DAC Working Party on Development Finance Statistics

IMPLEMENTATION OF THE MODERNISED TAXONOMY OF FINANCIAL INSTRUMENTS AND THE DATA COLLECTION ON AMOUNTS MOBILISED

Revision of the Statistical Reporting Directives

WP-STAT Informal Meeting, 2-3 March 2015
OECD Conference Centre, Paris

This document is submitted for DISCUSSION under Items 3a and 4a of the draft agenda DCD/DAC/STAT/A(2015)/2/PROV.

The note proposes the revisions needed in the Converged Statistical Reporting Directives to implement the September 2014 WP-STAT and December 2014 HLM decisions on the modernised taxonomy of financial instruments and the data collection on amounts mobilised from the private sector by official development finance interventions.

Members are invited to review the list of revisions and the draft texts proposed and to signal any additional issues to take into account when preparing the revised Directives for consideration by the WP-STAT at its May meeting.

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IMPLEMENTATION OF THE MODERNISED TAXONOMY OF FINANCIAL INSTRUMENTS AND THE DATA COLLECTION ON AMOUNTS MOBILISED

A. INTRODUCTION

1. At the September 2014 WP-STAT meeting, members expressed their “agreement in principle” with the proposals¹ to introduce in the DAC statistical system:
   i) A modernised taxonomy of financial instruments, superseding the current classification by type of finance.
   ii) Updates to the types of flow (CRS++ item 11) and channel codes (CRS++ item 9) to facilitate the production of current DAC1 aggregates from the new taxonomy.
   iii) A regular data collection on amounts mobilised from the private sector by official development finance interventions.

2. Feeding into the broader work to develop a more comprehensive statistical framework for external development finance post-2015, the WP-STAT outcomes were drawn to the attention of the DAC and presented in the documents for the December 2014 DAC High Level Meeting (HLM).² In the HLM Communiqué members “take note of the progress made in developing a modern taxonomy of financial instruments, and methodologies to measure private sector resources mobilised, for example through guarantees” (paragraph 13) and state that they “will also collect data on resources mobilised by official interventions from the private sector using leveraging instruments such as guarantees” (paragraph 14). Moreover, they “support continued work to establish an international standard for measuring the volume of private finance mobilised by official interventions and want to explore whether and how this could be reflected in a new measure” [of Total Official support for Sustainable Development (TOSD)].

3. This note proposes the revisions needed in the Converged Statistical Reporting Directives (hereafter referred to as the Directives) to implement the above decisions.³ The detailed methodologies for measuring amounts mobilised, that will also form part of the Directives, are presented in DCD/DAC/STAT(2015)8.

4. The note is structured as follows:
   - Section B presents the revisions for Chapter 1 of the Directives, in particular to replace text in section 1.II “Financial Instruments (types of finance)” and to define new flow categories for “Officially supported export credits” and “Private foreign direct investment” in section 1.I.2. “Main categories of flows used in reporting (types of flows)”.

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2. See HLM background paper on mobilisation.
3. The note does not reflect the expected, more profound reform, of the DAC statistical framework e.g. to integrate the TOSD measure.
• Section C suggests new text for Chapter 3 to present the value-added and main principles underpinning the proposed data collection on “amounts mobilised from private sector by official development finance interventions”.

• Section D suggests revisions to Chapter 4, section 4.1 “Channel of delivery” to introduce in paragraph 119 the new channel of delivery categories needed for deriving current DAC1 aggregates from CRS++ reporting based on the new taxonomy.

• Section E suggests revisions to Chapter 5, mainly to incorporate the new flow categories in Table DAC1 and to include two additional fields in CRS++ to collect data on amounts mobilised.

• Section F presents a first set of revisions needed to Modules B and C. This includes a list of changes needed to Annexes 3, 4, 5 and 9 and a proposal to split Annex 10 into two parts, one listing the types of flows and another one the financial instruments. The latter would present both the definitions and the main features and functioning of the new financial instruments (technical fiches). Finally, section F also proposes to include a new Annex in Module B with instrument-specific instructions for reporting on amounts mobilised.

5. The note is presented for DISCUSSION at the Informal meeting of the WP-STAT on 2-3 March 2015. Members will be invited to review and make general comments on the proposed changes to the reporting instructions summarised in Table 1 below. Further written comments may be sent to the Secretariat by 31 March 2015. The objective is to incorporate these changes in the broader revision of the Directives to implement the December 2014 DAC High Level Meeting agreements. It is recalled that the WP-STAT was tasked to finalise this work by the end of 2015.

Table 1. Summary of revisions needed

<table>
<thead>
<tr>
<th>Parts of the Directives to be revised</th>
<th>CHAPTER 1 Coverage and key financial definitions</th>
<th>CHAPTER 3 Basis of measurement</th>
<th>CHAPTER 4 DAC statistical concepts describing flows</th>
<th>CHAPTER 5 Instructions for reporting</th>
<th>MODULES</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) the new taxonomy of financial instruments</td>
<td>Update of definitions.</td>
<td>Inclusion of new channel categories pertaining to private sector.</td>
<td>Update of Table DAC1 structure (with new flow categories).</td>
<td>Updates of Annexes 3, 4 and 5 in module B.</td>
<td>Update of Annex 9 and split of Annex 10 in module C.</td>
</tr>
<tr>
<td>ii) the data collection on amounts mobilised</td>
<td>Broadening of the scope of the resource flows covered.</td>
<td>New section on value-added and reporting principles.</td>
<td>Two new CRS++ items for reporting on amounts mobilised.</td>
<td>New Annex in module B for the methodologies on amounts mobilised.</td>
<td></td>
</tr>
</tbody>
</table>
B. REVISIONS TO CHAPTER 1 – COVERAGE AND KEY FINANCIAL DEFINITIONS

