

Part 2

Glossary of Aid Terms

20/20	An Initiative proposed at the Copenhagen Social Summit (WSSD) for bilateral agreements between donor and recipient governments, whereby donors would agree to allocate 20% of their ODA to Basic Social Services (BSS) if recipients agreed to allocate 20% of public expenditure to enable universal access to BSS.	Bilateral Aid	Aid provided to developing countries and countries on Part II of the DAC List on a country-to-country basis, and to institutions working in fields related to these countries.
AAA	Accra Agenda for Action	Bilateral portfolio investment	Includes bank lending and the purchase of shares, bonds and real estate.
ACP	African, Caribbean and Pacific States (see Lomé Convention)	BMZ	Germany's Ministry for Economic Cooperation and Development
ADB	Asian Development Bank	Bond Lending	Refers to net completed international bonds issued by countries on the DAC List of Aid Recipients.
AECI	Spanish Agency for International Development Cooperation	BoP	Balance of Payments
Aid	see ODA	BOOT	Build, Operate, Own and Transfer
AIDS	Acquired Immune Deficiency Syndrome	BPC	Bangladesh Petroleum Corporation
APEC	Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.	BSS	Basic Social Services (basic education, basic health and nutrition, safe water and sanitation) defined for the purposes of the 20/20 Initiative
ASEAN	Association of South East Asian Nations	BSWG	Budget Support Working Group
Associated Financing	The combination of ODA, whether grants or loans, with any other funding to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as Tied Aid Credits.	Budgetary Aid	General financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit.
AU	African Union	CAP	The Consolidated Appeal Process for complex humanitarian emergencies managed by UNOCHA
Bangladesh Aid Group	Formed in October 1974 under the direct supervision of the World Bank, comprising 26 donor agencies as well as countries that made the commitment of providing support to the country for its development.	CAP	Common Agricultural Policy (EU)
		CAS	Country Assistance Strategy
		CBSC	Capacity Building Service Centre
		CDF	Comprehensive Development Framework (WB)
		CEC	Commission of the European Community
		CEDAW	Convention on the Elimination of all Forms of Discrimination against Women

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- CEE/CA** Countries of Central and Eastern Europe and Central Asia
- CGF** Compensatory Financing Facility
- CFSP** Common Foreign and Security Policy
- CGAP** Consultative Group to Assist the Poorest (WB)
- CGI** Consultative Group on Indonesia
- CID** Council for International Development (New Zealand)
- CIS** Commonwealth of Independent States
- Commitment** A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of disbursements.
- Concessionality Level** A measure of the 'softness' of a credit reflecting the benefit to the borrower compared to a loan at market rate (see Grant Element).
- Conditionality** A concept in international development, political economy and international relations which describes the use of conditions attached to a loan, debt relief, bilateral aid or membership of international organisations, typically by the international financial institutions, regional organisations or donor countries.
- Constant Prices** Prices adjusted to take inflation into account to enable comparison over time.
- Cotonou Partnership Agreement** Signed in Cotonou, Benin on 23 June 2000, the agreement replaces the Lomé Convention as the framework for trade and cooperation between the EU and its Member States and African, Caribbean and Pacific (ACP) States.
- Country-owned ownership** Ownership which implies that all sectors of the country are involved in determining whether an aid is needed or not, how it is used and in monitoring the implementation of the projects and programs supported by the aid (grants or loans). Although governments represent partner countries, they can no longer act independently, but have to be accountable to the country as a whole, comprising the citizens, parliament, business sectors and civil society.
- CPIA** Country Policy and Institutional Assessment
- Current Prices** Prices not adjusted for inflation.
- DAC** Development Assistance Committee (OECD). A forum for consultation among 21 donor countries, together with the European Commission, on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and USA. DAC sets the definitions and criteria for aid statistics internationally.
- CSO** Civil Society Organisation (see NGO)
- Debt Relief** May take the form of cancellation, rescheduling, refinancing or re-organisation of debt:
- (i) **Debt cancellation** is relief from the burden of repaying both the principal and interest on past loans.
 - (ii) **Debt rescheduling** is a form of relief in which the dates on which principal or interest payments are due are delayed or rearranged.

