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Development Co-operation Directorate  
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## DAC Working Party on Development Finance Statistics

### Update on capturing private finance catalysation in DAC statistics

This document takes stock of the status of discussions following a first workshop that took place in November 2024, as well as the 2025 February meeting of the MDB – OECD DAC working group on mobilisation. The document suggests a refined working definition, needed for framing the scope of further research on catalysation (Section 1). It also presents an attempt to establish a typology of catalytic interventions to inform upcoming work (Section 2). Lastly, it explores ways to pool knowledge and experiences towards the elaboration of a DAC measure of catalysation (Section 3).

It is presented for comments during session 3 of the WP-STAT workshop on mobilisation scheduled on 6 March 2025 [see DCD/DAC/STAT/A(2025)2].

Cécile Sangaré ([Cecile.Sangare@oecd.org](mailto:Cecile.Sangare@oecd.org))  
Raphaël Jachnik ([Raphael.Jachnik@oecd.org](mailto:Raphael.Jachnik@oecd.org))  
Callum Thomas ([Callum.Thomas@oecd.org](mailto:Callum.Thomas@oecd.org))  
Valérie Gaveau ([Valerie.Gaveau@oecd.org](mailto:Valerie.Gaveau@oecd.org))

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# Update on capturing private finance catalysation in DAC statistics

## Introduction

1. This document<sup>1</sup> aims to support discussions at the WP-STAT workshop on measuring mobilisation scheduled on 6 March 2025. This workshop is conducted as part of the WP-STAT workplan on improving the measurement and reporting on mobilised private finance in DAC statistics [DCD/DAC/STAT(2024)33], and follows an initial workshop held in November 2024 [see summary in DCD/DAC/STAT/M(2024)3]. This paper addresses Task 5 of the workplan that aims to capture broader private finance resulting from a wider range of public interventions. It builds upon the Secretariat's initial assessment on capturing private finance catalysation in DAC statistics presented at the November 2024 workshop (see [DCD/DAC/STAT(2024)37]). It should be noted that, while this work focuses on better reflecting the role of development finance interventions in catalysing private investment for the SDGs, catalysation also results from a much broader range of different public interventions (including domestic policies).

2. This document takes stock of the status of discussions relating to the concept of “catalysation”, based on the first workshop as well as the 2025 February meeting of the MDB – OECD DAC working group on mobilisation. It suggests a refined working definition, needed for framing the scope of further research on catalysation (Section 1). It also presents an attempt to establish a typology of catalytic interventions to inform upcoming work (Section 2). Lastly, it explores ways to pool knowledge and experiences on this topic towards the elaboration of a DAC measure of catalysation (Section 3).

3. **During the 6 March 2025 workshop, participants will be invited to comment on the proposed:**

- **tentative/working definition of catalysation (see paragraph 15),**
- **emerging taxonomy on catalytic interventions (see Table 1),**
- **approach for elaborating a possible DAC measure on catalysation (see paragraph 36).**

## Section 1. Status of discussions

4. This section summarises the comments collected during the 2024 November workshop on mobilisation and the 2025 February meeting of the MDB-OECD DAC working group. It also takes stock of

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<sup>1</sup> Co-drafted with Nila Gobiraj, a consultant.

participants' written comments and feedback on the topic of catalysation (see also the summary mentioned in paragraph 1).

5. Participants overall acknowledged the importance of catalytic activities for scaling up private finance for sustainable development, notably in the context of climate action. They welcomed the Secretariat's efforts to delineate catalysation from mobilisation and develop a tentative definition.

6. Additionally, during the two above meetings, the MDB group presented their emerging approach on capturing new indicators to measure mobilisation, including the development of a dedicated indicator for private finance catalysation, to be presented separately from private finance mobilisation (no aggregation). Participants welcomed the MDB presentation on their draft methodology to estimate catalysation (see also Section 4) and supported greater collaboration and harmonisation between the OECD and the MDB group in this domain. However, some participants expressed concerns about issues of double counting and inflation of figures when measuring catalysation and the political and reputational risks associated.

