

Canada's DFI – FAAE Submission and Remarks

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Changing landscape of development and development finance: tensions, challenges and potential

1. Poverty reduction in recent years has been a good news story, but with caveats—substantial declines at the aggregate level, but the hardest mile remains in most cases, whether within middle-income countries or across least developed and fragile contexts.¹
2. Even out to the SDG target of 2030, the hardest mile will remain² for two key reasons: increasing concentration in the most stubborn pockets, which are hardest, costliest and riskiest to reach, the new normal of low-growth, and lower responsiveness of poverty to growth.
3. Traditional donors face resource constraints from the combined effect of constrained budgets and growing needs (e.g. costlier and more frequent emergencies, protracted humanitarian crises, fallout from the refugee crisis, broadening agendas from the SDGs to climate finance).³

The risk of asking the leopard to grow stripes

4. In this backdrop, DFIs are receiving renewed interest—but the risk is that they are increasingly seen as “the instrument of choice” for any and every development related challenge. Whereas they are specific instruments whose core competency is supporting private sector finance.⁴
5. The risk therefore is that governments, traditional donors and development agencies push their DFIs to do more and more outside of their comfort zone, and DFIs, confronted with the need to take on more, are pushed to cover a wider mandate, at greater risk (financial and beyond) with limited capacity and to lower overall effect. NGOs and CSOs compound this risk by pushing DFIs to act more like aid agencies and less like institutional investors.⁵

DFIs are in the space where the puck is going

6. Since the Financing for Development (FFD) conference in Addis Ababa (2015), consensus has built around the need to go from “billions to trillions” in development finance.⁶
7. Going beyond ODA is no longer a matter of debate. Most donors, Canada included, realize this. The real question is how.
8. Non-ODA flows are already nearly 3x to 4x ODA (over 5x including remittances).
9. Viewed in isolation, development financing gaps in the trillions, seem daunting. It helps to remember there remains significant untapped potential to better direct global finance from a

¹ Not only has extreme poverty declined to near single digits as a share of global population (approx. 10%), a historic low, but the number of official “Low Income Countries” has more than halved from 63 in 2000 to 31 in 2015. Extreme poverty at \$1.90/day PPP fell from 35% in 1990 to 15% in 1999 to approx. 10-11% in 2013.

² However, even by 2030, 3% to 7% of the global population will be in extreme poverty, in the best case that is over 400mn, mostly in fragile states and Africa.

³ See: “Responding to the Changing Global Development Context: How Can Canada Deliver?” at: <http://cidpnsi.ca/how-can-canada-deliver/> Foreign aid or ODA has grown in recent years in absolute terms. However, relative to donor country income, spending levels have remained virtually static – OECD-DAC ODA/GNI has ranged between 0.27 and 0.32 since 2005. The rate of growth of ODA has also slowed: From 1996 to 2006 ODA grew at a CAGR of approx. 5.2%. In the face of increasing need such as the Arab Spring, Ebola outbreak and the Syrian crisis, in addition to natural disasters such as earthquakes, tsunamis and floods, the CAGR of ODA from 2006 to 2016 nearly halved to 2.7%

⁴ For more see: *Development Finance Institutions Come of Age* (CSIS), at https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161021_Savoy_DFI_Web_Rev.pdf

⁵ For more see interviews with DFI staff at: https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161021_Savoy_DFI_Web_Rev.pdf & *\$50bn and three lessons from development finance CEOs* (CGD) at <https://www.cgdev.org/blog/50-billion-and-three-lessons-development-finance-ceos>

⁶ Current OECD-DAC ODA is approx. \$140bn/year, or approx. \$180bn/year from all donors. By comparison infrastructure financing needs in South Asia and SS Africa alone are around \$290bn/year, SDG financing costs are around \$3trillion.

development perspective. Conservative projections place gross capital flows to developing countries by 2030 at \$6 trillion/year.

10. There is no shortage of investable capital in the global economy, especially in donor countries where significant funds are locked in a low yield environment, well short of returns needed to meet future liabilities. In Feb/March 2016 approx. \$7trillion, globally, was sitting in bonds that had negative yields.
11. But, leveraging institutional investment at scale requires investment-grade assets. This is no easy task in developing, emerging and frontier economy contexts.
12. DFIs, especially narrower bilateral DFIs, are one among a range of instruments⁷ that can help with this challenge. Much more innovation is needed in this space.
13. DFI commitments are currently about half the size of ODA. But, annual commitments grew approx. 600% (2002-2014), or over 10x as fast as ODA. At this pace annual DFI commitments could surpass ODA within a decade.
14. DFI investments are primarily (75-80%) in lower and upper-middle income countries, and not the poorest countries; they are primarily in 5 sectors (banking and financial services; industrial infrastructure; energy generation and supply; transportation and storage; and communications). These are precisely where ODA leaves gaps, and they fit with the needs of countries transitioning out of reliance on aid.
15. Therein lies the space for and (relatively limited) purpose of DFIs: i.e. additional, catalytic, self sustaining financing in the space between public (aid) and private investment. DFIs are financial institutions with a development impact mandate. That provide additional and complementary financing, distinct from ODA.

3 aspects which the government should be pushed to clarify (and how they should be clarified)

Whether Canada should create a DFI is not a new debate. It has been ongoing for decades. The renewed momentum since Budget 2017 is very welcome and the government should be rightly congratulated. But at the outset the government should be pushed to clarify the following:

16. Semantics 1: the terminology surrounding the Canadian DFI in official releases has been loose, and requires clarification. For e.g. Budget 2015 referred to a development finance “initiative”⁸. Budget 2017, which essentially took the same concept and allocation forward, calls it a development finance “institution”⁹. In announcing the decision to locate the DFI in Montreal (May 5, 2017), the Prime Minister called it a development finance “institute”¹⁰. These terms have been used interchangeably and the government should be pushed to clarify whether they are purely semantic or meaningful, do they for instance portend anything in terms of the scale, ambition, remit or limits.
17. Semantics 2: even more importantly, the use of the term ‘capitalization’ is also confusing. Budget 2017, and official releases since, maintain the DFI will be “capitalized with \$300 million over 5 years”. In the financial sense, capitalization means the financial base of the DFI will be

⁷ Others for instance include traditional donor’s private sector support (which is increasing); multilateral donors private sector support the World Bank’s PSW to provide risk mitigation for IFC investment is a recent case in point; the increasing importance of blended finance (e.g. Convergence, based in Toronto) is another example.

⁸ <http://www.budget.gc.ca/2015/docs/plan/ch4-2-eng.html>

⁹ <http://www.budget.gc.ca/2017/docs/plan/chap-03-en.html>

¹⁰ https://www.canada.ca/en/global-affairs/news/2017/05/canada_s_new_institutetogrowprivateinvestmentindevelopingcountri.html?=&wbdisable=true

\$300 million. It implies the DFI can leverage this amount further (for e.g. through capital markets). If this is the way ‘capitalization’ is intended, then it should be clarified as such.¹¹ If capitalization is used in the typical financial sense then the 5-year term around it raises further questions.¹² Or is \$300 million rather the limit of financing the DFI can deploy? In which case, what proportion of \$300 million/5years goes towards overheads and setup? These may sound like trivial questions, but they are not.¹³ They speak to how well thought-through, and communicated, the government’s plans are priorities with respect to the DFI (and development more generally) are.

