

Annex 3 Additional tables and figures

Table A3-1 Commitments to IFU managed funds in DKK million, 2004-2017

Fund	Total capital commitment (DKK mn)	Institutional investors (DKK mn)	IFU (DKK mn)	Danish State (DKK mn)	Comment
DCIF	1,290	775	200	315 ¹	via KIF
DAF	800	500	212	88 ²	via LIF
IIP	500	500	--	--	
AIF	150	--	100	50	
UFA	30	--	--	30	
PDP	50	--	--	50	via IFU
Totals:	2,820	1,775	512	533	

¹ Amount reflects commitment through KIF. Contributions to KIF are DKK 275m from the Danish state and DKK 50m from IFU. The balance of DKK 10m is used for fees (including fundraising costs) in the first year until establishment of DCIF, and a reserve for admin costs in KIF after establishment of DCIF.

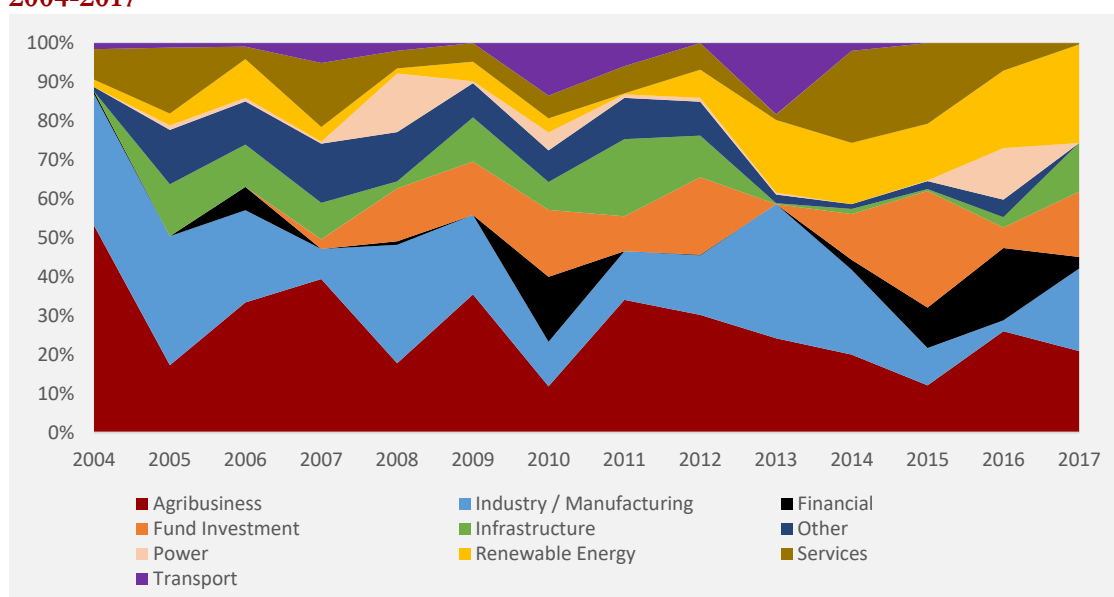
² Total contribution from Danish State amounted to DKK 89m, of which DKK 1m is a reserve for administration costs in LIF after establishment of DAF.

Table A3-2 Evolvement of IFU’s mandate and implications for country limits in three periods

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Mandate	<p><i>“It is the Government's wish that the Fund's aid perspective should be clarified and its activities more focused on the poorer developing countries. This will lead the Fund to work closer to the initial intentions of the Act that the Fund will promote business development in order to contribute to economic growth and ensure social progress and political independence in developing countries.”</i></p>							<p><i>“The consequence of maintaining the current national income limit will be that an increased number of developing countries, including in Africa, will come above the country income limit. Since the 2005 change, the overall growth in the countries has meant that another 23 developing countries have ceased to be IFU countries. In addition, it is noted that IFU is expected to be able to increase its return if it is possible to invest in countries with a higher income limit.”</i></p>				<p><i>“An extension of the mandate is considered to be a prerequisite for IFU to continue to live up to the strategic goal of being a Danish business partner's preferred partner for investments in developing countries - also in emerging markets. In addition, it may be emphasized that IFU with an expanded investment mandate will ensure better geographical risk spreading.”</i></p>			
Country limits	Maximum income limit	5115													
	100% in	100% LDC	875	905	935	975	995	1005							
		80% of LMIC	2428	2604	2772	2876	2964	3084							
	50% in	100% of LDC						1025	1035	1045	1045				
		80% of LMIC						3156	3180	3228	3268				
	50% in	50% of UMIC						6098	6138	6238	6308				

