Public Development Banks' Climate Commitments 2025

Trends and progress of PDB climate ambition

December 2025

CLIMATE POLICY INITIATIVE

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ABOUT CLIMATE POLICY INITIATIVE

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has offices in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

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RELATED CPI WORKS

Public Development Bank Climate Action Portal

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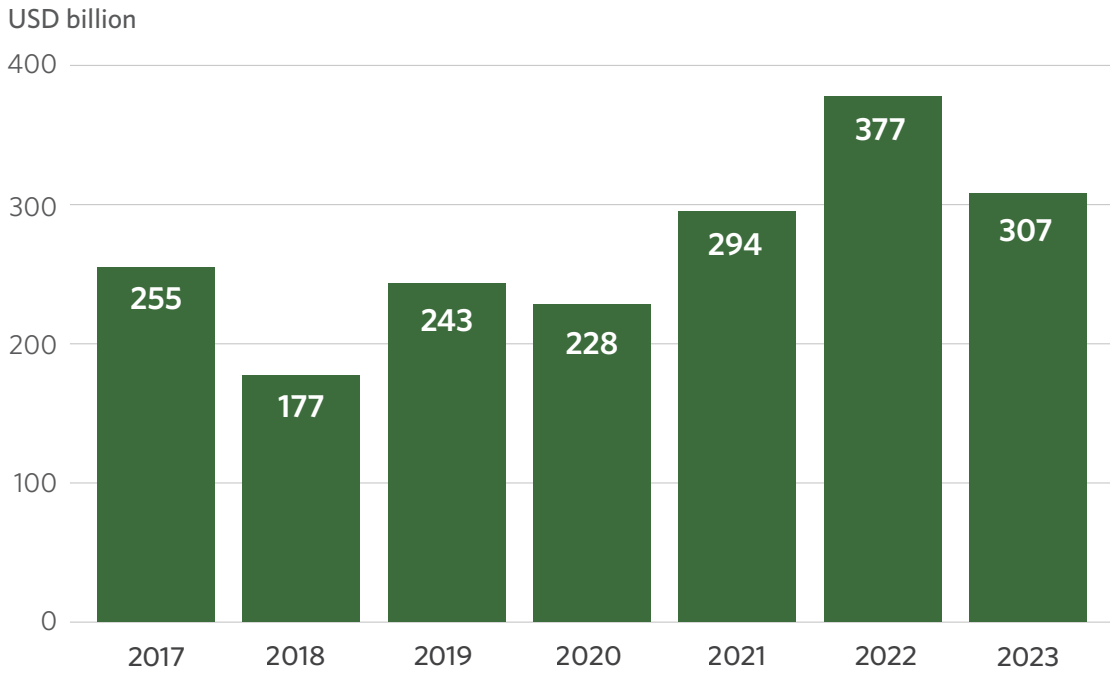
EXECUTIVE SUMMARY

Public development banks (PDBs) stand at the forefront of global efforts to achieve interlinked climate and development goals. In 2025, the imperative for a coordinated and coherent scaling up of PDB efforts to mobilize climate finance and to establish new models for public-public collaboration has been repeatedly underscored through the G20 Sustainable Finance Working Group Agenda, Finance in Common Summit (FiCS) 2025 Communiqué, and Sevilla Commitment. A number of new initiatives have already emerged in response to these calls to action, such as the PDB Guarantee Hub announced at COP30.

However, 10 years after the signing of the Paris Agreement, tracked PDB climate finance[1] **continues to follow an inconsistent trajectory.** A major increase from current levels—as well as more impactful use of existing resources—is needed to deliver investment at a volume sufficient to safeguard development trajectories from catastrophic climate change impacts and stimulate growth of low emissions sectors.

Figure ES1: Tracked PDB Climate Finance Flows (2017-2023)



Note: Climate finance flows are sourced from the Global Landscape of Climate Finance (2025) tracking data, with flows matched to 95 of 170 tracked PDBs. All values expressed in 2023 USD.

Shown in Figure ES1, PDBs' climate finance momentum has waxed and waned, with tracked flows notably decreasing in 2023, following a period of rapid growth from 2020 to 2022. Recent decline likely reflects emerging headwinds including shrinking public fiscal space, rising cost of capital, limited institutional bandwidth, and resources diverted to address near-term shocks.

1 Comprised of investments directed towards activities that mitigate greenhouse gas emissions ("mitigation"), reduce vulnerability to climate change impacts ("adaptation"), or both ("dual benefits").

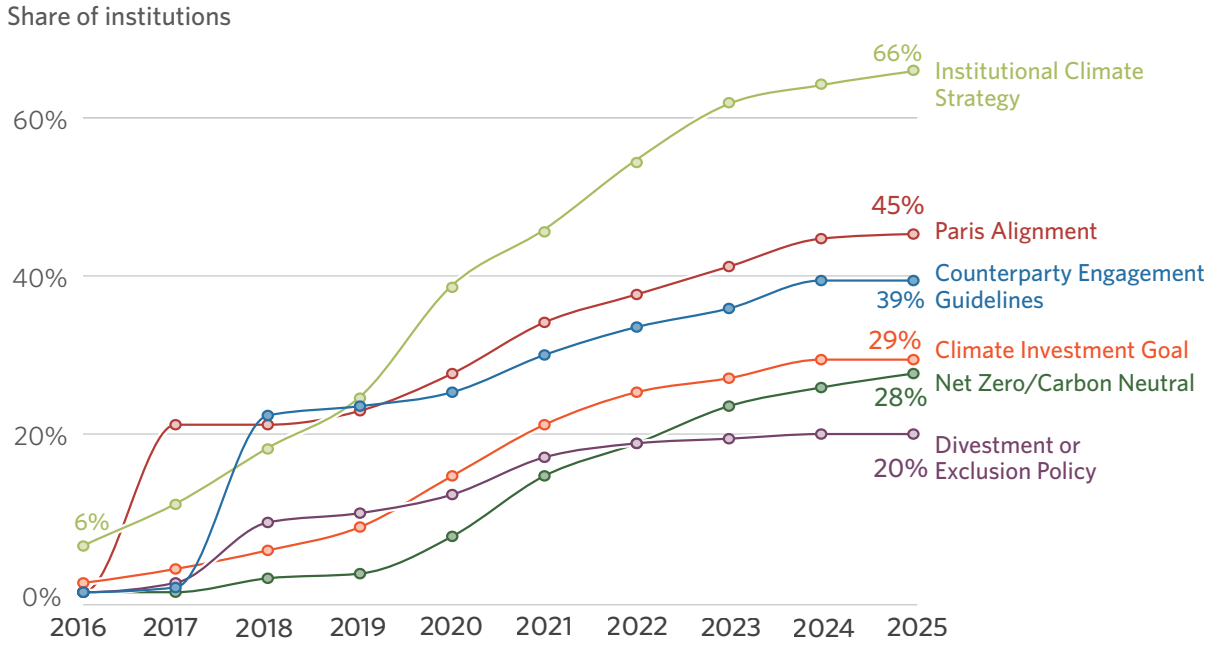
In an increasingly uncertain operating context where macroeconomic and geopolitical challenges loom large, it becomes more critical that PDBs scale their climate commitments and underlying implementation capacity to generate sustained growth across climate financing and capital mobilization activities even as new hurdles emerge.

This report responds to these challenges by offering practical, data-driven insights into the next steps that PDBs and key stakeholders can take to raise collective climate ambition and implement climate commitments.

KEY FINDINGS

In the decade following the 2015 Paris Agreement, many PDBs of varying size, mandate, and geographic origin have raised their climate ambition considerably, integrating climate action targets into their operating models. However, while already ambitious institutions continue to pursue stronger action, new announcements of climate commitments from outside of this group have notably slowed in recent years.

Figure ES2: Time series of cumulative PDB climate commitments (2015-2025)



In 2020, five years after the Paris Agreement was signed, only 28% (47 of 170)[2] of tracked PDBs were committed to aligning their operations and financing with the Agreement's objectives. Five years later, the share of tracked PDBs with Paris alignment commitments has reached 45% (77 of 170). However, from 2022 to 2025, we've observed that—across the PDB ecosystem—new announcements of climate commitments (Paris alignment, climate investment targets, emissions mitigation, etc.) have declined.

2 CPI tracks climate commitments made by 170 PDBs, which collectively hold roughly 98% of global PDB assets. The tracking sample is structured to be broadly representative across both advanced economies and EMDEs, see Annex 7.1 for further detail on sampling approach.

Utilizing recently updated commitments tracking data, we have reassessed climate ambition "clusters" within the 170 tracked PDBs, based on the distribution of climate commitments across institutions (see Annex 7.3 for methods). Similar to our 2024 report, clustering analysis reveals five distinct groupings:

Table ES1: Description of PDB Climate Ambition Clusters

Ambition Cluster		Description
High	**Paris alignment approach**	PDBs that have commitments to align operations with the Paris Agreement, complemented with climate investment goals, divestment or exclusion policies, counterparty engagement guidelines, and institutional climate strategies.
	Mixed approach	PDBs that have all set net zero or carbon neutral targets for financed emissions, typically accompanied by interim emissions-reduction targets, counterparty engagement guidelines, and institutional climate strategies, while most have also committed to Paris alignment.
Substantial		PDBs that have committed to Paris alignment and established institutional climate strategies but for the most part have yet to establish other supplementary targets and integration actions.
Limited		PDBs that have established institutional climate strategies but are yet to adopt other, more stringent targets and integration actions.
Minimal		PDBs that have little-to-no tracked climate commitments and thus do not demonstrate climate ambition.

Yet, just between 2024 and 2025, we observe the number of PDBs with little-to-no climate commitments (i.e., minimal ambition) has reduced, as seven tracked institutions that previously fell into this grouping have now advanced to substantial or limited ambition clusters due to the adoption of new climate commitments. In addition, both high ambition clusters have grown slightly, with four banks demonstrating greater ambition by adding complementary commitments (e.g., climate investment goals, emissions mitigation targets, counterparty engagement guidelines, etc.) to their broader climate strategies.

However, these shifts represent incremental improvements in PDBs' collective ambition, as limited and minimal ambition clusters still outweigh high and substantial ambition groupings, both in terms of number of institutions and total assets held.[3]

Importantly, we also observe that favorable enabling conditions can lead to rapid increases in PDB climate ambition, as illustrated by recent actions taken by PDBs in Brazil.

Our tracking data covers five domestically focused PDBs that are headquartered in Brazil: the Brazilian Development Bank (BNDES), the Bank of Northeast Brazil (BNB), the Bank of the State of Pará (Banpará), the Far South Regional Development Bank (BRDE), and the Development Bank of Minas Gerais (BDMG). As of 2020, only BNDES had established an institutional commitment to aligning with the Paris Agreement. In the five years since, BNB, BRDE, and the BDMG have all committed to aligning operations with Paris Agreement objectives.

3 Based on latest available data, High and substantial ambition PDBs (78 institutions in total) hold collective assets of USD 9.3 trillion, while the assets of minimal and limited ambition PDBs (92 institutions) total USD 12.6 trillion.

Brazilian PDBs' dramatic increase in their climate ambition coincides with burgeoning climate investment conditions, particularly in the country's land-use and renewable energy sectors, as well as more recent ramping up of national climate policy—highlighted by the COP30 presidency and launch of the Brazilian Sustainable Taxonomy. At the subnational level, implementation of climate commitments among Brazilian PDBs over the last several years has also been supported by multi-institutional networks such as the Latin American Association of Development Financing Institutions (ALIDE) and bilateral technical assistance (TA) from leading institutions such as the European Investment Bank (EIB), Inter-American Development Bank (IDB), and the Agence Française de Développement (AFD).

While capacity building is a promising mechanism for raising PDB climate ambition, the current landscape of capacity building programs reveals gaps in the scope and scale of technical assistance that limit accessibility and effectiveness.

Many PDBs face a "chicken-egg" problem when it comes to establishing climate ambition. In the absence of robust implementation capacity, climate commitments seem difficult to implement. At the same time, without forward-looking commitments, PDBs may lack internal incentives to scale up their capacities. To better understand the potential of capacity building to accelerate PDB climate ambition, we reviewed 18 active major capacity building programs that provide services to PDBs—primarily implemented by multilateral development banks (MDBs), development finance institutions (DFIs), and PDB-led regional networks.

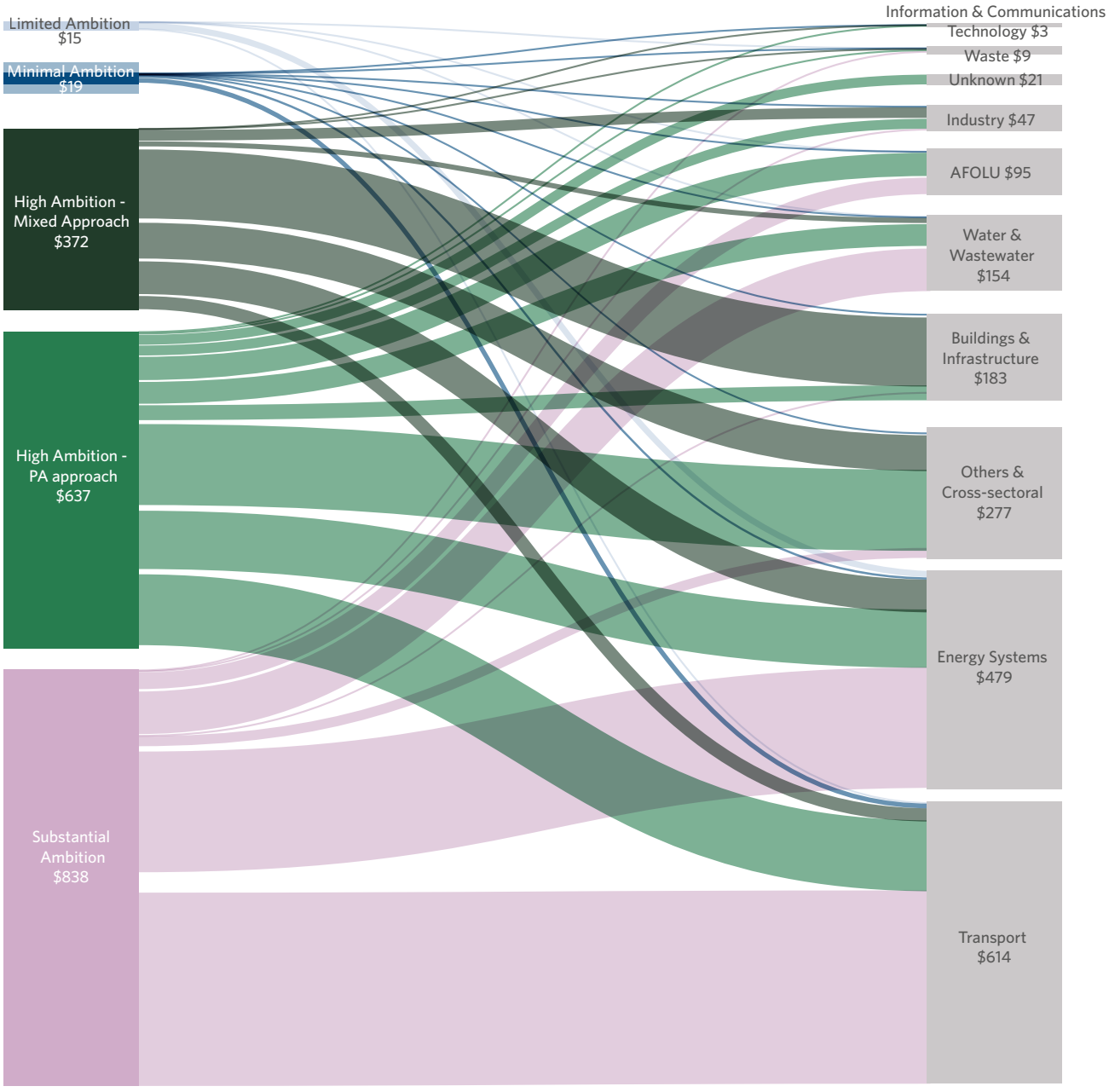
While these initiatives each individually address some of the technical needs faced by PDBs, at a system-level, PDB capacity building is still characterized by gaps that potentially limit accessibility and effectiveness *vis-à-vis* strengthening PDB climate action:

- Most programs focus on project-level assistance rather than transformation of institution-wide operating procedures and strategic priorities.
- Certain regions (e.g., Latin America) have a wide availability of capacity building programs, covering most if not all, stages of climate commitment implementation, while others (e.g., Africa) have much more limited support.
- Additionally, limited continuity and high transactions costs—particularly for smaller less-resourced banks—restrict access where it is most needed.

