



## Measuring mobilisation in an international statistical system

This note summarises some of the main principles followed by the DAC while developing methodologies to capture amounts mobilised from the private sector as a result of public sector interventions. In particular, the note focuses on how these amounts could be captured in an international statistical system such as the Development Assistance Committee's (DAC).

With regard to the question of "how to measure", the issues of causality, attribution and point of measurement are carefully examined. The feasibility of the measurement is assessed in terms of data availability at the institutional level.

The note is based on the main findings from the [Survey on guarantees for development](#) carried out in 2013, the [Survey on the mobilisation effect of official development finance](#) carried out in 2014, and the results of a series of consultations with members and DFIs, including a [working session with DFI experts](#) held in Paris in July 2014.<sup>1</sup> The Surveys' sample includes aid agencies, bilateral and multilateral Development Finance Institutions (DFIs).

### How to measure?

Methodologies to measure amounts mobilised vary among institutions; however common characteristics for most of them include: i) the use of the total project cost as a proxy for the amounts mobilised, ii) the inclusion of both official and private finance mobilised in the calculations, and iii) the need for subjective judgements, in particular to define causality (i.e. what would have happened if the official intervention had not been in place). Institutions with more elaborated calculations have a methodology that varies according to the financial instrument/mechanism being used. However, not all financial instruments in their portfolio are included in the calculations (e.g. equity investments are often excluded).

While thinking about a methodology to capture amounts mobilised in an international statistical system, such as the DAC's, three questions come immediately to mind:

1. **Causality** - Would the private financier have invested in the project without the official investment?
2. **Attribution** - If more than one official agency is involved in the project, how much did each of them mobilise?
3. **Point of measurement** - When are funds counted as mobilised? At the commitment or disbursement stages? What about private finance invested in the project in subsequent years?

#### *Causality*

As mentioned above, some subjectivity is embedded in most methodologies used at the institutional level, in particular to assess causality. This is because measuring causality statistically can be extremely complex as evidence that the private financiers would not have invested without the official investment is usually unavailable.<sup>2</sup> In order to avoid double-counting in an international statistical

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1. Working session with DFIs' experts on tracking and valorising DFIs' operations in the post-2015 DAC statistical framework, Paris, 15-16 July 2014.

2. One exception is the case of fee-based services to mobilise finance. This is because the payment of the fee by the client is a formal recognition that the institution charging the fee has mobilised the funds, and thus a proof of causality. IFC has a methodology – referred as "core mobilization" - to track the amounts mobilised by such services.



system, **assumptions** – or “common subjectivity” – are needed to ensure that every institution reports with the same understanding of what and how much can be recorded as being mobilised.

In the view of the Secretariat and the DFI experts, assumptions to measure mobilisation should reflect reality, be conservative (to avoid double counting), be commonly agreed and applied in reporting, and vary according to the financial instrument/mechanism being used.

Based on the Surveys’ findings, mechanisms could be classified into two broad categories: i) those for which the amount mobilised is a **concrete amount** that can be defined; and ii) those for which the amount mobilised has to be **proxied by the total project cost**, a measure with vague boundaries and a varying definition, even within institutions. Conservative and measurable assumptions seem feasible for the first category only. Mechanisms in the first category include syndicated loans, guarantees and shares in collective investment vehicles. Mechanisms in the second category include direct equity investments, mezzanine finance, investment grants and parallel co-financing.

### *Attribution*

Whenever more than one official investor is involved in a project having mobilised private finance, the issue of attribution – i.e. how much each official investor mobilised – arises. A clear attribution of private finance mobilised is key to avoid double-counting.

Pro-rata attribution based on the amounts invested by each official agency is, mathematically, the simplest approach. However, it does not take into account certain characteristics (e.g. a more active role by one of the official agencies, different risk levels born by each official body) that, if possible to prove, would allow a better reflection of reality. An example of this is a loan syndication, in which the arranger has a proven more active role in the transaction, and could therefore be attributed a higher portion of the amounts mobilised than other official participants in the syndication.

### *Point of measurement*

Data on commitments are more readily available than data on disbursements at the institutional level. The estimation of the amount mobilised could be thus based on commitments.

In terms of the timing of funds, the DFI experts highlighted that the measurement of amounts mobilised may need to be limited to private resources committed during the year of the official investment, as trying to include private investments in subsequent years may result in complex calculations.

### *Data availability for reporting: is it feasible?*

Most institutions are trying to estimate the amount mobilised by their operations: even if data on amounts mobilised are not always systematically collected in their statistical systems (and are thus not ready for reporting), data on amounts mobilised are often available in project documentation. However, some data are more available than others. Data on the face value of the loan guaranteed by the institution, on the total amount of private investments in syndications, and on private investments in investment funds are often available. On the contrary, data on the amount mobilised by equity or mezzanine investments are more difficult to obtain. Data on the total project cost seem also to be available, however many DFIs highlighted the low quality of these data. They mentioned that data on the total project cost were often a supplementary field in their systems, subject to the project manager interpretation of the project boundaries.

Distinction between official and private flows mobilised is available in most statistical systems (or project documents); however the understanding of what is official and what is private may differ among institutions.