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**PROFILE OF A.I.D. DOLLAR LOANS, 1958-1968,
TO INDUSTRIAL INTERMEDIATE
CREDIT INSTITUTIONS**

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PROFILE OF A.I.D. DOLLAR LOANS, 1958-1968,
TO INDUSTRIAL INTERMEDIATE CREDIT INSTITUTIONS

by

Carl J. Hemmer
PPC/POL/ES

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PROFILE OF A.I.D. DOLLAR LOANS, 1958-1968,
TO INDUSTRIAL INTERMEDIATE CREDIT INSTITUTIONS

Principal Findings:

1. In general, ICI loans were extended mainly to publicly-owned ICIs, to banks located in the LA and NESAs regions, to ICIs in countries with better developed financial institutions, and for purposes other than that of providing seed capital.

2. Over time, the trend is towards seed capital loans, loans to privately-owned ICIs, and to banks in less developed financial settings.

3. A.I.D.-assisted ICIs that received assistance from other foreign sources were typically in the NESAs region, privately-owned banks in the more developed financial settings, and the commitments were largely made since 1963 for purposes other than that of providing seed capital.

A.I.D. loans to the same group of ICIs were much more likely to go to public ICIs, to ICIs in the less developed settings, and to ICIs in need of seed capital. In relative terms, A.I.D.'s profile was that of a lender of last resort to ICIs in developing countries.

4. Disbursement rates for loans to ICIs do not vary significantly over time or between banks in the more and less developed financial settings; loans to private banks and seed capital loans are disbursed much more rapidly than loans to public banks and loans for other purposes.

5. Disbursement rates are generally higher the smaller the loan and the more restricted the availability of foreign assistance from sources other than A.I.D.

Introductory Discussion

The purpose of this report is to sketch the magnitudes and characteristics of the loan experience to be assessed in the Spring Review.* This experience has been so extensive in kind, in geographic distribution, and over time that neither the memory nor the records of any single individual or Agency office commands more than a fraction of the total picture. The report that follows draws from the reliable measurements at hand a profile of A.I.D.'s experience with loans to industrial ICI's.

It is a partial profile of A.I.D. experience that results. Several large and significant areas of discussion -- such as experience with local currency loans and the borrowing banks' pattern of sub-loans -- are omitted here for lack of comparable or comprehensive data. Nonetheless, this report does address itself to several fundamental questions relevant to the Review.

- How has A.I.D. allocated the available resources to industrial ICI's -- over time, geographically, between public and private intermediaries, for the initiation of new banks or the support of established banks?
- How rapidly have the borrowers employed the committed** funds and what factors explain the differential rates of disbursement?
- What was the magnitude of other foreign assistance available to A.I.D.-assisted institutions, and what bearing does it appear to have had on A.I.D. experience with these loans?

*Annex A sets the data discussed in this paper in its broader context of A.I.D. assistance to ICI's and, in addition, supplies the definitions that generated the data base employed as well as a list of the banks and loans included in this study.

**In this paper, the term "commitment" always refers to the date when the loan agreement was signed by both parties. It is never used to designate the date of loan authorization.

Whatever the limitations of the profile our data yields, it does allow us to answer these basic questions and, in addition, it serves as a useful guide to narrow our focus, to suggest refinements of questions, and to evaluate other pieces of evidence that come to light.

The following two sections examine A.I.D.'s dollar loans to industrial ICI's, first, in terms of the distribution of A.I.D. loans and, second, in terms of the disbursement of loan funds to ICI's. In both sections, the loan data is analyzed from five different points of view:

- 1) by the principal ownership of the ICI -- i.e., public or private; in ambiguous or mixed cases, the criterion was the effective source of managerial decisions;
- 2) by the time period in which the loan commitment was made -- i.e., between 1958 and 1963 or between 1964 and 1968;
- 3) by A.I.D. geographic region -- i.e., Latin America, Near East-South Asia, East Asia, and Africa;
- 4) by a partly subjective estimate of the developmental level of each country's financial structure; countries with more numerous and/or sophisticated financial intermediaries are counted as more developed, others as less developed;
- 5) by the purpose of the loan -- i.e., to provide seed capital for new industrial re-lending or to support an existing industrial re-lending facility ("other" loans); seed capital is defined as commitments made eight or fewer quarters after the establishment or latest major reorganization of the ICI.

I. PROFILE OF THE DISTRIBUTION OF ICI DOLLAR LOANS

A. Principal Findings:

- 1) Loan funds were concentrated in a relatively few countries, principally of LA and NESAs, whose financial markets were more developed, and typically were extended to publicly-owned ICIs for purposes other than that of providing seed capital.
- 2) Over time, the trend of ICI loans is towards seed capital loans, to privately-owned ICIs and to banks in less developed financial settings; the share of all A.I.D. loan assistance allocated to ICIs is declining.
- 3) Whatever the financial setting, more loan dollars are available to publicly-owned ICIs than to private banks; however, the larger loans go to private banks in the less developed settings and to public banks in the more developed financial markets.
- 4) Most of the seed capital funds go to private ICIs, most of the loan dollars for other purposes to public banks.
- 5) Half of the A.I.D.-assisted ICIs also received assistance from other foreign sources; typically, other foreign assistance went to NESAs countries, to privately owned banks in more developed financial settings, and the commitments were largely made since 1963 for purposes other than that of providing seed capital.

6) In contrast to the distribution of other foreign assistance to A.I.D.-assisted ICIs, A.I.D. loans were much more likely to go to seed-capital assistance, to public ICIs and to ICIs in less developed financial settings. Stated in relative terms, AID's profile was that of a lender of last resort to developing countries.

B. The Distribution of ICI Dollar Loans: an Overview

Over the eleven year period, 1958-68, A.I.D. granted 61 dollar loans* to 45 ICIs in 34 countries; commitments, after deobligations, totalled \$353.9 million. Table 1 shows the distribution of loans and loan funds in various ways.** The average loan amounted to \$5.2 million and two-thirds of the loans were within the range of \$1.4 to 9.0 million. Loans to industrial ICIs account for \$4.33 out of every \$100 of A.I.D. loans to the countries where they are located.

Loan funds were concentrated in a relatively few countries. The nine countries (one-fourth of the total) where loans were negotiated with more than one ICI account for nearly one-half of all loan funds. Moreover, six of the thirteen banks that received more than one loan are found in these concentration countries.

* "Dollar" loans in this paper designate loans disbursed in dollars; the currency of repayment is either dollars or local currency.

** See Annex A for a discussion of the data definitions that underlie the totals of Table 1.

Table 1

Summary Data on ICI \$ Loans

Note: Percentages in parentheses add vertically to 100%

	No. of Loans	Commitments in millions of \$	Aver. size of Loan in thousands of \$	ICI \$ Loans All US Loans
TOTAL:	61	353.9	5802.1#	4.3
REGION:				
LA:	24 (39%)	152.7 (43%)	6362.5#	5.9
NESA:	18 (30%)	114.0 (32%)	6335.7	2.4
EA:	8 (13%)	58.8 (17%)	7356.1	12.3
AFR:	11 (18%)	28.4 (8%)	2579.7	9.6
PERIOD:				
1958-63:	33 (54%)	198.7 (56%)	6021.2#	7.5
1964-68:	28 (46%)	155.2 (44%)	5542.9	2.8
FINANCIAL STRUCTURE:				
Less developed:	26 (43%)	72.3 (20%)	2779.9	11.9
More developed:	35 (57%)	281.6 (80%)	8047.3#	3.7
OWNERSHIP:				
Public:	36 (59%)	224.2 (63%)	6228.6#	---
Private:	25 (41%)	129.7 (37%)	5188.0	---

Table 1
(continued)

	No. of Loans	Commitments in millions of \$	Aver. size of Loan in thou- sands of \$	<u>ICI \$ Loans</u> <u>All US Loans</u>
	Seed Cap: 29 (48%)	128.0 (36%)	4412.9	---
<u>PURPOSE</u> <u>OF LOAN:</u>	Other: 32 (52%)	225.9 (64%)	7061.1#	---

Note: When the 1962 loan to Chile is omitted, the average size of loan changes significantly for the following categories flagged above:

	<u>Aver. Size</u>	<u>% change</u>
LA:	4900.0	-23%
1958-63:	4961.5	-18%
more dev:	7108.6	-12%
Public:	5264.8	-15%
Other	5999.9	-15%
TOTAL:	5232.8	-10%

As Table 1 shows, roughly three-fourths of the loan dollars went to the LA and NESAs regions, four out of five went to banks in more developed financial settings, and nearly two-thirds was extended to publicly-owned ICIs and for purposes other than that of providing seed capital.

