

Catalyzation

The MDB Joint Methodologies



A Progress Report by
The MDB Task Force on Mobilization



This note was prepared by a group of Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs), collectively known as the “MDB Task Force on Mobilization,” composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), CAF—Development Bank of Latin America and the Caribbean, the European Development Finance Institutions (EDFI), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB Group), the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IDB Invest), the International Finance Corporation (IFC), the International Islamic Trade Finance Corporation (ITFC), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Development Bank (IsDB), the Multilateral Investment Guarantee Agency (MIGA), and the World Bank (WB). The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the official views of the MDBs’/DFIs’ Boards of Executive Directors or the governments they represent.

Catalyzation Progress Note

This note provides an update from the Multilateral Development Bank (MDB) Task Force Working Group on Catalyzation (the Working Group) on the ongoing efforts to develop a shared understanding of catalyzation across MDBs, and the aspiration to put the MDBs on a pathway to arrive at a common approach to estimate catalyzation volumes in a harmonized way. It summarizes the rationale for establishing the Working Group, outlines the progress made to date, reflects initial areas of alignment on the definition, principles, and basic categories of catalyzation, and presents the planned next steps for further work. The objective is to convey the present state of work and areas of convergence, while noting that the effort remains iterative.

Background

MDBs have long exchanged experience on how their activities—both advisory work and investment—can contribute to creating conditions that cause more downstream private sector investment to be made available. The underlying concept of catalyzation is not new: it is rooted in MDB founding charters and this “catalyzation” of finance was reaffirmed in the 2015 Addis Ababa Action Agenda, which emphasized the role of public finance in catalyzing and crowding in private investment. Across the broader development finance growth agenda, the concept of catalyzation has gradually emerged as important to fulfilling the MDBs’ mandates, but while MDBs have used the term in a narrative sense for several years, approaches to defining and estimating catalytic effects have varied, reflecting the diversity of institutional priorities and operational models. What is more recent is the aspiration to define this concept more precisely and to distinguish it clearly from mobilization within a consistent framework.

Recognizing the growing relevance of the concept, and building on earlier MDB work, the MDB Task Force in 2024 launched a Working Group on Catalyzation with the goal of examining whether and how catalyzation could be articulated more consistently across MDBs.

Since its establishment, the Working Group has met regularly, the work is ongoing, and MDBs have begun to convene around a set of principles that could guide a future joint approach.

Definition, Principles and Categories

Catalyzation estimates the private financing made available by private investors *because of* MDB/DFI activities, *beyond* own account financing or mobilization.

Under the approved definition above, catalyzation refers to private financing made available downstream *as a result of* an earlier, distinct MDB financing or advisory activity, following the initiation of such MDB intervention.¹ As this catalyzed finance is not confined to the timing of the original MDB activity and may materialize progressively, with effects extending beyond the duration of the MDB involvement, it reflects the role MDBs play in shaping enabling conditions for private capital through both their financing and advisory work. The shared understanding around this definition aims to capture investment outcomes that extend beyond mobilization and recognizes the impact MDB operations can have in addressing binding constraints and in sustaining, or accelerating, additional private investment over extended horizons.

The Working Group has identified three principles that would underpin any future approach:

- **Intentionality:** To support a credible claim that the activity contributed to the downstream investment and to justify recognition as catalyzation, the MDB intervention must be designed with the intent to address binding constraints to private capital and to enable downstream investment. In practice, this implies that, relative to comparable activities without a catalytic objective, catalytic interventions incorporate features demonstrating that teams have identified potential catalytic effects and formally integrated these considerations into project design or selection. Intentionality should also be reflected in the ability to develop credible ex-ante estimates of expected catalytic effects. Consistent with this principle, effects that occur unexpectedly or without a deliberate or identifiable link to MDB interventions would not be attributed to catalyzation.
- **Time-Bound:** MDBs acknowledge the importance of situating the materialization of catalytic effects within a reasonable and defined timeframe. This recognizes that catalytic effects may materialize progressively, while requiring a clear temporal boundary for analysis and estimation, reflecting that over time other effects besides the MDB intervention may begin to play a role. MDBs will consider ex-post sampling to validate ex-ante estimates as information becomes available.
- **Rigor:** MDBs continue to explore how catalytic estimates can be grounded in reasonable assumptions and relevant evidence, drawing on a hierarchy of data sources available. At the same time, institutions recognize that data availability, attribution pathways, and the feasibility of ex-ante estimation vary significantly across types of interventions and across institutions. In light of this complexity, the Working Group is convening a technical subgroup to explore whether a common estimation approach could be developed for certain types of impact and to assess, in a structured manner, the overall feasibility of quantifying catalyzation.

