

GAO

Fact Sheet for the Honorable
Lee H. Hamilton Chairman, Joint
Economic Committee, U.S. Congress

October 1990

FOREIGN
ASSISTANCE

International Resource
Flows and
Development
Assistance to
Developing Countries



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**National Security and
International Affairs Division**

B-240424

October 23, 1990

The Honorable Lee H. Hamilton
Chairman, Joint Economic Committee
U.S. Congress

Dear Mr. Chairman:

As you requested, we obtained information on the amounts of international economic assistance provided to developing countries between 1980 and 1988. Specifically, we have provided the total value, composition, and distribution of development assistance and resource flows from all major donors. You expressed particular interest in the development assistance levels of the United States and Japan. The data in this report is limited to economic development assistance and excludes grants, loans, and credits for military purposes, and loans and credits with maturities of less than one year.

Net global public and private economic resource flows to developing countries, which consist of official development finance flows, private flows and export credits, have generally declined from \$128.4 billion in 1980 to \$101.8 billion in 1988.¹ The decrease resulted largely from a drop in private flows, which generally take the form of direct investments and international bank loans. While official development finance flows increased 38 percent, from \$45.5 billion to \$66.0 billion between 1980 and 1988, private flows declined 50 percent, from \$66 billion to \$32.9 billion, substantially increasing the relative share and importance of official flows. Export credits declined from \$16.9 billion to \$3 billion during this period. The decline in private flows is due primarily to reduced demand for international lending by those countries with relatively sound economies and curtailed access to capital markets for those with debt service problems. A drop in global export credits also contributed to the decline in total net resource flows to developing countries.

Development Assistance Committee members² continued to provide about 80 percent of official development assistance. Between 1980 and 1988, the U.S. share of official development assistance increased from 16.3 percent to 18.3 percent. Japan increased its official assistance by

¹All dollar values in this report are expressed in current dollars unless otherwise stated.

²The Committee members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Italy, Ireland, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States, and the Commission of European Communities.

172 percent, and its share of global official assistance increased from 10.4 percent to 15 percent. While contributing proportionately more of their gross domestic products, the Organization of Petroleum Exporting Countries,³ nonetheless, decreased their shares of global official assistance from 23 percent to 9 percent. The Soviet Union and East European nations accounted for about 8 percent of all official assistance, with about 90 percent of this assistance coming from the Soviet Union.

Overall, since 1980, donor nations have redirected their resource flows to developing nations away from upper middle income countries (defined by the World Bank as countries with over \$1,300 annual per capita income) and toward lower income countries (countries with under \$600 annual per capita income). The redirection was largely the result of reductions in private flows to middle income countries, and increased disaster relief measures to lower income countries.

Regionally, Sub-Saharan Africa received 35 percent of the global official development assistance, while Asia received 33 percent, North Africa and the Middle East received 13 percent and Latin America received less than 2 percent. (The remaining 18 percent was not allocated by region.) Development assistance represents about 7.5 percent of the gross national product of Sub-Saharan Africa, 1.2 percent for Asia, 20 percent for Oceania, 1 percent for North Africa and the Middle East, and less than 1 percent for Latin America. Developing countries' dependence on donor resource flows has increased. For example, in Sub-Saharan Africa, dependence on donor resource flows was only 4.1 percent of gross national product in 1980.

While nearly all developing countries receive some development assistance, the distribution of this assistance remains largely independent of the relative development resource needs of these countries. In fiscal year 1988, for instance, 5 percent of the developing countries received nearly 21 percent of the global official bilateral assistance distributed bilaterally, and only one of these countries—Bangladesh—was among the 42 countries recognized by the United Nations as least developed. In fiscal year 1986, India, Israel, Egypt, Vietnam, and Bangladesh led all other developing countries in assistance received, totaling 21.1 percent of all official development assistance provided. During this period, the United States tended to concentrate its disbursements in the Middle East, while Japan focused its assistance mostly in the Far East.

³The Organization of Petroleum Exporting Countries include Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Multilateral assistance distribution patterns also show that 15 percent of developing countries received 28 percent of the official development assistance.

Over time, donor nations tended to favor particular recipient countries. For instance, Japan disbursed an average of 14 percent of its official development assistance to Indonesia in the 1960s, 11 percent in the 1970s, and 6 percent in the 1980s.

The United States, on the other hand, disbursed an average of 18 percent of its net official development assistance to Israel in the 1960s, 8 percent in the 1970s, and 13 percent in the 1980s.

Donor nations tended to direct their official assistance to differing sectors. In 1987, the latest year for which data were available on sectoral commitments of donors, the United States provided 33 percent of its official development assistance to program assistance—general program loans, loans to purchase commodities, and government budget support—and 5 percent to economic infrastructure development. In contrast, Japan directed about 54.6 percent of its aid to economic infrastructure development and industrial production, and only 14 percent to program assistance. Economic assistance from the Organization for Petroleum Exporting Countries concentrated on general program support, and Soviet assistance favored infrastructure development and mineral exploration and extraction.

Appendixes I through VII provide more detailed information on each of the above topics.

Information in this report is based on data compiled between 1978 and 1988 by the Development Assistance Committee of the Organization for Economic Cooperation and Development. The Development Assistance Committee is an organization of donors that monitors the flow of economic assistance to developing countries. It collects and publishes data on both donors and recipients. Its annual publication, Development Cooperation, contains a standardized data base that we used for comparing types, amounts and purposes of developing assistance. We used another committee publication, Geographical Distribution of Financial Flows to Developing Countries, to trace the flow of development assistance to all developing countries.

As requested, we did not obtain official agency comments. We conducted our review from February 1989 to March 1990.

As arranged with your office, unless you publicly announce its contents earlier, no further distribution of this report will be made until 30 days from its issue date. At that time, copies will be sent to the Administrator, Agency for International Development, and to other interested parties upon request.

Please call me on (202) 275-5790 if you or your staff have questions on this report.

Major contributors to this fact sheet were David Martin, Assistant Director, and Gezahegne Bekele, Project Manager.

Sincerely yours,



Harold J. Johnson
Director, Foreign Economic
Assistance Issues

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Abbreviations

DAC	Development Assistance Committee
GNP	Gross National Product

Introduction

Development assistance consists of transfers of resources to less developed countries on concessional terms. Nearly all industrialized countries participate in providing development assistance. Donors provide development assistance for a number of reasons, including responding to humanitarian concerns, obtaining commercial access to growing markets, and for political and strategic purposes. In 1988, total net resource flows to developing countries averaged 3.6 percent of the per capita income of all recipient countries. Table I.1 shows some of the economic and financial relationships between developing countries and selected development assistance donors.

Table I.1: Selected Indicators of Economic and Financial Relationships With Developing Countries Expressed as Percent of Donors' GNP, 1986 and 1987^a

	DAC ^b	United States	Japan
Net resource flows	0.64	0.36	1.01
Net official development assistance	0.35	0.51	0.30
Imports from developing countries excluding petroleum	2.35	2.58	1.62
Exports to developing countries	2.91	1.76	3.63
Debt claims on developing countries excluding official development debts	1.39	1.03	0.85

^aAverage values for 1986 and 1987

^bAverage of Development Assistance Committee (DAC).

Development assistance is a complex global program without a global coordinating body. Dozens of donor organizations, multilateral development banks and funds, United Nations agencies, and several hundred nongovernmental organizations currently provide development assistance. Additionally, export credit agencies and commercial banks provide finance to countries of their choice.

The allocation of development assistance funds is complicated by competing international and domestic priorities of donors. Economic assistance is generally recognized as being in the national interests of donor nations. The November 1983 report of the Commission on Security and Economic Assistance concluded that development assistance "makes an indispensable contribution to achieving foreign policy objectives." However, the beneficial effects of economic assistance are often overshadowed by skeptical evaluations of the efficiency of donor resources. While 40 years of development assistance have had dramatic impacts in such areas as life expectancy and literacy rates in many developing countries, some developing countries achieved very little in economic development and some are worse off now than 10 years ago.

Resource Flows to Developing Countries

Total resource flows to developing countries, in addition to aid,¹ include grants from private agencies, commercial bank lending and portfolio investment by residents or institutions in donor countries; direct investment (including reinvested earnings); and purchases of securities of international organizations active in development. Net resource flows are total resource flows, excluding capital repayments on earlier loans.

Net global private and public resource flows to developing countries have declined from \$128.4 billion in 1980 to \$101.8 billion in 1988 (see fig. II.1). The largest decreases occurred between 1981 and 1985, when developing countries experienced a decrease of 41 percent in net resource flows largely due to a drop in private financial flows (see fig. II.2). Flows from the private international bank sector to developing countries in 1988 stood at 10 percent of their 1981 value, a decrease of \$47 billion. The combination of reduced demand for international lending by countries with relatively sound economies and curtailed access to capital markets for those with debt service problems contributed to the decline in private flows.

¹Aid refers only to flows that qualify as official grants or loans; in addition to financial flows, technical cooperation is included. Technical cooperation comprises grants (and a very small volume of loans) to nationals of developing countries receiving education or training at home or abroad, and grants to defray the costs of teachers, administrators, advisers, and similar personnel serving in developing countries.

