Rethinking multilateralism. A new role for the private sector.



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Acronyms

ADB	Asian Development Bank
AFD	Agence Française de Développement
ANA	Agência Nacional de Águas
ANI	Agencia Nacional de Infraestructura
BID	Banco Interamericano de Desarrollo
BEI	Banco Europeo de Inversiones
BSR	Business for Social Responsibility
CAF	Banco de Desarrollo de América Latina y el Caribe
CDB	Caribbean Development Bank
CFI	Climate Finance Initiative
COP	Conference of the Parties
CoP	Communication on Progress
CPSDs	Country Private Sector Diagnostics
CSOs	Civil Society Organizations
DBFO	Design-Build-Finance-Operate
DFI	Development Finance Institution
DFIs	Development Finance Institutions
ECA	Export Credit Agency
EEP	Ethiopian Electric Power
EIB	European Investment Bank
EMDEs	Emerging Market and Developing Economies
ESG	Environmental, Social and Governance
EU	European Union
FDN	Financiera de Desarrollo Nacional
FIs	Financial Institutions
FX	Foreign Exchange
GATF	Global Alliance for Trade Facilitation
GDP	Gross Domestic Product
GEFF	Green Economy Financing Facility
GIF	Global Infrastructure Facility
GIP	Global Infrastructure Program
IA	Impact Assessment
IBRD	International Bank for Reconstruction and Development
ICF	International Climate Finance
ICC	International Chamber of Commerce
ICT	Information and Communication Technology

IDB	Inter-American Development Bank
IFC	International Finance Corporation
IFC–MIGA	International Finance Corporation & Multilateral Investment Guarantee Agency
IFI	International Financial Institution
ILO	International Labor Organization
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
IPP	Independent Power Producer
IPPs	Independent Power Producers
JCF	Joint Cooperation Framework
KPI	Key Performance Indicator
LDCs	Least Developed Countries
MDB	Multilateral Development Bank
MDBs	Multilateral Development Banks
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MI	Multilateral Institution
MIs	Multilateral Institutions
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprise
MSMEs	Micro, Small and Medium Enterprises
MTF	Multi-Donor Trust Fund
ND	National Development
NDAs	National Designated Authorities
NGO	Non-Governmental Organization
NGOs	Non-Governmental Organizations
NTFC	National Trade Facilitation Committee
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PPA	Power Purchase Agreement
PPAs	Power Purchase Agreements
PPP	Public-Private Partnership
PPPs	Public-private partnerships
PPI	Private Participation in Infrastructure
PPIAF	Public-Private Infrastructure Advisory Facility
PPIF	Public-Private Impact Facilities
PRSP	Poverty Reduction Strategy Paper
PS	Private Sector
PV	Photovoltaic

SDG	Sustainable Development Goal
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
SIDS	Small Island Developing States
SME	Small and Medium Enterprise
SMEs	Small and Medium Enterprises
TA	Technical Assistance
TFA	Trade Facilitation Agreement
TCX	The Currency Exchange Fund
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNGC	United Nations Global Compact
UNGPs	United Nations Guiding Principles on Business and Human Rights
WBG	World Bank Group
WTO	World Trade Organization



Multilateral cooperation has provided the foundation for an open and interconnected global economy. Through shared rules, common institutions, and collective action, it has enabled trade to expand, investment to flow, and ideas to circulate across borders. These achievements have supported extraordinary economic progress and helped lift millions of people into greater prosperity.

Today, however, that cooperative architecture is under visible strain. Geopolitical tensions, fiscal pressures, and rising skepticism about global institutions are testing the ability of the multilateral system to respond with the speed and scale that contemporary challenges demand. At the same time, expectations of international cooperation continue to grow. From climate resilience to digital governance, the problems we face are increasingly global in nature yet the mechanisms to address them often remain fragmented or slow to adapt. In this context, renewing confidence in multilateralism will depend not only on reaffirming its principles but also on strengthening how it works in practice. Delivering results requires broader participation, clearer pathways for collaboration, and institutions that are better equipped to connect global ambition with implementation on the ground.

The International Chamber of Commerce (ICC) was created precisely to serve as a bridge between the world of business and the institutions that shape global governance. Representing more than 45 million companies in over 170 countries, ICC works to ensure that international cooperation reflects the realities of the global economy and remains connected to the enterprises and communities it ultimately serves.

This report, developed together with IE University, contributes to an important conversation about how multilateral cooperation can evolve for a new era. By examining current practices, identifying practical gaps, and highlighting opportunities for more effective collaboration, it provides a thoughtful basis for strengthening the relationship between international institutions and the private sector.

At a time when global cooperation is both more necessary and more contested than ever, reflection and open dialogue are essential. It is our hope that the insights contained here help advance a constructive agenda – one that reinforces the value of multilateralism while understanding a new role for the private sector is possible.

John W.H. Denton AO / Secretary General / International Chamber of Commerce.

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In an era defined by complex, borderless challenges—from climate change and digital governance to supply chain resilience and inclusive growth, the role of the private sector in multilateralism has become not only relevant but indispensable. Businesses are no longer peripheral actors in global cooperation; they are actors, innovators, investors, and implementers whose capital, technology, and operational expertise can accelerate collective solutions on a scale. Effective multilateralism today depends on structured collaboration between governments, international institutions, and the private sector to translate shared commitments into measurable impact. By aligning market incentives with global public goods, the private sector helps bridge ambition and execution, bringing agility, efficiency, and long-term investment to multilateral efforts. Strengthening this partnership is essential to building a more resilient, sustainable, and inclusive global order.

Moreover, the private sector brings a forward-looking perspective that is essential to revitalizing multilateral cooperation in a rapidly evolving global economy. As drivers of technological transformation and cross-border investment, companies operate at the intersection of markets, regulation, and innovation, giving them unique insight into emerging risks and opportunities. Their engagement can enhance policy coherence, mobilize blended finance, and foster standards that are both globally aligned and practically implementable. In a context where public resources alone are insufficient to meet global ambitions, meaningful private sector participation strengthens legitimacy, broadens ownership of multilateral outcomes, and ensures that international frameworks remain responsive to economic realities.

IE University is proud to contribute to this evolving agenda through its engagement with ICC, fostering dialogue and advancing research at the intersection of business and global governance. By partnering with a leading voice of the private sector in multilateral fora, IE reinforces its commitment to bridging academia, policy, and industry. This collaboration promotes evidence-based insights, leadership development, and actionable frameworks that elevate the role of responsible business in shaping international cooperation. Through joint initiatives, thought leadership, and convening power, IE University and the ICC work together to strengthen the foundations of a more inclusive, effective, and business-engaged multilateral system.

Manuel Muñiz / Rector / IE University



1. Executive Summary

Background information.

Multilateralism is under pressure at a time when global challenges require deeper cooperation than ever. Climate instability, widening inequalities, conflicts, and rising debt distress demand collective responses that no state can address alone. Yet multilateral institutions face declining trust, limited resources, and growing questioning of their mandates and effectiveness. The gap between ambition and delivery is widening as developing economies face a financing shortfall of US$4 trillion annually for the SDGs, while flows of foreign direct investment and private capital into the countries that need them most continue to stagnate or decline[1].

Alongside this, expectations of the private sector have evolved. Business is now widely perceived as more capable and more trusted than governments or NGOs, increasing expectations on business leaders to act on major societal challenges, particularly climate change and social inequality, especially in contexts where governments are perceived as ineffective[2]. At the same time, private actors control the scale of resources required to advance global goals: accounting for most capital flows into emerging and developing economies (albeit not through multilateral institutions) and over 90% of jobs originate in the private sector[3]. However, despite this implicit mandate and potential, private participation in multilateral cooperation remains uneven, fragmented, and largely limited to implementation or financing rather than shared governance or early-stage design.

Scope of the report.

This Report examines how multilateral institutions and the private sector interact today, why cooperation remains below potential, and what reforms are needed to create a more structured, effective, and scalable

1 United Nations, Financing for Sustainable Development Report 2024; United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2024: Investing in Sustainable Energy for All.

2 Edelman Trust Barometer 2024

3 World Bank Group, From Billions to Trillions: Transforming Development Finance; World Bank Group, Maximizing Finance for Development.

model of partnership. The findings, conclusions and recommendations of the Report are based on four complementary pillars of research: a detailed literature review (Supporting document 1), comparative assessment of relevant institutional cooperation frameworks (Supporting document 2), comparative analysis of case studies (Supporting document 3), and a set of stakeholder interviews[4]. Across these sources, a consistent picture emerges: collaboration between the private sector and multilateral organizations is significant in principle, but it is inconsistent and shallow in institutional depth. The private sector is present across multiple initiatives, but rarely embedded in governance, strategic planning, or long-term partnership and accountability structures.

Key insights.

The enabling environment is the decisive factor in mobilizing private resources and private sector engagement. Case studies consistently show that private capital scales when policy clarity, predictable regulation and risk sharing agreements between MDBs and private actors were present.

Financial innovation is advancing but remains underutilized and fragmented. Blended finance vehicles, guarantees, currency-mitigation instruments, and sustainability-linked bonds demonstrate that risk can be lowered and climate or development outcomes pursued at scale. But many of these tools operate as bespoke transactions and overall volumes remain modest relative to needs and highly concentrated in a few middle-income markets and sectors.

Public–private partnerships remain dominated by infrastructure models. MDB standards have strengthened risk allocation and contractual design for major transport and energy PPPs. But cross-sector partnerships in social protection, health, adaptation, human rights, or humanitarian action are less developed. Due-diligence practices vary significantly, accountability mechanisms are inconsistent, and safeguards are often project-based rather than institutionalized. The lack of early and continuous private sector input into design phases undermines alignment and bankability.

4 These supporting documents are available at ICC and IE websites.

Global public-private coordination mechanisms are not institutionalized. Engagement with business at the multilateral level tends to occur through summits or voluntary coalitions, with limited continuity, representativeness, or decision-making influence. Only a handful of frameworks (such as UNIDO's Program for Country Partnerships, or the proposed Sevilla Commitment's on country platforms) introduce elements of structured co-governance.

Challenges in increasing private sector-multilateral cooperation.

Across frameworks, case studies, and interviews, three categories of barriers explain why private sector engagement within multilateralism remains below potential:

- Institutional barriers within multilateral organizations: slow and complex procedures, fragmented instruments, limited co-creation, and different processes and standards that create transactional costs and limit cooperation and mobilization at scale.
- Financial and risk-return constraints: insufficient standardization of guarantees, lack of local currency solutions, limited exit pathways, and investment horizons misaligned with private fiduciary duties.
- Constraints within the private sector: weak internal business cases for development investment, limited capability to engage upstream, and valuation models that underprice long-term impact and de-risking benefits.

Opportunities.

However, none of these barriers reflect a lack of interest. There is indeed a latent appetite for investment related to sustainable infrastructure, climate transition, and development-aligned sectors, as evidenced by the rapid growth of energy-transition funds, rising demand for sustainable infrastructure assets, and renewed investor interest in emerging-market climate portfolios.

With global assets under management exceeding US$140 trillion in 2024 according to leading estimates[5], even a marginal reallocation would represent volumes of several orders of magnitude larger than what current multilateral mechanisms are able to mobilize. In addition, companies within the ICC network are increasingly prioritizing technologies and markets that combine sustainability, development impact, and commercial returns[6]. The constraints revealed in this analysis point therefore to a structural misalignment of incentives, timing, governance, and risk frameworks that prevents this potential from translating into real investment at scale.

Good practice moving forward.

The analysis conducted for the Report identifies a set of features common to successful public–private collaborations. While these elements are present in the most effective frameworks and case studies analyzed, they have yet to be mainstreamed into a new standard for private-multilateral cooperation:

- Early engagement with businesses in policy formulation, investment pipeline design, and sector transition plans.
- Shared governance through joint steering committees, country platforms, or structured partnership vehicles.
- Standardized risk-sharing tools (guarantees, currency hedging, political risk management) deployed at scale, rather than case by case.
- Domestic financial intermediation that anchors investment locally.
- Transparent monitoring frameworks linking financial flows to measurable development results.
- Inclusive participation brings SMEs and emerging markets firms into procurement, financing, and co-design processes.

An agenda for a renewed multilateral–private cooperation framework.

Based on the evidence base, the Report proposes a reform agenda structured in three blocks: shifts in the underlying logic of cooperation, con-

5 https://www.mckinsey.com/industries/financial-services/our-insights/asset-management-2025-the-great-convergence

6 This reflects broader corporate sentiment trends: recent global surveys indicate that a large majority of firms view sustainability as a long-term value driver and report maintaining or increasing sustainability-related investments over the past year, despite economic and geopolitical uncertainty.

crete operational tools, and institution-specific reforms. These are further developed in the body of the Report, but can be summarized as follows:

- Shift from consultation to co-ownership and shared accountability. Move towards structured co-ownership with the private sector across the full policy and project cycle. This requires embedding business participation in upstream planning through co-design platforms, sector transition forums, and country-level investment platforms. Co-ownership in design must be matched with co-responsibility in delivery, including through joint monitoring panels, transparent impact dashboards, and grievance mechanisms applicable to both public and private actors.
- Shift from fragmented, one-off transactions to scalable financial infrastructure and portfolio-based approaches. Replace bespoke, project-by-project deals with integrated financial architecture capable of mobilizing capital at scale. This includes interoperable guarantee facilities, pooled risk-sharing windows, and regional hedging platforms that function as public–private "marketplaces" rather than isolated instruments. To reinforce this shift, move from individual transactions to portfolio and pipeline approaches, using common standards for documentation and pre-qualification, and outcome-linked disbursement to reduce transaction costs, enhance predictability, and create a scalable route for private investment.
- Shift toward renewed capabilities and operating models on both sides. Delivering co-creation at scale requires multilateral institutions to rethink how they organize and operate. This means redesigning internal processes so that private sector engagement is not an afterthought, but a core function: creating dedicated co-creation teams with technical, financial, and partnership capabilities; streamlining approval and safeguard procedures to align with private-sector timing; and embedding collaboration incentives into staff mandates and performance systems. It also requires building platforms that help companies, especially SMEs and firms from Global South, understand standards, navigate procurement and financing channels, and access investment pipelines. On the private sector side, capabilities must evolve as well. Companies need to institutionalize "corporate diplomacy" by engaging consistently through standing mechanisms at global, regional, and country levels, ensuring broad representation across sizes, geographies, and sectors. Only with renewed capabilities on both sides can investment logic be aligned with development outcomes and co-creation can become systematic, transparent, and scalable.

Conclusion.

The Report makes clear that the current model of multilateralism must evolve to deliver global public goods at the scale and speed required. Trillion-dollar financing gaps cannot be closed, nor systemic transformation achieved, without the full and structured engagement of the private sector as a co-leader, not merely a contributor. What is required is a decisive shift towards a governance-based public–private model in which public and private institutions jointly define priorities, share risk, and are accountable for outcomes. The private sector brings capital, innovation, operational capacity, and global reach that multilateral institutions alone do not possess.

As the institutional representative of more than 45 million businesses in over 170 countries and the only private-sector entity with Permanent Observer status to the United Nations General Assembly, the International Chamber of Commerce is uniquely positioned to help operationalize this new multilateralism—mobilizing business at scale, reducing fragmentation through globally recognized standards, and providing the convening platforms necessary to move from dialogue to co-creation and delivery.

IE University is uniquely positioned to work alongside International Chamber of Commerce to advance the role of the private sector in shaping a new form of multilateralism that is more agile, innovation-driven, and responsive to global challenges. By combining ICC's unparalleled global business network with IE University's strengths in entrepreneurship, public policy, technology, and international affairs, the partnership can help bridge the gap between governments, business leaders, and civil society. Together, they can convene cross-sector dialogue, develop research and policy solutions, and educate the next generation of global leaders capable of navigating an increasingly interconnected world. In a time when traditional multilateral institutions are under pressure, IE University and ICC can champion a collaborative model in which the private sector becomes not only an economic actor, but also a strategic partner in advancing sustainable development, digital transformation, and international cooperation



2. Context and Introduction

A complex moment, and opportunity for reform.

Multilateralism is experiencing a paradoxical moment. On the one hand, the need for collective action has rarely been higher. Climate instability, increasing inequalities, sovereign debt distress, humanitarian emergencies driven by conflict and the need to accelerate the twin green and digital transitions are all global challenges that defy unilateral solutions. None of these challenges can be managed by single states, however powerful. Instead, they demand cross-border responses anchored in multilateral legitimacy.

Yet, the political and institutional capacity to provide such cooperation is faltering. Geopolitical tensions have hardened, fiscal space has narrowed, and public trust in governments shows a steady decline[7].

In parallel, multilateralism is today strongly questioned for its effectiveness and what is perceived as too wide a focus (particularly from key donor countries) and poor representativeness (from countries in the Global South). Concerns about "mandate inflation", slow delivery, and administrative inefficiencies across parts of the UN system and other multilateral organizations are increasingly expressed together with calls for enhancing budget efficiency. Meanwhile, countries in the Global South argue that the system reflects outdated geopolitical realities, pointing to voting structures, financing arrangements, and leadership patterns that do not adequately reflect today's economic and demographic balance of power. There is also increasing pressure for institutions to prioritize more sharply, rationalize budgets and demonstrate tangible impact. This combination of perceived underperformance and lack of legitimacy fuels skepticism about whether multilateral institutions are fit to address twenty-first-century challenges.

The result is an international system that is called upon to deliver more but is trusted less, has less resources to do so and deals with legacy inefficiency issues, leading to an increasing expectation that multilateralism must reset itself to become more efficient and deliver results at scale.

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7 Edelman Trust Barometer 2024.

Several multilateral organizations have already begun this process of introspection and reform, driven both by context awareness and by the reality of budgetary constraints, including the United Nations[8]. As other multilateral institutions embark in their own strategic planning discussions, a key reflection point must be centered on the gap between need and capacity, in a context where the traditional way of doing things is being questioned. Efficiency gains alone will be insufficient: the system must also become more representative, more inclusive of diverse actors (especially the private sector and emerging economies), and more agile in responding to fast-changing global risks.

The growing gap between ambition and delivery.

Recent UNCTAD SDG analysis estimates that accelerating progress across six key transition pathways (energy, climate, food systems, social protection, education and digitalization) will require US$5.4–6.4 trillion in additional spending every year from 2023 to 2030, equivalent to roughly US$43–51 trillion in cumulative investment over the decade.

We are very far from that target. UNCTAD's World Investment Report 2024 and the UN Financing for Sustainable Development Report 2024 converge on the conclusion that the annual SDG investment/financing gap in developing countries has widened to around US$4 trillion per year, compared to pre-pandemic estimates in the range of US$2.5–2.7 trillion when the SDGs were adopted[9].

Despite repeated political commitments, private finance mobilized through official development finance remains modest. The latest OECD figures show that total private finance mobilized by official development finance interventions reached about US$70 billion in 2023[10], significant in absolute terms, but negligible relative to a multi-trillion-dollar annual gap.

