VI

The Knowledge Economy and Digital Opportunities

Information and Communication Technology is a vital tool for development. Used in the right way, it can show, and is indeed showing, its immense potential to change the "aid business" and create new models for development. ICT is not an end in itself but a means to help meet development objectives, in particular the development goals for poverty reduction, education, health and environment.

1. Introduction

Concerns about the digital divide have brought the issues connecting ICT and development policies to the front burner. The OECD Secretariat contributed to the work of the Digital Opportunities Task Force (DOT Force) set up in line with the G8's July 2000 Okinawa Charter on the Global Information Society and liaised with the UN ICT Task Force. OECD has been working on electronic commerce for the past few years. The work broadly follows the OECD Action Plan for Electronic Commerce endorsed by Ministers in Ottawa in 1998: building trust for users and consumers; establishing ground rules for the digital marketplace; enhancing the information infrastructure for e-commerce; and maximising its benefits.

As part of its contribution to the DOT Force, the OECD organised in March 2001, jointly with the UN, UNDP and World Bank, a Global Forum to look at the role of ICT in helping achieve shared development goals and co-operation to bridge the digital divide. The forum brought together some 150 representatives of governments, civil society and the private sector – from both OECD and developing countries – and of international and regional organisations. This chapter summarises the main messages from the forum and points to the way forward through increased co-operation among all stakeholders.

2. ICT as a tool for development and poverty reduction

Information and communication technology is vital to development. Its impact in helping achieve development goals is highlighted in Box VI-1. ICT is much more than the Internet. It encompasses telephones, radio, television, in short any means of sharing information and knowledge more widely. And it is not a question of "either development or ICT" (*i.e.* the argument that basic needs must be met before investing in ICT) but rather of how to apply ICT in ways that address the needs of the poor and enhance growth and development opportunities.

The digital divide is a symptom of existing economic and social divides, which are bound to widen further if developing countries are not helped to take advantage of ICT to tackle economic and social problems and are denied access to markets that are becoming increasingly ICT-dependent as part of the globalisation process.

As the *Digital Opportunity Intiative* (DOI) *Report* put it, "ICT can contribute to income generation and poverty reduction, enabling people and enterprises to capture economic opportunities by increasing process efficiency, promoting participation in

Box VI-1.

Some important lessons about the role of ICT in development in relation to development goals

- With an explicit focus on using ICT in pursuit of development goals, countries can achieve a wide diffusion of benefits from ICT, contributing to both broad-based economic growth and specific development goals.
- A number of interrelated factors should be addressed to maximise the benefits of ICT for development. These include building human capacity, creating incentives for enterprises, developing appropriate content and increasing competition, especially among telecommunications and Internet-related businesses.
- The success of national ICT strategies is dependent upon the co-ordination and alignment of efforts undertaken by all actors involved, at global, local and national levels.
- It is important to use ICT to improve the competitive position of a developing country in the global economy, but this should go hand in hand with fostering local markets and businesses if development goals are to be met.
- Developing ICT as a sector of the economy to boost exports can produce significant economic benefits, such as growth and foreign investment, but these gains do not automatically translate into progress on broader development goals.
- Building domestic ICT production capacity may address local needs and help strengthen domestic economic linkages, but it can significantly restrict countries' ability to adopt new technologies and to gain competitive advantage in the global economy.

Source: *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001.

expanding economic networks, and creating opportunities for employment".[1]

3. Development assistance in the digital age

ICT offers an opportunity to revolutionise the "aid business" itself – to provide more models of development assistance on a peer-to-peer basis – between the private sector and NGOs as well as governments, and South to South as well as North to South. Linkages between ICT/knowledge on the one hand, and wealth creation/sustainable growth/employment/poverty reduction on the other, are evident. ICT has a role to play in building institutional capacity, promoting effective governance and management reform.

Developing countries require support to develop ICT strategies as part of their comprehensive development strategies. Such strategies need to address intra-country divides – including the gender divide – by ensuring universal access. It is less a question of "leapfrogging" than one

1. See *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001.

of deciding which technology model is most appropriate given a country's particular circumstances and institutional capacity. These strategies and goals require political will in both developing and developed countries as well as training of future political leaders, women and men alike.

The number of actors is large and growing. They have a mix of complementary roles:

- *Developing country governments*: Establish ICT national strategies and promote direct investment policies.
- *Donors*: Use co-operation programmes to address the digital divide – both directly and indirectly – and make greater use of ICT to deliver them.
- *Private sector*: Promote technological transfer and human capacity building, cultivate business opportunities and co-operation with government, and enhance international partnerships.
- *Civil society*: Pursue community-level activities.
- *International and regional organisations*: Strengthen co-ordination with institutions and donor countries in areas of research and project formulation.
- *Foundations*: Make fullest use of private/public partnerships and help raise venture and seed funding.

4. How can ICT help promote development?

The power of ICT for knowledge sharing can make a major contribution to development and has the potential to transform society through empowering individuals. ICT can create economic opportunities and provide income generation, thereby contributing towards poverty reduction.

Access to information is a critical tool for development. Tele-centres, information kiosks, libraries, news stands and convenience stores are some of the many ways to provide access. They can benefit entire communities, including schools, by providing tele-learning, tele-health, and even e-commerce for small entrepreneurs. They can be replicated and scaled up and have been shown to have a multiplier effect among early adopters. But without adequate training, technology remains ineffective. Also, local content and languages are key to gaining the critical mass for success. Content should respect local culture, include formal and non-formal information and be directly relevant to people's lives.

ICT for education

The goals of gender equality in education and universal primary education by 2015 are more likely to be attained if imaginative use is made of ICT to promote learning. Increased quality of training, access to life-long learning, and the development of ICT skills are beneficial to the whole economy.