Broadening of the scope - revisions to paragraph 8 of Section I

6. The agreement to collect data on amounts mobilised by official development finance interventions introduces a new dimension in the DAC statistical framework, broadening the scope of the resource flows covered. Consequently, it is proposed to revise paragraph 8 as follows:

<table>
<thead>
<tr>
<th>Revisions to Chapter 1 – Section I. Scope of resource flows covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Figure 1 below gives an overview of resource flows covered in DAC statistics.  Data are collected on both official and private flows, both concessional and non-concessional. For official flows the major distinction is between official development assistance (ODA) and other official flows (OOF), while private flows are broken down into flows at market terms and charitable grants. Flows include contributions to multilateral development agencies, which are themselves official bodies. The outflows from such multilateral agencies are the subject of a separate data collection aimed at providing a complete picture of developing countries’ receipts. Data on amounts mobilised from the private sector by official development finance interventions are also collected in DAC statistics, from both bilateral and multilateral providers. These are presented as a memo item because the funds do not necessarily originate from the provider country and may even be domestic i.e. originate from the recipient country.</td>
</tr>
</tbody>
</table>

New flow categories – revisions to section I.2

7. At the September 2014 WP-STAT meeting members agreed that, to fully capture the information previously collected through types of finance, it was necessary to create new type of flow categories for Officially Supported Export Credits and Private Foreign Direct Investment (FDI). The rationale for identifying these types of operations as specific categories of flow rather than financial instruments is that they do not relate to any single financial instrument but rather to the BPM6 concept of functional categories (i.e. reflecting the type or degree of control that the donor or investor has over the use of the funds). As regards export credits, members also agreed that DAC statistics should be consistent with the Export Credit Group’s approach which considers both direct official export credits and officially guaranteed (private) export credits as official transactions.

8. To integrate the two new types of flow in Chapter I of the Directives, it is proposed to: a) delete from current paragraph 17, bullet iii) pertaining to export credits; b) insert after current paragraph 17 new paragraphs for Officially Supported Export Credits and Private Foreign Direct Investment; and c) adjust the text in current paragraph 19 on private flows at market terms as follows. [For discussion on paragraph 12, bullet ii), see DCD/DAC/STAT(2015)5.]
Revisions to Chapter 1 – Section I.2. Main categories of flows used in reporting (types of flows)

Other Official Flows (OOF), excluding export credits

17. Other official flows, excluding export credits, are defined as transactions by the official sector which do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development, or because they are not sufficiently concessional, e.g.:

i. Grants to developing countries for representational or essentially commercial purposes.

ii. Official bilateral transactions intended to promote development which are not concessional in character or have a grant element of less than 25 per cent.

iii. Official bilateral transactions, whatever their grant element, that are primarily export-facilitating in purpose. This category includes by definition export credits extended directly to developing countries by an official agency or institution ("official direct export credits" financing).

[iv. .. viii.]

Officially supported export credits

XX. (New paragraph) All export credits to developing countries extended by an official agency or institution. Includes both official direct export credits (i.e. loans extended by an Export Credit Agency (ECA) to facilitate exports to developing countries) and officially-guaranteed/insured export credits (i.e. loans extended by the private sector but guaranteed/insured by ECAs to finance an export transaction).

Private Foreign Direct Investment

XX. (Former para. 33) Private foreign direct investment financial transactions (flows) comprise mainly three types of financing from the private sector: (i) acquisition or disposal of equity capital; (ii) reinvestment of earnings which are not distributed as dividends; and (iii) inter-company debt (payables and receivables, loans, debt securities). Direct investment comprises financing by an entity resident in a reporting country which has the objective of obtaining or retaining a lasting interest in an entity resident in a developing country. “Lasting interest” implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least ten per cent of the shares of the enterprise, or the equivalent in voting power or other means of control. Portfolio investment refers to investment in debt and securities (both usually traded) that is not made to acquire a lasting interest in an enterprise. The primary purpose of direct and portfolio investment is the creation and management of viable (usually private sector) enterprises in developing countries. Official investment qualifies as ODA in exceptional circumstances only (see Chapter 2).

Other private flows at market terms

19. (Edited) All private long-term (i.e. over one-year maturity) capital transactions made by residents of the donor country at market terms beyond foreign direct investment. Covers bonds, equities and private acquisition of multilateral securities.

Private charitable flows

XX. (Former para. 18) Grants provided by NGOs and other private bodies resident in the donor country for development assistance and relief. The development and welfare expenditures of religious bodies or of private profit-making entities may also be included, provided such expenditures do not have a primarily religious or commercial motive.
9. Following members’ agreement to collect data on amounts mobilised from the private sector by official development finance interventions, it is proposed to include a new section in Chapter 1 to introduce this new concept of the DAC statistical system as follows:

**Revisions to Chapter 1 – Section I.2. Main categories of flows used in reporting (types of flows)**

**Other concepts**

[...]

**I.3. Amounts mobilised from the private sector by official development finance interventions**

**XX. (New paragraph)** In DAC statistics, the term “mobilisation” is defined as the way in which financial mechanisms/interventions can stimulate the allocation of additional resources for development. Amounts mobilised from the private sector are collected following an instrument-specific approach (see Annex X). They cover all private finance mobilised by official development finance interventions regardless of the origin of the funds (provider country, recipient country, third country).

**Financial Instruments (types of finance) – Section II**

10. This section identifies the revisions (additions and deletions) needed in section II of Chapter 1 to integrate the new taxonomy of financial instruments in the Directives. The revision of the related Annex of the Directives is presented in the Appendix of this note.

