Unclassified **DCD/DAC/STAT(2013)17**

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development **24-Oct-2013**

English - Or. English

Development Co-operation Directorate
Development Assistance Committee

DCD/DAC/STAT(2013)17
Unclassified

DAC Working Party on Development Finance Statistics

GUARANTEES FOR DEVELOPMENT: OPTIONS FOR DATA COLLECTION

20 November 2013, Paris

After the recent survey and report on Guarantees for Development, this note presents initial reflections on options for regular data collection on guarantees. It is for DISCUSSION at the informal WP-STAT meeting on November 20, 2013.

Contact: Ms. Julia BENN (julia.benn@oecd.org); Ms. Mariana MIRABILE (mariana.mirabile@oecd.org)

JT03347174

English - Or. English

TABLE OF CONTENTS

GUARANTEES FOR DEVELOPMENT: OPTIONS FOR DATA COLLECTION

I. Introduction: Why Collect Data on Guarantees?

1. Since the Monterrey Consensus in 2002, donors have repeatedly expressed their strong support for broadening discussions on external development finance beyond traditional aid. They argue that all development-related financial flows should be taken into account in the analysis of development finance and that more emphasis should be put on the public sector potential to catalyse private sector finance for development.

2. Risk mitigation mechanisms such as guarantees have the potential to crowd-in private sector resources for development projects. However, development finance mobilised by guarantees is not reflected in the DAC statistical framework or in international financial statistics more generally. No comprehensive and internationally comparable data on guarantees for development and the volume of finance mobilised by them exist. In 2013, the DAC Working Party on Statistics on Development Finance (WP-STAT) carried out a Survey on guarantees for development aiming to fill this information gap. Its main findings[1] were that: i) guarantees for development mobilised over USD 15 billion of private sector finance over 2009-11; ii) there is potential for scaling up their use as several donors are yet to establish guarantee programmes, while those who do offer guarantees are expanding their use; and iii) collecting information on the amount mobilised by guarantees is feasible in practice.

3. Based on the Survey results and members' feedback, and given the mandate from the 2012 DAC High Level Meeting to improve statistics on external development finance beyond ODA, there may be a case for collecting data on guarantees for development on a regular basis. Quantification, at an international level, of the resources made available (amounts mobilised) to developing countries through guarantee schemes would valorise the use of these instruments by donors.

4. This note presents Secretariat's initial reflections concerning a possible data collection on guarantees for development from a "recipient perspective" (sections II and IV). It is presented for discussion at the WP-STAT informal meeting scheduled on 20 November 2013. **Members will be invited to comment on the scope, timeline and frequency of data collection, with a view to preparing a proposal for members' consideration at the 2014 formal meeting.**

5. The note also presents a reflection on possible options for measuring the "provider effort" of guarantees for development (section III). **Members will be invited to exchange views on the options and indicate if these should be further elaborated and taken forward as a contribution to the discussions on new measures of external development finance post 2015.**

1 . Cf. http://www.oecd.org/dac/stats/guaranteesfordevelopment.htm.

