

## 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) or OFFICIAL AID (OA).

**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 AID RECIPIENTS:** For statistical purposes, the DAC uses a List of Aid Recipients which it revises every three years. The “Notes on Definitions and Measurement” below give details of revisions in recent years. From 1 January 2000, Part I of 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 745 or less in 2001 (World Bank Atlas basis).
- **LMICs:** Lower Middle-Income Countries, i.e. with GNI per capita (Atlas basis) between USD 746 and USD 2 975 in 2001. 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 2 976 and USD 9 205 in 2001.
- **HICs:** High-Income Countries, i.e. with GNI per capita (Atlas basis) more than USD 9 205 in 2001.
- Part II of the List comprises “Countries in Transition”. These comprise i) more advanced central and eastern European countries and New Independent States of the former Soviet Union; and ii) more advanced developing countries. See also OFFICIAL AID.

**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. 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.

**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 Community 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 AID (OA):** Flows which meet the conditions of eligibility for inclusion in OFFICIAL DEVELOPMENT ASSISTANCE, except that the recipients are on Part II of the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES).

**OFFICIAL DEVELOPMENT ASSISTANCE (ODA):** GRANTS or LOANS to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) that are: undertaken by the official sector; with the promotion of economic development and welfare as the main objective; at concessional financial terms (if a loan, having a GRANT ELEMENT of at least 25%).

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 Aid Recipients which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE or OFFICIAL AID, 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**, 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 Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES). “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 Aid 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 Aid 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:** Used of 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 (see Table 6 of the Statistical Annex) includes, in addition to ODF, official and private EXPORT CREDITS, and LONG- and SHORT-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTIZATION 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").

## 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.\*

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%, and 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 have been 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). Eritrea, formerly part of Ethiopia, has been treated as a separate country from 1993.

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

The former United States Trust Territory of the Pacific Islands has been progressively replaced by its independent successor states, viz. Federated States of Micronesia and Marshall Islands (1992); Northern Marianas and Palau Islands (1994).

Over the same period, the following countries and territories have been removed from the ODA recipient list: Portugal (1991); French Guyana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992), Greece (1994).

From 1993, several CEEC/NIS countries in transition have been included on Part II of a new List of Aid Recipients (the List is given on the next page). Aid to countries on Part II of the List is recorded as “Official Aid”, not as ODA. To avoid overlap, Part II of the new List does not include those CEEC/NIS countries which have been classified as ODA recipients.

From 1996, the following High-Income Countries were transferred from Part I to Part II of the List: Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates. From 1997, seven further High-Income Countries were transferred to Part II: Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel. From 2000, Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and Northern Marianas progressed to Part II. In 2001, Senegal transferred to the group of LDCs, and Northern Marianas left the List. In 2003, Malta and Slovenia transferred to Part II, and Timor-Leste joined the LDCs.

Data on total aid to Part I countries (ODA) and total aid to Part II countries (OA) follow the recipient list for the year in question. However, when a country is added to or removed from an income group in Part I, totals for the groups affected are adjusted retroactively to maximise comparability over time with reference to the current list.

### **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<sup>1</sup>**

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

1. 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 Aid Recipients – As at 1 January 2003

