AMOUNTS MOBILISED FROM THE PRIVATE SECTOR BY OFFICIAL DEVELOPMENT FINANCE INTERVENTIONS

2016 OECD-DAC Survey – Preliminary analysis

Background

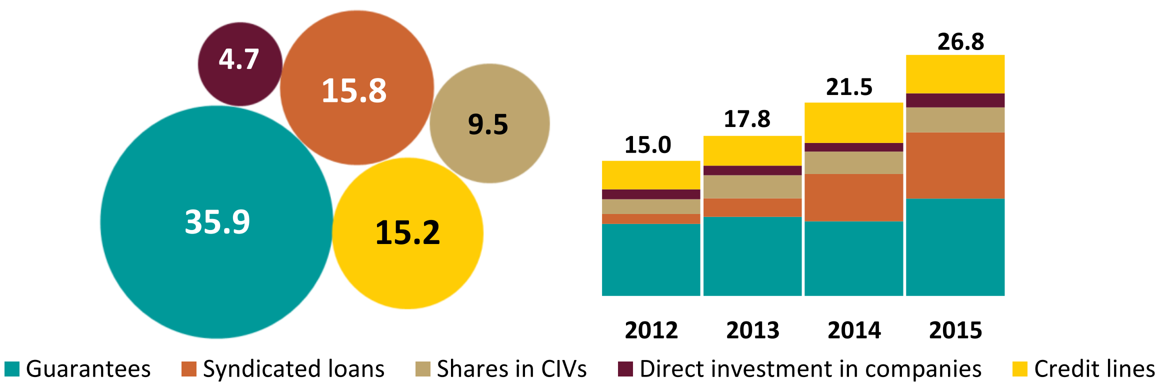
The need to mobilise private resources is at the heart of discussions around how to finance the Sustainable Development Goals (SDGs), including in the context of climate change mitigation and adaptation. The OECD Development Assistance Committee (DAC) has been working on this issue under a mandate from the December 2014 and February 2016 High Level Meetings with the aim to establish **an international standard for measuring the volume of private finance mobilised by official development finance interventions**. This work is carried out in consultation with multilateral and bilateral development finance institutions, as well as in close collaboration with the OECD-led Research Collaborative on tracking private climate finance.[1] It is also expected to contribute to the ongoing development of a broader measurement framework of total official support for sustainable development (TOSSD) and the DAC work stream on blended finance. **As from 2017, data collection on amounts mobilised is being implemented in the regular DAC statistical system.**

The 2016 DAC Survey follows a series of surveys carried out since 2012 to pilot methodologies for measuring amounts mobilised from the private sector by official development finance interventions. In this iteration, the objectives were to 1) pilot methodologies developed for credit lines and direct investment in companies, 2) update the data for guarantees, syndicated loans and shares in collective investment vehicles[2] and 3) explore approaches for amounts mobilised through complex financing schemes (e.g. PPPs). **This note presents the preliminary results of the 2016 Survey. A more comprehensive analysis will be produced during the 2nd quarter of 2017.**

USD 81.1 billion were mobilised from the private sector in 2012-15

The 2016 Survey shows that, in 2012-15, **USD 81.1 billion were mobilised from the private sector by official development finance interventions** in form of guarantees, syndicated loans, shares in CIVs, credit lines and direct investment in companies (DICs). Compared to previous DAC surveys, amounts mobilised continued on their upward trend, increasing from USD 15.0 to 26.8 billion between 2012 and 2015. Results confirm that the main leveraging instrument to date is guarantees (USD 35.9 billion mobilised, representing 44% of the total). They, however, also underline the mobilisation effect of the other instruments surveyed, i.e. syndicated loans and credit lines (19% each), shares in CIVs (12%) and DICs (6%).

