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The Composition and Distribution of Financial Assistance
From Arab Countries and Arab Regional Institutions

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Abstract

This paper examines the volume and distribution of concessional and nonconcessional financial flows from Arab countries, and aid agencies, and regional institutions to developing countries. Arab financial assistance increased very rapidly from 1973 to 1980 in line with the rapid growth in oil revenues. Essentially because of the softer oil market, this trend was reversed in the 1980s. Nonetheless, the Arab contributions as a share of GNPs remain by far the most generous among the major donor groups. Arab recipient countries received nearly 62 percent of total Arab financial assistance. Together with large flows of workers' remittances, this assistance accelerated their economic development beyond what would have been otherwise possible.

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Summary

The paper examines the volume and distribution of concessional and nonconcessional financial flows from Arab countries and national agencies and from Arab/OPEC multilateral institutions to developing countries, with a special emphasis on Arab recipient countries, from 1973 to 1987. In line with the rapid rise in oil prices and government revenues, financial assistance increased very rapidly from 1973 through 1980. A large part of this assistance was granted unconditionally, and the geographic distribution widened over the years. Essentially because of the softer oil market, disbursements of financial assistance fell gradually in the 1980s. Nonetheless, the Arab contributions as a share of GNPs remain by far the most generous among the major donor groups and well above the target set by the United Nations. Arab multilateral agencies have flourished, and cooperation among them and the cofinancing of projects have increased over the years. All are now well equipped for appraising and administering their own lending programs.

Arab recipient countries received nearly 62 percent of total Arab financial assistance between 1973 and 1987. The bulk of this assistance was extended bilaterally, of which a significant part consisted of general support assistance. The economic development of the Arab world during this period was also heavily influenced by the migration of labor. As most of the imported labor in Arab donor countries was provided by nationals of the Arab recipient countries, total workers' remittances were about one and a half times larger than total financial assistance extended by Arab donors between 1973 and 1987. The combination of these two flows represented a noticeably large part of most of these recipient countries GNPs, imports, and fixed investment, and thereby accelerated their economic development beyond what would have been otherwise possible.

Abbreviations

AAAID	Arab Authority for Agricultural Investment and Development
AAD	Arab Accounting Dinar
ACAPP	Arab Company for Agricultural Production and Processing
ADF	Abu Dhabi Fund for Arab Economic Development
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AFTAAAC	Arab Fund for Technical Assistance to African and Arab Countries
AGFUND	Arab Gulf Program for United Nations Development Organizations
AMF	Arab Monetary Fund
BADEA	Arab Bank for Economic Development in Africa
CMEA	Council for Mutual Economic Assistance
DAC	Development Assistance Committee (of the OECD)
Dh	U.A.E. dirhams
FADDA	First Arab Development Decade Account
GDP	Gross Domestic Product
GNP	Gross National Product
GODE	Gulf Organization for the Development of Egypt.
IBRD	International Bank for Reconstruction and Development (World Bank)
ID	Iraqi dinars
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IMF	International Monetary Fund
IsD	Islamic dinar
ISF	Islamic Solidarity Fund
KD	Kuwaiti dinar
KF	Kuwait Fund for Arab Economic Development
LAFICO	Libyan Arab Foreign Investment Company
OAPEC	Organization of Arab Petroleum Exporting Countries
OAU	Organization of African Unity
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OFID	OPEC Fund for International Development
OPEC	Organization of Petroleum Exporting Countries
PLO	Palestine Liberation Organization
SAAFA	Special Arab Aid Fund for Africa
SAMA	Saudi Arabian Monetary Agency
SDR	Special Drawing Right
SF	Saudi Fund for Development
SR	Saudi Arabian Riyal
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme

I. Introduction

This paper examines the volume and distribution of concessional and nonconcessional financial flows from Arab countries and their official agencies to developing countries, with a special emphasis on Arab recipient countries, from the time of the first oil price rise in 1973 to 1987. The introduction focuses on the major economic developments in the Arab world over that period. The second section analyzes the supply side of financial flows, namely the amount of bilateral and multilateral aid provided by Arab donor countries and their national agencies, both in absolute terms and in relation to their gross national products. The third part concentrates on the operations of and net disbursements by Arab/OPEC regional and multilateral development finance institutions. The fourth part presents the uses side of Arab assistance, namely the geographical distribution and sectoral orientation of the aid flows. The impact of this financial assistance and of receipts of private unrequited transfers on the economic aggregates of Arab aid recipients is examined in the final part of the paper.

This study encompasses all the members of the Arab League, classified into two groups: the Arab donor countries, which include Algeria, Iraq, Kuwait, the Libyan Arab Jamahiriya, Qatar, Saudi Arabia, and the United Arab Emirates, all of which are oil exporting countries and members of the Organization of Petroleum Exporting Countries (OPEC); and the Arab aid recipient countries, which are Bahrain, the Arab Republic of Egypt, Jordan, Lebanon, Mauritania, Morocco, Oman, Somalia, the Sudan, the Syrian Arab Republic, Tunisia, the Yemen Arab Republic, and the People's Democratic Republic of Yemen ^{1/}. Both Algeria and Iraq have also been recipients of Arab aid and are identified as such in the part dealing with the geographical distribution of aid among recipients. In that part, Arab aid recipient countries are subdivided into two groups: the Arab Middle East countries and the Arab African countries.

The economic developments in the Arab world during 1973-87 have intimately been affected by changes in oil production and price levels, in a direct manner for oil producing Arab countries, and indirectly through official assistance, employment opportunities, and workers' remittances for most other Arab countries. The five years following the quadrupling of oil prices in 1973-74 were characterized by a massive increase in Arab donors' growth rates, exports, current account surpluses, and total reserves. The substantially augmented national savings were used for a sharp increase in government expenditures, especially on services, and in investments, characterized by a wide range of impressive development projects.

^{1/} The latter two countries were unified as the Republic of Yemen on May 22, 1990.

Most of the Arab donor countries were also characterized by the small size of the indigenous population base and by a relatively minor percentage of the population participating in the economic activity. ^{1/} The burst in investments led to a tremendous increase in the demand for labor in these countries. As the internally available labor was not sufficient, neither in size nor in type and specialization, to fulfill this increased demand, it created the necessity to import the needed labor from abroad and, in particular, from the other Arab countries and from Asia.

The importance of petroleum in the economies of oil exporting Arab aid recipient countries ^{2/} differed from one country to the other, but was on average smaller than in the Arab donor countries. Nonetheless, oil exporting Arab aid recipient countries and, in particular, Bahrain and Oman, to a certain extent experienced the same economic development as Arab donor countries. The economies of most non-oil exporting Arab recipients were characterized by a relative scarcity of capital, important deficits in their trade and current account balances, and an abundant population. Their population thus started to provide the much needed labor to participate in the large development projects in the Arab donor countries. Arab labor represented on average about 70 percent of the total labor migration to Arab countries. Egypt, the Yemen Arab Republic, and Jordan were the main exporters of labor in the Arab countries, accounting for 70 percent to 80 percent of the total Arab labor movement. Next came the the People's Democratic Republic of Yemen ^{3/}, the Sudan, Somalia, and Tunisia--the latter especially to Libya. Morocco was also always an exporter of labor, but essentially to European countries. Three aid recipient countries were the exception to the rule: Oman was both an importer and an exporter of labor, while Bahrain and Mauritania were importers of labor.

Because of these twin factors of either oil revenue or increasing workers' remittances, ^{4/} or both, GDP growth rates of Arab aid recipient countries were, on average, sustained throughout the second half of the 1970s, with consumption averaging 90 percent of total GDP, and even exceeding GDP in some of them. Also, Arab donor countries started channeling large amounts of development aid very early on in their

^{1/} See "A study on the dimensions and specifics of the Arab Labor Movement in the Arab countries" published in series in the Middle East News Economic Weekly. The Middle East News Agency, Cairo, Egypt, December 1, 1989 through January 26, 1990.

^{2/} Among the Arab aid recipients, Bahrain, the Arab Republic of Egypt, Oman, the Syrian Arab Republic, and Tunisia were net oil exporters during 1973-87.

^{3/} Aggregate private net unrequited transfers of Arab recipients leaped from less than US\$1 billion in 1973 to nearly US\$5 billion in 1978 (see Table 35).

^{4/} Aggregated private net unrequited transfers of Arab recipients leaped from less than US\$1 billion in 1973 to nearly US\$5 billion in 1978 (see Table 35).

development process to the neighboring Arab recipient countries. For many of the Arab aid recipient countries, foreign grants formed a large proportion of total governmental resources, thereby further widening the gap between expenditures and domestic resources. For the period 1975-78, the average ratio of foreign grants to internal resources was 49 percent for Jordan and 52 percent for the Yemen Arab Republic. Furthermore, over this period, a large number of these countries relied increasingly on foreign borrowing to finance their budget deficits. The share of foreign borrowing in total deficit financing averaged 45 percent in the P.D.R. of Yemen, 40 percent in Tunisia, and 57 percent in Morocco. 1/ Also, the recipient countries' imports grew nearly twice as fast as their exports over the period 1973-78, resulting in an increasingly weakened balance of payments position.

Initially because of developments in the Islamic Republic of Iran and the consequent reduction in that country's oil production, oil prices leaped to unprecedented levels in 1979-81. In the wake of the 1979-80 oil price rise and the onset of the recession in the industrial economies, the demand for oil began to decline sharply. Energy conservation and the greater use of alternative sources further reduced demand. World consumption of crude oil (outside the Eastern bloc) fell from 54.4 million barrels per day in 1979 to 48 million barrels a day in 1983, and then recovered gradually to 51.8 million barrels a day in 1987. 2/ Furthermore, because of significant increases in output by non-OPEC oil producers over the years and the inability of OPEC members to enforce a price/production strategy, OPEC's share of world demand was drastically reduced. Falling consumption and sales put increasing pressure on oil prices, with average export prices of Arab donor countries falling from a high of US\$33.5 per barrel in 1981 to a low of about US\$13 per barrel in 1986. Only in 1987 was a small price recovery attained, with average export prices increasing to about US\$17.

Although the 1979-81 surge in oil export earnings had an initial positive impact on growth rates of most Arab donors, the subsequent events forced an economic slowdown in Arab donor countries between 1982 and 1987. Combined exports of Arab donor countries fell continuously from 1980 to 1986, recovering only slightly in 1987. Because of the long implementation period for large capital intensive projects, imports continued to grow in donor countries between 1980 and 1982, while falling from 1983 through 1987, as countries started to defer large new projects.

As a result of these developments, the combined current position of Arab donor countries declined from a surplus of US\$92 billion in 1980 to a deficit of US\$15 billion in 1983. The further decline in the barrel price of oil in the mid-1980s was accompanied by a fall in the value of the U.S. dollar against the major currencies, thereby further

1/ Arab Monetary Fund, Annual Report, 1979, p. 19.

2/ International Energy Agency, World Energy Statistics and Balances 1971-1987, OECD, Paris, 1988, pp. 4-5.

deteriorating the Arab donors' terms of trade. At the same time, interest rates on major currencies, and especially on U.S. dollar deposits, showed a declining trend. Consequently, the Arab donor countries' current accounts remained continuously in deficit from 1983 onward. The deficits were financed initially by investment earnings, themselves sharply diminishing, with the result that the countries became dependent for finance on drawings from their accumulated reserves.

Total government revenues also decelerated sharply in Arab donor countries, resulting in significant cutbacks in government spending, including aid contributions. Furthermore, employment opportunities in the Arab countries showed a sharply diminishing trend. These combined factors had a negative influence on the economies of most Arab recipient countries.

II. Contributions by Arab Donor Countries and their National Agencies 1/

A. General review

1. Volume and composition

Arab donor countries contributed slightly more than US\$100 billion 2/ to developing countries and multilateral aid agencies during the 1973-87 period (Table 1). Some Arab donors had provided financial aid to developing countries for some years prior to 1973, but the amounts were rather modest. Net disbursements were closely correlated with the economic developments in the Arab donor countries. In line with the major increase in oil prices in 1973/74, they increased from US\$2.6 billion in 1973 to US\$8 billion in 1975, paused at an average level of about US\$7.5 billion annually in 1976-77, then rose again to their highest level of about US\$11 billion in each of the years 1980 and 1981. In the wake of the deteriorating conditions in the oil market and decreasing accumulated reserves over the years, levels of financial assistance began to decline in 1982 and reached a low of US\$2.5 billion in 1987.

1/ A large part of the factual information used in this part of the paper has been drawn from Aid from OPEC countries, OECD, Paris, 1983.

2/ Development and balance of payments financing only, excluding military assistance and certain other transactions.

Table 1: Contribution of aid by Arab donor countries

	(Net disbursements - in millions of U.S. Dollars)															Total	Percent
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987		
Total flows (In percent of GNP)	2572.4 (7.08)	5769.7 (7.03)	8096.0 (7.97)	7708.4 (6.08)	7248.4 (4.79)	8747.7 (5.19)	6435.6 (2.91)	10977.0 (3.74)	10916.4 (3.07)	8610.2 (2.53)	9100.4 (3.05)	5760.5 (2.04)	2820.2 (1.04)	4321.1 (1.72)	2518.0 (0.95)	101,601.9	100.00
Concessional (ODA) (In percent of GNP)	2138.3 (5.88)	4001.3 (4.87)	5417.3 (5.33)	5074.1 (4.00)	5760.6 (3.81)	7497.7 (4.45)	7251.9 (3.28)	9585.7 (3.27)	8308.4 (2.34)	5783.9 (1.70)	4798.3 (1.61)	4360.4 (1.54)	3608.9 (1.33)	4499.2 (1.79)	3292.0 (1.24)	81,378.0	80.09
Bilateral	2058.3	3641.5	4904.2	4231.5	3977.9	6505.2	6571.6	8808.0	7576.0	4652.4	3863.3	3654.1	2974.9	3860.4	2933.9	70,213.2	69.11
Multilateral contributions	80.0	359.8	513.1	842.6	1782.7	992.5	680.3	777.7	732.4	1131.5	935.0	706.3	634.0	638.8	358.1	11,164.8	10.99
UN Agencies and Funds	3.5	75.7	63.4	62.0	45.1	121.4	97.5	106.3	101.0	209.8	81.8	94.3	43.4	55.5	44.4	1,205.1	1.19
IMF Trust Fund & Subs. Acc.	0.0	0.0	0.0	11.4	11.5	16.4	42.9	25.2	0.0	5.0	5.0	5.0	5.0	0.0	0.0	127.4	0.13
IBRD/IFC	0.7	3.7	30.0	22.0	0.0	57.5	0.0	42.0	5.9	65.1	63.6	3.5	1.6	118.4	64.7	478.7	0.47
IDA	4.4	9.0	9.0	9.0	66.7	70.8	75.8	83.7	134.3	156.8	179.5	230.8	198.2	195.0	149.0	1,572.0	1.55
African Development Bank	15.5	23.0	9.9	7.8	16.8	27.9	24.0	12.2	35.9	21.0	22.5	6.1	20.8	21.7	40.9	306.0	0.30
OPEC Fund	0.0	0.0	0.0	108.5	103.2	66.0	84.1	162.3	197.6	271.7	215.8	51.5	44.6	33.7	29.5	1,368.5	1.35
AAAFD	1.3	1.4	19.3	19.7	15.6	31.0	82.6	81.6	69.3	76.6	41.5	0.0	0.0	0.0	0.0	439.9	0.43
AFESD	46.1	110.9	182.4	102.3	92.5	105.0	82.0	184.3	157.3	145.9	191.3	170.1	163.7	172.0	0.0	1,905.8	1.88
BADEA	3.5	28.1	44.6	45.0	70.0	48.3	35.0	66.6	10.0	0.0	0.0	0.0	0.0	0.0	0.0	351.1	0.35
Gulf Org. Dev. of Egypt	5.0	6.0	35.0	278.9	1232.8	327.7	32.3	0.0	0.0	0.0	0.0	13.0	0.0	0.0	0.0	1,930.7	1.90
Islamic Development Bank	0.0	0.0	72.9	100.5	112.4	117.7	115.0	2.6	9.0	130.4	101.0	102.2	100.9	8.6	0.0	973.2	0.96
Islamic Solidarity Fund	0.0	0.0	3.6	11.5	1.5	0.0	8.0	7.6	0.0	7.5	0.0	0.0	1.3	0.0	9.2	50.2	0.05
Others	0.0	102.0	43.0	64.0	14.6	2.8	1.1	3.3	12.1	41.7	33.0	29.8	54.5	33.9	20.4	456.2	0.45
Non-concessional	434.1	1768.4	2678.7	2634.3	1487.8	1250.0	-816.3	1391.3	2608.0	2826.3	4302.1	1400.1	-788.7	-178.1	-774.0	20,223.9	19.91
Bilateral	152.3	745.4	1114.3	1554.6	739.5	777.0	350.3	931.7	1320.4	1135.9	275.8	184.4	-442.1	51.8	-117.0	8,774.3	8.64
Multilateral	281.8	1023.0	1564.4	1079.7	748.3	473.0	-1166.6	459.6	1287.6	1690.4	4026.3	1215.7	-346.6	-229.9	-657.0	11,449.6	11.27

Source: OECD and staff calculations

About 80 percent of those contributions were extended on concessional terms and qualified as official development assistance (ODA). ^{1/} The remaining 20 percent were extended on nonconcessional terms. These ratios are, however, approximative as little information is available on nonconcessional flows, because donor countries do not publish these data. In particular, no breakdown by donor country could be obtained from 1979 on. The aggregate numbers on nonconcessional flows presented in this paper are essentially based on secondary sources and thus highly incomplete. Estimates of bilateral nonconcessional development flow nonetheless display a somewhat similar pattern to bilateral concessional flows, growing strongly from 1973 to 1976, receding from 1977 through 1979, jumping again from 1980 to 1982, and then falling to much lower levels since 1983, including negative flows in 1985 and 1987. Multilateral nonconcessional flows consist essentially of contributions to the various IMF facilities and repayments thereof.

Between 1973 and 1984, Arab donors were the second largest concessional donor group in the world behind the Development Assistance Committee (DAC) ^{2/} countries and ahead of the CMEA ^{3/} donors (Table 2). The share of Arab donors in total disbursed (ODA) increased from 17 percent in 1973 to an average of about 23.5 percent between 1974 and 1981, and then started falling gradually to a low of 6.5 percent in 1987.

As a share of GNP, however, the Arab donors remain the most generous among all donors. Arab aid accounted for an average of 4.72 percent of their combined GNPs between 1973 and 1978, and then started to decline slowly to a low of 1.24 percent of GNP in 1987, in view of both the reduced aid flows during the 1980s and the much larger nominal GNPs of the Arab donors (Table 3 and Chart 1). In comparison, ODA of DAC countries fluctuated between 0.30 percent and 0.38 percent of their GNPs between 1973 and 1987. The decision of Arab donors to use their enhanced financial resources very early on to help less fortunate developing countries was a distinctive phenomenon in the history of development aid.

^{1/} According to the official definition of the Development Assistance Committee of the OECD, aid flows qualifying as official development assistance (ODA) comprise grants and loans (i) undertaken by the official sector, (ii) with the promotion of economic development and welfare as main objectives, and (iii) at concessional financial terms (if a loan, at least 25 percent grant element).

^{2/} Australia, Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, and United States of America.

^{3/} Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and the U.S.S.R.

Table 2: Comparative performance of concessional aid donors in the world, 1973-1987

(ODA Net disbursements)

U.S. \$ Millions	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Arab donors	2,183	4,001	5,417	5,074	5,761	7,498	7,252	9,586	8,308	5,784	4,798	4,360	3,609	4,499	3,292
Other OPEC 1/	24	483	691	940	230	354	120	98	94	-10	187	193	5	205	43
Total DAC	9,077	11,619	13,854	13,962	15,742	20,018	22,849	27,297	25,568	27,777	27,593	28,742	29,429	36,663	41,535
Other OECD 2/	11	13	16	64	117	170	170	174	253	248	108	181	227	273	242
Total CMEA 3/	1,161	997	1,502	1,438	1,533	1,664	2,033	2,827	2,824	3,053	3,478	3,402	3,618	4,639	5,005
Other LDC donors 4/	479	428	433	454	442	484	358	538	417	472	357	311	363	517	435
Total ODA	12,935	17,541	21,913	21,932	23,825	30,188	32,782	40,520	37,464	37,324	36,521	37,189	37,251	46,796	50,552
Percentage of ODA															
Arab donors	16.9	22.8	24.7	23.1	24.2	24.8	22.1	23.7	22.2	15.5	13.1	11.7	9.7	9.6	6.5
Other OPEC 1/	0.2	2.8	3.2	4.3	1.0	1.2	0.4	0.2	0.3	-0.0	0.5	0.5	0.0	0.4	0.1
Total DAC	70.2	66.2	63.2	63.7	66.1	66.3	69.7	67.4	68.2	74.4	75.6	77.3	79.0	78.3	82.2
Other OECD 2/	0.1	0.1	0.1	0.3	0.5	0.6	0.5	0.4	0.7	0.7	0.3	0.5	0.6	0.6	0.5
Total CMEA 3/	9.0	5.7	6.9	6.6	6.4	5.5	6.2	7.0	7.5	8.2	9.5	9.1	9.7	9.9	9.9
Other LDC donors 4/	3.7	2.4	2.0	2.1	1.9	1.6	1.1	1.3	1.1	1.3	1.0	0.8	1.0	1.1	0.9
Total ODA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of GNP															
Arab donors	5.88	4.87	5.33	4.00	3.81	4.45	3.27	3.27	2.34	1.70	1.61	1.54	1.33	1.79	1.24
Other OPEC 1/	0.04	0.48	0.60	0.67	0.14	0.22	0.06	0.04	0.04	0.00	0.06	0.06	0.00	0.08	0.02
Total DAC	0.29	0.33	0.35	0.33	0.33	0.35	0.35	0.37	0.34	0.38	0.36	0.36	0.35	0.35	0.34
Other OECD 2/	0.02	0.01	0.02	0.06	0.09	0.11	0.09	0.06	0.10	0.10	0.05	0.08	0.10	0.09	0.06
Total CMEA 3/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other LDC donors 4/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: OECD and staff calculations.

1/ Islamic Republic of Iran, Nigeria, and Venezuela

2/ 1973-79: Luxembourg and Spain. Since 1980, Greece, Iceland, Luxembourg, Portugal and Spain.

3/ Bulgaria, CSSR, GDR, Hungary, Poland, Romania, and USSR.

4/ China, India, Israel, Korea (since 1980), and Yugoslavia.

TABLE 3.
NET CONTRIBUTION OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA)
AS A PERCENTAGE OF GNP, 1973-87

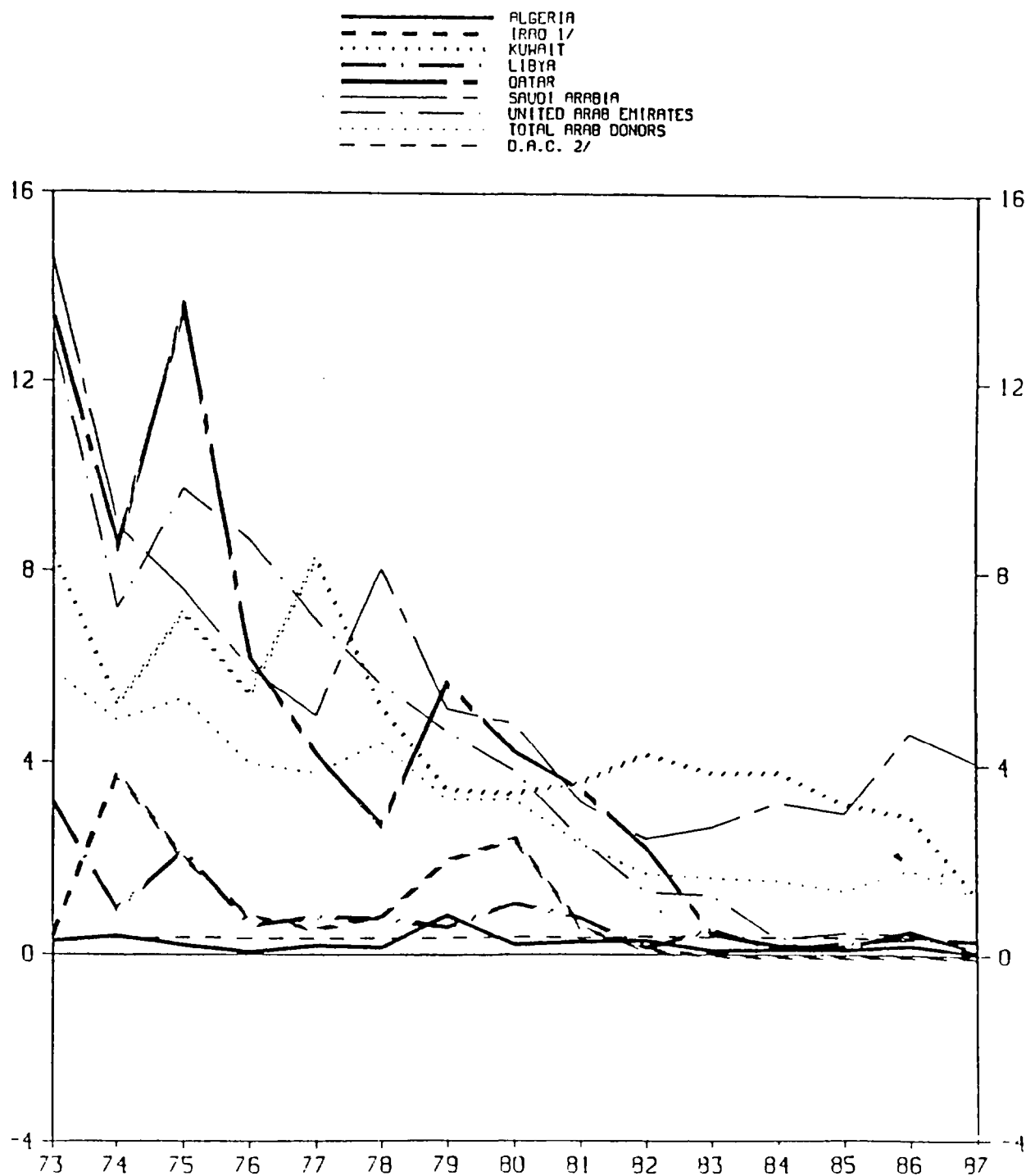
	ALGERIA	IRAQ 1/	KUWAIT	LIBYA	QATAR	SAUDI ARABIA	U.A.E.	TOTAL ARAB DONORS	D.A.C. 2/
1973	0.28	0.37	8.34	3.15	13.36	14.61	12.87	5.88	0.30
1974	0.38	3.74	5.22	0.93	8.50	8.91	7.20	4.87	0.33
1975	0.20	2.00	7.12	2.15	13.54	7.60	9.71	5.33	0.36
1976	0.06	0.77	5.43	0.59	6.19	5.97	8.66	4.00	0.33
1977	0.19	0.51	8.26	0.76	4.20	5.00	7.00	3.81	0.33
1978	0.16	0.77	5.17	0.74	2.72	8.06	5.66	4.45	0.35
1979	0.81	1.97	3.48	0.57	5.68	5.16	4.69	3.27	0.35
1980	0.21	2.44	3.40	1.06	4.27	4.85	3.89	3.27	0.37
1981	0.27	0.56	3.64	0.75	3.50	3.23	2.42	2.34	0.35
1982	0.29	0.11	4.22	0.15	2.25	2.45	1.31	1.70	0.38
1983	0.08	-0.02	3.83	0.51	0.41	2.69	1.25	1.61	0.36
1984	0.10	-0.05	3.84	0.10	0.18	3.20	0.32	1.54	0.36
1985	0.10	-0.07	3.17	0.24	0.15	2.98	0.45	1.33	0.35
1986	0.19	-0.04	2.91	0.34	0.48	4.66	0.42	1.79	0.35
1987	0.04	-0.07	1.23	0.30	0.08	4.04	0.08	1.24	0.34

SOURCES: O.E.C.D., AND STAFF CALCULATIONS.

1/ SINCE 1981, GDP.

2/ AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, F.R.G. OF GERMANY, IRELAND, ITALY, JAPAN, NETHERLANDS, NEW ZEALAND, NORWAY, SWEDEN, SWITZERLAND, UNITED KINGDOM, UNITED STATES OF AMERICA

CHART 1.
NET CONTRIBUTION OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA)
AS A PERCENTAGE OF GNP, 1973-87



Sources: O.E.C.D. and staff calculations.

1/ Since 1981, GDP.

2/ Australia, Austria, Belgium, Canada, Denmark, Finland, France, F.R. of Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States of America.

Despite depending heavily on oil as a main source of income and not having developed a diversified industrial economy or an agricultural sector capable of reducing significantly their heavy dependence on imports of food, the Arab donor countries consistently achieved levels of aid far above the United Nations target for net disbursement of 0.7 percent of GNP.

The four oil-producing Arab states--Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates--provided on average more than 90 percent of net Arab aid. Saudi Arabia's share alone grew from an average of about 52 percent of total net disbursements during 1973-79 to an average of nearly 70 percent in 1980-87. Kuwait has been the second largest donor over this period, followed by the United Arab Emirates. Aid from the other Arab donors (Algeria, the Libyan Arab Jamahiriya, and Iraq) experienced sharp fluctuations from one year to another between 1973 and 1981, but generally fell to much lower levels since 1982. In particular, Iraq's net aid disbursement turned negative since 1983 on account of the war with the Islamic Republic of Iran.

Concessional aid flows by Arab donors display three main characteristics. First, with the exception of Algeria, Arab donor countries from the very beginning have extended the major part of their concessional development assistance bilaterally. The share of bilateral aid remained above 90 percent during 1973-81, except for the years 1976-78 due to important payments to the Gulf Organization for the Development of Egypt (GODE) which are categorized as multilateral contributions. With the decrease in absolute amounts of aid since 1982 and the desire of Arab donors to continue fulfilling their commitments to multilateral organizations, the share of bilateral concessional assistance fell to an average of 84 percent for the years 1982-87.

Second, a major part of Arab assistance has been in the form of grants. ^{1/} This reflects the philosophy permeating a large part of the Arab aid, namely of making both significant and unconditional contributions so that developing countries are able to set up policies for their economic and social development of their own free will outside of political and economic pressures. "The philosophy of assistance given by the Arab oil exporting countries to the third world springs from the basic Islamic philosophy of giving help and assistance based on soft conditions and without looking into economic returns. The basic philosophy of giving assistance is to help development in the recipient countries and to bring them together for a better cooperation and understanding among themselves." ^{2/}

^{1/} A precise breakdown is not available, in part because Saudi Arabia does not publish the split between grants and loans.

^{2/} Abu Dhabi Fund for Arab Economic Development, Annual Report, 1982, p. 12.

Third, the majority of Arab aid was provided to Arab countries and the aid provided to them was to a large extent influenced by political developments in the Arab world. Between 1975 and 1979, about US\$2 billion was granted to Egypt through CODE, but aid was halted when most Arab donor countries severed political relations with Egypt. A large amount of grants has been extended as general support assistance for Arab countries under resolutions adopted at Arab Summit Meetings. ^{1/} The Rabat Agreement, involving support to the Arab Republic of Egypt, Jordan and Syria, was undertaken by the oil exporting Arab countries at the Arab Summit Meeting in Rabat in 1974. The largest amount of general support assistance, in principle US\$3.5 billion annually, was pledged at the Arab Summit Meeting in Baghdad in 1978 "to enhance the steadfastness" of the "Confrontation States." Also, contributions to Iraq in the 1980s to help finance the conflict with the Islamic Republic of Iran have adversely affected other development aid flows.

2. National aid agencies

Iraq, Kuwait, Saudi Arabia, and the U.A.E. have established national aid agencies for the administration of their project assistance. Kuwait actually has two agencies: it set up the Kuwait Fund for Arab Economic Development as early as 1961, and the General Board for the South and Arabian Gulf in 1966. Abu Dhabi established the Abu Dhabi Fund for Arab Economic Development in 1971. The Iraqi Fund for External Development and the Saudi Fund for Development were set up in 1974. Though Libya does not possess an aid agency, project loans are usually channeled through the Libyan Arab Foreign Investment Company, which substitutes for the missing aid agency.

Although their role and importance differ significantly from one country to another, the national aid agencies are foremost concerned with project assistance. One exception is the Iraqi fund, which has also been entrusted with the administration of nonproject aid. The Iraqi Fund, however, has stopped providing assistance since 1982 in line with the general decline of aid provision by Iraq after the start of the war with the Islamic Republic of Iran. All of the national aid agencies have also been entrusted with the administration of project loans or project-related grants on behalf of their governments.

The Kuwait Fund is the most important because it extends all loans made by Kuwait to developing countries. Whereas the nonconcessional contribution by the Kuwait Fund is very small, its ratio of Kuwait's total net disbursements of concessional assistance grew from a modest 2.6 percent in 1973 to an average of about 25 percent in the late 1970s and further to a peak of more than 50 percent in 1986, as the Kuwait Fund relied essentially on self-financing from its own resources, whereas direct aid by the Government of Kuwait fell to much lower levels. The Saudi Fund, which extends only concessional aid, has played a modest role in Saudi Arabia's total concessional assistance,

^{1/} Aid from OPEC Countries, OECD, 1983, p. 24.

contributing between 2 percent and 7 percent of total. The assistance provided by the Abu Dhabi Fund consists of about two thirds of concessional aid, the remaining third being on nonconcessional terms; its concessional aid accounted for less than one tenth of the U.A.E.'s net ODA, except for the years 1982-84, during which it averaged about 15 percent of total. ^{1/} The main reasons for the less prominent role of the aid agencies in the latter two countries are as follows: ^{2/} (i) the high share of cash grants extended by Saudi Arabia and the U.A.E., which are disbursed by the Ministries of Finance over which the aid agencies have no influence; and (ii) in Saudi Arabia and the U.A.E. project assistance is not exclusively extended by the aid agencies, but also by the Ministries of Finance.

3. Coordination and cofinancing with other aid agencies

The rapid rise of the volume of Arab aid and the growing number of Arab aid agencies with limited staff resources in the mid-1970s induced Arab aid officials to coordinate their activities. ^{3/} The Coordination Group of Arab Aid Agencies was established in 1975, with the Arab Fund for Economic and Social Development (AFESD) assuming the functions of the Coordination Secretariat. It presently has ten members, six national agencies (the Abu Dhabi Fund, the Iraqi Fund, the Kuwait Fund, the Saudi Fund, the Libyan Arab Foreign Investment Company, and the Qatar Development Account), and four multinational institutions (AFESD, BADEA, the Islamic Development Bank, and the OPEC Fund). Meetings at the Director of Operations level are held twice a year and meetings at the Head of Agency level when the need arises. Between 1975 and 1987, twenty five meetings at the level of Director of Operations took place. Since 1978, the Secretariat also compiles and disseminates information on the commitments made by the member institutions. Some coordination of Arab aid agencies with other donors also takes place, although to a lesser extent. There are occasional coordination meetings with the DAC member countries, with the Commission of the European Economic Communities, with the agencies of the United Nations, and with other multinational aid agencies, including the IMF and the World Bank.

This coordination effort has entailed the harmonization of operational procedures, the exchange of information on new projects, a large number of cofinanced projects and joint appraisal and supervisory missions. Also loan agreements have been standardized for all Arab Funds. These procedures have enabled the Arab aid agencies to increase the volume of commitments, to broaden the geographic coverage of their activities, and to economize staff resources. ^{4/}

^{1/} For more details, see individual country programs, Part II, Section B.

^{2/} Aid from OPEC Countries, OECD, Paris, 1983, pp. 25-27.

^{3/} Aid from OPEC Countries, OECD, Paris, 1983, p. 36.

^{4/} Aid from OPEC Countries, OECD, Paris, 1983, p. 37; see also: The coordination process of the Arab/OPEC/Islamic Development institutions, in the OPEC Fund for International Development, Annual Report 1985, p. 32.

A result of this cooperation is the high and growing share of cofinanced projects. "The increasing level of cofinancing is attributable to several factors. First, the rising cost of projects makes it imperative for the borrowers to explore the various sources of finance. This tendency also suits the donors for cost sharing and diffusing risk involved in financing infrastructure projects. Second, the sophisticated nature of modern projects also requires the active cooperation of financial and technical aid. Third, the introduction of a variety of instruments under the World Bank Pilot Scheme instituted in 1983 has enabled the large number of financial agencies to participate in project financing according to their suitability." ^{1/} Although the funds committed to such projects vary by agency and by year, on average more than 50 percent of the national agencies' annual commitments have been cofinanced with others in recent years. ^{2/} Cofinancings occur not only among Arab agencies but also with traditional bilateral and multilateral donors, in particular with the World Bank.

4. Multilateral contributions

Payment to regional and multilateral organizations by Arab donor countries constituted about 22 percent of total Arab contributions between 1973 and 1987, about half of which was extended on concessional terms (Table 1). In volume terms, the major donor of concessional multilateral assistance was Saudi Arabia, contributing 47 percent of the total, followed by Kuwait (26 percent), U.A.E. (8 percent), the Libyan Arab Jamahiriya (7 percent), Algeria (5 percent), and Iraq and Qatar (2 percent each). Among individual country programs, the highest share of multilateral contributions as a percentage of total concessional assistance was effected by Algeria (52 percent), followed by the Libyan Arab Jamahiriya (35 percent), Kuwait (22 percent), Qatar (20 percent), Iraq (17 percent), U.A.E. (12 percent), and Saudi Arabia (11 percent).

The largest beneficiaries of concessional multilateral contributions by Arab donors have been the Arab regional aid institutions, which indeed depend solely on contributions from Arab states. Between them they received 65 percent of total Arab concessional multilateral contributions between 1973 and 1987. The largest amounts have been paid to GODE (17 percent of total) because of the very large amounts disbursed between 1976 and 1978, AFESD (17 percent of total), the OPEC Fund (12 percent of total), and the Islamic Development Bank (9 percent of total). The remaining third of concessional multilateral assistance went to multilateral institutions with broad membership. The largest contributions, especially in the 1980s, went to IDA, followed by the

^{1/} The Saudi Fund for Development, Annual Report XII, 1405-06, A.H. (1985-86), p. 14.

^{2/} The ratio of cofinanced projects as a share of total accumulated committed aid was 54 percent at end 1984 for the Abu Dhabi Fund, 56.5 percent at end-June 1988 for the Kuwait Fund, and 68 percent at end fiscal year 1985-86 for the Saudi Fund (Source: Annual Reports of the various national agencies).

different UN Agencies and Funds--of which the contributions to the International Food and Agricultural Development (IFAD) were very important--the World Bank, IFC, and the IMF Trust Fund and Subsidy Account. Among the regional development banks and funds, only the African Development Bank has received relatively substantial sums.

The bulk of the nonconcessional multilateral assistance by Arab donor countries consists of contributions to the IMF Oil Facility, Supplementary Financing Facility, and Enlarged Access Facility. In 1974 and 1975, the IMF arranged to borrow from the principal oil exporting countries and other countries with strong external positions to finance two special temporary lending facilities, the 1974 and 1975 oil facilities, which were completed in 1983. Kuwait, Saudi Arabia, and the U.A.E. contributed 10.4 percent, 32.3 percent, and 1.6 percent, respectively, of the total of these facilities. In 1977, the IMF made bilateral borrowing arrangements with 14 countries or their institutions to finance commitments under the Supplementary Financing Facility. This facility was established in 1979, and its funds were fully committed by March 1981. Kuwait, Saudi Arabia, and the U.A.E. again contributed to this facility, namely for 5.3 percent, 28 percent, and 1.5 percent, respectively, of the total. In March 1981, the first borrowing agreement under the policy on enlarged access to the Fund's resources was reached with the Saudi Arabian Monetary Agency (SAMA). SAMA provided all of the funds for this facility up to the end of 1987, for a total of SDR 6.7 billion; in 1987, additional agreements under this facility with central banks, official agencies of a number of countries, and international agencies, came into force.

B. Bilateral aid flows

1. Algeria

Given its own development requirements, Algeria's aid contribution has been modest among the seven Arab donor countries, totaling approximately US\$1.1 billion over the period 1973-87 (Table 4). Between 1973 and 1978, concessional aid averaged slightly more than US\$30 million per year, or 0.21 percent of GNP. In 1979, Algeria paid a large part of its US\$250 million pledge for the Arab "Confrontation States," bringing its concessional assistance to 0.81 percent of GNP. Since 1980, concessional aid averaged approximately US\$76 million annually (but falling to US\$25 million in 1987), equivalent to an average of 0.16 percent of GNP. Only very partial information is available on nonconcessional assistance, but the amounts involved are believed to be small. Except for its commitment under the Baghdad Agreement, most of Algeria's bilateral aid has benefited African countries.

Table 4: Contribution of aid by Algeria

(Net disbursements - in millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent
Total official flows (In percent of GNP)	29.8 (0.33)	54.3 (0.41)	32.4 (0.21)	24.0 (0.14)	66.1 (0.32)	52.7 (0.20)	261.0 (0.81)	87.6 (0.21)	116.2 (0.27)	128.3 (0.29)	36.5 (0.08)	48.3 (0.10)	53.9 (0.10)	113.8 (0.19)	25.5 (0.04)	1,130.4	100.00
Concessional (ODA) (In percent of GNP)	25.4 (0.28)	49.8 (0.38)	30.9 (0.20)	11.0 (0.06)	39.7 (0.19)	40.6 (0.16)	261.0 (0.81)	87.6 (0.21)	116.2 (0.27)	128.3 (0.29)	36.5 (0.08)	48.3 (0.10)	53.9 (0.10)	113.8 (0.19)	25.5 (0.04)	1,068.5	94.52
Bilateral	21.6	6.5	20.0	2.0	3.0	3.0	244.0	39.0	12.0	34.7	2.0	4.0	16.2	75.4	12.2	495.6	43.84
Multilateral contributions	3.8	43.3	10.9	9.0	36.7	37.6	17.0	48.6	104.2	93.6	34.5	44.3	37.7	38.4	13.3	572.9	50.68
UN Agencies and Funds	0.4	10.5	0.1	0.6	1.1	4.3	0.9	1.1	16.6	16.7	1.2	1.1	1.2	1.2	0.6	57.6	5.10
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
IBRD/IFC	--	3.7	--	--	--	--	--	--	3.4	31.0	--	--	--	--	--	38.1	3.37
IDA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
African Development Bank	--	23.0	-2.5	3.0	5.9	6.3	--	--	27.0	--	--	--	--	--	10.9	73.6	6.51
OPEC Fund	--	--	--	5.4	5.6	5.9	--	20.2	24.9	15.0	5.5	8.0	1.8	0.9	1.8	95.0	8.40
AAAIID	--	--	--	--	--	--	1.0	1.0	1.0	0.9	--	--	--	--	--	3.9	0.35
AFESD	3.4	6.1	13.3	--	11.3	11.8	11.8	23.0	22.3	21.6	27.8	27.4	26.9	27.7	--	234.4	20.74
BADEA	--	--	--	--	5.0	3.0	3.3	3.3	--	--	--	--	--	--	--	14.6	1.29
Gulf Org. Dev. of Egypt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
Islamic Development Bank	--	--	--	--	5.8	6.3	--	--	9.0	8.4	--	7.8	7.8	8.6	--	53.7	4.75
Islamic Solidarity Fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
Others	--	--	--	--	2.0	--	--	--	--	--	--	--	--	--	--	2.0	0.18
Non-concessional	4.4	4.5	1.5	13.0	26.4	12.1	--	--	--	--	--	--	--	--	--	61.9	5.48
Bilateral	4.4	4.5	1.5	1.5	--	--	--	--	--	--	--	--	--	--	--	11.9	1.05
Multilateral	--	--	--	11.5	26.4	12.1	--	--	--	--	--	--	--	--	--	50.0	4.42

Source: OECD and staff calculations

Contributions to multilateral organizations have constituted the major part of Algeria's concessional assistance in most of the years under review. About 40 percent of those contributions were extended to AFESD. The remainder is divided among the other Arab aid agencies (OPEC Fund, Islamic Development Bank and, to a lesser extent, BADEA), the UN Agencies and Funds (of which IFAD took the lion's share), the World Bank/IFC, and the African Development Bank (AfDB). No contributions have been made to the IMF Trust Fund and Subsidy Account nor to IDA. In 1974, Algeria also established the Algerian Trust Fund (Arab Oil Fund) administered by the AfDB to provide finance for the economic development of the AfDB member states. It was initially endowed with US\$20 million, of which US\$14.3 million has been disbursed; the balance (US\$5.6 million) was refunded to Algeria in August, 1975.

