

FAQs for Participating in the Second Monitoring Round of the GPEDC: **Indicator 10**

This document presents frequently asked questions and answers on the second monitoring round of the GPEDC.

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FREQUENTLY ASKED QUESTIONS FOR INDICATOR 10

The [Monitoring Guide](#) provides indicator factsheets (Annex II) and questions and definitions to guide data collection at the country level for each indicator (Annex III).

Indicator 10: Aid is untied

The [Monitoring Guide](#) provides a detailed factsheet on this indicator in Annex II.

Note: this indicator is NOT measured at the developing country level.

What does this indicator focus on?

The indicator focuses on the tying status of aid.

What does it mean for aid to be tied or untied?

- Untied aid: Loans and grants whose proceeds are fully and freely available to finance procurement from all OECD countries and substantially all developing countries.
- Partially untied aid: Loans and grants which are tied, contractually or in effect, to procurement of goods and services from a restricted number of countries which must include substantially all developing countries and can include the donor country.
- Tied aid: All other loans and grants are classified as tied aid, whether they are tied formally or through informal arrangements¹.

Why is it important that aid is untied?

Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment.

Are all costs included when looking at the tying status of aid?

Development Assistance Committee (DAC) members have agreed that administrative costs and technical co-operation expenditure should be disregarded in assessing the percentages of tied, partially untied and untied aid. These items should therefore not be included in the data reported in this Table.

Do I need to report on this indicator?

No, the indicator relies on existing data from the OECD-DAC Creditor Reporting System².

¹ See <http://www.oecd.org/dac/evaluation/dcdndep/44375975.pdf> for more information on the importance of tied vs. untied aid.

² See <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1> to access the information in CRS.