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Private capital mobilisation for climate action by European public financial institutions

**The cases of Banque publique d'investissement,
KfW and Cassa Depositi e Prestiti**

Mohammed Saffar and Emilio Gonzalez-Islas

Policy report
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Sustainability

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Summary

This report examines how three major European public financial institutions (PFIs) – Bpifrance, KfW and Cassa Depositi e Prestiti (CDP) – mobilise private capital to accelerate climate action. It distills practical lessons for PFIs and governments seeking to scale private investment for the green transition.

PFIs are central delivery arms of national climate and industrial strategies, not peripheral actors. Their mandates, tools and balance sheets shape entire investment ecosystems.

Private capital mobilisation is most effective when PFIs combine public risk-taking with commercial discipline, using co-financing, guarantees, equity and long-tenor loans to crowd in private investment.

Balance sheet mobilisation through bond issuance is a major driver of scale, especially for Bpifrance and KfW, which issue tens of billions of euros in green and sustainability bonds annually.

Equity investment is uniquely catalytic, particularly in frontier sectors such as clean tech and green hydrogen, and for early-stage innovation.

Technical assistance and advisory services multiply impact, including by helping firms and public authorities build pipelines of investable projects, helping SMEs scale and sharing commercial financial expertise with governments and public authorities.

Clear mobilisation targets and transparency are essential but are currently uneven across institutions.

Policy lessons for other PFIs

PFIs are pivotal to national climate and economic strategies

Across France, Germany and Italy, PFIs act as core instruments of state policy, channelling public finance into priority sectors such as renewable energy, industrial decarbonisation, hydrogen and green infrastructure. Their mandates explicitly require them to support climate and sustainability goals.

These institutions operate in advanced economies with deep capital markets, enabling them to mobilise private investment at scale while targeting market failures that impede climate-aligned investment. Nevertheless, they play a pivotal role in pioneering financial innovations and deepening financial markets – a role that holds useful lessons for PFIs in developing countries.

Balance sheet mobilisation unlocks large volumes of private capital

Bpifrance and KfW raise the majority of their funding through bond issuance, leveraging sovereign-backed credit ratings to attract institutional investors.

- Bpifrance raised €42.2bn in 2024 through bond issuances, including €6.5bn in green bonds.
- KfW raised €78.1bn in 2024, including €12.2bn in green bonds, making it one of the world's largest issuers of green bonds.
- CDP's model is distinctive: it mobilises €289bn in domestic postal savings – 75% of its funding – by directly channelling household savings into national development and climate priorities.

These approaches expand the pool of capital available for climate investment and deepen sustainable finance markets.

Loans remain the dominant instrument, but equity and guarantees drive additionality

All three PFIs rely heavily on long-tenor loans, which they often channel through commercial banks. However, equity investments and guarantees, which make up small but significant parts of their balance sheets, are the most catalytic tools for frontier sectors:

- Bpifrance's equity portfolio (making up around 35% of its assets) has transformed France's start-up ecosystem, with 80% of French start-ups receiving direct or indirect support.
- KfW Capital mobilises private venture capital at a 1:4 ratio, supporting deep-tech and climate-tech funds.
- CDP uses equity and innovative structures such as basket bonds to fill gaps in Italy's underdeveloped venture capital market.

Guarantees also play a major role. Bpifrance's Green Guarantee covers up to 80% of bank financing for climate and wider environmental investments, while CDP's joint guarantee with the European Investment Bank for SME renewable projects mobilises private lending at 2x leverage.¹

PFI mobilise private capital through co-financing and risk-sharing

A defining feature of all three institutions is mandatory or structural co-financing with private financial institutions. This model leverages banks' origination capacity and local knowledge, shares risk between public and private actors, and supports investment at scale in mature sectors such as energy efficiency and renewables

- Bpifrance requires commercial co-financing for nearly all loans, achieving high leverage: each €1 of its unsecured loans mobilises €78.6 in bank financing.
- KfW's syndicated loans for sustainable transformation mobilise private capital at a ratio of at least 1:1 (and often more).
- CDP's infrastructure loans frequently achieve 4–5x leverage, as seen in major transport and port projects.

This model ensures that public finance is additional, not substitutive, and that PFIs help deepen domestic financial markets.

Technical assistance and advisory services enhance mobilisation

Beyond providing capital, PFIs can support market creation and catalyse investment by sharing their expertise across both the private and public sectors.

- Bpifrance offers extensive coaching and capacity-building for SMEs and start-ups.
- CDP provides advisory services to central and local governments, helping design and implement public investment projects.
- KfW supports policy design through deep integration with federal ministries.

These services reduce project-level risks, improve bankability and catalyse investment pipelines.

Transparent mobilisation reporting is essential to credibility and effective market signalling

Mobilisation figures across PFIs remain inconsistent, difficult to compare and often opaque, limiting the ability of governments, investors and researchers to assess true leverage and additionality. Some institutions report only direct mobilisation, while others include indirect mobilisation or broader catalytic effects. Methodologies for calculating leverage ratios vary widely, with limited disclosure of underlying assumptions. Project-level data is rarely published, making it difficult to evaluate whether public finance is genuinely crowding in private capital or substituting for it.

Greater transparency would improve accountability, strengthen investor confidence and help improve policy design, especially as PFIs expand their use of blended finance and complex risk-sharing instruments.

¹ That is, each euro of the PFI's disbursements mobilise an additional euro of private finance.

1. Introduction

Public financial institutions (PFIs) are often vital to governments' efforts to achieve their economic and climate objectives. We explore the role of private capital mobilisation through PFIs in such efforts, focusing on the domestic-facing activities of Bpifrance, KfW and CDP. This introduction sets out the methodology and purpose of our analysis, along with key concepts in private capital mobilisation.

PFIs, or national development banks,² are state-owned or government-sponsored entities with a primary mandate of providing long-term concessional capital to support the delivery of public missions. PFIs are often vital to achieving public policy objectives in areas such as industrial development, regional economic development, urban regeneration and climate action. They support frontier and high-risk sectors and businesses that are underserved by commercial banks and contribute to a country's development agenda (Climate Policy Initiative, n.d.) (see Box 1.1 below).

To both deepen financial markets and achieve core policy-oriented objectives targeting the real economy, PFIs often focus on private capital mobilisation – the use of public finance and other policy levers to crowd in commercial finance towards investments that further public policy goals. This is particularly true of PFIs in advanced economies, where relatively mature financial sectors and deep pools of capital mean that, if targeted correctly and efficiently, public investment can unlock additional multiples of private investment. At the same time, the maturity of financial markets means that achieving value for money in public investment requires careful reflection on the nature and scale of the market failure it is trying to address, to avoid crowding out commercial investment.

Europe is home to some of the world's largest and oldest PFIs. Since the 2008 global financial crisis, these institutions have shifted away from traditional lending and towards sophisticated market-based financial instruments, becoming central pillars of EU industrial and environmental policy. This expansion is driven by a strategic alliance between national banks, the European Investment Bank and the European Commission to mobilise private capital (Mertens, Thiemann and Volberding, 2021). France's Banque publique d'investissement (Bpifrance), Germany's KfW and Italy's Cassa di Risparmio di Roma (CDR), and their predecessor institutions, have long been a central pillar of the modern economy in each country. More recently, they have become a major component of each country's climate delivery strategy, channelling public investment to meet decarbonisation, adaptation and resilience objectives across a range of sectors.

This report focuses on private capital mobilisation through the domestic-facing³ activities of Bpifrance, KfW and CDP, with a particular focus on investment targeting climate action. It draws on some of the key features, business models and financing approaches of each institution that may provide lessons for their international peers. The report focuses on these institutions due to the scale, maturity and sophistication of their business models. It is not intended to provide a critique or comparison of their business models and practices.

Cross-country lessons should be treated with caution, given that these institutions have developed differently over the decades, benefited from the relative ease of leveraging private investment in an advanced economy, and followed mandates that varied according to the unique policy and market landscapes in which they operated. Nevertheless, they offer important lessons and models for PFIs in other countries, including emerging markets and developing economies (EMDEs).

² While policy-oriented PFIs are often referred to as "national development banks", this report refers to the institutions in question as "public financial institutions" because it focuses on their domestic operations in their host countries, which are advanced economies, rather than their overseas activities in emerging markets and developing economies.

³ KfW and CDP have dual national and international mandates, the latter providing a mandate to support international development objectives in other countries. These international-facing activities are not considered in this paper.

The report is structured as follows:

- The remainder of the **Introduction** sets out key concepts of private capital mobilisation that will be referred to throughout the paper, including blended finance, and briefly explores the literature on the role of PFIs.
- **Sections 2, 3 and 4** explore the business models of KfW, Bpifrance and CDP, outlining financing activities such as their use of blended finance and other approaches to private capital mobilisation, and setting out lessons from each institution that can be applied to other PFIs.
- **Section 5** sets out general policy lessons that can be applied to other PFIs and their shareholder governments that can be drawn from the three institutional cases.

The objectives of PFIs and trade-offs between them

The objectives of PFIs reflect the policy and market contexts in which they operate. Their activities are often explicitly shaped by mandates set by their governments, which are sometimes enshrined in law. In the EU, national PFIs are also shaped by the regulatory conditions set and financing provided by supranational institutions, including the European Commission and European Investment Bank (Mertens, Thiemann and Volberding, 2021).

The objectives set out in these mandates and through other channels of shareholder (i.e. government) control vary markedly across PFIs.

Despite these variations, the three PFIs often contend with similar underlying challenges and trade-offs, including:

- Filling investment gaps in the market versus working with commercial actors to mobilise private investment.
- Prioritising policy impact versus prioritising the PFI's financial independence and sustainability.
- Intervening at scale, even in relatively mature sectors, versus intervening in smaller, more targeted ways in frontier sectors and industries.

These challenges and trade-offs shape the business operations of PFIs, which can provide useful lessons for other institutions that grapple with similar issues.

This report explores PFIs' practices at the following levels:

- Institutions and balance sheets, focusing on private capital mobilisation through bond issuance.
- Operations, analysing the underlying composition of PFI balance sheets and activities broken down by financing instrument, including blended finance and other private sector instruments.
- Programmes and projects, using in-depth case studies of specific projects and sectors.

In this way, the report provides insights into the concepts and decisions that underpin private capital mobilisation.

Private capital mobilisation: key concepts

Mobilisation and catalysation

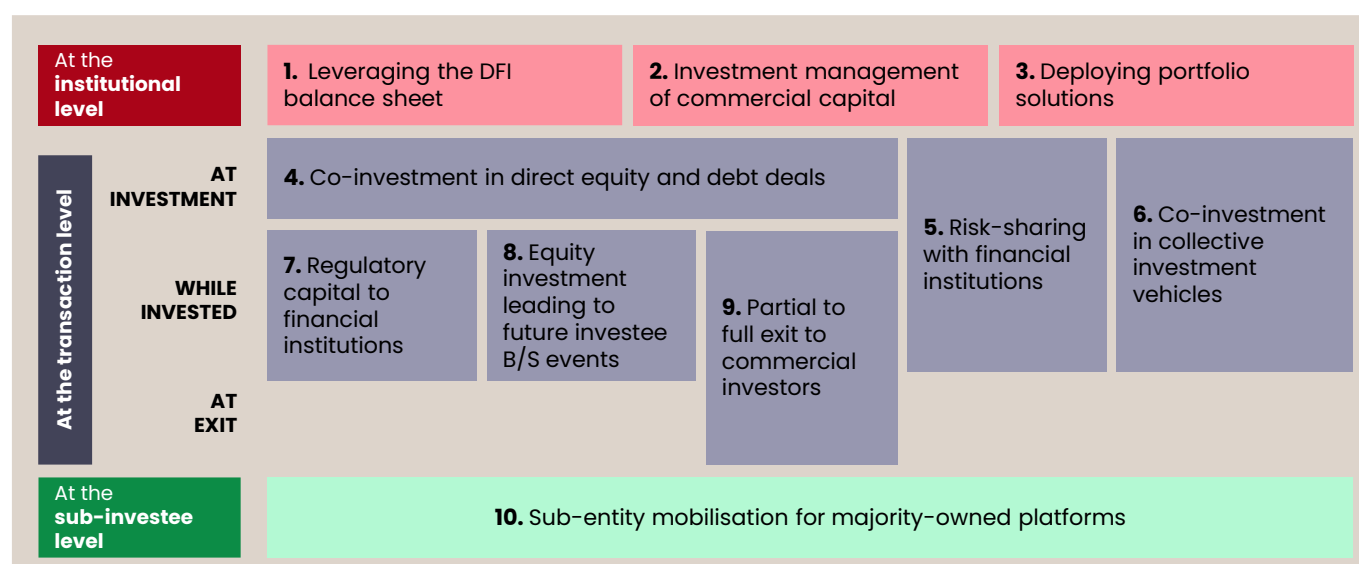
The Organisation for Economic Co-operation and Development (OECD) defines private finance mobilisation as "unlocking and channelling commercial finance towards sustainable development objectives in developing countries, through official development finance interventions" (OECD, 2025). For the purposes of this paper, private capital mobilisation, or simply "mobilisation", refers to the use of public finance to unlock and channel commercial finance towards policy- and impact-oriented investment objectives, irrespective of the income level of the country in which the process takes place.

Public finance can also catalyse private investment by improving investment conditions (OECD, 2018). This can involve associated policy and regulatory reforms, initiatives to develop and deepen capital markets, and efforts to establish the track records of successful investments by the private sector – which, in turn, stimulate future investment. Catalysation can be supported by advisory services or development policy loans that reinforce policy reforms (World Bank, 2020). Catalysation is often seen as complementary to and a by-product of mobilisation, but it is treated as distinct for reporting purposes, because it is harder to attribute to specific policy interventions, including disbursements of public financing.

Mobilisation can take place at various levels (see Figure 1.1. Mobilisation pathways below). At the institutional level, PFIs, multilateral development banks (MDBs) and development finance institutions (DFIs) can leverage their large balance sheets to mobilise private finance by issuing bonds, which are typically backed by their AAA credit ratings, on debt markets. They use the proceeds of these bonds to finance their operations. Other institutional-level approaches include the investment management of commercial capital, and portfolio solutions such as portfolio insurance, in-specie transfers to commercial vehicles, and tranching and repackaging of existing assets (Tahir and Robinson, 2023).

Mobilisation can be direct or indirect. Direct mobilisation is financing from a private entity on commercial terms due to the active and direct involvement of a PFI, MDB or DFI. Indirect mobilisation is financing that a private entity provides in connection with a specific activity, where a PFI, MDB or DFI plays an active role that leads to that financial commitment (Gregory and Grubert, 2024).

Figure 1.1. Mobilisation pathways



Note: 'B/S events' refers to balance sheet events. In this case, such events result from, for example, "strengthening an investee's balance sheet, governance and operations", which helps "the investee raise capital from commercial investors". Source: Tahir and Robinson (2023).

Blended finance

Blended finance is a vital tool for mobilising private finance and is most often deployed in individual projects and deals at the transaction level. Mobilisation at the transaction level can take place before a deal is executed, during an investment or at exit (ibid.). The OECD's definition of blended finance as "the strategic use of development finance for the mobilisation of additional finance" (OECD, 2025) is helpful in that it covers a relatively broad range of financial instruments that governments, PFIs, MDBs and DFIs deploy to crowd in commercial investment (see Table 1.1 below). In keeping with the expanded geographic definition of "mobilisation," this paper draws on but expands the scope of the OECD's definition: we use "blended finance" to refer to the use of public finance that mobilises additional, principally private finance, towards policy-oriented investments.

Table 1.1. Blended finance instruments, structures and leveraging mechanisms

Instrument/leveraging mechanism	Definition
Direct investments in companies and special purpose vehicles (SPVs)	Mobilisation of private investment through co-investment (via equity, mezzanine finance, loans, bonds and other debt instruments) in SPVs for project finance, and direct equity investment in enterprises.
Guarantees	Legally binding agreements covering part or the entire amount of a loan or equity investment in the event of non-payment by the obligor or loss of value.
Syndicated loans	Loans provided by groups of lenders working together to provide funds to a single borrower.
Credit lines	A standing credit amount that can be drawn on by borrowers, including commercial financial institutions, for on-lending purposes.
Simple co-financing arrangements	Grants and loans provided directly to specific projects, business partnerships and business-to-business programmes extended in partnership (i.e. co-financing) with commercial/private financial institutions.
Shares in collective investment vehicles	Investments – through equity, loans and mezzanine finance – in pooling vehicles, such as investment funds and facilities.

Source: OECD (2023) *Scaling Up the Mobilisation of Private Finance for Climate Action in Developing Countries: Challenges and Opportunities for International Providers*.

In recent years, blended finance has been promoted to unlock private capital by leveraging investors' willingness to tolerate below-market risk-adjusted returns in pursuit of environmental and social impact, higher risk-adjusted returns de-risked by public support, and geographic diversification through investment in EMDEs. Impact objectives can be split into two broad categories: supporting frontier investment and sectors, with high perceived and real risks, and potentially long payback periods; and mobilising private investment at scale, including towards more mature sectors where there is a policy imperative for greater levels of investment than could otherwise be provided by public finance, or would otherwise be provided by the market. Figure 1.2 below sets out five blended finance structure archetypes that reflect the most common patterns in the market, developed by British International Investment and Boston Consulting Group.

Over the past decade, a series of guidelines have been developed to steer the deployment of blended finance. The most prominent of these is the *OECD DAC Blended Finance Guidance* (OECD, 2025). The main considerations in blended finance include additionality, concessionality, leverage, and duration and commercial sustainability:

Additionality: blended finance should be designed and deployed to ensure it crowds in additional private finance (relative to a counterfactual of no use of public finance). Additionality has two elements. The first is *financial additionality*, which measures financing that is channelled towards investments (including through lowered capital costs) and that exceeds what could otherwise be secured in the market. The second element is *development or impact additionality*, which measures economic development and social impact linked to the deployment of public finance (OECD, 2022). Financial additionality is often in tension with mobilisation. More mature sectors and technologies are likely to have high mobilisation/leverage (see the paragraph on leverage below) but low financial additionality. This is because it is relatively easy to direct private finance towards these sectors and technologies, making it more likely that investments could have been secured without government support. Meanwhile, public investment priorities such as health, education, water and network infrastructure may have significant potential for social impact but be poorly suited to a high degree of private investment.

