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Private sector instruments: treatment of equities

As part of the review of the provisional reporting methods for private sector instruments (PSI), this note presents a proposal for the treatment of equities in DAC statistics. Developed in line with the agreed 2016 HLM general principles for PSI, the proposal takes into account the outcomes of the Part 1 of the review in the first semester of 2022 and builds upon members' discussions and other activities in the context of the WP-STAT since September 2022. It also integrates members' feedback on the proposal at the plenary meeting of the WP-STAT on 30 May -1 June 2023.

The note puts forward ODA-eligibility rules, methods for calculating grant equivalents and related parameters, reporting requirements, rules for data disclosure as well as ODA-integrity safeguards and other considerations.

The note is shared for APPROVAL under the written procedure on a non-objection basis. If no objection is received by close of business Friday 16 June 2023, the proposal will be considered approved.

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Private sector instruments: treatment of equities

1. Background

1. The provisional reporting methods for private sector instruments (PSI) put forward the measurement of donor effort in extending equities on a cash-flow basis, applying a cap on sales upon exit to avoid negative net ODA. This temporary arrangement introduced hybrid accounting in ODA (mixing grant equivalents and cash flows), and within cash-flow accounting, the rationale for using a cap remains ambiguous. Neither do the provisional methods provide clarity on the ODA eligibility of the various types of equities and some other ambiguities. This paper addresses these limitations and proposes recording the donor effort in extending equities on a grant equivalent basis.[1]

2. This proposal has been developed in line with the 2016 HLM general principles for PSI[2], taking into account the outcomes of Part 1 of the review of the provisional reporting methods in Q1-2 of 2022 [DCD/DAC/STAT(2022)15 and DCD/DAC(2022)39/REV1]. It is also inspired by members' methodological discussions in the past[3] and during the PSI review to date, including in the context of the WP-STAT PSI Project Team in April and May 2023. It also integrates members' feedback on the proposal at the plenary meeting of the WP-STAT on 30 May – 1 June 2023. The note presents ODA-eligibility rules, parameters and method for calculating grant equivalents, reporting requirements, rules for data disclosure, safeguards and other considerations.

3. Members are invited to APPROVE this proposal under the written procedure on a non-objection basis. If no objection is received by close of business 16 June 2023, the proposal will be considered approved.

2. 2016 HLM Principles

4. The general principle xii. Of the 2016 HLM Communiqué states that

Equity investments by DFIs or other vehicles in private sector entities in developing countries are counted on a grant equivalent basis ex post, i.e. they are initially counted at face value and their reflows discounted ex post, upon exit. The reflows will be discounted using differentiated discount rates by income group, applying a cap on reflows corresponding to the original investment. In specific cases and where enough information is available to estimate the reflows and risk undertaken, measurement will be on a grant equivalent basis calculated ex ante, adjusted ex post. HLM follow-up: work with DFIs to determine the appropriate discount rates for this calculation.

5. Moreover, the general principle iv. and the fourth paragraph of the principle xii. consider equity investment in DFIs or other PSI vehicles.[4] These have been addressed in the context of the ODA-eligibility assessment of members' PSI vehicles [see

[1] Details on the approach for members' discussions in the context of the review Part 2 can be found in DCD/DAC/STAT(2022)29.

[2] See www.oecd.org/dac/DAC-HLM-Communique-2016.pdf

[3] See DCD/DAC/STAT(2016)2 and DCD/DAC(2017)18/REV1.

[4] "(…) equity investment in a DFI or other vehicle is treated as a sunk cost, initially counted in ODA at face value (applying an ODA coefficient if need be – see principle x), with reflows, if any, counted as negative ODA."

DCD/DAC(2023)22] and are therefore not covered by the treatment of equities presented in this document.

3. Scope

6. This methodological paper covers common equity, including investments in junior shares of enterprises, and shares/units in collective investment vehicles (CIVs).[5]

7. See paragraph 8 of the Reporting Directives [DCD/DAC/STAT(2023)9/FINAL] for scope of resource flows covered in DAC statistics.

4. Eligibility

8. In the spirit of the HLM Communiqué and members' discussions to date as well as the general principles underpinning the DAC statistics, for equities to be ODA-eligible, they need to be:

a. Allocated to countries or territories on the DAC List of ODA Recipients;[6]

b. Administered with the promotion of economic development and welfare of developing countries as their main objective;

c. Additional financially, in value or both, combined with their development additionality.

5. Parameters and method

9. The 2016 HLM Communiqué puts forward two methods of measuring donor effort in equities: ex ante and ex post.

10. To promote consistency with the measurement of donor effort in other types of PSI and maximum comparability across PSI vehicles, members strive to measure their donor effort in extending equities on an ex-ante basis. In specific cases, ex-post method may be used.