Going forward, platforms such as the FiCS TA Hub and the Global Capacity Building Coalition (GCBC) are well-positioned to address these system-wide gaps by leveraging their ability to coordinate both PDBs and TA providers to scale up effective models. Furthermore, building long-lasting capacity for climate action amongst smaller, domestic-focused PDBs will also require the cultivation of local TA ecosystems in emerging markets and developing economies (EMDEs) as well as close involvement of shareholder governments and ministries of finance responsible for PDB governance.

Despite having a smaller collective balance sheet, PDBs with announced Paris alignment commitments continue to deliver climate finance flows in far greater volume and across a much broader array of sectors when compared to less ambitious institutions.

Figure ES3: Cumulative PDB climate finance flows by climate ambition cluster and sector (2017-23)



Note: Climate finance flows are sourced from the Global Landscape of Climate Finance (2025) tracking data, with flows matched to 95 of 170 tracked PDBs. All values expressed in 2023 USD.

From 2017 to 2023, tracked climate finance deployed by high and substantial ambition PDBs (78 institutions in total) totaled USD 1.8 trillion. This was orders of magnitude larger than the USD 33.6 billion provided by limited and minimal ambition PDBs in the same period, despite having significantly lower collective assets.[4]

4 Recent data shows that high and substantial ambition PDBs hold collective assets of USD 9.3 trillion, versus the USD 12.6 trillion held by limited and minimal ambition PDBs.

Where PDBs have expanded their climate financing activities to cover a wider range of sectors, they are laying the groundwork for a more holistic shift toward low-carbon, climate-resilient development within their target markets, which in turn produces new climate financing opportunities for PDBs (as well as commercial actors) as sectoral transformations accelerate. Ultimately the resources of high and substantial ambition PDBs will be constrained by material limits. Unless limited and minimal ambition PDBs receive concerted support in integrating their own climate commitments, there remains a risk that the markets primarily served by the latter group will be left out of low-emissions, climate-resilient development.

CONCLUSIONS AND RECOMMENDATIONS

Findings conveyed throughout this report indicate that, despite substantial progress over the past decade, the collective climate ambition of PDBs remains uneven. This highlights the need for greater coordination and coherence in scaling PDB efforts to mobilize climate finance and establish new models for collaboration. Raising PDB climate ambition to a level of substantial action will likely require a more robust capacity building system to equip institutions with the tools and knowledge they need to execute loftier climate commitments.

Based on three key conclusions from our analysis, we outline recommendations to kick-start the next decade of PDB climate action (see Section 5 for more detail).

Conclusion 1: While PDBs have made significant progress on climate commitments over the past decade, collective ambition must accelerate to deliver low-emissions, climate-resilient global development.

Challenge(s) to be addressed: Structured support from the broader international financial architecture (IFA) and local policy makers is crucial to enable climate mainstreaming amongst PDBs that currently demonstrate limited or minimal climate ambition.

Recommendation 1a: The IFA reform agenda should acknowledge climate mainstreaming among smaller, domestic-focused PDBs that currently exhibit limited or minimal ambition as a requisite step towards scaling up climate finance globally.

Key actors: All PDBs, as well as multi-institutional networks (e.g., FiCS, IDFC, regional coalitions)

Recommendation 1b. Both countries' climate finance platforms and overarching policy frameworks (i.e., NDCs) should provide a roadmap for integrating regional, national, and subnational development banks, issuing these institutions a clear climate action mandate while also providing the necessary tools and capacity to execute their respective roles.

Key Actors: National ministries and agencies responsible for convening country climate finance platforms and coordinating regional climate policy.

Conclusion 2: Capacity building initiatives supporting PDBs' climate mainstreaming efforts are fragmented, unevenly distributed, and focused on products or initiatives rather than strengthening core institutional systems.

Challenge(s) to be addressed: If PDB climate ambition is going to accelerate in the near-to-medium term, PDBs that have limited or minimal track record in terms of establishing and achieving climate commitments will require sustained capacity building assistance that enables institution-level climate mainstreaming.

Recommendation 2a. TA providers should offer dedicated support for climate target-setting, institutional diagnostics, and KPI design, so that PDBs can translate high-level climate goals into clear, measurable Paris-aligned objectives. This upstream capacity building could help ensure that later implementation is grounded in clear, measurable objectives. *Key actors: International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.*	**Recommendation 2b**. Scale multi-year capacity building models by shifting away from one-off interventions and toward embedded, ongoing support that evolves with banks' maturity. Long-term models foster institutional memory, reduce transaction costs, and build local ecosystems of expertise. *Key actors: International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.*

Conclusion 3: The vast majority of tracked PDB climate finance is provided by a narrow group of ambitious actors. PDBs that are presently less ambitious, but hold greater assets in aggregate, must be brought into PDB climate finance efforts to achieve global goals of scaling up.

Challenge(s) to be addressed: Ambitious PDBs alone do not possess sufficient resources to address all public financing needs in the global transition to low-emissions and climate-resilient development. Moreover, markets served primarily by less ambitious PDBs are at risk of falling behind global transition, leaving them exposed to both physical and transition risks, unless these PDBs can be mobilized to participate in climate finance efforts.

Recommendation 3a. High-ambition PDBs should look to pilot and scale strategic capitalization mechanisms such as on-lending and credit enhancement products, paired with complementary TA, to "crowd-in" less ambitious PDBs into climate finance projects and programs. As traction builds with less ambitious PDBs, these interventions will ultimately advance high ambition PDBs' domestic mobilization objectives by building a pipeline of local financial intermediaries and co-investors. *Key actors: Both high- and low-ambition PDBs, with scope for support from third-party TA providers.*	**Recommendation 3b**. TA programs supporting PDBs in developing new climate finance instruments and products should consider how program design and eligibility can be tailored to encourage "first-time" participation from PDBs that have minimal previous track records in climate finance. *Key Actors: International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.*

CONTENTS

INTRODUCTION

Public development banks (PDBs) stand at the forefront of global efforts to achieve interlinked climate and development goals.

From the leading role multilateral development banks (MDBs) have taken in establishing methodologies for operationalizing Paris alignment to the anchoring position many national development banks (NDBs) have taken within country climate finance platforms (MDBs 2023; WRI 2025), PDBs of all sizes, geographies, and policy mandates play an integral role in scaling up finance for low-emissions, climate-resilient development. Within their target markets, PDBs can achieve transformative impacts by mobilizing capital towards critical infrastructure investments, building markets for sustainable solutions, and drawing in key policy and regulatory support for sectoral transition (FiCS 2025).

However, global climate finance flows still require a nearly five-fold increase over current levels by 2030 to reach the lower bound of estimated climate finance needs (CPI 2025a). Within emerging markets and developing economies (EMDEs), where private capital remains limited, closing this gap will require PDBs to step into an even larger role going forward.

Several multilateral declarations issued in 2025—marking the close of the first decade after the signing of the Paris Agreement—have called for a coordinated and coherent scaling up of PDB efforts to mobilize climate finance and establish new models for public-public collaboration. In 2025, the G20 Sustainable Finance Working Group Agenda, Finance in Common Summit 2025 Communique, and Sevilla Commitment all underscored the need for a systematic shift for greater utilization of the PDB ecosystem. A number of new initiatives have already emerged in response to these calls to action, such as the PDB Guarantee Hub announced at COP30. This could deliver larger financing volumes for sustainable development, either by channeling more capital through PDBs or by equipping these banks with additional resources to attract private capital.

Box 1. Types of PDBs and corresponding policy mandates

National/Subnational Development Banks (81 tracked institutions): Financing entities managed or supported by central or local governments that aim to deliver on policy objectives to support economic development in a specific country or subnational region.

Development Finance Institutions (51 tracked institutions): Publicly funded entities (bilateral and multilateral) that provide risk capital to sustainable development projects, often on concessional terms and across regions.

Mortgage Securitization Agencies & Public Housing Agencies (15 tracked institutions): Government-sponsored entities that buy mortgages that meet certain criteria or otherwise promote public housing development.

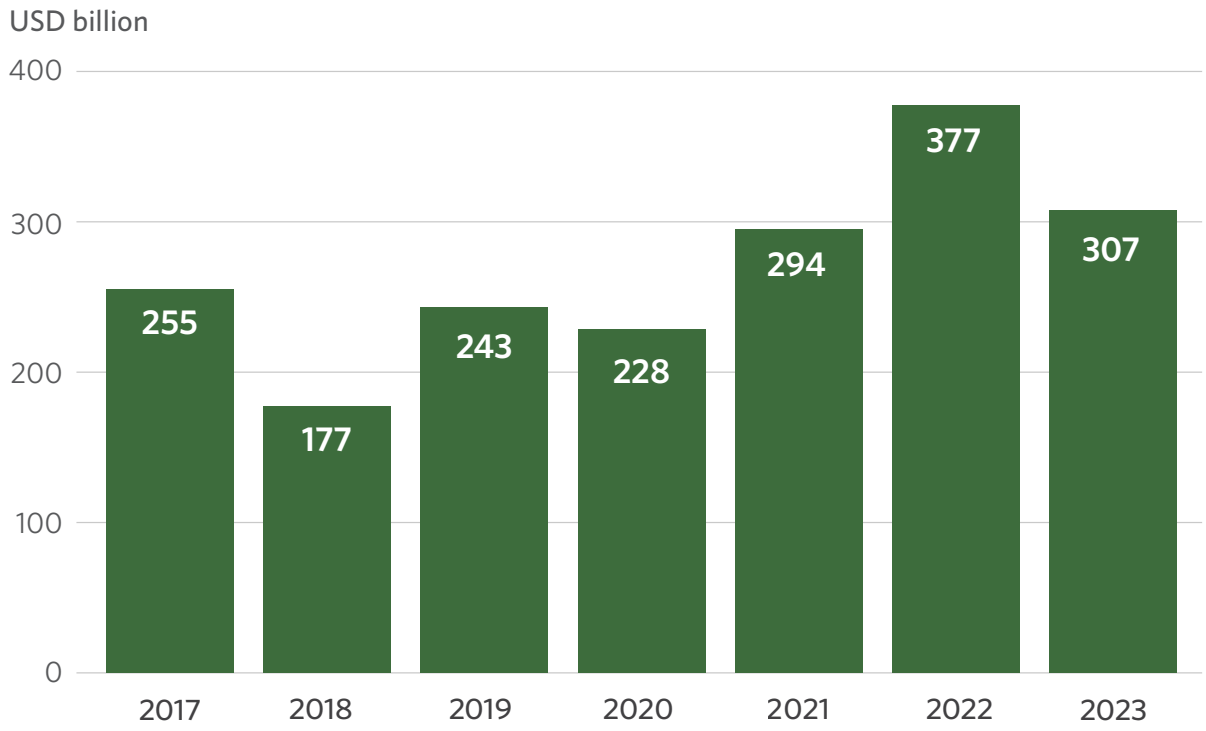
Export Credit Agencies (19 tracked institutions): Entities that offer loans, guarantees, and insurance to help domestic companies limit the risk of selling goods and services in overseas markets.

Policy Banks (4 tracked institutions): Quasi-public banks unique to China that have been used as primary channels for financing the country's major infrastructure projects.

RESEARCH MOTIVATIONS AND REPORT STRUCTURE

Tracked PDB climate finance has been inconsistent, indicating that business-as-usual will be inadequate to scale up these flows.

Figure 1: Tracked PDB Climate Finance Flows (2017-2023)



Note: Climate finance flows are sourced from the Global Landscape of Climate Finance (2025) tracking data, with flows matched to 95 of 170 tracked PDBs. All values expressed in 2023 USD.

As shown in Figure 1, progress *vis-à-vis* aggregate PDB climate financing has slowed, with a notable decrease in PDBs' tracked climate finance in 2023, following growth from 2020 to 2022. This decline likely reflects emerging headwinds, including:

- Shrinking public fiscal space.
- Rising cost of capital.
- Limited institutional bandwidth
- Diversion of resources to address other near-term economic shocks.

In an increasingly uncertain operating context where macroeconomic and geopolitical challenges loom large, it becomes even more critical that PDBs scale their climate commitments and underlying implementation capacity to sustain growth across climate financing and capital mobilization activities even as future hurdles emerge.

This report provides practical insights regarding the next steps that PDBs and key stakeholders can take to raise and achieve collective climate ambition.

- **Section 1** details CPI's approach to tracking PDB climate commitments.

- **Section 2** summarizes the current state and recent trends in PDB climate commitments.
- **Section 3** analyzes how capacity building initiatives contribute to the adoption and implementation of PDB climate commitments, as well as related gaps and opportunities for scaling.
- **Section 4** evaluates how PDB climate commitments are reflected in PDB financing flows to climate projects in the real economy.
- **Section 5** discusses conclusions and recommendations.

1. APPROACH TO TRACKING PDB CLIMATE COMMITMENTS

Since 2024, CPI has tracked the climate commitments of 170 PDBs worldwide, whose total assets amount to USD 21.9 trillion,[5] representing nearly 98% of all PDB assets.

1.1 PDB CLIMATE COMMITMENTS

PDB climate commitments are announcements made by a PDB—either through dedicated public communications or in other published documents—that establish goals for institutional climate-related activities and/or define processes for implementing such goals (see Box 2).

For the purposes of this report, we interpret the climate commitments made by PDBs to reflect their overarching climate ambition, or the forward-looking scope of actions that PDBs intend to take in response to climate change.

Box 2: Climate commitment taxonomy

Targets. Signaling intent to achieve specific climate-relevant objectives, potentially resulting in engagement and climate finance flows. This dimension tracks both qualitative commitments and quantitative targets to address climate change, such as:

- Paris alignment.
- Mitigation targets (i.e., net zero, carbon neutral, and interim targets).[6]
- Climate investment goals (e.g., portfolio allocation or 'volume of finance' targets).

Integration actions. Measures to incorporate climate into PDB decision-making, potentially increasing climate finance (or decreasing flows to projects without climate benefits or with negative climate impacts such as maladaptation or emissions lock-in). These qualitative changes to institutional policies, governance, and investment approaches include:

- Institutional climate strategies (i.e., the inclusion of climate as a focus area of PDB operations, though the level of priority varies across institutions).
- Exclusion and divestment policies.
- Counterparty engagement guidelines.

5 Based on estimates of PDBs' 2023 assets reported by the Finance in Common PDBs database.
6 Net zero refers to a commitment to phase out financing for all emitting activities. Carbon neutral refers to a commitment to offset financed emissions with investments in carbon removals.