#### **a. Definition of catalysation**

7. At the November 2024 workshop, the Secretariat invited comments on a possible draft definition of private finance catalysation. Some participants cautioned against the Secretariat's suggestion to timebound the downstream investments enabled by catalytic interventions to "a maximum of three years after the completion of the project". It was considered too arbitrary as the effects of catalytic activities could take several years to materialise based on the type of intervention, project or sector. One participant also suggested to better reflect in the definition the lack of clear causality between the official interventions and downstream private investments. Another participant suggested aligning the definition on the approach that could be potentially used to measure catalysation (ex-ante or ex-post).

#### **b. Capturing catalysation**

8. During both meetings, participants were also invited to reflect on the feasibility and possible approach for capturing the catalytic effect of their interventions. In general, participants recognised that existing methodologies to measure private finance mobilised do not capture all the different types of effects that development finance interventions may have on enabling and incentivising private finance. Further work in this area was deemed needed. However, as mentioned above, they expressed concerns in quantifying catalysation in OECD DAC statistics. Specifically, participants cautioned about the following risks:

- **Over-estimation and double counting** that may arise from misattribution linked to:
  - The interdependence and overlap of the enabling impact of both mobilising and catalytic interventions.
  - The combined enabling effects resulting from multiple interventions by different official actors undertaken at different point in time.
- **Political and reputational risks** linked to:
  - **The perception of developing countries** – quantifying catalysation may not take into proper account recipient countries' efforts to create an enabling environment for private investments by over-attributing credit to international development finance providers.
  - **Inflation of figures** – quantifying catalysation may produce inflated numbers that may not incentivise or be reflected in increased efforts to attract private investments for sustainable development. During the February 2025 joint MDB - OECD DAC working group meeting, participants reiterated the need to consider policy implications when discussing catalysation,

including the risk of undermining the credibility of DAC statistics. Two participants emphasised that inflated figures could potentially be used as argument to reduce ODA budgets.

- **Reporting burden** – participants emphasised the need to develop pragmatic methodologies that are mindful of donors’ reporting burden.

9. For the reasons mentioned above, participants commonly agreed that catalysation should not be aggregated with mobilisation and welcomed the Secretariat’s proposal to foresee separate and dedicated indicator(s). One participant suggested an ex-ante estimation (similarly to the Joint Impact Model<sup>2</sup> tool), although the real impact might not be captured. Moreover, some participants advised against the use of qualitative or impact indicators as they considered impact measurement to be beyond the scope of OECD DAC statistics.

10. Although participants agreed that issues of double counting and inflating figures might undermine the credibility of OECD DAC statistics, they supported further research on catalytic activities given the importance of these interventions to enable private investments and the need to further incentivise them. One participant mentioned that despite its complexity, renouncing to capture catalysation would disincentivise market-enabling activities. Overall, participants advised taking a cautious approach by first developing a taxonomy of catalytic activities before exploring approaches for capturing their effect in DAC statistics. They also welcomed further research work based on case studies.

## Section 2. Framing/Delimiting catalysation: definition and taxonomy

11. Given the growing important role to be placed by private finance and investment in reaching development and climate goals, it is crucial to establish clear boundaries between catalysation and other mobilising interventions. This is particularly critical to ensure harmonisation in taxonomies between different reporting frameworks such as the one that MDBs relied on to produce their joint reports, or modalities for Parties to the UNFCCC to report on climate finance.

12. Robust methodologies and clear boundaries can also help inform tracking and assessment of progress towards climate-related international-level finance goals. As highlighted in (Falduto, Noels, & Jachnik, 2024), under the Paris Agreement, the efforts of the public sector are defined as “mobilising” private finance. Notably, under Article 9.7 of the Paris Agreement’s, developed country Parties shall provide information on support for developing country Parties provided and mobilised through public interventions (Paris Agreement, 2015). Accordingly, under the Paris Agreement’s Enhanced Transparency Framework, private climate finance can be reported as being mobilised by a set of financial instruments (such as grants, guarantees, insurance, etc.), or by “policy interventions”, “capacity-building”, “technology development and transfer”, “technical assistance”, and “other” (Decision 5/CMA.3, CTF Table III.3). As discussed and exemplified in the next sections, empirical evidence and practical experience in testing different approaches to assess the effect of public interventions on private finance for climate action, however, point out to **the importance of distinguishing between on the one hand the specific role of public finance instruments in mobilising private finance (‘mobilisation’), and, on the other hand the combined effect that a wider range of public interventions, including public policies, have in incentivising and catalysing private finance (‘catalysation’).**

