

Part 2

Glossary of Aid Terms

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AAA	Accra Agenda for Action		
ACP	African, Caribbean and Pacific States (see Lomé Convention).		
ADB	Asian Development Bank		
AECI	Spanish Agency for International Cooperation		
Aid	see ODA Official Development Assistance		
APEC	Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.		
ASEAN	Association of South East Asian Nations		
Associated Financing	is the combination of Official Development Assistance, 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.		
African Union (AU)	Formed following the September 1999 Sirte Declaration by African Heads of State and Government, the AU succeeds the Organisation of African Unity (OAU) as the premier vehicle for accelerating integration in Africa, ensuring an appropriate role for Africa in the global economy, while addressing multifaceted social, economic and political problems compounded by certain negative aspects of		
			globalisation. See http://www.africa-union.org
Bangladesh Aid Group			was 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.
Bilateral Aid			is provided to developing countries and countries on Part II of the DAC List on a country-to-country basis, and to institutions, normally in Britain, working in fields related to these countries.
Bilateral portfolio			investment includes bank lending, and the purchase of shares, bonds and real estate.
Bond Lending			refers to net completed international bonds issued by countries on the DAC List of Aid Recipients.
BoP			Balance of payments
BOT			Build, Operate and Transfer
BOOT			Build, Operate, Own and Transfer
BSS			Basic Social Services (Basic Education, basic health and nutrition, safe water and sanitation) defined for the purposes of the 20/20 Initiative
BSWG			Budget Support Working Group
Budgetary Aid			is general financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit.
CAP			The Consolidated Appeal Process for complex humanitarian emergencies managed by UNOCHA

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CAP	Common Agricultural Policy (EU)	required for the completion of disbursements.
CAS	Country Assistance Strategy	
CBSC	Capacity Building Service Centre	
CDF	Comprehensive Development Framework used by The World Bank	
CEC	Commission of the European Community	
CEE/CA	Countries of Central and Eastern Europe and Central Asia	
CFF	Compensatory Financing Facility	
CGAP	Consultative Group to Assist the Poorest. A micro-lending arm launched by the WB in 1995. A recent report prepared by the Washington DC-based Institute for Policy Studies, found that 46 percent of CGAP's expenditures in its first year of operation was spent on policy reforms which may benefit lenders but end up hurting poor borrowers, particularly women.	
CGI	Consultative Group on Indonesia	
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	
	Concessional Level	is a measure of the 'softness' of a credit reflecting the benefit to the borrower compared to a loan at market rate (cf Grant Element).
	Conditionality	is a concept in international development, political economy and international relations and 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 and exchange rates into account and so make a 'like with like' 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. For more information, go to: http://europa.eu.int/comm/development/body/cotonou/index_en.htm
	Country-owned ownership	implies that all sectors of the country should be 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

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(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 (cash)** prices are prices not adjusted for inflation.
- CSO** Civil Society Organization (see NGO below)
- DAC** Development Assistance Committee the DAC of the Organisation for Economic Cooperation and Development (OECD) is 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.
- Debt Relief** may take the form of cancellation, rescheduling, refinancing or re-organisation of debt.
- a. Debt cancellation** is relief from the burden of repaying both the principal and interest on past loans.
- b. Debt rescheduling** is a form of relief by

which the dates on which principal or interest payments are due are delayed or rearranged.

- c. 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.
- d. 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

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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 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

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).

DPL Development Policy Loan

DSF Decentralization Support Facility

EBRD European Bank for Reconstruction and Development

EC European Commission

ECHO European Community Humanitarian Office

ECOSOC Economic and Social Council (UN)

ECOWAS Economic Community of West African States, described at: <http://www.ecowas.int/>

EDF European Development Fund see Lomé Convention and Cotonou Partnership

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	Agreement.		
EFA	Education for All		
EFF	Extended Fund Facility		
EIB	European Investment Bank		
EMU	Economic and Monetary Union		
EPC	Engineering Procurement Construction	GNP	Gross National Product
ESAF (E/SaI/F)	Enhanced Structural Adjustment (Loan)/Facility	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 per cent for a grant; and it lies between these two limits for 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 (cf concessionality level) (Note: the grant element concept is not applied to the market-based non-concessional operations of the multilateral development banks.)
Export Credits	are 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)		
G20	Group of 20 Finance Ministers and Central Bank Governors established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy		
G24	Group of 24 developed nations meeting to coordinate assistance to Central and Eastern Europe		
GATT	General Agreement on Tariffs and Trade		
GDP	Gross Domestic Product		
GEF	Global Environment Facility		
Gini	coefficient is an indicator of income distribution, where 0 represents perfect equality and 1 perfect inequality.	GSP	General System of Preferences
GNI	Gross National Income. Most OECD countries have introduced a new system of national accounts which	HIC	High Income Countries those with an annual per capita income of more than US\$ 9385 in 1995.

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HIPC	Highly Indebted Poor Country (Debt Initiative)		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.
HIV	Human Immunodeficiency Virus		
IADB	InterAmerican Development Bank		
IASC	Inter-Agency Standing Committee (Committee responsible to	IsDB	Islamic Development Bank
ECOSOC	for overseeing humanitarian affairs, the work of OCHA and the CAP).	ISG	International Steering Group
IDA	International Development Association (World Bank)	JANIC	Japanese NGO Centre for International Cooperation
IDPs	Internationally displaced persons	JAS	Joint Assistance Strategies
IDT	International Development Targets (for 2015) as outlined in the DAC document ‘Shaping the 21st Century’ also known as International Development Goals	JBIC	Japan Bank for International Cooperation
IFAD	International Fund for Agricultural Development	JCPR	Joint Country Programme Review
IFC	International Finance Corporation	JICA	Japan International Cooperation Agency
IFIs	International Financial Institutions	LIC	Low Income Countries those with an annual per capita income of less than US\$765 in 1995
IMF	International Monetary Fund	LDC	(or sometimes LLDC) Least Developed Country 48 poor and vulnerable countries are so defined by the United Nations, with an annual per capita income of less than US\$765 in 1995
INGOs	International Non-governmental Organisations	LMIC	Lower Middle Income Countries those with an annual per capita income of between US\$766 and US\$3035 in 1995
Internal Bank Lending	is net lending to countries on the List of Aid Recipients by commercial banks in the Bank of International Settlements reporting area, ie most OECD countries and most offshore financial centres (Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles and Singapore), net of lending to	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.