As in previous iterations of CPI's PDB climate commitment tracking, this report does not assess the ***quality*** of individual commitments. Across institutions, climate commitments vary regarding manner and speed of implementation, granularity of targets, scope of integration actions, and synergies with Sustainable Development Goals and broader PDB policy mandates.

With only a minority share of PDBs having made climate commitments,[7] any assessment of relative commitment quality is limited by sample size. As more PDBs make commitments and develop a track record for implementing and strengthening them over time, we will be able to analyze the quality of climate mainstreaming across PDBs. In the meantime, projects such as the E3G Public Bank Climate Tracker Matrix have conducted preliminary analysis.

1.2 METHODOLOGY AND DATA

Data was collected for this report by applying an AI/ML-enabled methodology (CPI 2024) to the 170 tracked institutions, with tracking conducted in French, Spanish, Portuguese, and English. Data was collected in September 2025.

- Materials referencing climate commitments (e.g., published documents, web content, annual reports) are queried from PDB websites using Google Custom Search.
- Queried materials are labeled and processed using AI/ML models that identify the type of commitment, as well as key metadata components (e.g., target year, targeted percentage emissions reductions, targeted investment amounts).
- Finally, all processed data is manually reviewed to ensure accuracy.

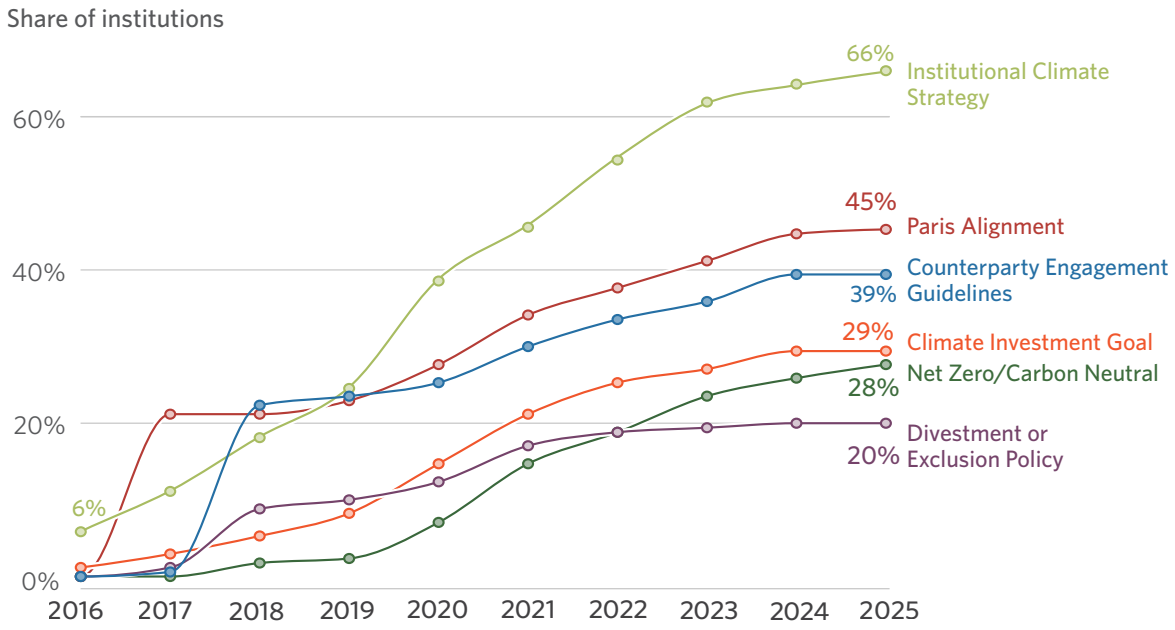
As in previous iterations, institution-level information across tracked PDBs is sourced from the Finance in Common PDBs database. For details on data collection, see Annexes 7.1 and 7.2.

7 Apart from institutional climate strategies, all other types of climate commitments (e.g., Paris alignment, net zero target, etc.) remain at below 50% uptake across all tracked PDBs.

2. STATE AND TRENDS OF PDB CLIMATE COMMITMENTS

In the decade following the 2015 Paris Agreement, many PDBs of varying size, mandate, and geographic origin have raised their climate ambition considerably, integrating climate action targets into their operating models. However, while already ambitious institutions continue to pursue stronger action, new announcements of climate commitments from outside of this group have notably slowed in recent years.

Figure 2: Cumulative PDB climate commitments (2016-2025)



In 2020, five years after the Paris Agreement was signed, only 28% (47 of 170) of tracked PDBs had committed to aligning their operations and financing activities with the Agreement's objectives. Another five years later, the share has risen to 45% (77 of 170).

The earliest PDBs to signal climate ambition were nearly exclusively members of coalitions such as the Joint MDBs and the International Development Finance Club (IDFC). Since then, the cohort of institutions adopting climate commitments has expanded to PDBs outside of those groups, including a number of national and subnational development banks and export credit agencies of varying sizes and geographic origins. More recently, however, we also observe that the rate of newly announced climate commitments has declined from 2022 to 2025.

While tracked PDBs appear to be gradually converging toward higher climate ambition, a sizable gap remains between the most ambitious and the remaining PDBs.

Utilizing recently updated commitments tracking data, we have reassessed climate ambition "clusters" within the 170 tracked PDBs, based on the distribution of climate commitments across institutions (see Annex 7.3 for methods). As in the 2024 report, clustering analysis reveals the same five distinct groupings:

Table 1: Description of PDB climate ambition clusters

Ambition Cluster		Description
High	**Paris alignment approach**	PDBs that have commitments to align operations with the Paris Agreement, complemented with climate investment goals, divestment or exclusion policies, counterparty engagement guidelines, and institutional climate strategies.
	Mixed approach	PDBs that have all set net zero or carbon neutral targets for financed emissions, typically accompanied by interim emissions-reduction targets, counterparty engagement guidelines, and institutional climate strategies, while most have also committed to Paris alignment.
Substantial		PDBs that have committed to Paris alignment and established institutional climate strategies but for the most part have yet to establish other supplementary targets and integration actions.
Limited		PDBs that have established institutional climate strategies but are yet to adopt other, more stringent targets and integration actions.
Minimal		PDBs that have little-to-no tracked climate commitments and thus do not demonstrate climate ambition.

However, updated tracking data shows that the composition of PDB climate ambition clusters has shifted from 2024 to 2025. In particular, the minimal ambition cluster has shrunk noticeably, as seven tracked banks that previously had made no climate commitments have newly announced institutional climate strategies and/or Paris alignment commitments (i.e., moving into the limited or substantial ambition cluster).

Additionally, high ambition clusters have both grown slightly (each group adding two additional institutions since 2024), as tracked PDBs whose commitments previously reflected substantial or limited ambition have since set new targets (e.g., climate investment goals) and integration actions (e.g., counterparty engagement guidelines). Overall, these shifts provide clear indication that the PDB ecosystem as a whole is continuing to converge towards higher collective climate ambition.

Table 2: Shifts in PDB climate ambition clusters, 2024 to 2025

Ambition Cluster		2024	2025	Δ
High	**Paris-alignment approach**	21 institutions (USD 2.5 trillion in assets)	23 institutions (USD 2.4 trillion in assets)	**+2 institutions**
	Mixed approach	27 institutions (USD 3.4 trillion in assets)	29 institutions (USD 4.0 trillion in assets)	**+2 institutions**
Substantial		26 institutions (USD 3.4 trillion in assets)	26 institutions (USD 2.9 trillion in assets)	No change
Limited		33 institutions (USD 9.7 trillion in assets)	36 institutions (USD 9.9 trillion in assets)	**+3 institutions**
Minimal		63 institutions (USD 2.9 trillion in assets)	56 institutions (USD 2.7 trillion in assets)	**-7 institutions**

Yet, it is important to acknowledge that the subset of PDBs with high and substantial climate ambition remains outweighed—both in number of institutions and total assets—by PDBs with

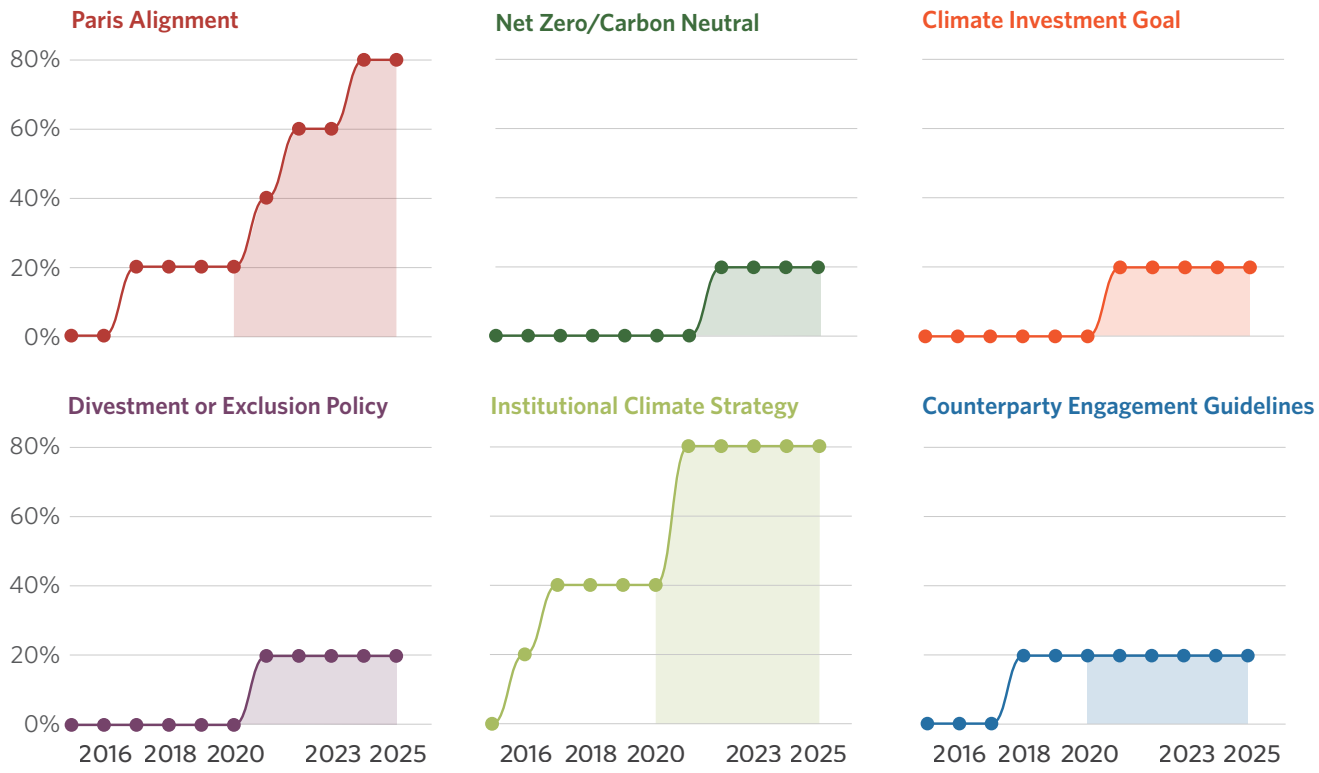
limited or minimal tracked ambition. This gap is a potential pitfall to coordinated and coherent scaling up of PDB efforts to mobilize climate finance through close public-public collaboration and strategic partnerships.

In general, PDBs already face a fragmented landscape of divergent mandates and priorities, enormous variation in operating scale and ticket sizes, disparities in capital markets access, and differing technical capacities (FiCS 2025). Where large discrepancies persist or even widen in terms of integration of climate commitments across the PDB ecosystem, this can create further barriers to PDB coordination (CPI & E3G 2023).

For example, on-lending from large, multilateral or regional DFIs to smaller, domestic-focused PDBs has shown to be a useful tool for stimulating local capital mobilization towards climate projects (I4CE 2025). However, given that many DFIs have integrated Paris alignment commitments that are applied to financial intermediation, where local PDBs have yet to adopt similar practices, the latter group may face eligibility barriers to participation in on-lending structures. To prevent larger coordination barriers stemming from mismatched climate ambition, it is imperative that PDBs currently showing limited and minimal levels of climate commitments adoption do not continue to fall further behind and instead receive comprehensive support in raising and implementing ambition.

Illustrated by the example of Brazil, we observe that favorable enabling conditions can lead to rapid increases in PDB climate ambition in the near term.

Figure 3: PDB climate commitments in Brazil (2016-2025)



A deep dive on tracked PDBs headquartered in Brazil reveals a notable case where PDB climate ambition has rapidly accelerated since 2020.[8] Tracked Brazilian PDBs include: (i) the Brazilian Development Bank (BNDES), (ii) the Bank of Northeast Brazil (BNB), (iii) the Bank of the State of Pará (Banpara), (iv) the Far South Regional Development Bank (BRDE), and the (v) Development Bank of Minas Gerais (BDMG). At the end of 2020, only BNDES had committed to aligning with the Paris Agreement, adopted as a part of the collective pledge made by IDFC members in 2017. However, over the period 2021 to 2025, the BNB, BRDE, and BDMG have all made their own commitments to Paris alignment.

This upwards inflection in climate ambition amongst Brazilian subnational development banks is notable given that, across all tracked PDBs, only six of the 23 subnational development banks have established Paris alignment commitments, with half of those based in Brazil. This trend may be due to strengthened enabling conditions for climate ambition among Brazilian PDBs, as the country has seen rising financing activity across both clean energy and land-use sectors (BNEF 2025; CPI 2024b) since 2020. In addition, strengthening of national climate policy since 2023 (CCPI 2025)—highlighted by the COP30 presidency and the launch of Brazil's sustainable finance taxonomy—has provided a strong foundation for subnational PDBs to follow as they make efforts to integrate climate ambition into their core mandates of supporting local economic development.

International public-public collaboration has also been instrumental in strengthening the climate commitments of Brazilian subnational development banks. BDMG, BNB, and BRDE are all members of the Latin American Association of Development Financing Institutions (ALIDE), which, alongside the Inter-American Development Bank (IDB), convenes an inter-bank working group on Paris alignment. This network, along with bilateral support linked to financing from MDBs and DFIs,[9] has equipped these banks with practical tools and peer guidance that have enabled them to navigate integration of increasingly robust climate commitments into their broader operational structures and strategies.

Recent momentum across tracked Brazilian PDBs underscores the critical importance of strong enabling conditions—namely, favorable policy/investment contexts and engagement with multi-institutional networks—toward raising PDB climate ambition. This was also previously detailed in our 2024 tracking report (CPI 2024a, Section 4). In the following section, we take a closer look at how initiatives that support capacity building among PDBs offer another key lever to accelerate PDB climate ambition.

8 While other countries (e.g., France, Netherlands) have also previously seen rapid increases in PDB climate ambition over a relatively short time period, since 2020, significant country-level shifts in PDB ambition have only been observed in Brazil. Accordingly, the authors of this report take a closer examination to enabling factors for PDB climate ambition in the Brazilian context.

9 For example, BDMG has received direct technical assistance from the IDB, the European Investment Bank (EIB) and Agence Française de Développement (AFD), which was accessed in conjunction with lending.