Across a wide range of educational applications, ICT is being harnessed to increase the efficiency and accessibility of learning in developing countries, with one of the most clearly demonstrated applications being distance education (see Boxes VI-2 and 3). Distance education has been particularly successful in developing countries where affordability and geography have been real barriers to access.[2]

2. See *Digital Opportunity Initiative* (DOI), *op. cit.*

Box VI-2.

The Imfundo Project

"Education holds the key to tackling poverty and extending opportunity in the developing world. The new technologies have great potential to aid the effort to spread education."

Tony Blair, Prime Minister, United Kingdom.

The Imfundo* Project aims to find ways to use ICTs to improve education in developing countries, particularly in Africa. The programme is a partnership between the United Kingdom's aid agency, the Department for International Development (DFID) and a number of private sector companies, with the support of the Prime Minister.

The project – part of a £800 million education programme – concentrates on supporting teachers through the use of Open and Distance Learning (ODL) in teacher training and in-service professional development, and through educational management information systems *e.g.* software for timetabling and budgeting.

Contacts with international companies indicate that there is widespread willingness to contribute to education initiatives, with a mix of motives ranging from altruism through to long-term market expansion. The Imfundo Project plays an important role in translating this goodwill into projects by matching capabilities with strategic national education development plans, enabling companies to do what they do without having to deal with bureaucracy. The mechanism for involvement is a ResourceBank, into which companies pledge goods and services. Imfundo deals with project design and monitoring and evaluation, leaving implementation to DFID country programmes or other donors.

Experience from Imfundo and other projects is made accessible through a KnowledgeBank, which will provide a useful source of information on the use of ICTs in education.

The initiative, which started in March 2000, was launched formally in 2001 with pilot projects in Gambia and Rwanda.

* Imfundo: The acquisition of knowledge; the process of becoming educated (from the Ndebele language, spoken in parts of Zimbabwe and South Africa). See also *www.imfundo.org.*

While the Internet is not an education system and will not replace teachers, it is a tool for education that provides access to information and documentation. Investment in research and development is an essential ingredient of poverty reduction and ICT offers an extensive way to effectively link up R&D institutions in industrialised countries with those in developing countries.

Training is essential. In addition to the Internet, the full range of ICT must be considered – whatever is simple but effective – including posters, newspapers, fixed and mobile telephony, radio, TV, video and audio cassettes, CD-ROM and diskettes.

A sound understanding of technologies and their utility is also essential. The

Box VI-3.

UNISA

UNISA, the University of South Africa, is the oldest and largest university in South Africa and one of the largest distance learning institutions in the world. UNISA has internationally recognised certificate, diploma and degree courses up to doctoral level across six faculties: Arts, Economics and Management Sciences, Law, Science, Education and Theology, and Religious Studies. In addition to on-campus instruction, UNISA provides educational programs via Internet and online classrooms, video and audio lectures and correspondence instruction. Students can also access UNISA's well equipped library over the Internet.

- UNISA's distance learning programs provide education to over 120 000 students per annum, mostly from Africa and other developing countries.
- The distance education programs are less expensive (80% less) than those of residential universities.
- The programs allow students to obtain higher education at their own pace while they work to support their families.
- UNISA encourages gender equality by providing women with educational and employment opportunities: 56% of UNISA students and 51% of staff are women.
- The organisation provides professional employment opportunities within South Africa: there are 3 000 staff members including academic, administration and support staff.

While UNISA's strength is in the quality and relevance of its educational content, a number of key challenges must be overcome before it can achieve critical scale with its online offering. Chief among these is securing the skills and capabilities required to develop and maintain a rich and broad program of educational content. The development of applications to deliver content to a broader and more diverse audience is also a priority.

Source: *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001. See also *www.unisa.co.za*.

approach of Bridges.org[3] is to promote use of the Internet where connectivity already exists and to encourage the proper use of technology to maximise its potential to address social problems and strengthen communities or democratic institutions, the free press and local economies.

Nevertheless, demonstrating the real value of ICT, for example in using ICT as a vehicle for distance education and teacher training, requires more research, analysis of benefits and opportunity costs, and sharing examples of impact. Such work can help dispel the simplicities of the "either teachers or ICT" argument.

ICT for health

Reducing infant, child and maternal mortality, and halting the spread of

3. *www.bridges.org*.

HIV/AIDS and other major diseases by 2015 are more likely to be attained through the creative use of ICT for training health-care staff in the field and by providing guidance to mothers and adolescents.

To quote the 2001 *World Employment Report*, "Virtual health care can never substitute for the real thing. But much of medicine is in fact the exchange of information. Enabling this exchange to occur among local health professionals and their international medical community multiplies scarce resources, such as medical knowledge, and can improve the quality of treatment irrespective of available physical supplies." And technology does not need to be sophisticated; even simple technology can be very effective, such as the use of pre-stamped/pre-formatted envelopes to notify district health offices of the rising incidence of a fever, thereby reducing the response time to form a task force to tackle the disease.

The Health InterNetwork project – a public/private partnership being organised by WHO to equip over 10 000 new health information sites in over 100 countries – will enable public health-care staff to access an extensive collection of authoritative information, on-line community networking among public health users, and enhance the monitoring of disease as well as providing health statistics. New content and applications will address the specific professional, social and cultural needs of the countries covered.

In sub-Saharan Africa, the average medical worker cannot afford to subscribe to peer review journals and other health information. Moreover, rural isolation in Kenya often means professional isolation. This isolation can be alleviated by e-mail at affordable prices, enabling health workers to participate in electronic discussion forums. For instance, HealthNet Kenya distributes electronic publications to medical workers for child health programmes and many others. Box VI-4 gives more examples.

In East Africa, regional training centres were established in 1999 to empower health professionals to engage in global knowledge sharing. As the people trained go back to their local communities, they in turn promulgate their knowledge and promote the use of ICT in their work.