C. The Distribution of Other Foreign Assistance to A.I.D.-assisted ICIs

Available information on other foreign assistance to A.I.D.-assisted ICIs is relevant to this Review in several ways. First, the amount of other assistance extended provides a yardstick for measuring the relative importance of A.I.D. loans. Secondly, since other foreign assistance is not tied to U.S. procurement, its relative availability may explain the difference in disbursement rates for A.I.D.'s ICI loans. Finally, other foreign assistance is one measure of the ICIs' ability to attract other sources of capital. Table 2 is a summary of other foreign assistance data as well as a comparison of other foreign assistance with A.I.D. loans to ICIs.*

How important has A.I.D.'s contribution been to the ICIs it has assisted? Table 2 shows that, in general, A.I.D. has supplied 31¢ out of every dollar of foreign assistance mobilized by these ICIs. A.I.D.'s

* The available data on other foreign assistance reported in this paper is substantially complete although a few significant sources have not been included. In any case, the reader is warned that the totals refer to assistance from other sources to A.I.D.-assisted ICIs only; other foreign assistance to ICIs not assisted by A.I.D. is specifically excluded from this report.

Table 2

A.I.D. and Other Foreign Assistance
to A.I.D.-assisted Industrial ICIs*

	A.I.D. loans (in millions of \$)	Other Foreign assistance (in millions of \$)	Percent of all assistance from A.I.D.
<u>ALL ICIs:</u>	314.0	699.5	31%
<u>REGION:</u>			
LA:	112.7	107.7	51%
NSA:	114.0	539.1	17%
EA:	58.9	41.2	59%
AFR:	28.4	11.5	71%
<u>PERIOD OF COMMITMENT:</u>			
Pre-1963:	158.8	211.1	43%
1964-68:	155.2	488.4	24%
<u>FINANCIAL STRUCTURE</u>			
Less developed:	72.3	32.2	69%
More developed:	241.7	667.3	27%
<u>OWNERSHIP:</u>			
Public:	184.3	207.1	47%
Private:	129.7	492.4	21%
<u>PURPOSE OF LOAN:</u>			
Seed Capital:	128.0	44.6	74%
Other:	186.0	654.9	22%

*"A.I.D. Loans" exclude the 1962 loan of \$40 million to Chile. "Other Foreign Assistance" includes the dollar equivalent of assistance from the IDB, IBRD, IDA, IFC, and the Federal Republic of Germany. All AID-assisted ICIs are included in the calculations, irrespective of whether they received any "Other Foreign Assistance."

relative importance, however, varies considerably within each of the main classifications of data. A.I.D. is 3-4 times more important than other sources where seed capital was needed, where the financial setting was less developed and, generally, in Africa, Latin America, and East Asia; public ICIs were twice as dependent on A.I.D. loans as were private ICIs.

Other foreign assistance was obtained by twenty-four of the forty-five A.I.D.-assisted ICIs; the remaining twenty-one received only A.I.D. loans.* Consequently, A.I.D.-assisted ICIs include two groups of banks: those that are 100% dependent on A.I.D. for foreign assistance, and those that draw on other sources of foreign capital. Table 3 contrasts the distribution of loan dollars within these groups of ICIs and with the distribution of other foreign source funds as well; the table also recalculates A.I.D.'s contribution of ICI assistance for the 24 ICIs that received aid both from other foreign sources and from A.I.D.

The contrast of distribution patterns shows that other foreign assistance was much more concentrated than A.I.D. loans to either group of ICIs.** Moreover, the table reinforces A.I.D.'s profile as a development lender of last resort; when A.I.D. is the only foreign lender, its

* Since some sources of foreign assistance were omitted in this study, a few of the banks listed here as receiving only A.I.D. loans in fact may have received small amounts of assistance from other foreign sources.

** Other foreign assistance was strongly concentrated in ways not revealed by Table 3. Two ICIs alone account for more than half of all other foreign assistance, and six ICIs received nearly ninety percent of the aid from other sources.

Table 3

Distribution of Assistance to Industrial ICIs, by Source

	ICIs Receiving both AID and Other Foreign Assistance*			ICIs Receiving only A.I.D. Assistance
	AID Loans	Other Foreign Assistance	Percent of all Assistance from A.I.D.	
Number of ICIs	24	24	--	21
Commitments (in millions of \$)	\$196.4	\$699.5	28%	\$117.6
<u>Distribution by Region:</u>				
LA:	25%	15%	31%	53%
NESA:	57%	77%	17%	2%
EA:	11%	6%	35%	33%
AFR:	7%	2%	56%	12%
<u>Distribution by Period of Commitment:</u>				
Pre-1963:	66%	33%	38%	25%
1964-68:	34%	67%	12%	75%
<u>Distribution by Financial Structure:</u>				
Less developed:	15%	5%	48%	36%
More developed:	85%	95%	20%	64%
<u>Distribution by Ownership:</u>				
Public:	63%	30%	37%	51%
Private:	37%	70%	13%	49%
<u>Distribution by Purpose:</u>				
Seed Capital:	32%	6%	58%	55%
Other:	68%	94%	17%	45%

* See footnote to Table 2 for definition of other Foreign Assistance

loans are much more likely to occur in less developed financial settings and to take the form of seed capital. Further indication of A.I.D.'s emphasis on basic development lending needs is that, even for the banks receiving some amount of other foreign assistance, A.I.D. supplies nearly fifty percent or more of the foreign capital in the less developed financial settings and when seed capital is needed; in contrast, on the average A.I.D. supplies only 28¢ of every dollar of foreign assistance mobilized by these banks.

D. Distribution of A.I.D. Loans: Highlights from Cross-Tabulations

1. Public ICIs and Private ICIs: In general, more dollars went to public than to private ICIs although the average size of loan was roughly the same. Over time, however, commitments to public banks were declining while loans to private ICIs were growing rapidly.

2. ICI Share of All U.S. Loan Aid: Over time, as Table 1 shows, the share of aid allocated to ICI loans has fallen by more than fifty percent. Most of this decline occurred in the NESAs region; in Africa the decline was only half as large and in LA and EA the share has doubled over time. This pattern reflects the trend toward seed capital loans in less developed financial settings and away from support of the better established ICIs.

3. Differences between A.I.D. Regions: Over time, A.I.D.'s commitments to ICIs have been growing in LA, EA, and Africa, and declining in the NESAs region. The average loan size and the concentration of loan funds was greatest in the EA and NESAs regions where five banks (one-fifth of the two-region total) accounted for three-fourths of all loan commitments.

4. Stages of Financial Development: Over time, countries with less developed financial structures were getting more loans and, on the average, loans twice as large as those available five years earlier. Countries more advanced financially received a third fewer loans and the average loan size continued to grow. Total commitments more than doubled to the ICIs in less advanced settings while funds for ICIs in the more developed markets declined by nearly a third.

5. Seed Capital and Other Loans: Over time, seed capital loans have grown dramatically in importance. In the period, 1958-63, \$28 out of every \$100 loaned to ICIs served as seed capital; in the last five years, \$47 out of every \$100 has been seed capital. Moreover, while the average size of loans for other purposes has been declining, the average seed capital loan was thirty percent larger in 1964-68 than it was in 1958-63. Three-fourths of the seed capital commitments have been in LA and Africa, and three out of five seed capital dollars went to privately-owned ICIs. Banks in less developed financial settings received only a third of all seed capital dollars, but nearly sixty percent of all the commitments to the less developed economies served as seed capital for new lending facilities.