3. LINKING CAPACITY BUILDING TO PDB CLIMATE COMMITMENTS

Climate ambition amongst PDBs is deeply intertwined with the distribution of external and internal enabling factors that shape PDBs' unique operating environments and organizational priorities (CPI 2024a). However, external enabling factors—e.g., emissions intensity of target markets, availability of investment pipeline, supportive policy frameworks, etc.—are slow to change and are affected by a complex array of actors including government agencies, commercial actors, and consumers. In contrast, internal enabling factors—namely policy mandate, governance structure, and technical capacity—are potentially malleable on a shorter timeframe and therefore represent possible leverage points where interventions can be staged to facilitate greater PDB climate ambition.

Technical capacity ("capacity" henceforth) is a particularly crucial enabling factor given that PDBs seem to face a chicken-egg problem when looking to establish climate ambition while simultaneously navigating institutional capacity constraints.

Although ambitious climate targets can create momentum for ramping up internal capacity, PDBs that are limited in terms of both climate ambition and capacity may hesitate to set commitments in the first place if they lack the operational, technical, and financial capabilities needed for implementation. Indeed, the imperative to deploy capacity building interventions as a means of steering institutional priorities towards addressing climate change traces back to the 1992 inception of the United Nations Framework Convention on Climate Change (UNFCCC) and since has been unscored in Article 11 of the Paris Agreement, as well as more recent multilateral declarations (GCBC 2025).

In the absence of support from external providers and dedicated resourcing from shareholder governments, PDBs can become trapped in a reinforcing loop: limited capacity constrains ambition, and low ambition undermines the case for investing in capacity. Smaller banks with limited technical bandwidth are particularly affected, facing external pressure to commit without the internal systems to implement. In this context, there is a risk that climate commitments are restricted to procedural, low-impact routines—focused on reporting or screening requirements rather than shifting institution-wide strategic priorities.

Critically, capacity gaps are not narrowly relevant to the practice of adopting and implementing climate commitments—particularly in EMDE contexts where public finance plays an outsized role, PDB capacity is a fundamental component of financing the transition to low-emissions climate-resilient development. In many cases, PDBs act as core market-making institutions: their climate finance activities shape which sectors receive finance, which tools become standard, and how investment opportunities evolve (FiCS 2025). When limited capacity inhibits PDBs from executing this role, and private sector support is absent, there is a strong likelihood that transition becomes fragmented, inconsistent, or confined to isolated project pipelines.

Despite the critical imperative for PDBs to act as conduits of investment towards climate and development goals, there is emerging evidence that PDBs do not have access to a robust capacity building system that will enable them to execute this role. For instance, the recent FiCS Technical Assistance Market Survey shows that, while capacity building support in the

form of technical assistance (TA) is widely used, many PDBs still report unmet demand for support that effectively translates abstract climate ambition into practical operational plans, targets, and systems.

In this section, we examine the question of PDB capacity building from a complementary, supply-focused angle. Specifically, we map the current landscape of capacity building support available to PDBs, then we assess systematic gaps and barriers that preclude more robust support and finally analyze potential approaches to building a more comprehensive capacity building support system fit-for-purpose to scale up PDB climate action.

3.1 THE CURRENT LANDSCAPE OF CAPACITY BUILDING SUPPORT FOR PDB CLIMATE ACTION

On an individual basis, capacity building programs serving PDBs can vary considerably in terms of how they are implemented, with some programs narrowly focused on particular themes (e.g., infrastructure finance) and others more attenuated to certain regions or sectors[10]. To some extent, this variation is natural (and even optimal) given that the organizations implementing capacity building programs have their own specialized capacities and strategic priorities.

However, in order to scale up climate ambition across the entire PDB ecosystem, the *collective* capacity building support system must comprehensively cover the breadth of technical needs faced by PDBs when implementing climate commitments, ensure continuous peer-to-peer support, and remain accessible across all regions without burdensome costs.

To test the comprehensiveness of the current landscape for PDB capacity building support, we start by mapping 18 major capacity building programs across four key dimensions:

- Orientation towards climate commitment implementation
- Timeframe and continuity of support
- Inclusion of peer-to-peer engagement and knowledge sharing
- Availability across regions

While the set of reviewed programs likely does not reflect the totality of capacity building support available to PDBs, they cover the largest and most well-known programs currently in operation. For additional detail on how capacity building programs were identified for this analysis, see Annex 7.4.

3.1.1 ORIENTATION TOWARDS CLIMATE COMMITMENT IMPLEMENTATION

Capacity building support can be deployed in a variety of ways to address technical needs during the adoption and implementation of PDB climate commitments.

In 2024, we found that PDBs typically operationalize climate commitments through four distinct implementation stages (CPI 2024a): (Stage 1) scoping climate finance activities, (Stage

10 The scope of the study does not include ad-hoc project-level TA support provided by MDBs and other TA providers, because this type of assistance is primarily intended to support project execution rather than to directly enhance institutional capacity, although it may do so indirectly via learning spillovers.

2) setting commitments, (Stage 3) integrating commitments into operations, and (Stage 4) assessing progress.[11] In the ideal configuration, PDBs follow an implementation pathway that is both sequential and cyclic, setting new enhanced targets after previous commitments have been integrated into operations and assessed as complete, leading to a ratcheting up of climate ambition on an iterative basis.

In Table 3 below, we outline the main activities that are completed in each stage, as well as the relevant technical capabilities required to undertake them. Where PDBs lack some or all requisite capabilities, external capacity building support becomes a vital intervention to ensure that these gaps are filled, enabling PDBs to continue progression towards meeting targets for climate mainstreaming.

Table 3: Stages of climate commitment implementation with relevant activities, technical capabilities, and scope of capacity building support.

Stage	Activities	Required Technical Capabilities	Relevant Capacity Building Support
1: Scoping	▪ Systematically review opportunities for climate finance or existing activities ▪ Design integration methodologies	▪ Identify climate activities in existing portfolios and define a baseline ▪ Coordinate climate integration across departments ▪ Design and execute climate finance methodologies or frameworks ▪ Assess opportunities for additional investments ▪ Assess climate-related risks to existing investments	▪ Climate finance tagging and baselining ▪ Facilitation of cross-department workflows and climate working groups ▪ Introductory training for loan officers, economists, and other staff on climate integration ▪ Peer exchange with PDBs/MDBs on scoping methodologies and climate definitions
2: Commitments	▪ Establish initial high-level climate commitments ▪ Develop supporting commitments and refine integration methodologies	▪ Translate national/ international goals into institutional commitments ▪ Select Key Performance Indicators (KPIs) and build an impact measurement framework	▪ Advisory support to define climate commitments aligned with the Paris Agreement and/or NDCs ▪ KPI development, target-setting methodologies, and portfolio-level benchmarks ▪ Scenario analysis, physical climate and transition risk modeling ▪ Mapping national climate priorities to the bank's mandate ▪ Drafting or updating climate strategies/action plans

11 These are largely reflective of commitments achieved by jointly-reporting MDBs and IDFC members, who have a significant track record of mainstreaming climate into their operating models, with many institutions beginning this process just prior to the 2015 Paris Agreement and continuing to the present.

Stage	Activities	Required Technical Capabilities	Relevant Capacity Building Support
3: Integration	▪ Apply integration methodologies ▪ Undertake project-level evaluations and investment assessment	▪ Utilize tools like climate finance tagging, physical and transition risk assessment, and financed emissions monitoring ▪ Structure and underwrite new climate finance instruments (e.g., climate bonds, green guarantees, etc.) ▪ Implement KPI measurement	▪ Support to operationalize climate risk management and climate governance structures ▪ Assistance onboarding climate risk assessment tools, screening methodologies, and taxonomy application ▪ Development of integration toolkits and standard operating procedures ▪ Advisory support for designing blended-finance structures and new green products
4: Assessment	▪ Assess progress against commitments ▪ Revise commitments and improve integration methodologies ▪ Return to Stage 2 for cyclic reiteration	▪ Monitor, report, and evaluate progress versus commitments ▪ Establish feedback loops and learning systems to revise commitments and methods	▪ Support to develop climate monitoring & evaluation (M&E) systems ▪ Assistance with reporting and disclosure (e.g., SSB, PCAF) ▪ Development of dashboards, data systems, and KPI tracking mechanisms ▪ Portfolio alignment diagnostics and progress reviews ▪ Guidance to establish internal feedback loops and revise commitments/targets ▪ Peer learning on reporting, transparency, and methodological updates

When we map capacity building programs to climate commitment implementation stages, we find that only six—the IDFC Facility, IDB-ALIDE's Paris Agreement Alignment Working Group, Agri-PDB Platform, AADFI's capacity building program, the Mainstreaming Climate in Financial Institutions initiative, and AFD's loan-linked facilities—provide support across the entire implementation lifecycle. These models connect early diagnostics and commitment-setting (Stages 1–2) with integration tools and reporting systems (Stages 3–4). The IDFC Facility equips banks to align with Paris goals across the project cycle, while the Agri-PDB Platform combines institutional strengthening of governance, risk, management information systems (MIS) with sector-specific TA on agriculture and adaptation.

In some cases, capacity building programs that cover the entire commitment implementation lifecycle have a regional focus, exemplified by the IDB-ALIDE Paris Alignment Working Group in Latin America. This structured, multi-year program supports PDBs across all stages of climate mainstreaming—from diagnosing technical needs and governance reforms to portfolio alignment and performance milestones. Given that PDB-to-PDB engagement is often a function of geographical proximity, a regional approach to capacity building can potentially deliver positive spillover effects, where banks that "graduate" from support later share best practice with their peers.

Table 4 illustrates six programs that exemplify comprehensive approaches to supporting PDBs climate ambition across the four implementation stages outlined above in Table 3. For the complete review of capacity building programs, see Annex 7.4.

Table 4: Capacity building programs supporting PDBs to implement their climate commitments

Institution	Initiative	Key features	Stages[12]	Geography	Sector(s)
IDFC (hosted by AFD)	**IDFC Facility**	Equips PDBs to align with Paris goals across the full project cycle.	1,2,3,4	Global	Multiple, Climate-Specific
IFAD	**Agri-PDB Platform**	Links peer learning with portfolio-level climate impact tools. Strengthens strategy, governance, and climate alignment while providing tools for ESG integration and portfolio impact assessment.	1,2,3,4	Global	Multiple, Including Non-Climate
I4CE (as Secretariat)[13]	**Mainstreaming Climate in Financial Institutions**	Global peer-learning and knowledge-sharing network helping public and private financial institutions integrate climate considerations across all operations and portfolios. Built around five voluntary principles (Commit to strategies, Manage risk, Promote objectives, Improve performance, Account for action); Provides tools, guidance, and communities of practice on strategy, governance, risk management, and disclosure; An active, coordinated platform on Paris alignment.	1,2,3,4	Global	Multiple, Climate-Specific
AFD	**Climate Finance Facility for Banks, Impact Bonds Facility, Tailored-made TA Facility**	These loan-linked facilities embed governance, integration tools, risk management, and strategy shifts.	1,2,3,4	Global	Multiple, Climate-Specific
IDB-ALIDE	**Paris Agreement Alignment Working Group**	Tailored diagnostics (self-assessment, green tagging), climate and ESG risk tools, and support for KPI/target setting; Embedded peer learning via regional working groups, technical exchanges, and iterative advisory support; Structured pathways that evolve with bank's maturity.	1,2,3, 4	Latin America & Caribbean	Multiple, Climate-Specific
AADFI	**Capacity-Building Program**	Broad institutional capacity program for African PDBs.	1,2,3,4	Africa	Multiple, Including Non-Climate

In general, we observe broad availability of capacity building support to assist PDBs as they integrate previously established climate commitments into their operations, but much less support dedicated to scoping and defining commitments in the first place.

While 16 programs support Stage 1 (i.e. scoping of climate finance activities), there are much fewer resources available to PDBs as they look to evaluate progress against commitments, with

12 Stages 1–4 correspond to the four stages of climate commitment implementation defined in Table 2
13 I4CE has acted as the secretariat of the Mainstreaming Climate in Financial Institutions Initiative since 2016. The Initiative is further managed by a Coordination Group, comprised of representatives from its member institutions.

only nine programs covering Stage 4 (i.e. assessment). A similar gap appears in the middle of the implementation lifecycle: while all 18 programs address technical needs related to Stage 3 (i.e. commitment integration), only nine offer explicit support for Stage 2 (i.e. commitment setting). These coverage gaps at Stage 2 are consistent with recent findings on TA as a modality for MDB–NDB collaboration, which show "real divergences" between MDBs and NDBs over which KPIs and climate policies to prioritize—indicating that governance and measurement support remain among the areas currently least supported by TA (AFD 2025).

When capacity building support is dedicated to one specific implementation stage, we see that several programs focus on digital and operational integration. For example, the IDB-ALIDE Sustainable Infrastructure Working Group builds project-level sustainable finance capacity, providing Stage 3 operational tools and peer exchange without an institution-wide reform mandate. Similarly, ADFIAPNET supports IT modernization and ESG credit scoring in the Asia-Pacific, helping integrate climate factors into lending operations. Regional or sectoral initiatives such as ADFIAPNET in the Asia-Pacific and IDB-ALIDE's Sustainable Infrastructure Working Group in Latin America provide context-specific TA focused on discrete operational stages rather than institution-wide reform.

However, we note that capacity building support at Stage 3 is heavily concentrated on internal systems and does not necessarily address outward-facing implementation. Specifically, interviews indicate that, although donor-funded TA has strengthened taxonomy development and risk systems, it has offered limited support for pipeline origination, client engagement, or market awareness of climate technologies. Recent PDB surveys identify similar demand-side constraints across many PDBs (FiCS 2024; EIB & ALIDE 2025): limited client capacity to prepare bankable projects, low awareness of green finance opportunities, and weak demand for adaptation investments.

That said, there has been a recent emergence of project-preparation facilities—such as the AIIB Project Preparation Special Fund and the City Climate Finance Gap Fund—that address demand-side issues by offering pre-feasibility assistance and concept development. In addition, the FiCS Innovation Lab supports PDBs to develop innovative instruments that enable financing of assets that are not accessible through conventional approaches. While these programs address a critical need, it is important they complement institutional-level climate mainstreaming, thereby ensuring that key learnings from project preparation support are integrated into broader operational practices.

Overall, reviewed capacity building programs concentrate heavily at the operational stage (Stage 3) but engage far less in the upstream activities—diagnostics, commitment-setting, governance—needed to ensure that downstream implementation is strategic and sustainable. This imbalance helps explain both the strengths and limitations of current capacity building models and sets up the continuity, knowledge-sharing, and access challenges discussed in the next sections. Understanding this coverage is critical to explaining *what* capacity building delivers and *how long* its effects endure—as explored in the next section.

3.1.2 TIMEFRAME AND CONTINUITY OF SUPPORT

Timeframe and continuity refer to how long and how consistently capacity building accompanies a PDB through the process of institutional climate mainstreaming. Sustained engagement is

important because organizational capacity develops cumulatively: reforms require iteration, staff turnover erodes short-term gains, and one-off interventions rarely embed new systems or skills.

Out of the 18 programs mapped, five provide multi-year, iterative engagement with participating banks. The remaining 13 offer short-term or modular support (e.g., ad hoc workshops, time-bound cohorts, or project-linked TA), underscoring the limited continuity in the current capacity building landscape.

This assessment mirrors findings from recent research focused on TA provided by MDBs to NDBs, which found short-term support linked to one-off project lending insufficient to build permanent climate finance capacity (AFD 2025). While short-term programs deliver intensive support during project preparation, appraisal, and early integration steps, most do not offer sustained follow-up after the initial support window ends. By contrast, the types of institutional reforms required for climate alignment—such as changes to governance, risk, credit processes, or MIS—generally unfold over multiple budget cycles and require repeated iteration. In the absence of longer-term modalities, short program cycles limit opportunities for feedback, learning, and durable institutional change.

