
YRS 20
Eurasian
Development Bank
Cooperation of Multilateral Development Banks
in Emerging Markets and Developing Countries: Untapped Opportunities
Mobilizing capital
Capital markets
Financing in local currencies
Cross-border projects
Project expertise
Pooling knowledge
Technical assistance
Report 26/1
Almaty — 2026

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
1 Mobilizing capital	• Co-financing • Fund-like arrangements • Loan guarantees	• Implement large-scale projects • Close EMDCs' financial gap • Unlock economic potential of EMDCs • Share risks of the MDBs
2 Capital markets	• Participation in equity • Mutual bonds purchases • Climate finance & GSS bonds • Trust funds • Regional agents & consulting • Islamic finance	• Development of EMDC financial markets • Diversification of geography • Increased sources of funding for MDBs • MDBs' rating support
3 Financing in local currencies	• Mutual bonds purchases in local currencies • Hard currency targeted loans for local currency project finance • Cross-currency swaps	• Meet EMDCs' needs • Better terms for MDBs compared to market conditions • More capabilities for local currency financing • Improved conditions for capital-intensive infrastructure • Currency risk mitigation for borrowers
4 Project expertise	• Sharing experience & best practices • Coordinating technical expertise • Being a "mediator" in PPP projects • Sharing knowledge of the region	• Improve MDBs' project outcomes • Leverage comparative advantages from regional specialization • Reduce risk and facilitate better project implementation
5 Pooling knowledge	• Comparative analysis • Joint research • Long-term research projects (e.g., databases) • Joint forums and workshops	• Facilitate open access research as a public good • Improve the efficiency and save resources of EMDC-MDBs • Develop joint action to address development challenges
6 Technical assistance	• Cost sharing through joint TA • Pooling knowledge and regional expertise • Harmonising TA approaches and procedures	• Increase the scale and reach of projects • Increase the quality and effectiveness of projects • Align and coordinate MDB development efforts • Reinforce future cooperation post-TA
7 Cross-border projects	• Expertise at the national level • Coordinating interactions among EMDCs • Co-financing • Fund to promote investment in private companies	• Increase the scale of cross-border projects • Be an anchor for commercial financing • Increase trade & investment and create jobs • Mitigate EMDCs' political risks

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Abstract

Multilateral development banks (MDBs) play a crucial role in boosting regional connectivity and infrastructure growth. Developing countries are facing an ever-increasing need for infrastructure. Strengthening links between MDBs, both vertically and horizontally, is a powerful solution. The report explores seven areas in which these institutions could collaborate: 1) mobilizing capital, 2) capital markets, 3) local currencies, 4) project expertise, 5) pooling knowledge, 6) technical assistance, 7) cross-border projects. Such partnerships could amplify their impact, making investments more efficient and scalable. The greatest effectiveness of cooperation between MDBs is seen in these sectors: a) the water, energy, and food nexus, b) sustainable transport connectivity, c) sustainable and climate finance, and d) cross-border infrastructure. Cooperation between MDBs could accelerate progress towards global and national development goals.

Keywords: multilateral development banks, international financial institutions, investment project, finance, regional cooperation.

JEL: F15, F21, H54, L32, L94, P33, R11.

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CONTENTS

INTRODUCTORY REMARKS

Nikolai Podguzov,
Chairman of the EDB
Management Board

Growing financing gaps, especially in infrastructure, are major obstacles to achieving the Sustainable Development Goals in emerging markets and developing countries (EMDCs). The tightening of monetary policy in developed economies has led to higher interest rates, which limit countries' financial capacity to invest in development. This is a significant stumbling block for the developing world.

The Eurasian Development Bank (EDB) is constantly looking for the best ways to address this problem in its region of operations. In our view, objective constraints related to the bank's capital and risks suggest that more effective cooperation with other multilateral development banks (MDBs) might be one of the most promising ways to deal with the problem. We assume that these issues are of particular relevance to other sub-regional MDBs established by EMDCs. They are deeply involved in ensuring regional connectivity, reducing infrastructure gaps, and often possess deep in-house expertise regarding local companies and industries, which allows these MDBs to respond quickly to their needs.

The report addresses both horizontal cooperation among such MDBs as well as their vertical cooperation with global and regional MDBs (often referred to as 'legacy' MDBs), which are generally much larger and have top credit ratings. Improved cooperation among MDBs would help their member countries to build up their transport, energy, water, and social infrastructure.

In this report, we discuss the potential areas for cooperation among MDBs. One possible area is capital mobilization, which could promote effective implementation of large-scale projects. We also suggest cooperation on capital markets and financing in local currencies. We discuss the importance of pooling efforts to provide technical assistance and share project expertise, thereby reducing individual MDBs' costs, thereby expanding MDBs' competencies and creating more opportunities for borrowers. Conducting joint research projects can produce open-access data and knowledge as public goods.

The water, energy, and food nexus, sustainable transport connectivity, and climate finance are the most promising sectoral areas for cooperation. Cross-border public-private partnership infrastructure projects are another area where MDBs could play a very useful role.

I believe in the ongoing dialogue among all MDBs to advance deeper cooperation. This research is a practical step in this direction.

EXECUTIVE SUMMARY

Building horizontal linkages is a challenge for the emerging markets and developing countries. Currently, EMDCs typically have more extensive links with developed countries. These can be referred to as 'vertical linkages'. Building horizontal links and enhancing collaboration among the EMDCs themselves is a new step to unlock their potential.

By pooling resources and expertise, EMDCs can work together to build and develop shared infrastructure such as transport networks, energy grids, and communication systems in order to improve their connectivity. Obstacles to the development of horizontal cooperation include the difficulty of aligning the interests of the EMDCs and their growing financial needs.

Greater investment needs, primarily in infrastructure, will require better cooperation among the EMDCs. To achieve the Sustainable Development Goals by 2030, developing countries face an annual financial deficit of around $4 trillion—up from $2.5 trillion in 2015. There are also estimates that, in order to achieve infrastructure-related SDGs by 2030, EMDCs will need $1.8 trillion, including $1.3 trillion for road infrastructure.

Advanced cooperation among MDBs would help their member countries to build up their transport, energy, water, and social infrastructure. Overlapping shareholders stimulate and facilitate horizontal cooperation—i.e., direct interaction among MDBs established by EMDCs. MDBs' cooperation could promote the efficient allocation of resources, stimulate structural changes in member states, and optimize cross-border projects.

The role of MDBs in the EMDCs has been rapidly growing. Between 2012 and 2024, the volume of loans issued on the balance sheets of MDBs established by EMDCs (EMDC-MDBs) increased threefold in nominal terms to around $150 billion.

Surveys show that only half of government officials in borrowing countries believe that the MDBs in their country coordinate well among themselves.

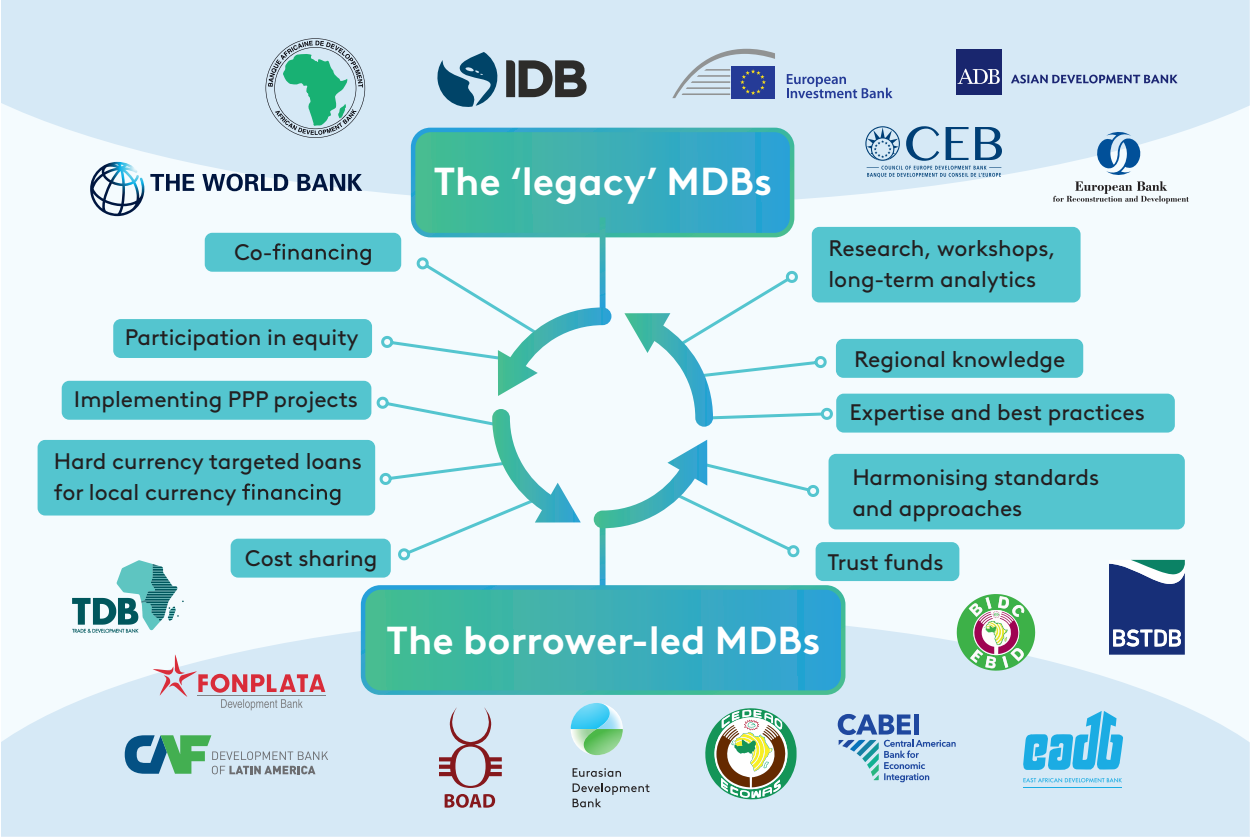
The Group of Twenty (G20), an intergovernmental forum which includes leading EMDCs, has paid a lot of attention in recent years to enhancing the role and impact of MDBs. These cooperation efforts are directed mainly, if not exclusively, at the largest MDBs, leaving out the majority of MDBs.

MDBs owned by emerging markets and developing countries are also known as borrower-led MDBs. These are regional financial institutions whose priorities are to finance capital-intensive infrastructure, ensure regional connectivity, and reduce development gaps within and across member countries. They have deep in-house

expertise regarding local producers and industries and their specific problems, which allows them to respond quickly to their clients' needs. Borrower-led MDBs have better understanding of the region where they operate and have a physical presence. They are leaner and more responsive to the needs of their members. They have close relations with member governments and do not try to impose their own vision for development on them. These MDBs are an important source of innovation in development finance. At the same time, they have smaller capital and tend to have lower credit ratings, which limit their ability to raise long-term, low-cost funds.

This research suggests developing more active horizontal linkages between borrower-led MDBs, as well as vertical linkages between larger MDBs and borrower-led MDBs (Figure A). Better cooperation among MDBs could be fruitful in many areas.

↓ Figure A. Linkages among MDBs



Source: EDB.

The research presented here highlights the advantages and untapped opportunities for MDBs' cooperation to reduce costs and make projects more effective through seven areas: 1) mobilizing capital, 2) capital markets, 3) local currencies, 4) project expertise, 5) pooling knowledge, 6) technical assistance, and 7) cross-border projects.

1. **Mobilizing capital**. A single MDB often cannot finance large infrastructure projects due to capital constraints, risk limits, diversification requirements, and project size or tenure. Joint participation allows MDBs to undertake large-scale investments. Exposure Exchange Agreements are an innovative tool for sharing risks; the first EEAs were signed in 2015 among the AfDB, IDB, and IBRD, covering about $6.5 billion.

2. **Capital markets**. Larger MDBs can expand available funding and improve financing terms for smaller MDBs through equity participation. Higher-rated MDBs can also support lower-rated peers by investing in their bonds, thereby strengthening regional capital markets. Climate finance and labelled bonds (green, social, sustainable) create additional opportunities for cooperation.

3. **Local-currency financing**. Lending in local currencies protects borrowers from exchange-rate risks and reduces financial distress during depreciation. The share of local-currency operations in MDB portfolios is expected to grow. Cooperation can enhance such financing: larger MDBs may provide hard-currency loans to smaller MDBs, which then on-lend in local currency while hedging risks.

4. **Project expertise**. MDBs can improve collaboration by combining their strengths in structuring long-term projects. Cross-regional cooperation of MDBs facilitates knowledge transfer. Their role in public-private partnerships (PPPs) is especially significant due to established relationships with member states, strong risk-management policies, in-house expertise, and specialized financial instruments supporting project viability.

5. **Pooling knowledge**. MDBs maintain strong analytical capacity in regional and country contexts. Joint work enables knowledge exchange, creation of shared research programs, and maintenance of large databases. Such cooperation enhances efficiency and supports cross-border projects. Internal institutes, academies, and training platforms can further facilitate knowledge sharing.

6. **Technical assistance**. Joint TA projects help MDBs finance resource-intensive project preparation. Pooling expertise improves quality and may pave the way for future joint development initiatives and investment projects.

7. **Cross-border development projects**. Cooperation enables MDBs to participate more effectively in cross-border initiatives by coordinating countries' work, providing expertise, and supporting feasibility studies. Joint MDB action can help finance large projects, mitigate political risks in EMDCs, and serve as an anchor for private investment.

Based on case studies and best practices, this report illustrates possible areas for MDB cooperation and its potential economic impact for developing countries. The greatest effectiveness of cooperation between MDBs is seen in these sectors: a) the water, energy, and food nexus, b) sustainable transport connectivity, c) climate finance, and d) cross-border infrastructure. MDBs have particular potential to participate in cross-border PPP projects, where they play an anchor role.

