Capitalisation of DFIs and other vehicles of private-sector development – what constitutes a donor effort?
Statistical consistency and comparability

DAC informal meeting on ODA modernisation of private-sector instruments

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DAC INFORMAL MEETING ON ODA MODERNISATION OF PRIVATE-SECTOR INSTRUMENTS

Briefing note and questions for discussion for session II, agenda items 4 and 5

Capitalisation of DFIs and other vehicles of private-sector development – what constitutes a donor effort?
Questions on statistical consistency and comparability

I. What contributions to DFIs and other private-sector vehicles involve a donor effort?

In previous discussions on the institutional approach, members have noted that the nature of a government’s contribution to a DFI is influenced by the institution’s historical set-up, governance structure, business model and the set of instruments used and that such factors should not affect the ODA eligibility. The statistical system should capture the donor effort involved in any form of contribution whether grants, capital contributions, loans or guarantees and DFIs, other bilateral providers and PPPs offering private-sector instruments should be subjected to the same eligibility tests. Moreover, members have signalled that DFIs and IFIs co-finance many investments which demonstrates that they are de facto operating in the same ways, and that there is also a need to establish a level playing field among DFIs and IFIs. The ODA eligibility of contributions to the latter is assessed through the so-called Annex 2 procedure. This section invites members to present examples of funding to their own DFIs and other, bilateral or multilateral, private-sector vehicles and discuss the similarities and differences of the contributions.

1. Previous papers on private-sector instruments discussed at the DAC and WP-STAT have presented estimates on members’ capital contributions to bilateral institutions possibly to be considered under the institutional approach. As DFIs are expected to be financially self-sustaining institutions, capital contributions are rare. In 2013, only five institutions were recapitalised [see DCD/DAC(2015)15, Table 1]. By contrast, several new special-purpose vehicles for private sector development – providing risk capital either directly to companies or indirectly via intermediary enterprises and financial institutions – have been created and capitalised. A number of them have been examined by the WP-STAT and added on the List of ODA-eligible International Organisations. The Secretariat also receives frequent questions from members on the eligibility of contributions to such funds.

2. For example, in 2012 the WP-STAT examined the ODA eligibility of contributions to the Africa Agriculture and Trade Investment Fund (AATIF), the European Fund for Southeast Europe (EFSE) and the SANAD Fund for Micro, Small and Medium Enterprises. The WP-STAT paper described the funds as follows:

AATIF invests in agricultural production, manufacturing, service provision and trade in Africa, and SANAD in micro, small and medium enterprise development in Middle East and North Africa. EFSE is targeted to micro and small enterprises and households in Southeast Europe, including Bulgaria and Romania which are not ODA recipients. […]
AATIF, EFSE and SANAD are special investment funds, established in Luxembourg in the form of investment companies (stock corporations, "sociétés anonymes") with variable share capital. Each consists of a "first-loss" tranche (i.e. "C-shares" or "junior shares") provided via grants and equity investments by donors, and "mezzanine" and "senior" tranches for investment by development finance institutions and private investors respectively. Moreover, all three Funds are open-ended and investors' funds are used on a revolving basis (i.e. no liquidation is foreseen, any reflows will be reinvested in new projects). According to the descriptions provided by Germany, no dividends are paid to investors of the first-loss tranche.

Given the developmental purpose of the Funds, donors' investment in C-shares of AATIF and SANAD may be considered as fully, and in C-shares of EFSE as partly, ODA-eligible - the investment without expectation of a return represents a sunk cost and as such could be assimilated to a capital subscription in an international financial institution (IFI). Investments in the mezzanine and senior shares are made on commercial terms and therefore do not qualify as ODA (regardless of their developmental aims). It is recalled that upon the liquidation of the Funds any repayments to the donor should be reported as negative ODA or OOF as the case may be.