Looking specifically at blended finance, available data indicates that, after a decade-low in 2022, global blended structures recovered somewhat but

8 The initiative "Building a Fit-for-Purpose System" launched by UN Secretary-General António Guterres seeks to streamline mandates, improve coherence across the UN development system, enhance transparency, and modernize operating models.

9 United Nations Conference on Trade and Development (UNCTAD). (2024). World Investment Report 2024: Investing in Sustainable Energy for All. Geneva: United Nations.

10 OECD (2025), Tracking private finance mobilisation: Latest trends and ways forward, OECD Policy Briefs, No. 25, OECD Publishing, Paris.

annual volumes remain stuck in the mid-teens of billions of dollars, about US$15–20 billion per year, far below what would be needed to shift the needle on development investment at scale. OECD mobilization studies confirm that while some instruments (notably guarantees and syndicated loans) can crowd in several dollars of private capital per public dollar, average mobilization ratios remain low and heavily concentrated in middle-income markets and a few sectors. In practice, the report shows, some structures mobilize around seven dollars per public dollar, while many others barely reach parity, especially in higher-risk environments.

The composition of flows is equally concerning. Global climate finance has reached record levels (around US$1.9 trillion in 2023 according to the latest Climate Policy Initiative estimates). While global mitigation finance hit US$1.3 trillion in 2022, adaptation finance totalled just US$76 billion – only 8% of which came from the private sector, compared to 54% for mitigation (Climate Policy Initiative 2024) At the same time, the UNEP Adaptation Gap Report 2025 finds that developing countries will require US$ 310–365 billion per year in adaptation finance by 2035 (upgrading the earlier 2030 estimate). These revised figures replace the earlier US$ 160–340 billion 2030 needs and gap estimates, reflecting both increased cost projections and recent stagnating finance flows. Investment continues to gravitate toward mitigation-oriented projects in larger middle-income economies, leaving the poorest and most climate-vulnerable countries structurally under-served on both mitigation and adaptation fronts.

Financing to EMDEs is particularly critical to support achieving climate and development objectives and avoiding the severe adverse consequences of extreme weather events to financial stability, economic growth, and livelihoods. According to the Independent High-Level Expert Group on Climate Finance, achieving global climate goals will require an additional $450-550 billion per year of cross-border financial flows to EMDEs (excluding China). At the same time, EMDEs, excluding China, represent 25% of the global GDP but receive only 14% of climate finance, reflecting the fact that barriers to lending and investment in EMDEs may be increasingly out of line with economic realities in these markets.Global Foreign Direct Investment (FDI), one of the primary channels for long-term private capital into emerging and developing economies, reinforces this picture. After a steep drop in 2020 and a strong rebound in 2021, global FDI declined by 12% in 2022 to US$1.3 trillion, driven by the conflict, high food and energy prices and mounting debt pressures. The decline was sharper in the

poorest economies: FDI to the 46 least developed countries fell by 16% to US$22 billion, less than 2% of global flows, with about 70% of that amount concentrated in just five economies.

UNCTAD's World Investment Report 2024 shows that this weak pattern persisted. Global FDI remained around US$1.3 trillion in 2023, with flows to developing countries falling by a further 7% to US$867 billion. At the same time, international project finance, which is critical for infrastructure and development-relevant sectors, declined by around 26%, reflecting tighter global financial conditions, higher interest rates and heightened geopolitical uncertainty.

UNCTAD's World Investment Report 2025 shows that reported global FDI rose to US$1.51 trillion in 2024 (+4%). However, UNCTAD cautions that the headline figure is inflated by volatile financial flows through conduit economies, confirming the underlying weakness continued. FDI to LDCs reached US$37 billion, still only about 2% of global FDI, with the marginal increase concentrated in a few economies benefiting from large-scale energy, infrastructure or extractive projects[11].

A parallel World Bank series focusing specifically on "productive FDI" (e.g. greenfield and expansion investment, excluding mergers and acquisitions and purely financial flows) paints an even more worrying picture: productive FDI to developing economies fell to about US$435 billion in 2023, the lowest level since 2005. This divergence between total FDI and productive FDI suggests that more speculative or financial components of FDI have held up better than real-economy, job-creating investment, which is precisely the type of capital most relevant for the meaningful implementation of development objectives.

Taken together, these figures underscore the core contradiction of the current system: needs and political commitments are formulated in multi-trillion-dollar terms, while the main instruments that should bridge the gap (blended finance, private capital mobilization, climate adaptation funding and FDI into development critical sectors and countries) are still operating in the tens of billions and, in several cases, are moving backwards far below what would be needed at scale.

11 UNCTAD, World Investment Report 2025: International investment in the digital economy.

This widening financing and institutional gap is unfolding against a deteriorating global social landscape. After two decades of steady decline, recent World Bank assessments[12] show that progress in reducing extreme poverty has stalled (and in many low-income and fragile countries, reversed) while inequality is again rising. A recent Gates Foundation study reveals that for the first time in decades, child mortality is expected to rise[13].

Forced displacement has reached unprecedented levels: more than 120 million people are now forcibly displaced, and over 83 million are internally displaced by conflict, violence, or climate-related disasters[14]. At the same time, climate change is intensifying as a driver of human and economic loss, with rising mortality, escalating disaster-related costs, and severe impacts on livelihoods in vulnerable regions.

Together, these trends depict a world where overlapping crises (poverty reversals, widening inequality, conflict, displacement, and accelerating climate shocks) are eroding resilience faster than current development and climate finance can respond.

The result is a widening gap between need, global commitments and real-world delivery, particularly against the urgency to mobilize and execute trillions of dollars in investments to achieve global development objectives and address the needs and opportunities of the green and digital transitions.

Shifting trust: the rise of expectations on business.

A related profound shift relates to trust. Surveys such as the Edelman Trust Barometer and Gallup's global polls reveal that business is now perceived as more competent and more ethical than government and even non-governmental organizations (NGOs). According to the Edelman Trust Barometer 2025[15], business is now considered the most trusted institution in 15 of 28 surveyed countries, surpassing government, media, and NGOs

12 World Bank. (2024). Poverty, Prosperity, and Planet: Pathways Out of the Polycrisis. Washington, DC: World Bank. https://www.worldbank.org/en/publication/poverty-prosperity-and-planet.

13 Bill & Melinda Gates Foundation. (2024). 2024 Goalkeepers Report: A Race to Nourish a Warming World. Seattle: https://www.gatesfoundation.org/goalkeepers/report/2024-report

14 UNHCR (2024). Global Trends: Forced Displacement in 2023.

15 2025 Edelman Trust Barometer Global Report_01.23.25.pdf

in perceived competence and ethical behavior[16]. Gallup World Poll data show declining confidence in national governments globally, with trends indicating that confidence in many countries has fallen sharply in recent years, including in major advanced economies where national government confidence fell from around 46% in 2020 to significantly lower levels by 2023 (Gallup World Poll, 2023)[17].

Together, these barometers reveal not only falling trust in public institutions but also rising expectations that businesses should contribute more and better to concerns traditionally associated with the state. Surveys consistently show that firms are increasingly expected to act, credibly and transparently, on climate change, inequality, skills and digital rights, and broader social issues. For instance, Edelman's 2025 Trust Barometer finds that publics experiencing higher "grievance" demand more action from business, with majorities saying business is not going far enough on issues including affordability, climate change, retraining/reskilling, misinformation, and discrimination.

PwC's 27th Annual Global CEO Survey (2024) highlights that technological disruption, climate change and other accelerating megatrends are intensifying the pressure on CEOs to reinvent business models. Edelman's 2025 Trust Barometer places these expectations in a context of declining institutional confidence, showing that business remains the most trusted institution globally (62% trust) ahead of NGOs (58%), government (52%) and media (52%). Ipsos' Global Trends 2023 finds that in most markets, people look to brands and businesses, which are more trusted than government, to act on major challenges. Deloitte's Global Human Capital Trends shows that employees increasingly expect their employers to take positions on societal issues, pushing firms to demonstrate tangible progress on human sustainability goals.

Together, these surveys confirm a consistent global trend: as trust in governments erodes, expectations that businesses act responsibly on climate, inequality, technology and broader societal challenges continue to rise.

This shift offers both opportunity and risk. Businesses are being asked to lead beyond their traditional remit, but doing so responsibly requires clear

16 Business outpaced government in trustworthiness by +53 points on competence, +30 points on ethics.

17 Gallup, Inc. (2023). Gallup World Poll. Gallup. Available at: https://www.gallup.com/topic/world-poll.aspx

governance, transparency standards, and institutional alignment, including with multilateral organizations. At the same time, companies need a compelling case and enabling environment to mobilize resources in a credible, efficient, and sustainable way.

This shift matters further for multilateralism. Legitimacy is no longer derived only from the authority of states and intergovernmental institutions. It is also tied to the credibility of business as an actor capable of delivering results. In fragile or resource-constrained contexts, where state capacity is limited, expectations of corporate involvement are even higher.

As a result, there is clear insight to be considered: in the evolution of multilateralism, a key piece will be how multilateral organizations structure and leverage business engagement and, likewise, how business actors themselves engage and participate proactively in the context of multilateral initiatives.

The role of the private sector in multilateralism.

Within this context, the potential of the private sector's role in achieving development objectives cannot be overstated. The scale of the private sector's contribution is already undeniable. Businesses account for most of the employment and investment in developing economies, generating more than 90% of jobs in developing countries and account for over 80% of capital flows into emerging markets. Businesses are also the driving force behind advances in renewable energy, digital networks, financial innovation, and health technologies.

Beyond its fundamental role in the economy in general terms, the literature review (Supporting document 1), frameworks considered (Supporting document 2) and case studies analyzed (Supporting document 3) suggest three main ways in which the private sector engages with multilateralism and multilateral goals.

- First, direct engagement through procurement and finance. Companies participate in public–private partnerships, compete in multilateral procurement, and work through the private sector arms of international financial institutions such as IFC, MIGA, or BID Invest. Egypt's solar expansion is a clear case: IFC committed US$200 million in senior loans,

MIGA added US$400 million in guarantees, and private solar developers invested and delivered new capacity.

- Second, indirect engagement through market-based mechanisms. This includes climate-driven investment, sustainable bonds, carbon markets, and political risk guarantees. ESG investing, which can at least indirectly be aligned with multilateral goals (particularly climate related goals), has surged in recent years, with sustainable funds reaching more than US$3.2 trillion globally in 2024 ().[18] Despite current geopolitical and economic challenges, there is continued appetite in the capital markets to continue funding development-aligned projects, including for instance the energy transition as well as decarbonization projects. CAF's Sustainable Finance Framework shows how sovereign and corporate issuers can channel institutional investors through labeled bonds with independent verification.
- Third, self-initiated standards and platforms. Firms and business associations have set multiple fora to agree on shared standards and shared approaches to influence multilateral practice. Examples include ICC´s Principles for Sustainable Trade and Trade Finance[19] and the SDG Partnership Guidebook, which also provide templates for structuring multilateral partnerships. Sweden's "Fossil Free" initiative shows how voluntary industry roadmaps, co-developed with the government, can align competitiveness with climate neutrality.

While these mechanisms exist to structure private-multilateral collaboration, the analysis conducted for this Report clearly concluded that this engagement could and should be further leveraged.

Engaging the private sector in the new multilateralism requires treating businesses not merely as stakeholders to be consulted, but as co-architects of global solutions. Multilateral institutions can create structured platforms where companies contribute capital, technology, and operational expertise alongside governments and civil society, particularly in areas such as climate transition, digital public infrastructure, and global health. Clear rules on transparency, accountability, and conflict-of-interest management are essential to maintain public trust while enabling innovation. Aligning private incentives with global public goods—through blended finance, outcome-based contracts, and shared standards—multilateralism

18 United Nations Conference on Trade and Development (2025) World Investment Report 2025: International investment in the digital economy, p.137

19 ICC (2025) Principles for Sustainable Trade and Trade Finance available. International Chamber of Commerce.

can mobilize resources at a scale that public funding alone cannot achieve. Engaging the private sector in the new multilateralism requires treating businesses not merely as stakeholders to be consulted, but as co-architects of global solutions. Multilateral institutions can create structured platforms where companies contribute capital, technology, and operational expertise alongside governments and civil society, particularly in areas such as climate transition, digital public infrastructure, and global health. Clear rules on transparency, accountability, and conflict-of-interest management are essential to maintain public trust while enabling innovation.

At the same time, the new multilateralism must broaden private sector engagement beyond large multinational firms to include SMEs, startups, and firms from the Global South. This can be achieved by simplifying participation mechanisms, using regional hubs, and leveraging development banks and industry associations as intermediaries. Multilateral frameworks should also encourage responsible business conduct by embedding environmental, social, and governance (ESG) principles into partnerships and procurement. In doing so, private sector participation becomes not only a source of efficiency and innovation, but also a means of democratizing global governance and ensuring that economic activity contributes to inclusive and sustainable outcomes.

Some agendas are to be considered as well to reflect upon the gap and room for collaboration between the Private Sector and Multilateral Institutions. One is the Sendai Framework for Disaster Risk Reduction (2015–2030)[20] that aims to substantially reduce disaster risk and losses in lives, livelihoods, health, and economic, social, cultural, and environmental assets. Having as a core objective to shift disaster management from reactive response to proactive prevention by improving risk understanding, strengthening governance, investing in resilience, and enhancing preparedness while promoting the principle of “Build Back Better” in recovery and reconstruction. The framework recognizes the private sector as a key partner in disaster risk reduction, encouraging businesses to integrate risk management into their strategies, investments, and supply chains. It promotes public–private partnerships and resilient infrastructure development while calling on companies to share data, invest responsibly, and contribute to safer, more resilient communities.

20 https://www.undrr.org/implementing-sendai-framework/what-sendai-framework
https://www.undrr.org/media/16176/download?startDownload=20260210

The other one is the Kunming–Montreal Global Biodiversity Framework[21] that aims to halt and reverse biodiversity loss by 2030 and achieve a world "living in harmony with nature" by 2050. It sets 23 global targets focused on conserving ecosystems, restoring degraded land and seas, ensuring sustainable use of natural resources, fairly sharing benefits from genetic resources, and mobilizing sufficient finance and governance to protect biodiversity. The framework assigns a central role to the private sector, requiring companies and financial institutions to assess, disclose, and reduce their impacts and dependencies on nature across their operations and value chains. Businesses are expected to integrate biodiversity into decision-making, align investments with nature-positive outcomes, reform harmful practices, and help mobilize finance and innovation for conservation and ecosystem restoration.

Limits of current engagement.

While private finance mobilized through official development finance interventions increased over 2012-2023, reaching a peak of US$70 billion in 2023, overall, it remains way below opportunities, expectations and needs, while newer instruments (portfolio risk transfers, blended risk structures) are still under-captured or under-deployed (OECD 2025[22]).

Mobilization is also skewed. First, many low- and middle-income countries remain underserved, with less than 7% of finance mobilized for low-income countries originating from private actors (OECD–UNDP, 2023). Second, specific sectors such as banking and business services as well as energy account for almost two-thirds (66%) of the total mobilization, while only 6% of the total private finance mobilized targeted social sectors (OECD 2025).

Available funds are not lacking, however. Total assets under management amount globally to at least US$147 trillion globally. Looking at the data, despite attempts and successes, existing multilateral mechanisms have not been successful to fully tap into the potential.

One possible interpretation is that the private sector does not have the appetite to mobilize more finance into development finance, but there

21 https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf

22 https://www.oecd.org/en/publications/tracking-private-finance-mobilisation_8d414cdb-en.html

is evidence to the contrary. Institutional investors are increasingly seeking exposure to private markets, infrastructure, impact and credit-markets beyond public equities, which suggests a latent appetite for development-oriented investment vehicles.

For example, EY's Global Institution Investors Survey[23] highlights that despite political backlash, ESG and sustainability are increasingly integrated into investment decision-making, as investors remain acutely aware of performance, governance and short-term return trade-offs. In parallel, financial markets are increasingly looking for compelling investment opportunities for developing countries' sustainability and digital transitions. In 2024–2025, record fund commitments were announced for sustainable infrastructure and energy transition. Global energy-transition funds reached US$67 billion in 2024, up 25 % year-on-year, while private-market climate-infrastructure assets under management surpassed US$230 billion, with the fastest growth in emerging-market renewable portfolios (IEA 2024) and Bloomberg-NEF estimates that global clean energy investment could surpass US$4.5 trillion by 2030.

These signals indicate that private actors want to participate in frameworks that provide access to long-term, outcome-oriented investments, but under conditions of clarity, alignment with their mandates and acceptable risk/return profiles. However, despite this latent appetite, the actual translation of private-sector capital into development-finance platforms remains modest and uneven, concentrated in middle-income countries and a narrow set of sectors.

What is holding this back? The analysis conducted for this Report reveals at least three sets of reasons from the point of view of the private sector:

1. Processes that are long and complex. Procedures for accessing or participating in multilateral initiatives often mirror public-sector logic: highly procedural, sequential, and dependent on inter-governmental approval cycles. The 2025 OECD Tracking Private Finance Mobilization brief notes[24] that "emerging forms of mobilization such as portfolio risk transfers, balance-sheet operations, and catalytic interventions remain under-captured or under-deployed," reflecting an institutional inertia that slows deploy-

23 https://www.ey.com/en_gl/insights/climate-change-sustainability-services/institutional-investor-survey

24 https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/tracking-private-finance-mobilisation_96d38324/8d414cdb-en.pdf

ment. Businesses report that project preparation and approval timelines are often measured in years, not months, making them incompatible with private capital's fiduciary and performance cycles. The IFC's own mobilization data show that while deal pipelines exist, transaction execution remains slower than comparable private-market operations because of overlapping internal safeguards and co-lender requirements.

2. Governance structures that limit meaningful engagement. The governance of multilateral programs rarely gives the private sector a structured, decision-relevant voice. Most frameworks engage firms only after strategies and allocations are determined. The UNIDO Program for Country Partnerships and the Seville Commitment stand out as exceptions that embed co-creation and continuous feedback. But as the CGD (2023) review concludes[25], "MDB governance remains primarily inter-governmental, offering limited delegated authority to private partners." This late and transactional engagement diminishes alignment, prevents early risk-sharing design, and weakens accountability for results.

3. Financial and risk-return constraints. From the investor perspective, Multilateral projects still carry high perceived risk, uncertain exit options, and limited liquidity. The World Bank (2024) working paper Mobilizing Private Capital for the SDGs notes[26] that "private entities lack sufficient incentive to participate in many MDB schemes due to the asymmetry between their fiduciary requirements and the risk/return structure of the projects offered." Guarantees, local-currency instruments, and blended facilities exist but remain fragmented and difficult to access. As a result, private decision-makers often cannot fit multilateral projects into their internal capital-allocation models or rating frameworks. The OECD (2025) Tracking Private Finance Mobilization[27] confirms that mobilized finance is concentrated in sectors with established credit histories (e.g. banking, energy, and infrastructure) reflecting where risk and valuation are most transparent.

