

The Development Record and the Effectiveness of Foreign Aid – Update

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ABSTRACT

Some critics of U.S. foreign aid argue that there has been little or no progress in the developing world, therefore foreign aid has been ineffective. In response to these arguments, Crosswell (1998) examined the development record from 1965 to 1995 and concluded that the critics' arguments were invalid because the premise was false. Development progress had been widespread and significant. Countries making little or no progress accounted for only about 20% of the population of the developing world (excluding China). In view of persistent critiques along the same lines, the current paper updates this analysis and extends it to include formerly Communist countries. The earlier conclusions hold even more strongly. Progress – particularly in terms of economic growth and poverty reduction – has accelerated sharply since 1995. This does not by itself prove that foreign aid has been effective. However it provides important circumstantial evidence, and refutes the line of argument cited above. The paper concludes with a caution to judge foreign aid by the purposes for which it is intended, which often are distinct from development progress.

INTRODUCTION

Some critics of U.S. foreign aid like to argue that there has been little or no progress in the developing world, therefore foreign aid has been ineffective.

These critiques came to the fore during the mid-1990's, particularly from conservatives who – with the demise of Communism, no apparent remaining threats to national security, and a general enthusiasm for reducing the role of government – were eager to cut back on foreign aid and other seemingly superfluous forms of official international engagement. The Heritage Foundation's initial 1995 survey of economic freedom claimed “Not only has U.S. development aid been wasted, it has actually retarded economic development in the countries that receive it. Not one country receiving foreign aid has succeeded in developing sustained economic growth.” [Johnson (1995)] A later attack by the CATO Institute alleged “Few programs have consumed as many resources with as few positive results as foreign aid....the recipients of that largesse have, by and large, failed to grow economically and develop democratically.” [Bandow (1997)] Looking forward, these critics saw only dim prospects for successful development, and little or no role for foreign aid.

On the basis of these claims, congressional critics attacked foreign aid complaining that “poor countries are still poor” and that few countries had ‘graduated’ from dependence on foreign aid. One Senator argued that foreign aid had largely been “poured down ratholes,” and was now “an obsolete relic of the Cold War.” (With this view of the role of foreign aid during the Cold War, why would one expect development progress in the first place?)

These arguments followed the same logical structure -- recipients of foreign aid had failed to make progress, therefore foreign aid had failed. The logic seemed reasonable -- if the premise held, the conclusion would follow.^a

^a The discussion at the end of this paper points out instances where the logical structure of the argument is not valid,

In fact, the premise was false and remains false. The original edition of this paper examined the extent of development progress (and non-progress) from the 1960s through 1995, paying particular attention to the criticisms cited above. [Crosswell (1998)] It demonstrated that these critiques were largely without empirical foundation. Development performance on the whole had been positive, with much more success than failure, and much more progress than stagnation or decline. Prospects appeared to be good.

This did not by itself demonstrate the effectiveness of foreign aid. There remained the possibility that while much progress had been achieved, foreign aid had little or nothing to do with it. Nonetheless, the fact of widespread development progress provided powerful *circumstantial* evidence for the effectiveness of foreign aid. And, it clearly refuted the arguments made by politically prominent critics of foreign aid.

Ten years later the issues of development progress and aid effectiveness are still alive and worth revisiting. The national security arguments for foreign aid in support of development progress are stronger than ever. Indeed, with the global war on terror “development” has been elevated to a pillar of U.S. national security, along side defense and diplomacy. [U.S. National Security Council (2002)]

Nonetheless, critics continue to allege that efforts at development progress have failed. The Heritage Foundation’s Helle Dale recently declared that “As far as foreign aid is concerned ...the problem is, as correctly identified by the HELP Commission, that billions of U.S. dollars have been spent on foreign assistance with very little or no change in poverty worldwide.” [Dale (2007)]^b The American Enterprise Institute claimed “Foreign aid programs of the past decades have attempted to reduce poverty while introducing necessary reforms in recipient countries through conditionality ... It is now generally agreed that these programs have failed. Recipient governments have pretended to reform, and donors have pretended to penalize them, while poverty has gotten worse.” [American Enterprise Institute (2007)] Within the U.S. government, an analysis by the Office of Management and Budget argued that “Assistance has yielded poor results in terms of economic development over the past 40 years.....most of the top 34 nations receiving assistance [from the U.S. during 1962-02] are not much nearer to sustained economic growth than they were when our aid operations began.” [U.S. Office of Management and Budget (2004)] This helped lead to a reform of U.S. foreign aid in 2006 that was justified by the argument that “Decades of massive development assistance have failed to spur economic growth in the poorest countries...Results of aid are typically measured in dollars spent by donors, not in the rates of growth and poverty reduction achieved by recipients. These are the indicators of a failed strategy.” [Tobias (2006)] From academia, publications such as “The Elusive Quest for Growth” explain “why economists’ attempts to help poorer countries improve their economic well-being have failed”. [Easterly (2002)]

Ironically, *defenders* of foreign aid have also painted an overly bleak picture of development progress, typically in making a well-intentioned but inaccurate case for more aid -- one that ignores

namely when foreign aid is for purposes other than development progress at the country level.

^b This mischaracterizes not only the development record, but also the HELP Commission report, which said no such thing. See HELP Commission (2007).

or downplays progress for the sake of emphasizing persistent and dire need. For instance, recent arguments in favor of vast increases in aid focused on the Millennium Development Goals are based on the notion that poor countries are caught in “poverty traps”, such that economic growth is infeasible without first sharply reducing poverty. [Sachs (2005)] While these arguments might increase political support for foreign aid in some quarters, they have tended to misdirect the allocation of aid within countries, to the detriment of both development progress and poverty reduction. [Crosswell (2005)]

The remainder of this paper is organized as follows. We first review some of the main findings of our original paper covering development progress up to 1995. We then look at development progress since 1995 for largely the same set of developing countries in terms of economic growth, poverty reduction, political and economic freedom, and social indicators. We then examine the record of countries making the transition from Communism – a group mentioned only in passing in the earlier paper. Finally, we revisit the record of the top recipients of U.S. foreign assistance, with an eye to whether these countries have progressed. We conclude with a brief discussion of the need to judge foreign aid based on the purposes for which it is intended, which often are distinct from development progress.

THE DEVELOPMENT RECORD TO 1995

The findings in Crosswell (1998) were based on an examination of the record over three decades of 90 countries, comprising three billion people in 1995. With one exception (South Africa) all were considered developing countries by aid donors during the 1960s and 1970s, and all had been foreign aid recipients. Together they received \$120 billion in U.S. bilateral economic aid between 1962 and 1990. Since the explicit concern was with foreign aid recipients, the analysis excluded countries that were largely outside the sphere of development cooperation over that period, such as China, Iraq, Iran, Syria, Lebanon, and Libya. The analysis also excluded a number of very small countries, many of them islands. Tables 1 and 2 contain some of the key data from Crosswell (1998). The paper posed and addressed the following questions:

1. Have foreign aid recipients been able to sustain economic growth?

Looking at the period from 1965 to 1990, 41 countries, inhabited by more than 2.1 billion people, achieved significantly positive average annual rates of economic growth in per capita income, ranging from 1.3 to 8.4 per cent.^c The average growth rate for these countries was 3.3%.

Of the remaining countries, some realized greater success more recently. For 1985-95, an additional sixteen countries (280 million people) achieved significantly positive growth.

^c The lower bound of 1.3% as significant economic growth was based on two criteria. First, this was the growth rate of the major industrial countries over 1985-95, and thus provided for at least keeping up with the developed countries. Second, based on estimates of the links between growth and poverty reduction, growth at 1.3% was consistent with the target of cutting poverty (i.e. the percentage of the population below the poverty line) by one half over a twenty-five year period. A third consideration was that growth at 1.3% is impressive by historical standards.

Combining the two groups, 57 out of 90 countries, embracing nearly 2.4 billion people (80% of the total population of three billion) were able to sustain economic growth at meaningful rates for a reasonably long period of time. (See Table 1)

2. *Are poor countries still poor? Have poor countries failed to make economic progress?*

Of the 41 countries that achieved significant growth over the 1965-90 period, most (25), accounting for 1.8 out of 2.1 billion people, were “poor” in 1965, using a per capita income criterion of \$1000 in 1990 prices. The average annual growth rate in per capita income for these countries was 3.5%. All of these countries received large amounts of foreign aid, either in absolute terms or on a per capita basis. Of the twenty-five, about half were middle-income countries by 1990 (using the \$1000 per capita income threshold), and several others were about to cross the threshold.

Does the more recent growth performance of poor countries indicate a lack of economic progress?

About three-quarters of the people in poor developing countries live in countries that achieved significant economic growth over the 1985-95 period. IBRD (1997) provided 1985-95 average annual growth rates in per capita income for 42 countries (not counting China and the former Soviet Union) with 1995 per capita incomes below \$1000, comprising 2.1 billion people. Of these, 15 countries, comprising 1.65 billion people, achieved significantly positive average annual growth in per capita income, ranging from 1.3 to 6 per cent. The average growth rate in per capita income for these countries was 3.3%. Thus, while only about a third of poor countries were making at least fair economic progress, this group accounted for nearly 80% of the population of poor countries, and for a correspondingly major share of global poverty.

3. *Has economic growth reduced poverty?*

The available data -- covering thirty-three countries, which account for over two billion people and the major share of global poverty – indicated that economic growth had almost always resulted in declines in the proportion of the population below the poverty line. In thirty-five out of thirty-seven episodes of economic growth, the proportion of the population in poverty fell. The lone exceptions to the rule were Brazil (1980-90), where growth was very weak, less than one per cent per annum on a per capita basis; and Honduras (1986-89). The data also confirmed that economic decline had typically resulted in increased rates of poverty. This occurred during specific intervals in nine countries.^d

^d Economic growth reduced poverty in Indonesia, Thailand, Taiwan, Korea, Malaysia, Singapore, Philippines, Pakistan, India, Bangladesh, Sri Lanka, Morocco, Tunisia, Brazil (1960-80), Colombia, Costa Rica, Paraguay, Guatemala, Bolivia, Jamaica, Chile, Uganda, Ghana, Nigeria, and Kenya. For some of these countries, there are data for more than one time period. Economic *decline* increased poverty in Jordan, Venezuela, Colombia (1978-88), Costa Rica (1977-83), Peru, Uruguay, Argentina, Panama, and Ivory Coast. These results are based on data contained in IBRD (1990) and several subsequent World Bank reports. The results are compiled and analyzed in Crosswell (1996).

How strong and direct are the impacts of economic growth on poverty?

