent-seeking and eroding the predictability businesses need. Under-regulation, meanwhile, can leave consumers unprotected and investors without legal certainty. Governments must continuously look for the right balance. Public investment, policy reform, and regulation therefore remain indispensable—particularly in the most challenging markets. That was the focus of the previous two Development Committee Papers. Yet, private capital does not always flow where or when development needs are greatest, particularly during periods of elevated uncertainty. That's why the World Bank Group retains a critical role in financing public priorities, supporting countries countercyclically, and helping sustain investment when private capital retreats.

9. **Each arm of the World Bank Group is equipped to deliver on the shift to a mobilization platform.** IBRD and IDA support public infrastructure investments and finance reforms. Across the World Bank Group, we help countries create a strong business-enabling environment and develop scalable, replicable solutions to unlock private investment. IFC and MIGA mobilize private capital at scale, while ICSID helps resolve investment disputes. Together, these capabilities allow the World Bank Group to connect policy reform, knowledge, investment, and risk mitigation in ways that mobilize private investment, create jobs, and support growth.

10. **We are making progress, demonstrating what can be achieved when public and private sector solutions work together.** The most significant shift has been in our ability to bring substantially larger volumes of private capital into development opportunities alongside our own resources. While total financing using the World Bank Group's resources grew steadily from \$98 billion to \$124 billion over the last five years, private capital mobilization rose from \$35 billion in FY22 to \$112 billion in FY26. The growth was broad-based. Private capital mobilization to lower-middle-income countries rose from \$14 billion to \$37 billion in the same period—nearly tripling. In upper-middle-income countries, it increased from \$12 billion to \$50 billion—more than quadrupling. In low-income countries, among the most challenging settings for private capital, private capital mobilization was maintained at about \$3 billion. And across Africa, it rose from approximately \$9 billion to \$22 billion, an increase of nearly 150 percent. More than half of our total financing last year—own account and capital mobilized—went to the five priority, job-rich sectors, helping turn stronger foundations and better policies into private investment, business growth, and jobs.

11. **The rapid acceleration in mobilization builds on years of work across the World Bank Group and responds to shareholders' longstanding call for MDBs to mobilize more private capital.** Our more than threefold increase in private capitalization makes the World Bank Group the largest mobilizer of private capital among MDBs. Private capital mobilization supports jobs when it moves into productive investment, enabling firms to start, expand, trade, and hire, and strengthening the infrastructure, services, and value chains on which employment depends. It complements—but does not substitute for—public finance and development assistance. Public investment provides the foundational infrastructure and supports the enabling environment that allows private investments to thrive. The following sections highlight the solutions we are scaling to mobilize even more private capital to support job creation, and how we are transforming our own institution to deliver on this important agenda.

II. Scaling Private Capital Mobilization

12. **Capital is selective—it looks for predictability and a path to returns commensurate with the risk taken.** The Private Sector Investment Lab's first recommendation was to provide investors with the confidence to commit long-term capital: policy and regulatory certainty.

13. **The World Bank Group is acting on that recommendation, and early results are encouraging.** Mission 300, our flagship energy-access initiative in Africa, has already connected nearly 60 million people to electricity since its launch in 2024. This has been supported by 36 National Energy Compacts that combine policy reforms with measures to improve utility performance and crowd in private investment. Mission 300 is now a blueprint for the Knowledge Bank, with a dedicated team focused on policy and regulatory reform. Similar strategies are being deployed around water, healthcare, skilling and education, agriculture, digital transformation, and other key development priorities.

14. **Creating a business-enabling environment requires sustained policy and institutional reform.** The Spring 2026 Development Committee paper, *Creating the Enabling Environment for More and Better-Paid Jobs*, detailed how the World Bank Group supports governments in strengthening regulatory frameworks, improving implementation capacity, and creating more predictable conditions for private investment and entrepreneurship. Development Policy Financing, Program-for-Results operations, the redesigned Knowledge Bank, and global data tools like Business Ready (B-READY) are crucial to that effort. B-READY, the World Bank Group's flagship assessment of the business environment, identifies regulatory and institutional barriers to private investment and capital mobilization, helping inform reforms that support innovation, job creation, and growth. Building on lessons from Doing Business, B-READY broadens the assessment beyond de jure regulations to cover public services and implementation in practice. Launched in 50 economies in 2024 and expanded to 101 in 2025, it will cover 160–180 economies annually starting with its 2026 edition.

15. **Investors also rely on performance and risk data to inform investment decisions.** The Global Emerging Markets Risk Database (GEMs) Database is the largest database of default and recovery information on private and public sector debt in developing markets, drawing on data supplied by MDBs and Development Finance Institutions (DFIs). The data show that private-sector lending in developing markets has experienced average default rates comparable to those of non-investment-grade corporate lending in developed markets. Because these data are now publicly available, including on Bloomberg, investors and rating agencies can rely on them directly, supporting more accurate ratings, better pricing, and capital treatment. In its October 2026 annual publications, GEMs will provide a first-ever analysis of the return profile of private sector lending, giving investors a holistic view of the risks and rewards of investing alongside MDBs in emerging markets. The World Bank Group is committed to expanding these efforts with other members of the GEMs consortium to strengthen the evidence available to investors.

16. **Regulatory certainty, however, is not enough.** Even where business-enabling reforms are advancing and opportunities are significant, investors don't always follow. While private capital mobilization has increased from \$35 billion in FY22 to \$112 billion in FY26, sustaining and accelerating that growth requires addressing the other barriers identified by the Private Sector Investment Lab: enhancing guarantee solutions; confronting the shortage of junior equity and first loss capital; mitigating foreign-exchange risk and developing local capital markets; and creating an emerging markets asset class focused on development outcomes through an "originate-to-distribute" model. This section reviews the progress we have made on each recommendation and additional measures we are taking to scale private capital mobilization. The mix and sequencing of these solutions will differ across countries. In some markets, the focus may be on scaling investment through capital markets and institutional investors. In others, particularly low-income countries, small states, and countries affected by fragility, conflict, and violence, progress may depend first on policy reforms, institution building, project development, and risk-sharing mechanisms that help create investable opportunities over time.

Enhancing guarantee solutions

17. **Many investments in developing countries do not move forward because risks are concentrated in ways that private investors alone cannot absorb.** Guarantees help redistribute those risks, reducing financing costs, attracting commercial capital, and making viable investments possible. Increasingly, the World Bank Group combines guarantees with other financial instruments to mobilize substantially larger volumes of private investment. We are not simply holding these risks ourselves but catalyzing further private risk absorption through transferring 69 percent of guarantee exposures to the reinsurance markets.