	At least 50% of 3-yr rolling average investments in	100% LDC		1025	1005	995
		80% of LMIC		3300	3300	3228
	50%	Any OECD-DAC				

Figure A3-1 New investments by IFU and IFU-managed funds by sector, based on value, 2004-2017



Note: Net of transfer investments between IFU and IFU managed funds, excluding investments by IFU into IFU managed funds

Table A3-3 Overview of IFU grant facilities and PDP, commitments and paid-in contributions by the MFA, 2004-2007, in DKK million

	CSR Training Fund	SME Facility	NEF
Commitments MFA	27	60	15
Paid-in contributions	24	25	11

Table A3-4 Main features of grant facilities and PDP, 2004-2017

	Number of grants/projects	Volume of grants committed (in DKK mn)	Number of new investments realised	In line with planning?
SME Investment Facility	21	12.9	10	No, below expectations
Neighbourhood Energy Facility	7	6.1	3	No, commitments slightly behind, but disbursements lagging more behind (3 projects with hardly any disbursements)
CSR Training fund	117	32*	Investments in ongoing projects	Basically in line with expectations, some delays

Project Development Programme	7	25.8 (5.9 disbursed)	1	No, commitments slightly behind, but disbursements lagging more behind (4 projects with hardly any disbursements)
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*Not all committed grants have been paid out according to IFU overview of Danida CSR Training Fund, 1 October 2018

Figure A3-2 Share of Africa in annual new and follow-on investments by IFU Classic, by value, 2004-2017

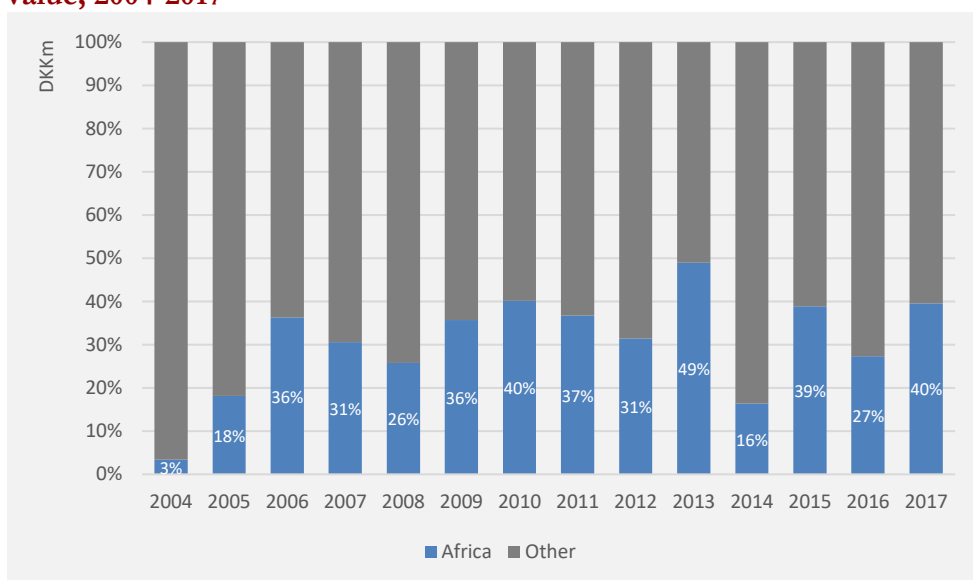
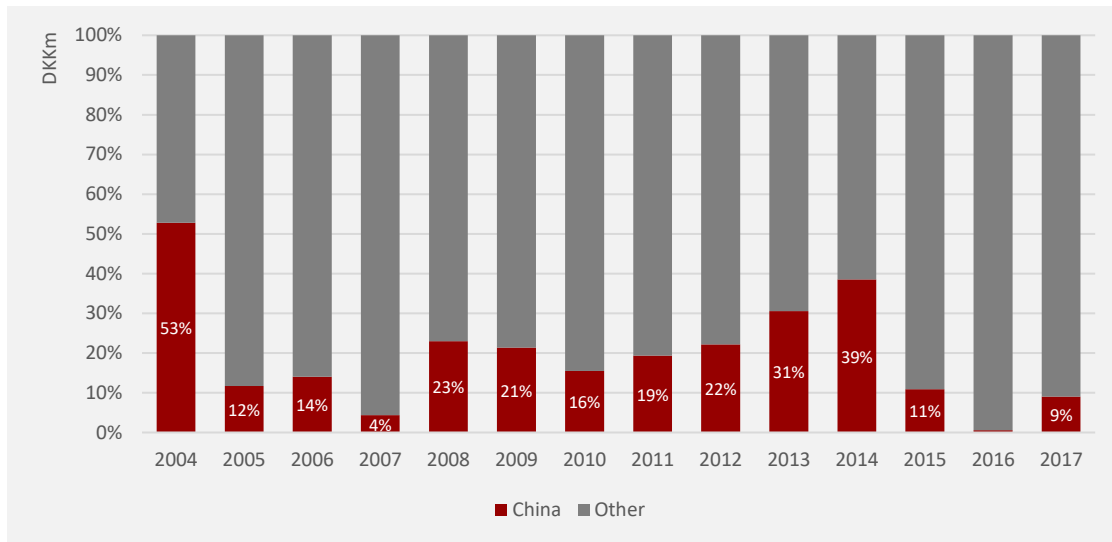