The case studies analyzed confirm these indications as we will describe later. This suggests that private sector participation is not weak by nature but rather limited by the structures multilateralism provides and the structures that the private sector adopts to engage and adopt towards it.

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25 Center for Global Development (2024) The MDB Ships Are Turning but Not Yet on Course: Results of CGD's Updated MDB Reform Tracker

26 https://openknowledge.worldbank.org/entities/publication/68cce8a0-ebf2-462f-9397-198a580e459c

27 https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/tracking-private-finance-mobilisation_96d38324/8d414cdb-en.pdf

Indeed, success in aligning multilaterals and the private sector is not a one-way street. The private sector can strengthen its own capacities and engagement to better engage with multilaterals and contribute to building the next generation of multilateralism.

The analysis identifies several endogenous constraints that limit how effectively businesses and investors engage with multilateralism:

- Weak internal "business case" for development participation. Many corporations still treat development cooperation as a component of corporate social responsibility rather than as a strategic investment. The GISD Alliance (2021) stresses that "few institutional investors have mandates explicitly tied to development objectives; the lack of dedicated sleeves within asset-allocation frameworks remains a major constraint". Without internal performance metrics linking development outcomes to financial value, development investments remain marginal.
- Absence of valuation and risk-pricing methodologies suited to blended or impact instruments. Standard valuation models—focused on short-term cash flow and risk-adjusted return—often fail to price in long-term impact, de-risking layers, or concessional elements. The OECD DAC (2025) working document on catalytic technical assistance highlights this "measurement gap," noting that technical assistance and catalytic capital generate value not captured in traditional risk models. Investors therefore struggle to quantify benefits, leading to under-allocation.
- Limited proactive engagement and capability to co-design. As the IFC (2025) and CGD (2023) analyses show, projects succeed when private partners join upstream, during origination and structuring. Yet most companies lack internal teams dedicated to policy engagement or public-finance structuring. Without these capacities, opportunities to influence design or shape risk-sharing terms are missed.
- Short-term performance horizons. Surveys such as EY (2024) Global Institutional Investors Survey EY[28] show that 92 % of institutional investors acknowledge that ESG and impact initiatives can affect short-term performance. This pressure leads to under-investment in long-gestation infrastructure or social projects typical of multilateral portfolios. Extending fiduciary horizons through internal mandate reform or new fund structures is therefore essential.

28 https://www.ey.com/en_gl/insights/climate-change-sustainability-services/institutional-investor-survey

In sum, both sides face structural constraints: multilaterals offer complex, government-centric processes unsuited to private-market timing and governance, while the private sector lacks internal frameworks, valuation tools, and institutional patience to operate in development contexts. The result is coordination and possibly communication failure, not a lack of interest.

How to move forward then? Overcoming these challenges requires reforms in both domains: streamlined multilateral procedures and co-creation mechanisms on one hand, and strengthened internal investment logic, risk-pricing, and engagement capacity within the private sector on the other.

Multilaterals can play a key role in breaking the status quo. As the OECD (2025) Tracking Private Finance Mobilization[29] states, multilateral organizations represent 71% of total mobilized private finance on average over 2020-23[30]. Thus, there is promise in seeing the existing debate over the multilateralism of the future as an opportunity to decisively advance an agenda that better integrates the private sector and can mobilize private assets more and better.

Global development goals will not be met without the systematic engagement of business. The question is not whether the private sector should be involved, but how to design frameworks that make its engagement effective, accountable, and aligned with public priorities. The insights provided in this Report will seek to address these issues.

Rising expectations: the role of business in multilateralism 2.0.

The next phase of multilateral reform has a pressing need and opportunity to mobilize the private sector not only as a source of capital, but as a partner in innovation, scaling and results-oriented finance. Several shifts will be needed, including a move from consultation to co-creation with businesses, scaling blended-finance guarantees, standardizing outcome-based tools, and ensuring that structured public-private coordina-

29 https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/tracking-private-finance-mobilisation_96d38324/8d414cdb-en.pdf

30 The main provider is the International Financial Corporation (IFC, with US$16.6 billion), followed by EU institutions, MIGA, IDB Invest, African Development Bank (AfDB) and the European Bank for Reconstruction and Development (EBRD). OECD 2025.

tion mechanisms become common practice through frameworks and standards that can be adopted in national and regional contexts for specific mandates and projects. Multilateralism's capacity to deliver the development objectives will increasingly depend on whether it can evolve from a grant-based to a governance-based partnership model, where the private sector is not just a financier but a co-architect of global solutions.

The next phase of multilateral reform must thus focus also on creating the conditions and mechanisms to seize the opportunity: designing platforms, rules, and incentives that make private capital a routine component of global development finance.

A new public–private equilibrium.

If pursued coherently, these transformations would recast multilateralism from a grant-based system into a governance-based partnership model, where private capital is embedded in decision-making, risk is shared institutionally rather than bilaterally, and innovation flows through standardized channels. Such an evolution would turn today's episodic engagement into a systemic partnership, allowing the world's US$379 trillion in private assets to be deployed where they can generate both profit and global public value, and anchoring a new equilibrium between states, markets, and citizens in the governance of sustainable development.

This vision is reflected in the Boston Consulting Group (2025) report "The Future of International Cooperation in a Fragmented World", which argues that the era of centralized, state-driven multilateralism is giving way to a networked order, "a world of distributed power and plural legitimacy," where governments, corporations, investors, and civil-society actors increasingly operate through mission-driven coalitions.

Four structural transformations can help shape this new phase.

1. From consultation to joint governance and accountability.

BCG (2025) emphasizes that global cooperation today "depends less on formal agreements and more on the ability of diverse actors to build trust and co-design solutions." Yet private actors are still consulted late, after

goals, sectors, and modalities have been fixed. As the OECD (2025) also notes, predictable governance is essential for investor confidence: mobilization rises where private partners have visibility into decision processes and recourse on outcomes.

The future model must therefore institutionalize co-governance: embedding corporate and performance metrics. This requires reciprocal accountability, where businesses commit to transparency and impact metrics, and multilaterals commit to timeliness and responsiveness.

2. From fragmented tools to integrated risk-sharing and financial infrastructure.

Both BCG (2025) and OECD (2025) stress that cooperation will increasingly rely on platforms, understood as integrated systems that connect capital, data, and policy instruments. Today, evidence shows that risk-sharing remains fragmented across institutions. Guarantees, blended-finance facilities, and political-risk instruments exist, but they operate under different rules, timelines, and reporting requirements. For private investors, especially institutional ones, this lack of consistency increases uncertainty and raises the cost of doing business with the multilateral system.

A next-generation approach must therefore move beyond isolated instruments and create a coherent risk-sharing architecture. This means aligning guarantee frameworks across MDBs, pooling political-risk and currency-hedging capacity, and agreeing on basic disclosure and pricing standards.

Existing models already point the way. Models like the IFC MCPP [31] Real Sector or the IDB Invest B-Bond structure show how delegated risk-sharing can crowd in long-term capital. Scaling these models into broader platforms would turn private mobilization from a series of one-off transactions into a more continuous, predictable market function.

3. From pilot innovation to scalable and standardized instruments.

31 A portfolio-based co-lending platform where large institutional investors (pension funds, insurance companies, sovereign wealth funds) commit capital that IFC then deploys in parallel with its own loans to emerging-market companies.

Innovation is happening across the system (e.g. new blended-finance structures, digital monitoring tools, sustainability-linked instruments) but most of it stays on the pilot stage. BCG (2025) notes that innovation in cooperation "is thriving but rarely scales, because no common protocols exist to connect local experiments to global systems". The OECD (2025) similarly calls for improved comparability and recognition of emerging instruments (portfolio-risk transfers, catalytic technical assistance, sustainability-linked loans).

To move from pilots to scale, multilateral institutions need to work together towards aligned protocols: shared taxonomies for green and social finance, model documentation for outcome-based instruments, and open-data standards that allow results to be compared reliably.

4. From ad-hoc engagement to institutionalized corporate diplomacy.

BCG (2025) highlights the decline of centralized multilateral authority and the rise of "horizontal networks of cooperation." Yet private-sector coordination across these networks remains episodic, often limited to G20/B20 meetings, COP, or investment forums. Without continuity, engagement produces visibility but little influence.

The next phase should embed structured business diplomacy within the multilateral architecture by creating capacities and mechanisms that allow us to harmonize standards, align pipelines, and monitor delivery. This must be done while preserving conflict of interest regulations and without creating complementary, not parallel, tracks.

Recent signals at the multilateral level.

Are these transformations politically and institutionally within reach? While they certainly imply an important departure from the traditional way of doing things, recent events demonstrate that opening new avenues for private public collaboration is possible as multilateralism enters a new phase.

The adoption of the Sevilla Commitment at the Fourth International Con-

ference on Financing for Development in July 2025 provides important political context as it explicitly highlights the need to mobilize private investment for sustainable development while calling for the expanded use of blended-finance and risk-sharing instruments. It also establishes the Sevilla Platform for Action as a mechanism through which governments, multilateral institutions and private actors may collectively propose and advance investment initiatives from the earliest stages of strategy, policy and pipeline design.

At New York Climate Week 2025, the tone shifted significantly to an urgent focus on execution and scaling of climate finance. Participants representing multiple stakeholders made clear that private-public mobilization must accelerate drastically, stressing that traditional funding channels are insufficient and fragmented. The focus was on how blended finance, innovative public–private partnerships, and institutional coordination can begin to channel capital at the necessary scale. As an example, a push for Vertical Climate & Environmental Funds (VCEFs) was made, a tool that would pool public concessional finance with private capital, co-financing climate investments especially in emerging markets and developing economies.

Finally, at the recently concluded COP30 in Belém, Brazil advanced a proposal for a global forest finance mechanism designed to reward countries for conserving forests, develop sustainable forest-based economies, and mobilize private capital for restoration and bioeconomy activities. The proposal centers on a hybrid, country-led financing architecture combining public finance, blended instruments, and private investment. A blended-finance window would provide guarantees, first-loss tranches, concessional capital, and risk-sharing facilities to attract institutional investors and companies. Private actors would engage through the purchase of high-integrity jurisdictional forest credits or direct investment in bioeconomy sectors such as agroforestry, sustainable supply chains, and restoration businesses. The overall design aims to shift incentives toward predictable, multi-year finance linked to territorial outcomes and verified conservation metrics.

ICC's vantage point.

The points made above point to a key aspirational horizon: a governance-based partnership model in which public and private institutions share responsibility for co-creation, risk-management, and results. As BCG (2025) concludes[32], "future-ready cooperation will be mission-oriented, inclusive of business and civil society, and built around flexible platforms that connect global and local actors". If these principles are embedded into the reform of multilateral institutions, today's fragmented engagement can evolve into a systemic partnership, one capable of channeling private capital and innovation toward global public value at unprecedented scale.

The International Chamber of Commerce (ICC) is aware of this gap and ready to build on the opportunities ahead. A long-standing multilateral partner, ICC is the institutional representative of 45 million businesses in over 170 countries and the only private sector organization that is an official Permanent Observer to the United Nations General Assembly and serves as the focal point for Business and Industry (BINGO) engagement in UN Framework Convention on Climate Change processes. In practice today ICC:

- Represents business in UN processes, including Financing for Development, climate negotiations, and trade forums.
- Convenes global business coalitions around issues such as sustainable investment, digital trade, and responsible business conduct.
- Develops principles and guidelines that shape international practice, such as the ICC Principles for Sustainable Trade and Trade Finance and the SDG Partnership Guidebook (developed with the UN).

Based on this experience and track record, ICC is well placed to help close the gaps identified in this Report, as it helps convene inclusive private sector delegations, develop practical standards, and anchor business participation in legitimate processes. Crucially, ICC's chamber network can elevate the voices of small and medium enterprises and firms from the Global South, whose perspectives are often missing in global consultations.

32 www.bcg.com: Ten Forces reshaping global business, 28/05/2025

ICC is also a key partner in the discussions shaping the UN Reform mentioned earlier. ICC has been vocal that the UN Reform should not weaken the UN but help it work better, by sharpening priorities, avoiding duplication and ensuring that finite resources deliver measurable results. A UN that operates within clear mandates and partners effectively with business will be better placed to advance peace, prosperity and economic development.

Overall, the reform opens an opportunity to include formal mechanisms for business input at the policy, programmatic and country levels, through structured consultation platforms, joint design and delivery models and development coordination frameworks to help align efforts with local enterprise and investment priorities.

Across these opportunities, ICC, with its long-standing commitment and its global capillarity, can be an indispensable partner to support a more structured pattern of private sector engagement within multilateralism.

Effectively performing this role requires true partnership both from multilateral institutions, through genuine openness to new ways of private sector engagement as well as business themselves, through sustained commitment to engagement and delivery in the context of multilateral initiatives. Whether this is happening today, and how it could be mainstreamed is the end focus of this report.

Structure of the report.

The Report proceeds in seven sections. Following this introduction, Section 2 describes the methodological approach followed to build this Report. Section 3 synthesizes the findings of the literature review, as well as institutional frameworks and case studies selected for analysis. Section 4 integrates these insights into key findings and insights while Section 5 sets out targeted recommendations, followed by a proposal of institutional reforms needed to facilitate the required changes in Section 6. Section 7 concludes. The report is complemented by a set of three supporting documents where the research findings are presented in more detail[33].

33 These supporting documents (Literature review, Case studies and Framework analysis) are available at ICC and IE University websites.



3. Conceptual work and methodology

Public-private cooperation: from participation to partnerships.

The concept of public–private cooperation covers a wide spectrum of collaboration mechanisms. At one end lies participation, where firms are consulted through forums, surveys, or working groups with no binding consequences. In the middle lies collaboration, where companies co-implement programs and may share risks and data, but do not share governance mechanisms that lead to co-design. At the most advanced end lies full partnership, where there are clear and shared governance roles; strategies are co-designed and there is shared accountability for results.

In this report, a public–private cooperation framework is understood as a structured system of principles, tools, and mechanisms designed to facilitate collaboration between the private sector and multilateral institutions. The objective is to ensure that private sector strategies and public mandates align to produce shared value for sustainable development and effective responses to international challenges through positive impact actions/activities.

Traditionally, such frameworks are understood as mechanisms to guide financing arrangements. However, following the purpose of this Report, it is important to also consider the governance protocols, engagement mechanisms, collaboration instruments, and accountability measures that determine how businesses and international organizations interact. The presence of these dimensions within each framework does shape whether business is seen as a peripheral implementer, a normative actor, or a genuine partner in policy and governance.

A functional public-private cooperation framework typically includes at least four elements:

- Due Diligence process determines if the Private Sector actor is suitable to partner with according to the theme and the Mis.
- Structured engagement protocols that define roles, responsibilities, and channels of communication.
- Incentive alignment mechanisms, such as blended finance models,

risk-sharing tools, or regulatory incentives.
- Bridging instruments that connect business objectives with broader development priorities, for example through impact standards, open data platforms, or joint financing structures.

Our starting assumption is that the collaboration between the public and private sectors in what concerns development cooperation, peace and security, humanitarian action and business and human rights has plateaued in the middle of this spectrum. To unlock scale, the system must evolve towards a strengthened form of partnerships supported by enabling frameworks[34].

To test this assumption and gather evidence on how to then design such frameworks, we have opted for a qualitative, evidence-driven approach that combines several building blocks, guided by a set of four initial policy questions.

Guiding policy questions.

The analysis in this Report follows the research questions originally defined by ICC grouped into four thematic clusters:

A. Policy and governance

- What policy frameworks can multilateral institutions develop to better align private sector investments with development objectives?
- How can regulatory reforms facilitate stronger collaboration between the private sector and multilateral organizations?

B. Investment and finance

- What role does blended finance play in mobilizing private sector investment for sustainable development, and how can it be enhanced?
- How can risk-sharing mechanisms and financial incentives be structured to encourage private capital flows into high-impact sectors?
- How can domestic enabling environments (prudential rules, dispute

34 ICC has long recognized the need for such frameworks. Its initiatives, including the SDG Partnership Guidebook and ICC Principles for Sustainable Trade, seek to provide practical guidance to multilateral institutions and governments on how to engage business as a development partner.

resolution systems) be improved to attract investors?

C. Public–private partnerships (PPPs)

- What are the best practices for structuring PPPs to maximize sustainable development impact while reducing corruption?
- How do corporate due diligence policies compare to those of multilateral institutions? What is the impact of different levels of rigor?
- How can business experience help multilateral organizations design PPPs that are inclusive and responsive to vulnerable populations?

D. Global coordination and diplomacy

- How can multilateral organizations enhance cooperation between business and governments to accelerate development progress?
- What lessons can be learned from successful partnerships in different regions and industries?
- These questions have consistently guided our analysis and have served as a benchmark for evaluating institutional frameworks and practices.

Methodological approach.

To begin to address these questions, we undertook the analysis of three complementary sources of information and evidence: 1) an extensive literature review, 2) a comparative analysis of institutional frameworks, a portfolio of case studies, and 3) a series of targeted stakeholder interviews. Taken together, we have aimed to provide both academic rigor and practical insight into how the private sector currently engages in multilateral cooperation and where reforms are most needed.

When possible, especially when analyzing partnership frameworks and case studies, a double approach was included: first, a granular analysis based from the point of view of certain categories of stakeholders or actors (Multilateral Development Banks (MDBs) & Regional Banks, United Nations System & UN Agencies, OECD & Standard Setters and Private-Sector-Led & Third-Sector-Led Initiatives). Second, an analysis was also conducted based on which type of mandate the partnership was directed to, whether Development Cooperation, Humanitarian Action, Peace and Security or Human Rights.

Despite our best methodological efforts, it is worth noting that this Report is designed as a policy and institutional analysis of how private sector engagement can be strengthened within a changing multilateral landscape. It does not aim to provide a comprehensive mapping of all multilateral initiatives, nor a full evaluation of project level effectiveness across sectors and geographies. Findings should be interpreted as indicative of recurring institutional patterns and design choices, rather than as statistically representative results.

A. Literature review.

The literature review (Supporting document 1) encompassed more than fifty reports and policy documents produced by multilateral institutions, development banks, business coalitions, and leading think tanks. From this initial set of resources, a short list of 19 was created using three guided criteria:

- Relevance to the Report's guiding policy questions (policy and governance, investment and finance, public-private partnerships, and global coordination)
- Balance of perspectives, ensuring representation from diverse stakeholder types (private sector, multilaterals, academia, and civil society)
- Overall significance to the study's analytical and strategic objectives.

As a result, nineteen sources were analyzed in depth. The objective was to identify where evidence converges, where it diverges, and what remains unaddressed in relation to policy and governance, investment and finance, public-private partnerships (PPPs), and global coordination and diplomacy.

