

Dear Roundtable Participants,

Thank you for your valuable time and contributions during the roundtable on 28 September. The discussion brought together pension funds, asset managers, Multilateral Development Banks (MDBs), Development Finance Institutions (DFIs) and government representatives around one central question: **How can we scale up institutional investment into emerging markets and developing economies?**

The discussion reflected a shared recognition that the opportunity is significant. Emerging markets offer long-term investors opportunities for diversification, exposure to economic growth and measurable real-economy outcomes. Investments in these markets are increasingly being supported by transparent, accessible data, showing low default rates, high recovery rates, and stable returns. At the same time, emerging markets face substantial financing needs across infrastructure, climate, energy, job creation and broader economic development. Investing in these markets is not just an opportunity but a necessity.

The conversation was pragmatic and constructive. A recurring conclusion was that many of the building blocks already exist; investment opportunities are being originated, institutional interest is growing, data is improving, and new investment models are emerging. We see that opportunities already exist today. Positive experiences from leading institutional investors demonstrate that investment at scale is achievable now. This is not only a long term ambition, but a current concrete opportunity. We therefore encourage all parties to build on these examples and take the next step.

At the same time, to further develop this into a mature institutional asset class, The challenge is to strengthen the engagement between the different parts of the ecosystem and move from individual transactions to scalable solutions. During the meeting, several actions were identified that will help us move forward:

- Strengthening the evidence base
- Develop more standardised investment structures
- Improve portfolio-level access
- Address currency, liquidity and risk-sharing barriers
- Build institutional capacity
- Continue the dialogue

This discussion reflected a notable shift in maturity compared to the past years. The conversation is no longer centred on the investment case for emerging markets, but on the practical steps needed to scale institutional investments and unlock greater flows of private capital.

This report captures the main themes, opportunities and barriers raised during the discussion. It is intended as a reflection of the conversation rather than a formal transcript. For convenience, the agenda of the session and the list of participating organizations can be found [here](#).

As Dutch government, we are committed to working with pension funds, asset managers, Multilateral Development Banks, Development Finance Institutions and governments around the world to take the next steps together. We look forward to continuing this collaboration, based on shared interests and win-wins for all parties involved.

If you have any further questions, please feel free to contact loes-van.driel@minbuza.nl or pieter.terpstra@minbuza.nl.

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Report of the Roundtable “Scaling Pension Fund Investments in Emerging Markets through the Development Finance Asset Class”

Organised by the Dutch Ministry of Foreign Affairs, Dutch Ministry of Finance, and ILX on the 28th of September 2026

Photo: ILX investment in renewable energy in Uzbekistan alongside ADB

The below reflects the key outcomes of the roundtable discussion. It does not constitute, nor should it be interpreted as, an official policy paper issued by the Dutch government.

The Opportunity

Emerging markets and developing economies represent a significant long-term opportunity for institutional investors. Economic growth, demographic development, job creation and the need for sustainable infrastructure were pointed out as important drivers of future capital demand.

For pension funds and other long-term investors, the case is broader than impact alone.

- **Real-economy growth and impact:** Capital can support infrastructure, energy access, climate transition, financial inclusion and job creation in emerging markets. At the same time, it helps strengthen economic ties with high-growth markets, creating opportunities for Dutch investors and increasing global economic resilience.
- **Diversification:** Development finance can provide exposure to markets, sectors and economic drivers that differ from traditional developed-market portfolios.
- **Risk-adjusted return potential:** Properly structured development-finance private debt can offer investors long-term income while remaining aligned with institutional risk requirements.

However, there are still challenges: a compelling macroeconomic opportunity is not always enough. Investments must also be accessible, scalable and compatible with existing fiduciary and portfolio frameworks.

Sjoerd Sjoerdsma, Minister of Foreign Trade and Development Cooperation, highlighted the Dutch intention of leading the effort of building new ties between Europe and the fastest growing countries in the world. [Read full speech here.](#)

"The opportunity is there. The question is how to make it investable at institutional scale."



Photo: Sjoerd Sjoerdsma, Minister of Foreign Trade and Development Cooperation, speaking at the roundtable

Overcoming Institutional Barriers & Mindsets

The discussion highlighted that the barriers to greater allocation are not only financial or market-related. Internal institutional processes can also slow implementation.

Even where attractive opportunities exist, new investment approaches often need to pass through multiple layers of governance, risk assessment and internal approval.

- **Perceived versus actual risk:** Participants repeatedly raised the gap between perceptions of emerging-market risk and the historical experience reflected in available data. Better evidence on risk, return and performance is necessary to close this gap.
- **Internal decision-making:** Lengthy processes, multiple approval stages, and institutional caution can make it difficult to move quickly.
- **Expertise and ownership:** New asset classes require sufficient internal knowledge and clear leadership to ensure opportunities are assessed on their merits.
- **Fiduciary fit:** Investment structures must work within existing mandates, risk budgets and portfolio-construction frameworks.

“The implication is clear: better products alone will not automatically lead to greater allocations.”

