An Analysis of US Aid and Assistance to SAARC Countries

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The Research and Publications Department of ICMA Pakistan has prepared this paper with the purpose of providing insight on the US Aid and Assistance given by the US Government to the eight SAARC countries that include Pakistan, India, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives and Afghanistan. All the data and statistics have been derived from the official website viz. ForeignAssistance.gov which was initiated by the Department of State and USAID under the policy guidance of the National Security Council of the United States of America (USA). This website serves as a central repository that provides useful information on U.S. government foreign assistance funds to different jurisdictions and regions. One of the primary motives of this website is to improve transparency in US foreign assistance spending and investments around the globe.

As per the Foreign Assistance Act of 1961, the US Government provides foreign assistance to other countries to support global peace, security, and development efforts as well as humanitarian relief during times of crisis. This US foreign assistance program has a historical background. Initially, the Marshall Plan was launched after World War II by the then Secretary of State, George Marshall under which significant aid was provided to Europe in building its infrastructure and economy. In 1961, USAID was established by the then President Kennedy with the object to play an instrumental role in long term global economic and social development.

Today, the outreach of the US Foreign Assistance programs is expanded to over 100 countries around the globe; supported by around 20 US Government Agencies that include, amongst others, USAID, USTDA, Departments of Agriculture; Commerce; Defense; Energy; Labor; Treasury; Health & Human Services; Federal Trade Commission, Inter-American Foundation, Peace Corps, Millennium Challenge Corporation, etc. All these US funding agencies work in divergent areas with the common goal of addressing the root causes of poverty, expanding free markets, combating extremism, ensuring stable democracies and fostering global goodwill.

Categories and Sectors of US Foreign Assistance

The US Government Foreign Assistance has been classified into nine (9) broad categories which are further composed of 52 diversified sectors. All funds are sorted and uniquely aligned to only one sector and one category which ensures that there is no double-counting of funds.

The nine board categories include Peace and Security; Democracy, Human Rights and Governance; Health; Education and Social Services; Economic Development; Environment; Humanitarian Assistance; Program Management; and Multi-Sector. A brief detail of these nine categories; their objectives and corresponding sectors included in each category are provided in **Table-1**.

Sr.	Category and it's objective	Sectors in each Category
	Table 1: Categories and Sectors of US Government Foreign Assistance	
1	**Peace and Security** To help nations effectively establish conditions and capacity for achieving peace, security, and stability; and for responding effectively against arising threats to national or international security and stability.	1) Counter-Terrorism 2) Combating Weapons of Mass Destruction (WMD) 3) Stabilization Operations and Security Sector Reform 4) Counter-Narcotics 5) Transnational Crime 6) Conflict Mitigation and Reconciliation 7) Peace and Security - General
2	**Democracy, Human Rights and Governance** To Promote and strengthen effective democracies in recipient states and move them along a continuum toward democratic consolidation.	8) Rule of Law and Human Rights 9) Good Governance 10) Political Competition and Consensus-Building 11) Civil Society 12) Democracy, Human Rights and Governance-General
3	**Health** To contribute to improvements in the health of people, especially women, children, and other vulnerable populations in developing nations through expansion of basic health services, including family planning; strengthening national health systems, and addressing global issues and special concerns such as HIV/AIDS and other infectious diseases.	13) HIV/AIDS 14) Tuberculosis 15) Malaria 16) Pandemic Influenza and Other Emerging Threats 17) Other Public Health Threats 18) Maternal and Child Health 19) Family Planning and Reproductive Health 20) Water Supply and Sanitation 21) Nutrition 22) Health - General
4	**Education and Social Services** Promote equitable, effective, accountable, and sustainable formal and non-formal education systems and help populations manage risks and gain access to opportunities for productive participation in society. Help populations rebound from temporary adversity, cope with chronic poverty, reduce vulnerability, and increase self-reliance.	23) Basic Education 24) Higher Education 25) Policies, Regulations and Systems 26) Social Services 27) Social Assistance 28) Education and Social Services - General
5	**Economic Development** Generate rapid, sustained, and broad-based economic growth.	29) Macro-economic Foundation for Growth 30) Trade and Investment 31) Financial Sector 32) Infrastructure 33) Agriculture 34) Private Sector Competitiveness 35) Economic Opportunity 36) Labour Policies and Markets 37) Manufacturing 38) Mining and Natural Resources 39) Economic Development - General
6	**Environment** Sustainability of productive and clean environment by managing environment and natural resources for productivity growth, healthy population and conserving biodiversity and managing natural resources to maintain long-term viability and meet the needs of present and future generations.	40) Environment 41) Natural Resources and Biodiversity 42) Clean Productive Environment 43) Environment - General
7	**Humanitarian Assistance** To save lives, alleviate suffering, and minimize the economic costs of conflict, disasters and displacement.	44) Protection, Assistance and Solutions 45) Disaster Resistance 46) Migration Management 47) Humanitarian Assistance - General
8	**Program Management** To provide the general management support required to ensure completion of U.S. foreign assistance objectives by facilitating program management, monitoring and evaluation, and accounting and tracking for costs.	48) Direct Administrative Costs 49) Monitoring and Evaluation
9	**Multi-Sector** Multi-Sector is used when a sector cannot be identified and/or aid may be cross-cutting across several categories	50) International Contributions 51) Debt Relief 52) Multi-Sector - Unspecified

