



5.1 Credit, investment, and expenditure

	Private investment		Foreign direct investment				Credit to private sector		Private non-guaranteed debt		Central government expenditure	
	% of gross domestic fixed investment		% of gross domestic investment		% of GDP		% of GDP		% of external debt		% of GDP	
	1980	1997	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Albania	..	..	..	9.2	..	1.5	..	3.2	..	2.4	..	29.8
Algeria	..	..	2.1	0.0	0.8	0.0	42.2	4.6	0.0	0.0	..	29.2
Angola	..	..	..	23.8	..	4.8	..	3.1	..	0.0	..	..
Argentina	75.8	92.6	3.5	10.4	0.9	2.1	25.4	24.2	24.3	21.4	18.2	15.3
Armenia	..	..	..	64.4	..	12.2	..	8.6	..	0.0	..	..
Australia	73.5	80.1	4.6	8.5	1.2	1.7	51.9	82.9	..	..	22.7	24.5
Austria	..	..	1.1	5.0	0.3	2.8	74.2	103.2	..	..	36.6	40.5
Azerbaijan	..	..	..	66.5	..	26.1	..	3.3	..	9.1	..	25.1
Bangladesh	53.3	67.3	0.0	3.3	0.0	0.7	6.0	24.0	0.0	0.0	7.4	..
Belarus	..	..	..	2.5	..	0.7	..	17.1	..	1.6	..	32.2
Belgium	..	..	..	..	..	..	28.8	77.8	..	..	50.1	46.6
Benin	..	59.5	2.0	8.5	0.3	1.5	28.6	7.4	0.0	0.0	..	..
Bolivia	..	59.7	10.2	50.9	1.7	10.2	17.3	63.5	3.4	4.0	..	21.9
Bosnia and Herzegovina	..	..	..	..	..	..	..	..	..	..	..	..
Botswana	..	..	26.8	9.4	9.9	1.9	10.6	11.9	0.0	0.0	29.8	35.3
Brazil	71.9	80.6	3.5	19.3	0.8	4.1	42.5	34.6	23.2	44.4	20.2	..
Bulgaria	..	42.2	..	22.2	..	3.3	..	12.6	..	5.6	..	48.1
Burkina Faso	..	..	0.0	0.0	0.0	0.0	16.7	12.0	0.0	0.0	12.2	..
Burundi	..	..	0.0	1.3	0.0	0.1	9.8	17.0	0.0	0.0	21.5	24.0
Cambodia	..	73.9	..	28.1	..	4.2	..	6.1	..	0.0	..	..
Cameroon	..	..	9.2	3.1	1.9	0.6	29.5	8.2	6.9	1.8	15.7	12.7
Canada	87.4	88.5	9.4	9.6	2.2	2.8	68.0	91.7	..	..	21.1	24.7
Central African Republic	..	..	9.5	3.5	0.7	0.5	13.9	4.5	0.0	0.0	22.0	..
Chad	..	54.1	0.0	6.3	0.0	0.9	17.2	3.4	0.0	0.0	..	..
Chile	67.8	80.8	3.7	22.2	0.8	5.9	46.9	61.6	38.8	64.9	28.0	21.6
