

Glossary

Additionality: In the area of private sector engagement, additionality typically refers to the extent to which an outcome is additional to what otherwise would have occurred without public support.

Aid for trade: Trade-related projects and programmes defined as priorities in national development strategies.

Bilateral flows: Bilateral transactions are those undertaken by a development assistance provider directly with a developing country. They also encompass transactions channelled through **multilateral agencies** (“**multi-bi**” or “**earmarked**” contributions), transactions with non-governmental organisations active in development and other, internal development-related transactions such as interest subsidies, spending on promotion of development awareness, debt reorganisation and administrative costs.

Blended finance: Blended finance is the strategic use of official funds including concessional tools to mobilise additional capital flows (public and/or private) to emerging and frontier markets.

Budget support: A transfer of resources from a provider to the partner government’s national treasury. The transferred funds are managed in accordance with the recipient’s budgetary procedures.

Commitment: A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a **multilateral agency**.

Concessional loans: While non-concessional loans are provided at, or near to, market terms, concessional loans are provided at softer terms. To help distinguish **official development assistance (ODA)** from **other official flows**, a minimum **grant element** of 25% has been specified. See: <http://oe.cd/hlm2014> for agreements in 2014 on the assessment of concessionality based on grant element thresholds and discount rates differentiated by income group that will apply from and including 2018 flows (with data also being available on the same basis with effect from 2015 flows).

Core allocations: Un-earmarked contributions; the development assistance provider relinquishes the exclusive control of funds allocated to non-governmental or **multilateral agencies**.

Country programmable aid (CPA): A subset of gross bilateral **official development assistance (ODA)**. Country programmable aid tracks the proportion of ODA over which host countries have, or could have, significant say. It measures gross bilateral official development assistance but excludes activities that: 1) are inherently unpredictable (humanitarian aid and debt relief); 2) entail no cross-border flows (administrative costs, imputed student costs, promotion of development awareness, and costs related to research and refugees in provider countries); 3) do not form part of co-operation agreements between governments (food aid, assistance from local governments, core funding to non-governmental organisations, ODA equity investments, assistance through secondary agencies and assistance which is not allocable by country or region).

Creditor Reporting System (CRS): The central statistical reporting system of the **Development Assistance Committee (DAC)** whereby bilateral and **multilateral** providers of development co-operation report at item level on all flows of resources to developing countries. It is governed by reporting rules and agreed classifications, and used to produce various aggregates, making DAC statistics the internationally recognised source of comparable and transparent data on **official development assistance (ODA)** and other resource flows to developing countries.

DAC: See **Development Assistance Committee**.

DAC List of ODA Recipients: The list of developing countries eligible for **official development assistance (ODA)**. This list is maintained by the **Development Assistance Committee (DAC)** and revised every three years. Data in this report are based on the following income group categories. For further details see Annex A: “Technical notes on definitions and measurement” (the word “countries” includes territories):

- **Least developed countries (LDCs):** a group established by the United Nations. To be classified as an LDC, a country’s income, economic diversification and social development must fall below established thresholds. The DAC List of ODA Recipients is updated immediately to reflect any change in the LDCs group.
- **Other low-income countries (LICs):** includes all non-LDCs with per capita gross national income (GNI) of USD 1 045 or less in 2013 (World Bank Atlas basis).
- **Lower middle-income countries (LMICs):** countries with GNI per capita (World Bank Atlas basis) between USD 1 046 and USD 4 125 in 2013. LDCs which are also LMICs are only shown as LDCs, not as LMICs.
- **Upper middle-income countries (UMICs):** countries with GNI per capita (World Bank Atlas basis) between USD 4 126 and USD 12 745 in 2013.

When a country is added to or removed from the LDCs group, totals for the income groups affected are adjusted retroactively to maximise comparability over time with reference to the current list. For the current income classifications as defined by the World Bank, please see: <http://data.worldbank.org/news/2015-country-classifications>.