Figure A3-3 Share of China in annual new and follow-on investments by IFU Classic, by value 2004-2017



Note: New and follow-on investments by IFU Classic only, net of transfers

Figure A3-4 IFU organisational structure since 2015

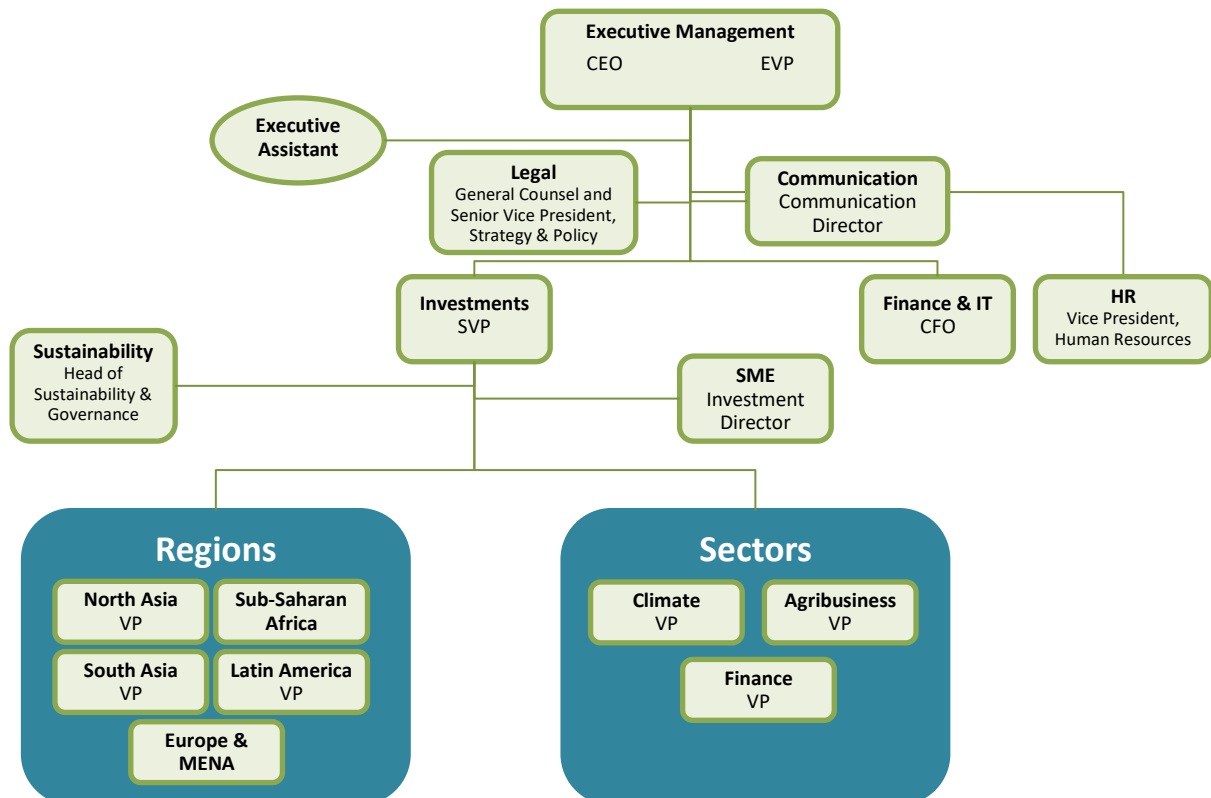
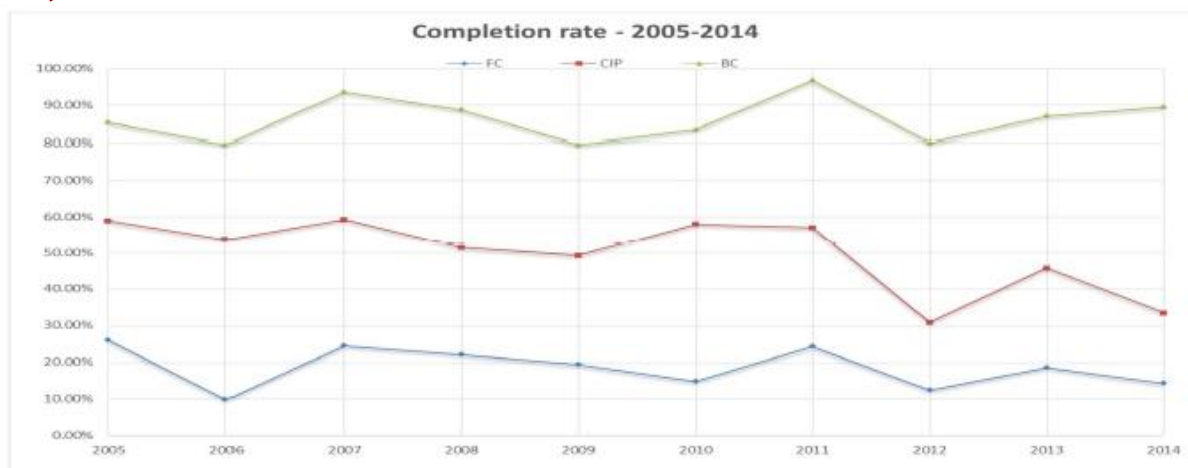


Figure A3-5 IFU's investment process

IFU's 5 STEP INVESTMENT PROCESS

	FIRST CONTACT	DUE DILIGENCE	APPROVAL OF INVESTMENT	ACTIVE OWNERSHIP	AGREED EXIT
Project company/partner	Presentation of company and business idea/plan	Data collection and presentation of the final business plan	Signing the final agreement Obtaining legal opinion Developing sustainability policy	Appointment of competent management and board Execution of business plan	Prepare future ownership structure Possible purchase of IFU's shares
IFU	Assessment of company's business plan/idea Advice on next steps Approval in principle of partner, investment location and business idea	Evaluation of the business plan Discussion of market strategy, management, budget, finance and ESG Visit to the partner company etc.	Approval of the project by IFU's board of directors/investment committee Presentation of agreement	Using IFU's local knowledge and network Active participation in board work Additional funding	Valuation of company Sales price Exit agreement

Figure A3-6 First Contact, Clearance in Principle and Binding Commitment completion rate, 2004-2015