5.1. Members' key considerations

11. The key challenge in estimating donor effort in extending equities is the uncertainty in relation to their maturity and returns. In this context, and learning from data reporting to date, members' discussions have provided some additional methodological orientations for measuring donor effort in equities. Notably, the method for treating equities should:

a. Be practical and realistic in terms of data reporting requirements.

b. Provide incentives for deploying equity for development. While the method should recognise the risky nature of equity relative to mezzanine finance and

[5] The treatment of preferred equity is addressed in DCD/DAC/STAT(2023)4/REV2.

[6] This may also include equities invested in intermediaries, including CIVs, in donor and third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

loans, it should be agnostic about performance of individual investments ex post.

c. Be consistent with methods for the treatment of other private sector instruments. The calculation should be aligned with that for loans and it should recognise that donor effort in extending equities is higher than that in loans to the private sector due to higher risk.

d. Take into account restrictions related to commercially sensitive information at the level of individual investments (e.g. dividends and sales).

e. Promote predictability and facilitate members' planning of future ODA budgets, while overcoming the challenges posed by the highly fluctuating nature of equity returns.

f. Foster ODA integrity and effectiveness. The methods should incentivise resource flows to the countries that need them the most and local private sector development. Discount rates should be realistic without inflating ODA figures.

5.2. Ex-ante method

12. Based on the 2016 HLM Principles and in response to members' key considerations presented in section 5.1, this method is designed, among other things, to:

a. Reward the risk taken by donors in extending equities in developing countries, and

b. Overcome commercial sensitivities by working with portfolio-level averages (as opposed to investment-specific details, e.g. on returns, sales, dividends and maturities).

13. Donor effort in extending equity investments is measured on a grant equivalent basis (see also paragraph 5). Related grant elements are based on a comparison of an equity nominal value (face value) and the sum of discounted returns (sale and dividends) as expected at the commitment stage.

14. The grant element is calculated using the formula for loans with a lump-sum repayment (both principal and interest), based on

a. Expected maturity i.e. interval between equity commitment and expected exit;

b. Expected return per annum expressed as a percentage of initial investment, including both equity sales and dividends.[7]

15. Both variables are estimated at the level of equity portfolios of individual PSI vehicles and, as illustrated in Annex A, are:

a. Based on the maturities of and realised return from exited equity investments during ten years prior to the year of reporting on new equities;[8]

[7] For example, annual return is 10% for equities with reflows (sale and cumulative dividends) amounting to 200% of the initial investment (= 100% return over 10 years).

[8] For PSI vehicles that are unable to establish these variables based on past equity investments, other estimates are used. Such estimates should be based on most up-to-date internal information on returns and expected maturities concerning active investments. Should such internal information not be available, the Secretariat will provide, upon request, variables for members' reporting ex ante estimated based on data reported by other DAC members.

b. Calculated as averages weighted on disbursements of individual equities.

16. In the interest of accuracy, members strive to develop these estimates at the level of sub-portfolios, differentiating between various types of equity investments or geographies. In specific cases, this can also translate into measurement of donor effort using investment-specific variables.

17. See Annex A for an illustrative example of the use of the ex-ante method.

5.2.1. Potential adjustment of grant equivalents calculated using the ex-ante method

18. As part of their monitoring of PSI ODA, members and the Secretariat will compare grant equivalents of equities

a. Calculated using the ex-ante method (reporting based on variables estimated at the portfolio-level, see section 5.2) and

b. Calculated upon exit ex post (using maturities and realised return of all exited equities during last ten years).

19. Should this analysis reveal significant differences in the sum of grant equivalents calculated ex ante and the sum of grant equivalents calculated ex post (whether upwards or downwards), the Secretariat will notify the concerned member of the need to make an ex-post adjustment. If the difference is more than 10% or USD 10 million, the adjustment will be required.

20. Members can request such an adjustment based on their own monitoring, irrespective of the size of the difference. Such a request needs to be supported by necessary evidence and shared with the Secretariat.

21. The adjustment will be recorded as a positive or negative entry in the grant equivalent field of the CRS questionnaire, as an aggregate concerning all equities exited in the reporting year.

5.3. Ex-post method

22. For members that cannot use the ex-ante method outlined in section 5.2, ex-post method is used.

23. Commitments and subsequent disbursements of equities are reported in ODA at face value at the time they occur. Upon exit, a negative entry is introduced in the grant equivalent field, corresponding to the cumulative reflows (sum of sales and dividends over the equity lifetime), counted with a discount factor for the year of exit.

