

PUBLIC DEVELOPMENT BANKS

WHAT RESEARCH TELLS US AND WHY IT MATTERS!



In an era marked by geopolitical tensions, climate disruption, rising inequalities, fragile supply chains, and recurring financial shocks, one group of institutions can no longer remain out of the spotlight: Public Development Banks (PDBs).

PDBs pursue public policy objectives. They finance infrastructure, small and medium enterprises (SMEs), innovation, social housing, and climate transitions, providing long-term capital where private finance is scarce or risk averse.

Their importance is most visible in times of crisis. During the 2008-2009 financial crisis and the COVID-19 pandemic, PDBs acted counter-cyclically, stabilizing credit flows and supporting economies. When markets retreat, they step forward.

Today, achieving the Paris Agreement and the Sustainable Development Goals (SDGs) requires massive long-term investment. PDBs are now recognized as key actors in aligning finance with sustainable development. Through initiatives such as the Finance in Common System (FiCS), public financial institutions coordinate to scale impact, mobilize private capital, and strengthen collective action.

Development banks have a long history, evolving alongside global challenges. Their relevance today reflects a key insight: sustainable development requires institutions able to absorb risk, coordinate investment, and prioritize long-term societal returns.

When well-designed and governed, PDBs can address market failures, provide stability, catalyse private investment, foster innovation, and accelerate green and social transitions. Yet their impact depends on clear mandates, sound governance, financial sustainability, and accountability.

There is no single model: PDBs vary widely in structure and scope, forming a diverse but interconnected global system.

This exhibition explores their role, effectiveness, and potential to help close the financing gap for sustainable development.

A DIVERSE ECOSYSTEM OF PUBLIC FINANCIAL INSTITUTIONS

For decades, scholars and practitioners have debated where **Public Development Banks (PDBs)** sit within the broader financial landscape, often blurring distinctions between development banks, public commercial banks, and other public financial institutions.

PUBLIC CAPITAL, PUBLIC PURPOSE

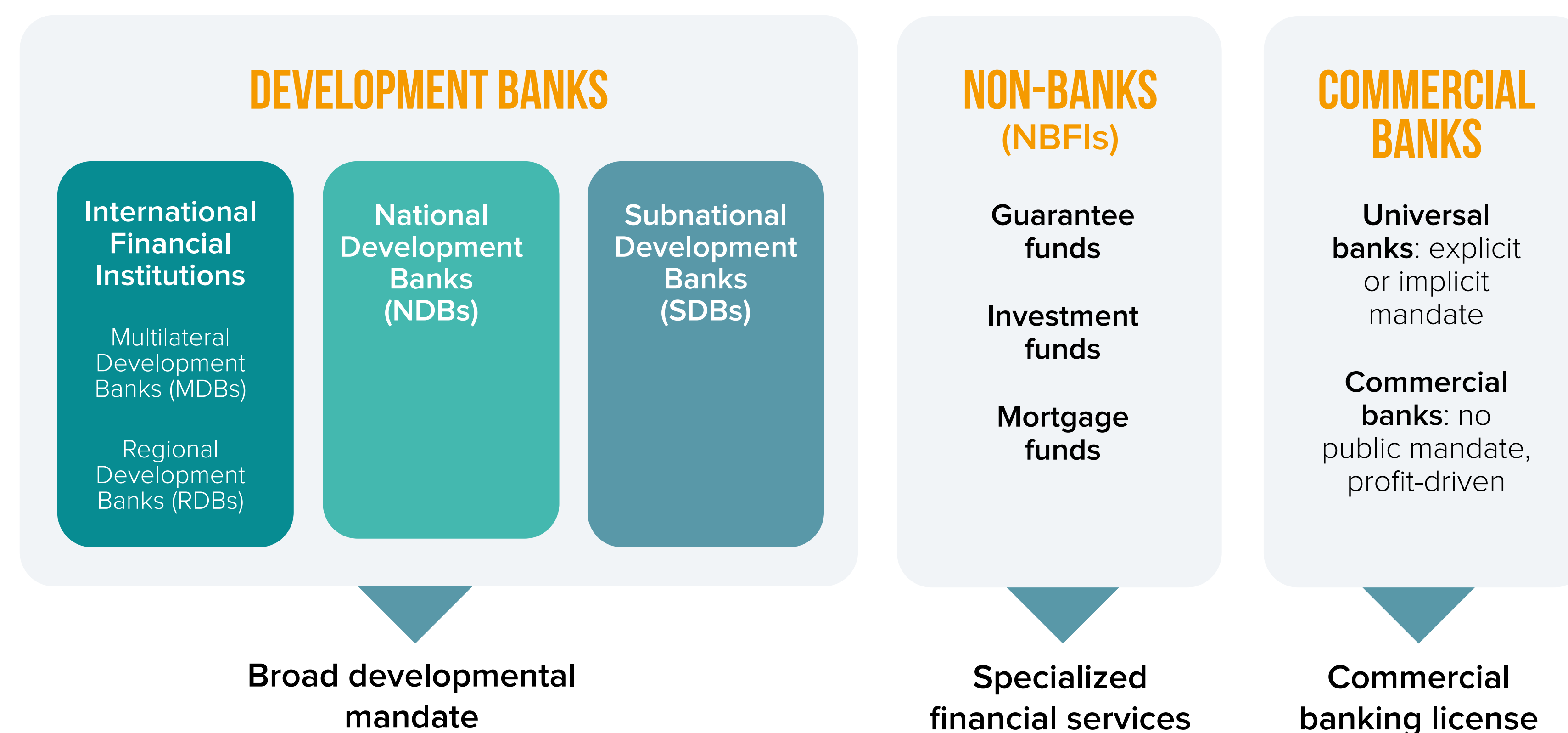
PDBs operate at the intersection of public policy and financial markets, within a broad ecosystem of public financial institutions. They act as policy-driven financial intermediaries, translating public priorities into long-term investments.

This wide ecosystem includes multilateral, national, and subnational development banks, alongside public commercial and specialized institutions. **Together, they deploy a wide range of financial instruments**—loans, guarantees, equity, and risk-sharing mechanisms—adapted to diverse national and sectoral priorities.

Despite their diversity, **PDBs share core features**: a public policy mandate addressing market failures, institutional autonomy, access to capital markets, and the use of revolving financial instruments under sustained public oversight.

They reflect a broader shift in state intervention, from direct spending to balance-sheet mobilization. Beyond correcting market failures, PDBs shape economic trajectories by acting counter-cyclically, de-risking investment, mobilizing private finance, and supporting structural transformation in underserved sectors and regions.

PDBs operate within a wider ecosystem of public development finance institutions:



2020 A TURNING POINT

The creation of the **Finance in Common System (FiCS) in 2020** marked an important milestone.

For the first time, 500+ public financial institutions worldwide formally recognized themselves as part of a shared system working to advance sustainable development. This initiative helps clarify the role of PDBs as policy instruments in the hands of governments, translating public priorities into financial action.