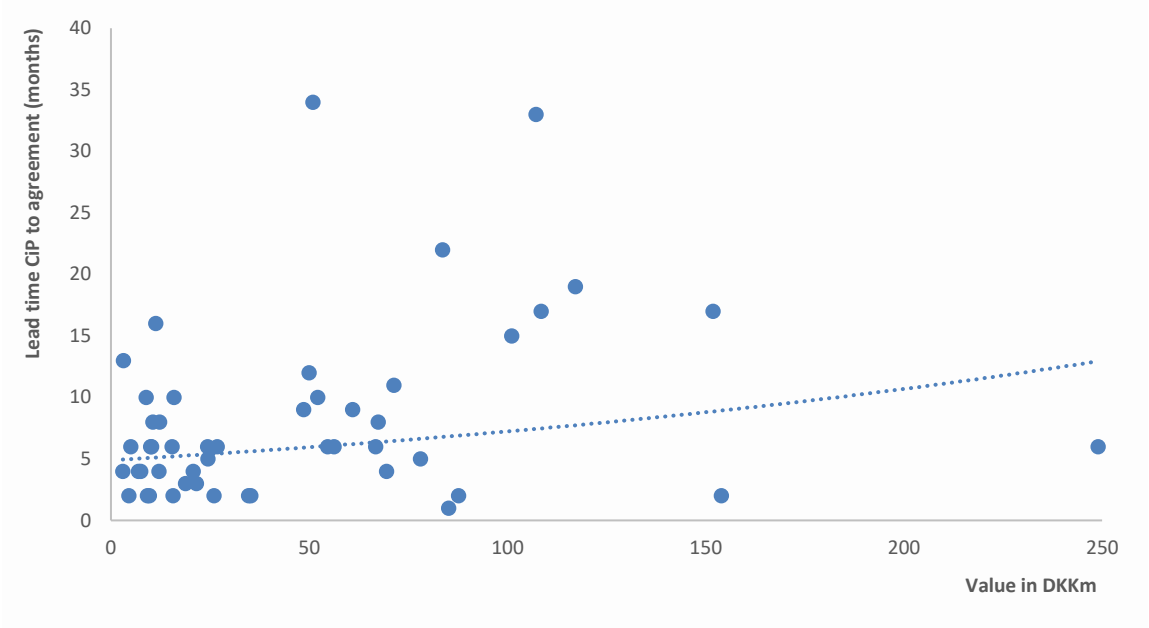


Source: IFU internal memo.

Table A3-5 Benchmark DFI staff in relation to portfolio volume (for 2016)

DFI	# of staff year-end	# of investments year-end	Committed portfolio (EUR) year-end	# per staff	Volume per staff (EUR)
IFU	78	184	379	2.4	4.9
Swedfund	38	97	429	2.6	11.3
Norfund	69	123	1,845	1.8	26.7
BIO	46	152	692	3.3	15.0

Figure A3-7 Lead times versus IFU investment value for 50 case studies



Source: Portfolio data.

Table A3-6 Lead times (in months) for the 50 case studies

(number of cases in brackets)	Average lead time	Share of cases completed within			
		6 months	9 months	12 months	> 12 months
All cases (50)	8	62%	74%	84%	16%
IFU Classic (34)	9.0	56%	71%	85%	15%
DCIF (7)	10.1	57%	71%	71%	29%
IØ + UFA (8)	4.2	100%	100%	100%	0%
SMEs (15)	5.5	73%	87%	100%	0%
Funds (5)	8.4	60%	60%	80%	20%
Larger(r) companies (30)	9.2	57%	70%	77%	23%

Source: Investment documentation of fifty case studies.