18. **We are ramping up our Guarantee Platform, bringing together non-commercial insurance and guarantee products from across the World Bank Group into a single client-facing platform.** Launched in 2024, the platform makes these solutions easier to access, better coordinated, and more effective at mobilizing private investment. Our initial ambition was to issue \$20 billion in guarantees annually by 2030. In FY26, the Platform reached nearly \$18 billion—two-and-a-half times the FY23 total—alongside IFC's \$7.4 billion in commercial trade guarantees. That's a total of more than \$25 billion in guarantees across the World Bank Group. Building on these results, the next phase is to evolve the Platform from a collection of guarantee products into a global risk platform that helps governments, MDBs, DFIs, financial institutions, and investors collectively absorb and distribute risk at scale. The goal: to mobilize significantly larger volumes of investment.

19. **To do this, we are moving beyond the traditional political risk insurance that has historically been provided by MIGA.** We want to transform and reallocate risk. That means deploying credit guarantees from across the World Bank Group to provide solutions at scale. In Bangladesh, an IDA guarantee is helping Petrobangla secure up to \$2.1 billion in commercial financing for liquefied natural gas imports by reducing payment risk for lenders and extending the tenor and affordability of financing. This helps ensure reliable energy supplies while mobilizing private capital at a scale that would not otherwise be available. In Fiji, trade finance guarantees are helping finance the importation of critical power equipment, demonstrating how guarantee solutions can preserve access to trade and financing for small and remote economies that often struggle to attract commercial risk capacity.

20. **Another example is the use of layered risk-sharing structures.** An IDA or IBRD guarantee may absorb an initial layer of loss, while a MIGA guarantee provides an additional layer of protection. Investors retain the risks they are best placed to manage, while the World Bank Group helps absorb, share, and transfer risks that would otherwise prevent investment. The result can be even larger financing volumes, longer loan maturities, and lower financing costs than any single institution could support on its own. For example, in Côte d'Ivoire, a debt-for-development swap combined multiple layers of World Bank Group risk mitigation to improve the transaction's risk profile, enabling private investors to participate on terms that reduced financing costs and freed resources for priority development spending in the education sector. Importantly, this approach

complemented the government's own debt management and resource mobilization efforts, and broader macroeconomic reforms. A similar approach is being applied in small island developing states. In the Caribbean, joint IBRD-MIGA guarantee structures are being designed to support local-currency commercial financing that incorporates a natural disaster relief clause that deferred principal repayments for up to two years following a qualifying event. This demonstrates how the World Bank Group Guarantee Platform can help small states mobilize private capital, strengthen resilience, and improve financing terms through coordinated risk sharing with other MDB partners.

21. **We're also providing wholesale portfolio insurance to firms that invest across multiple countries and expanding collaboration between MIGA and IFC to extend trade finance guarantees to public sector and state-owned banks.** This allows the World Bank Group to take risks the market will not, while drawing in financing the market is willing to provide. These approaches increasingly leverage reinsurers to absorb portions of risk, allowing the World Bank Group to mobilize substantially larger volumes of investment than it could support on its own balance sheet. These structures enable investment in energy and infrastructure, manufacturing, agribusiness, and trade that creates jobs directly and supports broader economic growth. For example, MIGA's recently approved guarantee framework agreement with AMEA Power covers over \$1.4 billion of investments across 23 renewable energy and battery storage projects operating in Africa, the Middle East, and Central Asia. This provides long-term coverage against currency transfer restrictions and inconvertibility, expropriation, war and civil disturbance, and breach of contract, enabling private capital to be deployed at scale across multiple high-risk markets through a single portfolio framework rather than a series of stand-alone transactions. So far, the agreement has supported energy access and the direct creation of over 17,000 jobs during the construction phase alone.

22. **Going forward, we will expand the use of guarantees in four ways:** First, we will extend the use of loss-layered guarantee structures (where MIGA and IBRD/IDA may both provide support) beyond sovereign-level operations to state-owned enterprises and financial institutions, such as national and regional development banks, where these institutions can help mobilize private investment, address market gaps, and expand development impact. Second, we will apply guarantees more systematically behind World Bank Group global initiatives, particularly in sectors with high job-creation potential, including energy, agribusiness, and value-added manufacturing. Third, we will broaden the range of investment risks that the World Bank Group can help clients address, including foreign exchange constraints that continue to deter private investment in many markets. Fourth, we will further simplify processes and standardize products to make guarantees faster to deploy and easier for clients and investors to use. The purpose is not simply to mobilize capital, but to expand investment in sectors with the highest potential for large-scale job creation.

Addressing the shortage of equity

23. **Where guarantees help address project and cash-flow risks, catalytic equity helps absorb risk earlier in the capital structure by taking the most junior position so other investors have the confidence to commit.** Equity provides the patient capital that businesses, entrepreneurs, MSMEs and funds need to grow and mature before larger pools of institutional investors can participate. By helping firms survive and grow, equity supports entrepreneurship and is one of the most direct pathways to sustainable job creation.

24. **Yet equity is the scarcest form of capital in developing economies, which receive only around 18 percent of global private equity and venture capital investment.** To scale the impact of its equity business, IFC will help build stronger equity ecosystems, expand risk-sharing structures, and deepen partnerships with private asset managers. This includes creating new equity platforms that support broader World Bank Group initiatives, expanding portfolio de-risking solutions, and partnering with large fund managers as a source of origination. It also includes expanding platforms like SME Ventures and Startup Catalyst—which support entrepreneurship, high-growth SMEs, and investment funds—and mobilizing institutional capital alongside IFC's own equity investments. IFC is testing new approaches to expanding equity in developing markets,

particularly where access to early-stage and risk capital remains limited. We expect to engage further with the Board in the coming year on IFC's approach to equity investing, including the opportunities, risks, and role of equity in mobilizing private capital and supporting development outcomes.