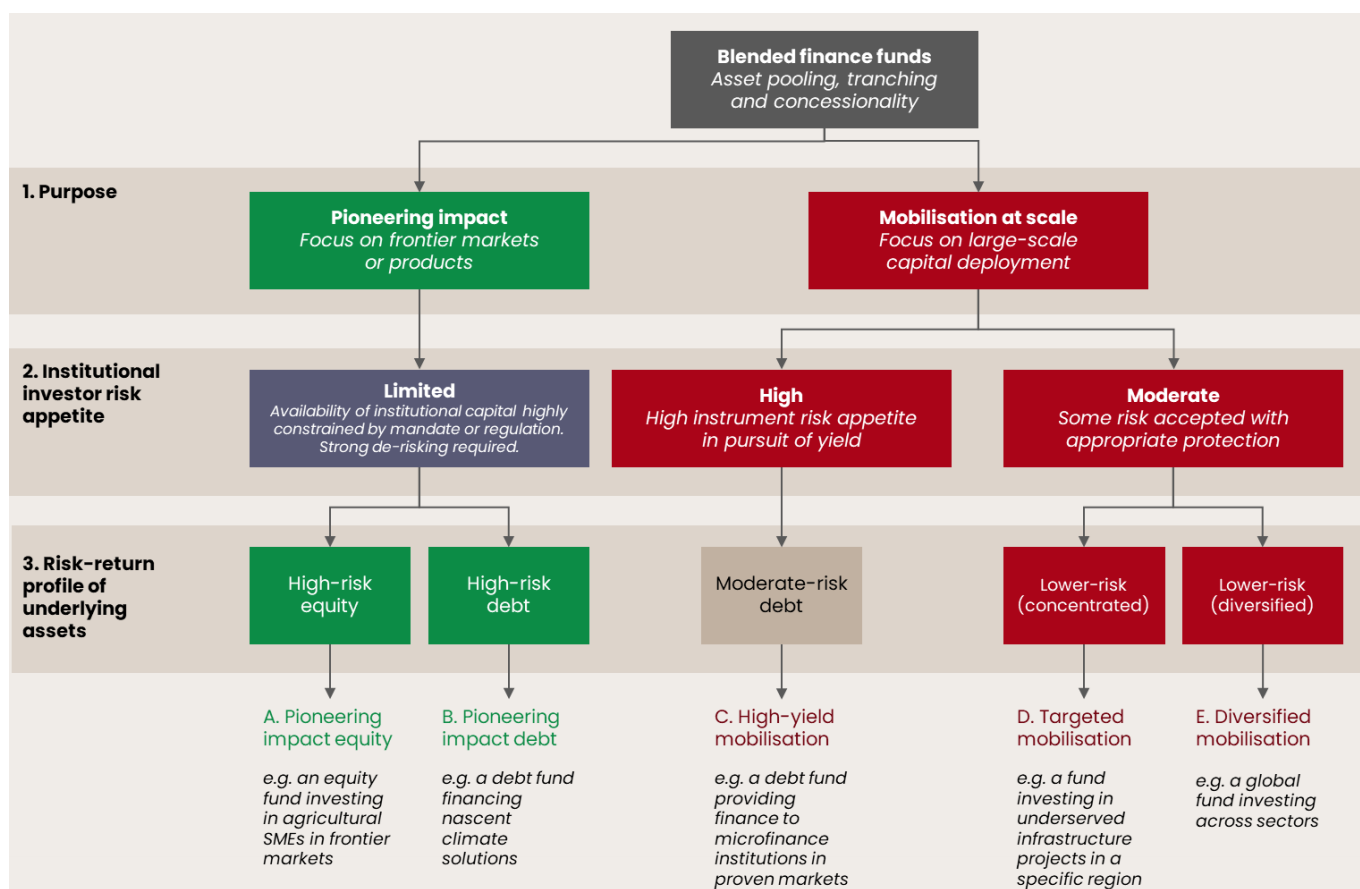
Additionality is also reflected in the types of public finance on offer. For example, equity investment can be scarce and costly in more nascent sectors and markets. Public equity investments can, therefore, be significantly additional. However, for PFIs, such investments can involve higher risks and transaction costs, as well as longer payback periods, than loans. These factors have implications for the balance sheets and risk models of PFIs.

Concessionalality: the extent to which public finance is provided on terms better than those available on the market. This should reflect the market failure the intervention is addressing, and should be minimised to avoid providing an excessive subsidy that could distort markets.

Leverage: the potential for blended finance to crowd in, or “leverage”, private finance depends on a multitude of factors, including the quality and maturity of the underlying asset, the maturity of the financial sector, and wider risks such as those stemming from general political and economic conditions. Leverage should be a major consideration when designing blended finance interventions.

Duration and commercial sustainability: blended finance should be time-bound. Central to this is the need to design interventions in a way that does not merely respond to market failures but actively addresses and eliminates them over time. This can be achieved either through a blended finance intervention (by, for example, supporting efforts to build and deepen markets through a specific transaction) or through wider support provided alongside blended finance (by, for instance, issuing grants to support policy and regulatory reforms, and to accelerate the development of financial markets). This, in turn, facilitates the withdrawal of government support, a feature that differentiates blended finance from permanent subsidies that respond to a market failure (i.e. financial instruments addressing a gap between social impact and private profits that warrants permanent government support).

Figure 1.2. Five archetypal blended finance fund structures, differentiated by purpose and investor



Source: British Investment Bank and Boston Consulting Group (2025).

Box 1.1. The role of PFIs

The relationship between financial development and economic growth provides the foundation for understanding the role of PFIs. In theory, more efficient and deeper financial markets present less friction in allocating financial resources to productive projects that support economic growth. The literature reflects contrasting views on the benefits of PFIs. Beck, Levine and Loayza (2000) show that financial intermediaries exert a positive impact on total factor productivity growth, which feeds through to overall GDP growth. La Porta, Lopez-de-Silanes and Shleifer, in contrast, find that government ownership of banks is associated with slower financial development and lower growth (La Porta, Lopez-de-Silanes and Shleifer, 2002).

Development banks can play at least five crucial roles in the development process: counteracting the procyclical behaviour of private financing; promoting innovation and structural transformation (which are requirements of dynamic economic growth); enhancing financial inclusion; supporting the financing of infrastructure investment (which is also crucial to economic growth); and supporting the provision of public goods, particularly combating climate change and, more broadly, promoting environmental sustainability and green growth (Griffith Jones and Ocampo, 2018).

Recently, some authors have advocated for a more active role for PFIs. Mazzucato and Penna (2023) have championed the concept of mission-oriented finance for PFIs, arguing they should actively shape markets rather than merely fix market failures. Development banks can take on the dual role of providing financial assistance and designing productive development policies. Fernandez Arias, Ricardo and Panizza (2020) suggest that development banks should be evaluated on substantive grounds and not on lending targets.

In advanced economies, where financial markets are better developed, PFIs often explicitly target private capital mobilisation. High-level, institution-wide private capital mobilisation targets can be operationalised through target mandates, business operations and instruments, including:

- Higher tolerance of risk than commercial counterparts.
- A diverse offer of a range of financial instruments, to allow PFIs to develop bespoke blended finance solutions reflecting varied project profiles and investor needs.
- Practical support for the development of project pipelines.
- Independence from politics, to enable PFIs to make investments with greater flexibility and to match private-sector timelines (Lee and Chong, 2025).

2. France: Banque publique d'investissement

Bpifrance has established itself as a major player in the delivery of France's green transition, supporting investments across a range of sectors and through a broad suite of financing structures. This section focuses on Bpifrance's funding, activities and risk profile, using two case studies to illustrate the PFI's distinctive approach to private capital mobilisation.

Bpifrance is a French public investment bank. It was officially established in its current form in 2012, with the merger of three existing PFIs: Caisse des Dépôts et Consignations Entreprises (focusing on venture capital investments), OSEO (a PFI serving small businesses) and Fonds Stratégique d'Investissement (the strategic investment fund France established in the wake of the global financial crisis).

Bpifrance has since absorbed France's export credit agency, as well as CDC International Capital, the country's international-facing sovereign fund for strategic investments (Bpifrance, n.d.; Garbacz et al., 2021). With around €60 billion of financing activity in 2024, Bpifrance is one of Europe's largest PFIs. It has a broad mandate targeting "future-oriented industries," including clean technology (see box right).

Bpifrance plays a significant role in France's climate action plans, investing €7.6 billion in financing the ecological and energy transition since 2020, while excluding fossil fuels from its investments and export credit support (Bpifrance, 2025a).

Bpifrance is owned almost entirely by the French state through EPIC Bpifrance and Caisse des Dépôts et Consignations (CDC). With the special legal status of a public industrial and commercial establishment, it draws its credit rating from the sovereign rating. In 2024, Fitch revised its outlook for Bpifrance to negative, in line with its revision of France's sovereign outlook (Fitch Ratings, 2024).

Funding

Bpifrance finances its operations mainly through bond issuances and loans (see Figure 2.1 below). In 2024, it raised 48% of its funding from securities. Bond issuances account for 85% of securities (40% of its total funding), while negotiable debt securities make up the rest. A range of funding instruments allows Bpifrance to make investments with different risk profiles, with securities tending to have shorter maturities and debt instruments longer maturities.

Bpifrance's mandate

"The Public Investment Bank is a public group dedicated to financing and developing businesses, acting in support of public policies implemented by the State and the regions.

In order to promote sustainable growth, employment, and the competitiveness of the economy, it supports innovation, start-ups, business development, international expansion, transformation, and succession by contributing to their financing through loans and equity.

Its activities primarily target very small enterprises, small and medium-sized enterprises, and mid-caps, particularly those in the industrial sector.

It invests prudently to finance long-term projects.

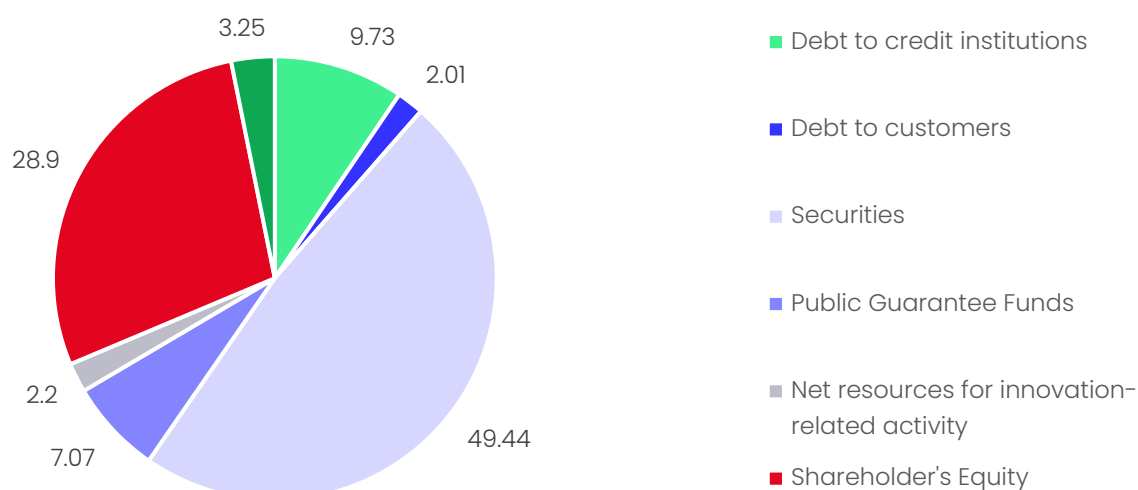
It supports national industrial policy, notably by backing sectoral development strategies. It contributes to the growth of future-oriented industries, digital transformation, and the social and solidarity economy.

It provides support for the implementation of the ecological and energy transition.

It encourages the mobilisation of the entire banking system around the projects it supports."

Source: Ordonnance n° 2005-722 du 29 juin 2005 relative à la Banque publique d'investissement. Translated using ChatGPT.

Figure 2.1. Funding of Bpifrance, € billion



Source: Authors' analysis based on data from Bpifrance (2025c) Universal Registration Document, including the Annual Financial Report.

Activity

Bpifrance's broad mandate is reflected in its operations. It is actively involved in many segments of the French economy, providing support to businesses of all sizes through a broad toolkit of financial instruments and other supporting measures (see Figure 2.2 below). Its financing is often coupled with state support, channelled through other public entities or through Bpifrance itself.

Bpifrance's 2025–29 Strategic Plan outlines its sectoral priorities: planned deployments of €39 billion to industry; €35 billion to climate; €10 billion to health; and €10 billion to AI (Bpifrance, 2025b). These deployments reflect the economic policy priorities France has articulated through a series of government-led strategies (such as the Climate Plan, National Low-Carbon Strategy (SNBC) and France 2030 Investment Plan). These priorities will be served through a mix of financing approaches:

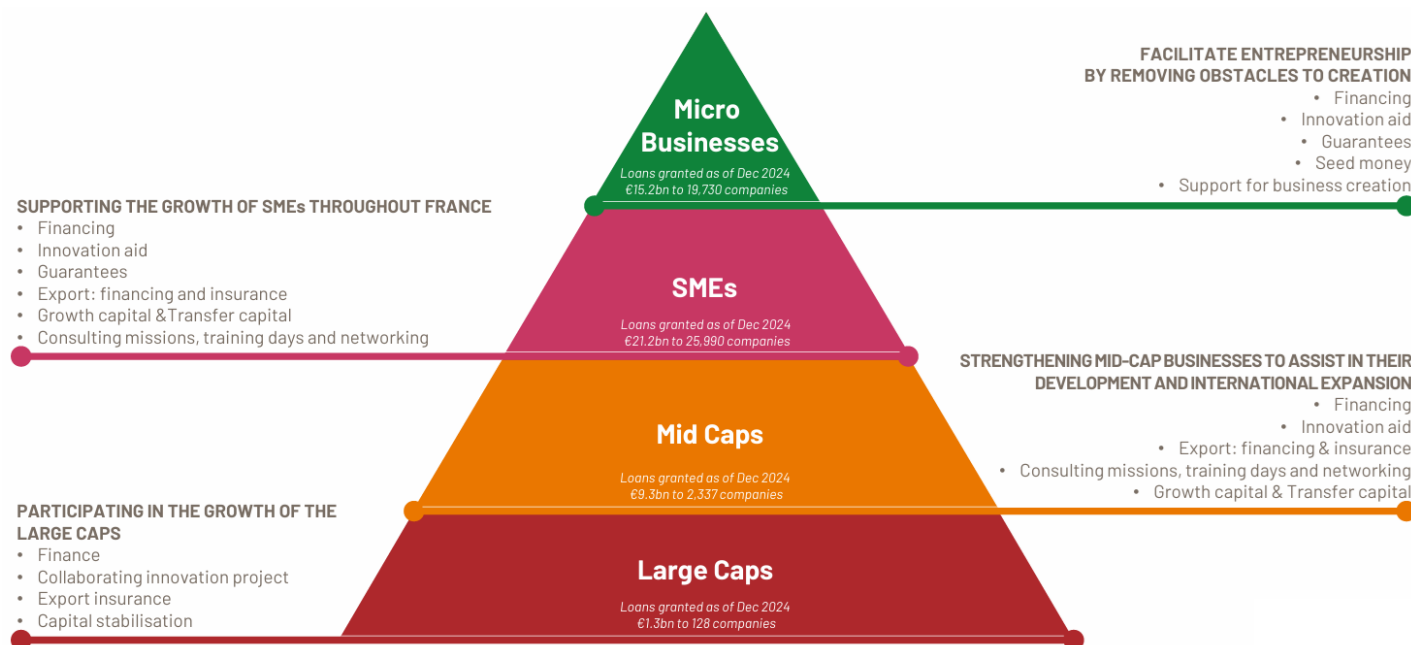
- Medium- and long-term loans: €53 billion.
- Short-term loans: €33 billion.
- Loans and aid for innovation: €18 billion.
- Credit export loans: €2 billion.
- Digital loans: €1 billion.
- Equity: €25 billion.

Loans make up the majority of Bpifrance's financing activity (see Figure 2.3 below). Loans and advancements have stayed stable in the last five years. The institution provides investment loans, typically with tenors of 15 years or more, to companies of all sizes. Bpifrance always provides loans on top of existing bank loans, often in combination with technical assistance (see paragraph on technical assistance below) to help clients secure additional funding from commercial financial institutions (Bpifrance, n.d.). Bpifrance financing typically provides loans on a *pari-passu* basis with commercial banks through co-financing agreements. This ensures that public funds do not distort the private market because the financing is provided on the same commercial terms as those accepted by private actors (Mertens, Thiemann and Volberding, 2021). Its areas of focus are micro, small and medium-sized enterprises (MSMEs) and mid-cap companies (as well as strategic large caps), with a special interest in the industrial, energy and tourism sectors (ibid.; Bpifrance, 2025b).

Grants and equity: Equity investments make up around 35% of Bpifrance's assets, with almost €60 billion under management through capital development, venture capital and fund investment

(Bpifrance, 2025f). Equity investments have increased steeply over the past decade, from €1.2 billion in 2019 to €15.3 billion in 2024. Bpifrance's own-account equity investments comprised almost 73% of its assets under management. The institution also manages significant equity investments through funds provided by the French government.

Figure 2.2. Bpifrance support for businesses of different sizes



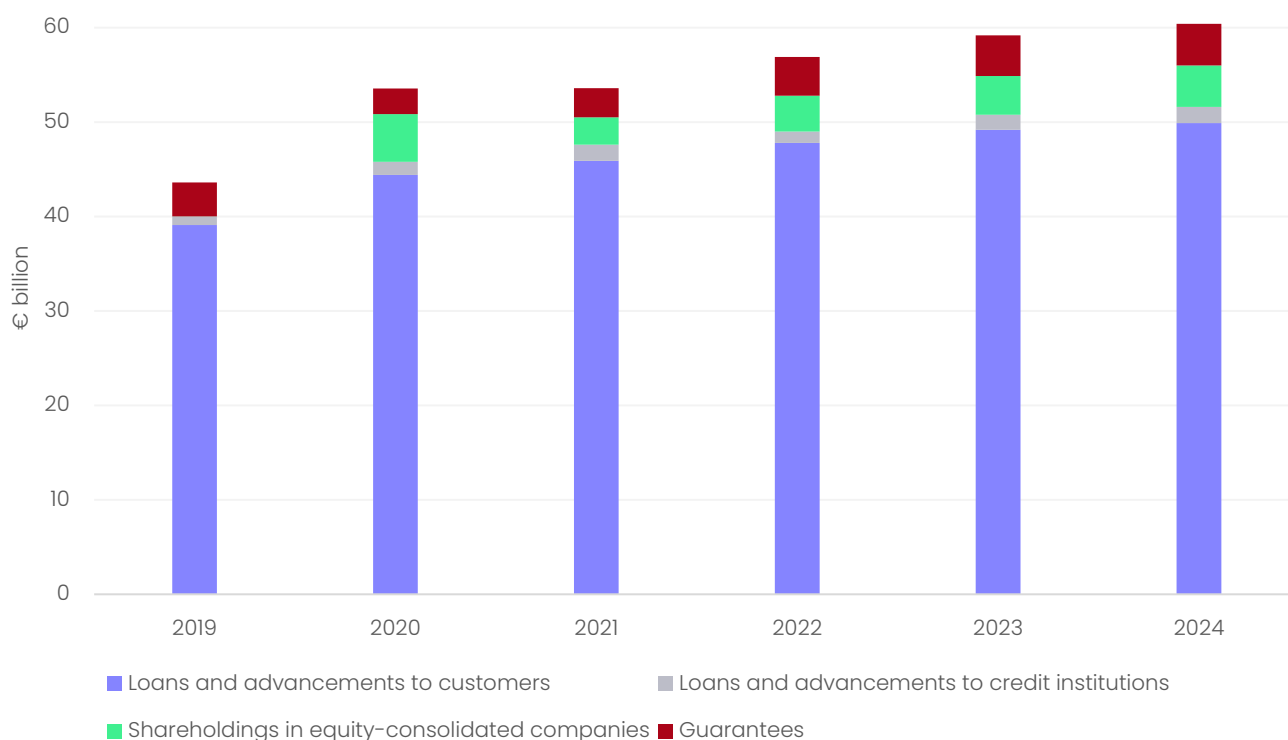
Source: Bpifrance (2025b) Debt Investors Presentation, April 2025.

One such example is Bpifrance's operation and management, on behalf of the French state, of France 2030: Programme d'investissements d'avenir (PIA, National Investment Plan). The €54 billion programme's overarching objective is to strengthen France's competitiveness by promoting investment and innovation across a range of sectors and priorities, including sustainable development, industrial regeneration and growth, and R&D (Bpifrance, n.d.). Specific targets under the PIA include: the decarbonisation of industry, to make France a leader in green hydrogen; the production of nearly two million electric and hybrid vehicles; and the production of the world's first low-carbon aircraft (Bpifrance, n.d.). Bpifrance is the state-appointed operator and manager of several aspects of the PIA, a role that involves responsibilities such as running calls for projects, providing grants and loans, and deploying equity to support projects (Bpifrance, 2024).

The PIA is a fund-of-funds scheme with the objective of "promot[ing] the emergence and structuring of the market for 'early stage' venture capital funds with an industrial vocation" (Légifrance, 2022). As of 2024, the PIA had supported more than 7,000 unique beneficiaries and funded 7,467 projects, committing €40 billion out of the €54 billion earmarked for the programme (Gouvernement de la France, 2025).

The Sociétés de Projets Industriels (SPI) fund is a direct equity fund under the PIA with €800 million under management. It supports industrial firms, using its equity stakes to drive their growth and the ecological and energy transitions (Bpifrance, n.d.). The SPI is characterised by its high tolerance for capital intensity, risk and longer time horizons for returns on investment. The programme also supports industrial clusters through, for example, the development of shared industrial sites, equipment and services (ibid.). One such investment is an equity stake in Verkor's gigafactory producing EV batteries in the north of France (Verkor, 2023).