Figure A3-8 Value of investments by IFU and IFU-managed funds, net of transfers, in funds or in direct projects (other)

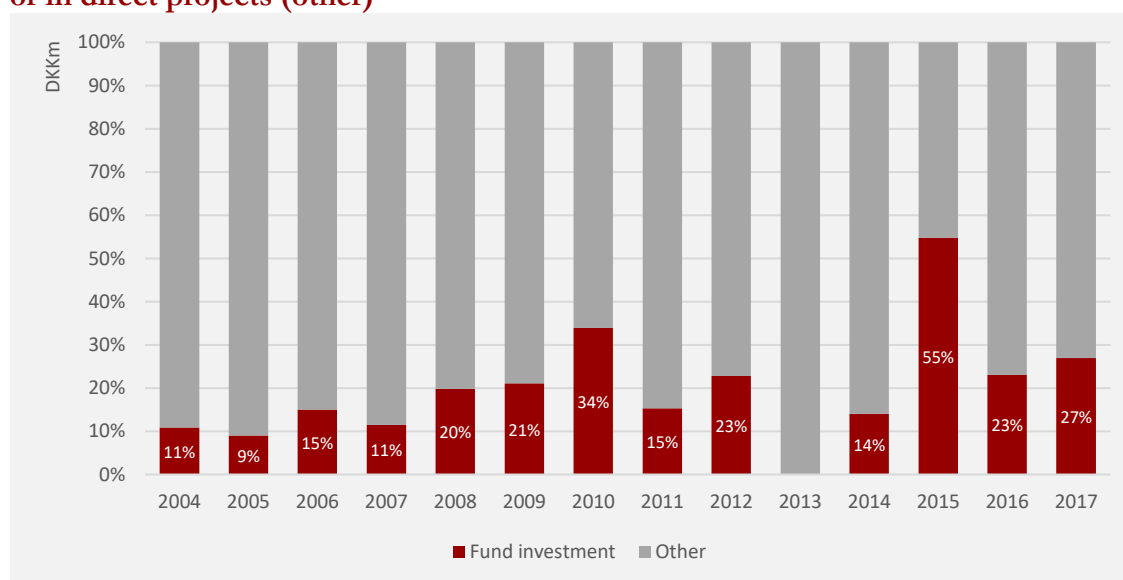


Table A3-7 Distribution of operating expenses, 2004-2017

Year	Total opex (DKK mn)	Distribution of operating expenses			
		Managem. fees (DKK mn) ³	IØ's share of opex (DKK mn) ⁴	IFU's share of opex (DKK mn) ⁵	IFU's share of opex (%)
2004	67.6	0.8	29.2	37.6	55.6%

³ Includes Board member fees.

⁴ Includes IFV.

⁵ IFU's share of opex, net of portions attributed to the funds under management (IØ, IFV), and net of management fees and board member fees.

2005	69.0		0.7	29.9	38.4	55.7%
2006	76.8		0.5	23.6	52.8	68.8%
2007	74.3		0.5	24.6	49.1	66.1%
2008	73.5		0.4	20.5	52.6	71.6%
2009	81.2		0.2	19.1	61.9	76.2 %
2010	75.5		2.5	12.5	60.4	80.0 %
2011	86.6		2.7	12.5	71.4	82.4 %
2012	84.9		8.3	13.5	63.1	74.3 %
2013	82.9		14.3	9.4	59.2	71.4 %
2014	85.7		23.1	7.2	55.5	64.8 %
2015	87.2		27.2	5.5	54.5	62.5 %
2016	94.9		42.4	3.6	49.0	51.6 %
2017	105.4		43.5	3.2	58.8	55.8 %

Source: IFU Annual Reports.

Table A3-8 IFU's operational efficiency, 2004-2017

Year	Investments (commitments) ⁶ (DKK mn)	Average investment size (DKK mn)	Operating expenses (DKK) ⁷	Opex/ incremental investments
2004	443.9	11.1	37.6	8.5 %
2005	364.3	9.1	38.4	10.5 %
2006	498.2	10.4	52.8	10.6 %
2007	464.0	9.3	49.1	10.6 %
2008	451.4	7.9	52.6	11.7 %
2009	641.6	12.1	61.9	9.6 %
2010	558.5	12.4	60.4	10.8 %
2011	509.8	10.0	71.4	14.0 %
2012	524.2	9.2	63.1	12.0 %
2013	566.2	13.2	59.2	10.5 %
2014	681.3	17.9	55.5	8.1 %
2015	659.7	18.8	54.5	8.3 %
2016	1,102.9	26.9	49.0	4.4 %
2017	640.0	24.6	58.8	9.2 %

Source: IFU Annual Reports.