2. Iraq

Iraq contributed more than US\$3 billion in aid between 1973 and 1982; the war with the Islamic Republic of Iran and reduced oil revenues, however, turned Iraq from a creditor to a net debtor country since then (Table 5). From a modest level in 1973, Iraqi aid leaped to US\$414 million in 1974 (3.90 percent of GNP) and averaged US\$215 million annually (1.30 percent of GNP) between 1975 and 1978. It rose significantly again to an annual average of US\$760 million (2.21 percent of GNP) in 1979 and 1980 for the following two reasons: (i) Iraq pledged US\$520 million for the "Confrontation States" at the Arab Summit Meeting in Baghdad in November 1978; (ii) wishing to compensate developing countries for the increase in oil prices, Iraq extended long-term, interest-free loans to twelve developing countries which had direct long-term contracts to purchase Iraqi oil. Ten such loan agreements were signed in 1980 for a total value of US\$210 million, with the remaining two loan agreements (for US\$8 million) being signed in 1981. Bilateral aid turned negative in 1983, while contributions to multilateral organizations fell to very modest levels since then.

About 80 percent of Iraq's assistance has been provided bilaterally, a high proportion of which consisted of loans for the financing of petroleum purchases or for the compensation of rises in oil prices. Except for the beneficiaries of aid under the Baghdad Agreement (especially Jordan and Syria), the geographic distribution of Iraqi aid remained diversified, with Asian and African countries receiving a comparatively large share. In particular, Iraq has been the largest Arab aid donor to India.

Table 5: Contribution of aid by Iraq

(Net disbursements - in millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent
Total official flows (In percent of GNP)	19.1 (0.37)	414.3 (3.90)	301.0 (2.27)	146.4 (0.91)	175.6 (0.94)	239.7 (1.06)	658.0 (1.97)	864.6 (2.44)	207.2 (0.56)	51.4 (0.11)	-9.0 -0.02	-22.7 -0.05	-31.5 -0.07	-20.6 -0.04	-35.3 -0.07	2,958.2	100.00
Concessional (ODA) (In percent of GNP)	19.1 (0.37)	397.0 (3.74)	265.0 (2.00)	123.4 (0.77)	96.4 (0.51)	172.7 (0.77)	658.0 (1.97)	864.6 (2.44)	207.2 (0.56)	51.4 (0.11)	-9.0 -0.02	-22.7 -0.05	-31.5 -0.07	-20.6 -0.04	-35.3 -0.07	2,735.7	92.48
Bilateral	11.0	348.0	245.0	79.0	68.0	121.0	614.0	810.0	182.0	17.0	-15.0	-25.0	-31.7	-20.6	-35.4	2,367.3	80.03
Multilateral contributions	8.1	49.0	20.0	44.4	28.4	51.7	44.0	54.6	25.2	34.4	6.0	2.3	0.2	0.0	0.1	368.4	12.45
UN Agencies and Funds	0.3	0.9	0.9	1.1	0.8	24.0	1.7	6.7	0.5	0.6	--	0.2	0.2	--	0.1	38.0	1.28
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	4.9	5.3	7.1	--	--	--	--	--	--	--	17.3	0.58
IBRD/IFC	0.7	--	--	--	--	--	--	--	--	0.3	2.8	--	--	--	--	3.8	0.13
IDA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
African Development Bank	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
OPEC Fund	--	--	--	--	--	0.5	2.5	4.5	5.5	5.5	--	--	--	--	--	18.5	0.63
AAAFID	--	--	--	--	--	--	9.8	10.0	--	9.4	--	--	--	--	--	29.2	0.99
AFESD	3.6	20.0	9.5	12.3	9.6	9.5	9.9	19.9	19.2	18.6	--	--	--	--	--	132.1	4.47
BADEA	3.5	28.1	9.6	--	15.0	10.3	11.7	3.3	--	--	--	--	--	--	--	81.5	2.76
Gulf Org. Dev. of Egypt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
Islamic Development Bank	--	--	--	--	--	2.5	2.6	2.6	--	--	3.2	2.1	--	--	--	13.0	0.44
Islamic Solidarity Fund	--	--	--	1.0	--	--	0.5	0.5	--	--	--	--	--	--	--	2.0	0.07
Others	--	--	--	30.0	3.0	--	--	--	--	--	--	--	--	--	--	33.0	1.12
Non-concessional	0.0	17.3	36.0	23.0	79.2	67.0	--	--	--	--	--	--	--	--	--	222.5	7.52
Bilateral	--	17.3	36.0	--	10.0	14.8	--	--	--	--	--	--	--	--	--	78.1	2.64
Multilateral	--	--	--	23.0	69.2	52.2	--	--	--	--	--	--	--	--	--	144.4	4.88

Source: OECD and staff calculations

The oil compensation loans as well as many concessional project loans have been extended through the Iraqi Fund for External Development (Table 6). It was officially established as an independent institution in June 1974 with a capital of Iraqi dinars (ID) 50 million (US\$169 million), which by end-1987 had grown to ID 350 million (US\$1.1 billion), of which ID 217 million (US\$0.7 billion) was paid in. Its goal is the promotion of economic and social development of Arab and other developing countries through concessional loans for projects, investments in joint projects involving Arab economic integration, technical assistance, and cooperation with other Arab international funds. Because of the conflict with the Islamic Republic of Iran, it virtually suspended its assistance program after 1982. By end-1987, cumulative loan commitments totaled about US\$1.9 billion, to about 30 developing countries. Nearly half of the amounts committed were for infrastructural projects, the remainder benefiting agricultural, industrial and energy projects on top of the oil compensation loans. Net loan disbursements were much lower, totaling US\$252 million up to end-1987. Furthermore, the Iraqi Fund took equity participations in Arab joint projects and Arab international funds for approximately US\$200 million, of which US\$85 million were disbursed.

Contributions to multilateral organizations made up approximately 15 percent of Iraq's total financial assistance. Most of the concessional multilateral contributions were extended to Arab institutions, particularly to AFESD and BADEA, and to a lesser extent to the Arab Authority for Agricultural Investment and Development (AAAID), the OPEC Fund and the Islamic Development Bank. Among the multilateral organizations with broad membership, the UN Agencies and Funds (particularly IFAD) got the largest share, followed by the IMF Trust Fund and Subsidy Account and a small contribution to the World Bank/IFC. Iraq does not contribute to IDA, nor to the African Development Bank or to any regional development bank.

3. Kuwait

Kuwait was the second largest Arab aid donor (after Saudi Arabia) in the period under review, having contributed a total of approximately US\$16 billion between 1973 and 1987 (Table 7). It is also the pioneer of the Arab aid effort, with an assistance program dating back to the beginning of the 1960s and one of the most generous donors in the world in terms of GNP. A large part of Kuwait's concessional aid being extended to Arab countries, the volume of aid has fluctuated according to decisions taken at Arab Summit Meetings and other developments in the Arab World. A major part of the disbursements between 1975 and 1977 benefited Egypt, Jordan, and the Syrian Arab Republic, following the decision taken at the Arab Summit Meeting in Rabat in October 1974, and in the years 1979-81 consisted of US\$487 million per annum to the "Confrontation States" under the Baghdad Agreement. Only in the last three years under review, in the wake of a softer oil market, has Kuwait's aid fallen below the US\$1 billion per year mark. Though the information is incomplete, nonconcessional assistance seems to have accounted for about one fifth of Kuwait's total financial contributions between 1973 and 1987 and notably in 1976 stood above the level of concessional aid.

Table 6: Assistance by the Iraqi Fund for External Development, 1973-1987 1/
(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	0.0	30.0	0.0	15.0	26.3	101.2	406.3	836.3	466.2	258.0	0.0	0.0	0.0	0.0	0.0	2,139.3
Concessional	--	30.0	--	15.0	26.3	101.2	406.3	743.3	373.3	231.0	--	--	--	--	--	1,926.4
Non-concessional	--	--	--	--	--	--	--	93.0	92.9	27.0	--	--	--	--	--	212.9
Grant Element of Commitments (%)	--	--														0.0
Net Disbursements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	152.0	64.0	42.5	8.0	62.0	9.0	0.0	0.0	337.5
Concessional	--	--	--	--	--	--	--	137.5	50.0	23.5	8.0	24.0	9.0	--	--	252.0
Non-concessional	--	--	--	--	--	--	--	14.5	14.0	19.0	--	38.0	--	--	--	85.5
GEOGRAPHIC DISTRIBUTION (In percent)																Average
Arab Countries	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Africa	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Asia	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																Average
Infrastructure	--	--	36.2	49.3	80.9	45.1	53.9	31.5	40.0	--	--	--	--	--	--	48.1
Agriculture	--	--	42.0	17.7	3.4	3.3	--	14.5	11.0	--	--	--	--	--	--	13.1
Industry & Energy	--	--	--	31.2	12.8	31.5	22.6	49.8	42.4	--	--	--	--	--	--	27.2
Other	--	--	21.8	1.8	2.9	20.1	23.5	4.2	6.6	--	--	--	--	--	--	11.6

Sources: Joint Arab Report 1988, Arab Monetary Fund ed.; OPEC Aid and OPEC Aid Institutions, A profile ; OECD ; and staff calculations

1/ Excludes loans and grants administered by the Fund on behalf of the Iraqi Government

Table 7: Contribution of aid by Kuwait

(Net disbursements - in millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent
Total official flows (In percent of GNP)	566.0 (13.27)	1193.8 (9.91)	1646.2 (12.87)	2055.5 (14.04)	1734.4 (10.91)	1229.7 (6.79)	706.6 (2.53)	1105.3 (3.30)	1159.3 (3.54)	1165.3 (4.24)	1069.0 (4.11)	1021.6 (3.85)	716.9 (2.95)	620.5 (2.52)	201.5 (0.78)	16,191.7	100.00
Concessional (ODA) (In percent of GNP)	355.5 (8.34)	629.2 (5.22)	910.3 (7.12)	795.1 (5.43)	1,312.8 (8.26)	935.3 (5.17)	970.6 (3.48)	1,139.9 (3.40)	1,189.5 (3.64)	1,161.1 (4.22)	996.9 (3.83)	1,018.1 (3.84)	770.6 (3.17)	714.8 (2.91)	316.1 (1.23)	13,215.8	81.62
Bilateral	322.0	564.0	846.0	556.0	662.0	669.0	800.0	982.0	1,018.0	856.0	770.0	818.7	568.7	609.5	226.5	10,268.4	63.42
Multilateral contributions	33.5	65.2	64.3	239.1	650.8	266.3	170.6	157.9	171.5	305.1	226.9	199.4	201.9	105.3	89.6	2,947.4	18.20
UN Agencies and Funds	0.6	1.0	3.6	6.5	1.4	5.8	2.9	3.6	5.9	59.8	2.2	2.0	2.2	7.7	3.5	108.7	0.67
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	2.9	3.2	4.2	--	--	--	--	--	--	--	10.3	0.06
IBRD/IFC	--	--	--	20.0	--	--	--	32.9	0.8	28.0	--	--	--	--	11.1	92.8	0.57
IDA	4.4	9.0	9.0	9.0	66.7	70.8	70.4	--	66.0	53.0	68.7	75.8	68.2	--	44.0	615.0	3.80
African Development Bank	--	--	--	--	6.0	10.8	10.9	--	--	5.1	6.0	5.5	7.6	7.0	11.6	70.5	0.44
OPEC Fund	--	--	--	18.7	18.1	19.1	16.5	27.5	33.2	54.1	39.7	9.2	6.5	6.5	--	255.6	1.58
AAAIID	--	--	--	--	--	--	12.7	13.0	12.6	12.2	--	--	--	--	--	50.5	0.31
AFESD	28.5	8.2	16.6	49.3	19.6	20.4	20.4	69.0	45.4	44.0	72.8	71.7	70.6	72.7	--	609.2	3.76
BADEA	--	--	10.0	5.0	45.0	6.7	6.7	6.7	--	--	--	--	--	--	--	80.1	0.49
Gulf Org. Dev. of Egypt	--	--	--	87.5	468.1	103.7	--	--	--	--	--	--	--	--	--	659.3	4.07
Islamic Development Bank	--	--	24.3	23.1	23.4	25.0	25.8	--	--	35.4	32.5	31.2	30.9	--	--	251.6	1.55
Islamic Solidarity Fund	--	--	0.8	2.0	--	--	--	1.0	--	2.5	--	--	--	--	9.2	15.5	0.10
Others	--	47.0	--	18.0	2.5	1.1	1.1	--	7.6	11.0	5.0	4.0	15.9	11.4	3.7	128.3	0.79
Non-concessional	210.5	564.6	735.9	1,260.4	421.6	294.4	-264.0	-34.6	-30.2	4.2	72.1	3.5	-53.7	-94.3	-114.6	2,975.9	18.38
Bilateral	105.5	294.0	373.0	1,076.9	299.0	255.0	--	--	--	--	--	--	--	--	--	2,403.4	14.84
Multilateral	105.0	270.6	362.9	183.5	122.6	39.4	-264.0	-34.6	-30.2	4.2	72.1	3.5	-53.7	-94.3	-114.6	572.5	3.54
o.w. IMF Oil Facility	--	270.6	362.9	186.0	-10.3	-165.6	-287.2	-146.7	-133.6	-90.2	-14.8	--	--	--	--	-29.0	--
IMF Suppl. Finan. Fac.	--	--	--	--	--	--	23.3	112.0	103.5	94.4	87.0	3.5	-53.7	-94.3	-114.6	161.0	--

Source: OECD and staff calculations

Kuwait provides aid contributions through various channels. The three main ones are the Ministry of Finance, the Kuwait Fund for Arab Economic Development and the General Board for the South and Arabian Gulf. Smaller amounts are extended by various ministries, including Education, Religious Affairs and Commerce, but the data are not available. ^{1/} Most of the latter aid is believed to be in the form of scholarships and training grants.

The principal aid contributor is the Ministry of Finance, which extends both grants and nonconcessional loans. The bulk of the grants consisted of general support assistance, essentially for Arab countries. Smaller amounts were devoted for educational, health and other projects as well as for relief assistance after natural calamities or civil wars. Most nonconcessional loans were in bilateral form, benefiting foremost Arab countries. Nonconcessional multilateral contributions are believed to have totaled US\$573 million net of repayments between 1973 and 1987, the bulk of which was extended to the IMF oil and supplementary financing facilities.

The main organ for the provision of Kuwait's project assistance to Arab and other developing countries is the Kuwait Fund for Arab Economic Development (KF). It was set up in 1961 as an autonomous public agency endowed with an initial capital of KD 50 million (US\$140 million) which was progressively increased to KD 2 billion (US\$7.2 billion) in February 1981. ^{2/} Its main purpose is to assist Arab and other developing countries in developing their economies by providing loans on concessional terms for specific projects which are likely to have a favorable impact on the borrower's economic development while yielding a satisfactory rate of economic return. Until 1981, the KF's activities were limited to loans and relatively small technical assistance grants. The new statutes adopted in 1981 also enabled the KF to participate in the capital stock of development-oriented corporations controlled by developing countries and of international and foreign development institutions assisting developing countries.

Total commitments of the KF between 1973 and 1987 amounted to nearly US\$5.8 billion, most of which was on concessional terms and with about 90 percent extended bilaterally (Table 8). Compared with previous periods, an acceleration of lending activities occurred from 1975 on following a five fold increase in the KF's capital and a broadening of the KF's geographic coverage to also include non-Arab developing countries. The peak level of commitments occurred in 1981-82 after a further doubling of the KF's capital and the adoption of the new statutes. In line with the general decrease in Kuwait's assistance in the wake of the softer oil market, the KF's level of commitments fell to about US\$300 million per year since 1984. Disbursements by the KF have displayed a relatively regular trend, growing from a small amount in 1973 to a little more than US\$200 million annually in 1976-79, and further to an average of US\$325 million per year between 1980 and 1986. Only in 1987 did disbursements fall to US\$88 million.

^{1/} Aid from OPEC Countries, OECD, Paris, 1983, p. 44.

^{2/} Of which KD 970 million has been paid in as of June 30, 1988. (The Kuwait Fund's fiscal year runs from July to June.)

Table 8: Assistance by the Kuwait Fund for Arab Economic Development, 1973-1987 1/
(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	59.5	147.8	371.4	372.4	448.0	242.6	396.0	363.3	789.6	838.9	479.2	331.6	309.9	324.0	285.9	5,760.1
Concessional	59.5	147.8	350.7	372.4	448.0	242.6	396.0	333.7	789.6	838.9	479.2	331.6	298.9	324.0	285.9	5,698.8
Bilateral	59.5	147.8	314.1	323.1	412.4	201.1	358.0	256.1	732.4	774.1	395.8	258.9	207.6	316.4	275.9	5,033.2
Multilateral	--	--	36.6	49.3	35.6	41.5	38.0	77.6	57.2	64.8	83.4	72.7	91.3	7.6	10.0	665.6
Non-concessional	--	--	20.7	--	--	--	--	29.6	--	--	--	--	11.0	--	--	61.3
Grant Element of Commitments (%) 2/	47.0	44.0	51.7	47.6	42.7	44.4	46.7	43.4	47.9	51.7	42.3	43.9	42.3	49.4	45.9	46.1
Net Disbursements	9.1	17.2	80.1	206.3	207.2	221.4	229.4	360.5	274.9	308.3	326.1	393.8	305.1	311.6	88.0	3,339.0
Concessional	9.1	17.2	80.5	200.9	202.8	219.9	230.7	357.0	275.6	309.9	326.6	393.8	305.8	311.6	88.0	3,329.4
Bilateral	9.1	17.2	53.9	146.6	162.2	180.2	190.9	279.4	227.8	256.5	244.1	313.2	222.7	304.0	78.0	2,685.8
Multilateral	--	--	26.6	54.3	40.6	39.7	39.8	77.6	47.8	53.4	82.5	80.6	83.1	7.6	10.0	643.6
Non-concessional	--	--	-0.4	5.4	4.4	1.5	-1.3	3.5	-0.7	-1.6	-0.5	--	-0.7	--	--	9.6
GEOGRAPHIC DISTRIBUTION (In percent)																
Arab Countries	100.0	100.0	100.0	52.9	49.4	66.9	60.0	41.5	34.6	33.8	31.4	30.7	28.5	74.9	48.6	Average 53.8
Africa	--	--	--	9.9	22.8	19.4	11.0	21.0	30.1	31.2	26.8	38.2	25.0	0.3	12.2	17.7
Asia	--	--	--	37.2	26.8	11.6	27.0	34.0	35.3	34.7	26.9	17.1	41.5	13.4	28.8	23.9
Other	--	--	--	--	1.0	2.1	2.0	3.5	--	0.3	14.9	14.0	5.0	11.4	10.4	4.6
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																
Infrastructure			35.9	57.5	68.7	85.7	59.0	50.6	68.9	64.7	54.4	59.5	41.3	59.5	71.1	Average 59.8
Agric. and Industry			30.2	32.9	16.4	7.1	26.0	20.3	19.9	18.4	21.3	25.1	16.6	15.3	14.6	20.3
Energy & Other			33.9	9.6	14.9	7.2	15.0	29.1	11.2	16.9	24.3	15.4	42.1	25.2	14.3	19.9

Sources: Kuwait Fund for Arab Economic Development, Annual Reports, OECD, and staff calculations

1/ Excludes loans and grants administered by the Fund on behalf of the Kuwaiti Government

2/ Bilateral commitments only

Although since July 1974 the KF has been allowed to lend to non-Arab developing countries and a total of 65 countries benefited from its aid, the geographic distribution of its aid flows has remained heavily tilted toward Arab countries, representing on average 54 percent of the total between 1973 and 1987. The second largest beneficiary has been Asia (24 percent), followed by Africa (18 percent) and by other countries (4 percent). The sectoral distribution of loans indicates a marked preference for infrastructural projects, accounting for 60 percent of commitments between 1973 and 1987. Agricultural and industrial projects, and energy and other projects, made up 20 percent each of the total. In particular, since the inception of the KF, "the transport and communications sector ranked first with a share of 30.7 percent, followed by electricity (24.5 percent), agriculture (20.6 percent), industry (17.5 percent), water and sewage (6.0 percent) and other sectors (0.7 percent)." ^{1/} Small amounts of grants are also provided for feasibility studies and project preparation, which afterwards become part of the loan in the event that a project materializes with the KF participating in its finance.

The KF favors coordination and harmonization of aid policies. It has always played an active role in the coordination of Arab aid activities and maintains contacts with international, regional, and national aid agencies. As of June 30, 1988, joint financing with at least one other aid agency was estimated at 56.5 percent of the total value of the loans extended. ^{2/} Furthermore, the KF has been charged with Kuwait's membership obligations in a number of Arab and international multilateral development organizations and has represented the Government of Kuwait in the World Bank Consultative Groups for several countries and in the Development Committee.

The third channel for Kuwait's aid contribution is the General Board for the South and Arabian Gulf. Though its operations date back to 1953, several years before Kuwait obtained independence, the General Board's present form with its own budget was established in 1966. Its activities consist of grant aid for the financing of teachers and medical personnel and the construction of schools and medical facilities. They are limited to five Arab countries: Bahrain, Oman, Yemen Arab Republic, the People's Democratic Republic of Yemen and, in the early years, the Emirates for the Gulf. ^{3/} Its annual budget, which was relatively small up to 1973, grew markedly since 1974 and remained

^{1/} Kuwait Fund for Arab Economic Development, Twenty-Sixth Annual Report, 1987/88, p. 5.

^{2/} Kuwait Fund for Arab Economic Development, Twenty-Sixth Annual Report, 1987/88, p. 7.

^{3/} The General Board's activities in the poorer Emirates of the Gulf ceased in 1971/72 when the U.A.E. was formed. However, the General Board had administered since 1973 a small program in Southern Sudan on behalf of the Kuwait Government.

around US\$40 million between 1977 and 1987. The General Board's aid is given directly to projects, many of which are in remote, poorer regions, and not to governments, though only projects requested by recipient governments are financed.

Kuwait was also the second largest Arab donor to multilateral organizations, contributing about US\$3.5 billion between 1973 and 1987 (22 percent of its total aid flows), 84 percent of which was on concessional terms. About two thirds of its concessional multilateral contributions was extended to Arab institutions and the OPEC Fund. Within that group, the largest contributions were made to GODE, resulting from very large disbursements between 1976 and 1978, AFESD, the OPEC Fund, and the Islamic Development Bank. The remaining third on concessional terms went to multilateral organizations with broad membership, of which IDA took the lion's share: with a total of US\$615 million, contributions to IDA are the second in importance among Kuwait's concessional multilateral contributions. The remaining contributions have been extended to the UN Agencies and Funds, the several window facilities of the World Bank, the African Development Bank, and US\$10 million to the IMF Trust Fund. The major part of Kuwait's nonconcessional multilateral assistance was extended to the IMF: it contributed US\$820 million to the oil facilities between 1974 and 1976 and a total of US\$420 million to the supplementary financing facility between 1979 and 1983.

4. The Libyan Arab Jamahiriya

Because of incomplete information the evaluation of Libya's official aid flows is approximative. Libya's aid program dates back from 1967 when it extended general support assistance grants to Egypt, Jordan, and the Syrian Arab Republic. In 1970/71, the Central Bank of Egypt also obtained interest-free deposits totaling US\$106 million which up to now have not been repaid. Between 1973 and 1987, Libya's total assistance is estimated at US\$3.4 billion. It is characterized by a much larger share of nonconcessional assistance (estimated at about one third of total) than most other Arab donors, with nonconcessional flows surpassing concessional assistance in certain years. About two-thirds of the aid flows were bilateral and the remaining third went to multilateral institutions. Although fluctuating from year to year, aid flows were generally much higher during the period 1973 to 1981 (average of US\$330 million per year) than in the succeeding six years (annual average of about US\$70 million) (Table 9).

Table 9: Contribution of aid by Libyan Arab Jamahiriya

	(Net disbursements - in millions of U.S. Dollars)															Total	Percent
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987		
Total official flows (In percent of GNP)	415.3 (5.79)	238.6 (1.81)	340.7 (2.67)	367.6 (2.22)	315.8 (1.73)	542.5 (2.99)	145.6 (0.57)	376.0 (1.06)	236.8 (0.75)	43.5 (0.15)	143.8 (0.51)	24.4 (0.10)	56.8 (0.24)	68.3 (0.34)	75.7 (0.30)	3,391.4	100.00
Concessional (In percent of GNP)	226.1 (3.15)	122.4 (0.93)	275.0 (2.15)	98.0 (0.59)	138.4 (0.76)	135.1 (0.74)	145.6 (0.57)	376.0 (1.06)	236.8 (0.75)	43.5 (0.15)	143.8 (0.51)	24.4 (0.10)	56.8 (0.24)	68.3 (0.34)	75.7 (0.30)	2,165.9	63.86
Bilateral	198.0	108.0	182.0	32.0	54.0	41.0	59.0	312.0	173.0	1.0	60.0	8.0	41.9	64.7	49.1	1,383.7	40.80
Multilateral contributions	28.1	14.4	93.0	66.0	84.4	94.1	86.6	64.0	63.8	42.5	83.8	16.4	14.9	3.6	26.6	782.2	23.06
UN Agencies and Funds	1.3	1.0	1.3	1.6	2.2	4.5	9.0	10.5	7.7	1.0	1.5	0.9	--	--	5.5	48.0	1.42
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	1.0	--	2.8	--	--	--	--	--	--	--	3.8	0.11
IBRD/IFC	--	--	--	--	--	--	--	--	1.7	4.4	4.0	--	--	--	21.1	31.2	0.92
IDA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
African Development Bank	15.5	--	2.4	4.8	4.9	--	--	--	2.6	2.4	4.6	--	--	--	--	37.2	1.10
OPEC Fund	--	--	--	11.0	11.0	11.0	8.9	15.1	18.4	8.8	32.2	2.5	13.6	3.6	--	136.1	4.01
AAAIID	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
AFESD	1.3	1.4	19.3	19.7	15.6	16.3	29.7	27.6	26.7	25.9	41.5	--	--	--	--	225.0	6.63
BADEA	5.0	6.0	35.0	--	20.0	30.0	6.7	6.7	6.7	--	--	--	--	--	--	116.1	3.42
Gulf Org. Dev. of Egypt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
Islamic Development Bank	5.0	6.0	35.0	28.9	29.2	31.3	32.3	--	--	--	--	13.0	--	--	--	180.7	5.33
Islamic Solidarity Fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
Others	--	--	--	--	1.5	--	--	1.3	--	--	--	--	1.3	--	--	4.1	0.12
Non-concessional	189.2	116.2	65.7	269.6	177.4	407.4	--	--	--	--	--	--	--	--	--	1,225.5	36.14
Bilateral	189.2	116.2	65.7	218.3	46.7	288.2	--	--	--	--	--	--	--	--	--	924.3	27.25
Multilateral	--	--	--	51.3	130.7	119.2	--	--	--	--	--	--	--	--	--	301.2	8.88

Source: OECD and staff calculations

Contributions to Arab countries have been heavily influenced by political developments in the region. Aid to Jordan was discontinued in 1970. After having donated a grant of US\$168 million to Egypt in 1973, aid to that country was also stopped in 1974. Libya's pledges at the Arab Summit Meetings in Baghdad in November 1978 (US\$550 million) and in Tunis in November 1979 (US\$314 million for Lebanon over a five-year period) were not disbursed. On the other hand, Libya committed bilaterally US\$600 million to the Syrian Arab Republic in 1980, some of which is believed to have been disbursed. The shortfall of payments to Arab countries has been partially compensated by provision of aid to other recipients, resulting in a broader geographical distribution than most other Arab donors. A large number of African countries as well as some Asian, Latin American and Mediterranean countries have benefited from this.

Libya does not have a national aid agency, but the administration of project loans has been entrusted to the Libyan Arab Foreign Investment Company (LAFICO), which was established as a government owned entity in 1981 and which is a member of the Coordination Group of Arab aid agencies. 1/ It was set up to invest funds overseas in all sectors on a profit-making basis. It initiated or contributed to development projects, mostly on nonconcessional terms, has established joint ventures, and has provided program-type loans to certain recipient countries. At end-1988, LAFICO had invested the equivalent of US\$3.9 billion in over 90 companies located in more than 60 countries, covering a very broad spectrum of activities. Thirty-five percent of the companies were located in Arab countries, 48 percent in non-Arab African countries, and about 6 percent each in Asia, the Americas, and Europe.

Libya's multilateral contributions amounted to US\$1.1 billion between 1973 and 1987, 70 percent of which was on concessional terms. Although contributions fell to somewhat lower levels in the latter part of the period, the decrease after 1981 was less pronounced than was the case for bilateral concessional assistance. The bulk of the concessional multilateral assistance benefited Arab/OPEC institutions, in particular AFESD, the Islamic Development Bank, the OPEC Fund, and BADEA.

5. Qatar

Qatar contributed about US\$2.2 billion in aid flows between 1973 and 1987, 90 percent of which was on concessional terms (Table 10). The vast majority of these contributions was extended between 1973 and 1982, with contributions abruptly falling to very low levels since 1983. Furthermore, the bulk of the contributions since 1983 was directed to multilateral organizations.

1/ LAFICO's predecessor was the Libyan Arab Foreign Bank which had been established in 1972.

Table 10: Contribution of aid by Qatar

(Net disbursements - in millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent
Total official flows (In percent of GNP)	93.7 (13.36)	231.5 (9.90)	335.3 (14.77)	225.4 (7.74)	204.2 (6.47)	127.6 (3.66)	282.6 (5.68)	277.3 (4.27)	246.5 (3.50)	140.4 (2.25)	20.7 (0.41)	9.6 (0.18)	7.4 (0.15)	18.8 (0.48)	3.5 (0.08)	2,224.5	100.00
Concessional (ODA) (In percent of GNP)	93.7 (13.36)	198.8 (8.50)	307.5 (13.54)	180.1 (6.19)	132.6 (4.20)	94.8 (2.72)	282.6 (5.68)	277.3 (4.27)	246.5 (3.50)	140.4 (2.25)	20.7 (0.41)	9.6 (0.18)	7.4 (0.15)	18.8 (0.48)	3.5 (0.08)	2,014.3	90.55
Bilateral	92.6	183.0	272.0	129.0	115.0	39.0	261.0	244.0	228.0	102.0	5.0	-1.0	2.2	16.3	1.4	1,689.5	75.95
Multilateral contributions	1.1	15.8	35.5	51.1	17.6	55.8	21.6	33.3	18.5	38.4	15.7	10.6	5.2	2.5	2.1	324.8	14.60
UN Agencies and Funds	0.2	0.5	0.4	1.8	4.5	3.8	3.8	3.5	2.3	15.1	0.5	--	0.5	0.2	--	37.1	1.67
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	0.9	1.0	1.3	--	--	--	--	--	--	--	3.2	0.14
IBRD/IFC	--	--	--	2.0	--	1.9	--	--	--	--	--	3.5	1.6	--	--	9.0	0.40
IDA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
African Development Bank	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.00
OPEC Fund	--	--	--	4.9	5.0	5.2	4.0	6.8	8.3	13.5	9.9	2.3	1.6	1.6	1.6	64.7	2.91
AAAFD	--	--	--	--	--	--	4.9	5.0	4.8	4.7	--	--	--	--	--	19.4	0.87
AFESD	0.9	15.3	35.1	1.6	1.3	1.4	1.4	2.9	2.8	2.7	3.9	3.8	--	--	--	73.1	3.29
BADEA	--	--	--	10.0	--	6.7	--	13.3	--	--	--	--	--	--	--	30.0	1.35
Gulf Org. Dev. of Egypt	--	--	--	25.0	--	29.6	--	--	--	--	--	--	--	--	--	54.6	2.45
Islamic Development Bank	--	--	--	5.8	5.8	6.3	6.5	--	--	--	--	--	--	--	--	24.4	1.10
Islamic Solidarity Fund	--	--	--	--	--	--	--	0.5	--	--	--	--	--	--	--	0.5	0.02
Others	--	--	--	--	1.0	--	--	--	0.3	2.4	1.4	1.0	1.5	0.7	0.5	8.8	0.40
Non-concessional	0.0	32.7	27.8	45.3	71.6	32.8	--	--	--	--	--	--	--	--	--	210.2	9.45
Bilateral	--	32.7	27.8	22.6	16.7	--	--	--	--	--	--	--	--	--	--	99.8	4.49
Multilateral	--	--	--	22.7	54.9	32.8	--	--	--	--	--	--	--	--	--	110.4	4.96

Source: OECD and staff calculations

Contributions by Qatar have three main characteristics: (i) the bulk of bilateral disbursements favored Arab countries and were influenced by decisions taken at Arab Summit meetings on other developments in the Arab world; (ii) reflecting the absence of national aid agency to evaluate and administer projects, a significant part of Qatar's aid has been extended in the form of grants. Henceforth, Qatar has had the softest terms among Arab donors; and (iii) Qatar used to be one of the world's most generous donors in terms of GNP. Between 1973 and 1982, contributions averaged 7.2 percent of GNP, and were close to 15 percent of GNP in both 1973 and 1975. Between 1983 and 1987, however, contributions fell to an average of 0.26 percent of GNP.

Little information is available on nonconcessional flows, which are estimated at about 10 percent of total aid flows. Although the bulk of Qatar's aid was directed to Arab countries, smaller amounts were also provided to several African and Asian countries.

Multilateral contributions amounted to US\$435 million, or about 20 percent of total contributions, three quarters of which were extended on concessional terms. The vast majority of concessional multilateral contributions were for Arab/OPEC institutions. The greatest share of contributions to multilateral organizations with broad membership was for UN Agencies and Fund, but small amounts were also disbursed to the World Bank facilities and the IMF Trust Fund.

6. Saudi Arabia

According to the available data, Saudi Arabia has been one of the world's largest aid donors since 1974 (and probably the most generous donor in terms of GNP) (Table 11). It was by far the most important donor among Arab countries; its share rose steadily from an average of 51 percent of total between 1973 and 1979, to nearly 60 percent of total between 1980 and 1982, and further to an average of about 83 percent of total between 1983 and 1987.

According to the estimates available, Saudi Arabia contributed more than US\$62 billion from 1973 to 1987, essentially through its Ministry of Finance. About three quarters of these net flows were extended bilaterally, and the remaining quarter to multilateral institutions.

Table 11: Contribution of aid by Saudi Arabia

(Net disbursements - in millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent
Total official flows (In percent of GNP)	1133.5 (15.01)	3327.2 (14.40)	4325.6 (12.18)	3581.3 (7.64)	3249.9 (5.52)	5541.7 (8.51)	3052.9 (4.00)	6178.7 (5.27)	6790.9 (3.99)	5506.9 (3.50)	7215.0 (5.95)	4415.6 (4.42)	2358.3 (2.67)	3408.4 (4.52)	2376.1 (3.32)	62,461.8	100.00
Concessional (In percent of GNP)	1,103.5 (14.61)	2,058.6 (8.91)	2,698.7 (7.60)	2,799.1 (5.97)	2,941.0 (5.00)	5,250.3 (8.06)	3,940.8 (5.16)	5,682.1 (4.85)	5,509.3 (3.23)	3,853.4 (2.45)	3,258.6 (2.69)	3,194.2 (3.20)	2,629.5 (2.98)	3,513.2 (4.66)	2,887.6 (4.04)	51,319.9	82.16
Bilateral	1,103.0	1,929.0	2,484.0	2,457.0	2,228.0	4,874.0	3,687.0	5,322.0	5,210.0	3,332.3	2,730.0	2,767.2	2,263.1	3,031.6	2,664.1	46,082.3	73.78
Multilateral contributions	0.5	129.6	214.7	342.1	713.0	376.3	253.8	360.1	299.3	521.1	528.6	427.0	366.4	481.6	223.5	5,237.6	8.39
UN Agencies and Funds	0.5	51.5	49.9	47.1	31.9	72.1	72.4	72.2	66.5	89.3	75.7	90.0	37.5	46.4	34.0	837.0	1.34
IMF Trust Fund & Subs. Acc.	--	--	--	11.4	11.5	6.0	32.7	8.8	--	5.0	5.0	5.0	5.0	--	--	90.4	0.14
IBRD/IFC	--	--	25.0	--	--	45.3	--	9.1	--	--	56.8	--	--	118.4	32.5	287.1	0.46
IDA	--	--	--	--	--	--	--	83.7	68.3	103.8	110.8	155.0	130.0	195.0	105.0	951.6	1.52
African Development Bank	--	--	10.0	--	--	10.8	7.6	6.9	6.3	13.5	11.9	0.6	13.2	14.7	18.4	113.9	0.18
OPEC Fund	--	--	--	60.0	54.9	15.3	44.7	75.7	92.1	150.1	110.3	25.3	18.1	18.1	18.1	682.7	1.09
AAAFD	--	--	--	--	--	14.7	14.7	15.0	14.5	14.1	--	--	--	--	--	73.0	0.12
AFESD	--	23.1	10.4	30.9	24.1	25.1	25.0	49.3	47.8	46.3	68.3	67.2	66.2	68.2	--	551.9	0.88
BADEA	--	--	25.0	25.0	--	16.6	--	33.3	--	--	--	--	--	--	--	99.9	0.16
Gulf Org. Dev. of Egypt	--	--	--	100.0	534.9	118.6	--	--	--	--	--	--	--	--	--	753.5	1.21
Islamic Development Bank	--	--	48.6	46.2	51.7	50.1	51.7	--	--	68.0	65.3	61.1	62.2	--	--	504.9	0.81
Islamic Solidarity Fund	--	--	2.8	5.5	--	--	5.0	2.8	--	5.0	--	--	--	--	--	21.1	0.03
Others	--	55.0	43.0	16.0	4.0	1.7	--	3.3	3.8	26.0	24.5	22.8	34.2	20.8	15.5	270.6	0.43
Non-concessional	30.0	1,268.6	1,626.9	782.2	308.9	291.4	-887.9	496.6	1281.6	1653.5	3956.4	1221.4	-271.2	-104.8	-511.5	11,141.9	17.84
Bilateral	30.0	593.0	469.3	49.3	60.6	130.7	--	--	--	--	--	--	--	--	--	1,332.9	2.13
Multilateral	--	675.6	1157.6	732.9	248.3	160.7	-887.9	496.6	1281.6	1653.5	3956.4	1221.4	-271.2	-104.8	-511.5	9,809.0	15.70
o.w. IMF Oil Facility	--	675.6	1157.6	732.9	-29.9	-584.5	-1032.3	-65.6	-547.0	-319.7	-58.4	--	--	--	--	-71.3	--
IMF Suppl. Finan. Fac.	--	--	--	--	--	--	144.4	562.2	592.8	577.1	367.4	-111.1	-309.8	-460.3	-576.2	786.4	--
IMF Extended Arrangem.	--	--	--	--	--	--	--	--	1235.8	596.2	3647.4	1332.5	38.6	355.5	64.7	7270.6	--

Source: OECD and staff calculations

For the period 1973-1985, 47 percent of the Saudi nonconcessional assistance was given as outright grants and the remaining 53 percent in the form of highly concessional untied loans for development projects and programs in developing countries. 1/ A large part of Saudi Arabia's nonproject aid was for general support assistance following decisions taken at Arab Summit meetings or other developments in the Arab world and for balance of payments support. In providing the latter kind of soft loans, Saudi Arabia has increasingly tended to link its contributions to economic adjustment programs supported by the IMF, 2/ in order "to bring about the necessary structural changes that are prerequisite to a solution of the interrelated problems of international payments imbalances and external debt." 3/

Other forms of nonproject assistance have been debt relief, aid in kind, notably petroleum, and disaster relief. 4/ In particular, because of the Government of Saudi Arabia's concern with the long standing problems of Africa and the horror of famine, a special allocation of funds has been made to the sub-Saharan region in recent years. 5/ The Ministry of Finance also provided substantial grants and loans for development projects which, since 1976, have been administered by the Saudi Fund on behalf of the Government. A detailed breakdown of the geographic distribution of Saudi aid is unavailable. Although Arab countries were undeniably the largest recipients, the economies of 70 developing countries, 38 in Africa, 25 in Asia, and 7 in other parts of the world have benefited from Saudi aid. 6/

In order to promote and administer its project-related aid, the Saudi Fund for Development (SF) was established in 1974 as a public entity with an autonomous financial status. It operates from a capital provided by the Government of Saudi Arabia. The initial authorized capital was Saudi rials (SR) 10 billion (US\$2.8 billion), which was raised to SR 15 billion (US\$4.5 billion) in 1980 and again to SR 25 billion (US\$6.7 billion) in 1981, of which SR 19.1 billion (US\$5.1 billion) had been paid in by end 1987. Furthermore, the SF had accumulated reserves amounting to SR 10.7 billion (US\$2.9 billion) as of end-1985.

1/ H.E. Mohammed Abalkhail, Saudi Minister of Finance and National Economy, in The Saudi Fund for Development, Annual Report XII, 1405-06 A.H. (1985-86), p. 3.

2/ Aid from OPEC countries, OECD, 1983, p. 57.

3/ Saudi Fund for Development, Annual Report XIII, 1406-07 A.H. (1986), p. 3.