Appendix II
Resource Flows to Developing Countries

Figure II.1: Net Global Resource Flows to Developing Countries

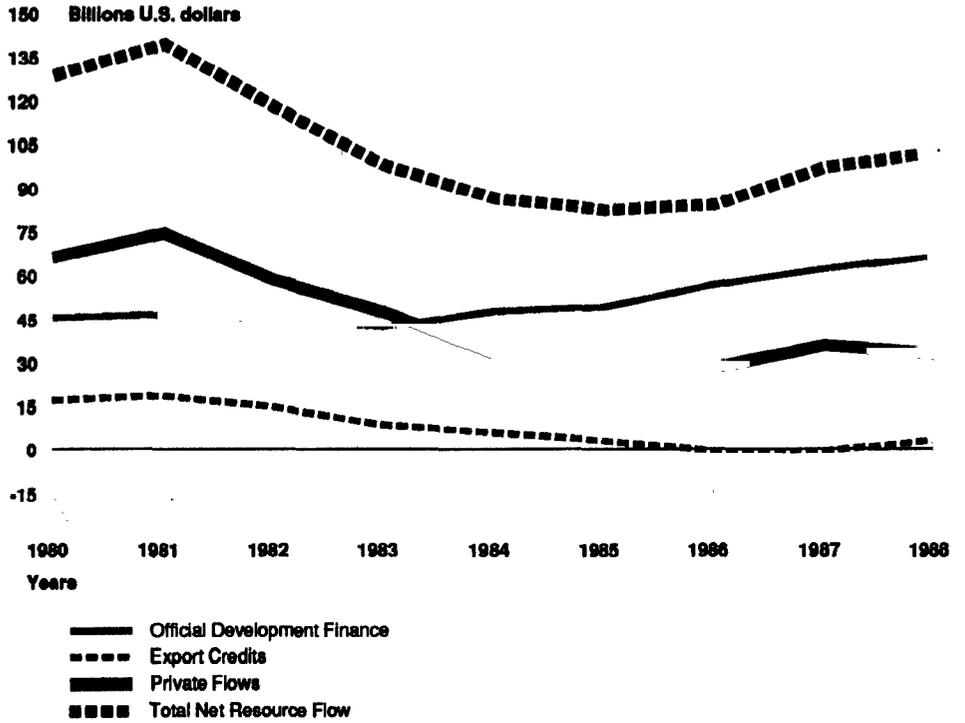
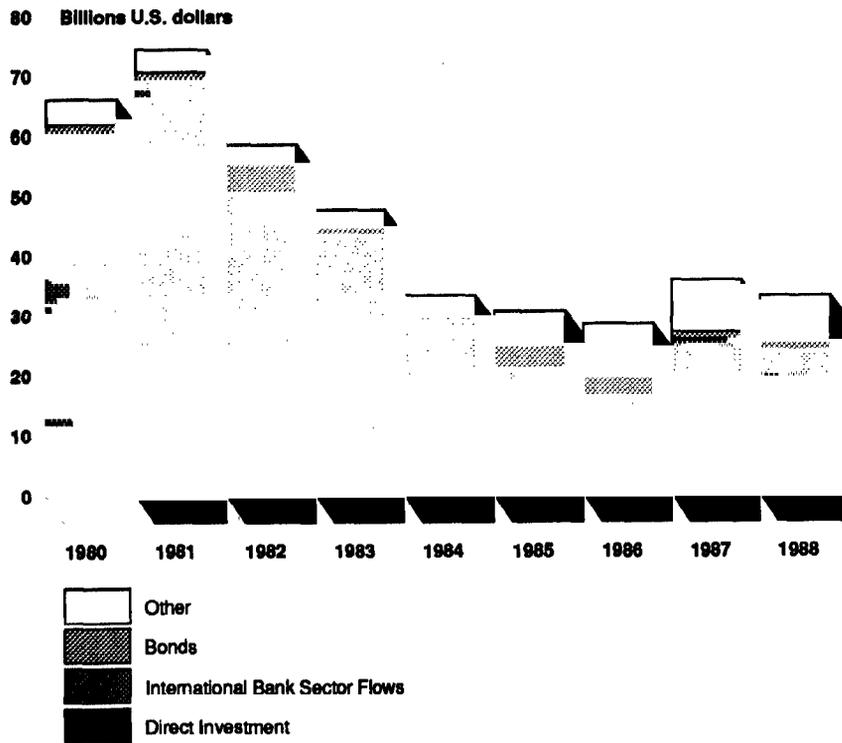
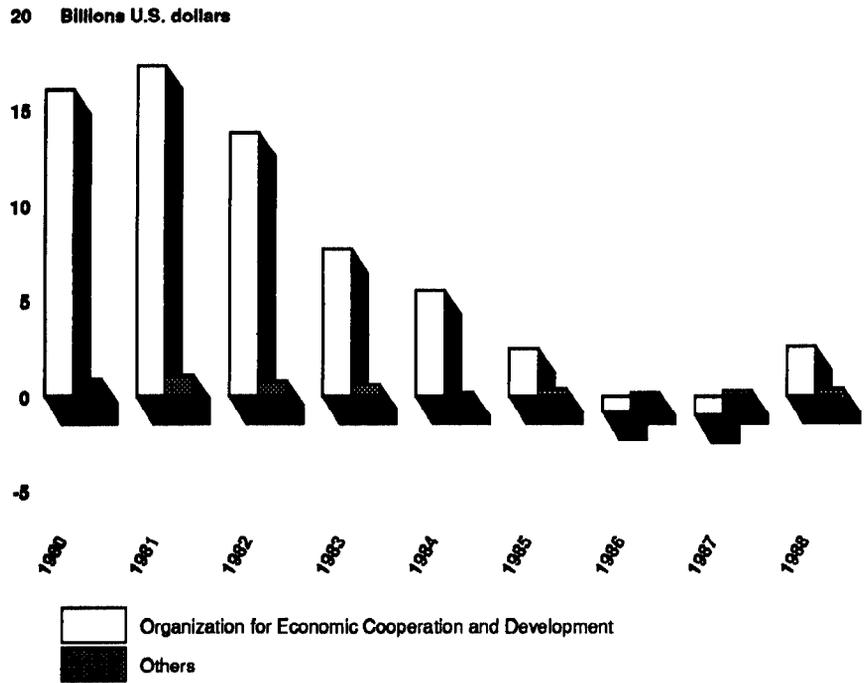


Figure II.2: Composition of Private Flows to Developing Countries



As shown in figure II.3, a decline in export credits also contributed to the decline in total net resource flows to developing countries. Global export credits, whose primary sources are members of the Organization for Economic Cooperation and Development, decreased from 13.2 percent of the total to approximately 3 percent.

Figure II.3: Net Export Credits



Entries are sums of official and private export credits

Global net resource flows are greatly influenced by trends and events within DAC member countries, because over one-half of all resource flows come from these countries (see fig. II.4). Since 1980, net resource flows from these countries have exhibited large fluctuations, primarily because of a rapid buildup and subsequent declines in private flows (see fig. II.5). Private flows, which were the largest component resource flows until 1985, declined from their peak of \$54 billion in 1981 to \$9 billion in 1985 before posting a mild recovery in 1988. Moreover, bilateral private investment in developing countries by DAC member countries reversed course, from a \$25-billion inflow to developing countries in 1981 to net outflows of \$4.5 billion in 1985, and \$2.4 billion in 1987.

Appendix II
Resource Flows to Developing Countries

Figure II.4: Net Total Resource Flows by Major Donors

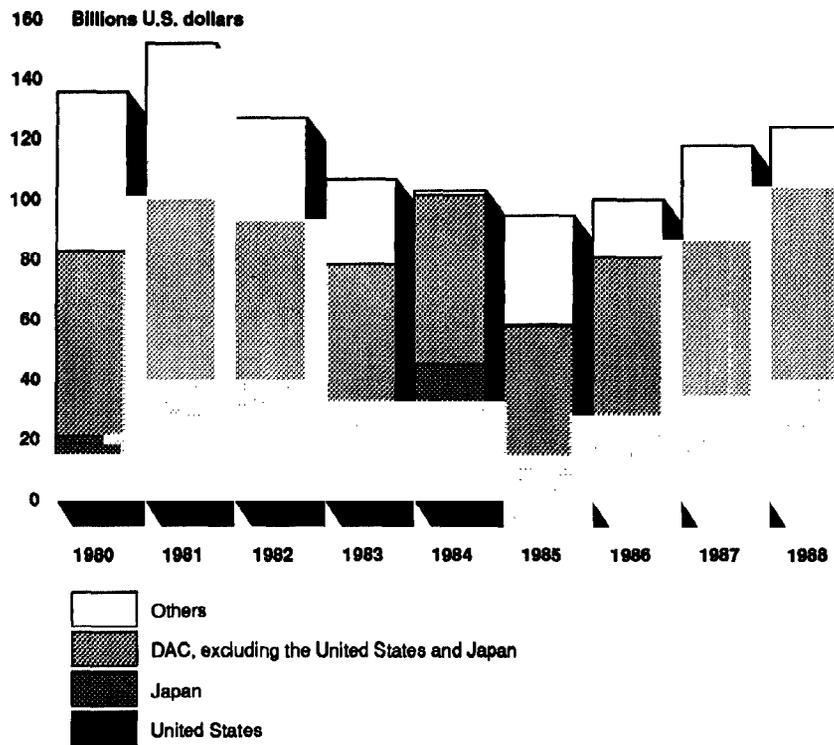
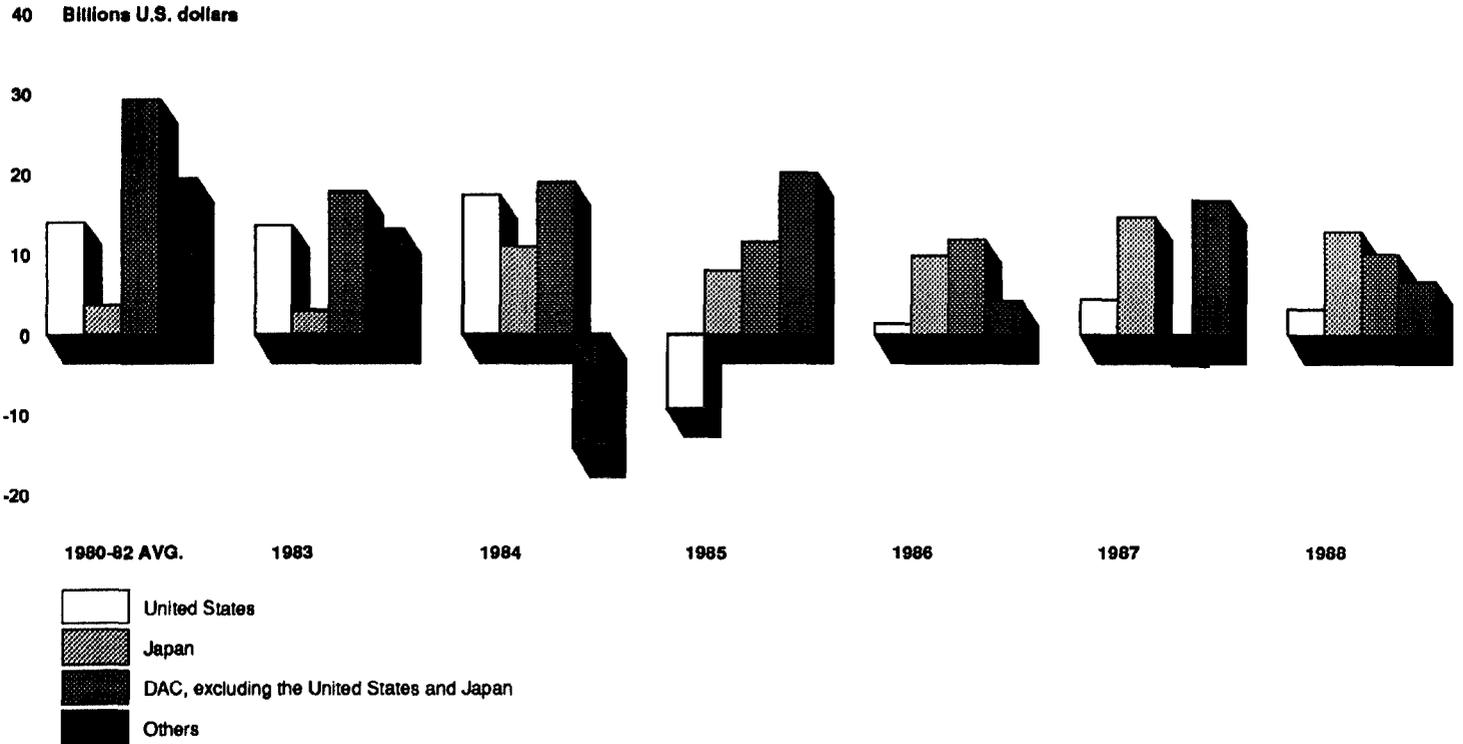