II. PROFILE OF LOAN DISBURSEMENTS*

A. Principal Findings

1. Disbursement rates** for the various sub-classifications of loans do not vary greatly from the average pattern of rates.
2. Privately-owned banks have significantly higher disbursement rates than publicly-owned ICIs.
3. Over time, there has been no significant change in disbursement rates.
4. ICIs in less developed financial settings disburse loans as rapidly as banks in the more developed settings.
5. Seed capital loans are disbursed much more rapidly than loans for other purposes.
6. Disbursement rates are generally higher the smaller the loan and the more restricted the availability of foreign assistance other than from A.I.D.

* I.e. in percentage terms

** Disbursement rates in this paper are defined as the cumulative disbursement rates per-year-elapsed since the date of loan commitment. "Commitment", in turn, refers always to the date when the loan agreement was signed by both parties, not to the date of loan authorization. The principal to be disbursed is the amount in the original loan agreement, less all deobligations reported through December 31, 1968. A detailed explanation of the calculations involved is contained in Annex B.

B. Difference in Disbursement Rates: The Patterns and an Explanation

How quickly have industrial ICIs put A.I.D. loans to work? What factors explain the differential rates of disbursement that appear in the record? Both of these questions merit investigation. The rate of disbursement is clearly relevant to decisions on the amount of claims on resources that can usefully be committed to any single ICI at a given time. The faster the disbursement, moreover, the more concentrated the effect of the new investment on the development processes. Finally, the disbursement rate, given here in percentage terms, is both a measure of how rapidly the ICIs moved funds and also of how accurately A.I.D. assessed their capacity to do so in setting the size of loan authorizations.

Charts 1-6 below depict the various disbursement patterns.* In general, the average A.I.D. loan of \$5.2 million was 50% disbursed three years after the date of commitment, and 80% disbursed five years after commitment.** The patterns revealed by the charts are as follows:

1. Public and Private ICIs (Chart 1) Private ICIs achieve disbursement of loans a full year faster than publicly-owned ICIs from the first year on. At the 80% level, the gap approaches two years.

* Each curve on the charts is an average, weighted by the size of loan commitments, of the experience with all of the loans that fall within a particular category--e.g. loans to publicly-owned ICIs. The vertical axis of each chart measures the cumulative percentage of principal disbursed. The horizontal axis describes the time elapsed, in years, since the date of loan commitment. The cut-off points on the axes, of 80% and 5 or 6 years, respectively, imply merely that the bulk of disbursement experience falls within these limits, thereby defining the reliable region for making generalizations and comparisons. Annex B discusses the underlying assumptions and limitations of these curves in detail.