Short-term capacity support is particularly misaligned with stages that require iterative learning. Stages 1 and 2 involve repeated diagnostics and refinement, while Stage 3 requires sustained engagement as banks adjust credit, risk, and MIS systems—processes that unfold over multiple budget cycles. Even Stage 4 benefits from periodic follow-up to update methodologies and KPIs. Linking continuity to stages helps explain why short-duration programs often fail to generate lasting institutional change.

Given tightening global official development assistance (ODA) budgets, the continuity and depth of capacity support for PDBs will increasingly depend on more targeted, embedded, and efficiency-focused delivery models. Recent OECD projections indicate that total ODA could decline by 9-17% in 2025, even as climate and development needs rise (OECD 2025). In this constrained environment, capacity building for PDBs should integrate processes, tools, and methodologies directly into core bank systems (e.g., credit, risk, MIS, and human resources), build local and regional ecosystems of technical expertise, and provide structured pathways for handovers to in-house teams. Rather than distributing limited resources through numerous short-term activities, TA providers may need to focus on fewer but deeper engagements designed to leave durable institutional capabilities.

The IDFC Facility and Agri-PDB Platform demonstrate how multi-year, sequenced TA can strengthen internal systems through recurring engagement, peer learning, and advisory continuity. The IDFC Facility, implemented through an initial four-year pilot and designed for iterative expansion, institutionalizes member-to-member learning via regional and global forums, online training, and a mentoring program that pairs staff across institutions. Similarly, the Agri-PDB Platform embeds long-term peer exchange and iterative capacity development. Through multi-year thematic working groups, the platform guides banks from concept to implementation. Its on-demand TA, staff-exchange programs, and country missions ensure continuity beyond one-off trainings, helping participants to institutionalize governance, risk, and monitoring systems. Their models show that when TA extends beyond a single project cycle, it is more likely to embed governance reforms, risk-management tools, and reporting practices within the institution itself. Among the 18 programs we reviewed, only the IDFC Facility and Agri-PDB Platform provide continuous, iterative support. In contrast, programs such as the IDB-ALIDE

Paris Alignment Working Group, although multi-year, remain modular with limited post-TA engagement (Table 4).

Even sustained capacity building requires strong internal sponsorship and leadership to translate into organization-wide practice. Without board-level champions and cross-departmental alignment, institutional reforms risk being siloed within specific teams rather than fully integrated into overall strategy. The BDMG case under the IDB-ALIDE Paris Alignment Working Group illustrates how continuity works in practice: a multi-year sequence linked TA modules—beginning with physical-risk heat-mapping, followed by ESG governance strengthening, and later a biodiversity-risk pilot assessment. Each phase builds on the previous one, enabling cumulative learning and reducing the need to restart with each new project. Building on these experiences, the IDB-led Latin America and the Caribbean Facility for Greening Public Development Banks and the Financial Sector aims to replicate this continuity at scale—linking technical advice, capacity building, and performance-based investment incentives for approximately ten regional PDBs.

Across all regions and models examined, a clear pattern emerges: currently available TA tends to strengthen individual projects rather than institutions. Programs that combine long-term support, peer learning, and structural reform—such as the IDFC Facility and Agri-PDB Platform—illustrate how durable, scalable TA can build institutional capacity across contexts. Given tightening TA budgets, limited resources should focus on enabling banks to internalize core climate processes, creating shared regional technical expertise and peer learning platforms that multiple PDBs can draw from, and sequencing TA so that each phase consolidates previous gains. In this context, continuity of support—whether through modular TA design, local consultant ecosystems, or peer learning—becomes a mechanism for doing "more with less", turning discrete interventions into sustained institutional change.

3.1.3 INCLUSION OF PEER-TO-PEER ENGAGEMENT AND KNOWLEDGE SHARING

Post-support peer learning and knowledge exchange remain undersupplied across most capacity building programs we mapped.

Peer exchanges are pivotal to building durable institutional capacity once formal assistance concludes**.** The longevity of institutional change and capacity building often depends on whether PDBs continue to apply lessons and tools after programs end.

Three types of mechanisms found in reviewed capacity building programs demonstrate how post-support learning currently functions: embedded follow-up within programs, global knowledge platforms, and regional peer networks. The IDFC Facility and Agri-PDB Platform stand out for embedding ongoing mentoring, technical working groups, and peer exchange within participating banks. These models demonstrate that peer learning and continued technical exchange can reinforce behavioral and technical changes within institutions long after support concludes.

Across global and regional platforms, knowledge-sharing initiatives provide frameworks and guidance, but their support typically remains broad rather than tailored to individual PDB needs. While global initiatives such as the Global Capacity Building Coalition (GCBC) serve an important role by widely disseminating principles of best practice, training materials, and technical guidance, a gap remains in terms of knowledge-sharing support specific to PDBs**.** Regional associations, such as ALIDE and AADFI, complement global initiatives with regular

training and member-driven communities of practice. However, these efforts remain constrained by limited resources and scope (FiCS 2024).

Peer exchanges are particularly effective when PDBs learn from others with similar mandates and operational characteristics**.** This operational relevance encourages horizontal learning and informal standard setting, while creating motivation and social proof that fosters higher ambition. For example, the Mainstreaming Climate in Financial Institutions initiative facilitates regular exchanges between banks on climate tools and approaches, contributing to capacity building, and institutional alignment with the Paris Agreement—strengthening ambition and capacity through collaboration.

Experience from Brazil illustrates both the potential and limitations of peer diffusion. In particular, BNDES has provided high-level signaling across the region by modeling implementation of Paris alignment since its initial commitment in 2020, then has further advanced enabling conditions for peers by supporting development of the Brazilian Sustainable Taxonomy from 2023 to 2025. Complimentarily, subnational banks such as the Development Bank of Minas Gerais (BDMG) have emerged as informal reference points for others, sharing lessons on taxonomy development, green tagging, and sustainability frameworks.

However, the uptake of these lessons appears largely informal: we did not find documented mechanisms across the subnational network that translate shared practices into system-wide standards or structured adoption pathways. As a result, diffusion likely depends on voluntary interest and individual champions, which can lead to uneven learning and limited follow-through. The absence of formal coordination is itself an important capacity gap, highlighting the need for PDB systems to pair peer learning with structured channels for embedding practices across institutions.

3.1.4 AVAILABILITY ACROSS REGIONS

Regional availability of capacity building programs on the supply side varies widely due to differences in donor presence, intermediary networks, and existing TA platforms. These provider-side disparities translate into uneven access for PDBs across regions.

Latin America benefits from a dense ecosystem of support: the IDB-ALIDE Sustainable Infrastructure Group and Paris Agreement Alignment Working Group, ALIDE's Capacity Building Program, and CABEI's CCIF—all strengthen financial structuring and sustainable infrastructure capacity through technical advice, knowledge exchange, and training.

In the Asia-Pacific, PDBs are supported by two programs under ADFIAP (the Institute and ADFIAPNET) though these initiatives have a relatively narrow focus on executive training and digital modernization, emphasizing the integration of operational and IT systems rather than organizational reform. Across all programs that we have reviewed, the AADFI Capacity Building Program is the only PDB-specific, regionally anchored capacity building program in Africa, though the relatively nascent African Financial Alliance on Climate Change (AFAC) also provides TA to both public and private financial institutions.

Overall, it appears that the density of capacity building support for PDBs is comparatively greater in Latin America than it is in Asia Pacific or Africa. These regional asymmetries in capacity support are broadly consistent with similar studies (AFD 2025), which have found that NDBs in

Africa and parts of Asia remain comparatively underserved despite rising expectations around Paris alignment.

These provider-side differences interact with recipient-side capacity gaps, reflecting broader variations in market maturity and network depth. Latin America's comparatively mature ecosystem—characterized by sustained MDB partnerships, long-standing donor-funded regional initiatives, and dense peer networks—reinforces institutional learning and diffusion of practices. By contrast, Africa's capacity building landscape remains nascent, shaped by a more limited donor footprint, weaker cross-institutional ties, and fewer regionally anchored, PDB-specific programs. CPI's tracking data and outreach further indicate that many smaller or newer African PDBs remain at preliminary stages of climate integration—often without dedicated climate teams or clear diagnostics of organizational readiness—which makes engagement with complex TA processes more difficult. This uneven baseline affects not only the uptake of capacity building but also the pace at which climate finance methodologies and standards diffuse across regions. The divergence underscores the need to tailor capacity building accessibility, design, and sequencing to different levels of institutional maturity—ensuring that PDBs in less-served regions are not left behind as global expectations around Paris alignment and climate mainstreaming continue to rise.

Peer learning also plays out differently across regions. Latin America benefits from long-standing regional networks—such as ALIDE and the IDB-ALIDE platforms—that have created regular touchpoints for exchange and informal standard-setting, accelerating the diffusion of tools and methodologies. By contrast, Africa has far fewer regionally anchored, PDB-specific platforms, limiting opportunities for horizontal learning and slowing the adoption of climate finance practices. These regional disparities highlight why stronger regional hubs are essential for tailoring support to institutional maturity levels and ensuring that climate finance practices diffuse beyond individual capacity building engagements.

To extend continuity beyond donor missions, regional platforms could pool resources, tailor support to PDB maturity levels, and reduce transaction costs. Regional networks (e.g., ADFIAP, AADFI) could play a larger role by embedding climate topics within existing mandates and leveraging MDB partnerships. BDMG's call for capacity training in green technologies for its commercial and client-facing teams highlights the value of such regional hubs in combining technical training, market intelligence, and peer-learning exchange (BDMG 2024). Local experts can provide follow-up support once donor-funded missions conclude, maintain institutional memory, and adapt tools to evolving national contexts—effectively extending the timeframe of assistance and institutionalizing capacity gains. As underscored in similar studies (FiCS 2024), cultivating regional TA ecosystems can lower transaction costs, improve contextual relevance, and ensure institutional learning continues beyond the lifespan of externally financed programs.

3.2 SYSTEMATIC GAPS AND BARRIERS TO BUILD PDB CAPACITY BUILDING FOR CLIMATE ACTION

3.2.1 GAPS IN TERMS OF SCOPE AND SCALE

Mapping of the current landscape of capacity building support for PDB climate ambition reveals gaps along two dimensions: **1) scope gaps, where the array of currently available**

capacity building support does not align with PDB needs across the climate commitment implementation cycle; and **2) scale gaps, which limit the reach, continuity, and replicability of effective capacity building models.**

Table 5: Scope and Scale Gaps Shaping PDB Access to Capacity Building Support

Gaps	
Scope	**Scale**
• **Commitment setting** – Significant support for scoping and implementation of commitments; much less support for initial commitment design and enhancement. • **Support for core institutional processes** – Few programs strengthen governance, risk, MIS; most TA is tied to products/credit lines. • **Limited PDB-specificity** – Global initiatives (GCBC, Climate Bonds Initiative, etc.) are broad and not tailored to PDBs. • **Regional imbalances** – Strong coverage in Latin America, less availability in Asia-Pacific and Africa. • **Siloed engagement** – Peer-to-peer engagement is underutilized and not systematically linked with donor-driven TA, leaving opportunities for complementarity untapped.	• **Fragmentation** – Many programs are pilots/incubators with limited reach. • **High transaction costs** – Recipients must meet externally defined procurement rules, and often selected through a competitive applications process, sometimes requiring expenditures on external consultants. • **(Dis)continuity** – Most support is short-term; few programs offer embedded advisers (i.e., "resident TA"), mentoring, or ongoing accompaniment. • **Exit & iterative improvement** – Support often ends when one-off projects end; few mechanisms for follow-up coaching or sustained capacity building.

Scope gaps reduce the extent to which capacity programs can strengthen the full institutional system needed to deliver climate commitments. For example, without institution-wide reforms, TA cannot generate durable capacity beyond the life of individual projects.

Scale gaps due to short-term support and high transaction costs limit continuity and cumulative learning, make it difficult for capacity building to reach smaller PDBs, and risk fragmentation and duplication across providers. In particular, relying on short-term support weakens contextual relevance, follow-up support, institutional memory, and the ability to adapt tools to national regulatory environments, a challenge that is particularly acute for smaller PDBs that lack dedicated climate teams and rely heavily on external expertise.

Together, these scope and scale gaps explain why PDBs can often implement climate projects (see Section 4 for detailed analysis of PDB climate finance flows), but far fewer can design, operationalize, monitor, and learn from their climate commitments. Addressing these structural gaps therefore represents a strategic opportunity to strengthen the landscape for capacity building support.

3.2.2 BARRIERS TO ACCESSIBILITY

In addition to the gaps in terms of the scope and scale of existing capacity building programs, access barriers may impede participation from PDBs in the first place.

PDBs, especially NDBs, have repeatedly expressed strong interest in participating in capacity building through TA—with several NDBs in EMDEs explicitly describing TA as equal in (or in some cases greater) importance to direct credit support (AFD 2025). Yet, they also describe capacity provider processes as slow, complex, and consultant-driven, particularly for

accreditation and program design, which drives up costs and delays access at the outset of the TA process. These supply-side frictions compound the underlying structural gaps in the global capacity building support system. High transaction costs, administrative burdens, and limited internal diagnostics disproportionately affect smaller or newer PDBs, reinforcing the uneven ability of institutions to engage with available TA.

From a market perspective, high barriers to entry and transaction costs limit PDBs' ability to access capacity building programs, constraining delivery of support where it is most needed. TA suppliers include donor-funded facilities, multilateral initiatives, and PDB-led peer networks—each engaging recipients in distinct ways. Most donor-led facilities are structured around predefined project pipelines or competitive calls for expressions of interest (FiCS 2024). As a result, participation often depends on being a member of a PDB network or possessing the administrative capacity to navigate donor procurement processes, which may be a barrier to entry for some PDBs. This directly links back to the regional network patterns discussed in Section 3.1.4, where weaker ecosystems reduce both visibility of opportunities and eligibility pathways.

Transaction costs to access capacity building support remain high, even as new coordination mechanisms, such as the FiCS Secretariat's TA Hub, aim to consolidate TA supply, facilitate knowledge transfer, and centralize fundraising. Many PDBs, particularly smaller and subnational institutions, must navigate lengthy and resource-intensive procedures to access support, entry costs that even improved coordination cannot fully eliminate. In some cases, donors recruit TA providers directly, limiting PDBs' ability to select consultants with the most relevant technical expertise or contextual knowledge (FiCS 2024).

Broader discussions highlighted complementary external challenges: fragmented methodologies and limited coordination among TA providers, which increase transaction costs and complicate access to suitable programs. Together, these barriers often preclude the PDBs that are most in need of support from effectively accessing available TA, thereby reinforcing uneven capacity across the ecosystem.

Collectively, these findings underscore that addressing capacity asymmetries will depend as much on developing a functioning TA market—with standardized diagnostics and post-TA engagement—as on new financing.

3.3 OPPORTUNITIES TO BUILD A MORE COMPREHENSIVE CAPACITY BUILDING SYSTEM

Building on the gaps identified in Sections 3.2, there is significant scope to expand capacity building support in ways that better align with PDB needs and strengthen institutional systems rather than isolated projects. Opportunities fall into three areas: (i) improving TA design and continuity, (ii) addressing supply-demand gaps, and (iii) strengthening regional ecosystems that reinforce learning and reduce fragmentation.