18. Source and reportable use: the government should also explicitly and publicly clarify whether the source of financing is or is not from Canada’s international assistance envelope (IAE).¹⁴ And secondly, whether or not the intention is to book the capitalization as ODA.¹⁵
19. How these issues should be clarified: if correct, the government should state that:
 - a. The DFI is being incubated at EDC for now but the intention is for it to be an institution (as most other DFIs are).¹⁶
 - b. The DFI will have the flexibility to leverage the government’s initial capitalization.
 - c. Inputs to the DFI are non-IAE, or out of explicit increases to the IAE.
 - d. Inputs will not be booked as “ODA”; outputs clearly complement ODA but are *not* ODA¹⁷.

Recommendations

Formally place development additionality and sustainability at the top of the mandate

20. The experience of DFIs has shown that, unless they have a tight mandate and governance, they are prone to drift from their developmental purpose.
21. Incentives therefore need to be formally aligned around development additionality.
22. Additionality is a key concept used by DFIs, but is not straightforward.¹⁸ A simple way to think about additionality is that the investment thesis, at various levels (portfolio and individual investment), should be able to clearly articulate how and why the involvement of the DFI’s investment is expected to drive development outcomes, and what those outcomes are.
23. A second key principal is sustainability. DFIs are financial institutions. Over the medium to longer term, they can and should be expected to be self-sustaining (i.e. finance operations through

¹¹ It would provoke the obvious further question of what level of leverage is then targeted.

¹² DFI capitalization ordinarily is not time-bound. Once capitalized they can operate (if profitable) for decades through retained earnings without needing additional public financing (as OPIC for instance has for nearly 4 decades). To scale up governments can provide capital increases (as the UK did to CDC Group recently).

¹³ DFIs can require significant investment in “ground-game” in developing countries to find the right partners and deals.

¹⁴ Or if it is entirely off balance-sheet. And thereby the allocation is akin to a sole shareholder equity stake the government will take in the new entity.

¹⁵ There is some debate as to what extent capitalization is reportable as ODA, but generally speaking the OECD DAC is moving in that direction, so it is up to Canada’s discretion how it reports its investment. At a time when ODA budgets are flatlining, booking as ODA may be seen by some as inflating ODA, especially if core concessional ODA does not also see increases from its current historic lows.

¹⁶ i.e. a standalone crown corporation.

¹⁷ Only in specific instances, such as grant-based technical assistance and capacity building components, should they be reportable as ODA. It should be noted that this distinction will matter less and less over time. And there is evidence developing countries care more about scale, speed and responsiveness of development finance and less and less about the modality and level of concessionality. The ‘ODA-ness’ is purely a donor predilection.

¹⁸ As some observers have noted it is more a term of art than a technocratic concept.

earnings). Canada's DFI should also focus investments where there is a pathway to sustainability (financial and otherwise).

24. The mandate and governance should be secured such that development impact remains at the top. This should be reflected in composition of the board (governance)¹⁹, performance metrics, incentives, approval and oversight processes (see annex).

Canada's DFI should be given the space to take risks

25. Recall from the earlier discussion that the hardest mile in development remains as the lowest hanging fruit are picked.
26. Focusing on the poorest and most vulnerable in large part means increasing risk tolerance.
27. One of the key criticism of DFIs, especially as they drift away from a development-impact to financial return focus, is that they do not take enough risk.
28. Limited risk tolerance is also one of the potential downsides of establishing the DFI as a subsidiary within Canada's export credit agency (Export Development Canada or EDC). EDC offers many advantages in terms of capacity and know-how, but it is not known for risk taking.
29. The governance of the institution will therefore need to ensure the DFI is taking appropriate risk to drive development outcomes (and not just financial return).²⁰
30. A lot has been made of 'making money while doing good,' i.e. that DFIs can earn money for the government (it is true that OPIC has returned \$5.7billion to the US treasury since 1971, and has not required additional capital in decades).
31. However, DFIs can and do lose money, especially as they take higher risk. The core purpose of a DFI is to invest in development, not make money for the government (especially not in the short term).
32. For e.g. Sweden's Swedfund missed its financial benchmark over the last couple of years (see annex). It is also more focused on Africa and makes greater use of equity and equity-like investment funds than some other DFIs.²¹
33. Data limitations make it difficult to pin point reasons, but it serves as a reminder that risks are real, and part and parcel of investment.
34. A fledgling Canadian DFI should be allowed to push the envelope and take risks. It will need to if the aim is to support the government's strategy of focusing on the poorest.
35. This has implications for where the Canadian DFI invests. While hard ratios, especially at the outset, can be unhelpful, an allocation of 15% to 20% in the poorest countries²² is consistent with the experience of other DFIs.
36. Efforts to increase the focus on poorer countries over time would also be consistent with the trends seen in some other DFIs that are good examples.
37. The CDC Group's (UK) recent decision to focus on South Asia and Africa is a case in point.

¹⁹ For more on these elements please see: "Canada's DFI: Making it Happen, Getting the Details Right" <http://cidpnsi.ca/canadas-dfi/> where we outline 8 specific recommendations on governance and institutional architecture, including the need for an independent board, its function and composition.

²⁰ See: "Canada's DFI: Making it Happen, Getting the Details Right" <http://cidpnsi.ca/canadas-dfi/>

²¹ Average 7-year rolling ROE was -3.25%, well short of its own benchmark.

²² Could be defined differently, as many DFIs do, but broadly consistent with Low-Income and Least Developed Countries.

38. Another aspect of risk relates to what sorts of instruments the DFI deploys. To date, discussions on the Canadian DFI have centered on the fixed income²³ end of the capital structure (see annex).
39. DFIs that have a wider slate of instruments and offerings have a better chance at driving outcomes.
40. All DFIs play in the relatively lower risk debt/loan end of the capital structure. The ones that are distinguishing themselves in terms of development impact go further (and offer equity including, in some cases, very early stage financing). CDC Group, FMO in the Netherlands, and Norway’s Norfund are examples (see annex).
41. Most DFIs set a financial return or sustainability benchmark. Approaches vary but return on equity (ROE) or the internal rate of return (IRR) are standard metrics. The targeted return level and metric has an impact on the DFIs risk orientation. In addition to rates or levels, the timeframe is also important (for details on how DFIs approach this, please see the annex).
42. For Canada’s fledgling (and small) DFI, we recommend the following:
 - a. In the short term (i.e. entirety of the 5-year period announced) sustainability, as opposed to overall net positive returns should be targeted. For reference sustainability can be linked to the 2-year Government of Canada benchmark bond yield or the 1 to 3 year average yield.²⁴ With a built-in buffer of flexibility.²⁵
 - b. Over the course of standing up the DFI, both the metric and levels will need to be further defined. We recommend the DFI target ROE, but, as a rolling average over a minimum of 3 years, more preferably 5 years or 7 years.²⁶
 - c. As other DFIs and financial institutions in general, the Canadian DFI will take a portfolio based approach. Cross-subsidizing risk—balancing taking more risk in certain areas with lower risk and greater predictability of investments in others—is perhaps obvious. But the Canadian DFI could set the standard on transparency by outlining details regarding the thesis behind individual investments such that it contributes to an understanding of overall portfolio orientation.
 - d. Focusing on the poorest and not just picking the lowest hanging fruit means the DFI must get comfortable with the idea of well below market returns on some investments. Which implies it will need to pick its spots very carefully. Especially as it builds a new portfolio.²⁷ There is no harm in starting with Canadian partners and players that EDC and Global Affairs already have experience with (in fact it is inevitable), so long as these are consistent with the overarching development additionality mandate.²⁸

