

Green Guarantee Group Flagship Report 2026: From Recommendations to Implementation

EXECUTIVE SUMMARY

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

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

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

1. Clarifying regulatory treatment;
2. Expanding local-currency finance and managing foreign exchange risk;
3. Improving data transparency; and
4. Strengthening national and regional guarantee capacity.

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

TRENDS IN THE GREEN GUARANTEE MARKETPLACE

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

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

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

PROGRESS TOWARD THE GGG RECOMMENDATIONS

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

LOOKING AHEAD

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

This means better connecting:

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

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

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