25. **Through the Frontier Opportunities Fund, we are taking on first-loss risk to make high-impact projects investable.** Our first dedicated first-loss facility for equity investments supports projects that promote cleaner production, reliable energy access, and climate resilience in developing countries. It addresses the shortage of risk-absorbing equity for new technologies and business models, providing patient capital that enables early-stage and high-growth firms to expand, innovate, and create jobs when other financing is unavailable. The client-driven investment approach aligns with the priorities reflected in countries' Nationally Determined Contributions. The fund has enabled renewable energy, energy efficiency, green hydrogen, and nature-based-solutions projects, and expanded electricity access for millions of people. IFC initially seeded the fund in 2025 with \$100 million from its own net income, joined by EUR30 million from the Federal Republic of Germany and \$125 million in philanthropic co-investment from Allied Climate Partners. To date, eight projects totaling \$68 million have been approved and are expected to mobilize more than \$800 million in private capital—a multiplier of more than 11x and an early indication of the fund's potential. Given these results and a growing pipeline, IFC is providing a further \$100 million from its net income and exploring similar first-loss approaches in other areas where patient risk capital remains scarce, including resilient infrastructure, agribusiness, value-added manufacturing, and other sectors with strong potential for job creation

26. **We are translating these approaches into scalable, replicable solutions.** Zafiri, a first-of-its-kind platform, will deploy patient equity to close the financing gap for private distributed renewable energy developers across Africa. At least half of Zafiri's investments will target mini- and metro-grids, solar home systems, and clean cooking—a significant milestone under Mission 300. Zafiri combines different layers of risk-bearing capital, including \$55 million of IFC junior and senior equity and \$15 million from the Frontier Opportunities Fund, to create an investment structure that can absorb higher risks up front and crowd in private investors. The result: jobs created in the energy sector and indirectly as businesses access more reliable power.

Mitigating foreign exchange risk and developing local capital markets

27. **Foreign exchange risk is one of the most persistent barriers to global investment flows.** Many projects are financed in hard currency but earn revenues in local currency. Developing markets often have limited tools available to hedge that mismatch. The World Bank Group is implementing local-currency solutions in initiatives like Mission 300 (Box 1). Our total local-currency support, including mobilization, reached more than \$13 billion in FY26, up from \$10 billion in FY25. IFC now provides nearly one-third of its own account financing in local currency. IBRD's local-currency work is at an earlier stage but is expected to grow as engagement with sub-sovereign clients increases, complementing policy and regulatory reforms that deepen local-currency markets and unlock domestic private investment.

Box 1: Contribution of Local Currency and Domestic Capital Markets on Mission 300

Local currency financing is critical to the achievement of some of the World Bank Group's key initiatives, such as Mission 300. In 2025, IFC provided an \$80 million local-currency loan facility in Nigeria to the distributed solar company Sun King. The facility aims to reach 10 million people across multiple markets with off-grid energy access. Arranged with Stanbic IBTC Capital of Nigeria, it allows Sun King customers to pay in small installments in local currency, improving affordability for low-income and rural consumers.

28. **Building on this, we are working with a range of partners to develop a wider set of solutions for local-currency financing with longer maturities.** IFC is partnering with local banks in Egypt, India, Morocco, Nigeria, Pakistan, South Africa, and other markets to raise local currency. It is also issuing local-

currency bonds both in-country and abroad. Together, these initiatives allow IFC to provide longer-maturity local-currency loans to projects. IFC is piloting another approach that uses short-term domestic funding to support longer-term local-currency lending, absorbing maturity risk and unlocking long-term investment. IFC also recently closed a first-of-its-kind arrangement with BOAD, a regional development bank in the West African Economic and Monetary Union. This arrangement enables IFC and BOAD to exchange euros and West African CFA francs to provide more cost-efficient local-currency funding. More broadly, the World Bank Group is using a growing set of tools to share risk with financial intermediaries and enable local-currency lending in underserved sectors. In Mexico, a \$500 million local-currency mobilization guarantee is expected to mobilize about \$1 billion in private capital through Fondo Nacional de Infraestructura, supporting resilient transport infrastructure and job creation.

29. **The long-term solution to the local currency financing challenge is deep, efficient, and well-functioning domestic capital markets.** Strong local capital markets enable businesses to invest, expand, and create jobs without assuming foreign-exchange risks they cannot manage. They also allow governments to finance development in local currency, mobilize domestic savings, and attract long-term private capital. Yet in many developing economies, capital markets remain shallow, with limited liquidity, narrow investor bases, and insufficient market depth to support sustained private investment and reduce reliance on foreign currency financing. To address these constraints, the World Bank Group's support combines policy and institutional reforms with market creation and catalytic private sector investments. IFC helps develop local capital markets by structuring first-of-their-kind transactions, supporting new financing instruments, mobilizing private investors, and demonstrating commercially viable market solutions, while IBRD and IDA strengthen the legal, regulatory, and institutional foundations that allow these markets to deepen over time.

30. **The World Bank Group helps develop domestic capital markets through a model that is tailored to each country's stage of market development, reform commitment, and institutional capacity.** Over the past three years, this work has expanded from 20 to 40 countries through three complementary engagement models: establishing basic market foundations in early-stage markets; integrated multi-year engagement programs in countries with basic foundations and strong reform momentum; and targeted interventions that help more-advanced capital markets deepen and diversify instruments, and expand investors and market segments. The World Bank Group also strengthens market capacity through executive training and peer learning programs delivered with partners such as the Milken Institute and Paris Europlace, equipping regulators, public asset managers, and market practitioners with practical experience and global expertise.

31. **For countries where capital markets remain at an early stage of development, we focus on establishing the foundations for sustainable market growth anchored in domestic government bond markets.** These engagements typically support low-income countries where key legal, regulatory, institutional, and market foundations are still being developed. Through analytical work, technical assistance, Development Policy Financing, and capacity building, the World Bank Group helps establish the minimum conditions for functioning local debt markets that support sound public debt management and broader capital market development. The program is supporting at least 13 IDA countries, including landmark transactions like Benin's \$500 million sovereign sukuk issuance and Cambodia's first local-currency government bond.

32. **For countries with basic market foundations and a demonstrated commitment to reform, the World Bank Group offers a broad multi-year engagement.** The deep and comprehensive Joint Capital Market Program (J-CAP) combines diagnostics, policy and regulatory reforms market infrastructure development, institutional-investor strengthening, and the use of multiple World Bank Group financing instruments. Across 20 countries, the program has supported more than 90 legal and regulatory reforms and nearly \$4 billion in IFC investments through over 50 transactions. It has mobilized more than \$7 billion in private capital. Results include deeper government bond markets in Peru, capital-market reforms supporting Viet Nam's upgrade to FTSE Russell Secondary Emerging Market status, and expansion of the program into Egypt and Nigeria. Ghana, Kazakhstan, and Uzbekistan are expected to join before the end of 2026.