More information at: financeincommon.org



WHAT MAKES A “PDB”?

5 CORE CHARACTERISTICS

At the intersection of public policy and finance, PDBs are neither aid agencies nor commercial banks. Research from Peking University and AFD identified five core characteristics that distinguish them from other financial actors:

1

Institutional autonomy

PDBs are legally distinct entities, with dedicated staff, separate financial statements, and a long-term mission.

2

Financial instruments with revolving funds

They primarily provide loans, equity, or guarantees allowing capital to be reused over time.

3

Funding sources beyond periodic budgetary transfers

PDBs must be able to raise resources from capital markets or financial institutions, often backed by public guarantees.

4

A public policy mandate

Their central purpose is to address financing gaps left by private markets. They are designed to prioritize social and developmental outcomes over profit maximization.

5

Public strategic control

Governments retain decisive influence over their strategic direction.

DID YOU KNOW?

Created in 1816, the French « Caisse des dépôts et consignations » (CDC) is the **oldest PDB** in the world.

FROM PUBLIC SPENDING... TO INVESTMENT

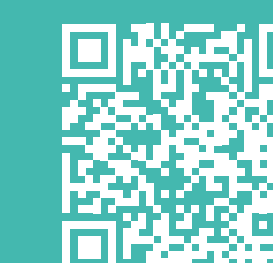
Over recent decades, governments have increasingly shifted from direct spending to financial instruments to achieve development goals, a transformation described as the “financialization” of state intervention. PDBs embody this shift by mobilizing public balance sheets rather than relying solely on budget transfers.

They translate policy priorities, such as climate action, industrial development, and regional

inclusion, into financial operations. Beyond correcting market failures, PDBs shape economic trajectories: they act counter-cyclically, sustain investment during downturns, and support productive sectors and underserved regions.

As public financial institutions capable of absorbing risk and steering investment, PDBs demonstrate that finance can be governed in the service of long-term collective objectives.

Finance can be mobilized in service of collective goals



“Mapping 500+ Development Banks, Qualification criteria, stylized facts and development trends” (2021)

HOW LARGE IS THE PDB UNIVERSE?

FACTS, FIGURES & GEOGRAPHY

544

PDBs across 156 countries and economies

USD **22.6**

trillion in assets (2024)

≈80%

of total assets in G20 countries

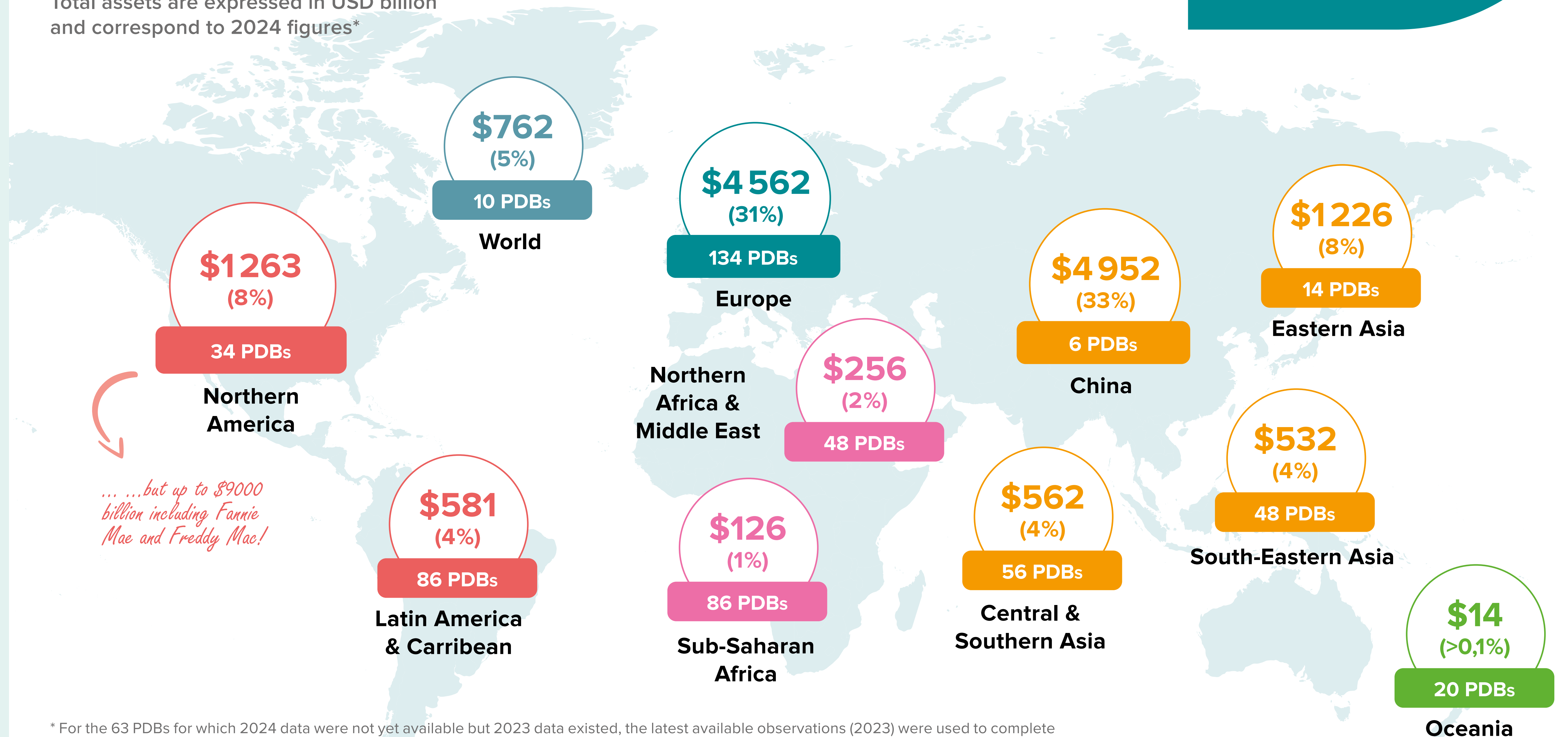
≈10%

annual financing (as a % of total world investment)

WHERE IN THE WORLD ARE PDBs?

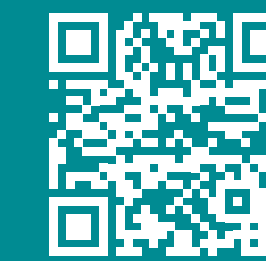
PDBs operate in almost every region of the world. Together, they form a truly global financial system, but one that is shaped by extreme concentration.

Total assets are expressed in USD billion and correspond to 2024 figures*



DID YOU KNOW?

These data come from the **PDBs and DFIs database**, initiated by Peking University and developed by AFD with FERDI. It covers over 500+ institutions, with harmonized financial data from 2018 to 2024 across 7 key indicators.



* For the 63 PDBs for which 2024 data were not yet available but 2023 data existed, the latest available observations (2023) were used to complete the 2024 values in the database. This approach facilitates the construction of the most comprehensive dataset possible.