**Revisions to Chapter 1 – Section II. Financial instruments (types of finance)**

**II. Financial instruments (types of finance)**

22. **(Edited)** Within the flow categories (see above) are numerous financial instruments. Financial instruments are categorised as grants, debt instruments, mezzanine finance instruments, and equity and shares in collective investment vehicles. The financial instrument classification also includes instruments that do generate a flow (i.e. contingent liabilities) such as guarantees. It also includes specific items to report on debt relief in DAC statistics. The main instruments are presented below. See full list of financial instruments and codes for reporting in Annex 10b.

**XX. (TEXT MOVED from former para. 29)** Securities issued by developing countries and multilateral agencies and PPPs active in development are negotiable financial instruments, and their acquisitions by the official or private sector of DAC countries are reportable as flows. Negotiability refers to the fact that the legal ownership of the claim is readily capable of being transferred from one owner to another by delivery or endorsement. Securities include debt securities (e.g. bonds), equity securities and investment fund shares or units. While debt securities accrue interest, equity securities pay dividends, and investment fund shares or units pay investment fund income.

**II.1 Grants**

23. **Grants** are transfers in cash or in kind for which no legal debt is incurred by the recipient. For ODA reporting purposes, they also include forgiveness of non-military debt; support to non-governmental organisations; certain interest subsidies (see paragraphs 111-113), and certain costs incurred in the implementation of aid. Grants to multilateral agencies intended to soften the terms of the latter’s lending are a direct resource outflow and should also be recorded as ODA grants. For OOF reporting purposes, grants for commercial purposes such as subsidies to national private investors, and grants to forgive military debt, are also included. Grant-like flows are assimilated to grants. They comprise a) loans for which the service payments are to be made into an account in the borrowing country and used in the borrowing country for its own benefit, and b) provision of commodities for sale in the recipient’s currency the proceeds of which are used in the recipient country for its own benefit.

**XX. Capital subscriptions** are assimilated to grants in DAC statistics and consist of payments to multilateral agencies in the form of notes and similar instruments, unconditionally encashable at sight by the recipient institutions.

**XX. Grant-like (Moved to para. 23)**
II.2 Debt instruments

XX. (New paragraph) Debt instruments require the payment of principal and/or interest at some point(s) in the future. Debt instruments can take the form of loans and debt securities.

II.2.1 Loans

26. Loans are transfers in cash or in kind for which the recipient incurs legal debt (and the resulting claim is not intended to be traded). This includes loans repayable in the borrower’s currency whether the lender intends to repatriate the repayments or to use them in the borrowing country. Loans with a maturity of one year or less are not reportable in DAC statistics.

XX. (New paragraph) Reimbursable grants are assimilated to loans and consist in contribution provided to a recipient institution for investment purposes, with the expectation of long-term refloWS at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment.

27. When official loans are extended with the promotion of the economic development and welfare of the recipient country as their main objective, their classification as ODA or OOF is determined by their concessionality.

28. Export credits are the main form of loans for commercial purposes; they are loans extended to finance a specific purchase of goods or services from within the creditor country. Official loans for commercial purposes are always classified as OOF and include:

XX. (Edited) Official loans to private exporters in the donor country, and official loans to private investors in the donor country, to help finance a specified investment in a developing country are reportable as OOF. Support to the general investment programme of an enterprise is not reportable, even though it may indirectly encourage investment in developing countries.

II.2.2 Debt securities

30. Bonds are fixed-interest debt instruments, issued by governments, public utilities, banks or companies, tradable in financial markets. The issuer pledges to pay the loan principal (par value of the bond) to the bondholder on a fixed date (maturity date) as well as a fixed rate of interest for the life of the bond (coupon bonds). Alternatively, bonds can be issued at a price lower than their par value in lieu of the periodic interest; on maturity the full par value is paid to the bondholder (discount bonds).

XX. (New paragraph) Asset-Backed Securities (ABS) are securities whose value and income payments are derived from and backed by a specific pool of underlying assets.

II.3 Mezzanine finance instruments

XX. (New paragraph) Mezzanine finance, also called hybrid finance, refers to instruments relating to the layer of financing between a company’s senior debt and equity, with features of both debt and equity. Providers of mezzanine finance have claims that are subordinated to senior lenders and possess priority over equity investors. Consequently, mezzanine investors normally expect returns that are higher than traditional bank lending rates and lower than the returns required by most equity investors.

XX. (New paragraph) A subordinated (or junior) loan, in the event of default, will only be repaid after all senior obligations have been satisfied.

XX. (New paragraph) Preferred equity, in the event of default, will be repaid after all senior obligations and subordinated loans have been satisfied, and will be paid before other equity holders.

II.4 Equity and shares in collective investment vehicles

XX. (New paragraph) Common equity is a share in the ownership of a corporation that gives the owner claims on the residual value of the corporation after creditors’ claims have been met.

XX. (New paragraph) Shares in collective investment vehicles refer to collective undertakings through which investors pool funds for investment in financial or nonfinancial assets or both. These vehicles issue shares (if a corporate structure is used) or units (if a trust structure is used).

XX. Foreign direct investment financial transactions (flows) comprise mainly three types of financing: (i)
acquisition or disposal of equity capital; (ii) reinvestment of earnings which are not distributed as dividends; and (iii) inter-company debt (payables and receivables, loans, debt securities). Direct investment comprises financing by an entity resident in a reporting country which has the objective of obtaining or retaining a lasting interest in an entity resident in a developing country. “Lasting interest” implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least ten per cent of the shares of the enterprise, or the equivalent in voting power or other means of control. **Portfolio investment** refers to investment in debt and securities (both usually traded) that is not made to acquire a lasting interest in an enterprise. The primary purpose of direct and portfolio investment is the creation and management of viable (usually private sector) enterprises in developing countries. Official investment qualifies as ODA in exceptional circumstances only (see Chapter 2).