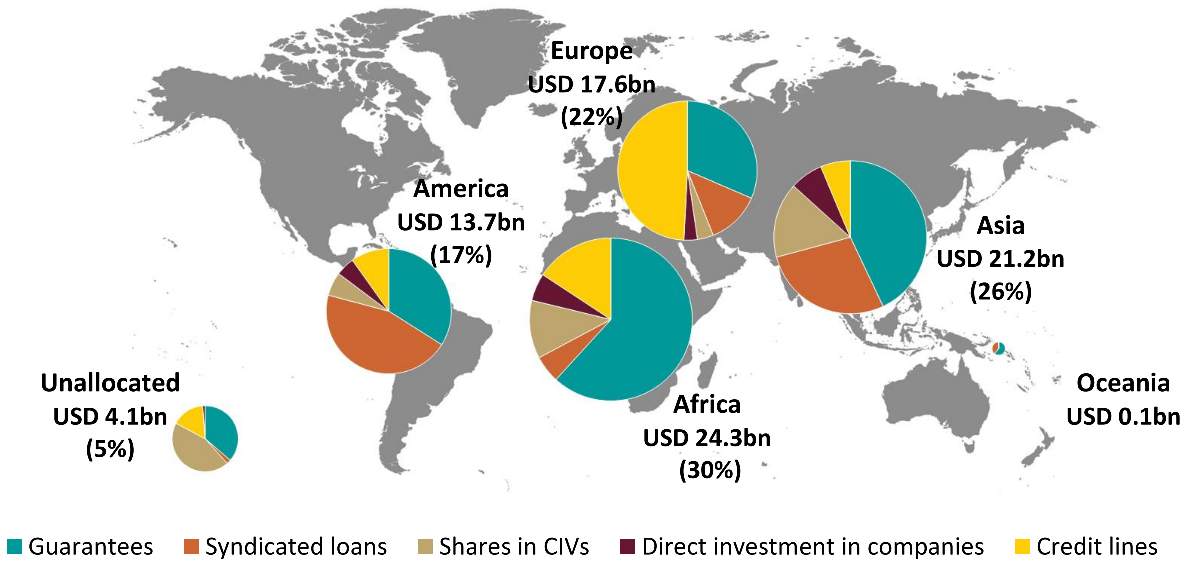
Figure 1. Private finance mobilised in 2012-15, USD billion[3]



[1] https://www.oecd.org/env/researchcollaborative/
[2] Instruments covered in the 2015 Survey.
[3] The increase in the amounts mobilised by syndicated loans as from 2014 is mostly explained by the fact that the IFC provided data for this instrument for 2014-15 only.

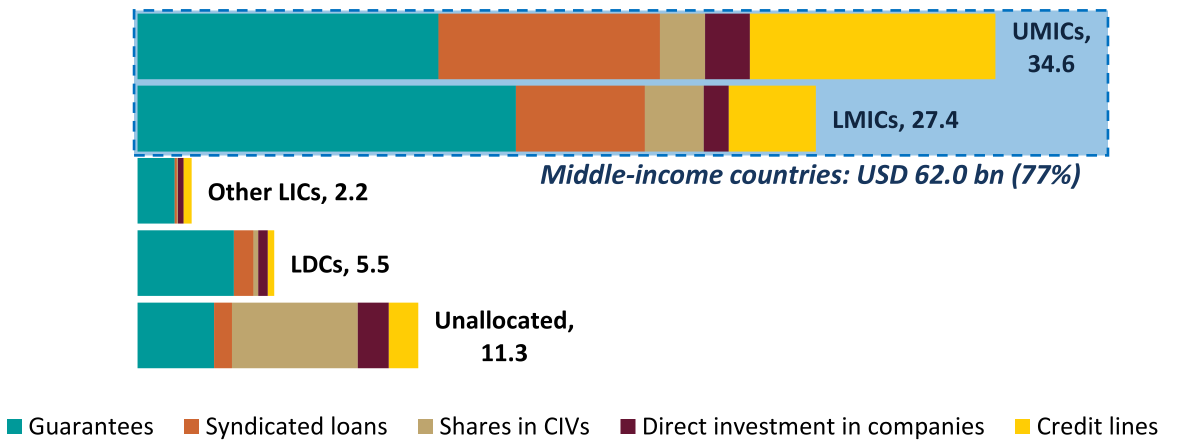
As shown in Figure 2, the survey confirms that over the period **Africa (with USD 24.3 billion) remained the region benefiting the most from the mobilisation effect of the five instruments surveyed,** followed by developing countries in Asia (21.2.billion), Europe (USD 17.6 billion, of which Turkey accounted for 58%) and America (USD 13.7 billion). A small share of the amounts mobilised (5%) were unallocated, reflecting primarily the global scope of some large CIVs and guarantee programmes. Guarantees were the main leveraging instruments in Africa (62%, and in particular in Sub-Sahara Africa with 73%), Asia and Oceania, while syndicated loans mobilised the most in America (45%) and credit lines in Europe (49%).