** See Chart 7, Annex B, for the average pattern.

Chart 1

Rates of Disbursement and Related Data, by Ownership of ICI

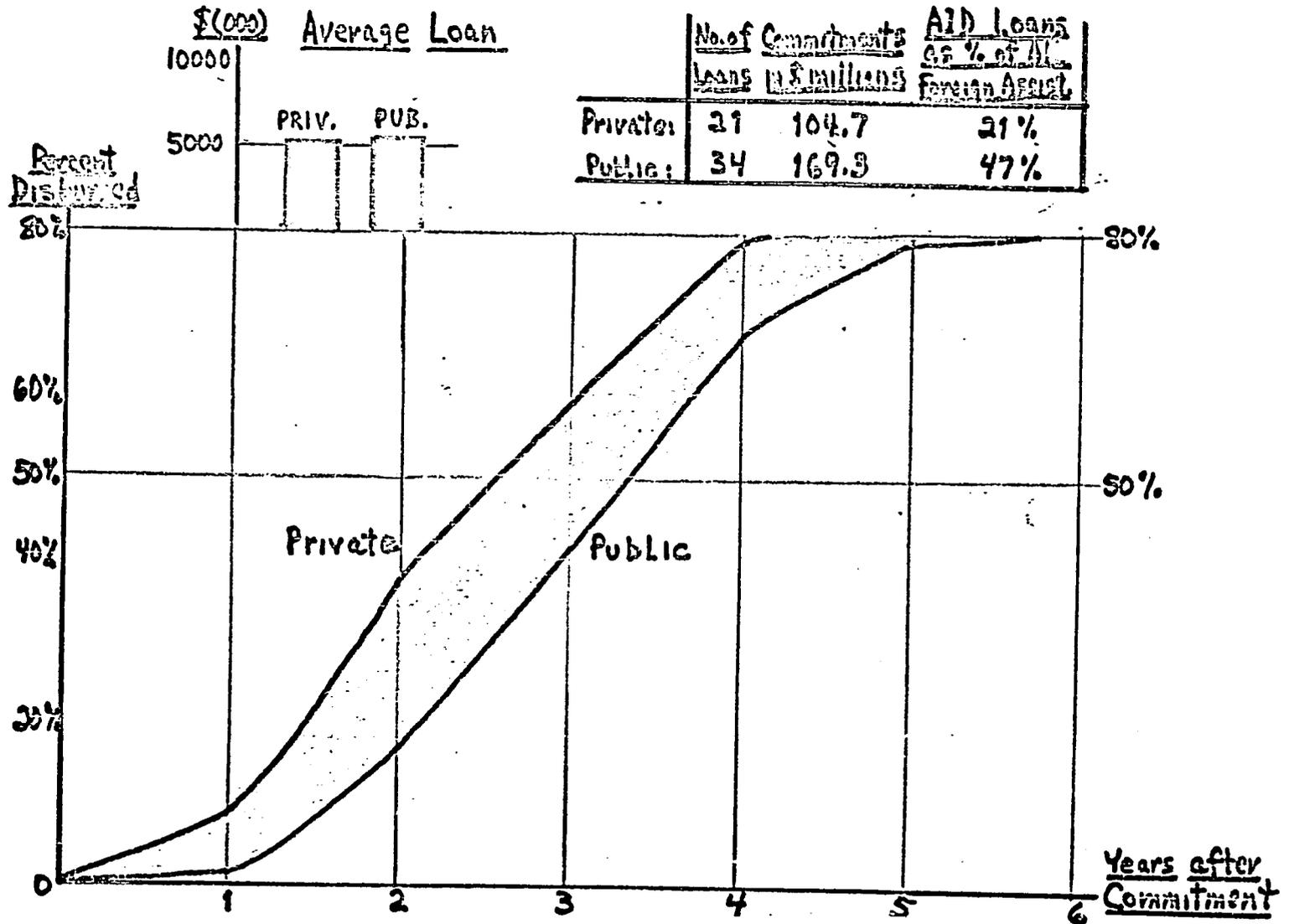


Chart 2

Rates of Disbursement and Related Data, by Period of Commitment

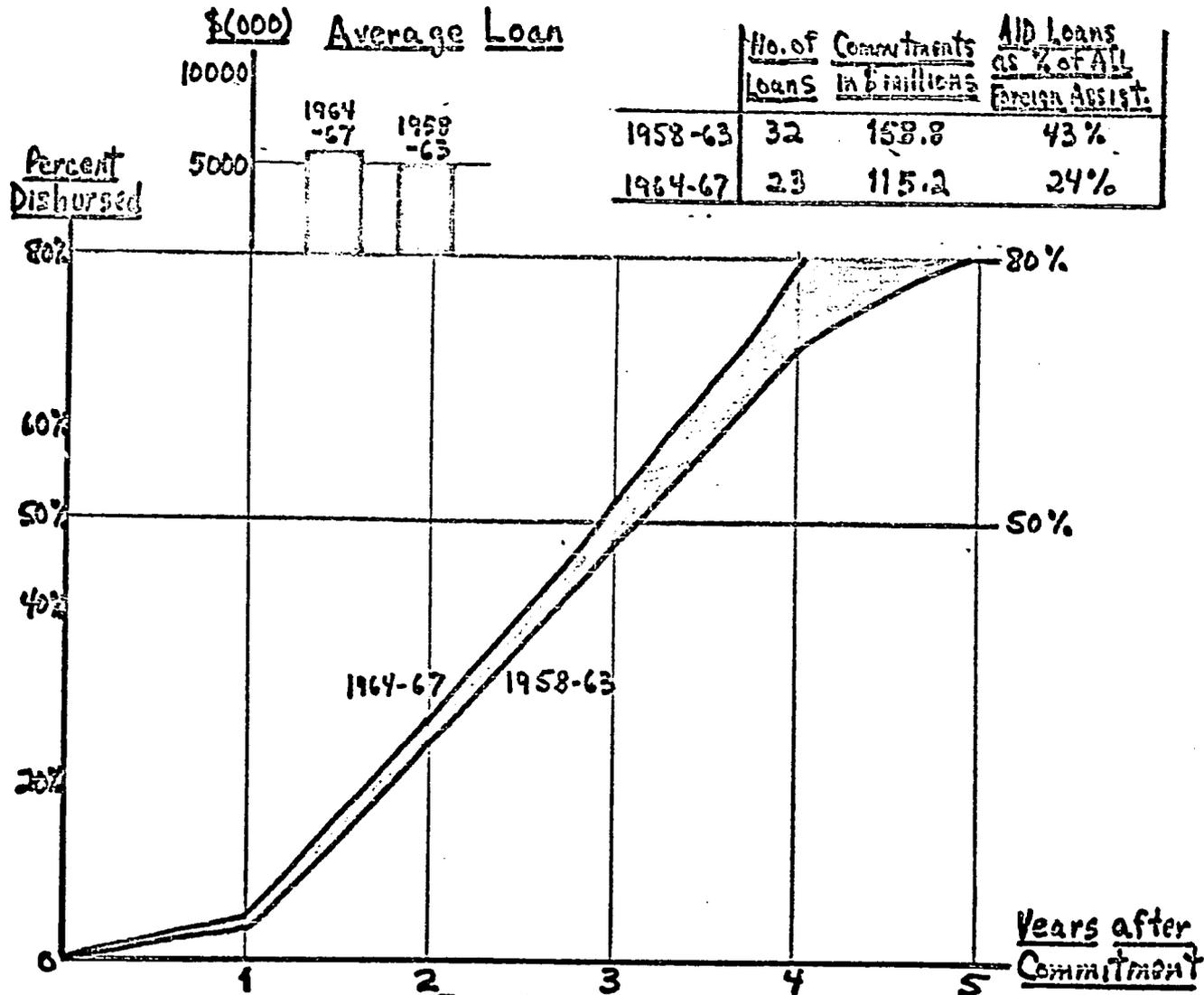


Chart 3

Rates of Disbursement and Related Data
by Region of Commitment

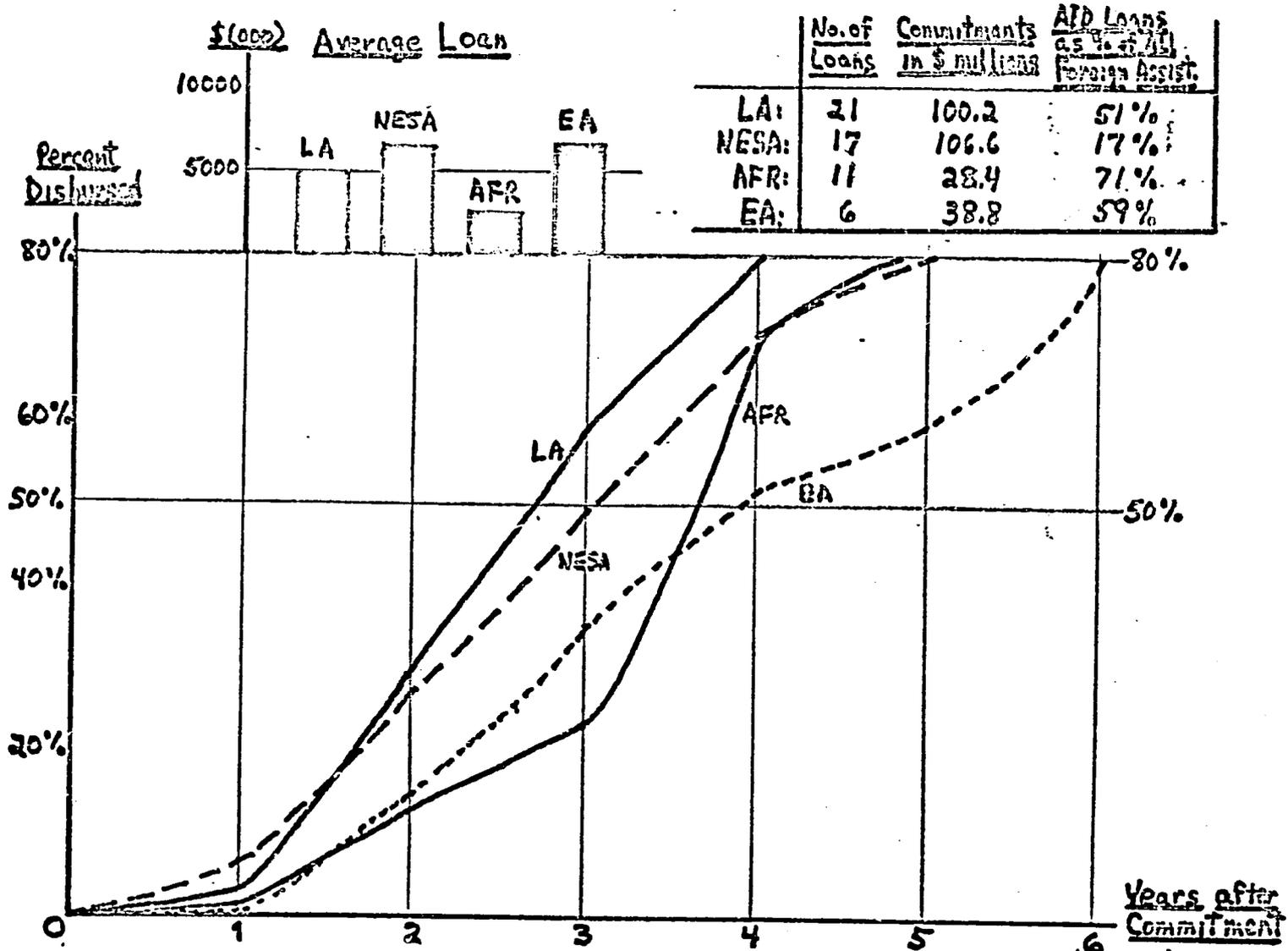


Chart 4

Rates of Disbursement and Related Data, by Developmental Stage of Financial Structures