As regards the governance aspects, the boards of AATIF, EFSE and SANAD comprise representatives of the shareholders and may therefore include both public officials and private individuals, which warrants classification of the Funds as public private partnerships (PPPs). However, AATIF cannot for the moment be considered as "international" in DAC statistics since all initial funding originates from Germany (Government, KfW and Deutsche Bank). Consequently, pending diversification of the funding sources, the Secretariat recommends that equity investment in C-shares of AATIF be reported as bilateral ODA through PPPs (using the generic code "30000"). SANAD and EFSE are recommended to added on the List as PPPs with their individual channel codes.

**Question 1:** Is the donor effort involved in capitalising its bilateral DFI similar to or different from capitalising investment funds? Could members describe in detail the financial transactions in each case?

**Question 2:** Not all members have specialised DFIs and might therefore be interested in channelling their support to private sector development through existing DFIs in other donor countries. Is there a difference between the donor effort involved in such contributions and that of capitalising a PPP or IFI that provide private-sector instruments?

**Question 3:** As explained in the briefing note to agenda item 3 [DCD/DAC(2015)21, paragraph 13], capital subscriptions to IFIs are considered concessional as they are provided without an expectation of financial return (sunk cost). Is the argument of sunk cost valid for bilateral DFIs? How about other bilateral vehicles or PPPs (e.g. those mentioned in paragraph 2 above)?

**Question 4:** In capitalising IFIs a distinction is made between paid-in capital and callable capital? Does this distinction exist in the case of bilateral DFIs? If so, what would be the implications for measuring the donor effort?

3. The integrity of the statistical system would require that any criteria established for assessing the eligibility of a financial instrument are applied consistently in the system. This has led to the agreement whereby first-loss shares to structured funds are eligible to be reported as ODA (as long as other criteria are also met).
4. Equity is only one form of contribution that members provide to their DFIs. The table on members’ reporting in DCD/DAC(2015)27 shows that some members use DFIs for managing special purpose programmes funded by the government (e.g. business partnerships programmes). Guarantees are not captured in the current statistical system, but DFIs generally operate under government guarantee. This should be reflected in the modernised ODA measure which acknowledges risk-taking and the fact that risk has a cost.

**Question 6:** When assessing the donor effort, is there a difference between capitalisation of DFIs and funds provided to the DFIs for operating special purpose programmes?

**Question 7:** Building on discussion under agenda item 3, how to calculate the donor effort for a government guarantee to its DFI?

II. Are DFIs extending agencies, channels of delivery or recipients of ODA?

This section invites discussion on whether DFIs and similar institutions should be considered as recipients or channels of delivery of ODA, or whether in some circumstances they perform as extending agencies. (For definitions of the “channel of delivery” and “extending agency” concepts, see extract from Reporting Directives in Box 1.)

5. The ODA definition stipulates that ODA flows are extended “to countries and territories on the DAC List of ODA Recipients” and “to multilateral development institutions”. Some members have suggested that recording as ODA a financial transaction from a government to another government-affiliated agency within the donor country could therefore lead to changing the ODA definition.

6. Other members have pointed out that ODA already includes transactions which are neither flows to countries nor flows to multilateral development institutions (e.g. contributions to donor-country based NGOs, various types of in-donor costs). Moreover, the current List of ODA-eligible international organisations is not limited to “multilateral” institutions but also includes, under the channel category “public-private partnerships”, several “DFI-like” vehicles extending private-sector instruments (e.g. EFSE and SANAD mentioned above). Some members have stressed that, to establish a level playing field, the same rules of ODA eligibility should apply to DFIs and such institutions.

7. Members have previously validated a list of bilateral institutions potentially to be considered under the institutional approach [see DCD/DAC(2015)15, Table 1]. A review of the mandates and missions published by these institutions on the Internet (see Annex 1) indicates that most of them present themselves as channels of delivery of government policies. However, there are also cases where emphasis is placed on the institution’s independence.

