

Indicator description	<b>Levels of Development Capital Investments</b>
Indicator Type	Input, cumulative from 2015-16 onwards (inclusive)
Rationale	<p>The finance needed to achieve the Sustainable Development Goals is estimated at approximately \$2.5 trillion every year but current investment levels are less than half of that. 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</p> <p>However, investors often see markets in the poorest countries as too risky. To help fill this financing gap we plan to increase the use of instruments such as Development Capital, which should catalyse private investment to deliver development results for poor people. This should then spur other private finance to follow over time, once DFID investment has created the demonstration effect necessary to attract investors.</p>
Technical definition	<p>This is the level of Development Capital Investments in £ Sterling, that flow from DFID to partners, and is reported cumulatively from 2015-16 onwards.</p> <p>Development Capital Investments are public investments made in the private sector to support development objectives. Development Capital 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.</p> <p>Cases where DFID provides a grant to an intermediary or a multilateral to make investments on its behalf are <i>not</i> included in this indicator. 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</p> <p>Development Capital Investments form one part of DFID's financial transactions. Other financial transactions, including loans and capital subscriptions to multilateral development banks, also score as financial transactions, but they are <i>not</i> within the definition of development capital and not within the scope of this indicator. Note this subtle but important distinction.</p>
Data calculations	<p>Development Capital Investments as recorded in ARIES and extracted directly via DFID Analytics/ARIES (on a resource basis).</p> <p>It is calculated from DFID Analytics/ARIES as the sum of following account codes (cumulated from 2015-16 to current year):</p> <ul style="list-style-type: none"> <li>• 2400 - Non Grant Financial contributions</li> <li>• 2401 - Loans - Additions</li> </ul> <p>2402 - Shares and Equity - Additions</p>

Data sources	DFID spend extract from ARIES, filtering on account codes. <ul style="list-style-type: none"> <li>•</li> </ul>
Reporting roles	Senior Responsible Owners are responsible for making sure they flag their spending as Development Capital by using correct account codes.  Finance and Corporate Performance Division quality assures the information from ARIES (supported by Private Sector Department and Economic Development Cabinet as needed). ARIES or Activities Reporting and Information Electronic System is DFID's consolidated finance, procurement, project management and information reporting system
Worked example	
Baseline data	Baseline year is 2014-15 where Development Capital Investment was £55 million
Return Format	Levels of Development Capital Investments (£ sterling), outflows from DFID to partners, cumulative from 2015-16 onwards.
Data dis-aggregation	Not applicable – financial input only.
Data availability	Quarterly
Time period/ lag	3 months
Quality assurance measures	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.
Interpretation of results	This indicator is intended to capture the outflows of Development Capital Investment from DFID to partners cumulated from 2015-16 to current year (inclusive). So this may be different to the £sterling asset that appears on DFID's balance sheet due to differential reporting periods and methodologies for account reporting.
Data quality	The quality of the data will be subject to user inputs, but there are sufficient quality assurance measures in place.
Data issues	There is potential for overlap between this measure and any other indicators on DFID's financial inputs, e.g. DFID's economic development spending. Other indicators will be reviewed and, where necessary, explanatory notes included with all publications of such indicators to clarify what overlap exists.
Additional	

comments	
Variations from standard methodology	No variations from the standard methodology expected.