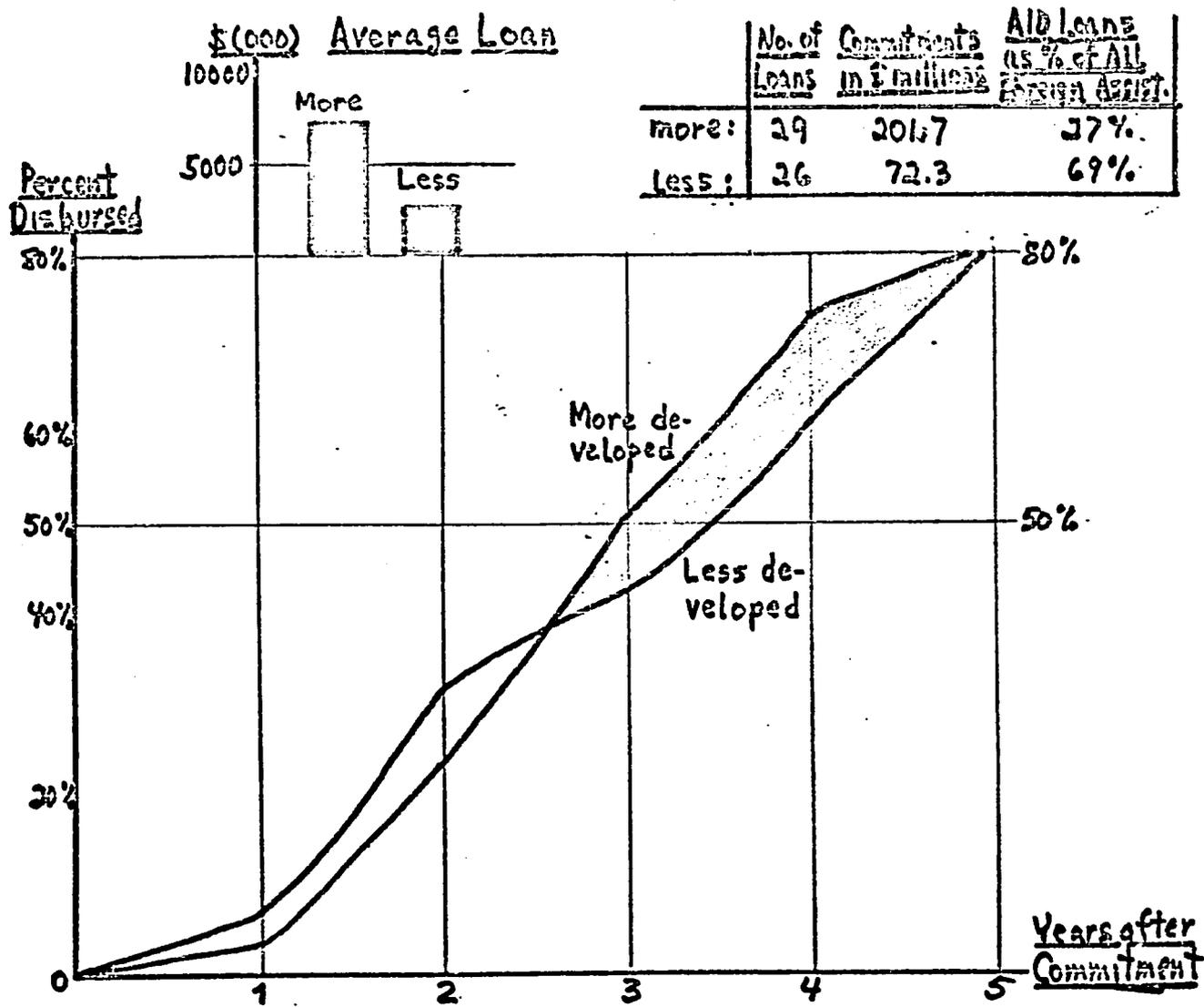


Chart 5
Rates of Disbursement and Related Data,
by Purpose of Loan

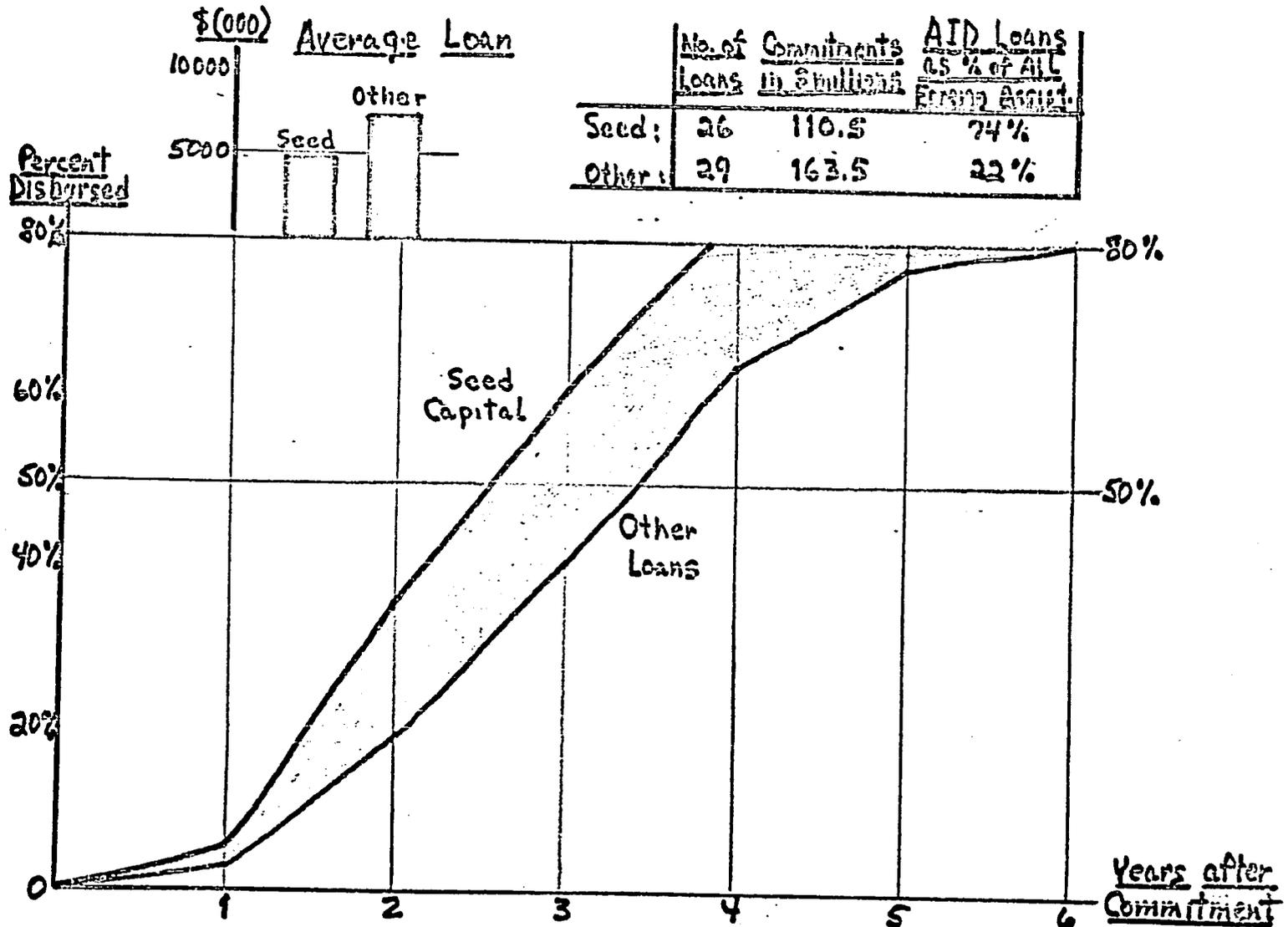
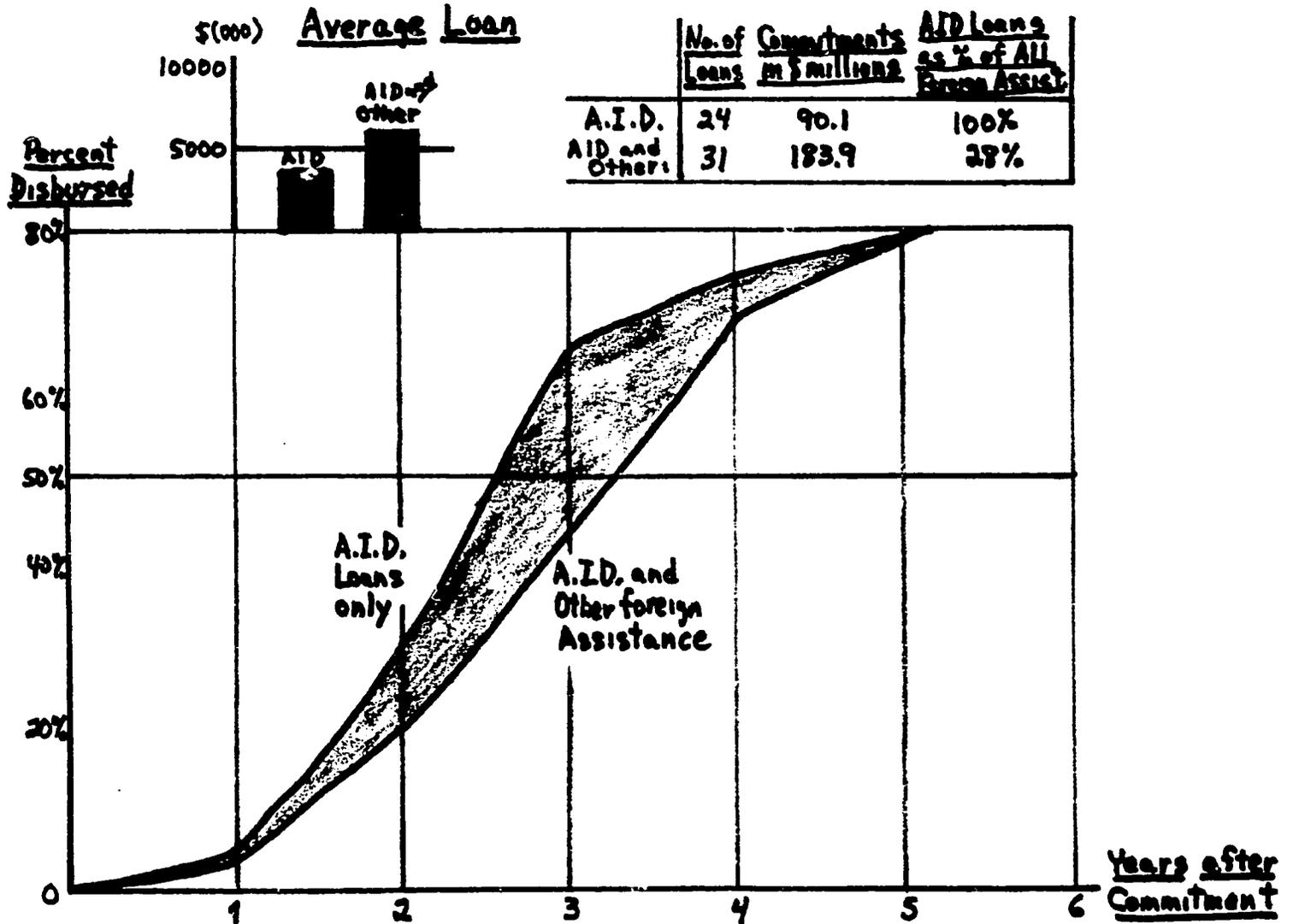


