

Generation

The MDB Joint Methodologies



A Reference Guide by
The MDB Task Force on Mobilization



This reference guide 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.

Table of Contents

Introduction	3
1. Fundamentals of the Indicator	5
1.1 Generation Definition	5
1.2 The Origin of Generation	5
1.3 Core Principles of Generation	6
1.4 Generation Compared to Mobilization	6
1.5 Generation among the MDB Indicators	7
1.6 When to Measure Generation	7
1.7 How to Measure Generation	7
2. Treatment of Generating Activities	9
3. Generating Products and Services	10
3.1 Capital Markets Products	10
3.2 Non-Capital Markets Products	11
4. Reporting and Allocating Generation Estimates	13
4.1 Reporting in the MDB Joint Report on Generation	13
4.2 Allocating Generation	13
Annex: Members of MDB Task Force on Mobilization	15

Introduction

Multilateral development banks (MDBs) and development finance institutions (DFIs) play a vital role in helping make private finance available for emerging markets.¹ Since 2016, the MDB Task Force on Mobilization (the “Task Force”) has used a harmonized methodology and a common measurement framework to track the results of MDB efforts to mobilize private capital.² This is known as the MDB Methodology for Private Finance Mobilization, also referred to as the MDB “joint mobilization methodology.” The Task Force developed a *Mobilization Reference Guide* to help users understand and interpret this methodology for use in reporting.

Using this methodology, the Task Force also publishes annual mobilization figures in the report *Mobilization of Private Finance by Multilateral Development Banks and Development Finance Institutions*. This is also known as the *MDB Joint Report*.

This MDB joint mobilization methodology was updated and expanded in 2026. During this expansion, the Task Force recognized that not all finance made available was mobilized finance, so the MDB approach to estimating development finance now includes coverage for different flows of private finance MDBs help make available in addition to mobilization. As part of this evolution, the Task Force developed a definition for a new indicator, “Generation,” an MDB Methodology for Generation (the MDB “joint generation methodology”) and developed this *Generation Reference Guide* for this new methodology.

This *Generation Reference Guide* outlines the principles, parameters, and methodology for reporting this indicator and contains:

- An overview of the concept and building blocks of generation as well as the agreed definition;
- Descriptions and guidance of categories within generation;
- Detailed guidance for individual products, activities or other components of generation;

1. For brevity, in this publication, “MDBs” refers to both MDBs and DFIs.

2. Task Force member institutions are listed in the Annex.

- Allocation guidance and other reference information.

This *Generation Reference Guide* aims to help MDBs and other stakeholders effectively and efficiently estimate these financing flows and incentivize efforts to scale the amount of financing available for emerging economies.

Fundamentals of the Indicator

1.1 Generation Definition

Generation estimates the financing made available for MDBs to use for development activities and/or to support their development mandate based on the institution's balance sheet, credit rating, or other attributes, irrespective of the risk of any recipient or financed activity.

1.2 The Origin of Generation

The concept of generation began with a recognition by the Task Force that MDBs use a range of approaches to attract and channel finance from private capital markets to support development goals, and that mobilization cannot encompass all of them. The flows resulting from these different approaches result from different types of MDB interventions and different types of finance, or finance at different times. The finance made available through these other types of interventions is estimated through two new indicators, “generation” and “catalyzation,” in addition to mobilization. This reference guide covers generation.

Products or structures that lead to generation typically attract investors seeking lower risk and safer investments than mobilized investors, including institutions such as central banks and other large established financial institutions, pension funds and similar asset managers, and insurance companies. This generated finance enables MDBs to extend their own, “own account”³ investing beyond what they could do solely with their own (shareholder-contributed) capital, and to manage exposure, liquidity, and other factors that support those development activities. The design and consistent implementation of an indicator that captures these flows helps provide the full picture of financing for development MDBs help make available. Efforts to build and refine the generation indicator also reflect goals of the Task Force to encourage innovation and capture the evolving strategies that MDBs use to fund their mandates, operations, and activities.

