



Development Assistance Committee

International Development Statistics

Development Co-operation Report

Glossary and Technical Notes

GLOSSARY OF KEY TERMS AND CONCEPTS

(Cross-references are given in CAPITALS)

AID: The words "aid" and "assistance" in this publication refer only to flows which qualify as OFFICIAL DEVELOPMENT ASSISTANCE (ODA).

AMORTISATION: Repayments of principal on a LOAN. Does not include interest payments.

ASSOCIATED FINANCING: The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANTS or LOANS, with other official or private funds 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.

BILATERAL: See TOTAL RECEIPTS.

CLAIM: The entitlement of a creditor to repayment of a LOAN; by extension, the loan itself or the outstanding amount thereof.

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. Commitments to multilateral organisations are reported as the sum of: *i*) any disbursements in the year in question which have not previously been notified as commitments, and *ii*) expected disbursements in the following year.

CONCESSIONALITY LEVEL: A measure of the "softness" of a credit reflecting the benefit to the borrower compared to a LOAN at market rate (*cf.* GRANT ELEMENT). Technically, it is calculated as the difference between the nominal value of a TIED AID credit and the present value of the debt service as of the date of DISBURSEMENT, calculated at a discount rate applicable to the currency of the transaction and expressed as a percentage of the nominal value.

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its members are given at the front of this volume. Further details are given in the DAC at Work section of this volume.

DAC LIST OF ODA RECIPIENTS: For statistical purposes, the DAC uses a List of ODA Recipients which it revises every three years. The "Notes on Definitions and Measurement" below give details of revisions in recent years. As at 1 January 2008, the List is presented in the following categories (the word "countries" includes territories):

- ▮ **LDCs:** Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic

diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.

- ▮ **Other LICs:** Other Low-Income Countries. Includes all non-LDC countries with per capita GNI USD 935 or less in 2007 (World Bank Atlas basis).
- ▮ **LMICs:** Lower Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 936 and USD 3 705 in 2007. LDCs which are also LMICs are only shown as LDCs - not as LMICs.
- ▮ **UMICs:** Upper Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 3 706 and USD 11 455 in 2007.

When a country is added to or removed from the LDC group, totals for the income groups affected are adjusted retroactively to maximize comparability over time with reference to the current list.

DEBT REORGANISATION (also: RESTRUCTURING): Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include **forgiveness** (extinction of the LOAN), or **rescheduling** which can be implemented either by revising the repayment schedule or extending a new **refinancing** loan. See also "Notes on Definitions and Measurement" below.

DISBURSEMENT: The release of funds to - or the purchase of goods or services for - a recipient; by extension, the amount thus spent. 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** (the gross amount less any repayments of LOAN principal or recoveries on GRANTS received during the same period).

EXPORT CREDITS: LOANS for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

GRACE PERIOD: See GRANT ELEMENT.

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

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. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* as an indication of the opportunity cost to the donor of making the funds available. 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 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: in classifying receipts, the grant element concept is not applied to the operations of the multilateral development banks. Instead,

these are classified as concessional if they include a subsidy ("soft window" operations) and non-concessional if they are unsubsidised ("hard window" operations).

GRANT-LIKE FLOW: A transaction in which the donor country retains formal title to repayment but has expressed its intention in the COMMITMENT to hold the proceeds of repayment in the borrowing country for the benefit of that country.

IMPUTED MULTILATERAL FLOWS: Geographical distribution of donors' core contributions to multilateral agencies, based on the geographical breakdown of multilateral agencies' disbursements for the year of reference.

LOANS: Transfers for which repayment is required. Only loans with MATURITIES of over one year are included in DAC statistics. The data record actual flows throughout the lifetime of the loans, not the **grant equivalent** of the loans (*cf.* GRANT ELEMENT). Data on net loan flows include deductions for repayments of principal (but not payment of interest) on earlier loans. This means that when a loan has been fully repaid, its effect on total NET FLOWS over the life of the loan is zero.

LONG-TERM: Used of LOANS with an original or extended MATURITY of more than one year.

MATURITY: The date at which the final repayment of a LOAN is due; by extension, the duration of the loan.

MULTILATERAL AGENCIES: In DAC statistics, those 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), United Nations agencies, and regional groupings (*e.g.* 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 presented 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.

NET FLOW: The total amount disbursed over a given accounting period, less repayments of LOAN principal during the same period, no account being taken of interest.