Analysis both by USAID and the World Bank confirmed that the more rapid the rate of growth, the sharper the decline in poverty; and that the impacts of economic growth on poverty were direct, substantial, and not subject to lags. USAID analysis of the data described above indicated that economic growth in per capita income at 1.2% annually over twenty-five years could be expected to reduce the share of the population falling below the poverty line by half (e.g. from 50% to 25%). [Crosswell (1996)] Subsequent World Bank analysis of a larger data set indicated much stronger impacts of growth on poverty -- a 10% increase in income per capita was associated with a 29% decline in the share of the population below the poverty line. [Ravallion (1997)] Further, the impacts of economic growth (or economic decline) on poverty had been fairly direct and immediate. Many observations were for periods of two to six years, implying that growth affected poverty in the near term.^e

Has inequality increased with economic growth?

More often than not (at least 23 out of 33 cases, with four others uncertain), income distribution improved with growth and contributed to declines in poverty. [Crosswell (1996)] Thus, the basis for lack of confidence that growth reduces poverty -- the belief that income distribution systematically tended to worsen with growth -- was not consistent with data available by the mid-1990s. Subsequent analysis of a larger sample that included Eastern Europe, the NIS, and some industrial countries indicated that changes in income distribution over time tended to be small, with no *systematic* tendency for inequality to worsen with growth. [Bruno (1997)]^f

4. *Has social well being improved?*

When viewed from the perspective of social indicators of well being, progress was substantial, and nearly universal. (See Table 2) The impacts of poverty are ultimately revealed in high infant mortality, low life expectancy, illiteracy, high rates of fertility, and other social indicators. By and large, improvements in these indicators signal improvements in the lives and well being of poor people. In developing countries over the 1965-95 period: infant mortality fell from 162 to 69 per thousand births; life expectancy rose from 50 to 65 years; and literacy climbed from 35 to 67%. Data for individual countries confirmed that poor countries shared in this progress. Fertility declined sharply, particularly in Asia and Latin America, and also in some African countries. [Fox (1998)]

^e For instance, the proportion of the population in poverty fell from 36 to 24 per cent in Costa Rica between 1983 and 1986; from 28 to 17 per cent in Indonesia between 1984 and 1987; and from 50 to 43 per cent in India between 1977 and 1983. IBRD (1990)

^f These data make it difficult to understand why most donors began emphasizing the need to focus foreign aid and development cooperation directly on poverty reduction beginning around 1997. Crosswell (2005) explores this issue in considerably more detail.

5. *Have women and girls participated in development progress?*

Various indicators suggest that development progress has benefited girls and women at least as much as men and boys. A study of trends in primary and secondary enrollment ratios by region (six regions, with Asia divided into three regions) between 1970 and 1992 found that “In every region, girls' enrollment has increased at least as fast as boys' over the period, narrowing or almost closing the gap between their enrollment ratios.” [Knodel (1996)] Internal USAID analysis carried out independently arrived at the same conclusion. [Sillers (1996)]

Similar analysis of trends in life expectancy between 1950 and 1990, disaggregated by region, found a positive and widening gap favoring women. Life expectancy for women was higher than for men in all major regions in 1950; and the subsequent gains were greater for women than for men in all regions and sub-regions. The large declines in fertility in most countries making development progress also suggested major improvements in the well being of women. [Fox (1998)]

6. *Has economic freedom increased?*

The Fraser Institute estimated levels of economic freedom for 1975 and 1995, on a scale from one (worst) to ten (best). These estimates covered 66 of the 90 countries under review. Economic freedom increased in fifty countries, declined in ten, and remained essentially unchanged in six. The average change for the entire sample was an improvement of nearly one point, from 3.9 to 4.8.

7. *Has political freedom increased?*

Freedom House estimated levels of political freedom (including political rights and civil liberties) for eighty-four of the ninety countries under review. Between 1975 and 1996 political freedom improved in 50 countries and declined in 24. The average change for the entire sample was an improvement of 1.7 points (on a scale from two [best] to fourteen [worst], reflecting the sum of the two scores), from 9.5 to 7.8. Thirty-one countries achieved major improvements (three points or more) over the period. Only eight countries showed large declines (three points or greater).

8. *Have countries “graduated” from foreign aid?*

By 1998, at least 25 countries, comprising 685 million people, could reasonably be considered *advanced* (using economic and social indicators) and *graduates* with respect to dependence on foreign aid for *development* purposes. (Table 1) All were labeled developing countries in the 1960's, and as recently as the late 1970's; most received substantial amounts of foreign aid; and all were substantially independent of *developmental* foreign aid by the mid-1990s. Some still received aid, but for specific foreign policy purposes other than development, e.g. peace, narcotics, and global issues. Indeed, some had joined the ranks of donor countries, including Spain, Portugal, Greece, Israel, Korea, Taiwan, Thailand, Singapore, and Turkey.

Crosswell (1998) concluded by noting that:

The development challenge as viewed in the 1960s had mainly to do with about 90 countries comprising about three billion people in 1995. Of this group, about 25 countries (685 million people) had reached advanced status and -- for practical development purposes -- graduated. Another 14 or so middle-income countries (270 million people) were not far from advanced status and graduation. An additional 11 poor countries (accounting for 1.5 billion people and two-thirds of global poverty) were making clear progress in both economic and social terms. This left 40 poor developing countries (585 million people, less than 20% of three billion) where results were mixed -- over time, across countries, and across dimensions of development (economic, social, and political). (Table 1) Only a minority of this latter group (perhaps eight countries) could be characterized as clear and unqualified development failures from the perspective of the mid-1990s.

By 1995 there were also some 25 countries (400 million people) engaged in the transition from Communism, where the challenges were somewhat different, the track record of foreign aid was much shorter, and the range of variation (e.g. from graduates to failed states) was large. Many of those countries, particularly in Eastern Europe, would have little or no claim on foreign aid ten years from now.

This arguably constituted a positive record, especially considering the vast majority of people whose lives had clearly improved as a result of development progress. The countries and people experiencing the most difficulties and least progress constituted a distinct minority. Further, most of these countries started (in 1960) at the bottom of the development ladder, particularly in terms of human resources and institutional capabilities. It is not surprising they would be last to "take off."

Looking ahead, there appeared to be plenty of room to build on this record, including substantial progress in reducing global poverty and in graduation, *simply by maintaining recent trends*. In particular, achieving advanced status and graduation in the middle-income group, and maintaining momentum in the very populous group of poor countries that have made clear, steady progress would constitute major success. The goal, of course, was not simply to maintain trends, but improve them, particularly in the group of poor countries that had made only intermittent progress. In support of this goal, there was a good and increasing knowledge base about the requisites for development progress -- especially human resource development, sound policies, and improved institutions -- based on successful experience. There was increasing consensus on what constituted good policies and institutions, and mounting awareness of which countries were making adequate self-help efforts. With globalization, the rewards for good policies and strengthened institutions, and the costs of poor policies and weak institutions were becoming increasingly large and visible.

THE DEVELOPMENT RECORD SINCE 1995

The development record since 1995 has largely validated and confirmed the relatively upbeat and optimistic conclusions of the preceding paragraphs, particularly where economic growth and poverty reduction are concerned, and especially in low-income countries. (Tables 3 and 4) Here we examine the record of eighty countries, comprising nearly 3.5 billion people in 2006. Compared

with the previous group of ninety countries, we:

- Exclude the eleven highest income countries based on 1995 per capita income (Table 1) -- all above \$5000 per capita – as no longer of interest for aid effectiveness purposes.
- Exclude Somalia, Myanmar, and Afghanistan as largely outside the sphere of development cooperation for much or all of the period in question.
- Include Namibia, Cape Verde, Eritrea, and Djibouti as recipients of significant amounts of foreign aid over the past decade.

The eighty countries are again divided into four groups based on level of development and (for low-income countries) development progress:

- An “advanced” group of twenty-one countries comprising 700 million people – countries that at this point depend little or not at all on developmental foreign aid, but may receive aid for other reasons
- A group of eighteen middle-income countries, all with per capita incomes in 2006 above \$1000, slightly above the World Bank/DAC threshold for middle-income countries. This group has an aggregate population of 516 million people.
- A group of thirteen low-income countries that have arguably made clear and significant overall progress over the past decade, and where prospects for continued progress are good. This group accounts for over 1.7 billion people.
- A group of twenty-eight low-income countries where progress is at best mixed, both across countries and across the various facets of development – economic, political, and social. This group comprises about 520 million people.

The criteria for these groups are largely subjective and broadly similar to those in the earlier paper. One rough indication of progress is that – comparing the groupings in the 1998 paper and this paper (Table 1 and Table 3) – a sizeable number of countries have “moved up” to a higher group. In particular, eleven countries are so advanced as to be no longer of interest; six countries have moved from the middle-income to the advanced group; five countries have moved from the low-income group to the middle-income group; and six low-income countries have moved into the group making clear progress. Most encouragingly, the group of low-income countries making at best mixed progress has shrunk from forty countries in the earlier paper to thirty countries in this one, with a number of the latter countries considered to be close calls for the next higher group based on growth performance since the turn of the century.⁹ This last group continues to account for only a small proportion -- about 15% -- of the total population under review.

We again look at progress with respect to economic growth, poverty reduction, economic and political freedom, and social indicators. (Tables 3, 4, and 7)

⁹ This takes into account the deletions of Afghanistan, Somalia, and Myanmar; and the addition of Eritrea.

Economic growth has accelerated sharply^h

We look at growth in per capita income (Table 3) for three periods – 1990-96, 1996-06, and 2001-08. The striking trend common to all four groups is the sharp increase in average growth rates (for each group) from one interval to the next.

Using the same two criteria for minimally satisfactory growth – convergence with industrial countries and growth rapid enough to cut poverty (as a percentage of the population below the poverty line) in half over twenty-five years -- our benchmark is average annual growth in per capita income of 2%. This compares with 1.3% for our earlier paper.

Considering both the 1996-06 and the 2001-08 intervals, only 27 out of 80 countries consistently fall below the 2% benchmark. On the negative side, 21 of these countries are low-income countries – just over half of the low-income group. However, the 21 countries account for only 290 million people, about 13% of the overall low-income population of 2.25 billion. Thus, for the 41 low-income countries included here, over 85% of the population lives in countries that have achieved significant economic progress since 1995, or at least since the turn of the century.

For the middle-income and higher-income groups, only 6 out of 39 countries consistently fall below the 2% benchmark. They account for only about 40 million people, about 3% of the aggregate population of 1.2 billion for that group. All but Swaziland are in the Western Hemisphere.