4/ Aid from OPEC countries, OECD, Paris, 1983, p. 57

5/ The Saudi Fund for Development, Annual Report XI, 1404-05 A.H. (1984-85), p. 3., and Annual Report XII, 1405-06 A.H. (1985-86), p. 3.

6/ The Saudi Fund for Development, Annual Report XII, 1405-06 A.H. (1985-86), p. 3.

The basic objective of the Saudi Fund is to participate in the financing of development projects in developing countries through the granting of highly concessionary loans, with a special emphasis on development projects that promote the social and economic well-being of the people in low-income countries. The SF does not provide grants nor equity investments. Its activities have no geographical or sectoral limitations, but financing facilities are concentrated on the least developed countries and other adversely affected, low-income countries in Africa, Asia, and Latin America.

The SF started operations in March 1975. Commitments rose rapidly to a peak of US\$707 million in 1977, decreased gradually to about US\$300 million in 1981, rose again to US\$600 million in 1982, then started falling to a low of US\$170 million in 1987 (Table 12). The SF attributes the slowdown in recent years to the fact that most low-income developing countries, burdened with the problems of economic adjustment and mobilization of domestic resources, had to temporarily set aside projects already substantially processed for external assistance. ^{1/}

As of end-1987, the SF's cumulative commitments amounted to about US\$5.2 billion for 276 projects in 61 developing countries and net disbursements were about US\$2.4 billion. At end-1986, ^{2/} gross disbursements totaled US\$2.7 billion or 48 percent of cumulative commitments, indicating a fairly large pipeline of undisbursed funds. The geographic distribution indicates that a total of 61 countries benefited from SF aid, of which Arab countries received 34.9 percent of cumulative commitments (82 projects), sub-Saharan Africa 34.5 percent (134 projects), South and East Asian countries 28.1 percent (52 projects), and four other developing countries 2.5 percent (8 projects). Though the number of beneficiary countries in South-East Asia is less than one third than that of sub-Saharan Africa, the average size of the project loans to countries in Asia is more than twice that of loans to African countries. This reflects the fact that Asian countries have in general larger populations and have demonstrated a better absorptive capacity than African countries. Nevertheless, in pursuit of its primary objective of foremost assisting low-income countries and reflecting the international community's concern with the problems of Africa, a substantial proportion of the SF's aid in recent years was channeled to that region.

^{1/} The Saudi Fund for Development, Annual Report. Vol. XI, (1984/85), Part III, and Vol. XII (1985-86), p. 11.

^{2/} Most of the figures in this and the next two paragraphs were drawn from the Saudi Fund for Development, Annual Report XIII, 1406-07 A.H. (1986).

Table 12: Assistance by the Saudi Fund for Development, 1973-1987 1/
(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	0.0	0.0	273.4	420.0	707.5	525.8	443.4	332.7	297.4	601.2	397.6	352.7	374.0	263.8	170.8	5,160.3
Concessional	--	--	273.4	420.0	707.5	525.8	443.4	332.7	297.4	601.2	397.6	352.7	374.0	263.8	170.8	5,160.3
Non-concessional	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Grant Element of Commitments (%)	--	--	46.5	41.4	47.1	46.9	48.7	47.6	48.9	55.0	48.8	42.4	46.6	--	--	40.0
Net Disbursements	0.0	0.0	0.0	60.8	187.7	196.7	302.8	316.4	318.5	262.8	244.1	134.6	75.2	166.3	102.7	2,368.6
Concessional	--	--	--	60.8	187.7	196.7	302.8	316.4	318.5	262.8	244.1	134.6	75.2	166.3	102.7	2,368.6
Non-concessional	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
GEOGRAPHIC DISTRIBUTION (In percent)																
Arab Countries	--	--	78.3	28.0	39.2	54.4	83.3	24.4	47.8	--	--	--	8.0	49.1	--	Average 34.8
Africa	--	--	21.7	1.4	23.9	21.1	16.7	12.9	16.3	--	--	--	--	15.4	--	41.1
Asia	--	--	--	70.6	36.9	13.3	--	38.5	28.7	--	--	--	34.0	33.5	--	34.5
Other	--	--	--	--	--	11.2	--	24.2	7.2	--	--	1.6	16.9	1.9	--	28.2
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																
Infrastructure	--	--	36.2	49.3	80.9	45.1	53.9	31.5	40.0	--	--	57.7	42.2	29.0	--	Average 46.6
Agriculture	--	--	42.0	17.7	3.4	3.3	--	14.5	11.0	--	--	25.3	27.8	65.7	--	21.1
Industry & Energy	--	--	--	31.2	12.8	31.5	22.6	49.8	42.4	--	--	17.0	30.0	--	--	23.7
Other	--	--	21.8	1.8	2.9	20.1	23.5	4.2	6.6	--	--	--	--	5.3	--	8.6

Sources: Saudi Fund for Development, Annual Reports, OECD, and staff calculations

1/ Excludes loans and grants administered by the Fund on behalf of the Government of Saudi Arabia

The sectoral distribution of commitments reveals a marked preference for physical infrastructure, in particular transport development. Aid to physical infrastructure is given with a view to sustaining agricultural and industrial production. At end-1986, physical infrastructure made up 50.7 percent of cumulative commitments, of which transportation 33.5 percent, energy 15.8 percent, and communications 1.3 percent. The second most important sector is agriculture, accounting for 20.4 percent of total and dominated by capital intensive irrigation projects, followed by social infrastructure (14.6 percent of total, of which water supply and sewerage 6.8 percent of total, education 4.2 percent, housing 1.8 percent, and health 1.8 percent), industry and mines (8.5 percent of total, mainly capital-intensive basic industries), and other sectors (5.8 percent of total).

Between its inception and end-1987 about 70 percent of the SF's assistance was in the form of cofinancing with other donors. The most important cofinancing partner of the SF was the World Bank, followed by governments of other bilateral donor countries and other specialized bilateral and multilateral institutions. The SF also administers a number of loans and project-related grants on behalf of the Saudi Arabian Government.

Saudi Arabia was also the largest contributor to multilateral organizations among Arab donors, providing a little less than half of total concessional multilateral aid and 85 percent of nonconcessional multilateral contributions. Its concessional assistance to multilateral organizations between 1973 and 1987 totaled US\$5.2 billion (8 percent of its total assistance), a little more than half of which was directed to Arab/OPEC institutions, which is a much lower percentage than most other Arab donors. Among those, the largest contributions went to CODE, the OPEC Fund, AFESD, and the Islamic Development Bank. Saudi Arabia's largest concessional multilateral contribution went to IDA, followed by the UN agencies and funds, of which IFAD was the main beneficiary. It also contributed to various facilities of the World Bank, the IMF Trust Fund and Subsidy Account, and the African Development Bank. In 1985, Saudi Arabia, through the Saudi Fund, pledged SR 360 million (US\$97 million) to the IBRD Joint Program of Action for sub-Saharan Africa. The objective of the facility is to finance structural adjustment, sectoral policy reforms and rehabilitation projects in low income African countries committed to undertake monitorable adjustment programs.

The bulk of Saudi Arabia's nonconcessional multilateral contributions have been in support of the activities of the World Bank and the IMF. It purchased US\$2 billion of World Bank bonds between 1974 and 1981 and in 1982 agreed to lend the World Bank US\$800 million. It provided SDR 2.15 billion (US\$2.6 billion) and SDR 1.9 billion (US\$2.2 billion), respectively, to the IMF oil and supplementary financing facilities. Furthermore, Saudi Arabia provided all the funds under the policy on enlarged access to the IMF's resources between 1982 and 1987, for a total of SDR 6.7 billion (US\$7.3 billion).

7. United Arab Emirates (U.A.E.)

The U.A.E. was the third largest Arab donor between 1973 and 1987, having contributed a total of US\$9.6 billion (Table 13). Growing rapidly from approximately US\$300 million in 1973, its assistance averaged slightly more than US\$1 billion annually between 1975 and 1980. In line with the softer oil market, the U.A.E.'s contributions, however, started to fall steeply from 1981 on, and in 1987 were even slightly negative. In the early years, the U.A.E. was one of the leading donors in terms of GNP, with its assistance exceeding 10 percent of GNP in each of the years 1973-75.

More than 90 percent of the U.A.E.'s contributions were extended on concessional terms. The bulk of this aid was in bilateral form, primarily consisting of cash grants provided in the wake of resolutions taken at Arab Summits on other developments in the Arab World. Grants were also provided for some large infrastructure projects, and for housing development, relief assistance, health and other projects. Loans by the Government have been extended for balance of payments support and for various infrastructure and industrial projects. The latter types of grants and loans are essentially administered by the Abu Dhabi Fund on behalf of the Government. Although assistance has been extended to a broad spectrum of recipients, the bulk of Government aid was directed toward Arab countries.

A large part of the U.A.E. project assistance is provided by the Abu Dhabi Fund for Arab Economic Development (ADF). Established in 1971 as a public autonomous institution possessing an independent budget, the ADF started operations in March 1973 and signed its first loan agreements in 1974. In that year, the authorized capital was increased from its original Bahraini dinars 50 million (US\$105 million) to U.A.E. dirhams 2 billion (US\$500 million) and the ADF was authorized to extend the geographic coverage of its activities to non-Arab countries in Africa and Asia. In September 1979, the Board of Directors agreed to double the capital to Dh 4 billion (US\$1 billion), but the law officially authorizing the increase has not yet been ratified. However, by the end of 1987 the paid-up capital exceeded Dh 2 billion (US\$580 million) and general reserves amounted to Dh 859 million (US\$234 million).

The main objective of the ADF is to offer economic aid to Arab, African, Asian, and other countries in support of their economic development through loans or equity participations in projects. The ADF also provides grants for technical assistance or to cover the cost of feasibility studies. Other objectives of the ADF are to establish or participate in the establishment of financial institutions which help to create and foster a financial market in the Emirates, and to issue guarantees to complement its purposes.

Table 13: Contribution of aid by the United Arab Emirates

	(Net disbursements - in millions of U.S. Dollars)																	
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	Percent	
Total official flows (In percent of GNP)	315.0 (12.87)	784.3 (10.35)	1,090.4 (11.38)	1,151.7 (9.34)	1,265.5 (8.06)	1,013.8 (6.61)	978.5 (4.75)	1,155.8 (3.88)	839.1 (2.53)	438.5 (1.42)	348.5 (1.25)	79.3 (0.29)	100.6 (0.37)	60.1 (0.28)	-12.1 (-0.05)	9,609.2	100.00	
Concessional (ODA) (In percent of GNP)	315.0 (12.87)	545.5 (7.20)	929.9 (9.71)	1,067.4 (8.66)	1,099.7 (7.00)	868.9 (5.66)	993.3 (4.82)	1,158.2 (3.89)	802.9 (2.42)	405.8 (1.31)	350.8 (1.25)	88.5 (0.32)	122.2 (0.45)	90.9 (0.42)	18.9 (0.08)	8,857.9	92.18	
Bilateral	310.1	503.0	855.2	976.5	847.9	758.2	906.6	1,099.0	753.0	309.4	311.3	82.2	114.5	83.5	16.0	7,926.4	82.49	
Multilateral contributions	4.9	42.5	74.7	90.9	251.8	110.7	86.7	59.2	49.9	96.4	39.5	6.3	7.7	7.4	2.9	931.5	9.69	
UN Agencies and Funds	0.2	10.3	7.2	3.3	3.2	6.9	6.8	8.7	1.5	27.3	0.7	0.1	1.8	--	0.7	78.7	0.82	
IMF Trust Fund & Subs. Acc.	--	--	--	--	--	0.7	0.7	1.0	--	--	--	--	--	--	--	2.4	0.02	
IBRD/IFC	--	--	5.0	--	--	10.3	--	--	--	1.4	--	--	--	--	--	16.7	0.17	
IDA	--	--	--	--	--	--	5.4	--	--	--	--	--	--	--	--	5.4	0.06	
African Development Bank	--	--	--	--	--	--	5.5	5.3	--	--	--	--	--	--	--	10.8	0.11	
OPEC Fund	--	--	--	8.5	8.6	9.0	7.5	12.5	15.2	24.7	18.2	4.2	3.0	3.0	1.5	115.9	1.21	
AAAIID	--	--	--	--	--	--	9.8	10.0	9.7	9.4	--	--	--	--	--	38.9	0.40	
AFESD	4.7	32.2	62.5	8.2	6.6	6.8	6.8	13.5	13.1	12.7	18.5	--	--	3.4	--	189.0	1.97	
BADEA	--	--	--	5.0	5.0	5.0	13.3	6.7	10.0	--	--	--	--	--	--	45.0	0.47	
Gulf Org. Dev. of Egypt	--	--	--	37.5	200.6	44.5	--	--	--	--	--	--	--	--	--	282.6	2.94	
Islamic Development Bank	--	--	--	25.4	25.7	27.5	28.4	--	--	18.6	--	--	--	--	--	125.6	1.31	
Islamic Solidarity Fund	--	--	--	3.0	--	--	2.5	1.5	--	--	--	--	--	--	--	7.0	0.07	
Others	--	--	--	--	2.1	--	--	--	0.4	2.3	2.1	2.0	2.9	1.0	0.7	13.5	0.14	
Non-concessional	0.0	238.8	160.5	84.3	165.8	144.9	-14.8	-2.4	36.2	32.7	-2.3	-9.2	-21.6	-30.8	-31.0	751.3	7.82	
Bilateral	--	162.0	116.6	29.5	69.6	88.3	--	--	--	--	--	--	--	--	--	466.0	4.85	
Multilateral	--	76.8	43.9	54.8	96.2	56.6	-14.8	-2.4	36.2	32.7	-2.3	-9.2	-21.6	-30.8	-31.0	285.3	2.97	
o.w. IMF Oil Facility	--	76.8	43.9	0.0	-18.7	-32.6	-23.2	-25.4	-20.7	-3.2	--	--	--	--	--	-3.1	--	--
IMF Suppl. Finan. Fac.	--	--	--	--	--	--	8.4	23.1	56.9	35.9	-2.3	-9.2	-21.6	-30.8	-31.0	29.5	--	

Source: OECD and staff calculations

The ADF's cumulative commitments during 1973-87 totaled US\$1.1 billion (Table 14). Its annual level of commitments roughly displayed the same pattern as the U.A.E.'s aid in general, growing from US\$55 million in 1974 to a peak of about US\$220 million in 1978, then gradually declining to a low of US\$17 million in 1986. In contrast to the other national Arab agencies, 34 percent of total commitments concerned nonconcessional loans and equity investments. Annual disbursements have followed the pattern of commitments with a lag, culminating in the late 1970s and 1980, then starting to decrease perceptibly. The ratio of gross disbursements to total signed loans has however shown a constant ameliorating trend, starting from 1 percent in 1974 to 86 percent in 1986. Net disbursements, which totaled US\$580 million over the period, were negative since 1984.

By the end of 1986 the ADF had extended 88 loans in 42 developing countries of which 12 were Arab countries (74.9 percent of cumulative commitments), 20 African countries (9.2 percent), 8 Asian countries (12.2 percent), and two European countries (Malta and Turkey-- 3.7 percent). The sectoral distribution of the ADF loans reveals a marked preference for loans to manufacturing and extractive industries (45.4 percent of cumulative commitments), followed by water and electricity (22.4 percent), transport, communications and storage (16.3 percent), agriculture, fisheries, and rural development (14.0 percent), housing (1.0 percent), and tourism (0.9 percent). The concentration on projects in the spheres of infrastructure and agriculture has been motivated by the fact that these generally are unable to attract financing from commercial sources. On top of its loans, the ADF made available five small grants for technical assistance programs and the financing of feasibility studies.

A marked feature in recent years has been the growth in equity participations. From five investments representing a participation of Dh 45.3 million (US\$12 million) in its first seven years of operations (1974-80), the equity portfolio grew to 15 investments totaling Dh 283 million (US\$77 million) at end-1987. The equity investments have essentially been concentrated in Tunisia, Morocco, and the Sultanate of Oman, plus one recent investment in Turkey.

A large proportion of ADF projects has been coordinated and cofinanced with other aid agencies. One of the ADF conditions is that relatively large projects in particular shall be cofinanced with other national, regional and international development institutions to facilitate and ensure their implementation. At end-1984, 54 percent of the accumulated loans granted by the ADF had been cofinanced by at least one agency.

Table 14: Assistance by the Abu Dhabi Fund for Arab Economic Development, 1973-1987 1/
(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	0.0	54.5	47.5	163.1	138.2	218.5	136.4	103.0	90.6	70.9	30.7	35.5	19.3	16.8	17.9	1,142.9
Concessional	--	53.0	44.3	125.2	108.5	44.7	47.2	96.4	75.7	64.8	20.2	29.0	16.9	15.1	4.2	745.2
Non-concessional	--	1.5	3.2	37.9	29.7	173.8	89.2	6.6	14.9	6.1	10.5	6.5	2.4	1.7	13.7	397.7
Grant Element of Commitments (%)	--	33.2	43.0	34.8	38.3	37.2	35.3	39.0	38.8	35.8	33.1	36.0	38.5			31.6
Net Disbursements	0.0	0.5	4.3	36.4	100.3	75.2	168.1	168.8	58.7	22.1	20.4	-0.4	-27.5	-16.2	-30.6	580.1
Concessional	--	0.5	2.4	34.3	70.0	52.2	38.9	52.3	65.7	54.9	46.3	16.6	-5.5	-16.2	-30.6	381.8
Non-concessional	--	--	1.9	2.1	30.3	23.0	129.2	116.5	-7.0	-32.8	-25.9	-17.0	-22.0			198.3
GEOGRAPHIC DISTRIBUTION (In percent)																Average
Arab Countries	--	100.0	100.0	72.6	75.5	84.8	94.0	67.3	13.5	47.5						69.4
Africa	--	--	--	3.0	8.4	3.8	6.0	6.1	46.0	17.4						11.3
Asia	--	--	--	24.3	16.1	8.1	--	--	33.3	35.1						14.6
Other	--	--	--	--	--	3.3	--	26.6	7.2	--	--	--	--	--	--	4.6
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																Average
Infrastructure			73.8	34.5	65.5	16.6	12.5	33.5	26.5							37.6
Agric. and Industry			21.9	17.8	--	1.1	7.9	32.5	25.0							15.2
Energy			--	41.6	34.5	82.3	73.5	31.4	48.4							44.5
Other			4.3	6.1	--	--	6.1	2.6	--	--	--					2.7

Sources: Abu Dhabi Fund for Arab Economic Development, Annual Reports, OECD, and staff calculations

1/ Excludes loans and grants administered by the Fund on behalf of the Government of Abu Dhabi

The ADF also administers nine grants and eleven loans made by the Government of Abu Dhabi, which at the end of 1987 amounted to Dh 3.6 billion (US\$1 billion), Dh 2.8 billion (US\$0.8 billion) in the form of soft loans, and Dh 785 million (US\$214 million) in the form of grants. These loans have been extended for balance of payments support and infrastructure and industrial projects. The grants concern a large irrigation project in the Yemen Arab Republic and several road, housing, and social services projects. The bulk of these government loans and grants has been extended to Arab countries and a smaller portion to African and Asian countries. The ADF also administers for the Government of Abu Dhabi a small portfolio of investment participation in joint companies, and a number of projects inside the U.A.E., including a loan to Gulf Air, the national airline of the U.A.E.

The U.A.E.'s multilateral contributions were comparatively small, representing about 13 percent of total flows. Like U.A.E.'s bilateral aid, the highest level of contributions were extended in the late 1970s (including close to US\$300 million paid to CODE between 1976 and 1978) and fell to very low levels from 1984 on. Concessional assistance (77 percent of total multilateral contributions) were essentially directed to Arab/OPEC institutions. The main beneficiaries were CODE, AFESD, the Islamic Development Bank, and the OPEC Fund. The UN agencies and funds took the largest share of contributions to multilateral organizations with broad membership, followed by the window facilities of the World Bank, the African Development Bank and small contributions to IDA and the IMF Trust Fund. Nonconcessional multilateral assistance consists essentially of contributions to the IMF oil and supplementary financing facilities.

III. Assistance by Arab/OPEC Multilateral Aid Agencies

Together with the start of their major aid programs in the wake of the rise in oil prices in 1973/74, Arab donor countries established eleven multilateral organizations and funds for the provision of assistance to developing countries. In 1981, these were supplemented by the Arab Gulf Program for United Nations Development Organizations (AGFUND) with the goal of coordinating Arab assistance offered to 15 UN bodies and ensuring that certain humanitarian principles apply to the projects thus financed. A profile of those organizations is given in Table 15. The most important are the Arab Fund for Economic and Social Development (AFESD), the Islamic Development Bank (IDB), the OPEC Fund for International Development (OFID), the Arab Monetary Fund (AMF), and the Arab Bank for Economic Development in Africa (BADEA). Two funds have ceased to exist (SAAFA was merged with BADEA in 1976 and the OAPC Special Account was not renewed after 1976) and CODE ceased to extend assistance in late 1978, following the Arab donors' decision at the time to stop aid to Egypt.

Table 15. Profile of Multilateral Arab/OPEC Aid Agencies

(As of December 31, 1987)

Institution	Year of Start of Operations	Subscribed Capital US\$m	Commitments		Net Disbursements		Main Field of Activity
			Total US\$m	Conces- sional US\$m	Total US\$m	Conces- sional US\$m	
AAAIID	1978	361	225	--	135	--	Equity investments
AFESD	1973	2,574	2,998	2,192	1,280	1,003	Project assistance
AFTAAAC	1976	42	42	42	42	42	Technical assistance
AGFUND	1981	208	170	170	170	170	Project assistance
Arab Monetary Fund <u>1/</u>	1977	1,425	1,220	--	524	--	Balance-of- payments support
BADEA	1975	698 <u>2/</u>	808	423	359	250	Project assistance
GODE <u>3/</u>	1976	2,000	1,811	1,811	1,725	1,725	Non-Project assistance
Islamic Development Bank	1976	2,532 <u>4/</u>	7,089	856	901	254	
Islamic Solidarity Fund	1975	124	111	111	111	111	Social welfare and relief assistance
OAPEC Special Account <u>3/</u>	1974	116	116	116	116	116	Balance of payments support
OPEC Fund <u>5/</u>	1976	2,463	2,404	2,076	1,231	1,141	Balance of payments
SAAFA <u>3/</u>	1974	350	214	214	191	191	Balance of payments support
Total		12,893	17,208	8,011	6,785	5,003	

Source: OECD; OPEC Fund for International Development, OPEC Aid and OPEC Aid Institutions, A Profile; and staff calculations.

1/ The AMF is not treated in DAC statistics as an aid agency.

2/ Excluding SAAFA's capital which was merged with that of BADEA in 1976.

3/ No longer operational.

4/ Based on lunar Hijra year 1408, i.e., year to August 12, 1988.

5/ Excluding contributions to IFAD and IMF Trust Fund.

For a total subscribed capital of nearly US\$13 billion at end-1987, cumulative commitments by the twelve multilateral organizations at the same date surpassed US\$17 billion, about half of which was on concessional terms. Net disbursements, at US\$6.8 billion, of which nearly three quarters were concessional, were much lower in view of the large share of project assistance and important repayments to the IDB since most of its operations consist of short-term foreign trade financing.

Table 16 provides an overview of net disbursements by the Arab/OPEC multilateral aid agencies and compares them with the total receipts by developing countries from Arab sources. Concessional multilateral assistance started in 1974 and peaked in the years 1976 through 1978 because of very large payments extended through GODE. After GODE ceased operations, concessional net disbursements averaged about US\$330 annually between 1979 and 1983, but, in line with the general decline in Arab aid in the latter period, fell to a much lower annual average of approximately US\$150 million during 1984-87. Reflecting the fact that most of the Arab aid was extended bilaterally, net concessional disbursements by Arab/OPEC multilateral organizations represented only 7 percent of accumulated Arab aid between 1973 and 1987.

Nonconcessional multilateral net disbursements, except for a very small payment in 1975, started in 1977 with the operations of the IDB, whose major resource flows consist of nonconcessional trade financing. It also includes the net disbursements by two institutions that extend exclusively nonconcessional finance: AAAID and the Arab Monetary Fund. Annual net disbursements have been characterized by wide fluctuations between 1977 and 1985. They turned negative in 1986 and 1987, especially on account of important net repayments to the IDB in both years and to the AMF in 1987. The share of multilateral assistance in total nonconcessional disbursements (about 17 percent) was much larger than for concessional assistance.

1. The Arab Authority for Agricultural Investment and Development (AAAID)

AAAID is an investment organization formed by 13 Arab countries to improve the food security of Arab people. It was established in November 1976 and became operational in 1978, with headquarters in Khartoum, the Sudan. Its authorized capital amounts to Kuwaiti dinars (KD) 150 million (US\$550 million) and the subscribed capital to KD 99.8 million (US\$370 million), of which KD 95.3 million (US\$350 million) has been paid in.

AAAID's objective is to develop agricultural resources in member states, although in practice it has mainly been concerned with establishing agricultural projects in the Sudan through equity participations. It contributed to the establishment of seven companies in the Sudan, with a participation in their capital amounting to US\$105.8 million at end-1987. In 1987, four of the existing companies were merged into a new company, the Arab Company for Agricultural Production and Processing (ACAPP), and a loan agreement of US\$120 million was signed with the new entity.

Table 16: Net disbursements of Official Assistance by Arab countries and Arab/Opec Multilateral Aid Agencies, 1973-1987

(In Millions of U.S. Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
GRAND TOTAL	2,210.6	4,552.4	6,124.8	6,201.8	5,846.2	8,433.8	7,446.9	10,175.6	9,710.1	6,375.5	4,835.0	4,190.3	3,016.2	3,935.6	2,718.8	85,773.4
TOTAL CONCESSIONAL	2,058.3	3,807.0	5,009.2	4,647.2	5,086.3	7,475.5	6,833.4	9,092.8	7,966.9	5,042.0	4,209.3	3,842.9	3,126.3	4,009.7	3,009.8	75,216.6
Total Bilateral	2,058.3	3,641.5	4,904.2	4,231.5	3,977.9	6,505.2	6,571.6	8,808.0	7,576.0	4,652.4	3,863.3	3,654.1	2,974.9	3,860.4	2,933.9	70,213.2
Total Multilateral	0.0	165.5	105.0	415.7	1,108.4	970.3	261.8	284.8	390.9	389.6	346.0	188.8	151.4	149.3	75.9	5,003.4
AFESD 1/	--	6.7	40.3	63.6	87.2	182.8	106.2	72.8	89.1	61.7	64.6	37.4	40.7	72.5	77.2	1,002.8
AFTAAAC	--	--	--	0.7	4.5	6.9	4.1	7.3	6.2	1.4	3.9	2.2	2.3	2.2	--	41.7
AGFUND 2/	--	--	--	--	--	--	--	--	21.6	37.0	34.8	34.8	21.7	13.5	6.8	170.2
BADEA	--	--	--	2.2	7.6	28.9	42.1	35.9	28.1	30.4	27.6	16.8	8.3	14.6	7.5	250.0
GODE 3/	--	--	--	250.0	825.0	650.0	--	--	--	--	--	--	--	--	--	1,725.0
Islamic Dev. Bank	--	--	--	--	1.3	10.3	15.0	23.7	24.2	20.1	31.4	28.2	37.1	33.4	29.6	254.3
Islamic Solid. Fund	--	--	--	5.7	7.4	8.8	10.0	10.0	10.0	11.8	11.8	11.8	11.9	11.8	0.2	111.2
OAPEC Sp. Acc. 4/	--	79.0	--	37.0	--	--	--	--	--	--	--	--	--	--	--	116.0
OPEC Fund	--	--	--	--	162.2	82.6	84.4	135.1	211.7	227.2	171.9	57.6	34.7	10.1	-36.1	1,141.4
SAAFA 5/	--	79.8	64.7	56.5	13.2	--	--	--	--	--	--	--	-5.3	-8.8	-9.3	190.8
TOTAL NON-CONCESSIONAL	152.3	745.4	1,115.6	1,554.6	759.9	958.3	613.5	1,082.8	1,743.2	1,333.5	625.7	347.4	-110.1	-74.1	-291.0	10,556.8
Total Bilateral	152.3	745.4	1,114.3	1,554.6	739.5	777.0	350.3	931.7	1,320.4	1,135.9	275.8	184.4	-442.1	51.8	-117.0	8,774.3
Total Multilateral	0.0	0.0	1.3	0.0	20.4	181.3	263.2	151.1	422.8	197.6	349.9	163.0	332.0	-125.9	-174.0	1,782.5
AAAID	--	--	--	--	--	--	--	--	31.0	7.0	7.0	5.4	51.1	4.3	29.2	135.0
AFESD	--	--	1.3	--	--	38.3	21.3	9.9	22.0	3.4	5.9	29.8	69.4	47.6	28.5	277.4
Arab Monetary Fund	--	--	--	--	--	24.6	44.6	23.9	157.4	142.5	260.8	-29.6	-5.1	7.3	-102.3	524.1
BADEA	--	--	--	--	--	26.5	10.9	11.9	2.8	1.6	3.8	8.7	17.1	17.0	8.9	109.2
Islamic Dev. Bank	--	--	--	--	20.4	91.9	186.4	89.9	163.3	15.8	59.0	150.6	204.2	-207.2	-127.2	647.1
OPEC Fund	--	--	--	--	--	--	--	15.5	46.3	27.3	13.4	-1.9	-4.7	5.1	-11.1	89.7

Sources: OECD, OPEC Fund for International Development, and staff calculations

1/ Since 1977, includes repayments on SAAFA loans

2/ Based on AGFUND's financial year running from September to August.

3/ Ceased to extend assistance in late 1978

4/ OAPEC Special Account was not renewed after 1976

5/ SAAFA's activity was merged with that of BADEA in 1977. Outstanding balance at end-1987 includes US\$ 16.5 million of overdue installments.

In April 1984, AAAID modified its emphasis by deciding to investigate the agricultural resources and the potential for agricultural development in other member states. Its mandate includes investing in all forms of agricultural production and related activities, particularly land reclamation, plant, animal and fish production, pastures, forestry, the transport, storage, marketing, export, and processing of agricultural produce, and all inputs necessary for agricultural production. In 1986, this was followed by a formal resolution calling for the extension of AAAID activities to other member states. Projects have been identified in Iraq, Morocco, Qatar, Syria, Tunisia, and the U.A.E., together with a regional project, the Arab Company for Fishery Development. In 1987, AAAID started to implement this new policy by participating in the establishment of a dairy company in Iraq and by taking equity participations in two projects in Tunisia.

2. Arab Bank for Economic Development in Africa (BADEA)

The Banque Arabe pour le Developpement Economique en Afrique (BADEA) was established pursuant to the decisions of the Sixth Arab Summit Conference in November 1973. The agreement establishing the Bank was signed in February 1974 and it began operations in March 1975 with headquarters in Khartoum, the Sudan.

BADEA is the only Arab institution that does not provide any aid to Arab countries. Though funded by 18 member governments of the League of Arab States, its purpose is to contribute to the development of African countries that are members of the Organization of African Unity (OAU) but do not belong to the Arab League.

BADEA's originally subscribed capital was US\$231 million. In 1977, the financial resources of the Special Arab Aid Fund for Africa (SAAFA) or US\$350 million, were incorporated in BADEA, thereby increasing its capital to US\$581 million. Since then, there have been three capital increases, bringing BADEA's authorized and subscribed capital to US\$1,048.3 million at end 1987, of which US\$1,045.5 million was paid in. Furthermore, it had accumulated reserves amounting to US\$298 million as of end-1987.

BADEA's goal is to foster economic, financial and technical cooperation between African and Arab countries through (i) participation in the financing of economic development in Africa, (ii) stimulation of the contribution of Arab capital to African development, and (iii) provision of technical assistance for the development in Africa. Its operations consist essentially of project loans on concessional terms, but it also provides some limited technical assistance, mainly for project feasibility studies.

The projects financed by BADEA must be of national importance for the beneficiary countries and usually form part of their economic development plans. These projects can also be of a regional character, benefiting several countries simultaneously. BADEA's share in the

financing of a project must not exceed a ceiling of US\$10 million or 40 percent of the project's total cost. Under exceptional conditions, the first ceiling may be raised to US\$15 million and the second to 80 percent, with the proviso, in the latter case, that the total project cost does not exceed US\$5 million. Though the loan terms are concessional, they are determined according to the economic situation of the recipient countries and the nature of the project. BADEA does not extend budgetary or balance of payments support. It provides technical assistance, especially for pre-investment studies, which as a general rule is supplied in grant form. However, if it decides to participate in the financing of the project which benefited from its technical assistance, the cost of the study is considered as an advance on the loan.

From the very beginning of its activities, BADEA has been cooperating closely with other bilateral and multilateral aid agencies and most of its loans have been cofinanced with them. This policy was reinforced in recent years: "The need to intensify coordination among donor agencies on one hand, and between these and the borrowers on the other, is now all the greater because of the reduction in financial flows and the insistence on optimal use of aid funds and on promotion and/or strengthening of viable development projects." 1/

By the end of 1987, 37 out of 41 eligible African countries had benefited from BADEA's aid. After deductions of all allocations canceled, its operations covered 114 projects, 41 technical assistance grants, 7 credit lines and 14 special operations. Cumulative commitments stood at US\$808 million, US\$423 million (52 percent) of which were on concessional terms (Table 17). The annual level of commitments remained on average fairly stable. Over the years, the proportion of concessional assistance has tended to diminish in relation to nonconcessional lending.

Cumulative gross disbursements by end-1987 stood at US\$438 million, equivalent to 53.1 percent of cumulative commitments. This level of disbursements was considered satisfactory by BADEA "considering not only the time for project execution and the often inevitable delays associated with this, but also the preparatory phase which must be completed before work and disbursements of funds can begin." 2/ Net disbursements totaled US\$359 million between BADEA's inception and end-1987, US\$250 million (70 percent) of which was on concessional terms. From a modest level in 1976 and 1977, disbursement rose to an annual average of slightly more than US\$50 million in 1978-80, slowed down to an annual average of about US\$30 million in 1981-86, and fell to US\$16.4 million in 1987. The total includes US\$26.5 million of installment arrears, nearly half of which were due in 1987.

1/ BADEA, Annual Report 1985, p .25.

2/ BADEA, Annual Report 1986 and 1987, p. 21

Table 17: Assistance by the Arab Bank for Economic Development in Africa (BADEA), 1973-1987
(In millions of U.S. dollars and percent) 1/

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	0.0	0.0	68.3	60.0	64.2	51.0	42.8	63.8	60.7	59.9	80.8	72.3	64.6	57.8	61.5	807.7
Concessional	--	--	68.3	60.0	45.6	46.4	12.0	47.6	10.3	24.9	27.9	4.1	12.8	12.4	50.8	423.1
Non-concessional	--	--	--	--	18.6	4.6	30.8	16.2	50.4	35.0	52.9	68.2	51.8	45.4	10.7	384.6
Grant Element of Commitments (%)	--	--	44.4	49.8	29.9	40.8	35.2	25.4	22.7	23.8	19.7	18.2	24.1	35.0	31.2	29.1
Net Disbursements 2/	0.0	0.0	0.0	2.2	7.6	55.4	53.0	47.8	30.9	32.0	31.4	25.5	25.4	31.6	16.4	359.2
Concessional	--	--	--	2.2	7.6	28.9	42.1	35.9	28.1	30.4	27.6	16.8	8.3	14.6	7.5	250.0
Non-concessional	--	--	--	--	--	26.5	10.9	11.9	2.8	1.6	3.8	8.7	17.1	17.0	8.9	109.2
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																Average
Infrastructure	--	--	58.7	47.0	19.9	31.6	83.2	37.9	45.6	95.2	66.3	49.7	35.1	36.8	55.4	50.7
Agriculture	--	--	16.2	28.8	18.4	4.4	5.5	28.9	37.9	--	21.3	22.0	41.2	61.7	34.8	25.1
Industry	--	--	25.1	--	37.5	17.4	11.3	31.3	16.5	--	--	27.9	9.3	--	--	13.5
Energy	--	--	--	24.2	24.2	19.6	--	1.9	--	4.8	12.4	--	13.5	1.0	8.8	8.7
Other 3/	--	--	--	--	--	27.0	--	--	--	--	--	0.5	0.9	0.5	1.0	2.0

Sources: BADEA, OECD, and staff calculations

1/ Excluding loans from the resources of the Special Arab Aid Fund for Africa (SAAFA). Includes amounts of approved technical assistance operations.

2/ Outstanding balance at end-1987 includes US\$ 26.5 million of overdue installments

3/ Emergency aid and technical assistance. Amount of technical assistance excludes US\$ 8.6 million included in other sectors.

In deciding on allocations for individual countries, BADEA tries to balance its aid among East and West Africa and to ensure that the poorest countries receive special attention. By end-1987, about 55 percent of cumulative commitments had been directed to 21 countries in West Africa, and the remaining 45 percent to 16 countries in East Africa. Ghana, Zimbabwe, Benin, Guinea, and Zambia were the five leading recipients of project aid, together accounting for 23 percent of total lending. The sectoral distribution of its commitments shows that by far the largest share has been devoted to infrastructure projects, with nearly 50 percent of commitments. Then came agriculture and agro-industry, accounting for about one-fourth of approved loans, followed by industry (13 percent), energy (9 percent), and emergency aid and technical assistance (2 percent). However, emphasis on agriculture became predominant during the last three years as it was accorded 41.2 percent, 61.7 percent, and 43.3 percent, respectively, of total commitments.

3. Arab Fund for Economic and Social Development (AFESD)

AFESD is a regional development institution that finances projects for economic and social development in Arab countries. It is the oldest among the Arab multilateral agencies. The agreement establishing it was signed in May 1968, but the General Secretariat of the Arab League declared its effectiveness only in December 1971. The first Board of Governors Meeting took place in February 1972 and it commenced its operations at the beginning of 1974. Its membership comprises all 22 members of the League of Arab States.

AFESD's original subscribed capital was Kuwaiti dinar (KD) 81 million (US\$280 million), of which KD 30 million was subscribed by Kuwait. The Board of Governors decided to raise the authorized capital to KD 400 million (US\$1.4 billion) in April 1975 and further to KD 800 million (US\$2.9 billion) in 1981, of which KD 695 million (US\$2.6 billion) was subscribed by end-1987. Paid in capital as of that date was KD 644 million (US\$2.4 billion) and accumulated reserves amounted to KD 365 million (US\$1.4 billion). AFESD may borrow twice the amount of its capital; additional borrowing may be authorized by its Board of Governors.

AFESD's objectives are as follows: (i) extending concessional project loans to governments and public and private organizations and institutions, giving preference to economic projects that are vital to the Arab entity, and to joint Arab projects; (ii) encouraging directly or indirectly, the investment of public and private capital in such a manner as to ensure the development and growth of the Arab economy; and (iii) providing technical expertise and assistance in various fields of economic development.

Between the start of its operations in 1974 and end 1987, AFESD contributed to the financing of 161 projects in 17 Arab countries through loans for a total amount of US\$2.94 billion and grants totaling US\$60 million (Table 18). Nearly three quarters of cumulative commitments have been on concessional terms. The volume of commitments rose very rapidly in the first four years of operations, with the result that by end-1977 commitments exceeded the paid-in capital by about two and a half times. Because of a difference on lending policies, Directors did not authorize new commitments and lending came to an abrupt halt in 1978. Loan commitments resumed in mid-1979 after member countries agreed to increase the subscribed capital from KD 370 million to KD 400 million and to pay in the subscribed capital two years ahead of schedule. The annual level of commitments rose again and in recent years fluctuated between US\$180 million and US\$360 million annually.

Net disbursements totaled US\$1.3 billion up to end-1987. Disbursements grew continuously from 1974 through 1978, when the trend was reversed. The lower volume of disbursements between 1979 and 1984 was the consequence of both the interruption of commitment between 1978 and mid-1979 and the cessation of payments to Egypt, AFESD's most important recipient, following a decision by its Board of Governors in April 1979. In the last three years of the period under study, however, net disbursements rose again to a little more than US\$100 million annually.

The geographic distribution of AFESD commitments is biased toward the least developed Arab countries, notwithstanding their lower absorptive capacity. Accordingly, the least developed Arab countries benefited to the extent of 40 percent of total commitments. Also, a priority is given to regional inter-Arab projects. The sectoral distribution is dominated by infrastructure and agricultural projects. At end-1987, 31 percent of cumulative commitments had been allocated for agriculture and agro-industries, followed by transportation (20 percent), energy (17 percent), water supply and sewerage (12 percent), industry (9 percent), telecommunications (8 percent), and other projects (3 percent). Though AFESD is not allowed to participate in equity investment, it provides grants essentially for feasibility studies and training programs.

Following its objective of encouraging the investment of public and private capital in order to promote the development of the Arab economy, AFESD since its inception has endeavored to act as a catalyst for funds to projects it finances and as a coordinator of Arab institutions' lending activities. A large number of its projects are cofinanced with other national and regional Arab institutions and international institutions.

Table 18: Assistance by the Arab Fund for Economic and Social Development (AFESD), 1973-1987
(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments	0.0	127.2	200.9	336.5	365.5	1.3	70.4	118.7	144.6	238.3	317.5	293.7	181.6	361.2	241.1	2,998.5
Concessional	--	127.2	187.1	316.0	278.2	1.3	62.8	76.5	71.0	168.8	193.3	187.0	111.6	266.5	144.7	2,192.0
Non-concessional	--	--	13.8	20.5	87.3	--	7.6	42.2	73.6	69.5	124.2	106.7	70.0	94.7	96.4	806.5
Grant Element of ODA Commitments (%)	--	33.4	34.6	38.6	35.2	100.0	34.9	32.4	41.3	31.9	38.4	36.0	38.7	34.3	36.8	40.5
Net Disbursements	0.0	6.7	41.6	63.6	87.2	221.1	127.5	82.7	111.1	65.1	70.5	67.2	110.1	120.1	105.7	1,280.2
Concessional	--	6.7	40.3	63.6	87.2	182.8	106.2	72.8	89.1	61.7	64.6	37.4	40.7	72.5	77.2	1,002.8
Non-concessional	--	--	1.3	--	--	38.3	21.3	9.9	22.0	3.4	5.9	29.8	69.4	47.6	28.5	277.4
SECTORAL DISTRIBUTION OF COMMITMENTS (In percent)																Average
Infrastr. & energy	--	--	40.3	53.6	71.1	--	35.1	58.1	75.9	63.1	54.4	36.0	17.0	41.7	60.7	50.6
Agriculture & indus.	--	--	19.1	34.2	24.1	--	44.3	41.9	24.1	30.1	39.9	53.4	83.0	58.3	39.3	41.0
Other	--	--	40.6	12.2	4.8	--	20.6	--	--	6.8	5.7	10.6	--	--	--	8.4

Sources: AFESD, Annual Reports, OECD, and staff calculations

Apart from its regular activities, AFESD has carried out several special tasks, namely:

- The Coordination Secretariat: AFESD assists and houses the Coordination Secretariat of Arab National and Regional Development Institutions, which meets regularly to exchange views and discuss policies and operations. 1/

- The Basic Program for Agricultural Development in the Sudan: in 1975 AFESD completed the preparation of this program, which recommended and led to the formation of AAAID.