Connecting "those who know" with "those who don't know" can have a spectacular impact on achieving specific health goals. For instance, there are only one nurse and three assistants for every two doctors in Bolivia. By additional training and knowledge-sharing, these ratios can be considerably improved. As an example of collaboration for sharing and transferring locally relevant knowledge, the Institute of High Altitude developed permissible limits for cardio-vascular surgery in high altitudes. These are available via the Internet to all high-altitude countries. If doctors relied simply on US or European studies, they could get the wrong results.

While technology is no panacea to achieve health for all, it may be part of the solution depending on how many people have access and know how to use it effectively to extract valid and useful information. Impediments include the high cost of communications – telephone rates in Africa are higher than in the US and Europe – and the fast rate of technological change. The effective use of ICT in the health sector requires an analysis of the different technologies in order to use them strategically to solve existing problems and improve current ways of working.

Box VI-4.

SatelLife's HealthNet

HealthNet is a system of local telecommunications sites used to provide low-cost access to health-care information in developing countries through a link to basic e-mail. Users – mainly physicians and medical workers – connect to the network through local telephone nodes to access services such as physician collaborations, medical databases, consultation and referral scheduling, epidemic alerts, medical libraries, e-mail and shared research reporting databases. HealthNet is provided by a non-profit organisation, SatelLife, with assistance from local and international donors.

HealthNet is used by 19 500 health-care workers in more than 150 countries across the world. The development impact of HealthNet has been most prevalent in Africa, where the model has contributed to increased rural and urban connectivity, capability building among the user community, increased demand for IT services, and in some cases, commercially viable IT service enterprises.

Some examples:

- Surgeons from Mozambique, Tanzania and Uganda use HealthNet to consult on patient treatments and learn new reconstructive surgery techniques.
- In Zambia, health-care workers who once travelled 700 kilometres each week to collect data for clinical trials now use HealthNet to send this information via e-mail.
- Physicians in Ethiopia use HealthNet to schedule consultations, making it unnecessary for patients to travel long distances with no guarantee of seeing a physician.
- Health workers in the Democratic Republic of Congo use HealthNet to report progress on treating trypanosomiasis to public health organisations in the north of the country.
- In Gambia, malaria researchers use HealthNet to submit data to European medical schools for clinical trials.

Many physicians in developing countries rely on HealthNet as their sole source of information on the treatment of AIDS and tropical diseases, essential drugs, paediatrics and public health promotion.

Although HealthNet has made a real contribution, important challenges remain. Implementation in Africa has not always delivered the hoped-for level of success due to a number of factors. These include:

- A lack of reliable and affordable telecommunications and power infrastructure.
- The failure and high cost of local Internet service providers (ISPs).
- Unfavourable regulatory, licensing and taxation regimes.
- Insufficient grant sustainability; poor organisational design.
- User dissatisfaction with low band width and delayed response.

Source: *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001. See also *www.healthnet.org*; HealthNet management interviews and project reports (2000); ITU (1999).

ICT opportunities through micro-enterprise

Access to ICT can enable even the poorest people in the remotest communities – especially women – to earn a livelihood and improve their social position (see Box VI-5) – for example, using a basic cellular phone to create a business, access crop advice, prices and currency rates, and sell crafts globally.

ICT is also creating opportunities for micro-enterprises, through access to information on potential markets and economic conditions, exchanging experience with other entrepreneurs, and fund raising. ICT can lead to increased productivity in that it helps micro-enterprises boost their sales by giving them access to a larger market, for example through e-commerce.

Box VI-5.

Village Pay Phones in Bangladesh

Village Pay Phones is an initiative of the Grameen Bank aimed at reducing poverty through the economic empowerment of women in rural Bangladesh. The Grameen Group manages the entire phone system, operating the GSM network and lending money to village women to purchase GSM cellular phones. Phone owners rent the phones out to village farmers and other community members for a fee and also provide messaging and incoming call services.

- Phones have been placed in 1 100 villages. The 6-7 year goal is to serve 500 000 subscribers, including 68 000 phones dedicated to serving rural areas.
- Village Phones have increased incomes and savings accumulation among phone owners, mostly women.
- Phone users, mainly local farmers, have increased their productivity through access to market information, weather reports and pest and disaster alerts.
- Farmers in phone villages receive up to 10% higher prices for farm products and improved security of supply for inputs.
- A significant portion of phone owners' profits has been spent on paying for improved education and health services for their families.
- The phone service has also contributed to improvements in disaster response, crime rates and livestock mortality through better access to public services.

While Village Pay Phones is a model for community development, the Grameen network is not integrated with the national fixed line network. This is due to telecommunications regulation in the country which, to a large extent, is being challenged by the rapid expansion of Grameen Phone. The wireless technology chosen by Grameen, based on well-known international standards, is expensive and not optimal for rural areas. Service quality has been inconsistent among phone owners and may have a negative impact on customer satisfaction.

Source: Digital Opportunity Initiative (DOI) *Final Report*, July 2001.

ICT to promote wealth through private sector development

The private sector is playing an important role in creating wealth and opportunities through the use of new technologies. But this is true only where the appropriate telecommunication infrastructure is in place with affordable access as well as the necessary policy and regulatory environment.

There are examples of public/private partnerships – the Health InterNetwork plans for authoritative health information, First on the Ground for humanitarian relief and the Imfundo Project (see Box VI-2). Private sector experience is also available through networks of volunteers with technical skills such as the UN's Information Technology corps (UNITeS) and Japan's volunteer corps.