²³ This is another area of clarification: GAC’s new “feminist international assistance policy” somewhat unexpectedly refers to equity, stating that DFI will support private investments in developing countries “through the use of loans, loan guarantees or equity stakes”. See: http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng

²⁴ This is suggested purely as reference. Based on the last 1yr of data would range between a low of 0.48% and a high of 0.83% (<http://www.bankofcanada.ca/rates/interest-rates/canadian-bonds/>). This would be consistent with the practice of some DFIs (annex).

²⁵ E.g. number of years and level of cumulative allowable losses. Again, not inconsistent with the practice of others.

²⁶ DEG (Germany) targets a 3yr average ROE, FMO and CDC Group target 5yr average ROE, SwedFund targets 7yr average ROE. The key point is that it should be a reasonably long term and not purely year by year or quarter by quarter.

²⁷ Much as there is talk of “crowding in” more capital and investors, there is also a risk of “crowding out”, especially local (higher cost of capital) players. DFIs and other IFIs have been known to both compete for and chase after the same deals.

²⁸ This does not and need not imply a preference for or requirement of Canadian interest. However, it would be unrealistic to expect a fledgling DFI would be entirely divorced from the same.

Canada's DFI will be small and therefore by definition it needs to find a niche: 2 options

43. According to our analysis of 17 bilateral DFIs (for which data are provided and analyzed in the annex), Canada's would be the second or third smallest.²⁹
44. Canada's DFI needs to strike a key balance: between supplying capital to existing opportunities vs. investing in longer-term local capacity to increase the pipeline of bankable projects.
45. Being a relatively small player it would make sense to link with where the government's larger development finance investments are sector-wise.
 - a. One sector that makes sense is investing in the transition to low-carbon growth in developing countries (not limited to middle income but also low-income countries). Transition to low-carbon growth (clean tech, renewables etc.) is also one of the few development sectors that has a financial return potential and one that is a priority for both government and Canadian business.
 - b. Beyond risk perception, two key factors limit investment in emerging, frontier and poorer countries: mismatch between the types of investment products available and the requirements of investors; and, lack of local capacity to promote investment and package bankable deals. These together point to one of the most powerful sectors Canada's DFI can invest in: building financial sector capacity in developing countries.
46. Focusing on the local financial sector, Canada's DFI could balance both supplying capital to existing opportunities and towards building a longer-term pipeline of bankable projects. This requires working closely with others in Canada's development landscape—such as GAC, CSO/NGOs, IDRC and others—who have substantial experience and 'ground-game' across developing countries.

Canada's DFI can set the standard when it comes to development outcomes measurement and transparency

47. As a late entrant, Canada's DFI should learn from the experience of others and innovate with respect to development outcome measurement and transparency.
48. Reporting systematically on impact and outcomes has been a weakness of most DFIs (though it is improving, and on other aspects of transparency DFIs do well; see annex).
49. Generally, DFIs report development outcomes in the form of direct (first order) effects in the following areas (see annex for details):
 - a. Employment generation
 - b. Contribution to government revenues
 - c. Investment outcomes and financial rates of return
 - d. Environmental and social outcomes
 - e. Catalytic effect measured in terms of co-investment (crowd-in) generated
50. Canada's DFI should not only track and report targets and indicators at the project level, but a combination of project, mezzo and macro level impacts.
51. Canada's DFI should go further to develop a methodology on development impact measurement that also looks at its contribution to second-order growth effects, productivity, investment and their impact in turn (however indirect) on poverty reduction.

²⁹ This depends, as discussed earlier, in part on how the \$300mn capitalization works. The point is Canada's will be one of the smallest (if CAD\$300mn is split over 5yrs equally i.e. approx. USD\$44mn/year or as a total portfolio of USD\$222mn, at current exchange rates).

About the Canadian International Development Platform

The Canadian International Development Platform leverages open data and big data from a development perspective, focusing on Canada's engagement in development issues. It is a vehicle and venue for objective, non-partisan research, policy analysis, and data analytics. It is both an online and offline forum for exchange of forward thinking ideas on development.

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Annex³⁰**Bilateral DFIs – Basics**

Institution	Country	Year of founding	Tied to national interest³¹	Country focus	Ownership structure³²
OeEB	Austria	2008	Untied	DAC list	Private ³³
BIO	Belgium	2001	Untied	DAC list ³⁴	Public
BMI-SBI	Belgium	1971	Belgian interest required	Global	Public Private ³⁵
IFU	Denmark	1967	Danish interest required	DAC list ³⁶	Public
FINNFUND	Finland	1980	Finnish interest required	DAC list	Public Private ³⁷
Proparco	France	1977	Untied	DAC list	Public Private ³⁸
KfW/DEG	Germany	1962	Untied	DAC list	Public
CDP/SIMEST	Italy	1990	Italian interest required	Global	Public Private ³⁹
FMO	Netherlands	1970	Untied	DAC list	Public Private ⁴⁰
Norfund	Norway	1997	Untied	DAC list	Public
SOFID	Portugal	2007	Portuguese interest required	14 countries	Public Private ⁴¹
COFIDES	Spain	1988	Spanish interest required	Any DC/EM	Public Private ⁴²
SwedFund	Sweden	1979	Untied	DAC list	Public
SIFEM	Switzerland	2005	Untied	DAC list	Public
CDC Group	UK	1948	Untied	Africa & S. Asia	Public
OPIC	US	1971	US interest required	160 developing and conflict affected countries	Public

³⁰ Data is compiled from a DFI database being developed by the authors, based on primary sources (annual reports and financial filings in most cases), as well as select third party sources.

³¹ Tied if explicitly tied to country interest in the sense that participation of national firm/entity in investments is mandatory.

³² Public if 100% owned by government, otherwise public-private as specified.

³³ Owned by Oesterreichische Kontrollbank AG, the Austrian export credit agency (private stock company with a public mandate).

