

Value of Investment: Mobilisation and Structure of Deal

Findings from work stream 4 of the
DFI Transparency Initiative

Monday 17th May 2021



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Contents

1. Introduction
2. Methodology
3. Findings
4. What does the research tell us?
5. Next steps
6. Q&A

1. Introduction



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DFI Transparency Initiative

2 ½ year project looking at the use of public money by Development Finance Institutions (DFIs) to meet global development goals.

Our objective is to work collaboratively with DFIs and other stakeholders to increase the transparency of DFIs.

Our approach is evidenced-based and multi-stakeholder in two main phases; research and advocacy.

Notes:

Research does not include FI investments at this stage.

Anonymisation of results is purposeful and intended to highlight the opportunity for sector reform, rather than institutional reform.

Timeline



Work streams

1. Basic Project Information
2. Impact Management - Objectives, Theories of Change and Impacts
3. Environmental, Social and Governance (ESG) and Accountability to Communities
4. **Value of Investment: Mobilisation and Structure of Deal**
5. Financial Intermediaries, Offshore Financial Centres and Beneficial Ownership

Expert Working Group

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The case for increased DFI financial transparency

This work stream assesses the transparency of the way that DFIs structure the financial aspects of their direct investments.

DFIs are an important component in scaling up investment in developing countries to achieve the SDGs principally through the mobilisation of private finance.

Timely, systematic, and standardised disclosure of financial information would allow DFIs to have a powerful demonstration effect in the markets they work in.

It also allows private investors to understand market conditions and opportunities for investment.

2. Methodology



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Approach

The working paper was informed by:

- a landscape analysis

Instrument	Debt	Equity	Guarantee	Mixed Instruments	Other	Undisclosed Instruments	Total
No. of projects	66	46	13	8	6	33	172

- interviews with DFI employees, CSOs , private sector stakeholders and other experts
- two meetings of the Expert Working Group to discuss the landscape analysis and draft paper

Research questions:

1. What activity level information do DFIs disclose about investment financing?
2. What aggregate information do DFIs disclose about investment financing?

DFIs

Bilateral DFIs (non-sovereign)	Bilateral DFIs (non-sovereign and sovereign)	Multilateral DFIs (non-sovereign)	Multilateral DFIs (sovereign and non-sovereign)
CDC Group (UK)	DBSA (South Africa)	International Finance Corporation (IFC)	African Development Bank (AfDB)
DEG (Germany)		IDB Invest	Asian Development Bank (AsDB)
DFC (USA)		Islamic Cooperation for the Development of the Private Sector (ICD)	Asian Infrastructure Investment Bank (AIIB)
FMO (Netherlands)			Development Bank of Latin America (CAF)
Norfund (Norway)			European Bank for Reconstruction and Development (EBRD)
Proparco (France)			European Investment Bank (EIB)
Swedfund (Sweden)			

What we looked for

We used broad definitions: reflecting current lack of standardisation.

Co-Financing: third party investors in the same deal.

Concessionality: investments made at below-market rates. Concessional finance represents a subsidy to the private sector client.

Mobilisation: the stimulation of additional financing as a result of a DFI investment.

3. Findings



Activity level

Institution	Activity – General					Co-Financing			Concessional		Mobilisation			Equity	Debt			Guarantee/ Insurance		
	Total cost	DFI contribution	Instrument	Repeat investment	Currency	Co-financers (Y/N)	Co-Financers (details)	Co-financers (amounts)	Concessional (amount)	Concessional (justification)	Private finance mobilised	DFI/ODA mobilised	Amount mobilised	Equity share	Interest rate	Loan tenor	Disbursements	Length	Fees/Price	
Bilaterals																				
DFI-1	Partial	Yes	No	Partial	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DFI-2	Partial	Yes	Partial	Partial	Yes	Partial	Partial	Partial	No	No	No	Partial	Partial	No	No	Partial	No	No	No	No
DFI-3	Partial	Yes	Partial	Partial	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	No	No
DFI-4	Partial	Yes	Yes	No	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	No	No
DFI-5	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DFI-6	Partial	Partial	Yes	No	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DFI-7	Yes	Yes	Yes	No	Yes	Partial	No	No	No	No	No	No	No	No	No	Partial	No	Partial	No	No
DFI-8	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Multilaterals - Private																				
DFI-18	Partial	Yes	Yes	No	Yes	Partial	Partial	Partial	Partial	Partial	Partial	No	Partial	No	No	No	No	No	No	No
DFI-10	Partial	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	Partial	No	No	No	No
DFI-11	Partial	Yes	Yes	No	Yes	Partial	Partial	Partial	No	No	Partial	Partial	Partial	No	No	No	No	No	No	No
DFI-12	Partial	Yes	Yes	No	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DFI-19	Partial	Partial	Yes	No	Yes	Partial	Partial	Partial	No	No	No	No	No	No	No	Partial	No	No	No	No
DFI-14	Partial	Partial	Yes	No	Partial	Partial	Partial	Partial	Partial	Partial	No	No	No	Partial	No	Partial	No	No	No	No
DFI-15	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
DFI-20	No	Yes	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DFI-17	Partial	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Aggregate level (1)