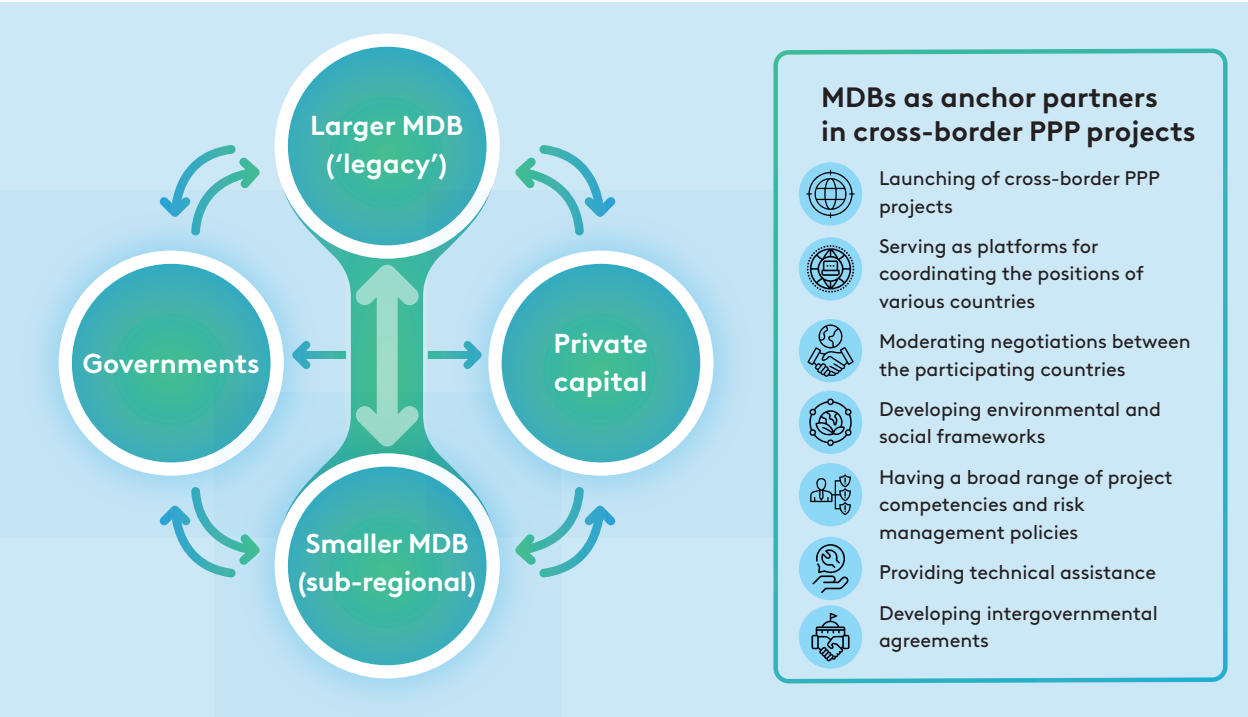
a. **The water, energy, and food nexus.** MDBs are able to support the establishment of regional water and energy consortia. Two options can be considered: the establishment of a full-fledged international organization or the establishment of project investment consortia for large-scale projects. This entails, for example, the creation of a project consortium using the BOT (build — operate — transfer) or BOOT (build — own — operate — transfer) model. MDBs might play a crucial role as financial operators for consortia, having multiple roles, from arranging long-term syndicated lending, to the provision of settlement and payment services and technical assistance. MDBs will effectively mobilize and pool funds from international donors and various stakeholders. Additionally, MDBs can host a Secretariat (e.g., a Water, Energy and Food Nexus Development Centre), which will provide advisory services, research, and capacity building for sustainable finance in the region.

b. **Sustainable transport connectivity**. Priorities for MDB cooperation include sustainable, high-quality transport infrastructure development, creation of economic corridors, well-connected cities, soft infrastructure improvement, and contribution to low-carbon mobility. MDB cooperation mechanisms include: (i) joint implementation of transport infrastructure projects, including co-financing; (ii) coordination of infrastructure development plans among member states; (iii) cooperation in soft infrastructure improvement along international transport corridors (border-crossing facilitation, freight and vehicle insurance mechanisms, digital infrastructure, participation in coordination committees for managing the transport/economic corridors, etc.).

c. **Sustainable and climate finance.** MDBs can arrange joint syndicated loans, provide technical assistance for national and multilateral climate projects, share the expertise required for feasibility studies, mitigate risks or offer guarantees for their reduction. Another mechanism is the targeted issuance of GSS+ bonds and loans. MDBs could also support local green finance centres and local government funding agencies. Additionally, MDBs may help develop, introduce, and improve sustainable finance and ESG standards. One of the biggest facilities for MDB cooperation in sustainable finance is the EBRD's Green Economy Financing Facility (GEFF), established to support enterprises and households willing to invest in green technologies.

d. **Cross-border infrastructure.** Cross-border projects require massive resources and coordinated financial planning among countries. MDBs have the potential to make a significant contribution to this process, serving as a vital link for cross-border projects, particularly those involving PPPs (Figure B).

↓ **Figure B. MDBs' role in cross-border PPP projects**



Source: EDB.

INTRODUCTION

Emerging markets and developing countries need to address the challenges of sustainable economic growth. These challenges include bridging capital financing needs and mitigating global economic risks, among others. Infrastructure needs are particularly acute, as that sector has a huge impact on other industries and sectors.

EMDC financial needs are likely to increase, even as future financing is clouded by rising costs and debt distress. A reduced availability of financing requires more efficient ways to employ existing funds in recipient countries.

Better cooperation between MDBs is a new step that could help EMDCs achieve the UN's Sustainable Development Goals (SDGs), including poverty reduction and climate change mitigation.

The Group of Twenty (G20), an intergovernmental forum which includes leading EMDCs, has paid significant attention in recent years to enhancing the role and impact of MDBs. It commissioned an independent expert group's report (Summers et al., 2023) and developed **the G20 Roadmap towards Better, Bigger and More Effective MDBs** (G20, 2024). Both documents view better coordination and cooperation among MDBs as key ways to increase their impact and formulate specific recommendations in this respect. These include strengthening co-financing activities, coordinating project preparation, and creating incentives for MDB cooperation (G20, 2024).

Heads of major MDBs confirm that they are committed to elevating MDB country-level coordination and co-financing to a new level (Heads of MDBs, 2024). This group includes the heads of 10 largest MDBs, both 'legacy' MDBs such as the World Bank Group and the Inter-American Development Bank, as well as younger institutions, such as the Asian Infrastructure Investment Bank and New Development Bank.

These cooperation efforts are directed mainly, if not exclusively, at the largest MDBs, leaving out the majority of MDBs.

MDBs owned by emerging markets and developing countries are also known as borrower-led MDBs (Humphrey, 2023). These are regional financial institutions whose priorities are to finance capital-intensive infrastructure, ensure regional connectivity, and reduce development gaps within and across member countries. They have deep in-house expertise regarding local producers, industries, and their specific problems, allowing them to respond quickly to their clients' needs. Borrower-led MDBs have a better understanding of the region where they operate and maintain a physical presence. They are leaner and more responsive to their members' needs. They have close relations with member governments and do not try to impose their own vision for development on them. These MDBs are an important source of innovation

in development finance. At the same time, they have smaller capital and tend to have lower credit ratings, limiting their ability to raise long-term, low-cost funds.

Our report addresses MDB cooperation from the perspective of smaller MDBs which have not been extensively covered in other publications.

This research suggests developing more active horizontal linkages between borrower-led MDBs, as well as vertical linkages between larger MDBs and borrower-led MDBs. Better cooperation among MDBs could be fruitful in many areas, such as capital mobilization for large-scale projects, providing technical assistance, and others.

This research explores the opportunities of MDBs to support economic development in EMDCs, highlights the importance of cooperation between MDBs, and the potential benefits of developing horizontal linkages. Based on case studies and best practices, the report illustrates possible areas for MDB cooperation and their potential economic impact for EMDCs.

This report consists of three sections. The **first** provides a brief overview of the growing role of MDBs in EMDCs. The **second** highlights opportunities for MDBs to work together to reduce costs and make projects more effective in the following areas: 1) mobilizing capital, 2) capital markets, 3) local currencies, 4) project expertise, 5) pooling knowledge, 6) technical assistance, and 7) cross-border projects. The **third** section suggests several specific sectors and cases in which MDB collaboration could be the most productive for countries, including: 1) the water, energy, and food nexus, 2) sustainable transport connectivity, 3) climate finance, and 4) cross-border infrastructure. It examines case studies and best practices to demonstrate MDB cooperation's potential impact in these sectors.

1. THE INCREASING ROLE OF MDBS IN THE EMERGING MARKETS AND DEVELOPING COUNTRIES

Emerging markets and developing countries play a crucial role in the global economy, with a 60% share of GDP (on the purchasing-power-parity basis) and 85% of the global population (IMF, 2025). These countries are currently experiencing relatively rapid economic growth (an average of 4.4% in 2022–2024), and drive the global economy.

The EMDCs should strengthen their role in addressing global challenges. Geo-economic risks to sustainable economic development have increased dramatically in the last decade. Active development of horizontal linkages among the EMDCs can be an effective response to global challenges, helping to reduce their dependence on advanced economies, strengthen their resilience to external shocks, and ensure sustainable economic growth.

Building horizontal linkages is a challenge for the EMDCs. Currently, EMDCs typically have more extensive links with developed countries. These can be referred to as vertical linkages. Building horizontal links and enhancing collaboration among the EMDCs themselves is a new step to unlock their potential. EMDCs can cooperate on joint trade and investment projects, thereby increasing their access to global markets and promoting regional cooperation.

By pooling resources and expertise, EMDCs can work together to build and develop shared infrastructure such as transport networks, energy grids, and communication systems in order to improve their connectivity. Collaboration in research will foster innovation and address common challenges. Obstacles to the development of horizontal cooperation include the difficulty of aligning the interests of the EMDCs and their growing financial needs.

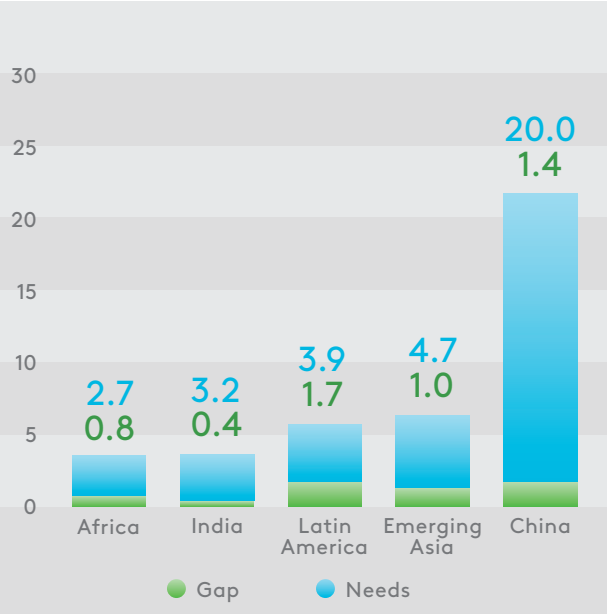
The need for additional financing will increase. Greater investment needs, primarily in infrastructure, will require better cooperation among the EMDCs. To achieve the Sustainable Development Goals by 2030, developing countries face an annual financial deficit of around $4 trillion—up from $2.5 trillion in 2015 (UNCTAD, 2023). There are also estimates that, EMDCs need to allocate about $1.8 trillion per year by 2030 of additional investments in climate action (adaptation, resilience and mitigation), mostly in sustainable infrastructure (Summers et al., 2023).

The IMF has estimated that additional spending needed to achieve a strong performance in the selected infrastructure-related SDGs in 2030 in EMDCs amounts

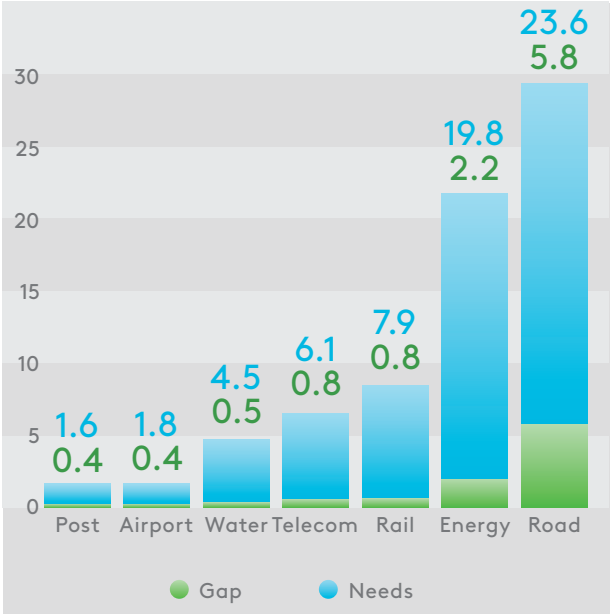
to $1.8 trillion, including $1,260 billion for road infrastructure (SDG 9) (Carapella et al., 2023).

The geographical and sectoral composition of infrastructure financing is uneven in the EMDCs. For instance, FDI inflows to Africa amounted to 6% of global FDI in 2024. China received almost one third of FDI to the developing countries (UNCTAD, 2025). China predictably needs most of the world's investments in infrastructure: the need is more than $20 trillion for 2025–2040 (Figures 1). The largest financial needs in the EMDCs are for road infrastructure, followed by energy infrastructure. Actual infrastructure investment is forecasted to fall below global needs by around $12 trillion (Figures 2).

↓ **Figure 1. Global infrastructure investment needs and gap by some regions or countries (2025–2040), $ trillions**



↓ **Figure 2. Global infrastructure investment needs and gap by sector (2025–2040), $ trillions**



Note: The investment gap is the difference between investments and needs.
Source: EDB analysts' calculations based on Global Infrastructure Hub.