1. The contents of this section have all been approved by the MDB Task Force at plenary.

To help structure discussions and promote consistency, MDBs have approved a broad typology comprising two categories:

- **Advisory-Based Catalyzation:** Refers to private financing made available as a result of MDB advisory work. Consistent with the principles of MDB catalyzation, these activities must be explicitly designed to address binding constraints to private investment and to improve enabling conditions for private sector participation. Catalyzation would be recognized where such interventions contribute to the subsequent materialization of downstream private investment that could be reasonably linked to those outcomes.
- **Investment-Based Catalyzation:** Refers to private financing made available as a result of MDB-financed activities. While such activities can enable downstream investment, consistent with the principle of intentionality, only those downstream effects that can be reasonably anticipated, are explicitly linked to the MDB intervention, and can be credibly estimated are recognized as catalyzation. Further refinements and subcategories are under discussion within the Task Force.

MDBs are also considering how to ensure each activity is assessed under only one category, keeping attribution conservative and avoiding overlap with mobilization.

Next Steps

The Working Group recognizes the importance of developing a consolidated understanding of catalyzation to ensure that MDB efforts in this area are approached in a credible, coherent, and consistent manner. A shared framing can support clearer communication and strengthen confidence in the way MDBs describe their contributions to private sector engagement. While mobilization is a financial target measurable across the portfolio of MDB instruments, catalyzation is one of many impact dimensions and also needs clear contextualization in the impact context. Otherwise, the impression of quantifiability could lead to an undue focus and overreliance on this single indicator.

Members also acknowledge that estimating catalyzation rigorously is difficult. MDB interventions vary widely, data availability differs significantly across countries, sectors, and institutional settings and attributing downstream private investment to upstream actions—particularly advisory or policy related—is inherently complex. These challenges are further compounded by operational diversity, the need to balance rigor with feasibility, and the sensitivity of assumptions that would underpin any estimation approach. While catalyzation is an important part of the narrative on crowding-in private finance for development, it needs to remain credible, especially when trying to quantify it, to avoid presenting a possibly misleading sense of accuracy. Therefore, due rigor and reflections are needed to assess what can be reasonably measured and how best to communicate these findings to stakeholders.

To advance understanding while recognizing these limitations, the Working Group is continuing with two complementary streams of work:

- **Case Studies:** Institutions will be invited to submit illustrative case studies showing how catalytic effects may materialize following MDB interventions.

This exercise is intended to test how catalyzation applies in practice, identify patterns, and understand what information is available.

- **Technical Exploration:** In parallel, a technical subgroup will examine whether, and under what conditions, a common estimation approach could be feasible. This work will begin with mapping existing interventions from MDBs across the emerging catalytic categories, assessing potential catalytic impact, and identifying the assumptions and parameters that would drive a credible estimation methodology for each type of intervention. This work is exploratory and intended to determine how catalyzation could best be estimated going forward.

These steps aim to support continued collective learning and dialogue while allowing MDBs to proceed rigorously as the concept of catalyzation is refined.

Members of MDB Task Force on Mobilization

As of October 2026, the Task Force was composed of the following MDBs and DFIs:

- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Asian Infrastructure Investment Bank (AIIB)
- CAF—Development Bank of Latin America and the Caribbean
- European Bank for Reconstruction and Development (EBRD)
- European Development Finance Institutions (EDFI)²
- European Investment Bank (EIB Group)
- Inter-American Development Bank (IDB)
- Inter-American Investment Corporation (IDB Invest)
- International Finance Corporation (IFC)
- International Islamic Trade Finance Corporation (ITFC)
- Islamic Corporation for Insurance of Investments and Export Credits (ICIEC)
- Islamic Corporation for the Development of the Private Sector (ICD)
- Islamic Development Bank (IsDB)
- Multilateral Investment Guarantee Agency (MIGA)
- World Bank (WB)

The list of Task Force member institutions will be updated to reflect new members that join and participate in joint reporting. The updated membership list will be published in the *MDB Joint Report*.

2. EDFI membership consists of BII (United Kingdom), BIO (Belgium), Cofides (Spain), DEG (Germany), Finnfund (Finland), FMO (The Netherlands), Impact Fund Denmark (Denmark), Norfund (Norway), OeEB (Austria), Proparco (France), SIFEM (Switzerland), Simest and CDP Development Finance (Italy), SOFID (Portugal), and Swedfund (Sweden).