The analysis of the literature also followed a standardized analytical framework developed specifically for this Report, to ensure consistency and comparability:

- Scope and methodology, summarizing the document's purpose and research approach.
- Key findings, identifying insights of direct relevance to the Report's objectives.
- Insights on key policy questions, structured around the four guiding policy questions: Policy and governance, Investment and Finance, PPPs, and Global coordination.
- Conclusions and recommendations, capturing actionable takeaways.
- Specific insights on private sector participation in development finance and multilateral institutions, documenting mechanisms and levels of engagement.
- Special focus on private sector roles in relation to four mandates of multilateral institutions: Peace and Security, Development Cooperation, Human Rights, and Humanitarian Action.

The analysis showed a broad consensus that private sector participation must be secured earlier in the policy process and in more structured ways. It also highlighted persistent fragmentation: engagement is often ad hoc, governance frameworks are not fully developed, and institutional mechanisms and instruments do not facilitate scaling up. Moreover, it showed that Private Sector and Humanitarian Action and Peace and Security are broadly less represented in the analysis, showing lots of room and space for development. Private Sector and Development Cooperation is the most frequent partnership. An in-depth discussion will follow in the next section of the Report, and the full analysis is presented in Annex I of this Report.

B. Frameworks.

The frameworks analyzed (Supporting document 2) were selected through a structured filtering process informed by the Terms of Reference, the literature review, and the objective of capturing different ways in which public–private collaboration models are currently deployed in multilateral settings. The longlist initially included more than forty frameworks out of which nineteen were shortlisted based on their relevance to the four guiding policy questions of the Report. The goal was to illustrate diverse institutional roles, instruments and levels of private-sector integration, ranging from universal and UN based initiatives to regional development banks.

Each of these 19 frameworks was then assessed against five analytical dimensions designed specifically for the purposes of this Report:

- **Strategic purpose** to assess whether the framework includes clarity of goals, incentive alignment, and whether the framework links business action to development or climate outcomes
- **Institutional roles & partnership architecture** examine how the framework distributes responsibilities among public institutions, private actors and other stakeholders.
- **Financing & Engagement Instruments** to analyze the tools provided to enable collaboration and investment, including blended finance structures, guarantees, risk-sharing facilities, technical assistance, or market mechanisms.
- **Operational safeguards** to assess the extent to which the framework embeds due diligence, ESG standards, risk mitigation measures, and mechanisms to manage conflicts of interest or protect vulnerable populations.
- **Accountability & results framework** to assess whether the framework provides monitoring, reporting, evaluation or impact-tracking systems that allow both public and private actors to be held accountable.

The comparative assessment yielded three core insights.

First, private-sector engagement remains largely shallow and operational, focused on implementation or financing rather than genuine co-design or shared governance. Second, institutionalization is uneven: a few frameworks offer structured partnership architectures and blended-finance tools, but many rely on ad hoc participation and fragmented project-level cooperation. Third, the landscape shows systemic gaps, from limited risk-sharing instruments to weak accountability mechanisms and insufficient alignment of private-sector incentives with public mandates. These findings underscore the need for more coherent, scalable, and institutionalized approaches to public–private collaboration within the multilateral system. Full analysis can be seen in Supporting document 2.

C. Case studies.

The case study analysis (Supporting document 3) followed a structured process designed to capture how public–private collaboration works in practice across different institutional contexts. From an initial longlist of more than thirty examples identified through the literature review and institutional mapping, nineteen cases were selected based on their relevance to the Report's four guiding policy clusters and their ability to illustrate diverse models of engagement, financing, and delivery.

Each case was assessed using a common analytical template to facilitate comparability across highly heterogeneous examples, from large blended-finance programs to jurisdictional initiatives, corporate partnerships, and MDB-supported infrastructure pipelines.

- **Context and institutional setting** identified the mandate, actors, and policy environment shaping each initiative, including the role of multilateral institutions, governments, and private entities.
- **Design and partnership structure** examined how public and private actors collaborated, whether through formal PPPs, blended-finance vehicles, advisory platforms, or market-based mechanisms.
- **Financing and risk-sharing model** assessed the instruments used to mobilize capital (grants, guarantees, concessional loans, corporate investment) and the distribution of risks across partners.
- **Operational safeguards and governance** reviewed due-diligence processes, ESG safeguards, dispute-resolution arrangements, and mechanisms for stakeholder participation, especially for local or vulnerable groups.
- **Results, impact, and replicability** evaluated what the initiative achieved, how results were monitored, and whether the model offered lessons or pathways that could be scaled or adapted across contexts.

Insights show that early private-sector involvement is rare, risk-sharing remains limited, and many partnerships rely on narrow project-level arrangements rather than system-wide mechanisms. Blended finance and guarantees proved the most reliable tools for mobilizing capital, though their use remains constrained by complexity and limited standardization. Overall, the cases show that effective models exist but are not yet systematically embedded, highlighting the need for more coherent and scalable collaboration.

D. Stakeholder interviews.

Finally, semi-structured stakeholder interviews with representatives of multilateral organizations, private-sector leaders and policymakers were used to test and refine the findings. More specifically, interviews were conducted with senior practitioners spanning (i) multilateral development finance (private-sector investment and mobilization), (ii) global business representation in multilateral and UN processes, (iii) corporate sustainability strategy within multinational companies, (iv) global sustainability advisory and (v) circular-economy operations.

These conversations broadly validated the challenges identified in the literature review, framework assessment and case studies, while adding practical insights on political feasibility and institutional incentives. Businesses consistently reported frustration at being engaged too late in policy cycles and stressed that predictable, well-structured risk-sharing mechanisms are essential for meaningful participation.

Many of the Private Sector led interviews show that there is still an important lack of understanding from the Private Sector regarding the roles, mandates, and opportunities of partnering with Multilateral Institutions. They reveal the complexity of different due diligence and eligibility processes depending upon the organization, an element that hinders the partnering potential due to the inefficient allocation of resources required to conduct those potential partnerships.

Multilateral officials acknowledged the need for deeper private-sector integration but highlighted concerns around conflicts of interest, safeguard compliance, and the preservation of institutional mandates. Policymakers emphasized the importance of mechanisms that reduce transaction costs, build local capacity, and expand opportunities for SMEs and firms from the Global South.

Together, the interviews reinforced the view that more systematic, transparent and upstream engagement with the private sector is necessary to achieve scale and credibility. A methodological note: interviews provide expert and practitioner perspectives, but they are subject to selection bias and confidentiality constraints. The Report therefore triangulates interview insights with published sources wherever possible and does not present interview inputs as definitive proof of system wide trends.



4. The state of multilateral-private cooperation

Literature review.

The literature reviewed confirms a broad and growing consensus that there is still plenty of room to incorporate the private sector as an active partner in sustainable development strategies. Business engagement in multilateral processes remains largely consultative, typically through forums, summits, or voluntary coalitions with limited continuity or accountability. Even where examples of shared governance exist, such as ICC's role as Permanent Observer to the United Nations General Assembly or the Global Compact's CFO Coalition, they remain exceptions that rely heavily on the voluntary participation of large multinational corporations. Small and medium-sized enterprises and firms from the Global South are often underrepresented.

Yet despite this recognition, evidence of how such engagement is or should be structured in practice remains limited. Most sources focus on principles and aspirations rather than on institutional mechanisms or tested models. Where examples do exist, they tend to be localized and project-specific, not embedded in broader governance or financing systems.

However, the literature review shows several clear and common assertions that can shed some light on future designs:

Early engagement of business in public planning processes is essential.

Engagement currently remains largely ad hoc and consultative. Few frameworks institutionalize private sector participation. Most rely on informal dialogue or project-level partnerships rather than defined mandates, decision-making rights, or accountability structures within multilateral or national planning systems.

However, the literature consistently finds that collaboration is most effective when the private sector participates from the outset in the formulation of national development strategies, climate transition plans, or Integrated

National Financing Frameworks (INFFs). However, very few multilateral or national frameworks have yet formalized this kind of co-design. The interface between the private sector and policy institutions remains largely consultative and ad hoc, dependent on personal networks rather than institutionalized rules or mandates.

Regulatory predictability and policy coherence are key for mobilizing private capital.

Transparent procurement, stable PPP and investment laws, and clear long-term price signals (especially in carbon or energy markets) are repeatedly cited as essential for investor confidence. Reports from the OECD, the World Bank, and UNDP call for reforms that create credible, long-term incentives for development-aligned investment.

Yet the reports acknowledge that many countries still lack integrated frameworks that connect investment incentives with sustainability outcomes.

Blended finance dominates the discussion on how to align public and private resources, but it is not yet fully leveraged.

Blended finance has grown, but it is still deployed mostly through bespoke transactions, which are found to have high transaction costs and limited replicability. Overall, the literature finds that the system lacks scalable, pooled risk-sharing mechanisms. Only a few initiatives, such as the World Bank's Guarantee Marketplace attempt to consolidate guarantees and co-investment platforms across institutions.

This fragmentation is not merely technical: it reflects the absence of shared governance architecture capable of aligning multiple financial actors around common standards, disclosure norms, and performance metrics.

As a result, success is often measured by leverage ratios (how much private money is mobilized) rather than by demonstrable development impact. A growing number of reports, including from the OECD and UNDP, call for a shift toward standardized, outcome-based structures that link guarantees, subsidies, or concessional tranches to verified social or environmental results.

In short, blended finance shows tremendous potential, but will likely require new instruments, a focus on impact and agreement on shared governance mechanisms to avoid excessive fragmentation.

The evolution of public–private partnerships (PPPs) illustrates both progress and persistent gaps.

Recent frameworks mark a clear conceptual shift from infrastructure delivery toward public value creation—integrating sustainability, inclusion, and service quality into contract design. The literature review identifies strong consensus on the need for clear performance indicators, transparent risk allocation, and explicit equity and affordability clauses.

Yet implementation remains uneven. In most cases, PPPs still lack enforceable safeguards to manage conflicts of interest when private actors are both partners and beneficiaries. Due diligence and ESG standards also vary widely: multilateral development banks apply formal environmental and social safeguards, while private actors rely largely on voluntary frameworks such as SASB or IRIS+. This heterogeneity increases compliance costs and erodes comparability, particularly for smaller firms. The call for harmonized audit-ready due diligence standards that can be applied across institutions is therefore one of the strongest and most recurrent messages in literature.

Overall, the main conflict in designing mechanisms for the future of multilateralism lies between institutionalization and flexibility. Multilateral and regional banks tend to emphasize formal governance, standardized instruments, and policy coherence as the basis for legitimacy and accountability. In contrast, private-sector and business alliances prioritize speed, innovation, impact, measurable targets and adaptive mechanisms that minimize procedural burdens and enable faster delivery.

These competing logics (governance legitimacy versus operational agility) explain why, despite strong consensus on the need to engage business more systematically, practical models remain fragmented, experimental, and often confined to pilot initiatives.

Insights by type of institution.

Multilateral development banks (MDBs) and regional banks.

According to the literature review, MDBs and regional development banks show the most advanced operational integration with the private sector. Their comparative advantage lies in financing instruments (blended finance, guarantees, co-investment facilities) and in the application of formal safeguards.

Tools such as the IFC–MIGA Private Sector Window, IDB's PPP financing frameworks, and CAF's Sustainable Finance Framework demonstrate that MDBs can crowd in private capital when risk-sharing structures are clear and incentives are aligned.

Yet, despite their technical sophistication, MDB frameworks still tend to position the private sector as a financier or implementer, not a co-designer of strategies or governance structures. Engagement is often limited to project pipelines rather than system-wide co-decision processes. MDBs also struggle with slow procedures, inconsistent mandates across institutions, and limited standardization, which undermines scalability. The literature concludes that MDBs have the tools, but not yet the institutional architecture, to systematically embed upstream private-sector participation.

United Nations system and UN agencies and programs.

UN entities excel in norm-setting, agenda-building, and convening power, but their engagement with business remains largely voluntary and consultative. Initiatives such as the UN Global Compact, the CFO Coalition, UNIDO's PCPs, and the Financing for Development process articulate strong principles for private-sector inclusion. They help anchor business engagement in shared values, development alignment and global legitimacy.

However, the literature review consistently notes that UN frameworks lack operational mechanisms to convert these principles into mandated, predictable or measurable forms of collaboration. Participation tends to be

dominated by large multinationals, with SMEs and Global South firms underrepresented. Moreover, UN processes rarely offer risk-sharing instruments or financing structures, limiting their ability to mobilize private capital at scale. In essence, the UN provides the "why" of private-sector engagement, but only partial guidance on the "how."

OECD and standard setters.

The OECD, UNCDF, and similar standard-setting bodies contribute most directly to principles and guidance: policy coherence, blended finance standards, ESG reporting norms, responsible business conduct guidelines, and results-based frameworks. These institutions shape the global regulatory environment and provide shared definitions that are critical for aligning public and private actors.

However, these frameworks are non-binding and rely entirely on voluntary uptake by countries, MDBs, and firms. They offer clarity but not enforcement, structure but not implementation capacity. The literature highlights their value in promoting transparency, additionality, and impact discipline, but also notes that standard setters cannot, on their own, create the financial or institutional incentives required to shift markets. Their strength is conceptual coherence—not operational delivery.

Private sector–led and third sector–led initiatives.

Business alliances and NGO-led platforms (such as WBCSD's Vision 2050 or the Global Alliance for Trade Facilitation) can be sources of innovation and operational agility. For example, by designing public–private coalitions quickly, and pioneering approaches that later become mainstream (e.g., voluntary carbon markets, supply-chain partnerships, digitalization of customs processes).

Yet these initiatives can in practice face two critical limitations: legitimacy and scale. Because participation is voluntary and often dominated by large corporations, they may lack broad representativeness, particularly from SMEs and the Global South[35]. scale. And without public mandates

35 An exception is the ICC, which through its national committees and global policy commissions, has large participation by SMEs and Global South actors.

or risk-sharing instruments, they cannot mobilize capital or institutional change at systemic levels. To achieve sustainability, impact and scale it is often needed to include multilateral or public institutions

Cross-cutting insight.

Across all four types of institutions, the core finding is the same: no single model provides a complete architecture for structured, scalable public–private collaboration. MDBs bring instruments but not inclusive governance; the UN brings legitimacy but not operational machinery; the OECD brings standards but not incentives; and private-led initiatives bring innovation but not system-wide reach. The next generation of multilateralism will require integrating these complementary strengths into coherent, predictable, accountable mechanisms, capable of engaging diverse firms—across regions and sizes—on equal footing.

Institutional framework analysis.

The 19 institutional frameworks reviewed present a complementary picture from the literature review: while the literature emphasizes gaps in principles, policy coherence, and early engagement, the frameworks reveal how these gaps materialize in practice. The analysis of frameworks across MDBs, UN agencies, OECD standard setters, and private-sector or third-sector initiatives shows a system that is active but fragmented. Frameworks tend to perform well on financial architecture, risk mitigation, and standard setting, but fall short on structured governance, institutional roles, and accountability mechanisms that would enable predictable public–private collaboration. Across the frameworks, three overarching findings emerge.

- Engagement remains largely transactional and project driven. Most frameworks define how the private sector participates in financing, implementation, or compliance processes, but very few embed the private sector into upstream policy formulation, priority-setting, or long-term governance. Structured mandates for joint decision-making, long-term advisory roles, or shared governance bodies are rare and generally confined to specific country-level initiatives
- Financial and risk-sharing tools are significantly more developed than

governance and accountability arrangements. Mechanisms for monitoring, dispute resolution, integrity management, or safeguarding against conflict of interest remain sparse and only a minority of frameworks describe institutionalized monitoring arrangements or shared metrics for performance.

- The system lacks harmonized standards and interoperable mechanisms across institutions, including common and homogeneous due diligence processes. There are strong divergences in due diligence, ESG screening, stakeholder accountability, and reporting requirements. MDBs apply robust but institution-specific safeguards; OECD provides widely recognized principles (DAC Blended Finance, Results Frameworks) but cannot mandate adoption; private-sector frameworks (ICC Principles, Equator Principles, WBCSD Vision 2050) rely on voluntary adherence; and UN frameworks prioritize normative commitments but offer limited operational guidance.

The result is high transaction costs, limited replicability, and inconsistent expectations for businesses, particularly SMEs and firms from the Global South, which face disproportionate compliance burdens. Several frameworks aim to address this (e.g. CAF's second-party verification requirements).

Insights by type of institution.

Multilateral development banks (MDBs) and regional banks.

MDBs remain the most technically mature actors in operationalizing private-sector engagement. Their comparative advantage lies in financial architecture, risk mitigation, and project preparation. Frameworks such as the IFC–MIGA Private Sector Window, IDB's PPP financing framework, and CAF's Sustainable Finance Framework demonstrate consistent capacity to mobilize private investment through blended finance, guarantees, local-currency solutions, and standardized procurement practices.

However, MDBs rarely embed the private sector in upstream planning, policy prioritization, co-decision-making and their attention remains concentrated in infrastructure and climate-related sectors, with more limited application to social sectors, inclusion, or adaptation.

United Nations system and UN agencies / programs.

The UN's comparative advantage lies in its convening power and normative authority. Frameworks such as the Addis Ababa Action Agenda and Sevilla Commitment establish clear multi-stakeholder alignment for sustainable development financing. Instruments like UNIDO's Program for Country Partnerships (PCPs) and UNDP's Integrated National Financing Frameworks (INFFs) create systemic, country-led structured and defined collaboration models with embedded steering committees.

Despite this, most UN frameworks remain principle-based rather than operational, with limited detail on financing mechanisms, risk-sharing structures, or enforceable governance provisions. Participation is voluntary and often dominated by large multinationals, leaving SMEs and Global South firms underrepresented. Fragmentation across UN agencies further reduces coherence and makes implementation dependent on specific country contexts or donor support. As a result, the UN successfully defines the why of private-sector engagement and increasingly the what, but the how remains underdeveloped.

OECD & standard setters.

OECD and related bodies contribute most directly to principles, transparency, and accountability frameworks. Tools such as the DAC Blended Finance Principles, the OECD Guidelines for Multinational Enterprises, and the Effective Results Frameworks provide a consistent reference point for aligning incentives, defining due diligence, and structuring impact measurement. These frameworks establish widely recognized standards that shape both public-sector and private sector behavior but rely on voluntary uptake. In this context, the role of MDBs or national governments in translating these principles into actionable mechanisms becomes critical.

Private sector–led and third sector–led initiatives.

Private-sector and third sector led initiatives contribute agility, market oriented practical tools, and innovation. Frameworks such as the SDG Partnership Guidebook, ICC Principles for Sustainable Trade and Trade Finance, and WBCSD's Vision 2050 demonstrate an ability to translate sus-

tainability commitments into operational guidance for companies. These mechanisms are generally responsive to market dynamics and can pilot models that multilateral institutions later adapt or scale.

However, the frameworks analyzed remain voluntary, non-binding, and have limited ability to shape public policy or define institutional incentives. Fragmentation across corporate ESG standards further reduces comparability and complicates integration with public-sector frameworks.