II. Options for Data Collection on Guarantees

a) Objective and Coverage

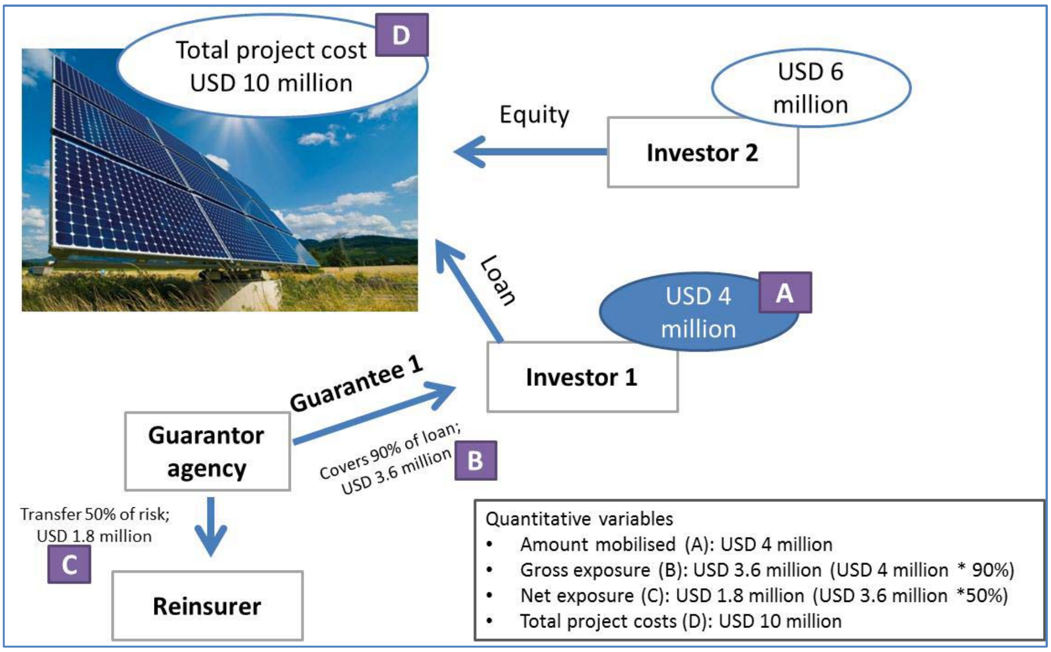
6. Based on experience from the survey and report, the objective of the data collection would be to capture the volume of resources made available to **developing (i.e. ODA-eligible) countries, facilitated by both long-term and short-term guarantees, that are issued by public institutions with a developmental mandate** [bilateral and international development finance institutions (DFIs and IFIs), aid agencies and development co-operation departments of Ministries of Foreign Affairs]. **The scope may be refined based on members' feedback on Section II.d.**

7. The quantitative variables of the data collection are shown in Figure 1. The amount mobilised by a guarantee (A) is defined as the face value of the instrument being guaranteed (e.g. loan)[2]. Other quantitative variables, namely the gross and net exposure (B and C respectively) and the total project cost (D), would also be collected.

8. The guarantee holder or investor can be public or private[3]. However, if the guarantor reinsures a public institution within the provider country (e.g. through a counter-guarantee), **this intra-agency operation would not be reported**.

9. Detailed information collected on guarantees would be treated as confidential. This means that while respondents are requested to provide information at the level of individual guarantees, the data would be published at aggregate level only, in such a way that individual projects could not be identified. **Members' comments on particular confidentiality issues are welcome.**

Figure 1 – Quantitative variables in proposed data collection



2 . See section III.a on the Guarantees for Development report for more information on how the amount mobilised was defined.

3 . Guarantee holder or investor is the entity (e.g. commercial bank) covered by the guarantee (Investor 1 in Figure 1). Note that for short-term guarantees, data collection will be limited to private investors.

b) Reporting Instructions

10. Data collection could be based on a simplified Creditor Reporting System (CRS) structure. The data would be kept separate from regular CRS reporting to avoid mixing flows with contingent liabilities and potential double counting[4]. Data on **long-term guarantees** would be collected at the level of individual guarantees. Data on **short-term guarantees** (*e.g.* trade finance programmes) would be collected aggregated by recipient country and sector, due to confidentiality issues. Lists of potential variables and indications of reporting instructions are given in Tables A and B in Section IV.

c) Frequency of Data Collection and Costs

11. Given the strong interest in guarantees in the post-2015 development finance debate, there may be a case for collecting data on an annual basis[5]. However, a data collection every two or five years could also be considered. An estimation of the Secretariat costs in each case is presented in Table 1. **Members' comments on the optimal frequency of data collection are welcome.**

Table 1. Initial budget estimation

Frequency	Overall cost (EUR per year)
Annual	130,000
Every two years	70,000
Every five years	35,000

Source: estimation based on A3 grade 6-month salary, B4 6-month salary and administrative and recruitment costs. Covers costs of data collection, production and presentation only, excluding promotional activities, further analytical work involving other statistical databases, and potential horizontal work or collaboration with outside bodies.

d) Scope of Data Collection: Identifying "Developmental" Guarantees

12. Public institutions issuing guarantees are aid agencies, DFIs, IFIs, public insurers and Export Credit Agencies (ECAs) (see Table 2 for the types of guarantees issued by each institution). The Survey on guarantees was limited to guarantees with a development motive (i.e. those extended with the promotion of the economic development and welfare of developing countries as the main objective) and based on the implicit assumption that guarantees issued by ***institutions with a developmental mandate*** – aid agencies, DFIs and IFIs – had a developmental motive. Limiting data collection to guarantees with a developmental motive implied that guarantees issued by ECAs and public insurers were generally excluded.