Development Assistance Committee (DAC): The committee of the Organisation for Economic Co-operation and Development (OECD) that deals with development co-operation matters. A description of its aims and a list of its members are available at: www.oecd.org/dac.

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 provider.

Grant element: A measure of 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 development assistance provider 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; 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. The grant element reflects all of the key financial terms of a loan **commitment**, namely interest rate, maturity and grace period (interval to first repayment of capital). See: <http://oe.cd/hlm2014> for agreements in 2014 on the assessment of concessionality based on discount rates differentiated by income group (9% for LDCs and other LICs, 7% for LMICs, and 6% for UMICs) that will apply from and including 2018 flows (with data also being available on the same basis with effect from 2015 flows).

Least developed country: See **DAC List of ODA Recipients**.

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 (see **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. See: <http://oe.cd/hlm2014> for agreements in 2014 on the new “grant equivalent” method for calculating loan ODA that will apply from and including 2018 flows (with data also being available on the same basis with effect from 2015 flows).

Low-income country: See **DAC List of ODA Recipients**.

Middle-income country: See **DAC List of ODA Recipients**.

Multi-bi allocations: Contributions to **multilateral agencies** earmarked for a specific purpose, sector, region or country, which includes contributions to trust funds and joint programming; also referred to as non-core funding.

Multilateral agencies: In DAC statistics, those international institutions with governmental membership that conduct all or a significant part of their activities in favour of development and aid recipient countries. They include **multilateral development banks** (e.g. the World Bank, regional development banks), United Nations agencies and regional bodies (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.

Multilateral development bank: An institution created by a group of countries, which provides financing and professional advice for the purpose of development. The main multilateral development banks are the World Bank, the European Investment Bank (EIB), the Asian Development Bank (ADB), the New Development Bank (NDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank Group (IDB or IADB), the African Development Bank (AfDB), and the Islamic Development Bank (IsDB).

Multilateral flows: Financial flows to or from **multilateral agencies**. Tables showing the total **official development assistance (ODA)** from providers include contributions by those providers to **multilateral agencies**. Tables showing the total receipts of recipient countries include the outflows of **multilateral agencies** to those countries, but not the contributions which the agencies received from providers of development co-operation.

Official development assistance (ODA): Grants or loans to countries and territories on the **DAC List of ODA Recipients** available at: www.oecd.org/dac/stats/daclist.htm and to **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 ODA. Grants, **loans** and credits for military purposes are excluded. See: <http://oe.cd/hlm2014> for agreements in 2014 on the assessment of concessionality based on discount rates differentiated by income group and the new “grant equivalent” method for calculating loan ODA that will apply from and including 2018 flows (with data also being available on the same basis with effect from 2015 flows).

Other official flows: Transactions by the official sector which do not meet the conditions for eligibility as **official development assistance (ODA)**, either because they are not primarily aimed at development or because they have a **grant element** of less than 25%. See **official development assistance**.

Sector-wide approach (SWAp): A method of providing **official development assistance (ODA)** under which project funds are tied to a defined sector policy and channelled through a government authority in the developing country. In essence, a SWAp calls for a partnership between government and development agencies.

South-South co-operation (SSC): There are numerous descriptions of South-South co-operation, but the UN General Assembly describes it as “... a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Millennium Development Goals” (UN General Assembly Resolution 64/222).

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.

Triangular co-operation: There is no internationally agreed definition of triangular co-operation. The expression is nevertheless frequently used to refer to development co-operation where a third party supports co-operation among developing countries (that is, **South-South co-operation [SSC]**). It usually involves one or more bilateral providers of development co-operation or international organisations which support SSC, joining forces with developing countries to facilitate a sharing of knowledge and experience among all partners involved. Activities that only involve several bilateral providers or international organisations without a SSC element (e.g. joint programming, pooled funding or delegated co-operation) are usually not considered triangular co-operation.

Upper middle-income country: See **DAC List of ODA Recipients**.



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