China	18.1	47.5	0.0	11.9	0.0	4.6	53.4	112.8	0.0	17.6	..	8.1
Hong Kong, China	..	..	..	..	..	..	..	169.3	..	..	..	..
Colombia	58.2	55.9	1.9	15.1	0.4	3.0	26.2	35.2	7.4	30.4	11.5	16.0
Congo, Dem. Rep.	..	..	0.0	0.1	0.0	0.0	2.7	1.1	0.0	0.0	12.4	10.4
Congo, Rep.	..	..	6.6	0.6	2.3	0.2	15.5	9.7	0.0	0.0	49.4	38.4
Costa Rica	61.3	73.2	4.1	18.6	1.1	5.3	27.9	24.9	15.0	6.0	25.0	30.1
Côte d'Ivoire	..	70.2	3.5	21.7	0.9	4.0	40.8	18.6	27.0	12.3	31.7	24.0
Croatia	..	..	..	17.3	..	4.0	..	40.9	..	23.7	..	45.6
Cuba	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	..	0.0	15.1	0.0	4.5	..	59.8	..	9.7	..	35.0
Denmark	..	..	1.0	8.0	0.2	3.6	41.2	34.7	..	..	38.6	41.4
Dominican Republic	68.3	82.9	5.6	16.9	1.4	4.4	32.0	30.0	12.7	0.0	16.9	16.7
Ecuador	59.8	82.9	2.3	17.1	0.6	4.5	22.8	46.4	18.7	1.4	14.2	..
Egypt, Arab Rep.	30.1	68.6	8.7	5.8	2.4	1.3	15.2	54.0	1.4	0.1	50.3	30.6
El Salvador	47.4	77.3	1.2	0.6	0.2	0.1	33.6	42.5	17.6	9.4	..	..
Eritrea	..	..	..	0.0	..	0.0	..	..	..	0.0	..	..
Estonia	..	..	..	38.1	..	11.2	..	25.3	..	27.2	..	32.9
Ethiopia	..	..	0.0	0.3	0.0	0.1	9.4	22.8	0.0	0.0	19.9	..
Finland	..	..	0.2	10.3	0.1	9.7	48.5	54.6	..	..	28.1	35.3
France	..	..	2.0	9.8	0.5	2.0	104.8	83.6	..	..	39.5	46.6
Gabon	..	..	2.7	-2.8	0.7	-0.9	15.8	10.2	0.0	0.0	36.5	..
Gambia, The	..	51.1	0.0	17.0	0.0	3.1	23.9	11.5	0.0	0.0	31.7	..
Georgia	..	..	..	12.5	..	1.0	..	4.2	..	0.8	..	8.6
Germany	..	..	..	2.3	..	0.9	..	119.1	..	..	..	32.9
Ghana	..	..	6.2	3.3	0.4	0.7	2.2	9.4	0.7	3.8	10.9	..
Greece	51.5	..	4.2	4.1	1.4	0.8	26.0	29.8	..	..	29.3	34.0
Guatemala	64.0	79.8	8.9	22.2	1.4	3.6	16.2	21.0	23.9	4.0	14.3	..
Guinea	..	..	..	0.1	..	0.0	..	4.4	0.0	0.0	..	16.9
Guinea-Bissau	..	28.0	0.0	2.1	0.0	0.2	..	5.7	0.0	0.0	..	..
Haiti	..	..	5.3	2.7	0.9	0.3	14.7	14.4	0.0	0.0	17.4	..
Honduras	..	..	0.9	5.3	0.2	1.6	28.8	37.0	13.0	8.2	..	..



