



# 6.11

## Global private financial flows

	Equity flows				Debt flows			
	\$ millions				\$ millions			
	Foreign direct investment		Portfolio equity		Bonds		Commercial bank and other lending	
1995	2007	1995	2007	1995	2007	1995	2007	
Afghanistan	..	288	..	0	..	0	..	0
Albania	70	477	0	0	0	0	0	-7
Algeria	0	1,665	0	0	-278	0	788	-642
Angola	472	-893	0	0	0	0	123	1,536
Argentina	5,609	6,462	1,552	1,785	3,705	4,227	754	-135
Armenia	25	699	0	0	0	0	0	502
Australia	12,026	39,596	2,585	17,104	..	..	..	..
Austria	1,901	30,717	1,262	3,684	..	..	..	..
Azerbaijan	330	-4,749	0	2	0	0	0	94
Bangladesh	2	653	-15	153	0	0	-21	-21
Belarus	15	1,785	0	5	0	19	103	257
Belgium	10,689 <sup>a</sup>	72,195	..	3,360	..	..	..	..
Benin	13	48	0	0	0	0	0	0
Bolivia	393	204	0	0	0	0	41	230
Bosnia and Herzegovina	0	2,111	0	0	..	0	..	-242
Botswana	70	-29	6	9	0	0	-6	-2
Brazil	4,859	34,585	2,775	26,217	2,636	570	8,283	18,629
Bulgaria	90	8,974	0	101	-6	-87	-93	5,079
Burkina Faso	10	600	0	0	0	0	0	11
Burundi	2	1	0	0	0	0	-1	0
Cambodia	151	867	0	0	0	0	13	0
Cameroon	7	433	0	-13	0	0	-65	-120
Canada	9,319	111,772	-3,077	-42,041	..	..	..	..
Central African Republic	6	27	0	0	0	0	0	0
Chad	33	603	0	0	0	0	0	-1
Chile	2,957	14,457	-249	404	489	-862	1,773	4,664
China	35,849	138,413	0	18,510	317	1,718	4,696	13,898
Hong Kong, China	..	54,365	..	43,625	..	..	..	..
Colombia	968	9,040	165	790	1,008	210	1,250	3,068
Congo, Dem. Rep.	122	720	0	0	0	0	0	-9
Congo, Rep.	125	4,289	0	0	0	0	-50	0
Costa Rica	337	1,896	0	0	-4	-25	-20	272
Côte d'Ivoire	211	427	1	148	0	0	14	-167
Croatia	114	4,916	4	435	0	92	265	5,270
Cuba	..	..	..	..	..	..	..	..
Czech Republic	2,568	9,294	1,236	-268	..	..	..	..
Denmark	4,139	11,858	..	3,017	..	..	..	..
Dominican Republic	414	1,698	0	0	0	411	-31	-15
Ecuador	452	183	13	1	0	0	59	338
Egypt, Arab Rep.	598	11,578	0	-3,199	0	0	-311	-103
El Salvador	38	1,526	0	0	0	-30	-31	-80
Eritrea	..	-3	0	0	0	0	0	0
Estonia	201	2,687	10	260	..	..	..	..
Ethiopia	14	223	0	0	0	0	-48	-44
Finland	1,044	11,568	2,027	5,279	..	..	..	..
France	23,736	159,463	6,823	-68,583	..	..	..	..
Gabon	-315	269	0	0	0	1,000	-75	55
Gambia, The	8	68	0	0	0	0	0	0
Georgia	6	1,728	0	34	0	0	0	75
Germany	11,985	51,543	-1,513	14,314	..	..	..	..
Ghana	107	970	0	0	0	750	38	47
Greece	1,053	1,959	0	10,865	..	..	..	..
Guatemala	75	724	0	0	44	-150	-32	-13
Guinea	1	111	0	0	0	0	-15	0
Guinea-Bissau	0	7	0	0	0	0	0	0
Haiti	7	75	0	0	0	0	0	0