1. BIG NUMBERS, UNEVENLY DISTRIBUTED

Global dynamics are driven by a handful of mega-banks. Global PDB assets reached USD 22.6 trillion in 2024, remaining above USD 22 trillion after the post-COVID expansion. Compared to 2018–2019, this represents an increase of around 32%, highlighting their counter-cyclical role in response to crises.

Yet this scale masks **strong concentration:**

- ▶ 10 institutions account for 70% of total assets;
- ▶ the largest 43 PDBs hold 90% of assets;
- ▶ nearly 70% of institutions represent only 4% of total assets.

In 2024,
85%
PDBs are
classified as
'small' or 'micro'
in terms of asset
size

A GLOBAL SYSTEM ROOTED IN NATIONAL REALITIES

While 500+ PDBs have been identified, most are small (below USD 500 million in assets), yet their role cannot be read through size alone. In many developing economies, small national development banks (NDBs) can represent a significant share of financing, within key sectors or relative to national income.

4. A DIVERSITY OF MANDATES & BUSINESS MODELS

PDBs combine diverse mandates and instruments. While many are multi-sectoral, a large share are specialized (SMEs, agriculture, housing, infrastructure, trade).

This diversity directly shapes their business models. Beyond traditional lending, PDBs increasingly rely on guarantees, equity investments, and blended finance to mobilize private capital.

In developing economies, **specialization is often key:** PDBs act as complements to private finance, targeting underserved sectors and high-impact investments.

Among
NDBs and SDBs,
the MSME mandate
accounts for
24%
mandate accounts
for of institutions
**but only 5% of total
assets.**

2. THE DEVELOPMENT PARADOX

Why do NDBs continue to exist? Contrary to theory, NDBs do not fade as markets mature; they expand.

Their persistence reflects structural financing gaps: long-term, risky or low-return investments remain underserved, even in advanced economies.

NDBs also act as countercyclical stabilizers, sustaining credit during crises, and are increasingly mobilized for climate and structural transitions.

Rather than temporary institutions, NDBs have become **permanent instruments of economic policy.**

Over the past
20 years,
67
new NDBs have been
created in high- and
upper-middle-income
countries, including
USDFC.

3. NATIONAL BANKS DOMINATE

Who holds the assets? In 2024:

- ▶ 367 NDBs (70% of institutions) hold 85% of assets
- ▶ 121 subnational and regional banks (20%) hold only 5% of assets
- ▶ 56 MDBs (10%) account for around 10% of assets

Present in 156 countries, PDBs reflect diverse national strategies.

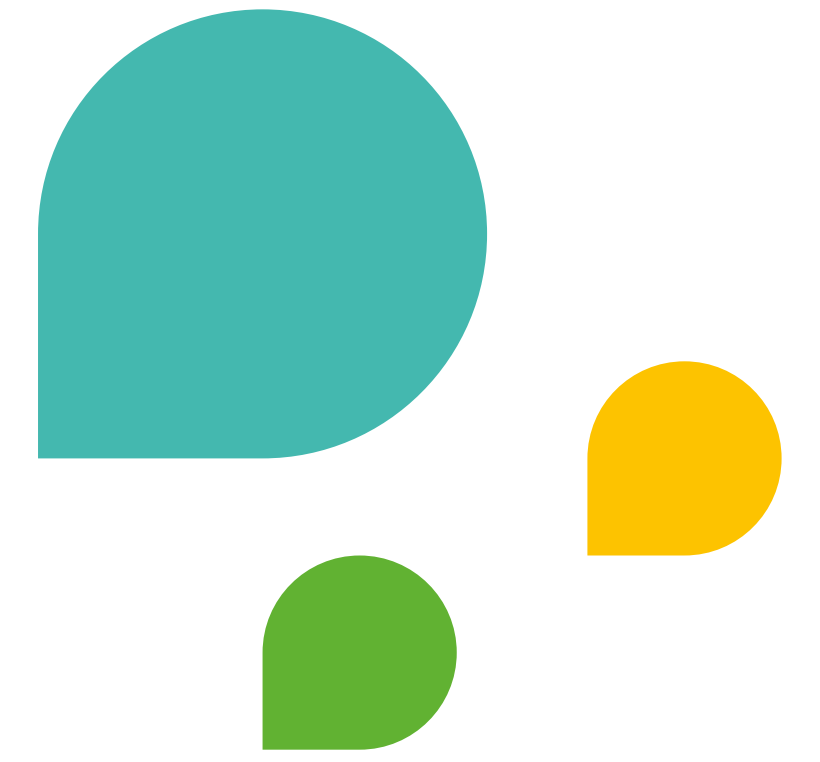
Scale does not define influence: mandates vary widely and shape how institutions intervene. In developing economies, NDBs are often highly specialized and operate as targeted policy tools, channeling finance where private markets fall short.

Their influence can be substantial within specific sectors: in **Mexico**, the FIRA trust fund accounts for 67% of total agricultural lending; in **Vietnam**, the Vietnam Bank for Social Policies delivers around 60% of microcredit nationwide.

Nearly
90%
of PDBs are national
or subnational
institutions

WHAT IS THEIR BUSINESS MODEL?

FROM CAPITAL TO IMPACT: 3 PILLARS



PDBs are not profit-maximizing institutions, but policy-driven financial actors. They channel long-term capital toward projects aiming to generate social, economic, and environmental value where private finance is insufficient. While their business models are diverse, PDBs share core features, underpinned by robust governance ensuring both impact and financial sustainability.

1. FINANCIAL INSTRUMENTS

PDBs translate public mandate into **concrete investments**



LOANS

Long-term financing remains **the backbone of PDB activity**. It supports infrastructure, climate projects, housing, and SMEs, with maturities adapted to long investment cycles.



EQUITY

Equity and quasi-equity instruments target **higher-risk or innovative sectors**, especially early-stage industries where private investors are reluctant to engage.



GUARANTEES

Guarantees reduce risks for private investors, helping mobilize capital in **sectors with uncertain returns or higher perceived risks**.

& other tools (grants, blended finance, technical assistance, capacity building...)

2. SUSTAINABLE PROFITABILITY

PDBs are not profit-driven, but must remain **financially viable**

REVENUE MODEL

Interest margins, supported by stable, long-term funding

POSITIVE RETURNS

Most PDBs generate positive returns – even in riskier sectors than commercial banks

The **balance**: development **additionality** with financial discipline

WHY DOES IT MATTER?

Financial sustainability = preserved capital + expanded lending + long-term impact

3. LEVERAGE

PDBs multiply their impact and make public resources **go further**

BALANCE-SHEET LEVERAGE

Using their capital base and public implicit guarantees, PDBs can access capital markets and external funding, expanding **lending beyond their own equity**.

PRIVATE SECTOR MOBILIZATION

Through co-financing, guarantees, and risk-sharing, PDBs attract private investors. Each unit of public capital can **mobilize multiple units of private finance**.