Part I: Developing Countries and Territories (Official Development Assistance)					Part II: Countries and Territories in Transition (Official Aid)		
LDCs	Other LICs (per capita GNI < \$745 in 2001)	LMICs (per capita GNI \$746-\$2 975 in 2001)	UMICs (per capita GNI \$2 976- \$9 205 in 2001)	HICs (per capita GNI > \$9 206 in 2001)	CEECs/NIS	More Advanced Developing Countries and Territories	
Afghanistan	* Armenia	* Albania	Palestinian	Botswana	Bahrain	* Belarus	● Aruba
Angola	* Azerbaijan	Algeria	Administered	Brazil		* Bulgaria	Bahamas
Bangladesh	Cameroon	Belize	Areas	Chile		* Czech	● Bermuda
Benin	Congo, Rep.	Bolivia	Paraguay	Cook Islands		Republic	Brunei
Bhutan	Côte d'Ivoire	Bosnia and	Peru	Costa Rica		* Estonia	● Cayman
Burkina Faso	* Georgia	Herzegovina	Philippines	Croatia		* Hungary	Islands
Burundi	Ghana	China	Serbia and	Dominica		* Latvia	Chinese Taipei
Cambodia	India	Colombia	Montenegro	Gabon		* Lithuania	Cyprus
Cape Verde	Indonesia	Cuba	Cuba	Grenada		* Poland	● Falkland
Central African	Kenya	Dominican	Sri Lanka	Lebanon		* Romania	Islands
Republic	Korea,	Republic	St Vincent and	Malaysia		* Russia	● French
Chad	Democratic	Ecuador	Grenadines	Mauritius		Republic	Polynesia
Comoros	Republic	Egypt	Suriname	● Mayotte		* Slovak	● Gibraltar
Congo,	* Kyrgyz Rep.	El Salvador	Swaziland	Nauru		Republic	● Hong Kong,
Dem. Rep.	* Moldova	Fiji	Syria	Panama		* Ukraine	China
Djibouti	Mongolia	Guatemala	Thailand	● St Helena			Israel
Equatorial	Nicaragua	Guyana	● Tokelau	St Lucia			Korea
Guinea	Nigeria	Honduras	Tonga	Venezuela			Kuwait
Eritrea	Pakistan	Iran	Tunisia				Libya
Ethiopia	Papua	Iraq	Turkey				● Macao
Gambia	New Guinea	Jamaica	* Turkmenistan	<b>Threshold for</b>			Malta
Guinea	* Tajikistan	Jordan	● Wallis	<b>World Bank</b>			● Netherlands
Guinea-Bissau	* Uzbekistan	* Kazakhstan	and Futuna	<b>Loan Eligibility</b>			Antilles
Haiti	Viet Nam	Macedonia		<b>(\$5 185 in 2001)</b>			● New Caledonia
Kiribati	Zimbabwe	(former		● Anguilla			Qatar
Laos		Yugoslav		Antigua and			Singapore
Lesotho		Republic)		Barbuda			Slovenia
Liberia		Marshall Islands		Argentina			United Arab
Madagascar		Micronesia,		Barbados			Emirates
Malawi		Federated		Mexico			● Virgin
Maldives		States		● Montserrat			Islands (UK)
Mali		Morocco		Oman			
Mauritania		Namibia		Palau Islands			
Mozambique		Niue		Saudi Arabia			
Myanmar				Seychelles			
Nepal				St Kitts			
Niger				and Nevis			
Rwanda				Trinidad			
Samoa				and Tobago			
São Tomé				● Turks and			
and Principe				Caicos Islands			
Senegal				Uruguay			
Sierra Leone							
Solomon Islands							
Somalia							
Sudan							
Tanzania							
Timor-Leste							
Togo							
Tuvalu							
Uganda							
Vanuatu							
Yemen							
Zambia							

\* Central and eastern European countries and New Independent States of the former Soviet Union (CEECs/NIS).

● Territory.