Egypt is incorporating ICT into its National Development Framework through a national ICT strategy and enabling policies for human resource development, infrastructure, business development, and applications – with a focus on e-government as part of the national policy. The government has played a catalytic role handing over to the private sector when possible. After offering three years of free Internet connectivity for everyone, the government privatised the service in 1997, with more than 66 Internet providers. There are subsidies to provide access at lower cost in rural areas and a service that provides automatic translation of Internet content. A private, public and NGO partnership for development provides support for new start-ups through an Internet Technology Fund.

Brazil has a highly sophisticated ICT sector. Two thirds of Brazil's on-line shoppers shop inside Brazil, whereas in Latin America as a whole, two thirds shop outside the area. In a region where the postal services are neither secure nor dependable, Brazilian banks saw the enormous potential for on-line banking. Aiming initially at those who could afford it, around 40% of Internet users were using on-line banking by early 1999. The banks then decided to offer free access to customers, with the cost offset by fees from account management and lower transaction costs. This free Internet service model started a chain reaction in the region and put pressure on traditional ISP providers to either lower their costs or offer free services. As a result, a large segment of the middle classes can now afford access. This provided the infrastructure for e-government services. In 2000, for example, more than 80% of tax returns were completed via the Internet. While such services can be extended rapidly, economies need to choose which technology model best suits their circumstances and to go through the traditional diffusion and learning curves without "leapfrogging" them.

The United Nations Economic and Social Commission for Western Asia (ESCWA), is targeting capacity building to tackle the constraints facing the adoption of ICT. A key element is to view ICT as a component in a process requiring rethinking of policies, strategies and institutional capabilities, rather than as an end in itself. By its nature, spreading the use of ICT demands extensive co-ordination, co-operation and sharing of experience, with iterative approaches in a dynamic environment.

5. Experience and best practices in e-commerce and e-government

E-commerce, particularly business to business, has enormous potential for developing countries. The same issues apply as for OECD countries: building trust, enhancing access, ensuring competition, strengthening the regulatory environment, and maximising and sharing the benefits. Donors can help with establishing the appropriate regulatory environment for competition so that national and foreign private investment can play a major role, with necessary seed financing through public-private partnerships.

Electronic commerce is a central element in the OECD's vision of the tremendous potential that our networked world now holds – potential for economic growth and more jobs, for the expansion of world trade and improved social conditions. The OECD's analysis has underpinned a broad-based policy reflection on the establishment of an adequate infrastructure, as well as the elements that would provide a favourable environment for electronic commerce and the digital economy. Such commerce is inherently transborder, and its successful development depends to a large extent on transborder solutions based on policy co-ordination between countries and between stakeholder constituencies. Specific policy recommendations have emerged in areas as diverse as telecommunications infrastructure and services, taxation, consumer protection, network security, and privacy and data protection.[4]

The approach followed by the Inter-American Development Bank (IDB) in the Latin America and the Caribbean region, combines economic (e-commerce) and social (e-government) aspects. Political will is the main driver behind change. The role of the IDB is to complement private sector initiatives addressing four main needs: appropriate regulatory frameworks; developing technical and business skills; securing adequate sources of funding; and promoting the development of locally relevant content. Dialogue and partnerships among the various stakeholders (public and private sectors, as well as civil society) are the best way to reach the over-arching goal of knowledge-based development.

Although the potential is great, Africa faces many challenges in developing ICT applications and e-commerce from both a technical (bandwidth, logistics and content) and a human resource (skills and attitudes) perspective. E-government is also at a very early stage of development with the main use of ICT being a one-way communication tool for public administrations to reach citizens. The capacity to produce content (and not the development of and access to the infrastructure) and reaching the right audience will also constitute an important challenge for African countries.

6. Co-operation among stakeholders

The objective to help bridge the digital divide is widely shared. There is a shared sense of urgency, shared ambitions and shared concern for more decisive and dynamic actions, and the need for strong political will. It will be vital to ensure that these many initiatives converge as an integral part of the development process, in particular to address poverty reduction. And the approach must be demand driven.

4. See OECD Electronic Commerce Policy Brief, July 2001.

The Digital Opportunities Task Force (DOT Force)

The DOT Force brought together forty-three teams from government, the private sector, non-profit organisations, and international organisations, representing both developed and developing countries, in a co-operative effort to identify ways in which the digital revolution can benefit all the world's people, especially the poorest and most marginalised groups.

The DOT Force concluded that, when wisely applied, ICT offers enormous opportunities to narrow social and economic inequalities and support sustainable local wealth creation. ICT cannot of course act as a panacea for all development problems, but by dramatically improving communication and exchange of information, it can create powerful social and economic networks, which in turn provide the basis for major advances in development.

ICT can thus help to ignite a virtuous circle of sustainable development. But misapplied, it can result in marginalisation of the poor and the unconnected. In order for its development potential to be realised, all stakeholders – governments and their citizens, business, international organisations, civil society groups and individuals – need to work together towards achieving real change. As with all other development challenges, ownership by developing countries themselves and other relevant stakeholders will be indispensable.

Box VI-6.

Evidence of impact

The Madhya Pradesh State Initiative

Initiative:

The Madhya State Initiative is an experimental Intranet computer network for remote farming districts in India. The State provides the content for the site, farmers buy their own computers, and the operation is franchised to an educated local person who charges small fees for access to information and services. Villagers can report broken pumps, lost pension checks or a sick teacher, and the State guarantees a reply within a week.

Impact:

- For 10 cents, farmers can obtain copies of land titles that previously cost USD 100 when purchased from corrupt officials.
- Farmers now take advantage of higher prices in city markets (up to 40% higher) because the system has reduced their reliance on local traders imposing lower rates.
- Farmers are learning computer skills and earning off-farm wages.

Source: Appendix 2 of the *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001.

Box VI-7.