Chart 6
Rates of Disbursement and Related Data,
by Source of Assistance



2. Period of Commitment (Chart 2) The curves suggest a slight improvement in disbursement rates over time, when loans committed in 1958-63 are compared with those committed in 1964-67. The 1964-67 curve somewhat understates the rates of disbursement since some of the loans included will be deobligated in part in the future.* However, the disbursement rates for 1964 loans--which dominate this particular curve since only 1964 loans contribute four full years of disbursement experience--were much higher than those for 1965-67, suggesting that no significant or lasting improvement in rates occurred.

3. Region of Commitment (Chart 3) The regional patterns show large differences between LA and NESAs as compared with EA, and between LA and Africa. The EA curve is partly explained by one large loan whose disbursement was delayed for political reasons.

4. Financial Structure (Chart 4) The contrast between disbursement rates of ICIs in less and more developed financial structures is notable for what it does not show--i.e. a significant difference between the two patterns. Aside from the regional patterns, this is the only other case where the curves are so similar that a crossover occurs.

* The principal on which disbursement rates is calculated takes account of deobligations. In the case of loans committed between 1958 and 1963, practically all such deobligations have occurred. This is not so for more recent loans and, therefore, as a group, their principal is overstated and disbursement rates understated.

5. Seed Capital and Other Loans (Chart 5) The disbursement rates for seed capital loans are markedly superior to those for other loans; the difference between the two patterns is greater than for any other two categories compared. Since there are reasons for viewing seed capital loans as easier or as more difficult to disburse, the size of the difference between the two patterns is surprising.

Two simple hypotheses are advanced here to explain the differential rates of disbursement. The first is concerned with the size of the commitment: the larger the loan, the slower the rate of disbursement. This hypothesis reflects the suspicion that the larger the loan the more likely the loan overestimates the ICI's capacity to use the funds within the immediate future. The second hypothesis is concerned with the availability of other foreign assistance: the larger the amount of assistance from other foreign sources, the slower the rate of disbursement of A.I.D. funds. This hypothesis is suggested by the fact that foreign assistance from non-A.I.D. sources tends to be untied or less stringently tied than A.I.D. funds. Hence, if both are available, A.I.D.'s funds are drawn down last.

The measures used to test these hypotheses are the average size of loan and the percent of all foreign assistance from A.I.D.* The most basic test of the hypotheses is shown in Chart 6. The ICIs that received A.I.D. loans were divided into two groups: those that receive other foreign assistance, and those that receive only A.I.D. loans. Disbursement

* Tables 1 and 2, respectively, supply the values for average size of loan and percent of all foreign assistance from A.I.D.

rates for the "A.I.D. loans only" group are clearly higher than those for banks that also received other foreign assistance. Since the average size of loan to the "A.I.D. loans only" ICIs was significantly smaller, and, assuming that other factors were largely washed out by the method of constructing the two groups, the Chart serves as evidence that average size and the A.I.D. share of all foreign assistance work in the assumed direction.

Returning to the patterns shown in Charts 1-5, the hypotheses suggest the following conclusions:

1. In Charts 1 and 2, the average size of loan is not significantly different for the groups under comparison. Contrary to expectations, A.I.D.'s share of all foreign assistance is higher for the group with lower disbursement rates in both cases. However, it is plausible that superior managerial efficiency of private ICIs nullifies the second hypothesis. Either the management finds ways to relend available foreign capital, or it does not borrow the money in the first place. In Chart 2, the declining percent of all foreign assistance supplied by A.I.D. explains why there is no significant improvement between the periods. The ICIs improved ability to move the available funds was offset by a larger and more varied supply of foreign capital to be put to use.

2. In Chart 3, the hypotheses are fully consistent with the LA and NESAs patterns. Africa and EA, however, must largely be explained by the particular regional situation.

3. In Chart 4, the hypotheses help to explain why the patterns are not widely different. The superior efficiency of ICIs in the more developed financial settings was probably offset by the size of loan to be disbursed and by the greater availability of alternative sources of foreign capital. Conversely, the lack of a difference in patterns suggests that A.I.D.'s judgment of the relending capacity of ICIs--as measured by the average size of loan--was no worse (or no better) in the less developed setting than in the more advanced economies.

4. Finally, in Chart 5, the hypotheses are fully consistent with the patterns. A further factor often cited to explain high disbursement rates for seed capital loans is the backlog of investments to which new relending capacity can be applied. The patterns suggest that loans for purposes other than seed capital might be disbursed more rapidly if their average size was somewhat smaller.

ANNEX A

Explanatory Notes on Table A-1

Table A-1 sets the statistical material of this paper in its broader context of a wide range of A.I.D. assistance to industrial ICI's. This assistance has taken many forms and has been financed by both loans and grants. Table A-1 summarizes A.I.D. activity in this field by indicating the basic kinds of assistance made available to ICI's. No attempt is made to distinguish between technical assistance financed by loan or by grant, or between the various forms of local currency loans. The sources for this table are principally the evaluation reports submitted by the field Missions.

Table A-1

List of Countries with AID - assisted Industrial IGIs

Key: Countries underlined are those whose missions submitted evaluation reports for this Review

	<u>Capital Assistance</u>		<u>Technical Assistance</u>
	<u>\$ Loans</u>	<u>LC Loans</u>	
<u>Latin America</u>		
Bolivia	X		
Brazil	X		
Chile	X		
Colombia	X		
.....		
<u>Costa Rica</u>	X		
<u>Ecuador</u>	X		X
<u>El Salvador</u>	X		
<u>Guatemala</u>	X		
.....		
Guyana	X		
Honduras	X		
<u>Nicaragua</u>	X		
<u>Panama</u>	X		X
.....		
Peru	X		
Central American Bank for Economic Integation	X		
.....		
<u>Near East-South Asia</u>		
Greece	X		
<u>India</u>	X	X	
<u>Israel</u>	X	X	
<u>Nepal*</u>	X	X	X
.....		
<u>Pakistan</u>	X	X	X
<u>Syrian Arab Republic</u>	X		
<u>Turkey</u>	X	X	
<u>U.A.R.</u>	X		
.....		