The critiques of development progress and foreign aid in the mid-1990s were largely based on weak growth performance in Africa during the preceding 10-15 years. The critiques mischaracterized the development record primarily by ignoring progress in other regions, especially populous Asia; and secondarily by ignoring a number of African countries which were indeed making at least some progress. In the meantime, economic growth has accelerated sharply across the developing world, particularly in Africa. Of the forty-one Sub-Saharan African countries in Table 3, only seven managed to meet or surpass the 2% growth benchmark for 1990-96. That number doubled to fourteen for the 1996-06 period; and rose sharply to 24 countries for the 2001-08 interval. The forty-one African countries represented here account for about 715 million people. Of this population, roughly 600 million (nearly 85%) live in countries with economic growth at 2% or greater since the turn of the century. Perceptions of weak economic performance throughout Africa have not caught up with the data.

Faster economic growth has led to major reductions in poverty

The development community has largely embraced the goal of reducing poverty (the share of the population below the \$1 per day poverty line) by 50% between 1990 and 2015. The data in Table 7 (drawn from IBRD (2008) and Chen (2007)) indicate that the development community is on track to achieve that target. Progress has been particularly rapid in China, which heavily influences the overall figures by virtue of population size. However, even without China developing countries are

^h This discussion is based on Crosswell (2007a). The data for economic growth are from the IMF's October 2007 World Economic Outlook data base, which includes projections for 2007 and 2008.

on track to achieve the target, reducing poverty from 27.1% in 1990 to 12.6% in 2015. Looking at the data by region, the positive impacts of economic growth are evident in the steady reductions in poverty in East Asia and South Asia (where growth has been consistently strong); and the significant reductions in Africa from 1996 – which reflect the sharp improvements in economic growth discussed above.

More direct estimates of the impacts of economic growth on poverty continue to indicate that even modest rates of economic growth in low-income countries – if sustained – tend to have significant impacts in reducing poverty. A recent study of 19 low-income countries over the past decade indicated that 1% of GDP growth was associated with a 1.3% (not percentage point) decline in the rate of poverty. [IBRD (2007b)] This sort of relationship suggests that economic growth at rates well below 2% would have significant impacts on poverty over time, in line with the Millennium Development Goal of a 50% reduction over 25 years.¹ Further, the study concludes that changes in income distribution have not, on average, reduced the impact of income growth on poverty reduction *in low-income countries*. Insofar as global poverty is overwhelmingly concentrated in low-income countries, these findings are very encouraging.

Increases in Economic Freedom have been significant and widespread

As in the earlier paper, we use measures of Economic Freedom published by the Fraser and CATO Institutes. [Gwartney (2007)] (See Table 3) They cover sixty-four of the eighty countries under review here, omitting four small middle-income countries and twelve low-income countries. The data show widespread but not universal improvements in all groups. Overall forty-two countries (66%) achieved meaningful improvements, fifteen showed little or no change, and only seven registered significant declines.¹ This pattern is broadly evident in each of the four country groups. Among the four groups, the largest improvements in the group averages were for the low-income countries. Analysis contained in Crosswell (2007a) indicates that progress in terms of economic freedom has been closely associated with improved growth performance since 1995.

Increases in Political Freedom have been less widespread, but still significant

As in the earlier paper we use measures of Political Freedom from Freedom House (2008), covering all of the countries under review here. Combining the scores for political rights and for civil liberties – each on a scale from 1 (best) to 7 (worst) with scores expressed as integers – we count any change in the aggregate score as significant. On this basis political freedom increased in forty-one countries (a bare majority); remained stable in fourteen; and declined in twenty-five. For each of the four groups, the average change was an increase – ranging from about 0.5 for the middle-income and advanced countries to 0.8 for each low-income group. On the other hand, the ratio of

¹ Indeed, it suggests that 1.3% annual growth – the threshold for minimally satisfactory growth in Crosswell (1998) – would still do the job if sustained over 25 years. Nonetheless, we stick with a 2% threshold for this paper because of convergence considerations, and because estimates of the elasticity of poverty reduction with respect to income growth have varied depending on the set of countries considered, the time periods under review, and whether income growth is from the national accounts or from household surveys.

² Changes of 0.2 or less were judged as “no significant change”.

gainers to losers was two-to-one in the middle-income and advanced countries, and about 1.4 to one in the low-income countries. Looking at the scores for 1996, 2001, and 2007 for our sample of 80 countries, there was a net improvement of 22 points between 1996 and 2001, and a net improvement of 32 points between 2001 and 2007.

Social Indicators Improved in Most Countries, but HIV/AIDS Has Taken a Heavy Toll in Some

We also look at trends in life expectancy, child mortality, and fertility to gauge improvements in living standards and well-being. (Data are from World Bank (2007a))

Life expectancy continued to increase in most (62) countries. However, there were stunning declines – on the order of 10 to 20 years – in Botswana, South Africa, Namibia, Swaziland, Lesotho, and Zimbabwe. Ten other African countries showed declines of 2 to 4 years. If we set aside the six countries with drastic declines, life expectancy improved on average by 2 to 3 years in the first three groups, and by over 1.5 years in the fourth.

The pattern for *child mortality* was similar, with most (56) countries registering at least a 10% improvement. However, five countries – those named above except for Namibia – suffered major increases in child mortality. Setting aside those five countries, improvements in child mortality averaged around 30% for the advanced and middle income groups. The average for the low-income group making clear progress was 21%, with some disparity, including at best small improvements in Ghana, Mali, Burkina Faso, and Gambia. For the remaining low-income group, the average increase (without Zimbabwe) was 10%, with quite a bit of disparity, including increases in child mortality in Cote d’Ivoire, Kenya, Chad, and Central African Republic; and no change in several other countries.

Trends in *fertility* were more uniformly favorable. Insofar as the determinants of (lower) fertility include improvements in infant mortality and other dimensions of health, expanding economic opportunity, increased education (especially for girls), and more general improvements in the status of women, declines in fertility signal development progress on a variety of fronts. Fertility declined by at least 10% in sixty-one countries and by at least 5% in eleven others. The average decline was in the range of 15-18% for the first three groups of countries; and 11% for the fourth.

PROGRESS IN THE TRANSITION FROM COMMUNISM

Our earlier paper mentioned the twenty-five or so countries making the transition from Communism, arguing that they are arguably off the “third-world” continuum described above. Indeed, they embodied their own continuum, covering a wide spectrum in terms of economic performance and prospects; poverty and human resource development; and proximity to graduation. The predominant challenge in these countries was one of transition from “mal-developed” institutions rather than institutions associated with “underdevelopment”, both economic and political. The track record of foreign aid in these countries was relatively brief -- less than ten years by 1998 -- though some success was already evident.

Progress since the mid-1990s has been impressive, particularly in terms of economic growth, and also in terms of economic and political freedom^k. (Table 5) In most formerly Communist countries, large initial declines in measured GDP were “in the cards” as a consequence of major shifts in patterns of production, consumption, and trade. However, by the mid-to-late 1990s, most countries were experiencing rapid growth as the gains from increased openness and competition began to accrue. Over the decade beginning in 1996, almost all formerly Communist countries grew rapidly – in all but five cases at rates above 4% annually on a per capita basis. Some have speculated that this rapid growth was mainly a “rebound” effect, and probably not sustainable. However, the data for 2001-08 (including IMF projections for 2007 and 2008) show growth accelerating in most countries.

Indicators of economic freedom are available for only half of the countries, mainly the more advanced countries of Eastern and Southern Europe and the Baltics. [Gwartney (2007)] They show significant gains in every case. This is especially impressive insofar as the base year is 1995, when the transition from Communism was well underway. (Only five countries had scores for 1990.) The data for intervening years suggest ongoing increases in these countries over time.

Indicators of political freedom are more readily available – for more countries and to a varying degree for earlier years. For the base year we average the scores for 1990-93 (as available) for each country and compare them with the most recent scores [Freedom House (2008)]. Trends are much more mixed, but still predominantly positive, particularly for the more advanced/higher income countries of Eastern and Southern Europe, and the Baltics. The average score improves by one point (on a scale of 2 to 14); and scores improve in two-thirds of the countries covered. On the negative side, there have been major reversals in Russia, Belarus, and Tajikistan.

THE TOP RECIPIENTS OF U.S. FOREIGN AID – RATHOLES OR SUCCESS STORIES?

The preceding discussion of the development record between 1965 and the present indicates significant, widespread progress in economic, social, and political terms. Nonetheless, some argue that U.S. foreign aid has been largely allocated to countries that have manifestly failed in development terms. Aid has been ineffective because it has been “poured down ratholes”.¹

Our earlier paper looked at the top thirty-one recipients of economic assistance for the 1962-90 period. These countries accounted for 85% of the assistance to the group of ninety countries reviewed in that paper. We pointed out that only two of the top thirty-one recipients could be seen as clear failures where development progress (from the perspective of the mid-1990s) was

^k Insofar as human resource development was not seen as a major challenge in the transition from Communism (as opposed to “Development”, where human resource development is a key strategic concern), we do not cover social indicators in this discussion.

¹ This complaint has been widely attributed to Senator Jesse Helms in the context of Congressional debates on foreign aid during the mid-1990s, but I do not have a citation. Much earlier, Congressional opponents of the Marshall Plan referred to it as “Operation Rathole”.

concerned – Sudan and Zaire (subsequently, Democratic Republic of the Congo). Further, the bulk of aid to Vietnam was during the 1960s and 1970s as part of the war effort, with nothing to show in terms of development progress. Of the remaining twenty-eight countries, eleven belonged in the group of advanced countries that were virtual graduates; nine more belonged to the middle-income group for which eventual advanced status and graduation were clearly in sight; and six belonged to the group of low-income countries making clear progress. Only two (Kenya and Honduras) belonged to the set of low-income countries making at best mixed progress. Neither would have been seen at the time as a clear failure. On this basis the accusation of pouring aid mainly down ratholes was clearly invalid – most of the major recipients of foreign aid had made considerable progress.

Nonetheless, the misperception has endured, at least in some quarters. In late 2004 the U.S. Office of Management and Budget (OMB) analyzed development progress in the top thirty-four recipients of U.S. foreign aid over the 1962-02 period, as background for a presentation on reform of U.S. foreign aid. The analysis alleged that “Assistance has yielded poor results over the past 40 years in terms of economic development, and mixed results on democracy and health...U.S. assistance programs have helped to avoid economic and political chaos and collapse, nevertheless, most of the top 34 recipients are not much nearer to sustained growth than they were when our aid operations began.....Only [four of these] countries have graduated from U.S. assistance. The bulk of our assistance appears to have contributed to a static state of development.” [U.S. Office of Management and Budget (2004)]

The top thirty-four recipients identified in the OMB analysis are listed in Table 6. They range from Israel, which received \$84 billion in assistance between 1962 and 2002; to Serbia and Montenegro. The table also provides data on the types of assistance these countries received, including (as did OMB) both military and economic assistance. Further, economic assistance is broken down into various components, including development assistance, security supporting assistance, food aid, and “other”. Finally, the table includes other countries, based on levels of economic assistance or development assistance they received. Countries named in **bold** print were among the top 34 recipients of **economic** assistance, receiving at least \$1350 million over the period in question. And, countries named in *italics* were among the top 34 recipients of *development* assistance, receiving at least \$535 million of development assistance over the period.