Credit, investment, and expenditure 5.1

	Private investment		Foreign direct investment				Credit to private sector		Private non-guaranteed debt		Central government expenditure	
	% of gross domestic fixed investment		% of gross domestic investment		% of GDP		% of GDP		% of external debt		% of GDP	
	1980	1997	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Hungary	..	..	0.0	13.1	0.0	4.0	48.3	22.3	0.0	27.5	56.2	43.4
India	55.5	70.1	0.2	2.6	0.0	0.6	20.5	23.2	1.6	8.6	12.3	14.4
Indonesia	56.5	77.2	1.0	-2.7	0.2	-0.4	8.8	53.9	15.0	36.3	22.1	17.9
Iran, Islamic Rep.	52.4	55.5	0.0	0.1	0.0	0.0	30.2	19.3	0.0	4.4	35.7	26.7
Iraq	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	5.3	18.1	1.4	3.6	30.2	93.9	..	..	45.1	35.5
Israel	..	..	1.0	9.1	0.2	1.8	70.8	81.9	..	..	72.8	49.0
Italy	..	..	0.5	1.8	0.1	0.2	55.9	60.2	..	..	41.3	44.6
Jamaica	..	..	6.6	18.3	1.0	5.7	21.9	32.4	3.9	4.5	41.5	..
Japan	69.8	70.9	0.1	0.3	0.0	0.1	132.7	117.8	..	..	18.4	..
Jordan	..	..	2.3	16.8	0.9	4.2	45.9	72.7	0.0	0.4	41.3	34.0
Kazakhstan	..	..	..	30.5	..	5.3	..	6.6	..	27.5	..	..
Kenya	54.9	56.0	4.4	0.7	1.1	0.1	29.5	30.3	12.9	4.6	25.3	29.0
Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..
Korea, Rep.	75.8	73.4	0.0	8.1	0.0	1.7	42.2	74.2	7.8	26.0	17.3	17.4
Kuwait	..	..	0.0	1.6	0.0	0.2	34.0	62.6	..	..	27.7	50.9
Kyrgyz Republic	..	..	..	35.0	..	6.4	..	5.2	..	3.0	..	..
Lao PDR	..	..	..	14.7	..	3.6	..	12.8	0.0	0.0	..	..
Latvia	..	..	..	24.3	..	5.6	..	14.1	..	10.9	..	33.0
Lebanon	..	..	..	4.2	..	1.2	..	74.0	0.0	11.7	..	32.1
Lesotho	..	..	2.9	68.8	1.2	33.4	7.5	17.9	0.0	0.0	45.3	55.8
Libya	..	..	..	..	..	..	10.9	..	..	..	..	..
Lithuania	..	..	..	35.7	..	8.6	..	11.3	..	5.3	..	30.4
Macedonia, FYR	..	..	..	20.8	..	4.7	..	17.9	..	7.9	..	..
Madagascar	..	46.9	-0.2	3.2	0.0	0.4	19.2	9.0	0.0	0.0	..	17.3
Malawi	21.4	27.7	3.1	0.4	0.8	0.1	18.3	6.1	0.0	0.0	34.6	..
Malaysia	62.7	72.8	12.5	25.8	3.8	6.9	38.2	151.1	18.9	40.1	28.5	19.7
Mali	..	..	0.9	3.0	0.1	0.6	21.7	15.9	0.0	0.0	19.4	..
Mauritania	..	49.4	14.5	2.4	3.3	0.5	27.0	21.7	0.0	0.0	..	..
Mauritius	64.0	73.5	0.5	1.2	0.1	0.3	21.6	59.2	5.1	30.5	27.2	22.4
Mexico	56.2	81.4	3.6	10.7	1.0	2.6	19.4	19.7	12.7	22.6	15.7	16.3
Moldova	..	..	..	20.3	..	5.3	..	14.4	..	0.8	..	..
Mongolia	..	..	..	7.1	..	1.8	..	9.8	..	0.0	..	23.0
Morocco	53.2	67.9	2.0	4.0	0.5	0.9	16.8	50.4	1.6	6.0	33.1	33.3
Mozambique	..	..	0.0	26.8	0.0	5.5	..	14.2	..	24.1	..	..
Myanmar	..	..	..	..	..	..	5.5	10.0	0.0	0.0	15.8	8.9
Namibia	42.1	62.2	..	..	..	..	..	51.2	..	..	..	..
Nepal	..	..	0.0	1.2	0.0	0.3	8.6	29.1	0.0	0.0	14.3	17.5
Netherlands	85.2	86.9	6.0	17.3	1.3	8.7	93.6	111.3	..	..	52.9	47.6
New Zealand	69.2	86.8	3.9	19.7	0.8	4.1	21.4	112.5	..	..	38.3	33.4
Nicaragua	..	62.0	0.0	27.4	0.0	9.2	0.0	47.7	0.0	0.0	30.4	33.2
Niger	..	..	7.0	0.5	2.0	0.0	17.1	4.1	35.3	4.3	18.6	..
Nigeria	..	..	-5.4	12.7	-1.2	2.5	12.2	9.1	12.3	0.9	..	..
Norway	70.3	..	0.3	9.2	0.1	2.5	31.0	69.6	..	..	34.4	35.7
Oman	..	..	7.4	..	1.6	0.7	13.7	44.6	0.0	0.1	38.5	31.6
Pakistan	45.0	58.2	1.4	4.6	0.3	0.8	24.0	26.9	0.2	8.1	17.5	21.4
Panama	..	84.0	-4.4	40.2	-1.2	13.2	58.1	103.3	0.0	5.2	30.5	27.0
Papua New Guinea	67.7	79.9	11.8	9.7	3.0	2.9	17.6	23.1	19.3	40.1	34.4	..
Paraguay	82.2	67.0	2.2	14.2	0.7	3.0	18.4	27.5	15.8	1.9	9.9	..
Peru	74.7	84.5	0.4	12.7	0.1	3.1	12.9	25.4	6.5	10.2	19.5	16.4
Philippines	68.9	80.0	-1.1	12.8	-0.3	2.6	31.4	48.0	14.1	22.7	13.4	19.3
Poland	..	53.4	0.2	15.2	0.0	4.0	6.4	19.6	..	13.4	..	37.7
Portugal	..	..	1.6	9.8	0.5	1.7	76.0	102.8	..	..	33.1	40.8
Puerto Rico	..	..	..	..	..	..	..	..	..	..	..	..
Romania	..	40.1	..	30.1	..	5.3	..	12.7	0.0	9.1	44.8	31.9
Russian Federation	..	..	..	6.1	..	1.0	..	12.9	..	14.5	..	25.4