NET TRANSFER: In DAC statistics, NET FLOW minus payments of interest.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): GRANTS or LOANS to countries and territories on the DAC List of ODA Recipients and multilateral agencies that are undertaken by the official sector at concessional terms (*i.e.* with a GRANT ELEMENT of at least 25%) and that have the promotion of the economic development and welfare of developing countries as their main objective. In addition to financial flows, TECHNICAL CO-OPERATION is included in aid. Grants, loans and credits for military purposes are excluded. For the treatment of the forgiveness of loans originally extended for military purposes, see "Notes on Definitions and Measurement" below.

OFFICIAL DEVELOPMENT FINANCE (ODF): 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)* those OTHER OFFICIAL FLOWS

which are considered developmental (including refinancing LOANS) but which have too low a GRANT ELEMENT to qualify as ODA.

OFFSHORE BANKING CENTRES: Countries or territories whose financial institutions deal primarily with non-residents.

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC List of ODA Recipients which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE, either because they are not primarily aimed at development, or because they have a GRANT ELEMENT of less than 25%.

PARTIALLY UNTIED AID: Official Development Assistance for which the associated goods and services must be procured in the donor country or among 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 credits and ASSOCIATED FINANCING.

PRIVATE FLOWS: Consist of flows at market terms financed out of private sector resources (*i.e.* changes in holdings of private LONG-TERM assets held by residents of the reporting country) and private grants (*i.e.* grants by **non-governmental organisations** and other private bodies, net of subsidies received from the official sector). In presentations focusing on the receipts of recipient countries, flows at market terms are shown as follows:

- ▮ **Direct investment:** Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of ODA Recipients. "Lasting interest" implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least 10% of the shares, or equivalent voting power or other means of control. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.
- ▮ **International bank lending:** Net lending to countries on the DAC List of ODA Recipients by banks in OECD countries. LOANS from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under OTHER PRIVATE or BOND LENDING (see below) in these presentations.
- ▮ **Bond lending:** Net completed international bonds issued by countries on the DAC List of ODA Recipients.
- ▮ **Other private:** Mainly reported holdings of equities issued by firms in aid recipient countries.

In data presentations which focus on the outflow of funds from donors, private flows other than direct investment are restricted to credits with a MATURITY of greater than one year and are usually divided into:

- ▮ **Private export credits:** See EXPORT CREDITS.
- ▮ **Securities of multilateral agencies:** This covers the transactions of the private non-bank and bank sector in bonds, debentures, etc., issued by multilateral institutions.
- ▮ **Bilateral portfolio investment and other:** Includes bank lending and the purchase of shares, bonds and real estate.

SHORT-TERM: LOANS with a MATURITY of one year or less.

TECHNICAL CO-OPERATION: 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 co-operation in statistics of aggregate flows.

TIED AID: Official GRANTS or LOANS where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all aid recipient countries. Tied aid loans, credits and ASSOCIATED FINANCING packages are subject to certain disciplines concerning their CONCESSIONALITY LEVELS, the countries to which they may be directed, and their developmental relevance so as to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value. Details are given in the **Development Co-operation Reports** for 1987 (pp. 177-181) and 1992 (pp. 10-11).

TOTAL RECEIPTS: The inflow of resources to aid recipient countries includes, in addition to ODF, official and private EXPORT CREDITS, and LONG-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTISATION payments and repatriation of capital by private investors. **Bilateral** flows are provided directly by a donor country to an aid recipient country. **Multilateral** flows are channelled *via* an international organisation active in development (*e.g.* World Bank, UNDP). In tables showing total receipts of recipient countries, the outflows of multilateral agencies to those countries is shown, not the contributions which the agencies received from donors.

UNDISBURSED: Describes amounts committed but not yet spent. See also COMMITMENT, DISBURSEMENT.

UNTIED AID: Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.

VOLUME (real terms): The flow data in this publication are expressed in US dollars (USD). To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period. A table of combined conversion factors (deflators) is provided in the Statistical Annex (Table 36) which allows any figure in the Report in current USD to be converted to dollars of the reference year ("constant prices").