Figure 2. Geographical distribution of the amounts mobilised



In terms of income group distribution, **77% of the funds mobilised were for projects in middle-income countries**. Only USD 5.5 billion (7%) was mobilised for projects in the least developed countries (LDCs) and USD 2.2 billion (3%) in other low income countries (LICs). Guarantees remained the main instrument used to mobilise private finance in LDCs and other LICs whereas a wider range of instruments were used in upper middle-income countries.

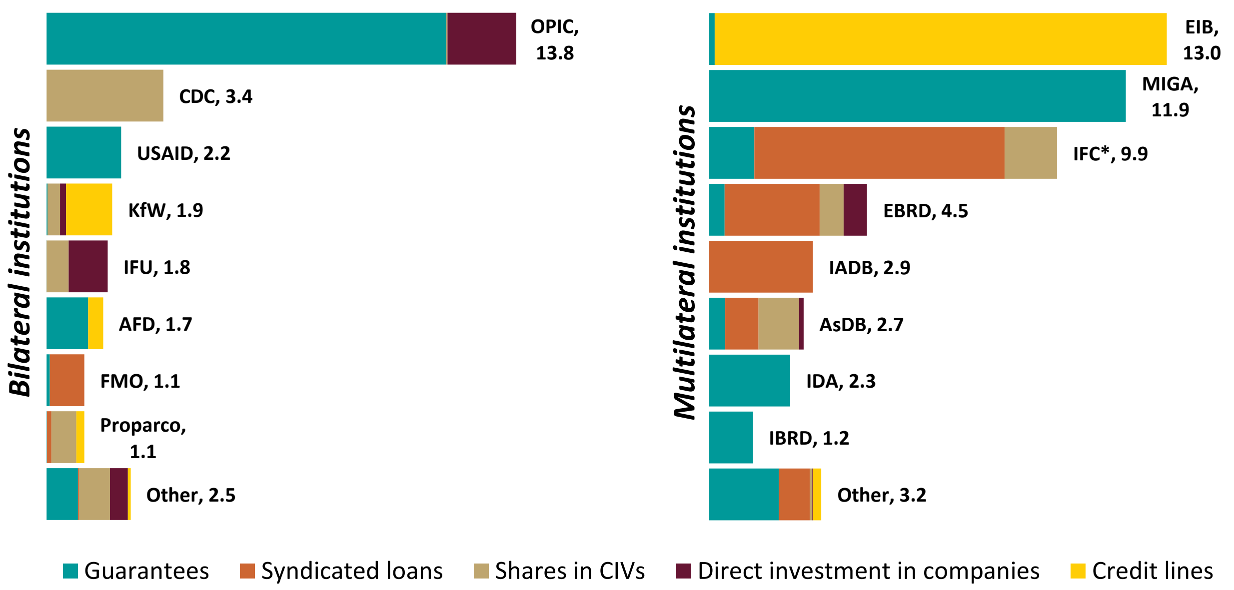
Figure 3. Amounts mobilised by income group, USD billion



Almost two-thirds of the total private amounts mobilised related to activities undertaken by multilateral development banks (MDBs), notably the World Bank Group[4] (31% of the total), EIB (16%) and the regional development banks (EBRD, IADB, AsDB, AfDB). The survey demonstrates that the instruments used by MDBs varied across individual institutions. While credit lines played a critical role in mobilising private finance in the case of EIB, other MDBs mainly made use of guarantees and syndicated loans.

The Survey also highlights the mobilisation effect of bilateral providers (36% of the total), in particular through their development finance institutions (DFIs). Here as well, different institutions made use of different leveraging mechanisms: guarantees were predominantly used by OPIC, USAID and AFD, while shares in CIVs were the main instrument for CDC, direct investment in companies for IFU and credit lines for KfW. Credit lines and DICs were the second most important leveraging instruments for respectively the AFD and OPIC. All in all, US institutions (OPIC and USAID) represented more than half of the total mobilised by bilateral institutions.