Figure II.5: Net Private Flows by Major Donors



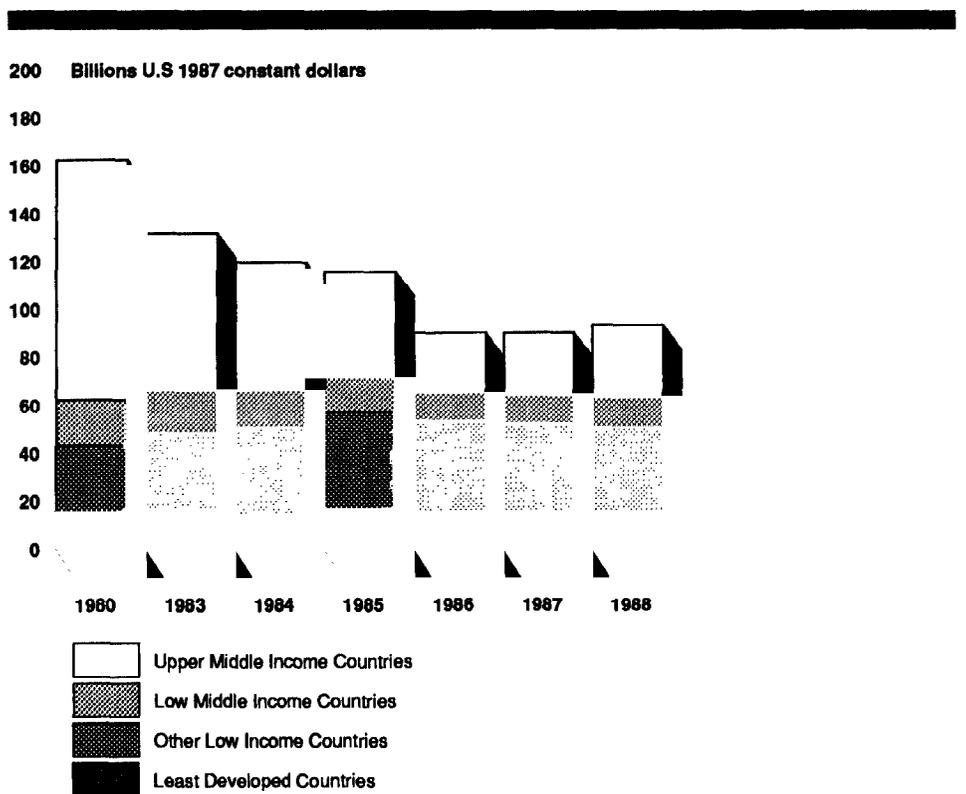
U.S. resource flows exhibited a similar trend. These increased from 1980 through 1982 due to the proliferation of private bilateral investments in developing countries, and subsequently declined. In 1985, 1987, and 1988, private bilateral flows from the United States were negative, indicating that developing countries actually experienced an outflow of these investments to the United States.

Since 1986, Japan's net resource flows—public and private—to developing countries have exceeded those of the United States. Between 1980 and 1988, Japan more than tripled its net resource flows to developing nations, from \$6.8 billion to \$21.4 billion. The largest component of the increase in Japan's resource flows occurred in private flows, which increased from approximately \$2 billion in 1980 to \$12.8 billion in 1988. Unlike the United States and other members of DAC, this increase in private flows was accompanied by an increase in net official development

finance flows, from \$4.8 to \$8.5 billion. Japan's official development finance flows, however, continue to lag behind that of the United States.

The decrease in net resource flows has not been uniformly distributed across recipients. As shown in figure II.6, countries defined by the World Bank as upper middle income countries, which until 1984 had received over 60 percent of net flows, have experienced a disproportionate decrease in net resource flows. Net flows to upper middle income countries were approximately 30 percent in 1988. Low income countries were the beneficiaries of the decreased distribution to upper middle income countries, receiving 52 percent of total net resource flows and 69 percent of all official development assistance.

Figure II.6: Distribution of Global Net Total Resource Flows to Developing Countries by Income Group

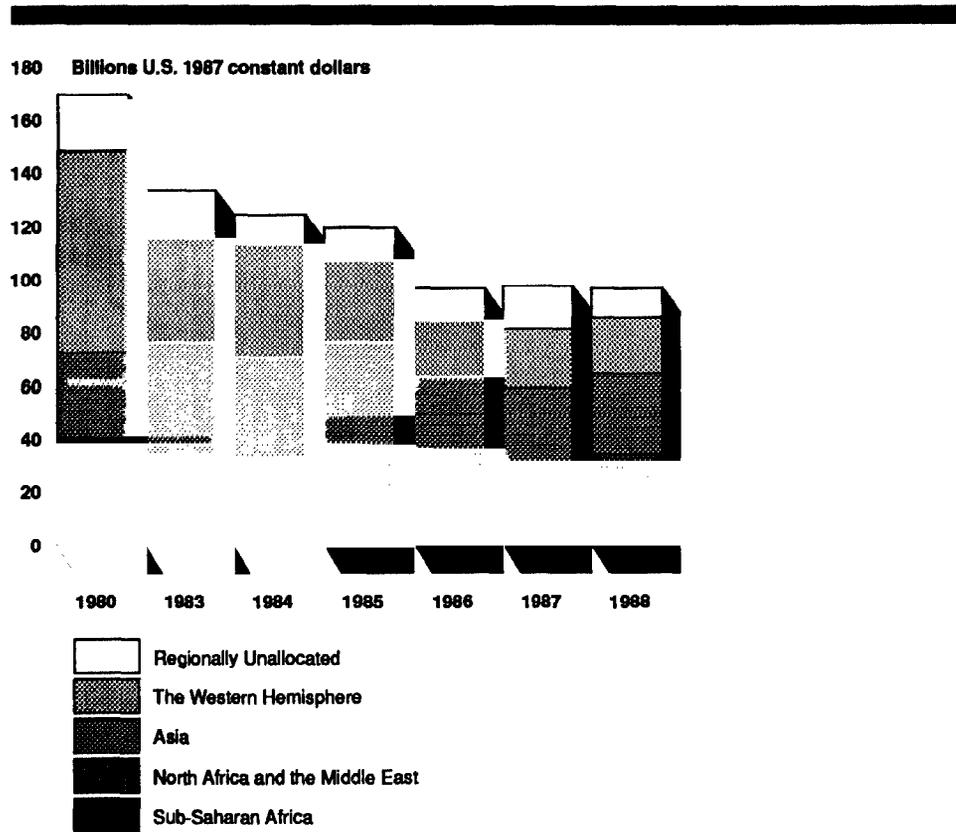


The total for Low Income Countries is the sum of Least Developed and other Low Income Countries.

Net flows to developing countries in the Western Hemisphere experienced a decline of \$55 billion (in 1987 dollars) from 1980. Sub-Saharan

Africa experienced a slight increase in net resource flows. (See fig. II.7.) The decrease in net resource flows to upper middle income countries and the Western Hemisphere may reflect their debt service problems and the subsequent reluctance of private lending institutions to provide new loans.

Figure II.7: Regional Distribution of Global Net Total Resource Flows



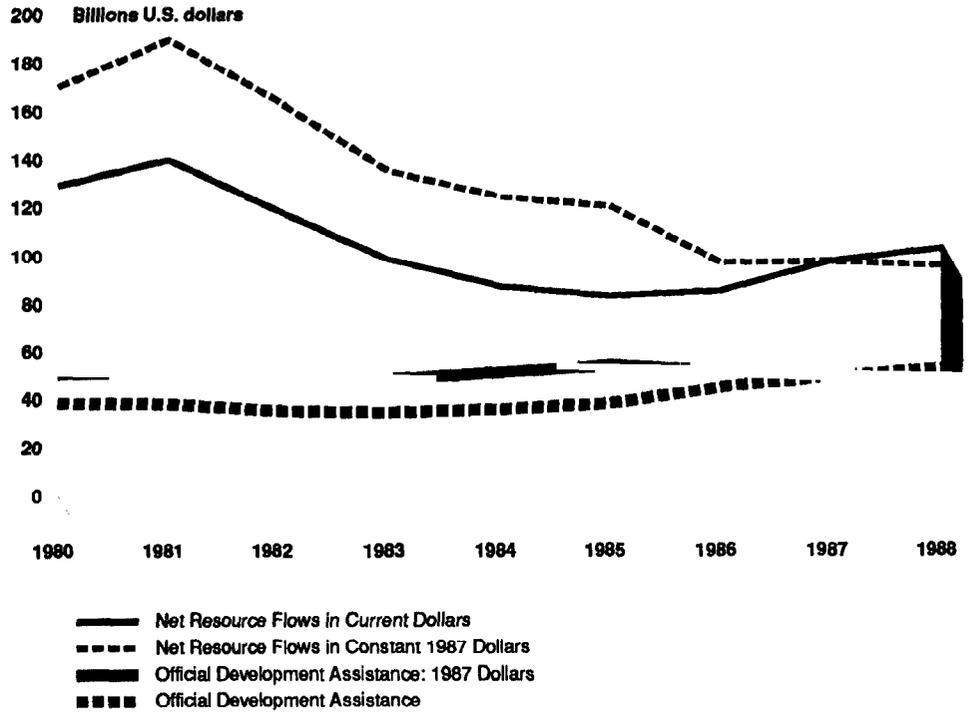
Official Development Assistance to Developing Countries

Official development assistance is defined by DAC as those resources provided to developing countries and multilateral institutions by official agencies, including state and local governments. Official development assistance must (1) promote the economic development and welfare of developing countries as its main objective and (2) be concessional in character and contain a grant element of at least 25 percent. It consists of grants (e.g., technical assistance, food aid, administrative costs), development loans, loans for food, debt reorganization, and contributions to multilateral institutions.