The future of funding is jeopardized by rising interest rates. Inflation in developed countries will probably be consistently higher than in the 2010s: perhaps not the 0–2% to which the market became accustomed in the previous decade, but some 3–5%. The main reason is the impact of structural factors such as fragmentation of the global economy and trade. Above-target inflation in the US and the Eurozone will force the monetary authorities to keep policy rates elevated. This will keep borrowing costs high on the global market. Thus, financing conditions for EMDCs are deteriorating, and financing for long-term projects remains a challenge.

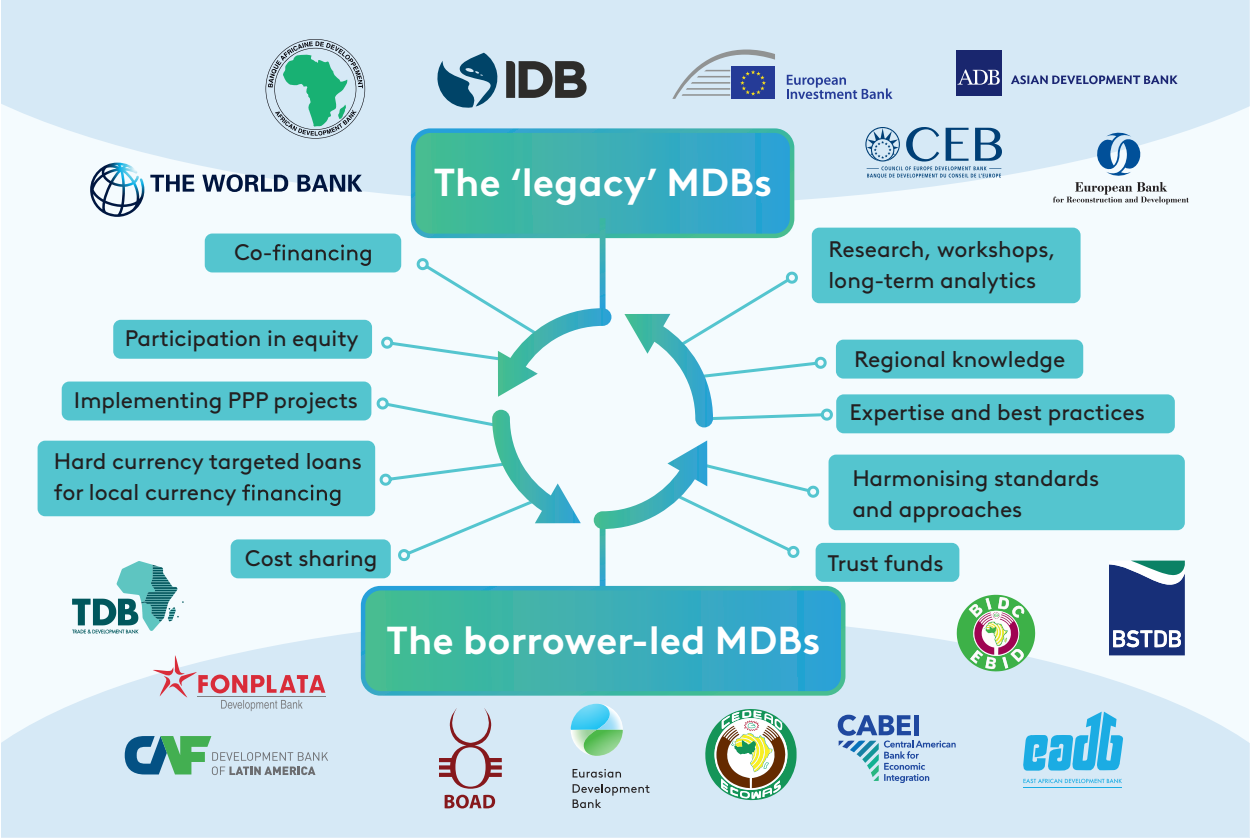
Debt issues will limit EMDCs' ability to raise capital. Sustained high policy rates in advanced economies lead to increased capital outflows from EMDCs, higher debt service costs, and higher borrowing costs. In contrast to countries that received

concessional financing, emerging markets and middle-income countries will be more vulnerable to global interest rate rises, given their dependence on market-based instruments. This will increase debt issues in both the public sector and the corporate sector. This is an area where MDBs should step in to help EMDCs to meet their financial needs.

Cooperation among MDBs may be one of the most effective ways to address global challenges. By combining their comparative advantages, MDBs can attract funding, experience, and knowledge to invest and develop prudently. Horizontal linkages—i.e., direct interaction among MDBs established by EMDCs—will help organizations close financial and expertise gaps, avoid competition and duplication of work. It is crucial to have a clear understanding of each other's responsibilities when delivering collaborative products or services. By leveraging these factors, MDBs can establish effective partnerships that contribute to sustainable development.

MDBs as a system can work if horizontal links between banks at different levels complement vertical ones (Figures 3).

↓ **Figure 3. Linkages among MDBs**



Source: EDB.

Relationships among MDBs also have elements of competition, such as competing for projects and clients (Prizzon et al., 2024). **Such relationships can be described as "coopetition"**. Cambridge Dictionary defines this term as "the act of working

together with a person or company who is your business competitor in a way that benefits both of you". In the business context, this term was popularized in the academic book (Brandenburger, Nalebuff, 1997). While some competition among some MDBs will benefit their clients by expanding their choices, creating incentives for efficiency in individual institutions, and fostering innovative solutions (Prizzon et al. 2024), the benefits of MDBs working together are even more significant and this report will outline major areas for cooperation among MDBs.

MDBs established by EMDCs (Table 1) **have some specific features.** These are regional institutions whose priorities are to finance capital-intensive infrastructure, ensure regional connectivity, and reduce development gaps within and across member countries. For example, the share of infrastructure in the group of EMDC-MDB loan portfolios is around 50% on the average, including 30% for transport and logistics, and 11% for housing and urban development. They typically have lower credit ratings because of limited geographic focus, smaller size, and other factors.

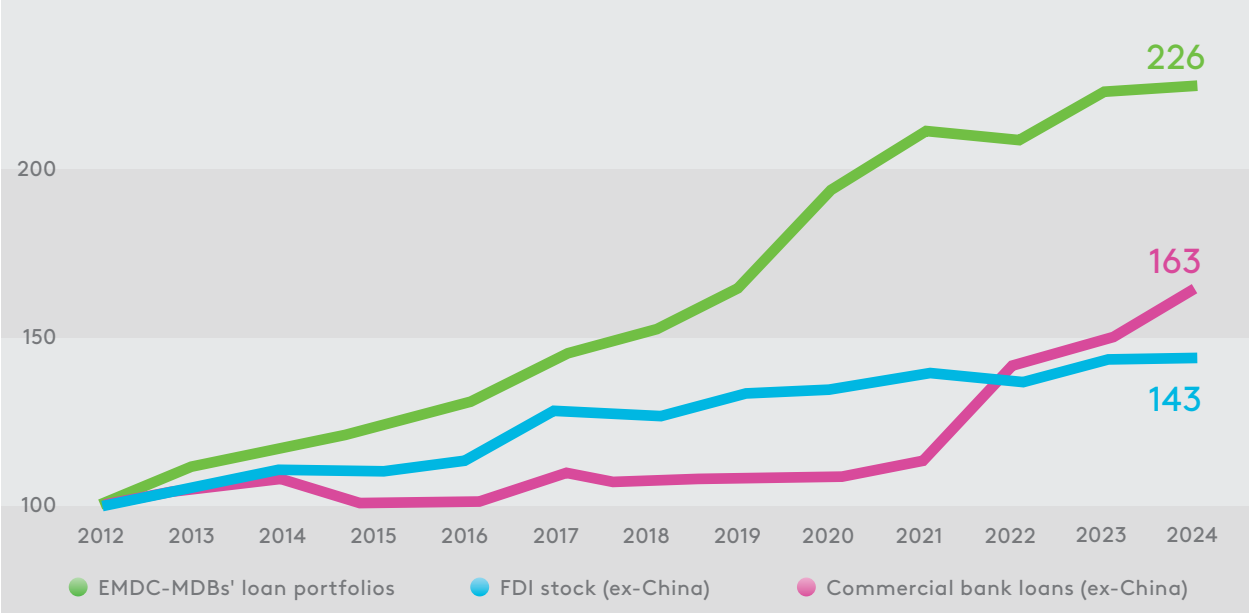
For the most part, these MDBs provide low interest rates, long-term loans, and risk resilience, similar to other development banks. They have **deep in-house expertise** regarding local producers and industries, their specific problems, which allows them to respond quickly to their needs. EMDC-MDBs also play a crucial role in regional cooperation.

Overlapping shareholders stimulate and facilitate horizontal cooperation. EMDC-MDBs with overlapping shareholders working in the same countries should cooperate to best serve those countries. Their cooperation can facilitate the efficient allocation of resources, stimulate structural changes in the member states, and increase effectiveness of cross-border projects.

The role of MDBs in the EMDCs has significantly expanded in recent years. Over the past decade, these institutions have proactively met the financing needs of emerging markets and developing countries, outpacing the growth of FDI and commercial bank loans (Figure 4). Between 2012 and 2024, the volume of loans issued on the balance sheets of MDBs established by EMDCs increased three-fold in nominal terms to around $150 billion.

EMDC-MDBs horizontal cooperation can take various forms. The most obvious one is co-financing projects in participating countries. MDBs are in a good position to promote financing in local currencies and support each other in these transactions. They can help EMDCs overcome limitations related to government budget sustainability by spreading out the financial risks. MDBs provide not only funding, but also technical assistance and research. Another way they can work together is by sharing their expertise.

↓ Figure 4. Investment indicators of low and middle-income countries (in 2012 prices, 2012 = 100)



Note: Commercial bank loans are loans to the domestic private sector in low- and middle-income countries from commercial banks. EMDC-MDB loans are a cumulative loan portfolio from borrower-led MDBs.
Sources: EDB analysts' calculations based on the MDBs' financial reports, IMF and World Bank Data.

↓ Table 1. MDBs established by EMDCs (as of end 2024)

	Multilateral Development Banks	Headquarters	Assets ($ bln)	Number of shareholders
1	Asian Infrastructure Investment Bank (AIIB)	Beijing, China	57.1	110
2	Development Bank of Latin America (CAF)	Caracas, Venezuela	56.5	24
3	Islamic Development Bank (IsDB)	Jeddah, Saudi Arabia	38.8	57
4	New Development Bank (NDB)	Shanghai, China	31.5	10
5	Central American Bank for Economic Integration (CABEI)	Tegucigalpa, Honduras	18.2	15
6	Africa Finance Corporation (AFC)	Lagos, Nigeria	14.4	45
7	Eastern and Southern African Trade and Development Bank (TDB)	Bujumbura, Burundi	9.9	33
8	OPEC Fund for International Development	Vienna, Austria	9.4	12
9	West African Development Bank (BOAD)	Lomé, Togo	6.6	8
10	Eurasian Development Bank (EDB)	Almaty, Kazakhstan	6.0	7
11	Arab Bank for Economic Development in Africa (BADEA)	Khartoum, Sudan	5.7	18

12	FONPLATA Development Bank	Santa Cruz de la Sierra, Bolivia	3.2	5
13	ECOWAS Bank for Investment and Development (EBID)	Lomé, Togo	1.9	15
14	Black Sea Trade and Development Bank (BSTDB)	Thessaloniki, Greece	1.9	11
15	Development Bank of the Central African States (BDEAC)	Brazzaville, Republic of Congo	1.6	6
16	International Investment Bank (IIB)	Moscow, Russia	1.2	4
17	ECO Trade and Development Bank (ETDB)	Istanbul, Turkey	0.7	6
18	East African Development Bank (EADB)	Kampala, Uganda	0.5	4
19	International Bank for Economic Cooperation (IBEC)	Moscow, Russia	0.5	3

Sources: compiled by authors based on annual reports and financial statements of respective MDBs

2. MDBS' COOPERATION: ADVANTAGES AND UNTAPPED OPPORTUNITIES

Cooperation among MDBs is viewed as critical to deliver financing, knowledge, and support for achieving the SDGs (Summers et al., 2023). Yet despite the importance of MDB cooperation noted by most national governments and international organizations, it is difficult to objectively assess its actual level. Surveys show that only half of government officials in borrowing countries believe that the MDBs in their country coordinate well among themselves (Prizzon et al., 2022).

While there is a lack of systematic evaluation of the effectiveness of MDB cooperation in professional and scientific publications, implemented projects can be a good source of information on the best areas of such cooperation. The aggregated analysis performed for the present publication allows us to distinguish the following directions.

MOBILIZING CAPITAL

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Mobilizing capital	• Co-financing • Fund-like arrangements • Loan guarantees	• Implement large-scale projects • Close EMDCs' financial gap • Unlock economic potential of EMDCS • Share risks of the MDBs

The combined efforts of several MDBs can effectively implement large-scale projects. As shown earlier, the EMDCs need more investment, primarily in infrastructure. No single financial institution, even a major one, would finance a $5 billion hydropower plant or a $3 billion transport corridor on its own. Approved EMDC-MDB loans rarely exceed $100 million. Therefore, MDBs should jointly mobilize resources for financing large-scale projects, unlocking the economic potential of the EMDC.

A single MDB may not be able to invest in large infrastructure projects for a number of reasons, including the limits imposed by capital constraints, risk exposure, portfolio diversification, project size and tenure, and capital adequacy limits. In addition, if the outcome of the project is uncertain or the country's financial situation is difficult, the MDB may be reluctant to assume all financial and operational risks. To maintain a balanced portfolio and manage risk, MDBs should allocate their resources to projects with different risk profiles and development impacts. Pooling resources allows scaling up of financing while sharing financial risk.