33. **For countries with more advanced markets, the WBG focuses on targeted interventions on demand, broadening financing instruments and removing specific barriers to new market segments.** These engagements combine technical expertise, policy support, and innovative financial solutions to strengthen market liquidity and expand local-currency financing. Examples include project bond credit enhancement in India to support infrastructure financing and technical assistance for Brazil's first government bond-based exchange-traded fund (ETF) segment, helping diversify investment products and deepen domestic capital markets. IFC also supports firms to issue bonds in offshore capital markets to advance their growth with positive spillover benefits with recent examples in Guatemala with Energuate and Banco Industrial in the New York and Singapore Stock Exchanges.

Box 2. Deepening local capital markets to expand electricity access

Across Africa, distributed energy companies provide household off-grid systems with affordable installments on a “pay-as-you-go” basis. Because they are financing these systems for their clients, the companies need working capital to scale up and continue serving more customers. IFC has worked with Africa Frontier Capital and co-financiers including the African Development Bank and Norfund to assume installment payments from distributed energy companies. The facility has raised up to \$125 million to purchase receivables from these firms, which cannot directly access capital markets. This financing allows companies to provide energy access to more households. Africa Frontier Capital bundles the receivables and securitizes them through the capital market, bringing in institutional investors and helping Mission 300 deliver impact. The result is a win-win: more households gain access to affordable energy, while local capital markets deepen through the creation of investable assets that attract institutional capital.

34. **Looking ahead, the WBG will scale up its Domestic Capital Markets Development Program with the objective of supporting 80 countries by 2030.** The expanded program will provide differentiated support tailored to countries' stages of market development, combining policy reforms, technical assistance, financing, and catalytic transactions where appropriate. It will strengthen results measurement by tracking concrete market outcomes and transactions attributable to the program. It will also promote greater South-South investment by enabling regional and emerging-market investors to deploy capital across developing economies. Working closely with partners—including the IMF, regulators, institutional investors, market institutions, and other development partners—the World Bank Group will expand technical capacity, strengthen local-currency financing, mobilize greater volumes of private capital, and establish a more sustainable financing model to support long-term program growth.

Creating an emerging markets asset class: Originate-to-Distribute

35. **To attract large institutional investors, MDBs need to change how investments are originated and managed.** Pension funds, insurance companies, asset managers, and other large investors generally do not invest in one project at a time. But they may invest in a large package made up of many projects across different countries—from a vital road that connects firms to markets to a power plant supplying much-needed energy to customers and businesses. Such packages resemble the types of investments or asset classes investors already understand, such as bonds, stocks, private equity, and private credit. They would also carry a credit rating that provides an independent risk assessment investors are familiar with and be issued regularly enough for investors to allocate a portion of their book on a sustained basis. Under an “originate-to-distribute” model, MDBs would originate opportunities, keep a portion, and sell the remainder to investors. This way the freed-up capital can be used to fund new projects and multiply our development impact. At scale, this approach could create an emerging markets asset class focused on development outcomes—and allow MDBs to reach more clients and support more job creation by repeatedly recycling and redeploying the same capital.

36. **IFC and MIGA already use established platform approaches to mobilize private capital.** IFC's Managed Co-Lending Portfolio Program (MCP), launched in 2013, allows investors and insurers to invest alongside IFC in globally diversified loan portfolios that mimic IFC's own portfolio—similar to an index fund. MCP has grown to \$25.5 billion in funds, including a recent \$6 billion credit insurance transaction with 19 global insurers supporting up to \$10 billion in new IFC lending. MIGA has been pursuing a similar systematic use of reinsurance to recycle risk capacity and expand the volume of guarantees that can be supported from its balance sheet, transferring up to 69 percent, or \$29.3 billion, of its gross guarantee exposures to reinsurers. These platforms build on investors' willingness to follow IFC and MIGA's business models—and demonstrate how development finance institutions can mobilize private risk capital alongside private investment capital.

37. **An originate-to-distribute approach would take it to another level—building solutions more closely aligned with investor demand.** IFC is developing solutions for different segments of institutional investor demand. One includes the use of securitization—grouping loans together and turning them into investments that can be sold to investors. IFC has completed three such transactions to date and aims to establish a regular cadence going forward. Through the Emerging Market Securitization Program (EMSP), IFC completed two deals worth more than \$1 billion. The second, which closed in June, was oversubscribed and resulted in better pricing. The private capital raised was 13 times IFC's own investment. IFC also completed a \$500 million securitization of trade-finance assets in April, building on its Global Trade Finance Program to support short-term trade finance. Across both the EMSP and trade finance deals, more than one-third of the underlying loans were in IDA countries and fragile and conflict-affected situations, showing that this model can direct institutional capital to the markets where development needs are greatest. Other pathways are being developed, including co-investments, funds, and packages of loans. Together, IFC distribution platforms, MIGA risk-transfer arrangements, and originate-to-distribute solutions provide an emerging model in which the World Bank Group connects global investors to development opportunities, rather than retaining exposures indefinitely on its own balance sheets.

38. **Originate-to-distribute is an important element of IFC's evolution from a provider of finance to a platform that connects projects, investors, knowledge, and financial solutions.** It enables IFC to bring institutional investors into development opportunities on a greater scale, while deploying its balance sheet where it adds the greatest value. Originate-to-distribute will be an important part of IFC's business, but not all of it. It will be most effective where development opportunities align with investor demand, while IFC continues to finance projects that fall outside investor risk-return criteria and retains a portion of each investment on its balance sheet, where appropriate. Originate-to-distribute therefore complements—but does not substitute for—IFC's own financing. At the same time, originate-to-distribute strengthens IFC's value-add by increasing origination and reaching underserved client segments.

39. **To take this model to scale, the World Bank Group created an internal taskforce and a working group with other MDBs to explore how their combined origination capacity can help catalyze a development-focused emerging markets asset class.** This work began within the World Bank Group under the leadership of Doug Peterson, former Chief Executive Officer of S&P Global, and included leading banks, asset managers, insurers, and endowment managers to clarify core debt investors and instrument preferences to enable larger investments in emerging markets. The effort was later expanded through the creation of an MDB working group that includes the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, IDB Invest, and the Islamic Development Bank. The group's work is organized around three priorities: originating more loans that can be standardized and sold to investors, strengthening distribution and secondary markets, and launching a joint MDB debt fund platform. The working group is also assessing the required internal capabilities, change management, and pathways to enable originate-to-distribute solutions to be scaled—while maintaining financial sustainability for MDBs.