Table A-1
(continued)

	<u>Capital Assistance</u>		<u>Technical</u>
	<u>\$ Loans</u>	<u>LC Loans</u>	<u>Assistance</u>
<u>East Asia</u>		
Republic of China	X		
<u>Korea</u>	X	X	
<u>Laos</u>		X	X
<u>Philippines</u>			X
		
<u>Vietnam</u>		
<u>South Vietnam</u>			X
		
<u>Africa</u>		
<u>Ethiopia</u>	X		
<u>Ghana</u>		X	X
<u>Ivory Coast</u>	X		
<u>Liberia**</u>			X
		
<u>Niger**</u>	X		
<u>Somalia**</u>	X		X
<u>Sudan</u>	X		
<u>Tunisia</u>	X	X	
		
Uganda	X		
<u>East Africa</u>	X		
<u>Development Bank</u>			
<u>West Africa</u>			
Development Bank	X		
		

.....

* Classified

** These mission reports were of too summary a nature to warrant general distribution.

The Data Base Employed

The set of loans selected for tabulation and analysis in this Review (and listed in Table A-1) was defined as follows:

- a) loans committed (by A.I.D. or the DLF) between 1/1/58 and 12/31/68;
- b) loans disbursed in \$US (repayable in \$US or in local currency); neither local currency loans nor the dollar magnitude of technical assistance is covered in this report;
- c) loans whose principal purpose was industrial re-lending; these include loans to industrial development banks, selected loans to regional banks, two-step loans to central banks for re-lending to development banks, and loans to establish industrial loan windows.

Loans to agricultural and housing banks, loans authorized but never signed with industrial banks and, in general, loans for non-industrial re-lending were excluded as far as possible.

NOTE: One of the 61 loans studied here is so atypical as to require special mention and special treatment. This is the 1962 loan of \$40 million to CORFO of Chile. This one loan accounts for 11% of all loan dollars and it is nearly 7 times the size of the average loan to other institutions. It is included because the borrower, CORFO, is an authentic industrial development bank. However, this loan also served as the immediate predecessor of a series of program loans to Chile, a role that explains its atypical size and the rapid rate of loan disbursement in this case (100% within one year). In general, this loan is excluded from the study of disbursement patterns and in all other instances where its inclusion significantly alters the ranking of the category to which it belongs.

The data definitions employed in this Review explain the difference between the total dollar values for loans to industrial development banks reported here (\$353.9 million) and in A.I.D.'s Congressional presentation (\$487.4 million). The reconciliation is shown below.

Congressional presentation	\$487.4 million
<u>less</u> Loans reclassified as aid to mining, agricultural, or housing banks.	\$76.6
Loans signed after 12/31/68.	42.0
Loans disbursed in local currency	24.9
<u>plus</u> Industrial bank loan excluded in Congressional presentation	10.0
	<hr/>
Sub-total, adjustments (-)	133.5
	<hr/>
Spring Review total, ICI dollar loans	\$353.9 million

The data employed to draw this profile include: dollar commitments, cumulative disbursement reports, the dollar value of other foreign exchange assistance available to the banks, and total U.S. loan assistance to the country in which the bank operates.

NOTE: The figure used for dollar commitments is the original amount of the loan agreement less all deobligations reported as of 12/31/68; this amount represents the most realistic assessment of the bank's lending capacity. The cumulative disbursement levels are explained in the Technical Note, Annex B. The dollar value of other foreign exchange assistance represents loans to the A.I.D.-assisted banks by the IDB, IRRD, IDA, IFC (equity participations), and the Federal Republic of Germany. Other foreign assistance, therefore, is somewhat understated.

Explanatory Notes on Table A-2

Table A-2 is a list of the banks and loans included in this quantitative phase of the Spring Review, together with summary information on the various ways in which loans were cross-classified for purposes of comparison.

The principal division of Table A-2 is by A.I.D. regions; the order followed is: LA, NESAs, EA, and Africa. Within each region the relevant countries are listed alphabetically; the country classification as more/less financially developed immediately follows the country name. Regional banks, if any, are listed after all countries in each region.

For each country, the bank(s) assisted by A.I.D. are listed, along with their classification by ownership (public/private) and available information on other foreign assistance (in \$(000) equivalent) that they have received. The ultimate criterion for the ownership classification is the source of effective managerial decisions. "Other foreign assistance" is derived from data on assistance from the IDB, IBRD, IDA, IFC, and the Federal Republic of Germany. This total, therefore, is sometimes an understatement of non-A.I.D. supplies of foreign exchange.

For each bank, finally, Table A-2 lists all A.I.D. dollar loans, by loan number, by year of commitment^{*}, by purpose (seed capital or other purpose), and by amount (after deobligation, as reported on 12/31/68) in thousands of dollars.

*The "year of commitment" is the year in which the loan agreement was signed by both parties; it is not necessarily the year of A.I.D. authorization of the loan.

COLOMBIA:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

BANCO DE LA REPUBLICA PUBLIC 50266.0

LOAN YEAR OF PURPOSE \$(000)
NO. COMMITMNT OF LOAN AFTER DEOB.
L040 1964 SEED 10000.0

COSTA RICA:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

CORP.COSTAR. DE FIN. IND. PRIVAT .0

LOAN YEAR OF PURPOSE \$(000)
NO. COMMITMNT OF LOAN AFTER DEOB.
L010 1963 SEED 5000.0

DOMINICAN REPUBLIC:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

PRIVATE INVESTMENT FUND PRIVAT .0

LOAN YEAR OF PURPOSE \$(000)
NO. COMMITMNT OF LOAN AFTER DEOB.
L007 1965 SEED 5000.0

FINANCIERA DOMINICANA PRIVAT .0

LOAN YEAR OF PURPOSE \$(000)
NO. COMMITMNT OF LOAN AFTER DEOB.
L018 1968 SEED 5000.0

EQUADOR;

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

COM.DE VAL.-CORP.FIN.NAC PUBLIC 5000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	PURPOSE AFTER DEOB.	\$(000)
L014	1962	OTHER		5000.0

COMP.FINANC.ECUAT.DE DES PRIVAT 2000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	PURPOSE AFTER DEOB.	\$(000)
L026	1966	SEED		3000.0

EL SALVADOR:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INST.SALVAD.DE FOM.IND. PUBLIC 3000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	PURPOSE AFTER DEOB.	\$(000)
L005	1963	SEED		4500.0

FINANC.DE DESARR.E INVER PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	PURPOSE AFTER DEOB.	\$(000)
L006	1964	SEED		5200.0

GUATEMALA:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

FINANC.INDUS.Y AGROPEC. PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	PURPOSE AFTER DEOB.	\$(000)
L013	1967	SEED		5000.0

GUYANA:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

PRIVATE INVESTMENT FUND PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L002	1966	SEED	2000.0

HONDURAS:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

FINANCIERA HONDURENA PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L010	1964	SEED	5000.0
L016	1966	OTHER	3000.0

NICARAGUA:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INST.DE FOMENTO NATIONAL PUBLIC 14200.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L009	1964	SEED	4000.0
L018	1967	OTHER	5000.0

CORP.NICARAG.DE INVERS. PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L010	1965	SEED	3000.0
L016	1966	OTHER	5000.0

PANAMA:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

DESARROLLO INDUSTRIAL SA PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L006	1963	SEED	5100.0
L014	1966	OTHER	4000.0

PERU:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

PRIVATE INVESTMENT FUND PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
L051	1968	SEED	7500.0