## List of Acronyms\*

<b>ACP</b>	AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES
<b>AfDB</b>	AFRICAN DEVELOPMENT BANK
<b>AfDF</b>	AFRICAN DEVELOPMENT FUND
<b>AsDB</b>	ASIAN DEVELOPMENT BANK
<b>AsDF</b>	ASIAN DEVELOPMENT FUND
<b>ASEAN</b>	ASSOCIATION OF SOUTH-EAST ASIAN NATIONS
<b>BIS</b>	BANK FOR INTERNATIONAL SETTLEMENTS
<b>CCA</b>	COMMON COUNTRY ASSESSMENT
<b>CDF</b>	COMPREHENSIVE DEVELOPMENT FRAMEWORK
<b>CDM</b>	CLEAN DEVELOPMENT MECHANISM (Kyoto Protocol)
<b>CEC</b>	COMMISSION OF THE EUROPEAN COMMUNITIES
<b>CEECs</b>	CENTRAL AND EASTERN EUROPEAN COUNTRIES
<b>CGIAR</b>	CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH
<b>CPE</b>	COUNTRY PROGRAMME EVALUATION
<b>CPIA</b>	COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT
<b>CRS</b>	CREDITOR REPORTING SYSTEM (of the DAC)
<b>CSOs</b>	CIVIL SOCIETY ORGANISATIONS
<b>DAC</b>	DEVELOPMENT ASSISTANCE COMMITTEE
<b>DDR</b>	DOHA DEVELOPMENT ROUND
<b>DCD</b>	DEVELOPMENT CO-OPERATION DIRECTORATE (OECD)
<b>EBRD</b>	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
<b>EC</b>	EUROPEAN COMMUNITY
<b>ECA</b>	ECONOMIC COMMISSION FOR AFRICA
<b>EDF</b>	EUROPEAN DEVELOPMENT FUND
<b>EU</b>	EUROPEAN UNION
<b>FDI</b>	FOREIGN DIRECT INVESTMENT
<b>GNI</b>	GROSS NATIONAL INCOME
<b>HIPCs</b>	HEAVILY INDEBTED POOR COUNTRIES
<b>HPI</b>	HUMAN POVERTY INDEX
<b>IBRD</b>	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
<b>ICTs</b>	INFORMATION AND COMMUNICATIONS TECHNOLOGIES
<b>IDA</b>	INTERNATIONAL DEVELOPMENT ASSOCIATION
<b>IDB</b>	INTER-AMERICAN DEVELOPMENT BANK

\* This list is not exhaustive. See also Chapter 4 of this Report for country-specific acronyms.

<b>IFAD</b>	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
<b>IFC</b>	INTERNATIONAL FINANCE CORPORATION
<b>ILO</b>	INTERNATIONAL LABOUR ORGANISATION
<b>IMF</b>	INTERNATIONAL MONETARY FUND
<b>IRTA</b>	INVESTMENT-RELATED TECHNICAL ASSISTANCE
<b>ITC</b>	INTERNATIONAL TRADE CENTRE
<b>JCLA</b>	JOINT COUNTRY LEARNING ASSESSMENTS
<b>LDCs</b>	LEAST DEVELOPED COUNTRIES
<b>MDBs</b>	MULTILATERAL DEVELOPMENT BANKS
<b>MDGs</b>	MILLENNIUM DEVELOPMENT GOALS
<b>NEPAD</b>	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
<b>NGO</b>	NON-GOVERNMENTAL ORGANISATION
<b>NIS</b>	NEW INDEPENDENT STATES (of the former Soviet Union)
<b>NSSDs</b>	NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT
<b>ODA</b>	OFFICIAL DEVELOPMENT ASSISTANCE
<b>ODF</b>	OFFICIAL DEVELOPMENT FINANCE
<b>OECD</b>	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
<b>OOF</b>	OTHER OFFICIAL FLOWS
<b>PDGG</b>	PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE
<b>PRGF</b>	POVERTY REDUCTION AND GROWTH FACILITY (IMF)
<b>PRSP</b>	POVERTY REDUCTION STRATEGY PAPER/PROGRAMME
<b>RBM</b>	RESULTS-BASED MANAGEMENT
<b>SAF</b>	STRUCTURAL ADJUSTMENT FACILITY
<b>SDR</b>	SPECIAL DRAWING RIGHT
<b>SNA</b>	SYSTEM OF NATIONAL ACCOUNTS
<b>SPA</b>	STRATEGIC PARTNERSHIP WITH AFRICA
<b>SPS</b>	SECTOR PROGRAMME SUPPORT
<b>SSA</b>	SUB-SAHARAN AFRICA
<b>SWAPs</b>	SECTOR-WIDE APPROACHES
<b>TC</b>	TECHNICAL CO-OPERATION
<b>TRPM</b>	TRADE POLICY AND REVIEW MECHANISM (WTO)
<b>TRTA</b>	TRADE-RELATED TECHNICAL ASSISTANCE
<b>UN</b>	UNITED NATIONS
<b>UNGED</b>	UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, RIO DE JANEIRO, 1992
<b>UNCTAD</b>	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
<b>UNDAF</b>	UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK
<b>UNDP</b>	UNITED NATIONS DEVELOPMENT PROGRAMME
<b>UNEP</b>	UNITED NATIONS ENVIRONMENT PROGRAMME
<b>UNESCO</b>	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION
<b>UNFCCC</b>	UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
<b>UNFPA</b>	UNITED NATIONS FUND FOR POPULATION ACTIVITIES
<b>UNHCR</b>	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