5.3.1. Potential adjustment of grant equivalents calculated using the ex-post method

24. To ensure that donor effort in equity investments remains positive or neutral over time (≥ 0), a calculation is made each year at a portfolio level[9] to compare

[9] Compared to a cap on reflows of individual equity investments provided for in the provisional reporting methods for PSI, the impact of the portfolio-level cap is expected to be smaller as it absorbs profits from and losses of multiple investments. For this very reason, it is also expected to be applied less often. See also an illustrative example in Annex C.

a. Sum of discounted reflows (sales and dividends) for all exited equities in a given reporting year and

b. Sum of initial investments (gross disbursements) on these very equities.

25. If a. exceeds b., an adjustment can be recorded in members' reporting to bring the sum of grant equivalents on these equities over time to zero. If applicable, this adjustment is reported through the grant equivalent field of the CRS questionnaire.

26. See Annex C for an illustrative example of the use of the ex-post method.

5.4. Mechanism for changing the method

27. To keep members' measurement of donor effort in PSI coherent and transparent, only one measurement method may be used at a time per PSI vehicle.

28. Concerning members who will report using the ex-post method and move to the ex-ante method at a later stage, the following guidance is provided, with the understanding that this shall be a one-off swap:[10]

a. Members first notify the Secretariat prior to the submission of their annual Advance Questionnaire for the year of the switch.

b. From the year of the switch onwards, reflows on equities committed prior to that year will no longer be counted as negative ODA, given the profound change in the accounting method, including point of measurement of donor effort. In this context, members will communicate to the Secretariat, as part of their Advance Questionnaire, an aggregate figure concerning equities that will no longer be counted in ODA due to the methodological change. In the interest of transparency, this information will be included in the ODA press release on the year of the switch.[11]

5.5. Discount rate architecture

29. Discount rates for equities are composed of

a. A base rate of 5% (IMF discount rate), representing the equity funding cost;

b. A risk-adjustment factor differentiated by DAC income group (4% for LDCs and other LICs, 2% for LMICs and 1% for UMICs), representing the country risk; and

c. A surcharge for equities, differentiated by DAC income group (4% for LDCs and other LICs, 3.5% for LMICs and 3.1% for UMICs). These values compare to the values of private sector surcharge for loans to the private sector [see DCD/DAC(2023)22] plus an extra premium of 3% (see Table 1).

[10] A change from ex-ante to ex-post method is not foreseen. Should there be a need for such a change, a specific mechanism would need to be developed and discussed at the WP-STAT.

[11] This is in line with the implementation of the measurement of donor effort on a grant equivalent basis for sovereign loans.

Table 1. Discount rates for equities

	LDCs and other LICs	LMICs	UMICs
Base factor	5%	5%	5%
Risk-adjustment factor	4%	2%	1%
Equity surcharge	4%	3.5%	3.1%
Discount rate	**13%**	**10.5%**	**9.1%**

6. Reporting requirements and data disclosure

6.1. Reporting requirements

30. In the interest of transparency and comparability, reporting requirements and data disclosure rules on equities are identical under both the instrument and institutional approach. In particular, the grant equivalents of individual equities are also reportable, for memorandum, by members applying the institutional approach (see principle xiii). In their case, the grant equivalent calculation is required to maintain the possibility of comparing ODA figures across members following different reporting approaches.

31. To allow for the verification of the grant equivalent calculation under the ex-ante method by the Secretariat, members provide information on portfolio-level expected maturities and returns, as described in paragraphs 14 and 15. These data items will be integrated in the CRS reporting template, making use of existing data fields to the extent possible (see Annex B). These data items are optional under the ex-post method (see Annex D).

32. To allow for the monitoring of donor effort in extending equity investments under the ex-ante method (see section 5.2), and to be able to measure donor effort in equities using the ex-post method (see section 5.3), members provide the following data items through their regular data reporting at the activity level:

a. Dividends received per annum,

b. Full amount of equity sale, and

c. Equity disbursed and still held.[12]

33. Moreover, each equity investment must be reported with a single CRS Id number and donor project number over its entire lifetime. Due attention must be paid to reporting correct commitment dates too.

34. Reporting on additionality is required to demonstrate the ODA eligibility and development motive of individual equity investments.

6.2. Data disclosure

35. In response to growing transparency needs yet keeping in mind commercial sensitivities and potential legal restrictions related to engaging with the private sector, there would be no restriction to data disclosure with the exception of the data on expected maturity and expected return per annum, whether using the instrument or institutional

[12] These data are needed to understand whether an equity sale concerns a full exit or a partial sale. If possible, equity disbursed and still held should reflect the actual value of held equity during a given reporting year, i.e. adjusted on appreciation or depreciation over time.

approach. Neither data item will be disclosed.[13] Moreover, data on sales and received dividends will only be disclosed aggregated by donor, agency, type of finance, recipient and year for which these data are reported.

36. Channels of delivery (investees), disbursements, grant elements and grant equivalents will be disclosed at the level of individual activities.

7. Safeguards

7.1. Transparency enhancement

37. The name of investee (e.g. enterprise or collective investment vehicle) is reported through the CRS field for channel of delivery.

