

Glossary

Appraisal	The detailed examination of a project before it is undertaken (see also CIP).
Appraisal optimism	The difference between the <i>ex ante</i> and, by implication, lower <i>ex post</i> FIRR and EIRR on projects.
CCCE	Caisse Centrale de Cooperation Economique. CDC 's French bilateral equivalent. A public body that acts as the executive agency for a substantial part of the French bilateral aid programme.
CDC	Commonwealth Development Corporation.
CIP	Clearance in principle. The decision by CDC to allow a project proposal to undergo further investigation, usually in the form of an appraisal, leading to a decision whether to invest.
Commitments	The value of investments to which CDC has made a contractual commitment without any payments of funds having yet been made. Sometimes used to refer to projects to which CDC is committed.
Corporate Plan	A plan prepared annually by CDC , covering the following five years, which considers CDC 's future outlook and activity.
DCF	Discounted cash flow. A DCF analysis sets out the money costs and benefits of a project and discounts them year by year. Discounting is the technique of converting future monetary amounts to their equivalent value in today's terms by applying a discount rate . The discount rate is the annual percentage rate at which the present value of a sum of money, or other unit of account, is assumed to fall away through time.
DEG	Deutsche Investitions und Entwicklungsgesellschaft mbH. CDC 's German bilateral equivalent. Owned by the German Government, it carries out a development role similar to CDC 's.
DFI(s)	Development Finance Institution(s). Bodies which provide finance to assist economic development. The term is used in this report to refer to bodies which, like CDC , provide loan and/or equity finance on market or near-market terms (though some of them also provide finance on subsidised terms).
Disbursement(s)	Payment(s) of loans or equity finance by CDC to projects. (See also commitments .)
Discount rate	See DCF .
Discounting	See DCF .

DTI	Department of Trade and Industry.
EIB	European Investment Bank. An EC institution that lends mainly for economic development in Europe but also to Third World countries.
EIRR	Economic internal rate of return. The IRR used in the economic appraisal of a project, which uses adjusted valuations which reflect the opportunity cost of inputs and the benefits of output to the economy and society as a whole as opposed to the valuations which relate to the project alone. (See also FIRR and IRR .)
Evaluation	The detailed examination of a project after it has been in operation for some time.
FIRR	Financial internal rate of return. The IRR used in the financial appraisal of a project, which uses market prices. (See also EIRR and IRR .)
FCO	Foreign and Commonwealth Office.
FMO	Nederlandse Financierings Maatschappij voor Ontwikkelingslanden. CDC 's bilateral equivalent in the Netherlands. Majority-owned by the Netherlands Government, it carries out a development role similar to CDC 's.
GMB	General Management Board of CDC .
3i	3i Group plc. Often referred to as Investors in Industry. A leading venture capital company based in the United Kingdom.
IFC	International Finance Corporation. An affiliate of the World Bank.
IFU	Industrialiseringsfonden for Udviklingslandene. CDC 's Danish bilateral equivalent. Autonomous fund established by Danish Act of Parliament, it carries out a development role similar to CDC 's.
IRR	Internal rate of return. The IRR of a project is the discount rate which makes a particular set of present values of total costs equal a particular set of present values of total benefits within the framework of a DCF . (See EIRR and FIRR .)
London Office	CDC 's London headquarters at One Bessborough Gardens, London SW1.
Managed Project(s)	Project(s) in which CDC has either a controlling or substantial interest and to which CDC provides management or specialist services. CDC may have control over the policy and direction of the project or it may have responsibility only for its management.
MIS	Management information system(s).
MPC	Managed Projects Committee of CDC .
MPD	Managed Projects Department of CDC .
MSC	Management Systems Committee of CDC .

NBC	New Business Committee of CDC .
NBD	New Business Department of CDC .
NLF	National Loans Fund. Established in 1968 as the central Government account for all Government borrowing and most domestic lending operations.
ODA	Overseas Development Administration. The Government Department that is charged with carrying out the United Kingdom Aid Programme to developing countries. Part of the FCO .
ODI	Overseas Development Institute. An independent research institute specialising in economic and social development in low-income countries and the relationship between developed and developing countries.
Opportunity cost	The value to the economy of a good, service or resource in its best alternative use.
PDC	Public dividend capital.
PDSS	Project Data Summary Sheet. Maintained by CDC 's overseas offices and providing in a standard form an account of a project's history and its present position.
PMC	Portfolio Management Committee of CDC .
PMD	Portfolio Management Department of CDC .
PNG	Papua New Guinea.
Poorer countries	A category of countries used by CDC and defined as having a per capita GNP in 1983 of less than \$800.
Quinquennial Review	Five-yearly policy review of CDC undertaken jointly by representatives of CDC itself and of Whitehall Departments. The last such review was completed in March 1987.
Representative(s)	The senior CDC official in charge of each of CDC 's 21 overseas offices and whose responsibility it is to manage and develop CDC 's investment portfolio in the country in question.
RIM	Regional Investment Manager in CDC .
RNR	Renewable natural resources. A project classification, based on economic sectors, that distinguishes categories of development that do not deplete natural resources (for example, agriculture) from those that do (for example, mineral extraction).
ROCE	Return on capital employed.
Sensitivity analysis	A procedure for varying the values of selected factors in an economic or financial analysis in order to examine the effects on the overall conclusion. It is particularly used in cost benefit analysis to see how the IRR may vary with changes in some key factors.

SOS	Standard Office System. A collection of office applications, presented via a standard menu system. SOS covers standardised word processing, spreadsheet, data communications, database and accounting facilities. SOS also includes CDC's 'Public Information System', making standardised information available on, for example, investment and portfolio management, project summaries, staff location and the nominal ledger.
SPC	Staff Planning Committee of CDC .
SPS	Standard Project Systems. Designed primarily to assist project managers, eventually in all CDC's Managed Projects , the SPS also enables key management information to be reported to London Office. It uses elements of the SOS and links the spreadsheet and the basic accounting facilities of the nominal ledger. Physical data and budgets will also be covered.
The CDC Acts	The Commonwealth Development Corporation Act 1978 as amended by the Commonwealth Development Corporation Acts of 1982 and 1986.
Unit Plan(s)	Detailed annual operational plan(s) prepared by CDC's overseas offices and London Office departments. The plans generally set out a review of the past year's performance and objectives and strategies for the next five years.
Zero-base(d) budgeting	A method of drawing up budgets in which each budgeted expenditure must be justified afresh for each budget period without reference to the fact that there was a similar expenditure in the previous period.