<b>UNICEF</b>	UNITED NATIONS CHILDREN'S FUND
<b>USD</b>	UNITED STATES DOLLAR
<b>WHO</b>	WORLD HEALTH ORGANISATION
<b>WSSD</b>	WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT (Johannesburg, 2002)
<b>WTO</b>	WORLD TRADE ORGANIZATION

## Preface by the Secretary-General

*During my stewardship of the Organisation, the OECD has been rapidly developing its outreach and engagement with all those involved in the vital but delicate task of managing a globalising planet in a constructive and sustainable way.*

*As we look outwards, the problems of the poorer and weaker countries pose particular challenges in a world where the old simplistic division between developed and developing countries has lost its meaning. OECD experience is seen as highly relevant by a steadily widening group of emerging economies. It is less susceptible to simple transfer to countries where the social, political and economic situation is vastly different, and where governments struggle to meet even the most basic of the reasonable expectations of their people.*

*The establishment of a “Development Cluster” in the OECD in 2002 was in part an attempt to bring together the Organisation’s main assets which had a focus on these poorer and less self-sufficient economies. I want to see the Cluster and the DAC within it both work closely with the rest of the Organisation to facilitate the application and adaptation of OECD experience to these challenging environments, and to help all relevant policy communities reflect on how their activities may support, or hinder, the efforts of poor countries. This “two-way-street” will help OECD members work more smartly together on issues that affect these poorer and weaker countries.*

*As this report emphasises, the problems of these countries demand steady attention over the long haul. The coherence and consistency of OECD members’ policies that affect them in areas such as trade, capital flows, migration and the environment will be very important for their progress.*

*Much is said in this report about aid, which remains a prime policy intervention, particularly for least-developed countries and other countries which are unable to attract private finance on a large scale. A central role of the DAC is to pursue the greatest possible effectiveness of this USD 70 billion a year – and growing – enterprise. I am particularly pleased that the DAC is now working extremely closely with the international financial institutions, the UN systems and the global funds on this range of issues, and that it is embarking on a new dialogue with bilateral donors outside the DAC and even outside the OECD. As elsewhere in the Organisation, I shall be looking to see how this work can deliver real results – particularly in the transfer of widely agreed principles into measurable improvements in the delivery of aid and its impact.*

*The year 2005 sees the first collective international stocktaking on progress towards the Millennium Development Goals. The goals are the reflection of an initiative taken in the DAC nearly ten years ago. I believe that in the debate on how to maximise progress towards their achievement, the OECD has a great deal to offer – both through the work of the Development Cluster, including the DAC, and through the contribution of many other policy communities to shaping an international framework within which poor people can improve their lives.*

Donald J. Johnston  
Secretary-General



## Foreword

*This report issues as the international community focuses increasing attention on the challenges inherent in a very unequal world, and hence on the absolute necessity to help the very poor improve their lives. The response by people all over the world to the horrific earthquake and tsunami in the Indian Ocean on 26 December 2004 shows the growing strength of feelings of international solidarity in tackling the plight of those who suffer.*

*As the High-Level Panel on Threats, Challenges and Change said in its report to the UN Secretary-General in December 2004, "Development makes everyone more secure". In September 2005, world leaders will have the opportunity to reflect on the challenges – including those set out in the Millennium Project Report – and to consider what individual and collective steps the nations of the world need to take to address them.*

*In this context, both the quantity and the quality of aid will matter, though aid can be fully effective only where it is complementary to the efforts of the people and governments of poor countries, and where the environment supports broad-based growth. The Paris High-Level Forum (28 February-2 March 2005), on "Aid Effectiveness: Harmonisation, Alignment and Results" is a crucial opportunity to assess progress in improving aid delivery and to agree further steps.*