As shown in figure III.1, the decrease in private flows and export credits discussed earlier substantially increased the relative share and importance of official development finance flows. The share of official development finance flows increased from 35.5 percent in 1980 to 65 percent of global net resource flows in 1988. Until 1985, private flows were the largest component of net resource flows. Global official development assistance increased from \$37.5 billion in 1980 to \$51.6 billion in 1988, equivalent to a decrease of \$2 billion in constant 1987 dollars (see fig. III.2).

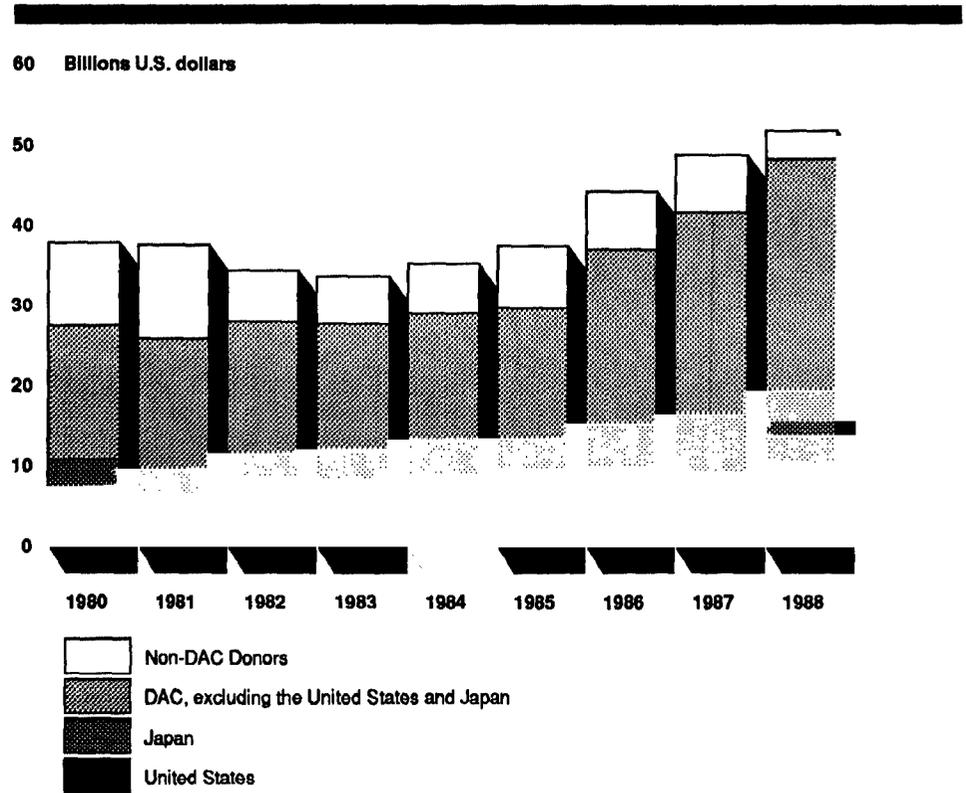
**Appendix III
 Official Development Assistance to
 Developing Countries**

Figure III.1: Official Development Assistance and Net Resource Flows in Current and Constant Dollars



Appendix III
 Official Development Assistance to
 Developing Countries

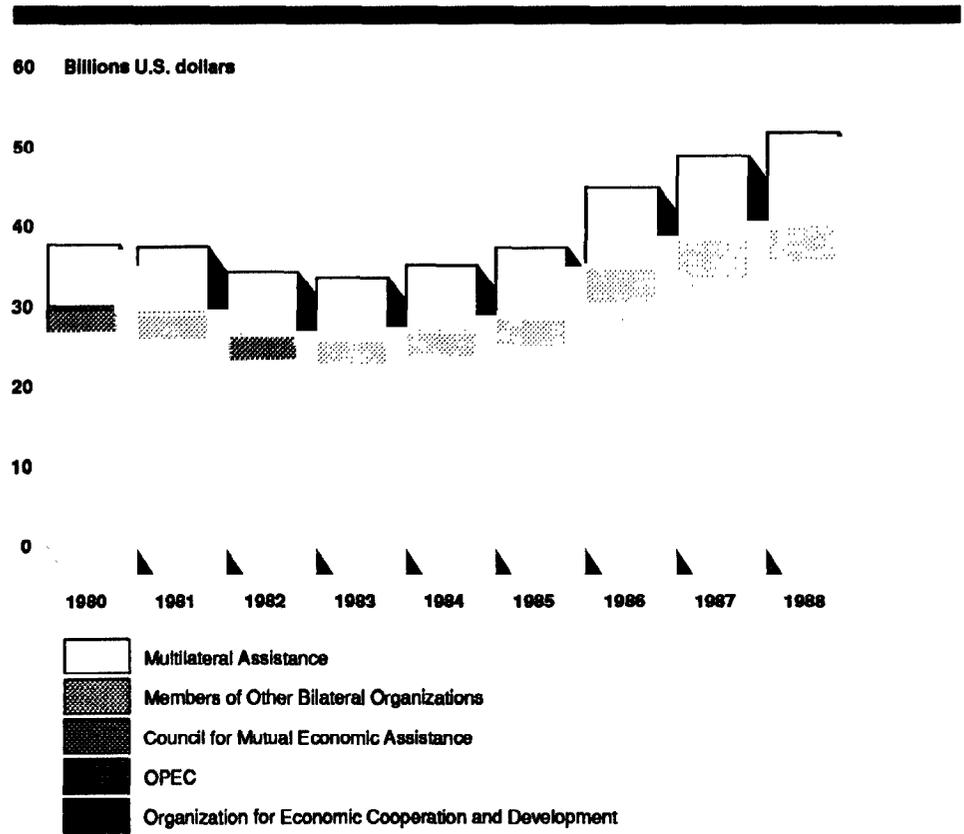
Figure III.2: Official Development Assistance by Major Donors



Official development assistance from DAC members has shown a steady, but slow, growth since 1980. U.S. official development assistance increased by approximately \$3 billion.

In 1988, bilateral official development assistance represented 78 percent of official development assistance and 40 percent of all net resource flows to developing countries (see fig. III.3). Between 1980 and 1988, bilateral official development assistance increased 35 percent. This growth was achieved mostly because members of the Organization for Economic Cooperation and Development increased their share of official bilateral assistance from 60 to 83 percent by increasing their net bilateral disbursements from \$18 billion to \$33 billion. The share of bilateral official development assistance from the Organization of Petroleum Exporting Countries, on the other hand, declined from 29 percent in 1980 to 4.9 percent in 1988.

Figure III.3: Official Bilateral Development Assistance by Members of Donor Organizations and Multilateral Assistance



The grant component of DAC bilateral official development assistance also shows a gradual growth throughout the decade, largely due to the growth of special bilateral assistance arrangements, such as the U.S. Economic Support Fund (see table III.1). U.S. bilateral official grants, for instance, have increased by approximately \$3.5 billion since 1980. Between 1980 and 1988, U.S. official development assistance contained an average of 62 percent in bilateral grants compared to 27 percent for Japan. On the other hand, Japanese official development assistance averaged 40 percent in development loans, as compared with 23 percent for the United States.

**Appendix III
Official Development Assistance to
Developing Countries**

Table III.1: Bilateral Official Grants U.S. Dollars in Billions

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Technical Assistance									
DAC	\$5.48	\$5.25	\$5.39	\$5.84	\$5.92	\$6.03	\$7.49	\$8.96	\$10.22
United States	0.72	0.95	1.08	1.43	1.61	1.46	1.51	1.75	2.13
Japan	0.28	0.34	0.35	0.39	0.44	0.42	0.60	0.74	1.09
Food Aid									
DAC	0.80	0.85	0.84	0.94	1.22	1.35	1.50	1.48	1.83
United States	0.47	0.43	0.39	0.49	0.65	0.78	0.84	0.81	0.99
Japan	0.01	0.02	0.04	0.05	0.05	0.05	0.07	0.10	0.09
Administrative Cost									
DAC	0.81	0.45	0.84	0.90	0.94	0.98	1.22	1.44	1.60
United States	0.32	0.35	0.39	0.41	0.44	0.47	0.48	0.49	0.51
Japan	0.05	0.04	0.04	0.07	0.08	0.09	0.16	0.21	0.27
Other									
DAC	5.89	6.41	6.27	6.30	9.05	9.48	10.87	11.40	12.39
United States ^a	1.46	1.78	1.94	2.14	2.95	4.60	4.22	3.65	2.85
Japan	0.36	0.41	0.37	0.49	0.49	0.62	0.88	1.05	1.46
Totals									
DAC	\$14.12	\$13.18	\$13.41	\$14.13	\$17.13	\$17.84	\$21.06	\$23.25	\$26.04
United States	2.98	3.52	3.79	4.47	5.64	7.31	7.03	6.69	6.47
Japan	0.70	0.81	0.81	0.99	1.06	1.18	1.70	2.11	2.91

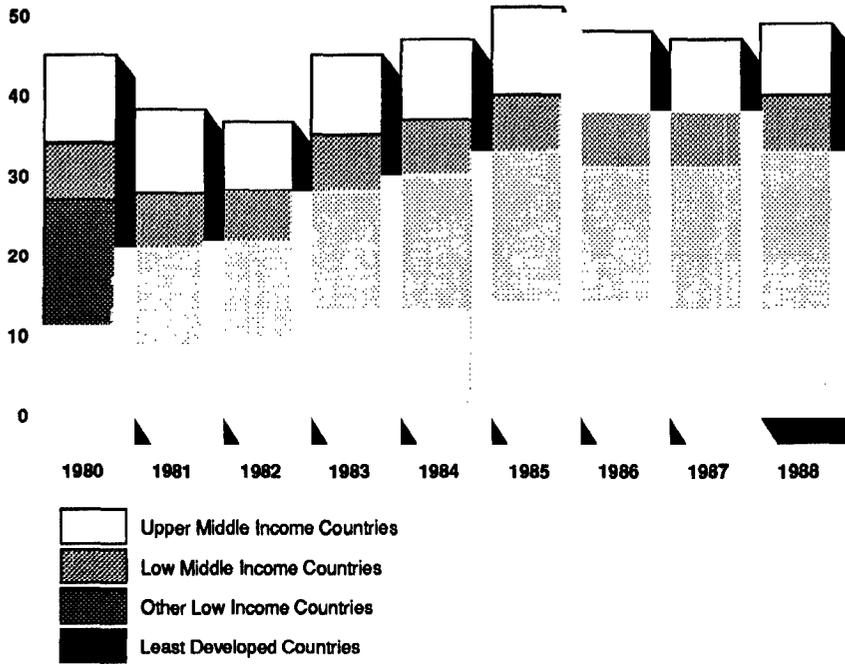
^aThese amounts primarily are Economic Support Fund disbursements

Figures III.4 and III.5 show the distribution of official development assistance by recipient countries' income levels and regions, respectively. Figure III.4 shows that upper middle income countries' began receiving proportionately decreased official development assistance, relative to lower income countries, as the decade progressed. Figure III.5 shows that during the 1980s, the Asia and Sub-Saharan Africa regions received larger proportions of official development assistance than other recipient regions.