Figure 2.3. Business volume of Bpifrance



Note: Business volume figures include international and domestic activities. Source: Authors' analysis based on data from Bpifrance financial reports, 2019–24.

Guarantees: Bpifrance has a wide-reaching guarantee programme, with over 100,000 guaranteed loans covering over €20.6 billion of risk as of 2025 (Bpifrance, 2025c, 2025f).⁴ Its guarantees are designed to encourage bank financing of MSMEs during the riskiest phases of their growth, as well as equity investment (ibid.). Guarantees typically cover 50–60% of default risks but can cover as much as 80% when combined with the programmes of France's regional authorities. However, Bpifrance's automatic guarantee programme operates with losses covered by an annual endowment of public funds. Its Green Guarantee, launched in 2024, supports "investments related to the ecological and energy transition", covering up to 80% of financing from commercial financial institutions (Bpifrance, 2024). Separately, in 2023, Bpifrance launched a Renewable Energy Guarantee Fund, aiming to guarantee €1 billion of corporate power purchase agreements (Bpifrance, 2024c).

Bpifrance manages two categories of guarantee funds: specific management funds and ordinary management funds. Specific management funds include: non-model funds, which operate differently to classic guarantee models; seed funds, which are not sufficiently mature to be redeployable; and self-sufficient funds, which are self-feeding without new endowments.

Technical assistance: In addition to its financial products, Bpifrance offers a wide range of capacity-building programmes for businesses. Its coaching programmes cover a range of business sectors, supporting SME growth, international expansion and export, and impact-driven companies targeting international development goals (Bpifrance, n.d.)

⁴ Guarantees are assessed at fair value, comprising discounted expected losses. All covered risk is reported as outstanding risk, representing the coverage that would be required if the entire portfolio were to default (the worst-case scenario).

Private capital mobilisation

Bpifrance reports relatively high private capital mobilisation/leverage ratios resulting from its investments: every euro of guarantees mobilises €21.4; every euro of unsecured loans unlocks €16.9 in Bpifrance loans and €78.6 in bank financing; and every euro invested in innovation generates €3.4 in third-party funding (Bpifrance, 2025d).

Balance sheet mobilisation

Bpifrance mobilises private capital through its balance sheet mainly by issuing euro medium-term note (EMTN) bonds. In 2024, €42.2 billion (69% of its funding) came from bond issuances. As a sovereign-backed entity, Bpifrance can issue debt at the French sovereign rate, reducing its funding costs and expanding its universe of potential investments. Before September 2025, Bpifrance could raise debt at AA- rating. However, that month, Fitch downgraded 27 French government-related entities to A+, affecting debt programmes and issuances (Fitch Ratings, 2025). Bpifrance reports that 78% of its investors are asset managers, banks and insurers.

As of 2025, Bpifrance had issued green and sustainability bonds under two programmes: the Green Bond Programme (€6.5 billion) and the Social Financing Programme (€4.75 billion). The green bond funds are eligible for renewable energy loans (generation facilities dedicated to onshore and offshore wind and solar power projects), green building loans (acquisition, refurbishment and construction of buildings) and green tech loans. Under the Green Bond Programme, 80% of assets are loans to solar power and wind power projects. The Social Financing Programme promotes investments to support employment, digitalisation, education and the health of MSMEs. Bpifrance's green bonds have a maturity of 5 to 10 years, while its loans under the Social Financing Programme have a maturity of 3 to 10 years.

Programmatic and project-level mobilisation

Loans: Bpifrance reports relatively high leverage ratios in its loan programmes, with each euro of unsecured loans generating €78.6 in bank financing. However, Bpifrance allocates a smaller proportion of its assets to lending than KfW does. Term loans account for only 20% of the loans Bpifrance makes to credit institutions. It allocates the rest to overdrafts, guarantee deposits and margin calls (instruments used for balancing liquidity). More than 80% of the loans Bpifrance makes to customers are equipment loans, export loans or other purpose-specific loans, suggesting the promotion of long-term projects. Direct loans to customers directly mobilise private capital on at least a 1:1 ratio, reflecting Bpifrance's co-lending model with commercial banks (see Table 1 below). In 2024, subordinated debt comprised just 0.7% of Bpifrance's portfolio, or €372.9 million in almost €50 billion of loans and advances (Bpifrance, 2025c).

Guarantees: Evaluating the effective mobilisation rate of financial instruments is challenging due to the absence of a counterfactual scenario that, through comparison, would confirm whether a PFI played a decisive role in the process. However, there is evidence that guarantees encourage banks to allocate credit (BPI and Banque de France, 2022). There is also evidence that guarantees promote financial inclusion: banks use guarantees to establish new lending relationships with SMEs. While approximately 20% of all bank loans to SMEs occur within new bank-borrower relationships, around 40% of guaranteed loans take place within such relationships.

Bpifrance's guarantees play a major role in France's SME ecosystem: one-third of new businesses eligible for its SME guarantee programme that receive a bank loan above €25,000 have that loan guaranteed by Bpifrance (ibid.).

Table 2.1. Select Bpifrance loan programmes supporting climate and environmental goals

Programme	Financing objectives and terms	Private capital mobilisation
Prêt Vert (Green Loan)	Finances SME CAPEX/OPEX improving energy, water, material efficiency; low-carbon process upgrades. €10,000–1m; ~2–10 years; typically issued alongside a matching bank loan; unsecured.	Bpifrance provides an unsecured loan for low collateral; banks finance parallel secured lines and/or receive a Bpifrance guarantee on their tranche.
Prêt Économies d'Énergie (PEE – Energy Savings Loan)	Finances equipment eligible under the CEE (Certificats d'Économies d'Énergie – energy-savings certificates) scheme and associated project costs (lighting, heating, ventilation, air conditioning, drives, motors, etc.). €10,000–500,000; 3–7 years; mandatory co-financing of 1:1 for loans over €100,000.	For larger tickets, a 1:1 partner-bank facility is required.
Prêt Industrie Verte (Green Industry Loan)	Finances ecological and energy transition projects: reducing environmental impacts through optimised processes and improved performance; promoting zero-carbon mobility; supporting innovation for low-carbon products; and promoting sustainable energy use – for industrial SMEs and mid-caps. €500,000–10m; 8–12 years; up to 2 years grace.	Unsecured anchor ticket covers hard-to-pledge items (including working capital), crowding in senior secured facilities from commercial banks via co-financing.
Prêt Nouvelle Industrie (New Industry Loan)	Finances material expenses and increases working capital related to industrial demonstrator projects, pilot plants or the development of new production plants. €3m–15m; 10–15 years; up to 4 years grace.	Large, long-tenor unsecured tranche and the France 2030 policy signal help banks underwrite adjacent secured facilities or syndications for tangible assets.

Sources: *Prêt Vert* (Bpifrance, n.d.); *Prêt Économies d'Énergie* (Bpifrance, n.d.); *Prêt Industrie Verte* (La Région Occitanie, n.d.); *Prêt Nouvelle Industrie* (République Française, 2025).

Frontier investments and equity: Bpifrance has become a major player in the French start-up sector. Between 2013 and 2023, it invested €10.5 billion through venture capital. During this period, €4.6 billion targeted around 500 French start-ups; nearly 80% of French start-ups that raised funds received direct or indirect support from Bpifrance; and two-thirds of French venture capital funds that received financing from institutional funders were subscribed by Bpifrance (Bpifrance, 2025e; *Le Monde*, 2025). In 2024, Bpifrance's Development Capital business line signed over €60 million and committed €70 million to the energy and environmental transition sectors (Bpifrance, 2025c). This financing supported firms working in renewable energy, energy efficiency and environmental services. Bpifrance's innovation capital business line mobilised €572 million through 147 operations, including €40 million invested by the green venture team.

Bpifrance Investissement operates similarly to a private equity or venture capital fund, focusing on the maximisation of shareholder value. In accordance with its co-investment principle, Bpifrance makes equity investments in partnership with the private sector, with the average weight of its stakes in direct funding rounds and in funds of funds at 16% and 17% respectively (Bpifrance, 2025e). This means that financial additionality is central to Bpifrance’s equity investment strategy: by limiting its equity stakes to the low double digits, it avoids crowding out private capital.

Impact additionality is also baked into Bpifrance’s equity strategy. While the institution invests on commercial terms (i.e. without concessionality), it focuses on underserved segments of the market such as seed investments, venture capital, development capital and transfer capital, as well as on investments that serve public policy goals (Bpifrance, 2025c).

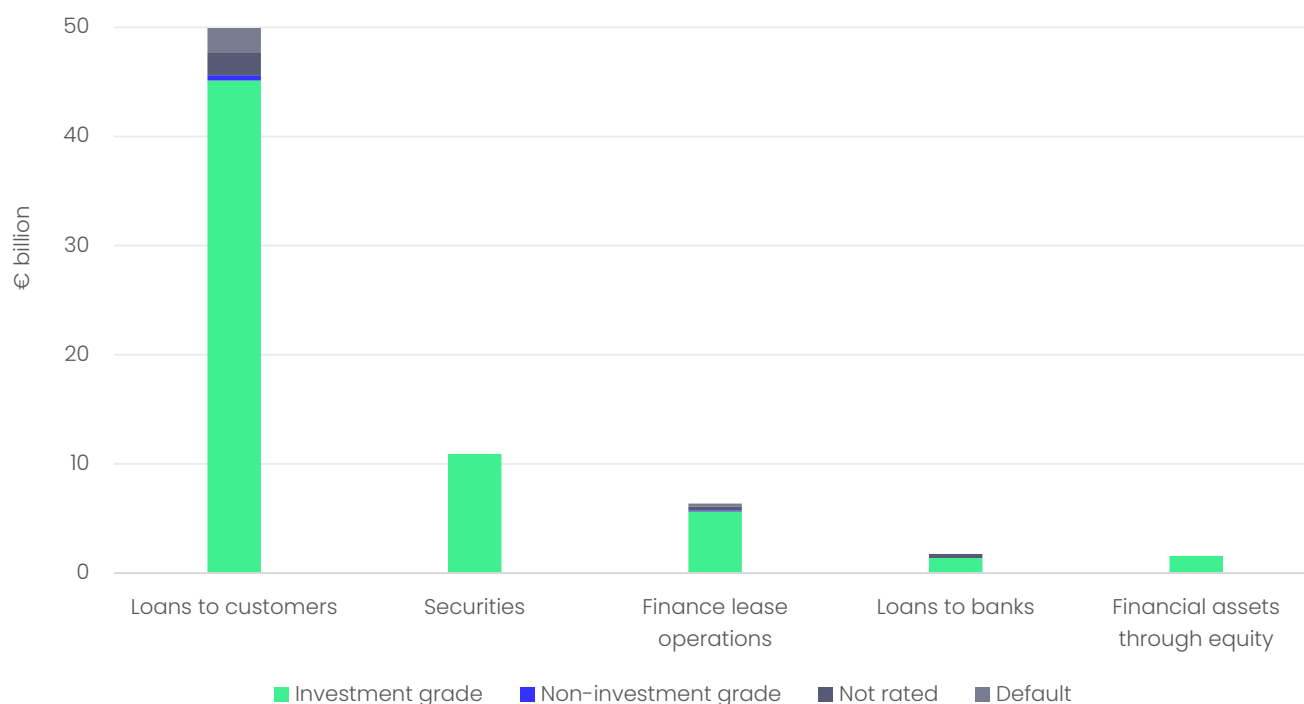
Bpifrance’s strategy involves exiting mature investments, a common practice in equity investments. In 2024, the mid-cap division executed 20 exits from debt and equity for a total return of €233 million, including five full exits for mid-cap equity with an average return on investment of 2.5x.

Bpifrance also manages a fund of funds business line, in which it promotes companies’ growth from start-up to transfer by indirectly taking minority stakes in them. The aim is to gradually contribute to market consolidation by selecting successful investment teams and stimulating an increase in funds under management. Twelve funds or investment companies exited the fund of funds portfolio in 2024. These operations had an average return of 1.675x.

Risk

As with other European PFIs, Bpifrance overwhelmingly holds investment-grade assets (although it has a higher share of non-investment and non-rated assets than KfW does). Nevertheless, the type of firms Bpifrance supported in 2023 paints a more complex picture: 45% of these companies had a ‘low’ risk rating (according to Banque de France’s ratings), compared to a national average of 35% (Bpifrance, 2025d).

Figure 2.4. Default risk and default-risk concentrations (gross carrying amounts)



Source: Bpifrance (2025c) Universal Registration Document, including the Annual Financial Report.

Case studies

Case Study 1: Fonds de Garantie Électricité Renouvelable (Guarantee Fund for Renewable Electricity)

Strategic and policy context

France's net zero strategy includes a medium-term goal of reducing industrial emissions to 45 MtCO₂e by 2030, roughly two-thirds of 2024 levels of around 62 MtCO₂e. An important component of this strategy is electrification of the sector, including through the installation of heat pumps, electric boilers and electric furnaces (Dametis, 2025).

France's industrial decarbonisation and renewables expansion efforts include a drive to develop the corporate power purchase agreement (CPPA) market. France has introduced Loi d'accélération des énergies renouvelables (APER), legislation that streamlines related processes and accelerates the deployment of renewables, with the aim of halving the time it takes to complete renewable energy projects (Légifrance, 2025). The law's provisions also allow companies to sign long-term renewable energy contracts directly with suppliers, which was not previously possible.

Project context and objectives

In 2022, the French government launched a guarantee scheme operated by Bpifrance to support the development of new, long-term electricity supply contracts between industrial firms and suppliers of renewable energy (onshore wind and solar PV). The scheme aims to double the installed renewables capacity provided by CPPAs. Its initial allocation is €68 million, covering an installed capacity of up to 500MW (Bpifrance, 2023a). At the same time, the scheme has the objective of greening and improving the competitiveness of French industry, including by supporting the stability of energy supplies and prices.

Financing structure

The scheme is designed to reduce counterparty/off-taker risk, giving producers the confidence to sign long-tenor CPPAs and raise project finance to fund renewable generation capacity (see the financing structure in Figure 2.5 below). The scheme provides a guarantee covering up to 80% of a producer's remuneration in the case of default by industrial off-takers of renewable electricity through CPPAs. The guarantee is subject to a demand floor of 5 GWh of electricity per year for industrial buyers (reduced from the scheme's initial floor of 10 GWh per year). CPPAs under the scheme must have a minimum duration of 10 years and a maximum duration of 25 years (Bird & Bird, 2023).

The guarantee is self-funded through premiums paid by guaranteed contracts. Excess income when market prices are high is deducted from future indemnification (Ministère de l'Économie et des Finances, 2022).

The guarantee may be invoked if the off-taker fails to pay three consecutive invoices corresponding to monthly deliveries, following issuance of a formal notice. Upon activation, Bpifrance indemnifies the producer for the difference between 80% of the fixed CPPA price and the market spot price, up to an agreed floor price (Bird & Bird, 2023), which is set at zero by default.

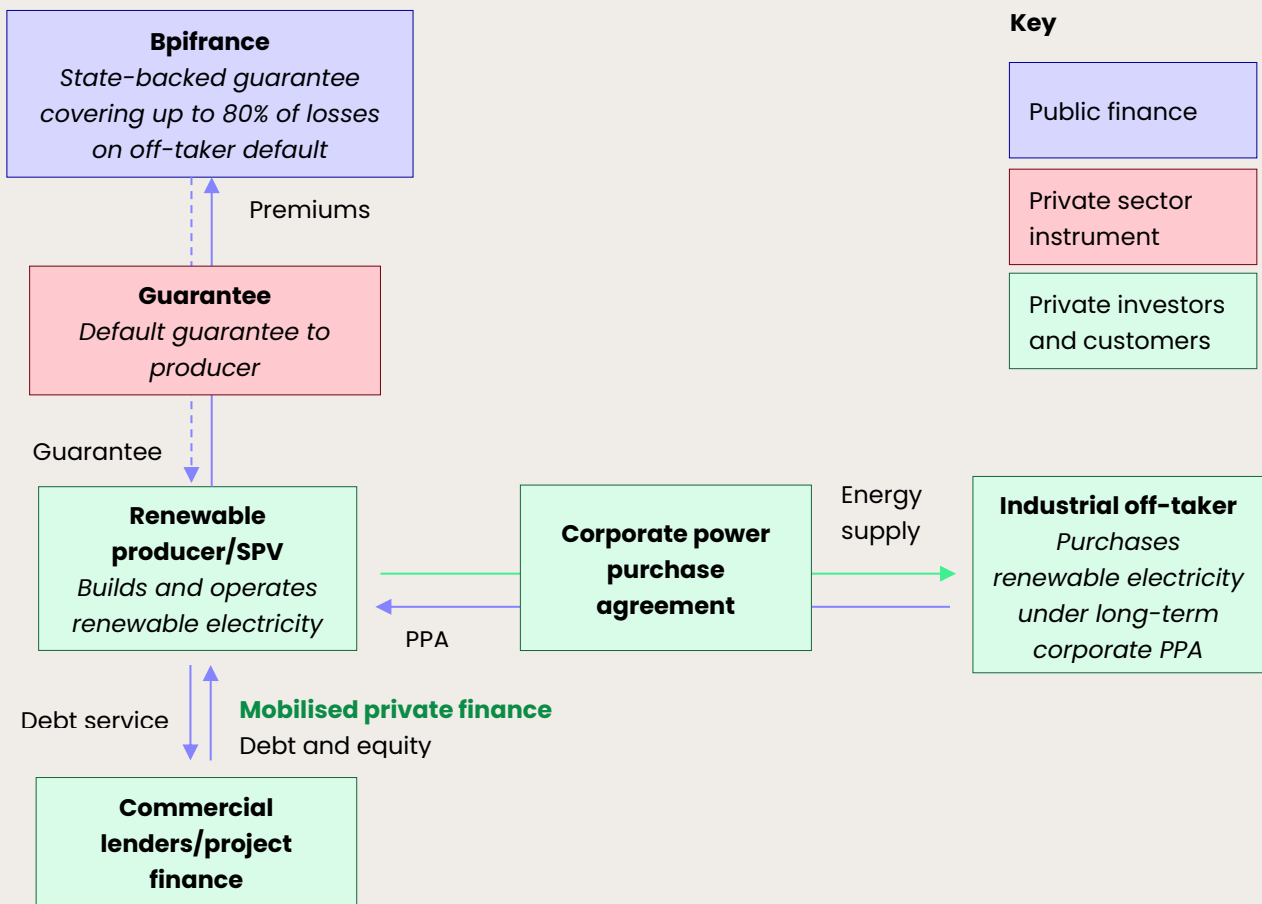
The first guarantee contract agreed under the scheme supported a CPPA contract between Bonduelle, an agri-food manufacturer, and Arkolia, a French firm providing annual supply of 11.8 GWh over 20 years through a ground-mounted photovoltaic (PV) installation (Bpifrance, 2023b; Ministère de l'Économie et des Finances, 2023).

Mobilisation impact

The guarantee scheme mobilises private finance by de-risking CPPAs. This involves addressing off-taker risk, which relates to the non-fulfilment of contracted tariffs. The approach can be particularly

helpful for marginal or frontier industrial enterprises, including those investing in new technologies and production techniques to meet decarbonisation objectives. The scheme usually targets SMEs.

Figure 2.5. Financing structure of the Guarantee Fund for Renewable Electricity



As electricity is a major cost for industrial consumers, fluctuations in wholesale market electricity prices can pose a risk to their competitiveness (Pinsent Masons, 2024). In helping address this risk by supporting the development of long-term CPPAs, the guarantee scheme can, therefore, indirectly mobilise and catalyse investment from industrial firms that are party to the CPPAs.

The scheme only covers generation assets that have not yet been commissioned, thereby ensuring that the state guarantee maximises additionality. To incentivise early-stage projects, the scheme allows for the negotiation of a grace period during which the producer is not covered in case of default (Bird & Bird, 2023). The grace period is an optional parameter that depends on the purchaser's capacity to cover the producer.