COUNTRY PLATFORMS

Coordinated investment platforms enable PDBs to **scale projects** in sectors where private capital remains insufficient.

A SYSTEMIC MODEL OF PUBLIC FINANCE

PDBs are more than gap-fillers. They shape investment patterns, support structural transformation, and anchor long-term development strategies aligned with climate and development goals.

The Rwanda Development Bank (BRD) illustrates this model in practice.

Its business model combines direct and intermediary lending, equity, guarantees, and advisory services across sectors such as agriculture, energy, housing, and infrastructure. It relies on “a diverse funding base and a combination of financial, risk-sharing and technical assistance products.” By mobilizing partnerships and innovative instruments, BRD balances financial sustainability with long-term development impact.

KEY FACTS

- ▶ Date of establishment: 1967
- ▶ Official mandate: FLEX
- ▶ Level of ownership: national
- ▶ Total assets: USD 562 million
- ▶ ROA: 1% - ROE: 8%

FROM FINANCE TO IMPACT 1/3

CLIMATE ACTION: HOW DO PDBs FINANCE THE TRANSITION?

Through climate finance, PDBs translate global commitments into concrete investments at the national and local levels. By financing renewable energy, resilient infrastructure, and sustainable systems, they support both mitigation and adaptation, accelerating the transition toward low-carbon and resilient economies.

WHY CLIMATE MATTERS

Climate finance is essential to reduce emissions and strengthen resilience. While investments reached about USD 1.1 trillion in emerging economies in 2023, they remain far below the USD 5–7 trillion needed annually.

- ▶ Closing this gap is critical to meet global climate goals.

WHAT ROLE FOR PDBs?

PDBs play a catalytic role in bridging the climate finance gap:

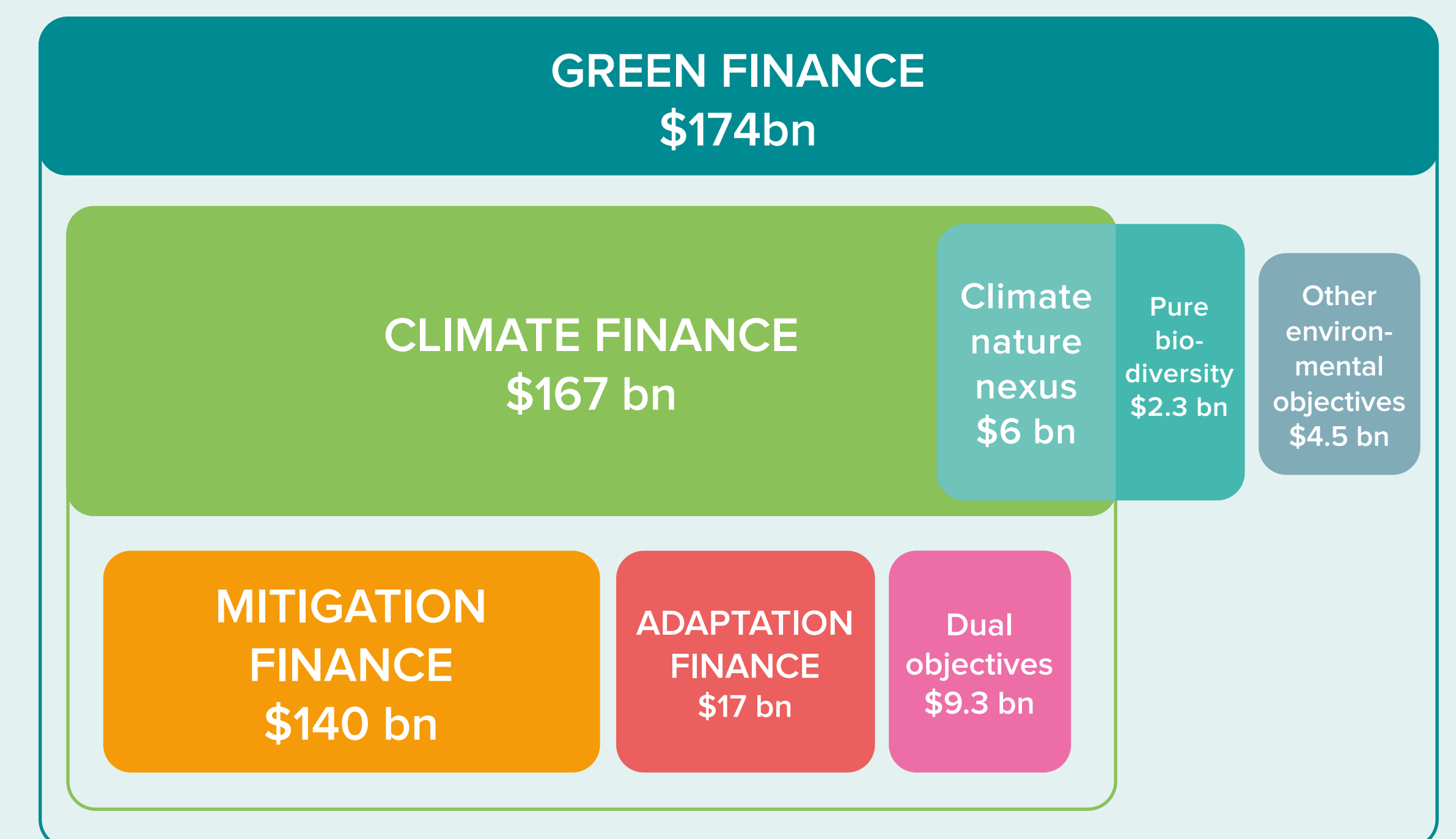
- ▶ Their public mandate, long-term horizon, and risk-absorption capacity enable them to **invest where private actors cannot**.
- ▶ They support **both mitigation and adaptation, while mobilizing private capital** through guarantees, concessional finance, and technical assistance.
- ▶ Beyond financing, PDBs integrate climate objectives **into strategies, risk management, and reporting**—helping align financial flows with long-term climate and development goals.

CASE STUDY THE INTERNATIONAL DEVELOPMENT FINANCE CLUB

IDFC, a network of 27 development banks, is a major driver of global climate finance.

- ▶ Its financing spans mitigation, adaptation, and biodiversity, reflecting the growing integration of climate and environmental objectives.
- ▶ Beyond volumes, IDFC strengthens coordination, shared methodologies, and transparency—amplifying the collective impact of PDBs.

IDFC **green** and **climate finance** commitments* illustrate the distribution between **mitigation**, **adaptation**, and **biodiversity**:



* 2024 figures

GREEN FINANCE

Covers all investments supporting **environmental sustainability**: pollution reduction, biodiversity, resource efficiency, and climate action.

CLIMATE
OR
GREEN FINANCE
?

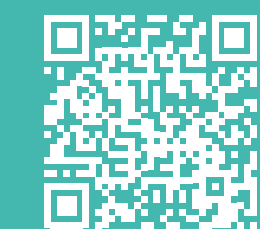
CLIMATE FINANCE

A targeted part of a broader green finance agenda, focused **specifically on climate change**:

- Mitigation: reducing emissions
- Adaptation: strengthening resilience

DO YOU KNOW..

what “**alignment**” means? Watch the video to find out!



