

Selected Glossary

General

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| Bilateral Aid | Refers to development assistance (measured in dollars, and manifested in specific project initiatives) offered by a donor country to a recipient country. |
| Financial Engineering | The development of complex, custom made financial solutions (debt and equity), or a number of linked solutions, in response to situations where no traditional financing product is adequate. |
| Lenders vs. Sponsors | Lenders are institutions/individuals who extend credit to borrowers, while the term "sponsors" refers to the organization or group that is responsible for repaying the lenders. |
| Line of Credit | A borrowed amount - usually stipulated in advance - granted from a lender to a beneficiary, generally on a cross-border basis. |

Insurance

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| Commercial Risk | The possibility of a loss occurring, arising from commercial causes. |
| Non-commercial risk | A casualty risk, political risk, expropriation, acts of God, currency, convertibility, technological risks, failure of management. A non-commercial risk can usually be covered by insurance. If insurance is not available, the sponsor must usually assume such risks in a project financing. |
| Political risk | The possibility of a loss occurring, arising from political causes. Political risk usually refers to the risks that project lenders and sponsors face in foreign countries; risks that are controlled by the political apparatus of a country, such as expropriation, foreign exchange controls and other state imposed actions. |
| Pre-shipment risk | Event causing loss which occurs after contract signature but before shipment of the goods. |