Scaling also requires institutional readiness and leadership”

Data, Transparency & Market Infrastructure

Data was one of the strongest recurring themes throughout the roundtable. Institutional investors need reliable and comparable information to assess development finance alongside other asset classes. The importance of improving access to historical data on defaults, recoveries, returns and diversification repeatedly got emphasised:

- **Comparable risk and return data:** Investors need evidence that can be incorporated into existing investment and risk frameworks.
- **Greater transparency:** Consistent reporting can help distinguish actual investment experience from broader perceptions of emerging-market risk.
- **Common standards:** More standardised data and reporting formats can improve comparability across institutions and transactions.
- **Market infrastructure:** Better access to aggregated datasets and benchmarks can support more efficient institutional decision-making.

“If institutional investors are expected to allocate at scale, they need to be able to analyse return and risk alongside impact.”

Whilst challenges still remain, we are moving in the right direction: ongoing initiatives are helping to broaden the available evidence base and improve the usability of development-finance data.



GEMs

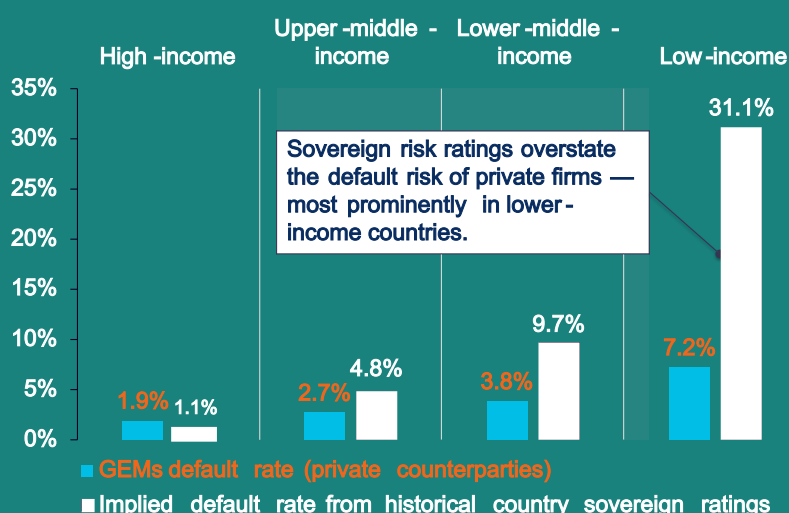
Gregor Cigüt, Secretary General of the Global Emerging Markets Risk Database (GEMs), presented how improved data can help bridge the gap between perceived and actual credit risk in EMDEs. The evidence indicates that private-sector investments have recorded an average annual default rate of 3.54% between 1994 and 2024, with sovereign ratings significantly overstating private-sector default risk, particularly in lower-income countries.

GEMs data also demonstrated resilience across multiple periods of crisis and an average recovery rate of 72.9%, reinforcing the case for emerging-market private debt as a potentially attractive source of diversification and stable returns.

New analytics have been released in 2026, including more granular default and recovery data and a pilot return analysis, should further support evidence-based investment decisions and help mobilise institutional capital towards emerging markets

[Find the 2026 report here](#)

AVERAGE DEFAULT RATE vs country rating (1994 - 2024)



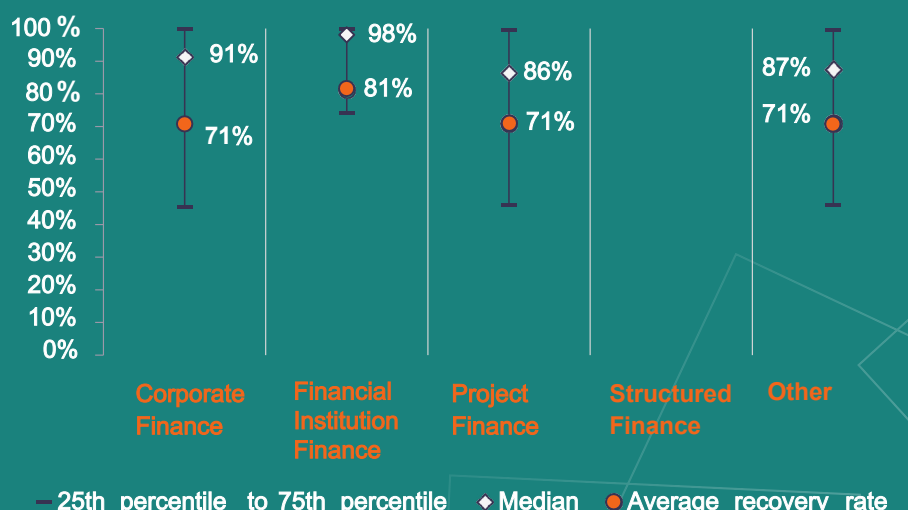
3.54%

average annual default rate between 1994 and 2024

RECOVERY RATE by project type

72.9%

average annual recovery rate between 1994 and 2024



The Changing Role of MDBs & DFIs

MDBs and DFIs remain central to the development finance ecosystem. Their contribution goes well beyond the capital they provide directly: from financing projects primarily through their own balance sheets towards also mobilising larger volumes of private institutional capital. Their shift from the originate-to-hold to the originate-to-distribute model in recent years reflects their increased role as intermediaries, with fine-tuned instruments aimed at crowding in institutional investors to channel this capital towards emerging markets.