Co-financing of development projects is possible by pooling the resources of the MDBs. A successful example is the construction of the Almaty Ring Road in Kazakhstan (BAKAD). This is the first public-private partnership structured with quality international advisors and through an open, international competitive process. The total project cost is $743 million. The EBRD played a major role in organizing the financing of BAKAD construction. The financing package consisted of a $225 million A-loan for the EBRD's own account, a $125 million B-loan syndicated to the Bank of China ($100 million) and PGGM ($25 million), and parallel loan facilities of $135 million from the EDB and $100 million from the Islamic Development Bank. The BAKAD is an important link along the "Europe — Western China" international road transport route connecting Kazakhstan to world markets (see Case 1).

MDBs can use fund-like arrangements as a capital mobilization tool. One example is **the International Finance Corporation's (IFC's) Managed Co-Lending Portfolio Program** (MCPP), which does not involve individual projects, but rather large sums from external financiers that IFC matches to its project pipeline on an ongoing basis (IFC, 2025). The MCPP has been a cornerstone of the IFC's efforts to mobilize capital from institutional investors, raising more than $10 billion since 2013, including the $5 billion from official Chinese sources (the People's Bank of China and the Hong Kong Monetary Authority) and a further $3 billion from institutional investors such as Swiss Re, Allianz, and Munich Re. IsDB Invest set up a similar arrangement in 2018, and China has established similar co-financing funds with the IsDB and AfDB, each with $2 billion.

The IFC also created a family of sectoral and regional funds, which has raised over $10 billion from investors who include sovereign wealth funds, pension funds, and development finance institutions. One such fund is **the IFC Emerging Asia Fund,** which aims to facilitate private equity investments that are profitable and have high development impact in companies located in Asian developing countries. Its key target markets include China, India, Indonesia, the Philippines, and others. It was funded by the IFC ($150 million), the AIIB ($150 million), and other sources ($340 million) (EWS, 2024).

A loan guarantee facility is another way to mobilize resources. One example of a large-scale capital mobilization mechanism between MDBs is the Multi-Country — Guarantee Facility of the IBRD Loans Project. It enabled the AIIB to deploy some of its capital surplus to provide a guarantee facility of $1 billion to the IBRD. This diversifies the AIIB's sovereign-backed lending exposure, enhances the AIIB's lending capacity

to members with lower credit ratings, and alleviates constraints on the IBRD's capital adequacy limits on providing financing (AIIB, 2023).

Exposure Exchange Agreements (EEAs) are an innovative financial instrument allowing MDBs to share risks efficiently. EEAs are "bilateral agreements in which a pair of MDBs undertake to compensate each other in the event of defaults on two credit-matched subsets of their respective portfolios" (Risk Control, 2024). Regional and sub-regional MDBs tend to have portfolios that are highly concentrated in particular countries. By exchanging their portfolio exposures, MDBs reduce portfolio concentration risks and release capital for further lending.

The first such agreements took place in 2015 between the African Development Bank (AfDB), Inter-American Development Bank (IDB), and International Bank for Reconstruction and Development and involved about $6.5 billion (World Bank, 2015). Until recently, counterparties in the EEAs were exclusively legacy MDBs with a triple-A credit rating, but in 2024 the OPEC Fund for International Development, which has an AA+ rating from S&P and Fitch, signed an EEA with the IDB (OPEC Fund for International Development, 2024). The FONPLATA Development Bank is also cooperating with the IDB to "promote the design and implementation of innovative financial instruments, such as Exposure Exchange Agreements" (FONPLATA, 2024a).

CAPITAL MARKETS

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Capital markets	• Participation in equity • Mutual bonds purchases • Climate finance & GSS bonds • Trust funds • Regional agents & consulting • Islamic finance	• Development of EMDC financial markets • Diversification of geografhy • Increased sources of funding for MDBs • MDBs' rating support

MDBs could support the development of regional financial markets by financing market infrastructure, regularly issuing local currency bonds and providing advisory support for financial regulators and market development (World Bank, 2016). For example, the AfDB finances the African Exchanges Linkage Project, which aims to link

African capital markets, thereby promoting cross-border securities trading, increasing liquidity, and diversifying investment opportunities for investors (AfDB, 2023a).

Larger MDBs can increase the amount of funding available as well as improve funding conditions for smaller MDBs by participating in their equity. In this way, MDBs with a relatively high credit rating could support MDBs with a relatively low rating. For example, the ADB and the EIB are shareholders of the West African Development Bank (BOAD), and they contributed to its capital increase in 2022, supporting the BOAD's activities in the WAEMU region (EIB, 2022). Such a step requires approval by a qualified majority of existing members or even their unanimous decision.

Having major MDBs to invest in their bonds is a more straightforward way to increase funding for smaller MDBs and to contribute to the development of regional financial markets. This can be done in many ways, including purchases of bonds issued in local currencies (see next section). It is rather common for larger MDBs to provide loans to smaller MDBs. For example, a large share of borrowings by FONPLATA Development Bank is represented by loans from such MDBs as the European Investment Bank (EIB), Inter-American Development Bank (IDB), Development Bank of Latin America and the Caribbean (CAF), as well as other development financial institutions (FONPLATA, 2024b). Investing in MDB bonds provides similar benefits, but offers more flexibility as well as possibilities for local capital market development.

Climate finance and green, social, sustainable, and other labelled (GSS+) bonds offer promising prospects for MDB cooperation. In 2024, MDBs provided more than $136.6 billion of climate finance, of which $85.1 billion was channelled to low- and middle-income countries for climate mitigation and adaptation; 63% of this climate financing was committed through investment loans when only 0.4% was through green bonds (EIB, 2025). The GSS+ bond market is growing rapidly. In the third quarter of 2025, cumulative GSS+ debt volume had reached $6.5 trillion (Climate Bonds Initiative, 2025). Smaller MDBs should more actively tap the GSS+ bond market, while larger MDBs could provide them advisory support and become anchor investors in such deals. Having highly-rated MDBs as anchor investors has positive credibility effects ("market creation") for the issuer, thereby reducing the perceived risk of the issued bond (OECD, 2023).

Perpetual subordinated bonds can also be used as a way to increase capital in MDBs (Vinokurov et al, 2024). An innovative example in this respect was set by the AfDB, which issued a $750 million global benchmark perpetual sustainable bond in January 2024, representing the first ever hybrid capital transaction from a multilateral development bank. This hybrid capital bond allows the bank to leverage the hybrid capital to fund exclusively environmental and social projects (AfDB, 2024).

Trust funds expand opportunities for MDBs to engage external sources. Trust funds are one of the forms for umbrella financing by MDBs. They make it possible to pool financial resources from donors. For example, as of the end of 2025, the ADB

administered 49 trust funds with 36 active partners. One of them is the *Leading Asia's Private Infrastructure Fund* (LEAP), established in 2016 with $1.5 billion from the JICA to stimulate investment in private-sector infrastructure in developing countries of Asia and the Pacific. This fund combines both commercial and concessional capital to fill critical infrastructure gaps and reduce bankability constraints for urban infrastructure and services, energy, transport, and ICT (JICA, 2021).

Collaboration among MDBs' treasuries could help to launch new financial instruments. Development banks can act as agents and advisors for each other in regional financial markets. They have experience as issuers of their own debt instruments, and are well aware of the market infrastructure, local laws and regulations. Development banks' treasuries can collaborate productively by sharing best practices and exploring new opportunities in liquidity management. By working together and facilitating access to new capital markets with new financial instruments, MDBs will expand their geographic and investor base.

Development of Islamic finance could help MDBs to gain access to untapped capital markets. MDBs play a crucial role in fostering and financing sustainable growth in Islamic banking penetration in emerging Islamic finance jurisdictions, including Central Asia. MDBs (IsDB, AIIB, ADB, EDB) are active in building the ecosystem for Islamic finance and other types of finance, such as infrastructure finance (Ayazbayev et al., 2025). They could have transactions on terms and conditions consistent with Sharia's norms. Cooperation in this area offers new financing opportunities.

FINANCING IN LOCAL CURRENCIES

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Financing in local currencies	• Mutual bonds purchases in local currencies • Hard currency targeted loans for local currency project finance • Cross-currency swaps	• Meet EMDCs' needs • Better terms for MDBs compared to market conditions • More capabilities for local currency financing • Improved conditions for capital-intensive infrastructure • Currency risk mitigation for borrowers

Growing demand for financing in local currencies is a trend in global finance. Financing in local currencies brings important benefits to borrowers. It protects them from exchange-rate risks, and reduces the possibility of financial distress and debt burden in case of local currency depreciation. This could also help reduce losses arising from currency mismatches and decrease the credit risk and cost of projects. This is crucial for capital-intensive infrastructure projects, which generate revenues in local currencies. Economies also gain an advantage, since liquidity is directed back to the real sector and local financial markets are deepened.

Some MDBs are actively using local currencies in investment activity. For example, by the end of 2023, projects financed in the national currencies of EDB member states comprised 42.0% of the balance-sheet portfolio (EDB, 2024). By the end of 2023, local currency financing represented about 21%, largely driven by RMB-denominated loans (NDB, 2024).

An example of joint MDB financing in the local currency is the Zhanatas wind farm in Kazakhstan (the largest in Central Asia). The AIIB and EBRD are financing this project partially in the tenge, the national currency of Kazakhstan (EBRD, 2020a).

Many MDBs, such as the EDB, IIB, ADB, and IFC, have taken part in co-financing non-sovereign projects approved in local currencies, particularly in Central Asia. Between

2008 and 2024, the amount of MDB co-financing of non-sovereign operations in Central Asia amounted to $1.4 billion (EDB NSF Database, 2025).

The share of local currencies in MDBs' portfolios is expected to grow to correspond to members' needs. For instance, the NDB aims to use 30% local currencies in funding its projects in member states by 2026 to support their development (Xinhua, 2023).

MDBs' cooperation could support funding in local currencies through purchase of local currency-denominated bonds. This will also help the development of regional financial markets. This is an area where cooperation among MDBs can be most effective, given their in-depth knowledge of the local currency markets in which they operate.

Larger MDBs could also provide hard currency targeted loans to smaller MDBs, which the latter could then use to finance projects in local currencies and hedge their own risks through cross-currency swaps. That scheme would ensure better terms compared to market conditions and would expand the use of local currencies.

PROJECT EXPERTISE

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Project expertise	• Sharing experience & best practices • Coordinating technical expertise • Being a "mediator" in PPP projects • Sharing knowledge of the region	• Improve MDBs' project outcomes • Leverage comparative advantages from regional specialization • Reduce risk and facilitate better project implementation

MDBs can enhance their collaboration by leveraging their strengths and expertise in structuring long-term projects. The level of technological development of sustainable infrastructure varies across EMDCs. Cooperation in project expertise could encourage sharing experience, pooling best practices, and joining comparative advantages to structure long-term projects. It provides an opportunity to combine divergent (partially overlapping) sets of project competencies developed by organizations that have focused on different aspects of development and have different geographical specializations.

Cooperation among MDBs with different geographical specializations can also facilitate an effective exchange of project expertise. To a large extent, MDBs can be divided into development institutions with either regional or global coverage. While a regional operational model means a limited geography of opportunities, it also comes with a deeper understanding of the regional context, legislation, and barriers to project implementation due to a higher degree of specialization. This can serve as a comparative advantage of regional MDBs, which can be leveraged by global partners through cooperation. This regional context is particularly important for connectivity and integration projects, which aim to impact entire regions.

MDBs can share their knowledge of the regions and best practices to ensure effective project design, implementation, and evaluation. This includes sharing lessons learned from projects in different countries or regions. Utilizing the expertise of other MDBs, institutions can gain a deeper understanding of specific challenges and opportunities in particular countries, allowing for more effective project design and implementation. This collaboration can ultimately lead to improved project outcomes and greater development impact.

Coordination in technical expertise reinforces the benefits of cooperation. For example, the EBRD evaluated the Trans-Anatolian Gas Pipeline project and noted that the project benefited from cooperation with the World Bank, which accelerated the project approval process (EBRD, 2020b). In the same project, the AIIB benefited from EBRD coordination work on environmental and social performance. Such cooperation helps reduce risk and facilitates project implementation.

The role of MDBs in successful public-private partnership projects is particularly important. The development of PPP projects can be complex due to differences in legal frameworks, regulatory environments, and stakeholder interests in different countries. Such projects have higher risks due to political, economic, and legal factors. The MDBs play a mediating role in PPP projects by their long-standing cooperative relations with all member states, tried-and-true risk management policies, extensive in-house PPP expertise, and special financial instruments to ensure the financial viability of PPPs.

POOLING KNOWLEDGE

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Pooling knowledge 	• Comparative analysis • Joint research • Long-term research projects (e.g., databases) • Joint forums and workshops	• Facilitate open access research as a public good • Improve the efficiency and save recources of EMDC-MDBs • Develop joint action to address development challenges

In addition to financing, **MDBs engage actively in research activities that provide public goods, such as knowledge**. MDBs have strong in-house analytical expertise in both regional and country contexts. Some MDBs are engaged in policymaking and research activities to support their member countries. Their studies on development issues are valuable for academia, policymakers, researchers, and the media.

Comparative analysis is an area where MDBs can enhance their cooperation. MDBs in Asia, Africa, and Latin America conduct research in the same sectors, but in different regional contexts. Cooperation could help MDBs working in different regions to exchange practices and experience. This will further facilitate access to public goods and lead to increased competencies within the MDBs.

Pooling research efforts and sharing results will improve the efficiency and save resources of MDBs, avoiding duplicate work and reducing costs. MDBs can learn from each other's experience and expertise, thus improving efficiency and facilitating large-scale cross-border projects. MDBs can use their specialized knowledge to contribute to global studies on development issues and help other countries find solutions that work for them.