- The AFESD/UNDP Joint Program for the Identification and Preparation of Inter-Country Investment Projects: the goal of this joint program, launched in 1976, was to identify and prepare the implementation of projects of an inter-Arab nature, for which AFESD allocated US\$6 million and the UNDP US\$8 million. At end 1984, AFESD had committed KD 676,000 (US\$2.4 million) and disbursed KD 503,000 (US\$1.8 million) under this program.

- The OAPEC Special Account: in 1974/75 AFESD was charged with the administration of loans from the OAPEC Special Account (see below), in particular the identification of countries that needed assistance and the set up of criteria for distribution.

- The First Arab Development Decade Account (FADDA): In 1981 AFESD established a special unit to deal with the implementation of the US\$5 billion fund for FADDA, pursuant to a decision taken at the Arab Summit Meeting in November 1980. According to this decision, US\$500 million were to be made available annually on soft terms for economic and social projects in the six poorest Arab countries. The decisions on allocations for individual projects were taken by a special board composed of the Finance Ministers of the five contributing countries-- Saudi Arabia (36 percent), Kuwait (23 percent), the U.A.E. (16 percent), Iraq (15 percent), and Qatar (10 percent). AFESD identifies and appraises the projects, channels the payments, administers the loans, and supervises the implementation of the projects.

- AGFUND: AFESD is AGFUND'S technical advisor. It appraises possible projects, studies their feasibility, and makes recommendations to AGFUND.

4. Arab Fund for Technical Assistance to African and Arab Countries (AFTAAAC)

The creation of AFTAAAC was approved in December 1973 by the Economic Council of the League of Arab States. Its statutes were endorsed in October 1974 by the Seventh Arab Summit Conference. The Council of the Arab League elected the first Board of Directors in April

1/ For more details, see Part II, Section A.3.

1975 and operations started in 1976. AFTAAAC is managed by the Secretariat of the League of Arab States and supervised by the League's Board, but it has its own independent budget. It is funded by voluntary contributions from Arab states and institutions.

AFTAAAC's main function is to provide technical assistance for development projects in Arab and African countries by sending experts and teachers on missions and by providing grants for scholarships and training. Although AFTAAAC does not provide direct financial assistance to projects, it finances and coordinates technical assistance studies and assists in the development of technical and administrative skills.

At the end of 1986, AFTAAAC's cumulative assistance totaled US\$41.7 million and had been directed to 8 Arab and 10 African countries. The largest part of the funds had been allocated for education.

5. Arab Gulf Program for United Nations
Development Organizations (AGFUND)

AGFUND was established in 1981 by seven Arab countries (Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the U.A.E.) to coordinate Arab assistance offered to 15 UN bodies while ensuring that certain humanitarian principles apply to the projects thus financed. All the financial assistance provided by the AGFUND is in the form of grants and all projects are prepared and carried out in cooperation with one of the 15 UN organizations. In addition, AGFUND provides grant assistance to a number of nongovernmental Arab organizations. Its technical advisor is AFESD, which appraises the projects and makes recommendations.

AGFUND finances humanitarian aspects of developments and its concern is for the welfare of mankind. The projects it finances have therefore concentrated on basic services to mother and child, the fight against diseases, and investing in human resources. Its projects include building health centers and water supply works, improving agricultural seed, providing medicines, combating dysentery, fighting illiteracy, strengthening handicraft industries, and vocational training. Its financial contribution may not exceed 50 percent of the cost of any project.

From the start of its operations until the end of its financial year 1987 (i.e., end-August 1988), cumulative contributions to AGFUND stood at US\$207.8 million and it committed and extended a total amount of US\$170.2 million for the benefit of 117 countries. On top of contributions by the seven member states, AGFUND also launched fund-raising campaigns whose proceeds are used for specific causes. The Governments of France and Italy, and institutions, foundations, and individuals in Saudi Arabia, Oman, the United States of America, and other European countries have contributed to those campaigns over the years.

6. Arab Monetary Fund (AMF) 1/

The agreement establishing the Arab Monetary Fund was signed by 21 Arab countries in April 1976 and came into force one year later. 2/ Operations started in May 1977 in Abu Dhabi and the first loan agreement was signed in August 1978. The original authorized capital was 250 million Arab Accounting Dinars (AAD) 3/ and progressively increased to AAD 600 million in 1983, of which nearly half was paid up by end-1987.

The organs of the AMF are the Board of Governors, the Board of Executive Directors, and the Director-General. The Board of Governors consists of a Governor and a Deputy Governor from each member country. The Board of Executive Directors is composed of the Director-General and eight resident directors elected for renewable terms of three years. The Director-General, who is appointed for a renewable five-year term, is the Chairman of the Board of Executive Directors and the Managing Director of the Fund.

The AMF was conceived as a regional financial institution mainly to help member countries cope with balance of payments deficits but also to foster closer monetary cooperation among Arab countries and to encourage Arab economic integration. The agreement defines the purposes of the AMF as follows: (a) correcting disequilibria in the balance of payments of member states; (b) promoting the stability of exchange rates among Arab currencies, rendering them mutually convertible, and eliminating restrictions on current payments between member states; (c) establishing such policies and modes of Arab monetary cooperation so as to achieve Arab economic integration as early as possible and speed the process of economic development in the member states; (d) rendering advice with regard to policies related to the investment of the financial resources of member states in foreign markets; (e) promoting the development of Arab financial markets; (f) studying ways to promote the use of the Arab dinar as a unit of account and paving the way for the creation of a unified Arab currency; (g) coordinating the position of member states in dealing with international monetary and economic problems; and (h) settling current payments between member states in order to promote trade among them.

The AMF extends five types of concessionary loans to its member countries. The "Automatic Loan," with a maturity of three years, is maintained at a level of 75 percent of a member's quota in convertible currency and is given without conditionality to finance a balance of payments deficit. However, should the financial need of a member exceed the resources permissible under the Automatic Loan, an "Ordinary Loan"

1/ The AMF is not treated as an aid agency in DAC statistics.

2/ All members of the Arab League of States, with the exception of Djibouti, are currently members of the AMF. Egypt's membership was suspended in 1979 and reinstated in April 1988.

3/ The Arab Accounting Dinar (AAD) is equivalent to SDR 3.

of five years' maturity is extended to support a financial program agreed upon with the AMF in order to correct the causes of the disequilibria. In case of large structural imbalances in a member country's economy, the AMF offers an "Extended Loan" with a maturity of seven years, also in support of an agreed program aimed at correcting the imbalance. The "Compensatory Loan," of three years' maturity, is intended to finance a balance of payments deficit caused by a decline in revenues of exports of goods and services and/or a large increase in the value of imports of agricultural products due to poor harvest. In addition, the "Intra-Arab Trade Facility" which has a maturity of four years, is intended to encourage and facilitate trade among member countries and is given to members that suffer regional trade deficits.

Originally, loans to a member in any one year could not exceed 150 percent of the amount of its paid-in convertible currency subscription. In 1979, the lending ceiling was raised to twice the amount of paid-in subscriptions, and a member's outstanding loans at any one time could not exceed four times that amount. In addition, a member could borrow up to 100 percent of its paid-in capital under the compensatory facility. In 1983, the Board of Executive Directors decided to reduce the lending limit to two and a half times the borrower's share of paid-up capital in convertible currencies. This decision was occasioned by the increased demand on Fund resources arising both from a larger number of actual and potential users and their greater relative share in the Fund's capital. Another consideration was the need to provide members with equal opportunities of access. It was also decided that the limit for the Compensatory Loan would be reduced from the equivalent of a member's share to half that amount. This made the maximum lending limit equivalent to three times the member's paid-up subscription.

Automatic and compensatory loans are repayable within three years in four equal installments after an 18-month grace period. Ordinary loans have a maturity of five years with repayments starting three and a half years after the initial disbursement and extended loans a maturity of seven years with repayments commencing five and a half years after the initial disbursement. The ordinary and extended loans are disbursed in installments to ensure that the borrower complies with the agreed program. Loans under the Intra-Arab Trade Facility are repayable within a maximum period of four years after a grace period of 30 months.

The interest rate for automatic loans is 3.75 percent in the first year, 4.25 percent in the second year, and 4.75 percent in the third year. For the other loans the rate of interest rises progressively by 0.3 percent per annum from 5.2 percent in the first year to 7 percent in the seventh year. For loans under the Trade Facility, the rate of interest rises by 0.3 percent per annum from 4.95 percent during the first year to 5.85 percent during the fourth year. In addition, there is a service charge of 0.25 percent on all loans and a commitment fee of 0.25 percent on all but automatic loans.

The assistance by the AMF is shown in Table 19. By end-1987, 67 loan agreements, totaling US\$1.2 billion had been approved. The volume of commitments and disbursements was fairly modest in the first three years (1978-80), increased markedly in the following three years (1981-83), but fell again in the subsequent four years. Net disbursements were negative in 1984, 1985, and 1987, and only very slightly positive in 1986. The lackluster lending activity for the period 1983-87 was mainly due to the fact that some members had attained their maximum lending limits; to the cyclical nature of the AMF's lending activity; to the 1983 reduction of maximum limits from five to three times the member's paid-up share in convertible currencies; to the suspension of lending to two members which were in arrears in their loan repayment obligations; and to the effect of the Board's 1983 resolution to exempt members from settling four fifths of the increase in capital, thereby suspending the overall increase of the AMF's capital. In recent years, the AMF has experienced arrears on loan repayments; total arrears as of the end of 1987 were equal to US\$202 million, half of which was due by the Sudan, the remainder being due by Iraq, Somalia, and Syria. The largest recipients of AMF lending have been Iraq (30 percent of total net disbursements at end-1987), the Sudan (21 percent), Morocco (10 percent), Somalia (10 percent), and Mauritania (9 percent).

Apart from its lending activities, the AMF endeavors to further trade among member countries. After undertaking a comprehensive study on intra-Arab trade, an Inter-Arab Trade Facility with a capital of US\$500 million was set up in 1988 with the intention of financing trade among the Arab countries. The AMF also promotes the development of Arab financial markets and has adopted a work plan aimed at the development and gradual integration of those markets. Furthermore, the AMF provides technical assistance to member countries in the areas of financial policy and statistics, money and banking. In 1989, the Economic Policy Institute, both a research and a training center attached to the AMF, was formally established.

The AMF sponsors annual meetings of the Board of Governors of Arab Central Banks and Arab Monetary Agencies to coordinate member countries' views on current international financial and monetary issues. In order to expand the scope of the facilities it offers to these central banks and monetary agencies, in 1989 the Governors authorized the AMF to accept deposits from member countries as well as regional institutions. These deposits are to be managed for the account of subscribers. Deposits are at no time to exceed four times the liquidity of the AMF and cannot be used to finance the operations of the AMF.

Table 19: Assistance by the Arab Monetary Fund (AMF), 1973-1987

(In millions of U.S. dollars and percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Approved loans	--	--	--	--	--	24.6	64.0	45.9	278.1	104.1	259.3	56.8	155.2	119.2	113.0	1,220.2
Grant Element of Commitments (%)	--	--	--	--	--	10.6	14.4	10.3	13.8	12.5	9.9	12.7	10.2			9.4
Net Disbursements	--	--	--	--	--	24.6	44.6	23.9	157.4	142.5	260.8	-29.6	-5.1	7.3	-102.3	524.1
GEOGRAPHIC DISTRIBUTION OF NET DISBURSEMENTS (Million US \$)																
Iraq	--	--	--	--	--	--	--	--	--	--	176.2	-21.5	-19.9	--	19.9	154.7
Jordan	--	--	--	--	--	--	--	--	--	--	19.1	--	7.4	3.6	-13.0	17.1
Syria	--	--	--	--	--	--	2.9	-0.7	-1.3	9.1	9.6	-4.5	-4.5	13.5	--	24.1
Yemen Arab Rep.	--	--	--	--	--	--	--	--	27.7	-1.6	15.3	3.8	19.3	6.2	-32.3	38.4
Yemen, P.D.R.	--	--	--	--	--	--	--	--	--	49.5	7.9	3.1	-19.4	-28.9	-14.8	-2.6
Egypt	--	--	--	--	--	17.6	--	-9.2	-8.3	--	--	--	--	--	--	0.1
Morocco	--	--	--	--	--	--	7.3	-1.8	100.7	29.5	2.4	-16.4	19.5	-13.7	-74.8	52.7
Tunesia	--	--	--	--	--	--	--	--	--	--	--	--	--	18.2	13.4	31.6
Mauritania	--	--	--	--	--	--	2.9	13.9	3.3	21.1	3.8	1.4	-7.5	8.4	-0.4	46.9
Somalia	--	--	--	--	--	--	--	5.8	26.4	8.0	6.6	4.6	--	--	-0.3	51.1
Sudan	--	--	--	--	--	7.0	31.5	15.9	8.9	26.9	19.9	-0.1	--	--	--	110.0

Sources: Arab Monetary Fund, Annual Reports, 1978-1987, OECD, and staff calculations

7. The Gulf Organization for the Development of Egypt (GODE)

Kuwait, Qatar, Saudi Arabia, and the U.A.E. established GODE in 1976 to support Egypt's development plans through participation in the financing of investment projects and balance of payments needs. GODE's authorized capital was set at US\$2 billion, 40 percent of which was subscribed by Saudi Arabia, 35 percent by Kuwait, 15 percent by the U.A.E., and 10 percent by Qatar. The paid-in capital amounts to US\$1,725 million, US\$690 million from Saudi Arabia, US\$604 million from Kuwait, US\$259 million from the U.A.E., and US\$172 million from Qatar.

In practice, finance was exclusively extended for non-project assistance. In late 1976, a first loan of US\$250 million was extended for balance of payments financing. In 1977, the Central Bank of Egypt concluded a second agreement with GODE for a credit facility of US\$1,475 million; US\$825 million was disbursed immediately for the repayment of Egypt's short-term commercial debts and the remaining US\$650 million in 1978 for balance of payments financing. ^{1/} In addition, GODE agreed in 1977 to guarantee a syndicated bank loan of US\$250 million to Egypt.

The bank loan has been fully serviced by Egypt. Repayment of the facilities extended by GODE were originally scheduled on 12 biannual equal installments following a five-year grace period. Egypt paid interest on the outstanding balances in 1977 and 1978. In 1979, when Arab states severed their diplomatic relations with Egypt following the Camp David accords, a letter of understanding was signed between GODE's donor countries and Egypt agreeing to roll over the principal of the loans and to set aside the accruing interest in a special account. No further assistance has been extended by GODE. However, in mid-October 1989, the first meeting of the Organization for more than a decade was held in Cairo to study the possibility of renewing assistance in Egypt.

8. Islamic Development Bank (IDB)

The creation of the IDB dates back to a Declaration of Intent issued by a Conference of Finance Ministers of Muslim countries in December 1973. The Inaugural Meeting of the Board of Governors took place in July 1975. It formally opened in October 1975 and approved its first loan agreement in late 1976. In 1975, it had 22 original members and an initial subscribed capital of Islamic dinar (IsD) 750 million ^{2/} (US\$900 million). By August 1988, ^{3/} membership had grown to

^{1/} The 1977 agreement with the Central Bank of Egypt was made in connection with the program supported by the 1977 stand-by arrangement with the IMF, and the disbursements during 1978 in conjunction with the extended arrangement between Egypt and the IMF.

^{2/} One Islamic dinar equals one SDR.

^{3/} The IDB's financial year is the lunar Hijra year. The figures given here are as of 30 Dhul Hijjah 1408 H (August 12, 1988).

44 countries that are also members of the Organization of the Islamic Conference, its authorized capital to IsD 2 billion and its subscribed capital to IsD 1,958 million (US\$2.5 billion), of which IsD 1,624 million (US\$2.1 billion) was paid in.

The objective of the IDB is to foster the economic development and social progress of member countries and Muslim communities in nonmember countries in accordance with the principles of the Islamic Shariah. As it is not allowed to charge or obtain interest, it has authority to extend financing and to raise funds in many ways and to establish and operate special funds for specific purposes in order to preserve the value of its assets.

In particular, IDB strived to develop new financial instruments in conformity with Islamic Shariah for additional resource mobilization. First, the liquid funds are invested with financial institutions operating in international financial markets, with the Saudi Arabian Monetary Agency (SAMA), with whom IDB maintains a depository and trustee arrangement, and with Islamic banks. The net proceeds from these deposits are transferred in equal shares to a Special Reserve Account and a Special Assistance Account, the latter serving mainly to finance Islamic research and training, a scholarship program, and technical and relief assistance. At the end of the financial year 1408 H (August 1988), balances in the Special Reserve and Special Assistance accounts were IsD 379 million (US\$490 million) and IsD 248 million (US\$320 million), respectively.

In 1980, IDB introduced an Investment Deposit Scheme aimed at raising funds from both individual and institutional investors for use in its foreign trade financing operations. Returns paid to investment depositors are based on the current mark-up applicable to its foreign trade financing at the date of receipt of the deposits. At end 1408 H, total investments under this scheme amounted to IsD 75 million (US\$97 million), down from IsD 90 million (US\$116 million) at end-1407 H.

In 1987, IDB launched the Islamic Banks Portfolio with the primary purpose of financing trade and leasing activities in the private sector of Islamic countries. The portfolio was established by 21 Islamic financial institutions, including the IDB as its manager and trustee, and the initial capital of US\$65 million was fully subscribed. Also in 1987, the Longer-Term Trade Financing Scheme was established by 19 IDB member countries plus the IDB itself to promote trade among IDB member countries, with an emphasis on exports of nontraditional commodities. Finally, the IDB is in the process of introducing a Unit Trust to mobilize additional resources from the market. The Trust would initially be a closed-end fund specifically targeted to institutional investors, but would allow exchange of ownership of its shares as in a conventional open-end fund. The Trust's purpose is to pool the savings of investors and channel them to viable projects operations within IDB's member countries.

The IDB provides financing through the following channels:

(a) Ordinary operations

IDB's ordinary operations cover long- and medium-term project financing and technical assistance for feasibility studies. Between 1976 and August 1988, IDB approved a total of IsD 1.74 billion (US\$2 billion) ^{1/} for ordinary operations, of which IsD 1.7 billion (US\$1.9 billion) for 268 projects and IsD 46 million (US\$53 million) for 118 technical assistance operations. Project financing includes the following:

- Loans are provided for productive and social infrastructure projects free of interest but subject to a fixed service fee. As of August 1988, 112 projects in 39 member countries were financed through loans in a total amount of IsD 600 million (US\$680 million).

- Equity participations in the capital of industrial and agro-industrial projects with a reasonable return is undertaken on a nonconcessional basis. Special forms of equity participations are lines of equity and mixed lines of equity/leasing that are approved to national development finance institutions in order to be used for small and medium-sized projects. IDB took 64 participations for a total of IsD 269 million (US\$305 million) between 1976 and August 1988 under these schemes. Lately, the IDB is adopting a cautious approach to taking equity in new projects. Its Annual Report for Hijra 1408 acknowledges that "the financial performance of the IDB's equity projects has, with very few exceptions, not been satisfactory."

- Leasing comprises the purchase of equipment by the IDB and leasing to beneficiaries. Lines of leasing to national development finance institutions were also established in order to fulfill their needs for small and medium-sized projects in the private sector. Cumulatively, IDB arranged 51 leasing arrangements for a total of IsD 500 million (US\$565 million) up to August 1988.

- Beginning in 1984, IDB also provides installment sales, and lines of installment sales, whereby the ownership of the asset is immediately transferred to the buyer, while the reimbursement of the purchase price is done in installments. Between 1977 and August 1988, 37 such operations took place for a total of IsD 303 million (US\$342 million).

- Finally, profit sharing operations consist of nonconcessional participations in the financing of industrial and agricultural projects that offer a reasonable return. Four projects benefited from this mode of financing for a total of IsD 21 million (US\$24 million).

^{1/} The figures presented here and for the rest of this section are net of cancellations.

(b) Foreign trade financing

Responding to its charter's stipulation to promote trade and cooperation among its member countries, more than 70 percent of the financing approved by the IDB up to August 1988 has been for import trade financing (405 operations for a total of IsD 4,754 million or US\$5.4 billion). Under this procedure, IDB purchases commodities for cash and sells them at predetermined higher prices to enterprises in member states, which are allowed to repay it in installments of up to two years. Most foreign trade financing is however based on short-term murabaha operations, whereby importers usually receive credit for three months and pay an administrative charge, often closely related to the equivalent commercial rate of interest over the credit period. In this way "the IDB has made significant contributions to the promotion of trade among member countries. About 88 percent of its foreign trade has been approved for trade among member countries. Through its foreign trade financing operations the IDB has actually succeeded in fostering trade links among several member countries that had never traded among themselves before." 1/

(c) Special operations

These are operations financed from the Special Assistance Account mentioned above. Cumulative assistance under this scheme up to August 1988 concerned 94 projects and totaled IsD 190 million (US\$215 million), including the execution of a US\$50 million program for emergency aid to Sahelian member countries and a US\$10 million aid program to the Sudan to overcome the effects of drought.

The IDB promotes collaboration and cofinancing with other national, regional, and international development financing institutions. It is a member of the Coordination Secretariat of Arab National and Regional Development Institutions, and has regular working relationships and cooperation agreements with the African Development Bank, the Asian Development Bank, the World Bank, and various UN agencies, in particular with IFAD.

1/ Islamic Development Bank, Thirteenth Annual Report, 1408 H (1987-88), Jeddah, Saudi Arabia, p. 100.

The IDB is now by far the biggest of the eight principal Arab development funds. According to the figures of the Coordination Secretariat, in 1987 its operations amounted to 45 percent of the total operations of the eight funds. ^{1/} Between 1976 and end-1987, the IDB committed a total of US\$7.1 billion for 531 operations to 38 member countries (Table 20). Of this total, US\$856 million (12 percent) was on concessional terms. The annual distribution of concessional commitments showed no particular pattern, fluctuating between US\$7 million in 1976 and US\$165 million in 1984, but fell to about US\$55 million in each of the years 1986 and 1987. Nonconcessional commitments, which consist essentially of trade finance, grew rapidly from US\$9 million in 1975 to a high of US\$936 million in 1984, and averaged about US\$755 million in each of the three years 1985-87.

Cumulative gross disbursement since the establishment of the IDB up to August 1988 amounted to IsD 5 billion (approximately US\$6.5 billion). Because disbursement of foreign trade financing is linked to the shipment of a commodity and, in most cases, completed within two years, the weighted cumulative ratio of gross disbursements to approved financing was 75 percent as of August 1988, subdivided as follows: ^{2/} ordinary operations 41.6 percent, trade financing 88.8 percent, and special assistance 28.6 percent. On the other hand, because trade financing is short-term in nature, net disbursements up to end-1987 totaled US\$901 million, US\$254 million (28.2 percent) on concessional terms and US\$647 million (71.8 percent) pertaining to nonconcessional finance. While concessional net disbursements displayed a relatively regular pattern, nonconcessional net disbursements fluctuated markedly from year to year and were highly negative in 1986 and 1987.

Thirty-eight of the IDB's 44 member countries benefited from some of its financing since its inception. Concerning ordinary operations, the sectoral distribution demonstrated considerable fluctuations from year to year. Cumulatively, however, the industrial sector has been the major recipient of IDB financing and accounted for 34.4 percent of total ordinary operations approved by the IDB. This was followed by transport and communication (18.5 percent), agriculture and agro-industries (17.8 percent), utilities (16.2 percent), social sector (11.1 percent), and other sectors (2 percent).

^{1/} Coordination Secretariat of Arab National and Regional Development Institutions, Arab Fund for Economic and Social Development, Statement of Financing Operations up to December 31, 1987.

^{2/} Islamic Development Bank, Thirteenth Annual Report, 1408 H (1987-88), p .150, Table 4.23.

Table 20: Assistance by the Islamic Development Bank (IDB), 1973-1987

	(In millions of U.S. dollars and percent)															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
VOLUME (Million US\$)																
Commitments 1/	0.0	0.0	0.0	16.3	162.9	240.8	460.4	832.3	429.3	666.9	660.8	1100.6	866.0	887.8	764.7	7,088.7
Concessional 2/	--	--	--	7.0	50.3	32.1	43.7	93.7	59.9	76.5	77.3	164.5	141.7	54.9	54.7	856.3
Non-concessional 3/	--	--	--	9.3	112.6	208.7	416.7	738.6	369.5	590.4	583.4	936.1	724.3	832.8	710.0	6,232.4
Grant Element of ODA																
Commitments (%)	--	--	--	--	51.0	48.9	52.7	48.0	53.0	62.7	51.1	64.8	62.9	62.0	66.9	56.7
Net Disbursements	0.0	0.0	0.0	0.0	21.7	102.2	201.4	113.6	187.5	35.9	90.4	178.8	241.3	-173.8	-97.6	901.4
Concessional	--	--	--	--	1.3	10.3	15.0	23.7	24.2	20.1	31.4	28.2	37.1	33.4	29.6	254.3
Non-concessional	--	--	--	--	20.4	91.9	186.4	89.9	163.3	15.8	59.0	150.6	204.2	-207.2	-127.2	647.1
SECTORAL DISTRIBUTION (In percent) 4/																Average
Agriculture	--	--	--	--	11.4	18.9	1.8	11.5	19.6	15.9	3.9	16.9	26.5	9.4	21.4	13.1
Industry	--	--	--	57.1	40.2	46.9	56.0	42.0	47.7	35.7	25.3	30.6	32.9	39.1	26.8	40.0
Transp. & Communic.	--	--	--	--	42.9	--	23.8	19.7	24.5	18.4	15.3	14.6	2.8	32.1	12.8	17.2
Utilities	--	--	--	42.9	--	--	28.1	9.9	14.8	4.5	18.8	16.0	17.1	19.4	29.4	17.8
Social sector	--	--	--	--	5.6	--	5.3	12.0	0.1	8.1	30.5	19.6	12.6	5.8	9.6	9.1
Other	--	--	--	--	--	6.1	3.2	--	3.6	3.0	9.0	1.1	5.7	0.4	--	2.7

Sources: Islamic Development Bank, OECD, and staff calculations

1/ Same as approvals

2/ Encompassing loans plus technical assistance plus projects financed from special assistance funds.

3/ All other modes of assistance, including import trade finance.

4/ Excludes special assistance operations.

9. Islamic Solidarity Fund (ISF)

The ISF was established in 1974 following a decision taken during the Second Islamic Summit Conference and started operations in 1975. It is managed by the Organization of the Islamic Conference in Jeddah, but has an independent legal personality. Its resources consist mostly of donations from its 31 member countries. In addition, ISF receives grants from public and private institutions as well as individuals, and benefits from the proceeds of the Waqf (special endowment). Total resources at end-1986 amounted to about US\$124 million. The amount pledged to the Waqf totaled US\$28 million, of which US\$8 million was paid in. The ISF provides relief assistance for Muslim communities and aid for the construction of mosques, hospitals, and schools, and supports scientific and technical research, Islamic universities, and the activities of Muslim youth.

The ISF does not extend loans; its assistance consists of grants or is given in kind. Cumulative assistance up to end-1986 was US\$111 million.

10. OAPEC Special Account

The OAPEC Special Account was established in 1974 to alleviate Arab oil-importing countries' balance of payments difficulties following the increase in oil prices. The OAPEC Council of Ministers decided to allocate US\$80 million for this purpose and to entrust AFESD with the management of the Account. The assistance consisted of long-term interest-free loans to be repaid in ten annual installments after a ten-year grace period. In 1975, the OAPEC Council of Ministers decided to reactivate the account, but only Kuwait, Qatar and Saudi Arabia responded to this decision and together provided US\$37 million in 1976. The Sudan was the largest recipient of the account with US\$55 million, followed by the Yemen Arab Republic (US\$18 million), People's Democratic Republic of Yemen (US\$16 million), Somalia (\$11 million), and Mauritania and Morocco (US\$8 million each).

11. The OPEC Fund for International Development (OFID)

The OPEC Special Fund was established by the 13 OPEC member countries in early 1976 as a collective financial facility of a short-term nature and operations began in August of the same year. Its status was changed to that of a permanent international agency with its own legal personality in May 1980. Its present name was therefore adopted as of that date. Its initial resources were about US\$800 million contributed by member states, of which US\$400 million were earmarked for IFAD. Late in 1976, seven OPEC member countries decided to transfer the profits accruing to them from the IMF gold sales to the IMF Trust Fund through OFID, for a total of US\$110.7 million.

After three replenishments, pledged contributions at end-1987 amounted to US\$3,435 million, including US\$861 million earmarked for IFAD and US\$111 million transferred to the IMF Trust Fund, or a net of US\$2,463 million. Payments of contributions are made voluntarily by member countries upon demand by the Governing Committee so as to allow for the timely disbursement of the loans committed through the Fund. By the end of 1987, US\$1,815 million had been paid in, excluding US\$732 million for IFAD and the US\$111 million for the IMF Trust Fund. Furthermore, accumulated reserves amounted to US\$562 million.

OFID's objective is to reinforce financial cooperation between OPEC member countries and other developing countries by assisting on appropriate terms the economic and social development of the latter, with a particular emphasis on the poorest countries. It may engage in any activity relevant to its objective. In practice, OFID extends three types of loans--project loans, program loans, and loans for balance of payments assistance--and provides outright grants in support of technical assistance, food aid, research, and similar activities. In addition, it has made financial contributions to a wide variety of international development agencies that serve the developing countries.

Close cooperation and cofinancing with other development finance institutions is part of OFID's historical heritage. Before it became a permanent, international aid agency in 1980, the appraisal and administration of its lending program had been entirely entrusted to national aid agencies in OPEC member countries and international development institutions, and by the end of 1981 all but one of its project loans had been cofinanced with other bilateral and multilateral sources of aid. ^{1/} Until now, the majority of its project loans are cofinanced, with the number of donors varying from project to project. However, the OFID Fund is now often the administrator of cofinanced loans.

Excluding contributions to IFAD and the IMF Trust Fund, OFID's total approved commitments at the end of 1987 stood at US\$2.4 billion, consisting of 448 approved loans for a total of US\$2.2 billion and 213 grants for a total of US\$0.2 million (Table 21). The subdivision between the three types of loans was as follows: 254 project loans totalling US\$1,348 million, 185 balance of payments support loans valued at US\$724 million, and 9 program loans amounting to US\$64 million. Except in the case of a few loans to middle-income developing countries, OFID loans were highly concessional and about 90 percent of cumulative loan commitments were on concessional terms. The annual level of commitments grew rapidly from US\$43 million in 1976 to a peak of about US\$450 million in 1981 and then, in line with the general decline in resource transfers from Arab donor countries, started to slow down to an average level of a little more than US\$100 million between 1984 and 1987.

^{1/} Aid from OPEC countries, OECD, Paris, 1983, p. 126.

Table 21: Assistance by the OPEC Fund for International Development, 1973-1987

	(In millions of U.S. dollars and percent)															
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
VOLUME (Million US\$)																
Commitments 1/	0.0	0.0	0.0	42.7	255.7	159.8	221.8	257.2	452.1	345.0	221.2	105.9	111.9	90.1	140.7	2,404.1
Concessional loans	--	--	--	42.7	243.0	155.0	212.8	219.3	329.5	311.7	177.2	94.4	100.9	83.2	106.7	2,076.2
Grants	--	--	--	--	12.7	4.8	9.0	6.4	51.2	21.3	8.4	11.5	4.0	2.9	2.7	134.9
Non-concessional loans	--	--	--	--	--	--	--	31.5	71.4	12.0	35.7	--	7.0	4.0	31.4	193.0
Grant Element of ODA																
Commitments (%) 1/	--	--	--	68.1	65.0	52.7	53.0	51.4	50.2	53.5	46.9	51.9	51.0	40.4	40.4	52.0
Net Disbursements 1/	0.0	0.0	0.0	0.0	162.2	82.6	84.4	150.6	258.0	254.5	185.3	55.7	30.0	15.2	-47.2	1,231.1
Concessional	--	--	--	--	162.2	82.6	84.4	135.1	211.7	227.2	171.9	57.6	34.7	10.1	-36.1	1,141.4
Non-concessional	--	--	--	--	--	--	--	15.5	46.3	27.3	13.4	-1.9	-4.7	5.1	-11.1	89.7
SECTORAL DISTRIBUTION OF LOAN DISBURSEMENTS (In percent)																Average
Project loans	--	--	--	--	--	47.2	39.0	33.6	37.0	48.3	70.1	90.0	95.4	95.2	83.6	53.9
Energy	--	--	--	--	--	18.3	12.4	13.2	16.7	31.0	45.6	55.6	55.4	52.1	23.8	28.3
Transportation	--	--	--	--	--	10.1	11.7	4.7	5.6	6.9	8.5	17.3	18.4	15.4	19.7	10.0
Agriculture	--	--	--	--	--	6.5	6.1	10.2	8.0	4.1	4.8	5.5	6.1	16.8	14.8	6.8
Industry	--	--	--	--	--	11.1	3.5	3.2	2.3	1.6	5.8	6.1	3.3	4.3	2.6	3.5
Nat. Devel. Banks	--	--	--	--	--	1.2	2.4	2.2	1.9	4.2	3.2	1.5	2.2	2.6	5.6	2.5
Water supply & sew.	--	--	--	--	--	--	0.0	0.1	2.4	0.5	2.1	2.3	8.2	2.7	13.0	2.2
Education	--	--	--	--	--	--	--	--	--	--	0.0	1.2	1.5	1.2	3.8	0.4
Telecommunications	--	--	--	--	--	--	2.8	0.1	0.1	0.0	0.0	0.6	0.5	0.2	0.2	0.3
BOP Support & Program loans	--	--	--	--	100.0	52.8	61.0	66.4	63.0	51.7	30.0	10.0	4.6	4.8	16.4	46.1

Source: OPEC Fund.

1/ Excluding commitments to the International Fund for Agricultural Development (IFAD) and the IMF Trust Fund

Because about one third of cumulative commitments consists of quick disbursing balance of payments assistance loans, gross disbursements represented 73.2 percent of total commitments at end-1987 (excluding payments to IFAD and the IMF Trust Fund), subdivided as follows: project financing 63 percent, program financing 94 percent, balance of payments support 96 percent, and grant program 55 percent.

Cumulative net disbursements at end-1987 amounted to US\$1.2 billion, 93 percent of which was on concessional terms. Annual net disbursements peaked in the early years of the 1980s, fell to much lower levels since 1984, and were negative in 1987.

Every beneficiary of a balance of payments support or program loan has the option to mobilize, within a given period, local counterpart funds equivalent to the proceeds of the loan. OFID encourages beneficiary countries to use such funds in financing the local currency cost of development projects and programs agreed upon by the beneficiary country and OFID. Cumulatively, up to end-1987, local counterpart funds totalling the equivalent of US\$560 million were approved for use in the financing of 237 development projects and programs in 58 developing countries. The largest shares of this total were allocated to agriculture (37.5 percent), energy (22.2 percent), and transportation (18.3 percent). ^{1/} Some of these projects and programs also benefited from foreign exchange obtained through OFID project and program loans, and in many cases were cofinanced by other development finance institutions.

The OPEC Fund's eligible beneficiaries are all the governments of developing countries, other than OPEC members, and by end-1987, 91 developing countries in Africa, Asia, Latin America and the Caribbean had benefited from its assistance. The geographic distribution of its lending operations was as follows: 257 loans totalling US\$1,018 million (47.6 percent of total) to 44 African countries; 123 loans valued at US\$897 million (42 percent of total) to 21 Asian countries; and 68 loans worth US\$222 million (10.4 percent of total) to 20 Latin American and Caribbean countries. The bulk of grants were extended to international institutions whose activities benefit the developing world, in particular to IFAD and the Common Fund for Commodities, ^{2/} and to finance technical assistance in cooperation with many international development institutions including the specialized agencies of the UN.

Forty-six percent of OFID's loan disbursements were for balance of payments support and program loans. The remaining 54 percent were for project loans and were extended in all the major economic sectors. As regards its project loans, the main emphasis has been on energy

^{1/} Many other sectors benefited from such financing, including helping to meet Tonga's subscription payment to the IMF in 1985.

^{2/} By end-1987, the agreement establishing the Common Fund for Commodities (adopted by the United Nations Conference on a Common Fund for Commodities on June 27, 1980) had not yet entered into force.

development, with 28.3 percent of cumulative disbursements. This was followed by transportation (10 percent), agriculture and agro-industry (7 percent), industry (3.5 percent), national development banks (2.5 percent), water supply and sewerage (2.2 percent), education (0.4 percent), and telecommunications (0.3 percent).

Finally, OFID has been entrusted in certain circumstances with the coordination of the policies of its members vis-a-vis certain multi-lateral institutions and with negotiations in international fora when collective action by OFID countries is considered appropriate. 1/ In particular, the OPEC Fund coordinated its members' policies toward IFAD. The OPEC countries 2/ pledged a total of US\$861.1 million to IFAD through the OPEC Fund. The sum of US\$435.5 million was committed to the initial resources and US\$425.6 million to the first replenishment. At end-1987, total payments amounted to US\$732 million. Also, US\$110.7 million was transferred to the IMF Trust Fund through the OPEC Fund, representing the profits accruing to seven OPEC member countries from the IMF gold sales (almost half of the amount came from Venezuela).

12. The Special Arab Aid Fund for Africa (SAAFA)

SAAFA was established concurrently with BADEA in January 1974 by Arab oil-exporting countries following a decision taken by the Arab summit conference in Algeria in November 1973 to alleviate the African countries' balance of payments difficulties in general and to compensate them for the rise in oil prices in particular. "Thus, the Arab countries established two channels for financial cooperation with African countries, a development bank (BADEA) and an emergency facility (SAAFA)." 3/ SAAFA's original capital, consisting of voluntary contributions, was fixed at US\$200 million, and in late 1974 raised to US\$350 million. The administration of the Fund was entrusted to the League of Arab States, with the amount allocated to each recipient being determined jointly by the League of Arab States and the Organization of African Unity. Arab countries in Africa were excluded from the list of recipients.

In 1977, SAAFA was amalgamated with BADEA and uncommitted resources were used by BADEA for projects in Africa. As a result, out of the US\$350 million contributed by Arab donors, US\$214.2 million were made available by SAAFA for balance of payments support to 32 countries. The SAAFA loans, which were approved and disbursed in the same year, were repayable over 25 years with a grace period of 10 years and at an initial interest rate of 1 percent per annum. Reflows started in 1985 and by end-1987 totalled US\$39.9 million, of which US\$23.4 million was repaid and US\$16.5 million was in arrears.

1/ Aid from OPEC countries, OECD, Paris, 1983, p. 130.

2/ Excluding Ecuador which joined IFAD as a member of the group of "other developing countries."

3/ BADEA, Annual Report 1986 and 1987, p. 20

IV. Net Disbursements of Official Assistance by Arab Countries and Agencies

A. Geographical distribution of Arab aid among recipients

1. Bilateral concessional assistance

Cumulative bilateral concessional assistance from Arab donor countries to developing countries from 1973 to 1987 amounted to US\$70.2 billion. The geographic distribution of this aid is given in Table 22 and the percentage shares in Table 23. It must be noted that the geographic distribution of about 22 percent of the total is unknown, essentially because Saudi Arabia does not publish a geographic breakdown of a large part of its aid flows. Nevertheless, based on partial information, certain salient features emerge. Between 1973 and 1987 US\$43.4 billion of the identified cumulative net disbursements went to Arab countries. Their share of the total reached a peak of 81 percent in 1977 and a low of 41 percent in the following year, and averaged 62 percent over the period.

Arab Middle Eastern countries received US\$27.1 billion, or 38.6 percent of the total. Syria was year after year the largest single recipient, having received nearly US\$12 billion, equivalent to a little more than 11 percent of total contributions and 44 percent of the assistance extended to Arab Middle Eastern countries. The second largest recipient within that group was systematically Jordan (nearly US\$8 billion), followed by the Yemen Arab Republic, the Sultanate of Oman, Bahrain, Lebanon, People's Democratic Republic of Yemen, and very small net contributions to Iraq.

Arab countries in Africa benefited from a little more than US\$15 billion in cumulative aid flows (21.4 percent of total). The largest recipient within that group was the Arab Republic of Egypt (US\$6.4 billion), essentially because of very large payments extended to it during 1973-1979, before Arab donors broke relations with it in the wake of the Camp David Agreement. This was followed by Morocco, the Sudan, Mauritania, Somalia, Tunisia, and Algeria.

Non-Arab countries received about 17 percent of the total identified aid flows. Nearly two-thirds of it went to Asia (including Oceania) with a total of nearly US\$8 billion. The number of beneficiary countries in Asia grew from about 10 in the 1970s to a total of 23 in the period under study. The largest Asian recipient was Pakistan (US\$1.8 billion), followed by Bangladesh (US\$0.8 billion) and India (US\$0.5 billion). About US\$3.5 billion (5 percent of total) benefited sub-Saharan Africa. The relatively low level of aid to non-Arab Africa is essentially explained by the low absorptive capacity in most of those countries. Nonetheless, the number of recipients increased from about 25 countries in the 1970s to a total of 40 countries by end-1987, and sub-Saharan Africa's share of the total grew from an average of about 2 percent between 1973 and 1979, to an average of about 8 percent between 1980 and 1987, reflecting the Arab donors' growing emphasis on channelling aid to the least developed and most seriously affected countries. Smaller amounts were directed to Europe, of which Turkey took the lion's share, and to the Western Hemisphere.