TECHNICAL NOTES

Notes on Definitions and Measurement

The coverage of the data presented in this Report has changed in recent years. The main points are:

Changes in the ODA concept and the coverage of GNI

While the definition of Official Development Assistance has not changed since 1972, some changes in interpretation have tended to broaden the scope of the concept. The main ones are the recording of administrative costs as ODA (from 1979), the imputation as ODA of the share of subsidies to educational systems representing the cost of educating students from aid recipient countries (first specifically identified in 1984), and the inclusion of assistance provided by donor countries in the first year after the arrival of a refugee from an aid recipient country (eligible to be reported from the early 1980s but widely used only since 1991).

Precise quantification of the effects of these changes is difficult because changes in data collection methodology and coverage are often not directly apparent from members' statistical returns.

The amounts involved can, however, be substantial. For example, reporting by Canada in 1993 included for the first time a figure for in-Canada refugee support. The amount involved (USD 184 m) represented almost 8% of total Canadian ODA. Aid flows reported by Australia in the late 1980s, it has been estimated, were some 12% higher than had they been calculated according to the rules and procedures applying fifteen years earlier.¹

The coverage of national income has also been expanding through the inclusion of new areas of economic activity and the improvement of collection methods. In particular, the 1993 System of National Accounts (SNA) co-sponsored by the OECD and other major international organisations broadens the coverage of GNP, now renamed GNI - Gross National Income. This tends to depress donors' ODA/GNI ratios. Norway's and Denmark's ODA/GNI ratios declined by 6 to 8% as a result of moving to the new SNA in the mid-1990s. Finland and Australia later showed smaller falls of 2 to 4%, while some other countries showed little change. The average fall has been about 3%. All DAC members are now using the new SNA.

Recipient country coverage

Since 1990, the following entities were added to the list of ODA recipients at the dates shown: the Black Communities of South Africa (1991 - now simply South Africa); Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan (1992); Armenia, Georgia and Azerbaijan (1993); Palestinian Administered Areas (1994); Moldova (1997); Belarus, Libya and Ukraine (2005).

Over the same period, the following countries and territories were removed from the list of ODA recipients at the dates shown: Portugal (1991); French Guyana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992); Greece (1994); Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates (1996); Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel (1997); Aruba, the British Virgin Islands, French Polynesia, Gibraltar,

¹ S. Scott, "Some Aspects of the 1988/89 Aid Budget", in *Quarterly Aid Round-up*, No. 6, AIDAB, Canberra, 1989, pp. 11-18.

Korea, Libya, Macao, Netherlands Antilles, New Caledonia and the Northern Marianas (2000); Malta and Slovenia (2003); Bahrain (2005); Turks and Caicos Islands and Saudi Arabia (2008).

From 1993 to 2004, several CEEC/NIS countries in transition and more advanced developing countries were included on a separate list of recipients of "Official Aid". This list has now been abolished.

Donor country coverage

Spain and Portugal joined the DAC in 1991, Luxembourg joined in 1992 and Greece joined in 1999. Their assistance is now counted within the DAC total. ODA flows from these countries before they joined the DAC have been added to earlier years' data where available. The accession of new members has added to total DAC ODA, but has usually reduced the overall ODA/GNI ratio, since their programmes are often smaller in relation to GNI than those of the longer-established donors.

Treatment of debt forgiveness

The treatment of the forgiveness of loans not originally reported as ODA varied in earlier years. Up to and including 1992, where forgiveness of non-ODA debt met the tests of ODA it was reportable as ODA. From 1990 to 1992 inclusive it remained reportable as part of a country's ODA, but was excluded from the DAC total. The amounts so treated are shown in the table below. From 1993, forgiveness of debt originally intended for military purposes has been reportable as "Other Official Flows", whereas forgiveness of other non-ODA loans (mainly export credits) recorded as ODA is included both in country data and in total DAC ODA in the same way as it was until 1989.

The forgiveness of outstanding loan principal originally reported as ODA does not give rise to a new net disbursement of ODA. Statistically, the benefit is reflected in the fact that because the cancelled repayments will not take place, net ODA disbursements will not be reduced.

Debt Forgiveness of Non-ODA Claims ^a

	USD million		
	1990	1991	1992
Australia	-	-	4.2
Austria	-	4.2	25.3
Belgium	-	-	30.2
France	294.0	-	108.5
Germany	-	-	620.4
Japan	15.0	6.8	32.0
Netherlands	12.0	-	11.4
Norway	-	-	46.8
Sweden	5.0	-	7.1
United Kingdom	8.0	17.0	90.4
United States	1 200.0	1 855.0	894.0
TOTAL DAC	1 534.0	1 882.9	1 870.2

a) These data are included in the ODA figures of individual countries but are excluded from DAC total ODA in all tables showing performance by donor. See Notes on Definitions and Measurement.