3. Defined as any investment or commitment on an MDB balance sheet.

Some of the financing included in generation is already reported by MDBs individually as balance sheet financing. The generation indicator goes beyond MDB balance sheet optimization, however. MDBs may use funds raised from the private sector in interventions that do not involve the balance sheet at all, such as building a carbon credit market or using their credit to help make financing available to development projects as an additional contribution beyond or in place of their own commitments. Since the investors are attracted at least in part because of the MDB's attributes and low risk profile, rather than the projects the MDB creates, this financing qualifies as generation, and these types of interventions are where the Task Force expects to see the most innovation.

1.3 Core Principles of Generation

Generation is exposed to MDB risk and/or is attracted by an MDB's capabilities or attributes. As noted, investors provide funds for a transaction, security, or project because an MDB stands behind it, with its credit rating supporting the repayment risk. Investors may also fund a mechanism created by an MDB where the repayment is directly from the MDB. If the financing made available goes to the MDB and/or the MDB repays the financing, it is generation.

Generation is used for an MDB's balance sheet or capital base, or in place of MDB funding. Generated funds are used for development and are recorded either as "own account commitment" in a project financing plan or on the balance sheet to support the MDB's purpose and function.⁴ This purpose may include ensuring an MDB has the liquidity required to maintain a high credit rating. When used as own account funding, MDBs take generated financing and make it directly available to clients or sponsors undertaking development activities in emerging markets, or may use it as support for further fundraising or borrowing. In other words, generation further leverages an MDB's own shareholder-provided funds.

The MDB repays generation. The MDB repays any principal and interest to investors who provide generated finance. While projects are not always directly owned or controlled by the MDB, and may be, for example, a client project for which the MDB helped to obtain funding or raise equity, if the MDB nonetheless stands behind repayment, this is generation.

1.4 Generation Compared to Mobilization

The type of risk the investor is facing is the critical factor that differentiates generation from mobilization. Private investors that make generated finance available are attracted primarily by the strength of an MDB's balance sheet, credit rating, and other attributes, and the low risk that MDBs will fail to meet their repayment obligations. On the other hand, mobilized finance is directly exposed to risks from the project or portfolio of projects itself, and the finance is usually ultimately repaid by the project owner, not the MDB. And mobilization involves an MDB and private investor engaging in project risk together, so both parties are

4. The "own account commitment" refers to financing an MDB makes available to a development project either through lending, equity investment, or providing a guarantee.

sharing the underlying risk of a project's success or failure. These may be different investors, attracted the characteristics of more direct exposure to less liquid and fungible emerging market project risk, and likely more tolerant of a higher risk of nonpayment or loss of capital.

These differences in risk accepted by investors are the key differentiator of these two indicators.

1.5 Generation among the MDB Indicators

Generation, mobilization, and catalyzation each measure private finance made available by a distinct MDB action, and those actions typically occur at different points in time. The same financing can therefore appear in more than one indicator — not as “double-counting,” but because multiple MDB actions, taken at different stages, each contributed to making it available.

For example, financing may be made available for an MDB due to the MDB's balance sheet, and the MDB may use this to invest in a project, where that same finance is then considered (public) mobilization. Or finance may be made available to a project due to the presence of the investing MDB in it or may also be made available due to the actions of another MDB prior to that project that helped create it. In this regard, both those effects apply to the same funding, so by some definitions double counting would happen. Double counting within an indicator—i.e., two MDBs performing the same action at the same time and both taking the same credit—is still to be avoided, but the same effect among indicators is not.⁵

1.6 When to Measure Generation

Generation comprises capital market and non-capital market activities, and these are measured in slightly different ways. For capital market activities, generation is typically reported at the time of issuance. For non-capital markets, generation is measured at the point of commitment of the funds to the MDB balance sheet, MDB-sponsored project, or other transaction. The reporting period for generation is the calendar year.

1.7 How to Measure Generation

MDBs should use the net price/value of the transaction in US dollars at the point of issue, or the commitment amount of the private investor at financial close for a project or transaction.⁶ Measure the financing committed during the calendar year and do not include potential future issuances.