*The OECD Development Co-operation Report 2004 is designed to offer a transparent account of aid flows to the latest available period (2003), and sets out the commitments that many DAC members have made to increase these flows. It provides a general overview of the work of the DAC, while at the same time seeking to clarify some of the contentious issues in the debate around security and development.*

*I hope that it will provide a useful input into the very important debates that will take place over the next few months.*

*I would like to pay tribute to the huge effort made by the Secretariat to enable the DAC to carry forward a very heavy agenda this past year. Many members of the Secretariat have made extraordinary efforts in order to sustain the momentum of DAC work. The timely production of this report is only one example. On behalf of the Committee, I sincerely thank them all.*

Richard Manning  
DAC Chair



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## Table of Contents

<b>Preface by the Secretary-General</b> .....	3
<b>Foreword</b> .....	5
<b>Acknowledgements</b> .....	6
<b>1. Overview by the DAC Chair</b> .....	11
Introduction .....	12
The Millennium Development Goals .....	12
Security, human rights and development .....	15
Changing aid in a changing world .....	18
Aid volume .....	18
Aid allocation .....	22
Aid effectiveness .....	24
Notes .....	27
<b>2. Aid Allocations by Recipient</b> .....	29
Introduction .....	30
Overall aid volume and predictability .....	30
Predictability at country level .....	31
Aid per capita .....	32
The weight of aid in recipients' economies .....	35
The poverty focus of aid .....	37
Forms and types of aid by recipient .....	40
Aid sectors and activities .....	41
Notes .....	45
<i>Special Focus on Aid for Water Supply and Sanitation</i> .....	46
Notes .....	49
Annex 2.1. Remittances as Development Finance .....	50
Notes .....	53
<b>3. Progress since the Millennium Declaration in 2000</b> .....	55
Introduction .....	56
Making the Millennium Development Goals happen .....	56
Reshaping development strategies .....	56
Developing countries .....	56
Donor countries .....	57
Multilateral system .....	57

Moving towards the Millennium Development Goals . . . . .	60
Goal 1 – Eradicate extreme poverty and hunger . . . . .	60
Goal 2 – Achieve universal primary education . . . . .	61
Goal 3 – Promote gender equality and empower women . . . . .	61
Goal 4 – Reduce child mortality . . . . .	61
Goal 5 – Improve maternal health . . . . .	61
Goal 6 – Combat HIV/AIDS, malaria and other diseases . . . . .	61
Goal 7 – Ensure environmental sustainability . . . . .	62
Building a strong global partnership . . . . .	62
Goal 8 – Develop a global partnership for development . . . . .	62
2005 – A critical year for the MDGs . . . . .	64
Peace and security . . . . .	64
Alignment, harmonisation and results for development effectiveness . . . . .	64
DAC Working Party on Aid Effectiveness . . . . .	66
Political oversight and support . . . . .	66
Progress is broad but not deep . . . . .	66
Aid predictability over the medium term . . . . .	68
Alignment with country systems and capacity . . . . .	68
Managing for development results . . . . .	69
The Paris High-Level Forum, March 2005 . . . . .	69
Notes . . . . .	70
<b>4. Policies and Efforts of Bilateral Donors . . . . .</b>	<b>71</b>
Trends in DAC members' aid volume and programming . . . . .	72
Performance and commitments by DAC members . . . . .	72
Implications of Iraqi debt relief . . . . .	73
Key trends in aid receipts . . . . .	74
Notes on DAC members . . . . .	76
Australia . . . . .	77
Austria . . . . .	79
Belgium . . . . .	81
Canada . . . . .	82
Denmark . . . . .	83
European Community . . . . .	84
Finland . . . . .	85
France . . . . .	86
Germany . . . . .	88
Greece . . . . .	89
Ireland . . . . .	90
Italy . . . . .	91
Japan . . . . .	93
Luxembourg . . . . .	94
Netherlands . . . . .	95
New Zealand . . . . .	96
Norway . . . . .	97
Portugal . . . . .	99
Spain . . . . .	100
Sweden . . . . .	101