Institution	Portfolio						Financial performance								
	Total assets	Total investment/ portfolio	Portfolio by region	Portfolio by country	Portfolio by sector	Portfolio by instrument	Net income	Total liabilities	Return on average assets	Return on average capital	Revenue on loans	Return on loans (%)	Revenue on equity	Return on equity (%)	
Bilaterals															
DFI-1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	
DFI-2	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No	
DFI-3	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No	
DFI-4	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No	
DFI-5	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	No	
DFI-6	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No	
DFI-7	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	
DFI-8	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No	
Multilaterals - Private															
DFI-18	Yes	Yes	Yes	Partial	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	
DFI-10	Yes	Yes	Partial	No	Partial	Partial	No	Yes	No	No	Partial	No	Yes	No	
DFI-11	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	
DFI-12	Yes	Yes	No	No	No	No	Yes	Yes	No	No	No	No	No	No	
DFI-19	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	
DFI-14	Yes	Yes	No	No	No	No	Yes	Yes	No	Yes	No	No	No	No	
DFI-15	Yes	Yes	No	Yes	No	No	Yes	Yes	No	No	No	Yes	No	No	
DFI-20	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	
DFI-17	Yes	Yes	No	No	No	No	No	Yes	No	No	No	No	No	No	

Aggregate level (2)

Institution	Approvals/Commitments					Disbursements					Mobilisation					Credit Risk				
	Portfolio	Sector	Region	Country	Instrument	Portfolio	Sector	Region	Country	Instrument	Portfolio	Sector	Region	Country	Instrument	OECD survey	NPLs as % of loan portfolio	Outstanding balance of NPLs	Credit impairment data	Average investment credit rating
Bilaterals																				
DFI-1	Partial	Partial	Partial	No	Partial	No	No	No	No	No	Yes	No	No	No	No	Yes	No	No	No	No
DFI-2	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
DFI-3	Yes	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
DFI-4	Yes	Yes	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	Yes	Yes	No
DFI-5	Yes	No	No	No	No	Yes	No	Yes	No	No	No	No	No	No	No	Yes	No	No	No	No
DFI-6	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	Yes	No
DFI-7	Yes	No	Yes	No	No	No	No	No	No	No	Yes	No	Yes	No	No	Yes	No	No	No	No
DFI-8	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Partial
Multilaterals - Private																				
DFI-18	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Partial	Yes	No	Yes	Yes	Yes	Yes	Yes	No
DFI-10	Yes	Partial	Partial	Partial	Yes	Partial	No	No	Partial	No	Yes	Partial	Yes	No	No	Yes	No	No	Yes	Yes
DFI-11	Yes	No	No	No	No	Yes	No	No	No	Yes	Yes	Partial	Yes	No	No	Yes	No	Yes	Yes	Yes
DFI-12	Yes	No	No	No	No	Yes	No	No	No	No	Yes	Partial	Yes	No	No	N/A	No	No	Yes	No
DFI-19	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	Partial	Yes	No	No	Yes	Yes	Yes	Yes	Partial
DFI-14	Yes	No	Yes	Yes	No	Yes	No	No	No	No	Yes	Partial	Yes	No	No	Yes	Yes	Yes	Yes	Partial
DFI-15	Yes	No	No	Yes	Yes	Yes	No	Yes	No	No	Yes	No	No	No	No	Yes	No	No	No	No
DFI-20	Yes	Partial	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Partial	Yes	No	No	No	No	No	Yes	No
DFI-17	No	No	No	No	No	No	No	No	No	No	Yes	Partial	Yes	No	No	Yes	No	No	No	No

4. What does the research tell us?



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Overview

There is inadequate disclosure of both aggregate and disaggregated financial information across the DFIs.

Increased FDI in developing economies is reliant on improved financial transparency and market information.

In the long term, alignment of definitions can improve the usability of data, but this should not act as a barrier to transparency in the present.

Appropriate levels of aggregation can help tackle cases of legitimate commercial confidentiality.

Opportunities for Increased Transparency

Disclosure of concessionality – IFC's blended finance practices show the way.

Interviewees suggested that mobilisation information could represent an important next step in disaggregated disclosure following concessionality.

Improving understanding of risk – opening up GEMs Risk Database.

5. Next steps



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Next steps

We are concluding this work stream and open to feedback.

We are currently undertaking research on work stream 5: Financial Intermediaries, Offshore Financial Centres & Beneficial Ownership.

Our transparency recommendations will be launched in September/October 2021.



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