Genoa Plan of Action

At the Genoa Summit in July 2001, G8 leaders adopted the Genoa Plan of Action whose objectives are outlined below:

1. Help establish and support developing country and emerging economy national e-Strategies.
2. Improve connectivity, increase access and lower costs.
3. Enhance human capacity development, knowledge creation and sharing.
4. Foster enterprise and entrepreneurship for sustainable economic development.
5. Establish and support universal participation in addressing new international policy and technical issues raised by the Internet and ICT.
6. Establish and support dedicated initiatives for the ICT inclusion of least developed countries.
7. Promote ICT for health care and support against HIV/AIDS and other infectious and communicable diseases.
8. National and international efforts to support local content and applications creation.
9. Prioritise ICT in G8 and other development assistance policies and programmes and enhance co-ordination of multilateral initiatives.

The United Nations Economic and Social Council (ECOSOC)

The 2000 Ministerial Declaration by the UN ECOSOC entitled "Development and International Co-operation in the 21st Century: The Role of Information Technology in the Context of a Knowledge-based Global Economy" led to the creation of a UN Information and Communications Technology Task Force with poverty reduction at the heart of its mission and sufficient autonomy to be effective in a rapidly changing environment. The ICT Task Force focused on:

- Access and infrastructure development – involving the private sector where the climate is propitious to investment.
- Education – to familiarise developing country populations with ICT.
- Financing initiatives – with new and additional financial resources to help meet the costs, such as liberalisation of the telecommunications sector.
- Establishing market mechanisms and legal frameworks that safeguard competition, in order to attract long-term private investment and encourage the spread of ICT.

A major contribution to the work of the ICT Task Force is the Digital Opportunity Initiative (DOI) report produced by Accenture, the Markle Foundation and the UNDP (see Box VI-8).

A clear role for the OECD

A significant change in priorities in the OECD's e-commerce work is the move towards outreach to non-member countries.

Box VI-8.

A development dynamic

The Digital Opportunities Initiative (DOI) has developed a strategic framework to help guide stakeholders in investing in and implementing strategies which take advantage of the potential of ICT to accelerate social and economic development. The framework consists of five critically interrelated areas for strategic intervention:

- **Infrastructure** – deploying a core ICT network infrastructure, achieving relative ubiquity of access, and investing in strategically focused capacity to support high development priorities.
- **Human Capacity** – building a critical mass of knowledge workers, increasing technical skills among users and strengthening local entrepreneurial and managerial capabilities.
- **Policy** – supporting a transparent and inclusive policy process, promoting fair and open competition, and strengthening institutional capacity to implement and enforce policies.
- **Enterprise** – improving access to financial capital, facilitating access to global and local markets, enforcing appropriate tax and property rights regimes, enabling efficient business processes and stimulating domestic demand for ICT.
- **Content and Applications** – providing demand-driven information which is relevant to the needs and conditions experienced by local people.

This strategic framework does not assume that action in these five areas can be taken all at once. It is imperative to acknowledge the practical limitations faced by development efforts. Development gains can be achieved through interventions in any one area, but there are considerable benefits from a more holistic approach. This framework offers a tool that can be used at global, national and local levels to prioritise development initiatives so as to maximise their long-term impact. Providing such strategic interventions are properly conceived and implemented, interaction between them has the potential to create significant multiplier and network effects. These can ignite a virtuous circle of sustainable social and economic development – "a development dynamic".

Source: *Digital Opportunity Initiative* (DOI) *Final Report*, July 2001.

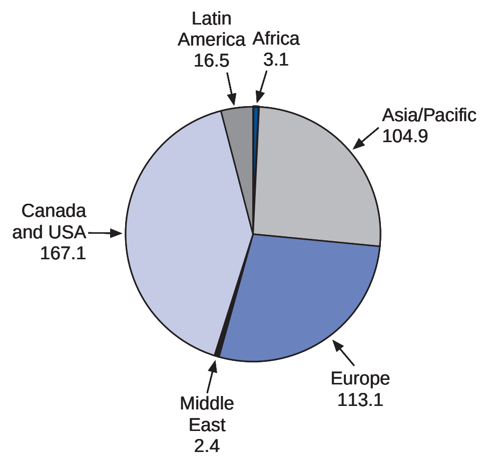
This has involved greater attention to non-member countries in all work areas in the Ottawa Action Plan but important activities have started in the domains of ICT and electronic commerce policies for emerging market and developing economies.

The involvement of the DAC began with the preparation of a survey of donor ICT initiatives and programmes addressing the digital divide, building on work started by the International Development Research Centre (IDRC) in Canada.[5] The

5. The results of this study are presented in a matrix form with descriptive details on each of the identified initiatives in an annex (documents are available at *www.oecd.org/dac/digitalforum/htm/session1.htm*).

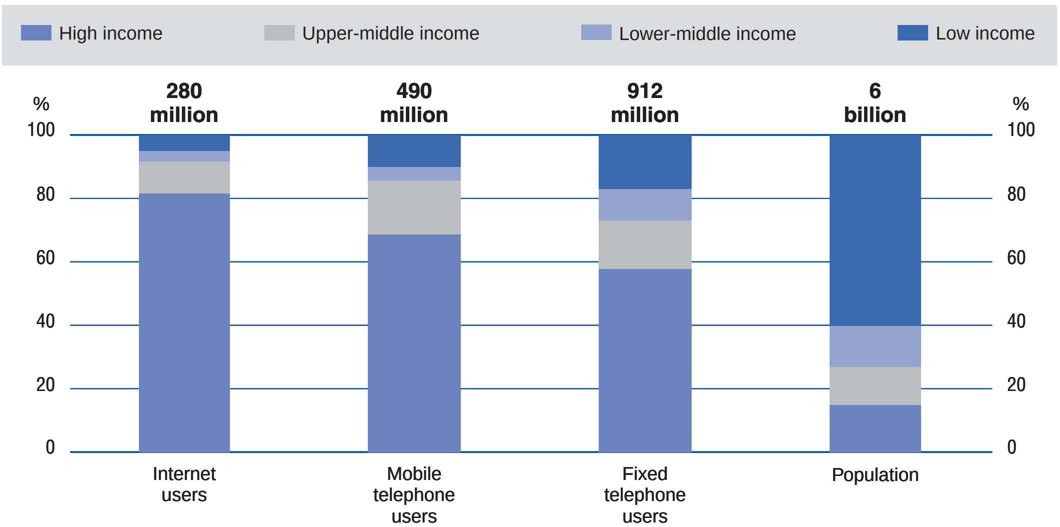
Chart VI-1. **World-wide Internet users in November 2000**

Million



Source: Nua Internet Surveys.