Risk allocation

- **Buyer credit risk/off-taker risk:** 80% transferred to the state-backed guarantee.
- **Price/market risk:** remains with contracted parties, allowing the scheme to recoup excess income during high price periods to maintain a balance.
- **Construction and operational risk:** remains with project developers.
- **Regulatory risk:** mitigated partially by the APER law, which provides a regulatory framework governing CPPAs (Le Monde du Droit, 2023).

Case Study 2: Total Eren Equity Co-Investment

Strategic and policy context

France's net zero strategy targets a cut in greenhouse-gas emissions of 40% by 2030 compared to 1990 levels, and of 75% by 2050. These overarching decarbonisation targets are codified in Law no. 2015-992 on Energy Transition for Green Growth (Energy Transition Law), published in 2015. They are underpinned by a target to increase the share of renewables in the energy mix to 32% by 2030 (Climate Change Laws of the World, 2015).

Project context and objectives

To achieve this goal, the French state has taken an equity stake in Total Eren (formerly Eren Renewable Energy), a renewable energy producer that forms part of TotalEnergies. The co-investment falls under the Development Capital Department, which invests directly in equity, quasi-equity and debt to support SMEs, mid-caps and large French companies in their development and growth projects.

Founded in 2012, Total Eren develops, finances, builds and operates renewable energy assets across 20 countries. Between 2015 and 2017, Total Eren commissioned wind projects in Greece, Brazil and Burkina Faso, as well as solar PV projects in India and Uganda. Its total installed capacity grew tenfold between 2015 and 2023, from ~350MW to ~3.5GW (Bpifrance et al., 2023).

Bpifrance's investment in Total Eren is in line with its "commitment to investing in companies that promote energy and environmental transition by contributing to the emergence of French leaders in renewable energies with ambitious plans and an ambitious project and attractive prospects" (ibid.). The equity rounds that Bpifrance joined explicitly aimed to accelerate Eren's global growth strategy (MarketScreener, 2017).

Financing structure

Bpifrance, Tikehau Capital, Peugeot Invest and NextWorld first invested in Total Eren as a consortium in 2015, using a syndicated equity intervention scheme to help the company grow (see the finance structure in figure 2.6 below). Further investments followed in 2017 and 2019 (Peugeot Invest, 2023).

Total Energy joined as an investor in 2017, acquiring an indirect interest of 23% by subscribing to a capital increase of €237.5 million (Science Business, 2017). In 2023, TotalEnergies bought the remaining 70% stake from the other shareholders for €1.5 billion, in line with a 2017 agreement that permitted it to wholly acquire Total Eren after five years (IPE Staff, 2023).

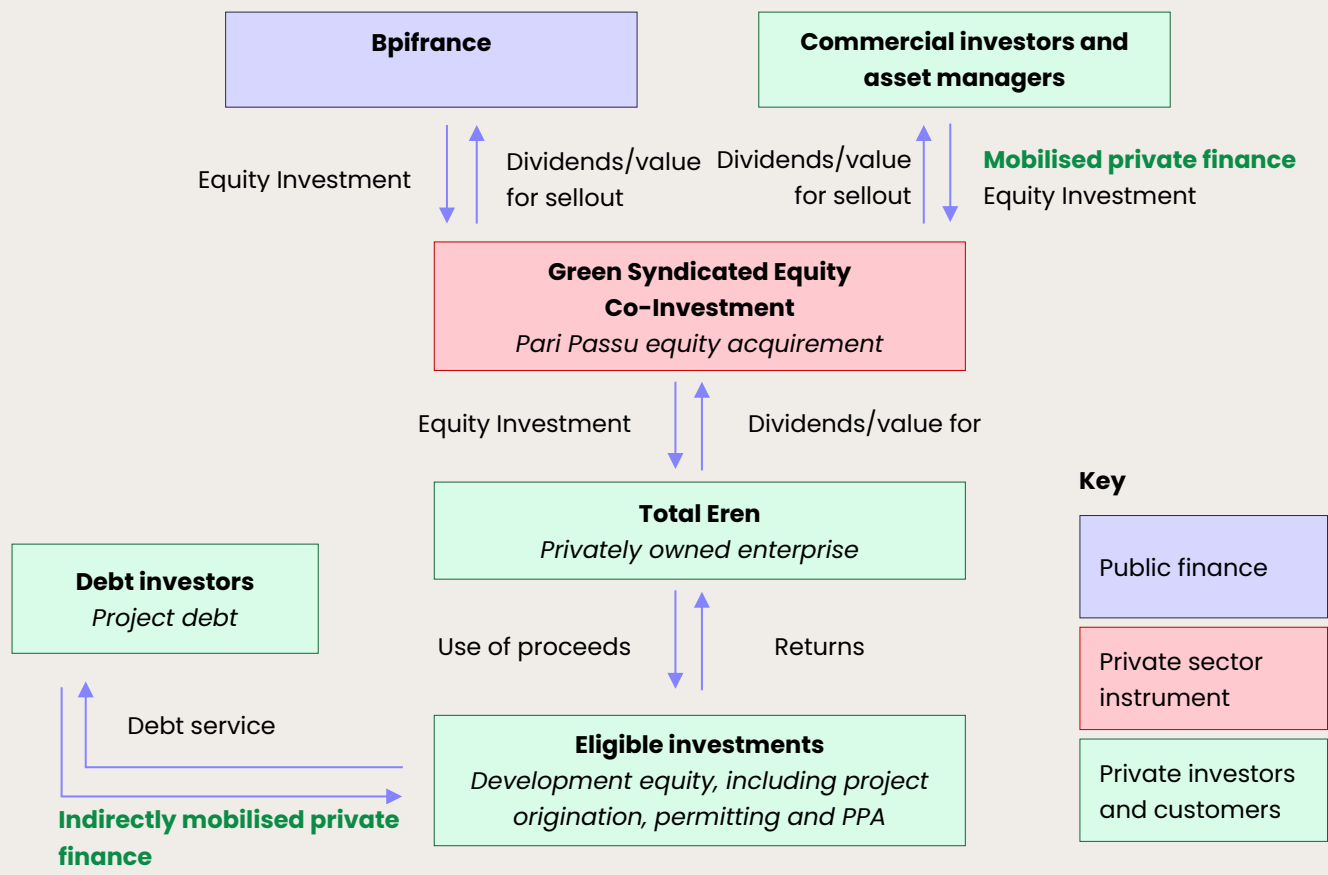
Mobilisation impact

Bpifrance's investment signalled the French state's strategic commitment to Total Eren, in addition to its tangible support for other co-investors on due diligence and governance.

The breakdown of equity stakes by investor has not been publicly disclosed. However, the first two rounds mobilised around €200 million, driven by Bpifrance, Tikehau Capital, Peugeot Invest and NextWorld (BPI, 2017). TotalEnergies' investment in Total Eren amounts to €1.93 billion.

A key metric of mobilisation impact is Bpifrance's exit from the deal. By selling its stake in Total Eren following a period of rapid growth, the institution recouped its equity investment, simultaneously achieving its project-specific objective of scaling up French domestic renewables capacity and allowing it to channel its (undisclosed) return into earlier-stage frontier investments.

Figure 2.6. Financing structure of Syndicated Equity Investment



Risk allocation

Risk is shared between the participants in syndications. Bpifrance’s share of the risk is proportionate to its investment.

Lessons for other PFIs from Bpifrance

Bpifrance’s recent evolution, including its consolidation of several existing French PFIs, has made it a major player in the delivery of France’s economic strategy. With a concerted focus on private capital mobilisation, the institution has a business model that offers valuable lessons for other PFIs.

Bpifrance is a central delivery arm of France’s central and regional governments, supporting their policy and investment ambitions

Bpifrance has proven adaptive to the evolving ambitions of French policymakers. Its recent evolution into a climate bank has involved taking on a central role in France’s efforts to fulfil its climate ambitions across a range of spheres and sectors. As part of this, Bpifrance has backed initiatives to scale up renewable power generation, supporting national champions’ acceleration of renewables production and industrial decarbonisation.

The French government’s active stewardship of Bpifrance has allowed the latter to extend its reach, ensuring its financial toolkit adapts to evolving policy objectives and complements wider policy. For example, the Guarantee Fund for Renewable Electricity was deployed alongside legislative reform governing the development of renewable energy projects.

Balance sheet mobilisation, a central part of Bpifrance's funding model, can raise green finance at scale

Bpifrance has used its institutional capacity and sovereign-derived credit rating to become a major issuer of green bonds, demonstrating the scope for raising green finance at scale at the balance sheet level. Its green bond programmes allow institutional investors to access its broad and diverse underlying asset base, which is made up of thousands of SMEs, as well as larger strategic firms.

Bpifrance's co-financing approach guarantees private capital mobilisation through all its loan and equity financing programmes, which vary in their degrees of leverage

By requiring commercial co-financing alongside its interventions, Bpifrance can ensure all its interventions achieve some degree of leverage. Its equity programmes involve taking minority stakes alongside other co-investors. Critically, it has demonstrated that it can exit mature investments once they have achieved scale and commercial sustainability; selling its equity stakes in such investments allows it to reallocate resources to earlier-stage frontier investments, helping guarantee impact additionality (although, for some sectors and investments, continued state stewardship through sustained equity stakes can also align with public goals and social impact objectives).

Bpifrance has a large equity portfolio, allowing it to engage in the earliest-stage frontier segments of the market and the riskiest parts of the capital structure

Bpifrance has established itself as a major player in the French start-up sector, potentially filling a void in the market. Bpifrance has a greater focus on start-ups than other PFIs do. At the same time, it has been willing to make larger equity investments where it believes they are strategically important to France's economic growth and security. This broad and flexible equity investment strategy is reflected in the large segment of its balance sheet made up of such investments. Despite its strategy of taking minority stakes and co-investment, there is nevertheless a risk that such a prominent and active role could crowd out private companies.

By combining its broad financial toolkit with technical assistance and capacity-building for investors, Bpifrance provides a comprehensive support package to French enterprise

Bpifrance's comprehensive and tailored offers of training to entrepreneurs and firms of varying sizes and areas of focus mean that its support and impact stretch far beyond financial assistance. While backing firm-level commercial success, this approach allows the institution to maximise the long-term impact of its investments and financial offerings, and plays an implicit role in de-risking.

3. Germany: KfW

KfW is one of the world’s largest PFIs. With both a domestic and international footprint, it has a central role in Germany’s economy. This section explores KfW’s long-running role in private capital mobilisation, exploring its record of raising huge sums of private capital at the balance sheet level, and through specific blended finance instruments and structures.

KfW was founded in 1948 to channel Marshall Plan funds to Germany’s reconstruction. Since then, it has retained a broad mandate reflecting German national priorities. In the 1960s, this mandate was expanded to include development cooperation. In the 1990s, KfW was pivotal in operationalising Aufbau Ost – the reconstruction of eastern Germany after reunification. More recently, KfW provided significant levels of assistance to businesses to mitigate the impacts of the COVID-19 pandemic.

In 2024, KfW’s promotional business volume (i.e. policy-driven financing) came to €112.8 bn, slightly more than the World Bank Group’s entire financing activity in the same period (KfW, 2025d; World Bank Group, 2025).

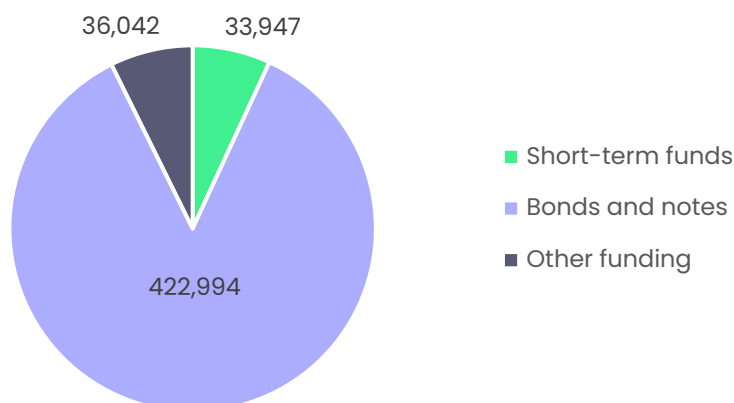
KfW has a dual domestic and international mandate. Its activities target a wide range of clients: 54% SMEs, banks and private clients; 10% customised finance and public clients, including financial institutions and promotional institutions of German federal states; and 29% export and project finance worldwide (the remainder of its activities target international investment and assistance). This section of the paper focuses on its domestic operations.

KfW plays a major role in Germany’s efforts to meet its climate targets. In 2024, the institution provided €44 billion in financing for energy efficiency and renewables in Germany (KfW, 2025b). This continued a long track record of supporting Germany’s energy transition, including through sustained, long-term investment in renewables, green hydrogen and energy efficiency.

Funding

KfW finances its operations almost entirely by issuing debt in international money and capital markets. In 2024, bonds accounted for 92.6% of KfW’s borrowed funds, and it raised €78.1 billion on international capital markets. Other significant sources of funding include the EU’s Economic Stabilisation Fund (see Figure 3.1 below).

Figure 3.1. Borrowing of KfW group, € million



Source: Authors’ analysis based on KfW Financial Report 2024.

Activity

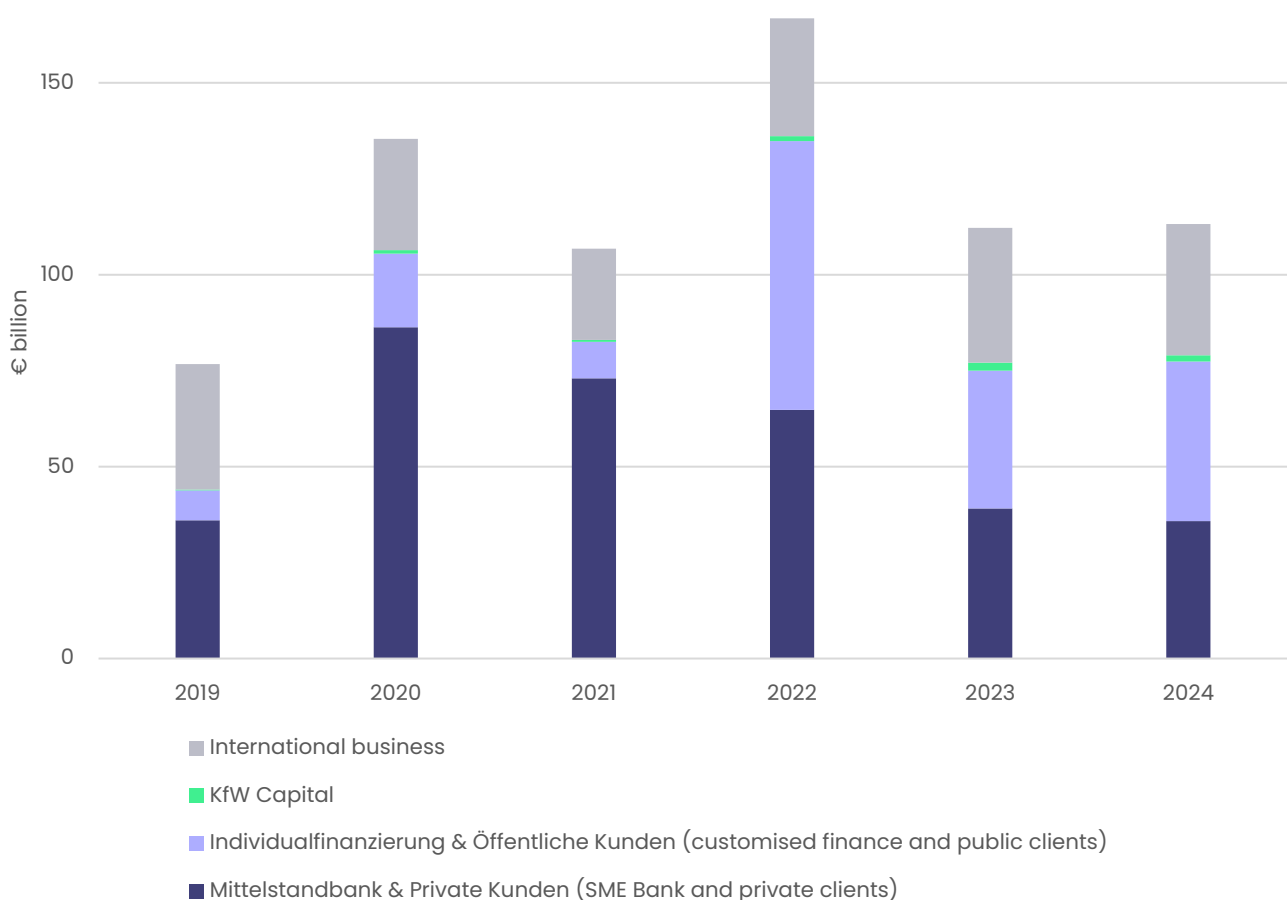
KfW's financing activity is predominantly made up of loans channelled through private financial institutions. Its objectives are policy-oriented rather than motivated by profit. KfW provides financing with a degree of indirect or direct concessionality through, for example, lower rates and longer tenors, as well as grace periods. Private financial institutions on-lend financing from KfW to customers such as SMEs, start-ups, households and municipalities. (KfW, 2025f). These lending instruments are sometimes supported by grants targeting specific objectives, such as increased private household investment.

There are several benefits to KfW's approach:

- **Co-financing:** KfW's on-lending leverages private financial institutions' capital, as the latter often co-finance loans with their own resources.
- **Risk-sharing:** KfW's predominantly lending-based approach includes an element of risk-sharing with the private sector, since the banks KfW lends to often bear credit/default risks (though this can be mitigated by KfW or government guarantees).
- **Scale and efficiency:** KfW's on-lending allows it to leverage the capabilities, expertise, local business knowledge and scale of private financial institutions. Critically, KfW outsources project origination – which can be costly and time-consuming for PFIs – to the private sector.

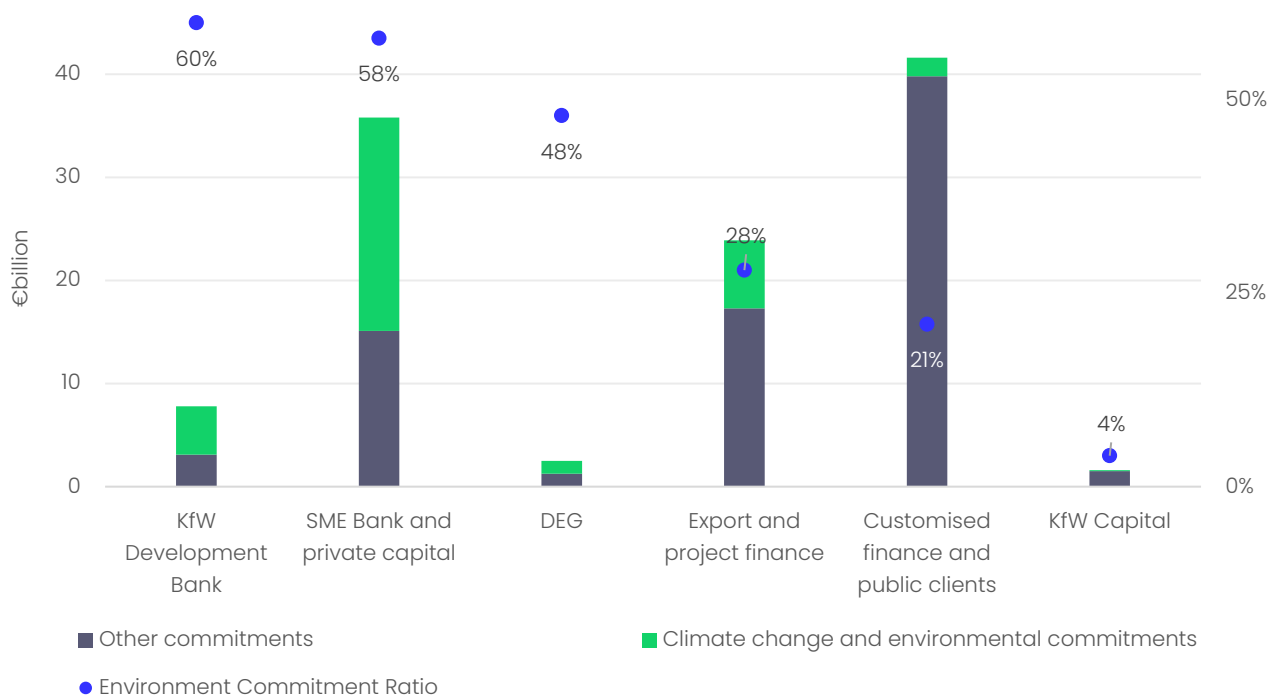
Over the last two years, the segments of KfW overseeing international business, customised finance and public clients, and SMEs, banks and private clients, have together accounted for roughly one-third of all promotional business volume. KfW Capital, a wholly owned subsidiary of KfW, which makes equity investments, accounted for a smaller share (see Figure 3.2 below).