40. **Since its launch, the working group has engaged with industry experts, loan associations, asset managers, and banks to explore opportunities to standardize loans and scale mobilization solutions.** The

World Bank Group's digital co-financing platform, and the volume of transactions it has already facilitated, provide lessons on how a scalable pipeline of investable opportunities can be generated and brought to market. The development of an emerging markets debt asset class will also depend on the active involvement of rating agencies. Independent credit assessments, supported by greater standardization, common documentation, and more transparent performance data, will be critical to help investors compare these assets, price risk appropriately, and allocate capital within existing mandates.

41. **Building a development-focused emerging markets asset class will require a concerted effort across the MDB system, DFIs, and other commercial originators in developing countries.** Over time, the initiative can broaden to include other MDBs and DFIs given their role as our co-financing partners, and other commercial lenders in developing countries, to build the asset class to the size needed to mobilize institutional capital. The Global Collaborative Co-Financing Platform, with about \$140 billion in projects demonstrates how MDBs and other co-financiers can work as a system to meet financing needs. This strengthened collaboration provides lessons which could be adapted for private sector MDBs and DFIs.

42. **At the same time, not all loans will be originated for distribution.** The objective is to create additional channels for mobilization and balance-sheet recycling, while preserving the ability of MDBs, including IFC, to retain exposures where this delivers the greatest development impact and supports financial sustainability. MIGA is pursuing complementary routes through partnerships with MDBs, insurers, and guarantors, including the African Development Bank and the African Trade & Investment Development Insurance agency. It is also exploring how guarantee insurance and risk-transfer solutions can help MDBs, DFIs, and national development banks distribute exposures and mobilize private capital at scale.

43. **An originate-to-distribute approach will require greater origination capacity, standardization, stronger distribution channels, and closer collaboration both across the World Bank Group and with its partners.** IFC's growing origination footprint, upstream and advisory work, and partnerships with financial institutions and local originators will expand the pipeline of investable opportunities. At the same time, collaboration with other partners will help build the scale needed to attract institutional capital.

Scaling MSMEs and entrepreneurship for job creation

44. **MSMEs represent around 90 percent of firms and three quarters of workers in developing countries.** They are the primary engine of job creation and economic activity. But they face four systemic constraints: limited visibility (due to cash-based operations); weak supply chain integration coupled with a lack of access to infrastructure, services, and training; complex regulations with high compliance costs; and a more than \$5 trillion financing gap. These challenges are compounded in FCV countries. That's why it is critical for the World Bank Group to scale up support for MSMEs and overcome systemic constraints that limit their ability to grow and create jobs.

45. **Digitalization is changing the game.** The availability of data and digital tools is transforming how firms operate, access markets, navigate regulation, and unlock finance. By linking MSMEs to markets, value chains, skills, and customers, digital tools reduce information and distance barriers. MSME data is becoming visible through the digital footprint (payments, platforms, tax data). This visibility lowers barriers to entrepreneurship. Digital platforms and data can reduce compliance costs by simplifying licensing and regulatory interactions with governments through automated and interoperable processes. And finally, data is transforming MSME finance by enabling cash-flow-based lending, potentially allowing lenders to assess creditworthiness using transaction data rather than collateral.

46. **The World Bank Group is transforming its approach to MSMEs by leveraging digitalization and data to help small businesses overcome constraints at scale.** We deployed around \$26 billion to MSMEs in FY25 (including \$11 billion in own-account financing and \$15 billion in mobilization). Going forward, we

will adopt a more coordinated approach, using diversified financing channels and digital solutions. We will deploy scalable solutions in four areas: First, visibility: solutions to create and share data such as fast payment systems, e-invoicing, and open finance frameworks. Second, connection: to link MSMEs to digital shared infrastructure and services, such as firms that provide affordable accounting and legal services. Third, enabling: to cut red tape, with simpler licensing and regulation, fair procurement and competition rules, and a stronger insolvency framework. And fourth, funding: by expanding access to the capital MSMEs need to grow.

47. Funding MSMEs at scale requires a different model: using data, risk-sharing, and more diversified channels to reach underserved businesses that traditional banking channels often do not serve. The World Bank Group is combining IFC, MIGA, and IBRD instruments with a sharper focus on MSMEs in sectors with high job-creation potential. This includes risk-sharing facilities, guarantees, and other capital tools that can help financial institutions free up their lending capacity. We will also scale support for fintechs and other non-banking financial institutions that are better able to leverage data at origination and provide lower-cost, cash-flow-based lending. Because these intermediaries can originate at scale but often lack the balance sheet capacity to grow, we will explore securitizing these loans, helping create an asset class that institutional investors can recognize as a standard and recurrent asset to invest in. To reach MSMEs at greater scale, we will expand financing through aggregators that provide purchasing capacity to contractors and gig workers, including through standardized asset-based lending products backed by MSME receivables. We will also expand trade and supply chain financing solutions that help MSME suppliers receive earlier payments from buyers, improving working capital. Our efforts also include exploring new entrepreneurial center models that combine incubation support, early-stage equity financing, and commercially led venture-building expertise to help entrepreneurs build equity and develop investable businesses.

Box 3. Providing working capital to MSMEs: One World Bank Group in Action

Building on IBRD support to strengthen Peru's capital markets and regulatory framework for receivables financing and electronic invoice registration, IFC—with support from the Joint Capital Markets Program—invested \$21 million in a public fund that purchases and discounts MSME receivables. IFC's investment and due diligence helped attract other private investors, enabling the fund to grow to more than \$100 million. This investment supported the financing of more than 30,000 MSME receivables, improving access to working capital for smaller firms. This example illustrates how policy and regulatory reforms, capital markets development and private investment can work together to expand MSME financing and support job creation. Similar approaches can be replicated where enabling frameworks are in place.

48. FCV countries face greater hurdles to harness digitalization for MSMEs. Two barriers stand in the way: limited digital adoption and infrastructure, and a harder-to-reach MSME base due to weak financial infrastructure, pervasive informality, and heightened risk. The World Bank Group will deploy FCV-specific solutions for MSMEs, recognizing that solutions must be tailored to country circumstances. These solutions include expanding interoperable fast payment systems to create digital transaction records and help make MSMEs more visible; improving compliance with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regulations; and attracting banks to existing IFC trade and supply chain finance platforms by offering incentives for transactions in FCV countries.