13. However, the "institutional approach" was not sufficient to assess the developmental motive of guarantees in the following cases:

- For DFIs with the double mandate of promoting both development and the commercial interests of the provider country, as the developmental motive cannot be "taken for granted".

4 . As cross-border flows mobilised through guarantees should in principle be covered in CRS/DAC aggregates (e.g. a sub-set of cross-border private flows at market terms may have benefited from a public guarantee).

5 . Data on guarantees issued from 2009 to 2011 were collected in the Survey. If a proposal were approved in 2014, and funds were made available in the 2015-16 Programme of Work and Budget, the first regular data collection could take place in 2015, but could cover guarantees issued from 2012 to 2014, to avoid a data gap.

– For ECAs managing development portfolios on behalf of the government. While ECAs' mandate is not developmental, part of the resources they allocate can have a clear developmental motive (e.g. when an ECA functions as the channel of delivery of developmental funds).

14. The problem of identifying guarantees with a developmental motive is further complicated by the fact that the boundary between developmental guarantees and those with a commercial motive is not sharply defined. Developmental and commercial motives can even be interdependent, e.g. when commercial viability is a condition for a publically-funded development institution to guarantee a project[6].

15. Also, in the post-2015 context, there may be a need to broaden the analysis of guarantees from those extended with a ***development motive*** to those with a potentially high ***development impact***, so as to present a comprehensive picture of resource flows to developing countries facilitated by public guarantees. In this case, additional data collection on guarantees issued by ECAs and public insurers may be needed. While export credit guarantees can be incorporated in analyses as these data are already reported at the activity level to OECD/TAD[7], data on untied and investment guarantees are not readily available[8] (see Table 2). One option could be that OECD/TAD liaises with the Berne Union to get access to the data. Another option could be to expand the future DAC data collection to cover ECAs' and public insurers' untied and investment guarantees. **Members' comments are invited on: i) how to identify guarantees with a *development motive*, ii) whether to also seek data on guarantees with a *development impact* and, iii) the possible actions suggested in Table 2 below.**

Table 2. Types of guarantees

	Institution	Type of guarantee	Current source of data	Possible action
A	ECAs	Export credit guarantees	OECD/TAD	None. (Data to be derived from OECD/TAD systems.)
B	ECAs or public insurers	Untied and investment guarantees[1]	Berne Union	Liaise with Berne Union or expand the sample of DAC data collection.
C	Aid agencies, DFIs, IFIs	Developmental guarantees	Not currently collected	OECD/DAC could prepare a proposal to collect these data for members' consideration at the 2014 WP-STAT formal meeting.
D	ECAs	Guarantees issued as part of a developmental portfolio	Not currently collected	OECD/DAC could prepare a proposal to collect these data for members' consideration at the 2014 WP-STAT formal meeting.

1. Some ECAs use the term "untied guarantees" for investment guarantees, while others use both terms. The distinction between untied guarantees and investment guarantees is not sharply defined.

6 . Commercial viability is a criterion for project-eligibility in most DFIs' and IFIs' funding and guarantees.

7 . Work underway to harmonise the TAD and DAC data collections and derive DAC statistics on export credits from the TAD systems would facilitate the incorporation of TAD data in DAC statistical analyses.

8 . In theory, these guarantees are reportable to the regular CRS but the recent Secretariat's review on export credit statistics showed that these operations are either missing or not separately identifiable (included in broader aggregates).

III. Guarantees in the Post-2015 DAC Statistical Framework

16. As the international community moves towards a comprehensive financing framework for the post-2015 development goals, broader measures of external development finance will be needed. Exploratory work is underway to revise the OECD methods of monitoring and measuring development co-operation and broader external development finance, with the following expected outputs[9]:

i. A broader measure of external development finance, beyond the current ODA concept;

ii. Better comparison of "provider effort";

iii. Better ways of measuring "recipient receipts";

iv. Additional measures to provide a better picture of the new development landscape;

v. Options for quantifying leveraging and catalytic effects; and

vi. Accounting for global public goods and other development "enablers".