In what follows we first discuss the conclusions of the OMB analysis (as quoted above), arguing that the record of the top recipients of foreign aid is much more positive than portrayed in their analysis. We then point out a number of conceptual and methodological pitfalls that need to be avoided when attempting to link country performance to aid effectiveness. The discussion is based on Crosswell (2004), which goes into considerably more detail.

Referring back to the country groupings in Tables 1 and 3:

- Eleven of the top 34 recipients were identified in our earlier paper as advanced and not dependent on *developmental* foreign aid – Israel, Turkey, Korea, Greece, Colombia,

Spain, Portugal, Thailand, Brazil, Taiwan, and Tunisia. A few still receive economic assistance to support specific foreign policy concerns, such as Middle East Peace, counter-narcotics, global environmental issues, etc. Some have become donors.

- Growth performance in all eleven of these countries was good during 1965-90, with average growth ranging from 2.3% to over 7%. For those countries covered in this update, growth performance since 1990 remained good, though with some fluctuations.
- Eight other countries among the top 34 were identified as middle income countries in the earlier paper – Egypt, Philippines, El Salvador, Jordan, Peru, Morocco, Guatemala, and Dominican Republic. All show at least moderate growth since 1990, and in some cases before then. And, prospects for advanced status and graduation from *developmental* foreign aid over the next decade are good. Indeed, three of these countries are (subjectively) grouped among the advanced countries in this paper.
- Six other countries among the top 34 recipients were identified as low-income countries making clear progress in the earlier paper – Vietnam, India, Pakistan, Indonesia, Bangladesh, and Bolivia. The first five show relatively good growth on average between 1985 and 2008, though with fluctuations in Pakistan and Indonesia. Growth in Bolivia has been more modest, but still sufficient to enable movement to the middle-income group as specified in this paper (2006 per capita income above \$1000).
- Seven other countries among the 34 top recipients were identified as low-income countries making at best mixed progress in the earlier paper – Honduras, Sudan, Ethiopia, Cambodia, Laos, Haiti, and Kenya. This is admittedly a weak group, though Honduras is now considered a middle-income country (2006 per capita income above \$1000); and economic growth has been strong in Ethiopia since the mid-1990s.
- Finally, two of the top 34 recipients are formerly Communist countries – Russia and Serbia. Russia has achieved rapid growth since 1995 – one of the main concerns in the OMB paper – along with improvements in economic freedom. For Serbia, success should arguably be evaluated in terms of conflict, peace and political transition, especially considering the challenges associated with the breaking up of Yugoslavia. From the vantage point of 2008, a great deal has been achieved.

Apart from the issue of understating progress and success among the top recipients of U.S. foreign aid, the OMB study illustrates a number of pitfalls in evaluating the development record and linking that to the effectiveness of foreign aid.

First and foremost, country performance needs to be judged in terms of the purposes for which foreign aid was intended.

- For starters, including *military aid* along with economic assistance, and then judging the effectiveness of such aid by development criteria misses the point of military aid. Among the weak development performers, Cambodia and Laos would not have been on the list of top recipients if military assistance had been excluded.
- This point extends to the various categories of economic assistance. For instance, *Security Supporting Assistance* is allocated on the basis of foreign policy criteria, with foreign policy goals clearly at the forefront. Israel, Egypt, and Vietnam are the foremost examples.

Among weak performers Honduras, Sudan, and Haiti received significant amounts of assistance based on foreign policy criteria rather than development effectiveness criteria.

- Further, a major portion of *food aid* is for humanitarian purposes rather than to support development over the medium to long term. Among weak performers, this was a major part of the total for Ethiopia and Sudan.
- Further, *other economic assistance* includes special concerns such as counter-narcotics, which have been a major feature of the aid programs in Colombia, Peru, and Bolivia.
- Indeed, even if the discussion is limited to *development assistance*, the particular challenge facing the recipient might be other than development, e.g. transition from Communism and peace and conflict in the cases of Russia, Serbia and Bosnia. Particularly in the latter two cases, economic growth is not the relevant indicator of success.

Second, an analytical framework that looks at the top aid recipients over a 40 year period and then judges aid effectiveness based on graduation raises some issues of basic logic. Suppose that in 1962 all countries were equal in terms of policy effort but varied widely in terms of level of development. Suppose that all received the same annual level of aid until reaching a given per capita income threshold (say \$4000), and that each country achieved per capita growth at 3% per annum. At the end of 40 years per capita income would be 3.25 times the initial level for each country. The top recipients at that time would be those that started near the bottom of the per capita income ladder, and therefore had not reached the graduation threshold. The poorest countries might not have even made it to middle-income status. More advanced countries graduating before 40 years would not be top recipients, precisely *because* they graduated.

Third, in looking at the links between country performance and effectiveness of aid it is important to consider how both aid levels and country performance have fluctuated over time. The example of Vietnam has been cited already. A more recent example is Pakistan, where both growth and aid levels were high during the 1980s. During the 1990s aid levels to Pakistan fell sharply, and growth also slowed considerably. More generally, in many of the top recipients of foreign aid, aid levels fluctuated a great deal within the 1962-2002 period. [Crosswell (2004) contains more on this.]

CONCLUDING COMMENTS

Our 1998 paper established that the development record was predominantly a positive one, especially when we counted not only the number of countries that had made significant progress since the mid-1960s, but also the number of people that had participated in and benefited from that progress. The countries where progress was less evident or even in some cases non-existent accounted for less than 20 per cent of the overall population total of about 3.1 billion people. And, those were by and large the countries that had started from near “the bottom” in terms of per capita income, human resource development, and other indicators of level of development. The paper concluded that – simply on the basis of current trends -- prospects for further progress in terms of growth, poverty reduction, and graduation from dependence on foreign aid were good. Further, the opportunity to improve on current trends seemed to be significant, particularly in view of the opportunities afforded by globalization and an improved understanding of the policy and institutional requisites for progress.

Ten years later that relatively optimistic appraisal has been to a large degree borne out. Most strikingly, economic growth has accelerated world wide, especially in Africa. The rate of poverty is declining sharply in all regions, though not in every country. Trends in economic and political freedom remain positive, though not universally so. HIV/AIDS has taken a heavy toll in some African countries. However, most of these countries have been able to manage significant economic growth. In most other countries broad indicators of well being continue to improve.

This is not to deny the major problems and challenges that persist, including some 840 million people in severe poverty (not counting China). Nor is it to deny the possibility of slowing in the global economy. Instead, the intent is to emphasize the feasibility of further progress, and to help make the case for foreign aid to support such progress.

Where aid effectiveness is concerned, the conclusions of the earlier paper remain valid. The predominantly positive development record by no means *proves* the effectiveness of foreign aid. However, it provides important circumstantial evidence. And, it refutes the sorts of critiques cited in the introduction. The authors of such critiques need to consider more carefully the evidence on development performance, particularly since a flawed diagnosis of what has gone wrong tends to lead to flawed approaches to fixing the problem. [Crosswell (2007b)]

Finally, with globalization and increased interdependence between developing and donor nations, the foreign aid agenda has become much more multi-faceted and complex, to include not just development as commonly understood, but also concerns with terrorism; fragility and conflict; global environmental issues; infectious diseases; migration and refugees; various forms of illegal international transactions; and so forth. Simply tracking development progress – particularly in terms of the Millennium Development Goals – does not do justice to the complexity of the agenda for foreign aid. [USAID (2004)] Appraisals of aid effectiveness not only have to accurately assess the development record. They must also acknowledge that much of foreign aid addresses important and valid concerns that are distinct from development, and need to be judged by their own criteria.

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Table 1: Economic progress 1965-95

Country	Population	Per Capita Income		Economic Growth		Economic Freedom		Change	
	1995	1965 (1990\$)	1995 (1995\$)	1995 (PPP)	1965-90	1985-95	1975		1995
Advanced Developing Countries									
Singapore	3.0	2,312	26,730	22,770	6.5	6.2	3.8	8.2	4.4
Hong Kong	6.2	2,554	22,990	22,950	6.2	4.8	9.1	9.0	-0.1
Israel	5.5	5,748	15,920	16,940	2.6	2.5	2.2	4.2	2.0
Spain	39.2	6,091	13,580	14,520	2.4	2.6	3.5	6.3	2.8
Taiwan	21.1	1,316	11,300	n/a	7.1	6.9	4.9	6.8	1.9
Cyprus	0.7	2,103	10,260	14,800	5.5	4.6	3.8	4.9	1.1
Portugal	9.9	2,340	9,740	12,670	3.0	3.7	2.1	5.8	3.7
South Korea	44.9	972	9,700	11,450	7.1	7.6	3.8	6.7	2.9
Greece	10.5	3,003	8,210	11,710	2.8	1.2	3.6	4.9	1.3
Argentina	34.7	2,555	8,030	8,310	-0.3	1.9	3.1	6.2	3.1
Uruguay	3.2	2,098	5,170	6,630	0.8	3.3	5.9	6.2	0.3
Chile	14.2	1,756	4,160	9,520	0.4	6.1	2.7	6.2	3.5
Malaysia	20.1	870	3,890	9,020	4.0	5.7	5.5	7.1	1.6
Brazil	159.2	1,190	3,640	5,400	3.3	-0.7	2.7	2.8	0.1
Mauritius	1.1	1,024	3,380	13,210	3.2	5.7	3.6	6.1	2.5
Mexico	91.8	1,248	3,320	6,400	2.8	0.1	4.8	5.7	0.9
Venezuela	21.7	3,291	3,020	7,900	-1.0	0.5	6.5	3.9	-2.6
Turkey	61.1	858	2,780	5,580	2.6	2.2	2.4	4.2	1.8
Panama	2.6	1,293	2,750	5,980	1.4	-0.4	7.5	6.8	-0.7
Thailand	58.2	484	2,740	7,540	4.4	8.4	4.4	6.9	2.5
Belize	0.2	1,048	2,630	5,400	2.6	4.4	n/a	n/a	n/a
Costa Rica	3.4	1,342	2,610	5,830	1.4	2.9	5.4	6.8	1.4
Colombia	36.8	714	1,910	6,130	2.3	2.8	3.5	5.3	1.8
Tunisia	9.0	655	1,820	5,000	3.2	1.8	2.7	4.3	1.6
Algeria	28.0	1,225	1,600	5,300	2.1	-2.6	3.4	2.1	-1.3
Average	686 (t)	1,924	7,275	10,040	3.1	3.3	4.2	5.7	1.5
Middle Income									
South Africa	41.5	1,832	3,160	5,030	1.3	-1.0	5.9	6.3	n/a
Botswana	1.5	272	3,020	5,580	8.4	6.0	3.8	5.6	1.8
Peru	23.8	1,220	2,310	3,770	-0.2	-1.6	3.0	5.5	2.5
Paraguay	4.8	361	1,690	3,650	4.6	1.1	5.3	5.9	0.6
El Salvador	5.6	1,227	1,610	2,610	-0.4	2.9	4.2	6.0	1.8
Jordan	4.2	n/a	1,510	4,060	n/a	-2.8	4.3	4.8	0.5
Jamaica	2.5	2,080	1,510	3,540	-1.3	3.7	3.0	6.1	3.1
Dominican Repub	7.8	470	1,460	3,870	2.3	2.1	3.2	5.0	1.8
Ecuador	11.5	491	1,390	4,220	2.8	0.8	4.4	5.4	1.0
Guatemala	10.6	756	1,340	3,340	0.7	0.3	5.9	6.2	0.3
Swaziland	0.9	470	1,170	2,880	2.2	0.6	n/a	n/a	n/a
Morocco	26.6	538	1,110	3,340	2.3	0.8	3.4	3.9	0.5
Philippines	68.6	529	1,050	2,850	1.3	1.5	4.2	6.0	1.8
Egypt	57.8	220	790	3,820	4.1	1.1	2.7	4.2	1.5
Average	268 (t)	805	1,651	3,754	2.2	1.1	4.1	5.5	1.4