Turning solutions into jobs in the most challenging markets

49. Private capital is often hardest to attract—and even more central to jobs, resilience, and recovery—in countries affected by fragility, conflict, and violence (FCV) and in small states. Through the refreshed FCV Strategy 2026–2030, we are placing a stronger focus on MSMEs and the domestic private sector, which dominate most FCV economies and drive job creation. Where risks are highest, we combine the IDA Private Sector Window, IFC's Concessional Capital Window, first-loss facilities, and MIGA guarantees to take on early risk and crowd in private capital. For example, in Mozambique, guarantees help expand MSME

and private sector lending through commercial banks, mobilize private investment in gas, renewable energy, and power infrastructure, and support imports, exports, and regional trade. A notable feature of our work in Mozambique is the strong IFC-IDA-MIGA integration, particularly in the energy sector, where blended finance and guarantees are used together to crowd in private capital despite political, regulatory, and market risks. Across these challenging markets, private capital mobilization in low-income countries was maintained at about \$3 billion in FY26. Across Africa, it reached \$22 billion, up from approximately \$9 billion in FY22—an increase of nearly 150 percent.

50. **Small states' remote locations and limited market size continue to constrain private investment.** In Vanuatu and Solomon Islands, IFC's \$10 million risk-sharing facility with BRED Bank mobilized another \$10 million to help scale up financing to MSMEs. In Timor-Leste, IFC financing, concessional support, and a MIGA guarantee are supporting the country's first utility-scale solar and battery storage project. By addressing sovereign and project risks, the operation mobilized more than \$23 million in private capital for renewable energy infrastructure, strengthening energy security and crowding in investment in a small and fragile market. In Cabo Verde, IFC financing for the modernization and expansion of the airport network mobilized more than \$200 million from private investors, strengthening connectivity, tourism, trade, and resilient infrastructure.

51. **In conflict-affected middle-income contexts, we are pivoting to private sector-led recovery, mobilizing World Bank Group financing alongside private capital to rebuild infrastructure and markets, restoring activity in sectors from energy and logistics to agribusiness, and crowding in investors as windows of opportunity emerge.** For example, World Bank Group policy-based guarantees help Ukraine's government access lower-cost and longer-tenor commercial financing that supports macro-economic stability, while MIGA political risk insurance protects foreign investors and keeps investment flowing, and IFC's trade finance guarantees expand trade capacity. Experience from post-conflict recovery efforts demonstrates that restoring private sector activity is often one of the fastest ways to create jobs, rebuild livelihoods, and support economic stabilization. Global lessons underscore the importance of combining public reconstruction efforts with measures that enable local entrepreneurs, MSMEs, and private investors to restart productive activity as early as possible.

52. **IFC's Concessional Capital Window (CCW) provides lower-cost financing to support investments in some of the world's most difficult markets.** The window ringfences IFC's capital to extend financing where commercial solutions alone are not yet viable, supporting investments in sectors critical for jobs and economic recovery. Working alongside the IDA Private Sector Window, the CCW opens markets, demonstrates commercial viability, and creates conditions for greater private investment.

53. **But capital is only half the equation—firms have to be investable in the first place.** That's why we are expanding IFC's Local Champion Initiative in FCV markets across Africa, building a stronger pipeline of investable small and medium-sized enterprises and helping crowd in private capital where financing gaps are greatest. The initiative builds a pipeline of investable local champions through advisory support to promising firms. As these reach key milestones, they will be able to access financing, including through pooled first-loss vehicles that help crowd in private capital. These firms include women-owned or -led enterprises, which face disproportionate barriers to finance and markets, despite their significant contribution to job creation. In small states, we work upstream to build firms and projects worth financing, pooling advisory support regionally, so even the smallest markets can build an investment pipeline. We are also committed to ensuring that integrity safeguards are a core feature of our mobilization approach—especially in FCV and other high-risk markets—because corruption and other integrity risks can constrain investment in these areas.

54. **IFC is growing its portfolio in low-income and FCV countries, and MSMEs will be a key part of that work going forward.** The share of IFC's long-term own-account commitments in IDA/FCS reached 27 percent of IFC's total in FY26, up from 24 percent the previous year. More is needed and IFC will work to further increase its IDA/FCV commitments. Implementing the MSME strategy will be a key part of this effort,

helping MSMEs become more visible, connected, enabled, and funded through a combination of policy reform, digital solutions, advisory support, and financing.

Managing risks as private capital mobilization scales

55. **The World Bank Group is identifying and managing potential risks as these approaches are integrated into its operating model.** Alignment with the priorities set out in Country Partnership Frameworks will help safeguard the institution's development mandate. In addition, World Bank Group financing will be country-led, with priority sectors driven by country demand. Although private investors bear the financial risks associated with their investments, greater private-sector engagement can create non-financial risks, including operational and reputational risks, that require continued oversight. The World Bank Group's ability to apply its environmental and social standards while attracting capital to developing countries is a core comparative advantage. By retaining a share in equity, guarantee, and distributed investments, the World Bank Group will maintain skin in the game and oversee environmental and social performance in line with its high standards. We also monitor macroeconomic risks to avoid worsening debt vulnerabilities. Through our three-pillar approach to debt sustainability, we support domestic resource mobilization, provide positive net flows, and support interventions that reduce debt-service pressures and create fiscal space. The World Bank Group risk functions—including those covering environmental and social, market, credit, and operational risks—will continue to monitor risks as they evolve and adopt mitigating measures as needed. The Enterprise Risk Committee is providing enhanced oversight, as discussed in section III.

56. **This is what scaling private sector solutions for jobs looks like in practice.** The World Bank Group is adapting its model to mobilize private capital at a far greater scale, tailored to country circumstances and grounded in development outcomes. Delivering on this ambition will require the range of solutions discussed in this paper—from guarantees and catalytic equity to foreign exchange solutions, capital markets development, and originate-to-distribute approaches. No single instrument will be sufficient on its own, and the right sequence will differ across countries. But together, they can channel larger volumes of private capital into productive investment, expand access to finance for entrepreneurs and businesses, and create the jobs needed to meet the aspirations of a growing generation.

III. Transforming Ourselves to Mobilize More Private Capital

57. **The World Bank Group is transforming how it works to mobilize private capital at the scale needed to create more and better jobs.** This transformation is reshaping our culture and operating model. The shift is organized around four changes: getting closer to clients and investors, making delivery simpler and faster, working as one World Bank Group, and strengthening the capabilities and accountability needed to sustain results. The result is a World Bank Group that connects global capital to the greatest development needs, giving countries access to the full range of public and private solutions, and enabling investors to invest in emerging markets. This approach is reflected in Country Partnership Frameworks, which provide the country-level strategic anchor for jobs, private investment, and private capital mobilization, bringing together the complementary contributions of IBRD/IDA, IFC, MIGA, and the Knowledge Bank.