### a. Definition

13. During the 2024 November workshop, the Secretariat presented its preliminary work on defining catalysation. As highlighted in paragraph 5, participants welcomed the efforts on distinguishing catalysation from mobilisation but expressed some concerns about the proposed 3-year timeframe, considered too

<sup>2</sup> See more at <https://www.jointimpactmodel.org/about>.

arbitrary. Nevertheless, as mentioned in the first draft proposal [see paragraph 20 of DCD/DAC/STAT(2024)37], establishing a scope and delimiting catalysation is key to further explore and research the impact of such interventions.

14. In the draft MDB Group approach, catalysation activities are described as having certain degree of **intentionality** (i.e. exclude the unintended or involuntary catalytic effects of public interventions) despite **the absence of causal link between the official interventions and the private investments**. In addition, the draft approach considers critical to establish a **timeframe** to delimit catalytic activities and not overestimate figures.

15. Building on comments received so far, including concerns on the issue of double counting and inflation of figures, **the Secretariat suggests adjusting what could be considered as a tentative/working definition of private finance catalysation** as follows (edits from the November 2024 version are highlighted in grey):

“Private finance catalysation covers the indirect and downstream private investments ~~resulting from~~ enabled by public interventions within a maximum period of **[to be determined]** years after the completion of a project. **Catalytic activities are conducted by official development actors with the intent to create an enabling environment conducive to private investment.** ~~As opposed to mobilisation, they have generally a broader objective than mobilising private finance for a specific project.~~ For such activities, a tangible causal link with the resulting private investments cannot be clearly established.”

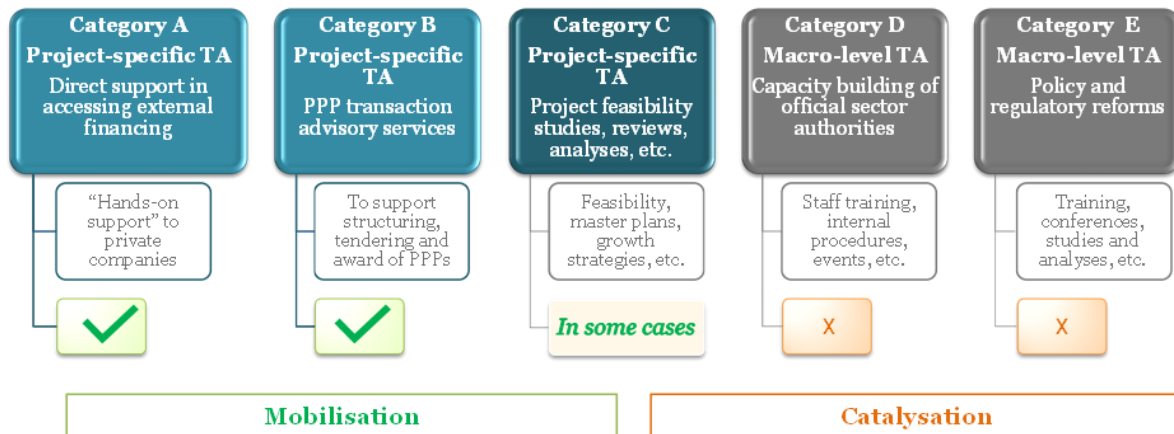
16. Such a tentative/working definition will help frame further research on catalysation and will be subject to refinements as the work progresses. Further research will also need to be conducted – in collaboration with MDBs and DFIs – to assess an appropriate time frame for catalytic interventions.