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# 6.11

GLOBAL LINKS

	Equity flows				Debt flows			
	\$ millions							
	Foreign direct investment		Portfolio equity		Bonds		Commercial bank and other lending	
1995	2007	1995	2007	1995	2007	1995	2007	
Honduras	50	816	0	0	-13	0	38	25
Hungary	4,804	37,231	-62	-5,014	..	..	..	..
India	2,144	22,950	1,591	34,986 <sup>b</sup>	286	8,227	967	17,704
Indonesia	4,346	6,928	1,493	3,559	2,248	2,843	58	2,317
Iran, Islamic Rep.	17	754	0	0	0	0	-115	-1,284
Iraq	..	..	..	..	..	..	..	..
Ireland	1,447	26,085	0	137,155	..	..	..	..
Israel	1,350	9,664	991	4,306	..	..	..	..
Italy	4,842	40,040	5,358	-14,874	..	..	..	..
Jamaica	147	866	0	0	13	1,796	15	-65
Japan	39	22,180	50,597	45,455	..	..	..	..
Jordan	13	1,835	0	346	0	-2	-201	-16
Kazakhstan	964	10,189	0	841	0	10,243	240	11,029
Kenya	32	728	6	1	0	0	-163	-14
Korea, Dem. Rep.	..	..	..	..	..	..	..	..
Korea, Rep.	1,776	1,579	4,219	-28,726	..	..	..	..
Kuwait	7	119	0	0	..	..	..	..
Kyrgyz Republic	96	208	0	2	0	0	0	-19
Lao PDR	95	324	0	0	0	0	0	305
Latvia	180	2,247	0	-13	43	0	3	6,174
Lebanon	35	2,845	0	791	350	94	333	270
Lesotho	275	130	0	0	0	0	12	-5
Liberia	5	132	0	0	0	0	0	0
Libya	-88	4,689	..	0	..	..	..	..
Lithuania	73	2,017	6	-166	..	..	..	..
Macedonia, FYR	9	320	0	0	0	0	0	200
Madagascar	10	997	0	0	0	0	-4	-1
Malawi	6	55	0	0	0	0	-23	-1
Malaysia	4,178	8,456	0	-669	2,440	-2,170	1,231	873
Mali	111	360	0	0	0	0	0	-1
Mauritania	7	153	0	0	0	0	0	-1
Mauritius	19	339	22	50	150	0	126	-37
Mexico	9,526	24,686	519	-482	3,758	-514	1,401	8,678
Moldova	26	493	-1	2	0	-6	24	364
Mongolia	10	328	0	0	0	75	-14	5
Morocco	92	2,807	20	-64	0	0	158	-170
Mozambique	45	427	0	0	0	0	24	6
Myanmar	280	428	0	0	0	0	36	-137
Namibia	153	170	46	5	..	..	..	..
Nepal	..	6	0	0	0	0	-5	0
Netherlands	12,206	123,609	-743	-98,086	..	..	..	..
New Zealand	3,316	2,753	..	192	..	..	..	..
Nicaragua	89	382	0	0	0	0	-81	77
Niger	7	27	0	0	0	0	-24	-7
Nigeria	1,079	6,087	0	4,648	0	175	-448	-487
Norway	2,393	3,788	636	6,444	..	..	..	..
Oman	46	2,376	0	2,056	..	..	..	..
Pakistan	723	5,333	10	1,276	0	750	317	-247
Panama	223	1,907	0	0	0	930	-12	-17
Papua New Guinea	455	96	0	0	-32	0	-311	103
Paraguay	103	196	0	0	0	0	-16	14
Peru	2,557	5,343	171	814	0	1,003	43	2,086
Philippines	1,478	2,928	0	3,285	1,110	28	-215	2,523
Poland	3,659	22,959	219	-453	250	2,821	228	15,036
Portugal	685	5,534	-179	-664	..	..	..	..
Puerto Rico	..	..	..	..	..	..	..	..