5.1 Credit, investment, and expenditure

	Private investment		Foreign direct investment				Credit to private sector		Private non-guaranteed debt		Central government expenditure	
	% of gross domestic fixed investment		% of gross domestic investment		% of GDP		% of GDP		% of external debt		% of GDP	
	1980	1997	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Rwanda	..	..	8.7	2.2	1.4	0.3	5.7	8.6	0.0	0.0	14.3	..
Saudi Arabia	..	..	..	..	..	..	7.2	33.3	..	..	..	..
Senegal	..	..	4.1	4.4	0.5	0.9	42.7	16.0	0.6	0.6	23.3	..
Sierra Leone	..	..	..	9.5	-1.6	0.8	7.2	2.8	0.0	0.0	26.5	17.7
Singapore	..	..	22.8	25.5	10.5	8.6	71.0	109.7	..	..	20.0	16.8
Slovak Republic	..	..	..	7.0	..	2.8	..	45.9	..	33.1	..	..
Slovenia	..	..	..	3.4	..	0.8	..	32.9	..	..	..	..
South Africa	50.8	72.7	..	2.6	..	0.4	55.6	118.9	..	10.7	21.6	29.7
Spain	..	..	3.0	5.1	0.7	2.1	70.1	92.5	..	..	26.5	36.1
Sri Lanka	..	..	3.2	4.8	1.1	1.2	17.2	23.8	0.2	0.9	41.4	25.0
Sudan	..	..	0.0	..	0.0	3.6	13.2	2.1	6.3	2.9	17.4	..
Sweden	..	79.7	0.9	32.0	0.2	8.6	78.0	42.9	..	..	39.3	42.7
Switzerland	..	..	..	11.0	..	2.1	108.7	166.3	..	..	19.2	27.9
Syrian Arab Republic	..	..	0.0	1.6	0.0	0.5	5.7	8.9	0.0	0.0	48.2	24.6
Tajikistan	..	..	..	5.1	..	0.8	..	..	..	10.9	..	..
Tanzania	..	..	..	14.3	..	2.1	..	4.7	1.6	0.5	..	..
Thailand	68.1	65.9	2.0	24.7	0.6	6.2	41.7	156.6	20.5	36.3	18.8	18.6
Togo	..	..	13.1	0.0	3.7	0.0	27.5	18.2	0.0	0.0	30.8	..
Trinidad and Tobago	..	..	9.7	51.7	3.0	11.4	28.7	44.2	0.0	6.5	30.9	28.2
Tunisia	46.9	50.8	9.1	11.8	2.7	3.3	38.2	50.8	5.1	1.6	31.6	32.6
Turkey	60.0	77.6	0.1	1.9	0.0	0.5	13.6	23.4	2.8	24.0	21.3	29.9
Turkmenistan	..	..	..	..	..	5.5	..	28.8	..	0.6	..	..
Uganda	..	..	0.0	19.5	0.0	3.0	3.9	5.2	0.0	0.0	6.2	..
Ukraine	..	..	..	8.2	..	1.7	..	7.7	..	6.6	..	..
United Arab Emirates	..	..	..	..	..	..	22.9	59.1	..	..	12.1	11.0
United Kingdom	70.0	87.0	11.2	18.2	1.9	5.0	27.6	124.0	..	..	38.3	37.9
United States	86.5	85.8	3.1	7.5	0.6	2.3	80.3	137.9	..	..	22.0	21.1
Uruguay	68.3	72.0	16.5	5.0	2.9	0.8	37.2	34.6	12.7	3.8	21.8	33.3
Uzbekistan	..	..	..	5.1	..	1.0	..	..	..	9.4	..	..
Venezuela, RB	..	43.6	0.3	23.8	0.1	4.7	48.2	13.4	10.8	18.1	18.7	19.8
Vietnam	..	..	..	15.4	..	4.4	..	10.0	..	0.0	..	20.1
West Bank and Gaza	..	..	..	..	..	..	..	..	..	..	..	..
Yemen, Rep.	..	..	..	-22.6	..	-4.9	..	6.3	0.0	0.0	..	42.2
Yugoslavia, FR (Serb./Mont.)	..	..	..	..	..	..	..	..	59.5 ^a	20.1	..	..
Zambia	..	..	6.8	15.0	1.6	2.1	16.2	6.8	2.7	0.4	37.1	..
Zimbabwe	..	..	0.1	7.0	0.0	1.2	26.6	38.8	0.0	4.2	27.9	35.7
World	73.2 w	76.0 w	2.7 w	7.1 w	0.7 w	2.2 w	68.4 w	103.1 w	.. w	.. w	25.3 w	28.7 w
Low income	32.6	56.5	0.2	9.6	0.0	2.9	27.8	71.9	6.3	13.8	..	12.4
Excl. China & India	..	..	0.2	8.1	0.0	1.6	14.3	26.1	..	..	19.8	18.3
Middle income	..	74.8	2.7	13.0	0.7	2.9	28.4	40.7	13.0	22.1	20.9	..
Lower middle income	..	..	2.0	11.0	0.6	2.2	32.9	44.9	..	..	..	24.0
Upper middle income	65.4	77.9	3.1	14.0	0.8	3.2	26.4	38.6	..	..	19.5	..
Low & middle income	..	66.9	2.1	11.7	0.5	2.9	28.2	50.2	11.6	19.8	20.1	18.9
East Asia & Pacific	41.1	56.9	1.5	12.4	0.5	3.9	40.2	103.3	11.7	26.9	..	13.8
Europe & Central Asia	..	..	0.3	10.9	0.1	2.5	16.9	20.1	15.3	16.8	..	29.1
Latin America & Carib.	64.0	79.8	3.2	16.1	0.8	3.5	31.6	30.3	16.5	27.5	19.0	..
Middle East & N. Africa	..	..	..	3.2	..	0.7	18.7	34.3	0.7	2.1	..	..
South Asia	52.1	68.9	0.4	2.9	0.1	0.7	19.6	23.8	0.9	6.8	13.5	15.8
Sub-Saharan Africa	..	..	..	7.0	0.7	1.3	29.5	57.9	7.5	4.0	22.1	..
High income	79.1	79.2	2.9	6.0	0.7	2.1	80.9	118.7	..	..	26.4	31.2
Europe EMU	..	..	2.0	5.5	0.5	1.9	78.1	90.7	..	..	..	41.4