³⁴ BIO can invest in countries classified by the OECD as LDCs, LICs and LMICs, "and puts a specific focus on the partner countries of the Belgian Development Cooperation and on less developed countries." However, BIO concentrates its interventions on a maximum of 52 countries, based on a list fixed by BIO's Board of Directors. BIO favours a regional approach and complementarities and synergies with other Belgian Development Cooperation players.

³⁵ Owned by Belgian government (63%), minority share held by banking institutions and private companies (37%).

³⁶ "At least 50 per cent of the fund's annual investments (measured over a rolling 3-year period) must involve Low Income Countries, including countries in Africa. Countries whose gross national income pr. capita corresponds to 80 per cent or less of the World Bank's definition of Lower-Middle Income countries are considered low income countries. The fund's remaining investments may be made in all countries on the OECD's Development Assistance Committee's (DAC) list of countries that are eligible to receive official development assistance."

³⁷ Owned by Finnish government 93.4%, Finnvera 6.5% and Confederation of Finnish Industries EK 0.1%.

³⁸ Majority owned by AFD (64%), the French development agency.

³⁹ Owned by Cassa depositi e prestiti Group (76%) and minority shareholders including Italian banks and industry associations. Cassa depositi e prestiti Group is the Italian national promotional bank.

⁴⁰ Owned by Dutch government (51%) and commercial banks, trade unions, and others (49%)

⁴¹ Owned by Portuguese government (60%) and four Portuguese banks

⁴² Owned by Spanish government (54%), Spanish banks (45%), and CAF (1%)

Financial Metrics (1) – Size⁴³

Institution	Country	Total Commitments in 2015 (USD, mn)	Total Portfolio Commitments to date, 2015 (USD, mn)
OeEB	Austria	262.7	1,090.8
BIO	Belgium	131.3	697.3
BMI-SBI	Belgium	9.1	24.7
IFU	Denmark	100.8	641.2
FINNFUND	Finland	93.9	674.9
Proparco	France	1,089.2	6,303.5
KfW/DEG	Germany	1,204.6	8,061.3
CDP/SIMEST	Italy	242.3	2,350.8
FMO	Netherlands	1,793.4	10,376.2
Norfund	Norway	281.9	1,763.4
SOFID	Portugal	2.3	12.3
COFIDES	Spain	354.4	969.7
SwedFund	Sweden	46.4	421.5
SIFEM	Switzerland	82.7	622.2
CDC Group	UK	1,084.6	6,723.9
OPIC	US	4,390.0	19,930.0

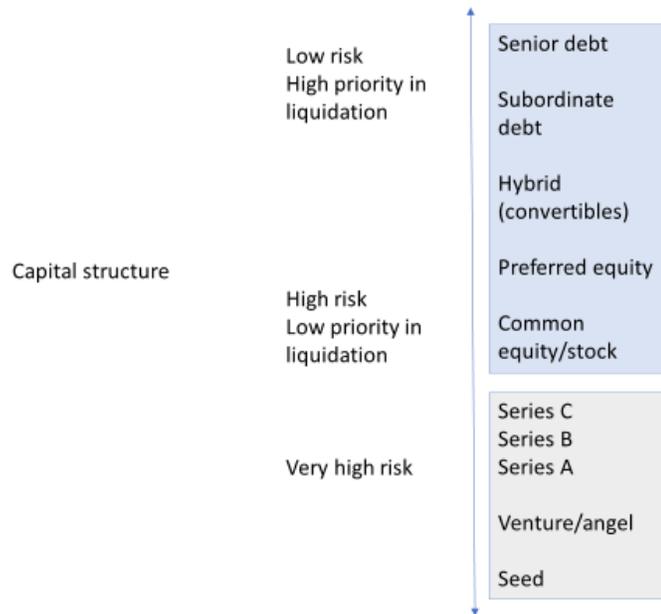
⁴³ Individual annual reports, EDFI report, and “*Development Finance Institutions Come of Age*” (CSIS).

Financial Metrics (2) – Instruments and Exposure⁴⁴

Institution	Main	Debt/Equity breakdown
OeEB	Majority debt	Loans: 66% Equity and quasi-equity: 24% Guarantees: 10%":
BIO	Majority debt	Loans: 67% Equity: 33%
BMI-SBI	Primarily equity	Loans: 6% Equity: 94% Guarantees: 0%
IFU	Majority equity	Loans: 34% Equity and quasi-equity: 65% Guarantees: 1%
FINNFUND	Majority equity	Loans: 46% Equity: 27% Funds: 27%
Proparco	Primarily debt	Loans: 90% Equity interests - 9% Other: 1%
KfW/DEG	Balanced	Loans: 55% Equity and quasi-equity: 45%
CDP/SIMEST	Balanced	Loans: 43% Equity and quasi-equity: 57%
FMO	Balanced	Loans: 55% Equity and quasi equity: 42% Guarantees: 3%
Norfund	Primarily equity	Loans: 15% Equity: 70% Indirect equity (funds): 15%
SOFID	Majority debt	Loans: 60% Equity: 40% Guarantees: 0%
COFIDES	Majority debt	Loans: 62% Equity Capital: 38%
SwedFund	Balanced	Loans: 44.3% Equity: 29.3% Funds: 26.4%
SIFEM	Majority equity	Equity and quasi-equity instruments: 70.5% Current income earning assets: 29.5%
CDC Group	Primarily equity	Debt: 7.1% Equity: 22.7% Funds: 69.9% Forward Foreign exchange contracts: 0.3%
OPIC	Debt	Debt only: Financing: 75% (debt) Investment funds for PE: 11% (structured debt) Insurance: 14%

⁴⁴ Years are same as in financial metric (3) table below. Compiled from annual reports.

Capital Structure – basics



Financial Metrics (3) – Benchmark and Return Metrics (as reported)

Institution	Main Financial Benchmark	Returns and Metric	Year of Reporting
BIO	BIO's Investment Statement states that BIO "will keep an expected floor annual rate of return of 5% on all our investments (also in line with the objective of retaining classification code 8 for each investment made) and to strive for an average rate of return for our interventions of 6% on debt and 15% on equity investments."	**Annual rate of return is not reported in annual report. However, actual returns (value) are mentioned: Income from BIO's core activity - EUR 24,159,196 [returns on loans (EUR 21,326,459) and dividends (EUR 2,832,737)]. Income derived from investing the non-allocated cash available to BIO to execute its corporate mission - EUR 12,951,837 Other financial income - EUR 447,441	2015
IFU	**Unclear - IFU reports net profit, gross yield on share capital and five-year average yield on share capital.	12.7%-gross yield 10.3%-yield on projects DKK 194m-net profit	2015
FINNFUND	Return on Equity (ROE)	2.00% ROE	2015
KfW/DEG	Measures pre-tax return on equity (ratio of annual net profit before tax to average equity) and three-year average ROE. DEG predicts expected annual and three-year averaged ROE for the following year in its Annual Report. For instance, 2016 report states that "For 2017, DEG expects a pre-tax return on equity of 4.0%, resulting in a three-year average of 4.5%"		2016
CDP/SIMEST	ROE	1.00% ROE	2015
FMO	Measures net 5-year average return on shareholders' equity. (In 2016, FMO exceeded it's target of 6.2%, annual report does not explain how target was derived). Also measures Common Equity Tier 1 (CET-1) ratio.	6.7% Net 5-year average return on shareholder's equity.	2016
Norfund	Measures Internal Rate of Return (IRR) for Norfund's portfolio, measured in investment currencies since inception	2.9% for 2016 (4.9% from 1997-2016)	2016
COFIDES	ROE	5.5% ROE	2015
SwedFund	Average return on equity before tax shall exceed the average interest rate for Swedish government debt over one year. Return shall be measured over rolling seven-year periods.	0.07%- ROE -3.25%- Average return on equity opening balance, rolling seven-year period	2015
SIFEM	Positive IRR	6.97% IRR	2016
CDC Group	Average annual return on net assets over five years	4.2%- portfolio return 7.8%- Average annual return on net assets over five years"	2015
OPIC	Informally, total 'net return to US Treasury' ⁴⁵	\$5.7 billion since 1971; net return: approx. \$434mn in 2015, on \$4.4bn commitments in 2015: implies 9.8%	2015