### II.4 Guarantees and other unfunded contingent liabilities

**XX.** *(New paragraph)* **Guarantees or insurance** refer to a risk-sharing agreements under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument to the lender/investor in the event of non-payment by the borrower or loss of value in case of investment. Other unfunded contingent liabilities refer to other instruments that do not constitute a flow as such and are presented in DAC statistics as non-flow operations (i.e. under type of flow 40).

### II.5 Debt relief

[...]

## C. **REVISIONS TO CHAPTER 3 – BASIS OF MEASUREMENT**

11. As highlighted in DCD/DAC/STAT(2015)5, Chapter 3 of the Directives needs to be updated and restructured to reflect the evolution of the DAC statistical framework towards a post-2015 information system on development finance. Among the six sections proposed (built around the various types of measurement used for different purposes), one is dedicated to the data collection on amounts mobilised from the private sector by official development finance interventions. The objective of this section would be to present the value-added of such a data collection and the main reporting principles used in this context.
Draft text for new section IV of Chapter 3

Section IV. Amounts mobilised from the private sector by official development finance interventions

XX. Amounts mobilised from the private sector by official development finance interventions are collected for the following financial instruments: syndicated loans, guarantees and shares in collective investment vehicles. The objective of this data collection is two-fold: i) to improve data on the volume of resources made available to developing countries (recipient perspective); and ii) to valorise the use by the official sector of mechanisms with a mobilisation effect (provider perspective). It is limited to amounts mobilised from the private sector (including the private sector in developing countries), and excludes any amounts mobilised from other official (including recipient country) providers. Data on amounts mobilised are collected for operations extended with a development motive only (export credits are therefore excluded). In order to avoid double-counting, the instrument-specific methodologies in Annex X take into account the principles of causality, pro-rated attribution and precise point of measurement.

Causality

XX. Causality means that the private financiers would not have invested in a development activity in the absence of the official sector mechanism/intervention. Evidence for causality is often unavailable, but reporting can be based on agreed assumptions which vary according to the financial instrument/mechanism being used.

Attribution

XX. When more than one official investor is involved in a project having mobilised private finance, a pro-rata attribution is applied (see Annex X).

Point of measurement

XX. Amount mobilised from the private sector are collected on a commitment and calendar year bases.

XX. The official intervention may mobilise private resources for a number of years. This is the case for collective investment vehicles for which the fund-raising period may be defined or be open-ended. For these mechanisms, a time limit of five years for counting amounts of private investment as mobilised has been introduced.

D. REVISIONS TO CHAPTER 4 - SECTION I - CHANNEL OF DELIVERY

12. To facilitate the integration of the new financial instruments classification in the statistical system, it is necessary to also update the CRS++ item “channel codes”. The objective of this update is two-fold:

i) continue tracking in DAC statistics some characteristics of the recipient institution previously captured through a few types of finance (e.g. national private investors and exporters), in particular to ensure that DAC1 aggregates beyond ODA – currently based on the types of finance – can continue to be derived from the CRS++.

ii) better track members’ operations in support of private sector development and facilitate answering frequent requests in this area.

13. At the September 2014 WP-STAT meeting, members discussed a first proposal to expand the channel code list for private sector institutions. Building on comments received from members, the Secretariat has revised its proposal, in particular to introduce a new sub-category for “private sector in third country”.

14. In Section I of Chapter 4 it is proposed to introduce the new category of channels of delivery related to private sector institutions as shown below. Note also the change in the numbering of the channel category for “universities, college or other teaching institution, research institute or think-thank” and “other” (previously coded 51000 and 52000 respectively).
Revisions to Chapter 41 – Section I. DAC statistical concepts describing flows

I. Channel of delivery

XX. Channel of delivery categories are defined as follows: […]

- **(RECODED)** 60000 – University, college or other teaching institution, research institute or think-thank. Includes universities, colleges and other teaching institutions, research institutes, or think-tanks.
- **(NEW)** 70000 – Private sector institutions
  Include all “for-profit” institutions, consultants and consultancy firms that do not meet the DAC definition of official sector. Sub-categories further distinguish between private sector in provider country (71000), private sector in recipient country (72000) and private sector in third country (73000).
- **(RECODED)** 90000 – Other
  Includes any other implementers that cannot be placed in another channel category.