17. The data collection options described in Section II would aim to quantify the leveraging effect of guarantees from a **recipient perspective,** i.e. to capture the amount of resources made available to developing countries. This would contribute to outputs i, iii, iv and v. However, if guarantees are included in the post-2015 development finance framework, measurement of guarantees from the "provider effort" perspective would also be needed (output ii above). A concrete proposal for such a measure would be premature at this stage, but can be elaborated in due course. This section presents however a reflection on potential options to measure the provider effort to issue guarantees for discussion.

<u>**A first reflection on options to measure the "provider effort" to issue guarantees**</u>

18. Guarantees are not reportable in DAC statistics as they do not constitute a flow from the official sector to a developing country. In the post-2015 context, options to better capture the "provider budgetary effort" in favour of development, whether giving rise to financial flows or not, are being analysed. This is an opportunity for guarantees to be included in the reporting system. While the inclusion of guarantees in the new framework is a political decision, how guarantees would be included mainly depends on the design of the new statistical system.

19. From the recipient perspective, there may be opportunities to tag the amounts mobilised by guarantees, as defined in section II.a, and thus present a flow-based figure for the benefit conferred.

20. However, from the provider perspective, flow-based measurements can only record effort in terms of **claims paid** by the official agency, and this approach presents at least two problems:

- Guarantees are only valorised when the investments fail. Based on past experience and recent discussions on equity investments and other market-like instruments, this would not provide incentives to use guarantees for development when appropriate.

- Based on the Survey, data on claims paid are often confidential.

9 . Work on modernising the monitoring and measurement of external development finance is carried out under a mandate from the December 2012 High Level Meeting of the DAC. See http://www.oecd.org/dac/stats/beyond-oda.htm

21. Three options exist for a more realistic measure of provider effort in offering guarantees:

1. the **government support to guarantee-extending institutions** (e.g. funding from development co-operation budgets of DFIs' capital, through equity or grants);

2. the **risk taken** by the guarantor; or

3. the **concessionality** of the guarantee.

Option 1 - Government support to guarantee-extending institutions

22. An agency's capacity to issue guarantees depends on its capital base, i.e. the capital available to make provision against its exposure. Government funding to constitute such capital is thus the enabling factor for agencies to issue guarantees and could be a proxy of the provider effort.

23. It is important to highlight that it may not be possible with this option to identify the budgetary effort for the issuance of guarantees vs. other instruments. However, an advantage of this approach is its simplicity in terms of data needs.

Option 2 – Risk taken by the guarantor

24. The risk taken by the guarantor is composed of two elements: the level of exposure and the borrower's probability of default. The guarantor's exposure is the maximum amount the guarantor would have to pay in case of default, and this is a known quantity. The probability of default is the likelihood that the guarantee beneficiary will fail to meet his obligations, which is harder to assess as it depends on, e.g.:

- the types of risk being assumed – a guarantee covering both commercial and political risks is more likely to be called upon than a guarantee covering only one or the other;

- currency – a guarantee covering a loan in a currency other than that of the lender introduces exposure to exchange-rate risks;

- period covered; and (most importantly)

- country context.

25. In practice, collecting all the data needed to calculate the guarantor risk may not be cost-efficient and comparisons between guarantors could be difficult if they measure the probability of default in different ways[10].

Option 3 – "Concessionality" of guarantees

26. If agencies charge fees based on assessed risks, no explicit provider effort is involved. However, if the guarantee fee is underpriced, a financial subsidy – and thus a provider effort – arises. Such underpricing i.e. the difference between the premia actually charged by the public institution and those the market would charge could be referred as the "concessionality" of guarantees.[11]

10 . Cf. the example in Annex 3 on the Guarantees for Development report.

11 . This option assumes that a market exists for the guarantee being sought, and that the risk being assumed by an officially supported guarantor is the same as that being priced by the market.

27. Differently to option 2, this approach would not necessarily result in biased comparisons as the market rate would incorporate the higher risk when investing in riskier country contexts. As a consequence, the leverage ratio of guarantees could be computed. The *OECD/TAD country risk classification and minimum premium rates* for export credit guarantees could be used as a benchmark of market rates. There are however a few guarantee characteristics (e.g. local currency, risks covered) that would not be captured by this benchmark. Whether and how these characteristics are to be taken into account needs to be further analysed.