⁴⁵ OPIC has provided a 'net return to treasury' for 39yrs straight totaling \$5.7bn according to its 2016 filing. However net return is not necessarily the same as 'profit' or ROI/ROE. E.g. OPIC earned revenue in 2016 was \$263mn, net cost was \$210mn, on a total balance sheet of \$8.5bn which comprise investments of \$5.7bn, implying a rate of return between 2.6% and 3.6%. OPIC expects to earn \$2.2bn for the Treasury over next 10yrs (2016 – 2025). But despite this it is under threat of closure by the Trump administration.

Exposure by Sector/Industry, and Geography, as defined by DFI

Institution	Country	Sector/Industry	Geography
OeEB	Austria	"The priorities for OeEB under its strategy for 2013 to 2017 are to assist micro, small and medium enterprises (MSMEs) as well as to promote renewable energy and resource efficiency." (OeEB annual report 2016, p. 4)	Under OeEB's 2013-2017 strategy, the geographic focus is placed on Africa, South Caucasus and Central Asia, Southeastern and Eastern Europe, and Central America and the Caribbean.
BIO	Belgium	Outstanding investments per sector: Financial institutions: 47% Enterprises: 11% Infrastructure: 21% Investment companies and funds: 21%	Outstanding investments per region: Africa: 44% Central and Latin America: 29% Asia: 19% Multiregional: 8%
BMI-SBI	Belgium	Share of portfolio commitments by sector: Agriculture and food: 31.7% Pharmaceutical, chemical & packaging: 18.9% Metal Fabrications & related industries: 17.4% Mining Industry: 10.9% ICT: 7.7% Textile: 6.7% Other: 6.6%	Western Europe: 22.4% North America: 10.2% Central and Eastern Europe: 25.1% Africa: 2.7% Central and Latin America: 15.7% Asia: 23.9%
FINNFUND	Finland		Least developed countries: 38.9% Low-income countries: 16.7% Lower-middle income countries: 33.3% Upper-middle income countries: 11.1% Russia: 0
Proparco	France	"Manufacturing - 6% Miscellaneous and multi-sector - 34% Financial institutions and markets - 47% Agriculture and agribusiness - 4% Energy infrastructure - 4% Healthcare and education - 4% Telecommunications - 2% Microfinance - 1%"	"Asia - 17% sub-Saharan Africa - 35% Middle-East and North Africa - 20% South America and Central America and Caribbean - 22% French Overseas Territories - 2.5% Miscellaneous and multi-country - 3.5%"
KfW/DEG	Germany	Share of portfolio commitments by sector: Financial institutions: 51.89% Manufacturing: 15.93% Energy and water supply: 13.91% Transport, telecoms, infrastructure: 4.98% Other services, tourism: 9.33% Agriculture, forestry, fisheries: 3.30% Mining, quarrying and non-metallic minerals: 0.67%	Share of portfolio commitments by region: Africa: 19.31% Asia: 28.92% Europe: 19.90% Latin and North America: 31.87%
FMO	Netherlands	Share of portfolio commitments by sector: Agribusiness: 8.2%	Share of portfolio commitments by region:

		<p>Infrastructure, manufacturing and services: 17.3%</p> <p>Energy: 22.4%</p> <p>Financial institutions: 37.8%</p> <p>Multi-sector fund investments: 14.3%</p>	<p>Africa: 32.7%</p> <p>Asia: 27.6%</p> <p>Eastern Europe and Central Asia: 22.4%</p> <p>Latin and North America: 21.4%</p> <p>Non-specific region: 6.1%</p>
Norfund	Norway	<p>Share of portfolio commitments by sector:</p> <p>Food and agribusiness: 10%</p> <p>SME funds: 11%</p> <p>Clean energy: 49%</p> <p>Financial institutions: 30%</p>	<p>33% of portfolio investments in LDCs</p>
SOFID	Portugal	<p>Share of portfolio commitments by sector:</p> <p>Agribusiness: 5%</p> <p>Infrastructure/ manufacturing: 52%</p> <p>Other infrastructure: 26%</p> <p>Services: 17%</p>	<p>Share of portfolio commitments by region:</p> <p>sub-Saharan Africa: 67%</p> <p>Latin and North America: 31%</p> <p>Middle East and North Africa: 2%</p>
COFIDES	Spain	<p>Share of portfolio commitments by sector:</p> <p>Financial: 37%</p> <p>Transport infrastructure: 15%</p> <p>Corporate Services: 10%</p> <p>Agri-food: 8%</p> <p>Building materials: 8%</p> <p>Energy: 8%</p> <p>Chemical and pharmaceutical industry: 3%</p> <p>Automotive: 3%</p> <p>Capital goods: 2%</p> <p>Others: 6%</p>	<p>Share of portfolio commitments by region:</p> <p>Africa: 1%</p> <p>Asia, Oceania and Middle East: 2%</p> <p>Western Europe: 5%</p> <p>Central and Eastern Europe: 1%</p> <p>Latin America: 30%</p> <p>North America: 1%</p> <p>International: 59%</p>
SwedFund	Sweden	<p>Share of portfolio commitments by sector:</p> <p>Financial: 17.9%</p> <p>Funds: 21.8%</p> <p>Manufacturing: 27.4%</p> <p>Services: 16.3%</p> <p>Energy: 13.9%</p> <p>Other: 2.7%</p>	<p>Share of portfolio commitments by region:</p> <p>Africa: 60.3%</p> <p>Asia, Oceania and Middle East: 22.2%</p> <p>Eastern Europe: 7.5%</p> <p>Latin America: 0.4%</p> <p>Other: 9.6%</p>
SIFEM	Switzerland	<p>Invested capital exposure per sector</p> <p>Manufacturing: 18%</p> <p>Transport, storage and communications: 10%</p> <p>Business activities and services: 8%</p> <p>Financial intermediation: 36%</p> <p>Wholesale and retail sales: 3%</p> <p>Agriculture, fishing, hunting and forestry: 5%</p> <p>Electricity, gas and water supply: 9%</p> <p>Construction: 1%</p> <p>Hotels, restaurants and catering: 3%</p> <p>Health, social, educational and recreational: 7%</p> <p>Mining and quarrying: <1%</p>	<p>Share of portfolio commitments by region:</p> <p>Africa: 28%</p> <p>Asia: 34%</p> <p>CEE and CIS: 8%</p> <p>LATAM: 18%</p> <p>Global: 12%</p>
CDC Group	UK	<p>Underlying portfolio by sector</p> <p>Infrastructure: 25%</p> <p>Trade: 15%</p>	<p>Underlying portfolio by top five highest country exposures:</p> <p>India: 23%</p>