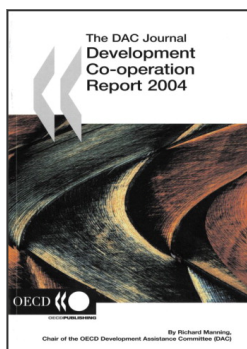
Switzerland .....	102
United Kingdom .....	103
United States .....	104
Notes on non-DAC members .....	105
Czech Republic .....	105
Hungary .....	106
Iceland .....	106
Korea .....	107
Mexico .....	107
Poland .....	108
Slovak Republic .....	108
Turkey .....	108
Non-OECD donors .....	109
Estonia .....	109
Latvia .....	109
Lithuania .....	109
Other donors .....	109
<b>The DAC at Work</b> .....	<b>111</b>
Development Assistance Committee .....	112
The Development Assistance Committee Representatives in 2004 .....	114
Key Activities of the DAC .....	115
DAC Subsidiary Bodies' Mandates and Work Programmes .....	118
The Development Co-operation Directorate .....	126
DAC Web Site Themes and Aliases .....	128
A selection of DCD/DAC key publications .....	129
<b>Statistical Annex</b> .....	<b>131</b>
<b>Technical Notes</b> .....	<b>235</b>
Glossary of Key Terms and Concepts .....	236
Notes on Definitions and Measurement .....	241
DAC List of Aid Recipients – As at 1 January 2003 .....	244
List of Acronyms .....	245
<b>List of Boxes</b>	
2.1. Aid allocation formulas .....	33
2.2. Trade-related technical assistance and capacity building .....	43
3.1. Millennium Development Goals (MDGs) .....	58
3.2. Conflict prevention, peace building and the MDGs .....	65
3.3. DAC survey on ownership, harmonisation and alignment .....	67
4.1. DAC Peer Review of Australia, 14 December 2004 .....	78
4.2. DAC Peer Review of Austria, 27 October 2004 .....	80
4.3. DAC Peer Review of France, 26 May 2004 .....	87
4.4. DAC Peer Review of Italy, 28 September 2004 .....	92
4.5. DAC Peer Review of Norway, 23 November 2004 .....	98

**List of Tables**

1.1.	Simulation of ODA prospects for 2006. . . . .	19
1.2.	Anticipated net ODA disbursements in 2006 . . . . .	20
1.3.	Keeping the score . . . . .	26
2.1.	Estimating ODA transfers available to recipient government budgets. . . . .	36
2.2.	Commitments to sectors targeted by “Copenhagen Consensus” proposals . .	42
2.A1.1.	Estimated remittance flows by source and destination in 2000 . . . . .	51
3.1.	Overview of progress towards the Millennium Development Goals. . . . .	59
4.1.	DAC members’ net official development assistance in 2003 . . . . .	73

**List of Figures**

2.1.	Net ODA receipts rising again. . . . .	30
2.2.	Little year-to-year variation in ODA receipts at country level . . . . .	31
2.3.	ODA per capita varies widely between regions . . . . .	34
2.4.	ODA receipts per capita are picking up in most regions. . . . .	34
2.5.	Small countries receive more aid per capita . . . . .	35
2.6.	ODA is a substantial share of imports in least developed countries . . . . .	36
2.7.	Aid concentration curves show varying donor shares of aid to the poorest (2001) . . . . .	37
2.8.	More aid per capita to a declining number of poor countries . . . . .	38
2.9.	Real per capita income rising in large poor countries . . . . .	39
2.10.	Aid is going to poorer countries as average developing country income rises . . .	39
2.11.	The poorest countries mainly receive ODA grants . . . . .	41
2.12.	Technical co-operation focuses on more advanced recipients . . . . .	41
2.13.	Substantial regional variation in sectors of aid (2002) . . . . .	42
2.14.	Trends in aid to water supply and sanitation, 1973-2002. . . . .	46
2.15.	Main recipients’ aid to water supply and sanitation in 2001-02 . . . . .	47
2.16.	ODA to water supply and sanitation and access to water by recipient, per capita commitments, 2001-02 . . . . .	48
4.1.	DAC members’ ODA: 1990-2003 and simulations to 2006 and 2010 . . . . .	74
4.2.	Net official development assistance in 2003 . . . . .	75



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