Figure 3.2. Promotional business volume of KfW Group



Note: Figure 3.2 shows the flow of new KfW business in each year. Figure 3.3 below shows the stock of business. Source: Authors' analysis based on data from KfW financial reports, 2019–24.

Figure 3.3. KfW Group’s new climate change, environmental and other commitments, 2024



Source: Authors’ analysis based on KfW Financial Report 2024.

Loans, including irrevocable loan commitments, make up the vast majority of KfW’s activity, amounting to around €568 billion (outstanding) in 2024.⁵ KfW’s loan programmes targeting climate and environmental protection include:

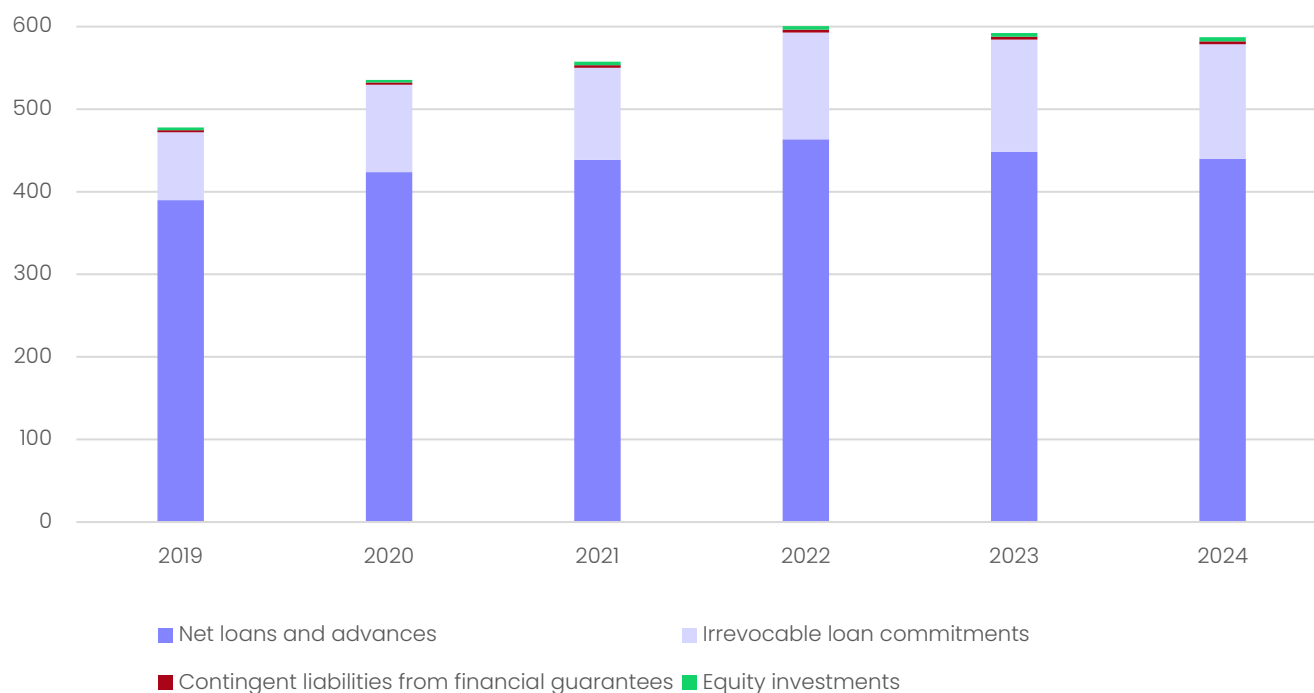
- **Renewable Energies (programme no. 270):** supports the construction, expansion, modernisation and acquisition of plants generating power or heat from renewable energy sources. The programme provides low-interest loans covering as much as 100% of investment costs, up to €50 million (KfW, n.d.).
- **Energy Efficiency – Production Facilities and Processes (programme no. 292):** supports investments in efficiency that generate greenhouse-gas reductions of at least 15%. This covers areas including plants and processes, electric drives and pumps, heat recovery, hydrogen and digitalisation. The programme provides up to €25 million per project, with interest-only grace periods (KfW, n.d.)
- **Offshore Wind Energy (programme no. 273):** supports the construction of offshore wind farms in the German exclusive economic zone. Provides loans worth between €400 million and €700 million, with scope for an additional €100 million for unforeseen cost overruns (KfW, n.d.).

Equity investments make up a relatively small share of KfW’s activity, amounting to just over €5 billion in 2024. Wider securities and investments include bonds and fixed income securities, amounting to almost €38 billion in 2024, but these mainly “serve to support KfW’s liquidity position and to stabilise and ensure the group’s promotional capacity in the long term” (KfW, 2025d). That is, they are not directly channelled to advance KfW’s policy-oriented or promotional activity (KfW, 2025a).

KfW’s contingent liabilities from **guarantees** also account for a relatively small portion of its overall business volume: just €3.42 billion of €593 billion in 2024. Its guarantee outstanding risk, the maximum potential financial exposure a guarantor faces from all active guarantees (i.e. its stock of guarantees), stood at to €19.8 billion in 2024.

⁵ These figures include both domestic- and international-facing activity.

Figure 3.4. Business volume of KfW Group by instrument (domestic and international), 2019–24



Source: Authors' analysis based on data from KfW financial reports, 2019–24.

Private capital mobilisation

The ongoing “KfWplus transformation agenda” sets the cross-cutting objective of scaling up private capital mobilisation to achieve the core strategic goals of driving the sustainable transition towards climate neutrality, strengthening the competitiveness of the German economy (including through digitalisation and innovation) and generating growth (KfW, n.d.).

In line with this, KfW is a key partner in the German Federal Government’s Wachstums- und Innovationskapital für Deutschland (WIN) initiative, which aims to scale up private investment in start-ups and SMEs. Some of the measures to this end involve expanding co-operation between universities, investors and companies; establishing growth and innovation capital (i.e. frontier investments) as an asset class; strengthening fund of fund structures; drawing on KfW support to mobilise private investment towards clean technology start-ups; and strengthening the secondary market for venture capital fund shares (Bundesministerium der Finanzen, 2024).

KfW does not publish institution-wide private capital mobilisation figures for its domestic activity (though it does report these figures to the OECD for its international- and development-facing activity). Nor has it set an overall mobilisation target. While it publishes mobilisation figures at the project and programme levels, these are not always fully transparent. Nevertheless, quantitative data and qualitative evidence from its financial accounts, flagship initiatives and major projects provide some insights into its record of mobilising private finance.

Balance sheet mobilisation

As discussed above, KfW mobilises private finance at the balance sheet level by leveraging its equity to issue debt in international money and capital markets. This is central to its funding model. Its ability to do so is underpinned by its AAA credit rating and high sustainability rankings (KfW, 2025f). In 2024, KfW raised €78.1 billion in international capital markets (net proceeds), €12.2 billion of which was from green bonds. This made KfW the second-largest euro issuer among supranational institutions and agencies globally. KfW’s Benchmark Programme forms the backbone of its funding strategy, accounting for €50.2 billion, or around 64%, of issuances in 2024. KfW issued roughly 60–65% of its bonds to banks,

asset managers and institutional investors. Around 80% of its investor base is in Europe, with less than 20% in Germany (KfW, 2025f).

KfW is one of the world’s largest issuers of green bonds (KfW, n.d.), with total net proceeds of over €90 billion. These proceeds finance sustainability projects, including by providing support for offshore and onshore wind, solar PV, hydropower, biogas, grids and storage, building sustainability and efficiency, and green transportation. In 2024, 93% of the proceeds of KfW’s green bond issuances financed projects in Germany; almost 70% of the underlying projects financed by its green bonds targeted climate-friendly buildings (KfW, 2025a). That year, proceeds from KfW’s green bonds corresponded to almost 4% of Germany’s overall CO₂ emissions reductions (ibid.).

Programmatic and project-level mobilisation

Loans: KfW’s aggregate instrument volumes reveal little about the extent to which it is successfully mobilising private finance. As discussed, lending constitutes the vast majority of its financing activity. Blended finance and co-financing are baked into this, with 67% of KfW’s lending channelled through private financial institutions that on-lend to the real economy. But it is unclear to what extent KfW uses blended debt approaches and, consequently, its aggregate volumes of private sector co-financing. Subordinated debt made up just 0.3% of KfW’s lending in 2024 (KfW, 2025d).

That year, KfW allocated 31% of its new commitments to green projects (see Figure 3.4 above). Many of its flagship programmes targeting energy and environmental outcomes are long-term debt instruments: low-interest loans with long tenors (10–20 years). For example, its climate action programme provides low-interest loans with tenors of up to 20 years to privately owned medium-sized businesses that adopt measures to reduce greenhouse-gas emissions (KfW, 2025b). One of KfW’s largest programmes in 2024, the Hydrogen Core Network (see Case Study 3 below), effectively functions as a long-term credit line, with a nominal leverage ratio of 1:1 of public finance to private capital mobilised.

Table 3.1. Selection of KfW loan programmes supporting climate and environmental goals

Programme	Financing objectives	Terms
Erneuerbare Energien – Standard (270)	Finance generation, storage, distribution and integration of renewable energy (PV, wind, biomass, hydro, storage, etc.).	Up to €150 million per project; maturities of up to 30 years; grace periods of up to 5 years; long fixed-rate options (up to 20 years).
Bundesförderung für Energie- & Ressourceneffizienz in der Wirtschaft – Kredit (EEW 295)	Loan and possible redemption grant for industrial/commercial efficiency, process heat from renewables, electrification, etc.	Up to €100 million per project; maturities of 5/10/20 years (with grace periods of 1/2/3 years); interest-rate reduction funded by BMWK.
KfW-Umweltprogramm (240/241)	Broad environmental investments (pollution prevention, climate mitigation/adaptation, biodiversity and “Natürlicher Klimaschutz” module, etc.).	Up to €25 million per loan (no minimum); up to 100% of investment cost; minimum tenor of 2 years; standard KfW maturity/repayment options.
IKK – Nachhaltige Mobilität (267)	Municipal loans for climate-friendly mobility (zero-emission vehicles and related infrastructure, active mobility, smart-mobility information and communications technologies).	Up to €150 million per year per applicant.

Sources: *Erneuerbare Energien – Standard (270)*; *Bundesförderung für Energieeffizienz in der Wirtschaft (295)*; *KfW Environmental Programme (240, 241)*; *IKK – Nachhaltige Mobilität*.

Equity and frontier investments: Direct equity investments make up a relatively small portion of KfW’s activity, limiting its ability to act in riskier projects and intervene in riskier segments of the capital structure. Similarly, guarantees make up a relatively small share of its business (although the Federal Government also provides guarantees both for KfW’s overall business and directly for projects, which do not appear on KfW’s balance sheet).

KfW Capital is an institutional investor that focuses on German and European venture capital and venture debt funds. It aims to provide venture and growth capital to support innovative technology companies in Germany. In recent years, it has invested over €100 million in seven venture capital funds (KfW, 2024d).

KfW Capital coordinates the German government’s Zukunftsfonds (Participation Fund for Technologies of the Future) programme. Launched in 2021, the programme provides €10 billion for the “quantitative expansion and qualitative enhancement of existing financing offers and the development of new instruments until 2030” (KfW, n.d.). Within the Zukunftsfonds, the DeepTech and Climate Fonds (DTCF) invests alongside private investors (including family offices foundations, private companies and angel investors) through minority stakes of less than 25% in deep-tech (science-based technologies) and climate-tech companies (DeepTech and Climate Fonds, n.d.). KfW Capital reports relatively high leverage, with a mobilisation ratio of 1:4 – that is, mobilising 4 euros of private finance for every 1 euro of its own commitments. Yet KfW Capital remains relatively small, with total allocations amounting to €1.6 billion in 2024 (KfW, 2025b).⁶

Figure 3.5. Business volume of KfW Group by instrument (domestic and international), 2024



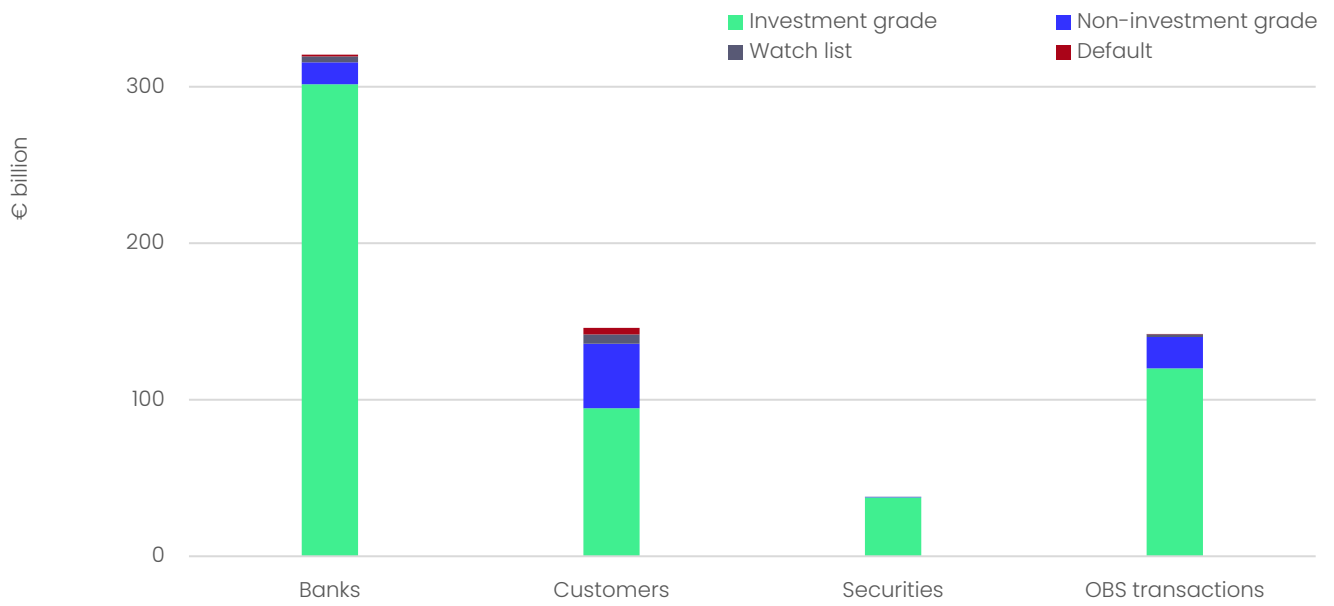
Source: Authors’ analysis based on data from KfW Financial Report 2024.

Risk

One key metric of financial and impact additionality is the riskiness of investments: lower risk investments can more readily attract commercial finance. As such, there is an imperative to channel scarce public finance towards riskier frontier investments that would otherwise struggle to attract commercial finance, or those with relatively high capital costs. This approach minimises the risk of crowding out private investment. The overwhelming majority of KfW’s assets are investment-grade (see Figure 3.6 below).

⁶ Although KfW coordinates the Zukunftsfonds, it only holds a portion of the €10 billion the federal government committed to the fund.

Figure 3.6. Default risk and default risk concentrations (gross carrying amounts)



Note: KfW's higher-risk exposures are divided into a watch list and a list for non-performing loans. The watch list identifies potential problem loans at an early stage. Source: Authors' analysis based on data from KfW Financial Report 2024.

Case studies

Case Study 3: Hydrogen Core Network – programmatic blended finance

Strategic and policy context

Scaling up the production and use of clean hydrogen is a major component of Germany's plans to reach carbon neutrality by 2045. The German government published its first National Hydrogen Strategy in 2020, before updating it in 2023. The strategy has several objectives, including:

- Creating a domestic market for hydrogen by supporting the development of production capacity and technologies for hydrogen use.
- Developing a regulatory framework for hydrogen transport and distribution infrastructure.
- Supporting domestic business competitiveness by promoting the use of hydrogen, as well as research into, and the development and export of, hydrogen technologies.
- Securing the future supply of hydrogen from renewables through international cooperation (Federal Government of Germany, 2025).

Recognising that demand for hydrogen is projected to rise sharply to 95–130 TWh by 2030, the German government expects that imports will need to cover 50–70% of this. Accordingly, the German government has also published an *Import Strategy for hydrogen and hydrogen derivatives*.

Project context and objectives

As part of the National Hydrogen Strategy, the German government plans to support the development of a 9,040km network of hydrogen pipelines by 2032, expanding this to around 9,700km by 2037 to form the Hydrogen Core Network. The network will connect generation and consumption centres (Federal Ministry of Economic Affairs and Energy, 2024).

Around 60% of the network will comprise repurposed pipelines, which are currently used to transport natural gas. The network will incorporate new pipelines, compressor stations and gas-pressure reduction and metering systems.

The network will be built and operated by the private sector. In the long term, fees paid by hydrogen buyers will finance the project. However, there are expected to be relatively few buyers in the short term, creating a financing gap.

Financing structure

Therefore, public support is intended to address this temporary shortfall in demand, with a view to stimulating private investment in the infrastructure development required for the network.

KfW provides a revolving credit line, worth up to €24 billion, to H2 Amortisationskonto GmbH, a special purpose vehicle (SPV). The account makes equalisation payments – annual compensation that bridges the gap between the network fee set by the Federal Network Agency and the cost of investment in infrastructure – to Hydrogen Core Network operators, which include those working on transmission and distribution systems. Over time, as demand for the network and revenues rise, the need for public support through equalisation payments will fall. Network operators will be expected to eventually repay their equalisation payments with interest to KfW via the SPV (KfW, 2024a;

Figure 3.7. Approved Hydrogen Core Network

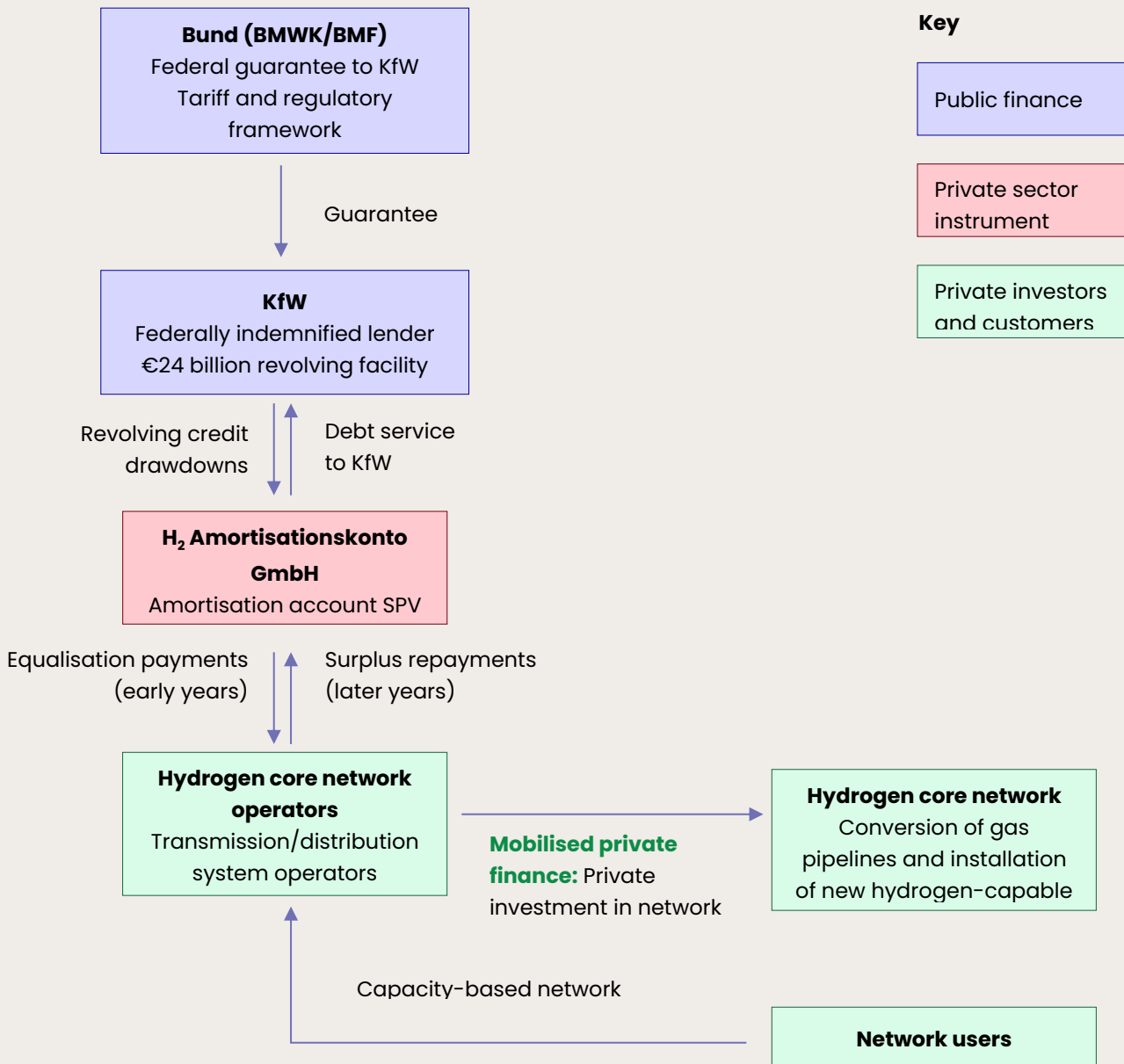


Source: Bundesnetzagentur (2024); Hydrogen Core Network.