## **b. Emerging taxonomy**

### *Existing typologies*

17. In 2021-22, the WP-STAT Secretariat conducted a two-year pilot to explore ways to categorise technical assistance (TA) activities and assess their integration into OECD DAC statistics. The Secretariat developed a classification with 5 categories (see Figure 1), distinguishing between TA with a potential mobilisation effect (Categories A, B, and partially C) – for which members agreed that a causal link existed between the TA and the private finance mobilised by the project – and TA with a more catalytic impact (Categories C, D, and E). Additionally, the Secretariat of the DAC Community of Practice on Private Finance for Sustainable Development (CoP-Pf4SD) conducted further research on the enabling role of catalytic TA, in particular in relation to the investment environment, underlying the complexities of its measurement building on WP-STAT work (Section 4). **This preliminary work on catalytic TA and its classification could be used to develop a typology of broader catalytic activities.**

Figure 1. Classification of technical assistance interventions for reporting on mobilisation



Source: Annex 6 of DCD/DAC(2024)40/ADD1/FINAL.

18. Moreover, the OECD Environment Directorate conducted earlier research between 2014 and 2017 on the potential effects of different factors and various types of public interventions on the increasing private finance for climate action, testing different methodological approaches and types of indicators through country case studies (McNicoll, Jachnik, Montmasson-Clair, & Mudombi, 2017) and econometric analyses (Haščič, Cárdenas Rodríguez, Jachnik, Silva, & Johnstone, 2015; Ang, Röttgers, & Burli, 2017). The findings from such research were summarised in a suggested mapping of how different types of public interventions result in increased private finance through various causal links: direct and intermediated mobilisation by public finance, financial incentivisation by public policies providing financial support, and the more catalytic effect of most capacity building and other public policy interventions (see Figure 2). Section 3 further down provides more information on the methods and indicators tested for the categories of financial incentivisation and catalysation.

19. Other taxonomies in the literature also aim to distinguish catalytic activities from mobilising activities. Publish What You Fund’s work<sup>3</sup> differentiates catalysation from mobilisation through a separate category which includes the following interventions: institutional and policy reforms, technical assistance, upstream activities and project financing.

20. The MDB Group also developed a draft classification of catalytic interventions, which they presented during the November 2024 workshop and the 20February 2025 joint meeting of the MDB – OECD DAC working group. The MDB approach differentiates catalytic activities into two main categories: Advisory-based and Investment-based (e. g. “copy-cat investments”). Advisory-based activities are further classified into funded-advisory (e.g. policy interventions) and unfunded advisory (e.g. technical assistance).

<sup>3</sup> See at [https://www.publishwhatyoufund.org/app/uploads/dlm\\_uploads/2024/10/What-Works.pdf](https://www.publishwhatyoufund.org/app/uploads/dlm_uploads/2024/10/What-Works.pdf).

**Figure 2. Illustrative typology of effects of different types of public interventions on scaling up private finance for climate**

Potential causal link	Factor category	Example	Effect on project-level private finance
<b>Direct mobilisation</b>	Public climate co-finance to individual projects	Grants, loans, direct equity investments, guarantees	Improve the risk-return profile of specific projects and contribute to convincing private financiers to invest
<b>Intermediated-direct mobilisation *</b>	Public climate finance intermediated through upstream instruments	Credit lines, fund-level investments	Increase upstream funding availability to then contribute to finance and de-risk specific projects
<b>Financial incentivisation</b>	Public financial support (financial incentive) as a result of climate policies or programmes	Subsidy schemes, tax breaks	Improve the risk-return profile of specific projects and contribute to convincing private financiers to invest
<b>Indirect mobilisation</b>	Capacity building for climate project demonstration or policy development	Capacity building grants, loans, technical assistance	Improve the overall readiness of private financiers to invest in a climate-related sector or technology
	Climate policies not providing financial support	Mandatory targets, labelling schemes	
<b>Catalytic effect</b>	Non-climate policies	Investment- and trade-related policies	Improve the overall readiness of private financiers to invest in a given country, sector or technology
	Enabling conditions	Political stability, legal environment, investment conditions, technology cost	

Note: This illustrative typology summarises work conducted by the OECD Environment Directorate (and collaborative research partners) between 2014 and 2019 to improve the understanding of the role of different public interventions in scaling up private finance for climate action.

Source: Extracted from OECD (2017), Private finance for climate action: Estimating the effects of public interventions, OECD Policy Perspectives.

21. However, one should note that the MDB and PWYF emerging taxonomies seem to classify all technical assistance interventions as catalytic (as opposed to mobilisation), while some of them were considered by the WP-STAT as potentially having a mobilisation effect in the DAC methodology (see paragraph 17).