**Appendix III
Official Development Assistance to
Developing Countries**

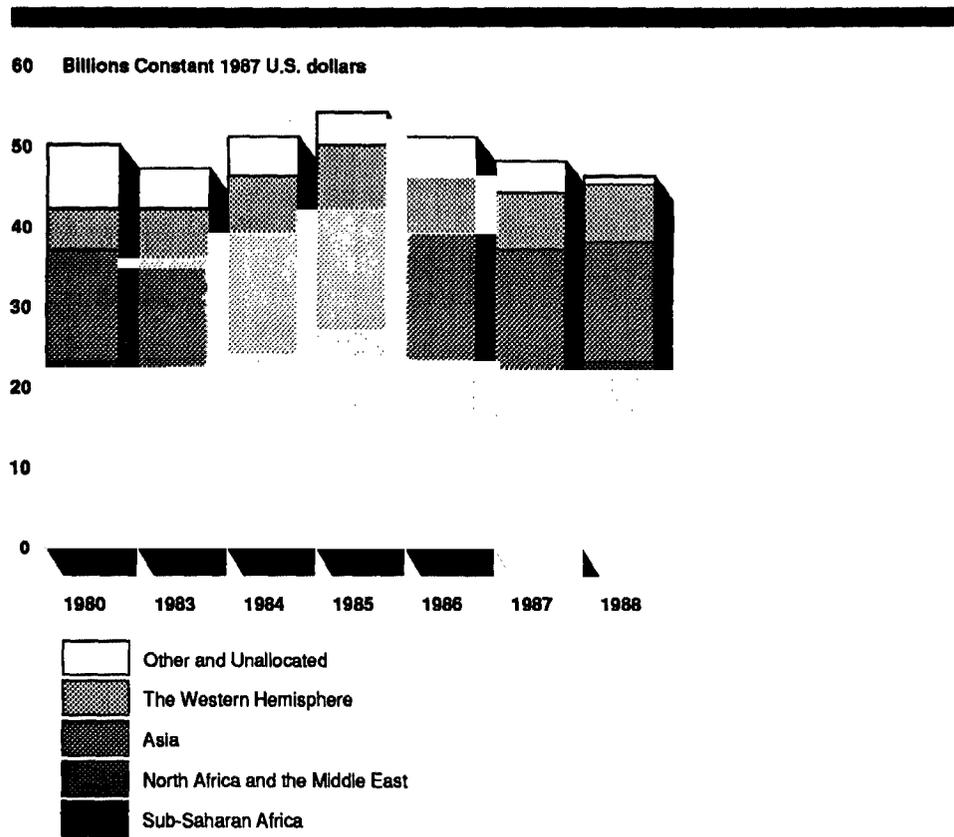
**Figure III.4: Distribution of Official
Development Assistance by Income
Groups**

60 Billions constant 1987 U.S. dollars



**Appendix III
 Official Development Assistance to
 Developing Countries**

**Figure III.5: Regional Distribution of
 Official Development Assistance**



Development Assistance Donor Burden Sharing

Development Assistance burden sharing among industrialized countries is measured using two indices designed to reveal their relative and absolute "generosity." One index is the ratio of a donor's official development assistance to its gross national product. This index shows whether a donor participates in development assistance in proportion to its economic stature. A second index measures the extent to which each donor contributes to the total official development assistance relative to other donors, such as the ratio of a donor's official development assistance to the total official development assistance.

Members of DAC contribute roughly 80 percent of development assistance to less developed countries (see figs. IV.1 and IV.2).

Figure IV.1: Shares of Global Official Development Assistance of Selected Donors

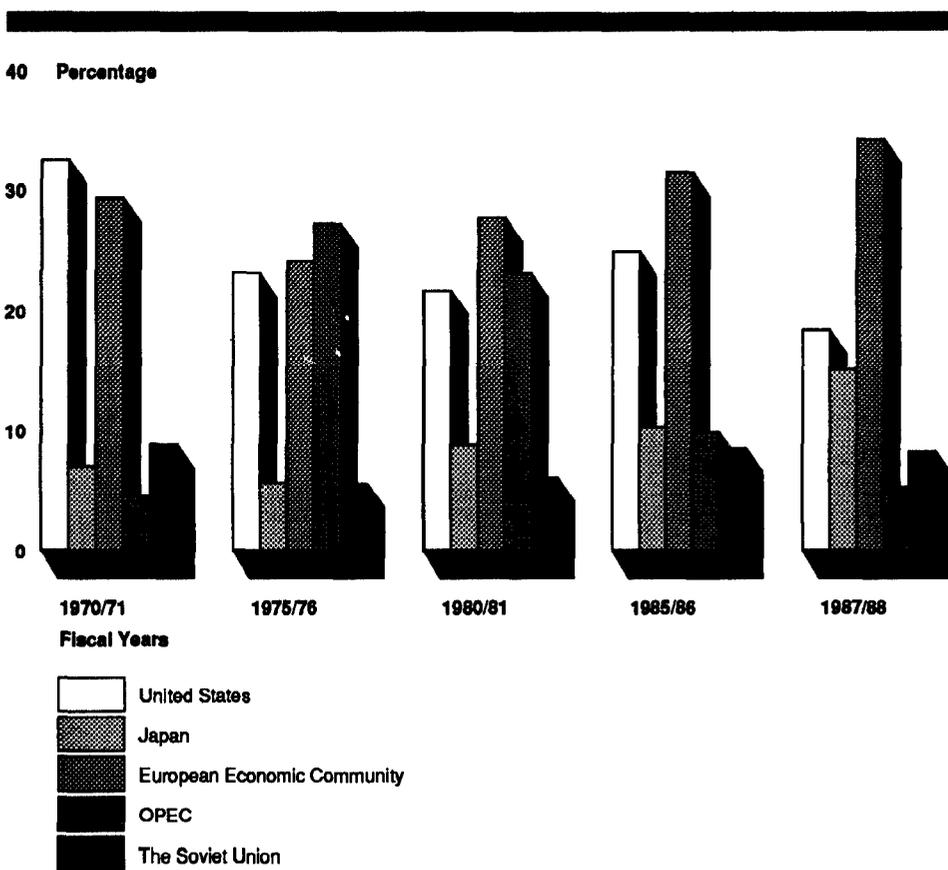
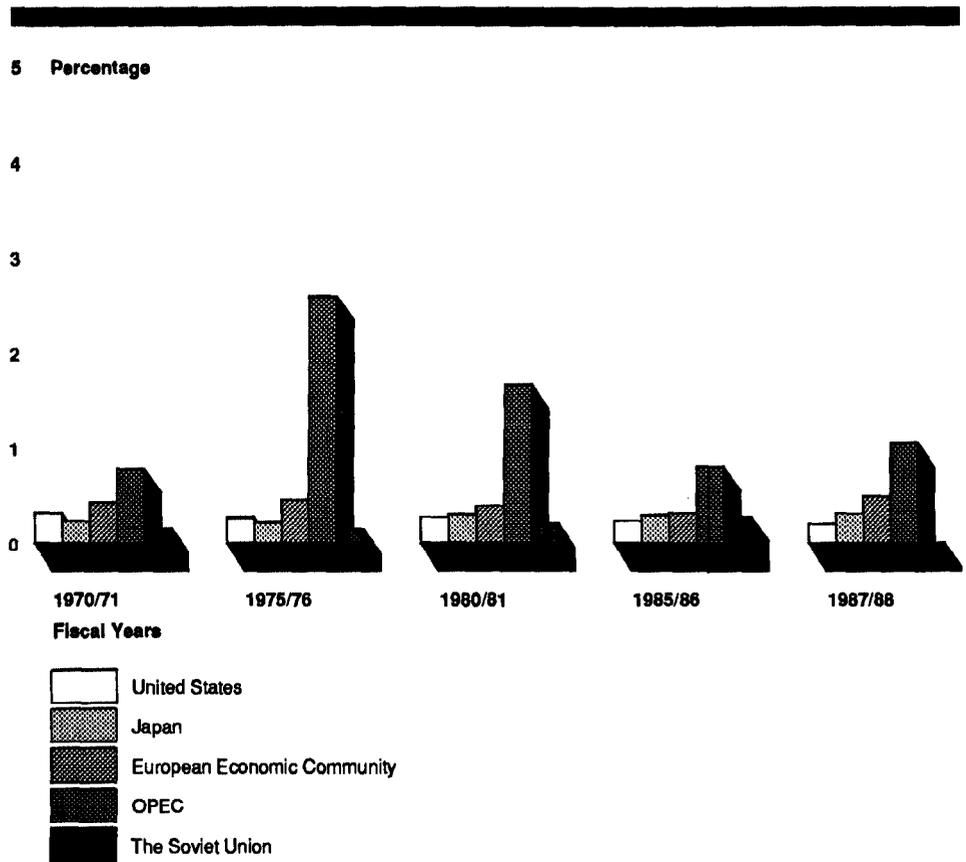


Figure IV.2: Ratios of Official Development Assistance to Gross National Product of Selected Donors