FROM FINANCE TO IMPACT 2/3

HOW DO PDBs SUPPORT ECONOMIC GROWTH AND JOB CREATION?

By reducing financing constraints and strengthening financial ecosystems, PDBs help small and medium enterprises (SMEs) grow, innovate, and create jobs, turning financial resources into real economic impact.

WHY SMEs MATTER

SMEs account for most firms and jobs worldwide. They drive innovation, local development, and resilience. Yet access to finance remains a major constraint, especially in emerging economies, limiting their capacity to grow and contribute fully to economic transformation.

WHAT ROLE FOR PDBs?

Supporting SMEs is a core mission of PDBs:

- ▶ By providing **long-term finance** and **reducing risks**, they enable firms to invest, grow, and create jobs.
- ▶ SMEs face structural barriers—limited collateral, high perceived risk, and high transaction costs—resulting in a global credit gap estimated at USD 5.7 trillion in 2024. PDBs help bridge this gap by **sustaining credit flows**, especially during crises, and by **strengthening financial ecosystems**.
- ▶ Beyond lending, they support **market infrastructure** and provide **technical assistance**, improving firms' capacity and resilience over time.

CASE STUDY MEXICO: NAFIN SUPPLY-CHAIN FINANCE PLATFORM

A well-known example is NAFIN, Mexico's national development bank.

- ▶ Launched in 2001, NAFIN's digital platform connects SMEs, large buyers, and banks, to facilitate factoring transactions within supply chains.
- ▶ Large buyers, often major firms or public institutions, connect their SME suppliers to the platform, allowing invoices to be auctioned among participating banks.
- ▶ **The result:** improved access to finance, stronger SMEs, and enhanced economic resilience.

Between 2001 and 2010, the platform mobilized **\$90+** billion (≈ 1% GDP)

By 2020, it had supported **390+** supply chains and

14,000+ SMEs

Many accessing finance for the first time!

FROM FINANCE TO IMPACT 3/3

REDUCING INEQUALITIES: HOW DO PDBs SUPPORT INCLUSIVE DEVELOPMENT?

Reducing inequalities is central to achieving the SDGs. Yet, progress remains uneven, with widening gaps between and within countries. In a context of climate pressure, debt constraints, and insufficient development financing, inequalities risk deepening, particularly in the most vulnerable economies.

WHY INEQUALITIES MATTER

Inequalities not only weaken social cohesion and limit access to essential services, economic opportunities, and financial resources, but also constrain long-term development and represent a macroeconomic and systemic risk.

Despite sustained growth in some regions, the benefits of development remain unevenly distributed, reflecting structural imbalances in global and national financial systems.

- ▶ **Addressing inequalities is a prerequisite for economic and climate transitions that leave no one behind.**

WHAT ROLE FOR PDBs?

Long-term and affordable financing must support underserved regions and populations, particularly in low- and middle-income countries where financing gaps are most acute. PDBs can:

- ▶ **Finance social infrastructure** for better access to essential services (health, education, affordable housing) and support sectors that foster inclusive growth.
- ▶ **Influence the broader financial ecosystem** by shaping norms and incentives. Through the conditions they attach to loans and investments, they can promote equity-sensitive budgeting, gender inclusion, or environmental justice.

In practice, this calls for a strong **cooperation between PDBs and Ministries of Finance** to ensure that their activities are consistent with redistribution efforts.

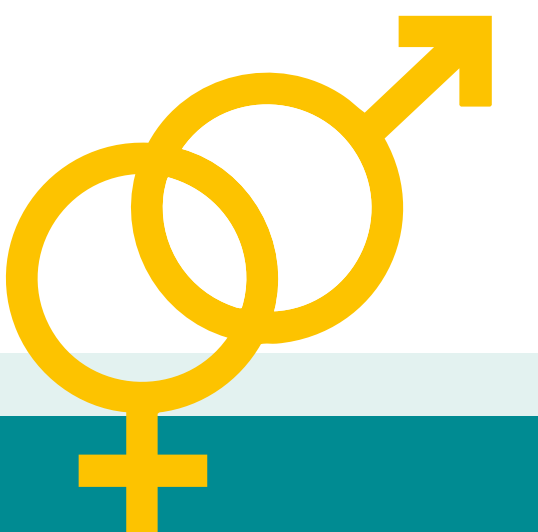
PDBs' developmental mandate also implies a responsibility not only to correct inequalities but to understand their dynamics. Investing in knowledge production and policy dialogue—using data, research, and experimentation—can **inform what “inclusive” growth truly entails** in different contexts.

HOW TO MAKE SURE DEVELOPMENT PROJECTS ACTUALLY REDUCE INEQUALITIES?

When financing projects, PDBs should perform ex-ante assessments to anticipate social impacts and design targeted compensation. To do so, they can rely on distributional approaches, which aim to estimate who benefits from a project across the income distribution. The **EU Inequality-Marker**, for example, is a tool that helps assess whether and how projects contribute to reducing inequalities, based on 4 criteria covering upstream analysis, targeting of disadvantaged groups (notably the bottom 40%), monitoring, and evaluation. These approaches allow to go beyond country-level diagnostics and fiscal incidence, and to look directly at **how individual projects affect the distribution of opportunities and resources**.



Discover
the EU-AFD
Facility on
Inequalities



GENDER EQUALITY: A CROSS-CUTTING PRIORITY

Gender inequalities remain a major driver of broader development gaps. Women face persistent barriers in access to finance, employment, and economic opportunities.

PDBs increasingly integrate gender considerations into their strategies and operations, recognizing that reducing gender inequalities enhances overall development impact. Targeted financing, improved data systems, and dedicated policies contribute to more inclusive and equitable outcomes.

Under the FiCS umbrella, more than 40 PDBs have signed a joint statement showing their commitment to “strengthen institutional commitment to gender equality, increase accountability and funding on investments in favor of gender equality”.

A GLOBAL COALITION

PDBs IN THE GLOBAL FINANCIAL ARCHITECTURE

PDBs are not isolated actors. Together, they form a global ecosystem capable of mobilizing capital, sharing expertise, and coordinating international action to finance sustainable development.

COLLECTIVE ACTION IS KEY

In a context of geopolitical fragmentation, rising debt vulnerabilities, and declining concessional finance, no institution can act alone. Cooperation between development banks has become essential to:

- ▶ align financial flows with global priorities;
- ▶ improve coordination across institutions;
- ▶ mobilize resources at the scale required to address global challenges.