MDBs may assist public authorities in carrying out research. National authorities consider technical assistance and policy advice to be "very" or "extremely" important for the long-term socio-economic development of their countries (Prizzon et al., 2022), improving the quality of public policy tools, such as guidelines, databases, and modelling instruments. A key problem for developing countries is the high turnover of staff in the public sector, which leads to poor institutional memory and significantly

limits the ability to ensure continuity. MDBs could be a pillar for the long-term maintenance of databases and analytical tools for the needs of public authorities.

Joint long-term research projects are another area of cooperation among MDBs. There are many opportunities for cooperation among MDBs in creation, monitoring, and updating of large databases. For example, the AfDB has developed the Africa Information Highway (AIH), a network of Open Data Platforms (ODPs) electronically linking all African countries and 16 regional organizations (AfDB, 2023b). The EDB provides a package for macroeconomic modelling (EDB, 2016) and monitoring of mutual investments in its member countries (Malakhov et al., 2024). Joining forces and sharing results will improve efficiency and save MDB resources by eliminating duplication and reducing costs.

Deep joint analytical expertise can help close EMDCs' funding gaps and achieve the SDGs. A good example is joint research conducted by Instituto Costaricense de Electricidad, the Inter-American Development Bank, and the International Finance Corporation. They assessed the potential impact on biodiversity of a hydropower plant in Costa Rica. This study led to the development of a biodiversity protection approach, which allowed the hydropower plant to have positive economic and social outcomes while minimizing damage to nature. As a result, the project contributed to at least three SDGs: clean water and sanitation, affordable and clean energy, and life on land.

One of the most effective ways for MDBs to promote knowledge exchange and sharing is through temporary staff assignments, internships, and knowledge-sharing missions. One recent example is the agreement between the IDB and FONPLATA signed in 2024, where both MDBs aim "to develop knowledge exchange programs in areas such as institutional strategy development and risk management" (FONPLATA, 2024a).

MDBs' joint forums and workshops to exchange views will contribute to global knowledge and develop joint efforts to address challenges. For example, representatives from the ADB, EBRD, EIB, IADB, and WB met to discuss how to speed up the transition to a circular economy and address climate change. They shared ideas and developed a joint plan to tackle these issues.

MDBs could communicate through their own internal institutes and academies, specialized educational initiatives and platforms to share knowledge, coordinate across sectors, and reach stakeholders such as governments, private sector, and the public. MDBs are increasingly expanding their operations beyond purely investment operations to include a broader range of initiatives aimed at supporting the development of their member states. The most experienced institutions are the World Bank Group Academy (established in 1955); the Islamic Development Bank Institute (1981); the African Development Institute (1990); and the Asian Development Bank Institute (1996) (Vinokurov et al., 2025). For example, the African Development Institute is the unit of the AfDB Group leading institutional capacity development by co-creating knowledge and institutional capacity, together with regional member countries, to guide inclusive and sustainable development across Africa.

TECHNICAL ASSISTANCE

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Technical assistance	• Cost sharing through joint TA • Pooling knowledge and regional expertise • Harmonising TA approaches and procedures	• Increase the scale and reach of projects • Increase the quality and effectiveness of projects • Align and coordinate MDB development efforts • Reinforce future cooperation post-TA

Technical assistance has long been considered one of the key non-financial products offered by MDBs. TA involves a wide spectrum of activities, the ultimate goal of which is to ensure high-quality development-focused projects resulting in wider social inclusion and sustainability. In EMDCs, TA plays a crucial role in laying the foundation for a larger impact from effective development initiatives and synergy among them.

TA can be divided into two main categories:

1. TA directly related to specific projects or transactions, such as project-preparatory facilities;

2. TA as a broader approach aimed at improving institutional potential, capacity building, and knowledge transfer.

In the case of joint TA, partner MDBs stand to benefit from new opportunities and advantages:

Cost-sharing TA permits partnering institutions to pool resources in a more effective way and possibly to collectively allocate more financing to TA beneficiaries, thus scaling up TA projects. In the case of capital-intensive project-preparatory activities, cooperation through joint TA projects may prove an effective mechanism to make larger amount of TA financing feasible for development institutions.

Knowledge exchange and regional expertise. A key advantage of joint TA is derived from pooling knowledge and expertise, as well as capitalizing on lessons learned by more than one development institution. This can form a more optimal structure and deliverables of TA projects. Involvement of smaller MDBs in joint TA projects may be an excellent opportunity to benefit from the EMDCs' better understanding of their development needs and the realities of project implementation.

Reinforcing future cooperation. Joint TA may lead to future common development initiatives and investment projects. Some of the most important advantages of joint TA is to gain experience of working together, getting to know each other's procedures and approaches, and finding out opportunities and prospects for future cooperation.

While joint TA projects boast an array of benefits for both the TA beneficiaries and the partnering MDBs, there are a few potential challenges that need to addressed:

Different approaches to TA policy

- One of the main differences in approaches to project preparation TA is the readiness of MDBs to work with investment projects at the "pre-seed stage", before the investment project has been included in the MDB's pipeline. In the case of certain promising investment projects, this can lead to a certain causality dilemma: TA allocation for project approval on the one hand, and project approval for TA allocation on the other. TA for project preparation pre-approval may help the MDB to decide to include the project in its pipeline. In such cases, the cooperation could either begin at different stages of readiness for the partnering MDBs, or joint TA could be delivered at the earliest project stage possible according to the operational policies of both institutions.

TA approaches in EMDCs: the EDB and the AIIB

THE EDB TECHNICAL ASSISTANCE FUND (TAF)

The EDB TAF procedures allows for two approaches to project preparation activities, to allow flexibility:

- TA provided for an investment project already included in the EDB pipeline;
- A "venture" approach to TA for new project initiatives, whereby TA helps to approve the project for inclusion into the pipeline. This approach entails more flexibility, but higher risk. It is used less often, but has proven its effectiveness.

THE AIIB PROJECT PREPARATION SPECIAL FUND (PPSF)

According to the PPSF procedures, TA may be financed through this special fund, on the condition that the AIIB project has already been included in the AIIB's investment pipeline, under both its sovereign and non-sovereign operations. This offers a less risky approach to TA financing and can guarantee a higher conversion rate of TA projects into fully-fledged investment projects.

- Country gradation and eligibility rules may become a limiting factor in terms of the geography for joint TA. Some development institutions deliver TA based on a comprehensive gradation of beneficiary countries, whereby the less developed countries are entitled to more TA. Partnering MDBs need to address this important eligibility criterion when choosing TA initiatives in countries of mutual interest.

- Another challenge in merging TA approaches is cost recovery of TA resources. This is important for structuring any TA project, as it implies different degrees of financial obligation and accountability of TA beneficiaries. If partnering MDBs have conflicting policies for TA cost recovery, this should be addressed during the TA project structuring process.

Procedural differences: Joint TA entails the need to consider procedural and technical subtleties of TA project implementation policies and to address any differences in approval, tender, implementation, and monitoring and evaluation procedures. There are three possible solutions: 1) dividing the joint TA project into separate but interconnected components and allocating them to one of the partners; 2) assigning the lead to one of the partnering MDBs, whose procedures will be used for project implementation; 3) applying procedures according to a common denominator when the procedures are similar.

"What comes next" post-TA: An important aspect of joint TA projects of development institutions is the future prospects of their cooperation. In the case of project-preparatory TA, this raises the question of what form cooperation will take in the context of the following investment activity. Joint TA may be seen as a certain pledge of interest in a development initiative and/or priority, which is why partnering MDBs can ensure more effective cooperation from an early stage by having a common vision of subsequent investment activity.

CROSS-BORDER PROJECTS

WHAT? VECTORS FOR COOPERATION	HOW? COOPERATION FORMATS	WHY? COOPERATION ADVANTAGES
Cross-border projects	• Expertise at the national level • Coordinating interactions among EMDCs • Co-financing • Fund to promote investment in private companies	• Increase the scale of cross-border projects • Be an anchor for commercial financing • Increase trade and investment, create jobs • Mitigate EMDCs' political risk

Cooperation among MDBs facilitates their effective participation in cross-border development projects. Most EMDC-MDBs were created within the framework of regional cooperation initiatives. Such MDBs, by virtue of their objectives and mandate, have the greatest potential to promote cross-border PPPs. MDBs can play an important role in coordinating interactions between participating countries, providing additional expertise and technical assistance in the preparation of conceptual frameworks and feasibility studies for development projects.

The EDB's report on cross-border public-private partnerships (Vinokurov et al., 2023b) shows that at least 18 cross-border PPP projects worldwide have been successfully developed primarily in transport infrastructure (railways, roads, pipelines, bridges, and tunnels), but also in electric power and telecommunications. Most of the projects were carried out in cooperation with MDBs.

MDB cooperation could be a solution to finance large cross-border projects. In a number of countries, there is a restriction on raising funding from a single source, in order to ensure the debt sustainability of public finance. At the same time, an infrastructure project may require resources comparable to the size of the country's economy. MDB cooperation could be an excellent solution to finance large projects.

MDB cooperation may mitigate EMDCs' political risks and serve as an anchor for private financing. To finance the largest cross-border energy scheme in Asia and the largest private hydropower plant in the world, the Nam Theun 2 in Laos, $1.6 billion has been raised, including private capital (see Case 3). Collaboration among

the WB, ADB, EIB, Nordic Investment Bank, EDFI, and export credit agencies has helped to reduce political risks for international commercial lenders and to overcome difficulties related to cross-border transactions and underdeveloped regulatory frameworks in Laos and Thailand.

Another example of a cross-border project is the **Trans-Afghan Railroad project**, which is currently under negotiation. The project involves the construction of a railroad connecting Uzbekistan, Afghanistan, and Pakistan along the Termez–Mazar-e-Sharif–Logar–Kurram route. The project involves freight and passenger transportation and can potentially have a significant impact on the transport logistics of Central Asia and on better connectivity for Afghanistan. MDBs may be involved as funding sources.

3. SECTORS AND CASES

WATER, ENERGY, AND FOOD NEXUS

Common challenges facing EMDCs

Water, energy, and food (WEF) are keystones of sustainable economic development, and their interdependence is undeniable. Without water, there is no energy production; without energy, there is no water supply; and both are essential for food production. The impacts on any one of these resources, be it from the demand or supply side, reverberate across the others, affecting the entire production and consumption chain. The three vital resources are tightly interconnected, necessitating integrated approaches to sustainable resource management and forming a critical WEF policy nexus. In transboundary river basins like the La Plata River in Latin America, the Mekong River in Southeast Asia, the Senegal River in Western Africa, the Amu Darya and Syr Darya in Central Asia, and many others, the WEF as an integrated nexus extends beyond the borders of the countries and becomes the basis for regional cooperation.

United Nations projections indicate that the global population will reach 9.7 billion by 2050 (UN, 2022), resulting in an 80% increase in energy demand and a 60% increase in food demand. Water demand will rise proportionally, as agriculture currently consumes 70% of available freshwater resources (EIU, 2021). This surge is primarily driven by urbanization and shifting consumption patterns in emerging economies. By 2050, approximately 5.7 billion people worldwide will reside in water-scarce regions, with the majority in developing countries (Credit Suisse, 2020). The anticipated 40% gap between global water demand and renewable supply by 2030 (Morgan Stanley, 2022) adds urgency to addressing water scarcity. The effects of climate change only worsen these trends, making water scarcity perhaps the most intricate and costly sustainability challenge.

Links to the global agenda

Integrated resource management, which forms the core of the WEF nexus, plays a crucial role in the SDGs. The SDGs emphasize security, sustainability, and accessibility in providing the resources of this nexus, which directly impacts SDGs 2, 6, and 7 relating to food, water, and energy security, respectively. Indirectly, it also influences goals 11 and 12, pertaining to sustainable cities and sustainable production and consumption. As the WEF nexus is intricately connected to all the SDGs, improving its management will significantly enhance the likelihood of achieving these global objectives.

Objectives for MDB cooperation

Tackling the complexities of the WEF nexus will require significant investment in infrastructure, technology, and policy changes. Notably, water and hydropower projects rank among the most capital-intensive endeavours. For instance, the OECD estimates (OECD, 2022) that addressing global water scarcity alone will necessitate $13.6 trillion in investments by 2030 (excluding the investment needs of the energy and food sectors). Given the water sector's limited appeal to private capital, governments and MDBs play a pivotal role as a crucial source of financial resources.

MDBs serve as significant catalysts for developing water resources and irrigation systems through grants, loans, and guarantees. They act as integrators by engaging in dialogues with various stakeholders, including government bodies, donors, other International Financial Institutions (IFIs), and the private sector. Their participation in WEF projects not only helps share financial risks, but also brings in powerful expertise and technical support, reducing risks for other project participants.

MDB cooperation mechanisms

The UN World Water Development Report 2023 emphasizes the urgent need to foster partnerships and cooperation across all dimensions of sustainable development, particularly in emerging and developing countries. This is vital for making progress towards the SDGs and finding solutions to the increasing water scarcity, a core element of the WEF nexus. Notably, 153 countries share 286 transboundary river and lake basins and 592 transboundary aquifer systems; however, only 58% of basin areas currently have operational arrangements for water cooperation (UNESCO, 2023).

For instance, the Aral Sea basin in Central Asia is dealing with two primary challenges: underinvestment in its water and energy infrastructure and a lack of efficient regional cooperation. These factors contribute significantly to the region's poor efficiency in both water and energy use and fragile food security, resulting in substantial economic costs (Vinokurov et al., 2022a). Tackling these issues must be approached in a comprehensive manner, taking into account the entire regional context. The limited water resources in Central Asia are used for irrigation and energy needs, and within the Aral Sea Basin, they come from two major transboundary rivers, the Amu Darya and Syr Darya. However, these resources are unevenly distributed, as 77% of the annual runoff is concentrated in the upstream countries, Tajikistan and Kyrgyzstan, while 85% of the water resources are used for irrigation in the downstream countries, Uzbekistan, Turkmenistan, and Kazakhstan.