**Question 8:** Considering the ODA definition and the mandates and missions of DFIs, do members agree that DFIs and other vehicles extending private-sector instruments should be considered as channels of delivery, rather than recipients, of ODA? Are there cases where the DFI is the provider of funds (extending agency)?
Box 1. Extract from Draft Revised Converged Reporting Directives  
[DCD/DAC/STAT(2015)14, paragraphs 42-45]  

Note: Draft revised text is highlighted in yellow. For current Directives, see DCD/DAC(2013)15, FINAL, Chapter 4, paragraphs 116-119.]

I.1 Channel of delivery

Concept

42. The channel of delivery permits the identification of core funding to specific multilateral organisations and enables the calculation of aggregates on bilateral aid channelled through multilateral organisations, NGOs, PPPs and other channels. It also differentiates between public and private implementing partners.

43. The channel of delivery is the first implementing partner. It is the entity that has implementing responsibility over the funds and is normally linked to the extending agency by a contract or other binding agreement, and is directly accountable to it. Where several levels of implementation are involved (e.g. when the extending agency hires a national implementer which in turn may hire a local implementer), report the first level of implementation as the channel of delivery. Where activities have several implementers, the principal implementer should be reported (e.g. the entity receiving the most funding). In the case of loans, report the borrower (i.e. the first entity outside the donor country that receives the funds).

44. In the case of intra-governmental transfers, it is important to distinguish between i) use by the central aid authorities of other public sector agencies in the donor country for implementation of specific activities and ii) transfers of funds, together with the spending (budgetary) authority, to other public sector agencies. For i), report “donor government” as the channel of delivery. For ii), the agency that receives the spending (budgetary) authority should designate its first implementing partner as the channel of delivery.

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1. The extending agency is the government entity (central, state or local government agency or department) financing the activity from its own budget. It is the budget holder, controlling the activity on its own account.

III. The mechanics of reporting on channels of delivery of aid

Sections III and IV provide background for discussions in agenda item 5.

8. The draft revised Directives implementing the 2014 HLM agreement on concessionality include a new section defining the two points of measurement of DAC statistics that enable the presentation of data from both the provider and recipient perspectives (see Annex 2). To safeguard the integrity of the statistical system, reporting on the DFIs and other vehicles of private-sector development would need to fit in this general framework. Figure 1 below therefore elaborates on the two perspectives and illustrates how the system would capture private-sector instruments, whether extended directly by the provider government (see arrow A) or through bilateral or multilateral channels (arrows B-D and C-E respectively). Arrow A represents the instrument-specific approach and arrows B-D the institutional approach. The Figure shows that consistency and comparability of the two approaches would require data collection on both the donor government’s contribution to a DFI (B) and the DFI’s outflows (D) under the institutional approach.¹

¹ As regards multilateral channels, the statistical system includes data on both C and E.
Question 9: Do members agree that consistency and comparability of the institutional and instrument-specific approaches would require reporting on both the contributions to DFIs and their outflows under the institutional approach? How would members propose to address the issue of double counting of total flows [the sum of (B) and (D) would overstate total flows]?

Figure 1. How the DAC system works: two perspectives

IV. The institutional approach and ODA coefficients

In their feedback on the institutional approach members have made various suggestions on ODA coefficients. In this section members will be invited to explore the basis for a system of coefficients that would ensure comparability with the instrument-specific approach.

9. In previous discussions members have indicated their general agreement that under the institutional approach a system of coefficients should be established and regularly reviewed. The coefficient would represent the ODA-eligible share of the DFI’s operations (outflows, D in Figure 1) and be applicable to the government’s contribution to the DFI (inflow, B). To ensure comparability with reporting under the instrument-specific approach, the ODA eligibility assessment should logically be based on the same rules as any bilateral “flows to countries and territories on the DAC List of ODA Recipients”, i.e. identify financing targeted to these countries that complies with the criteria of having “the economic development and welfare of developing countries as its main objective” and comprising transactions that are “concessional in character”.