⁶ IFU Classic, new and existing projects.

⁷ IFU's share of opex, net of portions attributed to IÖ and IFV, and net of management fees and board member fees.

Table A3-9 Assessment of additionality in IFU's ex-ante scorings systems

SCM (2003-2005)	SCM 2005-2012	SCM 2012-2017	DIM since 2017
Partner mobilisation	Fund's additionality (20%)	Fund's Contribution	Additionality
Score: <i>High / Medium / Low</i>			Score: <i>Exceeds / Meets / Below</i>
Mobilisation of DP (DP prior activity with IFU, origin of project idea)	IFU/IØ's relative participation in the project (as % of total)	Is investment greenfield or brownfield	1) Greenfield investment 2) Host country income group 3) Host country income level below 80% UMIC 4) World class technology 5) Employee training 6) IFU's contribution to project development 7) IFU is member of company board
Additionality of IFU/IØ's participation	Additionality of IFU/IØ's participation (board representation, leveraging, importance to project implementation, contribution to project preparation)	<i>As before</i>	
Capital mobilisation	Capital mobilisation (is Fund important for obtaining other external finance?)	<i>As before</i>	

Table A3-10 IFU – Capital movements & returns on equity, 2004-2017⁸

Year	Injection by the State (DKK mn)	Extraction by the State + dividends (DKK mn)	Net income (DKK mn)	Return on equity ⁹	IFU equity balance (DKK mn) ¹⁰
2003	1,050.9 ¹¹	--	1,072.9	--	2,123.9 ¹²
2004	--	- 750.0	30.5	1.7 %	1,404.4
2005	--	--	154.5	10.4 %	1,558.9

⁸ Excluding IØ and IFV.

⁹ Net income/average equity capital.

¹⁰ As per 31 December.

¹¹ During the first 10 years of IFU's existence, IFU received DKK 300m as capital contribution from the Danish state. In 1996, the Danish State granted another DKK 750m to IFU, which was paid in over five years.

¹² Accumulated balance since inception (1967 – 2003).

2006	--	--	424.9	24.0 %	1,983.7
2007	--	--	332.2	15.5 %	2,315.9
2008	--	- 200.0	106.1	4.7 %	2,222.0
2009	--	- 75.0	90.4	4.1 %	2,237.4
2010	--	--	66.9	2.9 %	2,304.4
2011	44.4 ¹³	- 75.0	122.1	5.2 %	2,395.9
2012	57.0 ¹⁴	- 75.0	83.8	3.5 %	2,461.7
2013	--	- 75.0	72.2	2.9 %	2,458.9
2014	--	--	149.0	5.9 %	2,607.9
2015	--	--	193.7	7.2 %	2,801,6
2016	14.0	- 50.0 *	218.2	7.5 %	2,983.7
2017	216.5	- 50.0 **	137.7 ¹⁵	4.4 %	3,287.9
Totals:	1,382.8	- 1,350.0	3,255.2	7.1%¹⁶	3,287.9

Source: IFU Annual Reports.

*) Dividend was accounted for in 2016 (and paid out in 2017).

***) Dividend was accounted for in 2017 (and paid out in 2018).

Table A3-11 Overview of reasons and background for capital extractions and dividend payments, 2002-2015

Year	Event
2002	In 2002, the Finance Ministry and the Ministry of Foreign Affairs commissioned a budget analysis of IFU (executed by PWC). In this analysis, two main scenarios were developed: Scenario with an annual investment volume of DKK 450 million requirement of a positive liquidity position; Scenario in which IFU would grow its annual investment volume and capital base.
2003	In 2003, the choice was made to proceed with the first scenario developed by PWC. This was in a period when budgets for development cooperation were cut. IFU would have preferred the growth scenario. The Government indicated that the purpose was “ <i>modernisation of the capital base and liquidity policy to align IFU and IO with modern policy principle</i> ”. The Government decided on a DKK 750 million capital extraction from IFU in 2004.