Source: Crosswell (1998)

Low Income/Clear Progress

Indonesia	193.2	190	980	3,800	4.5	6.0	4.9	5.8	0.9
Bolivia	7.4	751	800	2,540	-0.7	1.7	5.2	6.1	0.9
Sri Lanka	18.1	230	700	3,250	2.9	2.7	3.3	4.8	1.5
Pakistan	129.9	205	460	2,230	2.5	1.2	2.8	5.2	2.4
Ghana	17.1	555	390	1,990	-1.4	1.5	2.0	4.4	2.4
India	929.4	219	340	1,400	1.9	3.1	2.9	4.4	1.5
Vietnam	73.5	n/a	240	n/a	n/a	4.2	n/a	n/a	n/a
Uganda	19.2	404	240	1,470	-2.4	2.8	1.2	3.1	1.9
Bangladesh	119.8	176	240	1,380	0.7	2.1	3.1	4.2	1.1
Nepal	21.5	150	200	1,170	0.5	2.4	3.1	3.4	0.3
Mozambique	16.2	84	80	810	-0.2	3.6	n/a	n/a	n/a
Average	1545 (t)	296	425	2,004	0.8	2.8	3.2	4.6	1.4

Low Income/Mixed Progress

Papua New Guine	4.3	839	1,160	2,420	0.1	2.1	6.2	6.5	0.3
Lesotho	2.0	160	770	1,780	4.9	1.5	n/a	n/a	n/a
Congo (Brazzavill	2.6	471	680	2,050	3.1	-3.2	4.4	3.5	-0.9
Cote d'Ivoire	14.0	662	660	1,580	0.5	-4.3	3.9	3.2	-0.7
Cameroon	13.3	459	650	2,110	3.0	-7.0	4.1	4.0	-0.1
Honduras	5.9	521	600	1,900	0.5	0.2	7.1	5.5	-1.6
Senegal	8.5	825	600	1,780	-0.6	-1.2	3.7	4.0	0.3
Guyana	0.8	458	590	2,420	-1.3	0.8	n/a	n/a	n/a
Guinea	6.6	n/a	550	1,800	n/a	1.4	n/a	n/a	n/a
Zimbabwe	11.0	538	540	2,030	0.7	-0.6	4.5	5.4	0.9
Mauritania	2.3	581	460	1,540	-0.6	0.5	n/a	n/a	n/a
Zambia	9.0	678	400	930	-1.9	-1.0	3.0	3.1	0.1
Nicaragua	4.4	n/a	380	2,000	-5.3	-5.8	6.0	2.7	-3.3
Benin	5.5	369	370	1,760	-0.1	-0.4	3.4	3.7	0.3
Central African R	3.3	442	340	1,070	-0.5	-2.0	4.3	4.7	0.4
Gambia, The	1.1	218	320	930	0.7	0.3	n/a	n/a	n/a
Togo	4.1	420	310	1,130	-0.1	-2.8	3.0	3.5	0.5
Kenya	26.7	231	280	1,380	1.9	0.1	3.7	4.0	0.3
Cambodia	10.0	n/a	270	n/a	n/a	2.0	n/a	n/a	n/a
Yemen	15.3	n/a	260	n/a	n/a	n/a	n/a	n/a	n/a
Nigeria	111.3	283	260	1,220	0.1	1.2	3.0	3.3	0.3
Haiti	7.2	352	250	910	0.2	-5.2	4.5	3.2	-1.3
Guinea-Bissau	1.1	n/a	250	790	0.1	1.8	n/a	n/a	n/a
Mali	9.8	177	250	550	1.7	0.6	3.9	4.1	0.2
Burkina Faso	10.4	239	230	780	1.3	-0.1	n/a	n/a	n/a
Madagascar	13.7	372	230	640	-1.9	-2.0	3.9	3.3	-0.6
Niger	9.0	569	220	750	-2.4	-2.1	3.7	3.6	-0.1
Chad	6.4	251	180	700	-1.1	0.5	3.8	4.5	0.7
Sierra Leone	4.2	240	180	580	0.0	-3.4	3.6	3.8	0.2
Rwanda	6.4	242	180	540	1.0	-5.0	3.1	3.5	0.4
Malawi	9.6	160	170	750	0.9	-0.7	3.9	4.0	0.1
Burundi	6.3	91	160	630	3.4	-1.3	4.3	4.5	0.2
Tanzania	29.6	116	120	640	-0.2	0.9	2.9	3.2	0.3
Congo (Kinshasa)	43.8	384	120	490	-2.2	-8.5	3.0	1.9	-1.1
Ethiopia	56.4	126	100	450	-0.2	-0.5	n/a	n/a	n/a
Burma	45.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Liberia	2.7	n/a	n/a	n/a	-3.0	n/a	n/a	n/a	n/a
Somalia	9.5	n/a	n/a	n/a	-0.1	-2.3	n/a	n/a	n/a
Sudan	26.7	477	n/a	n/a	-0.7	0.6	n/a	n/a	n/a
Afghanistan	23.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average	583 (t)	386	374	1,243	0.1	-1.2	4.0	3.9	-0.2

Table 2: Political and social progress 1965-95

Country	Political Freedom			Life Expectancy			Infant Mortality			Fertility		
	1975	1996	Change	1965	1995	Change	1965	1995	% decline	1965	1995	% decline
Advanced Developing Countries												
Singapore	10	9	1	66	76	10	27	4	85%	4.7	1.7	64%
Hong Kong	n/a	n/a	n/a	67	79	12	26	5	81%	4.5	1.2	73%
Israel	5	4	1	73	77	4	27	8	70%	3.8	2.4	37%
Spain	10	3	7	72	77	5	38	7	82%	2.9	1.2	59%
Taiwan	11	4	7	66	76	10	26	7	73%	4.8	1.8	63%
Cyprus	8	2	6	70	78	8	27	8	70%	3.1	2.2	29%
Portugal	8	2	6	65	75	10	65	7	89%	3.1	1.4	55%
South Korea	11	4	7	57	72	15	62	10	84%	4.9	1.8	63%
Greece	4	4	0	71	78	7	34	8	76%	2.3	1.4	39%
Argentina	6	5	1	66	73	7	58	22	62%	3.1	2.7	13%
Uruguay	10	3	7	69	73	4	47	18	62%	2.8	2.2	21%
Chile	12	4	8	60	72	12	98	12	88%	4.8	2.3	52%
Malaysia	6	9	-3	58	71	13	55	12	78%	6.3	3.4	46%
Brazil	8	6	2	57	67	10	104	44	58%	5.6	2.8	50%
Mauritius	5	3	2	61	71	10	65	16	75%	4.8	2.2	54%
Mexico	7	7	0	60	72	12	82	33	60%	6.7	3.0	55%
Venezuela	4	5	-1	63	71	8	65	23	65%	6.1	3.1	49%
Turkey	5	9	-4	54	67	13	169	48	72%	5.7	2.7	53%
Panama	13	5	8	64	73	9	56	23	59%	5.7	2.7	53%
Thailand	8	6	2	56	69	13	88	35	60%	6.3	1.8	71%
Belize	3	2	1	66	70	4	51	36	29%	6.3	3.9	38%
Costa Rica	2	3	-1	65	77	12	72	13	82%	6.3	2.8	56%
Colombia	4	8	-4	59	69	10	86	34	60%	6.5	2.8	57%
Tunisia	11	11	0	52	69	17	145	39	73%	7.0	2.9	59%
Algeria	12	12	0	50	70	20	154	34	78%	7.4	3.5	53%
Average	7.6	5.4	2.2	62.7	72.9	10.2	69.1	20.2	71%	5.0	2.4	50%
Middle Income												
South Africa	9	3	6	52	64	12	124	50	60%	6.1	3.9	36%
Botswana	5	4	1	48	68	20	112	56	50%	6.9	4.4	36%
Peru	12	7	5	51	66	15	130	47	64%	6.7	3.1	54%
Paraguay	10	7	3	65	68	3	73	41	44%	6.6	4.0	39%
El Salvador	5	6	-1	55	67	12	120	36	70%	6.7	3.7	45%
Jordan	12	8	4	51	70	19	120	31	74%	8.0	4.8	40%
Jamaica	3	5	-2	66	74	8	49	13	73%	5.7	2.4	58%
Dominican Republic	6	6	0	56	71	15	110	37	66%	7.2	2.9	60%
Ecuador	12	6	6	56	69	13	112	36	68%	6.8	3.2	53%
Guatemala	7	7	0	49	66	17	112	44	61%	6.7	4.7	30%
Swaziland	10	11	-1	58	58	0	144	69	52%	6.5	4.6	29%
Morocco	10	10	0	50	65	15	145	55	62%	7.1	3.4	52%
Philippines	10	5	5	56	66	10	72	39	46%	6.8	3.7	46%
Egypt	10	12	-2	49	63	14	145	56	61%	6.8	3.4	50%
Average	8.6	6.9	1.7	54.4	66.8	12.4	112.0	43.6	61%	6.8	3.7	45%