Question 10: Do members agree that ODA coefficients under the institutional approach should be based on the same criteria as any bilateral flows? In particular, should the concessionality of DFIs’ outflows be taken into account when establishing the ODA coefficients?
Question 11: Building on the discussion on the applicability of the concept of concessionality to private-sector instruments (agenda item 3), what operational criteria can be developed for establishing ODA coefficients to DFIs (and other vehicles)?

10. The above analysis does not address the question of comparability of the volume of ODA reportable under the institutional and instrument-specific approaches over time. A related question – critical to any system of coexistence – has to do with the time span for applying one approach before possibly switching to another. While switching freely between approaches would lead to inconsistencies and endanger the credibility of ODA, changing the approach after $x$ number of years should not be entirely ruled out. To address such questions and test various options, analyses should be carried on the capitalisation and outflows of DFIs over a longer period. Members are invited to contact the Secretariat if they are in a position to provide historical data on their DFIs for such analysis. Members are also welcome to make other suggestions on further work in this area.
ANNEX 1.
LIST OF INSTITUTIONS POSSIBLY TO BE CONSIDERED UNDER THE INSTITUTIONAL APPROACH - Extracts from missions and mandates published on the institutions’ websites

(highlights added by the Secretariat)

**Austria:** OeEB is the officially mandated Development Bank of Austria. Its mission is to promote economically, environmentally and socially sustainable development through financing of and investing in profitable private sector projects in developing and emerging countries. To accomplish its mission, OeEB has three product lines available: investment lending, equity participations and advisory programmes. OeEB puts particular emphasis on projects in the renewable energy and resource efficiency (including energy efficiency) sectors. Further, OeEB focuses on projects benefitting local micro-, small and medium-sized enterprises (SME). While OeEB’s investments are not tied to the involvement of Austrian entities, OeEB also seeks to develop markets and to accompany Austrian companies in their activities in developing and emerging countries. OeEB is a member of the European Development Financing Institutions (EDFI) network and is implementing projects in close cooperation with other national and international actors working with the private sector.

**Belgium:** BIO is the Belgian development cooperation instrument for supporting the private sector in developing countries. Its main objective is to finance micro, small and medium-sized enterprises. BIO’s intervention framework is now governed by a management contract which came into effect in April 2014. This provides for a more formal integration within Belgian development cooperation and the development of synergies with other development cooperation partners within an integrated policy. A further direct consequence is the long-term planning of BIO’s financing through the State, providing greater visibility and stability. […] BIO is a private company whose capital is held by the Belgian State (Ministry for Development Cooperation). Its early stage capital amounts to €5,000,000 and it makes investments using additional equity granted by the Ministry for Development Cooperation. […] BIO enjoys decisional and operational independence, which provides the autonomy and flexibility it needs when analysing and evaluating the financing applications. Various control levels and processes ensure the efficient and correct use of its investment resources and the smooth implementation of its mission. […] BIO operates according to a commercial logic inherent to its status and its development finance mission. The financial contributions made by BIO are not conditioned by the involvement of other Belgian players of any type (companies, banks, etc.), but do not exclude it either.

**Denmark:** IFU invests on a commercial basis by committing equity capital or by providing loans or guarantees to project companies with Danish investors or a Danish interest. The purpose is to contribute to economic and social development in the host countries and enhance the opportunities of Danish trade and industry in new emerging markets. … We are not a provider of aid or business grants. We work on a commercial basis, because we believe that business investment is a good way to create lasting economic improvement. […] IFU is an independent government-owned fund offering advisory services and risk capital to Danish companies wishing to do business in developing countries and emerging markets. Furthermore, IFU is fund manager of a number of other investment funds, such as the Danish Climate Investment Fund, IFU Investment Partners and the Arab Investment Fund. […] IFU, IO and AIF are public financed funds with a total commitment of DKK 4bn at the end of 2014. The Danish Climate Investment Fund and IFU Investment Partners are public-private funds with a total capital commitment of DKK 1.8bn. IFU makes risk capital available in the form of equity, loans or guarantees for project companies established by Danish companies in one of the 120 countries eligible for IFU investment. In addition, IFU acts as an adviser during the establishment phase and a project company’s first few years in operation, typically pulling out when the company can operate on its own.