¹³ IFU received shares (from the Danish MFA) in Norsad Finance Ltd in 2011 at a value of DKK 44.4m. This is shown in the accounts as a capital contribution (paid-in capital).

¹⁴ IFU subscribed for new shares in Norsad Finance Ltd in 2012 with funding of DKK 57m provided by the Danish MFA; this is shown in the accounts as a capital contribution (paid-in capital).

¹⁵ Net income of DKK 140.7m less DKK 3m, which was allocated to IFU’s Sustainability Facility.

¹⁶ Average over the 2004 – 2017 period.

	As a consequence of the capital extraction, IFU introduced a new cash management system in order to secure that IFU could maintain its positive liquidity. The limit for a single project was set at DKK 50 million. In the annual report 2003, IFU states that the capital extraction will induce IFU to be less risk-taking in order to secure a more solid return on the projects to compensate for the decrease in income basis.
2004	Realisation of the DKK 750 million capital extraction
2008	IFU's equity position grew as a result of the profitability. The Ministry of Finance requested an updated budget analysis. The government decided on another capital extraction of DKK 200 million.
2009	IFU was requested to provide another budget forecast. Two scenarios were presented to the Ministry: Scenario with an annual investment volume of DKK 500 million, which would enable IFU to pay-out a dividend of DKK 250 million in 2009 Scenario with an annual investment volume of DKK 500 million, plus DKK 100 million for untied investments, which would result in no dividend. The government decided on a capital extraction of DKK 75 million.
2011	In 2011, a new budget was requested by the Ministry of Finance. Previously, the annual investment volume was indicative, but in this year one of the scenarios was to introduce a hard cap. IFU's position was that no capital extractions should be made, but the State decided on annual capital extraction of DKK 75 million in the period 2011-2013.
2015	In 2015, in line with the policy for state-owned companies, applicable to IFU, all state-owned companies should have a dividend policy. This dividend policy (see below) was introduced in 2016. A minimum of DKK 50 million should be paid to the State annually, however only up to maximum 50% of the result for the year.

Table A3-12 IFU – Summary of capital movements, 1967-2017

Capital movements	DKK mn
Total capital injections	1,382.8
- less total capital extractions	- 1,250.0
Net capital contribution	132.8
Retained earnings	3,155.1 ¹⁷
Equity balance	3,287.9

Table A3-13 IØ – Summary of capital movements, 1990-2017

Capital movements	DKK mn
Total capital injections	1,897.8

¹⁷ Net of dividends (DKK 50 m in 2016 + DKK 50m in 2017), and net of allocation to IFU's Sustainability Facility (DKK 3m in 2017).

- less total capital extractions	- 3,675.0
Net capital contribution	- 1,777.2
Retained earnings	1,899.5
Equity balance	122.3

Figure A3-9 Capital structure DCIF and DAF

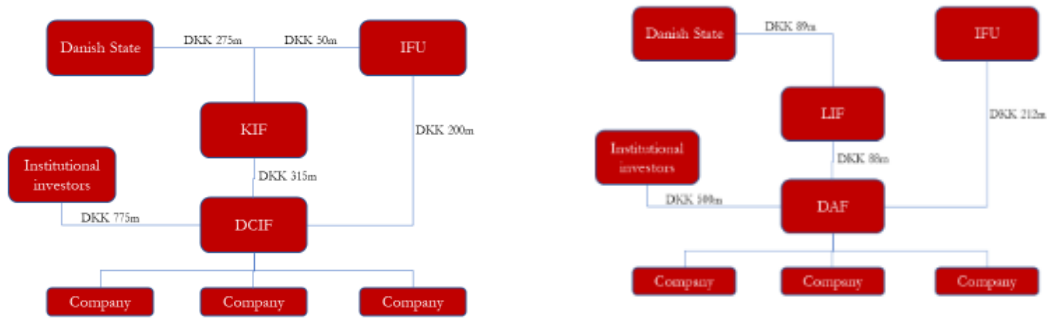


Figure A3-10 Capital structure SDG fund