Understanding the Data Structure and Terminologies

Before analyzing the US Foreign Aid and Assistance provided to the SAARC countries, we need to understand the data type and structure as well as relevant terminologies used by the ForeignAssistance.gov website.

The data type has been classified into (1) Budgetary Data, and (2) Financial Data.

Budgetary Data -- This data represents funds that are set aside to be spent by the U.S. government and its implementing partners in the future. Budgetary data is composed of the following data sub-types:

(a) **Request Data** -- funds requested by U.S. government agencies from the Congress

(b) **Appropriation Data** -- funds appropriated by Congress to U.S. government agencies through spending bills signed into law. This data is reported to ForeignAssistance.gov on an annual basis.

Financial Data -- This data covers all financial transaction data provided to ForeignAssistance.gov on quarterly basis by different US government agencies from their accounting systems. Financial Data is composed of:

(a) **Obligated Data -- f**unds the U.S. government decides can be mobilized

(b) **Spent Data --** funds the U.S. government has mobilized to purchase goods and services.

Disbursements -- These are the funds paid/outlaid by US government agencies, by cash or cash equivalent, during the fiscal year to liquidate government obligations.

SAARC Countries

The SAARC bloc constitutes eight countries viz. Pakistan, India, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives and Afghanistan. **Table-2** indicates the following facts about the SAARC nations:

GDP	India has the highest GDP of $ 1.9 trillion, followed by Pakistan with $232.3 billion (2nd); Bangladesh with $ 150 billion (3rd) and Sri Lanka with 67.2 billion (4th).
Per Capita Income	Maldives has the highest Per Capita Income of $6,666, followed by Sri Lanka with$3,280 (2nd); Bhutan with $2,363 (3rd) and India with $1,498 (4th).
Population	India has the highest population of 1.3 billion, followed by Pakistan with 182.1million (2nd); Bangladesh with 156.6 million (3rd) and Afghanistan with 30.55 million (4th)

Table 2: GDP, Per Capita Income and Population of SAARC Countries			
Countries	**GDP**	**Per Capita Income**	**Population**
Pakistan	$ 232.3 B	$ 1,275	182.1 M
Bangladesh	$ 150.0 B	$ 958	156.6 M
India	$ 1.9 T	$ 1,498	1.3 B
Sri Lanka	$ 67.2 B	$ 3,280	20.48 M
Bhutan	$ 1.8 B	$ 2,363	0.753 M
Afghanistan	$ 20.3 B	$ 665	30.55 M
Maldives	$ 2.3 B	$ 6,666	0.345 M
Nepal	$ 19.3 B	$ 694	27.78 M
			(Source: World Bank Statistics)

6.54% of total Spent Funding by US government Agencies in 2018 went to SAARC Countries

The total US foreign assistance in 2018 is depicted in **Table-3.** A total of around $1.34 billion funds was requested for eight SAARC countries by the US government agencies from the Congress; whereas a sum of $1,27 billion was appropriated by the Congress and $6.45 amount was obligated. Out of the total obligated amount, a sum of Rs. 2.14 billion were spent by the US government agencies in SAARC countries in 2018 which comes to around 6.54 percent of the total amount of assistance spent globally by the US Government.