Bundesnetzagentur, 2024). However, as of 2024, the interest rate had not been fixed or publicly disclosed (Deutscher Bundestag, 2024).

The entire programme is covered by a federal guarantee to KfW. This guarantee applies to the risk of non-settlement of the amortisation account by 2055 (i.e. network operators' repayment of the equalisation payments provided in the early stages of the project). The main underlying risk is that long-term demand and revenue will fall short of projections and fail to cover the initial costs of investment, thereby limiting network operators' ability to pay into the amortisation account. In this scenario, the federal government would cover 76% of losses, while core network operators would be liable for the remaining 24% (KfW, 2024a).

Figure 3.8. Financing structure of the Hydrogen Core Network programme



Source: Authors' analysis based on *Investment in the future of Germany; New milestone for the hydrogen strategy: KfW supports network development* (KfW, 2024a, 2024b).

Mobilisation impact

This structure mobilises private finance by turning uncertain, early-years hydrogen pipeline revenues into regulated, investment-grade cash flows. As discussed, the expected infrastructure investment,

worth €18.9 billion, will be funded by the private sector and recovered through fees charged to network users. Public finance in the form of equalisation payments will smooth the timing of this repayment.

Risk allocation

- **Ramp-up/demand risk:** the programme smooths ramp-up/demand risk, which is partially transferred from operators and infrastructure developers to the amortisation account of the SPV. Operators retain up to 24% of the risk.
- **Construction/operational risk:** transmission and distribution service operators assume most of the construction and operational risk, which is mitigated by regulated returns and tariff setting.
- **Credit risks:** the risk of non-replenishment of the amortisation account is covered by the government through a federal indemnity for the KfW facility.
- **Regulatory and tariff risk:** the federal government and the Federal Network Agency (Bundesnetzagentur) set the ramp-up fee that customers must pay to use the network (Bundesnetzagentur, 2025).

Wider considerations

Policy coherence: the Hydrogen Core Network programme forms part of the National Green Hydrogen Strategy (KfW, 2024c; Federal Government of Germany, 2025). This includes a wide package of new and existing domestic measures, such as:

- Measures to strengthen demand (including through Carbon Contracts for Difference for industry and the EU's Emissions Trading System and Carbon Border Adjustment Mechanism).
- Expansion of domestic supply through increased electrolysis capacity.
- Broader initiatives to improve hydrogen transportation infrastructure alongside the network (including a national ports strategy).

As discussed, the National Hydrogen Strategy prioritises increased imports. Alongside domestic measures, Germany is undertaking a broad international programme to support the production of green hydrogen overseas, including through KfW programmes. These include the PtX Development Fund, a platform for tailored financing of infrastructure for green hydrogen. The PtX platform will provide equity investments, loans and grants from KfW Development Bank (KfW, 2022).

Governance: a Committee of State Secretaries for Hydrogen oversees the National Hydrogen Strategy, which covers the Hydrogen Core Network and KfW's financing of it. The committee is supported by a secretariat, the Hydrogen Coordination Office, and by the National Hydrogen Council. The secretariat implements the Committee's decisions, while the council is made up of industry experts, scientists and representatives of civil society. A Federal-Länder working group coordinates measures taken at the federal and states levels (Federal Government of Germany, 2025).

Case Study 4: Syndicated Loan for Sustainable Transformation (291)

Strategic and policy context

Germany is targeting net greenhouse-gas neutrality by 2045 under the Integrated National Energy and Climate Plan, its contribution to EU-wide emissions-reduction targets. Achieving this goal requires broad action across all sectors of the economy. Germany's interim 2030 targets include: an aggregate 65% reduction in emissions by 2030 (compared to 1990 levels); renewables accounting for 80% of gross electricity consumption; heat supply that is 50% climate-neutral; at least 15 million electric cars in use; and 30% of agricultural land allocated to organic farming (Federal Government of Germany, 2022).

Project context and objectives

KfW's Sustainable Transformation Syndicated Loan provides financing to medium-sized and large private companies for emissions-reduction projects that align with the EU Taxonomy. The programme covers seven broad "modules" of activity (KfW, n.d.):

- **Module A:** investments in the production of climate-friendly technologies and products that make a significant contribution to climate protection in downstream areas, including for the production of hydrogen, other forms of renewable energy, batteries, low-emission technologies and vehicles.
- **Module B:** climate-friendly production processes in energy-intensive industries, such as those for hydrogen, steel, cement, aluminium, ammonia, plastics and chemicals.
- **Module C:** energy supply in the form of low-CO₂ electricity and heat (e.g. geothermal energy), including infrastructure for distribution and storage.
- **Module D:** drinking water, wastewater and waste.
- **Module E:** transport and storage of CO₂, including through retrofitting of existing networks and systems.
- **Module F:** sustainable mobility, including low-emission vehicles and ships, as well as the associated infrastructure, such as charging stations.
- **Module G:** GreenIT, particularly data processing, hosting and related activities, as well as data-based solutions to reduce greenhouse-gas emissions.

Financing structure

The programme provides syndicated loans on pari passu terms (involving shared losses in case of default) alongside commercial banks, insurance companies and funds. KfW provides as much as 50% of co-lending, up to a maximum of €100 million per transaction. These syndicated loans can be extended along with wider supportive measures that KfW and the public sector provide to beneficiaries. There is no direct concessionality in these arrangements: KfW participates on equal terms, assuming risk proportionate to its stake.

KfW's participation in syndications through the programme is made through applications from private financial institutions. By demonstrating their compliance with the EU Taxonomy, commercial participants in syndications can integrate the programme into their sustainable finance offerings. IKB Deutsche Industriebank, for example, classifies its KfW syndicated loans as "ESG public programme loans" within its sustainable finance framework (IKB Deutsche Industriebank, 2023).

Mobilisation impact

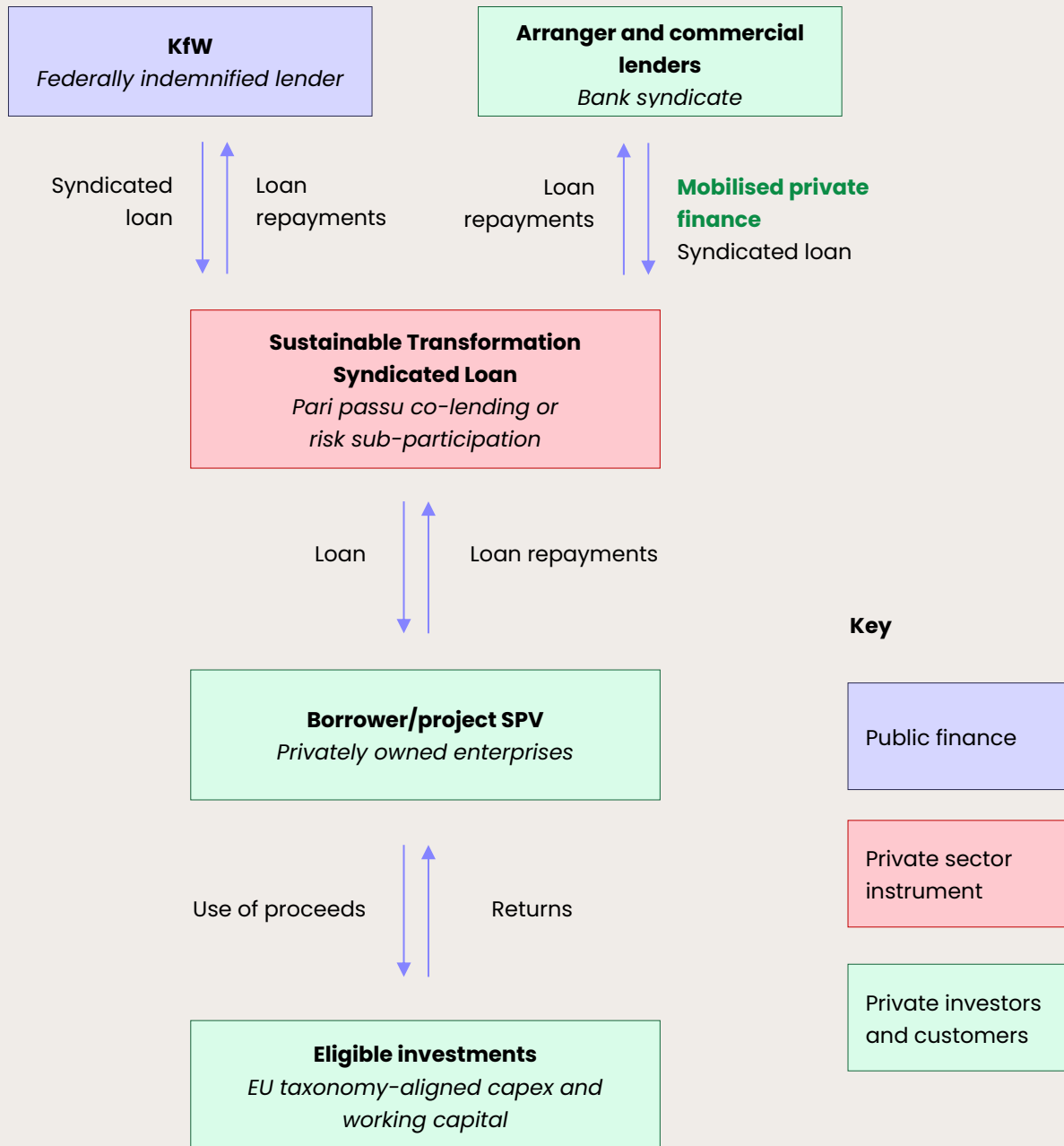
Since KfW acquires no more than a 50% stake in syndications through the programme, it mobilises at least €1 of private finance for every €1 of its own commitments. This is an upper limit, however. In practice, KfW often takes smaller stakes, with a greater leveraging effect.

The programme has a relatively broad sectoral focus. Although there is no publicly available breakdown of the projects it finances, the programme reaches across the spectrum of technological maturity and commercial viability, ranging from industrial decarbonisation in hard-to-

abate sectors to large-scale renewables projects. Therefore, KfW's interventions in commercially mature sectors are likely to have relatively low financial additionality.

The programme has strong uptake, driving the growth of KfW's customised finance for corporates in 2025 (KfW, 2025c).

Figure 3.9. Financing structure of the Syndicated Loan for Sustainable Transformation



Risk allocation

Risk is shared between the participants in syndications. As discussed, KfW's share of the risk is proportionate to its stake. KfW may provide additional support to borrowers separately, but will not allow its total exposure to default risk to exceed 50%.

Lessons for other PFIs from KfW

With its long history of supporting Germany's domestic and international economic development, KfW offers several valuable lessons for other PFIs.

Deep integration into German policymaking helps KfW to maximise its impact

KfW is deeply integrated into the German state, serving as a finance and implementation arm that allows the federal government to actively direct resources to its policy priorities (Griffith-Jones, 2016). KfW has been a central player in Germany's post-war economic development, pursuing strategic national priorities. KfW's ability to adapt to a broad range of objectives is a result of its deep integration into policymaking. This allows it to take on a more active role in informing the formulation of policy than most conventional PFIs do, drawing on its deep technical and financial expertise (Moslener et al., 2018). The German state's view of KfW as a central delivery arm of its economic priorities is reflected in the large volumes of public investment the government channels through the institution. For example, in December 2025, the German government launched the Deutschlandfonds, comprising €30 billion in public funds and guarantees that will be channelled through KfW. Targeting a further €100 billion of private investment, Deutschlandfonds is designed to stimulate investment in industry, SMEs and energy infrastructure (KfW, 2025e).

KfW's bond issuances effectively mobilise private finance at the balance sheet level

As one of the world's largest issuers of green bonds, KfW provides investors with fixed income investments underpinned by green projects – and, consequently, a stake in Germany's green transition. KfW provides a range of financial products adjusted to different investors' needs. These include its "Tailor-made Placements", which offer more flexibility in currency, structure and maturity than its Benchmark Programme, Green Bonds or Additional Public Bonds programmes (KfW, 2025a). The main customers of KfW's bonds are institutional investors, followed by retail investors (Griffith-Jones, 2016).

KfW's core business model of channelling loans through German banks leverages the expertise, reach and origination capacity of the domestic financial system

This model allows KfW to invest at scale, while sharing the administrative burden of projects with the private financial sector. However, it is unclear to what extent the model mobilises additional private finance.

Simple loans make up the vast majority of KfW's interventions, allowing it to target scale and impact rather than financial additionality and high leverage

This is partly a function of KfW's additionality framework, which targets additionality at the structural, economy-wide level rather than at the project and transaction levels. The institution's overarching mandate is to provide countercyclical lending, rapidly and nimbly support policy priorities at scale, and create risk buffers during times of crisis.

Long loan tenors, often with grace periods on repayment, secure public finance for extended periods of time – potentially, longer than projects need to gain access to commercial finance. This approach allows KfW to support companies in a part of the financial landscape that may be underserved by the market. As discussed, even some of its more innovative blended debt transactions, such as those under the Syndicated Loan for Sustainable Transformation programme, accept a public-private finance leverage ratio of 1:1 (although it can be higher). Equity investments make up a relatively small share of its overall activity, at around €5 billion in 2024. This limits KfW's ability to intervene in the riskier segments of the market and capital structure.

KfW's broad financial toolkit – including equity investments, blended debt instruments and guarantees – allows it to tailor its interventions to a wide range of needs.

This is reflected in KfW's wide sectoral reach across the German economy, allowing it to invest in both mature sectors and frontier markets. KfW remains actively involved in relatively mature clean energy markets, as well as in frontier markets, technologies and energy sources, such as green hydrogen.

4. Italy: Cassa Depositi e Prestiti

Cassa Depositi e Prestiti (CDP) is a relatively unique institution, tapping domestic retail savings through its postal savings scheme. This section analyses CDP's business model and the approaches it takes to mobilise private finance, particularly towards climate investments.

CDP was founded in 1850 to channel postal savings into public works. Following Italian unification, the institution provided loans to local municipalities for the construction of infrastructure. CDP actively contributed to Italy's reconstruction efforts following the Second World War. Reforms in the 1980s gave the institution greater autonomy. With the formal reorganisation approved in 1999, the Italian Treasury authorised Cassa Depositi e Prestiti to take deposits directly from public administrations and public entities, as well as to place securities with financial intermediaries. However, CDP retained its core focus on financing infrastructure.

In 2003, CDP was converted into a joint-stock company; the Ministry for the Economy and Finance retained a 70% stake, while banking foundations took on 30%. The European Central Bank designates CDP as a "financial and monetary institution" (the same designation as its French and German counterparts, CDP and KfW). The 2003 privatisation into a joint-stock company, partially owned by private banking foundations, allowed the institution to expand its mandate while remaining outside official public debt calculations. This unique governance model serves as a dual defence against political interference, as the inclusion of private shareholders necessitates a focus on long-term profitability and financial sustainability.

In 2009, CDP extended its range of operations to include financing SMEs, export firms, real estate and social housing. In 2011, the institution established the Fondo Strategico Italiano (FSI), now CDP Equity, to make long-term equity investments in firms of significant national interest (CDP, 2025).

In 2015, CDP became the Italian Financial Institution for Development Cooperation, a role that involves support for public international cooperation projects and investments in businesses in developing markets (CDP, 2025).

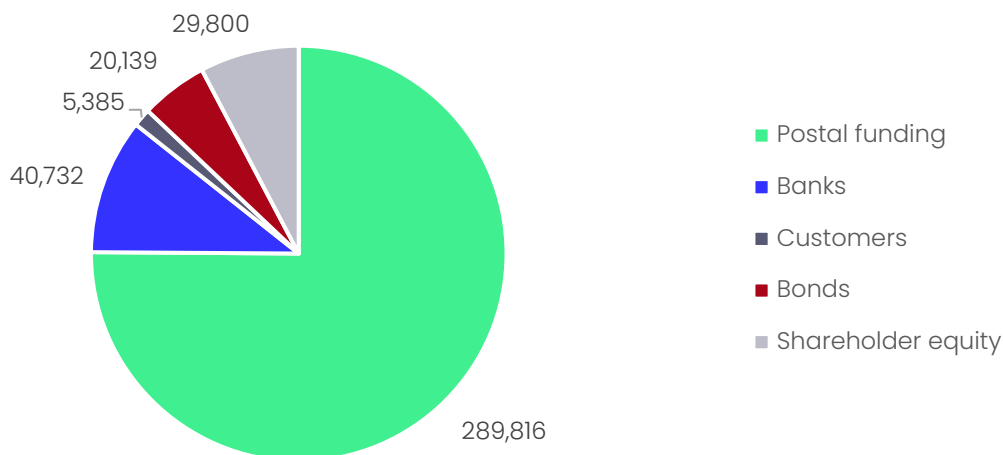
CDP pursues sustainable development goals through the management of financial capital and investment in local projects. CDP has issued 12 ESG bonds for a total amount of €8 billion (CDP, 2025).

The institution has integral links with the Italian government through its ownership and governance structure, the government's tight supervision of its activities and explicit guarantees on most of its debt (state-guaranteed liabilities), and CDP's role as lender of last resort to local and regional governments.

Funding

In line with CDP's original business model, postal funds accounted for 75% of the institution's funding, or €289 billion, in 2024 (see Figure 4.1. below). CDP issues interest-bearing Postal Savings Bonds and Postal Savings Passbooks with a state-backed guarantee. These products are distributed through more than 13,000 Poste Italiane branches across Italy (CDP, 2025). 68% of postal funds come from postal savings bonds, debt raised from savers, and the rest comes from passbook accounts. Banks are the second-most important source of CDP funding, followed by bonds, at 11% and 5%, respectively. Euro Medium Term Bonds and the Debt Issue Programme, including Social Bonds, account for almost half of CDP's bond stock. The institution's range of funding instruments helps balance its liquidity. CDP's bonds have short- and medium-long term maturity, while its credit facilities have medium-long term maturity.

Figure 4.1. Funding of CDP (2024), € million



Source: Authors' analysis based on data from CDP (2025).