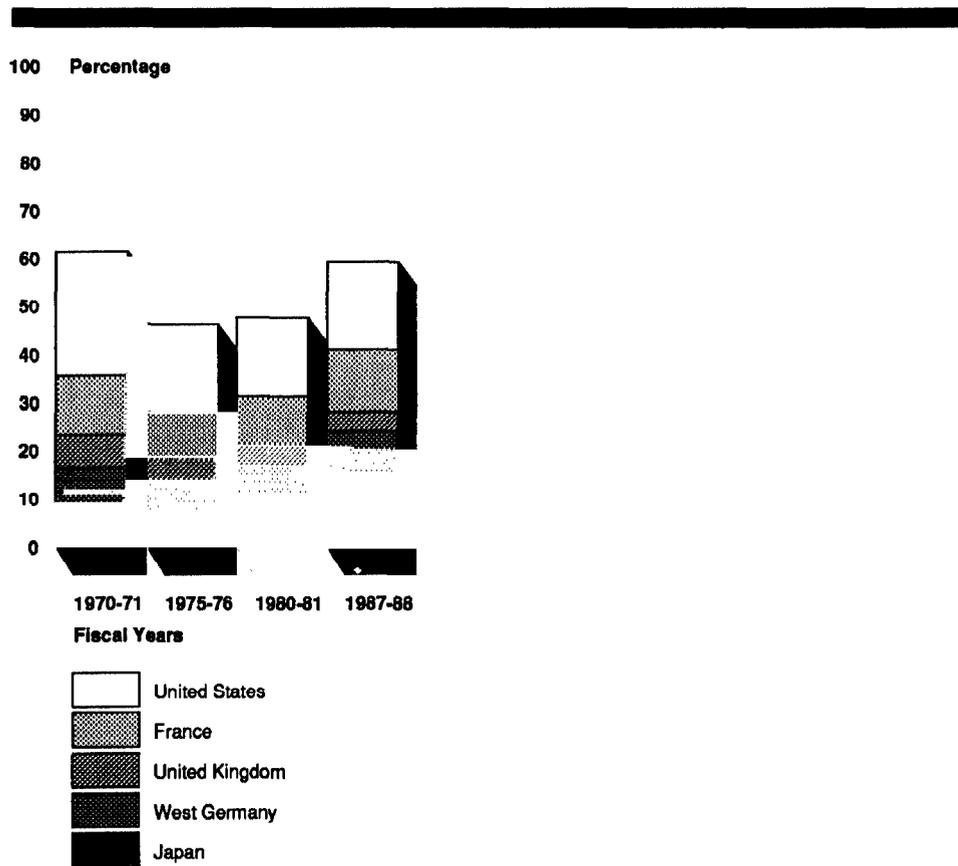
1987/88 data for the Soviet Union is not available.

Organization of Petroleum Exporting Countries members dominate assistance relative to gross national product. However, between 1980 and 1988, their share of global official development assistance declined from 23 percent to 5 percent.

The U.S. share of global official development assistance has decreased despite a 42-percent increase in U.S. official development assistance since 1980. This occurred primarily because of increases in the economic assistance of other donors. The United States, in 1970 and 1971, was responsible for over one-fourth of all official development assistance, but accounted for 18 percent in 1988. Nevertheless, in 1988, the United States was the largest single donor, accounting for 21 percent of official development assistance from DAC members (see fig. IV.3). The United

States, however, provided less official development assistance as a percentage of gross national product than most other DAC members.

Figure IV.3: Distribution of Development Assistance Among Selected DAC Members



Japan has continued to increase its levels of development assistance. In 1962, Japan's official development assistance was one percent of the DAC members' official development assistance, while in fiscal years 1981, 1986, and 1988 it accounted for approximately 8, 12.4, and 15 percent, respectively. Since 1980, Japan has increased its official development assistance by 172 percent.

Historically, the Soviet Union and East European nations contributed relatively small portions of their gross national products to development assistance. They typically accounted for 8 percent of all official assistance. In 1987 and 1988, the Soviet Union's allocation to development assistance was roughly 45 percent of that of the United States.

Development Assistance Distribution Patterns

There are significant differences among donors in the patterns of distribution of their development assistance. Most developing countries receive some kind of development assistance. Some, such as India, Pakistan, Bangladesh, Indonesia, and Egypt, tend to consistently rank as major official development assistance recipients. Some redirection and redistribution of assistance, due to shifts in political and economic relationships between donors and recipients, are also noticeable.

As shown in table V.1, Indonesia, Egypt, India, Israel, and China accounted for 15 percent of DAC countries' gross disbursements in 1988. Israel, Egypt, El Salvador, Philippines, and Pakistan received nearly 30 percent of U.S. disbursements, while Indonesia, China, the Philippines, Thailand, and Bangladesh received 32 percent of Japan's gross disbursements.

Table V.1: Major Recipients of Bilateral Official Development Assistance in 1988 by Percentage of Donors' Gross Disbursements

Figures in percents

U.S.		Japan		DAC ^a	
Israel	12.0	Indonesia	11.9	Indonesia	3.7
Egypt	9.4	China	6.6	Egypt	3.4
El Salvador	3.3	Philippines	5.7	India	2.9
Pakistan	2.7	Thailand	4.3	Israel	2.8
Philippines	1.8	Bangladesh	3.9	China	2.2
India	1.7	India	3.6	Bangladesh	2.0
Pacific Isles	1.6	Pakistan	2.7	Pakistan	1.9
Honduras	1.5	Malaysia	2.6	Philippines	1.8
Guatemala	1.4	Burma	2.5	Tanzania	1.4
Costa Rica	1.3	Korea	2.4	Mozambique	1.2
Bangladesh	1.3	Sri Lanka	1.8	Kenya	1.2
Sudan	0.9	Turkey	1.8	Reunion	1.2

^aDAC disbursements, including those of the United States and Japan.

A decade by decade comparison of distribution patterns of net official development assistance disbursements shows that donor and recipient relationships have generally remained stable, although some adjustments have occurred that reflect changes in political or economic relationships. Table V.2 shows, for example, that during 1962 through 1969, Israel, Vietnam, Pakistan, Korea, and Brazil received an average of about 42 percent of the annual net disbursements of U.S. official assistance. In the 1970s, Israel, Vietnam, Egypt, India, and Bangladesh

**Appendix V
Development Assistance
Distribution Patterns**

received 26 percent of the U.S. assistance, and in the 1980s, 30 percent of U.S. net disbursements went to Israel, Egypt, El Salvador, Bangladesh, and the Pacific Isles trust territories.

Table V.2: U.S. Net Disbursements of Foreign Economic Assistance to Major Recipients^a

Figures in percents

1962-1969		1970-1979		1980-1986	
Israel	17.1	Israel	7.7	Israel	13.4
Vietnam	8.3	Vietnam	6.8	Egypt	11.4
Pakistan	7.1	Egypt	5.5	El Salvador	2.0
Korea	4.7	India	3.3	Bangladesh	1.8
Brazil	4.5	Bangladesh	2.8	Pacific Isles	1.7
Turkey	3.1	Indonesia	2.8	Sudan	1.6
Egypt	2.8	Pakistan	2.4	Turkey	1.6
Yugoslavia	2.5	Cambodia	2.1	Philippines	1.4
Chile	2.0	Korea	2.0	Costa Rica	1.2
Indonesia	1.9	Pacific Isles	1.4	Pakistan	1.1
Colombia	1.6	Turkey	1.3	Honduras	1.0
Tunisia	1.1	Brazil	1.3	Peru	1.0
Laos	1.1	Jordan	1.1	Jamaica	0.9
Dominican Rep.	1.1	Colombia	1.1	Indonesia	0.8
Morocco	1.0	Philippines	1.0	India	0.8
Taiwan	1.0	Portugal	0.8	Dominican Rep.	0.7
Jordan	0.9	Laos	0.8	Sri Lanka	0.7
Israel	0.8	Syria	0.6	Liberia	0.6
Zaire	0.8	Morocco	0.5	Kenya	0.6
Thailand	0.8	Greece	0.5	Somalia	0.6
Bolivia	0.7	Bolivia	0.5	Morocco	0.6
Venezuela	0.7	Sri Lanka	0.4	Bolivia	0.6
Nigeria	0.6	Chile	0.4	Haiti	0.5
Afghanistan	0.6	Nigeria	0.4	Portugal	0.5
Philippines	0.6	Peru	0.4	Senegal	0.5

^aPercentages are annual averages for the period.

Table V.3 provides similar analysis for Japan's official bilateral economic assistance. It shows, for example, that between 1962 and 1969, Japan directed 49 percent of its average net annual official development assistance disbursements to Indonesia, India, Korea, the Philippines, and Pakistan. Between 1970 and 1979, 29 percent went to Indonesia, Korea, Philippines, Bangladesh, and Burma, and from 1980 through 1986, 25

**Appendix V
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percent went to China, Indonesia, Thailand, Philippines, and Bangladesh.

Table V.3: Japan's Net Disbursements of Economic Assistance to Major Recipients

Figures in percents

1962-1969		1970-1979		1980-1986	
Indonesia	13.5	Indonesia	10.8	China	6.4
India	11.5	Korea	6.1	Indonesia	5.3
Korea	9.7	Philippines	4.4	Thailand	5.0
Philippines	8.4	Bangladesh	4.3	Philippines	4.5
Pakistan	6.0	Burma	3.3	Bangladesh	3.7
Brazil	5.2	Thailand	3.2	Burma	3.1
Burma	4.2	India	3.0	Korea	2.8
Taiwan	2.7	Egypt	2.6	Pakistan	2.3
Vietnam	2.1	Pakistan	2.5	Malaysia	2.2
Thailand	1.4	Malaysia	2.1	Egypt	1.9
Sri Lanka	0.6	Vietnam	1.5	Sri Lanka	1.6
Laos	0.6	Brazil	1.4	India	1.5
Malaysia	0.5	Iran	1.3	Nepal	0.9
Cambodia	0.3	Sri Lanka	1.0	Tanzania	0.8
Chile	0.3	Iraq	0.9	Turkey	0.8
Yugoslavia	0.3	Peru	0.8	Brazil	0.8
Mexico	0.2	Kenya	0.5	Kenya	0.7
Iran	0.1	Zambia	0.5	Mexico	0.7
Tanzania	0.1	Nigeria	0.5	Bolivia	0.6
Kenya	0.1	Yugoslavia	0.5	Zaire	0.6

Table V.4 shows that the remaining DAC members concentrated their annual net disbursements on Reunion, Papua, New Guinea; Martinique, Guadeloupe, and Algeria during 1962 through 1969; Reunion, Martinique, Guadeloupe, Guiana, and French Polynesia from 1970 through 1979; and on Reunion, Martinique, French Polynesia, Guadeloupe, and Guiana during the 1980s.