Table 22: Geographic Distribution of bilateral concessional assistance from Arab Donor Countries to Developing countries and territories, 1973-1987

Net Disbursements - In millions of U.S. Dollars																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	433.9	1132.3	1194.0	1473.5	1549.6	1421.8	3322.8	3629.1	3330.0	2198.9	1903.6	1685.4	1340.6	1332.4	1146.3	27094.2
Bahrain	7.4	27.8	23.5	169.1	34.3	59.5	97.1	147.4	138.1	89.6	215.5	198.1	71.6	98.2	-0.8	1376.4
Iraq	4.1	-1.7	28.1	-1.9	-1.9	7.9	-2.0	-2.1	--	-1.6	-1.8	-1.9	-0.3	0.2	10.0	35.1
Jordan	93.5	190.7	296.8	377.5	243.7	278.5	1162.0	1133.0	919.7	700.0	683.3	602.0	453.4	434.4	383.3	7951.8
Lebanon	-0.9	117.6	0.7	7.9	56.5	148.2	57.2	193.2	369.9	82.1	15.9	0.1	12.2	2.7	18.2	1081.5
Oman	9.7	121.6	39.7	125.6	182.3	37.0	162.2	164.7	224.4	125.1	63.7	54.0	59.4	52.7	-1.6	1420.5
Syria	290.7	572.2	625.5	455.9	739.9	656.6	1644.4	1604.6	1381.8	879.5	702.9	601.5	559.7	631.8	575.2	11922.2
Yemen Arab Republic	18.9	85.5	147.8	199.2	187.0	196.7	176.6	338.6	266.4	252.4	192.3	187.2	138.3	89.4	142.2	2618.5
Yemen, P.D.R.	10.5	18.6	31.9	140.2	107.8	37.4	25.3	49.7	29.7	71.8	31.8	44.4	46.3	23.0	19.8	688.2
ARAB AFRICA	708.6	1287.4	2289.8	1576.9	1563.7	1170.0	1018.3	1113.0	1045.0	896.3	546.9	230.8	701.7	459.8	427.4	15035.6
Algeria	12.5	-2.8	46.1	-3.2	-4.3	-4.5	-5.2	41.4	2.2	-2.9	-3.6	--	9.1	27.9	51.6	164.3
Egypt	675.8	1090.7	1857.9	1238.6	744.5	608.2	165.8	4.2	-19.0	-17.8	-26.0	-24.6	-24.7	54.2	74.5	6402.3
Mauritania	5.8	44.2	31.2	143.4	111.7	128.8	57.2	86.3	96.5	76.4	46.4	49.5	57.7	59.1	-0.6	993.6
Morocco	1.5	10.1	94.0	48.2	369.0	182.6	243.8	643.8	762.5	482.4	122.1	73.4	403.9	85.6	61.5	3584.4
Somalia	12.4	42.3	71.8	30.8	117.2	110.9	107.6	127.8	46.7	160.5	39.2	6.8	36.3	2.6	1.1	914.0
Sudan	-4.9	85.4	140.5	91.6	163.6	111.4	409.1	160.3	113.5	165.6	357.3	117.2	214.2	190.6	207.5	2522.9
Tunisia	5.5	17.5	48.3	27.5	62.0	32.6	40.0	49.2	42.6	32.1	11.5	8.5	5.2	39.8	31.8	454.1
SUB-SAHARAN AFRICA	20.6	106.0	153.3	41.1	70.4	115.1	167.4	315.3	354.8	387.2	264.5	804.6	291.5	198.6	161.8	3452.2
ASIA & OCEANIA	18.2	511.7	399.7	765.9	391.0	304.8	251.0	667.3	213.7	253.8	183.8	820.4	179.5	1784.7	1174.4	7919.9
o.w. India	--	243.0	73.4	85.0	13.7	13.9	22.5	38.3	1.9	-13.6	-37.3	22.7	28.2	21.3	-18.9	494.1
Pakistan	18.2	213.3	192.8	558.3	101.1	32.7	128.6	425.5	62.6	86.5	66.3	11.9	-16.1	-56.3	-29.5	1795.9
EUROPE	--	5.5	15.3	3.5	16.0	12.0	46.3	222.2	169.8	102.2	40.8	39.2	47.4	30.3	-24.0	726.5
o.w. Turkey	--	--	11.0	1.8	5.0	--	--	217.9	169.2	98.5	29.0	31.3	31.8	25.3	-25.9	594.9
WESTERN HEMISPHERE	0.1	--	0.7	5.1	--	65.9	51.1	16.1	1.1	-1.2	-1.3	-2.5	3.3	6.7	-2.8	142.3
Arab Countries Unsp.	91.9	98.9	243.8	31.4	107.5	50.6	155.7	142.6	99.7	62.3	48.9	50.7	43.1	44.5	39.3	1310.9
LDC's Unspecified	785.0	499.7	607.6	334.1	279.7	3365.0	1559.0	2702.4	2361.9	752.9	876.1	25.5	367.8	3.4	11.5	14531.6
TOTAL	2058.3	3641.5	4904.2	4231.5	3977.9	6505.2	6571.6	8808.0	7576.0	4652.4	3863.3	3654.1	2974.9	3860.4	2933.9	70213.2
o.w. Arab Countries	1234.4	2518.6	3727.6	3081.8	3220.8	2642.4	4496.8	4884.7	4474.7	3157.5	2499.4	1966.9	2085.4	1836.7	1613.0	43440.7

Sources: OECD and staff calculations

Table 23: Geographic Distribution of bilateral concessional assistance from Arab Donor Countries to Developing countries and territories, 1973-1987

	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	21.08	31.09	24.35	34.82	38.96	21.86	50.56	41.20	43.95	47.26	49.27	46.12	45.06	34.51	39.07	38.59
Bahrain	0.36	0.76	0.48	4.00	0.86	0.91	1.48	1.67	1.82	1.93	5.58	5.42	2.41	2.54	-0.03	1.96
Iraq	0.20	-0.05	0.57	-0.04	-0.05	0.12	-0.03	-0.02	0.00	-0.03	-0.05	-0.05	-0.01	0.01	0.34	0.05
Jordan	4.54	5.24	6.05	8.92	6.13	4.28	17.68	12.86	12.14	15.05	17.69	16.47	15.24	11.25	13.06	11.33
Lebanon	-0.04	3.23	0.01	0.19	1.42	2.28	0.87	2.19	4.88	1.76	0.41	0.00	0.41	0.07	0.62	1.54
Oman	0.47	3.34	0.81	2.97	4.58	0.57	2.47	1.87	2.96	2.69	1.65	1.48	2.00	1.37	-0.05	2.02
Syria	14.12	15.71	12.75	10.77	18.60	10.09	25.02	18.22	18.24	18.90	18.19	16.46	18.81	16.37	19.61	16.98
Yemen Arab Republic	0.92	2.35	3.01	4.71	4.70	3.02	2.69	3.84	3.52	5.43	4.98	5.12	4.65	2.32	4.85	3.73
Yemen, P.D.R.	0.51	0.51	0.65	3.31	2.71	0.57	0.38	0.56	0.39	1.54	0.82	1.22	1.56	0.60	0.67	0.98
ARAB AFRICA	34.43	35.35	46.69	37.27	39.31	17.99	15.50	12.64	13.79	19.27	14.16	6.32	23.59	11.91	14.57	21.41
Algeria	0.61	-0.08	0.94	-0.08	-0.11	-0.07	-0.08	0.47	0.03	-0.06	-0.09	0.00	0.31	0.72	1.76	0.23
Egypt	32.83	29.95	37.88	29.27	18.72	9.35	2.52	0.05	-0.25	-0.38	-0.67	-0.67	-0.83	1.40	2.54	9.12
Mauritania	0.28	1.21	0.64	3.39	2.81	1.98	0.87	0.98	1.27	1.64	1.20	1.35	1.94	1.53	-0.02	1.42
Morocco	0.07	0.28	1.92	1.14	9.28	2.81	3.71	7.31	10.06	10.37	3.16	2.01	13.58	2.22	2.10	5.11
Somalia	0.60	1.16	1.46	0.73	2.95	1.70	1.64	1.45	0.62	3.45	1.01	0.19	1.22	0.07	0.04	1.30
Sudan	-0.24	2.35	2.86	2.16	4.11	1.71	6.23	1.82	1.50	3.56	9.25	3.21	7.20	4.94	7.07	3.59
Tunisia	0.27	0.48	0.98	0.65	1.56	0.50	0.61	0.56	0.56	0.69	0.30	0.23	0.17	1.03	1.08	0.65
SUB-SAHARAN AFRICA	1.00	2.91	3.13	0.97	1.77	1.77	2.55	3.58	4.68	8.32	6.85	22.02	9.80	5.14	5.51	4.92
ASIA & OCEANIA	0.88	14.05	8.15	18.10	9.83	4.69	3.82	7.58	2.82	5.46	4.76	22.45	6.03	46.23	40.03	11.28
o.w. India	0.00	6.67	1.50	2.01	0.34	0.21	0.34	0.43	0.03	-0.29	-0.97	0.62	0.95	0.55	-0.64	0.70
Pakistan	0.88	5.86	3.93	13.19	2.54	0.50	1.96	4.83	0.83	1.86	1.72	0.33	-0.54	-1.46	-1.01	2.56
EUROPE	0.00	0.15	0.31	0.08	0.40	0.18	0.70	2.52	2.24	2.20	1.06	1.07	1.59	0.78	-0.82	1.03
o.w. Turkey	0.00	0.00	0.22	0.04	0.13	0.00	0.00	2.47	2.23	2.12	0.75	0.86	1.07	0.66	-0.88	0.85
WESTERN HEMISPHERE	0.00	0.00	0.01	0.12	0.00	1.01	0.78	0.18	0.01	-0.03	-0.03	-0.07	0.11	0.17	-0.10	0.20
Arab Countries Unsp.	4.46	2.72	4.97	0.74	2.70	0.78	2.37	1.62	1.32	1.34	1.27	1.39	1.45	1.15	1.34	1.87
LDC's Unspecified	38.14	13.72	12.39	7.90	7.03	51.73	23.72	30.68	31.18	16.18	22.68	0.70	12.36	0.09	0.39	20.70
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	59.97	69.16	76.01	72.83	80.97	40.62	68.43	55.46	59.06	67.87	64.70	53.83	70.10	47.58	54.98	61.87

Source: Table 22

2. Concessional assistance from Arab/OPEC
multilateral institutions

Concessional assistance extended by Arab/OPEC multilateral institutions cumulatively between 1973 and 1987 amounted to US\$5 billion (Table 16). The geographic distribution is provided in Table 24 and the percentage breakdown in Table 25. Since 1981, about one fifth of the funds disbursed are unaccounted for, because the geographical distribution of AGFUND's disbursements is unavailable. However, AGFUND distributed humanitarian aid to a large number of countries (a total of 117 by end-August 1988), hence not amending significantly the analysis given below.

More than 63 percent of cumulative disbursements went to Arab countries. Because of very large payments extended by CODE to the Arab Republic of Egypt between 1976 and 1978 and, to a lesser extent, relatively large payments to the Sudan in certain years, Arab countries in Africa absorbed four-fifths of the multilateral aid directed to Arab countries, with the remainder benefiting the Arab Middle East.

P.D.R. of Yemen, the Yemen Arab Republic, and Syria received nearly three quarters of the multilateral aid going to Arab Middle East countries. As mentioned, the Arab Republic of Egypt received the lion's share of net flows extended to Arab Africa, followed by the Sudan, Mauritania, Somalia, and Morocco.

About one third of the aid extended by Arab/OPEC multilateral institutions was directed to the non-Arab world and tended to be spread over a large number of countries. Because most of those institutions give priority to the poorest countries, and because some of the organizations are preoccupied solely with aid to Africa, sub-Saharan Africa got the largest part, receiving slightly more than US\$1 billion, or one fifth of the total flows extended by these institutions. A total of 42 non-Arab African countries benefited from this aid, the largest among which were Tanzania, Senegal, Burkina Faso, and Madagascar. Also Africa's share has tended to grow over the years, representing about 30 percent of the total in each of the last five years under study.

Nineteen countries in Asia and Oceania were the second largest group of beneficiaries. The largest recipient was Bangladesh, which received about one fourth of all aid directed to Asia, followed by India, Pakistan, Thailand, Burma, and Sri Lanka. Smaller contributions were made to 17 countries of the Western Hemisphere and to three European countries, essentially to Turkey.

Table 24: Geographic Distribution of concessional assistance from Arab/OPEC
Multilateral Institutions to Developing countries and territories, 1973-1987

Net Disbursements - In millions of U.S. Dollars																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	0.0	25.8	12.5	31.5	34.5	64.7	52.5	58.5	88.9	43.8	43.9	26.7	37.4	37.1	26.0	583.8
Bahrain	--	--	--	--	--	7.1	4.1	5.8	0.7	0.6	-0.7	-0.7	-0.8	-0.8	-0.8	14.5
Iraq	--	--	--	--	--	--	--	--	--	--	5.3	4.8	3.9	7.9	-0.7	21.2
Jordan	--	--	--	5.3	6.3	15.1	9.3	13.7	10.7	3.9	2.6	2.9	-0.3	1.0	6.6	77.1
Lebanon	--	--	--	--	--	7.1	8.0	5.4	6.2	1.2	-1.7	-1.4	-1.2	-1.4	--	22.2
Oman	--	--	--	--	6.5	6.0	0.2	5.4	0.6	--	-0.1	3.6	1.4	-0.4	0.5	23.7
Syria	--	3.0	10.7	6.9	6.6	8.6	9.8	4.4	21.0	0.8	10.4	2.4	7.1	10.6	-0.9	101.4
Yemen Arab Republic	--	10.9	1.6	12.6	10.6	6.9	12.2	11.9	31.1	23.6	11.4	3.1	8.3	11.2	4.5	159.9
Yemen, P.D.R.	--	11.9	0.2	6.7	4.5	13.9	8.9	11.9	18.6	13.7	16.7	12.0	19.0	9.0	16.8	163.8
ARAB AFRICA	0.0	59.8	34.4	318.0	906.4	778.7	75.2	58.5	65.1	63.5	57.9	24.4	16.3	33.3	28.6	2520.1
Algeria	--	--	8.1	--	--	6.1	1.2	-0.8	-1.0	-1.4	0.8	-1.0	2.5	3.5	3.8	21.8
Egypt	--	--	0.3	256.3	860.9	710.9	42.1	7.9	-0.3	-7.8	-7.5	-8.2	-7.7	-5.4	-10.0	1831.5
Mauritania	--	4.6	--	16.1	10.1	22.4	0.2	2.8	6.7	17.4	22.7	16.0	6.0	15.7	-0.7	140.0
Morocco	--	8.1	--	3.9	10.3	9.7	4.8	3.6	4.6	7.2	13.7	2.4	8.2	-0.8	5.5	81.2
Somalia	--	7.2	7.5	4.2	6.8	8.3	10.6	15.4	20.8	22.6	20.5	9.4	1.9	2.0	1.6	138.8
Sudan	--	37.4	14.1	28.5	15.6	18.5	15.6	22.7	34.4	20.0	5.2	4.3	1.0	17.1	20.1	254.5
Tunisia	--	2.5	4.4	9.0	2.7	2.8	0.7	6.9	-0.1	5.5	2.5	1.5	4.4	1.2	8.3	52.3
SUB-SAHARAN AFRICA	--	79.9	57.1	61.3	83.5	60.3	74.0	107.3	112.1	116.2	109.7	50.5	49.9	38.0	22.8	1022.6
ASIA & OCEANIA	--	--	--	--	67.1	48.5	25.8	17.3	72.9	103.4	73.7	34.3	16.1	14.1	-12.1	461.1
o.w. India	--	--	--	--	21.8	14.0	--	2.4	5.7	37.0	8.9	0.2	2.8	-2.1	-1.9	88.8
Pakistan	--	--	--	--	10.7	19.9	4.9	3.4	5.0	7.8	20.0	6.4	1.7	-1.8	-4.3	73.7
EUROPE	--	--	--	--	--	--	7.5	7.5	12.5	2.1	0.5	0.9	-0.6	-0.2	0.0	30.2
o.w. Turkey	--	--	--	--	--	--	7.5	7.5	12.5	1.6	0.1	0.0	-0.8	-0.2	0.0	28.2
WESTERN HEMISPHERE	--	--	--	--	7.6	8.1	11.8	17.1	25.6	13.9	8.8	5.3	4.6	-0.1	-5.2	97.5
Arab Countries Unsp.	--	--	1.0	1.6	2.1	1.0	1.0	1.0	1.4	19.0	14.5	9.8	7.0	13.4	7.8	80.6
LDC's Unspecified	--	--	--	3.3	7.2	9.0	14.0	17.6	12.4	27.7	37.0	36.9	20.7	13.7	8.0	207.5
TOTAL	0.0	165.5	105.0	415.7	1108.4	970.3	261.8	284.8	390.9	389.6	346.0	188.8	151.4	149.3	75.9	5003.4
o.w. Arab Countries	0.0	85.6	47.9	351.1	943.0	844.4	128.7	118.0	155.4	126.3	116.3	60.9	60.7	83.8	62.4	3184.5

Sources: OECD and staff calculations

Table 25: Geographic Distribution of concessional assistance from Arab/OPEC
Multilateral Institutions to Developing countries and territories, 1973-1987

	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	--	15.59	11.90	7.58	3.11	6.67	20.05	20.54	22.74	11.24	12.69	14.14	24.70	24.85	34.26	11.67
Bahrain	--	0.00	0.00	0.00	0.00	0.73	1.57	2.04	0.18	0.15	-0.20	-0.37	-0.53	-0.54	-1.05	0.29
Iraq	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.53	2.54	2.58	5.29	-0.92	0.42
Jordan	--	0.00	0.00	1.27	0.57	1.56	3.55	4.81	2.74	1.00	0.75	1.54	-0.20	0.67	8.70	1.54
Lebanon	--	0.00	0.00	0.00	0.00	0.73	3.06	1.90	1.59	0.31	-0.49	-0.74	-0.79	-0.94	0.00	0.44
Oman	--	0.00	0.00	0.00	0.59	0.62	0.08	1.90	0.15	0.00	-0.03	1.91	0.92	-0.27	0.66	0.47
Syria	--	1.81	10.19	1.66	0.60	0.89	3.74	1.54	5.37	0.21	3.01	1.27	4.69	7.10	-1.19	2.03
Yemen Arab Republic	--	6.59	1.52	3.03	0.96	0.71	4.66	4.18	7.96	6.06	3.29	1.64	5.48	7.50	5.93	3.20
Yemen, P.D.R.	--	7.19	0.19	1.61	0.41	1.43	3.40	4.18	4.76	3.52	4.83	6.36	12.55	6.03	22.13	3.27
ARAB AFRICA	--	36.13	32.76	76.50	81.78	80.25	28.72	20.54	16.65	16.30	16.73	12.92	10.77	22.30	37.68	50.37
Algeria	--	0.00	7.71	0.00	0.00	0.63	0.46	-0.28	-0.26	-0.36	0.23	-0.53	1.65	2.34	5.01	0.44
Egypt	--	0.00	0.29	61.66	77.67	73.27	16.08	2.77	-0.08	-2.00	-2.17	-4.34	-5.09	-3.62	-13.18	36.61
Mauritania	--	2.78	0.00	3.87	0.91	2.31	0.08	0.98	1.71	4.47	6.56	8.47	3.96	10.52	-0.92	2.80
Morocco	--	4.89	0.00	0.94	0.93	1.00	1.83	1.26	1.18	1.85	3.96	1.27	5.42	-0.54	7.25	1.62
Somalia	--	4.35	7.14	1.01	0.61	0.86	4.05	5.41	5.32	5.80	5.92	4.98	1.25	1.34	2.11	2.77
Sudan	--	22.60	13.43	6.86	1.41	1.91	5.96	7.97	8.80	5.13	1.50	2.28	0.66	11.45	26.48	5.09
Tunisia	--	1.51	4.19	2.17	0.24	0.29	0.27	2.42	-0.03	1.41	0.72	0.79	2.91	0.80	10.94	1.05
SUB-SAHARAN AFRICA	--	48.28	54.38	14.75	7.53	6.21	28.27	37.68	28.68	29.83	31.71	26.75	32.96	25.45	30.04	20.44
ASIA & OCEANIA	--	0.00	0.00	0.00	6.05	5.00	9.85	6.07	18.65	26.54	21.30	18.17	10.63	9.44	-15.94	9.22
o.w. India	--	0.00	0.00	0.00	1.97	1.44	0.00	0.84	1.44	9.50	2.57	0.11	1.85	-1.41	-2.50	1.77
Pakistan	--	0.00	0.00	0.00	0.97	2.05	1.87	1.19	1.28	2.00	5.78	3.39	1.12	-1.21	-5.67	1.47
EUROPE	--	0.00	0.00	0.00	0.00	0.00	2.86	2.63	3.20	0.54	0.14	0.48	-0.40	-0.13	0.00	0.60
o.w. Turkey	--	0.00	0.00	0.00	0.00	0.00	2.86	2.63	3.20	0.41	0.03	0.00	-0.53	-0.13	0.00	0.56
WESTERN HEMISPHERE	--	0.00	0.00	0.00	0.69	0.83	4.51	6.00	6.55	3.57	2.54	2.81	3.04	-0.07	-6.85	1.95
Arab Countries Unsp.	--	0.00	0.95	0.38	0.19	0.10	0.38	0.35	0.36	4.88	4.19	5.19	4.62	8.98	10.28	1.61
LDC's Unspecified	--	0.00	0.00	0.79	0.65	0.93	5.35	6.18	3.17	7.11	10.69	19.54	13.67	9.18	10.54	4.15
TOTAL	--	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	--	51.72	45.62	84.46	85.08	87.02	49.16	41.43	39.75	32.42	33.61	32.26	40.09	56.13	82.21	63.65

Source: Table 24

3. Total concessional Arab assistance

The geographic distribution of total concessional Arab assistance, given in Table 26 with the percentage breakdown in Table 27, is heavily influenced by bilateral net disbursements, which make up 93 percent of the total. As mentioned above, the geographic distribution of about 20 percent of the total is unknown.

Nearly US\$47 billion or 62 percent of the identified flows were directed to Arab countries, of which Arab Middle East countries received US\$27.7 billion (36.8 percent of total) and Arab Africa US\$17.6 billion (23.3 percent of total). Among the Arab countries, Syria, the Arab Republic of Egypt, and Jordan were by far the largest recipients. Concerning the non-Arab countries, Asia and Oceania received the largest share, followed by sub-Saharan Africa, Europe and the Western Hemisphere.

4. Bilateral nonconcessional assistance

Identified bilateral nonconcessional development assistance from Arab donors from 1973 through 1987 totaled US\$8.8 billion. Its geographical distribution is presented in Table 28 and the percentage breakdown in Table 29.

A little more than US\$5 billion, or 58 percent of the total was directed to Arab countries, 60 percent of which was absorbed by Arab Africa and the remaining 40 percent by the Arab Middle East. The largest recipients in the latter group were Iraq, Bahrain, Jordan, and Syria. Roughly one third of the assistance extended to Arab Africa benefited the Arab Republic of Egypt, essentially because of large payments in 1974 and 1975. Another 30 percent went to the Sudan, followed by Morocco, Mauritania, Tunisia, Algeria and Somalia.

Among the non-Arab beneficiaries, the largest share went to the Western Hemisphere, essentially because of some large loans to Brazil in the early 1980s. The second largest recipient was Europe, consisting for the main part of relatively large loans to Yugoslavia and Turkey. Next followed Asia, nearly half of which consisted of assistance extended to Pakistan, and finally, sub-Saharan Africa. The low share of the latter reflects the fact that many African countries are among the least developed, which benefited essentially from concessional aid.

Table 26: Geographic Distribution of total concessional Arab assistance to developing countries and territories, 1973-1987

08-May-90	Net Disbursements - In millions of U.S. Dollars															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	433.9	1158.1	1206.5	1505.0	1584.1	1486.5	3375.3	3687.6	3418.9	2242.7	1947.5	1712.1	1378.0	1369.5	1172.3	27678.0
Bahrain	7.4	27.8	23.5	169.1	34.3	66.6	101.2	153.2	138.8	90.2	214.8	197.4	70.8	97.4	-1.6	1390.9
Iraq	4.1	-1.7	28.1	-1.9	-1.9	7.9	-2.0	-2.1	0.0	-1.6	3.5	2.9	3.6	8.1	9.3	56.3
Jordan	93.5	190.7	296.8	382.8	250.0	203.6	1171.3	1146.7	930.4	703.9	685.9	604.9	433.1	435.4	389.9	8028.9
Lebanon	-0.9	117.6	0.7	7.9	56.5	195.3	65.2	198.6	376.1	83.3	14.2	-1.3	11.0	1.3	18.2	1103.7
Oman	9.7	121.6	39.7	125.6	188.8	43.0	162.4	170.1	225.0	125.1	63.6	57.6	60.8	52.3	-1.1	1444.2
Syria	290.7	575.2	636.2	746.5	746.5	665.2	1654.2	1609.0	1402.8	880.3	713.3	603.9	566.8	642.4	574.3	12023.6
Yemen Arab Republic	18.9	96.4	149.4	211.8	197.6	203.6	188.8	350.5	297.5	276.0	203.7	190.3	146.6	100.6	146.7	2778.4
Yemen, P.D.R.	10.5	30.5	32.1	146.9	112.3	51.3	34.2	61.6	48.3	85.5	48.5	56.4	65.3	32.0	36.6	852
ARAB AFRICA	708.6	1347.2	2324.2	1894.9	2470.1	1948.7	1093.5	1171.5	1110.1	959.8	604.8	255.2	718.0	493.1	456.0	17555.7
Algeria	12.5	-2.8	54.2	-3.2	-4.3	1.6	-4.0	40.6	1.2	-4.3	-2.8	-1.0	11.6	31.4	55.4	186.1
Egypt	675.8	1090.7	1858.2	1494.9	1605.4	1319.1	207.9	12.1	-19.3	-25.6	-33.5	-32.8	-32.4	48.8	64.5	8233.8
Mauritania	5.8	48.8	31.2	159.5	121.8	151.2	57.4	89.1	103.2	93.8	69.1	65.5	63.7	74.8	-1.3	1133.6
Morocco	1.5	18.2	94.0	52.1	379.3	192.3	248.6	647.4	767.1	489.6	135.8	75.8	412.1	84.8	67.0	3665.6
Somalia	12.4	49.5	79.3	35.0	124.0	119.2	118.2	143.2	67.5	183.1	59.7	16.2	38.2	4.6	2.7	1052.8
Sudan	-4.9	122.8	154.6	120.1	179.2	129.9	424.7	183.0	147.9	185.6	362.5	121.5	215.2	207.7	227.6	2777.4
Tunisia	5.5	20.0	52.7	36.5	64.7	35.4	40.7	56.1	42.5	37.6	14.0	10.0	9.6	41.0	40.1	506.4
SUB-SAHARAN AFRICA	20.6	185.9	210.4	102.4	153.9	175.4	241.4	422.6	466.9	503.4	374.2	855.1	341.4	236.6	184.6	4474.8
ASIA & OCEANIA	18.2	511.7	399.7	765.9	458.1	353.3	276.8	684.6	286.6	357.2	257.5	854.7	195.6	1798.8	1162.3	8381.0
o.w. India	0.0	243.0	73.4	85.0	35.5	27.9	22.5	40.7	7.6	23.4	-28.4	22.9	31.0	19.2	-20.8	582.9
o.w. Pakistan	18.2	213.3	192.8	558.3	111.8	52.6	133.5	428.9	67.6	94.3	86.3	18.3	-14.4	-58.1	-33.8	1869.6
EUROPE	0.0	5.5	15.3	3.5	16.0	12.0	53.8	229.7	182.3	104.3	41.3	40.1	46.8	30.1	-24.0	756.7
o.w. Turkey	0.0	0.0	11.0	1.8	5.0	0.0	7.5	225.4	181.7	100.1	29.1	31.3	31.0	25.1	-25.9	623.1
WESTERN HEMISPHERE	0.1	0.0	0.7	5.1	7.6	74.0	62.9	33.2	26.7	12.7	7.5	2.8	7.9	6.6	-8.0	239.8
Arab Countries Unsp.	91.9	98.9	244.8	33.0	109.6	51.6	156.7	143.6	101.1	81.3	63.4	60.5	50.1	57.9	47.1	1391.5
LDC's Unspecified	785.0	499.7	607.6	337.4	286.9	3374.0	1573.0	2720.0	2374.3	780.6	913.1	62.4	388.5	17.1	19.5	14739.1
TOTAL	2058.3	3807.0	5009.2	4647.2	5086.3	7475.5	6833.4	9092.8	7966.9	5042.0	4209.3	3842.9	3126.3	4009.7	3009.8	75216.6
o.w. Arab Countries	1234.4	2604.2	3775.5	3432.9	4163.8	3486.8	4625.5	5002.7	4630.1	3283.8	2615.7	2027.8	2146.1	1920.5	1675.4	46625.2

Source: Tables 22 and 24

Table 27: Geographic Distribution of total concessional Arab assistance to Developing countries and territories, 1973-1987

08-May-90	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	21.08	30.42	24.09	32.39	31.14	19.88	49.39	40.56	42.91	44.48	46.27	44.55	44.08	34.15	38.95	36.80
Bahrain	0.36	0.73	0.47	3.64	0.67	0.89	1.48	1.68	1.74	1.79	5.10	5.14	2.26	2.43	-0.05	1.85
Iraq	0.20	-0.04	0.56	-0.04	-0.04	0.11	-0.03	-0.02	0.00	-0.03	0.08	0.08	0.12	0.20	0.31	0.07
Jordan	4.54	5.01	5.93	8.24	4.92	3.93	17.14	12.61	11.68	13.96	16.29	15.74	14.49	10.86	12.95	10.67
Lebanon	-0.04	3.09	0.01	0.17	1.11	2.08	0.95	2.18	4.72	1.65	0.34	-0.03	0.35	0.03	0.60	1.47
Oman	0.47	3.19	0.79	2.70	3.71	0.58	2.38	1.87	2.82	2.48	1.51	1.50	1.94	1.30	-0.04	1.92
Syria	14.12	15.11	12.70	9.96	14.68	8.90	24.21	17.70	17.61	17.46	16.95	15.71	18.13	16.02	19.08	15.99
Yemen Arab Republic	0.92	2.53	2.98	4.56	3.88	2.72	2.76	3.85	3.73	5.47	4.84	4.95	4.69	2.51	4.87	3.69
Yemen, P.D.R.	0.51	0.80	0.64	3.16	2.21	0.69	0.50	0.68	0.61	1.70	1.15	1.47	2.09	0.80	1.22	1.13
ARAB AFRICA	34.43	35.39	46.40	40.78	48.56	26.07	16.00	12.88	13.93	19.04	14.37	6.64	22.97	12.30	15.15	23.34
Algeria	0.61	-0.07	1.08	-0.07	-0.08	0.02	-0.06	0.45	0.02	-0.09	-0.07	-0.03	0.37	0.78	1.84	0.25
Egypt	32.83	28.65	37.10	32.17	31.56	17.65	3.04	0.13	-0.24	-0.51	-0.80	-0.85	-1.04	1.22	2.14	10.95
Mauritania	0.28	1.28	0.62	3.43	2.39	2.02	0.84	0.98	1.30	1.86	1.64	1.70	2.04	1.87	-0.04	1.51
Morocco	0.07	0.48	1.88	1.12	7.46	2.57	3.64	7.12	9.63	9.71	3.23	1.97	13.18	2.11	2.23	4.87
Somalia	0.60	1.30	1.58	0.75	2.44	1.59	1.73	1.57	0.85	3.63	1.42	0.42	1.22	0.11	0.09	1.40
Sudan	-0.24	3.23	3.09	2.58	3.52	1.74	6.22	2.01	1.86	3.68	8.61	3.16	6.88	5.18	7.56	3.69
Tunisia	0.27	0.53	1.05	0.79	1.27	0.47	0.60	0.62	0.53	0.75	0.33	0.26	0.31	1.02	1.33	0.67
SUB-SAHARAN AFRICA	1.00	4.88	4.20	2.20	3.03	2.35	3.53	4.65	5.86	9.98	8.89	22.25	10.92	5.90	6.13	5.95
ASIA & OCEANIA	0.88	13.44	7.98	16.48	9.01	4.73	4.05	7.53	3.60	7.08	6.12	22.24	6.26	44.86	38.62	11.14
o.w. India	0.00	6.38	1.47	1.83	0.70	0.37	0.33	0.45	0.10	0.46	-0.67	0.60	0.99	0.48	-0.69	0.77
Pakistan	0.88	5.60	3.85	12.01	2.20	0.70	1.95	4.72	0.85	1.87	2.05	0.48	-0.46	-1.45	-1.12	2.49
EUROPE	0.00	0.14	0.31	0.08	0.31	0.16	0.79	2.53	2.29	2.07	0.98	1.04	1.50	0.75	-0.80	1.01
o.w. Turkey	0.00	0.00	0.22	0.04	0.10	0.00	0.11	2.48	2.28	1.99	0.69	0.81	0.99	0.63	-0.86	0.83
WESTERN HEMISPHERE	0.00	0.00	0.01	0.11	0.15	0.99	0.92	0.37	0.34	0.25	0.18	0.07	0.25	0.16	-0.27	0.32
Arab Countries Unsp.	4.46	2.60	4.89	0.71	2.15	0.69	2.29	1.58	1.27	1.61	1.51	1.57	1.60	1.44	1.56	1.85
LDC's Unspecified	38.14	13.13	12.13	7.26	5.64	45.13	23.02	29.91	29.80	15.48	21.69	1.62	12.43	0.43	0.65	19.60
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	59.97	68.41	75.37	73.87	81.86	46.64	67.69	55.02	58.12	65.13	62.14	52.77	68.65	47.90	55.66	61.99

Source: Table 26

Table 28: Geographic Distribution of bilateral non-concessional assistance from Arab
Donor Countries to Developing countries and territories, 1973-1987

Net Disbursements - In millions of U.S. Dollars																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	5.4	47.2	128.3	134.1	109.3	209.6	169.1	78.8	65.8	251.0	41.0	53.6	129.7	53.9	-15.3	1461.5
Bahrain	1.4	1.9	62.4	65.9	50.0	0.8	--	2.5	13.4	28.1	37.4	39.4	50.0	43.3	-0.4	396.1
Iraq	--	--	--	1.2	--	7.9	--	--	--	300.0	4.6	--	100.0	-1.4	--	412.3
Jordan	--	21.0	--	43.9	23.6	41.2	18.0	11.7	100.4	-0.7	9.3	26.3	-5.2	26.1	-3.8	311.8
Lebanon	3.1	18.8	12.1	--	--	--	--	--	0.1	0.1	0.1	0.1	--	--	--	34.4
Oman	--	8.0	17.8	4.4	8.0	8.7	39.8	93.7	-11.5	-36.1	-21.5	-12.2	-15.1	-15.1	-16.8	52.1
Syria	-0.4	-2.5	21.0	18.7	8.3	88.2	111.3	-29.1	-39.6	-41.2	10.3	--	--	1.0	5.7	151.7
Yemen Arab Republic	--	--	--	--	11.9	55.3	--	--	3.0	--	--	--	--	--	--	70.2
Yemen, P.D.R.	1.3	--	15.0	--	7.5	7.5	--	--	--	0.8	0.8	--	--	--	--	32.9
ARAB AFRICA	129.2	364.1	799.6	477.0	463.3	225.4	108.3	331.5	132.7	-40.8	68.9	-1.5	-38.8	4.4	4.7	3028.0
Algeria	61.4	14.5	61.1	21.5	181.2	59.0	23.5	-10.4	11.0	-160.7	-24.1	-54.0	-64.5	13.4	--	132.9
Egypt	24.5	201.1	667.3	54.4	30.5	67.4	3.1	-1.1	4.9	5.2	-34.8	5.4	5.4	5.9	--	1039.2
Mauritania	21.9	12.8	-9.2	60.7	-3.7	21.6	18.2	56.7	10.8	11.2	16.2	5.2	11.5	-2.1	-0.6	231.2
Morocco	0.2	-0.4	8.0	58.0	194.8	45.2	2.3	0.9	-3.5	63.9	6.1	3.5	8.5	9.8	5.9	403.2
Somalia	--	20.5	15.0	6.8	--	--	--	13.2	--	--	24.6	--	--	--	--	80.1
Sudan	20.2	113.9	51.4	244.6	31.2	26.7	1.9	229.4	104.5	24.3	84.2	5.3	0.4	3.4	--	941.4
Tunisia	1.0	1.7	6.0	31.0	29.3	5.5	59.3	42.8	5.0	15.3	-3.3	33.1	-0.1	-26.0	-0.6	200.0
SUB-SAHARAN AFRICA	16.3	81.3	33.3	112.0	79.3	42.4	80.9	-19.8	-10.6	573.3	59.7	-26.2	-395.4	-5.3	-10.2	611.0
ASIA & OCEANIA	0.5	69.6	36.3	88.5	55.5	41.6	39.1	51.8	263.3	75.5	21.9	-23.5	23.0	0.0	-2.6	740.5
o.w. India	--	--	--	--	--	--	--	--	--	--	40.4	--	--	--	--	40.4
Pakistan	--	8.5	32.6	19.1	12.5	-1.5	42.2	62.8	146.5	-0.1	-2.6	2.2	35.0	0.4	-0.6	357.0
EUROPE	0.9	56.4	55.5	197.6	40.2	20.9	-57.2	243.3	366.6	65.1	99.1	174.5	-91.7	1.9	-73.8	1099.3
o.w. Turkey	--	--	12.0	23.9	21.0	7.0	--	--	--	7.7	23.8	175.0	101.9	27.1	2.8	402.2
WESTERN HEMISPHERE	--	120.0	57.7	96.7	-12.9	22.5	5.3	240.5	497.5	206.7	-15.6	7.5	-75.8	-8.6	-27.1	1114.4
Arab Countries Unsp.	--	6.9	3.5	448.6	4.8	126.6	4.8	5.6	5.1	5.1	0.8	--	6.9	5.5	7.3	631.5
LDC's Unspecified	--	--	0.1	--	--	88.0	--	--	--	--	--	--	--	--	--	88.1
TOTAL	152.3	745.5	1114.3	1554.5	739.5	777.0	350.3	931.7	1320.4	1135.9	275.8	184.4	-442.1	51.8	-117.0	8774.3
o.w. Arab Countries	134.6	418.2	931.4	1059.7	577.4	561.6	282.2	415.9	203.6	215.3	110.7	52.1	97.8	63.8	-3.3	5121.0

Sources: OECD and staff calculations

Table 29: Geographic Distribution of bilateral non-concessional assistance from Arab Donor Countries to Developing countries and territories, 1973-1987

	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	3.55	6.33	11.51	8.63	14.78	26.98	48.27	8.46	4.98	22.10	14.87	29.07	-29.34	104.05	13.08	16.66
Bahrain	0.92	0.25	5.60	4.24	6.76	0.10	0.00	0.27	1.01	2.47	13.56	21.37	-11.31	83.59	0.34	4.51
Iraq	0.00	0.00	0.00	0.08	0.00	1.02	0.00	0.00	0.00	26.41	1.67	0.00	-22.62	-2.70	0.00	4.70
Jordan	0.00	2.82	0.00	2.82	3.19	5.30	5.14	1.26	7.60	-0.06	3.37	14.26	1.18	50.39	3.25	3.55
Lebanon	2.04	2.52	1.09	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.04	0.05	0.00	0.00	0.00	0.39
Oman	0.00	1.07	1.60	0.28	1.08	1.12	11.36	10.06	-0.87	-3.18	-7.80	-6.62	3.42	-29.15	14.36	0.59
Syria	-0.26	-0.34	1.88	1.20	1.12	11.35	31.77	-3.12	-3.00	-3.63	3.73	0.00	0.00	1.93	-4.87	1.73
Yemen Arab Republic	0.00	0.00	0.00	0.00	1.61	7.12	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.80
Yemen, P.D.R.	0.85	0.00	1.35	0.00	1.01	0.97	0.00	0.00	0.00	0.07	0.29	0.00	0.00	0.00	0.00	0.37
ARAB AFRICA	84.83	48.84	71.76	30.69	62.65	29.01	30.92	35.58	10.05	-3.59	24.98	-0.81	8.78	8.49	-4.02	34.51
Algeria	40.32	1.95	5.48	1.38	24.50	7.59	6.71	-1.12	0.83	-14.15	-8.74	-29.28	14.59	25.87	0.00	1.51
Egypt	16.09	26.98	59.89	3.50	4.12	8.67	0.88	-0.12	0.37	0.46	-12.62	2.93	-1.22	11.39	0.00	11.84
Mauritania	14.38	1.72	-0.83	3.90	-0.50	2.78	5.20	6.09	0.82	0.99	5.87	2.82	-2.60	-4.05	0.51	2.63
Morocco	0.13	-0.05	0.72	3.73	26.34	5.82	0.66	0.10	-0.27	5.63	2.21	1.90	-1.92	18.92	-5.04	4.60
Somalia	0.00	2.75	1.35	0.44	0.00	0.00	0.00	1.42	0.00	0.00	8.92	0.00	0.00	0.00	0.00	0.91
Sudan	13.26	15.28	4.61	15.73	4.22	3.44	0.54	24.62	7.91	2.14	30.53	2.87	-0.09	6.56	0.00	10.73
Tunisia	0.66	0.23	0.54	1.99	3.96	0.71	16.93	4.59	0.38	1.35	-1.20	17.95	0.02	-50.19	0.51	2.28
SUB-SAHARAN AFRICA	10.70	10.91	2.99	7.20	10.72	5.46	23.09	-2.13	-0.80	50.47	21.65	-14.21	89.44	-10.23	8.72	6.96
ASIA & OCEANIA	0.33	9.34	3.26	5.69	7.51	5.35	11.16	5.56	19.94	6.65	7.94	-12.74	-5.20	0.00	2.22	8.44
o.w. India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.65	0.00	0.00	0.00	0.00	0.46
Pakistan	0.00	1.14	2.93	1.23	1.69	-0.19	12.05	6.74	11.10	-0.01	-0.94	1.19	-7.92	0.77	0.51	4.07
EUROPE	0.59	7.57	4.98	12.71	5.44	2.69	-16.33	26.11	27.76	5.73	35.93	94.63	20.74	3.67	63.08	12.53
o.w. Turkey	0.00	0.00	1.08	1.54	2.84	0.90	0.00	0.00	0.00	0.68	8.63	94.90	-23.05	52.32	-2.39	4.58
WESTERN HEMISPHERE	0.00	16.10	5.18	6.22	-1.74	2.90	1.51	25.81	37.68	18.20	-5.66	4.07	17.15	-16.60	23.16	12.70
Arab Countries Unsp.	0.00	0.93	0.31	28.86	0.65	16.29	1.37	0.60	0.39	0.45	0.29	0.00	-1.56	10.62	-6.24	7.20
LDC's Unspecified	0.00	0.00	0.01	0.00	0.00	11.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	88.38	56.10	83.59	68.17	78.08	72.28	80.56	44.64	15.42	18.95	40.14	28.25	-22.12	123.17	2.82	58.36

Source: Table 28

5. Nonconcessional assistance from Arab/OPEC
multilateral institutions

Nonconcessional multilateral Arab/OPEC assistance, at US\$1.8 billion between 1973 and 1987 is relatively small. The bulk of it consists of balance of payments financing by the Islamic Development Bank and the various loan facilities of the Arab Monetary Fund. Given that those institutions extend financing to their country members only, 73 percent of nonconcessional multilateral Arab/OPEC assistance was directed to Arab countries, about equally divided between the Arab Middle East and Arab Africa (Table 30 and percentage breakdown in Table 31). In the former group, Iraq, Jordan, and Syria were the main beneficiaries, and in the latter, Morocco, the Sudan, and Tunisia. Concerning the non-Arab countries, sub-Saharan Africa was the largest recipient, with about 20 African countries benefiting from this kind of assistance, the main ones of which were Niger, Senegal, Cameroon and Guinea. The second group was Europe, all of which went to Turkey, followed by Asia/Oceania (of which Pakistan took the lion's share) and the Western Hemisphere.