3.3.1 STRENGTHENING TA MODELS AND CONTINUITY

The effectiveness of TA is limited by fragmented, short-term interventions that rarely accompany PDBs through multiple phases of institutional change. Addressing these continuity gaps is

essential for helping banks internalize climate processes, reduce reliance on external support, and embed new systems sustainably. Potential solutions include:

Longer-term, sequenced TA models. Multi-year programs—e.g., the IDFC Facility and Agri-PDB Platform—demonstrate how iterative engagement, peer working groups, and advisory continuity support reforms across governance, risk, and MIS. These models contrast with one-off or project-bound TA, which rarely include follow-up after initial delivery and therefore struggle to produce lasting institutional change. Moreover, to foster stronger domestic enabling environments and ensure capacity building gains are retained over time, multi-year TA should also include continuous dialogue with governments, ministries of finance and central banks.

Resident or embedded advisory support. Many PDBs, particularly smaller and subnational institutions, have reported benefits from resident or in-house TA models, including staff secondments, that allow for mentoring, coaching, and iterative problem-solving (FiCS 2024).

Integrating digital and peer-learning tools into long-term designs. Digital platforms and peer-learning networks (e.g., ADFIAPNET, Agri-PDB communities of practice) can amplify reach at low cost, but are most effective when integrated into longer-term TA frameworks. Used alone, they provide knowledge but not institutionalization; when embedded within multi-year designs, they reinforce both continuity and contextual relevance.

Crucially, leadership from high-ambition PDBs and DFI networks, along with coordination mechanisms such as FiCS and the IDFC, can help to scale effective models across the ecosystem**.** Strengthening the TA market will require not only new funding but also shared standards, predictable coordination mechanisms, and a pipeline of qualified local advisers.

3.3.2 ADDRESSING SUPPLY-DEMAND GAPS

Many smaller PDBs lack the resources or technical frameworks to diagnose their institutional needs, making it difficult to define and sequence appropriate capacity building interventions. While larger and more technically advanced PDBs often undertake self-assessments or Paris alignment diagnostics with donor support, smaller PDBs operate without a clear picture of their internal gaps in governance, risk management, or climate strategy implementation (FiCS 2024). Similarly, divergences have been observed between MDB and NDB priorities on KPIs and climate policies (AFD 2025), underscoring that, in the absence of shared diagnostic approaches, supply and demand for capacity building support are often misaligned.

This can be addressed through the following measures:

Develop standardized diagnostic tools. Developing accessible readiness assessments or maturity matrices tailored to PDBs would help banks identify gaps in governance, risk management, strategy, and climate operations. These tools can: i) align TA supply with institutional maturity, ii) reduce dependence on external consultants, iii) streamline PDB-to-PDB on-lending arrangements, and iv) enhance comparability and reduce repeated due diligence. Such tools would also support more consistent alignment with Paris-related frameworks across lending chains (I4CE 2025) and reduce informational asymmetries that have often impeded MDB-NDB collaboration (AFD 2025).

Leverage coordination between FiCS and GCBC to match TA demand and supply. The FiCS TA Hub could evolve into a more proactive market-facing function—helping PDBs translate diagnostic results into curated matches with relevant programs implemented by GCBC members,

simplifying access pathways, and reducing transaction costs associated with navigating multiple providers. Such a role would help ensure TA is sequenced effectively, reduces duplication, and better supports PDBs at varying levels of capacity development.

3.3.3 BUILDING REGIONAL TA ECOSYSTEMS

Disparities in terms of availability of capacity building support across regions could leave some PDBs without robust support as they navigate climate mainstreaming, potentially leading to stalled progress or backsliding. On the other hand, filling these gaps can lead to strengthened local partnerships and harmonization of strategic priorities amongst institutions operating in overlapping jurisdictions. Initial steps towards regional integration of capacity building networks include:

Cultivate regional TA ecosystems. Structured accreditation and training programs—coordinated by FiCS, ALIDE, AADFI, or similar platforms—could grow the availability of local advisers capable of supporting diagnostics, TA delivery, and follow-up mentoring. As discussed in Section 3.1.4., regional pools lower costs, enhance contextual and regulatory relevance, sustain learning beyond donor missions, and reduce fragmentation in consultant markets. In essence, local TA providers may be better positioned than international counterparts to respond to the highly context-specific needs of smaller, domestic-focused PDBs that, to-date, have generally made less progress on climate mainstreaming.

Reinforce regional peer-learning platforms. Regional networks (e.g., ALIDE, AADFI) can tailor TA to local regulatory, cultural, and market contexts while achieving scale across multiple institutions. Strengthening these hubs through predictable funding, multi-bank working groups, and cross-institutional mentoring can extend continuity and improve absorptive capacity.

Coordinate networks and shared standards. Initiatives such as the IDB–ALIDE Paris Alignment Working Group illustrate how structured regional collaboration can support methodological convergence and reduce transaction costs. Similar models could be replicated in other regions, supported by:

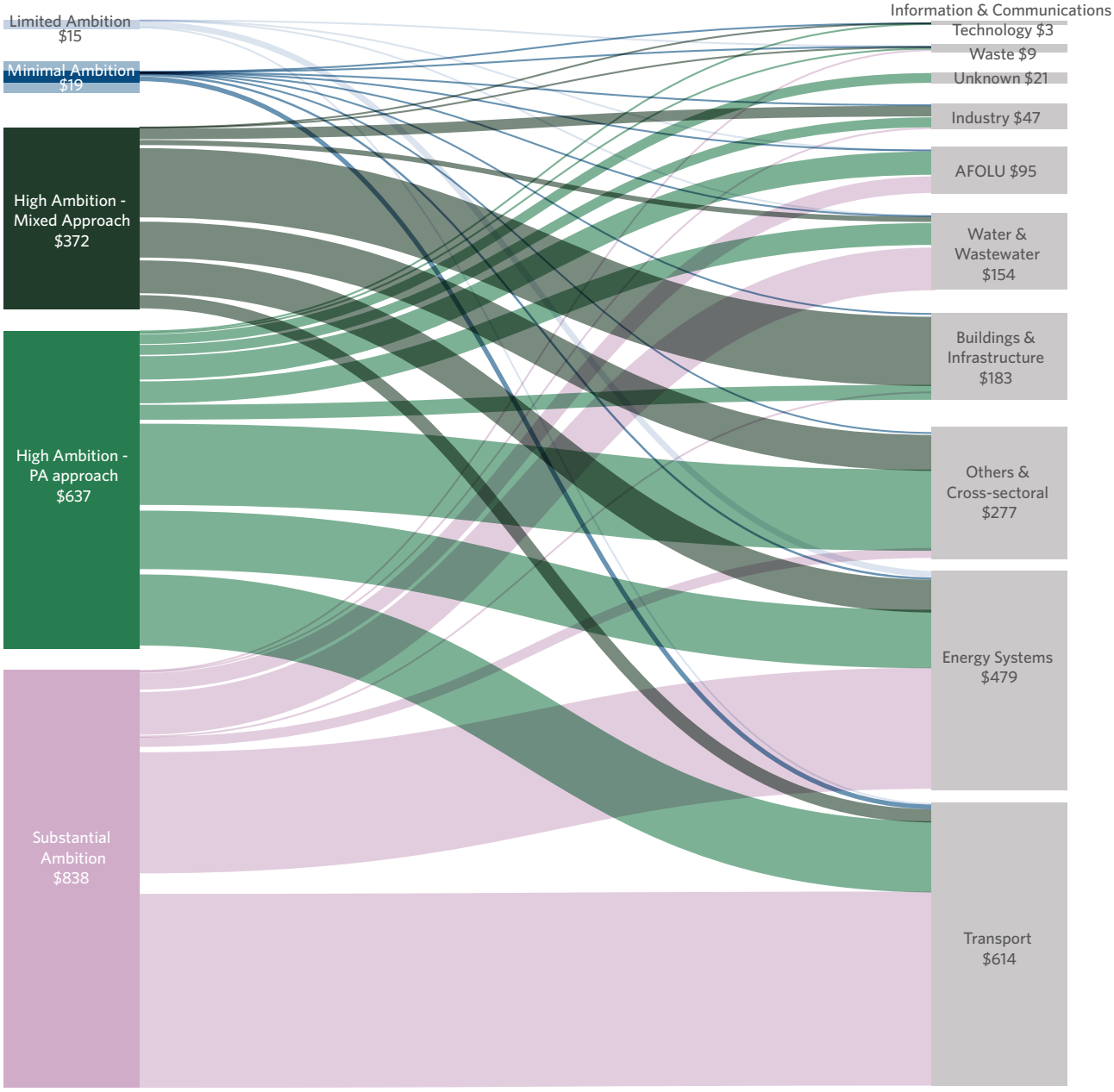
- Leadership and ownership from within the network — at least a core group of active, motivated banks;
- Dedicated financial resources to support convening, staffing, and content development;
- Diversity of experience levels among members to sustain meaningful peer learning.

By combining standardized diagnostics, regional consultant ecosystems, and coordinated networks, TA providers and PDBs can reduce transaction costs, improve absorptive capacity, and build institutional capabilities that endure beyond individual projects.

4. PDB CLIMATE COMMITMENTS AND CLIMATE FINANCE FLOWS

Despite having a smaller collective balance sheet, PDBs with announced Paris alignment commitments continue to deliver far more robust climate finance flows than less ambitious institutions.[14]

Figure 4: Cumulative PDB climate finance flows by climate ambition cluster and sector (2017-23)



Note: Climate finance flows are sourced from the Global Landscape of Climate Finance (2025) tracking data, with flows matched to 95 of 170 tracked PDBs. All values expressed in 2023 USD.

14 Comprised of investments directed towards activities that mitigate greenhouse gas emissions ("mitigation"), reduce vulnerability to climate change impacts ("adaptation"), or both ("dual benefits").

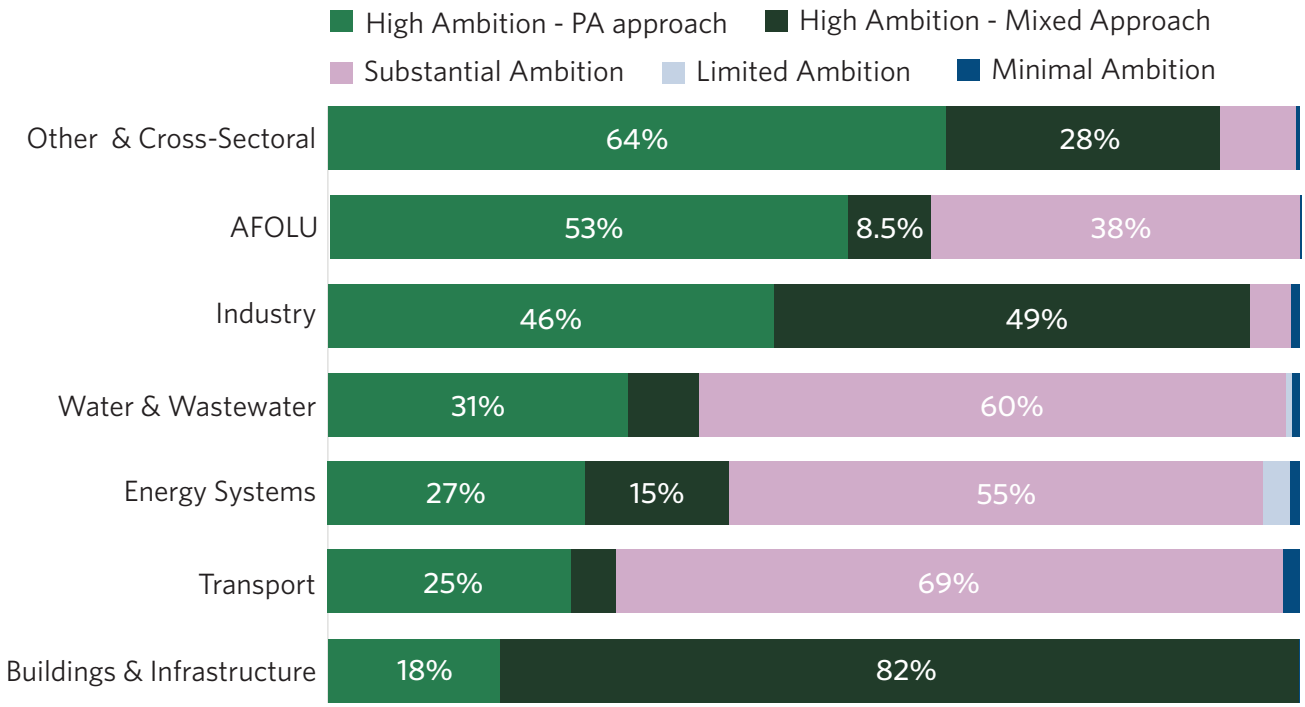
Over the period 2017-23, cumulative tracked climate finance deployed by high and substantial ambition PDBs (78 institutions in total) amounts to USD 1.8 trillion, orders of magnitude larger than the USD 33.6 billion provided by minimal and limited ambition PDBs, despite the fact that the collective assets held by the former group (USD 9.3 trillion) over the same period are meaningfully less than those held by the latter (USD 12.6 trillion).

This gaping disparity is not solely a function of climate ambition, as PDBs that have demonstrated limited and minimal climate ambition are often faced with more challenging policy and investment contexts, which not only hinder climate finance but also inhibit the establishment of climate ambition in the first place (CPI 2024a). However, over the medium to long term, PDBs can take steps to advance policy and investment contexts that better support climate finance, leveraging their balance sheets to fill market gaps as commercial investment in low-carbon, climate-resilient activities gains momentum while also steering regulation to support accelerated capital deployment (FiCS 2025).

To some extent, this "market building" role can be observed from the flow of PDB investment across different climate-relevant sectors. Where PDBs have expanded their climate financing activities to cover a wider range of sectors, they are laying the groundwork for a more holistic shift toward low-emissions climate-resilient development within their target markets, which in turn produces new climate financing opportunities for PDBs (as well as commercial actors) as sectoral transformations accelerate.

Higher levels of tracked climate ambition among PDBs not only correlate with larger overall volumes of climate finance but also with investment flows that reach a broader array of climate-relevant sectors.

Figure 5: Share of cumulative climate finance flows (USD billion) provided by PDB ambition clusters, across sectors (2017-23)



Note: Climate finance flows are sourced from the Global Landscape of Climate Finance (2025) tracking data, with flows matched to 95 of 170 tracked PDBs. All values expressed in 2023 USD.

Between 2017 and 2023, across every climate-relevant sector, the vast majority of tracked PDB climate finance has been provided by institutions with high and substantial ambition. Most strikingly, within the buildings and infrastructure sector, 99.9% of all tracked PDB climate finance has been delivered by institutions with high-ambition climate commitments, including four-fifths by banks with a mixed approach. In the energy systems sector, where limited and minimal ambition PDBs have made the largest proportional contribution to tracked PDB climate finance compared to all other sectors, their combined investment figure still only amounts to 3.8% of all PDB flows.

Speculatively, there is a risk that the extreme concentration of climate financing activities among high/substantial ambition PDBs contributes to a fragmented and delayed global transition towards low emissions climate resilient development. Although it is foreseeable that the climate financing capabilities of high and substantial ambition PDBs could expand incrementally as they build a record across hard-to-finance sectors such as AFOLU and deepen their connections to local capital markets, ultimately, the resources of these institutions will reach an upper limit. As a result, the "market-building" effects on climate-relevant sectors delivered elsewhere through high and substantial ambition PDB financing may not materialize within the markets primarily served by limited and minimal ambition PDBs, causing transition in these markets to be slow and confined to a narrower set of sectors.