- **Origination and structuring:** MDBs and DFIs create well-structured investment opportunities in markets that may otherwise be difficult for institutional investors to access.
- **Local knowledge and risk assessment:** Their local market presence, decades of expertise and closeness to their clients help investors understand and manage risks more effectively.
- **Mobilisation:** Their platforms and investment structures help bring additional private capital into development finance.
- **Risk and currency solutions:** There are further opportunities to develop mechanisms that address specific barriers such as local-currency exposure.
- **Countercyclical:** MDBs' lending activities are countercyclical, they can typically continue to provide financing and resources in periods of distress.

“Mobilisation is not only about providing capital. It is about creating the conditions in which more capital can participate”

MDBs are actively moving to further play the catalytic role that institutional investors seek for, and are looking at ways to standardise more effectively around their requirements. A central question for the next phase is therefore:

What do institutional investors need more from MDBs and DFIs in order to allocate more capital, more efficiently and at greater scale?

“The challenge is not only finding investment opportunities. It is making them scalable, comparable, and accessible”



Photo: Manfred Schepers, CEO of ILX, speaking at the roundtable

Standardisation & Portfolio-Level Access

Investors indicated that there is a need to make development finance easier to access and evaluate as an institutional investment category. Many opportunities remain highly bespoke. This creates additional costs in sourcing, assessing and executing individual investments.

Several ways in which greater standardisation could help got discussed:

- **Portfolio-level access:** Diversified investment structures can reduce the need for investors to assess every underlying transaction individually.
- **More comparable structures:** Standardisation can make opportunities easier to evaluate within existing portfolio frameworks.
- **Lower transaction friction:** Repeatable structures can reduce the time and cost associated with matching individual investors and investments.
- **Greater liquidity over time:** More standardised instruments and market infrastructure may help support stronger secondary-market development.

The longer-term opportunity is to move from a collection of individual transactions towards a more recognisable and scalable institutional asset class.

Building the Bridge between Development Finance and Institutional Capital

Connecting MDB- and DFI-originated opportunities with institutional investors remains a key focus. MDBs and DFIs bring origination, local knowledge and structuring capability. Pension funds bring long-term capital, but require scale, diversification, appropriate risk-return characteristics.

Specialised investment managers can help connect these two sides of the market. **ILX** is a leading example of this approach: providing institutional investors with access to diversified portfolios of development-finance private debt originated by MDBs and DFIs. Since inception in 2022, ILX has invested in **81** projects in **31** emerging markets, with no credit losses and a higher return rate than comparable sub-investment-grade public indices.

"The ecosystem already exists. The next step is making its different parts work together more effectively"



Photo: Achmea IM and ILX celebrating the partnership



The broader point raised during the discussion was that the ecosystem already exists. Some partnerships are already in place: ABP and APG, and ILX, connecting them to the wider network of MDBs and DFIs; KLP and Norfund; PGGM and EBRD. And now, Achmea IM and ILX have joined this growing ecosystem through the launch of a new investment vehicle for Dutch pension funds. The next challenge is to make the links between its different participants stronger, more efficient and more scalable.

And this is only the beginning. As the MDB originate-to-share model continues to scale, institutional investors increasingly incorporate development finance private debt into their portfolios, and platforms such as ILX grow, the market will reach the scale needed to address this opportunity.

Looking Ahead: From Dialogue to Scale

The roundtable marked a starting point rather than a conclusion. It brought together the institutions that will be essential to the next phase of development finance; not only to exchange perspectives, but to help shape the conditions for greater institutional participation in emerging markets.

The opportunity now is to turn that shared understanding into momentum. A number of areas emerged where continued cooperation can help move the market from individual initiatives towards greater scale:

- **Strengthen the evidence base:** Improve access to comparable historical data on risk, returns, defaults, recoveries and diversification.
- **Develop more standardised investment structures:** Make development finance easier for institutional investors to assess and integrate into existing portfolios.
- **Improve portfolio-level access:** Continue developing diversified vehicles and scalable investment models that reduce the need for deal-by-deal participation.
- **Address currency, liquidity and risk-sharing barriers:** Explore practical mechanisms with MDBs, DFIs and other market participants.
- **Build institutional capacity:** Support greater internal expertise, ownership and understanding within pension funds and other long-term investors.
- **Continue the dialogue:** Bring together investors, MDBs, DFIs and governments around specific execution challenges and share practical investment experience.

The 28 September roundtable reinforced that many of the foundations for greater institutional participation are already in place. The next step is to turn those foundations into scale.

We would like to thank all participants once again for the openness, experience and perspectives brought to the table. The quality of the discussion reflected a shared ambition to move from dialogue to action, and we look forward to continuing that work together.