(iii) **Debt refinancing** is a form of relief in which a new loan or grant is arranged to enable the debtor country to meet the service payments on an earlier loan.

(iv) **Official bilateral debts** are *re-organised* in the Paris Club of official bilateral creditors. The Paris Club has devised the following arrangements for reducing and rescheduling the debt of the poorest, most indebted countries: *Toronto Terms* agreed by the Paris Club in 1988 provided up to 33% debt relief on rescheduled official bilateral debt owed by the poorest, most indebted countries pursuing internationally agreed economic reform programmes; *Trinidad Terms* agreed by the Paris Club in 1990 superseded Toronto Terms and provided up to 50% debt relief; *Naples Terms* agreed by the Paris Club in 1994 superseded Trinidad Terms and provide up to 67% debt relief. They also introduced the option of a one-off reduction of 67% in the stock of official bilateral debt owed by the poorest, most indebted countries with an established track record of economic reform and debt servicing; *Enhanced Naples Terms* Under the Heavily-Indebted Poor Countries (HIPC) debt initiative, Paris Club members have agreed to increase the amount of debt relief to eligible countries to up to 80%.

Democratic ownership One of the five principles of Paris Declaration. It implies the participation of the people from the very first stages of any project or program to be funded by foreign aid. The project and program implementation should similarly be transparent and be directly or indirectly accountable to the people.

Developing Country The DAC defines a list of developing countries eligible to

receive ODA. In 1996 a number of countries, including Israel, ceased to be eligible for ODA. A second group of countries, 'Countries and Territories in Transition' including Central and Eastern Europe are eligible for 'Official Aid' not to be confused with 'Official Development Assistance'. OA has the same terms and conditions as ODA, but it does not count towards the 0.7% target, because it is not going to developing countries

Developing Countries Developing countries are all countries and territories in Africa; in America (except the United States, Canada, Bahamas, Bermuda, Cayman Islands and Falkland Islands); in Asia (except Japan, Brunei, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates); in the Pacific (except Australia and New Zealand); and Albania, Armenia, Azerbaijan, Georgia, Gibraltar, Malta, Moldova, Turkey and the states of ex-Yugoslavia in Europe.

DFID Department for International Development (UK)

DGCS Directorate General for Development Cooperation (Italy)

DGPOLDE General Directorate of Planning and Evaluation of Development Policy (Spain)

Disbursement Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded gross (the total amount disbursed over a given accounting period) or net (less any repayments of loan principal during the same period).

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DoL	Division of Labour	G20	Group of 20 Finance Ministers and Central Bank Governors established in 1999 to bring together systemically important industrialised and developing economies to discuss key issues in the global economy
DPL	Development Policy Loan		
DSF	Decentralisation Support Facility		
DWASA	Dhaka Water Supply and Sewerage Authority	G24	Group of 24 developed nations meeting to coordinate assistance to Central and Eastern Europe
EBRD	European Bank for Reconstruction and Development	GATT	General Agreement on Tariffs and Trade
EC	European Commission	GCAP	Global Call to Action against Poverty
ECHO	European Community Humanitarian Office	GDP	Gross Domestic Product
ECOSOC	Economic and Social Council (UN)	GEF	Global Environment Facility
ECOWAS	Economic Community of West African States	Gini Coefficient	An indicator of income distribution, where 0 represents perfect equality and 1 perfect inequality.
ECDCF	Economic Development Cooperation Fund (Korea)	GNI	Gross National Income. Most OECD countries have introduced a new system of national accounts which has replaced Gross National Product (GNP) with GNI. As GNI has generally been higher than GNP, ODA/GNI ratios are slightly lower than previously reported ODA/GNP ratios.
EDF	European Development Fund (see Lomé Convention and Cotonou Partnership Agreement)	GNP	Gross National Product
EEAS	European External Action Service	Grant element	Reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to first repayment of capital). It measures the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a grant; and it lies between these two limits for
EFA	Education for All		
EFF	Extended Fund Facility		
EIB	European Investment Bank		
EMU	Economic and Monetary Union		
EPC	Engineering Procurement Construction		
ESAF	(E/Sal/F) Enhanced Structural Adjustment (Loan)/Facility		
Export Credits	Loans for the purpose of trade extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.		
FAO	Food and Agricultural Organisation (UN)		
FTT	Financial transaction tax		