Insights by mandate.

Across the four mandate themes, 1) Peace and Security; 2) Development Cooperation; 3) Human Rights and 4) Humanitarian Action collaboration remains uneven. Development cooperation dominates, while peace, rights, and humanitarian work remain highly underdeveloped. This imbalance reveals both missed opportunities and emerging pathways for diversification, impact and the promotion of peace and security, human rights and humanitarian assistance.

While private Development Cooperation Frameworks represent in our sample 85% of the frameworks, Peace and Security and Humanitarian action Frameworks seem a neglected opportunity (3% total), as there is plenty of room for work and business development that can promote stability through peace-positive investments, conflict-sensitive practices, and post-conflict SME support. The private sector's potential in crisis preparedness, logistics, and innovative solutions and financing remains highly untapped.

Case studies.

The 19 case studies analyzed provide practical evidence of how public–private collaboration operates when frameworks and policies are translated into concrete initiatives. They show that meaningful cooperation is possible at scale, but also that outcomes remain uneven and heavily dependent on the alignment of incentives, regulatory clarity, risk-sharing structures, and institutional capacity. Three general findings stand out across regions, sectors, and institutional types.

- The most successful public–private initiatives had clear governance and policy certainty. When governments (supported by MDBs) establish predictable regulatory frameworks, standardized contracts, and clear procurement rules, private investment increases and costs fall. Where these enabling conditions were absent, collaboration remained limited, fragmented, or dependent on heavy concessional support.
- Blended finance and risk-sharing tools are central to crowding in private investment, but they remain unevenly deployed. Across cases, concessional capital, guarantees, and layered financial structures played a decisive role in making investments viable (whether through IFC/MIGA guarantees, project bonds supported by national development banks or donor-backed hedging facilities). However, these instruments appear to be one-off transactions, rather than as standardized, scalable tools.
- Operational and governance gaps limit the long-term effectiveness of otherwise promising partnerships. While many cases show strong design and early investment mobilization, they often lack systematic mechanisms for monitoring results, dispute resolution, integrity management, or continuous stakeholder engagement.

Insights by type of institution.

Multilateral development banks (MDBs) and regional banks.

MDBs remain the most technically advanced institutions for engaging in private capital, with strong capabilities in blended finance, guarantees, and risk-sharing. Case examples such as Scaling Solar, the Amazon Bioeconomy Initiative, and the ASEAN Catalytic Green Finance Facility demonstrate their operational discipline, transparent procurement, and robust safeguards. Regional banks such as CAF reinforce this by adapting financial innovation to local contexts while maintaining alignment with global standards.

However, governance asymmetries persist, monitoring and integrity safeguards vary, and operations remain concentrated in hard infrastructure. Social inclusion, adaptation, and biodiversity finance remain secondary, and cross-institutional collaboration has not kept pace with financial innovation. MDBs mobilize capital effectively, but strengthening co-gover-

nance, safeguards, and results-based accountability is essential to build trust and advance development alignment.

United Nations system and UN agencies / programs.

The UN's comparative advantage lies in its legitimacy, convening authority, and norm-setting capacity. Through flagship frameworks such as the Addis Ababa Action Agenda and the Sevilla Commitment, the UN proposes a coherent global vision for financing sustainable development and mobilizing multi-stakeholder alignment. At the operational level, initiatives like UNIDO's Program for Country Partnerships (PCPs) and UNDP's Integrated National Financing Frameworks (INFFs) institutionalize co-governance through steering committees and country platforms that embed both public and private actors into national implementation processes.

However, many frameworks remain principle-based and aspirational, with limited translation into enforceable practice. Institutional silos and overlapping mandates constrain efficiency, while dependence on donor contributions and voluntary commitments reduces sustainability.

OECD & standard setters.

The OECD and its allied standard-setting institutions are key players of global sustainable-finance governance. Instruments such as the DAC Blended Finance Principles, the Development Co-operation Guidance on Private Sector Engagement, and the Responsible Business Conduct (RBC) Guidelines provide the common language of transparency, accountability, and development alignment across multilateral, bilateral, and private actors. These standards shape expectations on additionality, risk-return balance, and results measurement, underpinning much of today's responsible investment landscape.

Their greatest strength lies in global standardization and legitimacy (a peer-reviewed ecosystem that encourages harmonization, policy learning) but the vast majority based on voluntary adoption, lacking deeper integration into operational frameworks, particularly those of MDBs, UN agencies, and national governments, to translate normative credibility into tangible impact.

Private-sector-led & third sector-led initiatives.

Private and civil-society initiatives inject innovation, agility, and practical problem-solving into the sustainability ecosystem. Frameworks such as the SDG Partnership Guidebook, WBCSD Vision 2050, demonstrate the capacity to translate global sustainability goals into actionable corporate strategies and partnership models. They excel in ESG integration, results-orientation, and scalability attributes that make them essential laboratories for experimentation and rapid adaptation across industries.

However, these initiatives are predominantly voluntary, lacking enforcement or institutional authority. Fragmentation across ESG standards (GRI, SASB, TCFD, among others) weakens alignment and interoperability. The absence of formal links to MDB and UN frameworks constrains their contribution to large-scale transformation and limits the potential for risk-sharing and coordinated impact verification.

Insights by mandate.

Across the four mandates analyzed — peace and security, development cooperation, human rights, and humanitarian action — collaboration remains uneven.

Private Sector & Development Cooperation dominates the sample. MDBs, UNDP, and OECD frameworks have advanced blended finance, PPPs, and private investment mobilization, anchoring business in development finance.

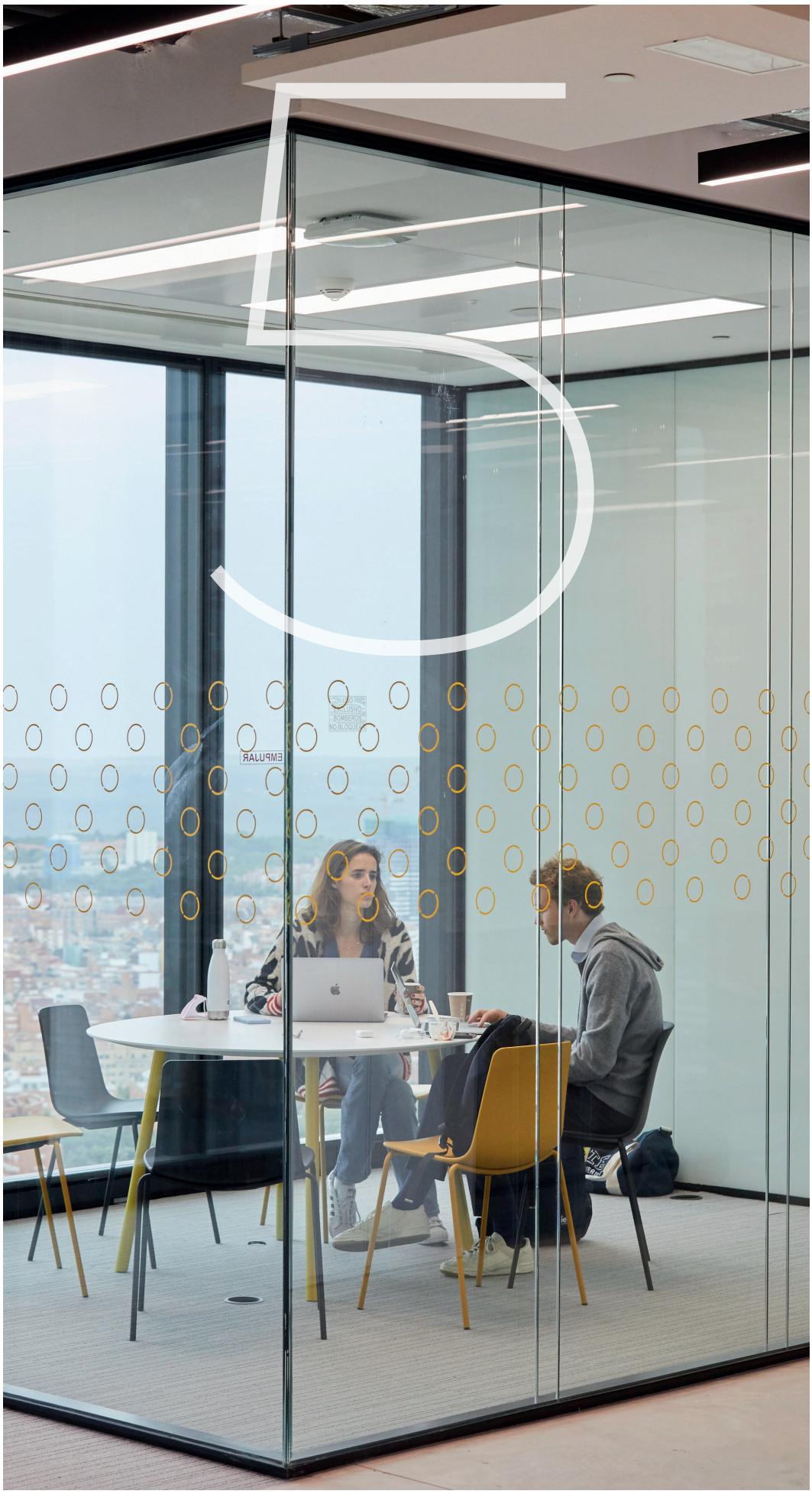
- Private Sector & Peace and Security remain largely unexplored (5% in our sample), but the potential for peace-positive investment, conflict-sensitive business practices, SME support in post-conflict settings, and early warning partnerships is significant but, yet, underdeveloped.
- Human Rights engagement primarily relies on voluntary standards such as the UNGPs and OECD RBC Guidelines. Alignment is improving, but operationalization remains limited and fragmented across institutions.
- Collaboration on Humanitarian Action is minimally integrated (10% in our sample). Current contributions are mainly ad hoc (logistics, technology support, philanthropic funding) rather than structured or preven-

tive. There is considerable untapped potential in crisis preparedness, innovative humanitarian financing, and resilience-building partnerships.

Stakeholder interviews.

Interviews with private sector actors reveal a persistent gap in knowledge and awareness about how multilateral institutions operate and how companies can practically engage with them. Many firms perceive multilateral organizations as complex, slow-moving, and primarily government-facing, with limited relevance to their core business strategies. This perception translates into low levels of interest, particularly among mid-sized companies and newer firms, which often lack dedicated teams to navigate multilateral processes. As a result, opportunities for collaboration are either overlooked or dismissed early, not because of misalignment in objectives, but due to unfamiliarity with mandates, instruments, and entry points.

The interviews also highlight a limited recognition of the added value that joint action with multilateral institutions can generate. Private sector respondents often underestimate the benefits of partnering with multilaterals, such as risk-sharing, policy influence, access to new markets, and long-term credibility. Collaboration is frequently seen as transactional or compliance-driven rather than strategic, reinforcing a preference for bilateral or purely commercial partnerships. This lack of perceived value points to a communication and design challenge for multilateral institutions, which must more clearly articulate and demonstrate how collective action can amplify impact, reduce uncertainty, and create outcomes that neither the public nor private sector could achieve alone.



5. Key findings and insights

This section brings together the main insights from literature, the institutional frameworks, the case studies and stakeholders' interviews, and uses them to address the key policy questions that guide this Report. These questions, which we included in the introduction, are focused on governance, investment and finance, public–private partnerships, and global coordination. Organizing the analysis in this way makes it possible to identify the patterns, gaps, and constraints that currently shape how the private sector interacts with multilateral institutions. These insights form the foundation for the recommendations that will follow.

Policy and governance-insights.

What policy frameworks can multilateral institutions develop to better align private sector investments with development objectives?

The analysis shows that alignment between private investment and the Sustainable Development Goals is strongest when policy frameworks combine clear strategic direction with practical entry points for business. Initiatives such as the recently endorsed Sevilla Commitment, or the Integrated National Financing Frameworks, follow a similar model: they set specific Sustainable Development Goal priorities and then translate them into sector-specific or country-level platforms where public and private actors work together around concrete investment pipelines, not only high-level dialogue.

However, these frameworks differ substantially in how far they institutionalize shared governance. Some create formal structures like steering committees or country platforms where private actors participate regularly in strategy discussions and progress reviews. Others remain largely declarative and rely on occasional consultation or engagement limited to individual projects. From the analysis, there emerges a clear insight: when the roles of governments, multilateral institutions, and private investors are explicitly defined and embedded in recurring governance structures, the alignment with development goals is stronger in the resulting invest-

ments. Where this institutional layer is missing, private capital tends to concentrate in traditional sectors with weaker connections to broader development priorities.

A further insight is that policy frameworks are more effective when they integrate governance, financing tools, and safeguard systems within a coherent architecture. Multilateral development banks that combine policy support, investment guidelines, and risk-management mechanisms create more predictable conditions for private actors than frameworks where these elements are developed separately. By contrast, several United Nations frameworks are normatively strong but provide limited operational detail on how decisions, risks, and responsibilities are shared across public and private partners.

How can regulatory reforms facilitate stronger collaboration between the private sector and multilateral organizations?

The case studies show that regulatory reforms are often the most important factor enabling effective collaboration between private investors and multilateral organizations. Where countries clarified the rules governing public–private partnerships, tariffs, concessions, and investment licensing (as seen in Colombia's road sector or Egypt's power sector) public authorities, multilateral institutions, and private companies were able to operate within a shared and predictable framework. This clarity created a common understanding of how contracts are awarded, how risks are shared, and how disputes are resolved, which in turn attracted larger and more diversified investment.

Across the examples analyzed, three types of reforms stand out:

- Sectoral and public–private partnership rules, which set out how projects are structured, how fees or tariffs are determined, and how responsibilities and risks are allocated.
- Financial and capital-market regulations, which determine whether domestic banks, insurers, and pension funds can invest in infrastructure, green projects, or blended-finance structures.
- Dispute-resolution systems, which influence how contractual rights, safeguards, and enforcement mechanisms function in practice.

The evidence shows that collaboration depends not only on sector-specific rules but also on the broader legal and institutional context. Credible contract enforcement, predictable administrative procedures, and compatible financial regulations matter as much as concessional finance or guarantees. When these elements are coherent and consistently applied, multilateral institutions can build on them through technical assistance, risk-sharing instruments, and long-term financing.

Investment and finance.

What role does blended finance play in mobilizing private sector investment for sustainable development, and how can it be enhanced?

Overall, the research conducted for the Report shows that blended finance is the main mechanism used by governments and multilateral institutions to attract private investment into high-risk, high-impact sectors. In several cases (e.g. climate-related credit lines supported by CAF the Development Bank of Latin America) public or philanthropic resources absorbed early risks through concessional funds, guarantees, or first-loss positions. This early support allowed commercial lenders and institutional investors to participate in projects that would otherwise have been considered too risky.

Despite its centrality, blended finance remains fragmented and costly to deploy. Most transactions are designed on a case-by-case basis, using institution-specific templates and reporting systems. This limits replicability and slows down mobilization. Performance is still judged mainly by the amount of private capital mobilized rather than by measurable development results. Newer approaches that link concessional support to verified Sustainable Development Goal outcomes, such as carbon-linked payment schemes or performance-based guarantees, indicate a shift towards outcome-oriented financing but remain isolated pilots.

A further insight concerns the limited availability of investment-ready projects. Project preparation capacity, feasibility standards, and sustainability screening vary significantly across countries, creating a structural bottleneck even where blended-finance instruments exist. This “pipeline problem” reduces the absorptive capacity of blended finance and explains why concessional resources often remain underutilized.

Blended Finance for Clean Energy in Africa

Blended finance for clean energy in Africa is illustrated here as a partnership model where African governments work with development finance actors and private developers to accelerate bankable renewable energy investments, combining utility-scale generation (for example solar and wind) with distributed solutions (mini-grids and solar home systems) to expand access in underserved areas.

Early private-sector participation in energy transitions is often limited due to high perceived risks and weak regulatory and institutional conditions. The partnership addressed this challenge by bringing together multiple private-sector roles (mini-grid and solar home system providers; impact investors and private equity; commercial banks and institutional investors; technology providers and developers) with a set of multilateral interventions designed to reduce early-stage risk and transaction barriers (World Bank, African Development Bank, European Investment Bank).

The case study shows that blended structures led to expanded off-grid and mini-grid deployment in rural areas; local job creation and productive use of energy (eg. powering irrigation and clinics). Clearly, concessional funding, guarantees, and risk-mitigation tools were necessary to attract private investment but not sufficient to help it scale. Ongoing challenges—such as fragmented regulations, weak project pipelines, and high transaction costs—mean that risk-sharing is heavily reliant on public actors. Large-scale, system-wide solutions are not yet fully established in order to lead to stable, locally anchored market ecosystems.

References

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How can risk-sharing mechanisms and financial incentives be structured to encourage private capital flows into high-impact sectors?

Private investors respond to predictable, well-defined risk-sharing arrangements. The cases reviewed show that combining political-risk insurance, guarantees, and performance-based incentives can unlock substantial capital in sectors such as energy, infrastructure, and housing. These arrangements reduce uncertainty around regulatory change, payment reliability, and macroeconomic volatility, allowing private capital to enter markets it would not otherwise consider.

However, existing risk-sharing tools are often partial and disconnected. Political, credit, and currency risks tend to be handled by different institutions, each operating with their own procedures. This increases complexity and limits the ability to scale successful models across regions. Efforts

to pool guarantees or coordinate risk-sharing across institutions remain at an early stage and have not yet produced an integrated or widely adopted architecture. Incentive structures also tend to focus on closing transactions, with limited linkages to long-term performance or social and environmental outcomes.

The evidence also highlights the influence of macroeconomic and sovereign risk conditions. High debt levels, interest-rate volatility, and unstable currencies directly affect the cost of capital and investor appetite. Even well-designed risk-sharing mechanisms struggle to compensate when macroeconomic risk is perceived as excessive. This explains why private capital flows concentrate in countries where institutional reliability and macroeconomic stability are stronger.

CAF Support to climate oriented lending at the domestic level

CAF's program sought to mobilize private finance for climate action in Latin America by empowering domestic financial institutions to expand their climate-lending portfolios, addressing limited local capacity and the shortage of long-term, affordable capital for green projects. CAF provided climate finance lines, risk mitigation tools, and technical assistance to local banks, which then extended sub-loans to private sector firms, especially in renewable energy, energy efficiency, and sustainable agriculture.

The approach allowed a system-level scaling via intermediaries: CAF uses established domestic banks to reach local green investment pipelines, rather than relying mainly on direct MDB-to-project transactions. In doing so, it unlocked better terms for climate aligned lending. Incentives included concessional elements, including first-loss style protection.

In addition, it included capability transfer as part of the financing package to help banks adopt climate risk assessment and project evaluation frameworks, embedding climate finance principles into their operations, improving screening, management, and reporting for climate-related investments.