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Table V.4: Major Recipients of DAC Member Economic Assistance, Excluding Japan and the United States^a

Figures in percents

1962-1969		1970-1979		1980-1986	
Reunion	7.0	Reunion	13.9	Reunion	15.4
Papua New Guinea	6.0	Martinique	8.9	Martinique	7.7
Martinique	5.0	Guadeloupe	6.7	French Polynesia	3.9
Guadeloupe	4.0	Guiana	2.8	Guadeloupe	3.5
Algeria	2.2	French Polynesia	2.6	Guiana	2.7
India	1.8	New Caledonia	2.6	New Caledonia	2.3
Guiana	1.6	Papua New Guinea	2.0	India	1.6
Israel	1.3	India	1.8	Netherlands Antilles	1.2
French Polynesia	1.1	Surinam	1.4	Indonesia	1.1
Surinam	1.0	Bangladesh	1.0	Tanzania	1.0
New Caledonia	0.9	Netherlands Antilles	1.0	Bangladesh	1.0
Yemen, Democratic Republic	0.8	Indonesia	1.0	Papua New Guinea	0.9
Pakistan	0.8	St. Pierre and Micquelon	0.8	St. Pierre and Micquelon	0.9
Zaire	0.7	Mayotte	0.7	Turkey	0.9
Virgin Islands	0.7	Tanzania	0.7	Zaire	0.8
Netherlands Antilles	0.7	Djibouti	0.7	Mayotte	0.7
Spain	0.6	Pakistan	0.7	Morocco	0.7
Djibouti	0.6	Zaire	0.7	Egypt	0.7
Comoros	0.6	Morocco	0.6	Kenya	0.6

^aNet disbursements

Donors other than DAC members distributed 35 percent of their average annual net official development assistance disbursements to India, Pakistan, Brazil, Jordan, and Mexico during the 1960s; 13 percent to Egypt, India, Syria, North Korea, and Jordan during the 1970s; and 13 percent to India, Syria, Jordan, Bangladesh, and Morocco during the 1980s. (See table V.5.).

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Table V.5: Major Recipients of Non-DAC Donors^a

Figures in percents

1962-1969		1970-1979		1980-1986	
India	19.2	Egypt	4.0	India	3.7
Pakistan	5.7	India	2.5	Syria	3.4
Brazil	4.1	Syria	2.4	Jordan	2.7
Jordan	3.5	North Korea	2.1	Bangladesh	1.5
Mexico	2.1	Jordan	1.4	Morocco	1.4
Turkey	2.0	Pakistan	1.3	Pakistan	1.3
Argentina	1.8	Bangladesh	1.1	Sudan	1.2
Chile	1.8	Oman	0.7	China	1.0
Egypt	1.8	Sudan	0.7	Yemen	1.0
Zaire	1.7	Yemen	0.6	Bahrain	0.9
Colombia	1.5	Morocco	0.6	Oman	0.8
Lebanon	1.3	Indonesia	0.5	Guadaloupe	0.7
Reunion	1.3	Bahrain	0.4	Martinique	0.7
Nigeria	1.1	Mauritania	0.4	Somalia	0.7
Iran	1.1	Somalia	0.4	Ethiopia	0.6
Syria	1.0	Lebanon	0.3	Egypt	0.6
Peru	0.9	Brazil	0.3	Lebanon	0.6
Israel	0.9	Mexico	0.3	Tanzania	0.5
Kenya	0.9	Yemen, Democratic Republic	0.3	Turkey	0.5
Korea	0.9	Zaire	0.3	Sri Lanka	0.4
Tanzania	0.8	Vietnam	0.3	Reunion	0.4
Algeria	0.8	Turkey	0.2	Burma	0.4
Bolivia	0.7	Senegal	0.2	Indonesia	0.4
Madagascar	0.7	Burma	0.2	Kampuchea	0.4
Indonesia	0.7	Thailand	0.2	Mali	0.4

^aNet disbursements

Compared to earlier years, disbursements are no longer concentrated in a few developing nations. In 1970 and 1971, for instance, the five largest recipients of Japan's assistance received 65 percent of its disbursements, compared to 32 percent in 1987 and 1988. The five top recipients in 1970 and 1971 received 32 percent of DAC members' disbursements, as compared to 15 percent in 1987 and 1988. The share of the top five global official development assistance recipients (Egypt, India, Pakistan, Bangladesh, and Indonesia) in 1975 and 1976 was 32 percent, as compared to 21 percent a decade later.

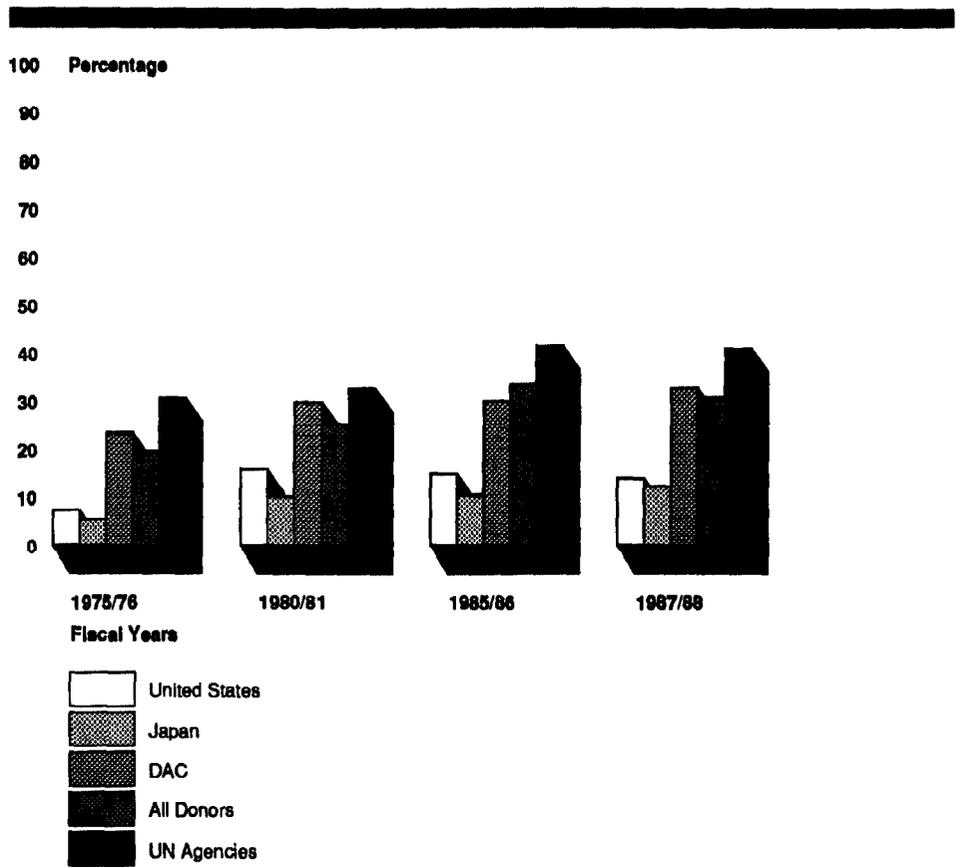
Development Assistance Geographical Distribution

The geographical distribution of official development assistance, excluding emergency relief, is primarily determined by historical and commercial links between the donor and recipient, as well as the strategic value of the recipient to the donor. For example, Australia and New Zealand allocate over 80 percent of their assistance to Oceania; Italy sends over 65 percent of its assistance to Africa, and the United States distributes over 45 percent of its assistance to the Middle East. Japan concentrates 79 percent of its development assistance in Asia and distributes the balance fairly equally to other regions.

As shown in figure VI.1, all DAC member nations have increased their bilateral assistance to Sub-Saharan Africa. Italy, France, and the Nordic Countries (Denmark, Finland, Norway, and Sweden) are the major benefactors of Sub-Saharan Africa, with Japan, Australia, and New Zealand trailing all others that assist Sub-Saharan Africa. Africa also figures prominently in distribution of assistance from multilateral institutions, receiving approximately 50 percent of the European Community's multilateral assistance.

**Appendix VI
Development Assistance
Geographical Distribution**

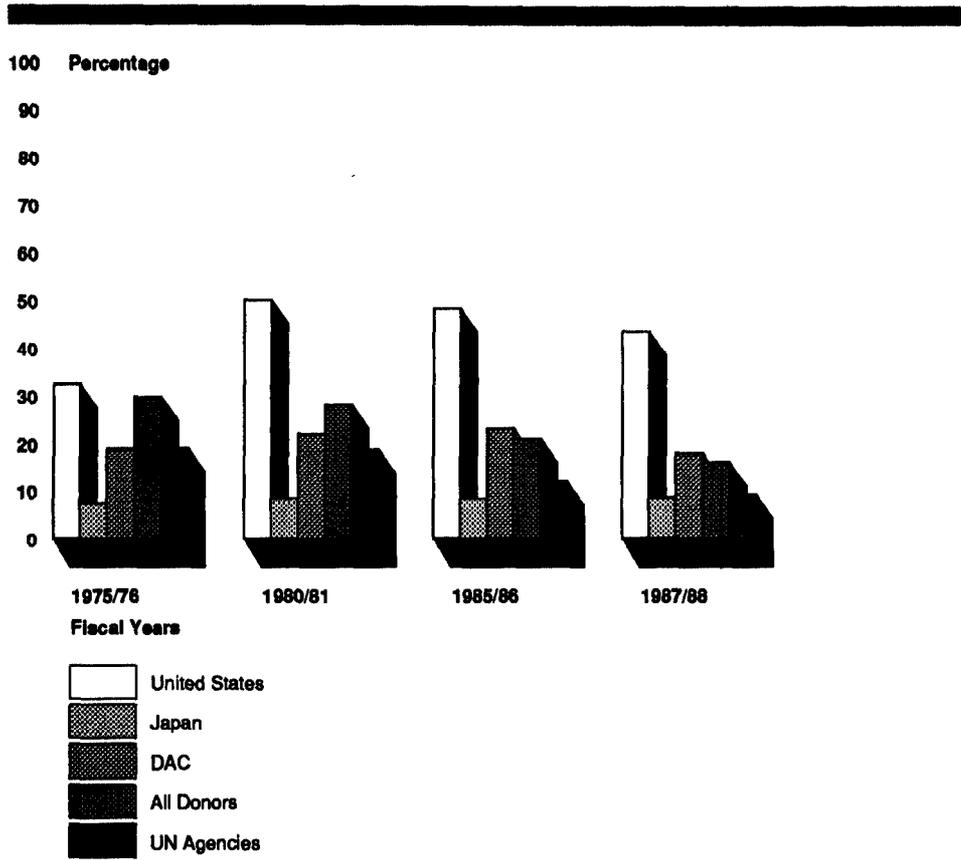
**Figure VI.1: Distribution of Official
Development Assistance to Sub-Saharan
Africa**



The Middle East and North Africa received approximately 50 percent of U.S. bilateral development assistance in 1985 and 1986, an increase from about 32 percent in 1975 and 1976 (see fig. VI.2). Italy was the major donor to the Middle East in 1975 and 1976, but has since drastically reduced its assistance.