As such, it becomes imperative that PDBs that have only demonstrated limited and minimal climate ambition to date are supported in mainstreaming climate considerations within their operations through the adoption of climate commitments, targeted capacity building support, and other enabling mechanisms. Drawing in participation from these banks, which could potentially add trillions of dollars in additional financing capacity to PDB climate action, is a critical component to meeting recent calls for coordinated and coherent scaling up of PDB efforts to mobilize climate finance.

5. CONCLUSIONS AND RECOMMENDATIONS

PDBs, through their individual financing interventions and collective steering of commercial and regulatory actors, are a critical component of the transition to low-emissions climate-resilient development, particularly in EMDEs. To accelerate this transition at the pace necessary to keep Paris Agreement objectives within reach, PDBs will need to scale up their efforts in a coordinated and coherent manner that maximizes the impact of their unique institutional capabilities in mobilizing climate finance at scale.

However, the analysis conveyed in this report shows that, collectively, the climate ambition of PDBs remains uneven. Raising PDB climate ambition to a level that motivates more substantial action will likely require a more robust capacity building system that can equip PDBs with the necessary tools and knowledge to implement climate commitments. Yet, capacity building should also be viewed as only one component within the broader constellation of both internal and external enabling conditions needed to accelerate PDB climate action—going forward, PDB capacity building will need to be coordinated with shareholder governments' clarification of PDBs' institutional mandate within country climate finance platforms, planning and regulation of sectoral transitions, and broader initiatives to integrate climate into financial systems writ large, among other complementary actions.

In the following conclusions and recommendations, we address these issues in detail and aim to chart a course that can kickstart the next decade of PDB climate action.

Conclusion 1: While PDBs have made significant progress on climate commitments over the past decade, collective ambition must accelerate to deliver low-emissions, climate-resilient global development.

Each year, more PDBs commit to aligning their operations with the Paris Agreement, while also establishing complementary targets and integration actions (e.g., climate investment goals, counterparty engagement guidelines, etc.). However, across the entire PDB ecosystem, there remain large disparities in terms of commitment uptake, with institutions that have previously established high and substantial levels of climate ambition continuing to push toward higher goals. Conversely, less ambitious institutions are only slowly converging toward stronger climate commitments. If PDBs are going to collectively increase the scale of their efforts to mobilize climate finance through coordinated and coherent actions, the convergence toward greater climate ambition must rapidly accelerate.

Recommendations	Timeframe	Feasibility	Key Actors
1a. The international financial architecture (IFA) reform agenda should acknowledge climate mainstreaming among smaller, domestic-focused PDBs that currently exhibit limited or minimal ambition as a requisite step towards scaling up climate finance globally.	Near-term	Requires that institutions leading IFA reform discussions spotlight the strategic benefits of involving less ambitious PDBs and take proactive measures to bring these institutions into conversations.	All PDBs, as well as multi-institutional networks (e.g., FiCS, IDFC, regional coalitions) that participate in international financial architecture reform discussions.
1b. Both countries' climate finance platforms and overarching policy frameworks (i.e., NDCs) should provide a roadmap for integrating regional, national, and subnational development banks, issuing these institutions a clear climate action mandate while also providing the necessary tools and capacity to execute their respective roles.	Medium- to long-term	Requires active coordination between PDBs and government planning entities that are responsible for designing and executing climate policy frameworks.	National ministries and agencies responsible for convening country climate finance platforms and coordinating regional climate policy.

Conclusion 2: Capacity building initiatives supporting PDBs' climate mainstreaming efforts are fragmented, unevenly distributed, and focused on products or initiatives rather than strengthening core institutional systems.

Most programs concentrate on implementation and reporting, but far fewer help PDBs set and track climate commitments or translate climate goals into measurable, bank-wide KPIs. Without this foundation, many PDBs—especially smaller and less mature institutions—lack the structural capacity, continuity of support, and tailored resources required to deliver on ambitious climate commitments. Evidence suggests that multi-year programs, peer-to-peer platforms, and flexible, untied TA components—particularly on-demand support aligned with self-identified institutional gaps—offer more durable pathways for building long-term capacity.

Recommendations	Timeframe	Feasibility	Key Actors
2a. TA providers should offer dedicated support for climate target-setting, institutional diagnostics, and KPI design, so that PDBs can translate high-level climate goals into clear, measurable Paris-aligned objectives. This upstream capacity building ensures that later implementation is grounded in clear, measurable objectives.	Near-term	Requires additional investment in TA program design, but can leverage existing actors (FiCS Secretariat, MDBs, bilateral donors). Paris alignment frameworks provide a strong entry point.	International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.
2b. Scale multi-year, sequenced capacity building models that evolve with banks' maturity by shifting away from one-off interventions and toward structured follow-up after TA delivery. These longer-term models build institutional memory, reduce transaction costs, and support the development of local ecosystems of expertise.	Medium-term	Achievable by adapting and scaling existing models (Agri-PDB peer learning, IDFC mentoring). Requires more flexible donor funding and longer-term commitments, but pilots already exist.	International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.

Conclusion 3: The vast majority of tracked PDB climate finance is provided by a narrow group of ambitious PDBs that are presently less ambitious, but hold greater assets in aggregate, must be brought into PDB climate finance efforts to achieve global goals of scaling up.

From 2017 to 2023, across all climate-relevant sectors, tracked cumulative climate finance by high and substantial ambition PDBs is orders of magnitude larger than climate finance originated by limited and minimal ambition banks. Currently, the latter group, which holds a combined USD 12.6 billion in assets, is effectively uninvolved in PDB efforts to mobilize investment toward low-emissions climate-resilient development pathways. As such, integration of limited and minimal ambition PDBs into the broader climate financing activities taking place across the PDB ecosystem has the potential to unlock substantial volumes of investment and accelerate transition in markets that have yet to be reached by high and substantial ambition PDBs.

Recommendations	Timeframe	Feasibility	Key Actors
3a. High-ambition PDBs should look to pilot and scale strategic capitalization mechanisms such as on-lending and credit enhancement products, paired with complementary TA, to "crowd in" less ambitious PDBs into climate finance projects and programs. As traction builds with less ambitious PDBs, these interventions will ultimately advance high ambition PDBs' domestic mobilization objectives by building a pipeline of local financial intermediaries and co-investors.	Near-term	Requires the dedication of additional coordination resources on the part of high-ambition PDBs and reciprocal buy-in from low-ambition PDBs.	Both high- and low-ambition PDBs, with scope for support from third-party TA providers.
3b. TA programs supporting PDBs in developing new climate finance instruments and products should consider how program design and eligibility can be tailored to encourage "first-time" participation from PDBs that have minimal previous track records in climate finance.	Near-term	Will likely require broader outreach from TA providers and potentially expanded TA resources, given that "first-time" PDBs will face a steeper learning curve.	International TA providers, including MDBs and bilateral DFIs, with coordination from the FiCS Secretariat and regional PDB associations.

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***Sources referenced for review of PDB capacity building programs (see Section 3)**

7. ANNEX

7.1 PDB TRACKING SAMPLE

Table A1: 2025 Tracked PDBs by Country Income Level

Tracking sample (2025)	
Total # of Institutions (% of sample)	**170**
High-income country	57 (33.5%)
Upper middle-income country	48 (28.2%)
Lower middle-income country	30 (17.6%)
Low-income country	1 (0.6%)
Transnational	34 (20.0%)

In total, there are 170 PDBs in the 2025 tracking sample, covering the same set of institutions as tracked in the 2024 report. The tracking sample was constructed by selecting the 120 largest PDBs by assets (located in any geography) per the Finance in Common PDBs database,[15] then adding the next 50 largest PDBs by assets operating in non-high-income countries.

Tracked PDBs collectively hold assets of USD 21.9 trillion, representing roughly 98% of global PDB assets.

7.1.1 PDBS' INSTITUTIONAL INFORMATION TABLE

This data table captures information relevant to PDBs' individual, institutional characteristics, and operating context (i.e., enabling factors). The primary source of information is the Finance in Common PDBs database, which is used to construct the sample of 170 tracked PDBs and contains descriptive fields for each tracked institution. Additional data on enabling factors is collected from a variety of external sources to provide a comprehensive picture of each PDB's operating context.

The table is structured in an institution-year format, meaning that each observation corresponds to an individual tracked PDB in each year from 2015 to 2025. In total, the PDB institutional information table contains 1,870 rows: 170 institutions over 11 years. See Table A2 below for a summary of data fields utilized for analysis or secondary data collection.

15 The tracking sample was derived based on asset figures as of the Q2 2024 version of the FiCS PDBs database. The sample has since been held constant to maintain analytical continuity.

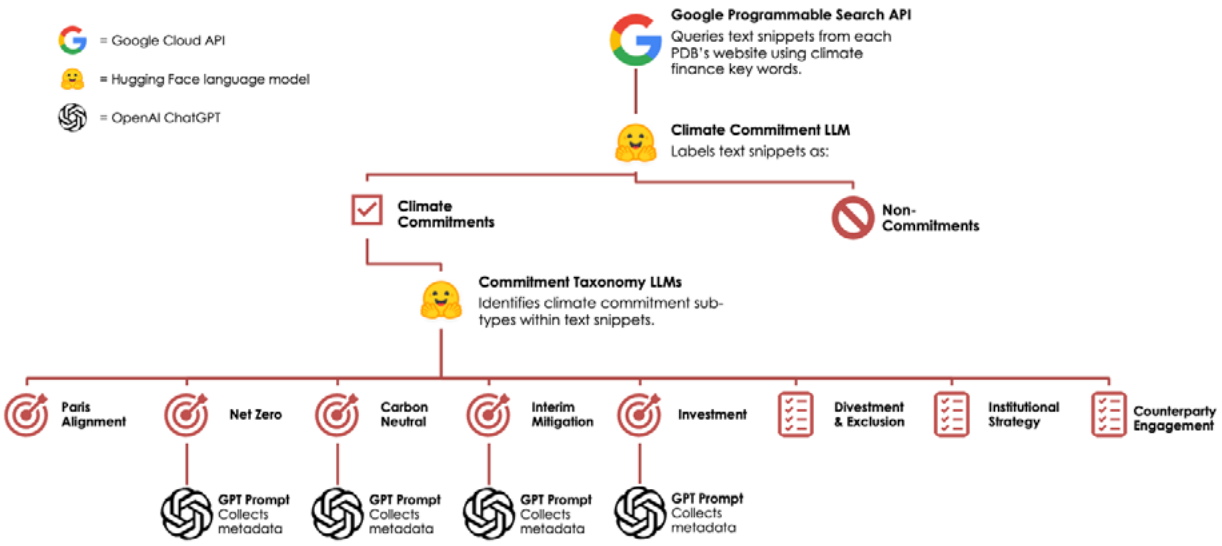
Table A2: PDB institutional information table data fields

Field	Description	Values (years; data type)	Source
PDB ID	7-digit ID code that uniquely identifies PDBs.	Text length 7 (all; str)	FiCS
PDB name	The English language name of the PDB.	Text length variable (all; str)	FiCS
Original name	The original language name of the PDB.	Text length variable (all; str)	FiCS
Acronym	Acronym corresponding to the PDB name (or original name).	Text length variable (all; str)	FiCS
PDB URL	Website URL for the PDB.	Text length variable (all; str)	FiCS
Ownership	PDB ownership structure is either multilateral, national, or subnational.	Text length variable (all; str)	FiCS
Country	The ISO-3 code corresponds to the country in which the PDB is based.	Text length 3 (all; str)	FiCS
Income group	The income group of the country in which the PDB is based.	HIC, UMIC, LMIC, LIC (all; str)	FiCS
Year	The year in which information was collected.	2015-2025 (all; int)	--
Assets	The total value of assets held by each PDB (USDm).	200-4,000,000 (2018-2025; float)	FiCS
NDC enhancement date	Year in which the host country enhanced its NDC submission.	2020-2023 (all; int)	ClimateWatch
Enhanced NDC	Host country has enhanced its NDC submission.	True/False (all; bool)	ClimateWatch
NZ announced	Year in which the host country announced a net zero emissions goal.	2019-2022 (all; int)	ClimateWatch
NZ year	Target year for host country to achieve its net zero emissions goal.	Text length variable (all; str)	ClimateWatch
National NZ	Host country has announced net zero emissions goal.	True/False (all; bool)	ClimateWatch
Emissions intensity	Ratio of PDB host country GHG emissions (tCO2e) to thousand dollars of GDP output.	0.03-6.44 (2015-2023; float)	ClimateWatch
Vulnerability	Measure of the physical climate risk facing a PDB host country.	0.26-0.55 (2015-2023; float)	ND-GAIN
V20	Indicates the host country is a V20 member.	True/False (all; bool)	V20

Field	Description	Values (years; data type)	Source
Debt-to-GDP	Ratio of PDB host country sovereign debt to total GDP.	6.72-261.29 (2015-2023; float)	IMF
ClimateScope index	Measures climate investment opportunity in PDB host country.	0-5 (2015-2023; float)	BNEF
VCPE	Index of the attractiveness of the PDB host country to VC/PE investors.	17.1-100 (2017-2023)	IESE
PDB technical network	PDB engages with "technical" multi-institutional network.	True/False (all; bool)	FiCS
PDB regional network	PDB engages with "regional" multi-institutional network.	True/False (all; bool)	FiCS

7.2 IDENTIFYING PDBS' CLIMATE COMMITMENTS

Figure A1: AI/ML-enabled data collection pipeline for tracking PDBs' climate commitments



A series of AI/ML tools are utilized to locate PDB climate commitments and transform corresponding text inputs into a structured dataset for analysis. This process is described in general terms in the subsequent subsections, but code snippets and a detailed technical summary can be found in a separate methodology blog.

7.2.1 KEYWORD-BASED WEB SCRAPING OF PDB WEBSITES

Identification of PDBs' climate commitments starts by feeding the list of keywords captured in Table A3 below into the Google Programmable Search API, which is then used to query relevant search results from tracked PDBs' websites.

For each set of keywords, the API returns the ten most relevant search results from the period 2015 to 2025, providing a URL, the web page title, and a text snippet from the PDB website. This process yields more than 5,000 search results. However, only some of the results actually contain references to PDBs' climate commitments. In addition to PDBs' own climate commitments, search results may also capture climate commitments made by other entities or descriptions of PDBs' projects that include language spuriously related to climate commitments.

Table A3: List of keywords used to collect PDBs' commitments data

Commitment	Keywords
Paris alignment	(announce | commit | pledge | target | aim) AND (align | aligning | alignment) AND Paris AND (agreement | "climate agreement" | accords | goals)
Mitigation targets	(announce | commit | pledge | target | aim | achieve | align) AND ("net zero" | net zero | ((climate OR carbon) AND (neutral | neutrality)))
Mitigation targets	(announce | commit | pledge | target | aim | achieve) AND (reduce | reduction | cut | slash | decrease | peak) AND (emissions | carbon | GHG)
Climate investment goals	(announce | commit | pledge | dedicate | establish | aim) AND (green | climate | renewable | "low carbon" | "clean energy" | waste | sustainable | SDG | ESG | adaptation) AND (finance | invest | fund | financing) AND (goal | target | objective)
Climate investment goals	(announce | commit | pledge | dedicate | establish | aim) AND (finance | invest | fund) AND (protection | preservation | restoration | conservation) AND (biodiversity | forest | pollution | water)
Divestment or exclusion	(divest | stop | end | exclude | reduce | "phase out" | "phase down" | quit | divest | ""cut off"") AND (fossil fuels | coal | oil | gas | methane | unabated | deforestation)
Integration actions	climate AND (action | transition) AND (management | strategy | plan | framework | "capacity building" | engagement | disclosure | department | product | offering)
Integration actions	(announce | adopt | set | establish | apply | implement) AND carbon AND (price | tariff | credit)
Integration actions	(assess | report | evaluate | monitor | disclose | integrate | manage | screen) AND climate AND (risk | vulnerability)

7.2.2 LLM TEXT CLASSIFICATION OF CLIMATE COMMITMENTS

After search results are collected, they are processed by a large language model (LLM) text classifier that labels the search results as either containing a reference to a climate commitment or not containing a reference to a climate commitment. This model was re-trained from the ClimateBERT model for climate commitments and actions using data from previous tracking of climate commitments (2022-24) made by PDBs and private financial institutions, then fine-tuned with a manually labeled training set from 2025 search results.