While there is limited information regarding sub-loan allocation and project-level outcomes, the case study shows that intermediation can be a scalable route to climate finance if concessionality is paired with long-term institutional capacity building.

Reference

MDB Task Force on Mobilization. (2025). Mobilization of private finance by multilateral development banks and development finance institutions: 2023 joint report (Appendix 1, p. 46).

How can domestic enabling environments (prudential rules, dispute resolution systems) be improved to attract investors?

The case studies analyzed show that the domestic enabling environment is often the deciding factor in whether blended-finance structures and guarantees translate into actual private investment. In the case studies, those countries that introduced clear rules for public–private partnerships, strengthened specialized agencies, and ensured predictable contract enforcement were able to mobilize substantial investment using the same financial instruments that delivered weaker results in less stable environments. Where laws are unclear, administrative systems slow, or dispute-resolution mechanisms unreliable, even generous guarantees or concessional terms cannot fully compensate for institutional risk.

Domestic financial-sector rules also strongly influence investor participation. Evidence from infrastructure bonds in Colombia, sustainability-linked bond frameworks supported by the Development Bank of Latin America, and microfinance-based housing programs shows that local financial institutions play a critical role in scaling sustainable investment. When prudential regulations allow banks, insurers, and pension funds to hold long-term or green assets, these institutions become effective intermediaries that channel both domestic and international capital. Where such rules are restrictive or inconsistent, local participation remains limited and multilateral institutions must absorb a disproportionate share of risk.

A further insight concerns the importance of local-currency markets. Exchange-rate volatility and currency-mismatch risks frequently deter long-term investment in lower-income or fragile markets. Cases involving hedging facilities, local-currency credit lines, and blended structures in Latin America and Africa illustrate that sustainable finance grows faster where investors can access credible domestic-currency instruments. In markets without these tools, private capital remains short-term, concentrated in a few low-risk sectors, or reliant on foreign-exchange guarantees from multilateral institutions.

Finally, data quality and transparency remain structural limitations. Investors face uneven reporting standards, limited disclosure of project performance, and inconsistent sustainability indicators, reducing comparability across markets. Better data systems, including reliable financial reporting, project-level performance metrics, and consistent Sustainable Devel-

opment Goal alignment—are essential for investors to assess risk, price transactions correctly, and commit over the long term.

Public-private partnerships (PPPs).

What are the best practices for structuring public-private partnerships (PPPs) to maximize their impact on sustainable development while reducing corruption?

The analysis of frameworks and case studies shows that PPPs deliver the strongest development results when they are built on three foundations: clear and credible policy frameworks, transparent and standardized processes, and strong institutions capable of managing the full project cycle. Successful examples, such as Colombia's transport concessions demonstrate that when governments clarify PPP laws and concession rules, strengthen specialized units, and prepare projects in close collaboration with multilateral institutions, investor confidence rises, more bidders participate, and service quality improves.

Effective PPPs rely heavily on transparent and consistent procurement. Standardized bidding documents published evaluation criteria and full disclosure of contract awards reduce discretion in project selection and are strongly correlated with lower corruption risk. Where these elements are in place, there are fewer disputes and projects reach financial close more quickly.

The evidence also highlights that PPPs remain vulnerable after the contract is signed. Monitoring, grievance systems, dispute resolution and integrity provisions often weaken in the operational phase when oversight is led at the country level, with standards that vary significantly across countries. This increases the risk of renegotiation, cost overruns or service-quality deterioration.

A recurring insight across regions is the importance of mobilizing domestic financial systems and local institutions, in line with the insights presented earlier. Many of the most stable PPPs involve domestic capital

markets, such as project bonds and pooled financing vehicles, or national development banks that act as intermediaries. This reduces foreign-exchange exposure and creates stronger political and social ownership.

When operators, financers and technology providers contribute (with adequate conflict of interest mechanisms) during early planning, service standards and cost assumptions are more realistic, risks are identified sooner, and final structures better reflect market conditions. This is particularly important in social and climate-related sectors, where local needs and inclusion considerations must be factored into technical design.

Finally, PPPs are and will continue evolving from a model centered on infrastructure delivery to one focused on public value and measurable results. Results-based payment mechanisms that link financial returns to verified outcomes (e.g. renewable-energy generation, road availability, service quality, inclusion of vulnerable populations or environmental performance) are gaining traction. These models help align commercial incentives with development objectives but require reliable monitoring, independent verification and transparent reporting to work effectively.

Scaling Solar Ethiopia-Expanding Solar energy capacity and adoption through PPPS

Scaling Solar Ethiopia, led by IFC in partnership with the World Bank and MIGA, created a standardized PPP model to attract private investment in large-scale solar power. Through transparent tenders, standard Power Purchase Agreements (PPAs), and risk mitigation tools—including political risk insurance from MIGA—the program aimed to add up to 500 MW of solar energy to Ethiopia's grid.

The initiative combined transaction advisory services, concessional support, and guarantees to lower investor risk in a challenging market. Twenty-eight developers showed interest, and twelve were prequalified, indicating strong private-sector appetite once risks were clearly structured and shared.

While the model shows that blended finance and standardized PPP frameworks can mobilize private capital, progress depended heavily on multilateral support and domestic legal reforms. Delays due to regulatory readiness highlight that scaling requires stronger institutional capacity and system-wide regulatory alignment.

Reference

MDB Task Force on Mobilization. (2025). Mobilization of private finance by multilateral development banks and development finance institutions: 2023 joint report (Appendix 1, p. 42).

How do private sector due diligence policies (such as banks and other corporations) compared to similar policies at UN agencies?

Multilateral development banks (MDB) apply comprehensive safeguards that cover financial, environmental, social, integrity, and political risks. These are backed by formal policies, verification systems, and institutional oversight. As a result, multilateral-led PPPs tend to display strong structuring discipline and very robust integrity controls. These standards are specific to each leading MDB, and while similar in terms of comprehensiveness, they are not the same across different organizations.

On the private sector side, compliance and due diligence policies are sophisticated in many of the cases, but do not always align with the requirements of multilateral financiers. The result is a perception of high compliance costs in engaging with multilaterals and disincentives for smaller firms given the capacities needed to meet extensive safeguards without external support.

How can multilateral organizations benefit from business experience to ensure that PPPs are inclusive, address the needs of vulnerable populations and limit waste?

As explained above, evidence shows that early and structured involvement of private operators can improve PPP design, pricing, and long-term service quality. Firms bring operational insights, cost data, technology know-how, and user-experience perspectives that can help governments and multilateral institutions calibrate performance metrics, tariff structures, and service-delivery models more realistically. In several cases, such as Sweden's sectoral transition roadmaps or municipal infrastructure reforms in Latin America, early business participation helped shape feasible investment pipelines and improved the relevance of planned services.

Private-sector experience is particularly valuable in designing PPPs that reach underserved communities. Companies with established supply-chain networks or microfinance models have shown how to incorporate women-led businesses, informal workers, or rural populations into service delivery. In social sectors such as housing, health or basic services, business involvement contributed to identifying barriers to access and to adjusting service requirements accordingly. However, these contributions

were strong where governments and multilateral institutions provided structured platforms for co-design, not only consultation.

At the same time, business participation can raise conflict-of-interest risks if not supported by clear role definitions and transparent procedures. Case evidence shows that inclusion and community benefits are most credible when private inputs are embedded in joint governance arrangements, accompanied by grievance mechanisms, independent monitoring, and community engagement requirements. The absence of consistent oversight mechanisms limits the potential for private expertise to enhance inclusiveness beyond individual pilot experiences.

A final point concerns the private sector's own interest in engaging with multilateral-driven PPPs. While firms can gain strategic advantages from these partnerships, from access to de-risked markets to improved reputation, actual participation remains well below its potential. As noted in the introduction, engagement is heavily concentrated among a small number of large multinational companies, while most firms see the multilateral system as complex, costly, or slow. Case studies suggest that private-sector appetite increases when risk is clearly allocated, when processes are predictable, and when commercial, social and timing incentives are aligned. Understanding firm-level barriers, identifying realistic entry points, and creating governance arrangements that balance public objectives with business constraints are therefore essential if PPPs are to become both more inclusive and more effective.

Global coordination.

How can multilateral organizations enhance global cooperation between the private sector and governments to accelerate progress toward development objectives?

As described above, public-private cooperation can be improved by increasing communication and practical coordination between governments (who define priorities, approve reforms, and steward public resources) and the private sector (who bring investment and technology).

Today they rarely meet at the right time, with the right information, or with the right institutional structures. Multilaterals are uniquely positioned to bridge this gap. Their legitimacy with governments and their technical credibility with markets allow them to facilitate stable and structured platforms where governments and businesses work together on specific problems, not just through high-level consultation.

For example, creating structured public–private coordination and dialogue platforms within national planning and financing processes could help private-sector expertise inform feasibility, cost, and technical requirements, supporting early identification of bankable opportunities. An example can be found in the World Bank Group's Private Sector Investment Lab (PSIL), launched in 2023 and expanded in 2025. The PSIL brings CEOs and senior executives from major global companies and investors into direct, structured dialogue with World Bank leadership and operational teams. Unlike traditional consultations, the Lab works alongside WBG country and sector teams to identify and design solutions that address the systemic barriers governments face when trying to mobilize private investment.

What lessons can be learned from successful private sector multilateral partnerships in different regions and industries?

Successful partnerships share several recurring features across regions and sectors. First, they are built around a clear, shared definition of the problem and an early alignment of incentives. Whether in renewable energy, transport, housing or trade facilitation, progress is greater when public objectives and commercial interests are openly discussed from the start. This reduces misunderstandings and increases the likelihood that investment decisions support development priorities.

Second, effective partnerships combine the legitimacy and safeguard systems of multilateral institutions with the technical and operational strengths of private firms. Multilateral organizations contribute political backing, risk-management systems and neutral oversight, while companies bring innovation, technology and delivery capacity. This complementarity is particularly evident in renewable-energy projects, trade-facilitation initiatives and blended-finance vehicles, where neither public nor private actors could deliver comparable results on their own.

Third, the most durable partnerships rely on structured governance and verification systems. Joint monitoring, transparent reporting and independent verification help sustain cooperation even when political or market conditions change. Evidence from analyzed cases studies in Latin America, Africa and Europe show that projects with clear oversight arrangements and published performance data are more resilient, experience fewer disputes and maintain investor confidence over time.

A fourth insight concerns the role of cooperation across several multilateral institutions. Multi-multilateral coordination produces larger, more stable and more credible platforms for private investment. Examples such as Egypt's solar parks illustrate this dynamic: the involvement of several development banks and international funds created a unified framework for risk sharing, procurement and safeguards that individual institutions could not have provided alone. Similar effects appear in currency-hedging facilities and climate-finance platforms that pool resources from donors, development banks and private investors. When institutions coordinate their instruments and align their standards, private participation increases, transaction costs fall and the overall platform becomes more robust.

Finally, regional institutions play an important bridge role. Development banks, industry associations and local financial intermediaries help translate global commitments into national action, making partnerships more relevant to local conditions and more accessible to smaller firms that often cannot engage directly at the global level.

Structural constraints still limit the scale and consistency of private-sector engagement, including fragmented governance arrangements, uneven financial instruments, incompatible PPP standards and weak coordination across institutions. The recommendations that follow build directly on these findings and outline practical ways to strengthen multilateral cooperation with the private sector and to increase the development impact of sustainable investment.

Private Sector Investment LAB and the Forest Carbon Partnership Facility (FCPF)

The World Bank's Private Sector Investment Lab, linked to the Forest Carbon Partnership Facility (FCPF), is a global initiative aimed at increasing private investment in forest carbon and nature-based solutions. Through a structured platform, the Lab brings together institutional investors, asset managers, corporates with net zero commitments and carbon project developers in structured working groups. Together, they jointly design financial tools that address key barriers such as high risk, lack of clear standards, and low market confidence.

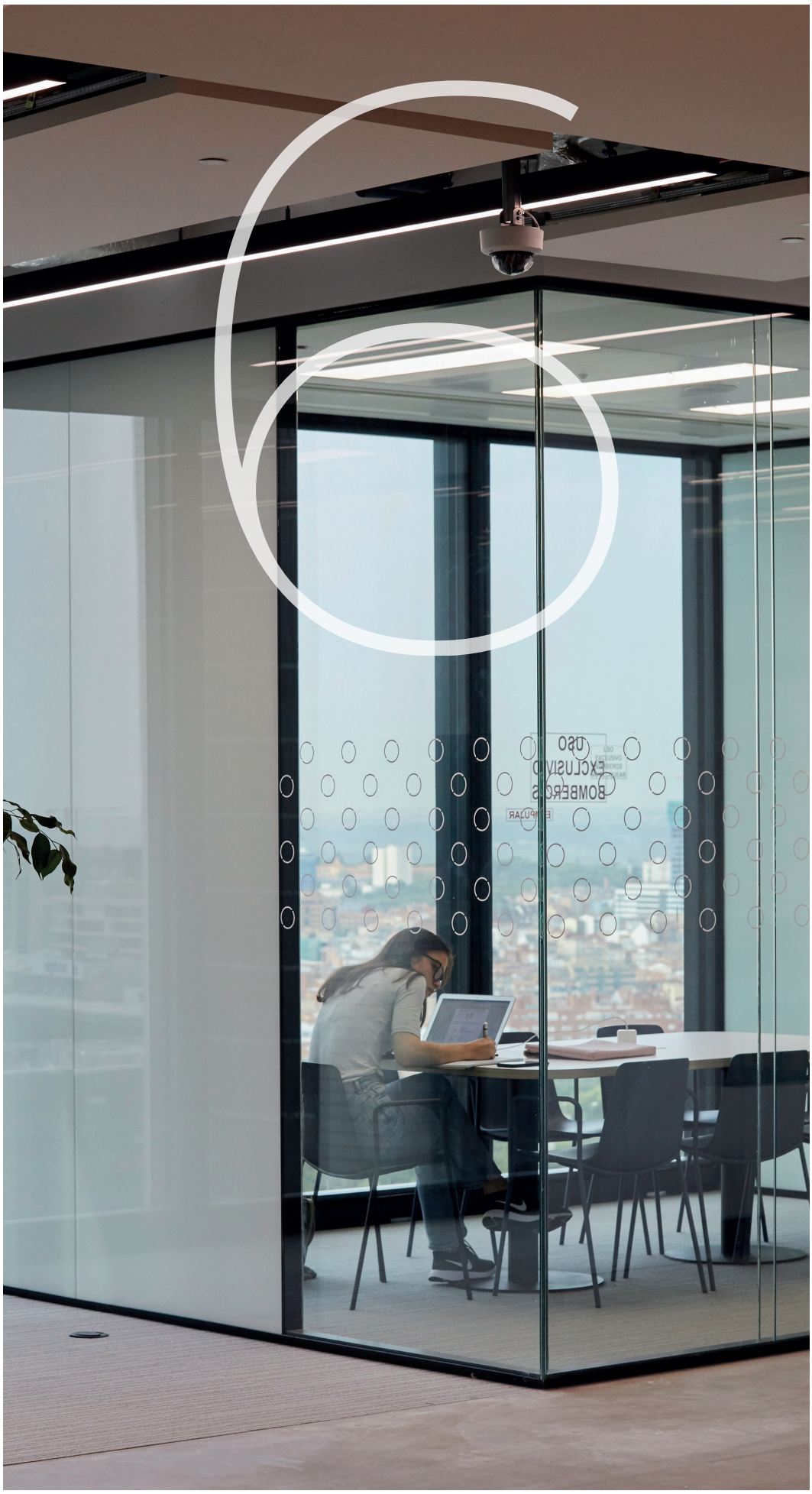
The initiative tests blended finance and risk-reduction tools, including guarantees, results-based payments, forward purchase agreements, and credit enhancements, to attract private capital. The Lab has catalyzed pilot financing mechanisms (for example, credit enhancement for forest carbon projects) and contributed to standard-setting for high-integrity credits, while also fostering trust between market actors and public agencies as a precursor to scaled private flows.

What makes this case more interesting than a generic "blended finance" example is that it is framed as market-shaping: co-creating the rules and risk allocation so that forest carbon can become an investable asset class with higher integrity and clearer risk-return parameters, rather than a one-off transaction model.

The model shows how multilateral institutions can help shape new markets with early and structured public–private collaboration. However, most financing tools remain at the pilot stage and rely heavily on World Bank support, indicating that the approach is still evolving.

Reference

World Bank Group. (2025). Private Sector Investment Lab: Brief. https://www.worldbank.org/en/about/unit/brief/private-sector-investment-lab



6. Policy recommendations

Policy and governance.

The prior described analysis gives us clear indication of what actionable building blocks can be tapped to shape the next-generation of policy frameworks to better align private sector investments with multilateral priorities: co-governed, incentive-aligned, transparent, inclusive, and anchored in long-term institutional capacity. To get there, the following recommendations are proposed:

1. Establish structured platforms where public and private actors can communicate and work together effectively.

Multilateral institutions should create structured spaces that correspond to specific mandates and projects, such as steering committees, country platforms or thematic councils, where governments, development partners and businesses work together to set priorities, shape pipelines and review progress. This moves engagement beyond consultation and provides predictable channels for mobilizing private capital. The proposals of the Sevilla Commitment show how this architecture could take place to facilitate alignment between business investment, multilateral priorities and mandates and development goals.

Each actor's role (government, multilateral institution and business) should be explicitly defined to avoid conflict of interest and sustain coordination and investor confidence. To strengthen legitimacy, these platforms should include small and medium-sized enterprises and business associations from developing regions. Mechanisms such as rotating seats, regional business caucuses or multi-tier representation models can help broaden participation.

2. Integrate the private sector early in national and multilateral planning cycles.

Engagement is most effective when businesses help shape strategies from the beginning. Opportunities include national development plans,

sector transition strategies, sustainable finance roadmaps and integrated national financing frameworks. Early involvement allows public and private actors to identify realistic costs, operational constraints and market opportunities before investment decisions are finalized.

Evidence from some of the cases analyzed (such as Sweden's industrial roadmaps and Chile's energy transition planning) shows that early co-design produces stronger alignment and more credible pipelines, facilitating the identification of practical constraints, realistic costs, and market opportunities before strategies are designed. This leads to more coherent pipelines and reduces the risk of delays or misaligned incentives later.

3. Work toward common standards for how multilateral institutions engage the private sector.

The current landscape of blended-finance facilities and partnership mechanisms is governed by disparate rules and disclosure requirements, increasing transaction costs for the private sector. There is a clear need to enable shared standards for guarantees, impact reporting, and fiduciary oversight across MDBs, UN agencies, and donors.

While challenging, any effort to align around a "common rulebook" would lower transaction costs and improve comparability of outcomes and would not require identical procedures. A "Public-Private Engagement Standard" (from representation criteria, conflict-of-interest safeguards, disclosure rules and basic reporting expectations) would also make it easier for smaller firms to participate in multilateral platforms.