Low Income/Clear Progress

Indonesia	10	12	-2	44	64	20	128	51	60%	5.5	2.7	51%
Bolivia	11	5	6	45	60	15	160	69	57%	6.6	4.5	32%
Sri Lanka	5	8	-3	64	72	8	63	16	75%	4.9	2.3	53%
Pakistan	8	9	-1	46	60	14	149	90	40%	7.0	5.2	26%
Ghana	12	7	5	48	58	10	120	73	39%	6.8	5.1	25%
India	5	6	-1	45	62	17	150	68	55%	6.2	3.2	48%
Vietnam	14	14	0	50	68	18	134	41	69%	6.0	3.1	48%
Uganda	14	8	6	47	42	-5	119	98	18%	7.0	6.7	4%
Bangladesh	8	6	2	45	58	13	144	79	45%	6.8	3.5	49%
Nepal	11	7	4	41	55	14	171	91	47%	6.0	5.3	12%
Mozambique	12	7	5	38	47	9	179	113	37%	6.8	6.2	9%
Average	10.0	8.1	1.9	46.6	58.7	12.1	137.9	71.7	49%	6.3	4.3	32%

Low Income/Mixed Progress

Papua New Guinea	5	6	-1	44	57	13	140	64	54%	6.2	4.8	23%
Lesotho	9	8	1	49	61	12	142	76	46%	5.8	4.6	21%
Congo (Brazzaville)	11	8	3	44	51	7	129	90	30%	5.7	6.0	-5%
Cote d'Ivoire	12	11	1	42	55	13	149	86	42%	7.4	5.3	28%
Cameroon	10	12	-2	46	57	11	143	56	61%	5.2	5.7	-10%
Honduras	9	6	3	50	67	17	128	45	65%	7.4	4.6	38%
Senegal	11	8	3	41	50	9	160	62	61%	6.4	5.7	11%
Guyana	7	4	3	58	66	8	94	60	36%	6.0	2.4	60%
Guinea	14	11	3	35	44	9	191	128	33%	5.9	6.5	-10%
Zimbabwe	11	10	1	48	57	9	103	55	47%	8.0	3.8	53%
Mauritania	11	12	-1	38	51	13	178	96	46%	6.5	5.2	20%
Zambia	9	9	0	45	46	1	121	109	10%	6.6	5.7	14%
Nicaragua	9	6	3	51	68	17	121	46	62%	7.2	4.1	43%
Benin	13	4	9	42	50	8	166	95	43%	6.8	6.0	12%
Central African Republic	14	8	6	41	48	7	157	98	38%	5.7	5.1	11%
Gambia, The	4	13	-9	34	46	12	201	126	37%	6.5	5.3	18%
Togo	13	11	2	42	56	14	153	88	42%	6.5	6.4	2%
Kenya	9	13	-4	48	58	10	112	58	48%	8.0	4.7	41%
Cambodia	14	12	2	45	53	8	134	108	19%	6.2	4.7	24%
Yemen	n/a	n/a	n/a	40	53	13	194	100	48%	7.0	7.4	-6%
Nigeria	10	13	-3	42	47	5	162	119	27%	6.9	5.5	20%
Haiti	12	9	3	46	57	11	158	72	54%	6.1	4.4	28%
Guinea-Bissau	12	7	5	35	38	3	192	136	29%	5.2	6.0	-15%
Mali	13	4	9	38	50	12	207	123	41%	6.5	6.8	-5%
Burkina Faso	10	9	1	39	49	10	190	99	48%	6.4	6.7	-5%
Madagascar	9	6	3	44	52	8	201	89	56%	6.6	5.8	12%
Niger	13	12	1	37	47	10	180	119	34%	7.1	7.4	-4%
Chad	13	11	2	37	48	11	183	117	36%	6.0	5.9	2%
Sierra Leone	11	9	2	33	40	7	208	179	14%	6.4	6.5	-2%
Rwanda	12	13	-1	44	39	-5	141	133	6%	7.5	6.2	17%
Malawi	13	5	8	39	43	4	200	133	34%	7.8	6.6	15%
Burundi	14	14	0	43	49	6	142	98	31%	6.4	6.5	-2%
Tanzania	12	10	2	43	51	8	138	82	41%	6.6	5.8	12%
Congo (Kinshasa)	13	13	0	52	52	0	141	92	35%	6.0	6.7	-12%
Ethiopia	11	9	2	43	49	6	165	112	32%	6.7	7.0	-4%
Burma	12	14	-2	48	59	11	122	83	32%	5.8	3.4	41%
Liberia	9	13	-4	45	54	9	176	172	2%	6.4	6.5	-2%
Somalia	13	14	-1	39	49	10	165	128	22%	6.7	7.0	-4%
Sudan	12	14	-2	40	54	14	160	77	52%	6.7	4.8	28%
Afghanistan	13	14	-1	38	44	6	206	158	23%	7.0	6.9	1%
Average	11.1	9.9	1.2	42.7	51.6	8.9	158.8	99.2	38%	6.5	5.7	13%

Table 3: Economic Progress since 1995

Country	Per Capita Income			Growth in Per Capita Income			Economic Freedom		Change
	Pop 2006	2006 (2006\$)	2006 PPP	1990-96	1996-06	2001-08	1995	2005	
Advanced Developing Countries									
Mexico	104.2	7,870	11,410	0.3	2.4	1.8	6.3	7.0	0.7
Chile	16.5	6,980	11,270	6.6	2.7	3.6	7.5	7.7	0.2
Venezuela	27.0	6,070	7,440	0.6	0.8	2.9	4.3	4.6	0.3
Botswana	1.8	5,900	12,250	1.9	5.9	5.1	6.4	6.9	0.5
Malaysia	25.8	5,490	11,300	6.7	2.1	3.7	7.4	6.8	-0.6
Mauritius	1.3	5,450	13,510	4.8	3.4	2.8	7.3	7.6	0.3
Turkey	72.9	5,400	9,060	1.9	2.5	5.3	5.7	6.2	0.5
South Africa	47.4	5,390	11,710	-0.7	1.7	3.2	6.3	6.7	0.4
Costa Rica	4.4	4,980	10,770	2.2	3.1	3.7	6.8	7.3	0.5
Panama	3.3	4,890	7,680	3.7	3.0	4.7	7.1	7.2	0.1
Brazil	188.7	4,730	8,800	1.4	1.1	2.1	4.5	5.9	1.4
Belize	0.3	3,650	6,650	2.5	3.1	2.1	6.3	7.0	0.7
Jamaica	2.7	3,480	4,030	0.0	0.3	1.2	6.4	7.0	0.6
Namibia	2.1	3,230	8,110	1.0	2.3	3.7	6.4	6.4	0.0
Algeria	33.3	3,030	6,900	-1.3	2.4	3.5	3.8	5.0	1.2
Thailand	64.7	2,990	9,140	6.7	1.7	4.3	7.2	6.7	-0.5
Tunisia	10.1	2,970	8,490	2.5	3.7	4.0	6.0	6.2	0.2
Peru	28.4	2,920	6,080	3.1	2.2	4.4	6.3	7.1	0.8
Dominican Republic	9.6	2,850	8,290	2.7	4.2	3.6	6.0	6.3	0.3
Colombia	45.6	2,740	7,620	2.2	1.0	3.3	5.5	5.6	0.1
Jordan	5.6	2,660	6,210	0.2	2.5	3.6	6.1	6.9	0.8
Average	696 (t)	4,460	8,891	2.3	2.5	3.5	6.2	6.6	0.4
Middle Income									
Ecuador	13.4	2,840	4,400	1.2	1.8	3.0	6.0	5.6	-0.4
Guatemala	12.9	2,640	4,800	1.3	1.1	1.4	6.7	7.1	0.4
El Salvador	7.0	2,540	5,340	3.3	1.0	1.3	7.0	7.5	0.5
Swaziland	1.1	2,430	5,170	-0.3	0.7	1.0	n/a	n/a	n/a
Cape Verde	0.5	2,130	5,980	2.9	4.3	3.4	n/a	n/a	n/a
Morocco	30.5	1,900	5,000	0.9	2.7	3.6	5.9	6.0	0.1
Indonesia	223.0	1,420	3,950	5.7	1.2	4.0	6.6	6.4	-0.2
Philippines	84.6	1,420	5,980	0.5	2.2	3.5	7.2	6.5	-0.7
Paraguay	6.0	1,400	5,070	0.7	-0.5	1.4	6.5	6.3	-0.2
Egypt	75.4	1,350	4,690	1.2	3.0	3.2	5.9	6.8	0.9
Sri Lanka	19.8	1,300	5,010	3.8	4.1	4.8	6.1	5.8	-0.3
Honduras	7.4	1,200	3,540	0.6	1.1	2.0	6.2	6.5	0.3
Guyana	0.8	1,130	4,680	7.1	1.1	2.0	5.1	6.4	1.3
Bolivia	9.3	1,100	2,890	1.8	1.2	1.9	6.5	6.6	0.1
Cameroon	16.7	1,080	2,370	-3.3	2.0	1.8	5.3	5.6	0.3
Djibouti	0.8	1,060	2,540	-4.9	-0.4	2.0	n/a	n/a	n/a
Lesotho	1.8	1,030	4,340	4.0	2.2	4.3	n/a	n/a	n/a
Nicaragua	5.2	1,000	4,010	0.4	2.4	2.6	5.4	6.3	0.9
Average	516 (t)	1,609	4,431	1.5	1.7	2.6	6.2	6.4	0.2

Low Income/Clear Progress

India	1109.8	820	3,800	3.6	4.8	6.3	5.6	6.7	1.1
Pakistan	159.0	770	2,500	2.1	1.9	3.7	5.6	5.8	0.2
Senegal	11.9	750	1,840	-0.6	1.9	2.0	4.8	6.1	1.3
Vietnam	84.1	690	3,300	6.3	5.8	6.5	n/a	n/a	n/a
Ghana	22.5	520	2,640	2.0	2.6	3.6	5.4	6.4	1.0
Bangladesh	144.3	480	2,340	2.3	3.5	3.9	5.4	5.8	0.4
Burkina Faso	13.6	460	1,330	2.1	2.9	2.8	n/a	n/a	n/a
Mali	13.9	440	1,130	1.1	2.0	2.0	5.3	5.5	0.2
Tanzania	39.5	350	740	-0.9	2.8	4.0	4.9	6.4	1.5
Mozambique	20.1	340	1,220	0.0	6.2	5.4	n/a	n/a	n/a
Gambia, The	1.6	310	1,970	-0.4	2.0	2.2	n/a	n/a	n/a
Uganda	29.9	300	1,490	3.2	2.3	2.4	5.1	6.4	1.3
Ethiopia	72.7	180	1,190	0.8	2.5	4.9	n/a	n/a	n/a
Average	1723 (t)	493	1,961	1.7	3.2	3.8	5.3	6.1	0.9