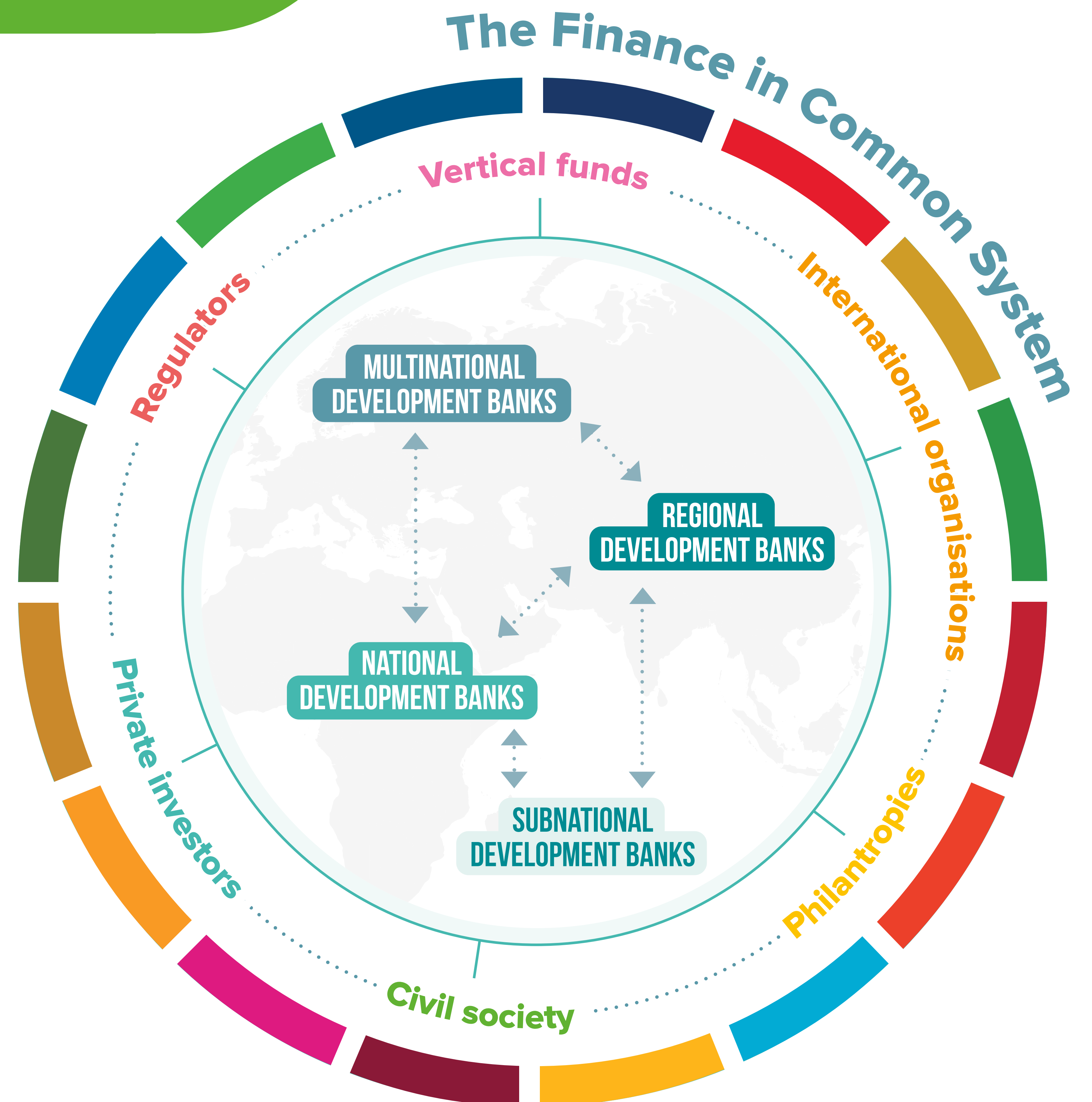
Development banks increasingly act as bridges between global financial systems and domestic priorities—strengthening the coherence of the international financial architecture.

THE FINANCE IN COMMON SYSTEM: 5 YEARS OF IMPACT

What started as a summit gathering PDBs in 2020 is now a coordinated global community: the **Finance in Common System** (FiCS), a coalition that brings together over 530 institutions across 155 countries.