6. Total official assistance

The geographic distribution of total official assistance from Arab countries and institutions is given in Table 32, with the percentage breakdown in Table 33. For the reason mentioned above, the geographic distribution of about 20 percent of the total is unknown.

Concerning the identified flows, US\$53 billion or 62 percent of the total net disbursements were directed to Arab countries. Arab Middle East countries received close to US\$30 billion (about 35 percent of the grand total), the main beneficiaries of which were the Syrian Arab Republic (US\$12.3 billion), Jordan (US\$8.5 billion), the Yemen Arab Republic (US\$2.9 billion), and Bahrain (US\$1.8 billion).

Arab countries in Africa benefited from about US\$21.2 billion (25 percent of the grant total). The Arab Republic of Egypt, with US\$9.3 billion was by far the largest beneficiary. Second in line was Morocco (US\$4.3 billion), followed by the Sudan (US\$3.9 billion), Mauritania (US\$1.4 billion) and smaller contributions to Somalia, Tunisia, and Algeria.

Non-Arab developing countries received US\$18 billion of the identified flows (21 percent of the total). Asia, including Oceania, absorbed slightly more than half of this, followed by sub-Saharan Africa, Europe, and the Western Hemisphere.

Table 30: Geographic Distribution of non-concessional assistance from Arab/OPEC
Multilateral Institutions to Developing countries and territories, 1973-1987

Net Disbursements - In millions of U.S. Dollars																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	0.0	0.0	0.0	0.0	0.0	9.6	17.8	36.9	65.6	89.7	242.5	87.1	24.5	61.0	-57.7	577.0
Bahrain	--	--	--	--	--	--	2.0	--	--	--	--	9.9	-1.2	-1.2	-1.3	8.2
Iraq	--	--	--	--	--	--	--	--	--	--	193.3	41.0	-43.8	30.3	-9.7	211.1
Jordan	--	--	--	--	--	9.6	11.4	6.3	10.7	56.2	18.0	7.4	21.8	4.5	-5.6	140.3
Lebanon	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Oman	--	--	--	--	--	--	1.5	0.2	9.7	-1.0	2.0	5.4	15.5	19.7	-5.9	47.1
Syria	--	--	--	--	--	--	2.9	-0.7	13.0	-3.8	9.6	7.0	32.3	23.4	21.4	105.1
Yemen Arab Republic	--	--	--	--	--	--	--	18.8	45.3	-16.6	32.1	13.3	13.6	15.0	-64.0	57.5
Yemen, P.O.R.	--	--	--	--	--	--	--	12.3	-13.1	54.9	-12.5	3.1	-13.7	-30.7	7.4	7.7
ARAB AFRICA	0.0	0.0	1.3	0.0	12.7	92.7	140.6	59.7	236.6	37.0	49.8	44.6	264.7	-98.5	-175.9	665.3
Algeria	--	--	--	--	7.7	-2.7	23.7	12.9	18.0	-48.4	29.2	23.4	99.9	-47.8	-67.3	48.6
Egypt	--	--	--	--	--	17.6	--	-9.2	-8.3	--	--	--	--	--	1.2	1.3
Mauritania	--	--	--	--	--	--	9.3	15.0	1.2	20.1	-4.1	1.4	2.5	-1.9	-0.4	43.1
Morocco	--	--	1.3	--	--	60.8	25.5	-1.6	134.6	35.0	-1.1	-12.3	94.5	-10.6	-110.0	216.1
Somalia	--	--	--	--	--	--	--	14.6	28.4	6.6	-2.0	4.6	-9.9	-7.5	-0.3	34.5
Sudan	--	--	--	--	5.0	9.3	68.5	22.4	42.7	31.1	19.7	-2.4	51.1	-19.8	-26.0	201.6
Tunisia	--	--	--	--	--	7.7	13.6	5.6	20.0	-7.4	8.1	29.9	26.6	-10.9	26.9	120.1
SUB-SAHARAN AFRICA	--	--	--	--	0.0	39.5	37.4	73.3	36.4	-15.5	3.3	-4.1	13.7	17.7	11.7	213.4
ASIA & OCEANIA	--	--	--	--	4.0	18.1	37.8	-2.9	4.9	-17.1	41.2	36.4	19.6	-89.1	4.6	57.5
o.w. India	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
Pakistan	--	--	--	--	4.0	16.0	0.5	10.0	-2.6	9.4	10.3	45.7	32.4	-68.6	26.7	83.8
EUROPE	--	--	--	--	3.7	16.2	29.5	-43.0	35.8	91.9	4.9	1.3	-17.0	-9.5	38.3	152.1
o.w. Turkey	--	--	--	--	3.7	16.2	29.5	-43.0	35.8	91.9	4.9	1.3	-17.0	-9.5	38.3	152.1
WESTERN HEMISPHERE	--	--	--	--	--	--	--	13.3	21.1	10.9	9.0	-1.6	-2.0	-2.6	-5.1	43.0
Arab Countries Unsp.	--	--	--	--	--	5.2	--	13.8	11.2	0.6	-2.4	-1.0	28.4	-4.9	10.2	61.1
LDC's Unspecified	--	--	--	--	--	--	--	--	11.2	--	1.6	0.3	0.1	--	-0.1	13.1
TOTAL	0.0	0.0	1.3	0.0	20.4	181.3	263.1	151.1	422.8	197.5	349.9	163.0	332.0	-125.9	-174.0	1782.5
o.w. Arab Countries	0.0	0.0	1.3	0.0	12.7	107.5	158.4	110.4	313.4	127.3	289.9	130.7	317.6	-42.4	-223.4	1303.4

Sources: OECD and staff calculations

Table 31: Geographic Distribution of non-concessional assistance from Arab/OPEC
Multilateral Institutions to Developing countries and territories, 1973-1987

	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	0.00	0.00	0.00	0.00	0.00	5.30	6.77	24.42	15.52	45.42	69.31	53.44	7.38	-48.45	33.16	32.37
Bahrain	--	--	--	--	--	0.00	0.76	0.00	0.00	0.00	0.00	6.07	-0.36	0.95	0.75	0.46
Iraq	--	--	--	--	--	0.00	0.00	0.00	0.00	0.00	55.24	25.15	-13.19	-24.07	5.57	11.84
Jordan	--	--	--	--	--	5.30	4.33	4.17	2.53	28.46	5.14	4.54	6.57	-3.57	3.22	7.87
Lebanon	--	--	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oman	--	--	--	--	--	0.00	0.57	0.13	2.29	-0.51	0.57	3.31	4.67	-15.65	3.39	2.64
Syria	--	--	--	--	--	0.00	1.10	-0.46	3.07	-1.92	2.74	4.29	9.73	-18.59	-12.30	5.90
Yemen Arab Republic	--	--	--	--	--	0.00	0.00	12.44	10.71	-8.41	9.17	8.16	4.10	-11.91	36.78	3.23
Yemen, P.D.R.	--	--	--	--	--	0.00	0.00	8.14	-3.10	27.80	-3.57	1.90	-4.13	24.38	-4.25	0.43
ARAB AFRICA	0.00	0.00	100.00	0.00	62.25	51.13	53.44	39.51	55.96	18.73	14.23	27.36	79.73	78.24	101.09	37.32
Algeria	--	--	--	--	37.75	-1.49	9.01	8.54	4.26	-24.51	8.35	14.36	30.09	37.97	38.68	2.73
Egypt	--	--	--	--	--	9.71	0.00	-6.09	-1.96	0.00	0.00	0.00	0.00	0.00	-0.69	0.07
Mauritania	--	--	--	--	--	0.00	3.53	9.93	0.28	10.18	-1.17	0.86	0.75	1.51	0.23	2.42
Morocco	--	--	100.00	--	--	33.54	9.69	-1.06	31.84	17.72	-0.31	-7.55	28.46	8.42	63.22	12.12
Somalia	--	--	--	--	--	0.00	0.00	9.66	6.72	3.34	-0.57	2.82	-2.98	5.96	0.17	1.94
Sudan	--	--	--	--	24.51	5.13	26.04	14.82	10.10	15.75	5.63	-1.47	15.39	15.73	14.94	11.31
Tunisia	--	--	--	--	--	4.25	5.17	3.71	4.73	-3.75	2.31	18.34	8.01	8.66	-15.46	6.74
SUB-SAHARAN AFRICA	--	--	--	--	0.00	21.79	14.22	48.51	8.61	-7.85	0.94	-2.52	4.13	-14.06	-6.72	11.97
ASIA & OCEANIA	--	--	--	--	19.61	9.98	14.37	-1.92	1.16	-8.66	11.77	22.33	5.90	70.77	-2.64	3.23
o.w. India	--	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pakistan	--	--	--	--	19.61	8.83	0.19	6.62	-0.61	4.76	2.94	28.04	9.76	54.49	-15.34	4.70
EUROPE	--	--	--	--	18.14	8.94	11.21	-28.46	8.47	46.53	1.40	0.80	-5.12	7.55	-22.01	8.53
o.w. Turkey	--	--	--	--	18.14	8.94	11.21	-28.46	8.47	46.53	1.40	0.80	-5.12	7.55	-22.01	8.53
WESTERN HEMISPHERE	--	--	--	--	0.00	0.00	0.00	8.80	4.99	5.52	2.57	-0.98	-0.60	2.07	2.93	2.41
Arab Countries Unsp.	--	--	--	--	0.00	2.87	0.00	9.13	2.65	0.30	-0.69	-0.61	8.55	3.89	-5.86	3.43
LDC's Unspecified	--	--	--	--	0.00	0.00	0.00	0.00	2.65	0.00	0.46	0.18	0.03	0.00	0.06	0.73
TOTAL	--	--	100.00	--	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	--	--	100.00	--	62.25	59.29	60.21	73.06	74.12	64.46	82.85	80.18	95.66	33.68	128.39	73.12

Source: Table 30

Table 32: Geographic Distribution of total official assistance from Arab Countries and Agencies to Developing countries and territories, 1973-1987

Net Disbursements - In millions of U.S. Dollars																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	439.3	1205.3	1334.8	1639.1	1693.4	1705.7	3562.2	3803.3	3550.3	2583.4	2231.0	1852.8	1532.2	1484.4	1099.3	29716.5
Bahrain	8.8	29.7	85.9	235.0	84.3	67.4	103.2	155.7	152.2	118.3	252.2	246.7	119.6	139.5	-3.3	1795.2
Iraq	4.1	-1.7	28.1	-0.7	-1.9	15.8	-2.0	-2.1	0.0	298.4	201.4	43.9	59.8	37.0	-0.4	679.7
Jordan	93.5	211.7	296.8	426.7	273.6	344.4	1200.7	1164.7	1041.5	759.4	713.2	638.6	469.7	466.0	380.5	8481.0
Lebanon	2.2	136.4	12.8	7.9	56.5	155.3	65.2	198.6	376.2	83.4	14.3	-1.2	11.0	1.3	18.2	1138.1
Oman	9.7	129.6	57.5	130.0	196.8	51.7	203.7	264.0	223.2	88.0	44.1	50.8	61.2	56.9	-23.8	1543.4
Syrian Arab Republic	290.3	572.7	657.2	481.5	754.8	753.4	1768.4	1579.2	1376.2	835.3	733.2	610.9	599.1	666.8	601.4	12280.4
Yemen Arab Republic	18.9	96.4	149.4	211.8	209.5	258.9	188.8	369.3	345.8	259.4	235.8	203.6	160.2	115.6	82.7	2906.1
Yemen, P.D.R.	11.8	30.5	47.1	146.9	119.8	58.8	34.2	73.9	35.2	141.2	36.8	59.5	51.6	1.3	44.0	892.6
ARAB AFRICA	837.8	1711.3	3125.1	2371.9	2946.1	2266.8	1342.4	1562.7	1479.4	956.0	723.5	298.3	943.9	399.0	284.8	21249.0
Algeria	73.9	11.7	115.3	18.3	184.6	57.9	43.2	43.1	30.2	-213.4	2.3	-31.6	47.0	-3.0	-11.9	367.6
Egypt	700.3	1291.8	2525.5	1549.3	1635.9	1404.1	211.0	1.8	-22.7	-20.4	-68.3	-27.4	-27.0	54.7	65.7	9274.3
Mauritania	27.7	61.6	22.0	220.2	118.1	172.8	84.9	160.8	115.2	125.1	81.2	72.1	77.7	70.8	-2.3	1407.9
Morocco	1.7	17.8	103.3	110.1	574.1	298.3	276.4	646.7	898.2	588.5	140.8	67.0	515.1	84.0	-37.1	4284.9
Somalia	12.4	70.0	94.3	41.8	124.0	119.2	118.2	171.0	95.9	189.7	82.3	20.8	28.3	-2.9	2.4	1167.4
Sudan	15.3	236.7	206.0	364.7	215.4	165.9	495.1	434.8	295.1	241.0	466.4	124.4	266.7	191.3	201.6	3920.4
Tunisia	6.5	21.7	58.7	67.5	94.0	48.6	113.6	104.5	67.5	45.5	18.8	73.0	36.1	4.1	66.4	826.5
SUB-SAHARAN AFRICA	36.9	267.2	243.7	214.4	233.2	257.3	359.7	476.1	492.7	1061.2	437.2	824.8	-40.3	249.0	186.1	5299.2
ASIA & OCEANIA	18.7	581.3	436.0	854.4	517.6	413.0	353.7	733.5	554.8	415.6	320.6	867.6	238.2	1709.7	1164.3	9179.0
o.w. India	0.0	243.0	73.4	85.0	35.5	27.9	22.5	40.7	7.6	23.4	12.0	22.9	31.0	19.2	-20.8	623.3
Pakistan	18.2	221.8	225.4	577.4	128.3	67.1	176.2	501.7	211.5	103.6	94.0	66.2	53.0	-126.3	-7.7	2310.4
EUROPE	0.9	61.9	70.8	201.1	59.9	49.1	26.1	430.0	584.7	261.3	145.3	215.9	-61.9	22.5	-59.5	2008.1
o.w. Turkey	0.0	0.0	23.0	25.7	29.7	23.2	37.0	182.4	217.5	199.7	57.8	207.6	115.9	42.7	15.2	1177.4
WESTERN HEMISPHERE	0.1	120.0	58.4	101.8	-5.3	96.5	68.2	287.0	545.3	230.3	0.9	8.7	-69.9	-4.6	-40.2	1397.2
Arab Countries Unsp.	91.9	105.8	248.3	481.6	114.4	183.4	161.5	163.0	117.4	87.0	61.8	59.5	85.4	58.5	64.6	2084.1
LDC's Unspecified	785.0	499.7	607.7	337.4	286.9	3462.0	1573.0	2720.0	2385.5	780.6	914.7	62.7	388.6	17.1	19.4	14840.3
TOTAL	2210.6	4552.5	6124.8	6201.7	5846.2	8433.8	7446.8	10175.6	9710.1	6375.4	4835.0	4190.3	3016.2	3935.6	2718.8	85773.4
o.w. Arab Countries	1369.0	3022.4	4708.2	4492.6	4753.9	4155.9	5066.1	5529.0	5147.1	3626.4	3016.3	2210.6	2561.5	1941.9	1448.7	53049.6

Source: Tables 26, 28 and 30

Table 33: Geographic Distribution of total official assistance from Arab Countries and Agencies to Developing countries and territories, 1973-1987

	In percent of total															Total
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	19.87	26.48	21.79	26.43	28.97	20.22	47.84	37.38	36.56	40.52	46.14	44.22	50.80	37.72	40.43	34.65
Bahrain	0.40	0.65	1.40	3.79	1.44	0.80	1.39	1.53	1.57	1.86	5.22	5.89	3.97	3.54	-0.12	2.09
Iraq	0.19	-0.04	0.46	-0.01	-0.03	0.19	-0.03	-0.02	0.00	4.68	4.17	1.05	1.98	0.94	-0.01	0.79
Jordan	4.23	4.85	4.85	6.88	4.68	4.08	16.12	11.45	10.73	11.91	14.75	15.24	15.57	11.84	14.00	9.89
Lebanon	0.10	3.00	0.21	0.13	0.97	1.84	0.88	1.95	3.87	1.31	0.30	-0.03	0.36	0.03	0.67	1.33
Oman	0.44	2.85	0.94	2.10	3.37	0.61	2.74	2.59	2.30	1.38	0.91	1.21	2.03	1.45	-0.88	1.80
Syrian Arab Republic	13.13	12.58	10.73	7.76	12.91	8.93	23.75	15.52	14.17	13.10	15.16	14.58	19.86	16.94	22.12	14.32
Yemen Arab Republic	0.85	2.12	2.44	3.42	3.58	3.07	2.54	3.63	3.56	4.07	4.88	4.86	5.31	2.94	3.04	3.39
Yemen, P.D.R.	0.53	0.67	0.77	2.37	2.05	0.70	0.46	0.73	0.36	2.21	0.76	1.42	1.71	0.03	1.62	1.04
ARAB AFRICA	37.90	37.59	51.02	38.25	50.39	26.88	18.03	15.36	15.24	15.00	14.96	7.12	31.29	10.14	10.48	24.77
Algeria	3.34	0.26	1.88	0.30	3.16	0.69	0.58	0.42	0.31	-3.35	0.05	-0.75	1.56	-0.08	-0.44	0.43
Egypt	31.68	28.38	41.23	24.98	27.98	16.65	2.83	0.02	-0.23	-0.32	-1.41	-0.65	-0.90	1.39	2.42	10.81
Mauritania	1.25	1.35	0.36	3.55	2.02	2.05	1.14	1.58	1.19	1.96	1.68	1.72	2.58	1.80	-0.08	1.64
Morocco	0.08	0.39	1.69	1.78	9.82	3.54	3.71	6.36	9.25	9.23	2.91	1.60	17.08	2.13	-1.36	5.00
Somalia	0.56	1.54	1.54	0.67	2.12	1.41	1.59	1.68	0.99	2.98	1.70	0.50	0.94	-0.07	0.09	1.36
Sudan	0.69	5.20	3.36	5.88	3.68	1.97	6.65	4.27	3.04	3.78	9.65	2.97	8.84	4.86	7.42	4.57
Tunisia	0.29	0.48	0.96	1.09	1.61	0.58	1.53	1.03	0.70	0.71	0.39	1.74	1.20	0.10	2.44	0.96
SUB-SAHARAN AFRICA	1.67	5.87	3.98	3.46	3.99	3.05	4.83	4.68	5.07	16.65	9.04	19.68	-1.34	6.33	6.84	6.18
ASIA & OCEANIA	0.85	12.77	7.12	13.78	8.85	4.90	4.75	7.21	5.71	6.52	6.63	20.70	7.90	43.44	42.82	10.70
o.w. India	0.00	5.34	1.20	1.37	0.61	0.33	0.30	0.40	0.08	0.37	0.25	0.55	1.03	0.49	-0.77	0.73
Pakistan	0.82	4.87	3.68	9.31	2.19	0.80	2.37	4.93	2.18	1.62	1.94	1.58	1.76	-3.21	-0.28	2.69
EUROPE	0.04	1.36	1.16	3.24	1.02	0.58	0.35	4.23	6.02	4.10	3.01	5.15	-2.05	0.57	-2.19	2.34
o.w. Turkey	0.00	0.00	0.38	0.41	0.51	0.28	0.50	1.79	2.24	3.13	1.20	4.95	3.84	1.08	0.56	1.37
WESTERN HEMISPHERE	0.00	2.64	0.95	1.64	-0.09	1.14	0.92	2.82	5.62	3.61	0.02	0.21	-2.32	-0.12	-1.48	1.63
Arab Countries Unsp.	4.16	2.32	4.05	7.77	1.96	2.17	2.17	1.60	1.21	1.36	1.28	1.42	2.83	1.49	2.38	2.43
LDC's Unspecified	35.51	10.98	9.92	5.44	4.91	41.05	21.12	26.73	24.57	12.24	18.92	1.50	12.88	0.43	0.71	17.30
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
o.w. Arab Countries	61.93	66.39	76.87	72.44	81.32	49.28	68.03	54.34	53.01	56.88	62.38	52.76	84.92	49.34	53.28	61.85

Source: Table 32

B. Sectoral distribution of Arab aid

1. Bilateral aid

The sectoral distribution of bilateral aid by Arab donors is not precisely known, but has been dominated by non-project general support assistance, often following decisions taken at Arab Summit Meetings. This consisted of balance of payments and budget financing, provided in most cases unconditionally to recipient countries. Emergency relief and reconstruction aid following natural or other disasters have been the second largest category of non-project assistance. In particular, the famine prevailing in certain parts of Africa has been of particular concern to Arab donors, and they have devoted considerable efforts to alleviate it. Oil credits in cash or in kind were important in the second half of the 1970s and early years of the 1980s, helping oil-importing LDCs to cope with the effects of the important hikes in oil prices occurring at the time.

The bulk of the bilateral project assistance was extended through the national aid agencies, whose sectoral distribution is presented in Table 34. Infrastructure projects represented the most important part of those agencies' assistance. Transport, communication, and storage was the leading sector, followed by energy projects (electricity, oil and gas). Agriculture and animal husbandry, which sensibly gained in importance in the latter part of the period under review, was the third largest sector. Next came industry and mining, water supply and sewerage services, and smaller contributions to tourism, education, training, health, and housing.

2. Multilateral aid

The Arab multilateral organizations' sectoral distribution differs markedly from one institution to another, because of the very different nature of the various institutions. Excluding the Arab Monetary Fund and CODE, which extended exclusively balance of payments assistance, the sectoral distribution is presented in Table 34.

Over the period 1973-1987, the major portion of cumulative financing has been directed to the development of public utilities and other forms of infrastructure. Energy-related projects made up approximately one third of the total, essentially because the Islamic Development Bank's heavy emphasis on projects for the generation and transmission of electricity and the distribution of gas, and the large share of energy loans in the OPEC Fund's project financing (39 percent of its cumulative project loans up to end-1987). The second largest category (about one fifth of the total) was industry and mining, again because the industrial sector has been the major recipient of IDB financing, accounting for more than one third of its total ordinary operations.

Table 34. Sectoral Distribution of Cumulative Financing Commitments of Arab/OPEC National and Multilateral Development Financing Institutions (1973-1987) 1/

(In millions of US Dollars and percent)

Institutions	No. of oper- ations	No. of benefi- ciary countries	Transport Communica- tions & city Storage and gas)	Energy (electricity & oilsewerage services)	Water supply & sewerage services	Agricul- ture and animal husbandry	Industry and mining	Miscella- neous	Total 2/cumulative financing
National Agencies									
Iraqi Fund	69	31	220.8	124.2	5.0	320.7	186.3	876.1	1,733.1
Kuwait Fund	335	65	1647.0	1434.2	265.7	1116.6	841.8	38.2	5,343.5
Saudi Fund	258	59	2082.2	1003.6	385.7	1089.7	353.2	402.1	5,316.5
Abu Dhabi Fund	88	42	182.3	395.2	40.2	118.2	333.5	25.2	1,094.6
Total	750	--	4,132.3	2,957.2	696.6	2,645.2	1,714.8	1,341.6	13,487.7
Sectoral Share (%)			30.6	21.9	5.2	19.6	12.7	9.9	100.0
Multilateral Institutions 1/									
AAAID	9	3	--	--	--	135.0	--	--	135.0
BADEA 3/	124	38	346.4	86.5	33.1	180.1	100.6	26.0	772.7
AFESD	161	17	833.6	509.2	328.0	938.7	245.5	82.5	2,937.5
AFTAAAC	--	18	--	--	--	--	--	41.7	41.7
AGFUND	--	117	--	--	--	--	--	170.2	170.2
IDB	531	38	270.7	2856.4	93.6	509.7	2044.7	188.9	5,964.0
Isl. Sol. Fund	--	--	--	--	--	--	--	111.2	111.2
OPEC Sp. Acc.	--	6	--	--	--	--	--	116.0	116.0
OPEC Fund	437	84	265.0	587.6	63.3	221.8	171.6	867.1	2,176.4
Total	1,262	--	1,715.7	4,039.7	518.0	1,985.3	2,562.4	1,603.6	12,424.7
Sectoral Share (%)			13.8	32.5	4.2	16.0	20.6	12.9	100.0
Grand Total	2,012	--	5,848.0	6,996.9	1,214.6	4,630.5	4,277.2	2,945.2	25,912.4
Sectoral Share (%)			22.6	27.0	4.7	17.9	16.5	11.4	100.0

Source: Coordinating Secretariat of Arab National and Regional Development Institutions, Arab Fund for Economic and Social Development, Statement of Financing Operations up to December 31, 1987; OPEC Fund for International Development, OPEC Aid and OPEC Aid Institutions, A profile, 1988; and staff calculations

1/ Excludes the Arab Monetary Fund and GODE; among the recipients of financing from these institutions, there are some regional and international organizations as well as communities that are not included here.

2/ Miscellaneous items include balance of payments financing, tourism, education, training, health and housing

3/ Includes SAAFA.

Agriculture and animal husbandry, having experienced a growing share over the years, was the third largest category overall, followed by transport, communication, and storage, and by water supply and sewerage services. Miscellaneous items, consisting essentially of balance of payments support and a gradually increasing share devoted to the social sector (education, health, and housing), made up about 13 percent of the total.

V. Impact of the Financial Flows on the Economic Aggregates of Arab Aid Recipient Countries

In this part of the paper, total assistance flows to Arab recipient countries, their unrequited private transfers, and the sum of both of them are first put in relation to certain macroeconomic variables such as nominal GNPs, levels of imports, and fixed investment. Thereafter, correlations between these financial flows and growth in GNPs, imports, and investment are examined.

As mentioned above, identified cumulative official assistance from Arab donor countries and Arab/OPEC agencies to Arab recipient countries amounted to about US\$51 billion between 1973 and 1987 (Table 32). In comparison, private net unrequited transfers to these Arab recipient countries, the bulk of which consists of workers' remittances, totaled more than US\$75 billion over the same period (Table 35). The annual distribution of the sum of these two types of financial flows accruing to Arab recipient countries, amounting to a cumulative US\$126 billion, is presented in Table 36. The total for Arab Middle East countries is US\$50.5 billion, growing strongly from US\$0.5 billion in 1973 to an annual average of close to US\$6 billion in 1979-81, reflecting the highest levels of oil prices, financial assistance, and employment opportunities in the Arab countries. These financial flows then started to decrease gradually to a low of US\$2.2 billion in 1987, as falling levels of financial assistance were combined with a decline in remittances because of progressively reduced employment opportunities in the Arab countries. Also, the net unrequited transfers paid out by Bahrain and Oman tended to be larger in the 1980s than in the 1970s.

Cumulative financial assistance and remittances to Arab countries in Africa amounted to US\$75.8 billion between 1973 and 1987, and were more evenly distributed over the years than was the case for Arab Middle East countries. It grew from US\$1.6 billion in 1973 to an annual average of US\$4.9 billion between 1975 and 1979, and further to an annual average of US\$5.9 billion between 1980 and 1987, as falling levels of financial assistance were more than compensated by growing levels of net unrequited transfers. The latter phenomenon is essentially explained by the fact that a large part of the export of labor from Algeria, Morocco, and Tunisia was to European countries and hence less affected by the economic downturn in the 1980s than labor in the Arab countries; also, the number of Egyptian workers abroad tended to grow during the 1980s, as employment losses in the Arab countries were counterbalanced by export of labor to Iraq once it became a net importer of labor at the time of the war with the Islamic Republic of Iran.

Table 35: Private unrequited transfers (net) to Arab countries, 1973-1987

	(In U.S. Dollars millions)																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total	
ARAB MIDDLE EAST	126.3	195.3	118.4	945.1	1,367.6	1,929.8	2,321.3	2,402.0	2,120.2	2,051.6	2,084.5	1,899.5	1,221.5	944.6	1,081.8	20809.5	
Bahrain	--	--	-227.6	-84.9	-101.1	-131.1	-93.5	-93.4	-106.6	-117.6	-102.1	-125.5	-221.5	-264.6	-235.4	-1904.9	
Iraq	1.0	2.0	1.0	--	--	--	--	--	--	--	--	--	--	--	--	4.0	
Jordan	55.4	82.0	172.0	401.8	420.8	468.0	509.0	666.5	921.9	932.9	923.9	1,028.1	846.2	984.4	742.9	9155.8	
Lebanon	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Oman	--	-111.0	-208.0	-220.0	-222.0	-212.0	-249.0	-362.0	-459.0	-556.0	-695.0	-819.0	-906.0	-846.0	-681.0	-6546.0	
Syrian Arab Republic	37.0	44.0	52.0	53.0	92.0	636.0	901.0	774.0	582.0	411.0	387.0	321.0	314.0	251.0	245.0	5100.0	
Yemen Arab Republic	--	135.5	270.2	675.9	987.1	910.1	936.8	1,069.5	777.4	911.4	1,084.3	995.5	763.2	527.4	707.7	10752.0	
Yemen, P.D.R.	32.9	42.8	58.8	119.3	190.8	258.8	317.0	347.4	404.5	469.9	486.4	499.4	425.6	292.4	302.6	4248.6	
ARAB AFRICA	756.8	1,029.7	1,403.7	1,864.6	1,980.3	3,148.5	3,863.5	4,611.2	4,211.3	4,121.9	5,396.9	5,737.3	5,054.2	5,118.4	6,338.7	54637.0	
Algeria	337.0	319.0	355.0	386.0	278.0	295.0	313.0	277.0	304.0	347.0	237.0	186.0	367.0	765.0	522.0	5288.0	
Egypt	123.0	310.0	455.0	842.0	988.0	1,824.0	2,269.0	2,791.0	2,230.0	2,481.0	3,688.0	3,981.0	3,216.0	2,515.0	3,604.0	31317.0	
Mauritania	-14.2	-12.7	-22.7	-28.4	-22.9	-20.7	-32.1	-28.1	-18.0	-27.9	-27.0	-20.4	-20.8	-23.0	-20.6	-339.5	
Morocco	211.0	299.0	482.0	499.0	546.0	702.0	891.0	1,004.0	988.0	840.0	888.0	847.0	965.0	1,394.0	1,579.0	12135.0	
Somalia	2.7	3.5	1.9	1.2	2.2	78.1	35.9	57.3	53.6	13.7	19.1	162.9	19.4	24.1	39.6	515.2	
Sudan	6.3	4.9	1.5	36.8	37.0	66.1	115.7	209.0	322.7	107.1	245.8	276.8	248.6	89.3	133.7	1901.3	
Tunisia	91.0	106.0	131.0	128.0	152.0	204.0	271.0	301.0	331.0	361.0	346.0	304.0	259.0	354.0	481.0	3820.0	
TOTAL ARAB RECIPIENTS	883.1	1,225.0	1,522.1	2,809.7	3,347.9	5,078.3	6,184.8	7,013.2	6,331.5	6,173.5	7,481.4	7,636.8	6,275.7	6,063.0	7,420.5	75,446.5	

Source: International Monetary Fund, International Financial Statistics

Table 36: Total official assistance from Arab Countries and Agencies and private unrequited transfers (net) to Arab countries, 1973-1987

	(In millions of US Dollars)															
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	565.6	1,400.6	1,453.2	2,584.2	3,061.0	3,635.5	5,883.5	6,205.3	5,670.5	4,635.0	4,315.5	3,752.3	2,753.7	2,429.0	2,181.1	50526.0
Bahrain	8.8	29.7	-141.7	150.1	-16.8	-63.7	9.7	62.3	45.6	0.7	150.1	121.2	-101.9	-125.1	-238.7	-109.7
Iraq	5.1	0.3	29.1	-0.7	-1.9	15.8	-2.0	-2.1	0.0	298.4	201.4	43.9	59.8	37.0	-0.4	683.7
Jordan	148.9	293.7	468.8	828.5	694.4	812.4	1709.7	1831.2	1963.4	1692.3	1637.1	1666.7	1315.9	1450.4	1123.4	17636.8
Lebanon	2.2	136.4	12.8	7.9	56.5	155.3	65.2	198.6	376.2	83.4	14.3	-1.2	11.0	1.3	18.2	1138.1
Oman	9.7	18.6	-150.5	-90.0	-25.2	-160.3	-45.3	-98.0	-235.8	-468.0	-650.9	-768.2	-844.8	-789.1	-704.8	-5002.6
Syrian Arab Republic	327.3	616.7	709.2	534.5	846.8	1389.4	2669.4	2353.2	1958.2	1246.3	1120.2	931.9	913.1	917.8	846.4	17380.4
Yemen Arab Republic	18.9	231.9	419.6	887.7	1196.6	1169.0	1125.6	1438.8	1123.2	1170.8	1320.1	1199.1	923.4	643.0	790.4	13658.1
Yemen, P.D.R.	44.7	73.3	105.9	266.2	310.6	317.6	351.2	421.3	439.7	611.1	523.2	558.9	477.2	293.7	346.6	5141.2
ARAB AFRICA	1,594.6	2,741.0	4,528.8	4,236.5	4,926.4	5,415.3	5,205.9	6,173.9	5,690.7	5,077.9	6,120.4	6,035.6	5,998.1	5,517.4	6,623.5	75886.0
Algeria	410.9	330.7	470.3	404.3	462.6	352.9	356.2	320.1	334.2	133.6	239.3	154.4	414.0	762.0	510.1	5655.6
Egypt	823.3	1601.8	2980.5	2391.3	2623.9	3228.1	2480.0	2792.8	2207.3	2460.6	3619.7	3953.6	3189.0	2569.7	3669.7	40591.3
Mauritania	13.5	48.9	-0.7	191.8	95.2	152.1	52.8	132.7	97.2	97.2	54.2	51.7	56.9	47.8	-22.9	1068.4
Morocco	212.7	316.8	585.3	609.1	1120.1	1000.3	1167.4	1650.7	1886.2	1428.5	1028.8	914.0	1480.1	1478.0	1541.9	16419.9
Somalia	15.1	73.5	96.2	43.0	126.2	197.3	154.1	228.3	149.5	203.4	101.4	183.7	47.7	21.2	42.0	1682.6
Sudan	21.6	241.6	207.5	401.5	252.4	232.0	610.8	643.8	617.8	348.1	712.2	401.2	515.3	280.6	335.3	5821.7
Tunisia	97.5	127.7	189.7	195.5	246.0	252.6	384.6	405.5	398.5	406.5	364.8	377.0	295.1	358.1	547.4	4646.5
TOTAL ARAB RECIPIENTS	2,160.2	4,141.6	5,982.0	6,820.7	7,987.4	9,050.8	11,089.4	12,379.2	11,361.2	9,712.9	10,435.9	9,787.9	8,751.8	7,946.4	8,804.6	126412.0

Sources: Tables 32 and 35

The Arab recipient countries' GNP and imports from 1973 to 1987 are shown in Tables 37 and 38, respectively. Their fixed investment is presented in Table 39. Although the latter statistical series are incomplete, certain salient features nonetheless emerge. In nominal terms, 1/ investment by Arab Middle East countries grew strongly during the 1970s but seemed to have stagnated, if not decreased, in the 1980s. Investment by Arab African countries, on the other hand, increased less rapidly in the 1970s, but continued to be sustained throughout the 1980s. In terms of GNP (Table 40), 2/ investment by Arab Middle East countries grew from about 18 percent in 1973 to an average of 30 percent between 1976 and 1980, peaked in 1981/82 at close to 37 percent of GNP, and then fell somewhat to an average of about 28 percent in 1983-87. Investments by Arab countries in Africa increased continuously from 21 percent of GNP in 1973 to a peak of more than 38 percent in 1978, and then fluctuated between 27 percent and 33 percent of GNP for the remainder of the period.

The individual investment to GNP ratios of most Arab aid recipients were higher than the average investment/GDP ratio of non-oil developing countries of 24.5 percent between 1973 and 1986. 3/ Oil exporting Bahrain had an impressively high average ratio of nearly 43 percent, including three successive years (1976-78), with ratios above 100 percent. Algeria, Jordan, Iraq, Egypt and the Sultanate of Oman all had average ratios above 30 percent for the years for which investment figures are available, followed by ratios above 25 percent for Tunisia, Mauritania, Syria, and Morocco. Only Lebanon, the Yemen Arab Republic, Somalia, and the Sudan have investment/GNP ratios below the average for non-oil developing countries. 4/ This seems to indicate that at least part of the massive inflows of financial assistance and workers' remittances were used for investment purposes, resulting in faster economic growth in most of those countries than in developing countries in general.

1/ Nominal levels of investments expressed in U.S. dollars might be inflated for certain countries in certain years, because the conversion from national statistics is done at official exchange rates.

2/ Excluding GNPs of the countries for which no investment figures are available.

3/ Source: International Monetary Fund, IFS, 1989 Yearbook, pp. 174-175.

4/ No investment figures are available for People's Democratic Republic of Yemen.