15. The code list in Annex 9 of the Directives is proposed to be updated as follows:

<table>
<thead>
<tr>
<th>Channel Parent Category</th>
<th>Channel Code for Reporting</th>
<th>Year</th>
<th>Full Name (English)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50000.DELETED</td>
<td>50000</td>
<td>-</td>
<td>OTHER</td>
</tr>
<tr>
<td>60000 – RECODED</td>
<td>60000</td>
<td></td>
<td>University, college or other teaching institution, research institute or think-tank</td>
</tr>
<tr>
<td>70000 – NEW</td>
<td>70000</td>
<td>2015</td>
<td>Private sector institution</td>
</tr>
<tr>
<td>71000 – NEW</td>
<td>71000</td>
<td>2015</td>
<td>Private sector in provider country</td>
</tr>
<tr>
<td></td>
<td>71100</td>
<td>2015</td>
<td>Private bank in provider country</td>
</tr>
<tr>
<td></td>
<td>71100</td>
<td>2015</td>
<td>Private exporter in provider country</td>
</tr>
<tr>
<td></td>
<td>71100</td>
<td>2015</td>
<td>Private investor in provider country</td>
</tr>
<tr>
<td></td>
<td>71100</td>
<td>2015</td>
<td>Other non-bank entity in provider country</td>
</tr>
<tr>
<td>72000 – NEW</td>
<td>72000</td>
<td>2015</td>
<td>Private sector in recipient country</td>
</tr>
<tr>
<td></td>
<td>72000</td>
<td>2015</td>
<td>Private bank in recipient country</td>
</tr>
<tr>
<td></td>
<td>72000</td>
<td>2015</td>
<td>Private non-bank entity in recipient country</td>
</tr>
<tr>
<td></td>
<td>72000</td>
<td>2015</td>
<td>Joint-venture in recipient country</td>
</tr>
<tr>
<td>73000 – NEW</td>
<td>73000</td>
<td>2015</td>
<td>Private sector in third country</td>
</tr>
<tr>
<td></td>
<td>73000</td>
<td>2015</td>
<td>Private bank in third country</td>
</tr>
<tr>
<td></td>
<td>73000</td>
<td>2015</td>
<td>Private non-bank in third country</td>
</tr>
<tr>
<td>90000 – RECODED</td>
<td>90000</td>
<td></td>
<td>Other</td>
</tr>
</tbody>
</table>
E. REVISIONS TO CHAPTER 5 - INSTRUCTIONS FOR REPORTING

Introduction of new flow categories in Table DAC1

16. The introduction of new types of flow relating to “Officially Supported Export Credits” and “Private Foreign Direct Investment” affects the current structure of Table DAC1 which presents key DAC aggregates. The parts of Chapter 5 - section II that need to be revised are highlighted below.

17. With a view to improving the relevance of the main DAC aggregates for analyses of development finance post-2015, the sub-categories of Table DAC1 should be revised. Proposals in this regard will be developed in the context of discussions on ODA modernisation and the broader measure of total official support for sustainable development. This will also take into account the actual reporting received from members on the current items, some of which are under-reported (e.g. support to national private investors/exporters).

Revisions to Chapter 5 – section II.1. Table DAC1: overall resource flow data

[...]

Line II. OTHER OFFICIAL FLOWS, excluding export credits (code 230)
XX. The sum of bilateral OOF (code 235) and multilateral OOF (code 325).

Line II.A Other Official Bilateral Flows (code 235)
XX. The sum of official support to national private exporters (code 266), investment-related transactions (code 294), rescheduling (code 300), other bilateral securities and claims (code 295) and offsetting entries for debt relief (code 102). "Amounts received" (column 1130) is used to report actual principal repayments in respect of each category of OOF. Forgiveness of OOF principal should be reported in column 1130 under offsetting entries for debt forgiveness (code 102).

Line II.A.1 Export-related transactions (code 240)
XX. The sum of official export credits to developing countries (code 265), and support to national private exporters (code 266).

Line II.A.1.1 Official export credit financing to developing countries (code 265)
XX. Loans extended by government-owned or controlled specialised export-financing agencies or institutions to finance a specific purchase of goods or services from within the creditor country.

Line II.A.1 Support to national private exporters (code 266)
XX. Official loans (columns 1122 and 1152) to private exporters or private export credit agencies to partially finance export credits extended by them to developing countries, and subsidies (columns 1121 and 1151) to reduce the interest rate charged on private export credits.

Line II.A.2 Investment-related transactions (code 294)
The sum of transactions with developing countries (code 291) and with residents (code 287).

Line II.A.2.1 Investment-related transactions with developing countries (code 291)
of which: Joint ventures (code 292)
XX. A loan or investment by an official agency which does not qualify as ODA and is part of a joint venture with the recipient.

of which: - Loans (code 293)

of which: - Acquisition of equity (code 280)

Line II.A.2.2 Investment-related transactions with residents – support to national private investors (code 287)
XX. Covers loans (columns 1122 and 1152) and subsidies (columns 1121 and 1151) to national private investors, i.e. loans and grants by the official sector to a private company in the donor country to help finance a
specified investment in a developing country. Support to the general investment programme of an enterprise should not be included, even though it may indirectly encourage investment in developing countries.

Line III. OFFICIALLY SUPPORTED EXPORT CREDITS (code XXX)

Line III.A Official direct export credits to developing countries (code 265)
XX. Loans extended by government-owned or controlled specialised export-financing agencies or institutions to finance a specific purchase of goods or services from within the creditor country.

Line III.B Officially guaranteed or insured export credits to developing countries (code XXX)
XX. Guarantees or insurance extended by government-owned or controlled specialised export-financing agencies or institutions to finance a specific purchase of goods or services from within the creditor country.

Line IV. PRIVATE FOREIGN DIRECT INVESTMENT (RESIDENCE BASIS), TOTAL (code XXX)

of which: New capital outflows (code XXX)
XX. Direct investment comprises financing by an entity resident in a reporting country which has the objective of obtaining or retaining a lasting interest in an entity resident in a developing country. “Lasting interest” implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least ten per cent of the shares of the enterprise, or the equivalent in voting power or other means of control. Amounts repatriated to entities in the reporting country are reported in column 1130. However, no account is taken of private investment by developing countries in reporting countries.

XX. Deduct the amounts reported for official sector loans and subsidies to national private investors (code 287) from each column. (See paragraph 110.)

Line V. OTHER PRIVATE FLOWS AT MARKET TERMS (RESIDENCE BASIS), TOTAL (code XXX)

Line V.A Bilateral Private Flows (code 332)
XX. The sum of direct investment (new capital outflows and reinvested earnings) (code 340), other securities and claims (code 353) and offsetting entries for debt relief (code 103).