38. For equities invested in intermediaries, including CIVs, in donor or third countries, the country of residence of such intermediaries will be reported in the description field of members' activity-level CRS reporting. A comprehensive explanation of the choice of such channels will be provided through the CRS fields on development objective and additionality.

39. For regionally allocated equities, a list of countries and/or territories targeted by such investments should be indicated in the CRS description field for the sake of transparency and to allow quality controls on the calculation of the grant equivalent.

40. See also DCD/DAC/STAT(2023)20 for ODA-integrity safeguard related to data requirements and transparency in section 4.3, and reporting requirements on intra-governmental transfers in section 1.2, discussed as part of the third batch of issues of the review of the provisional reporting methods for PSI.

7.2. Clarification on the choice of discount rates

41. For equities with a multi-country or regional focus (e.g. shares/units in CIVs), grant equivalents are calculated using a discount rate corresponding to the income group to which all, or a majority of targeted ODA recipients belong.

42. For regionally allocated investments without further specification on individual recipient countries and/or territories, the prevalent income group within the region is used to determine the discount rate.[14]

43. It is further clarified that the country of residence of channels has no bearing on the choice of discount rates used for calculating donor effort.

7.3. Biennial report

44. To address members' concerns about the ODA integrity and effectiveness in the context of PSI, the Secretariat will carry out biennially a thorough analysis of the geographic, recipient income group, sectoral and thematic characteristics as well as additionality of all PSI, including equities, reported in ODA under both the instrument and

[13] Rules on data disclosure on the amounts mobilised are presented in paragraph 229 of the DAC Reporting Directives and are not affected by this proposal.

[14] This is consistent with guidance provided on loans for multi-country agreements in paragraphs 238 and 384 of the DAC Reporting Directives [DCD/DAC/STAT(2023)9/FINAL].

institutional approaches. It will also analyse the quality of the grant equivalent reporting by individual members, monitor the volumes involved and compare these values across the methods and approaches used. A particular attention will be paid to the share of donor effort in PSI in individual members' total ODA.

45. Findings from this analysis will be presented to the DAC in a dedicated report for information. Potential issues identified through this exercise will be addressed as part of subsequent DAC discussions.

46. The WP-STAT will use the outcomes of this analysis to review and, if agreed, revise relevant aspects of the directives on the treatment of equities to the private sector.

47. See also section 4.1 of DCD/DAC/STAT(2023)20 for more details on the biennial report discussed as part of the third batch of issues of the review of the provisional reporting methods for PSI.

7.4. Review mechanism

48. Members will duly review the methods for the treatment of equities in 2030. Building upon the biennial reports (see section 7.3) and supported by the Secretariat's analysis of the collected data on equities, the review will consider in particular the accuracy of both the ex-ante and ex-post methods. Depending on the outcomes of the review, revisions to relevant parts of the methodology will be proposed for consideration by the DAC.

49. Given the volatile nature of capital markets, including investment returns and dividend yields, the Secretariat will review the equity surcharge component of the discount rates and, if needed, propose adjustments for consideration by the DAC. This review will be carried out once every four to six years.

50. See also section 4.2 of DCD/DAC/STAT(2023)20 for more details on the review mechanism discussed as part of the third batch of issues of the review of the provisional reporting methods for PSI.

8. Other considerations

51. Comparability is a key feature of the DAC statistics. Discussions on mechanisms for monitoring the comparability of the instrument and institutional approaches will be discussed as part of batch 3 under step 4 on monitoring, safeguards and disciplines [see DCD/DAC/STAT(2022)15, DCD/DAC/STAT(2022)29 and DCD/DAC/STAT(2023)20].

9. Implementation

52. Reporting on the donor effort in extending equities on a grant equivalent basis will be implemented as from members' 2024 reporting on flows in 2023. Members that are unable to implement these reporting methods in 2024 may use a transition period of one to two years.[15]

53. To promote consistency with the measurement of donor effort in other types of PSI and maximum comparability across PSI vehicles, members strive to measure their donor

[15] Members will notify the Secretariat should they need a longer transition period.

effort in extending equities on an ex-ante basis. In specific cases, ex-post method may be used.

54. Until the implementation of the grant equivalent accounting using the methods outlined in section 5, the provisional reporting methods will continue to apply as regards ODA accounting and data disclosure.[16]

55. Upon implementation i.e. the switch from cash flows to the grant equivalent measurement of donor effort:

a. Using the ex-ante method, reflows on equities committed prior to the year of the switch will no longer be counted as negative ODA, given the profound change in the accounting method, including point of measurement of donor effort. In this context, members will communicate to the Secretariat, as part of their Advance Questionnaire, an aggregate figure concerning equities that will no longer be counted in ODA due to the methodological change. In the interest of transparency, this information will be included in the ODA press release on the year of the switch.

b. Using the ex-post method, reflows on equities committed prior to the year of the switch will continue to be recorded as negative grant equivalents.[17] This is to avoid a second break in the series when eventually moving to the ex-ante method.