#### *Tentative typology for catalysation*

22. Building on the WP-STAT and other stakeholders' work, the Secretariat developed a tentative typology of catalytic interventions to further delimit and categorise catalysation. This approach aims to align to the extent possible with the MDB methodology, while considering the current OECD DAC statistical framework (e.g. co-operation modalities):

- **Labelling of categories** – While the MDB approach differentiates funded and unfunded advisory-based interventions, the tentative typology proposed in this paper integrates these activities into a single category labelled “policy-related catalytic interventions”. The differentiation between funded and unfunded policy-related activities is captured in DAC statistics through the co-operation modalities (“A01/A02 – budget support” vs. “D01/D02 – technical assistance”).
- **Technical Assistance interventions** – As mentioned above, mobilisation through some technical assistance activities is already accounted for in the OECD DAC methodologies for measuring mobilisation. As such, the proposed typology only covers catalytic TA activities (categories C, D and E in the OECD DAC methodology) as opposed to the MDB approach which considers all TA interventions as being potentially catalytic.

- **Second-level mobilisation** (or “investments enabled by fund”) – The MDB draft approach captures these interventions under the Investment-based category. In contrast, the WP-STAT is currently assessing the feasibility of integrating these interventions as part of the mobilisation methodology and reporting requirements, considering the DEG approach presented during the 2024 November workshop [see DCD/DAC/STAT(2025)22].

23. As shown in Figure 2, an improved enabling environment conducive to private finance investments can be the result of combined effects of different types of public interventions, including both domestic public policies and official international development interventions. However, for the purpose of providers’ reporting on mobilisation to the OECD DAC statistics, the typology presented below focuses on catalytic interventions by official development finance providers. Still, it is important to note that the DAC methodology considers any domestic public co-financing as official investment in the attribution calculations.

24. **Building on the above, catalytic activities by development finance providers could be classified under the categories shown in Table 1 below.**

**Table 1. Proposed typology of catalytic interventions by official development finance providers**

Main categories	Sub- categories	Illustrations
<b><u>Policy-related catalytic interventions</u></b>  Support for development policies, regulatory or legislative reforms aiming to improve the business and investment environment. It includes activities addressing institutional weaknesses, bureaucratic procedures or organisational inefficiencies at the local institutional level.	<b>Macro-level financial support</b>  Funding to implement macro-level policies, such as Budget Support/Sectoral Budget support (captured through the CRS co-operation modalities A01/A02 <sup>4</sup> )	Support to domestic financial incentives (e.g. tax breaks).  Policy-based lending (e.g. general or sector budget support).
	<b>Macro-level technical assistance</b>  Technical assistance linked to capacity-building towards local authorities and policy support (co-operations modalities D01/D02)	Technical Assistance linked to policy and regulatory reforms such as training, conferences, analyses, etc. (e.g. <a href="#">Accelerating Investment and Infrastructure in Nepal</a> - United Kingdom).  Technical Assistance linked to capacity building of official local authorities such as staff training, internal procedures, events (e.g. German-Tunisian Investment Partnership, see Box 1).
<b><u>Investment-related catalytic interventions</u></b>  Interventions aiming to attract follow-on or immediate separate downstream investments	<b>Project-level investments intended to catalyse immediate and related downstream investments</b> (within the same project)	Downstream private investment in a PPP, as part of a subsequent financing round, several years after the official intervention / investment.
	<b>Project-level investments intended to catalyse follow-on investments</b> (beyond the project itself)	Downstream private investment enabled by a specific project (e.g. downstream investment in the tourism sector following an hotel construction).

<sup>4</sup> See more in Annex 11 of Addendum 1 of the Reporting Directives.

### Box 1. Example of policy-related catalytic interventions: The German Tunisian Investment Partnership

25. The German-Tunisian Investment Partnership, funded by Germany is an example of catalytic intervention aiming to improve the investment environment by addressing inefficiencies at the local institutional level. Targeting the Tunisian Investment Authority (TIA) which lacked the proper institutional frameworks to attract private investors into the country, this project focused on training TIA staff, improving the investment processes, increasing support to investors and promoting Tunisia as an investment destination. This TA intervention enabled the validation of 19 investment projects for a total EUR 244 million by creating an enabling environment for private investments through the improvement of investment procedures for staff and investors

This activity falls under Category D “Macro-level Technical Assistance: capacity building of official sector authorities” of the DAC classification of technical assistance (see Figure 1 of this note). It would also fall under the “Macro-level Technical Assistance” category of the emerging taxonomy presented in Table 1.