		Business services: 10% Financial services: 10% Manufacturing: 8% Communications: 7% Agribusiness: 6% Health and education: 6% Microfinance: 6% Construction and real estate: 5% Mineral extraction: 2%	China: 14% Nigeria: 7% South Africa: 6% Pan-Africa Region: 9%
OPIC	US		Maximum worldwide exposure by geographic region: Latin America and the Caribbean: 24% Sub-Saharan Africa: 28% North Africa/Middle East: 15% Eastern Europe & NIS: 15% Asia: 18% Worldwide Funds: 4%

DFI transparency

DFI	Definitive List	Historical Data	Project-level Info	Development Impact	Accessibility	Score
IFC (World Bank)		✓	✓		✓	3
OPIC (US)	✓	✓	✓			3
CDC Group (UK)	✓	✓				2
FMO (Netherlands)			✓		✓	2
Proparco (France)		✓	✓			2
DEG (Germany)			✓			1

Source: *How transparent are DFIs?* <https://www.cgdev.org/blog/how-transparent-are-development-finance-institutions> Criteria:

Definitive list: An annual list of all projects or investments.

Historical data: Project data for at least five years.

Project-level information: Detailed investment- or project-level information including a longer project description.

Development impact data: Data on the projected and ex post impact of the project.

Accessibility: All publicly available data can be found and analyzed through a user-friendly, machine-readable database.

Development outcome measurement – no one size fits all

OeEB	<p>OeEB's GPR uses ex-ante and ex-post evaluations based on four general criteria:</p> <ol style="list-style-type: none"> 1. Development effect and sustainability 2. Strategic role of OeEB 3. Long-term profitability of the project 4. Contribution margin (OeEb, 2015). 	<p>OeEB. (2015). "OeEB Development Report 2015". http://www.oe-eb.at/en/osn/DownloadCenter/Development-Report-2015.pdf</p> <p>OeEB. (2017). "Development Effects". http://www.oe-eb.at/en/about-oeeb/pages/development-effects.aspx</p>
BIO	<p>BIO uses two criteria to measure the impact of its projects:</p> <ol style="list-style-type: none"> 1. Developmental impact - measured in alignment with BIO's eight development priorities. It includes measures for: local economic growth (incl. job creation), private sector innovation, financial inclusion, food security and rural development, basic services and goods, fighting climate change, promotion of environmental, social and governance best practices, and gender. 2. Strategic role of BIO - namely in terms of additionality of BIO interventions 	<p>Evaluation: https://diplomatie.belgium.be/sites/default/files/downloads/evaluation_bio_summary_report.pdf</p> <p>BIO. (2016). "Annual Report 2015" http://www.bio-invest.be/library/annual-report.html</p>
IFU	<p>DIM uses a number of indicators to assess development impact. As on Jan 1, 2017, IFU also uses four indicators to measure the sustainability of its entire portfolio:</p> <ol style="list-style-type: none"> 1. Indicator: Capitalization of SDG fund – private commitments Baseline: 1.275 million DKK (DAF/DCIF) Target 2021: App. 3.000 million DKK 2. Indicator: Mobilization of private capital in portfolio investments (IFU's portfolio) Baseline: 7X Target 2021: 7X 3. Indicator: Annual IFU investment volume (all IFU managed funds) Baseline: 1.100 Million DKK Target: 2.000 million DKK 4. Indicator: Expected total number of jobs created: 8.000 direct jobs per one billion DKK invested by IFU, out of which at least 35% will be women and 10% will be youth. 12.000-16.000 indirect jobs. Baseline: 9.000 Target: 18.000 	<p>MFA. (2017). "The Ministry of Foreign Affairs' Strategy for the Investment Fund for Developing Countries (IFU) 2017-2021". http://um.dk/~media/UM/English-site/Documents/Danida/About-Danida/Danida%20transparency/Consultations/2017/IFU%20Strategy.pdf</p> <p>OECD. (2016). Peer Review: Denmark. http://www.oecd.org/dac/peer-reviews/oecd-development-co-operation-peer-reviews-denmark-2016-9789264259362-en.htm</p>
FINNFUND	<p>DEAT "is based on the work done by other development finance institutions to assess and measure development effects and incorporates best practices in the field. DEAT can assess the anticipated effects of new projects using qualitative and quantitative indicators. It utilises data obtained in project preparation, assessment of environmental and social issues, and other information such as target markets."</p> <p>DEAT has three main parts:</p> <ol style="list-style-type: none"> 1. Corporate Sustainability Principles measure how well the project suits Finnfund's strategy and the objectives defined in the Finnish government's 	<p>DEAT: FINNFUND. (2017). "Systematic Effect Assessment Methods". https://www.finnfund.fi/yri-tys/development_effects/en_GB/effect_assessment_methods/</p> <p>Evaluation: https://www.finnfund.fi/aja</p>