Table 37: GNP of Arab aid recipient countries, 1973-1987

(At current prices - In millions of US Dollars)																
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	13308.7	22565.5	28548.8	30813.0	36011.3	43334.7	58561.8	68411.7	73678.3	83379.8	83081.8	87981.6	87022.2	86532.4	101017.6	904249.2
Bahrain 1/	143.1	147.8	425.9	593.5	770.0	907.6	1,018.2	2,919.3	3,329.0	3,496.8	3,467.9	3,524.8	3,354.0	2,884.6	3,281.0	30263.5
Iraq 2/	5,223.2	10,619.7	13,232.0	16,040.7	18,732.5	22,553.3	33,441.6	35,366.3	37,291.0	45,633.0	42,129.0	47,585.0	46,796.0	46,324.0	54,190.0	475157.3
Jordan	679.5	788.6	1,025.6	1,324.1	1,581.5	2,078.6	2,527.1	3,277.3	3,559.0	3,774.8	3,876.9	3,712.8	3,858.5	4,419.3	4,665.2	41148.8
Lebanon 3/	2,815.7	3,498.7	4,068.5	1,444.4	2,672.0	2,977.7	3,441.4	4,078.2	3,915.6	2,673.4	4,382.0	3,227.0	1,792.0	2,217.0	2,276.0	45479.6
Oman	304.2	1,205.8	1,706.1	2,132.0	2,364.2	2,420.1	3,335.8	5,337.6	6,570.4	6,898.4	7,035.0	7,807.5	8,850.3	6,397.1	7,293.9	69658.4
Syrian Arab Republic	3,270.7	5,221.8	6,840.4	7,626.6	7,714.3	9,323.1	10,984.1	13,073.4	14,174.3	15,017.0	15,853.2	15,938.0	16,681.0	18,956.0	23,750.9	184424.8
Yemen Arab Republic	595.5	751.0	940.2	1,238.6	1,636.6	2,453.0	3,075.3	3,548.7	3,930.5	4,887.0	5,278.4	5,062.9	4,638.8	4,424.7	4,620.2	47081.4
Yemen, P.D.R.	276.8	332.1	310.1	413.1	540.2	621.3	738.3	810.9	908.5	999.4	1,059.4	1,123.6	1,051.6	909.7	940.4	11035.4
ARAB AFRICA	30365.9	37443.7	45329.6	50611.2	58854.2	67989.0	82643.7	100952.0	103242.5	101960.9	105159.7	112183.8	117194.1	125954.1	133822.9	1273707.3
Algeria	8,996.1	13,198.4	15,413.0	17,475.7	20,656.6	25,816.2	32,153.2	41,129.7	43,060.0	43,887.7	47,571.6	50,798.7	56,158.8	59,527.9	61,956.3	537799.9
Egypt	9,492.7	8,896.1	11,194.0	13,018.5	14,211.0	14,186.9	17,081.0	21,452.8	21,740.4	23,808.4	26,259.1	28,579.9	31,405.6	31,762.8	32,749.1	305838.3
Mauritania	257.7	348.4	467.7	543.7	559.9	573.7	644.1	709.1	748.4	751.1	786.1	729.7	715.1	843.2	935.1	9613.0
Morocco	6,163.5	7,628.3	8,891.8	9,153.2	10,857.0	12,923.9	15,474.4	17,227.7	14,110.9	14,294.2	12,677.0	11,311.4	11,086.9	14,054.9	15,981.8	181836.9
Somalia	416.1	505.4	642.9	771.0	940.7	1,133.7	1,286.8	1,959.3	3,023.7	2,768.5	2,180.3	3,214.3	2,220.9	1,717.3	1,659.1	24440.0
Sudan	2,407.0	3,416.2	4,509.4	5,306.7	6,718.7	7,602.3	9,082.4	9,962.0	12,432.9	8,612.0	7,854.3	9,771.1	7,682.8	9,620.8	11,357.0	116335.6
Tunisia	2,632.8	3,450.9	4,210.8	4,342.4	4,910.3	5,752.3	6,921.8	8,511.4	8,126.2	7,839.0	7,831.3	7,778.7	7,924.0	8,427.2	9,184.5	97843.6
TOTAL AID RECIPIENTS	43674.6	60009.2	73878.4	81424.2	94865.5	111323.7	141205.5	169363.7	176920.8	185340.7	188241.5	200165.4	204216.3	212486.5	234840.5	2177956.5

Source: World Bank, International Monetary Fund, International Financial Statistics, and staff estimates

1/ From 1973 through 1979, and for 1987: GDP

2/ 1981-1987: GDP

3/ GDP

Table 38: Imports cif by Arab aid recipient countries, 1973-1987

(In millions of US Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Total
ARAB MIDDLE EAST	4,303	8,554	11,248	10,618	13,981	14,951	21,311	32,707	42,028	41,596	32,315	30,254	28,324	24,659	21,778	338,626
Bahrain	516	1,126	1,198	1,668	2,029	2,045	2,477	3,483	4,124	3,614	3,342	3,480	3,107	2,405	2,714	37,328
Iraq	894	2,371	4,214	3,470	3,899	4,213	7,179	13,942	20,735	21,534	12,166	11,078	10,556	10,190	7,415	133,856
Jordan	330	488	732	1,006	1,381	1,504	1,963	2,402	3,165	3,240	3,036	2,784	2,733	2,432	2,710	29,906
Lebanon	1,541	2,355	2,048	612	1,539	1,922	2,700	3,650	3,499	3,391	3,661	2,948	2,203	2,203	1,880	36,152
Oman	116	393	765	725	875	947	1,246	1,732	2,288	2,682	2,492	2,748	3,153	2,402	1,822	24,386
Syria	612	1,225	1,685	2,389	2,674	2,461	3,329	4,118	5,040	4,015	4,542	4,116	3,967	2,703	2,487	45,363
Yemen Arab Republic	123	190	294	413	1,040	1,284	1,492	1,853	1,758	1,521	1,593	1,557	1,290	1,241	1,640	17,288
Yemen, P.D.R.	171	406	312	335	544	575	925	1,527	1,419	1,599	1,483	1,543	1,315	1,083	1,110	14,347
ARAB AFRICA	5,592	10,313	14,443	14,350	18,472	21,979	20,365	25,333	30,640	29,359	29,300	29,597	27,525	28,884	27,490	333,642
Algeria	2,236	4,035	5,498	5,081	7,125	8,548	8,403	10,559	11,269	10,738	10,399	10,288	9,841	9,228	7,042	120,290
Egypt	906	2,349	3,751	3,808	4,808	6,727	3,837	4,860	8,839	9,078	10,275	10,766	9,961	11,502	11,941	103,408
Mauritania	128	120	161	179	206	181	259	286	265	276	227	208	234	221	235	3,186
Morocco	1,144	1,896	2,567	2,617	3,199	2,969	3,662	4,164	4,411	4,315	3,592	3,911	3,849	3,803	4,230	50,329
Somalia	108	143	155	156	228	241	246	348	512	250	346	103	112	279	132	3,359
Sudan	436	642	887	980	1081	1194	1109	1576	1553	1282	1354	1147	771	961	871	15,844
Tunisia	634	1,128	1,424	1,529	1,825	2,119	2,849	3,540	3,791	3,420	3,107	3,174	2,757	2,890	3,039	37,226
TOTAL ARAB RECIPIENTS	9,895	18,867	25,691	24,968	32,453	36,930	41,676	58,040	72,668	70,955	61,615	59,851	55,849	53,543	49,268	672,268

Source: International Monetary Fund, International Financial Statistics

Table 39: Investment by Arab aid recipient countries, 1973-1987

	(In millions of US Dollars)															Cumulative
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	2,296.3	3,452.2	6,528.4	9,127.2	11,021.2	13,011.7	16,294.7	20,806.9	27,465.1	29,594.3	10,450.1	10,815.0	10,858.8	8,793.6	8,767.7	189,283.2
Bahrain	--	--	326.4	630.2	883.6	927.8	864.3	935.5	1,041.0	1,117.3	1,567.8	1,528.2	1,233.8	1,012.0	867.3	12,935.2
Iraq	954.2	1,801.5	3,616.2	4,525.4	5,006.9	6,748.8	9,191.2	11,755.3	17,266.4	19,091.3	--	--	--	--	--	79,957.2
Jordan	143.8	196.6	275.9	415.7	596.4	749.9	980.6	1,334.3	1,710.9	1,695.4	1,385.2	1,264.3	1,200.7	1,314.0	1,316.7	14,580.4
Lebanon	561.6	--	--	296.0	557.3	555.0	620.4	639.7	806.2	250.2	--	--	--	--	--	4,286.4
Oman	126.6	504.1	747.0	918.1	839.3	791.8	971.0	1,348.3	1,457.7	2,046.0	2,133.5	2,643.9	2,759.4	--	--	17,286.7
Syrian Arab Republic	426.7	821.6	1,393.5	2,013.9	2,445.1	2,264.2	2,597.2	3,596.4	3,888.4	4,145.2	4,404.1	4,551.6	5,040.5	5,944.2	5,980.4	49,513.0
Yemen Arab Republic	83.4	128.4	169.4	327.9	692.6	974.2	1,070.0	1,197.4	1,294.5	1,248.9	959.5	827.0	624.4	523.4	603.3	10,724.3
Yemen, P.D.R.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0
ARAB AFRICA	6,374.7	8,326.5	13,861.8	16,795.8	20,868.0	26,121.4	25,567.1	27,563.9	29,507.4	30,885.7	32,406.3	33,113.5	34,028.4	37,115.7	35,888.5	378,424.7
Algeria	3,368.7	4,247.0	6,184.5	7,484.0	9,489.3	12,843.7	13,074.5	14,305.8	14,620.0	15,575.0	16,778.3	17,535.2	18,439.3	20,282.1	19,146.7	193,374.1
Egypt	1,162.5	1,643.2	3,411.7	3,736.2	4,697.1	6,741.6	5,295.7	5,802.9	7,297.1	7,812.8	9,141.4	9,585.7	10,388.6	11,074.3	11,000.0	98,790.8
Mauritania	75.9	72.2	163.0	238.7	214.9	87.5	128.7	169.9	198.3	205.0	207.5	231.3	--	--	--	1,992.9
Morocco	846.9	1,128.6	2,232.4	2,757.7	3,531.0	3,299.6	3,817.3	4,193.8	3,985.0	4,223.5	3,435.0	2,955.3	2,976.8	3,626.3	3,785.9	46,795.1
Somalia	57.5	109.6	106.7	129.9	197.0	162.2	159.0	183.3	209.4	288.6	259.2	324.6	--	--	--	2,187.0
Sudan	273.4	402.6	615.7	1,147.8	1,188.0	1,148.3	892.2	482.6	568.3	--	--	--	--	--	--	6,718.9
Tunisia	589.8	723.3	1,147.8	1,301.5	1,550.7	1,838.5	2,199.7	2,425.6	2,629.3	2,780.8	2,584.9	2,481.4	2,223.7	2,133.0	1,955.9	28,565.9
TOTAL ARAB RECIPIENTS	8,671.0	11,778.7	20,390.2	25,923.0	31,889.2	39,133.1	41,861.8	48,370.8	56,972.5	60,480.0	42,856.4	43,928.5	44,887.2	45,909.3	44,656.2	567,707.9

Source: IMF, International Financial Statistics

Table 40: Arab aid recipient countries - Investment as percent of GNP, 1973-1987

	(In percent)															Cumulative
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST 1/	17.8	18.6	27.0	30.0	31.1	30.5	28.2	30.8	37.7	35.9	29.4	30.0	29.0	28.7	24.1	--
Bahrain	--	--	76.6	106.2	114.8	102.2	84.9	32.0	31.3	32.0	45.2	43.4	36.8	35.1	26.4	42.7
Iraq	18.3	17.0	27.3	28.2	26.7	29.9	27.5	33.2	46.3	41.8	--	--	--	--	--	33.6
Jordan	21.2	24.9	26.9	31.4	37.7	36.1	38.8	40.7	48.1	44.9	35.7	34.1	31.1	29.7	28.2	35.4
Lebanon	19.9	--	--	20.5	20.9	18.6	18.0	15.7	20.6	9.4	--	--	--	--	--	13.6
Oman	41.6	41.8	43.8	43.1	35.5	32.7	29.1	25.3	22.2	29.7	30.3	33.9	31.2	--	--	30.9
Syrian Arab Republic	13.0	15.7	20.4	26.4	31.7	24.3	23.6	27.5	27.4	27.6	27.8	28.6	30.2	31.4	25.2	26.8
Yemen Arab Republic	14.0	17.1	18.0	26.5	42.3	39.7	34.8	33.7	32.9	25.6	18.2	16.3	13.5	11.8	13.1	22.8
Yemen, P.O.R.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA 1/	21.0	22.2	30.6	33.2	35.5	38.4	30.9	27.3	28.6	33.1	33.3	32.3	31.9	32.6	29.9	--
Algeria	37.4	32.2	40.1	42.8	45.9	49.8	40.7	34.8	34.0	35.5	35.3	34.5	32.8	34.1	30.9	36.0
Egypt	12.2	18.5	30.5	28.7	33.1	47.5	31.0	27.0	33.6	32.8	34.8	33.5	33.1	34.9	33.6	32.3
Mauritania	29.5	20.7	34.9	43.9	38.4	15.3	20.0	24.0	26.5	27.3	26.4	31.7	--	--	--	28.0
Morocco	13.7	14.8	25.1	30.1	32.5	25.5	24.7	24.3	28.2	29.5	27.1	26.1	26.8	25.8	23.7	25.7
Somalia	13.8	21.7	16.6	16.8	20.9	14.3	12.4	9.4	6.9	10.4	11.9	10.1	--	--	--	11.6
Sudan	11.4	11.8	13.7	21.6	17.7	15.1	9.8	4.8	4.6	--	--	--	--	--	--	10.9
Tunisia	22.4	21.0	27.3	30.0	31.6	32.0	31.8	28.5	32.4	35.5	33.0	31.9	28.1	25.3	21.3	29.2
TOTAL ARAB RECIPIENTS1/	20.0	21.0	29.3	32.0	33.8	35.3	29.8	28.7	32.4	34.4	32.3	31.7	31.2	31.8	28.6	--

Source: Tables 37 and 39.

1/ Excluding the GNPs of the countries for which no investment figures are available

A. Relations of financial flows to macroeconomic variables

1. Total official Arab financial assistance

The total bilateral and multilateral Arab/OPEC assistance to Arab recipient countries (presented in Table 32) in relation to those countries' GNPs, level of imports, and fixed investment is shown in Tables 41, 42, and 43, respectively.

(a) Relation to GNP

Between 1973 and 1987, total official Arab assistance represented 2.3 percent of cumulative combined GNPs of Arab recipient countries, of which 3.3 percent for Arab Middle East countries and 1.7 percent for Arab African countries (Table 41). Jordan was the biggest beneficiary, with an average ratio of 20.6 percent and a peak of 47.5 percent in 1979. It was followed by Mauritania (average of 14.6 percent), P.D.R. of Yemen (8.1 percent), Syria (6.7 percent), the Yemen Arab Republic (6.2 percent), Bahrain (5.9 percent), Somalia (4.8 percent), Egypt (3 percent), and the other recipients with ratios below 3 percent of GNP.

(b) Relation to imports

During 1973-87, cumulative official Arab assistance represented 7.6 percent of the Arab recipient countries' cumulative imports (Table 42). The ratio is 8.8 percent for Arab Middle East countries and 6.4 percent for Arab countries in Africa. These relatively low aggregates, however, mask substantial differences over time and among countries, as financial assistance covered a substantial part of certain recipient countries' imports in certain years.

Concerning Arab Middle East countries, the import cover of financial flows was about twice as large in the 1970s (annual average of about 13 percent) than in 1980s (annual average of about 7 percent) essentially because those countries' imports were on average more than two and a half times larger in the 1980s than in the 1970s (annual average of US\$31.7 billion in 1980-87 versus US\$12.1 billion in 1973-79). This is even more so for Arab countries in Africa, with an average import cover of 14.6 percent during 1973-79 vis-a-vis 3 percent in 1980-87. The latter dichotomy is however heavily influenced by massive aid flows to the Arab Republic of Egypt in 1973-79 followed by mostly negative aid flows to that country during 1980-87. Excluding Egypt, the same evolution as that for Arab Middle East countries holds.

Looking at individual recipient countries in the Arab Middle East, the highest level of import cover was for Jordan, fluctuating between a high of 61 percent in 1979 and a low of 14 percent in 1987 and attaining a cumulative ratio of 28.4 percent. Next came Syria, with a cumulative ratio of 28.4 percent, and the Yemen Arab Republic of 16.8 percent.

Table 41: Total official Arab assistance as a percentage of GNP of Arab aid recipient countries, 1973-1987

	(In percent)																Cumulative
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987		
ARAB MIDDLE EAST	3.3	5.3	4.7	5.3	4.7	3.9	6.1	5.6	4.8	3.1	2.7	2.1	1.8	1.7	1.1	3.3	
Bahrain	6.1	20.1	20.2	39.6	10.9	7.4	10.1	5.3	4.6	3.4	7.3	7.0	3.6	4.8	-0.1	5.9	
Iraq	0.1	-0.0	0.2	-0.0	-0.0	0.1	-0.0	-0.0	0.0	0.7	0.5	0.1	0.1	0.1	-0.0	0.1	
Jordan	13.8	26.8	28.9	32.2	17.3	16.6	47.5	35.5	29.3	20.1	18.4	17.2	12.2	10.5	8.2	20.6	
Lebanon	0.1	3.9	0.3	0.5	2.1	5.2	1.9	4.9	9.6	3.1	0.3	-0.0	0.6	0.1	0.8	2.5	
Onan	3.2	10.7	3.4	6.1	8.3	2.1	6.1	4.9	3.4	1.3	0.6	0.7	0.7	0.9	-0.3	2.2	
Syria	8.9	11.0	9.6	6.3	9.8	8.1	16.1	12.1	9.7	5.6	4.6	3.8	3.6	3.5	2.5	6.7	
Yemen Arab Republic	3.2	12.8	15.9	17.1	12.8	10.6	6.1	10.4	8.8	5.3	4.5	4.0	3.5	2.6	1.8	6.2	
Yemen, P.D.R.	4.3	9.2	15.2	35.6	22.2	9.5	4.6	9.1	3.9	14.1	3.5	5.3	4.9	0.1	4.7	8.1	
ARAB AFRICA	2.8	4.6	6.9	4.7	5.0	3.3	1.6	1.5	1.4	0.9	0.7	0.3	0.8	0.3	0.2	1.7	
Algeria	0.8	0.1	0.7	0.1	0.9	0.2	0.1	0.1	0.1	-0.5	0.0	-0.1	0.1	-0.0	-0.0	0.1	
Egypt	7.4	14.5	22.6	11.9	11.5	9.9	1.2	0.0	-0.1	-0.1	-0.3	-0.1	-0.1	0.2	-0.2	3.0	
Mauritania	10.7	17.7	4.7	40.5	21.1	30.1	13.2	22.7	15.4	16.7	10.3	9.9	10.9	8.4	-0.2	14.6	
Morocco	0.0	0.2	1.2	1.2	5.3	2.3	1.8	3.8	6.4	4.1	1.1	0.6	4.6	0.6	-0.2	2.4	
Somalia	3.0	13.9	14.7	5.4	13.2	10.5	9.2	8.7	3.2	6.9	3.8	0.6	1.3	-0.2	0.1	4.8	
Sudan	0.6	6.9	4.6	6.9	3.2	2.2	5.5	4.4	2.4	2.8	5.9	1.3	3.5	2.0	1.8	3.4	
Tunisia	0.2	0.6	1.4	1.6	1.9	0.8	1.6	1.2	0.8	0.6	0.2	0.9	0.5	0.0	0.7	0.8	
TOTAL AID RECIPIENTS	2.9	4.9	6.0	4.9	4.9	3.6	3.5	3.2	2.8	1.9	1.6	1.1	1.2	0.9	0.6	2.3	

Source: Tables 32 and 37

Source: Tables 32 and 37

Table 42: Total official Arab assistance as a percentage of Imports cif of Arab aid recipient countries, 1973-1987

	(In percent)															Cumulative
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST	10.2	14.1	11.9	15.4	12.1	11.4	16.7	11.6	8.4	6.2	6.9	6.1	5.4	6.0	5.0	8.8
Bahrain	1.7	2.6	7.2	14.1	4.2	3.3	4.2	4.5	3.7	3.3	7.5	7.1	3.8	5.8	-0.1	4.8
Iraq	0.5	-0.1	0.7	-0.0	-0.0	0.4	-0.0	-0.0	0.0	1.4	1.7	0.4	0.6	0.4	-0.0	0.5
Jordan	28.3	43.4	40.5	42.4	19.8	22.9	61.2	48.5	32.9	23.4	23.5	22.9	17.2	19.2	14.0	28.4
Lebanon	0.1	5.8	0.6	1.3	3.7	8.1	2.4	5.4	10.8	2.5	0.4	-0.0	0.5	0.1	1.0	3.1
Oman	8.4	33.0	7.5	17.9	22.5	5.5	16.3	15.2	9.8	3.3	1.8	1.8	1.9	2.4	-1.3	6.3
Syria	47.4	46.8	39.0	20.2	28.2	30.6	53.1	38.3	27.3	20.8	16.1	14.8	15.1	24.7	24.2	27.1
Yemen Arab Republic	15.4	50.7	50.8	51.3	20.1	20.2	12.7	19.9	19.7	17.1	14.8	13.1	12.4	9.3	5.0	16.8
Yemen, P.D.R.	6.9	7.5	15.1	43.9	22.0	10.2	3.7	4.8	2.5	8.8	2.5	3.9	3.9	0.1	4.0	6.2
ARAB AFRICA	15.0	16.6	21.6	16.5	15.9	10.3	6.6	6.2	4.8	3.3	2.5	1.0	3.4	1.4	1.0	6.4
Algeria	3.3	0.3	2.1	0.4	2.6	0.7	0.5	0.4	0.3	-2.0	0.0	-0.3	0.5	-0.0	-0.2	0.3
Egypt	77.3	55.0	67.3	40.7	34.0	20.9	5.5	0.0	-0.3	-0.2	-0.7	-0.3	-0.3	0.5	0.6	9.0
Mauritania	21.6	51.3	13.7	123.0	57.3	95.5	32.8	56.2	43.5	45.3	35.8	34.7	33.2	32.0	-1.0	44.2
Morocco	0.1	0.9	4.0	4.2	17.9	10.0	7.5	15.5	20.4	13.6	3.9	1.7	13.4	2.2	-0.9	8.5
Somalia	11.5	49.0	60.8	26.8	54.4	49.5	48.0	49.1	18.7	75.9	23.8	20.2	25.3	-1.0	1.8	34.8
Sudan	3.5	36.9	23.2	37.2	19.9	13.9	44.6	27.6	19.0	18.8	34.4	10.8	34.6	19.9	23.1	24.7
Tunisia	1.0	1.9	4.1	4.4	5.2	2.3	4.0	3.0	1.8	1.3	0.6	2.3	1.3	0.1	2.2	2.2
TOTAL AID RECIPIENTS	12.9	15.5	17.4	16.1	14.3	10.8	11.8	9.2	6.9	5.0	4.8	3.6	4.4	3.5	2.8	7.6

Sources: Tables 32 and 38

Table 43: Arab aid recipient countries - Total official Arab assistance as a percentage of investment, 1973-1987

	(In percent)															Cumulative
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	
ARAB MIDDLE EAST 1/	18.2	29.2	19.5	16.3	14.3	12.7	21.7	17.9	12.8	8.3	18.9	16.2	13.0	15.8	12.1	--
Bahrain	--	--	26.3	37.3	9.5	7.3	11.9	16.6	14.6	10.6	16.1	16.1	9.7	13.8	-0.4	13.6
Iraq	0.4	-0.1	0.8	-0.0	-0.0	0.2	-0.0	-0.0	0.0	1.6	--	--	--	--	--	0.4
Jordan	65.0	107.7	107.6	102.6	45.9	45.9	122.4	87.3	60.9	44.8	51.5	50.5	39.1	35.5	28.9	58.2
Lebanon	0.4	--	--	2.7	10.1	28.0	10.5	31.0	46.7	33.3	--	--	--	--	--	22.1
Oman	7.7	25.7	7.7	14.2	23.4	6.5	21.0	19.6	15.3	4.3	2.1	1.9	2.2	--	--	8.7
Syrian Arab Republic	68.0	69.7	47.2	23.9	30.9	33.3	68.1	43.9	35.4	20.2	16.6	13.4	11.9	11.2	10.1	24.8
Yemen Arab Republic	22.7	75.1	88.2	64.6	30.2	26.6	17.6	30.8	26.7	20.8	24.6	24.6	25.7	22.1	13.7	27.1
Yemen, P.D.R.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA 1/	13.1	20.6	22.5	14.1	14.1	8.7	5.3	5.7	5.0	2.3	0.8	0.5	1.7	0.4	0.2	--
Algeria	2.2	0.3	1.9	0.2	1.9	0.5	0.3	0.3	0.2	-1.4	0.0	-0.2	0.3	-0.0	-0.1	0.2
Egypt	60.2	78.6	74.0	41.5	34.8	20.8	4.0	0.0	-0.3	-0.3	-0.7	-0.3	-0.3	0.5	0.6	9.4
Mauritania	36.5	85.3	13.5	92.2	55.0	197.5	66.0	94.6	58.1	61.0	39.1	31.2	--	--	--	63.3
Morocco	0.2	1.6	4.6	4.0	16.3	9.0	7.2	15.4	22.5	13.9	4.1	2.3	17.3	2.3	-1.0	9.2
Somalia	21.6	63.9	88.4	32.2	62.9	73.5	74.3	93.3	45.8	65.7	31.8	6.4	--	--	--	52.1
Sudan	5.6	58.8	33.5	31.8	18.1	14.4	55.5	90.1	51.9	--	--	--	--	--	--	36.2
Tunisia	1.1	3.0	5.1	5.2	6.1	2.6	5.2	4.3	2.6	1.6	0.7	2.9	1.6	0.2	3.4	2.9
TOTAL ARAB RECIPIENTS1/	14.5	23.1	21.6	14.9	14.2	10.0	11.6	10.9	8.8	5.2	5.2	4.4	4.4	3.3	2.6	--

Source: Tables 32 and 39.

1/ Aid flows adjusted for the countries for which no investment figures are available

The other countries had a cumulative ratio of 6 percent or less. The highest import cover in Arab African countries benefited Mauritania, with a cumulative ratio of 44.2 percent and a peak of 123 percent in 1976. It was followed by Somalia (cumulative ratio of 34.8 percent), the Sudan (24.4 percent), Egypt (9 percent, composed of high ratios in 1973-78 followed by very low ratios afterwards), Morocco (8.5 percent), and low ratios for Tunisia and Algeria.

(c) Relation to investment

Excluding the financial flows to the recipient countries for the particular years for which no investment figures are available, the ratio of total financial assistance from Arab donors and agencies to the Arab recipient countries' investment averaged 15.7 percent in the 1970s, with a high of 23 percent in 1974 and a low of 10 percent in 1978 (Table 43). This ratio then declined continuously throughout the 1980s, to a low of 2.6 percent in 1987. This fall, however, undoubtedly presents an exaggerated picture; the main reason lies with the absence of investment figures in recent years for countries traditionally having high ratios of assistance to investment, e.g., Lebanon, Mauritania, Somalia, and the Sudan. Nonetheless, it also reflects the fact that Arab recipient countries' investment has tended to be sustained throughout the 1980s notwithstanding the decrease in financial assistance flows. The gap was usually met by foreign borrowing, hence the debt service difficulties encountered by many Arab aid recipients in recent years.

Again, excluding financial assistance flows for the years for which no investment figures are available, the highest cumulative assistance/investment ratios were for Mauritania (63.3 percent with a high of nearly 200 percent in 1978), Jordan (58.2 percent with over 100 percent in 1974-76 and 1979), Somalia (52.1 percent), the Sudan (36.2 percent), the Yemen Arab Republic (27.1 percent), the Syrian Arab Republic (24.8 percent), and Lebanon (22.1 percent). The Arab Republic of Egypt also had relatively large ratios in the period 1973-78, followed by mostly negative ratios afterward.

2. Private unrequited transfers

(a) Relation to GNP

Private unrequited transfers, consisting essentially of workers' remittances, constituted 3.5 percent of the cumulative combined GNPs of Arab recipient countries between 1973 and 1987 (Table 44).

Table 44: Private Unrequited transfers as a percentage of GNP of Arab aid recipient countries, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST	0.9	0.9	0.4	3.1	3.8	4.5	4.0	3.5	2.9	2.5	2.5	2.2	1.4	1.1	1.1	2.3
Bahrain	0.0	0.0	-53.4	-14.3	-13.1	-14.4	-9.2	-3.2	-3.2	-3.4	-2.9	-3.6	-6.6	-9.2	-7.2	-6.3
Iraq	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jordan	8.2	10.4	16.8	30.3	26.6	22.5	20.1	20.3	25.9	24.7	23.8	27.7	21.9	22.3	15.9	22.3
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oman	0.0	-9.2	-12.2	-10.3	-9.4	-8.8	-7.5	-6.8	-7.0	-8.1	-9.9	-10.5	-10.2	-13.2	-9.3	-9.4
Syria	1.1	0.8	0.8	0.7	1.2	6.8	8.2	5.9	4.1	2.7	2.4	2.0	1.9	1.3	1.0	2.8
Yemen Arab Republic	0.0	18.0	28.7	54.6	60.3	37.1	30.5	30.1	19.8	18.6	20.5	19.7	16.5	11.9	15.3	22.8
Yemen, P.D.R.	11.9	12.9	19.0	28.9	35.3	41.7	42.9	42.8	44.5	47.0	45.9	44.4	40.5	32.1	32.2	38.5
ARAB AFRICA	2.5	2.7	3.1	3.7	3.4	4.6	4.7	4.6	4.1	4.0	5.1	5.1	4.3	4.1	4.7	4.3
Algeria	3.7	2.4	2.3	2.2	1.3	1.1	1.0	0.7	0.7	0.8	0.5	0.4	0.7	1.3	0.8	1.0
Egypt	1.3	3.5	4.1	6.5	7.0	12.9	13.3	13.0	10.3	10.4	14.0	13.9	10.2	7.9	11.0	10.2
Mauritania	-5.5	-3.6	-4.9	-5.2	-4.1	-3.6	-5.0	-4.0	-2.4	-3.7	-3.4	-2.8	-2.9	-2.7	-2.2	-3.5
Morocco	3.4	3.9	5.4	5.5	5.0	5.4	5.8	5.8	7.0	5.9	7.0	7.5	8.7	9.9	9.9	6.7
Somalia	0.6	0.7	0.3	0.2	0.2	6.9	2.8	2.9	1.8	0.5	0.9	5.1	0.9	1.4	2.4	2.1
Sudan	0.3	0.1	0.0	0.7	0.6	0.9	1.3	2.1	2.6	1.2	3.1	2.8	3.2	0.9	1.2	1.6
Tunisia	3.5	3.1	3.1	2.9	3.1	3.5	3.9	3.5	4.1	4.6	4.4	3.9	3.3	4.2	5.2	3.9
TOTAL AID RECIPIENTS	2.0	2.0	2.1	3.5	3.5	4.6	4.4	4.1	3.6	3.3	4.0	3.8	3.1	2.9	3.2	3.5

Source: Tables 35 and 38

In contrast to total official assistance, the cumulative ratio for Arab African countries was 4.3 percent versus 2.3 percent for Arab Middle East countries. On the other hand, the largest beneficiaries were among the Middle East countries, namely, P.D.R of Yemen, with a cumulative ratio of 38.5 percent, Yemen Arab Republic (22.8 percent and more than 60 percent in 1977), and Jordan (22.3 percent). Among the Arab countries in Africa, the highest ratios were for Egypt (10.2 percent), Morocco (6.7 percent), and Tunisia (3.9 percent). All other countries had ratios below 3 percent, including net transfer outflows for Bahrain, Oman, and Mauritania. 1/

(b) Relation to imports

Cumulatively, private unrequited transfers represented a little more than 11 percent of the Arab recipients' imports between 1973 and 1987 (Table 45). Because Arab Africa's nominal level of remittances was about two and a half times larger and their cumulative imports slightly lower than those of Middle East countries, their ratio of remittances to imports is a cumulative 16.4 percent, versus 6.1 percent for the Arab Middle East. The highest individual ratios are nonetheless found in the Middle East. The Yemen Arab Republic had the highest cumulative ratio of 62.2 percent, a peak of 163.7 percent in 1976, and more than 90 percent in each of 1975 and 1977. It was followed by Jordan with a cumulative ratio of 30.6 percent and the People's Democratic Republic of Yemen with 29.6 percent. Concerning Arab African countries, the highest import cover was for the Arab Republic of Egypt, with a cumulative 30.3 percent and a peak of nearly 60 percent in 1979 followed by Morocco (24.1 percent) and Somalia (15.3 percent).

(c) Relation to investment

Excluding the flows of remittances to particular countries for the years for which no investment figures are available, the ratios of private unrequited transfers to investment of Arab recipient countries have tended to rise over the years, from an average of 10.5 percent in 1973-79, to an average of 13.5 percent during 1980-87 (Table 46). The similar ratios for Arab Middle Eastern countries were 7.7 and 11.3 percent, respectively, and for Arab countries in Africa 11.7 percent and 15.2 percent, respectively. In other words, the growth in the flows of remittances was faster than the growth in investment, indicating a rising propensity to consume increasing level of remittances.

The highest cumulative ratio of private transfers to investment was for the Yemen Arab Republic, with slightly more than 100 percent. Next came Jordan (62.8 percent), the Arab Republic of Egypt (31.7 percent), Morocco (25.9 percent), and Somalia (19.8 percent).

1/ Iraq was also on average a net importer of labor, but no statistics or private unrequited transfers are available after 1975.

Table 45: Private Unrequited transfers as a percentage of Imports cif of Arab aid recipient countries, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST	2.9	2.3	1.1	8.9	9.8	12.9	10.9	7.3	5.0	4.9	6.5	6.3	4.3	3.8	5.0	6.1
Bahrain	0.0	0.0	-19.0	-5.1	-5.0	-6.4	-3.8	-2.7	-2.6	-3.3	-3.1	-3.6	-7.1	-11.0	-8.7	-5.1
Iraq	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jordan	16.8	16.8	23.5	39.9	30.5	31.1	25.9	27.7	29.1	28.8	30.4	36.9	31.0	40.5	27.4	30.6
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oman	0.0	-28.2	-27.2	-30.3	-25.4	-22.4	-20.0	-20.9	-20.1	-20.7	-27.9	-29.8	-28.7	-35.2	-37.4	-26.8
Syria	6.0	3.6	3.1	2.2	3.4	25.8	27.1	18.8	11.5	10.2	8.5	7.8	7.9	9.3	9.9	11.2
Yemen Arab Republic	0.0	71.3	91.9	163.7	94.9	70.9	62.8	57.7	44.2	59.9	68.1	64.0	59.2	42.5	43.2	62.2
Yemen, P.D.R.	19.2	10.5	18.8	35.6	35.1	45.0	34.3	22.8	28.5	29.4	32.8	32.4	32.4	27.0	27.3	29.6
ARAB AFRICA	13.5	10.0	9.7	13.0	10.7	14.3	19.0	18.2	13.7	14.0	18.4	19.4	18.4	17.7	23.1	16.4
Algeria	15.1	7.9	6.5	7.6	3.9	3.5	3.7	2.6	2.7	3.2	2.3	1.8	3.7	8.3	7.4	4.4
Egypt	13.6	13.2	12.1	22.1	20.5	27.1	59.1	57.4	25.2	27.3	35.9	37.0	32.3	21.9	30.2	30.3
Mauritania	-11.1	-10.6	-14.1	-15.9	-11.1	-11.4	-12.4	-9.8	-6.8	-10.1	-11.9	-9.8	-8.9	-10.4	-8.8	-10.7
Morocco	18.4	15.8	18.8	19.1	17.1	23.6	24.3	24.1	22.4	19.5	24.7	21.7	25.1	36.7	37.3	24.1
Somalia	2.5	2.4	1.2	0.8	1.0	32.4	14.6	16.5	10.5	5.5	5.5	158.2	17.3	8.6	30.0	15.3
Sudan	1.4	0.8	0.2	3.8	3.4	5.5	10.4	13.3	20.8	8.4	18.2	24.1	32.2	9.3	15.4	12.0
Tunisia	14.4	9.4	9.2	8.4	8.3	9.6	9.5	8.5	8.7	10.6	11.1	9.6	9.4	12.2	15.8	10.3
TOTAL AID RECIPIENTS	8.9	6.5	5.9	11.3	10.3	13.8	14.8	12.1	8.7	8.7	12.1	12.8	11.2	11.3	15.1	11.2

Source: Tables 35 and 38

Table 46: Arab aid recipient countries - Net private unrequited transfers as a percentage of investment, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST 1/	4.1	4.4	0.9	9.0	10.7	12.8	12.3	9.9	6.2	5.3	15.3	12.9	7.3	17.0	16.7	
Bahrain	--	--	-69.7	-13.5	-11.4	-14.1	-10.8	-10.0	-10.2	-10.5	-6.5	-8.2	-18.0	-26.1	-27.1	-14.7
Iraq	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--	--	--	--	--	0.0
Jordan	38.5	41.7	62.3	96.7	70.6	62.4	51.9	50.0	53.9	55.0	66.7	81.3	70.5	74.9	56.4	62.8
Lebanon	0.0	--	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--	--	--	--	--	0.0
Qatar	0.0	-22.0	-27.8	-26.0	-26.5	-26.8	-25.6	-26.8	-31.5	-27.2	-32.6	-31.0	-32.8	--	--	-29.0
Syrian Arab Republic	8.7	3.4	13.7	2.6	3.8	28.1	34.7	21.5	15.0	9.9	8.8	7.1	6.2	4.2	4.1	10.3
Yemen Arab Republic	0.0	105.5	159.5	208.1	142.5	93.4	87.6	89.3	60.1	73.0	113.0	120.4	122.2	100.8	117.3	100.3
Yemen, P.D.R.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA 1/	11.9	12.4	10.1	11.1	9.5	12.1	15.1	16.7	14.3	13.0	15.9	16.5	14.1	13.5	17.2	--
Algeria	10.0	7.5	5.7	5.2	2.9	2.3	2.4	1.9	2.1	2.2	1.4	1.1	2.0	3.8	2.7	2.7
Egypt	10.6	18.9	13.3	22.5	21.0	27.1	42.8	48.1	30.6	31.8	40.3	41.5	31.0	22.7	32.8	31.7
Mauritania	-18.7	-17.6	-13.9	-11.9	-10.7	-23.7	-24.9	-16.5	-9.1	-13.6	-13.0	-8.8	--	--	--	-13.8
Morocco	24.9	26.5	21.6	18.1	15.5	21.3	23.3	23.9	24.8	19.9	25.9	28.7	32.4	38.4	41.7	25.9
Somalia	4.7	3.2	1.8	0.9	1.1	48.2	22.6	31.3	25.6	4.7	7.4	50.2	--	--	--	19.8
Sudan	2.3	1.2	0.2	3.2	3.1	5.8	13.0	43.3	56.8	--	--	--	--	--	--	11.9
Tunisia	15.4	14.7	11.4	9.8	9.8	11.1	12.3	12.4	12.6	13.0	13.4	12.3	11.6	16.6	24.6	13.4
TOTAL ARAB RECIPIENTS1/	9.8	10.0	7.2	10.4	9.9	12.3	14.0	13.8	10.4	9.3	15.7	15.6	12.5	14.2	17.1	--

Source: Tables 35 and 39.

1/ Aid flows adjusted for the countries for which no investment figures are available

3. Total financial assistance and private unrequited transfers

(a) Relation to GNP

Cumulative financial assistance from Arab sources plus private unrequited transfers represented 5.8 percent of the Arab recipients' GNPs between 1973 and 1987, subdivided into 5.6 percent for the Arab Middle East and 6 percent for Arab Africa (Table 47). The ratios were generally larger in the 1970s than in the 1980s, essentially because of the much lower levels of nominal GNPs in the former period.

Looking at individual countries, the highest ratios were for the P.D.R. of Yemen (cumulative 46.6 percent), Jordan (43 percent), the Yemen Arab Republic (29 percent), the Arab Republic of Egypt (13.3 percent), and Mauritania (11 percent). The other countries had ratios below 10 percent, including negative ratios for Oman and Bahrain.

(b) Relation to imports

Arab financial assistance and workers' remittances made up nearly 19 percent of Arab aid recipients cumulative imports between 1973 and 1987 (Table 48). The ratio for the Arab Middle East is 14.9 percent, and for Arab Africa 22.7 percent. Here again, the ratios were on average larger in the 1970s than in the 1980s because of the much higher level of imports in 1980-87 than in 1973-79.

The Yemen Arab Republic had the highest individual import cover, with a cumulative ratio of 79 percent and ratios well over 100 percent in 1974-77 (including a peak of 215 percent in 1976). Next came Jordan with a cumulative ratio of 59 percent and Somalia, 50 percent. The Arab Republic of Egypt, the Syrian Arab Republic, the Sudan, P.D.R. of Yemen, Mauritania, and Morocco all had ratios between 39 percent and 33 percent. The remaining countries had lower ratios, including negative ones for Oman and Bahrain.

(c) Relation to investment

Excluding the financial flows (assistance plus remittances) to particular countries for the years for which no investment data are available, the ratios of Arab financial assistance and private unrequited transfers to investments of Arab recipient countries fluctuated between 14.5 percent and 33 percent during the period under study (Table 49). The ratios remained relatively sustained throughout the period, as much of the fall of the ratios of Arab African countries results from the absence of investment statistics for a number of countries having traditionally high ratios.

Table 47: Total official assistance from Arab countries and agencies and private unrequited transfers as a percentage of GNP of Arab aid recipient countries, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST	4.2	6.2	5.1	8.4	8.5	8.4	10.0	9.1	7.7	5.6	5.2	4.3	3.2	2.8	2.2	5.6
Bahrain	6.1	20.1	-33.3	25.3	-2.2	-7.0	1.0	2.1	1.4	0.0	4.3	3.4	-3.0	-4.3	-7.3	-0.4
Iraq	0.1	0.0	0.2	-0.0	-0.0	0.1	-0.0	-0.0	0.0	0.7	0.5	0.1	0.1	0.1	-0.0	0.1
Jordan	21.9	37.2	45.7	62.6	43.9	39.1	67.7	55.9	55.2	44.8	42.2	44.9	34.1	32.8	24.1	42.9
Lebanon	0.1	3.9	0.3	0.5	2.1	5.2	1.9	4.9	9.6	3.1	0.3	-0.0	0.6	0.1	0.8	2.5
Oman	3.2	1.5	-8.8	-4.2	-1.1	-6.6	-1.4	-1.8	-3.6	-6.8	-9.3	-9.8	-9.5	-12.3	-9.7	-7.2
Syria	10.0	11.8	10.4	7.0	11.0	14.9	24.3	18.0	13.8	8.3	7.1	5.8	5.5	4.8	3.6	9.4
Yemen Arab Republic	3.2	30.9	44.6	71.7	73.1	47.7	36.6	40.5	28.6	24.0	25.0	23.7	19.9	14.5	17.1	29.0
Yemen, P.D.R.	16.1	22.1	34.2	64.4	57.5	51.1	47.6	52.0	48.4	61.1	49.4	49.7	45.4	32.3	36.9	46.6
ARAB AFRICA	5.3	7.3	10.0	8.4	8.4	8.0	6.3	6.1	5.5	5.0	5.8	5.4	5.1	4.4	4.9	6.0
Algeria	4.6	2.5	3.1	2.3	2.2	1.4	1.1	0.8	0.8	0.3	0.5	0.3	0.7	1.3	0.8	1.1
Egypt	8.7	18.0	26.6	18.4	18.5	22.8	14.5	13.0	10.2	10.3	13.8	13.8	10.2	8.1	11.2	13.3
Mauritania	5.2	14.0	-0.1	35.3	17.0	26.5	8.2	18.7	13.0	12.9	6.9	7.1	8.0	5.7	-2.4	11.1
Morocco	3.5	4.2	6.6	6.7	10.3	7.7	7.5	9.6	13.4	10.0	8.1	8.1	13.3	10.5	9.6	9.0
Somalia	3.6	14.5	15.0	5.6	13.4	17.4	12.0	11.7	4.9	7.3	4.7	5.7	2.1	1.2	2.5	6.9
Sudan	0.9	7.1	4.6	7.6	3.8	3.1	6.7	6.5	5.0	4.0	9.1	4.1	6.7	2.9	3.0	5.0
Tunisia	3.7	3.7	4.5	4.5	5.0	4.4	5.6	4.8	4.9	5.2	4.7	4.8	3.7	4.2	6.0	4.7
TOTAL AID RECIPIENTS	4.9	6.9	8.1	8.4	8.4	8.1	7.9	7.3	6.4	5.2	5.5	4.9	4.3	3.7	3.7	5.8

Source: Tables 36 and 37

Table 48: Total official assistance from Arab countries and agencies and private unrequited transfers as a percentage of imports cif of Arab aid recipient countries, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST	13.1	16.4	12.9	24.3	21.9	24.3	27.6	19.0	13.5	11.1	13.4	12.4	9.7	9.9	10.0	14.9
Bahrain	1.7	2.6	-11.8	9.0	-0.8	-3.1	0.4	1.8	1.1	0.0	4.5	3.5	-3.3	-5.2	-8.8	-0.3
Iraq	0.6	0.0	0.7	-0.0	-0.0	0.4	-0.0	-0.0	0.0	1.4	1.7	0.4	0.6	0.4	-0.0	0.5
Jordan	45.1	60.2	64.0	82.4	50.3	54.0	87.1	76.2	62.0	52.2	53.9	59.9	48.1	59.6	41.5	59.0
Lebanon	0.1	5.8	0.6	1.3	3.7	8.1	2.4	5.4	10.8	2.5	0.4	-0.0	0.5	0.1	1.0	3.1
Oman	8.4	4.7	-19.7	-12.4	-2.9	-16.9	-3.6	-5.7	-10.3	-17.4	-26.1	-28.0	-26.8	-32.9	-38.7	-20.5
Syria	53.5	50.3	42.1	22.4	31.7	56.5	80.2	57.1	38.9	31.0	24.7	22.6	23.0	34.0	34.0	38.3
Yemen Arab Republic	15.4	122.1	142.7	214.9	115.1	91.0	75.4	77.6	63.9	77.0	82.9	77.0	71.6	51.8	48.2	79.0
Yemen, P.D.R.	26.1	18.1	33.9	79.5	57.1	55.2	38.0	27.6	31.0	38.2	35.3	36.2	36.3	27.1	31.2	35.8
ARAB AFRICA	28.5	26.6	31.4	29.5	26.7	24.6	25.6	24.4	18.6	17.3	20.9	20.4	21.8	19.1	24.1	22.7
Algeria	18.4	8.2	8.6	8.0	6.5	4.1	4.2	3.0	3.0	1.2	2.3	1.5	4.2	8.3	7.2	4.7
Egypt	90.9	68.2	79.5	62.8	54.6	48.0	64.6	57.5	25.0	27.1	35.2	36.7	32.0	22.3	30.7	39.3
Mauritania	10.5	40.8	-0.4	107.2	46.2	84.0	20.4	46.4	36.7	35.2	23.9	24.9	24.3	21.6	-9.7	33.5
Morocco	18.6	16.7	22.8	23.3	35.0	33.7	31.9	39.6	42.8	33.1	28.6	23.4	38.5	38.9	36.5	32.6
Somalia	14.0	51.4	62.1	27.6	55.4	81.9	62.6	65.6	29.2	81.4	29.3	178.3	42.6	7.6	31.8	50.1
Sudan	5.0	37.6	23.4	41.0	23.3	19.4	55.1	40.9	39.8	27.2	52.6	35.0	66.8	29.2	38.5	36.7
Tunisia	15.4	11.3	13.3	12.8	13.5	11.9	13.5	11.5	10.5	11.9	11.7	11.9	10.7	12.4	18.0	12.5
TOTAL AID RECIPIENTS	21.8	22.0	23.3	27.3	24.6	24.5	26.6	21.3	15.6	13.7	16.9	16.4	15.7	14.8	17.9	18.8

Source: Tables 36 and 38

Table 49: Arab aid recipient countries - Total financial assistance and net private unrequited transfers as a percentage of investment, 1973-1987
(In percent)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Cumulative
ARAB MIDDLE EAST 1/	22.3	33.6	20.4	25.4	25.0	25.5	34.0	27.8	19.0	13.6	34.2	29.1	20.3	32.8	28.8	--
Bahrain	--	--	-43.4	23.8	-1.9	-6.9	1.1	6.7	4.4	0.1	9.6	7.9	-8.3	-12.4	-27.5	-1.1
Iraq	0.5	0.0	0.8	-0.0	-0.0	0.2	-0.0	-0.0	0.0	1.6	--	--	--	--	--	0.4
Jordan	103.5	149.4	169.9	199.3	116.4	108.3	174.4	137.2	114.8	99.8	118.2	131.8	109.6	110.4	85.3	121.0
Lebanon	0.4	--	--	2.7	10.1	28.0	10.5	31.0	46.7	33.3	--	--	--	--	--	25.5
Oman	7.7	3.7	-20.1	-9.8	-3.0	-20.2	-4.7	-7.3	-16.2	-22.9	-30.5	-29.1	-30.6	--	--	-20.3
Syrian Arab Republic	76.7	75.1	50.9	26.5	34.6	61.4	102.8	65.4	50.4	30.1	25.4	20.5	18.1	15.4	14.2	35.1
Yemen Arab Republic	22.7	180.6	247.7	270.7	172.8	120.0	105.2	120.2	86.8	93.7	137.6	145.0	147.9	122.9	131.0	127.4
Yemen, P.D.R.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA 1/	25.0	32.9	32.7	25.2	23.6	20.7	20.4	22.4	19.3	15.3	16.7	17.0	15.8	13.9	17.5	--
Algeria	12.2	7.8	7.6	5.4	4.9	2.7	2.7	2.2	2.3	0.9	1.4	0.9	2.2	3.8	2.7	2.9
Egypt	70.8	97.5	87.4	64.0	55.9	47.9	46.8	48.1	30.2	31.5	39.6	41.2	30.7	23.2	33.4	41.1
Mauritania	17.8	67.7	-0.4	80.4	44.3	173.8	41.0	78.1	49.0	47.4	26.1	22.4	--	--	--	49.5
Morocco	25.1	28.1	26.2	22.1	31.7	30.3	30.6	39.4	47.3	33.8	30.0	30.9	49.7	40.8	40.7	35.1
Somalia	26.3	67.1	90.2	33.1	64.1	121.6	96.9	124.5	71.4	70.5	39.1	56.6	--	--	--	71.9
Sudan	7.9	60.0	33.7	35.0	21.2	20.2	68.5	133.4	108.7	--	--	--	--	--	--	48.1
Tunisia	16.5	17.7	16.5	15.0	15.9	13.7	17.5	16.7	15.2	14.6	14.1	15.2	13.3	16.8	28.0	16.3
TOTAL ARAB RECIPIENTS1/	24.3	33.1	28.8	25.3	24.1	22.3	25.7	24.7	19.2	14.5	21.0	20.0	16.9	17.5	19.7	--

Source: Tables 36 and 39.