**Finland:** Finnfund is a Finnish development finance company that provides long-term investment loans and risk capital for private projects in developing countries and Russia. We support profitable projects in challenging markets where commercial financing is hard to obtain. … Finnfund invests mainly with Finnish companies but we also finance their partners such as long-term customers, suppliers, subcontractors and companies that license technology. We can also provide financing for other projects that use Finnish technology or know-how, or generate significant environmental or social benefits. Our financing is on market terms and depends on the risk profile of the project. In addition to long-term investment loans, we can also invest equity and offer subordinated loans or other mezzanine financing. Regardless of the form of finance, we always participate as a financial investor with a minority stake. […] Finnpartnership is a business partnership programme financed by the Ministry for Foreign Affairs of Finland and operated by Finnfund. Finnpartnership provides financial support for Finnish companies’ projects in developing countries and assists in seeking out new business opportunities and partners.

**France:** Proparco is the subsidiary of the French Development Agency dedicated to financing the private sector. PROPARCO offers a full range of financial instruments to meet the specific needs of private investors in developing countries, such as loans, equity, guarantees and financial engineering. The company’s mission is to promote private investment in emerging and developing economies for growth, low-carbon, sustainable development and achieving the Millennium Development
Goals (MDGs). PROPARCO finances operations which are economically viable, socially equitable, environmentally sustainable and financially profitable. Its focus lies mainly on infrastructure, especially for renewable energies and energy efficiency, agriculture and agro-industry, the banking sector, health and education etc. Proparco supports projects led by companies and financial institutions in 70 countries on four continents, but also in the French overseas territories. It operates in all the countries eligible for development assistance with high priority for Sub-Saharan Africa and Mediterranean countries.

Germany: DEG operates as a legally independent, wholly owned subsidiary of KfW. It was founded in 1962 as a federally owned company. Since its foundation, DEG has co-financed almost 1,300 companies in more than 120 countries and committed a total of around EUR 7 billion. DEG promotes private entrepreneurship in developing countries. DEG invests in profitable, developmentally effective projects in all economic sectors: from agriculture through manufacturing industry and the service sector to infrastructure. Another focus is on investments in local financial markets in order to facilitate reliable access to capital. By doing so, DEG contributes to sustainable growth and improves the living conditions of local people through long-term capital investment in private companies. […] The mission of DEG, a subsidiary of KfW, is to promote business initiative in developing and emerging market countries as a contribution to sustainable growth and improved living conditions of the local population. To this end, we make long-term financing and advice available to private enterprises investing in these countries. To be precise: We finance direct investments in our partner countries in order to make a sustainable contribution to advancing their economic development. We make long-term investment capital available as a means to share the risks arising from the investments and to make them less vulnerable to crises. We give advice to companies on questions related to risk analysis and product development. We invest in undertakings in all sectors of the economy, ranging from agribusiness to the manufacturing industry and services to infrastructure. And we promote the development of the financial sector while strengthening local capital markets in order to facilitate reliable access to investment financing on the ground, especially for small and medium-sized enterprises. By doing so, we contribute to additional growth effects. We use almost exclusively own funds rather than budget funds from the Federal Government. We are guided by international standards for environmental and social sustainability. We pay particular attention to ensuring that our investments generate positive development impacts in our partner countries. DEG thus contributes to the Millennium Development Goals, which are a joint commitment of industrial and developing countries to tackle poverty in a sustainable manner.

Italy: SIMEST was set up in 1991 to promote foreign investment by Italian companies and to provide technical and financial support for investment projects. Controlled by Cassa Depositi e Prestiti, its private-sector shareholders include banks and trade associations. Working alongside Italian companies, SIMEST can acquire up to 49% of the equity capital of foreign firms, both directly and through a Venture Capital Fund, to support foreign investment in countries outside the European Union. Its participation also gives the Italian company making the investment access to interest rate support for loans granted to finance its equity interest in the non-EU company. SIMEST also provides professional consultancy and technical support services.