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MADCT	More Advanced Developing Countries and Territories, comprising those that have been transferred to Part II of the DAC List of Aid Recipients.	agency on letters or other instruments.
MDGs	or 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.	Multilateral aid is 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.
MTDS	Medium-Term Development Strategies	Multilateral portfolio investment covers the transactions of the private non-bank and bank sector in the securities issued by multilateral institutions.
Multilateral	Agencies are 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 (eg The World Bank, regional development banks), United Nations agencies, and regional groupings (eg certain European Union 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, ie 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, ie at the date and in the amount of each drawing made by the	NABARD National Bank for Rural Development
		National Program on People's Empowerment (known as PNPMP) sets out the details of operational plans for poverty reduction through promoting capacities of the local communities and providing funds for development.
		NBR National Board of Revenue
		NEDA National Economic and Development Authority, the economic planning agency in the Philippines
		NEPAD New Partnership for Africa's Development. For information, go to http://www.nepad.org/ and see also African Union.
		NGDO Non Governmental Development Organisation
		NGO (PVO) Non-Governmental Organisations (Private Voluntary Organisations) also referred to as Voluntary Agencies. They are private nonprofit-making bodies that are active in development work.

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NIC	Newly industrialised countries	OHCHR	Office of the UN High Commissioner for Human Rights
NIPs	National Indicative Programmes (EU)	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.
NPV	Net Present Value	PARIS21	Partnership in Statistics for Development capacity programme for statistical development
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.	Paris Declaration on Aid Effectiveness	is 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 Paris Declaration commits signatories to five principles:
OAU	Organisation of African Unity now succeeded by African Union.	Ownership	Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
OCHA	(See UNOCHA)	Alignment	Donors base their overall support on partner countries' national development strategies, institutions and procedures
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	Harmonisation	Donors' actions are more harmonised, transparent and collectively effective
ODF	Official Development Finance is used in measuring the inflow of resources to recipient countries; includes [a] bilateral ODA, [b] grants and concessional and non-concessional development lending by multilateral financial institutions, and [c] Other Official Flows that are considered developmental (including refinancing loans) which have too low a grant element to qualify as ODA.	Managing for Results	Managing resources and improving decision-making for results
OECD	Organisation for Economic Cooperation and Development (see DAC)	Mutual Accountability	Donors and partners are accountable for development results"

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- Partially Untied Aid** is Official Development Assistance (or Official Aid) for which the associated goods and services must be procured in the donor country 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.
- PDF** Philippines Development Forum
- 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 Kingdom). Its mandate is to support integrated, harmonized approaches to the assessment and reform of public expenditure, procurement, and financial accountability, focusing on the use of diagnostic instruments.
- Performance-based aid** is a system of benchmarks which, once reached, trigger additional funding packages.
- PFM** Public Finance Management
- PPP** Public-Private Partnership
- Power privatization** model imposed by the United States and United Kingdom on Chile and India in the 1990's which is claimed to be contrary to the principle of democratic ownership.
- PRGF** the 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** are 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** is 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 World Bank/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

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- Recipient Countries and Territories** is 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
- Soft Loan** A loan of 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 (World Bank)
- SPADA** Support for Poor and Disadvantaged Areas
- SSA** Sub-Saharan Africa
- SWA (SWAp)** Sector Wide Approach
- TA or TC** Technical Assistance/Cooperation includes both [a] grants to nationals of aid recipient countries receiving education or training at home or abroad, and [b] 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** is 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

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	of between US\$3036 and US\$9385 in 1995	UNITAR	United Nations Institute for Training and Research
UN	United Nations	UNOCHA	UN Office for the Coordination of Humanitarian Assistance
UNAIDS	Joint United Nations Programme on HIV/AIDS	UNRISD	United Nations Research Institute for Social Development
UNCED	United Nations Conference on Environment and Development, Rio de Janeiro 1992	Untied Aid	Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.
UNCHS	United Nations Centre for Human Settlements, Habitat	UNV	United Nations Volunteers
UNCTAD	United Nations Conference on Trade and Development	Uruguay Round	Last round of multilateral trade negotiations under the GATT
UNDCF	United Nations Capital Development Fund	USAID	United States Agency for International Development
UNDAC	United Nations Disaster Assessment and Coordination	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.”
UNDAF	United Nations Development Assistance Framework	WB	World Bank
UNDCP	United Nations Drugs Control Programmes	WFP	World Food Programme
UNDP	United Nations Development Programme	WHIP	Wider Harmonization in Practice
UNEP	United Nations Environment Programme	WHO	World Health Organisation
UNESCO	United Nations Educational, Scientific and Cultural Organisation	WID	Women in Development
UNFPA	United Nations Fund for Population Activities	WSSD	World Summit for Social Development, Copenhagen 1995. See 20/20 Initiative.
UNHCR	Office of the United Nations High Commissioner for Refugees	WTO	World Trade Organisation
UNICEF	United Nations Children’s Fund		
UNIDO	United Nations Industrial Development Organisation		
UNIFEM	United Nations Development Fund for Women		

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