Appendix VI
 Development Assistance
 Geographical Distribution

Figure VI.2: Distribution of Official Development Assistance to North Africa and the Middle East

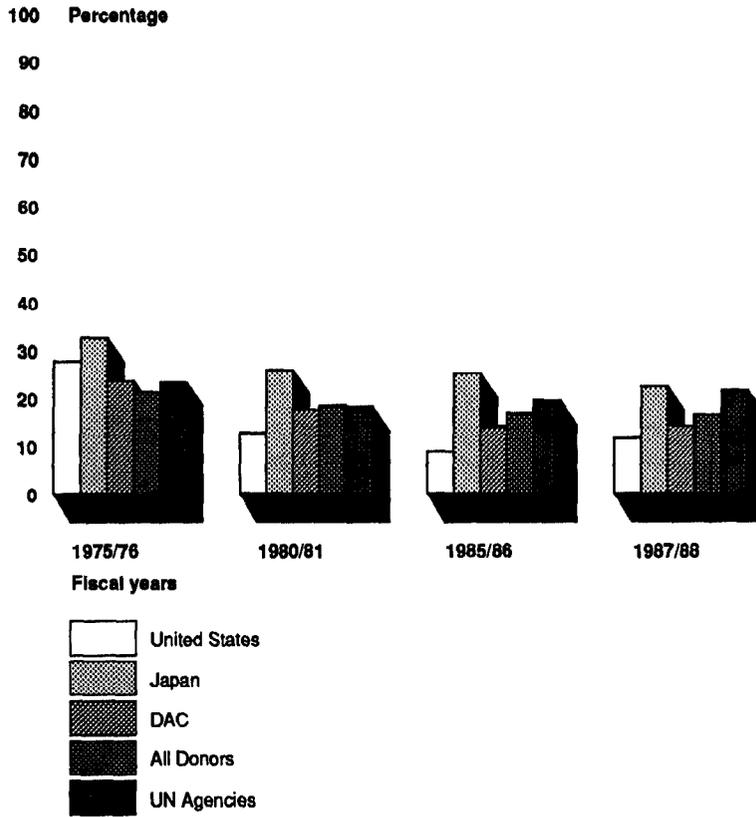


Reported values include assistance to the small European developing nations.

Virtually all DAC member countries have reduced the percentages of their development assistance to South Asia (see fig. VI.3). U.S. assistance, for instance, has fallen from 28 percent to 12 percent.

**Appendix VI
Development Assistance
Geographical Distribution**

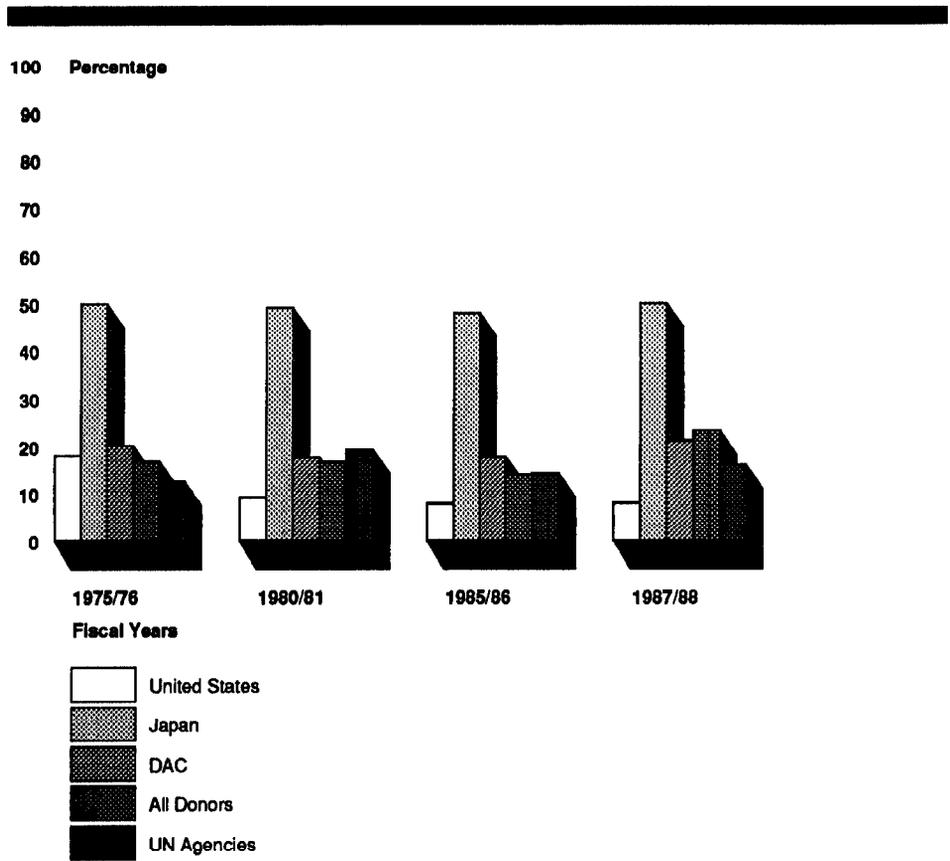
**Figure VI.3: Distribution of Official
Development Assistance to South Asia**



As shown in figure VI.4, the Far East and Oceania receive a large share of assistance from Australian and Japanese. France, Netherlands, and the United States are the main donors of economic assistance to Latin America and the Caribbean (see fig. VI.5).

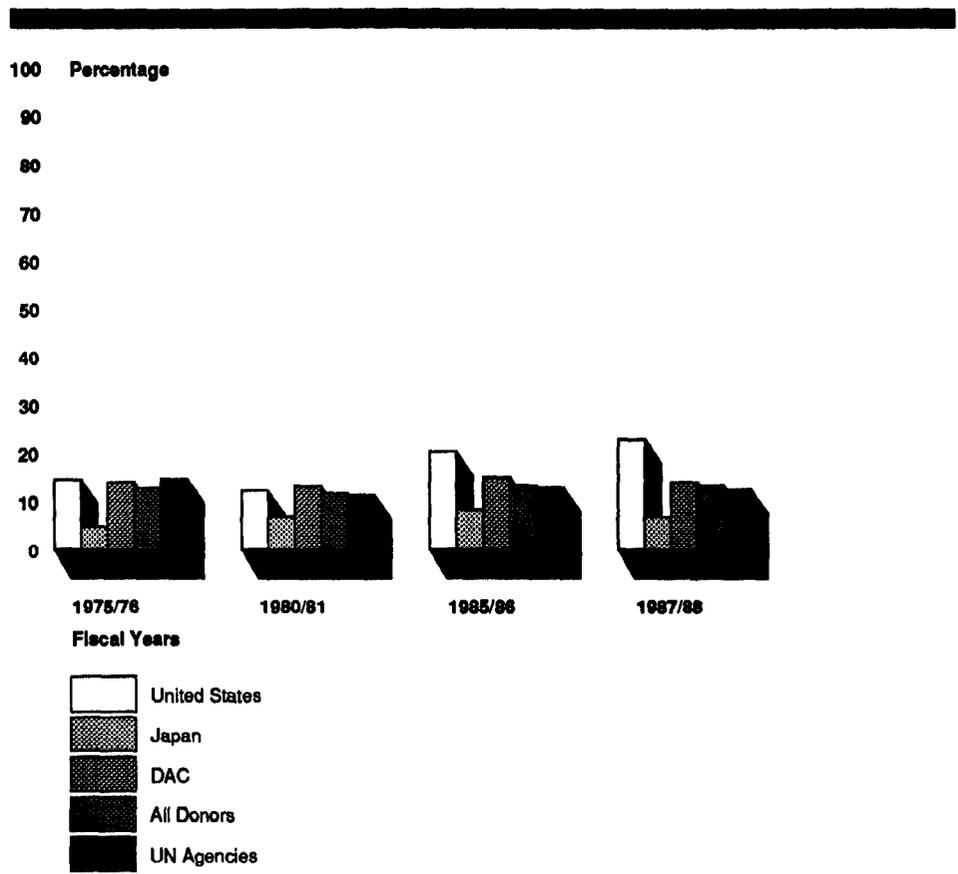
Appendix VI
 Development Assistance
 Geographical Distribution

Figure VI.4: Distribution of Official
 Development Assistance to the Far East
 and Oceania



**Appendix VI
Development Assistance
Geographical Distribution**

**Figure VI.5: Distribution of Official
Development Assistance to Latin
America and the Caribbean**



Development Assistance Sectorial Distribution

Donors are guided by different aid philosophies in distributing their economic assistance. Some direct their assistance toward meeting the basic necessities of living; others address long-term economic development problems; and still others prefer to build institutional infrastructure such as stable government and improved educational opportunities.

In 1986 and 1987, 51.2 percent of U.S. development assistance was committed for program assistance (commodity loans, budget support and general program loans); 4.1 percent to economic infrastructure (i.e., transportation, communication, energy, etc.); 10 percent to agricultural production; 14 percent to food aid; and less than 1 percent to industry, mining, and construction. The United States led all major donors in percentage commitments to food aid and program assistance, but trailed other donors in commitments to industry and economic infrastructure. In contrast, 21.8 percent of Japan's official development assistance was committed to program assistance; 43.9 percent to economic infrastructure; 7.6 percent to industry, mining, and construction; and 1.3 percent to food aid. These percentages are compared with those for DAC as a whole, multilaterals and overall global figures in table VII.1.

Table VII.1: Development Assistance by Major Purpose, 1986-1987 Percent of Total Commitments

Type	United States	Japan	DAC ^a	Multilaterals	Global
Social and Administrative infrastructure	20.2	15.4	24.7	17.6	21.3
Economic infrastructure	4.1	43.9	20.0	28.5	24.1
Agriculture	10.0	10.0	12.1	24.1	17.9
Industry and Production	0.5	7.6	5.1	14.2	9.8
Food Aid	14.0	1.3	5.4	3.1	4.3
Program Assistance	51.2	21.8	32.0	12.5	22.6

^aIncludes all DAC members.

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