28. A potential obstacle to this option is that information would be required on actual fees charged for individual guarantees. **Members' comments are invited on the feasibility to report guarantee fees at the level of individual guarantees.**

29. An approach similar to this was proposed in 2012 by Canada, France, Germany and Spain to evaluate the concessionality of loans.[12] Regarding guarantees, a note by France presented to the WP-STAT meeting in June 2004[13] proposed a method to calculate the "risk cost" to the donor country.

30. **Member's views on each of the options proposed are welcome.**

12 . Cf. DCD/DAC/STAT(2012)22.

13 . Cf. DCD/DAC/STAT(2004)1/RD5.

IV. Indicative list of variables and reporting instructions

TABLE A - LONG-TERM GUARANTEES[14]

Reporting country/ multilateral organisation: Extending agency[15]:

	Variable	Reporting instructions		Clarification notes
1	Year of issuance	Specify the year of issuance of the guarantee.		Year in which the guarantee was issued. **Guarantees issued** are those for which the underlying instrument being guaranteed (e.g. a loan) was effectively made available to the developing country.
2	Project title	Maximum 150 characters, in English or French.		
3	Recipient	Specify the country where the project takes place. Data collection is limited to the countries and territories in the DAC List of ODA Recipients.[1]		Regional projects and programmes are reportable under the most specific available "regional/multi-country" category (e.g. Sub-Saharan Africa). The category "Unallocated" should be used only if an activity benefits several regions, all countries in the region being in the list of ODA recipients.
4	Type of beneficiary	Specify whether the entity benefiting from the project is sovereign public, non-sovereign public, private or a public-private partnership.	Sovereign public	General government sector plus all public corporations including the central bank.
			Non-sovereign public	Municipality or business firm controlled by a government but that does not carry its 'full faith and credit' or whose obligations are not guaranteed by the government.
			Private	Any entity that is not a unit of government, including but not limited to a corporation, partnership, company, or non-profit organisation.
			Public-private partnership	Partnership of government and one or more private sector companies.
5	Sector / Purpose code	Report the sector that the project intends to benefit.		Purpose coding principles and list of purpose codes (end of the page).
6	Type of risk covered	Specify the type(s) of risk(s) covered by the guarantee.	Commercial risk	Non-payment or no provision of goods or services as per contractual terms for non-political reasons (*e.g.* insolvency).
			Political risk	Disruption of the operations of companies by political forces and events. Includes transfer and convertibility restrictions, expropriation, breach of contract (arising from the host government), non-honouring of sovereign financial obligations,

14 . Data on long-term guarantees are collected at the level of individual guarantees. One row should be filled in for each guarantee issued.

15 . Specify the extending agency (not applicable for multilateral organisations). 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.

	Variable	Reporting instructions		Clarification notes
				terrorism, war, civil disturbance and adverse regulatory changes.
			Both commercial and political risks	
7	Type of instrument covered	Specify the type of instrument covered by the guarantee.	Bond	Instrument under which the issuer owes the holder(s) a debt.
			Equity	Purchase of shares in an entity.
			Loan	Transfer of monetary resources for which repayment is required.
			Quasi-equity (shareholder loan)	Loan issued by shareholders.
			Other	Specify the type of instrument manually.
8	Short description	E.g. project summary. No limitation of length, in English or French.		Many agencies' databases contain project summaries or descriptions of the main objectives of the activity, which can be included in this field. This information permits the Secretariat to check the accuracy and consistency of purpose coding.
9	Currency	Specify the currency of the contract being guaranteed. [2]		The OECD official exchange rate would be used to convert OECD-country currencies into US Dollars. The IMF "National Currency per US Dollar – Period average" exchange rate would be used to convert developing-country currencies into US Dollars.
10	Amount mobilised	Specify the full nominal value of the instrument covered by the guarantee, regardless of the amount being guaranteed.		This variable aims to reflect the amount of resources made available to developing countries (See Figure 1).
11	Gross exposure[3]	Specify the amount of gross exposure.		Exposure (gross): full amount the guarantor would pay to the investor if the risk covered materialises, regardless of reinsurance (See Figure 1).
12	Net exposure	Specify the amount of net exposure.		Exposure (net): gross exposure minus the amount the guarantor would recover through reinsurance (See Figure 1).
13	Total project cost	Specify the total cost of the project to which the instrument being guaranteed is linked.		Total project cost is the sum of the funding made available to the project (See Figure 1).
14	Investor country	Specify the investor's country of origin.		If the investor is a multilateral organisation, select the option "Multilateral organisation".
15	Type of investor	Specify if the investor (guarantee holder) is sovereign public, non-sovereign public, private, a public-private partnership, an investment fund or a multilateral organisation.	Sovereign public	General government sector plus all public corporations including the central bank.
			Non-sovereign public	Municipality or business firm controlled by a government but that does not carry its 'full faith and credit' or whose obligations are not guaranteed by the government.
			Private	Any entity that is not a unit of government, including but not limited to a corporation, partnership, company, or non-profit organisation.