	a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the grant equivalent of that loan (see Concessionality Level) (Note: the grant element concept is not applied to the market-based non-concessional operations of the multilateral development banks.)	IFC	International Finance Corporation
GSP	General System of Preferences	IFIs	International financial institutions
HIC	High-Income Countries, or those with an annual per capita income of more than US\$9,385 in 1995	IMF	International Monetary Fund
HIPC	Heavily Indebted Poor Country (Debt Initiative)	INGOs	International Non-Governmental Organisations
HIV	Human Immunodeficiency Virus	Internal Bank Lending	Net lending to countries on the List of Aid Recipients by commercial banks in the Bank of International Settlements reporting area, i.e. most OECD countries and most offshore financial centres (Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles and Singapore), net of lending to banks in the same offshore financial centres. Loans from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under other private or bond lending.
IADB	InterAmerican Development Bank	IsDB	Islamic Development Bank
IASC	Inter-Agency Standing Committee (Committee responsible to ECOSOC for overseeing humanitarian affairs, the work of OCHA and the CAP)	ISG	International Steering Group
IATI	International Aid Transparency Initiative. Launched at the Accra High Level Forum on Aid Effectiveness in September 2008, IATI brings together donors, partner countries, CSOs and other users of aid information to agree, by end of 2009, a set of common information standards applicable to all aid flows.	JANIC	Japanese NGO Centre for International Cooperation
IDA	International Development Association (WB)	JAS	Joint Assistance Strategies
IDPs	Internally-displaced persons	JBIC	Japan Bank for International Cooperation
IDT	International Development Targets (for 2015) as outlined in the DAC document 'Shaping the 21st Century' also known as International Development Goals	JCPR	Joint Country Programme Review
IFAD	International Fund for Agricultural Development	JICA	Japan International Cooperation Agency
		KOICA	Korea's International Cooperation Agency
		LIC	Low-Income Countries, those with an annual per capita income of less than US\$765 in 1995
		LDC/LLDC	Least Developed Country – 48 poor and vulnerable countries are so defined by the United Nations, with

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- an annual per capita income of less than US\$765 in 1995.
- LMIC** Lower Middle-Income Countries those with an annual per capita income of between US\$766 and US\$3,035 in 1995.
- Lomé Convention** Multi annual framework agreement covering development cooperation between the EU members and African, Caribbean and Pacific (ACP) States. Funding for Lomé came from the EDF. Lomé has now been replaced by the Cotonou Partnership Agreement.
- MADCT** More Advanced Developing Countries and Territories, comprising those that have been transferred to Part II of the DAC List of Aid Recipients.
- MDGs** Millennium Development Goals are the international goals for poverty reduction and development agreed by the United Nations in the year 2000. These include the IDTs.
- MOSF** Ministry of Strategy and Finance (Korea)
- MTDS** Medium-Term Development Strategies
- Multilateral agencies** International institutions with governmental membership, which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (e.g. World Bank, regional development banks), UN agencies, and regional groupings (e.g. certain EU and Arab agencies). A contribution by a DAC Member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are recorded on a deposit basis, i.e. in the amount and as at the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, i.e. at the date and in the amount of each drawing made by the agency on letters or other instruments.
- Multilateral aid** Aid channeled through international bodies for use in or on behalf of aid recipient countries. Aid channeled through multilateral agencies is regarded as bilateral where the donor controls the use and destination of the funds.
- Multilateral portfolio investment** Covers the transactions of the private non-bank and bank sector in the securities issued by multilateral institutions.
- NABARD** National Bank for Rural Development
- NATO** North Atlantic Treaty Organisation
- NBR** National Board of Revenue
- NEDA** National Economic and Development Authority (Philippines)
- NEPAD** New Partnership for Africa's Development (see also AU)
- NGDO** Non-Governmental Development Organisation
- NGO (PVO)** Non-Governmental Organisations (Private Voluntary Organisations) also referred to as Voluntary Agencies. They are private non-profit-making bodies that are active in development work.
- NIC** Newly-industrialised countries
- NIPs** National Indicative Programmes (EU)
- NPV** Net Present Value
- OA** Official Assistance (aid) is government assistance with the same terms and conditions as