Line V.A.1 Other securities and claims (code 353)
XX. The sum of total banks (long-term) (code 384) and non-banks (code 386). Deduct the amounts reported for official sector loans to national private exporters (code 270) from each column in the relevant lines for bank or non-bank export credits. (See paragraph 110).

Line V.A.1.1 Total banks (long-term) (code 384)
XX. The sum of bond purchases by banks (code 751), bank export credits (code 752) and other bank securities and claims (code 753).

XX. In practice, this aggregate is often collected directly by central banks. Any direct investment by banks included in this total should be deducted as it is reportable under code 340.

XX. (Edited) One other deduction should be made from this total:

i) lending for military purposes, usually in the form of export credits; and

ii) claims on banks in financial centres, as most of this lending is channelled to developed countries.

The financial centres to exclude are: Lebanon; Liberia; Panama; Vanuatu.

XX. The data required are banks' new lending and bond purchases, repayments of loans and redemption of bonds. In practice, these flow data are rarely available and estimates have to be made from the stocks of claims at the beginning and end of the reporting year, e.g. as reported to the BIS. See Box 1 in Annex 5 for how to adjust for exchange rate changes.

4. Detailed procedures and definitions for measuring direct investment are given in the document OECD Benchmark Definition of Foreign Direct Investment [C(2008)76]. Reporting should be in accordance with this definition, and should be consistent with members’ reporting on foreign direct investment to the OECD’s Directorate for Financial, Fiscal and Enterprise Affairs.
Line V.A.1.1.a) Bonds (code 751)
XX. Acquisition by banks of bonds issued by developing countries. These figures are often only available net, but where possible enter new acquisitions in column 1122 and redemptions in column 1130.

Line V.A.2.1.b) Export credits (code 752)
XX. Export credits from private banks to developing countries (known as “buyers’ credits”). Include all bank export credits with or without an official guarantee. Most credits will be guaranteed and the required data can be obtained from CRS Form 3, providing adjustments are made to exclude military credits, undisbursed amounts and guaranteed future interest. See Box 2 in Annex 5 for more details.

Line V.A.1.1.b) Other bank (code 753)
XX. This item is mainly for the purchase and sale of equities by banks. Such portfolio investment is distinct from direct investment as it does not imply a lasting interest in the enterprise (see paragraph 252). It is usually calculated as a residual by deducting bank bonds (code 751) and bank export credits (code 752) from total banks (code 384).

Line V.A.1.2 Non-banks (code 386)
XX. The sum of guaranteed export credits (code 756), non-guaranteed portions of guaranteed export credits (code 761), bonds (code 388) and other securities (including equities) (code 389).

Line V.A.2.2.a) Guaranteed export credits (code 756)

Line V.A.1.2.a) Non-guaranteed portions of guaranteed export credits (code 761)
XX. Export credits other than from official agencies and banks, usually to suppliers in the reporting country to cover their exports to developing countries. The guaranteed portion (code 756) and the non-guaranteed portion (code 761) should be reported separately. The same adjustments should be made as noted in paragraph 260.

Line V.A.1.2.b) Bonds (code 388)
XX. Acquisitions other than by banks of bonds issued by developing countries. These figures are often only available net, but where possible enter new acquisitions in column 1122 and redemptions in column 1130.

Line V.A.1.2.c) Other securities (including equities) (code 389)
XX. This item is mainly for the purchase and sale of equities other than by banks. Such portfolio investment is distinct from direct investment as it does not imply a lasting interest in the enterprise (see paragraph 252).

Line V.A.2 Offsetting entry for debt relief (code 103)
XX. The total amount of principal either forgiven (as ODA) or rescheduled (as OOF) on private loans.

Line V.B Multilateral Private Flows (code 359)
XX. The acquisition (column 1122) and redemption (column 1130), other than by official agencies, of interest-bearing securities and other instruments issued by multilateral organisations. Only transactions with the agencies included in the List of ODA-eligible international organisations (see Annex 2) may be reported.

Line VI. NET PRIVATE GRANTS (code 415) […]

14
Introduction of new CRS++ fields to collect data on amounts mobilised by official development finance interventions

18. To implement the September 2014 WP-STAT and December 2014 HLM decisions on measuring private finance mobilised by official interventions, it is proposed to set up the framework for a regular data collection in CRS++ on amounts mobilised from private sources by public interventions. In practice, this implies adjusting the current CRS++ structure and including two additional fields under its section D “volume data”:

- **Item 43a “type of leveraging mechanism”** to indicate the type of mechanism used by official institutions to mobilise private finance for development purposes and, where relevant, their role or position (e.g. arranger vs. participant in syndications, tranche of investment in CIVs). As shown in Table 2 below, it is proposed for the time being to introduce mechanisms for which methodologies to capture amounts mobilised were developed and approved (in principle) by the WP-STAT [i.e. syndicated loans, developmental guarantees and shares in CIVs, see DCD/DAC/STAT(2015)/8]. Additional leveraging mechanisms will be progressively added as the WP-STAT progresses on the methodological work.

- **Item 43b “Amounts mobilised from the private sector”** to collect the actual amount mobilised from the private sector as defined by the instrument-specific methodologies.

19. Members will be also asked to report in the notes field how much of the amount mobilised originates from the private sector in the recipient and/or third developing country. This would enable the identification of the origin of private finance mobilised – from developed vs. recipient vs. third developing country – often of interest, for example, for analysis of North-South climate-related flows.