Japan: JBIC (Japan Bank for International Cooperation) is a policy-based financial institution of Japan, and conducts lending (export and import loans, overseas investment loans, untied loans, bridge loans etc.), investment and guarantee operations while complementing the private sector financial institutions. JBIC’s mission is to contribute to the sound development of Japan and international economy and society by conducting financial operation in the following four fields: promoting the overseas development and securement of resources which are important for Japan, maintaining and improving the international competitiveness of Japanese industries, promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming, and preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption.

Korea: KEXIM, the Export-Import Bank of Korea (Korea Eximbank) is an official export credit agency providing comprehensive export credit and guarantee programs to support Korean enterprises in conducting overseas business. Its mission is the development of the national economy through promotion of international economic cooperation. KEXIM’s primary services include export loans, trade finance, and guarantee programs structured to meet the needs of clients in a direct effort to both complement and strengthen the clients' competitiveness in global markets. The bank also provides overseas investment credit, natural resources development credit, import credit, and information services related to business opportunities abroad.

Netherlands: FMO (the Netherlands Development Finance Company) is the Dutch development bank founded in 1970 by the Dutch government as a public-private partnership and 51% of its shares are held by the Dutch State. As part of the Dutch government’s international development agenda, its mandate is to promote private sector development in developing countries. FMO offers entrepreneurs access to financial services and expertise that enable them to grow their businesses and drive sustainable development. It supports investments that are expected to produce strong economic, social and environmental returns to society as a whole, but where the perceived risks are such that they attract insufficient commercial interest. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. Alongside partners, FMO also invests in the infrastructure, manufacturing and services sectors. With an investment portfolio of EUR 8 billion, FMO is one of the larger bilateral private sector development banks globally. FMO also manages funds for the Dutch government: MASSIF, Infrastructure Development Fund (IDF), Access to Energy Fund (AEF) and Fund Emerging Markets for Developing Countries (FOM-OS) of the Ministry of Foreign Affairs.
Norway: Norfund – the Norwegian Investment Fund for Developing Countries – was established by the Norwegian Parliament in 1997. The organisation is the government’s main instrument for combating poverty through private sector development and Norfund’s objective is to contribute to sustainable commercial businesses in developing countries. Funding is provided via capital allocations from Norfund’s development assistance budget.

Portugal: SOFID was created in 2007 with the mission to contribute to the sustainable development of the countries with less developed economies, linked with the general strategy for the Portuguese cooperation and the Official Development Assistance (ODA). The applied financial products are loans (variable interest rates indexed to Euribor possibly benefiting from eventual subsidies associated with the mobilization of national or international available Development Aid Funds), guarantees and equity investments (with a variable return depending on projects’ results). With regards to business priorities, SOFID supports mainly SMEs. In a risk sharing perspective, SOFID may also fund major companies and public companies, if privately managed. Concerning activity sectors, SOFID is mainly involved in the manufacturing, infrastructure (including renewable energy), tourism and financial sectors.

Spain: COFIDES is a joint state and privately owned company founded in 1988 that provides cost-effective medium and long term financial support for viable private direct investment projects in foreign countries, where there is a Spanish interest. The COFIDES mission is to promote the globalisation of Spanish companies preferably in developing countries, as well as those in developed ones that are prioritised by Spain’s Economic and Commercial Administration. COFIDES always acts on a shared risk basis. According to this criteria, COFIDES financing will not normally go beyond the sponsor’s own contribution to the operation. COFIDES instruments are share capital holding in the host country company, loans (with repayment terms linked to project results).