Table 3: Total US Foreign Assistance in SAARC countries [2018]				
(Value: In Million US Dollar)				
Country	**Requested**	**Appropriated**	**Obligated**	**Spent**
Pakistan	344.55	73.81	407.63	479.32
Bangladesh	138.46	218.20	334.96	287.33
India	33.30	104.57	492.10	107.88
Sri Lanka	3.38	39.80	95.35	52.48
Nepal	38.78	124.58	135.66	172.96
Bhutan	0	0	3.18	31.99
Afghanistan	782.80	701.63	4914	999.74
Maldives	0.44	3.23	67.78	12.19
Total SAARC	**1,341.71**	**1,265.82**	**6,450.66**	**2,143.89**
WORLD	30,896	43,665	45,347	32,763
% age of SAARC in World	**4.34%**	**2.90%**	**14.23%**	**6.54%**

Afghanistan received the highest funding of $999.74 million from US government agencies in 2018, followed by Pakistan with $479.32 million; Bangladesh with $287.33 million and Nepal with $172.96 million.

Afghanistan is the highest recipient of US foreign funding in almost all category

If we analyze each of the nine categories in which the US foreign aid were spent during 2018 in the SAARC countries, it is concluded that Afghanistan is the highest recipient of US foreign funding in almost all category:

a) **Economic Development --** Afghanistan received the highest funding of $152.62 million in terms of value; followed by Pakistan with $148.20 million.

b) **Education and Social Services --** Afghanistan received the highest funding in this category @ $78.71 million followed by Pakistan with $74.80 million.

c) **Health --** Bangladesh received the highest US aid of $94 million in health sector, followed by Afghanistan ($63.62 million); India ($53.17 million) and Nepal (52.76 million).

d) **Environment --** Nepal with $14.17 million; India with $13.37 million and Bangladesh with $10.57 million were the three top countries which received US funding in 2018 in Environment sector.

Table 4: Spent Funding in different Categories in SAARC countries [2018]
(Value: In Million US Dollar)

Sr.	Category	Pakistan	India	Bangladesh	Sri Lanka	Nepal	Bhutan	Maldives	Afghanistan
1	Economic Development	148.20 (31%)	14.34 (13%)	65.82 (23%)	27.73 (53%)	28.07 (16%)	-	-	152.62 (15%)
2	Education & Social Services	74.80 (16%)	7.19 (7%)	16.72 (6%)	0.65 (1%)	33.53 (19%)	7.98 (25%)	-	78.71 (8%)
3	Health	37.97 (8%)	53.17 (49%)	94.01 (33%)	-	52.76 (31%)		-	63.62 (6%)
4	Environment	0.13 (0%)	13.37 (12%)	10.57 (4%)	0.59 (1%)	14.17 (8%)	-	-	1.69 (0%)
5	Program Management	60.46 (13%)	14.61 (14%)	24.51 (9%)	4.57 (9%)	21.23 (12%)	-	0.05 (5%)	173.33 (17%)
6	Democracy, Human Rights & Governance	46.56 (10%)	0.32 (0%)	12.39 (4%)	8.42 (16%)	12.85 (7%)	-	-	292.95 (29%)
7	Peace and Security	71.53 (15%)	0.41 (0%)	3.84 (1%)	3.24 (6%)	2.64 (2%)	-	0.10 (85%)	80.25 (8%)
8	Humanitarian Assistance	36.09 (8%)	2.72 (3%)	54.48 (19%%)	2.04 (4%)	6.01 (3%)	20 (63%)	—	105.66 (11%)
9	Multi-Sector	3.70 (1%)	1.75 (2%)	-	5.24 (10%)	1.68 (1%)	4 (13%)	0.12 (10%)	50.91 (5%)
	Total	**479.32**	**107.88**	**282.34**	**52.48**	**172.96**	**31.99**	**12.19**	**999.74 M**

e) **Program Management --** Afghanistan was the highest recipient of US foreign assistance of $173.33 million in this category, followed by Pakistan with $60.46 million.