	Variable	Reporting instructions		Clarification notes
			Public-private partnership (PPP)	Partnership of government and one or more private sector companies.
			Investment/Pension fund	
			Multilateral organisation	
16	Total amount mobilised/leveraged from the private sector	If the investor (guarantee holder) is a PPP, specify the amount of resources coming from the private sector.		Full nominal value of the instrument (e.g. loan, equity) to which the instrument (e.g. guarantee) relates, regardless of the share of this value covered by the guarantee.
17	Climate Change (adaptation and mitigation climate markers)	Data collection on the climate markers is based on a scoring system with three values:	Principal (primary) (2)	If some of the project's stated objectives match the "criteria for eligibility" of climate markers and the project would not have been undertaken without these objectives.
			Significant (secondary) (1)	If some of the project's stated objectives match the "criteria for eligibility" of climate markers **but** the project would have been undertaken anyways without these objectives.
			not targeted (0)	If none of the project's stated objectives match the "criteria for eligibility" of climate markers.
18	Notes	This field can be used for comments or additional information. It is an optional field, except for co-guarantees. If the guarantee being reported is a co-guarantee, the co-guarantor name should be specified in this field, with the key word **"co-guarantor"** followed by the **name of the co-guarantor agency** (e.g. co-guarantor USAID).  		A risk of double counting arises in the case of co-guarantees. If more than one institution reporting to the DAC guarantees the same underlying instrument (co-guarantee), the guarantee would be reported more than once. In order to avoid double counting, such cases need to be identified so as only one of the reported guarantees is included in the analysis.

1. Guarantees have the potential to mobilise domestic flows in developing countries. Domestic resources mobilised by guarantees would be identified using items 3 and 14 (recipient and investor country) in order to ensure comparability with other categories in DAC statistics - which are limited to international flows.

2. Guarantees mobilising domestic funds in local currency have the potential to contribute to the local financial market development. In order to capture this characteristic, items 10 to 13 are collected in the currency of the contract being guaranteed.

3. Gross and net exposures refer to the guarantor exposure the day the contract was signed (contract value). Data on the guarantor's outstanding exposure is out of the scope of this data collection.

TABLE B - SHORT-TERM GUARANTEES

The scope of this data collection would be guarantees covering **private investors** for up to one year (*e.g.* a 180-day trade guarantee). Data on short-term guarantees would be collected by year, beneficiary and sector. A row would represent the guarantees issued in year X to benefit country Y in sector Z (e.g. guarantees issued in 2009 to cover borrowers in Thailand, for agriculture projects).

Reporting country/ multilateral organisation: Extending agency[16]:

	Variable	Reporting instructions	Clarification notes
1	Year of issuance	Specify the year of issuance of the guarantee.	Year in which the guarantee was effectively issued. **Guarantees issued** are those for which the underlying instrument being guaranteed (e.g. a loan) was effectively made available to the developing country.
2	Recipient	Specify the country where the project takes place. The term recipient country is limited to the countries and territories in the DAC List of ODA Recipients.	Regional projects and programmes are reportable under the most specific available "regional/multi-country" category (e.g. Sub-Saharan Africa). The category "Unallocated" should be used only if an activity benefits several regions, all countries in the region being in the list of ODA recipients.
3	Sector / Purpose code	Report the sector that the project intends to benefit.	Purpose coding principles and list of purpose codes (end of the page).
4	Amount mobilised	Specify the full nominal value of the instrument covered by the guarantee, regardless of the amount being guaranteed.	This variable aims to reflect the amount of resources made available to developing countries (See Figure 1).
5	Gross exposure	Specify the amount of gross exposure.	Exposure (gross): full amount the guarantor would pay to the investor if the risk covered materialises, regardless of reinsurance (See Figure 1).
6	Net exposure	Specify the amount of net exposure.	Exposure (net): gross exposure minus the amount the guarantor would recover through reinsurance (See Figure 1).
7	Total project costs	Specify the total cost of the project to which the instrument being guaranteed is linked.	Total project cost is the sum of the funding made available to the project (See Figure 1).

16. Specify the extending agency (not applicable for multilateral organisations). 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.

ANNEX I - TERMINOLOGY

Guarantee refers to a legally binding agreement under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument in the event of non-payment by the obligor or loss of value in case of investment.

Guarantees with a **development motive** are those extended with the promotion of the economic development and welfare of developing countries as the main objective. In this data collection, guarantees issued by institutions with a developmental mandate - aid agencies, DFIs and IFIs – are considered to be developmental in purpose.

Short-term guarantees cover risks up to one year (*e.g.* a 180-day trade guarantee)

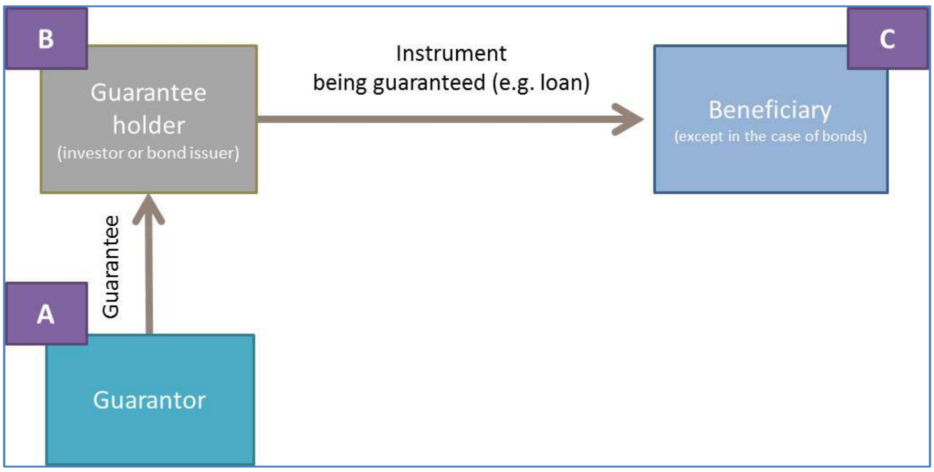
Long-term guarantees cover risks for one year or more.

Guarantor (A) is the public institution issuing guarantees.

Guarantee holder (or investor) (B) is the entity covered by the guarantee (*e.g.* commercial bank).

Recipient or Beneficiary (C) is the entity in the ODA-eligible country where the ultimate investment is made. In the case of loans, quasi-equity or equity, the beneficiary is the company (C) which benefits from the investment and whose debt would be paid by the guarantor (A) should the company (C) fails to pay its debt to the investor (B). In the case of bonds, the beneficiary is the bond issuer (B) in the developing country.

Figure 2 – Guarantee structure example



Guaranteed instrument is an instrument (*e.g.* loan) for which a third party (guarantor) guarantees repayment to a lender in case the borrower fails to repay.

Guarantees issued are those for which the guaranteed instrument (e.g. a loan) was effectively made available to the recipient.

Guarantees approved are those guarantees with the guarantor's Executive Board approval, but which underlying document has not been issued yet, i.e. the guarantor is not yet exposed. This data collection focuses on **guarantees issued**.

Guarantee vs. Insurance. This data collection does not differentiate between guarantees and insurance instruments and the term "guarantees" refers to both.[17]

17 . Procedures to call on a guarantee in the event of non-payment by the borrower or loss of value in case of investment are usually relatively straightforward. In contrast, insurance typically requires a specified period during which claims filed by the insured are to be evaluated, before payment by the insurer.