## Section 3. OECD work so far on measuring catalysation and findings

### a. OECD Environment Directorate

26. The OECD Environment Directorate previously carried out preliminary research on estimating the effect of climate-related capacity building and policies on private finance mobilised, as summarised in (OECD, 2017), Private finance for climate action Estimating the effects of public interventions, OECD Policy Perspectives. Three different approaches were tested:

- INVEST – as tested in (McNicoll, Jachnik, Montmasson-Clair, & Mudombi, 2017)
  - Objective / description: The investor perspective (INVEST) is based on a cash-flow approach. It considers project-level expected cash flows over the duration of a project. As such, it captures the role of project-level public finance interventions and of public policies providing financial support (e.g. tax incentives and subsidies).
  - Findings: An in-depth case study for South Africa found that the vast majority of private finance for renewable energy and energy efficiency during 2010-2015 had been incentivised by policies providing financial support, i.e. respectively a 20-year guaranteed power purchase agreement, and two tax incentives providing upfront subsidies. The investor perspective was found to be a partial step forward towards building numerical evidence on the transformational role of policies in scaling up private finance for climate action.
  - Limitations: INVEST requires a project-level analysis, which can then be aggregated to the desired level of results e.g. sub-sector, time period, etc. Project-level variations in the respective shares of mobilised private finance attributed to different public interventions and actors imply that results from a given analysis cannot be generalised or transferred to a different sector or geographical context. Further, INVEST does not allow to explicitly account for the indirect and catalytic effects of capacity building, of public policies that do not result in financial support, and of broader enabling conditions.

- ECON – as tested in (Hašič, Cárdenas Rodríguez, Jachnik, Silva, & Johnstone, 2015) and (Ang, Röttgers, & Burli, 2017)
  - Objective/Description: The econometrics-based approach is based on mathematical and statistical modelling to assess the relationship and correlations between private finance and public interventions (finance and targeted policies), while controlling for a range of other factors relating to broader policy frameworks and enabling conditions)
  - Findings: A pilot study covering renewable energy projects in developing countries for the period 2000-2011, indicated that only a relatively low share of private could be explained by the presence and level of domestic policy support in contrast to a relatively more important role played by public finance (domestic, bilateral and multilateral). A similar simulation for developed countries indicated that public policies have a greater mobilisation impact than public finance.
  - Limitations: ECON can help establish relationships between volumes of investment and a range of both targeted public interventions and broader investment conditions, but it does not result in actual estimates of volumes of private finance mobilised or catalysed by such interventions and conditions. Further, as this method is heavily reliant on data availability and quality across year, sectors and interventions, this approach is only suitable to provide indications of the average effects of widely used public finance and policy interventions in groups of countries.
- CONSULT – as tested in ([Brown, J. et al., 205](#)) and ([Green A., and M. Westphal, 2017](#))
  - Objective / description: The consultation-based approaches rely on surveys and qualitative assessments on the roles played by different public interventions and actors in mobilising and catalysing private finance.
  - Findings: Qualitative case-study-based research attempting to analyse the respective roles of project-level and policy-level public finance, as well as policy interventions, estimated significant variations across projects and types of public intervention. A larger share was also attributed to other enabling factors.
  - Limitation: This approach can provide indications of the likely range of effects that different types of capacity building activities and public policies have had on private finance. interventions on private finance. However, the inherent subjectivity and context-specificity of the approach, along with the knowledge gap typically faced by the consultees hamper the scalability of this approach and preclude using it to produce estimates.