5. This form of double counting is why MDBs adopt allocation protocols, including those in this document in Section 4.2.

6. MDBs may follow their usual practice in reporting generated estimates. For some capital markets products, there may be differences in how members calculate their value in current practice; for example, some may calculate present value of accreting bonds, while others may use total undiscounted face value. MDBs should indicate which valuation method they are using for each product in reporting, and if there are significant differences that materially impact the amounts. The Secretariat will note this in reporting.

Because generation measures financing made available for the development mandate of the institution, MDBs should, to the extent possible, remove any capital market issuances specifically for other needs. For example, if an MDB issues bonds specifically for a capital improvement project at its headquarters, this would not be considered generation.

Treatment of Generating Activities

Coverage: Generation covers both capital and non-capital markets.

Public and Private Amounts: Generation includes capital market issuances (outside of shareholder or other public equity) to both public or “official institutions” and private sector investors of first record. Investors are distinguished by their type according to the conventions of the issuance underwriting process. This is different from the public/private ownership type of mobilization and is based on the notion that all participants act on commercial terms in the market, not as concessional public support. For non-capital and equity markets, generation includes only financing made available by private entities.

To define public and private entities in non-capital markets, refer to *the Mobilization Reference Guide* and use the same entity definitions. In capital markets, members should use the definitions currently in place in their institutional reporting. If members do not have a definition for the type of instrument, use the definitions in the *Mobilization Reference Guide*.

No Refinancing: Generation does not include refinancing of the same issues at other than original rates, where these amounts are separable by the reporting institution.

Differing mandates in the MDB community require different funding and organizational structures. MDBs may need to exercise judgment in interpreting the information in this guide in the context of their mandates, operational set-up, available data points, or any other relevant attributes. It is recommended that any key interpretations by the MDB are highlighted in the reporting of data.

Generating Products and Services

3.1 Capital Markets Products

3.1.1 General and Special-purpose Bonds

Generation includes general and special-purpose bonds that MDBs issue to fund their balance sheets. It is reported at total volume of issuances in a calendar year. The full amount of the issuances at first sale qualifies as generation.

3.1.2 Outcome Bonds

Outcome Bonds, also called Development Impact Bonds, are results-based financing instruments where private investors provide upfront capital to an MDB to be used to fund a development project. If the project reaches its outcomes, the project owner may repay investors and pay a coupon, but the MDB may repay them if not. There may be differing conditions set for these instruments, but typically if the outcomes are achieved, the project owner pays a coupon. If not, no coupon is paid. Generally, the MDB repays the principal. The amount of the principal thus qualifies as generation.

3.1.3 Hybrid Capital

Hybrid Capital is a financial instrument that combines characteristics of both debt and equity, designed to absorb losses during financial distress to the MDB's asset portfolio. These instruments are subordinated, and their interest or dividend payments are subject to certain conditions. Because investors make financing available to the MDB issuing the instrument principally due to the rating of the hybrid instrument, which is driven by the MDB's credit rating, this financing is generally considered to be generation.

Some amount of finance made available may be considered mobilization, based on exposure to project risk, if the MDB defines an explicit connection to such risk; this is often a feature of these instruments. These amounts, if any, and if

calculated according to any methodology and guidance in the *Mobilization Reference Guide*, should be deducted from the total amount (principal) of the issue before calculating the generation credit.

Coupon payments are not considered generation or mobilization, as this is financing made available by the MDB to pay the investors a return. It is thus not financing for development and not made available by investors.

3.1.4 Equity

MDB equity issued as shares of the institution itself to private sector entities qualifies as generation at initial book value. These amounts count only when raised from private entities. MDB shareholder contributions are not generation.

3.2 Non-Capital Markets Products

3.2.1 Carbon Credit Forwarding

This product involves MDBs lending their credit to clients/sponsors so they can obtain carbon credits in the forward market, and then holding those credits themselves until the credit criteria are achieved, or beyond if the carbon goals are not met. The initial or book value of the credits qualifies as generation, but if the MDB holds and sells the credits after at a higher market value, this would count as generation instead.