	ODA, but which goes to Countries and Territories in Transition which include former aid recipients and Central and Eastern European Countries and the Newly Independent States. It does not count towards the 0.7% target.		or a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as Tied Aid and Associated Financing.
OAU	Organisation of African Unity now succeeded by African Union.	PBA	Program-based approaches
OCHA	(See UNOCHA)	PCD	Policy Coherence for Development
ODA	Official Development Assistance (often referred to as 'aid') of which at least 25% must be a grant. The promotion of economic development or welfare must be the main objective. It must go to a developing country as defined by the DAC.	PD	Paris Declaration on Aid Effectiveness. A commitment to make aid more effective towards the goal of poverty reduction and better quality of life. Aside from institutional and structural reforms, it also raises concerns about the effectiveness of the aid regime for sustainable development. The PD commits signatories to five principles:
ODF	Official Development Finance is used in measuring the inflow of resources to recipient countries; includes: (i) bilateral ODA, (ii) grants and concessional and non-concessional development lending by multilateral financial institutions, and (iii) Other Official Flows that are considered developmental (including refinancing loans) which have too low a grant element to qualify as ODA.	Ownership:	Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.
OECD	Organisation for Economic Cooperation and Development (see DAC)	Alignment:	Donors base their overall support on partner countries' national development strategies, institutions and procedures.
OHCHR	Office of the UN High Commissioner for Human Rights	Harmonisation:	Donors' actions are more harmonised, transparent and collectively effective.
OOF	Other Official Flows defined as flows to aid recipient countries by the official sector that do not satisfy both the criteria necessary for ODA or OA.	Managing for Results:	Managing resources and improving decision-making for results.
PARIS21	Partnership in Statistics for Development capacity programme for statistical development	Mutual Accountability:	Donors and partners are accountable for development results.
Partially Untied Aid	ODA for which the associated goods and services must be procured in the donor country	PGD	Policy for Global Development (Sweden)
		PEFA	Public Expenditure and Financial Assistance. A partnership established in December 2001 involving the World Bank, IMF, European Commission, Strategic Partnership with Africa, and several bilateral donors (France, Norway, Switzerland and the United