Chart VI-2. **Examples of the Digital Divide User distribution, by income group, in January 2000**



Source: ITU World Telecommunication Indicators.

initial review identified activities of some 86 donors – 14 DAC Members, 39 multilateral and regional bodies, 28 foundations and non-profit organisations and 5 others. The activities focus on donors developing ICT strategies for their programmes, helping developing countries develop their national ICT strategies, and infrastructure, which accounted for some USD 40 million by DAC donors in 1999. These ICT-specific programmes amount to at most USD 500 million annually at present. These figures exclude the ICT component of development projects that goes uncounted precisely because this technology is often most effective when integrated into projects.

The OECD thus has a continuing role to play through its outreach and development co-operation programmes, by sharing Members' experiences of the "new economy", providing a forum to develop action plans, set benchmarks and monitor progress, and co-ordinating donor programmes, with more use of ICT within them to reduce inefficiencies.

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).

AMORTIZATION: Repayments of principal on a loan. Does not include interest payments.

ASSOCIATED FINANCING: 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.

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.

DAC LIST: See RECIPIENT COUNTRIES AND TERRITORIES.

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 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: the grant element concept is not applied to the non-concessional ("hard window") operations of the multilateral development banks.)

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. Data on net loans 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: 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: Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are:

- Undertaken by the official sector.
- With 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 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 (or Official Aid) 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 List of Aid Recipients by commercial banks in the Bank of International Settlements reporting area, *i.e.* most OECD countries and most offshore financial centres (Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles and Singapore), net of lending to banks in the same offshore financial centres. Loans from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under OTHER PRIVATE or BOND LENDING (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.

RECIPIENT COUNTRIES AND TERRITORIES: The DAC List of Aid Recipients used to compile the statistics in this volume is shown separately at the end of this publication. Some details about recent changes in the List are given in the "Notes on Definitions and Measurement" below. From 1 January 2000, Part I of the List is presented in the following categories (the word "countries" includes territories):

• **LLDCs:** Least Developed Countries. Group established by the United Nations. To be classified as an LLDC, 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 LLDC group.

• ***Other* LICs:** Other Low-Income Countries. Includes all non-LLDC countries with per capita GNP $760 or less in 1998 (World Bank Atlas basis).

• **LMICs:** Lower Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between $761 and $3 030 in 1998. LLDCs which are also LMICs are only shown as LLDCs – not as LMICs.

• **UMICs:** Upper Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between $3 031 and $9 360 in 1998.

- **HICs:** High-Income Countries, *i.e.* with GNP per capita (Atlas basis) more than $9 360 in 1998.

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.

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 CREDITS: Official or officially supported LOANS, credits or ASSOCIATED FINANCING packages 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 credits 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 1 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. 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 donors' 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 United States dollars 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 GNP/GNI

While the definition of Official Development Assistance has not changed for over 25 years, 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 ($184m.) 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 the national income has also been expanding through the inclusion of new areas of economic activity and the improvement of collection methods. In particular, the new 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%. 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. 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);

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

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 at the end of this volume). 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 1 January 2000, Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and the Northern Marianas progressed to Part II. The List will be modified in 2001 to reflect the fact that Senegal transferred to the group of LLDCs, and will be reviewed again in 2002.

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/GNP ratio, since their programmes are often smaller in relation to GNP 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. 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 effect of these decisions on ODA figures can be summarised as follows:

a) **Countries' ODA:** Forgiveness of all non-ODA debt reportable as ODA through 1992. From 1993, forgiveness of military debt may only be reported as OOF.

b) **DAC total ODA:** Equals the total of countries' reported ODA, except for the exclusion of the following:

- 1990: $1.2 billion of forgiven United States military debt and $334 million of various countries' forgiven claims in respect of export credit and structural adjustment lending.
- 1991: $1.9 billion of forgiven United States military debt and $28 million of various countries' forgiven export credit debt.
- 1992: $894 million of forgiven United States military debt and $975 million of various countries' forgiven export credit debt.

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.