The LLM is trained to infer whether the text snippet corresponding to each search result mentions a climate commitment or not, following a natural language processing (NLP) procedure described in Box A1 below.

Box A1. Climate commitment labeling via LLM

For example, a text snippet collected from the British International Investment website reads as:

"British International Investment accelerates climate finance... Alongside increasing its delivery of climate finance, BII is committed to Paris alignment and is developing a strategy for reaching net zero at a portfolio..."

The LLM will convert this string of text into a set of indexed tokens (i.e., text features):

['British', 'International', 'Investment', 'accelerates', 'climate', 'finance', 'Alongside', 'increasing', 'its', 'delivery', 'of', 'climate', 'finance', 'BII', 'is', 'committed', 'to', 'Paris', 'alignment', 'and', 'is', 'developing', 'a', 'strategy', 'for', 'reaching', 'net', 'zero', 'at', 'a', 'portfolio']

Based on the composition and positioning of tokens (e.g., 'Paris' appears next to 'alignment'), the model predictively labels the text snippet as a commitment, with a likelihood score of 99.6%. Overall, the testing accuracy of the trained model is 90.23%.

Subsequently, the text snippet is fed through a secondary series of text classifier LLMs, which further label the text snippet where it contains a reference to any of the subtypes of climate commitments below:

- Paris alignment
- Mitigation targets
  - Net zero target
  - Carbon neutrality target
  - Interim mitigation targets
- Climate investment goals
- Institutional climate strategy
- Counterparty engagement policy
- Exclusion and divestment policy

Similar to the initial commitment text classifier LLM, these secondary LLMs are trained using manually validated data from 2022 to 2024 tracking cycles.

7.2.3 EXTRACTING CLIMATE COMMITMENT METADATA

CPI incorporates OpenAI's ChatGPT and term frequency–inverse document frequency (TF-IDF) indices to facilitate the extraction of metadata for each PDB climate commitment. ChatGPT is trained on large sets of text data, enabling it to understand complex text input and elicit responses to multi-step inquiries. For this reason, CPI leverages ChatGPT to automate the data extraction process to mitigate need for manual processing and reduce human error.

To minimize operational costs, CPI incorporates a TF-IDF vectorizer, which quantifies the "importance" of specific terms within a document. In particular, TF-IDF is leveraged to identify text snippets that are most likely to contain an extractable metadata field, which are then collected into targeted subsets. This allows only the most relevant commitment text snippets to be passed to ChatGPT for a specific extraction task.

To validate ChatGPT's extraction of metadata fields, CPI incorporates a schema defined in YAML—a human-readable data format to denote data structure. CPI integrates this schema with programmatic tools to ensure data values extracted by ChatGPT are within expected ranges (e.g., commitment target years are after 2015). Deviations from expected values are then corrected to ensure data quality.

7.2.4 PDBS' CLIMATE COMMITMENTS TABLE

This table is structured around text snippets, each containing a reference to announced climate commitments made by PDBs. Text snippets are scraped from PDB websites, then classified and converted into a structured data table through the process described in Annexes 7.2.1 to 7.2.3 above. In total, this table contains 2,038 unique text snippets that capture PDB climate commitments spanning 2015 to 2025, including commitments that were previously collected during the 2022 to 2024 tracking.

Table A4: PDB commitments table data fields

Data Field	Description	Values (Data Type)
Commitment ID	Unique commitment identifier created from parsing the first eight digits of the text snippet hashed with SHA256.	Text length 8 (str)
Text snippet	Brief text snippet scraped from PDB websites, containing language referring to one or more climate commitments.	Text length variable (str)
Commitment URL	URL corresponding to the web page from which the text snippet was scraped.	Text length variable (str)
PDB name	The English language name of the PDB.	Text length variable (str)
Commitment date	The year in which the commitment was announced.	2015-2024 (int)
PDB ID	7-digit ID code that uniquely identifies PDBs.	Text length 7 (str)
Label	The label assigned to the text snippet after LLM classification.	"commitment" (str)
Prediction score	The probability estimates of the LLM classification model that correspond to the predicted label.	0-1 (float)
Paris alignment	Indicator for if the text snippet references a Paris alignment commitment.	True/False (bool)

Data Field	Description	Values (Data Type)
Net zero	Indicator for if the text snippet references a Net Zero portfolio commitment.	True/False (bool)
Carbon neutral	Indicator for if the text snippet references a carbon-neutral portfolio commitment.	True/False (bool)
Interim target	Indicator for if the text snippet references an interim financed emissions-reduction commitment.	True/False (bool)
Mitigation target	Indicator for if the PDB has adopted any of net zero, carbon neutral, or interim targets.	True/False (bool)
Climate investment goal	Indicator for if the text snippet references an investment and sustainability goal.	True/False (bool)
Divestment or exclusion policy	Indicator for if the text snippet references a fossil fuel divestment or exclusion policy.	True/False (bool)
Institutional strategy	Indicator for if the text snippet references an institutional climate strategy.	True/False (bool)
Counterparty engagement	Indicator for if the text snippet references a counterparty engagement policy.	True/False (bool)
Net zero target	Target year for achieving net zero emissions.	2025-2070 (int)
Carbon neutral target	Target year for achieving carbon neutrality.	2015-2060 (int)
Carbon reduction	Quantity of CO_2 emissions targeted for reduction in units of tCO2e.	8-1,000,000,000 (float)
Carbon percent	Percent of CO_2 emissions targeted for reduction.	15-60 (float)
GHG reduction	Quantity of GHG emissions targeted for reduction in units of tCO2e.	8-1500 (float)
GHG percent	Percent of GHG emissions targeted for reduction.	14-80 (float)
Investment amount	Monetary amount of investment targeted.	1,000,000-6,500,000,000,000 (float)
Currency	Unit of currency used to denominate investment targets.	Three-letter code (string)
Finance target percent	Percent of finance specified (either as an increase or share of total) in investment targets.	15-300 (float)

7.3 CLUSTERING PDBS BY CLIMATE AMBITION

Climate ambition "clusters" of PDBs reflect sub-groups of institutions that have adopted similar sets of climate commitments to date, reflecting mutually consistent approaches to climate ambition thus far.

The methodology for identifying PDB climate ambition clusters utilizes machine learning, specifically K-means clustering, to group PDBs based on the similarity of their climate commitments to those of other institutions. K-means clustering partitions a dataset so that each observation is grouped around a "centroid" or an artificial data point at the center of each cluster whose features (i.e., climate commitments) reflect the median or average of its surrounding observations. Clusters are then iteratively re-assigned until the algorithm returns groupings of observations (i.e., PDBs) that maximize within-cluster similarity among "k" number of clusters.

PDBs are clustered into five groupings (i.e., k = 5) based on climate ambition—this parameter is selected using "elbow" and "silhouette" methods, which select a "k" value such that increasing the number of clusters would not significantly improve within-cluster similarity. The final five clusters are associated with a silhouette score of roughly 0.5, indicating that the clusters are reasonably optimized for internal similarity,[16] but could potentially be improved with additional features or synthetic methods such as principal components analysis. However, these adjustments would lead to a loss of interpretability, so they are not incorporated into the methodology.

As shown in Table A5 below, the resulting clusters of PDBs are indeed quite similar in terms of their announced climate commitments.

7.3.1 CLIMATE COMMITMENTS ACROSS PDB CLIMATE AMBITION CLUSTERS

Table A5: Distribution of climate commitment adoption by climate ambition clusters (as of 2025).

PDB cluster	Share of institutions committed (%)						
	Paris alignment	Net zero / carbon neutrality	Interim mitigation target	Climate investment goals	Divestment or exclusion policy	Institutional climate strategy	Counterparty engagement guidelines
High ambition (Paris alignment approach) 23 institutions; USD 2.4 trillion in assets.	100%	30%	48%	96%	96%	100%	96%
High ambition (mixed approach) 29 institutions; USD 4.0 trillion in assets.	93%	100%	76%	52%	31%	100%	93%
Substantial ambition 26 institutions; USD 2.9 trillion in assets.	100%	12%	12%	27%	0%	92%	38%

16 Silhouette scores are a measure of internal similarity, ranging from -1 to 1, where a score of 1 indicates perfect similarity across features in each cluster and a score of -1 indicates complete dissimilarity.

PDB cluster	Share of institutions committed (%)						
	Paris alignment	Net zero / carbon neutrality	Interim mitigation target	Climate investment goals	Divestment or exclusion policy	Institutional climate strategy	Counterparty engagement guidelines
Limited ambition 36 institutions; USD 9.9 trillion in assets.	0%	17%	17%	17%	6%	100%	19%
Minimal ambition 56 institutions; USD 2.7 trillion in assets.	2%	4%	7%	0%	2%	0%	2%

7.4 APPROACH TO MAPPING PDB CAPACITY BUILDING PROGRAMS

To better understand how current capacity building programs support PDBs as they adopt and implement climate commitments, we conducted a structured review of 18 major programs that provide services to PDBs.

Our mapping draws on publicly available program materials—including webpages, factsheets, and technical cooperation documents published by MDBs, DFIs, and PDB networks—as well as inputs from targeted interviews. Programs were selected based on:

- An explicit focus on institutional or operational climate capacity for PDBs or financial intermediaries;
- Relevance to at least one implementation stage of the climate commitment cycle outlined in Section 3.2; and
- Sufficient documentation to determine program scope, activities, and intended beneficiaries.

The resulting sample, primarily drawn from the FiCS Technical Assistance Catalogue with a climate-specific focus, illustrates the current landscape of PDB-focused capacity building TA, though it does not represent an exhaustive global inventory. Programs were analyzed across several broad dimensions:

- Stage coverage: The extent to which programs address the full lifecycle of PDB climate commitment implementation (as defined in Table 3, Section 3).
- Duration and continuity: Whether support is one-off, multi-year, or sequenced across institutional processes.
- Modality: Technical training, embedded support, peer exchange, on-demand TA, or hybrid approaches.
- Regional and sectoral distribution: Geographic reach and thematic scope. Broader inputs informing this mapping included desk research, literature review, and interviews with peer organizations that convene TA (e.g., E3G, I4CE) as well as PDBs that have received TA (e.g., BDMG).

Table 4 in Section 3 highlights six representative programs. The full list of 18 programs—including coding criteria and detailed descriptions—is provided below in Annex 7.4.1.

7.4.1 REVIEWED CAPACITY BUILDING PROGRAMS

Institution	Program	Key features	Implementation Stages	Geography	Sector(s)
IDFC	**IDFC Facility**	Equips PDBs to align with Paris goals across the full project cycle.	1,2,3,4	Global	Multiple, Climate-Specific
IFAD	**Agri-PDB Platform**	Links peer learning with portfolio-level climate impact tools. Strengthens strategy, governance, and climate alignment while providing tools for ESG integration and portfolio impact assessment.	1,2,3,4	Global	Multiple, Including Non-Climate
AFD	**Climate Finance Facility for Banks, Impact Bonds Facility, Tailor-made TA Facility**	These loan-linked facilities embed governance, integration tools, risk management, and strategy shifts.	1,2,3,4	Global	Multiple, Climate-Specific
IDB Group	**Greening National and Subnational Development Banks Toward Paris Alignment**	Institutional and operational diagnostics for baselines; tools, methodologies, and platforms to classify and integrate climate-related activities into operations; support for transition plans that embed Paris alignment into business practices, strategies, and credit processes.	1,2,3	Latin America & Caribbean	Multiple, Climate-Specific
AADFI	**Capacity Building Program**	Broad institutional capacity program for African PDBs.	1,2,3,4	Africa	Multiple, Including Non-Climate
AfDB	**African Financial Alliance on Climate Cahnge**	A coalition of both public and private financial institutions across Africa, including both regional and national development banks, which receive technical assistance support and strategic coordination.	1, 3		
IDB & ALIDE	**IDB-ALIDE Sustainable Infrastructure Regional Group**	Builds PDB capacity to structure and finance sustainable infrastructure via PPPs. Mix of training, technical advice, and knowledge exchange.	1,3,4	Latin America & Caribbean	Multiple, Climate-Specific
IDB & ALIDE	**IDB-ALIDE Paris Alignment Working Group**	Multi-year program guiding banks through diagnostics, risk mapping, governance reform, and biodiversity integration via sequential TA modules and peer exchange.	1,2,3,4	Latin America & Caribbean	Multiple, Climate-Specific

Institution	Program	Key features	Implementation Stages	Geography	Sector(s)
ALIDE	**Capacity Building Program**	Provides institutional capacity and operational support with diagnostics, strategy and process improvement, technology and human resource strengthening, and specialized workshops in management, finance, and banking.	3	Latin America	Multiple, Including Non-Climate
CABEI	**Climate Change Investment Fund (CCIF)**	Delivers TA on project preparation and climate finance mobilization.	1, 3	Central America	Multiple, Climate-Specific
FiCS, CPI, IDB	**FiCS Lab Incubator**	Tailored incubator for PDB-led financial innovation; combines financial + TA support; strong focus on scalability of climate finance solutions.	1,3,4	Global	Multiple, Climate-Specific
ADFIAP	**ADFIAP Institute**	Professional training and credentialing hub for PDB executives, focused on development finance and management skills.	1	Asia-Pacific	Multiple, Including Non-Climate
ADFIAPNET	**ADFIAPNET**	Platform and service hub providing shared core banking systems, IT modernization, integration of ESG/ climate factors into operations, and digital monitoring tools.	3	Asia-Pacific	Multiple, Including Non-Climate
AIIB	**Project Preparation Special Fund (PPSF)**	Upstream support for project concept and pre-feasibility; improves project quality but lacks institutional capacity building components.	1, 3	Asia-Pacific	Multiple, Climate-Specific
World Bank & GIZ	**City Climate Finance Gap Fund**	TA for city-level low-carbon project preparation; focuses on concept development and feasibility, not institutional reform.	1, 3	Global	Multiple, Climate-Specific
Global Capacity Building Coalition	**GCBC**	Coalition of UN agencies, MDBs, DFIs and philanthropies, public and private finance bodies and capacity building providers creating global public goods (e.g., training materials, principles, guidance) for climate capacity in EMDEs; non-bespoke support.	1, 4	Global	Multiple, Climate-Specific
I4CE	**Mainstreaming Climate in Financial Institutions Initiative**	Global peer-learning and knowledge-sharing network helping public and private financial institutions integrate climate considerations across all operations and portfolios. Built around five voluntary principles (Commit to strategies, Manage risk, Promote objectives, Improve performance, Account for action). Provides tools, guidance, and communities of practice on strategy, governance, risk management, and disclosure. An active, coordinated platform on Paris alignment.	1,2,3,4	Global	Multiple, Climate-Specific

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