	<p>development policy programme. Among the aspects of the project studied are its effects on the environment, on climate change, and on the local community, for example via corporate responsibility programmes.</p> <p>2. Economic Development Effect assesses the anticipated results for project stakeholders. It calculates employment effects and the volume of tax revenues as well as the project’s influence on local markets via the production chain or the launch of a new product.</p> <p>3. Role of Finnfund estimates the added value that Finnfund financing brings to the project.</p>	<p>nkohtaista/uutiset16/en_GB/aid_for_trade/</p>
<p>Proparco</p>	<p>The GPR uses ex-ante, actual annual, and ex-post monitoring and data collection.</p> <p>Project assessments are based on four criteria:</p> <ol style="list-style-type: none"> 1. Counterparty risk. This first criterion corresponds to the counterparty rating established by the Risk Department. Indeed, it is considered that the counterparty’s resilience guarantees the viability of the project’s expected effects and impacts measured by criterion 2. Impacts on development. This criterion aims to measure the project’s impacts on development. Each project is assessed using a common base of quantitative and qualitative criteria and a set of criteria specific to the type of counterparty (corporates, infrastructure and mining, investment funds and financial institutions). 3. PROPARGO’s strategic role. The third GPR criterion aims to assess the extent to which projects are in line with PROPARGO’s strategic directions, the subsidiarity of PROPARGO’s financing, and its non-financial advisory role. 4. Financial viability. The final GPR criterion is an assessment of the viability of the financial operation being considered (loan, equity investment or guarantee) established by the Finance and Administration Department, with the aim of guaranteeing the sustainability of PROPARGO’s activity. 	<p>PROPARGO. (2014). “Measuring the Results and Impacts of PROPARGO’s Operations.” http://www.proparco.fr/webdav/site/proparco/shared/ELEMENTS_COMMUNS/PROPARGO/Responsabilite/Présentation_GPR_web_VA_01022016.pdf</p>
<p>KfW/DEG</p>	<p>The DERA understands development impact in terms of five key outcome categories, which match the DEG’s theory of change. Each outcome category is measured along a series of indicators, detailed below.</p> <ol style="list-style-type: none"> 1. Decent jobs <ul style="list-style-type: none"> - # of decent jobs - % job growth - indirect job potential 2. Local income <ul style="list-style-type: none"> - Sum of local income - Annual growth of local income 3. Market and sector development <ul style="list-style-type: none"> - Country and sector focus - Promoting innovation 4. Environmental stewardship <ul style="list-style-type: none"> - Environmental responsible practice - Avoidance and savings 5. Community benefits 	<p>Annual Report: https://www.deginvest.de/DEG-Documents-in-English/Download-Center/DEG_Annual_Report_2015.pdf</p> <p>KfW. “Development Effectiveness Rating (DERa)” available from: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf</p> <p>External evaluation: https://www.deginvest.de/DEG-Documents-in-English/About-DEG/What-is-our-impact/Report_Defining_an</p>

	<ul style="list-style-type: none"> - Manage community risks - Pro-active community development 	d_measuring_sustainably_successful_clients_DEG_contribution_2015_09.pdf
FMO	<p>FMO understands ‘development impact’ as doubling the amount of jobs generated with new commitments and having its footprint (doubling the amount of greenhouse gas emissions avoided with FMO investments) by 2020.</p> <p>The model measures impact based on economic and environmental indicators:</p> <ul style="list-style-type: none"> • Jobs supported: sum of all jobs related to FMO financing; • GHG emissions: sum of CO2 and non-CO2 emissions related to FMO financing • GHG avoidance: sum of CO2 and non-CO2 emissions avoided related to FMO financing. 	<p>Integrated Annual Report: http://annualreport.fmo.nl/en/library/download/urn:uuid:638188d0-5def-49f4-bf5a-7db9c94ddb52/2016+annual+report.pdf</p>
Norfund	<p>NORFUND notes that it “collects data on key development effects from all investees each year in order to monitor these effects”. Its reporting system is aligned with the IFI Working Group’s best-practice approach for Indicator Harmonisation.</p> <p>Key indicators include:</p> <ul style="list-style-type: none"> • Direct jobs • Supply chain development • Reducing obstacles for enterprise growth 	<p>Norfund. (2016). “Investing for Development”. https://www.norfund.no/publications/category1017.html</p> <p>Investing for Development Report: https://www.norfund.no/getfile.php/133974/Bilder/Publications/Evaluation of the Norwegian Investment Fund for Developing Countries.pdf</p>
SwedFund	<p>SWEDFUND understands its development impact in terms of four “strategic sustainability goals” based on its mission for enhancing poverty reduction.</p> <ol style="list-style-type: none"> 1. Community development – goal formulation: SWEDFUND shall contribute to the creation of jobs with good working environments and good working conditions. INDICATOR – Compliance with ILO Core Conventions and the ILO Basic Terms and Conditions of Employment as well as an increase in the number of jobs in SWEDFUND’s portfolio companies. TARGET – Compliance with ILO’s Core Conventions shall be achieved in every company within three years of the date of funding. On average, for SWEDFUND’s investments as a whole, the number of jobs should increase each year. 2. Sustainability – goal formulation: SWEDFUND shall contribute to the creation of businesses with long-term sustainability in the world’s poorest countries. INDICATOR – Implementation of management systems for sustainability issues in all portfolio companies as well as in SWEDFUND itself, including where relevant, environmental and social issues, and, for all companies, corporate governance. TARGET – Implementation for every company shall be completed within three years from the date of funding. 3. Financial viability – goal formulation: SWEDFUND shall contribute to long-term profitability and thus financially sustainable companies in the world’s poorest countries. INDICATOR – Return on equity. 	<p>SWEDFUND. (2014). “Swedfund’s Strategic Sustainability Goals”. http://www.swedfund.se/en/about-swedfund/</p> <p>SWEDFUND. (2015). “Poverty Reduction Through Sustainable Business – Swedfund’s Integrated Report 2015”. http://www.swedfund.se/media/1817/sustainable-business-swedfund-integrated-report-2015.pdf</p>

	<p>TARGET – The average return on equity before tax should exceed the average government bond yield with one-year maturity. The return shall be measured over rolling seven year time periods.</p> <p>4. Corruption – goal formulation: SWEDFUND shall conduct active anti-corruption efforts both internally and in its portfolio companies. INDICATOR – Adoption and implementation of management systems to handle corruption issues both internally and in portfolio companies. TARGET – Adoption and implementation of management systems to handle corruption issues shall be in place in SWEDFUND in 2014 and within three years of the date of funding for SWEDFUND’s portfolio companies” (SWEDFUND, 2014)</p>	
SIFEM	<p>The GRP is applied throughout the program cycle and is used as both a screening tool, as well as an assessment measure. The GPR is based on an index of four benchmarks:</p> <ol style="list-style-type: none"> 1. The long-term profitability of the project 2. The special role of SIFEM 3. Return on equity 4. Development effects and sustainability 	<p>SIFEM. (2017). “Indicators”. http://www.sifem.ch/impact/indicators/</p> <p>Development Effects Report: http://www.sifem.ch/fileadmin/user_upload/sifem/pdf/en/Reports/2015_Development_effects_report.pdf</p> <p>Dalberg Evaluation: https://www.seco-cooperation.admin.ch/seco-coop/en/home/documentation/reports/independent-evaluations.html</p>
CDC Group	<p>CDC’s ex-ante “Investment Impact Evaluation Grid” measures two main investment metrics:</p> <ol style="list-style-type: none"> 1. The difficulty of investing in each country is assessed with regard to four key indicators – a. market size, b. income level, c. ability to access finance, and d. ease of doing business. 2. The propensity to create employment based on the business sector. <p>In February 2017, CDC released a report detailing an ex-post method for evaluating the employment effects of its investments.</p> <p>The ex-post methodology aims to capture five aspects of total employment effects – direct job effects, supply chain effects, induced effects, economy-wide effects of financial institution lending to business and individuals, and economy-wide effects of power generators and distributors supplying electricity to businesses to increase productivity.</p> <p>To do so, CDC uses a multiplier-based methodology that relies on a social accounting matrix (SAM) to trace financial transactions; 4 national and 8 regional composite SAMs were derived from SAMs reported by the Global Trade Analysis Project (GTAP) to cover Africa and South Asia.</p> <p>CDC also created an employment intensity multiplier (jobs per US\$ of output) for 16 broad business sectors. The multiplier was calculated based on GDP and employment per sector derived from the “15 countries for which recent economic and labour force data was available” (MacGillivray et al., 2017 p. 5-6). These multipliers are applied to data on financial flows generated by each business funded to estimate direct and indirect employment effects.</p>	<p>CDC. 2017. “Measuring Performance”. http://www.cdcgroup.com/The-difference-we-make/Performance/</p> <p>MacGillivray, A., Kim, R., van Moorsel, T., and Kehoe, A. (2017). http://www.cdcgroup.com/Documents/Evaluations/Measuring%20total%20employment%20effects.pdf</p> <p>CDC. “Development Impact Potential Grid summary”. http://www.cdcgroup.com/Documents/Operational%20Information/CDC%20Development%20Impact%20Grid%20summary%20120914.pdf</p> <p>Harvard Business School Evaluation: http://www.cdcgroup.com/Documents/Evaluations/Impact of funds.pdf</p>