Reporting year

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

DAC List of Aid Recipients – As at 1 January 2000

Part I: Developing Countries and Territories (Official Development Assistance)						Part II: Countries and Territories in Transition (Official Aid)	
LLDCs	Other LICs (*per capita* GNP < $760 in 1998)	LMICs (*per capita* GNP $761-$3 030 in 1998)		UMICs (*per capita* GNP $3031-$9 360 in 1998)	HICs (*per capita* GNP > $9 360 in 1998)[1]	CEECs/NIS	More Advanced Developing Countries and Territories
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Samoa Sao Tome and Principe Sierra Leone Solomon Islands Somalia Sudan Tanzania Togo Tuvalu Uganda Vanuatu Yemen Zambia	❊ Armenia ❊ Azerbaijan Cameroon China Congo, Rep. Côte d'Ivoire • East Timor Ghana Honduras India Indonesia Kenya Korea, Democratic Republic ❊ Kyrgyz Rep. ❊ Moldova Mongolia Nicaragua Nigeria Pakistan Senegal[2] ❊ Tajikistan ❊ Turkmenistan Viet Nam Zimbabwe	❊ Albania Algeria Belize Bolivia Bosnia and Herzegovina Colombia Costa Rica Cuba Dominica Dominican Republic Ecuador Egypt El Salvador Fiji ❊ Georgia Guatemala Guyana Iran Iraq Jamaica Jordan ❊ Kazakhstan Macedonia (former Yugoslav Republic) Marshall Islands Micronesia, Federated States Morocco Namibia Niue	Palestinian Administered Areas Papua New Guinea Paraguay Peru Philippines South Africa Sri Lanka St Vincent and Grenadines Suriname Swaziland Syria Thailand • Tokelau Tonga Tunisia ❊ Uzbekistan • Wallis and Futuna Yugoslavia, Federal Republic	Botswana Brazil Chile Cook Islands Croatia Gabon Grenada Lebanon Malaysia Mauritius • Mayotte Mexico Nauru Palau Islands Panama • St Helena St Lucia Trinidad and Tobago Turkey Uruguay Venezuela **Threshold for World Bank Loan Eligibility ($5 280 in 1998)** • Anguilla Antigua and Barbuda Argentina Bahrain Barbados • Montserrat Oman Saudi Arabia Seychelles St Kitts and Nevis • Turks and Caicos Islands	Malta[1] Slovenia[1]	❊ Belarus ❊ Bulgaria ❊ Czech Republic ❊ Estonia ❊ Hungary ❊ Latvia ❊ Lithuania ❊ Poland ❊ Romania ❊ Russia ❊ Slovak Republic ❊ Ukraine	• Aruba Bahamas • Bermuda Brunei • Cayman Islands Chinese Taipei Cyprus • Falkland Islands • French Polynesia • Gibraltar • Hong Kong, China Israel Korea Kuwait Libya • Macao • Netherlands Antilles • New Caledonia Northern Marianas Qatar Singapore United Arab Emirates • Virgin Islands (UK)

❊ Central and Eastern European Countries and New Independent States of the former Soviet Union (CEECs/NIS).
• Territory.
1. These countries and territories will transfer to Part II on 1 January 2003 unless an exception is agreed.
2. Senegal became an LLDC in 2001.

The Heavily Indebted Poor Countries (HIPCs) are: Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Rep.), Congo (Dem. Rep.), Côte d'Ivoire, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Kenya, Laos, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Viet Nam and Zambia.

List of acronyms[1]

ACP	AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES
ADR	AMERICAN DEPOSITORY RECEIPT
AERA	ACCELERATED ECONOMIC RECOVERY IN ASIA
AfDB	AFRICAN DEVELOPMENT BANK
AfDF	AFRICAN DEVELOPMENT FUND
AsDB	ASIAN DEVELOPMENT BANK
AsDF	ASIAN DEVELOPMENT FUND
ASEAN	ASSOCIATION OF SOUTH-EAST ASIAN NATIONS
BIS	BANK FOR INTERNATIONAL SETTLEMENTS
BHN	BASIC HUMAN NEEDS
BSS	BASIC SOCIAL SERVICES
CCA	COMMON COUNTRY ASSESSMENT
CDE	CAPACITY DEVELOPMENT IN ENVIRONMENT
CDF	COMPREHENSIVE DEVELOPMENT FRAMEWORK
CEC	COMMISSION OF THE EUROPEAN COMMUNITIES
CEDAW	CONVENTION ON THE ELIMINATION OF DISCRIMINATION AGAINST WOMEN
CEECs	CENTRAL AND EASTERN EUROPEAN COUNTRIES
CFA[2]	AFRICAN FINANCIAL COMMUNITY
CIS	COMMONWEALTH OF INDEPENDENT STATES
CMH	COMMISSION ON MACROECONOMICS AND HEALTH (WHO)
CPE	COUNTRY PROGRAMME EVALUATION
CPIA	COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT
CRS	CREDITOR REPORTING SYSTEM (of the DAC)
CSO	CIVIL SOCIETY ORGANISATION
DAC	DEVELOPMENT ASSISTANCE COMMITTEE
DOI	DIGITAL OPPORTUNITY INTIATIVE (REPORT)
DOT Force	DIGITAL OPPORTUNITIES TASK FORCE
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
EC	EUROPEAN COMMUNITY
ECHO	EUROPEAN COMMUNITY HUMANITARIAN OFFICE
ECOSOC	THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL
EDCPM	EUROPEAN CENTRE FOR DEVELOPMENT POLICY MANAGEMENT
EDF	EUROPEAN DEVELOPMENT FUND
EFA	EDUCATION FOR ALL
EU	EUROPEAN UNION
FDI	FOREIGN DIRECT INVESTMENT
FfD	FINANCING FOR DEVELOPMENT
FSAP	FINANCIAL SECTOR ASSESSMENT PROGRAMME (of the IMF/World Bank)
GSP	GENERALISED SYSTEM OF PREFERENCES
GNI	GROSS NATIONAL INCOME
HICs	HIGH-INCOME COUNTRIES
HIPCs	HEAVILY-INDEBTED POOR COUNTRIES (see DAC List of Aid Recipients in this annex)
HPI	HUMAN POVERTY INDEX

IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ICB	INTERNATIONAL COMPETITIVE BIDDING
ICT	INFORMATION AND COMMUNICATION TECHNOLOGY
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION
IDAI	INTEGRATED DEVELOPMENT ACTIVITY INFORMATION
IDB	INTER-AMERICAN DEVELOPMENT BANK
IDGs	INTERNATIONAL DEVELOPMENT GOALS
IECDF	INTERNATIONAL ECONOMIC CO-OPERATION DEVELOPMENT FUND
IF	INTEGRATED FRAMEWORK FOR TRADE-RELATED TECHNICAL ASSISTANCE FOR LEAST DEVELOPED COUNTRIES
IFAD	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IFC	INTERNATIONAL FINANCE CORPORATION
ILO	INTERNATIONAL LABOUR ORGANISATION
IMF	INTERNATIONAL MONETARY FUND
IMSG	INFORMAL MULTILATERAL SECRETARIATS GROUP
ITC	INTERNATIONAL TRADE CENTRE
JBIC	JAPAN BANK FOR INTERNATIONAL CO-OPERATION
JITAP	JOINT INTEGRATED TECHNICAL ASSISTANCE PROGRAMME
KfW[2]	BANK FOR RECONSTRUCTION AND DEVELOPMENT (Germany)
LDCs	DEVELOPING COUNTRIES
LICs	LOW-INCOME COUNTRIES
LLDCs	LEAST DEVELOPED COUNTRIES
LMICs	LOWER MIDDLE-INCOME COUNTRIES
MDBs	MULTILATERAL DEVELOPMENT BANKS
MDGs	MILLENNIUM DEVELOPMENT GOALS
NEPAD	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO	NON-GOVERNMENTAL ORGANISATION
NIS	NEW INDEPENDENT STATES (of the former Soviet Union)
NSSDs	NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT
NTBs	NON-TARIFF BARRIERS
ODA	OFFICIAL DEVELOPMENT ASSISTANCE
ODF	OFFICIAL DEVELOPMENT FINANCE
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OLICs	OTHER LOW-INCOME COUNTRIES
OOF	OTHER OFFICIAL FLOWS
PDGG	PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE
PRGF	POVERTY REDUCTION AND GROWTH FACILITY
PRSPs	POVERTY REDUCTION STRATEGY PAPERS
RBM	RESULTS-BASED MANAGEMENT
S-21	21st CENTURY STRATEGY
SAF	STRUCTURAL ADJUSTMENT FACILITY
SDR	SPECIAL DRAWING RIGHT

SNA	SYSTEM OF NATIONAL ACCOUNTS
SPA	STRATEGIC PARTNERSHIP WITH AFRICA (formerly Special Programme of Assistance for Africa)
SPS	SECTOR PROGRAMME SUPPORT
SSA	SUB-SAHARAN AFRICA
SWAps	SECTOR-WIDE APPROACHES
TC	TECHNICAL CO-OPERATION
TRIMs	TRADE-RELATED INVESTMENT MEASURES
TRIPs	TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS
UMICs	UPPER MIDDLE-INCOME COUNTRIES
UN	UNITED NATIONS
UNCED	UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (Rio de Janeiro, 1992)
UNCTAD	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNDAF	UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION
UNFCCC	UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
UNFPA	UNITED NATIONS FUND FOR POPULATION ACTIVITIES
UNHCR	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
UNICEF	UNITED NATIONS CHILDREN'S FUND
WFP	WORLD FOOD PROGRAMME
WHO	WORLD HEALTH ORGANISATION
WID	WOMEN IN DEVELOPMENT
WSSD	WORLD SUMMIT FOR SOCIAL DEVELOPMENT (Copenhagen, 1995)
WTO	WORLD TRADE ORGANISATION

1. This list is not exhaustive. It provides the most common development co-operation related acronyms, including those referred to in this report. Acronyms for country Ministries and Aid Agencies are provided in Chapter IV.
2. Denotes acronym in the original language.

DAC GUIDELINES

The OECD Development Assistance Committee (DAC) adopts policy guidance for Members in the conduct of their development co-operation programmes. These guidelines reflect the views and experience of the Members and benefit from input by multilateral institutions and individual experts, including experts from developing countries.

Shaping the 21st Century: The Contribution of Development Co-operation

Approved by the DAC High Level Meeting of 1996, *Shaping the 21st Century* sets forth strategic orientations for development co-operation into the 21st century. The report recalls the importance of development for people everywhere and the impressive record of human progress during the past 50 years. It suggests a set of basic goals based on UN Conference outcomes – for economic well-being, social development and environmental sustainability – as a vision for the future, and proposes strategies for attaining that vision through partnership in support of self-help efforts, improved co-ordination and consistent policies. These goals, and the partnership approach, have since been widely adopted in the international development system.

In this context, DAC Members have developed a series of guidelines for attaining the ambitious goals set out in *Shaping the 21st Century*.

The DAC Guidelines (2001):

- Poverty Reduction.
- Strategies for Sustainable Development.
- Strengthening Trade Capacity for Development.
- Helping Prevent Violent Conflict.

Previously Published DAC Guidelines

- DAC Guidelines for Gender Equality and Women's Empowerment in Development Co-operation.
- Support of Private Sector Development.
- Participatory Development and Good Governance.
- Donor Assistance to Capacity Development in Environment.
- Guidelines on Aid and Environment:

  No. 1: Good Practices for Environmental Impact Assessment of Development Projects.

  No. 2: Good Practices for Country Environmental Surveys and Strategies.

  No. 3: Guidelines for Aid Agencies on Involuntary Displacement and Resettlement in Developing Countries.

  No. 4: Guidelines for Aid Agencies on Global Environmental Problems.

  No. 5: Guidelines for Aid Agencies on Chemicals Management.

  No. 6: Guidelines for Aid Agencies on Pest and Pesticide Management.

  No. 7: Guidelines for Aid Agencies on Disaster Mitigation.

  No. 8: Guidelines for Aid Agencies on Global and Regional Aspects of the Development and Protection of the Marine and Coastal Environment.

  No. 9: Guidelines for Aid Agencies for Improved Conservation and Sustainable Use of Tropical and Sub-Tropical Wetlands.

Visit the OECD/DAC web site at

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