20. The Secretariat also suggests incorporating the definitions and reporting instructions per mechanism on amounts mobilised from the private sector in a separate Annex in module B of the Directives. The contents of such a new Annex is presented in DCD/DAC/STAT(2015)8.

| Table 2. New CRS++ fields to measure amounts mobilised from the private sector |
|---|---|
| **43a. Type of leveraging mechanism (NEW)** | 1=Syndicated loan, arranger  
2=Syndicated loan, participant  
3=Common shares in flat collective investment vehicle  
4=Shares in the riskiest tranche of structured collective investment vehicle, first-loss shares and others (e.g. lock-up shares)  
5=Guarantee/insurance |
| **43b. Amount mobilised from the private sector (NEW)** | As defined in Annex X of Module B.  
In thousands of units (millions if yen). Use the currency indicated in item 32. |
| **Notes** | Report how much of the amount mobilised originates from the private sector in the recipient and/or third developing country. |
F. REVISIONS TO MODULES B AND C

List of updates needed in Annexes 3, 4, 5 and 9

21. The introduction of the new taxonomy by financial instruments and the adjustments in other CRS++ items (types of flows and channel codes) implies the revision of a number of Annexes presented in modules B and C of the Directives, including:

   i) An update of Annex 3 “Table DAC1” to reflect the new structure of this table.

   ii) An update of Annex 4 to include the two additional CRS++ fields.

   iii) A revision of Annex 5 to adjust the rules for compiling aggregates from CRS++ reporting using the new taxonomy of financial instruments – making use of the mapping developed by the Secretariat between the new classification and the current types of finance [see Table 6 of DCD/DAC/STAT(2014)13].

   iv) An update of Annex 9 pertaining to the major channel of delivery, in particular to include the new category for “private sector institutions”.

22. These revisions will be reflected in the version of the revised Directives that will be prepared for members’ consideration at the May 2015 WP-STAT meeting.

Split of Annex 10 and inclusion of technical fiches

23. At the September 2014 WP-STAT, members welcomed the technical fiches developed by the Secretariat presenting the main features and functioning of the new financial instruments and agreed in principle to incorporate them in the Directives [see the Annex of DCD/DAC/STAT(2014)13]. To facilitate their integration in the current modules, it is proposed to split current Annex 10 of module C in two as follows:

   • Annex 10a would include the revised classification by “types of flows”; and

   • Annex 10b would present both the new list of “financial instruments”, including their definitions, and the technical fiches.

24. In addition, it is also proposed to include a new Annex in Module B setting out the DAC “methodologies to measure amounts mobilised from the private sector by official development finance interventions” (see also para. 18 and 20).
**APPENDIX: SPLIT OF ANNEX 10 AND INCLUSION OF TECHNICAL FICHES FOR NEW FINANCIAL INSTRUMENTS**

Annex 10a. Types of flows

<table>
<thead>
<tr>
<th>Code</th>
<th>Heading</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>ODA</td>
<td>Official Development Assistance flows</td>
</tr>
<tr>
<td>21</td>
<td>Non-export credit OOF</td>
<td>Other Official Flows, excl. export credits. <em>(Adjusted)</em></td>
</tr>
<tr>
<td>22</td>
<td>Officially supported export credits</td>
<td>Officially supported export credits <em>(NEW)</em>. Covers both official direct export credits and private export credits supported by official guarantees.*</td>
</tr>
<tr>
<td>30</td>
<td>Private grants</td>
<td>Grants made by NGOs and other civil society organisations (e.g. philanthropic foundations) based in the reporting DAC country.</td>
</tr>
<tr>
<td>36</td>
<td>Private Foreign Direct Investment</td>
<td>Private Foreign Direct Investment. <em>(NEW)</em></td>
</tr>
<tr>
<td>37</td>
<td>Other Private flows at market terms</td>
<td>Private long-term (i.e. over one-year maturity) capital transactions made by residents of DAC countries. <em>(NEW)</em></td>
</tr>
<tr>
<td>40</td>
<td>Non flow</td>
<td>E.g. GNI, population. Guarantees, not being a flow, fall under this category.</td>
</tr>
<tr>
<td>50</td>
<td>Other flows</td>
<td>Non-ODA component of peacebuilding operations.</td>
</tr>
</tbody>
</table>

*Currently recorded under category 35 “Private flows at market terms”. Conversion of historical series could be done using current types of finance in 45X series.*
### Annex 10b. Financial instruments