4. Make transparency and data sharing a central requirement of governance.

The study shows clearly that effective collaboration depends on access to reliable information. Multilateral institutions should adopt shared monitoring tools, open data portals and independent verification systems that track decisions, financial flows and project results. The introduction of data governance and AI capacities can unleash tremendous potential in this regard.

Partnership frameworks should include a small number of clear, shared performance indicators. These might focus on access to services, climate results, local jobs, or inclusion of vulnerable groups. Agreeing on common indicators helps build a shared understanding of success, ensures both sides work toward the same objectives, and supports more coherent monitoring and decision-making over time.

Investment and finance.

To address the persistent gap between the potential of blended finance and the actual scale of private capital flowing into sustainable development, there is a clear opportunity in escalating bespoke transactions toward financial platforms that can deliver impact on the scale. Private investors engage when risk is clearly allocated, incentives are transparent and rules are predictable.

In addition, domestic financial systems, prudential rules and local-currency solutions cannot remain peripheral considerations, since they determine the real cost of capital and the feasibility of long-term investment.

1. Create scalable public–private investment mechanisms capable of mobilizing finance at scale.

A central barrier identified throughout this Report is the absence of financial mechanisms that operate at the scale and speed required to attract institutional private capital. Most blended-finance and guarantee transactions remain bespoke, negotiated case by case, and confined to individual projects or small portfolios. The next generation of financial frameworks must shift to platform-based mechanisms that pool risk, standardize procedures, and channel investment across countries and sectors, under clear governance rules, and offer a coherent package of risk-sharing instruments (including guarantees, local-currency options, and/or performance incentives). At their core, these platforms must achieve three things:

- Align timelines and investment logic: platforms designed to match the decision cycles of institutional investors, offering pre-defined terms, accelerated approvals, and transparent pricing.

- Focus on bankable projects and pipeline creation: enable dedicated co-design processes to identify viable projects early, shape them jointly, and bundle them into pipelines that can be financed programmatically.
- Build mobilization capacity at regional and sectoral scale: operate at the levels where pipelines naturally aggregate (renewable energy, digital infrastructure, water systems, logistics corridors), enabling countries to benefit from shared technical assistance and risk-pooling.

2. Link concessional finance and incentives to verify development results.

Future blended-finance arrangements should be explicitly tied to measurable and independently verified outcomes, such as improved access to services, job creation, emissions reductions or climate resilience. Shifting the focus to actual results strengthens accountability and ensures concessional resources are used where they generate the greatest impact. This approach will also provide clearer signals to investors on the performance standards expected in development-aligned investments.

3. Standardize core blended-finance structures to reduce delays and transaction costs.

Multilateral institutions, governments and private actors should promote the alignment of standards and mechanisms to access guarantees, define risk tiers, or prequalification standards. Greater standardization makes it easier for investors to understand how instruments work, shortens negotiation time and enables projects to replicate successful models across countries and sectors.

4. Coordinate risk-sharing tools across institutions, to enable a coherent and predictable package.

Private investors are more likely to engage when political, credit and currency risks are managed through coordinated mechanisms rather than scattered instruments. Aligning guarantee windows, insurance products and hedging solutions across multilateral institutions simplifies risk pric-

ing and strengthens investor confidence. Coordinated platforms also improve the potential to scale successful investment models across regions.

5. Improve domestic rules and institutional capacity so blended-finance tools can operate effectively.

Clear and consistently applied laws, efficient permitting and procurement procedures, and credible dispute-resolution mechanisms are essential for converting blended-finance instruments into real investment. Strengthening public–private partnership units, infrastructure agencies and supervisory bodies create a stable environment for investors and helps countries mobilize private capital under similar financial conditions.

6. Strengthen domestic financial institutions as central intermediaries for sustainable investment.

Once the institutional framework is credible, domestic financial institutions become critical channels for investment. National development banks, commercial banks, microfinance institutions, and pension funds need the regulatory space and technical capacity to originate sustainable projects, on-lend blended resources, monitor performance, and support pipeline development.

7. Build stronger domestic market infrastructure, including local-currency options and reliable data systems.

A third, equally important dimension is the strength of domestic market infrastructure. Local-currency financing tools, hedging facilities, and robust domestic bond markets (including green and project bonds) are key to reducing exchange-rate risk and lowering the cost of capital. Reliable data systems (covering financial performance, project results, ESG metrics) will also enable investors to assess risk and price transactions more accurately.

Public-private partnerships (PPPs).

The case studies and framework analysis reviewed show that PPPs deliver the highest development impact when they are grounded in clear regulatory systems, transparent and standardized processes, and strong institutions capable of managing the entire lifecycle of the partnership. At the same time, the analysis highlights persistent gaps in post-award governance, dispute resolution, inclusion, and coherence across multilateral and national systems.

From the private sector perspective, PPPs with multilateral institutions offer a combination of risk reduction, market access, and capability gains that are hard to obtain elsewhere. These partnerships also enhance credibility and ease regulatory barriers, while giving companies early access to policy processes and exposure to high-quality ESG and governance standards.

To make PPPs a more reliable driver of sustainable development, and more feasible instruments for the private sector, multilateral institutions, governments and private actors need to move from project-by-project transactions toward more predictable, transparent and impact-oriented partnership systems, in line with the recommendations below:

1. Work towards a shared core set of PPP principles and reference tools.

Multilateral institutions should work together on a common set of PPP principles and reference tools that define essential elements such as risk allocation, transparency requirements and minimum integrity clauses. This would bring greater consistency and predictability to PPP preparation while still allowing national authorities to adapt details to their legal and sectoral contexts. These shared baselines should include basic grievance-redress procedures, disclosure rules, social safeguards and integrity provisions linked explicitly to Sustainable Development Goal and other relevant international mandates.

2. Work towards building PPP pipelines, rather than case by case projects.

PPPs are more effective when designed as part of programmatic pipelines rather than isolated transactions. Governments and MIs should work to bundle similar projects into programs with aligned procurement rules, contract structures and monitoring systems. Anchoring these pipelines in country platforms associated with Integrated National Financing Frameworks can create predictable, sequenced investment pathways.

3. Make co-design, co-finance and co-management part of the contractual architecture.

As the evidence found through this research shows, effective PPPs rely on continuous collaboration, not ad hoc engagement. The full partnership lifecycle should be reflected in contractual arrangements, with clear provisions for shared governance, joint performance indicators, data-sharing obligations, adaptive reviews and periodic partnership assessments. Embedding these mechanisms in contracts makes collaboration enforceable and helps ensure that course correction, innovation and problem-solving occur systematically rather than voluntarily.

4. Make transparency, monitoring and dispute resolution fundamental elements of PPP design.

Strong PPPs include clear rules for competitive tendering, disclosure of contracts, regular audits, community grievance processes and accessible dispute-resolution mechanisms. These features should be integrated from the outset of the Partnership to reduce corruption risks, address implementation problems early and protect both governments and investors throughout the project lifecycle. Independent verification and validation of environmental, social and integrity metrics further strengthens credibility and closes current accountability gaps. Third-party audit systems should verify inclusion, ESG, and corruption-risk metrics, closing the current enforcement gap.

5. Align due diligence and ESG requirements across institutions.

Environmental, social, governance and integrity standards differ widely across multilateral institutions, United Nations agencies and private partners, creating confusion and raising compliance costs. For example, MDBs can use formal ESG safeguards while private firms rely on voluntary standards (e.g., SASB, IRIS+). This lack of harmonization increases compliance costs and undermines comparability, particularly for SMEs. A shared minimum due-diligence standard, process and requirements would provide clarity, certainty and partnering with MIs more easily from the private sector perspective. This would make PPPs easier to prepare, easier to compare and more predictable for all actors involved while also strengthening accountability for results.

6. Shift PPPs toward public value rather than infrastructure delivery alone.

As we have seen, most PPPs remain focused on infrastructure and are assessed primarily based on construction milestones, financial close, or asset availability. This narrow focus overlooks the wider development outcomes that matter most for people and for governments—access, affordability, service quality, inclusion and climate resilience. Future PPPs should therefore be conceived as partnerships for public value creation, where success is defined by improvements in service outcomes rather than only by the physical completion of assets.

Global coordination.

1.Strengthen existing multilateral platforms to make public–private cooperation more structured and predictable.

Multilateral organizations should reinforce and formalize those platforms that already bring governments, development banks and private actors together, strengthening with the adoption of clear rules for how businesses participate in global decision spaces, including:

- Transparent criteria for selecting private-sector representatives, broadening participation beyond large multinationals.
- Defined roles and responsibilities in steering committees or advisory bodies.
- Minimum expectations on disclosure, integrity and follow-up.
- Regular reporting on what was agreed and what was delivered.

2. Support early collaboration between governments and business to align priorities and shape viable pipelines.

As shown throughout this Report, a central condition for accelerating development progress is the early alignment of public priorities with private investment logic, this finding can be extended to other objectives and mandates. Multilateral organizations are uniquely positioned to create spaces where governments and businesses can work together from the outset, before strategies are finalized and long before projects reach the financing or implementation stage. By convening these actors upstream, multilaterals can help ensure that policy direction, operational feasibility and investment requirements reinforce one another rather than diverge.

In practical terms, this means embedding structured public–private co-design forums within national development strategies and sector plans; supporting governments in translating priorities into investable, well-sequenced pipelines; ensuring that private-sector insights on costs, risks and timelines inform feasibility assessments; and helping align the pace of public decision-making with the timelines under which private investment decisions are made.

3. Continue strengthening multi-level cooperation to link global guidance to regional platforms and national implementation.

Effective coordination between governments and the private sector depends on the degree to which global priorities, regional initiatives, and national investment systems operate as a connected whole. Multilateral institutions have a central role in making these layers work together.

This requires making sure that global frameworks do not remain high-level commitments but are turned into regional and national programs with clear standards and practical tools that reflect real market conditions. Regional development banks and MIs play a key role here: they translate global goals into approaches that fit regional realities, and they create platforms where national governments and private actors can engage more directly and work toward implementation.

4. Harmonize core standards and data requirements across institutions to reduce friction and increase comparability.

Businesses face significant costs navigating inconsistent reporting requirements, disclosure rules and safeguard systems. Multilateral organizations, standard setters and business associations should converge on a limited set of shared elements (e.g. minimum disclosure rules) and over time offer a shared data platform that could provide transparent access to information on pipelines, guarantees and performance across institutions, improving comparability and accelerating learning.

5. Put integrity, transparency and learning at the center of global coordination.

Scaling public–private cooperation depends on trust to mobilize investment at scale, as the key decisions involved (risk allocation, long-term contracting, regulatory sequencing and the verification of outcomes) require confidence in the stability, transparency and reciprocity. This is why global coordination frameworks must place integrity and learning at their core: partnerships should be transparently reported, independent evaluations undertaken regularly, and usable, comparable data released.

Implications for ICC.

The International Chamber of Commerce (ICC) is uniquely positioned as the institutional voice of 45+ million companies worldwide. In a landscape where multilateral institutions increasingly depend on private investment, knowledge and alignment with global challenges, ICC can play a decisive role in setting business and sustainability standards, aligning incentives, and creating predictable partnership pathways. The recommendations below provide ideas on how ICC could support strengthened global coordination for sustainable development.

1. Strengthening ICC's role as a system-level convenor.

ICC's role as the primary business interface across the UN, MDBs, regional banks, and standard setters should continue to be formalized. Particularly through the proposed partnership mechanism of this report. This involves leading structured private sector participation in multilateral policy dialogues, negotiating common frameworks, and ensuring private perspectives are embedded upstream in policy design rather than consulted ex post.

2. Consult and work to propose a global "partnership quality framework" to harmonize standards and integrity systems.

ICC is well placed to champion a unified framework for due diligence, integrity safeguards, eligibility criteria and social and environmental standards across multilateral institutions. This would reduce compliance burdens for companies, especially small and medium-sized enterprises, and help institutions converge toward coherent, trusted rules of engagement.

3. Propose an ICC-led monitoring & accountability architecture.

Given persistent gaps in tracking partnership outcomes, ICC could explore the feasibility of a common monitoring matrix that compares performance across PPPs, blended finance facilities, and sustainability-linked initiatives. This system would integrate among others: standardized results indicators, disclosure rules, independent verification channels, joint

grievance and integrity mechanisms, reinforcing confidence among investors and public-sector partners.

4. Standardize public–private co-design processes.

ICC can help multilateral institutions embed solutions. Working to support the development of "flagship pipelines" in climate, digitalization and supply-chain resilience can shift the system from fragmented deals to scalable investment platforms. A global SME facility would help smaller firms access opportunities through simplified due diligence and technical assistance.

5. Expand ICC's role in thematic global agendas.

ICC could build specialized industry-action coalitions aligned with major development bottlenecks: climate adaptation, resilient supply chains, digital public infrastructure, green cities, food systems, and health. Each coalition would develop standards, investment blueprints, and common indicators for public–private action—positioning ICC as a thematic knowledge and coordination powerhouse, favoring the alignment of ESG and development taxonomies to ease private participation and reporting coherence

6. Engage more directly in national enabling environment reforms.

ICC can support governments with regulatory diagnostics, promote alignment with best practices on investment climate, dispute resolution, and PPP regulation. It can also facilitate business–government dialogues within MDB country platforms aligning national systems with global standards and unlocks more private participation.



7. Reform agenda

The analysis presented in this Report points to a simple conclusion: the international system has the ingredients for deep public–private collaboration, but lacks the architecture to make it feasible, predictable, scalable and aligned with the decisions that mobilize capital.

At the heart of this lies a risk-return structural misalignment that renders this collaboration very challenging. Private investors operate within strategic, regulatory, and fiduciary constraints that require clarity on revenue profiles, currency exposure, enforceability of contracts, timelines, and exit pathways. Their decision cycles are measured in weeks or months. By contrast, governments and multilaterals sequence project preparation, policy dialogue, safeguards, and internal approvals over 18 to 36 months. Projects may therefore fail even before deeper financial analysis begins. At the same time, government and multilateral processes are designed around development priorities rather than commercial bankability. These priorities are legitimate and necessary but may lead to projects whose risk structures or regulatory conditions are incompatible with commercial requirements.

Bridging this gap requires a next-generation agenda, one that rethinks how investment is mobilized and how performance is measured. It also demands that public and private actors develop a shared understanding of challenges and solutions and recognize joint action as a catalyst for impact. Within this, ICC can have a specific role to play, as mentioned earlier: clarifying common standards, enabling structured engagement across markets, and ensuring that private sector capabilities are fully aligned with multilateral priorities.

Based on the analysis thus far, we propose a Reform Agenda built around three foundational shifts, operationalized through a set of enabling tools, and sustained by institutional reforms across governments, multilaterals and the private sector.

Block I. The shifts.

Shift 1: From consultation to co-ownership.

Unlocking the full value of public–private collaboration means changing where and how priorities are shaped. Today, private actors enter discussions only after core choices on design, risk allocation and sequencing have been set. At that stage, their operational and financial insights cannot correct foundational misalignments that will render projects not bankable.

Co-ownership addresses this by embedding structured, recurring spaces (co-design forums, sector transition platforms and country-level mechanisms) into upstream planning. These spaces enable financial feasibility, political economic realities and operational constraints to be considered together rather than sequentially. By shaping strategy jointly from the outset, co-ownership reduces renegotiation, improves invest ability, and produces pipelines that are more credible, more inclusive and more aligned with development outcomes.

Shift 2: From one-off mobilization to investment architecture.

Today's MIs and PPPS architecture fragments risk-sharing across institutions, instruments and approval processes in ways that neither private nor public actors can navigate efficiently. Investors repeatedly face unfamiliar rules, varying terms and slow procedures, making scale impossible.

There is a need for systemic architecture to replace this fragmentation, which leads to bespoke transactions, with interoperable platforms and programmatic structures. Standardized guarantees, due diligence and eligibility processes, pooled risk windows, blended capital menus and local-currency solutions form a backbone that investors can return to repeatedly. This architecture enables development banks to use public resources catalytically rather than transactionally and allows private capital to participate in diversified portfolios rather than isolated deals.

Shift 3: From input-based reporting to outcome-based accountability.

For the above shifts to take hold there must be a solid trust-creating foundation. Rather than fragmented reporting, inconsistent safeguards and asymmetric disclosure, there is a need to move towards common indicators, transparent data systems, joint monitoring and independent verification.

When these elements are in place, trust becomes a property of the system rather than of individual relationships. It lowers risk premiums, strengthens public legitimacy, reduces transaction friction and creates conditions for long-term collaboration. Performance-based trust also enables financing models to operate reliably, giving both public and private actors confidence in results.

Block II: The tools that make architecture operational.

The shifts suggested above can take shape through a set of tools (some already in use, others requiring modernization) that connect public and private capabilities in practice. At the heart of them lies a new way of action a new understanding of common goods and global challenges that can help mobilizing public-private funding as well as private innovation and technical know-how in a consistent and ambitious manner, through what we call, in general terms, a Public-Private financing facility that, based on a common set of principles guiding its design, can then take different scopes (regional, thematic etc.) and serve different mandates (sustainable development, peace and security, business and human rights, and humanitarian action).

Public–private impact facilities (PPIF).

A PPIF is the flagship mechanism proposed in this Report: a platform that unifies co-design, blended finance, risk-sharing and monitoring within a single institutional architecture. It is designed to mobilize public-private funding at scale in service of the multilateral system's four core mandates: sustainable development, peace and security, business and human rights, and humanitarian action. A set of guiding principles are identified to support their design, that respond to the challenges seen throughout this Report:

- **Mandate and purpose:** PPIF's mission is to co-design, finance, and implement high-impact solutions aligned with global development priorities. It should seek to reduce duplication across institutions, harmonize standards, and create predictable pathways for private investment—thereby converting public commitments into financially viable and deliverable impact/thematic pipelines.
- **Institutional composition and governance:** the governance set up should follow transparent, rules-based protocols: joint decision-making, standardized criteria, co-design requirements, and mandatory compliance with multilateral safeguards and private integrity standards:
  - A joint steering committee with representatives from MDBs, UN agencies, private-sector associations, and ICC, providing strategic direction and oversight.
  - The technical advisory board is responsible for due diligence, impact frameworks, monitoring, and safeguards.
  - A private sector engagement council, ensuring structured and diverse private participation.
  - A Secretariat overseeing coordination, pipeline management, knowledge systems, and reporting.
- **Financial architecture.** A credible PPIF integrates:
  - A multi-layer capital structure blending public first-loss tranches, guarantee layers, and private senior tranches.
  - A standardized risk-sharing menu covering political risk, credit enhancement, local-currency hedging, and performance incentives.
  - Outcome-linked investment logic, with disbursements tied to independently verified results.
  - Joint governance and real-time transparency, including open dashboards and audited financial statements.
- **Clearly defined roles:**
  - Multilateral institutions provide guarantees, blended finance tools, sectoral reforms, and national-level implementation support.
  - Governments identify priority sectors, supply national pipelines, and anchor reforms.
  - Private actors contribute investment, innovation, data, and operational capacity under tiered participation pathways.
- **Monitoring and evaluation:** A unified monitoring architecture ensures real-time visibility, independent verification, grievance mechanisms, and annual reporting aligned with development objectives and human-rights mandates.