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- Kingdom. Its mandate is to support integrated, harmonised approaches to the assessment and reform of public expenditure, procurement, and financial accountability, focusing on the use of diagnostic instruments.
- Performance-based aid** A system of benchmarks which, once reached, trigger additional funding packages.
- PFM** Public Finance Management
- PRGF** Poverty Reduction and Growth Facility, which replaces the ESAF and is the name given to IMF Loan Facilities to developing countries. (See also PRSP).
- Private Flows** Long-term (more than one year) capital transactions by OECD residents (as defined for balance of payment purposes) with aid recipient countries, or through multilateral agencies for the benefit of such countries. They include all forms of investment, including international bank lending and Export Credits where the original maturity exceeds one year. Private flows are reported to DAC separately for Direct Investment, Export Credits and International Bank Lending, Bond Lending and Other Private (lending).
- Programme Aid** Financial assistance specifically to fund (i) a range of general imports, or (ii) an integrated programme of support for a particular sector, or (iii) discrete elements of a recipient's budgetary expenditure. In each case, support is provided as part of a WB/IMF-coordinated structural adjustment programme.
- PRSP** Poverty Reduction Strategy Papers
- RoA** Reality of Aid Network
- Real Terms** A figure adjusted to take account of exchange rates and inflation, allowing a 'real' comparison over time see Constant Prices
- Recipient Countries and Territories** The current DAC list of Aid Recipients, see LDC, LIC, LMIC, UMIC, HIC.
- SAPs** Structural Adjustment Programmes, a program imposed by the WB for providing its loan to recipient countries
- SDC** Swiss Agency for Development and Cooperation
- SIDA** Swedish International Development Cooperation Agency
- Soft Loan** A loan in which the terms are more favourable to the borrower than those currently attached to commercial market terms. It is described as concessional and the degree of concessionality is expressed as its grant element.
- South-South Development Cooperation** Refers to the cooperation/relations amongst developing countries; in the AAA, "South-South cooperation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development cooperation and is a valuable complement to North-South cooperation."
- SPA** Special Programme of Assistance for Africa (WB)
- SPADA** Support for Poor and Disadvantaged Areas
- SSA** Sub-Saharan Africa
- SWA (SWAp)** Sector-Wide Approach
- TA or TC** Technical Assistance/Cooperation includes both (i) grants to nationals of aid recipient countries receiving

- education or training at home or abroad, and (ii) payments to consultants, advisers, and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical cooperation in statistics of aggregate flows.
- Tied Aid** Aid given on the condition that it can only be spent on goods and services from the donor country. Tied aid credits are subject to certain disciplines concerning their concessionality levels, the countries to which they may be directed, and their development relevance designed to try to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value.
- TNC** Transnational Corporation
- Triangular development cooperation** Refers to Northern donors or multilateral institutions providing development assistance to Southern governments to execute projects/programmes with the aim of assisting other developing countries
- UMIC** Upper Middle-Income Countries those with an annual per capita income of between US\$3036 and US\$9,385 in 1995
- UN** United Nations
- UNAIDS** Joint United Nations Programme on HIV/AIDS
- UNCED** United Nations Conference on Environment and Development, Rio de Janeiro 1992
- UNCHS** United Nations Centre for Human Settlements, Habitat
- UNCTAD** United Nations Conference on Trade and Development
- UNDCF** United Nations Capital Development Fund
- UNDAC** United Nations Disaster Assessment and Coordination
- UNDAF** United Nations Development Assistance Framework
- UNDCP** United Nations Drugs Control Programmes
- UNDP** United Nations Development Programme
- UNEP** United Nations Environment Programme
- UNESCO** United Nations Educational, Scientific and Cultural Organisation
- UNFPA** United Nations Fund for Population Activities
- UNHCR** Office of the United Nations High Commissioner for Refugees
- UNICEF** United Nations Children's Fund
- UNIDO** United Nations Industrial Development Organisation
- UNIFEM** United Nations Development Fund for Women
- UNITAR** United Nations Institute for Training and Research
- UNOCHA** United Nations Office for the Coordination of Humanitarian Assistance
- UNRISD** United Nations Research Institute for Social Development
- Untied Aid** ODA in which the associated goods and services may be fully and freely procured in substantially all countries.

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UNV	United Nations Volunteers	WB	World Bank
Uruguay Round	Last round of multilateral trade negotiations under the GATT	WFP	World Food Programme
USAID	United States Agency for International Development	WHIP	Wider Harmonisation in Practice
Vertical programmes	Also known as vertical funds, global programmes and global initiatives, defined by the OECD and the World Bank as “international initiatives outside the UN system which deliver significant funding at the country level in support of focused thematic objectives.”	WHO	World Health Organisation
		WID	Women in Development
		WSSD	World Summit for Social Development, Copenhagen 1995 (see also 20/20 Initiative)
		WTO	World Trade Organisation

Sources consulted include: Reality of Aid, Annual Development Cooperation Report of the DAC