



Development Capital Investment Levels

Levels of development capital investment (cumulative £ sterling from 2015-16 onwards).

1. Results

DFID invested **£819 million** in Development Capital (DevCap) to create more and better inclusive jobs that benefit people across society, including women.

2. Context

The finance needed to achieve the Global Goals for Sustainable Development is estimated at approximately \$2.5 trillion every year but current investment levels are less than half of that. DFID uses a range of instruments to finance progress against development objectives, but public resources alone will not be sufficient to address such high financing needs in developing countries. They will need to be used increasingly as a catalyst to attract private finance, especially to sectors that can transform developing economies. However, investors often see markets in the poorest countries as too risky.

To help fill this financing gap DFID plan to increase the use of instruments such as Development Capital Investments (DevCap). This will then spur other private finance to follow over time, once DFID investment has created the demonstration effect necessary to attract investors.

3. Methodology summary

Development Capital Investments are public investments made in the private sector to support development objectives. These investments create an asset on DFID's balance sheet; it is not grant funding. This includes instances where DFID provides funding in exchange for an equity holding, via a direct loan arrangement or acquires investments for which proceeds (on disposal or during the lifecycle) will be returned to DFID.

Cases where DFID provides a grant to an intermediary or a multilateral to make investments on its behalf are not considered as Development Capital Investments. These de facto create an asset, but one which DFID does not have a legal right to and thus will not recognise on its balance sheet.

Please refer to the detailed methodology for more information.

4. Data sources

DFID Development Capital Investments spend is extracted from ARIES, filtering on account codes.

5. Data quality notes

The quality of the data will be subject to user inputs, but there are sufficient quality assurance measures in place.

Data extracts from ARIES are quality assured quarterly by Finance and Control Department, supported by Private Sector Department, and the Economic Development Cabinet as needed, to confirm all relevant programmes are included in the calculations.