[16] Paragraph 9C of DCD/DAC/STAT(2023)9/ADD3 states that "individual equity investments to private sector entities in developing countries will continue to be reported on a cash-flow basis:

- Positive ODA would be recorded at the time of investment and the proceeds of sales would be reportable as negative ODA applying a cap on reflows corresponding to the original investment. To be ODA-eligible, equities need to comply with the ODA definition i.e. have the economic development and welfare of developing countries as their primary purpose and be in line with Reporting Directives [see in particular paragraph 135 of DCD/DAC/STAT(2023)9/FINAL].
- Contributions to investment funds may be ODA-eligible if in accordance with the existing Directives [see in particular paragraph 136 of DCD/DAC/STAT(2023)9/FINAL]."

[17] Reflows on equities committed in the past that cannot be discounted would be reported according to the provisional reporting methods (see footnote 16).

Annex A. Illustrative example, ex-ante method

In 2020, a DFI made an equity investment of USD 20 million to a company in an LMIC. For the purpose of this demo, it is called Equity A.

Reporting according to the ex-ante method

An analysis of equities exited during 2011-20 indicated their weighted average maturity of 7 years and weighted average rate of return at 6% (see Table 2). Using these variables, the donor effort in extending the equity A is USD 5.88 million with a grant element of 29.41% (see Table 3). See also see Annex B.1.

Table 2. Calculation of expected maturities and return under the ex-ante method

Equity portfolio	Gross disbursement (USD million), 2020 prices	Exit year	Maturity	Realised return
Equity 1	20.7	2020	6.2	6.9%
Equity 2	12.3	2017	10.0	-8.0%
Equity 3	5.7	2016	3.5	33.0%
			7.0 = (6.2×20.7 + 10.0×12.3 + 3.5×5.7) / (20.7+12.3+5.7)	**6.0%** = (6.9%×20.7 - 8.0%×12.3 + 33.0%×5.7) / (20.7+12.3+5.7)

Table 3. Calculation of the grant element of Equity A using ex-ante method

Initial investment in 2020	Equity value upon exit (expected maturity of 7 years and expected return of 6%)	Discount factor (discount rate = 10.5%)	Present value of future payments	Grant element	Grant equivalent, USD million
20	28.4 = 20 + 7×6%×20	2.01	14.12	29.41%	**5.88**

Monitoring and adjustment ex post

In 2028, the DFI exited two companies and sold its stakes. One of the equities was the investment above (Equity A, exited one year later than expected). The other (Equity B) had been reported using the ex-ante method with a grant equivalent of USD 7.72 million. The sum of grant equivalents reported for these two equities is **USD 13.60 million**.

Equities exited during 2019-28 had weighted average maturity of 6 years and weighted average realised return of 4% (annualised). Accordingly, the donor effort calculated ex post is USD 6.38 million for Equity A and USD 6.87 million for Equity B. The sum of the grant equivalents calculated ex post is **USD 13.25 million**, i.e. USD 0.35 million less than reported applying the ex-ante method.

Accordingly, a downward adjustment of **USD -0.35 million** could be warranted. Given that its value differs by less than 10% of the initial grant equivalents and is less than USD 10 million, the adjustment is not mandatory. The adjustment would be recorded in the CRS field for grant equivalents in the reporting year 2028 as a new activity with unspecified geographic, sectoral or thematic details (see Annex B.2).

Annex B. CRS reporting requirements and rules for data disclosure for equities reported in ODA using the ex-ante method