In sum, the PPIF is the operational expression of the three systemic shifts: it institutionalizes co-ownership, provides systemic financial architecture, and embeds performance-based trust.

One of the best practices of this proposal is the UN-SDG Fund, working between 2014 to 2019. The UN SDG Fund is widely regarded as a strong example of effective public–private partnerships (PPPs) because it deliberately brings together governments, UN agencies, private sector actors, and civil society around shared development outcomes. By pooling public resources with private sector expertise, innovation, and co-financing, the Fund enables scalable solutions that neither sector could achieve alone. Its joint programming model aligns national development priorities with private investment incentives, while ensuring accountability through UN governance standards. This approach has helped mobilize additional financing, transfer knowledge and technology, and strengthen local institutions, demonstrating how well-structured PPPs can accelerate progress toward the Sustainable Development Goals while balancing public interest with private value creation.

Supporting tools.

In addition to PPIFs, several tools that can be deployed by governments, multilateral institutions and private actors even where a full facility is not yet politically or institutionally feasible. These tools are mutually reinforcing; together, they help move systems in the direction of co-ownership, systemic risk-sharing and outcome-based accountability.

Co-design platforms.

Sectoral and national co-design platforms translate broad priorities into feasible, investable pathways. They are structured forums where public authorities, multilateral institutions, private investors and other stakeholders jointly:

- identify priority sectors and project types.
- map regulatory and policy bottlenecks.
- define risk-sharing principles and eligibility criteria.
- agree on indicative pipelines and sequencing.

At national level, these platforms can be anchored in Integrated National Financing Frameworks, climate transition strategies or country partnership frameworks. At sector level, they can focus on areas such as energy, digital infrastructure, resilient cities or nature and adaptation.

Even in the absence of a formal PPIF, co-design platforms change the logic of engagement: they bring private-sector knowledge into the strategy and origination phase, rather than limiting it to procurement or late-stage consultation. Over time, their outputs (agreed pipelines, risk frameworks, draft term sheets) can feed directly into PPIF-type facilities once these are created.

Guarantees and layered risk-sharing.

Predictable, standardized risk-sharing menus are the practical bridge between public mandates and private risk appetite. They combine instruments such as:

- Political risk cover and breach-of-contract guarantees.
- Partial credit guarantees and first-loss tranches.
- Portfolio-level guarantees and reinsurance.
- Fx-hedging facilities and local-currency refinancing windows.

Today, many of these instruments exist but are deployed in a fragmented and bespoke manner. As supporting tools, they can be progressive:

- Standardized (model contracts, common eligibility criteria, harmonized disclosure).
- Pooled (multi-country or regional guarantee windows rather than institution-specific schemes).
- Made accessible through simple "menus" that project sponsors and investors can navigate.

This moves systems incrementally towards the risk backbone envisaged under Shift 2, even before a fully-fledged PPIF is in place. It also allows development banks and donors to concentrate on scarce concessional resources where they have the greatest catalytic effect.

Outcome-linked and performance-based financing.

Outcome-based tools align incentives around service quality, inclusion, climate performance and resilience, rather than around inputs or disbursement volumes. They include:

- Results-based financing linked to verified outputs (for example, connections delivered, emissions avoided, households reached).
- Outcome-payment mechanisms where part of the return depends on meeting agreed performance thresholds.
- Sustainability-linked loans and bonds with pricing adjustments tied to clear KPIs.
- Contracts that embed social or human-rights objectives as measurable performance conditions.

Digital and AI-enabled processes and tools.

Digital infrastructure and AI-enabled systems can dramatically reduce transaction costs and improve transparency across the public–private collaboration cycle. Key applications include:

- Regulatory sandboxes where regulators and private actors test new business models, financial products or technologies under controlled conditions, with clear learning loops into permanent regulation.
- Digital twins and simulation tools for infrastructure, climate and urban systems, allowing partners to model scenarios, stress-test investments and optimize portfolios before committing capital.
- AI-enabled monitoring and analytics that process satellite imagery, sensor data, administrative records and financial data to track performance, detect anomalies, flag integrity risks and provide near–real time feedback.
- Open, interoperable data platforms that host project pipelines, risk metrics, impact data and grievance information in standardized formats accessible to public and private users.

Taken together, the PPIF and supporting tools provide a practical pathway from today's fragmented, project-by-project logic to a more coherent governance-based partnership model.

Block III: Institutional reforms: who must do what.

A next-generation architecture depends on reciprocal reforms across the system. No actor can deliver this roadmap alone. Below are recommendations for consideration by governments, multilaterals and the private sector, aligned with their roles and capacities.

Governments.

Governments shape the enabling environment in which collaboration takes place. Their task is to provide stability, coherence and the institutional capacity needed to turn strategic priorities into investable propositions. A critical enabling factor are regulatory frameworks that are clear and predictable and supported by project-preparation and implementation ca-

pacities sufficiently robust. It is also critical for governments to identify and build investment pipelines that are sequenced and aligned with national development and climate strategies.

Strengthening national development banks, financial regulators and procurement agencies is essential to support blended-finance structures and reduce uncertainty for investors. Governments also need to create structured spaces for co-design with businesses and multilaterals and invest in the data systems and digital public infrastructure that underpin modern, interoperable and innovation-ready economies. These reforms enable long-term capital to flow, while ensuring that public objectives remain at the center of investment decisions

Multilateral institutions.

Multilateral institutions provide the coherence, credibility and financial depth needed for this architecture to function. Their role begins with embedding structured private-sector participation into governance and strategic planning and extends to harmonizing risk-sharing and blended-finance instruments across institutions.

A consistent approach to innovation (through updated safeguards, digital governance and sectoral sandboxes) can help reduce fragmentation and set clearer expectations for countries and companies.

To make this operational, multilaterals must provide guarantees, hedging solutions, junior capital and climate finance; support sectoral and institutional reforms that address structural bottlenecks; and curate investment pipelines that are aligned with national and regional strategies.

A critical contribution is ensuring interoperability of platforms, data standards and disclosure requirements, so that users engage with a coherent and efficient system rather than a patchwork of approaches. Equally important is adopting a shared framework for impact measurement and long-term evaluation, allowing evidence to accumulate and improving decision-making over time.

Private sector.

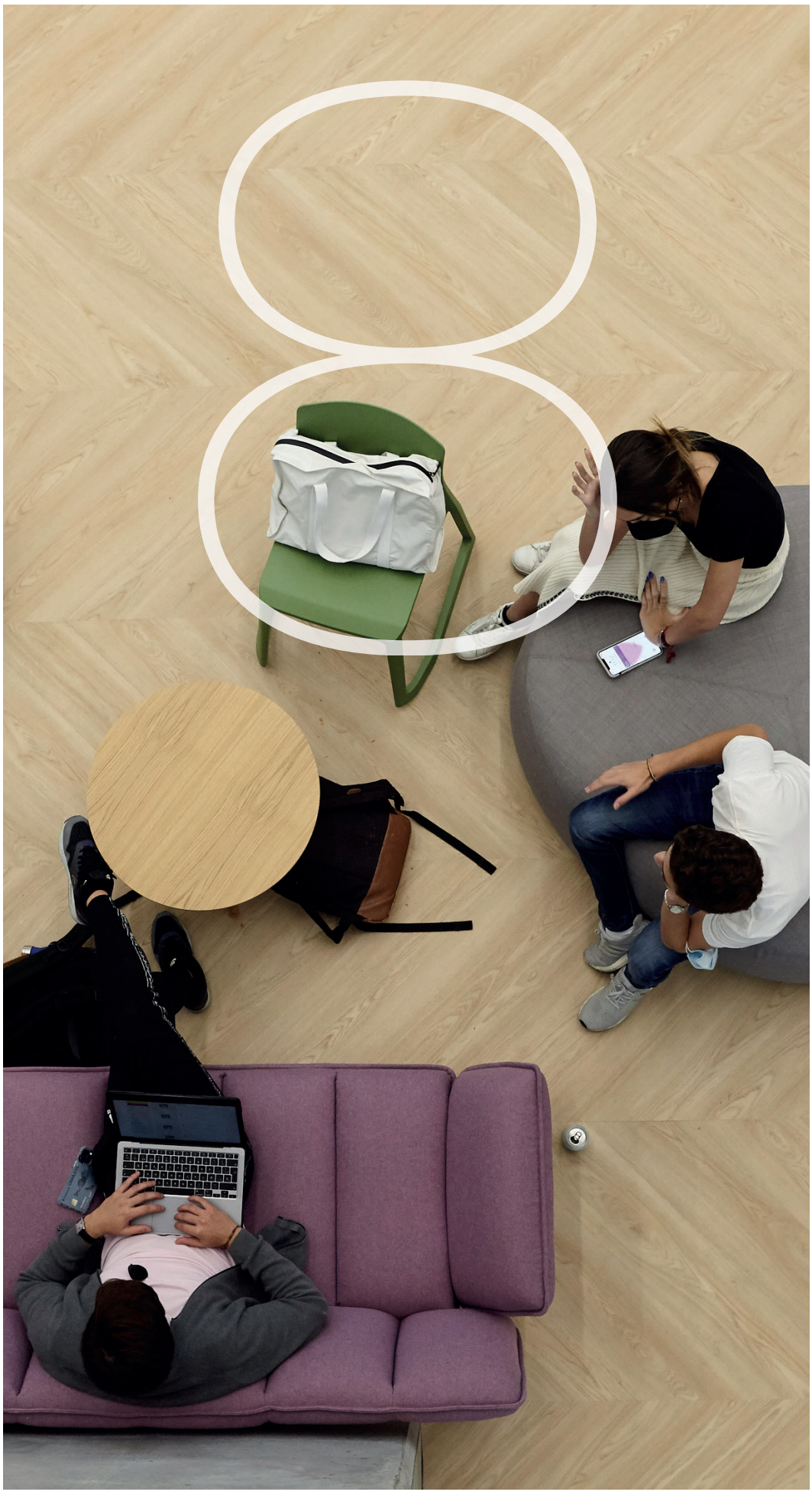
The private sector brings capital, technology and operational expertise, but its contribution depends on clear and credible participation pathways. Companies must engage with transparent investment-screening criteria, share realistic cost structures and timelines, and be prepared to operate under performance-based incentives and verification requirements.

Strengthening development-finance literacy and responsible-innovation practices help firms navigate blended-finance structures and sustainability standards. Businesses should develop in-house capacity to effectively participate in co-design labs, project-preparation platforms and sectoral working groups, with roles and contributions defined according to capabilities and risk appetite. This requires tiered models that accommodate corporates, SMEs, investors and business associations, and stronger links between corporate strategies and national-level platforms.

The International Chamber of Commerce (ICC).

ICC plays a distinctive role as the global interface between companies and multilateral institutions. Its mandate and network position it to ensure that private-sector participation is representative, organized and aligned with international standards. This includes curating diverse participation across regions, sectors and firm sizes; harmonizing consultation protocols and disclosure expectations; and offering training for firms engaging in blended finance, PPPs and outcome-linked arrangements.

ICC also can help strengthen integrity and predictability by providing model documentation, while linking national chambers to global pipelines to sustain engagement over time. Its emphasis on inclusion (particularly of SMEs and emerging-market firms) can help prevent concentration of influence and enhance the legitimacy of overall architecture. By anchoring business participation in global sustainability, climate, human-rights and anti-corruption norms, ICC reinforces both the credibility and accountability of the system.



8. Conclusion: A new architecture to leverage private sector engagement in multilateralism

The analysis conducted across the literature review, institutional frameworks, case studies, interviews and emerging policy debates leads to a clear conclusion: the multilateral system can achieve far more by working differently with the private sector.

The existing architecture, originally designed for a world in which public finance and state-to-state cooperation were dominant, cannot mobilize the scale of investment or the depth of innovation now required for sustainable development, climate resilience and humanitarian action. Across all sources consulted, a shared message emerges multilateralism must evolve into a more inclusive and outcome-driven system in which the private sector is treated not as an occasional participant but as a strategic partner with the potential to bring tangible societal change.

Structural constraints limit the system's ability to translate private potential into public value. First, private-sector engagement is typically late and disconnected from the moments where strategies, priorities and risk allocation are shaped. Business input often remains consultative, tied to individual transactions rather than to governance or system design. As a result, partnerships remain transactional and infrastructure-biased, blended finance remains fragmented and slow, and public–private arrangements rarely operate at a scale commensurate with their objectives, mainly directed to climate change and environmental issues.

Second, a structural misalignment in how risk, return and impact are understood and managed. Regulatory uncertainty, weak enabling environments and volatile macroeconomic conditions make many development projects incompatible with private fiduciary requirements. The absence of standardized risk-sharing structures, coherent de-risking menus and unified due-diligence and monitoring systems further weakens incentives and increases barriers to meaningful participation, particularly for SMEs and firms from the Global South.

Yet when cooperation is structured early, guided by clear rules and supported by aligned incentives, results improve markedly. Policy signals coming from the ongoing UN 2.0 reform, the MDB revised strategic plans, the FfD4 conference and the ensuing Sevilla Commitment point toward the need to streamline mandates, coordinate instruments, strengthen data and verification systems, and open structured spaces for private engagement.

What this Report proposes is to build decisively upon these signals, creating the bases for a next-generation private sector-multilateral collaboration. As outlined in earlier sections, this Report primarily focuses on the provision of practical recommendations tied to the areas of policy and governance, investment and finance, public–private partnerships, and global coordination. These include:

- Shared governance: Structured forums where governments, multilateral institutions and businesses shape priorities and investment pathways together, supported by clear roles and safeguards.
- A coherent mobilization system rather than isolated instruments: Standardized, interoperable risk-sharing and blended-finance platforms—capable of mobilizing capital repeatedly and across regions—built on transparent rules, predictable timelines and scalable design.
- A common foundation of due diligence, integrity and access: A harmonized approach to eligibility, safeguards and reporting that protects public value while remaining workable for firms of different sizes and geographies.
- Predictable participation channels for business: Co-design platforms, programmatic pipelines and country-led investment processes that provide clear, timely entry points and reduce transaction costs.
- A performance and learning system that further improves cooperation: Digital monitoring tools, shared metrics and independent verification that allow actors to see progress in real time, adjust incentives and scale what works.

These components also align with an emerging trend toward networked multilateralism: smaller, mission-driven coalitions capable of prototyping solutions quickly and scaling them through the broader system. While not applicable everywhere, such coalitions could be particularly powerful in moving from bespoke financing to platform-based approaches in climate, digital infrastructure, energy transitions and social services.

To guarantee the attainment of the development objectives in the coming decade, a more inclusive, networked and open to co-creation multilateral architecture must emerge. While most enterprises possess significant potential for engagement in the field of development and climate justice, a lot of the recommendations proposed throughout this Report may also indirectly contribute towards fostering private sector involvement in the promotion of peace, security and humanitarian action. The idea is shifting from consultation, one-off mobilization and input-based reporting to co-ownership, investment architecture and outcome-based accountability, with the goal of incentivizing the private sector to extend its focus beyond profit maximization.

Findings, conclusions and recommendations.

The Report's core argument can be captured through three shifts that together define a more investable, scalable, and accountable model of public–private cooperation: a shift from **consultation to co-ownership,** a shift **from fragmentation to investment architecture** that scales, and a shift **from inputs to outcome-based accountability.**

The table below translates the evidence reviewed into a decision-oriented synthesis, linking each key finding to its practical implication and to a specific institutional or policy action, including where current cooperation models fail, what changes are required to unlock private investment at scale, and how governance and accountability can be strengthened to sustain delivery and learning over time.

Shift 1. From consultation to co-ownership.

FINDING	IMPLICATIONS	RECOMMENDATION
1. Structural misalignment between public planning cycles and private investment decision timelines causes projects to fail to reach bankability.	Coherent alignment of timelines, risk allocation and enforceability is required to mobilize institutional private capital.	Integrate the private sector early in national and multilateral planning cycles (national development plans, sector strategies, sustainable finance roadmaps, INFFs), so feasibility, costs, risk allocation and sequencing are shaped upstream rather than corrected late.
2. Late-stage, transactional engagement produces bespoke, non-replicable deals and increases renegotiation risk.	Moving from consultation to co-ownership increases pipeline credibility, reduces transaction costs and strengthens delivery discipline.	Establish structured co-governance platforms for specific mandates and pipelines (steering committees, country platforms, thematic councils) with explicit roles, conflict-of-interest safeguards, and meaningful SME and Global South firm representation.

Shift 2. From fragmentation to investment architecture that scales.

FINDING	IMPLICATIONS	RECOMMENDATION
3. Fragmented blended finance and PPP standards raise transaction costs and limit comparability across institutions and countries.	Without a common baseline, investors face high friction, limited predictability, and weak replication across markets and sectors.	Work toward common standards for public–private engagement and finance execution, including core templates for documentation, pre-qualification, due diligence baselines, disclosure rules, and shared reporting expectations, so successful structures can be replicated across countries and institutions.
4. Dispersed risk instruments across institutions complicate risk pricing and deter portfolio investment.	Investors require coherent, predictable risk-sharing architecture to engage beyond one-off transactions.	Create scalable public–private investment mechanisms built as platform-based facilities with pooled risk-sharing windows, layered capital structures, interoperable guarantees, and coordinated currency and political risk solutions, designed for portfolio and pipeline approaches rather than case-by-case deals.
5. Domestic enabling environments are often not mature: regulation, dispute resolution, procurement capacity and local financial markets constrain investment.	Domestic institutional capacity is a precondition for converting blended instruments into real investment on a scale.	Invest in national enabling reforms alongside finance: strengthen NDBs, PPP units and procurement systems, improve dispute-resolution and contract enforcement, and develop local-currency market infrastructure and hedging access to reduce FX and macroeconomic risk.

Shift 3. From inputs to outcome-based accountability.

FINDING	IMPLICATIONS	RECOMMENDATION
6. Weak transparency and inconsistent outcome measurement undermine trust, learning and scaling.	Outcome-based accountability and interoperable data systems are essential to reduce risk premiums and enable scaling.	Make transparency and data sharing a central requirement of governance through shared performance indicators, transparent impact dashboards, independent verification, and interoperable data standards, including the use of digital and AI-enabled monitoring where appropriate.
7. PPPs often focus on assets rather than public value (service outcomes, inclusion, resilience).	PPPs need to evolve from infrastructure delivery to public value creation, defined by measurable service outcomes.	Shift PPP design toward public value and measurable results by embedding outcome-linked payment mechanisms, inclusion and affordability safeguards, and clear social and environmental KPIs supported by monitoring, grievance systems and credible dispute-resolution provisions.

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