In the context of water and energy security, MDBs can act as a common link in addressing regional issues and challenges.

1. **MDBs are able to support the establishment of regional water and energy consortia**. Through effective dialogue with domestic and global stakeholders, these consortia could assume the key function of seeking and providing financing infrastructure projects. Two options can be considered: the establishment of a full-fledged international organization or the establishment of project investment consortia for large-scale projects. The second option might be more practical, as it would promote faster construction and more efficient implementation of large investment projects. Stakeholders could use simplified forms of cooperation to build the major infrastructure facilities of the Central Asian water and energy complex (for example, HPPs). This entails, for example, the creation of a project consortium using the BOT (build — operate — transfer) or BOOT (build — own — operate — transfer) model and based on the principles of project financing. The consortium approach to water and infrastructure projects could also be implemented in other transboundary river and lake basins to strengthen partnerships, as recommended by the UN.

2. **MDBs might play a crucial role as financial operators for regional water and energy consortia.** Various forms of cooperation should be considered. The MDBs have multiple roles, from arranging long-term syndicated lending, to the provision of settlement and payment services and technical assistance. The MDBs will effectively mobilize and pool funds from international donors and various stakeholders, including countries such as China and Russia, to support regional programs, transboundary initiatives, and national infrastructure projects.

↓ **Figure 4. Forms of participation of financial operators in developing water and energy activities**

Source: Vinokurov et al., 2022a

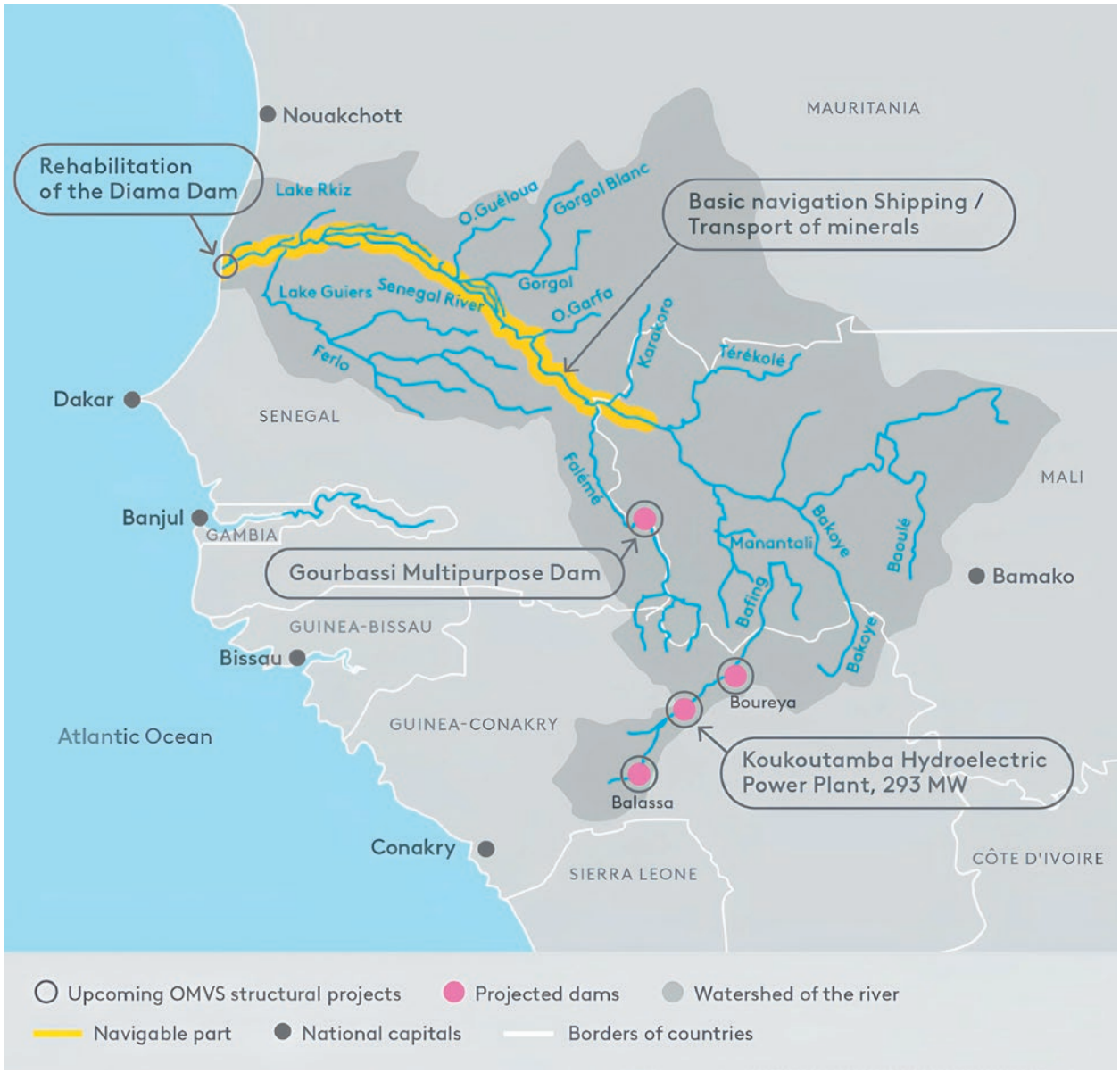
3. **MDBs can host a Secretariat** (e.g., a Water, Energy and Food Nexus Development Centre), which will provide advisory, research, and capacity building for sustainable finance in the region. The Secretariat's main focus would be to promote higher quality support for regional infrastructure initiatives through evidence-based advice and research. It would also work on the intersection of finance, policy, and industry to accelerate the development of green and sustainable financial instruments for addressing water and energy issues in the region. The Secretariat would ensure the financial sustainability of MDBs in the region and maintain a unified multilateral dialogue with stakeholders, avoiding unnecessary bureaucracy. Committed to sustainable development principles, it would oversee investment activities in the countries of operation, emphasizing debt sustainability, fiscal stability, and environment–social–governance (ESG) norms. Additionally, the Secretariat would lead the preparation and implementation of high-quality investment projects and promote the adoption and implementation of IFIs' standards.

Successful MDB cooperation: the Senegal River Basin Case

In the Senegal River Basin, with substantial support from MDBs and international donors, the member countries of the Organisation pour la mise en valeur du fleuve Senegal (OMVS) constructed a 200 MW Hydro Power Plant (HPP) at the Manantali Dam. The total construction cost, including 1,600 km of high-voltage power transmission lines, was estimated at $433 million. Initially, OMVS attempted to attract private investors; however, after extensive negotiations, a consortium of state-owned financial agencies was formed. France provided $95 million, Germany $66 million, the European Investment Bank $46 million, the European Community $37 million, the Arab Fund for Economic and Social Development $29 million, Canada $27 million, the African Development Bank $26 million, the Islamic Development Bank $21 million, the West African Development Bank $20 million, and the Nordic Investment Bank $8 million.

The success of this project unlocked the hydropower potential in the upper reaches of the Senegal River Basin, facilitated the development of irrigated agriculture in the Senegal River Valley, and improved river navigation for landlocked Mali. This exemplary case demonstrates how MDBs' cooperation and financial assistance can lead to the successful implementation of critical infrastructure projects, fostering sustainable development and regional cooperation.

↓ Figure 5. Senegal River Basin



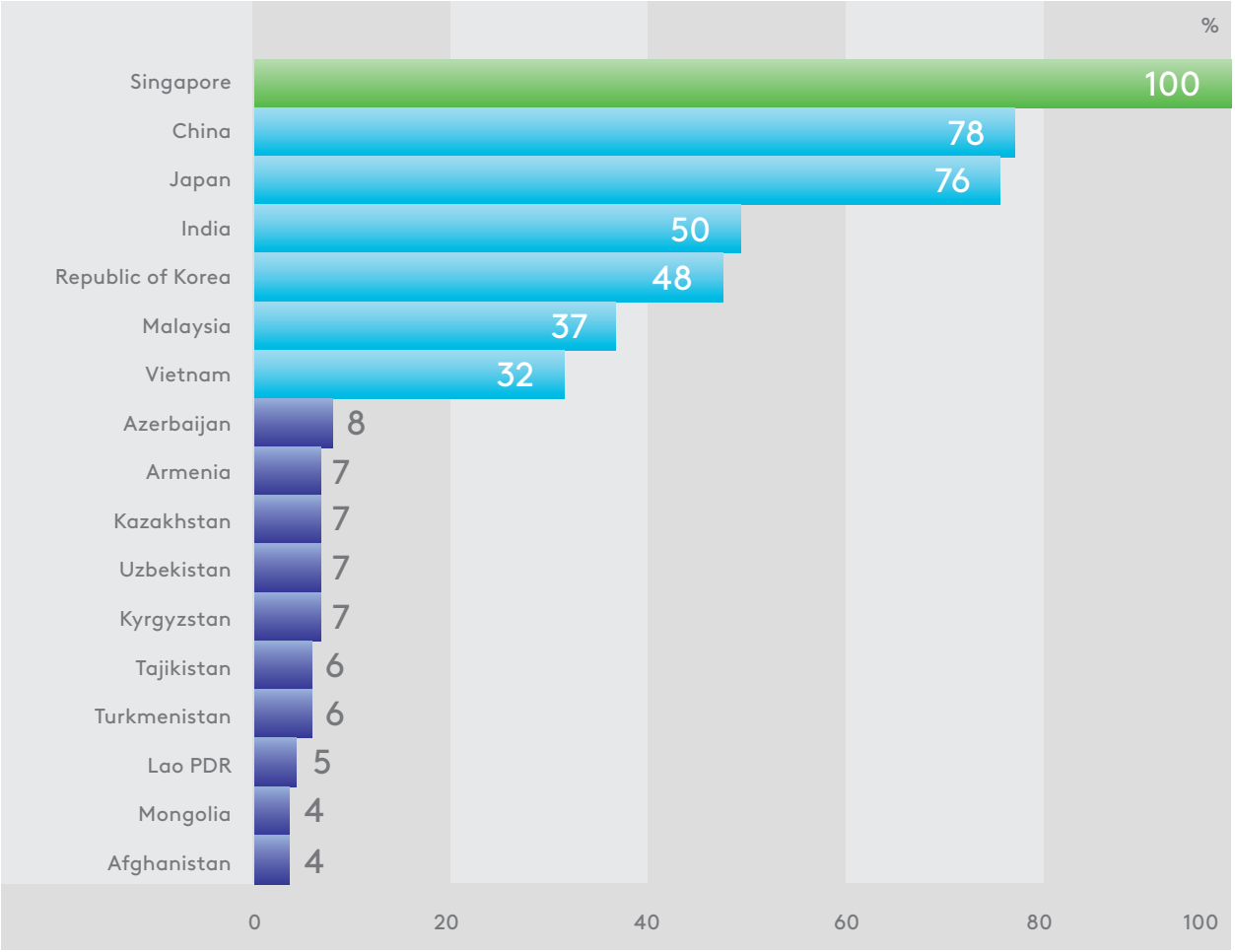
Source: EDB using OMVS information.

SUSTAINABLE TRANSPORT CONNECTIVITY

Common challenges facing EMDCs

Low transport connectivity in emerging economies restricts economic and social development. Transport infrastructure in EMDCs is characterized by missing links and poor maintenance, causing high trade costs and even lower connectivity. This has impeded emerging economies' integration into regional and global value chains and markets.

↓ **Figure 6. ESCAP transport connectivity index, as a percentage of the highest performer's score, for selected Asia-Pacific countries**



Source: UNESCAP, 2023

Emerging economies, especially landlocked developing countries (LLDCs), have the lowest levels of transport connectivity; some of them are among the least connected countries in the world. The ESCAP transport connectivity index, which includes components covering freight transport by air, road, rail, and maritime services, as well as logistics, shows that 10 LLDCs among the 33 Asia-Pacific countries fare especially poorly (Figure 6). The findings underline the connectivity disadvantages of LLDCs as a group compared to their coastal peers with direct port access (UNESCAP, 2023). Emerging economies face a dual challenge: ensuring access to efficient, safe, and affordable mobility, and doing so with a much smaller climate footprint.

Links to the global agenda

Better transport connectivity contributes to SDGs 1–5, 8, 9, 11, and 12. Expanding sustainable transport options, especially in low-income or vulnerable communities, is a powerful way for countries to bolster human development and social inclusion. In rural Morocco, the enrolment of girls in primary school increased from 17% to 54% when their access to roads improved (SDGs 4 and 5). In Lima, an additional 100,000 jobs will be available to people living in the poorest districts thanks to the introduction of a new metro line (World Bank, 2024).

Improved transport connectivity is a general objective of the Awaza Programme of Action (APoA) for landlocked developing countries for the decade 2024–2034 and the UN Decade for Sustainable Transport (2026–2036).

Objectives for MDB cooperation

Improving transport connectivity can only be achieved by tackling one of the greatest development challenges: closing long-standing connectivity gaps affecting emerging economies, especially LLDCs. Key priorities for MDB cooperation include sustainable high-quality transport infrastructure development, creation of economic corridors, well-connected cities, soft infrastructure improvement, and contribution to low-carbon mobility.

As shown by EDB studies (Vinokurov et al., 2022b), MDBs could cooperate on the development and interconnection of multimodal North–South and East–West transport corridors in Central Asia by ambitious investments into construction or modernization of highways (example: Kazakhstan–Turkmenistan–Iran highway on the east coast of the Caspian Sea), ring roads around towns and cities in Kazakhstan, railways modernization in Kazakhstan and Turkmenistan, creation of modern border-crossing points (example: Ayagoz-Bakhty BCP on the Chinese-Kazakh border), etc.