1/ Aid flows adjusted for the countries for which no investment figures are available

The Yemen Arab Republic and Jordan had the highest cumulative ratios of well over 100 percent (127 percent and 121 percent, respectively) indicating that a large part of those financial flows were used for consumption purposes. Next came Somalia with a cumulative ratio of 72 percent and ratios above 100 percent for 1978 and 1980. They were followed by Mauritania (cumulative ratio of 49.5 percent) and a peak of 174 percent in 1978), the Sudan (48 percent and well over 100 percent in 1980-81), the Arab Republic of Egypt (cumulative 41 percent), Morocco (35 percent), and Lebanon (25.5 percent). The other countries had lower ratios and Oman and Bahrain negative ratios.

B. Correlations of financial flows with macroeconomic variables

This section analyzes the relationship between annual changes in the Arab recipient countries' GNP, imports, and fixed investment and the variation in the levels of total financial assistance, remittances, and the sum of both. The formulas used are as follows:

$$[(\text{GNP}_t/\text{GNP}_{t-1})-1] \quad : \quad [(F_t/F_{t-1}) - 1] \quad (1)$$

$$[(M_t/M_{t-1}) - 1] \quad : \quad [(F_t/F_{t-1}) - 1] \quad (2)$$

$$[(I_t/I_{t-1}) - 1] \quad : \quad [(F_t/F_{t-1}) - 1] \quad (3)$$

Whereby: GNP = gross national product
M = level of imports
I = level of investment
F = flows (in turn, financial assistance, remittances,
and the sum of both)
t = a particular year from 1974 through 1987

The goal is to try to determine the existence and magnitude of the causality between these macroeconomic variables and the two principal financial flows accruing to Arab recipient countries during the period under study.

1. Total official Arab financial assistance

(a) Correlations with changes in GNP

In six out of the fourteen years between 1974 and 1987, growth of Arab recipient countries GNPs were positively correlated with the growth in total financial assistance from Arab sources, and in eight years negatively correlated (Table 50). This would indicate that GNP growth rates were in aggregate influenced by many factors other than Arab financial assistance alone, which is not surprising in view of the low share of this assistance compared to GNP. Nonetheless, certain trends emerge over time. During the first seven years (1974-80), the correlation coefficients were positive in all but two years (1976 and 1978). In 1974 and 1975, the ratios were below unity as the very strong growth in assistance flows surpassed GNP growth rates.

Table 50: Correlation between the growth in total official assistance from Arab Countries and Agencies and the GNP growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.399	2.468	0.348	5.093	27.998	0.323	2.485	-1.157	-0.483	0.026	-0.348	0.063	0.180	-0.645
Bahrain	...	0.014	0.994	0.227	-0.464	-0.891	0.229	3.670	-6.243	-0.226	-0.007	-0.752	0.094	-0.841	-0.134
Iraq	...	-0.730	-0.014	-0.207	0.098	-0.022	-0.429	1.151	-0.054	--	0.236	-0.166	-0.046	0.026	-0.168
Jordan	...	0.127	0.748	0.665	-0.542	1.215	0.087	-9.901	-0.813	-0.224	-0.445	0.405	-0.148	-18.451	-0.303
Lebanon	...	0.004	-0.180	1.685	0.138	0.065	-0.268	0.090	-0.045	0.408	-0.771	0.243	0.044	-0.269	0.002
Oman	...	0.240	-0.746	0.198	0.212	-0.032	0.129	2.027	-1.494	-0.082	-0.040	0.723	0.652	3.945	-0.099
Syrian Arab Republic	...	0.613	2.101	-0.430	0.020	-112.437	0.132	-1.778	-0.655	-0.151	-0.456	-0.032	-2.413	1.207	-2.579
Yemen Arab Republic	...	0.064	0.458	0.760	-29.590	2.116	-0.937	0.161	-1.691	-0.974	-0.880	0.299	0.393	0.166	-0.155
Yemen, P.D.R.	...	0.126	-0.122	0.157	-1.668	-0.295	-0.450	0.085	-0.230	0.033	-0.081	0.098	0.483	0.138	0.001
ARAB AFRICA	...	0.224	0.255	-0.483	0.673	-0.673	-0.529	1.350	-0.426	0.035	-0.129	-0.114	0.021	-0.129	-0.218
Algeria	...	-0.555	0.019	-0.159	0.020	-0.364	-0.967	-120.605	-0.157	-0.002	-0.083	-0.005	-0.042	-0.056	0.014
Egypt	...	-0.074	0.270	-0.422	1.639	0.012	-0.240	-0.258	-0.001	-0.939	0.044	-0.148	-6.773	-0.004	0.154
Mauritania	...	0.288	-0.533	0.018	-0.064	0.053	-0.241	0.113	-0.195	0.042	-0.133	0.640	-0.258	-2.017	-0.106
Morocco	...	0.025	0.034	0.447	0.044	-0.396	-2.688	0.085	-0.465	-0.038	0.149	0.206	-0.003	-0.320	-0.095
Somalia	...	0.046	0.784	-0.358	0.112	-5.300	-16.097	1.170	-1.237	-0.086	0.375	-0.635	-0.857	0.206	0.019
Sudan	...	0.029	-2.467	0.230	-0.650	-0.572	0.098	-0.795	-0.772	1.676	-0.094	-0.333	-0.187	-0.892	3.352
Tunisia	...	0.133	0.129	0.208	0.333	-0.355	0.152	-2.867	0.128	0.108	0.002	-0.002	-0.037	-0.072	0.006
TOTAL AID RECIPIENTS	...	0.291	0.437	-1.015	1.054	-1.207	1.144	2.120	-0.712	-0.161	-0.095	-0.233	0.134	-0.169	-0.397

Sources: Tables 32 and 37

The reverse holds for 1977 and 1979-80. During the latter half (1981-87), all the correlation coefficients were negative, except in 1985, and at relatively low levels, as nominal GNPs continued to rise slowly notwithstanding diminishing levels of financial assistance.

The Arab Middle East countries had positive correlation coefficients in all but four years (1981-82, 1984, and 1987). The coefficients were positive throughout the first seven years (1974-80) and well above unity, except in 1976 and 1979, as nominal GNPs grew on average faster than the increases in financial assistance. Starting in 1981, financial assistance flows declined continuously, whereas nominal GDPs continued to rise in most years. Arab African countries' GNPs grew in each of the years between 1973 and 1987, except in 1982. Hence the correlation coefficients followed the annual variations in financial assistance and were positive in six and negative in eight of the fourteen years.

(b) Correlations with changes in imports

Except for three years (1978, 1981, and 1985), annual variations in the level of imports of Arab recipient countries were positively correlated with changes in the levels of financial assistance accruing to them (Table 51). Also, except in 1977 and 1984, these positive coefficients were below unity. This confirms the expectation that an increase in financial assistance directly results in an increase of imports, but normally not for the full amount of the financial assistance.

The correlation coefficients of Arab Middle Eastern countries were positive in all years but for 1976 and 1981, and above unity in half of those years, indicating a relatively high propensity to import in those countries. Concerning Arab Africa, the coefficients were negative in five of the fourteen years, above unity in two and below unity in seven of the nine years with positive coefficients, showing a weaker link between imports and assistance flows.

(c) Correlations with changes in fixed investment

Partially because of incomplete statistics on certain recipient countries' investment in certain years, the relation between changes in the levels of investment and variations in levels of financial assistance is more ambiguous. For Arab recipient countries as a whole, the correlation coefficients were positive in eight of the fourteen years under study, and negative in the six other years (Table 52). In general, the bulk of the negative coefficients occurred in the latter half (1981-1987), as nominal investment levels tended to continue to grow over the years notwithstanding falling assistance flows.

Table 51: Correlation between the growth in total official assistance from Arab Countries and Agencies and the growth of imports of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.567	2.931	-0.246	9.561	9.552	0.391	7.901	-4.284	0.038	1.636	0.376	0.369	4.147	0.450
Bahrain	...	0.498	0.034	0.226	-0.337	-0.039	0.398	0.798	-8.187	0.555	-0.066	-1.893	0.208	-1.358	-0.126
Iraq	...	-1.168	-0.044	0.172	0.072	-0.009	-0.625	18.841	-0.487	--	1.338	0.114	-0.130	0.091	0.269
Jordan	...	0.379	1.244	0.855	-1.039	0.344	0.123	-7.459	-3.003	-0.087	1.035	0.794	0.069	13.981	-0.623
Lebanon	...	0.009	0.144	1.832	0.246	0.142	-0.698	0.172	-0.046	0.040	-0.096	0.180	0.025	0.000	-0.011
Oman	...	0.193	-1.701	-0.041	0.403	-0.112	0.107	1.318	-2.077	-0.284	0.142	0.676	0.720	3.390	0.170
Syrian Arab Republic	...	1.030	2.545	-1.563	0.210	42.946	0.262	-2.215	-1.742	0.517	-1.074	0.562	1.874	-2.820	0.815
Yemen Arab Republic	...	0.133	0.996	0.969	-139.803	0.995	-0.598	0.253	0.806	0.540	-0.519	0.166	0.803	0.137	-1.130
Yemen, P.D.R.	...	0.867	-0.425	0.035	-3.382	-0.112	-1.455	0.561	0.135	0.042	0.098	0.066	1.114	0.181	0.001
ARAB AFRICA	...	0.810	0.485	0.027	1.187	-0.823	0.180	1.486	-3.930	0.118	0.008	-0.017	-0.032	-0.086	0.169
Algeria	...	-0.956	0.041	0.090	0.044	-0.291	0.067	-110.840	-0.225	0.006	0.031	0.001	0.017	0.059	-0.080
Egypt	...	1.886	0.625	-0.039	4.698	-2.817	0.506	-0.269	-0.060	-0.267	0.056	-0.080	5.122	-0.051	0.190
Mauritania	...	-0.051	-0.531	0.012	-0.325	-0.262	-0.847	0.117	0.259	0.483	0.506	0.747	1.609	0.626	-0.061
Morocco	...	0.069	0.074	0.296	0.053	0.150	-3.179	0.102	0.153	0.063	0.220	-0.169	-0.002	0.014	-0.078
Somalia	...	0.070	0.242	-0.012	0.235	-1.473	-2.473	0.928	-1.073	-0.523	-0.678	0.940	0.242	-1.352	0.288
Sudan	...	0.033	-2.942	0.136	-0.252	-0.455	-0.036	-3.457	0.045	0.952	0.060	0.208	-0.287	-0.872	-1.739
Tunisia	...	0.333	0.154	0.492	0.493	-0.334	0.258	-3.028	-0.200	0.300	0.156	0.007	0.260	-0.054	0.003
TOTAL AID RECIPIENTS	...	0.706	0.684	0.280	1.913	-0.960	0.548	4.174	-4.021	0.080	0.797	0.105	-0.443	0.172	0.301

Sources: Tables 32 and 38

Table 52: Correlation between the growth in total official assistance from Arab Countries and Agencies and the investment growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.289	8.294	1.746	6.264	24.865	0.232	4.091	-4.810	-0.285	4.742	-0.206	-0.023	6.096	0.011
Bahrain	...	--	--	0.536	-0.627	-0.250	-0.129	0.162	-5.017	-0.329	0.356	1.158	0.374	-1.080	0.140
Iraq	...	-0.628	-0.057	-0.245	0.062	-0.037	-0.321	5.579	-0.469	--	3.076	--	--	--	--
Jordan	...	0.290	1.003	1.158	-1.212	0.995	0.124	-12.030	-2.668	0.033	3.007	0.834	0.190	-11.979	-0.011
Lebanon	...	-0.016	--	--	0.143	-0.002	-0.203	0.015	0.291	0.886	1.207	--	--	--	--
Oman	...	0.241	-0.866	0.182	-0.167	0.077	0.077	1.313	-0.525	-0.666	-0.086	1.575	0.213	14.233	--
Syrian Arab Republic	...	0.951	4.718	-1.665	0.377	39.888	0.109	-3.596	-0.632	-0.168	-0.511	-0.201	-5.561	1.587	-0.062
Yemen Arab Republic	...	0.132	0.581	2.240	-102.422	1.724	-0.363	0.125	-1.274	0.141	2.547	1.011	1.149	0.581	-0.536
Yemen, P.D.R.	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA	...	0.294	0.805	-0.878	1.002	-1.092	0.052	0.476	-1.323	-0.132	-0.202	-0.037	0.013	-0.157	0.116
Algeria	...	-0.310	0.052	-0.250	0.029	-0.515	-0.071	-40.684	-0.073	-0.008	-0.076	-0.003	-0.021	-0.094	-0.019
Egypt	...	0.490	1.127	-0.246	4.601	-3.072	0.252	-0.097	-0.019	-0.698	0.072	-0.081	-5.738	-0.022	-0.033
Mauritania	...	-0.040	-1.956	0.052	0.215	-1.280	-0.926	0.358	-0.589	0.393	-0.035	-1.023	-12.875	--	--
Morocco	...	0.035	0.204	3.575	0.067	0.136	-2.137	0.074	-0.128	-0.174	0.245	0.266	0.001	-0.261	-0.031
Somalia	...	0.195	-0.076	-0.391	0.263	4.563	2.352	0.342	-0.324	0.387	0.180	-0.338	-2.773	--	--
Sudan	...	0.033	-4.081	1.122	-0.086	0.145	-0.112	3.769	-0.553	5.455	--	--	--	--	--
Tunisia	...	0.097	0.344	0.893	0.488	-0.384	0.147	-1.282	-0.237	-0.177	0.120	-0.014	0.205	0.046	-0.005
TOTAL AID RECIPIENTS	...	0.279	1.382	-2.696	1.469	-1.580	0.297	1.653	-2.837	-0.208	1.763	-0.092	0.144	-0.095	0.103

Sources: Tables 32 and 39

This is particularly true for Arab Middle Eastern countries. The correlation coefficients were systematically positive during 1974-80 and on average far above unity, pointing to a faster growth in investment than in Arab aid flows. Individual country data are however less sanguine. The coefficients were negative in four of the seven years of the second half (1981-87), i.e., when investment continued to grow notwithstanding falling aid levels. The same trends in aggregate prevail for Arab African countries, though less forcefully.

2. Net private unrequited transfers

(a) Correlations with changes in GNPs

Changes in net private unrequited transfers of Arab aid recipient countries, the bulk of which consist of workers' remittances, were closely correlated with GNP growth between 1974 and 1980, as both grew year after year in tandem. As remittances fell in 1981-82 and again in 1985-86, whereas nominal GNPs continued to grow, negative correlation coefficients appeared in those four years (Table 53).

Because of the relatively large importance as a percentage of their GNP, private unrequited transfers were positively correlated with GNP in all years but one for P.D.R. of Yemen, and in all years but two for the Yemen Arab Republic. Concerning Jordan, they were continuously positively correlated between 1974 and 1982, while being mostly negatively correlated afterwards.

(b) Correlations with changes in imports

Changes in levels of imports and remittances of Arab recipient countries were positively correlated in nine of the fourteen years under review (Table 54). As both generally grew very strongly from 1973 through 1980, correlations were systematically positive, except in 1976, because of a small dip in imports in that year. During the second half of the period (1981-87), private unrequited transfers fluctuated against a background of continuously declining imports after 1982, resulting in four years of negative and three years of positive correlations.

Because of the relatively large share of remittances as a percentage of imports, the correlation coefficients were positive in all but two years for the Yemen Arab Republic, and in all but three years for the Arab Republic of Egypt, Jordan, P.D.R. of Yemen and, more surprisingly, Tunisia.

Table 53: Correlation between the growth in net private unrequited transfers and the GNP growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	1.273	-0.673	0.011	0.377	0.495	1.732	4.838	-0.656	-4.070	-0.223	-0.665	0.031	0.025	1.152
Bahrain	...	--	--	-0.628	1.559	0.602	-0.425	--	0.993	0.488	0.063	0.072	-0.063	-0.719	-1.245
Iraq	...	1.033	-0.492	-0.212	--	--	--	--	--	--	--	--	--	--	--
Jordan	...	0.334	0.274	0.218	4.111	2.802	2.463	0.959	0.224	5.082	-2.804	-0.375	-0.222	0.890	-0.227
Lebanon	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Oman	...	--	0.475	4.327	11.980	-0.525	2.168	1.322	0.862	0.236	0.079	0.615	1.257	4.186	-0.719
Syrian Arab Republic	...	3.153	1.705	5.977	0.016	0.035	0.428	-1.349	-0.339	-0.202	-0.954	-0.031	-2.138	-0.680	-10.582
Yemen Arab Republic	...	--	0.253	0.211	0.698	-6.395	8.647	1.087	-0.394	1.412	0.422	0.499	0.359	0.149	0.129
Yemen, P.D.R.	...	0.664	-0.177	0.323	0.513	0.421	0.837	1.025	0.732	0.619	1.710	2.267	0.434	0.431	0.967
ARAB AFRICA	...	0.646	0.580	0.355	2.625	0.263	0.949	1.145	-0.262	0.585	0.101	1.059	-0.375	5.885	0.262
Algeria	...	-8.746	1.487	1.533	-0.651	4.085	4.023	-2.427	0.481	0.136	-0.265	-0.315	0.108	0.055	-0.128
Egypt	...	-0.041	0.552	0.192	0.528	-0.002	0.836	1.113	-0.067	0.845	0.212	1.112	-0.515	-0.052	0.072
Mauritania	...	-3.332	0.435	0.647	-0.154	-0.257	0.223	-0.810	-0.154	0.007	-1.445	0.294	-1.020	1.694	-1.044
Morocco	...	0.570	0.271	0.834	1.976	0.666	0.733	0.893	11.353	-0.087	-1.980	2.333	-0.142	0.602	1.033
Somalia	...	0.724	-0.595	-0.541	0.264	0.006	-0.250	0.877	-8.413	0.113	-0.539	0.063	0.351	-0.936	-0.053
Sudan	...	-1.887	-0.461	0.008	48.958	0.167	0.259	0.120	0.456	0.460	-0.068	1.935	2.098	-0.394	0.363
Tunisia	...	1.885	0.934	-1.365	0.697	0.501	0.619	2.075	-0.454	-0.390	0.024	0.055	-0.126	0.173	0.250
TOTAL AID RECIPIENTS	...	0.966	0.953	0.121	0.862	0.336	1.232	1.489	-0.459	-1.907	0.074	3.050	-0.114	-1.195	0.470

Sources: Tables 35 and 37

Table 54: Correlation between the growth in net private unrequited transfers and the growth in imports of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	1.808	-0.800	-0.008	0.708	0.169	2.097	15.382	-2.429	0.318	-13.914	0.719	0.179	0.571	-0.804
Bahrain	...	--	--	-0.626	1.134	0.027	-0.737	-379.738	1.302	-1.198	0.571	0.180	-0.140	-1.161	-1.164
Iraq	...	1.652	-1.555	0.177	--	--	--	--	--	--	--	--	--	--	--
Jordan	...	0.997	0.456	0.280	7.883	0.794	3.484	0.723	0.829	1.986	6.526	-0.736	0.104	-0.674	-0.466
Lebanon	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Oman	...	--	1.083	-0.906	22.759	-1.827	1.809	0.859	1.198	0.815	-0.283	0.576	1.387	3.597	1.237
Syrian Arab Republic	...	5.294	2.065	21.726	0.162	-0.013	0.846	-1.681	-0.903	0.692	-2.248	0.550	1.660	1.588	3.345
Yemen Arab Republic	...	--	0.551	0.270	3.297	-3.008	5.522	1.708	0.188	-0.782	0.249	0.278	0.734	0.123	0.941
Yemen, P.D.R.	...	4.567	-0.619	0.072	1.041	0.160	2.707	6.786	-0.430	0.785	-2.066	1.514	1.001	0.563	0.703
ARAB AFRICA	...	2.341	1.103	-0.020	4.629	0.322	-0.323	1.261	-2.416	1.969	-0.006	0.161	0.588	3.887	-0.202
Algeria	...	-15.063	3.213	-0.869	-1.438	3.266	-0.278	-2.231	0.690	-0.333	0.100	0.050	-0.045	-0.057	0.746
Egypt	...	1.048	1.276	0.018	1.514	0.472	-1.761	1.159	-4.073	0.240	0.271	0.601	0.389	-0.710	0.088
Mauritania	...	0.592	0.434	0.445	-0.779	1.263	0.782	-0.837	0.204	0.075	5.504	0.342	6.375	-0.525	-0.607
Morocco	...	1.576	0.578	0.552	2.361	-0.252	0.867	1.081	-3.722	0.145	-2.932	-1.923	-0.114	-0.027	0.846
Somalia	...	1.094	-0.184	-0.018	0.554	0.002	-0.038	0.696	-7.298	0.687	0.974	-0.093	-0.099	6.155	-0.819
Sudan	...	-2.126	-0.550	0.004	18.963	0.133	-0.095	0.522	-0.027	0.261	0.043	-1.212	3.218	-0.385	-0.188
Tunisia	...	4.727	1.113	-3.220	1.032	0.471	1.049	2.191	0.711	-1.080	2.203	-0.178	0.888	0.132	0.144
TOTAL AID RECIPIENTS	...	2.342	1.491	-0.033	1.565	0.267	0.590	2.931	-2.593	0.945	-0.621	-1.378	0.375	1.218	-0.357

Sources: Tables 35 and 38

(c) Correlations with changes in investment levels

The now classical distinction between the first and second halves of the period under study is again relevant here. Because both private transfers and fixed investment grew strongly during 1974-80, their correlation coefficients were positive throughout this period (Table 55). Furthermore, the coefficients were on average slightly above unity, indicating an increase at roughly the same rate. The coefficients were negative in all years of the second half, except 1984, but the analysis is distorted by the lack of investment data for a number of countries in the final years of the period. Excluding a few exceptional years, the same holds for the individual recipient countries.

3. Total financial assistance and private unrequited transfers

(a) Correlation with changes in GNP

Changes in nominal GNPs of Arab aid recipient countries were positively correlated with the growth of financial assistance and remittances from 1974 through 1980 (Table 56). The coefficients were below unity, but rising, between 1974 and 1977, indicating a faster growth in financial flows than in GNPs in this early period, but with GNP growth rates gradually catching up. The coefficients were above unity in 1978-80, as growth in GNPs surpassed that of financial flows. For the subperiod 1981-87, the coefficients were negative throughout as nominal GNPs continued to rise notwithstanding falling levels of financial flows, except for 1983 and 1987, because financial flows rose slightly in those two years.

For Arab Middle Eastern countries, the correlation is even closer, with an inverse relationship occurring only in four years (1981-82, 1984, and 1987). The Arab countries in Africa as a group experienced negative coefficients also in the first subperiod, namely 1976 and 1979, essentially because falls in the flows to the Arab Republic of Egypt. As might be expected, the countries with the highest ratios of financial flows to GNP (People's Democratic Republic of Yemen, Jordan, and the Yemen Arab Republic) had the largest number of years with positive correlations.

(b) Correlations with changes in imports

The Arab recipients' growth in imports were positively correlated with changes in financial flows in ten years out of the fourteen under study (Table 57). The exceptions were 1976 (small dip in imports while flows rose), 1981 (strong growth in imports notwithstanding a fall in financial flows), and 1983 and 1987 (fall in imports while flows rose). During the first subperiod (1974-80), the coefficients showed a rising trend, indicating that the growth in imports generally tended to surpass the rise in financial flows. All the positive coefficients in the second subperiod were relatively low, hovering between 0.16 and 0.63, as imports fell more slowly than the drop in financial flows.

Table 55: Correlation between the growth in net private unrequited transfers and investment growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.921	-2.263	0.057	0.464	0.439	1.244	7.965	-2.728	-2.396	-40.339	-0.393	-0.011	0.839	-0.020
Bahrain	...	--	--	-1.485	2.107	0.169	0.239	-77.024	0.798	0.710	-3.059	-0.110	-0.252	-0.924	1.296
Iraq	...	0.888	-2.015	-0.251	--	--	--	--	--	--	--	--	--	--	--
Jordan	...	0.765	0.368	0.379	9.193	2.295	3.512	1.166	0.737	-0.759	18.965	-0.774	0.284	0.578	-0.008
Lebanon	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Oman	...	--	0.551	3.970	-9.441	1.256	1.297	0.856	0.303	1.910	0.171	1.341	0.411	15.100	--
Syrian Arab Republic	...	4.892	3.828	23.151	0.291	-0.013	0.353	-2.729	-0.327	-0.225	-1.070	-0.196	-4.926	-0.894	-0.255
Yemen Arab Republic	...	--	0.321	0.623	2.416	-5.212	3.352	0.841	-0.297	-0.204	-1.221	1.686	1.050	0.524	0.447
Yemen, P.D.R.	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA	...	0.849	1.830	0.645	3.907	0.427	-0.093	0.404	-0.813	-2.200	0.159	0.346	-0.232	7.143	-0.139
Algeria	...	-4.881	4.042	2.406	-0.958	5.781	0.295	-0.819	0.225	0.462	-0.244	-0.210	0.053	0.092	0.176
Egypt	...	0.272	2.301	0.112	1.483	0.514	-0.879	0.416	-1.281	0.628	0.350	0.612	-0.436	-0.303	-0.015
Mauritania	...	0.461	1.597	1.850	0.515	6.171	0.855	-2.569	-0.465	0.061	-0.378	-0.469	-51.000	--	--
Morocco	...	0.798	1.598	6.672	2.977	-0.229	0.583	0.778	3.124	-0.400	-3.267	3.025	0.052	0.491	0.332
Somalia	...	3.058	0.058	-0.590	0.620	-0.005	0.037	0.256	-2.205	-0.508	-0.258	0.034	1.135	--	--
Sudan	...	-2.127	-0.763	0.037	6.444	-0.042	-0.297	-0.569	0.326	1.497	--	--	--	--	--
Tunisia	...	1.373	2.488	-5.847	1.021	0.543	0.598	0.928	0.843	0.636	1.695	0.330	0.702	-0.111	-0.231
TOTAL AID RECIPIENTS	...	0.926	3.014	0.321	1.202	0.439	0.320	1.161	-1.829	-2.467	-1.375	1.204	-0.122	-0.672	-0.122

Sources: Tables 35 and 39

Table 56: Correlation between the growth in total official assistance and private unrequited transfers and the GNP growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.471	7.060	0.102	0.914	1.084	0.568	3.075	-0.893	-0.721	0.052	-0.452	0.041	0.048	-1.640
Bahrain	...	0.014	-0.326	-0.191	-0.267	0.064	-0.106	0.344	-0.524	-0.051	-0.000	-0.085	0.026	-0.615	0.151
Iraq	...	1.098	0.003	-0.207	0.098	-0.022	-0.429	1.151	-0.054	--	0.236	-0.166	-0.046	0.026	-0.168
Jordan	...	0.165	0.504	0.379	-1.201	1.850	0.195	4.177	1.191	-0.439	-0.829	-2.341	-0.186	1.422	-0.247
Lebanon	...	0.004	-0.180	1.685	0.138	0.065	-0.268	0.090	-0.045	0.408	-0.771	0.243	0.044	-0.269	0.002
Oman	...	3.230	-0.046	-0.621	-0.151	0.004	-0.527	0.516	0.164	0.051	0.051	0.609	1.339	4.204	-1.312
Syrian Arab Republic	...	0.675	2.067	-0.467	0.020	0.325	0.193	-1.606	-0.502	-0.164	-0.550	-0.032	-2.311	26.496	-3.251
Yemen Arab Republic	...	0.023	0.311	0.284	0.923	-21.627	-6.833	0.553	-0.490	5.742	0.628	0.445	0.364	0.152	0.193
Yemen, P.D.R.	...	0.312	-0.149	0.219	1.845	6.661	1.780	0.493	2.756	0.257	-0.417	0.888	0.438	0.351	0.187
ARAB AFRICA	...	0.324	0.323	-1.805	1.000	1.564	-5.574	1.191	-0.290	0.115	0.153	-4.821	-7.188	-0.933	0.312
Algeria	...	-2.393	0.397	-0.954	1.262	-1.053	26.250	-2.755	1.065	-0.032	0.106	-0.191	0.063	0.071	-0.123
Egypt	...	-0.066	0.300	-0.824	0.942	-0.007	-0.880	2.029	-0.064	0.829	0.219	0.958	-0.511	-0.059	0.073
Mauritania	...	0.134	-0.338	-0.001	-0.059	0.041	-0.188	0.067	-0.207	--	-0.105	1.555	-0.199	-1.120	-0.074
Morocco	...	0.486	0.195	0.723	0.222	-1.780	1.181	0.274	-1.268	-0.054	0.404	0.965	-0.032	-188.680	3.171
Somalia	...	0.055	0.881	-0.360	0.114	0.364	-0.617	1.085	-1.574	-0.234	0.424	0.584	0.417	0.408	-0.035
Sudan	...	0.041	-2.267	0.189	-0.717	-1.627	0.119	1.793	-6.142	0.704	-0.084	-0.559	-0.751	-0.554	0.926
Tunisia	...	1.003	0.454	1.022	0.506	6.391	0.389	4.226	2.622	-1.760	0.010	-0.201	-0.086	0.297	0.170
TOTAL AID RECIPIENTS	...	0.408	0.520	0.728	0.965	1.303	1.192	1.715	-0.543	-0.328	0.210	-1.020	-0.191	-0.440	0.974

Sources: Tables 36 and 37

Table 57: Correlation between the growth in total official assistance and private unrequited transfers and the growth of imports of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.669	8.386	-0.072	1.717	0.370	0.688	9.777	-3.307	0.056	3.237	0.489	0.240	1.097	1.145
Bahrain	...	0.498	-0.011	-0.191	-0.195	0.003	-0.183	0.075	-0.687	0.126	-0.000	-0.214	0.058	-0.992	0.141
Iraq	...	-1.755	0.008	0.172	0.072	-0.009	-0.625	18.841	-0.487	--	1.338	0.114	-0.130	0.091	0.269
Jordan	...	0.492	0.839	0.488	-2.303	0.524	0.276	3.147	4.400	-0.172	1.930	-4.591	0.087	-1.078	-0.507
Lebanon	...	0.009	0.144	1.832	0.246	0.142	-0.698	0.172	-0.046	0.040	-0.096	0.180	0.025	0.000	-0.011
Oman	...	2.603	-0.104	0.130	-0.287	0.015	-0.440	0.335	0.228	0.175	-0.181	0.570	1.478	3.613	2.259
Syrian Arab Republic	...	1.133	2.504	-1.696	0.204	-0.124	0.383	-2.001	-1.334	0.559	-1.297	0.558	1.794	-61.902	1.028
Yemen Arab Republic	...	0.048	0.676	0.363	4.363	-10.172	-4.363	0.870	0.234	-3.181	0.370	0.248	0.745	0.125	1.403
Yemen, P.D.R.	...	2.148	-0.521	0.049	3.740	2.529	5.754	3.261	-1.619	0.325	0.504	0.593	1.012	0.458	0.136
ARAB AFRICA	...	1.174	0.614	0.100	1.764	1.913	1.899	1.312	-2.677	0.388	-0.010	-0.732	11.268	-0.616	-0.241
Algeria	...	-4.122	0.859	0.540	2.790	-0.842	-1.814	-2.532	1.527	0.079	-0.040	0.030	-0.026	-0.074	0.717
Egypt	...	1.684	0.693	-0.077	2.700	1.733	1.854	2.114	-3.905	0.236	0.280	0.518	0.387	-0.797	0.089
Mauritania	...	-0.024	-0.337	-0.000	-0.299	-0.203	-0.660	0.069	0.274	--	0.401	1.815	1.243	0.347	-0.043
Morocco	...	1.343	0.418	0.479	0.265	0.672	1.397	0.331	0.416	0.090	0.599	-0.796	-0.026	8.423	2.597
Somalia	...	0.084	0.272	-0.012	0.239	0.101	-0.095	0.861	-1.365	-1.419	-0.766	-0.865	-0.118	-2.684	-0.537
Sudan	...	0.046	-2.704	0.112	-0.278	-1.293	-0.044	7.794	0.361	0.400	0.054	0.350	-1.153	-0.541	-0.480
Tunisia	...	2.516	0.540	2.412	0.749	6.004	0.659	4.463	-4.107	-4.875	0.892	0.645	0.605	0.226	0.098
TOTAL AID RECIPIENTS	...	0.989	0.814	-0.201	1.753	1.036	0.571	3.376	-3.065	0.162	-1.768	0.461	0.632	0.449	-0.739

Sources: Tables 36 and 38

The Arab Middle Eastern countries experienced only two years with negative coefficients, 1976 and 1981, compared with five years for the Arab African countries, all of which occurred in the second subperiod. Countries with relatively high import covers generally intended to have a low number of years with negative coefficients.

(c) Correlations with changes in fixed investment

The division between the two subperiods is episodic here: systematic positive correlation coefficients in the first half, and consistent negative ones in the second half (Table 58). This partly masks another phenomenon: investment has tended to perfectly follow rises or falls in financial flows with about a one to two years lag. Total assistance from Arab sources plus remittances grew continuously from 1973 to 1980, investment increased uninterruptedly from 1973 to 1982. Flows fell in 1981-82, rose in 1983, decreased again in 1984-86, and rose in 1987. Investment fell in 1983, increased in 1984-86, and fell again in 1987. This confirms that a relatively large part of financial flows to Arab recipient countries was used for public or private investment purposes.

Table 58: Correlation between the growth in total official assistance and private unrequited transfers and the investment growth of Arab recipient countries, 1974-1987

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
ARAB MIDDLE EAST	...	0.341	23.727	0.511	1.125	0.962	0.408	5.063	-3.713	-0.425	9.384	-0.268	-0.015	1.613	0.029
Bahrain	...	--	--	-0.452	-0.362	0.018	0.059	0.015	-0.421	-0.074	0.002	0.131	0.105	-0.790	-0.157
Iraq	...	-0.943	0.010	-0.246	0.062	-0.037	-0.321	5.579	-0.469	--	3.076	--	--	--	--
Jordan	...	0.378	0.677	0.660	-2.686	1.515	0.279	5.076	3.910	0.066	5.609	-4.827	0.239	0.923	-0.009
Lebanon	...	-0.016	--	--	0.143	-0.002	-0.203	0.015	0.291	0.886	1.207	--	--	--	--
Oman	...	3.250	-0.053	-0.570	0.119	-0.011	-0.315	0.334	0.058	0.410	0.109	1.327	0.438	15.167	--
Syrian Arab Republic	...	1.047	4.641	-1.807	0.366	-0.115	0.160	-3.248	-0.484	-0.182	-0.617	-0.199	-5.324	34.831	-0.078
Yemen Arab Republic	...	0.048	0.395	0.839	3.196	-17.627	-2.649	0.428	-0.370	-0.831	-1.817	1.507	1.065	0.533	0.666
Yemen, P.D.R.	...	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ARAB AFRICA	...	0.426	1.019	-3.279	1.489	2.537	0.549	0.420	-0.901	-0.434	0.240	-1.575	-4.447	-1.132	-0.165
Algeria	...	-1.336	1.081	-1.497	1.858	-1.491	1.922	-0.929	0.499	-0.109	0.098	-0.127	0.031	0.119	0.169
Egypt	...	0.437	1.250	-0.481	2.644	1.890	0.925	0.759	-1.228	0.616	0.361	0.527	-0.433	-0.340	-0.016
Mauritania	...	-0.019	-1.240	-0.002	0.198	-0.992	-0.721	0.212	-0.625	--	-0.028	-2.487	-9.942	--	--
Morocco	...	0.680	1.154	5.787	0.334	0.613	0.939	0.238	-0.349	-0.247	0.667	1.252	0.012	-153.780	1.018
Somalia	...	0.234	-0.086	-0.393	0.267	-0.314	0.090	0.317	-0.413	1.049	0.203	0.311	1.351	--	--
Sudan	...	0.046	-3.750	0.924	-0.094	0.413	-0.137	-8.497	-4.397	2.291	--	--	--	--	--
Tunisia	...	0.731	1.209	4.380	0.741	6.918	0.376	1.890	-4.865	2.870	0.687	-1.197	0.478	-0.191	-0.157
TOTAL AID RECIPIENTS	...	0.391	1.645	1.935	1.345	1.706	0.310	1.337	-2.162	-0.424	-3.915	-0.403	-0.206	-0.247	-0.253

Sources: Tables 36 and 39

VI. Conclusion

Arab donor countries, in a spirit of solidarity with other developing countries, started providing aid very early on in their development process. From 1973 through 1980, financial assistance increased very rapidly in line with rising government revenues. A large part of this assistance was granted unconditionally, allowing recipient countries to implement their own development process. Initially, these aid flows were to a large extent directed to neighboring countries, with whom the donor countries had the closest economic, social, and religious ties. With the benefit of experience in development finance over the years, the number of beneficiary countries widened and the distribution of assistance among them became more equitable. Also, Arab donors set up a number of national, regional, and multilateral agencies during those years and *sharply augmented their contributions to multilateral aid agencies with broad membership.*

The decade of the 1980s saw a reversal of this trend as the weakening of the international oil market resulted in a sharp drop in Arab donor government revenues and the appearance of balance of payments difficulties for certain donor countries. Also, one of the donors became involved in a war with another neighboring country which lasted for most of the decade. Forced to cut down on their own public expenditures and to adopt austerity measures in an attempt to consolidate their internal and external positions, Arab donor countries gradually reduced disbursements of financial assistance, which by 1987 had dropped to about one fourth of its peak in 1980.

Although the absolute amounts of Arab donors' assistance has declined in recent years, their contribution as a share of their combined GNPs remains by far the most generous among the major donor groups and well above the target set in the 1970s by the United Nations, which is "remarkable considering the prevailing adverse economic and financial circumstances faced by this group of donor developing countries." ^{1/}

The national and multilateral agencies set up by Arab donors have over the years vastly increased their capacity for appraising and administering their own loans. Also, driven by a philosophy that development policies are in general best evaluated by the economic and political institutions of the countries themselves, they have displayed creativity in trying to meet their borrowers' special needs. Cooperation among donors and the cofinancing of projects have increased over the years, in particular since the diminishing resources in the 1980s made it all the more necessary to concentrate assistance on the most worthwhile projects.

^{1/} The OPEC Fund for International Development, Annual Report 1988, p. 11.

The Arab recipient countries absorbed approximately 62 percent of total net disbursements of financial assistance by Arab donor countries between 1973 and 1987. The bulk of this assistance was extended bilaterally, of which a significant part consisted of general support assistance, often following decisions taken at Arab Summit Meetings or other developments in the Arab world. These aid flows represented a noticeably large part of most of these recipient countries' GNPs, imports, and fixed investment, and thereby contributed positively to their economic development.

The economic development of both Arab donors and recipients during this period was also heavily influenced by the migration of labor. Because of their sparse population and low participation rates to the labor force, most Arab donor countries imported labor on a large scale to promote their very rapid economic development. The major part of this labor was provided by nationals of the Arab recipient countries. The ensuing workers' remittances were about one and a half times larger than total financial assistance extended by Arab donors between 1973 and 1987. During this period these two financial flows taken together represented on average about 6 percent of the Arab recipient countries' GNPs, nearly one fifth of their imports, and more than 20 percent of their total investment. For a number of recipient countries, these ratios were much higher than that, even surpassing 100 percent by a wide margin for certain countries in certain years. These flows undoubtedly accelerated the recipient countries' economic development far beyond what would have otherwise been possible. Their GDP growth rates were in general much higher than those of LDCs as a group and their investment was sustained throughout the period. In fact it allowed most of these countries to graduate to the group of middle-income countries.

These flows also brought some negative side effects. They created entrenched consumption habits, a high dependency on imported goods, often unrealistically overvalued exchange rates disfavoring the promotion of home-grown export or import substitution industries, and a higher degree of vulnerability to external shocks. These weaknesses brought the economies of a large number of Arab recipient countries under strain when assistance flows started to fall markedly in the 1980s. Many of them had to adopt stringent adjustment programs by the late 1980s to redress their economic situation.

These adjustment programs aim to unburden the recipient countries from the negative aspects of the plenitude of financial flows of the 1970s, so that they may become leaner and fitter. But their economic advancement was nonetheless due to a large extent to the generosity of the Arab donors. This proved that cooperation and important resource transfers can have an everlasting impact.

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