Reporting Year

All data in this publication refer to calendar years, unless otherwise stated.

**DAC List of ODA Recipients
For 2008 flows**

Least Developed Countries	Other Low Income Countries (per capita GNI < \$935 in 2007)	Lower Middle Income Countries and Territories (per capita GNI \$936-\$3 705 in 2007)	Upper Middle Income Countries and Territories (per capita GNI \$3 706-\$11 455 in 2007)
Afghanistan	Côte d'Ivoire	Albania	*Anguilla
Angola	Ghana	Algeria	Antigua and Barbuda ¹
Bangladesh	Kenya	Armenia	Argentina
Benin	Korea, Dem. Rep.	Azerbaijan	Barbados ²
Bhutan	Kyrgyz Rep.	Bolivia	Belarus
Burkina Faso	Nigeria	Bosnia and Herzegovina	Belize
Burundi	Pakistan	Cameroon	Botswana
Cambodia	Papua New Guinea	Cape Verde	Brazil
Central African Rep.	Tajikistan	China	Chile
Chad	Uzbekistan	Colombia	Cook Islands
Comoros	Viet Nam	Congo, Rep.	Costa Rica
Congo, Dem. Rep.	Zimbabwe	Dominican Republic	Croatia
Djibouti		Ecuador	Cuba
Equatorial Guinea		Egypt	Dominica
Eritrea		El Salvador	Fiji
Ethiopia		Georgia	Gabon
Gambia		Guatemala	Grenada
Guinea		Guyana	Jamaica
Guinea-Bissau		Honduras	Kazakhstan
Haiti		India	Lebanon
Kiribati		Indonesia	Libya
Laos		Iran	Malaysia
Lesotho		Iraq	Mauritius
Liberia		Jordan	*Mayotte
Madagascar		Macedonia, Former Yugoslav Republic of	Mexico
Malawi		Marshall Islands	Montenegro
Maldives		Micronesia, Federated States	*Montserrat
Mali		Moldova	Nauru
Mauritania		Mongolia	Oman ¹
Mozambique		Morocco	Palau
Myanmar		Namibia	Panama
Nepal		Nicaragua	Serbia ³
Niger		Niue	Seychelles
Rwanda		Palestinian Administered Areas	South Africa
Samoa		Paraguay	*St. Helena
São Tomé and Príncipe		Peru	St. Kitts-Nevis
Senegal		Philippines	St. Lucia
Sierra Leone		Sri Lanka	St. Vincent and Grenadines
Solomon Islands		Swaziland	Suriname
Somalia		Syria	Trinidad and Tobago ²
Sudan		Thailand	Turkey
Tanzania		*Tokelau	Uruguay
Timor-Leste		Tonga	Venezuela
Togo		Tunisia	
Tuvalu		Turkmenistan	
Uganda		Ukraine	
Vanuatu		*Wallis and Futuna	
Yemen			
Zambia			

*Territory.

- (1) Antigua & Barbuda and Oman exceeded the high income country threshold in 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.
- (2) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.
- (3) At present aid to Kosovo is recorded under aid to Serbia. Kosovo will be listed separately if and when it is recognised by the UN.

As of July 2009, the **Heavily Indebted Poor Countries (HIPC)** are : Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia.

LIST OF ACRONYMS

AfDB	African Development Bank
AfDF	African Development Fund
AsDB	Asian Development Bank
AsDF	Asian Development Bank Special Funds
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDF	European Development Fund
EU	European Union
Global Fund	Global Fund for AIDS, Tuberculosis and Malaria
GNI	Gross National Income
HIPCs	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IMF	International Monetary Fund
LDCs	Least Developed Countries
LICs	Low-Income Countries
LMICs	Lower Middle-Income Countries
NGO	Non-governmental Organisation
ODA	Official Development Assistance
ODF	Official Development Finance
OLICs	Other Low-Income Countries
OOF	Other Official Flows
SAF & PRGF	Structural Adjustment Facility & Poverty Reduction and Growth Facility
TC	Technical Co-operation
UMICs	Upper Middle-Income Countries
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNTA	United Nations Regular Programme of Technical Assistance
USD	United States Dollars
WFP	World Food Programme