MDB cooperation mechanisms

- Joint implementation of transport infrastructure projects, including co-financing;
- Coordination of infrastructure development plans among member-states;
- Cooperation in soft infrastructure improvement along international transport corridors (border-crossing facilitation, freight and vehicle insurance mechanisms, digital infrastructure, participation in coordination committees for managing the transport/economic corridors, etc.).

Successful cases of MDB cooperation

Case 1. Big Almaty Ring Road Project (BAKAD)

The project aims to bolster the trade and transit potential and competitiveness of the "Europe–Western China" international transport route, stimulate trade and economic cooperation, promote cross-border freight traffic, and alleviate traffic congestion in and around Almaty city, Kazakhstan. Spanning 66 km, the BAKAD comprises sections with either four (9 km) or six (57 km) lanes, along with 44 bridges and overpasses, 110 culverts, and necessary infrastructure. Lenders are represented by the IFC, EBRD, ADB, EDB, and IsDB. Total project cost is $743 million.

Case 2. Nacala Corridor Project

The Nacala Corridor (912 km) is a railway supported by road, ports, and logistics infrastructure in northern Mozambique. The Nacala Corridor Project is to be implemented under the forthcoming APEI Regional Business Plan in the framework of the "infrastructure-plus" corridor approach to regional integration in Southern Africa. $3.2 billion in private investment has flowed into the rail infrastructure. With the support of the WBG, EU, EIB, AFDB, and JICA, a further $1 billion has been invested in primary road transport infrastructure along the corridor from Nacala to Lusaka. Over $600 million in public investments has also been mobilized for rehabilitating the Nacala port. Additional investments are expected in establishing multimodal facilities at the key offtake points.

SUSTAINABLE AND CLIMATE FINANCE

Common challenges facing EMDCs

Since the Paris Agreement was adopted in 2015, global climate policy calls for a switch from a gradual to accelerated, forced transition of all countries to a low-carbon economy by 2030, and then to a zero-carbon economy by 2050. The COP27 resolution, in particular, calls for aligning the global financial architecture, including the operational models, practices and priorities of the MDBs, with the climate goals.

Studies show that in 1992–2013, the global economy lost from $5 billion to $29 billion due to the negative impact of climate change. Low-income tropical countries had their GDP per capita per year reduced by as much as 6.7%, sustaining large losses, compared to only 1.5% in high-income countries (Naddaf, 2022). Many low- and middle-income countries are particularly vulnerable to climate change, and are experiencing its adverse consequences.

The role of the MDBs and other IFIs in mobilizing financing for climate action is considered essential. However, there is still a lack of cooperation between the MDBs, although it is crucial to enhance their collaboration on the sustainable development of low- and middle-income countries, not only in climate finance, but also in the development, implementation, and improvement of sustainable financing standards, as well as by providing countries with ESG-related expertise. Existing discrepancies in ESF may also hinder cooperation. This highlights the need for mutual recognition and harmonisation of standards.

Links to the global agenda

The UN and other international organizations promote climate finance as one of the key tools to achieve the SDGs and comply with the Framework Convention on Climate Change, the Paris Agreement, and other initiatives. The Paris Agreement called on all countries to set emissions reduction targets. Some countries set out their own green agendas, along with regions, cities, companies, development and financial institutions, business associations, foundations, etc. MDBs will become increasingly relevant for the green agenda. The UNFCCC COP27 in 2022 called for adjusting the mandates of MDBs and international financial institutions to maximize investment in climate change mitigation and adaptation projects. The final resolution states that renewable energy sources will need investments of about $4 trillion per year until 2030 to enable net zero emissions by 2050, and maintains that the global transition to a low-carbon economy will require a massive capital inflow of at least $4–6 trillion per year.

Objectives for MDB cooperation

Climate finance generally refers to promotion of activities aiming to mitigate or adapt to the impacts of climate change. In June 2023, MDBs strategically outlined and released the joint principles of how they will ensure alignment of financing with the goals of the Paris Agreement.

MDBs prioritize climate finance matters, including adaptation and mitigation for capital-intensive green transformation projects. Aside from financing, the MDBs also help develop climate projects and integrate climate risk and vulnerability assessments into their projects. They focus on ways to see whether climate finance is effective and impactful (Lieuw-Kie-Song, Pérez-Cirera, 2020). They also help countries to develop Nationally Determined Contributions, long-term low-carbon strategies, National Adaptation Plans, and then become one of the primarily sources of funding for the activities provided by these national documents.

International development institutions are key to raising private capital for investment in social and environmental projects within the most climatically vulnerable regions, such as Eurasia. For example, green infrastructure projects usually produce significant environmental and social impacts, but often generate modest yields, while exposing private investors to higher risks (Browder et al., 2019). In 2024, MDBs provided more than $136.6 billion of climate finance, of which $85.1 billion was channelled to low- and middle-income countries for climate mitigation and adaptation. Mitigation finance committed to such economies totalled $58.8 billion, or 69%, while adaptation finance totalled $26.3 billion (EIB, 2025).

However, with annual adaptation costs estimated at $70 billion in developing countries and expected to rise to $140–300 billion in 2030, these funds are far from closing the gap between finance flows for adaptation and what is needed to avoid severe economic and human impacts from climate change in developing countries (WRI, 2022). In order to achieve a balance between adaptation and mitigation finance, MDBs should aim to boost investment in climate adaptation significantly. This imbalance is proven by the COP30 decision that specifically highlights the need to triple adaptation finance by 2035.

At their joint pledge issued at COP30, the MDBs reaffirm their commitments to scale up innovative funding to boost climate adaptation and resilience, and aim at channelling $185 billion to both adaptation and mitigation projects by 2030.

MDB cooperation mechanisms

Joint MDB sustainable finance is needed for green transformation of EMDCs, including climate projects in renewable energy sources (RES), water and irrigation, energy and resources efficiency in industry, transport, agriculture, and residential construction. For example, total identified investment proposals in the energy segment of the Central Asia water and energy complex exceed $50 billion (Vinokurov et al., 2021).

MDBs can arrange joint syndicated loans, provide technical assistance for national and multilateral climate projects, share the expertise required for feasibility studies, mitigate risks or offer guarantees for their reduction.

Another mechanism is targeted **issuance of GSS+ bonds and loans**, generating proceeds to finance or refinance joint green and social projects. This could be organized on the basis of a joint funding platform. For example in Central Asia, it could help smaller MDBs and national financial institutions of EMDCs to pool resources.

MDBs could also support **local green finance centres and local government funding agencies** (LGFAs). For example, in 2020, the EDB became a shareholder of the Green Finance Centre of the Astana International Financial Centre (AIFC), seeking to expand its green finance operations and create a green finance and green expertise centre in Kazakhstan. In 2022, the EDB and the AIFC Green Finance Centre (GFC) helped establish GFC Bishkek to promote sustainable finance in the Kyrgyz Republic.

Management of climate risks involves a comprehensive revision of the loan portfolio, both approved loans and those to be approved, as well as joint work with customers to find ways to face climate impacts and build resilience and sustainability. For this purpose, the major MDBs have developed a **joint methodology** to assess the alignment of their operation with the Paris Agreement (EIB, 2022b), which could become a unified approach for all the players within the global and regional climate finance markets.

MDBs may help develop, introduce, and improve sustainable finance and ESG standards, include more sustainable development projects in their portfolios, expand the carbon credits market, and share best practices for ESG research and sustainable finance.

Successful cases of MDB cooperation

One of the biggest facilities for MDB cooperation in sustainable finance is the **EBRD's Green Economy Financing Facility** (GEFF), established to support enterprises and households willing to invest in green technologies. The GEFF programme involves over 190 local financial institutions in 29 countries, with total EBRD financing of more than €6 billion (GEFF, 2025). In particular, it seeks to improve climatic resilience of the water and energy sectors of Central Asian countries, partnering with the Global Environment Facility (GEF), the World Bank, and the Asian Development Bank. For example, the GEF-funded joint EBRD–FAO Finance and Technology Transfer Centre for Climate Change (FINTECC) is eager to promote sustainable agriculture, trickle irrigation, more effective pasture performance, and precision agriculture in the Central Asian countries.

Nevertheless, sustainable finance is mostly operated by MDBs separately from each other or in cooperation with national and international institutions. For example, the World Bank has its own sustainable development programmes in different regions, such as the large-scale **Central Asia Water & Energy Programme** (CAWEP). It is fully aligned with the World Bank Group's Climate Change Action Plan (World Bank, 2022).

The ADB launched the $665 million **ASEAN Green Recovery Platform** to accelerate post-pandemic recovery and mobilize an additional $7 billion for low-carbon and climate-resilient infrastructure projects in Southeast Asia (ADB, 2021). Incidentally, the ADB refuses to finance any coal power station projects.

Finally, MDBs could foster their cooperation within the **Climate Action in Financial Institutions Initiative**, created in 2017 by more than 20 world financial institutions. This initiative focuses on developing a network of collaborative work to share knowledge and expertise among international institutions and with the broader business and financial community, to disseminate best practices and lessons learned, and to collaborate in areas of common interest (Notaro, 2021).

CROSS-BORDER INFRASTRUCTURE

Common challenges facing EMDCs

As interstate and regional economic ties continue to expand, development of cross-border infrastructure becomes even more significant. Cross-border infrastructure projects turn into a factor for EMDCs' socio-economic development and access to world markets of goods and services. They encourage trade, promote investment and job creation, and, ultimately, become an essential factor in good-neighbourly relations, peace, and prosperity.

Construction and operation of cross-border infrastructure are difficult because they require cooperation of two or more countries. They can be even more capital-intensive than national infrastructure, and they are associated with additional legal, commercial, financial, and political risks. The public-private partnership (PPP) mechanism makes it possible to implement cross-border projects in the most effective fashion. That is why a number of large-scale international infrastructure projects are using the cross-border PPP format.

Enhancing infrastructure connectivity through cross-border PPP projects is an important argument for their implementation in land-locked developing countries, considering the length of national borders, economic and transport links, as well as the importance of the water and energy complex. The lack of autonomy of infrastructure is a significant challenge for LLDCs located far from seaports.

Links to the global agenda

Cross-border PPPs make the largest contribution to SDG-9 (quality, reliable, sustainable, and resilient infrastructure). Depending on the sectors in which cross-border PPPs are carried out, they can also facilitate achievement of SDG-2 (agricultural infrastructure), SDG-7 (energy infrastructure), and SDG-11 (transport infrastructure).

Development of cross-border infrastructure in the energy, transport, or telecom sectors provides better connectivity in accordance with the objectives of the Awaza Program of Action for LLDCs for the Decade 2024–2034 and UN Decade for Sustainable Transport (2026–2036).

Objectives for MDB cooperation

Cross-border PPPs require massive resources and coordinated financial planning among countries. This means that MDBs can play a pivotal role in this process. MDBs, with their diverse membership, serve as platforms for coordinating the positions of various countries and develop environmental and social frameworks that can be utilized in formulating feasibility studies for cross-border projects.

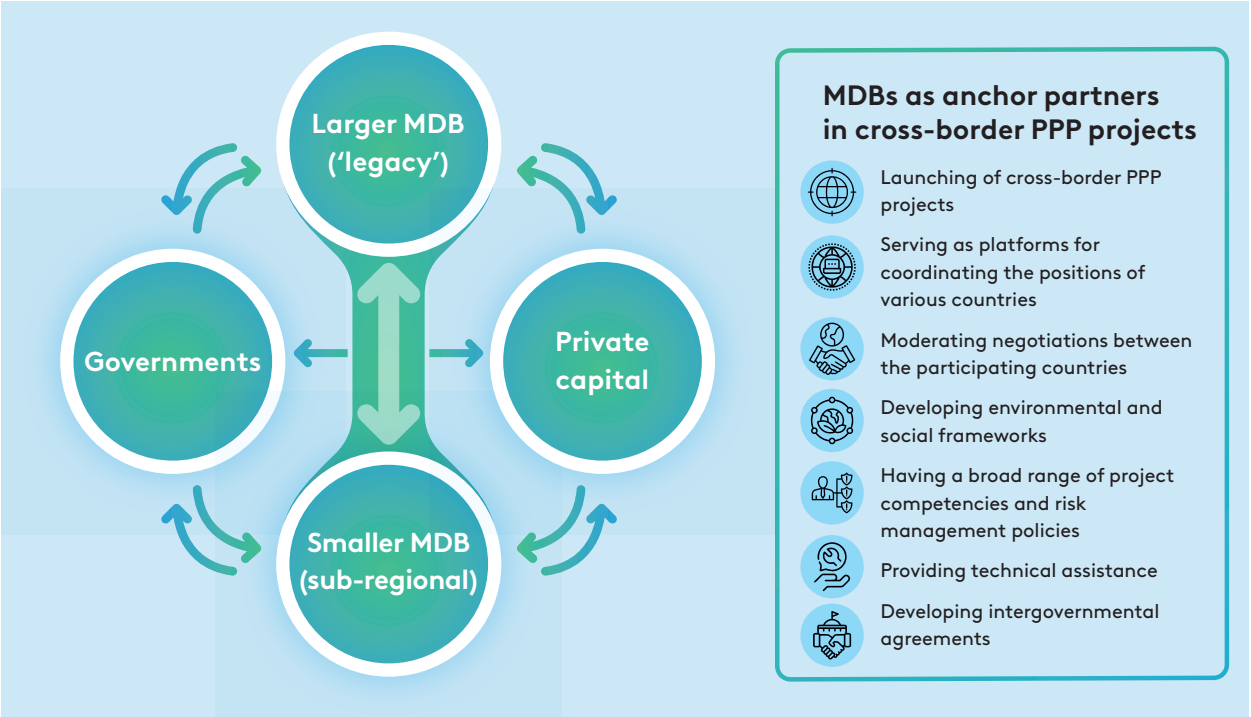
Not only do MDBs facilitate rapid launch of such projects, but they also serve as an anchor for successful completion. As a neutral venue for moderating negotiations between the participating countries, MDBs have a broad range of project competencies and time-tested risk management policies. Countries involved in cross–border PPP projects may also approach MDBs for technical assistance in developing feasibility studies, drafting intergovernmental agreements, and obtaining loans for the project.

