
OECD Fiscal Decentralisation Database

Classification of intergovernmental grants

Metadata

The different types of grants are defined as follows:

Earmarked grants

An earmarked grant is a grant that is given under the condition that it can only be used for a specific purpose.

Non-earmarked grants

Non-earmarked grants can be spent as if they were the receiving sub-national government's own (non-earmarked) tax revenues.

Mandatory grants

Mandatory grants (entitlements) are legal, rules-based obligations for the government that issues the grant. This requires that both the size of the grant and the conditions under which it is given be laid down in a statute or executive decree and that these conditions be both necessary and sufficient.

Discretionary grants

Discretionary grants, and the conditions under which they are given, are not determined by rules but decided on an ad hoc, discretionary basis. Discretionary grants are often temporary in nature and include, for example, grants for specific infrastructural projects or emergency aid to a disaster area.

Matching grants

Matching grants are grants designed to complement sub-national contributions. Matching grants are dependent on normative or actual spending for services for which the grants are earmarked or on local revenue collection related to these services.

Non-matching grants

Non-matching grants are grants not directly linked to any sub-national contribution.

Current grants

Current grants are grants assumed to be spent on either current or capital expenditures.

Capital grants

Capital grants are grants assumed to be spent only on capital expenditures.