<table>
<thead>
<tr>
<th>Broad category</th>
<th>Sub-category code</th>
<th>Sub-category label</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - GRANTS</td>
<td>110</td>
<td>Standard grant</td>
<td>Grants are transfers in cash or in kind for which no legal debt is incurred by the recipient.</td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>Interest subsidy</td>
<td>A payment to soften the terms of private export credits, or loans or credits by the banking sector.</td>
</tr>
<tr>
<td></td>
<td>310</td>
<td>Capital subscription on deposit basis</td>
<td>Payments to multilateral agencies in the form of notes and similar instruments, unconditionally encashable at sight by the recipient institutions.</td>
</tr>
<tr>
<td></td>
<td>311</td>
<td>Capital subscription on encashment basis</td>
<td></td>
</tr>
<tr>
<td>420 - DEBT INSTRUMENTS</td>
<td>421</td>
<td>Standard loan</td>
<td>Transfers in cash or in kind for which the recipient incurs legal debt (and the resulting claim is not intended to be traded). Since payment obligations on standard loan are senior obligations, i.e. creditors are entitled to receive payments against their claims before anyone else, they are also referred to as senior loans.</td>
</tr>
<tr>
<td></td>
<td>422</td>
<td>Reimbursable grant (NEW)</td>
<td>A contribution provided to a recipient institution for investment purposes, with the expectation of long-term reflows at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment.</td>
</tr>
<tr>
<td></td>
<td>423</td>
<td>Bonds</td>
<td>Fixed-interest debt instruments, issued by governments, public utilities, banks or companies, tradable in financial markets.</td>
</tr>
<tr>
<td></td>
<td>424</td>
<td>Asset-backed securities (NEW)</td>
<td>Securities whose value and income payments are derived from and backed by a specific pool of underlying assets.</td>
</tr>
<tr>
<td></td>
<td>425</td>
<td>Other debt securities</td>
<td></td>
</tr>
<tr>
<td>430 - MEZZANINE FINANCE INSTRUMENTS</td>
<td>431</td>
<td>Subordinated loan (NEW)</td>
<td>A loan that, in the event of default, will only be repaid after all senior obligations have been satisfied. In compensation for the increased risk, mezzanine debt holders require a higher return for their investment than secured or more senior lenders.</td>
</tr>
<tr>
<td></td>
<td>432</td>
<td>Preferred equity (NEW)</td>
<td>Equity that, in the event of default, will be repaid after all senior obligations and subordinated loans have been satisfied; and will be paid before common equity holders. It is a more expensive source of finance than senior debt, a less expensive source than equity.</td>
</tr>
<tr>
<td></td>
<td>433</td>
<td>Other hybrid instruments (NEW)</td>
<td>Including convertible debt or equity.</td>
</tr>
<tr>
<td>510</td>
<td></td>
<td>Common equity</td>
<td>A share in the ownership of a corporation that gives the owner claims on the residual value of the corporation after creditors’ claims have been met.</td>
</tr>
<tr>
<td>520</td>
<td></td>
<td>Shares in collective investment vehicles (NEW)</td>
<td>Collective undertakings through which investors pool funds for investment in financial or nonfinancial assets or both. These vehicles issue shares (if a corporate structure is used) or units (if a trust structure is used).</td>
</tr>
<tr>
<td>530</td>
<td></td>
<td>Reinvested earnings</td>
<td>This item is only applicable to Foreign Direct Investment (FDI). Reinvested earnings on FDI consist of the retained earnings of a direct foreign investment enterprise which are treated as if they were distributed and remitted to foreign direct investors in proportion to their ownership of the equity of the enterprise and then reinvested by them in the enterprise.</td>
</tr>
</tbody>
</table>
A guarantee refers to a risk-sharing agreement under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument to the lender/investor in the event of non-payment by the borrower or loss of value in case of investment. Other unfunded contingent liabilities refer to other instruments that do not constitute a flow as such but may be also collected in future.

<table>
<thead>
<tr>
<th>1000 - GUARANTEES AND OTHER UNFUNDED CONTINGENT LIABILITIES</th>
<th>1100</th>
<th>Guarantees/insurance (NEW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>610</td>
<td>Debt forgiveness/conversion: ODA claims (P)</td>
<td></td>
</tr>
<tr>
<td>611</td>
<td>Debt forgiveness/conversion: ODA claims (I)</td>
<td></td>
</tr>
<tr>
<td>612</td>
<td>Debt forgiveness/conversion: OOF claims (P)</td>
<td></td>
</tr>
<tr>
<td>613</td>
<td>Debt forgiveness/conversion: OOF claims (I)</td>
<td></td>
</tr>
<tr>
<td>614</td>
<td>Debt forgiveness/conversion: Private claims (P)</td>
<td></td>
</tr>
<tr>
<td>615</td>
<td>Debt forgiveness/conversion: Private claims (I)</td>
<td></td>
</tr>
<tr>
<td>616</td>
<td>Debt forgiveness: OOF claims (DSR)</td>
<td></td>
</tr>
<tr>
<td>617</td>
<td>Debt forgiveness: Private claims (DSR)</td>
<td></td>
</tr>
<tr>
<td>618</td>
<td>Debt forgiveness: Other</td>
<td></td>
</tr>
<tr>
<td>620</td>
<td>Debt rescheduling: ODA claims (P)</td>
<td></td>
</tr>
<tr>
<td>621</td>
<td>Debt rescheduling: ODA claims (I)</td>
<td></td>
</tr>
<tr>
<td>622</td>
<td>Debt rescheduling: OOF claims (P)</td>
<td></td>
</tr>
<tr>
<td>623</td>
<td>Debt rescheduling: OOF claims (I)</td>
<td></td>
</tr>
<tr>
<td>624</td>
<td>Debt rescheduling: Private claims (P)</td>
<td></td>
</tr>
<tr>
<td>625</td>
<td>Debt rescheduling: Private claims (I)</td>
<td></td>
</tr>
<tr>
<td>626</td>
<td>Debt rescheduling: OOF claims (DSR)</td>
<td></td>
</tr>
<tr>
<td>627</td>
<td>Debt rescheduling: Private claims (DSR)</td>
<td></td>
</tr>
<tr>
<td>630</td>
<td>Debt rescheduling: OOF claim (DSR – original loan principal)</td>
<td></td>
</tr>
<tr>
<td>631</td>
<td>Debt rescheduling: OOF claim (DSR – original loan interest)</td>
<td></td>
</tr>
<tr>
<td>632</td>
<td>Debt rescheduling: Private claim (DSR – original loan principal)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>600 - DEBT RELIEF</th>
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<table>
<thead>
<tr>
<th>NON FLOW ITEMS (DACI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
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<tr>
<td>4</td>
</tr>
</tbody>
</table>

[Table followed by all the technical fiches as presented in the Annex of DCD/DAC/STAT(2014)13]