REGIONAL BANKS- LA

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

C.A.BANK FOR ECON.INTEGR PUBLIC 32200.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A001	1962	SEED	5000.0
L004	1964	OTHER	10000.0

NEAR EAST-SOUTH ASIAGREECE:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

ECON.DEV.FINANC.ORGAN. PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
H022	1962	OTHER	82.7

INDIA:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INDUSTRIAL FINANCE CORP. PUBLIC 20625.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A034	1960	OTHER	9599.0
H062	1962	OTHER	20000.0
H131	1965	OTHER	4000.0

IND.CRED.AND INV.CO./IND PRIVAT 189306.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A037	1961	OTHER	4475.2

NAT.SMALL INDUSTRY CORP PUBLIC 5750.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A039	1961	OTHER	8765.2

ISRAEL:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

IND.DEVEL.BANK OF ISRAEL PUBLIC 58750.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A024	1959	SEED	9991.9
A060	1961	OTHER	9780.7

NEPAL:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

NEPAL INJUSTR.DEVEL.CORP PUBLIC 1000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A002	1961	SEED	269.0
H003	1963	OTHER	700.0

PAKISTAN:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

PAK.INDUS.CREDIT AND INV PRIVAT 191223.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A008	1958	SEED	4200.0
A019	1960	OTHER	9903.3
A032	1961	OTHER	7500.0

SYRIAN ARAB REP.:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INDUSTRIAL DEVEL. BANK PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A003	1960	SEED	259.9

TURKEY:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

TURK.SINAI KALKINMA BANK PRIVAT 72449.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A007	1958	OTHER	9659.3
H049	1964	OTHER	5000.0
H084	1968	OTHER	7500.0

UNITED ARAB REP.

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INDUSTRIAL DEVEL. BANK PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A006	1960	SEED	2357.3

EAST ASIAREPUBLIC OF CHINA: MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

THREE COMMERCIAL BANKS PRIVAT .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A012	1959	SEED	2483.2

CHINA DEVELOPMENT CORP. PRIVAT 30489.1

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A015	1960	SEED	8779.8

KOREA: MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

KOREAN RECONSTRUCT.BANK PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A007	1960	OTHER	4998.0
H042	1966	OTHER	12000.0
H052	1968	OTHER	15000.0

MEDIUM INDUSTRY BANK PUBLIC 5000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
H040	1966	OTHER	8000.0

KOREA DEV.FINANCE CORP. PRIVAT 5702.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
H051	1968	SEED	5000.0

PHILIPPINES:

LESS FINANCIALLY DEVELOPED

			PRINCIPAL OWNERSHIP OF BANK PUBLIC	OTHER ASSISTANCE \$ (000)	FOREIGN EQUIV
CENT.BANK-SML	IND	LOANS			.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$ (000) AFTER DEOB.
A004	1959	SEED	2588.1

AFRICA

ETHIOPIA:

LESS FINANCIALLY DEVELOPED

			PRINCIPAL OWNERSHIP OF BANK	OTHER ASSISTANCE \$ (000)	FOREIGN EQUIV
DEVEL.BANK OF ETHIOPIA		PUBLIC			4000.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$ (000) AFTER DEOB.
A002	1961	OTHER	2000.0

ETHIOPIAN INVESTMNT CORP		PUBLIC			.0
--------------------------	--	--------	--	--	----

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$ (000) AFTER DEOB.
H012	1967	SEED	8000.0

IVORY COAST:

LESS FINANCIALLY DEVELOPED

			PRINCIPAL OWNERSHIP OF BANK	OTHER ASSISTANCE \$ (000)	FOREIGN EQUIV
BANQ.IVOIR.DE DEV.INDUS.		PRIVAT			204.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$ (000) AFTER DEOB.
H003	1965	SEED	5000.0

NIGER:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

NIGER DEVELOPMENT BANK PUBLIC 500.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
H001	1963	SEED	500.0

SOMALIA:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

CREDITO SOMALO PUBLIC .0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
A001	1959	OTHER	2000.0
H004	1967	OTHER	2000.0

SUDAN:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

INDUST.BANK OF SUDAN PUBLIC 2200.0

LOAN NO.	YEAR OF COMMITMNT	PURPOSE OF LOAN	\$(000) AFTER DEOB.
H003	1963	SEED	201.9

TUNISIA:

MORE FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

SOCIETE TUNIS.DE BANQUE PUBLIC 2500.0

LOAN	YEAR OF	PURPOSE	\$(000)
NO.	COMMITMNT	OF LOAN	AFTER DEOB.
A008	1961	OTHER	4674.8

UGANDA:

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

UGANDA DEVELOPMENT CORP. PUBLIC 2112.0

LOAN	YEAR OF	PURPOSE	\$(000)
NO.	COMMITMNT	OF LOAN	AFTER DEOB.
H001	1963	OTHER	2000.0

REGIONAL BANKS-AFR

LESS FINANCIALLY DEVELOPED

PRINCIPAL OTHER FOREIGN
OWNERSHIP ASSISTANCE
OF BANK \$(000) EQUIV

EAST AFR. DEVELOP. CORP. PUBLIC .0

LOAN	YEAR OF	PURPOSE	\$(000)
NO.	COMMITMNT	OF LOAN	AFTER DEOB.
H001	1967	OTHER	500.0

WEST AFR. DEVELOP. CORP. PUBLIC .0

LOAN	YEAR OF	PURPOSE	\$(000)
NO.	COMMITMNT	OF LOAN	AFTER DEOB.
H002	1967	OTHER	1500.0

A Technical Note on Charts 1-6:

These six charts summarize disbursement experience yielded by loans committed* between 1958 and 1967 (calendar years) in terms of cumulative disbursement rates per-year-elapsed since the date of loan commitment. In each chart, the principal to be disbursed is defined as the amount in the original loan agreement, less all deobligations reported through December 31, 1968.

The vertical axis of each chart measures the cumulative percentage of principal disbursed. The horizontal axis describes the time elapsed, in years, since the date of loan commitment. The cutoff points on the axes, of 80% and 5 or 6 years, respectively, imply merely that the bulk of disbursement experience falls within these limits, thereby defining the reliable region for making generalizations and comparisons.

Each of the disbursement curves is a weighted average of the experience with all of the loans that fall within a particular category -- e.g., all of the loans committed within the Latin American region. The disbursement pattern for different loans was standardized by using the reported disbursement level at 4, 8, 12, etc., quarters after the date of loan commitment (taken from the quarterly Status of Loan Agreements reports).

Experience with individual loans affects the shape of the curves in two ways. First, since the curves plotted are weighted averages, larger loans have more influence than smaller ones.**

* In this paper, "commitment" always refers to the date when the loan agreement was signed by both parties. Commitment is never used to designate the date of loan authorization.

**For this reason, the very atypical 1962 loan of \$40 million to Chile is excluded from the study of disbursement rates.

Secondly, individual loans vary in the number of years of experience they contribute to any single curve. Two factors limit the disbursement experience that any individual loan can yield:

- 1) the proximity of the loan commitment to December 31, 1968, the cutoff date for this study. Loans committed in 1967, for instance, can contribute a maximum of one year's experience, those committed in 1966 a maximum of two years' experience, etc.
- 2) Disbursement experience ends when a loan is fully disbursed. A loan committed in 1960, for example, can yield a maximum of eight years' experience but, if it is fully disbursed by 1966, it generates only six years of disbursements.

These two limitations imply that, as one moves along the curves to the right, each point represents experience with a shrinking volume of loans. The following data, based on loans to private ICI's, illustrates the point.

	<u>Years after commitment</u>						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Cumulative percent disbursed:	9%	37%	59%	79%	84%	86%	92%
Commitments (in millions of \$) on which % is calculated:	104.7	104.7	87.7	74.7	52.8	30.4	25.9

In general, the disbursement patterns described by the curves are empirically well-founded through the 50% line and become increasingly a function of experience with a few (typically less successful and older) loans after passing the 80% line.

Chart 7 shows the range of variation of disbursement rates around the overall average value.

Chart 7
Variations in Disbursement Rates