27. Overall, **the testing of these different methodological approaches pointed out to a need to identify or develop indicators of the effects that capacity building, public policies and enabling environments have on private finance. Such indicators would not replace and cannot be added up with data and statistics on private finance mobilised by public finance based on activity-level reporting by public finance providers, but rather provide a complementary perspective.** Monetary indicators could for example consist of estimates of total private investment within a given timeframe and climate-related sector, which specific capacity building and policies can assert to have contributed to, though without claiming a specific share, i.e. no attribution. Possible information sources include data and statistics on domestic and international investment, as well as sales data of relevant technologies, products and services e.g. energy efficient appliances, electrical cars. However, considering non-monetary indicators pertains to the measurement of impacts, results and effectiveness beyond private finance mobilisation.

## **b. OECD DAC Secretariat of the Community of practice on private finance for sustainable development (CoP-PF4SD)**

28. The CoP-PF4SD Secretariat has undertaken work that expands on the WP-STAT categorisation of private finance mobilised through technical assistance (TA) initiatives.<sup>5</sup> Drawing on research, technical consultations and insights from donors, DFIs, MDBs and private sector representatives, the work mainly focuses on exploring the role of macro-level, catalytic TA in unlocking private finance by tackling systemic barriers that constrain investment flows in emerging markets and developing economies (EMDEs). Unlike project-specific TA, which primarily mitigates risks at the project level, macro-level catalytic TA drives systemic change through regulatory reforms, policy shifts, and institutional capacity-building to drive long-term, structural improvements in the enabling environment of EMDEs.

29. Results show that macro-level catalytic TA plays a critical role in enabling private finance mobilisation by addressing fundamental weaknesses in investment environments that restrict capital flows. However, several challenges hinder its effective implementation and scaling. It supports broader structural reforms, strengthens institutional frameworks, and enhances legal and regulatory systems, all of which are essential to creating resilient markets that can attract and sustain private investment. However, **one of the main issues identified from stakeholder feedback was the internal difficulties in measuring the long-term, downstream impact of macro-level catalytic TA, as reforms and capacity-building efforts often take years to materialise. The analysis underlined the risks of double counting, misreporting, and the potential undervaluing of recipient government efforts in building investment-friendly enabling environments.** Additionally, it also showed that DFIs and MDBs often struggle to prioritise macro-level catalytic TA due to internal constraints, short-term performance pressures, and a traditional focus on direct project financing.

30. This analysis concludes that, in order to enhance the effectiveness and scaling of macro-level catalytic TA, donors support must become more targeted and strategically integrated with broader blended finance efforts. Strengthening collaboration between donors, MDBS and DFIs is essential, as each brings complementary expertise. It further recommends that a more coordinated approach is followed to integrate macro-level catalytic TA into broader development strategies, ensuring long-term market development and reducing reliance on concessional finance. Additionally stronger performance metrics, greater collaboration and better-aligned measurement frameworks are necessary to track the systemic changes enabled by macro-level catalytic TA.

## **Section 4. How to pool knowledge and experience towards the elaboration of a DAC measure of catalysation?**

### **a. Forthcoming work by the OECD Climate finance team**

31. A New Collective Quantified Goal (NCQG) on climate finance was agreed at COP29 in 2024. The decision established a goal of at least USD 300 billion annually by 2035 to support climate action in developing countries from a wide variety of public and private, bilateral and multilateral channels, including alternative sources. Developed countries are expected to lead these efforts, while developing countries are encouraged to contribute voluntarily. The NCQG decision also includes a call to scale up financing to developing countries for climate action from all public and private sources to at least USD 1.3 trillion per year by 2035. The decision further includes elements relating to enhancing accessibility, improving the balance between adaptation and mitigation finance, and strengthening mechanisms for mobilising private sector investment. In 2025, the OECD Environment Directorate will undertake analytical work to further

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<sup>5</sup> To be published in a report soon.

unpack the NCQG decision, exploring available options and implications for tracking progress, including how to account for private finance mobilised and catalysed in the contexts of the USD 300 billion goal and USD 1.3 trillion scale up call. While the UNFCCC Enhanced Transparency Framework (ETF) does not currently draw a clear distinction between these categories, leaving open questions about their operationalisation and tracking (Falduto, Noels, & Jachnik, 2024), this work will aim to clarify methodological approaches and build on international reporting frameworks, including work conducted under the WP-STAT. In parallel, continued work will continue to contribute to assessing progress towards the broader alignment of all financial flows and stocks with climate mitigation and resilience goals, a goal set in Article 2.1c of the 2015 Paris Agreement (see the inaugural OECD Review on Aligning Finance with Climate Goals ; (OECD, 2024)). In this context, data and indicators relating to total private finance are being considered and assessed.