B.1 Ex-ante measurement

	CRS item number	CRS item name	Reporting example	Data requirement	Level of data disclosure
A. Identification data	1	Reporting year	2020	Required	Activity-level
	1b	Commitment date	15-06-2020	Required	Activity-level
	2	Reporting country / organisation	123	Required	Activity-level
	3	Extending agency	123	Required	Activity-level
	4	CRS Identification N°	2023000001	Required	Activity-level
	5	Donor project N°	EQ567	Required	Activity-level
	6	Nature of submission	1	Required	Activity-level
B. Basic data	7	Recipient code	321	Required	Activity-level
	8	Channel of delivery name	Bank ABC	Required	Activity-level
	9	Channel code	62002	Required	Activity-level
	10	Bi/Multi	1	Required	Activity-level
	11	Type of flow (…)	[10][21]	Required	Activity-level
	12	Type of finance	510	Required	Activity-level
	13	Co-operation modality	C01	Required	Activity-level
	14	Short description / Project title	Equity investment (…)	Required	Activity-level
	15	Sector / Purpose code (…)	24030	Required	Activity-level
C. Supplementary data	16	Geographical target area	[Text]	Voluntary	Activity-level
	16b	Regional aid to LDCs		Voluntary	Activity-level
	17	Expected starting date	01-07-2020	Required	Activity-level
	18	Expected completion date	15-06-2028	Required	Activity-level
	19	Description	An investment to (…)	Required	Activity-level
	19b	SDG focus	5.1;8.10;13.1	Voluntary	Activity-level
	19c	Keywords		Voluntary	Activity-level
	20	Gender equality	1	Required	Activity-level
	21	Aid to environment	0	Required	Activity-level
	22	Democratic and inclusive governance	0	Required	Activity-level
	23	RMNCH	0	Required	Activity-level
	23b	Disaster risk reduction	0	Required	Activity-level
	23c	Nutrition	0	Voluntary	Activity-level
	23d	Inclusion and empowerment of persons with disabilities	0	Voluntary	Activity-level
	24	FTC		Required	Activity-level
	25	PBA		Required	Activity-level
	26	Investment	1	Required	Activity-level
	27	Type of blended finance	3	Required	Activity-level
	28	Biodiversity	0	Required	Activity-level
	29	Climate change - mitigation	0	Required	Activity-level
	30	Climate change - adaptation	1	Required	Activity-level
	31	Desertification	0	Required	Activity-level
D. Volume data	32	Currency	302	Required	Activity-level
	33	Commitments	20000	Required	Activity-level
	33b	Capital Expenditure %	100	Voluntary	Activity-level
	34	Amounts extended	20000	Required	Activity-level
	34b	ODA grant equivalent	5881.7	Required	Activity-level
	35	Amounts received	0	Required	Aggregated by donor, agency, type of finance and recipient

	36	Amount untied	TBD	Required	Activity-level
	37	Amount partially untied	TBD	Required	Activity-level
	38	Amount tied	TBD	Required	Activity-level
	39	Amount of IRTC		Required	Activity-level
	40	If project type, amount of experts-commitments		Required	Activity-level
	41	If project type, amount of experts-extended		Required	Activity-level
	42	Amount of export credit		Required	Activity-level
	43a	Leveraging mechanism and role/position	7	Voluntary	See paragraph 228 of DCD/DAC/STAT(2023)9/FINAL
	43b	Amounts mobilised from the private sector	30000	Voluntary	
	43c	Origin of the funds mobilised	3	Voluntary	
E. For non-grants only	44	Type of repayment	NULL	NULL	Activity-level
	45	Number of repayments per annum	NULL	NULL	Activity-level
	46	Interest rate *Expected return per annum*	6000	Required	Not disclosed
	49	Final repayment date *Date of expected maturity*	18-06-2027	Required	Not disclosed
	50	Interest received *Dividends received per annum*	0	Required	Aggregated by donor, agency, type of finance and recipient
	51	Principal disbursed and still outstanding *Equity disbursed and still held*	20000	Required	Not disclosed
	52	Arrears of principal	NULL	NULL	Not disclosed
	53	Arears if interest	NULL	NULL	Not disclosed
F. For PSI	54	PSI flag	[2][3][4]	Required	Activity-level
	55	Additionality type	1	Required	Activity-level
	56	Additionality assessment	[Text]	Required	Activity-level
	57	Additionality – development objective	[Text]	Required	Activity-level

Note: the grant equivalent value entered in field 34b is calculated using a discount rate of 10.5%. Reporting on sales and dividends received is also required under the ex-ante method for transparency and monitoring purposes.

B.2 Ex-post adjustment to reporting under the ex-ante method, selected fields

	CRS item number	CRS item name	Reporting example	Data requirement	Level of data disclosure
	1	Reporting year	2028	Required	Activity-level
	2	Reporting country / organisation	123	Required	Activity-level
	3	Extending agency	123	Required	Activity-level
	7	Recipient code	998	Required	Activity-level
	11	Type of flow (…)	[10][21]	Required	Activity-level
	12	Type of finance	510	Required	Activity-level
	14	Short description / Project title	Ex-post adjustment on ex-ante (…)	Required	Activity-level
	15	Sector / Purpose code (…)	99810	Required	Activity-level
	32	Currency	302	Required	Activity-level
	33	Commitments	0	Required	Activity-level
	34	Amounts extended	0	Required	Activity-level
	34b	ODA grant equivalent	-351.74	Required	Activity-level
	35	Amounts received	0	Required	Aggregated by donor, agency, type of finance and recipient

Annex C. Illustrative example, ex-post method

In 2028, a DFI exits three equity investments: Equity A invested in 2020 with USD 20 million, Equity B invested in 2021 with USD 15 million and Equity C, invested in 2023 with USD 5 million. All three investments were made in LMICs.