3.2.2 Carbon Credit Market Development

MDBs may seek to establish carbon credit markets themselves, buying these credits and holding them to sell to clients and others who need them. These credits may be bought from project developers, for example, and the MDB may set a floor to create robust demand. When the MDB monetizes these credits, they may appreciate; this increase in value is generation.

3.2.3 Reinsurance

An MDB or other private or public financier may offer an insurance policy that allows a second MDB to provide additional financing without taking on more project risk itself. This happens through the second MDB investing in a project and then using the policy to reinsure some of this financing. If the receiving MDB itself is required to repay the amount regardless of project performance, this amount of reinsurance is generation. It is own account for the financing MDB.

3.2.4 Guarantees

An MDB may receive a guarantee for its use in issuing capital markets instruments. In this use of the guarantee product, the MDB would extend its own credit through this backstop, enabling it to issue more debt than it otherwise would. Because it is the guarantee issuer's credit that is making the finance available, the finance would be generation, for the guarantee issuer. If that issuer is an MDB, that MDB may claim the amounts of generation for itself.

3.2.5 Future Products

For any other future products developed by MDBs, consult previous sections in this *Generation Reference Guide* to determine whether the flows should be measured as generation. Again, the primary questions to ask will be:

- why is the investor or lender participating? MDB credit or capabilities, or those of an emerging markets client or sponsor?
- who is required to repay the financing?
- what happens if the project fails, if the financing is used for a development project? Is the investor at risk of losing money, or might the MDB repay regardless?

The MDB Task Force expects this new indicator to drive greater innovation in and help scale financing for development made available at the “front end” of the development process, by investors becoming involved in development through the channel of investing or lending directly to the MDB.

Reporting and Allocating Generation Estimates

4.1 Reporting in the MDB Joint Report on Generation

A report titled *Generation of Finance by MDBs and DFIs*, recording the generation amounts measured and/or estimated for a given calendar year, will be published annually as an adjunct to the current *MDB Joint Report*. All members should submit data through a standardized flat file reporting structure established by the Task Force Secretariat, using a virtual data room managed by the Secretariat.

The reporting currency is US Dollars. Members are asked to exclude any generated finance specifically earmarked for non-development purposes, such as capital issuances in support of physical plant expansion.⁷

Generation estimates will be reported in aggregate and then disaggregated by type of buyer (public/private); capital/non-capital market; and type of product within each.

There will be no disaggregation by institution.

4.2 Allocating Generation

When more than one MDB is participating in a qualifying activity, the Task Force indicators generation, mobilization, and catalyzation all use an MDB own account finance share to allocate relevant flows. For generation, this applies when two or more MDBs participate in an activity that generates private finance and that

7. Financing from products that is used for financial management that does not involve directly funding operations, such as maintaining liquidity or collateral posting, may still be considered generation as it typically supports MDBs maintaining available cash for on-lending, MDB balance sheet creditworthiness, or other functions that support development goals.

participation is via an MDB accepting some risk of, or providing financing toward, that activity.⁸

If available, the total own account finance or equivalent total MDB project risk is calculated, and each MDB's share of their own risk/finance to total risk/finance is used as a ratio to apply to the generated amount of finance. The share from applying that ratio to total generation reflects each MDB's share of the generation credit. If the MDBs are participating without direct finance, then the amount of risk the MDB is accepting is used, and the calculation is total MDB risk divided by each MDB's share of risk.

Box 4.1. Allocation example: Creating carbon credit markets

Two MDBs create a carbon credit market with an initial value of \$500 million. They each invest \$250 million to purchase the starting credits. At the end of the year, half of the shares have been sold, and their sale value has increased by 50 percent on average. Each MDB can then take a \$125 million generation credit as its share of that appreciation.

8. Allocation issues will generally arise only with non-capital markets activities, as joint bond or equity issues are not very likely.

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)⁹
- 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 on Generation*.

9. 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).