Low Income/Mixed Progress

Congo (Brazzaville)	4.1	950	940	-2.1	0.3	1.8	5.0	4.5	-0.5
Cote d'Ivoire	18.5	870	1,550	1.3	-1.2	-0.7	5.4	6.1	0.7
Sudan	37.0	810	2,160	-0.9	4.8	6.4	n/a	n/a	n/a
Papua New Guinea	6.0	770	2,410	5.4	-1.4	0.8	6.5	6.3	-0.2
Yemen	21.6	760	920	1.3	1.3	0.8	n/a	n/a	n/a
Mauritania	3.2	740	2,600	1.1	0.9	1.8	n/a	n/a	n/a
Nigeria	144.7	640	1,050	-1.4	1.8	3.6	4.0	5.7	1.7
Zambia	11.9	630	1,000	-4.1	1.7	3.5	4.8	6.8	2.0
Kenya	35.1	580	1,300	-1.2	0.7	2.3	5.8	6.9	1.1
Benin	8.7	540	1,160	0.6	1.3	0.7	4.6	5.8	1.2
Cambodia	14.4	480	2,920	3.3	6.7	7.4	n/a	n/a	n/a
Chad	10.0	480	1,230	-0.2	5.0	6.2	4.6	5.3	0.7
Haiti	8.6	480	1,490	-3.0	-0.6	-0.4	5.8	5.8	0.0
Guinea	9.2	410	2,410	0.2	1.4	0.9	n/a	n/a	n/a
Central African Republic	4.1	360	1,280	-3.6	-0.1	-0.3	4.7	5.1	0.4
Togo	6.3	350	1,490	-1.7	-1.9	-0.3	4.8	5.0	0.2
Zimbabwe	13.1	340	1,950	0.4	-5.0	-6.2	5.4	2.8	-2.6
Nepal	27.7	290	1,630	2.6	1.6	0.9	5.4	5.0	-0.4
Madagascar	19.1	280	960	-2.8	0.4	0.7	4.7	5.8	1.1
Niger	14.4	260	830	-2.0	0.2	0.9	4.9	5.3	0.4
Rwanda	9.2	250	1,270	-1.9	1.7	2.9	4.1	5.1	1.0
Sierra Leone	5.6	240	850	-8.9	1.6	6.3	4.3	5.5	1.2
Eritrea	4.5	200	1,090	10.8	-1.9	-1.8	n/a	n/a	n/a
Guinea-Bissau	1.6	190	830	0.2	-3.9	-2.3	3.9	5.3	1.4
Malawi	13.2	170	720	2.2	0.4	2.3	4.4	5.5	1.1
Liberia	3.4	140	n.a.	n.a.	n.a.	-1.3	n/a	n/a	n/a
Congo (Kinshasa)	59.3	130	720	-9.3	-1.9	3.0	3.7	3.8	0.1
Burundi	7.8	100	710	-4.8	-0.4	-0.1	4.5	5.0	0.5
Average	522 (t)	444	1,388	-0.7	0.5	1.4	4.8	5.4	0.5

Source: Crosswell (2007a), IBRD (2007a)

Table 4: Political and social progress since 1995

Country	Political Freedom		Life Expectancy			Child Mortality			Fertility			
	1996	2007 Change	1995	2005 Change	1995	2005 % decline	1995	2005 % decline				
Advanced Developing Countries												
Mexico	7	5	2	74	75	1.8	36	27	26%	2.9	2.1	27%
Chile	4	2	2	75	78	3.0	14	10	29%	2.3	2.0	16%
Venezuela	5	8	-3	72	74	2.1	28	21	25%	3.1	2.7	15%
Botswana	4	4	0	57	35	-21.8	66	120	-82%	3.8	3.0	20%
Malaysia	9	8	1	72	74	2.2	17	12	29%	3.4	2.7	19%
Mauritius	3	3	0	70	73	2.7	21	15	30%	2.1	2.0	7%
Turkey	9	6	3	68	71	3.4	63	29	54%	2.8	2.2	22%
South Africa	3	4	-1	58	48	-10.3	59	68	-15%	3.1	2.8	10%
Costa Rica	3	2	1	77	79	2.3	16	12	25%	2.8	2.0	28%
Panama	5	3	2	73	75	1.8	30	24	19%	2.8	2.6	7%
Brazil	6	4	2	68	71	3.2	48	33	31%	2.5	2.3	9%
Belize	2	3	-1	73	72	-0.8	32	17	46%	4.0	3.0	25%
Jamaica	5	5	0	72	71	-0.7	20	20	0%	2.7	2.4	13%
Namibia	5	4	1	60	47	-12.6	77	62	19%	5.2	3.7	29%
Algeria	12	11	1	69	72	3.1	53	39	26%	3.4	2.4	28%
Thailand	6	10	-4	69	71	1.9	26	21	19%	2.0	1.9	6%
Tunisia	11	12	-1	71	73	2.1	40	24	40%	2.7	2.0	24%
Peru	7	5	2	68	71	3.0	63	27	56%	3.4	2.9	15%
Dominican Republic	6	4	2	..	..	..	53	31	42%	..	..	..
Colombia	8	6	2	70	73	3.0	31	21	32%	2.9	2.4	17%
Jordan	8	9	-1	69	72	2.8	35	26	26%	4.6	3.3	29%
Average	6.1	5.6	0.5	69.1	68.8	-0.4	39.4	31.4	23%	3.1	2.5	18%
Middle Income												
Ecuador	6	6	0	71	75	3.3	43	25	42%	3.2	2.7	17%
Guatemala	7	7	0	64	68	3.8	64	43	33%	5.2	4.3	16%
El Salvador	6	5	1	68	71	2.8	46	27	41%	3.3	2.8	17%
Swaziland	11	12	-1	58	41	-16.2	110	160	-45%	4.9	3.9	20%
Cape Verde	3	2	1	67	71	3.2	50	35	30%	4.5	3.5	21%
Morocco	10	9	1	67	70	3.5	69	40	42%	3.3	2.4	26%
Indonesia	12	5	7	64	68	3.8	66	36	45%	2.7	2.3	15%
Philippines	5	7	-2	68	71	3.3	49	33	33%	3.8	3.2	17%
Paraguay	7	6	1	69	71	2.2	33	23	30%	4.3	3.7	15%
Egypt	12	11	1	66	71	4.4	71	33	54%	3.5	3.1	11%
Sri Lanka	8	8	0	73	75	2.2	25	14	44%	2.2	1.9	13%
Honduras	6	6	0	67	69	2.0	49	40	18%	4.5	3.5	24%
Guyana	4	5	-1	60	64	4.1	79	63	20%	2.5	2.2	12%
Bolivia	5	6	-1	61	65	3.6	105	65	38%	4.5	3.7	19%
Cameroon	12	12	0	50	46	-4.0	151	149	1%	5.3	5.0	6%
Djibouti	11	10	1	52	53	1.6	161	133	17%	5.8	4.7	18%
Lesotho	8	5	3	52	35	-17.0	91	132	-45%	4.3	3.4	21%
Nicaragua	6	6	0	67	70	3.2	53	37	30%	4.2	3.1	26%
Average	7.7	7.1	0.6	63.6	64.1	0.5	73.0	60.4	24%	4.0	3.3	17%

Low Income/Clear Progress

India	6	5	1	61	64	2.1	104	74	29%	3.4	2.8	16%
Pakistan	9	11	-2	61	65	4.0	118	99	16%	5.2	4.1	21%
Senegal	8	5	3	54	56	2.0	148	119	20%	5.8	4.9	16%
Vietnam	14	12	2	67	71	3.5	44	19	57%	2.7	1.8	33%
Ghana	7	3	4	57	57	0.7	110	112	-2%	5.1	4.1	20%
Bangladesh	6	9	-3	59	64	5.4	120	73	39%	3.8	3.0	21%
Burkina Faso	9	8	1	46	48	2.2	204	191	6%	6.8	5.9	13%
Mali	4	5	-1	47	49	1.5	233	218	6%	7.3	6.7	8%
Tanzania	10	7	3	50	46	-3.6	159	122	23%	5.6	5.2	8%
Mozambique	7	6	1	44	42	-1.9	212	145	32%	6.0	5.3	12%
Gambia, The	13	9	4	53	57	4.0	146	137	6%	5.4	4.4	18%
Uganda	8	9	-1	43	50	6.9	156	136	13%	6.9	7.1	-3%
Ethiopia	9	10	-1	44	43	-1.5	179	127	29%	6.2	5.3	15%
Average	8.5	7.6	0.8	52.8	54.7	2.0	148.7	120.9	21%	5.4	4.7	15%

Low Income/Mixed Progress

Congo (Brazzaville)	8	11	-3	43	44	1.3	205	205	0%	6.7	6.7	0%
Cote d'Ivoire	11	12	-1	49	46	-2.5	175	195	-11%	5.9	4.7	20%
Sudan	14	14	0	55	57	2.1	106	90	15%	5.1	4.1	19%
Papua New Guinea	6	6	0	53	56	3.0	87	74	14%	4.8	3.8	21%
Yemen	11	10	1	57	62	4.9	122	102	16%	7.2	5.9	18%
Mauritania	12	8	4	50	54	3.6	127	125	2%	6.0	5.6	7%
Nigeria	13	8	5	..	..	..	230	194	16%	6.2	5.7	8%
Zambia	9	7	2	41	38	-2.1	182	182	0%	6.2	5.4	12%
Kenya	13	7	6	53	49	-4.2	111	120	-8%	5.2	5.0	4%
Benin	4	4	0	54	55	1.4	170	150	12%	6.4	5.6	13%
Cambodia	12	11	1	55	57	1.9	120	87	27%	4.8	3.9	20%
Chad	11	13	-2	45	44	-1.2	202	208	-3%	6.7	6.3	5%
Haiti	9	9	0	49	53	3.6	137	120	12%	4.5	3.8	17%
Guinea	11	11	0	51	54	3.5	209	160	23%	6.3	5.6	11%
Central African Republic	8	10	-2	44	39	-4.7	180	193	-7%	5.4	4.7	13%
Togo	11	10	1	56	55	-1.3	146	139	5%	6.0	5.0	16%
Zimbabwe	10	13	-3	49	37	-11.6	90	132	-47%	4.3	3.3	23%
Nepal	7	9	-2	58	63	4.7	120	74	38%	4.6	3.5	25%
Madagascar	6	7	-1	53	56	2.6	156	119	24%	6.0	5.0	16%
Niger	12	7	5	42	45	3.1	295	256	13%	8.2	7.7	6%
Rwanda	13	11	2	32	44	12.4	209	203	3%	6.5	5.8	10%
Sierra Leone	9	6	3	39	41	2.3	293	282	4%	6.5	6.5	0%
Eritrea	10	13	-3	51	55	4.1	122	78	36%	6.0	5.2	13%
Guinea-Bissau	7	8	-1	44	45	1.4	235	200	15%	7.1	7.1	0%
Malawi	5	8	-3	43	41	-2.6	193	125	35%	6.6	5.8	11%
Liberia	13	7	6	41	42	1.1	235	235	0%	6.8	6.8	1%
Congo (Kinshasa)	13	11	2	52	53	1.2	108	108	0%	6.3	5.6	11%
Burundi	14	9	5	42	45	2.5	190	190	0%	6.8	6.8	0%
Average	10.1	9.3	0.8	48.1	49.3	1.1	169.8	155.3	8%	6.0	5.4	11%