Investment (gross disbursements)

Positive grant equivalents are reported in 2020 for Equity A, 2021 for Equity B and 2023 for Equity C, reflecting the face value of the investments, i.e. USD 20 million, USD 15 million and USD 5 million respectively.

Reflows (sales and dividends)

Scenario A: no need for ex-post adjustment

In 2028, all three equities were sold. Equity A for USD 45 million, Equity B for USD 8 million and Equity C for USD 10 million. The sum of dividends received during the lifetime of these equities are USD 5 million, USD 2 million and USD 1 million respectively. The discounted sum of sales and dividends upon exit amount to USD 22.19 million for Equity A, USD 4.97 million for Equity B and USD 6.68 million for Equity C. The sum of discounted reflows on these exited equities in 2028 is thus USD 34.14 million. This is lower than the face value of the initial investments (USD 40 million). There is thus no need for ex-post adjustment to bring the sum of grant equivalents on these equities to zero over time (see Table 4.A).

Table 4. Ex-post method

Grant equivalents, USD million

4.A No need for ex-post adjustment

	Equity A	Equity B	Equity C	Adjustment
2020	20			
2021		15		
2022				
2023			5	
(…)				
2028	-22.49*	-4.97	-6.68	NULL

** Calculated as (45+5) / (1+0.105)^8*

4.B With an ex-post adjustment

	Equity A	Equity B	Equity C	Adjustment
2020	20			
2021		15		
2022				
2023			5	
(…)				
2028	-30.59*	-4.97	-6.68	+2.24

** Calculated as (53+15) / (1+0.105)^8*

Scenario B: with an ex-post adjustment

In 2028, all three equities were sold. Equity A for USD 53 million, Equity B for USD 8 million and Equity C for USD 10 million. The sum of dividends received during the lifetime of these equities are USD 15 million, USD 2 million and USD 1 million respectively. The discounted sum of sales and dividends upon exit amount to USD 30.59 million for Equity A, USD 4.97 million for Equity B and USD 6.68 million for Equity C. The sum of discounted reflows on these exited equities in 2028 is thus USD 42.24 million. This is higher than the face value of the initial investments (USD 40 million). An ex-post adjustment of USD +2.24 million can be recorded in 2028 to bring the sum of grant equivalents on these equities to zero over time (see Table 4.B).

Annex D. CRS reporting requirements and rules for data disclosure for equities reported in ODA using the ex-post method

D.1 Equity investment (disbursement)

	CRS item number	CRS item name	Reporting example	Data requirement	Level of data disclosure
A. Identification data	1	Reporting year	2020	Required	Activity-level
	1b	Commitment date	15-06-2020	Required	Activity-level
	2	Reporting country / organisation	123	Required	Activity-level
	3	Extending agency	123	Required	Activity-level
	4	CRS Identification N°	2023000001	Required	Activity-level
	5	Donor project N°	EQ567	Required	Activity-level
	6	Nature of submission	1	Required	Activity-level
B. Basic data	7	Recipient code	321	Required	Activity-level
	8	Channel of delivery name	Bank ABC	Required	Activity-level
	9	Channel code	62002	Required	Activity-level
	10	Bi/Multi	1	Required	Activity-level
	11	Type of flow (…)	[10][21]	Required	Activity-level
	12	Type of finance	510	Required	Activity-level
	13	Co-operation modality	C01	Required	Activity-level
	14	Short description / Project title	Equity investment (…)	Required	Activity-level
	15	Sector / Purpose code (…)	24030	Required	Activity-level
C. Supplementary data	16	Geographical target area	[Text]	Voluntary	Activity-level
	16b	Regional aid to LDCs		Voluntary	Activity-level
	17	Expected starting date	01-07-2020	Required	Activity-level
	18	Expected completion date	31-12-2029	Required	Activity-level
	19	Description	An investment to (…)	Required	Activity-level
	19b	SDG focus	5.1;8.10;13.1	Voluntary	Activity-level
	19c	Keywords		Voluntary	Activity-level
	20	Gender equality	1	Required	Activity-level
	21	Aid to environment	0	Required	Activity-level
	22	Democratic and inclusive governance	0	Required	Activity-level
	23	RMNCH	0	Required	Activity-level
	23b	Disaster risk reduction	0	Required	Activity-level
	23c	Nutrition	0	Voluntary	Activity-level
	23d	Inclusion and empowerment of persons with disabilities	0	Voluntary	Activity-level
	24	FTC		Required	Activity-level
	25	PBA		Required	Activity-level
	26	Investment	1	Required	Activity-level
	27	Type of blended finance	3	Required	Activity-level
	28	Biodiversity	0	Required	Activity-level
	29	Climate change - mitigation	0	Required	Activity-level
	30	Climate change - adaptation	1	Required	Activity-level
	31	Desertification	0	Required	Activity-level
D. Volume data	32	Currency	302	Required	Activity-level
	33	Commitments	20000	Required	Activity-level
	33b	Capital Expenditure %	100	Voluntary	Activity-level
	34	Amounts extended	20000	Required	Activity-level
	34b	ODA grant equivalent	20000	Required	Activity-level
	35	Amounts received	0	Required	Aggregated by donor, agency, type of finance and recipient