### **b. Joint MDB – OECD DAC working group**

32. At the November 2024 workshop on mobilisation, the MDB Group introduced their ongoing work for capturing catalysation as a distinct indicator from mobilisation (no aggregation). At the February 2025 kick-off meeting of the MDB-OECD DAC working group, they also shared their latest developments in this area – including the possible changes to their current methodology. More updates are expected from the MDB group during the 6 March 2025 meeting of the working group.

33. Based on information shared so far, the draft methodology of the MDB Group to measure private finance catalysation will follow an ex-ante estimation, confirmed through an ex-post sampling. The methodology will be based on three main principles:

- **Rigour** – the estimation will be fact-based through evidence from previous similar projects or relevant economic literature and studies.
- **Intentionality** – only intended private finance flows (e.g. in pre-defined sectors) resulting from an MDB/DFI intervention are considered.
- **Time bound** – the estimation will be based on a three-year timeframe following the completion of the project (can be adjusted for specific interventions).

34. Moreover, the MDB group further provided an example, demonstrating the application of these principles to measure “funded advisory catalysation” (also referred to as “macro-level financial support” in the tentative OECD taxonomy), whose funding is tied to the completion of pre-agreed goals. The impact is assessed through three steps:

- “Defining the impact” through a list of “prior actions”, with a defined and quantifiable impact on the enabling environment.
- “Developing an estimate” on expected financial flows through statistical evidence from past project or econometric analyses, considering a three-year timeframe (unless required otherwise).
- “Document the process” through results frameworks.

35. As a follow-up to the 2024 November workshop, it was agreed to reconvene the MDB-OECD DAC working group<sup>6</sup> to explore areas of collaboration and harmonisation on methodological work and data sharing. At the 2025 February MDB-OECD DAC meeting, draft terms of reference for the working group were presented. They outlined possible joint work to further align and harmonise the MDB group and OECD DAC methodologies, including on catalysation. Through the working group, it is expected that both communities will strengthen knowledge sharing on their methodological developments to capture “broader”

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<sup>6</sup> Progress of work by this working group can be followed – upon request for registration – on the newly created platform: [MDB - OECD DAC Collaboration and Knowledge Platform - Home](#).

mobilisation and identify opportunities for harmonisation regarding private finance catalysation to avoid further divergence between the MDB and OECD DAC frameworks.

**c. Approach for elaborating a possible DAC measure of catalysation**

36. The approach for elaborating a possible DAC measure of catalysation should be prudent and consider concerns expressed so far (see Section 1). It will build on existing knowledge and experience, notably from other OECD bodies as well as the MDB group. This could include:

- **Analyse the MDB approach to identify elements relevant to the DAC framework.** Once the MDB group has presented its method, it can be discussed in detail by the WP-STAT, to identify which elements are compatible with the framework of DAC statistics, which would possibly need adjustments (as highlighted for the typology, see paragraph 22), and which would possibly not be directly relevant.
- **Undertake joint research work with the Secretariat of the CoP-PF4SD,** in the context of its ongoing work to update the DAC Blended Finance guidance, as well as to advance the work on capturing catalysation (e.g. case studies, analyses). The revised guidance will have a strong focus on catalysation – particularly catalytic technical assistance, primarily covered under “Principle 3: Tailor Blended Finance to Local Context”. The updated guidance will stress the role of macro-level catalytic TA interventions – notably through institutional capacity building initiatives and regulatory and policy reforms that address structural investment barriers – in strengthening enabling environments, as well as creating the conditions necessary for effective private finance mobilisation. It will also underline that effective private finance mobilisation depends not only on de-risking individual projects but also on sustained efforts to enhance the overall investment climate—reinforcing the critical role of catalytic TA in blended finance.
- **Propose an approach** for each type of catalytic activities, building on the typology under development (see Table 2). Such work would be conducted in close collaboration with the Environment Directorate, building on its past work and exploring concrete options for the OECD to capture catalysation, for instance through testing the use of monetary indicators relating to total private finance.

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