f) **Democracy, HR & Governance --** The highest recipient of US foreign aid in this category was Afghanistan with $292.95 million. Pakistan is the second highest receipt followed by other countries.

g) **Peace and Security --** Afghanistan and Pakistan received the highest funding from US Government of $80.25 million and $71.53 million respectively in this category.

h) **Humanitarian Assistance --** A huge portion of US foreign aid i.e. 105.66 million under this category went to Afghanistan, followed by Bangladesh with $54.48 million.

i) **Multi-Sector--** A sum of Rs. $50.91 was provided under foreign aid to Afghanistan.

Majority of US funding goes to 'Infrastructure' and 'Agriculture' sectors in 'Economic Development'

Amongst the SAARC countries, Afghanistan and Pakistan received the highest funding from US government agencies during 2018 in the category of 'Economic Development'. These two countries received US foreign aid of $152.63 million and $148.20 million, respectively in 2018. This category includes ten sectors viz. Infrastructure, Agriculture, Private sector competitiveness, Trade and Investment, Financial sector, Economic opportunity, Labour policies and markets, Mining and natural resources, Macro-economic foundation for growth and Economic Development-General. Maldives and Bhutan did not receive any funding from US government agencies under this category.

An analysis of funding in the 'Economic Development category in SAARC countries reveals the following:

a) Pakistan received highest funding in 'Infrastructure' sector i.e. 53% of total funding in this category

b) Bangladesh received highest funding in 'Agriculture' sector i.e. 93% of total funding in this category

c) India received highest US foreign aid in 'Infrastructure' and 'Agriculture' sectors i.e. 29% each

d) Nepal received highest funding in the 'Agriculture' sector i.e. 84% of total funding in this category

e) Sri Lanka received highest funding in the 'Agriculture' sector i.e. 68% of total funding

f) Afghanistan received highest US funding in 'Infrastructure' (39%) and 'Agriculture' (34%) sectors.

Table 5: Spent Funding in 'Economic Development' category in SAARC countries [2018]
(Value: In Million US Dollar)

Sr.	Category	Pakistan	Bangladesh	India	Nepal	Sri Lanka	Afghanistan	Maldives	Bhutan
1	Infrastructure	79.27 (53%)	0.20 (0%)	4.15 (29%)	-	-	59.95 (39%)	-	-
2	Agriculture	40.31 (27%)	61.41 (93%)	4.23 (29%)	23.78 (84%)	18.90 (68%)	52.55 (34%)	-	-
3	Private Sector Competitiveness	19.78 (13%)	-	0.80 (6%)	2.75 (10%)	5.91 (21%)	19.37 (13%)	-	-
4	Trade and Investment	4.20 (3%)	-	-	-	0.13 (0%)	10.72 (7%)	-	-
5	Financial Sector	2.08 (1%)	-	1.71 (12%)	0.03 (0%)	0.90 (3%)	0.26 (0%)	-	-
6	Economic Opportunity	1.22 (1%)	3.99 (6%)	1.12 (8%)	-	0.17 (1%)	0.01 (0%)	-	-
7	Labor Policies & Markets	-	0.43 (1%)	-	-	-	0.42 (0%)	-	-
8	Mining & Natural Resources	-	-	2.33 (16%)	-	-	-	-	-
9	Macro-economic Foundation for Growth	-	-	-	-	-	3.71 (2%)	-	-
10	Economic Development - General	1.34 (1%)	-	-	1.58 (6%)	1.72 (6%)	5.64 (4%)	-	-
	Total	**148.20**	**66.03**	**14.34**	**28.14**	**27.73**	**152.63**	**Nil**	**Nil**

Conclusion

This paper analyzed the pattern of US foreign assistance to eight SAARC countries and concluded that almost 6.54% of total Spent Funding by US government Agencies in 2018 went to the SAARC region. Afghanistan is the highest recipient of US foreign funding in almost all the categories of US funding. Further, majority of US funding in 'Economic Development' category has been made in 'Infrastructure' and 'Agriculture' sectors.

Reference:

Website: ForeignAssistance.gov