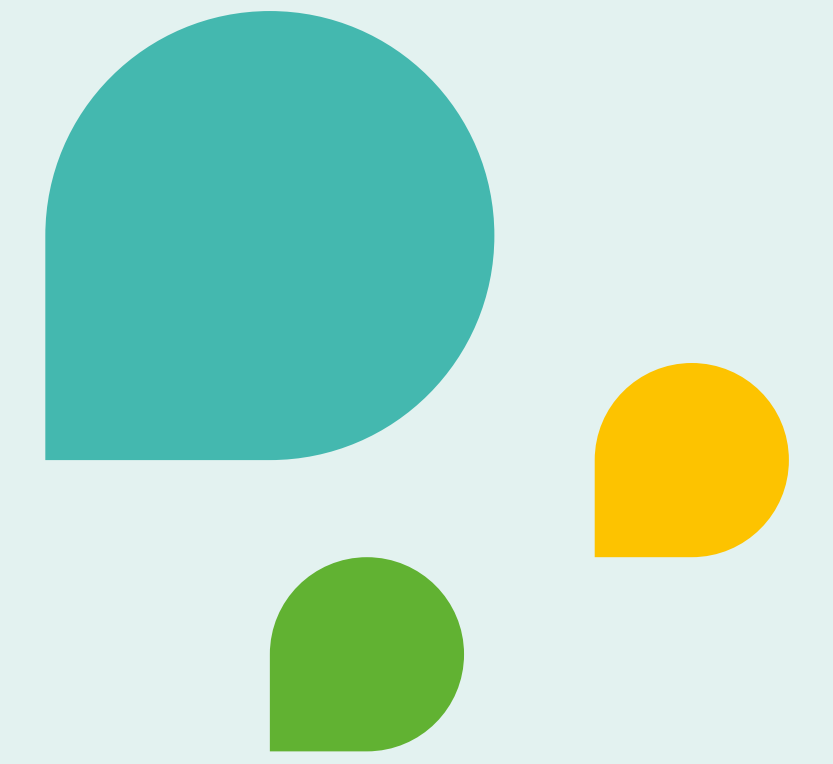


Download the
5-year report



A GLOBAL SYSTEM

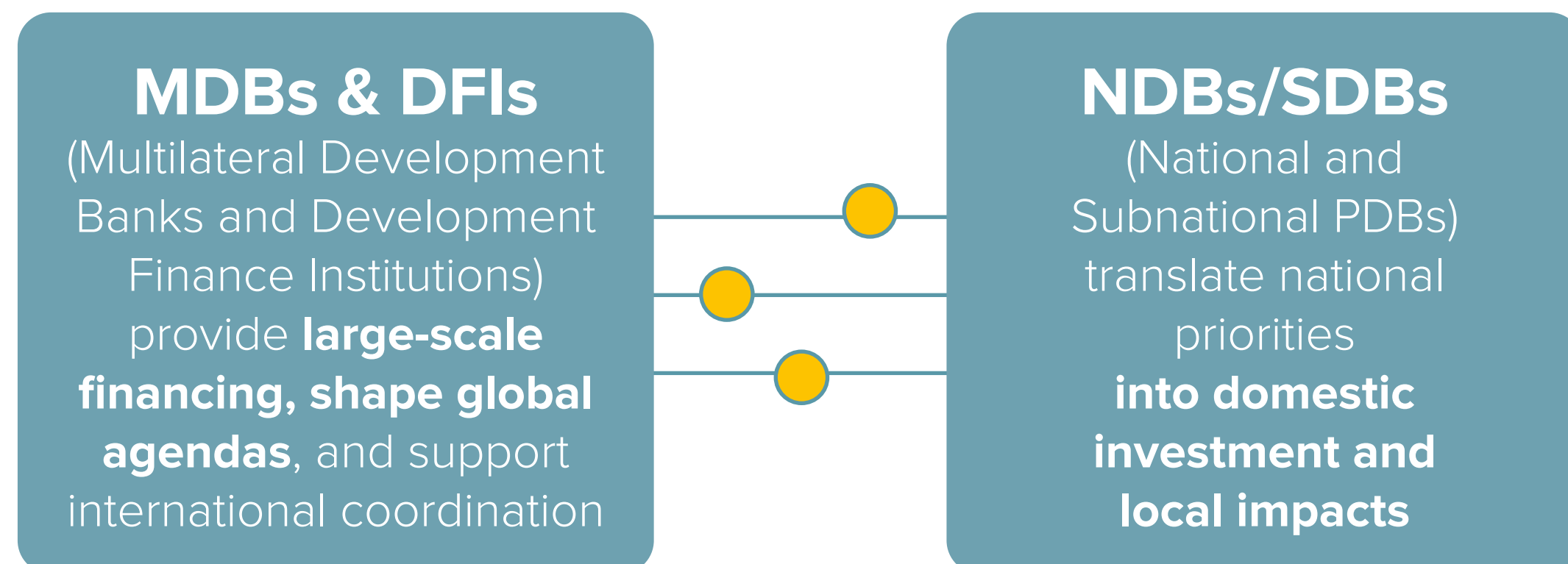
HOW DEVELOPMENT FINANCE WORKS IN PRACTICE



A SYSTEM OF INSTITUTIONS

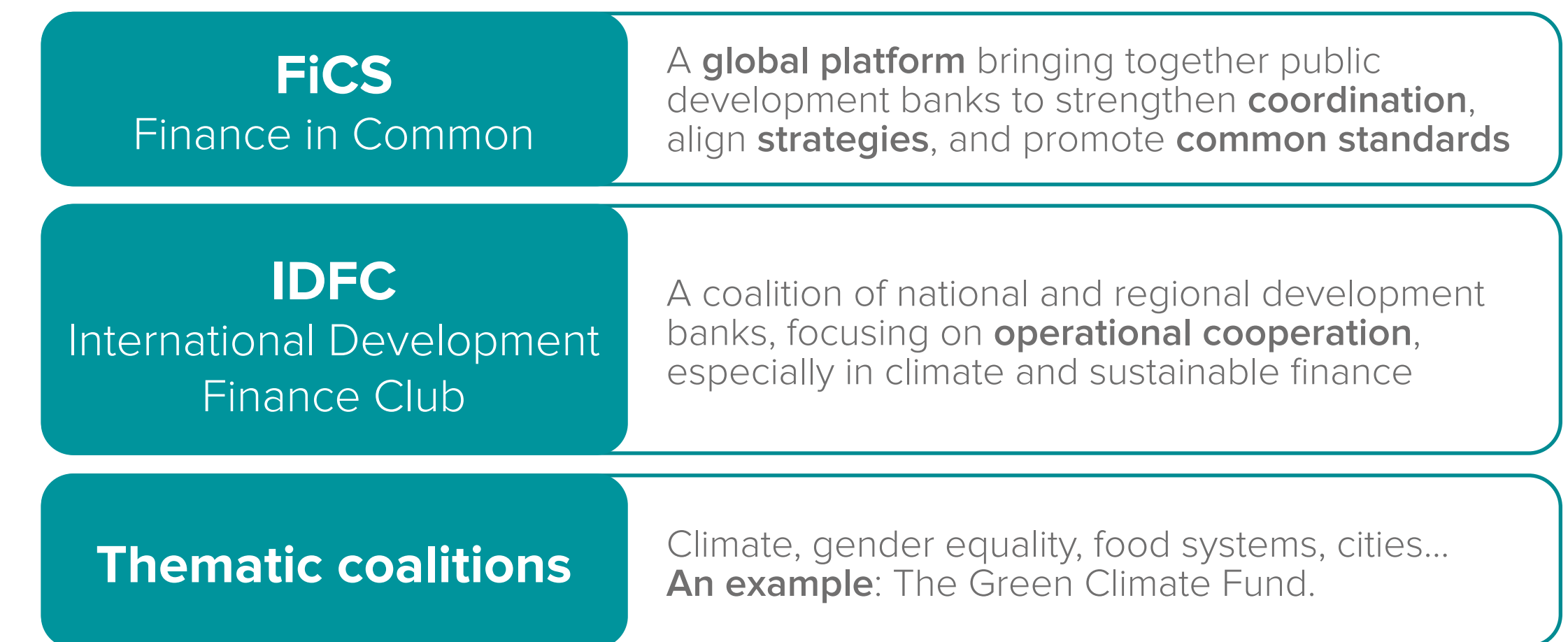
LINKING GLOBAL AMBITION TO LOCAL OUTCOMES

Development finance is structured across **interconnected levels**:



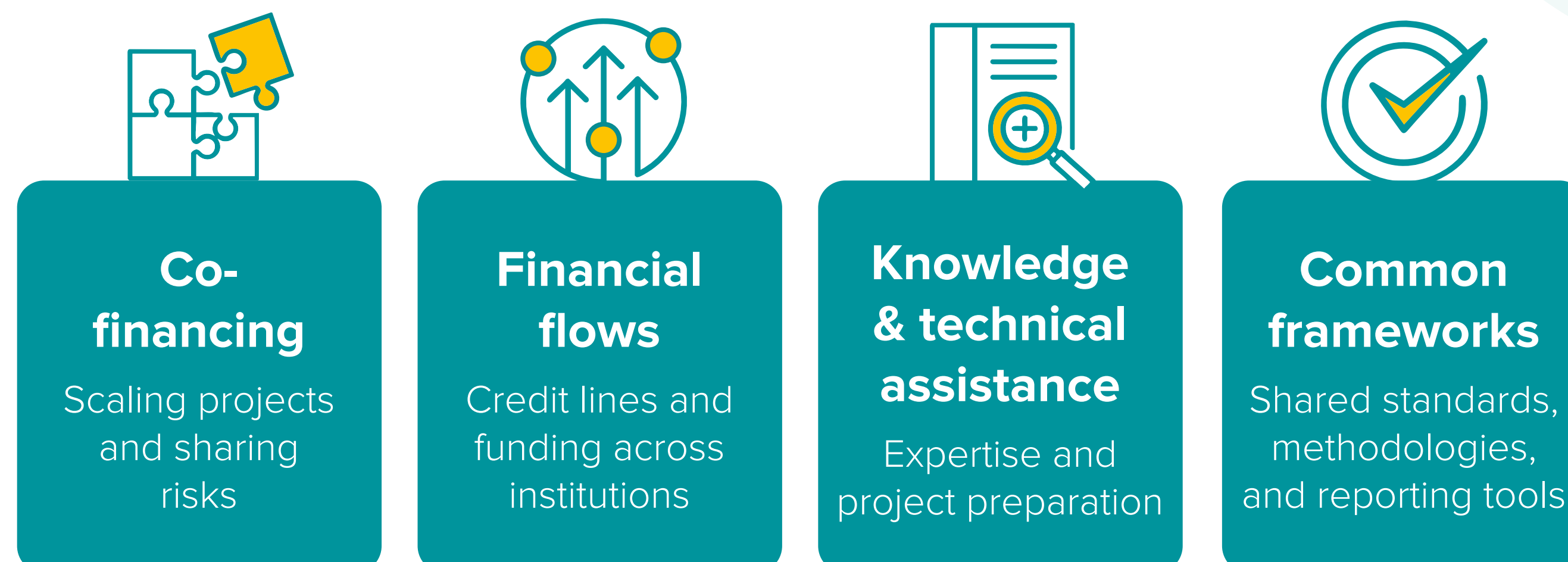
GLOBAL COALITIONS AND NETWORKS

SPACES TO COORDINATE ACTION AND SHARE PRACTICES



BRIDGING
GLOBAL
AND LOCAL

HOW DO THEY WORK TOGETHER?



FROM GLOBAL TO LOCAL IMPACT

Designed to bridge global ambition and local implementation, this multi-level system enables development banks to:



THE GLOBAL RESEARCH NETWORK

A COMMUNITY OF RESEARCHERS ON DEVELOPMENT FINANCE

By connecting researchers, institutions, and policy debates, the Global Research Network (GRN) helps turn knowledge into action for FiCS' members.

WHY DO RESEARCH ON PDBs?

- ▶ PDBs are central to global development strategies, representing around 10% of global investment flows through the FiCS.
- ▶ Understanding their role, governance, and financial instruments requires robust data and rigorous analysis. The GRN provides a platform to revisit long-standing debates with new methodologies and a global perspective.
- ▶ By supporting policy-relevant research, the network informs major international discussions, from G20 dialogues to climate negotiations and global development forums.

3 OBJECTIVES

Research

Produce original research and analytical work on PDBs

Debate

Contribute to international debates: FiCS Summits, COPs, Financing for Development (FfD)

Dialogue

Foster dialogue between researchers, policymakers, think tanks, and practitioners

5 STREAMS OF RESEARCH

▶ **Global financial architecture** – Role of PDBs in global governance, financial stability, and international policy debates

▶ **Private sector mobilization** – Tools to mobilize private capital: blended finance, guarantees, sustainable instruments

▶ **Sustainable & solidarity investments** – Integration of climate, biodiversity, and social inclusion into financial strategies

▶ **PDB analytics** – Development of global datasets and tools to analyse performance and governance

▶ **PDB academics** – Support for academic research, universities, and early-career scholars

AN OPEN NETWORK

- ▶ The GRN **connects scholars and practitioners** across disciplines and regions. It fosters North–South collaboration and supports emerging researchers and PhD students in development finance.
- ▶ The network brings together **over 50 researchers** and has produced **around 100 publications** in 5 years, structured around 5 thematic research streams addressing key challenges in development banking.



▶ Members of the GRN at the 2023 FiCS Summit.

ADVANCING KNOWLEDGE ON PDBs

5 AREAS FOR FUTURE RESEARCH

As PDBs gain prominence in addressing global challenges, strengthening the evidence base on their roles, instruments, and impacts is essential. Future research can deepen understanding across five key areas shaping their contribution to sustainable and inclusive development.

GLOBAL FINANCIAL ARCHITECTURE

Repositioning PDBs

PDBs operate in a rapidly evolving financial system shaped by climate, debt, and development pressures. Research should examine how they can help reshape this architecture by expanding concessional finance, supporting vulnerable countries, and aligning flows with long-term sustainability goals.

More research is needed on:

- ▶ Their role in country platforms, where they can help coordinate actors and finance at the national level;
- ▶ The articulation between multilateral and national PDBs, as an integrated system;
- ▶ Their counter-cyclical role and contribution to financial stability.

PRIVATE SECTOR MOBILIZATION

Leveraging finance for development

Mobilizing private capital is essential but remains uneven. Research should assess the effectiveness of instruments such as blended finance, with particular attention to guarantees and their role in crowding in private investment, as well as the conditions under which these tools generate real development impact.

More research is needed on:

- ▶ How PDBs can better access and operate in financial markets to increase leverage on their balance sheets. Strengthening their role as intermediaries and knowledge brokers is key to aligning private incentives with public objectives and closing the SDG financing gap.

SUSTAINABLE & SOLIDARITY INVESTMENTS

Targeting impact

Understanding how PDBs allocate resources is central to assessing their effectiveness. Research should examine how investments advance environmental and social goals, reach vulnerable populations, and integrate climate and biodiversity risks.

More research is needed on:

- ▶ Their redistributive role—particularly how far they reduce multidimensional inequalities across income, geography, and exposure to shocks;
- ▶ The articulation between social and environmental objectives, including through the development of integrated climate–nature scenarios;
- ▶ Strengthening PDBs’ impact measurement frameworks, alongside clearer accountability mechanisms to ensure transparency and credibility.

DATA, TYPOLOGY, TRANSPARENCY

Building a robust evidence base

Improving data availability, comparability, and transparency is a major priority. Better analytics are needed to reflect the diversity of PDB mandates, business models, and financial practices, and to assess their contributions to the SDGs in terms of impact, additionality, and risk.

More research is needed on:

- ▶ Developing a transparent, conceptually grounded typology of public development finance institutions, which is essential to strengthen research and databases. Current empirical work often relies on opaque commercial classifications, limiting the robustness of analyses on institutional diversity and performance.

DID YOU KNOW?

A comprehensive overview of PDBs is available in:

Public Development Banks: A Reference Book

(Pearson, 2025)



PDB ACADEMICS

Fostering rich understandings of PDBs

A key research priority is to develop a stronger theoretical and empirical understanding of PDBs and their role in the economy.

More research is needed on:

- ▶ Their interactions with ministries of finance and central banks, and the broader sovereign–bank nexus, in order to better understand channels of risk transmission and their implications for macro-financial stability;
- ▶ The appropriate scale of PDBs within their national economies, including questions of optimal size, balance sheet capacity, and systemic relevance. Strengthening this academic agenda is essential to better define their role in development finance systems.

Advancing research across these 5 areas would support policy dialogue regarding the capacity of PDBs to act as drivers of sustainable, inclusive, and resilient development.