In recent years, CDP's business strategy has been to increase its commitment to private equity and venture capital, with the launch of transfer hubs and acceleration programmes designed to create synergies between startups and research centres that foster innovation and connect SMEs to large companies. Consequently, the management of investments has shifted to an approach aimed at encouraging third-party funds and rotating capital to invest in priority sectors, as well as at supporting the recovery of strategically important companies in the portfolio (CDP, 2025). However, loans and debt securities still constitute the most prominent CDP assets, at 32% and 18% of the total, respectively. In contrast, equity investments and funds account for only 9.4% of total assets.

Activity

Lending: loans (including commitments) accounted for 78% of CDP's financing activity by business volume in 2024 (see Figure 4.2 below). Its lending activity is divided into six operational lines:

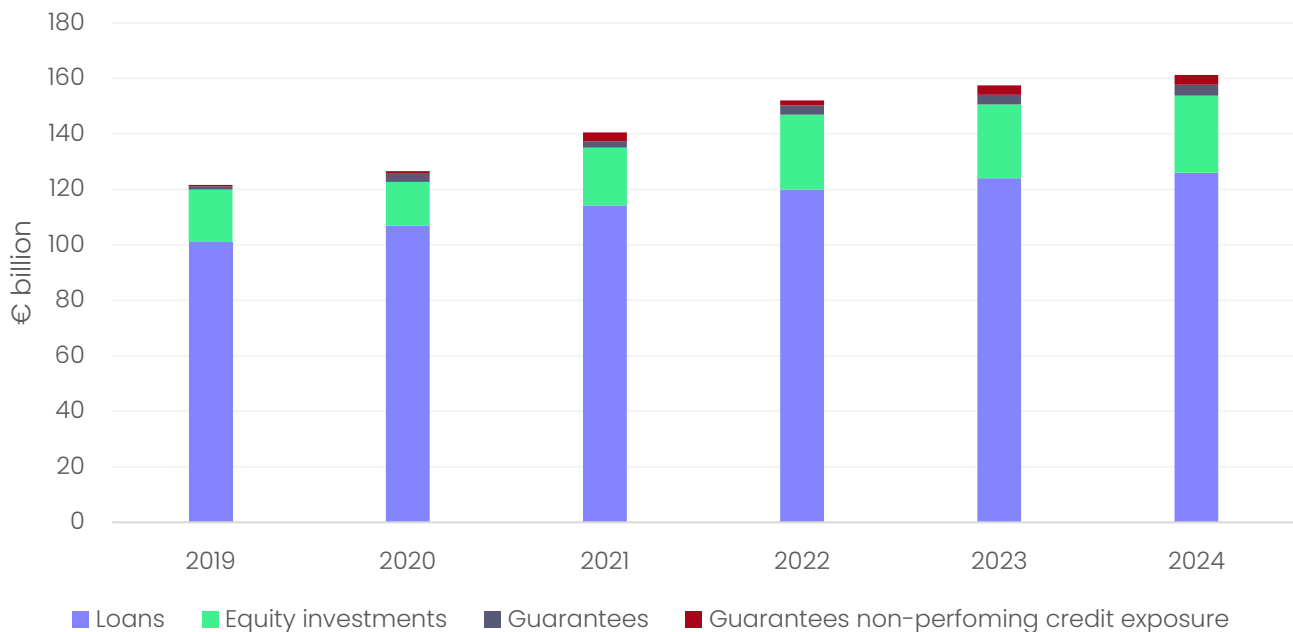
- **Lending to enterprises and support for international expansion**, the stock of which amounted to €43.7 billion as of 2024. CDP develops alternative financial instruments and provides financial support to medium-sized and large domestic enterprises, exporters, firms expanding internationally and banks that focus on SMEs. Lending to enterprises is complemented by non-financial support to develop human capital and promote market growth. Allocations to financial institutions and exporting firms account for 84% of this activity, while those to enterprises and alternative financing make up the rest. In 2025, CDP focused on supporting the growth of SMEs in southern Italy through an €800 million bond subscription.
- **Public administration**, amounting to €71.9 billion in 2024. CDP backs public investment by providing financial support to regional authorities, local authorities and autonomous provinces, as well as other public entities. Its lending for local authorities supports investment and large infrastructure projects. CDP financing primarily supports port infrastructure, healthcare facilities, cybersecurity measures and water management resources. CDP also provides loans to convert mortgages and to refinance leasing contracts provided by financial institutions.
- **Infrastructure loans**, amounting to €9.6 billion in 2024. CDP supports motorway, railway, airport, energy and social infrastructure projects through instruments such as project finance, structured loans, corporate loans, subscriptions to bond issues, and contractual guarantees.
- **International cooperation and development finance**, amounting to €1.2 billion in 2024. CDP also supports sustainable development in partner countries.
- **Equity investments and funds**, using CDP's own capital. The institution manages third-party capital in all phases of enterprise and infrastructure projects. Its operations include direct

investments to foster industrial development and indirect investments to support private capital markets, targeting strategic sectors with high growth potential.

- **Real estate:** CDP invests in the real estate sector to finance urban regeneration; social, student and senior housing; and tourism and hospitality projects. The institution works to provide affordable housing solutions to support labour mobility.

To enhance the effectiveness of its lending operations, CDP provides advisory services to government entities. CDP contributes to the implementation of strategically important programmes and projects by offering these services to central and local administrations for the planning, design and execution of public investments, aiming to maximise spending capacity and resource efficiency. CDP's Technical Competence Centres specialise in innovation and digitalisation; urban regeneration; and infrastructure, natural resources, energy and the circular economy. In 2024, CDP supported public administration through project advisory services, capacity-building initiatives to strengthen institutional skills, and the production of studies, analyses and market assessments. In 2025, CDP supported public investment projects, particularly through the National Recovery and Resilience Plan and EU structural and cohesion funds.

Figure 4.2. CDP business volume



Note: Business volumes include both international- and domestic-facing activities. Source: Authors' analysis based on data from CDP annual reports, 2019–24.

CDP directly manages priority programmes funded and steered by the Italian government. These include initiatives supporting:

- Energy efficiency interventions in school and healthcare buildings, on behalf of the Ministry of Environment and Energy Security.
- Competitiveness in the agricultural and forestry sectors, on behalf of the Regional Agency for Disbursement in Agriculture.
- The protection of rural architecture and intangible cultural heritage, on behalf of the Ministry of Culture.
- The construction of student housing facilities, on behalf of the Ministry of University and Research.
- Italy's international climate commitments, on behalf of the Italian Climate Fund.

- Efforts to foster industries in developing markets, on behalf of the Revolving Fund for Development Cooperation.

Equity: equity investments make up just 8.4% of CDP's assets. The institution takes direct stakes in both companies and funds through its asset management companies. Its equity strategy involves supporting the development of private capital markets by investing in "direct and indirect venture capital, private equity, private debt and infrastructure funds to support companies and infrastructure throughout their lifecycle" (SWF, 2025). CDP Equity is staffed by over 100 employees and has three underlying asset management companies through which it channels its investments: Fondo Italiana d'Investimento (FI), which supports the international expansion and growth of Italian SMEs in critical and strategically important supply chains; CDP Venture Capital, which invests in startups, innovative SMEs and funds; and CDP Real Asset, which promotes urban regeneration through affordable housing, investment in tourism accommodation, and the development of sustainable infrastructure (ibid.).

Guarantees make up a small but significant portion of CDP's business volume, at 4.5% in 2024. The institution uses two categories of these instruments: performing guarantees and guarantees with non-performing credit exposure. In 2024, CDP's instruments of these kinds were at €3.9 billion and €3.5 billion, respectively. CDP distributes performing guarantees to the central government, banks and non-financial companies in roughly equal measure. Non-financial companies account for virtually all CDP guarantees with non-performing credit exposure.

Private capital mobilisation

CDP's 2022–24 Strategic Plan outlined €65 billion of planned allocations and targeted a further €63 billion to be mobilised from third-party investors, for total planned investments of €128 billion and leverage of 1.96x (CDP, 2024). CDP overshot this relatively modest target. In 2024, the institution reported that it invested €24.6 billion, equivalent to 1.4% of Italy's GDP, and that this mobilised €68.8 billion in additional funding from third parties,⁷ constituting 2.8x leverage. Over that three-year period, CDP deployed €75 billion and mobilised €202 billion in investments, with 2.69x leverage (CDP, 2025).

In December 2024, CDP approved its 2025–27 Strategic Plan, under which it plans to deploy €80 billion and mobilise €170 billion of investment from third-party resources, aiming for a 2.1x mobilisation ratio, only slightly higher than its previous target.

Balance sheet mobilisation

CDP mobilises private capital by leveraging its balance sheet. It raises capital mainly from individual retail investors through its postal savings scheme, an approach often overlooked by other PFIs. CDP exclusively uses the postal savings it collects to fund activities in the national economic interest, as enshrined in law. This involves financing public entities, as well as private entities engaged in public interest projects. CDP also uses postal savings to support climate and environmental protection initiatives, and in the direct or indirect acquisition of equity stakes in companies of significant national interest. The institution's stock of postal savings amounted to €289 billion in 2024. Its postal savings scheme constituted around 6% of Italian household savings in 2024.

CDP also mobilises long-term capital from institutional investors through social, sustainability and green bonds, focusing on energy and water efficiency, as well as renewable energy. In 2024, CDP's bond stocks amounted to €20 billion. In the same year, CDP issued €1.6 billion under its Debt Issuance Programme, including €750 million under its seventh Social Bond. Capital raised by Social Bonds supports investment in public education, healthcare and SMEs. Furthermore, CDP issued a Sustainable Postal Savings Bond, which could provide a premium based on the performance of the STOXX Europe 600 ESG-X Index, as well as a fixed return. CDP has also issued €1 billion in Sustainability Linked Bonds due in 2034. CDP has more than 40 bonds held by institutional and retail investors outstanding in financial markets.

Besides market operations, CDP also mobilises capital from repurchase agreements, amounting to €34 billion in 2024. To promote repurchase agreements for sustainability projects, CDP launched in

⁷ CDP defines mobilisation activity in terms of "deployed resources" and "supported investments".

2023 the Sustainability-Linked Repo, which ties returns to the achievement of sustainability and environmental goals.

Programmatic and project-level mobilisation

Loans: CDP mobilises private capital by channelling its lending both directly to infrastructure projects and through banks and other financial institutions, with which it has a balance of €23 billion in loans. Lending through banks and financial institutions can have a catalytic effect, promoting the funding of projects that would otherwise struggle to secure finance, even if mobilisation ratios are relatively low.

For example, CDP allocates its €10 billion balance for natural disasters through commercial financial institutions. By allocating its funds through financial institutions, CDP can leverage their networks and origination capacity, reducing operating costs and increasing the range of beneficiaries. Disbursing resources through financial institutions also promotes financial inclusion, allowing CDP to target beneficiaries that have little or no credit history. Supporting the development of firms' credit histories can thereby increase their chances of securing future commercial funding without policy bank support (BPI and Banque de France, 2022).

Table 4.1. Selection of CDP loan programmes supporting climate and environmental goals

Programme	Financing objectives and terms	Private capital mobilisation
Subsidised loans for innovation (Enterprise Revolving Fund)	Medium- to long-term funding to support investments in research, including sustainable industry, the circular economy and the Green New Deal. Duration: up to 15 years.	Risk-sharing instrument subsidised by a ministry, with the banking sector covering 50% of credit risk for targeted loans. The programme mobilises additional private sector lending on a 1:1 risk-sharing basis.
EIB-CDP Medium-Long Term Finance	Medium- to long-term funding on a secured or unsecured basis, including bond issues to finance investments in energy efficiency, the energy transition, climate change initiatives, infrastructure, the circular economy, sustainable and efficient use of natural resources, and the green economy.	Carried out in conjunction with the banking system or using a subsidised funding line provided by the European Investment Bank (EIB). The volume/ratio of mobilisation depends on the extent of banking system participation.
Subsidised Loans for Internationalisation	Support for the international competitiveness of Italian enterprises, including in sustainability.	(No publicly available information.)
Alternative Finance	Innovative asset classes such as minibond securitisation (basket bonds) and diversified debt funds for investments in research and development, the green economy, innovation, infrastructure and specific capex plans.	CDP's dual role as an anchor investor and National Promotion Institute attracts institutional investors and private banks. Mobilisation depends on each bond basket issuance and diversified-debt fund structure.
Bank and financial intermediary liquidity and guarantees	Loans by affiliated banking institutions and financial intermediaries for business growth and expansion, as well as post-disaster reconstruction, including green investments that can benefit from specific grants provided by the Ministry of Enterprises and Made in Italy.	Risk-sharing instrument with banks and financial intermediaries. Mobilisation ratio depends on the share of risk covered by the financial intermediary.

Sources: *Subsidised loans for innovation; EIB-CDP Medium-Long Term Finance; Subsidised Loans for Internationalisation; Alternative Finance; bank and financial intermediary liquidity and guarantees.*

CDP infrastructure loans can have a signalling effect: by demonstrating that projects have concrete state support, they can help attract private investment from third parties. However, it is unclear how much private capital CDP’s infrastructure investments mobilise in aggregate, because each project has a different mobilisation multiplier. Nonetheless, it is possible to estimate a proxy ratio by looking at specific examples:

- CDP issued €800 million through a syndicated loan to a railway operator, with private investors providing a €3.5 billion credit facility, achieving a 4.3x leverage effect.
- CDP provide €50 million as part of a €250 million loan to support the expansion of a container port, achieving a 5x leverage effect.
- CDP contributed €120 million to a €215 million project finance deal for the construction of a university campus, achieving a 1.79x leverage effect.

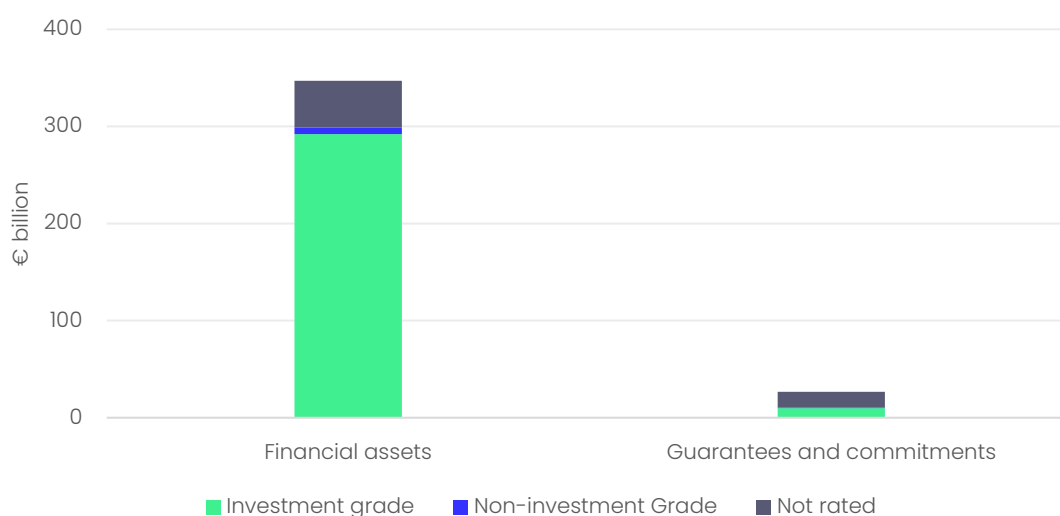
Beyond conventional loans, CDP offers innovative asset classes, such as minibond securitisation (basket bonds) and diversified debt funds, to channel financing to SMEs. Basket bonds allow firms with similar issuance characteristics, duration and rates to pool their debt in an SPV. The SPV’s securities are acquired by different investors, including private parties. With CDP acting as the anchor investor in partnership with other institutional investors, these funds aim to diversify risk across a range of companies, sectors and geographical locations.

Equity investments: CDP invests directly in group companies, listed companies and investment funds. While CDP does not disclose how much its group-company and listed-company investments mobilise, it does disclose these figures for investment funds. In 2022, CDP invested €400 million in direct and indirect venture capital investment funds, private equity and infrastructure. These investments attracted €600 million in additional resources from third parties, for a leverage effect of 2.5x.

Risk

CDP’s loan portfolio has high creditworthiness and a moderate risk profile. In 2024, 84% of its financial assets were investment-grade (see Figure 4.3 below). This is the same proportion as KfW, and lower than BPI’s 92%. In contrast, 37% of guarantees were investment-grade. CDP has a non-performing loan ratio of 0.07%, compared to KfW’s 2.7%.

Figure 4.3. CDP’s risk exposure



Source: Authors’ analysis based on data from Annual Report 2024 (CDP, 2025).

Case studies

Case Study 5: Guarantee to promote SMEs' renewable energy projects

Strategic and policy context

Italy launched its National Renewable Energy Action Plan in 2010 and its National Energy Strategy in 2017, both targeting increases in renewable energy supplies (SEN, 2017). The Integrated National Energy and Climate Plan (PNIEC) 2030 is now the main overarching policy and regulatory framework governing Italy's energy transition.

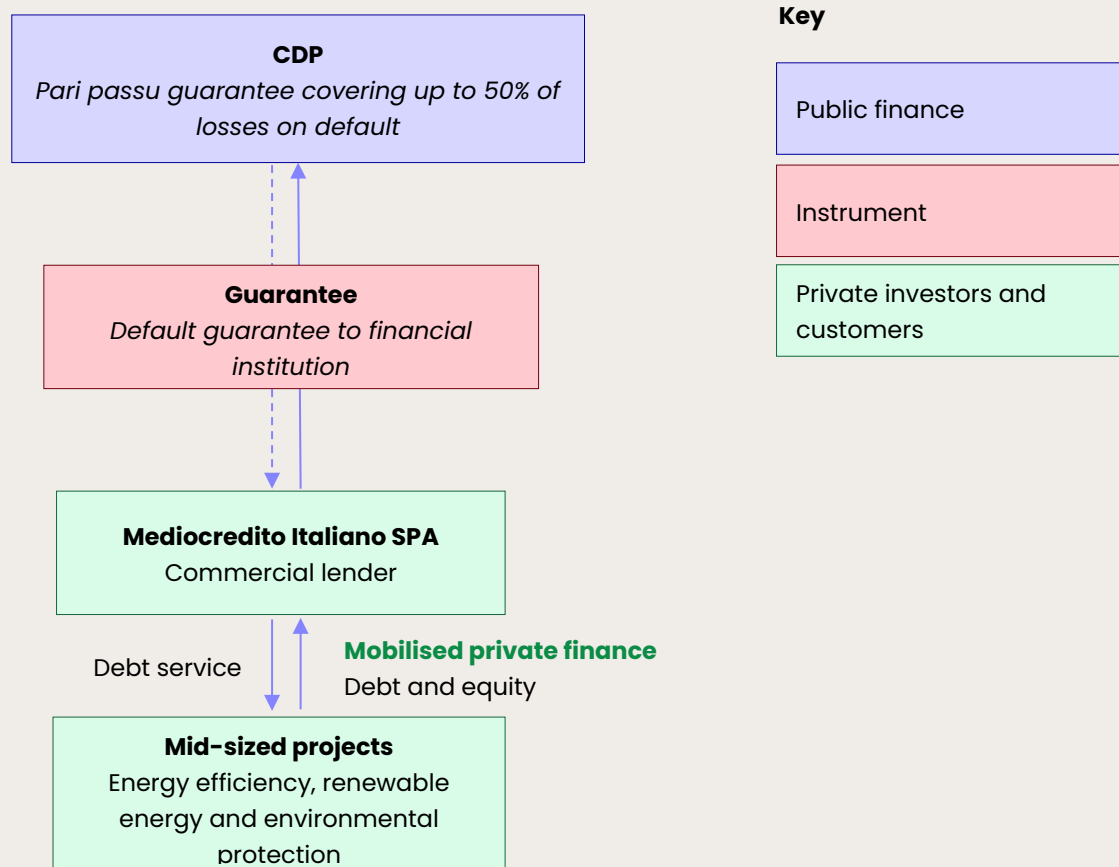
The framework aligns with the Energy Efficiency Directive and the Renewable Energy Directive (RED), which are intended to improve the EU's energy efficiency by 32.5%, and increase renewables' share of its energy production to 32%, by 2030.