<p>OPIC</p>	<ul style="list-style-type: none"> • Development Reach, which measures a project's expected impact on basic infrastructure and/or its potential benefits to the poor and other underserved populations. For projects involving financial services, this factor measures the extent to which underdeveloped areas or underserved, poor populations will be targeted by the financial institution. • Job Creation and Human Capacity Building, which includes the number of new jobs that are expected to be created, as well as training and employee benefits that go beyond local legal requirements. • Macroeconomic or Financial Benefits, which measures anticipated local procurement and fiscal and foreign exchange impacts. For projects involving financial services, this factor measures the amount of funds to be disbursed, as well as the impact on micro, small, and medium-sized enterprises, entrepreneurship, and home ownership. • Demonstration Effects, which includes expected technology and knowledge transfer, technical assistance to suppliers or borrowers, the introduction of new products (including financial products), the project's impact on regulatory and legal reform, and the adoption of internationally-recognized quality or performance standards. • Community and Environmental Benefits, which identifies a project's philanthropic activities that benefit the local community and/or activities that improve the environment" (OPIC, 2017a). 	<p>OPIC. (2017a). "Host Country Impact". https://www.opic.gov/who-we-are/OPIC-policies/host-country</p>
<p>IFC</p>	<p>DOTS "tracking process starts by setting objectives, using standard indicators by industry or business line, and tracking achievements throughout the project cycle until closure." The DOTS system covers both advisory services and investments, with different indicators for each.</p> <p>Investment categories and (indicators):</p> <p><i>Financial performance</i> (return to financiers - return on invested capital, return on equity, project implemented on time and on budget)</p> <p><i>Economic performance</i> (return to society - tax payments, number of connections to basic services, loans to small enterprises, people employed)</p> <p><i>Environmental and social performance</i> (project meets IFC's performance standards - improvements in environmental and social mgmt., effluent or emissions levels, community development programs)</p> <p><i>Private sector development</i> (project contributes to improvement for the private sector beyond the project company - demonstration effects)</p> <p>Advisory services</p> <p><i>Strategic relevance</i> (potential impact on local, regional and national economy - client contributions, alignment with country strategy)</p> <p><i>Efficiency</i> (returns on investment in advisory operations - cost-benefit ratios, project implemented on time and on budget)</p> <p><i>Effectiveness</i> (Project contributions to improvement for the client, the beneficiaries and the broader private sector - improvements in operations, investments enabled, jobs created, increase in revenues for beneficiaries, cost savings from policy reforms)</p>	<p>Annual Report: https://www.ifc.org/wps/wcm/connect/0d31877e-ca84-46b0-9e05-60ff442653c1/IFC_AR16_Section_1_AboutIFC.pdf?MOD=AJPERES</p> <p>Detail Method Source: http://www.ifc.org/wps/wcm/connect/5fd0a7004a57bb0bb346bf8969adcc27/DOTS+Handout+2011.pdf?MOD=AJPERES</p>

Putting development finance in perspective

Putting Development Finance in Perspective



Total assets in sovereign bonds that had a negative yield as of Feb/Mar 2016, based on various market sources.¹⁹

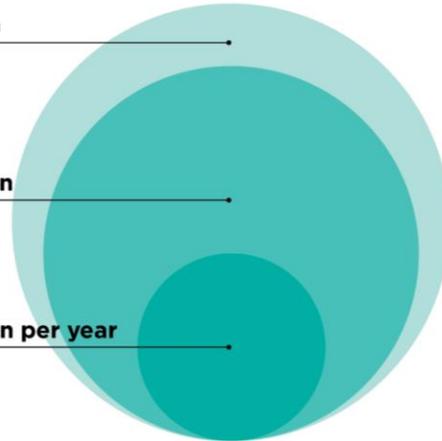
\$7 trillion

Conservative projection of gross capital flows to developing countries by 2030 (\$13 trillion in a high-case scenario).²⁰

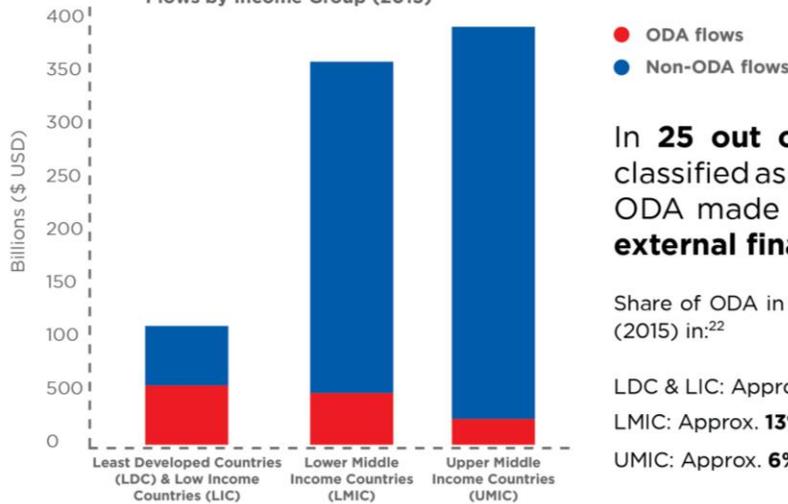
\$6 trillion

Estimated cost of achieving the Sustainable Development Goals by 2030.²¹

\$3 trillion per year



Share of ODA and Non-ODA in Total External Financial Flows by Income Group (2015)



In **25 out of the 52 countries** classified as LDCs or LICs in 2015, ODA made up **70% or more of external financial flows.**

Share of ODA in total external financial flows (2015) in:²²

- LDC & LIC: Approx. **42% - 47%**
- LMIC: Approx. **13%**
- UMIC: Approx. **6%**

Total external flows comprise: remittances, foreign direct investment (FDI), ODA, other securities and official flows, private grants, and export credits.

For more, including data sources above please see: “Responding to the Changing Global Development Context: How Can Canada Deliver?” at: <http://cidpnsi.ca/how-can-canada-deliver/>