Source: Freedom House (2007, 2008); IBRD (2007a)

Table 5: Progress in the countries making the transition from Communism

Country	Population	Per Capita Income		Growth in Per Capita Income			Economic Freedom			Political Freedom		
	2006	2006	2006	1992-96	1996-06	2001-08	1995	2005	Change	Early 1990s	2007	Change
		(2006\$)	PPP									
Slovenia	2.0	18,890	23,970	4.0	4.2	4.2	4.8	6.0	1.2	4.0	2	2.0
Czech Republic	10.2	12,680	21,470	-0.2	3.0	4.7	5.8	7.0	1.2	3.0	2	1.0
Estonia	1.3	11,410	17,540	n.a.	8.5	8.8	5.4	7.8	2.4	5.3	2	3.3
Hungary	10.1	10,950	18,290	-1.4	4.7	4.0	6.4	7.6	1.2	5.0	2	3.0
Slovak Republic	5.4	9,870	17,600	n.a.	4.1	6.3	5.5	7.2	1.7	7.0	2	5.0
Croatia	4.4	9,330	13,680	3.5	4.1	5.0	4.4	6.5	2.1	7.7	4	3.7
Poland	38.1	8,190	14,830	2.6	4.4	4.7	5.3	6.8	1.5	4.0	2	2.0
Latvia	2.3	8,100	15,350	-0.9	8.7	9.5	4.8	7.3	2.5	5.7	3	2.7
Lithuania	3.4	7,870	14,930	-4.9	7.1	8.3	4.8	7.2	2.4	4.7	2	2.7
Russia	142.4	5,780	11,630	-7.3	5.3	7.1	4.1	5.5	1.4	6.7	11	-4.3
Romania	21.5	4,850	9,820	-0.7	3.0	6.7	4.0	6.3	2.3	9.3	4	5.3
Bulgaria	7.7	3,990	10,140	-6.8	4.7	6.3	4.5	6.6	2.1	5.3	3	2.3
Serbia/Montenegro	8.1	3,910	n.a.	n.a.	4.8	5.6	n/a	n/a	n/a	n/a	5	n/a
Kazakhstan	15.3	3,790	7,780	-6.8	7.6	8.7	n/a	n/a	n/a	9.7	11	-1.3
Belarus	9.7	3,380	8,810	-7.1	8.1	8.7	n/a	n/a	n/a	8.0	13	-5.0
Macedonia	2.0	3,060	7,610	-3.8	2.0	3.3	n/a	n/a	n/a	6.5	6	0.5
Bosnia/Herzegovina	3.9	2,980	n.a.	n.a.	8.4	5.4	n/a	n/a	n/a	12.0	7	5.0
Albania	3.1	2,960	5,840	0.2	4.9	4.8	4.5	5.9	1.4	8.5	6	2.5
Ukraine	46.6	1,950	7,520	-14.7	5.5	7.9	3.9	5.6	1.7	6.7	5	1.7
Armenia	3.0	1,930	5,890	2.5	10.0	12.7	n/a	n/a	n/a	8.0	9	-1.0
Azerbaijan	8.5	1,850	5,960	-15.0	11.1	18.2	n/a	n/a	n/a	10.7	11	-0.3
Georgia	4.4	1,560	3,690	n.a.	7.6	9.9	n/a	n/a	n/a	10.0	8	2.0
Moldova	3.8	1,100	2,880	-10.7	4.5	7.5	n/a	n/a	n/a	9.7	7	2.7
Mongolia	2.6	880	2,280	-3.4	4.1	6.1	n/a	n/a	n/a	5.8	4	1.8
Uzbekistan	26.5	610	2,250	-3.7	3.5	5.3	n/a	n/a	n/a	12.3	14	-1.7
Kyrgyz Republic	5.2	490	1,990	-9.2	3.1	3.4	n/a	n/a	n/a	7.7	9	-1.3
Tajikistan	6.7	390	1,410	-14.0	5.9	7.1	n/a	n/a	n/a	4.7	11	-6.3
Turkmenistan	4.9	<1735	n.a.	-12.6	9.8	10.6	n/a	n/a	n/a	12.7	14	-1.3
Average	403 (t)	5,287	10,126	-4.8	5.8	7.2	4.9	6.7	1.8	7.4	6.4	1.0

Source: Crosswell (2007a), Freedom House (2008)

Table 6: Top Recipients of U. S. Foreign Aid -- 1962-02 (\$ Millions; USAID Greenbook)

Country	Security Supporting Assistance	Development Assistance	Food Aid	Other Economic Assistance	Total Economic Assistance	Total Military Assistance	Total
Israel	30,085	166	464	60	30,775	53,352	84,127
Egypt	22,156	79	4,332	6	26,573	28,896	55,469
Vietnam	4,358	166	1,590	13	6,127	15,804	21,931
Turkey	2,683	987	394	31	4,096	13,188	17,283
India	8	4,486	6,839	145	11,478	155	11,633
Pakistan	2,730	2,286	2,970	184	8,171	2,815	10,986
Korea, Rep.	501	579	1,796	41	2,917	7,005	9,923
Greece	85	50	85	0	220	9,696	9,916
Philippines	1,573	1,803	1,061	219	4,656	1,790	6,446
El Salvador	2,190	1,403	700	60	4,353	1,138	5,491
Jordan	2,399	138	477	17	3,032	2,436	5,468
Indonesia	138	2,319	2,085	14	4,557	696	5,252
Russia	1	2,273	1,543	70	3,887	1,276	5,163
Bangladesh	4	1,971	2,892	7	4,874	30	4,904
Colombia	194	968	259	2,100	3,522	755	4,277
Peru	305	984	1,488	646	3,423	218	3,641
Bolivia	605	954	823	686	3,068	231	3,298
Spain	144	0	47	0	191	2,950	3,141
Portugal	1,005	0	285	0	1,291	1,651	2,942
Morocco	255	452	1,194	80	1,981	951	2,932
Thailand	297	467	41	207	1,013	1,918	2,931
Honduras	814	914	430	123	2,280	614	2,894
Brazil	76	1,506	633	178	2,392	417	2,809
Sudan	524	430	1,242	3	2,199	329	2,528
Ethiopia	6	640	1,535	51	2,232	238	2,470
Cambodia	552	115	434	4	1,105	1,206	2,310
Laos	561	94	30	37	722	1,497	2,219
Taiwan	0	70	242	1	312	1,894	2,206
Guatemala	599	739	532	143	2,013	76	2,089
Haiti	617	552	691	29	1,889	77	1,966
Tunisia	131	304	605	39	1,080	825	1,905
Kenya	201	750	519	125	1,595	293	1,889
Dominican Republic	464	596	621	100	1,781	107	1,888
Serbia and Montenegro	37	932	811	2	1,782	97	1,879
Ukraine	0	1,321	109	31	1,461	121	1,583
South Africa	65	982	0	29	1,076	16	1,092
Bosnia and Herzegovina	17	980	339	16	1,353	208	1,561
Uganda	6	719	257	39	1,021	15	1,036
Ghana	10	683	503	85	1,281	15	1,297
Chile	3	675	343	107	1,128	161	1,289
Mozambique	50	666	656	11	1,383	7	1,390
Mali	23	654	145	78	900	10	909
Malawi	32	628	177	47	884	11	895
Sri Lanka	14	617	910	11	1,552	10	1,561
Nigeria	137	612	73	51	874	37	911
Armenia	0	611	153	13	778	11	789
Senegal	99	569	228	82	977	56	1,033
Jamaica	489	536	588	91	1,704	52	1,756
Nicaragua	687	491	241	60	1,479	32	1,511
Costa Rica	1,034	360	206	95	1,695	42	1,736
Micronesia (Federated States)	0	0	0	1,449	1,449	0	1,449

Table 7: Poverty in developing countries by region (population share and number [in millions])

Region/Country		1981	1990	1996	2004	2015
East Asia/Pacific	%	57.7	29.8	16.1	9.1	2.0
	#	(796)	(476)	(279)	(169)	(40)
of which China	%	63.8	33.0	17.4	9.9	2.1
	#	(634)	(374)	(211)	(128)	(29)
South Asia	%	49.6	43.0	36.1	30.8	15.1
	#	(455)	(479)	(453)	(446)	(256)
of which India	%	51.8	44.3	39.9	34.3	17.6
	#	(364)	(376)	(379)	(371)	(217)
Europe/Central Asia	%	0.7	0.5	4.4	0.9	0.3
	#	(3)	(2)	(21)	(4)	(2)
Middle East/North Africa	%	5.1	2.3	1.7	1.5	0.7
	#	(9)	(5)	(4)	(4)	(2)
Sub-Saharan Africa	%	42.3	46.7	47.7	41.1	31.4
	#	(168)	(240)	(286)	(298)	(290)
Latin America/Caribbean	%	10.8	10.2	8.9	8.6	5.5
	#	(39)	(45)	(43)	(47)	(34)
Total	%	40.1	28.7	22.7	18.1	10.2
	#	(1470)	(1248)	(1088)	(970)	(624)
Total w/o China	%	31.4	27.1	24.5	20.7	12.6
	#	(837)	(873)	(876)	(841)	(595)

Source: IBRD (2008), Chen and Ravallion (2007)