

Development Finance in 2026. By Adva Saldinger, *Devex Invested*, 27 Jan 2026

I've spent a lot of time in recent weeks talking to experts about what we can expect in development finance in the year ahead. One thing that has emerged is that the days of talk and hope are in the rearview mirror — and 2026 will need to be one rooted in reality, practicality, and action.

With traditional aid budgets under unprecedented strain and geopolitical shifts redrawing the map of cooperation, the **pressure on private capital to fill the gap has never been higher.**

[What does the road ahead look like?](#) From the rise of “originate to share” models to a renewed focus on domestic resource mobilization, the centers of development finance are shifting.

Here are some trends to keep an eye on:

A greater focus on private capital mobilization and on changing models, including at multilateral development banks, on scaling de-risking mechanisms, and on trying to change how markets work.

- **Pressure on MDBs and development finance institutions** to deliver as official development assistance declines, and increasingly being the avenue through which donors are using their development dollars.
- **A change in the “center of gravity”** from external capital to domestic capital mobilization. That means a greater focus on local institutional capital and local and regional institutions.
- **A renewed focus on local currency lending** and continued focus on reducing the cost of capital — especially where it's high as a result of mispriced risk.
- **More self-interest:** DFIs will increasingly be asked to link their work to domestic benefits in the U.S. and beyond. Also, keep an eye on the role of export credit agencies.

Read: [Development finance trends to watch in 2026](#)