	36	Amount untied	TBD	Required	Activity-level
	37	Amount partially untied	TBD	Required	Activity-level
	38	Amount tied	TBD	Required	Activity-level
	39	Amount of IRTC		Required	Activity-level
	40	If project type, amount of experts-commitments		Required	Activity-level
	41	If project type, amount of experts-extended		Required	Activity-level
	42	Amount of export credit		Required	Activity-level
	43a	Leveraging mechanism and role/position	7	Voluntary	See paragraph 228 of DCD/DAC/STAT(2023)9/FINAL
	43b	Amounts mobilised from the private sector	30000	Voluntary	
	43c	Origin of the funds mobilised	3	Voluntary	
E. For non-grants only	44	Type of repayment	NULL	NULL	Activity-level
	45	Number of repayments per annum	NULL	NULL	Activity-level
	46	Interest rate *Expected return per annum*		Optional	Not disclosed
	49	Final repayment date *Date of expected maturity*		Optional	Not disclosed
	50	Interest received *Dividends received per annum*	0	Required	Aggregated by donor, agency, type of finance and recipient
	51	Principal disbursed and still outstanding *Equity disbursed and still held*	20000	Required	Not disclosed
	52	Arrears of principal	NULL	NULL	Not disclosed
	53	Arears if interest	NULL	NULL	Not disclosed
F. For PSI	54	PSI flag	[2][3][4]	Required	Activity-level
	55	Additionality type	1	Required	Activity-level
	56	Additionality assessment	[Text]	Required	Activity-level
	57	Additionality – development objective	[Text]	Required	Activity-level

D.2 Equity exit (sale), selected data fields

	CRS item number	CRS item name	Reporting example	Data requirement	Level of data disclosure
A. Identification data	1	Reporting year	2028	Required	Activity-level
	1b	Commitment date	15-06-2020	Required	Activity-level
	2	Reporting country / organisation	123	Required	Activity-level
	3	Extending agency	123	Required	Activity-level
	4	CRS Identification N°	2023000001	Required	Activity-level
	5	Donor project N°	EQ567	Required	Activity-level
	6	Nature of submission	1	Required	Activity-level
	(...)	(...)	(...)	(...)	(...)
D. Volume data	32	Currency	302	Required	Activity-level
	33	Commitments	0	Required	Activity-level
	33b	Capital Expenditure %		Voluntary	Activity-level
	34	Amounts extended	0	Required	Activity-level
	34b	ODA grant equivalent	-30592.20	Required	Activity-level
	35	Amounts received	53000	Required	Aggregated by donor, agency, type of finance and recipient
	(...)	(...)	(...)	(...)	(...)
E. For non-grants only	44	Type of repayment	NULL	NULL	Activity-level
	45	Number of repayments per annum	NULL	NULL	Activity-level
	46	Interest rate *Expected return per annum*		Required under ex-ante method	Not disclosed
	49	Final repayment date *Date of expected maturity*		Required under ex-ante method	Not disclosed
	50	Interest received *Dividends received per annum*	15000	Required	Aggregated by donor, agency, type of finance and recipient
	51	Principal disbursed and still outstanding *Equity disbursed and still held*	0	Required	Not disclosed
	(...)	(...)	(...)	(...)	(...)

Note: The grant equivalent value entered in field 34b is calculated using a discount rate of 10.5%. Reporting on sales and dividends received is also required under the ex-ante method for transparency and monitoring purposes.

D.3 Ex-post adjustment to ex-ante reporting, selected fields

CRS item number	CRS item name	Reporting example	Data requirement	Level of data disclosure
1	Reporting year	2028	Required	Activity-level
2	Reporting country / organisation	123	Required	Activity-level
3	Extending agency	123	Required	Activity-level
7	Recipient code	998	Required	Activity-level
11	Type of flow (…)	[10][21]	Required	Activity-level
12	Type of finance	510	Required	Activity-level
14	Short description / Project title	Ex-post adjustment on ex-post (…)	Required	Activity-level
15	Sector / Purpose code (…)	99810	Required	Activity-level
32	Currency	302	Required	Activity-level
33	Commitments	0	Required	Activity-level
34	Amounts extended	0	Required	Activity-level
34b	ODA grant equivalent	2240.43	Required	Activity-level
35	Amounts received	0	Required	Aggregated by donor, agency, type of finance and recipient