Project context and objectives

The programme targets investments that reduce greenhouse-gas emissions and the environmental footprint of activities in rural and urban areas, including agriculture (European Investment Bank, 2018). Targeted sectors include electricity, gas, steam, air conditioning and water supply (covering sewage, waste management and remediation activities). The project is designed to increase resource efficiency, helping create a circular economy.

Loans are provided by Mediocredito Italiano, a bank within Intesa Sanpaolo Group that specialises in financing small and medium-sized enterprises. The loans support medium-sized projects related to energy efficiency, renewable energy and environmental protection, in line with the EU's and Italy's renewable energy objectives.

Figure 4.4. Financing structure of the Mediocredito Italiano Guarantee



Financing structure

Operating under CDP's Climate Change Investment Platform, the programme provides a guarantee instrument worth up to €140 million from the European Investment Bank (EIB) and CDP (European Investment Bank, 2018). Risk is covered on a pari passu basis, with the EIB and CDP covering up to 50% of the credit risk associated with a new portfolio of loans originated by Mediocredito Italiano, which takes on the rest of the risk.

Mobilisation impact and risk allocation

Mediocredito Italiano originates the loans, mobilising private finance for credit allocation. Due to the contingent nature of the guarantee, the private entity absorbs 50% of any losses, with the remaining 50% covered by CDP and the EIB. The total portfolio amounts to €400 million, indicating that the project has a leverage effect of at least 2x.

Case Study 6: GreenIT

Strategic and policy context

In December 2019, the Ministry of Economic Development, the Ministry of the Environment and Protection of Natural Resources and the Sea, and the Ministry of Infrastructure and Transport approved Italy's *Integrated National Energy and Climate Plan (PNIEC) 2030*. PNIEC's objectives included increasing the share of renewable energy in gross final energy consumption to 30% by 2030, and achieving full decarbonisation of the energy sector by 2050 (European Commission, 2019). In July 2024, the Italian government updated the PNIEC to change the renewables target to 39.4% (Rinnovabili, 2024).

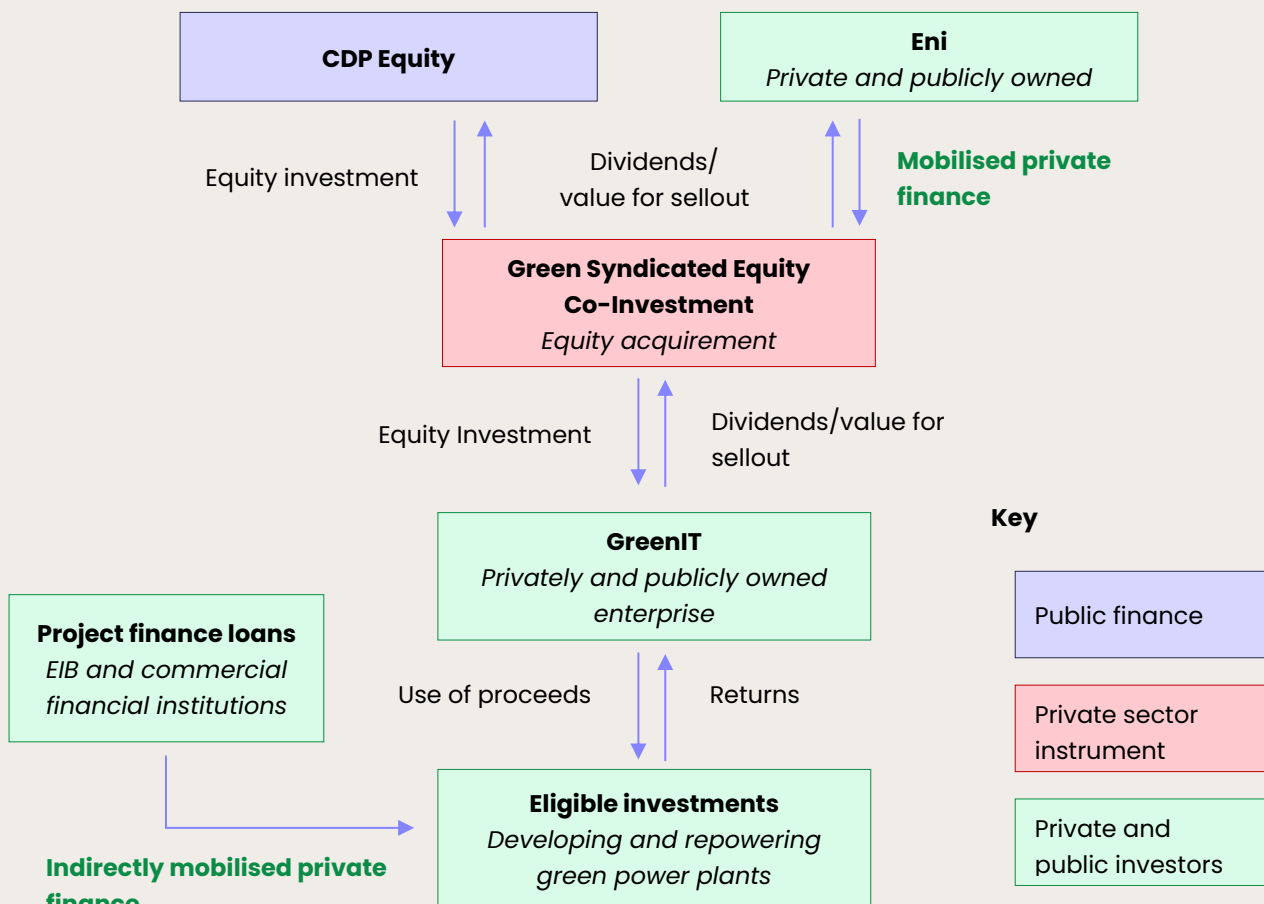
Project context and objectives

In March 2020, energy firm Eni and CDP Equity acted in line with PNIEC targets by setting up GreenIT, a joint venture for the development, construction and management of renewables-based power plants. The venture aims to create 1,000 MW of installed capacity mainly from solar PV and wind. The funds will be used for two types of projects: building and developing greenfield facilities, including state-owned land; and repowering existing plants at the end of their lives, by replacing obsolete or inefficient machinery and components with newer, better-performing equipment (CDP, 2020).

Financing structure

Eni and CDP Equity hold 51% and 49% shares in GreenIT, respectively. In 2023, CDP's initial investment of €800 million came alongside Eni's €900 million investment.

Figure 4.5. Financing structure of GreenIT



Mobilisation impact

In September 2025, GreenIT raised €370 million through a project financing agreement to develop a portfolio of new onshore renewable projects across Italy (Hawker, 2025). The EIB contributed €220 million to the transaction, including €180 million in direct loans and €40 million channelled through financial intermediaries. This mobilised €150 million in private finance from BNP Paribas, Crédit Agricole Corporate and Investment Bank, and ING.

Risk allocation

As an equity investor, CDP assumes risk proportional to its ownership stake in GreenIT. The 49–51% equity split between CDP and Eni established a risk-sharing arrangement between them.

Lessons for other PFIs from CDP

CDP has a long history of helping the Italian state achieve its economic objectives. The institution fills important gaps left by Italy's financial sector, including an underdeveloped venture capital market, to support priority sectors and growth.

CDP's unique funding model – dominated by its postal savings schemes – allows it to directly channel private savings into productive investments

CDP's long-established role of channelling private savings into priority investments that support national economic development is relatively unusual among PFIs. The institution draws on two schemes to diversify the structure and maturity of funding from individual investors: passbook accounts with variable-term funding, and postal savings bonds with fixed-term funding. Balancing these two sources allows CDP to mitigate liquidity risk.

CDP's financial toolkit is dominated by loans but provides solutions for diverse needs, allowing it to intervene on a broad range of sectoral and thematic priorities

CDP uses various instruments to meet different sectoral and client needs. While it focuses primarily on loans, it has expanded its equity strategy in recent years, scaling up direct investments in companies and indirect investments through private equity funds. These latter investments help offset structural challenges in Italy's financial sector. Similarly, CDP's focus on venture capital helps fill a gap left by Italy's venture capital market. As CDP's then-CEO commented in 2016, the institution aims to "work with enterprises across their entire life cycle – from birth through to a possible IPO" (Euromoney, 2016).

CDP has also been effective at deploying guarantee schemes alongside other PFIs, including the EIB. By helping share risk across public and private financial institutions, CDP's guarantee schemes have mobilised private capital towards underserved segments of the market, including by promoting financial inclusion through the establishment of credit records for MSMEs.

CDP is adept at drawing on innovative financial instruments to respond to specific challenges in the Italian market, such as SMEs' access to finance

CDP uses innovative financial instruments, such as minibond securitisation (basket bonds) and diversified debt funds, to channel financing to SMEs. Basket bonds allow firms with similar issuance characteristics to attract capital from public and private investors by pooling their securities. Similarly, diversified debt funds pool debt from different sectors into a single instrument. Both instruments mitigate risk by providing investors with diversified products. This, in turn, helps bridge the gap between investors and historically underserved segments of the real economy.

CDP's technical assistance programmes are an important complement to its financial support, helping address underlying structural challenges

CDP complements its financing with the technical assistance and advisory services it provides to government entities, in support of the Italian government's policies. CDP advises central and local administrations on the design and implementation of strategies for public investment, reinforcing its financial support and enhancing the efficiency of resource allocation to government projects. This support helps address Italy's perceived lack of bankable investment opportunities, including large infrastructure projects.

By articulating concrete, quantitative targets in its strategies, CDP sets a clear mobilisation mandate that anchors its business practices in simple, well-defined metrics

CDP sets defined mobilisation targets in its periodic strategies, clearly reporting resources deployed and total investment supported. This simple, consistent metric helps ensure that the entire institution views mobilisation as a core objective rather than a byproduct of its activities. In line with this, CDP positions itself as additional and complementary to the market, ensuring its role is to de-risk investment rather than supplant market activity and crowd out private investment.

5. Conclusion: policy lessons for other PFIs

Bpifrance, KfW and CDP play prominent roles in supporting core economic priorities in their countries. Therefore, they offer important lessons for PFIs in other countries seeking to scale up the mobilisation of private finance towards climate and wider economic objectives. As core delivery arms of governments' economic and climate strategies, PFIs need to be tightly integrated into the policy process.

A common feature of Bpifrance, KfW and CDP is that each is seen by the national government as a core delivery arm of its economic strategy. By leveraging the PFI's financial and technical expertise, the government can maximise the impact of public finance, including by effectively leveraging private investment through the development of innovative blending approaches. In practical terms, this means that these institutions are often intimately involved in the policymaking process, providing financial expertise that informs decision-making.

There is a balance to be struck between such integration and institutional autonomy. This balance is, to some extent, shaped by the often-conflicting objectives set by the government. For example, the government's desire for a PFI to be guided principally by financial considerations and to operate in a financially sustainable manner may result in more autonomy for that PFI. However, this can limit the PFI's impact in areas such as the mobilisation of private finance, as it creates an incentive for the institution to hold more mature assets that yield steady returns rather than invest in riskier frontier projects that struggle to secure affordable finance through the market. Therefore, greater autonomy can be detrimental to impact, particularly when it is underpinned by financial sustainability considerations.

Balance sheet mobilisation, principally through debt issuance, can be a major source of funding for PFIs, allowing them to leverage their strong credit ratings and achieve scale

Backed by explicit and implicit state guarantees, Bpifrance and KfW effectively leverage their balance sheets and strong credit ratings to issue tens of billions of euros in debt. They are among the largest issuers of green bonds globally. Beyond the direct financial benefits for the PFIs, these issuances have helped develop the market for green, social, sustainability and sustainability-linked bonds.

Debt issuance allows these institutions to effectively mobilise private finance from investor groups that would otherwise be reluctant to engage in long-term impact-oriented investments at scale, including institutional investors. Banks, asset managers and institutional investors took on around 60–65% of the debt issued through KfW's cornerstone Benchmark Programme in 2024. As part of its active issuance strategy, KfW also provides instruments tailored to specific investors. Meanwhile, CDP's more unique approach of tapping private savings allows it to connect individuals with impact investments that yield a steady return on savings.

Table 5.1. Balance sheet mobilisation at Bpifrance, KfW and CDP

Bpifrance	KfW	CDP
€42.2 billion (69% of funding) raised through bond issuances in 2024.	€78.1 billion raised through bond issuances in 2024.	Funded principally through postal savings scheme for retail savers, amounting to €289 billion in 2024.
€12.75 billion of green and sustainability bonds issued, as of 2025.	Total green bond proceeds of €90 billion, as of 2025.	Smaller bond issuance programme.

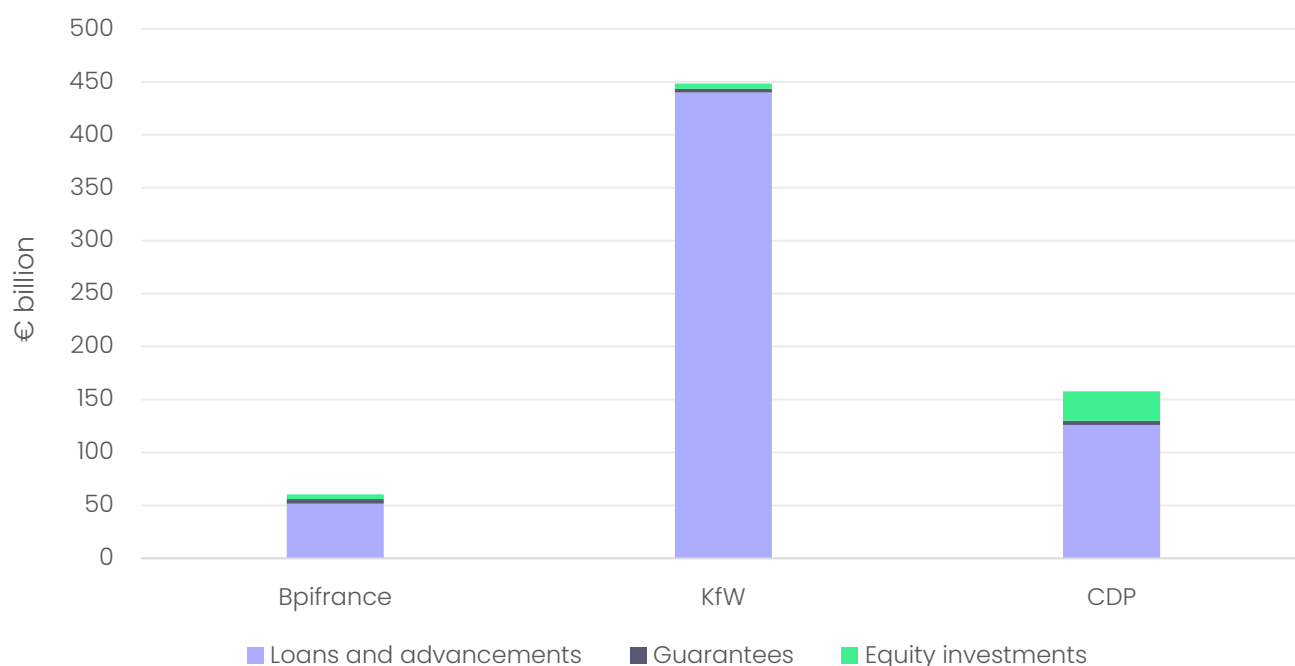
These funding strategies have enabled Bpifrance, CDP and KfW to achieve significant scale and establish themselves as major players in their respective national economies. Importantly, they have been able to do so in part due to the nature of debt accounting frameworks across Europe, which treat the balance sheets of national development banks as independent of national debt.

Debt instruments constitute the vast majority of financial offerings from Bpifrance, CDP and KfW

Although relatively simple loans account for most of the three institutions' activity, the fact that these loans often come through and in partnership with commercial banks means that they have a mobilising effect. This emphasis on loans potentially comes at the cost of financial additionality. This is because loans are less catalytic than equity, which pioneering companies can find more difficult to secure. However, loans allow Bpifrance, CDP and KfW to provide large-scale support to even relatively mature sectors, with a view to achieving a scale of investment commensurate with public needs. That is, while financial additionality guides the interventions of the three PFIs, they can still provide a level of financing that aligns with the intended social impact of their activities.

Nonetheless, it remains unclear to what extent CDP and KfW loans are designed to significantly crowd in private finance, including through blended debt. In contrast, Bpifrance routinely demands private sector co-financing alongside its loans (see Figure 5.1 below).

Figure 5.1. Business volumes by instrument: Bpifrance, KfW and CDP



Source: Authors' analysis based on data from Bpifrance (2025), CDP (2025) and KfW (2025).

Close collaboration with the private sector allows PFIs to leverage the expertise, capacity and reach of private financial institutions

Co-investment with the private sector is central to the operating models of Bpifrance, CDP and KfW. KfW channels all its business loans through commercial financial institutions. Similarly, Bpifrance channels its loans through commercial banks. Its demand for commercial co-financing has several benefits: crowding in additional private finance, sharing risk, leveraging the reach of commercial financial institutions and reducing administrative burdens.

Critically, the co-financing model helps deepen financial markets. Bpifrance and CDP have played pivotal roles in deepening venture capital markets in their home countries, both through direct investments and by acting as anchor investors in funds they co-finance with private companies.

Table 5.2. Private sector co-financing approaches: Bpifrance, KfW, CDP

Bpifrance	KfW	CDP
Loans channelled through commercial banks. Bpifrance requires 1:1 commercial co-financing alongside its own financing.	Most loans (67% of lending volume) are channelled through commercial banks, with varying degrees of commercial co-financing. KfW can offer de facto concessionality through grace periods on loan repayments.	Loans channelled through commercial banks, with varying degrees of commercial co-financing and often with a degree of concessionality.

PFIs can play a unique role in providing catalytic equity, particularly in frontier investments and sectors

There is considerable variation in the share of equity investments in the portfolios of Bpifrance, KfW and CDP, with such investments constituting a significantly larger share of Bpifrance's balance sheet. Yet all three institutions have demonstrated the vital role of public finance channelled towards equity investments in frontier sectors. For instance, Bpifrance has established itself as a major player in the French start-up sector, filling a critical gap in the market.

All three institutions target and report relatively high mobilisation ratios for their equity investments, even in earlier-stage frontier markets. This shows the high mobilisation impact and financial additionality of PFI's equity investments relative to other financing instruments.

PFIs can draw on their expertise to provide technical assistance and capacity-building to a wide range of actors across the investment ecosystem

Bpifrance and CDP provide significant technical assistance to maximise the impact of their financing activity. Bpifrance combines equity stakes with active stewardship, including through its expansive technical assistance and capacity-building offerings for start-ups and SMEs. This has helped the institution play a major role in supporting the rapid growth of French companies in a wide range of sectors. Meanwhile, the technical assistance CDP provides to various government entities and subnational governments helps ensure its financial acumen guides both the formulation of policy and the deployment of public finance by other arms of the state.

Greater transparency in current practices and clearer, quantified mobilisation targets would support the growth of private capital mobilisation through PFIs

While Bpifrance, CDP and KfW all state that private capital mobilisation is a goal of their activities, this is not always anchored in a clearly defined target. Moreover, they have not always articulated how past investments mobilised private finance (direct or indirectly), targeted leverage or catalysed new investment. This limits the scope for learning and accountability.

Therefore, PFI's could consider publishing more granular project-level data on their mobilisation impacts. For example, they could draw on the methodologies developed by the OECD Development Assistance Committee for reporting on mobilisation in official development assistance. As CDP and KfW already report this information to the OECD for their international-facing activity, they have the internal tools and capability to extend such reporting to their domestic activities.

More granular targets at the institution and transaction levels would also support private capital mobilisation in ongoing projects, including through the use of the OECD's *Blended Finance Guidance* to steer the design and delivery of these projects. This would create a clear framework to assess when public support should be withdrawn and assets transferred to the private sector, redirecting limited public finance away from mature projects and towards frontier investments.

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