



## Finance in Common Financial Innovation Lab

### Blended Finance - Guarantees Working Group

Guarantees can be a key component of blended finance structures, when paired with concessional resources, helping to mobilize private capital toward climate action. However, the uptake of guarantees remains limited due to challenges such as complexity of structuring deals and a lack of technical assistance (TA) to support project preparation. Additionally, high costs and fees associated with guarantee procurement, mismatched time horizons between creditors' return expectations and borrowers' repayment timelines, and limited collaboration among stakeholders within the guarantee ecosystem further hinder the effective deployment of guarantees. Such obstacles are especially salient for climate projects, for which long-term capital and technical expertise are crucial to driving meaningful impact.

**Objective:** The FiCS Blended Finance - Guarantees Working Group will serve as a platform to engage the FiCS Lab's broad membership, which includes both large MDBs and smaller PDBs, in discussions on opportunities and best practices for designing and deploying guarantee instruments. Insights from the working group discussions will be shared with the FiCS membership and other stakeholders through a knowledge product, produced by the CPI team with input and review from working group members.

**Structure:** Through monthly, hour-long sessions, the working group will convene a diverse group of stakeholders – including PDBs, MDBs, private investors, and guarantee providers – to explore how guarantees can effectively de-risk investments, scale climate action, and mobilize private capital. The discussions will focus on identifying underserved risks that could be more effectively addressed through collaboration with PDBs. Each session will prioritize practical, case-driven discussions that help PDBs integrate guarantees into their financial strategies. These sessions will be structured in three key volumes:

#### **Module 1: Laying the Foundation – Understanding the Guarantees Landscape and Challenges** (May-June 2025)

- **Session 1: Introduction to Blended Finance and Guarantees for Climate Action** - provide an overview of blended finance and how guarantees fit into the broader landscape. Present CPI's Landscape of Guarantees and GGG Knowledge brief. Set the stage for future discussions by identifying key barriers and opportunities.



- **Session 2: The Role of MDBs and PDBs in Expanding Guarantee Offerings** - compare how large MDBs and smaller PDBs approach guarantee issuance. Explore opportunities for partnerships and co-guarantee structures.
- **Session 3: Structuring Guarantees – Regulatory Considerations and Design** - examine how policy and regulation impact the use of guarantees. Learn about key issues for guarantee structuring.

### **Module 2: Scaling Guarantees – Innovative Guarantee Models and Opportunities for PDBs** (July-October 2025)

- **Session 4: How Guarantees are Unlocking Climate Finance** - present case studies of successful guarantee-backed transactions. Identify key takeaways for replication by PDBs.
- **Session 5: Blended Finance Mechanisms that Work** - highlight innovative guarantee structures tailored for climate finance.
- **Session 6: PDBs as Guarantee Champions** - showcase NDB successful case study and lessons learnt from their experience.
- **Session 7: Internal discussion Mid-Cycle Reflection and Strategy Alignment**

### **Module 3: Future Pathways – Strengthening the Guarantee Ecosystem** (November 2025 – February 2026)

- **Session 7: Building a Stronger Ecosystem – MDBs- PDB Partnerships and Co-Guarantees** - explore ways to improve collaboration between MDBs and PDBs. Showcase examples of co-guarantees to scale financing solutions.
- **Session 8: The Role of Subnational Guarantees** - what are subnational guarantees and how can PDBs leverage this instrument?
- **Session 9: How is the Green Guarantee Group leveraging the uptake of guarantees** - what is the Role of GGG in fostering the uptake of guarantees. Present the Directory CPI is developing.
- **Session 10: Next Steps for PDBs** - define next steps for PDBs to integrate and scale guarantees in climate finance. How can PDBs achieve long-term sustainability in guarantee issuance?