As shown by EDB studies (Vinokurov et al., 2023b), there is a potential for MDB cooperation in large-scale investment cross-border projects in Central Asia, such as the Kambarata-2 Hydro-power plant, Ayagoz–Bakhty railway and new BCP on Chiniese/Kazakh border, Zhanaozen — Kendirli — Turkmenistan border / Garabogaz — Turkmenbashi (the INSTC Eastern Route, including a new bridge over Garabogazgol Bay).

MDB cooperation mechanisms

MDBs can become a connecting link for cross-border PPP projects. Seven guidelines for cross-border PPP projects developed by the EDB in 2023 (Vinokurov et al., 2023b) can become an instrument for large-scale infrastructure projects in EMDCs and especially in landlocked developing countries. They create an efficient mechanism of cooperation with all involved states, because of MDBs solid in-house PPP expertise and special financial tools, including technical assistance in developing feasibility studies, drafting intergovernmental agreements, and obtaining loans for the projects. That is why MDBs' pro-active involvement not only facilitates rapid launch of such projects, but also anchors their successful completion (Figure 7).

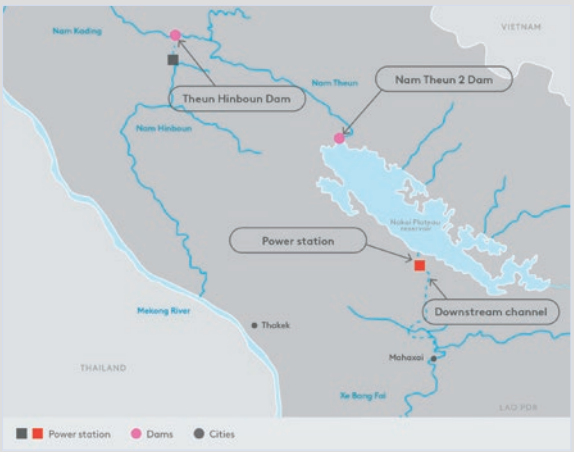
↓ Figure 7. MDBs' role in cross-border PPP projects



Source: EDB.

Successful cases of MDB cooperation

Case 3. Nam Theun 2 Dam



The Nam Theun 2 Dam (NT2) is the largest private cross-border hydro-generation project in Asia. The dam is the biggest economic asset, source of foreign currency, and budget revenues in Laos. The Dam was constructed in 2005–2010 with two public partners—the governments of Lao PDR and Thailand—and one private partner, the specially established Nam Theun 2 Power Company Limited (NTPC), a consortium with the participation of Thai, Lao, and French providers of energy services. By 2035, the year of expiry of the Concession Agreement, the hydropower plant and all related assets will be transferred to the Government of Laos free of charge.

The funds were provided by 26 financial institutions, including the World Bank, ADB, EIB, and Nordic Investment Bank. The total cost of the project upon completion was $1,308 million.

The NT2 project supports economic growth in Laos through electricity exports, and catalyses the development of hydropower engineering, one of the key industries of Laos. In 2020, power generation accounted for 12% of the country's GDP. The project helped to open the country to foreign direct investment and to facilitate structural changes through investment in human, institutional, and physical infrastructure.

Case 4. Cooperation of MDBs in Africa for co-financing the preparation of regional PPP infrastructure projects

In 2021, the African Development Bank and the West African Development Bank (BOAD) signed a memorandum of understanding (MoU) defining a strategic partnership framework to co-finance the preparation of regional PPP infrastructure projects in Africa involving at least one member state of the West African Economic and Monetary Union (WAEMU) (AfDB, 2021). The two institutions will cooperate to increase the availability of viable regional infrastructure projects in the transport, energy, water, and information and communication technologies sectors.

In this strategic partnership, the African Development Bank will rely on its Special Fund of the New Partnership for Africa's Development Infrastructure Project Preparation Facility (NEPAD-IPPF) and the BOAD will rely on its Regional Public-Private Partnership Project Development Unit (PPPDU).

The MoU covers selection and prioritization of potential regional infrastructure PPP projects, the execution of feasibility studies and the structuring of transactions. To this end, the two banks are jointly drawing up a list of projects eligible to be co-financed for preparation and agreed on the project components to be financed, the supervision of the studies and the disbursement methods.

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ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BADEA	Arab Bank for Economic Development in Africa
BAKAD	Big Almaty Ring Road
BDEAC	Development Bank of the Central African States
BOAD	West African Development Bank
BSTDB	Black Sea Trade and Development Bank
CABEI	Central American Bank for Economic Integration
CAF	Development Bank of Latin America
EADB	East African Development Bank
EBID	the ECOWAS Bank for Investment and Development
EBRD	European Bank for Reconstruction and Development
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
EDB	Eurasian Development Bank
EEA	Exposure Exchange Agreement
EEC	Eurasian Economic Commission
EIB	European Investment Bank
EMDC	emerging market and developing country
EMDC-MDBs	multilateral development banks established by emerging markets and developing countries
ESF	environmental and social framework
ESG	environment–social–governance
ETDB	the ECO Trade and Development Bank
EWS	Early Warning System
FDI	foreign direct investment
GDP	gross domestic product
GEFF	Green Economy Financing Facility
GIH	Global Infrastructure Hub
GSS+	Green, Social, Sustainable, and other labelled bonds
IBEC	International Bank for Economic Cooperation
IDB	Inter-American Development Bank
IFC	International Finance Corporation

IIB	International Investment Bank
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ICT	information and communications technology
JICA	Japan International Cooperation Agency
LLDC	landlocked developing countries
MDB	multilateral development bank
NDB	New Development Bank
OPEC	Organization of the Petroleum Exporting Countries
PPP	public–private partnership
RES	renewable energy sources
SDG	sustainable development goal
TDB	Eastern and Southern African Trade and Development Bank
TA	technical assistance
UN	United Nations Organization
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WAEMU	West African Economic and Monetary Union
WBG	World Bank Group

Research at the EDB website

Macroeconomic Outlook
(RU/EN)

Macroeconomic Outlook 2026–2028

The Eurasian Development Bank (EDB) has presented its Macroeconomic Outlook for the seven member countries. The analysis reviews economic developments in 2025 and outlines key macroeconomic forecasts for 2026–2028.

Report 25/15
(RU/EN)

China and the Eurasian Region: Analysis of Investment flows based on EDB Monitoring of Mutual Investments

The report provides detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct foreign investment stock between China and countries in the Eurasian region for the period from 2016 to the first half of 2025.

Report 25/14
(RU/EN)

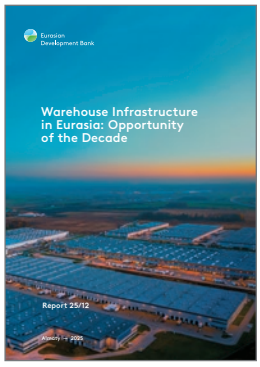
Investment Cooperation in the Eurasian Region based on EDB Monitoring of Mutual Investments

The report provides comprehensive insights into the scale, dynamics, geographical and sectoral structure of mutual direct foreign investments in the Eurasian region from 2016 to the first half of 2025, as well as key trends in investment cooperation.

Working Paper 25/13
(RU)

Arab Gulf: Macroeconomic and Financial Monitoring

The EDB's monitoring provides an analysis of the economies of six Gulf countries and assesses medium-term trends, including GDP growth, inflation, debt sustainability, and fiscal and monetary policies.



Report 25/12
(RU/EN)

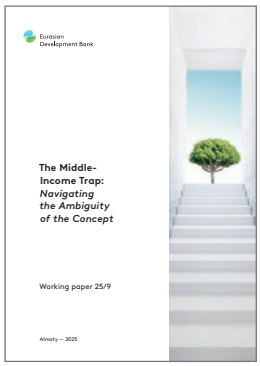
Warehouse Infrastructure in Eurasia: Opportunity of the Decade

The report presents an analysis of the current state of the warehouse logistics and storage sector in the Eurasian region, examines the main factors influencing its development, and provides a detailed forecast of demand for warehouse infrastructure in the region up to 2040.

Report 25/11
(RU/EN)

Advanced Manufacturing Potential in Eurasia: Sectoral Niches for Growth

The transition to high value-added production could become a powerful driver of economic growth in the region. The study identifies priority industries and niche markets for each country, and provides estimates of export potential and import substitution potential.



Working Paper 25/9
(RU/EN)

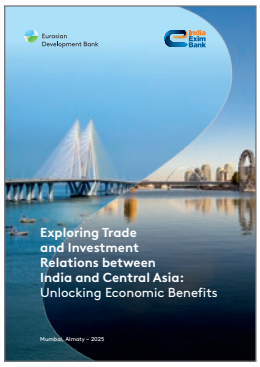
The Middle-Income Trap: Navigating the Ambiguity of the Concept

The study shows that diversity of interpretations of the "middle-income trap" makes it difficult to understand whether an economy is in it. The paper also identifies the factors of transition to a higher income: stable macroeconomics, ability to innovate, strong institutions and demographics.

Report 25/8
(RU/EN)

Investing in the future: projects of international financial organizations in Eurasia

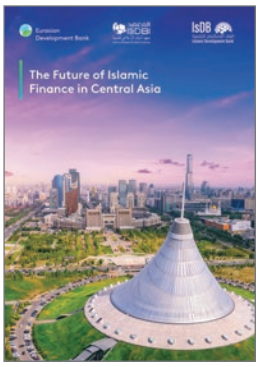
The report analyzes 10 fundamental trends in non-sovereign financing by international financial institutions in the Eurasian region and formulates a number of proposals for more active and diversified IFI investments in development projects.



Report
(RU/EN)

Exploring Trade and Investment Relations between India and Central Asia: Unlocking Economic Benefits

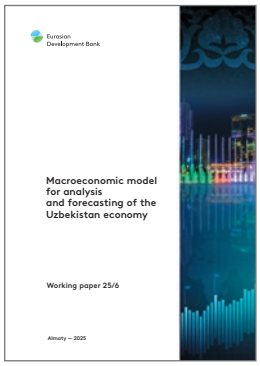
This joint report focuses on a comprehensive analysis of the current state and potential for improving bilateral trade and investment relations between India and Central Asia, and provides policy recommendations for closer cooperation.



Report
(RU/EN)

The Future of Islamic Finance in Central Asia

Joint report of the Eurasian Development Bank (EDB), the Islamic Development Bank Institute (IsDBI) and the London Stock Exchange Group (LSEG).



Working Paper 25/6
(RU/EN)

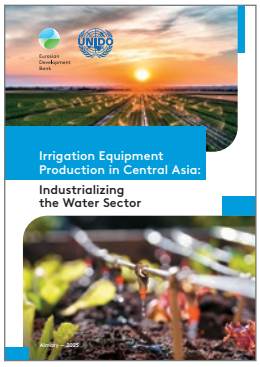
Macroeconomic model for analysis and forecasting of the Uzbekistan economy

The working paper presents the developed model of macroeconomic analysis and forecasting of the Uzbekistan economy. The integration of the new model into the EDB's model complex makes it possible to more accurately and comprehensively forecast the economic development of the Bank's region of operations, while taking into account close cross-country relationships.

Working Paper 25/5
(RU/EN)

Eurasian Transport Network: Projects Observatory and Interactive Map

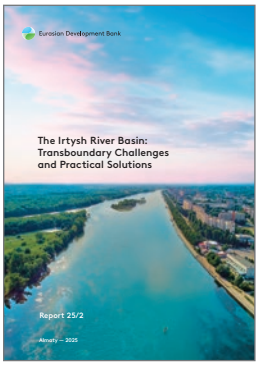
This working paper aims to facilitate the monitoring and coordination of infrastructure development along the corridors and routes of the Eurasian Transport Network



Report
(RU/EN)

Irrigation Equipment Production in Central Asia: Industrializing the Water Sector

Irrigation equipment production in Central Asia is becoming a strategic area for ensuring food security and efficient water resource management. A new report by EDB and UNIDO provides a detailed analysis of the current state of the market, a forecast of its development and recommendations for creating conditions for local production.



Report 25/2
(RU/EN)

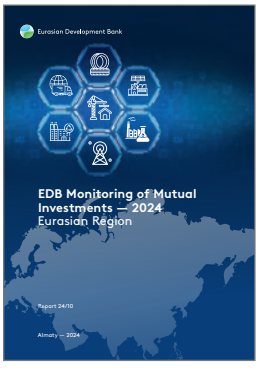
The Irtysh River Basin: Transboundary Challenges and Practical Solutions

A recent study by the Eurasian Development Bank, titled "The Irtysh River Basin: Transboundary Challenges and Practical Solutions", presents the findings of a diagnostic analysis and a forecasting model of the basin's water resources. The study identifies the positions of the three countries involved and puts forward a series of practical solutions, including investment recommendations.

Report 25/1
(RU/EN)

Mutual Investments on the Eurasian Continent: New and Traditional Partners

The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investment stock between the countries of the Eurasian region, on the one hand, and China, Türkiye, Iran, and the Gulf states, on the other hand, for the period from 2016 to the first half of 2024.



Report 24/10
(RU/EN)

EDB Monitoring of Mutual Investments — 2024. Eurasian Region

The report contains detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct investments of the Eurasian region from 2016 to 1H of 2024.

Eurasian Development Bank

RESEARCH DEPARTMENT
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