Culture: A client-first approach

58. **We are bringing expertise, decision-making, and client engagement closer to where investment opportunities emerge—in our client countries and in key global capital markets.** For public and private sector clients, we now provide a single point of entry across the markets we serve, led by a one World Bank Group Country Manager or Resident Representative. We also increased our senior leadership presence in the field, including by locating Regional Vice Presidents, Directors, and Managers closer to clients and markets. At the same time, IFC is strengthening frontline coverage where it is most needed, particularly in smaller

country offices. This ensures local market presence to originate opportunities earlier and ramp up delivery as demand grows. In countries affected by fragility, conflict, and violence, we are strengthening our presence, management capacity, and upstream resources to deepen engagement and delivery. This expanded field presence is supported by strengthened security, IT, connectivity, and staff wellness so staff can operate safely.

59. **We are reorganizing around client and investor needs rather than institutional boundaries.** The One World Bank Group agenda brings together clients, projects, investors, financing, guarantees, knowledge, and advisory services to deliver integrated solutions rather than individual products. This approach is reflected in IFC's ongoing work on its IFC 2030 ambitions, including the evolution toward “IFC as a Platform,” which shifts IFC from a model centered on financing projects on its own balance sheet to one that originates, structures, and connects investment opportunities with a broader range of private and institutional investors. To support this effort, we are building a unified World Bank Group client coverage model. Each company will be supported by a single point of contact who can draw on the full range of World Bank Group capabilities, from IFC, MIGA, and ICSID to IBRD/IDA and the Knowledge Bank. On the investor side, we are building dedicated teams to deepen relationships with strategic investors and better match opportunities to their objectives. We also launched a Group Integrated Financial Solutions function to mainstream financial solutions that combine the comparative advantages of IBRD/IDA, IFC, and MIGA to support our broad ambitions.

60. **Technology is helping make our approach possible.** We are launching a new platform, Phoenix, that provides a single view of clients and investors across the World Bank Group, starting with private sector clients and investors and expanding to others in FY27. It strengthens market intelligence, improves coordination, supports more effective client and investor engagement, and helps teams identify opportunities for mobilization earlier in the project cycle. AI capabilities will also help match projects with investor interests and preferences, making it easier to connect capital with development opportunities at scale. A client-facing portal launching in the second half of FY27 will make it smoother to do business with us—by giving clients a single point of entry to manage their interactions with us and learn about our products and services. In the longer term, Phoenix will also support project processing end to end, further shortening timelines.

61. **Mobilizing private capital requires engagement not only where investment is needed, but also where investment decisions are made.** Through the new World Bank Group Financial Solutions Hub in London and our strengthened presence in key global financial centers, including New York, Frankfurt, Tokyo, Paris, Madrid, Rome, and other locations, we are bolstering relationships with investors and companies seeking opportunities in emerging markets. These efforts are expanding our business development and investor coverage capabilities, helping connect capital, expertise, and innovation with development opportunities, expand the pipeline of investable projects, and mobilize larger volumes of private investment in support of jobs and growth.

Simpler, faster delivery and stronger partnerships

62. **We are making it easier to work with us.** For country clients, we have fundamentally re-engineered our processes, successfully cutting average approval times from 19 months to under 10, with urgent projects approved in as little as 30 days. At IFC, we have streamlined review layers and delegated decisions closer to clients, while safeguarding quality and risk management. At MIGA we are aligning decision-making processes with those of IFC and IBRD/IDA, including streamlining review layers to strengthen coordination across the World Bank Group. IBRD/IDA is rolling out a simplified, risk-based processing model that integrates the Knowledge Bank throughout project preparation, shortening timelines, reducing complexity, and making it easier for all our clients to access World Bank Group support.

63. **Partnerships remain central to mobilizing private capital at scale—and we are improving the ease of collaborating with us.** Through deeper collaboration with MDBs, DFIs, institutional investors, and others, we are expanding co-financing opportunities and mobilizing more capital into emerging markets. For

public sector operations, the World Bank Group co-financing platform is becoming a marketplace for development finance, with 33 projects matched for more than \$30 billion, including eight projects that did not involve the World Bank Group, and a further 238 public sector projects amounting. A total of \$134 billion is currently on the platform, which enables investors to identify projects aligned with their mandates and express interest in co-investments. The removal of co-financing fees and greater harmonization across institutions reduces administrative burdens for financing partners and makes it easier to finance larger and more complex projects. For private sector operations, IFC has launched a co-investment platform pilot that matches IFC-originated projects with institutional investors based on their mandates, creating a more systematic pathway for investors to participate alongside IFC. We have created mutual reliance frameworks with partners such as ADB, EBRD, and IDB, helping reduce duplication and accelerate joint delivery. These partnerships also support regional initiatives, including economic corridors that can aggregate demand, de-risk investment across several markets at once, and attract long-term private capital that individual country pipelines cannot generate.

Capabilities and accountability

64. **We are giving our staff the tools they need to mobilize private capital at scale—deepening expertise in relationship management, business development, equity investing, MSME finance, mobilization, and distribution.** AI-enabled tools, enhanced analytics, and targeted skills development help staff identify opportunities, connect clients and investors, and deliver integrated public and private sector solutions. We recently launched *Knowledge 360*, an AI-powered solution that helps operations teams find expertise, learn from past projects, and access curated knowledge. These capabilities help teams draw on expertise more effectively in client engagements.

65. **We are integrating our finance and risk functions to support the shift toward private capital mobilization.** We have integrated our environmental and social (E&S) functions, with frontline teams from IFC, IBRD/IDA, and MIGA now working under a single model. A global unit safeguards oversight, keeps E&S expertise close to clients, and manages risk consistently across the institution. By connecting financial, operational, and reputational risk across World Bank Group entities, our Enterprise Risk Committee is enhancing our risk management framework. Within Treasury, we are consolidating legacy systems, strengthening controls, reducing duplication, and lowering costs to support one World Bank Group delivery.

66. **Within a flat World Bank Group budget, we are allocating real resources to realize this shift.** IFC's budget rises four percent and MIGA's 7.5 percent in real terms in FY27, funded from productivity savings and integration efficiencies rather than a budget increase. IFC's budget increase goes to origination, equity, mobilization, and its new approach to MSMEs, supporting implementation of IFC 2030 ambitions to expand private capital mobilization, strengthen equity investing, and broaden its reach and impact among smaller enterprises. IFC will also strengthen corporate governance advisory services for MSMEs and family-owned businesses to improve their ability to attract private capital. MIGA's budget increase goes to underwriting, origination, and risk management as it scales its guarantees.