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	Equity flows				Debt flows			
	\$ millions							
	Foreign direct investment		Portfolio equity		Bonds		Commercial bank and other lending	
	1995	2007	1995	2007	1995	2007	1995	2007
Romania	419	9,492	0	746	0	0	413	12,534
Russian Federation	2,065	55,073	47	18,844	-810	36,505	444	22,824
Rwanda	2	67	0	0	0	0	0	0
Saudi Arabia	-1,875	-8,069	0	0	..	..	..	..
Senegal	32	78	4	0	0	0	-25	-32
Serbia	45 <sup>c</sup>	3,110	0 <sup>c</sup>	0	0 <sup>c</sup>	165	0 <sup>c</sup>	4,072
Sierra Leone	7	94	0	0	0	0	-28	0
Singapore	11,535	24,137	-159	6,743	..	..	..	..
Slovak Republic	236	3,363	-16	232	..	..	..	..
Slovenia	150	1,483	..	275	..	..	..	..
Somalia	1	141	0	0	0	0	0	0
South Africa	1,248	5,746	2,914	8,670	731	4,645	748	305
Spain	8,086	60,122	4,216	15,393	..	..	..	..
Sri Lanka	56	603	0	-322	0	500	103	283
Sudan	12	2,426	0	-17	0	0	0	0
Swaziland	52	37	1	1	0	0	0	-3
Sweden	14,939	12,286	1,853	4,371	..	..	..	..
Switzerland	4,158	49,730	5,851	689	..	..	..	..
Syrian Arab Republic	100	..	..	..	..	..	..	..
Tajikistan	10	360	0	0	0	0	0	3
Tanzania	120	647	0	3	0	0	15	8
Thailand	2,068	9,498	2,253	4,241	2,123	-183	3,702	5,840
Timor-Leste	..	..	..	..	..	..	..	..
Togo	26	69	0	0	0	0	0	0
Trinidad and Tobago	299	..	17	..	..	..	..	..
Tunisia	264	1,620	12	30	588	5	-96	29
Turkey	885	22,195	195	5,138	627	4,415	174	34,243
Turkmenistan	233	804	0	0	0	0	20	-42
Uganda	121	484	0	-48	0	0	-9	-1
Ukraine	267	9,891	0	715	-200	4,068	-19	13,975
United Arab Emirates	..	..	..	..	..	..	..	..
United Kingdom	21,731	197,766	8,070	31,483	..	..	..	..
United States	57,800	237,541	16,523	197,517	..	..	..	..
Uruguay	157	879	0	-27	144	814	39	-58
Uzbekistan	-24	262	0	0	0	0	201	-222
Venezuela, RB	985	646	270	66	-468	760	-247	-1,232
Vietnam	1,780	6,700	0	6,243	0	-26	356	-60
West Bank and Gaza	..	..	..	..	..	..	..	..
Yemen, Rep.	-218	917	0	0	0	0	-2	0
Zambia	97	984	0	4	0	0	-37	198
Zimbabwe	118	69	0	0	-30	0	140	-3
<b>World</b>	<b>328,380 s</b>	<b>2,139,338 s</b>	<b>120,570 s</b>	<b>715,869 s</b>	<b>.. s</b>	<b>.. s</b>	<b>.. s</b>	<b>.. s</b>
<b>Low income</b>	5,713	31,995	6	12,429	..	1,649	-10	-776
<b>Middle income</b>	93,118	494,617	14,043	126,002	21,280	83,745	26,886	211,782
Lower middle income	54,387	241,019	5,763	63,710	7,233	18,717	10,799	62,434
Upper middle income	38,731	253,598	8,281	62,292	14,047	65,028	16,087	149,348
<b>Low &amp; middle income</b>	98,831	526,612	14,049	138,431	21,218	85,395	26,876	211,006
East Asia & Pacific	50,798	175,340	3,746	35,168	8,206	2,286	9,532	25,832
Europe & Central Asia	9,558	156,437	471	26,232	..	58,236	2,003	131,197
Latin America & Carib.	30,181	107,270	5,216	29,569	11,311	8,699	13,211	36,949
Middle East & N. Africa	817	28,905	32	-2,096	660	97	555	-1,916
South Asia	2,931	29,926	1,585	36,093	286	9,477	1,362	17,719
Sub-Saharan Africa	4,546	28,734	2,999	13,465	851	6,600	213	1,225
<b>High income</b>	229,549	1,612,726	106,520	577,438	..	..	..	..
Euro area	78,432	778,971	17,232	289,878	..	..	..	..

a. Includes Luxembourg. b. Based on data from the Reserve Bank of India. c. Includes Montenegro.

## About the data

Private financial flows account for the bulk of development finance and are split into two broad categories—equity and debt. Equity flows comprise foreign direct investment (FDI) and portfolio equity. Debt flows are financing raised through bond issuance, bank lending, and supplier credits.

The data on FDI and portfolio equity are based on balance of payments data reported by the International Monetary Fund (IMF). These data are supplemented by staff estimates using data from the United Nations Conference on Trade and Development and official national sources for FDI data and from market sources for portfolio equity data.

Under the internationally accepted definition of FDI, provided in the fifth edition of the IMF's *Balance of Payments Manual* (1993), FDI has three components: equity investment, reinvested earnings, and short- and long-term loans between parent firms and foreign affiliates. Distinguished from other kinds of international investment, FDI is made to establish a lasting interest in or effective management control over an enterprise in another country. The IMF suggests as a guideline that investments should account for at least 10 percent of voting stock to be counted as FDI. In practice many countries set a higher threshold. Also, many countries fail to report reinvested earnings, and the definition of long-term loans differs among countries.