Sweden: Swedfund has been assigned by Sweden’s government to be Sweden’s development finance institution for investments in poor countries. The company was formed in 1979 and is state owned. Swedfund is owned by the Ministry of Enterprise and Innovation and operates on behalf of the Swedish Government. We are the development financier of the Swedish state. Our goal is to eliminate poverty by creating sustainable business in some of the world’s toughest and most promising growth markets. We invest in the poorest countries in the world, in businesses and environments where our funds contribute to creating growth, tax income, job opportunities and faith in the future. Our portfolio is divided between equity, loans and funds. Equity investments range between 20 and 100 million SEK. Through loans we can finance larger companies together with other financiers. Investments in funds enable us to cost-efficiently reach more and smaller businesses in countries which would otherwise have been difficult to operate in without local presence. Swedfund is involved in countries where there is a shortage of financing and where other investors consider the risks to be too high, but where there are significant opportunities to improve the life situation of the poor. […] Our activities shall contribute towards achieving the goals for Sweden’s Policy for Global Development (PGD). In collaboration with strategic partners we shall participate in economically, socially and environmentally sustainable investments that create better conditions for people living in poverty and under repression. The company shall strive to ensure that its average pre-tax return on equity exceeds the average interest rate on Swedish central government debt of one-year maturity. Return shall be measured over rolling seven-year periods.

Switzerland: SIFEM (the Swiss Investment Fund for Emerging Markets) is the development finance institution of the Swiss Confederation and a cornerstone of Swiss development cooperation. SIFEM’s mission is to promote long-term, sustainable and broad-based growth in developing and emerging countries. The instruments applied by SIFEM are participation in equity investments up to a share of around 15-30%, loans to local financial institutions and direct participation in financial institutions. Financing is generally granted on a long-term basis at market terms.

United Kingdom: CDC is a Development Finance Institution (DFI), owned by the UK Government’s Department for International Development (DFID). Our mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people’s lives in some of the world’s poorest places. CDC is not designed to solve all development challenges; it is one part of the Department for International Development’s strategy to harness the power of the private sector in reducing poverty. […] CDC is not a ‘quango’, nor is it a provider of aid. CDC is a self-financing, government-owned public limited company that invests in developing countries in Africa and South Asia. CDC has a Board of Directors and operates at arm’s length from its shareholder DFID.

United States: OPIC is the U.S. Government’s development finance institution. It mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy and national security objectives. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets, catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. Established as an agency of the U.S. Government in 1971, OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in more than 150 countries worldwide. To date, OPIC has supported more than $200 billion of investment in over 4,000 projects, generated an estimated $76 billion in U.S. exports and supported more than 278,000 American jobs.
ANNEX 2. EXTRACT FROM DRAFT REVISED CONVERGED REPORTING DIRECTIVES

I. Point of measurement

DAC statistics are compiled on a calendar year basis with a view to providing comparable data (fiscal years vary across donors).

Figure 1 illustrates the two points of measurement of DAC statistics that enable the presentation of data from two perspectives as follows:

- The “provider perspective” presents resource flows emanating from provider countries. The present Directives govern the reporting by provider countries on resources extended to developing countries and multilateral development institutions. The resulting statistics from the provider perspective distinguish between bilateral and multilateral contributions (A and B in Figure 1 respectively).

- The “recipient perspective” presents resource inflows to developing countries (also referred to as developing countries’ resource receipts). These consist of bilateral flows from provider countries and outflows from multilateral development organisations (A and C in Figure 1 respectively). Data on the latter are collected directly from the multilateral organisations, with details on the recipients (country or region), purpose and the financial instruments used (concessional and non-concessional). The data collection is limited to core (unearmarked) resources to avoid double counting. (See also paragraph 29 in Chapter 1.)

Figure 1 is a simplification as it does not distinguish between official and private flows from provider countries or illustrate the fact that a part of outflows from multilateral organisations originate from resources from the private sector (funds raised in the international capital markets or private charitable contributions to multilateral organisations).
Figure 1. How the DAC system works: two perspectives

Two measurement points

1. Provider perspective = A + B
2. Recipient perspective = A + C