67. **Finally, we are strengthening accountability for results.** Our Scorecard provides a common framework to track progress on private capital mobilization, private investment, and jobs outcomes. It includes three indicators closely linked to the priorities set out in this paper: “private capital enabled,” “private capital mobilized,” and “more and better-paid jobs.” We have been reporting on private capital mobilized since the launch of the Scorecard and, in the last cycle, reported on private capital enabled for the first time. This followed close coordination with the MDB Task Force on Mobilization. We have also concluded our methodology on more and better-paid jobs, after extensive consultation with the Jobs Council, other MDBs, and civil society organizations. Starting in FY27, new World Bank Group financing operations will report on this indicator. We are also working to add an MSME indicator to our Scorecard. By linking institutional reforms to measurable results, this ensures the transformation focuses on what matters most: mobilizing private investment and supporting job creation.

IV. Conclusion

68. **The numbers tell a striking story.** Until recently, the idea that a multilateral development bank could mobilize over \$100 billion in private capital in a single year would have seemed far-fetched. Now, the World Bank Group is doing exactly that—and building the tools, platforms, and partnerships to go much further. Guarantees are being stacked in new ways to protect investors. Patient equity is flowing into solar grids in Sub-Saharan Africa. Loans are being bundled and sold to pension funds. Local currency financing is reaching borrowers who could never afford dollar-denominated debt. None of this is theoretical. It is happening now.

69. **But there is much more work to do.** Developing countries need significant investment. MDBs and governments—at their most ambitious—can provide hundreds of billions. This public financing will be essential but it won't be enough. Private capital is only able to play a significant role in narrowing the gap if the risks are managed, the products are familiar, and the returns are commensurate with the risks. The World Bank Group is working with a broad range of partners including the private sector to make these three true. We can't do it alone.

70. **Partnerships matter as much as instruments.** The collaboration underway with other MDBs to build an emerging market development asset class focused on development outcomes is one of the most consequential efforts in development finance in decades. If it succeeds, it will not just move money—it will create a new category of investment that global institutions can hold in their portfolios the same way they hold corporate bonds or private equity. That kind of structural shift is what it will take to mobilize private capital at an unprecedented scale.

71. **This is about more than financial architecture.** It is about the 1.2 billion young people who will enter the workforce over the next decade and a half—whether they will find jobs that give them a foothold in the economy or are left behind. Meeting this challenge requires a new model for development finance. Capital exists. The task is connecting that capital to opportunities that create jobs and growth. By transforming risk, scaling partnerships, and mobilizing private investment, the World Bank Group is reshaping itself to meet that challenge. Every guarantee issued, every local currency loan made, every securitization completed is a step toward that goal. The World Bank Group is moving faster, working more closely with private investors, and building systems designed to last. The scale of the challenge—and our vision of a world free of poverty on a livable planet—demands nothing less.

ANNEX

Private Sector Investment Lab

Launched in 2023 as a collaborative initiative between the World Bank Group and CEOs of leading global private sector institutions, the Private Sector Investment Lab is working to foster solutions that address barriers to private sector investment in emerging markets and developing economies. The core goal of the Lab is to enhance the World Bank Group's role in mobilizing private capital for emerging markets by mitigating risks for private sector investors and fostering environments that support the development of bankable projects.

The Lab is developing approaches that can be implemented and scaled to mobilize significant volumes of private capital to tackle the world's most pressing development challenges and support our job-creation strategy. Several initiatives are already underway to implement other lab recommendations, including the launch of the Mission 300 platform to connect 300 million people to electricity in Sub-Saharan Africa, the development of new concessional funding programs from the IFC, and a pioneering capital markets transaction to distribute assets from IFC's balance sheet in the form of asset-backed securities. Other initiatives being implemented include solutions to mitigate foreign exchange risk in long-term loans to projects in emerging markets, the rollout of the Unified Guarantee Program, and a long-term program to develop mechanisms for mobilizing institutional investor capital for urgent development priorities at scale, using the combined capabilities of WBG.

The Lab's core group of CEOs and Chair come from AXA, Bayer, Bharti Enterprises, BlackRock, Dangote Group, Hyatt, HSBC, Macquarie, Mitsubishi UFJ Financial Group, Ninety-One, PIMCO, Royal Philips, Standard Bank, Standard Chartered, Sustainable Energy for All, Tata Sons, Temasek, and Three Cairns Group. Mark Carney and Shriti Vadera were the Lab's original co-chairs. Carney left the role of co-chair in 2025.

High-Level Advisory Council on Jobs

The High-Level Advisory Council was launched in 2024 to identify actionable policies and programs that could address the looming jobs crisis. Chaired by Tharman Shanmugaratnam, President of Singapore, and former Chilean President Michelle Bachelet, the Council brings together leading experts across government, business, civil society, and academia to offer thought leadership and practical strategies for creating large-scale employment opportunities. The World Bank Group studies the strategies with a view to piloting them with countries in real world applications. Those that prove effective will be scaled and replicated to help address the jobs challenge.

The Council on Jobs has highlighted that large-scale job creation depends on functioning economic ecosystems rather than stand-alone interventions, with infrastructure, skills, regulation, finance, and private investment working together. It has emphasized the need for predictable policy environments, stronger private sector engagement, and explicit measurement of jobs outcomes. This has informed the World Bank Group's jobs strategy, centered on infrastructure, regulation, and private investment, and focused on five high-impact sectors: energy and infrastructure, agribusiness, healthcare, manufacturing, and tourism.

High-Level Advisory Council on Jobs current members:

- Michelle Bachelet, Former President of Chile, co-chair
- Tharman Shanmugaratnam, President of Singapore, co-chair
- Patrick Achi, Former Prime Minister, Côte d'Ivoire
- Sebastien Bazin, Accor Group
- Marianne Bertrand, University of Chicago, Booth School of Business
- Fang Cai, National Think Tank, Chinese Academy of Social Sciences
- Madhav Chavan, Pratham
- Marcela Eslava, Universidad de Los Andes, Bogotá
- Nicola Galombik, Yellowwoods Group
- Roxana Maurizio, University of Buenos Aires Institute of Economics
- Denis Minev, Angel investor in Amazon projects
- Dr. James Mwangi, Equity Group Holdings
- Nonkululeko Nyembezi, Standard Bank Group
- Rohini Pande, Yale University Economic Growth Center
- Preetha Reddy, Apollo Hospitals Enterprise Ltd
- Guy Ryder, United Nations
- Mostafa Terrab, OCP Group