FDI data do not give a complete picture of international investment in an economy. Balance of

payments data on FDI do not include capital raised locally, which has become an important source of investment financing in some developing countries. In addition, FDI data capture only cross-border investment flows involving equity participation and thus omit nonequity crossborder transactions such as intrafirm flows of goods and services. For a detailed discussion of the data issues, see the World Bank's *World Debt Tables 1993–94* (vol. 1, chap. 3).

Statistics on bonds, bank lending, and supplier credits are produced by aggregating individual transactions of public and publicly guaranteed debt and private nonguaranteed debt. Data on public and publicly guaranteed debt are reported through the Debtor Reporting System by World Bank member economies that have received either loans from the International Bank for Reconstruction and Development or credits from the International Development Association. These reports are cross-checked with data reported from market sources that also provide transactions data. Information on private nonguaranteed bonds and bank lending is collected from market sources, because official national sources reporting to the Debtor Reporting System are not asked to report the breakdown between private nonguaranteed bonds and private nonguaranteed loans.

Previous editions of the table included portfolio equity flows data only for countries that report to the Debtor Reporting System. The table in this year's

edition includes portfolio equity flows data for non-reporting countries based on data from the IMF's International Financial Statistics database. Bonds, bank lending, and supplier credits are shown for only 128 developing countries that report to the Debtor Reporting System; nonreporting countries may also receive debt flows.

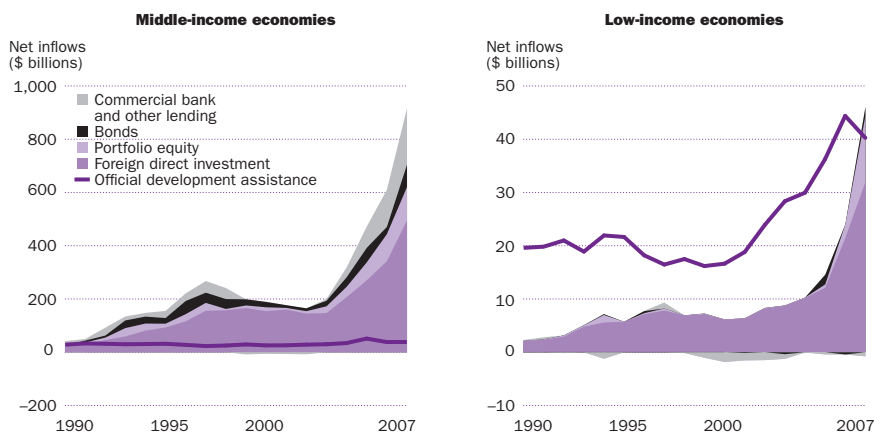
The volume of global private financial flows reported by the World Bank generally differs from that reported by other sources because of differences in sources, classification of economies, and method used to adjust and disaggregate reported information. In addition, particularly for debt financing, differences may also result based on whether particular installments of the transactions are included and how certain offshore issuances are treated.

## Definitions

- **Foreign direct investment** is net inflows of investment to acquire a lasting interest in or management control over an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvested earnings, other long-term capital, and short-term capital, as shown in the balance of payments.
- **Portfolio equity** includes net inflows from equity securities other than those recorded as direct investment and including shares, stocks, depository receipts, and direct purchases of shares in local stock markets by foreign investors
- **Bonds** are securities issued with a fixed rate of interest for a period of more than one year. They include net flows through cross-border public and publicly guaranteed and private nonguaranteed bond issues.
- **Commercial bank and other lending** includes net commercial bank lending (public and publicly guaranteed and private nonguaranteed) and other private credits.

**In 2007 middle-income economies received nearly 20 times more private capital flows than low-income economies did**

6.11a



Net private flows to middle-income economies have increased since 2003, reaching \$916 billion in 2007—or 24 times the value of aid received. But aid remains the main source of external financing for low-income economies.

Source: *Global Development Finance* data files and Organisation for Economic Cooperation and Development, Development Assistance Committee's *International Development Statistics*.

## Data sources

Data on equity and debt flows are compiled from a variety of public and private sources, including the World Bank's Debtor Reporting System, the IMF's International Financial Statistics and Balance of Payments databases, and Dealogic. These data are also published in the World Bank's *Global Development Finance 2009*.