Figure 4. Top providers, USD billion

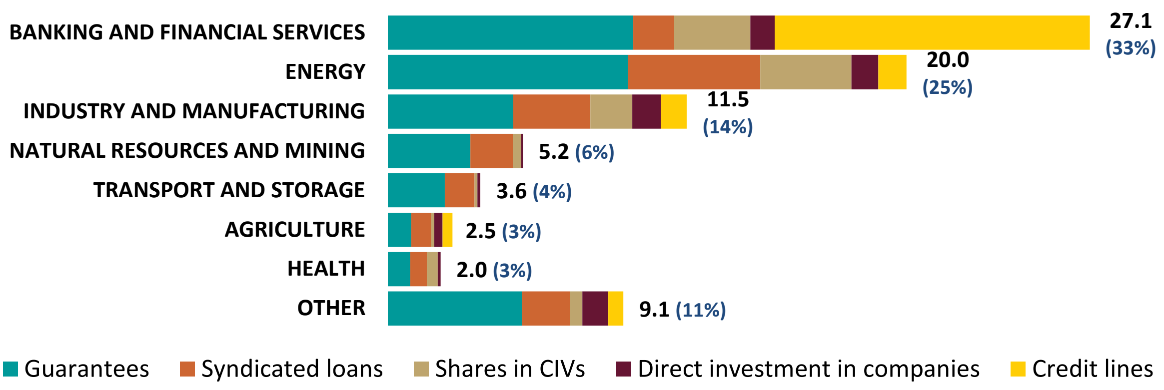


**: IFC does not consider its guarantees as part of its core mobilisation but rather as financing from its own account. However, for comprehensiveness and comparability purposes, it was agreed with the IFC that the information would be presented in the OECD analysis alongside other institutions' guarantee portfolios nevertheless.*

According to figure 5 below, a large share of the amounts mobilised supported projects in the banking (33%), energy (25%) and industry (14%) sectors. Guarantees remained the main mobilisation tool in these sectors, but also played a significant role in almost all other sector categories. By contrast, amounts mobilised through credit lines were mostly concentrated in the banking sector, rather reflecting the sector of the institutions targeted (local financial institutions) than the ultimate sectors in which these institutions on-lend. Syndicated loans and shares in CIVs were the main leveraging instruments in the energy and industry sectors, while amounts mobilised by DICs were evenly distributed among all sectors.

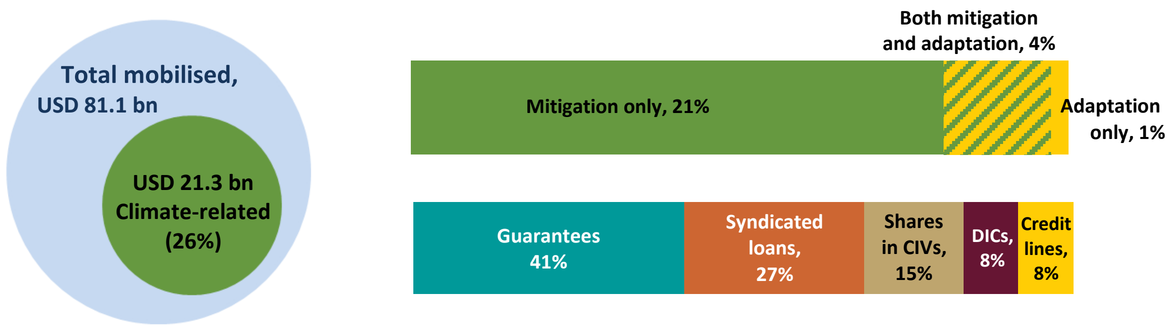
[4] MIGA, IFC, IBRD, IDA.

Figure 5. Finance mobilised per sector by instrument, USD billion



Finally, the data collected make it possible to estimate that **26% of the private amounts mobilised during 2012-15 targeted climate mitigation and/or adaptation** (21% mitigation only, 1% adaptation only and 4% both), mainly through guarantees and syndicated loans.

Figure 6. Climate-related finance mobilised



Coverage and next steps

The survey was organised through the DAC Working Party on Development Finance Statistics and sent to 37 provider countries (DAC and non-DAC), 19 multilateral organisations and 1 public-private partnership (PIDG). Data were reported by 35 institutions, covering most of the institutions known as using the leveraging instruments surveyed. In comparison to previous surveys, the results of the 2016 survey are more comprehensive as they reflect:

- two new instruments (credit lines and DICs for which 17 agencies provided data), and
- activities by a larger set of providers (Austria, Luxembourg, IDA/IBRD, CGIF and GEEREF), as well as provision of data retrospectively reported by some institutions - e.g. IFC guarantees.

Methodological work will continue in 2017 to cover additional leveraging instruments, such as standard loans and grants in co-financing schemes with the private sector.

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More results and information available on http://www.oecd.org/dac/stats/mobilisation.htm