a. Data prior to 1993 refer to the former Socialist Federal Republic of Yugoslavia.



Credit, investment, and expenditure 5.1

About the data

The indicators in the table measure the relative size of states and markets in national economies. There is no ideal size for states, and size alone does not capture their full effect on markets. Large states may support prosperous and effective markets; small states may be hostile toward markets. The resources of a large state may be used to correct genuine market failures—or merely to subsidize state enterprises making goods or providing services that the private sector might have produced more efficiently. A large share of private domestic investment in total investment may reflect a highly competitive and efficient private sector—or one that is subsidized and protected.

When direct estimates are not available, private gross domestic fixed investment is estimated as the difference between total gross domestic investment and consolidated public investment. Total investment may be estimated directly from surveys of enterprises and administrative records or indirectly using the commodity flow method. Consolidated measures of public investment may omit important subnational units of government. In addition, public investment data may include financial as well as physical capital investment. As the difference between two estimated quantities, private investment may be undervalued or overvalued and subject to large errors over time. (See *About the data* for table 4.9 for further discussion on measuring domestic investment.)

The statistics on foreign direct investment are based on balance of payments data reported by the International Monetary Fund (IMF), supplemented by data on net foreign direct investment reported by the Organisation for Economic Co-operation and Development and official national sources. The data suffer from deficiencies relating to definitions, coverage, and cross-country comparability. (See *About the data* for table 6.7 for a detailed discussion of data on foreign direct investment.)

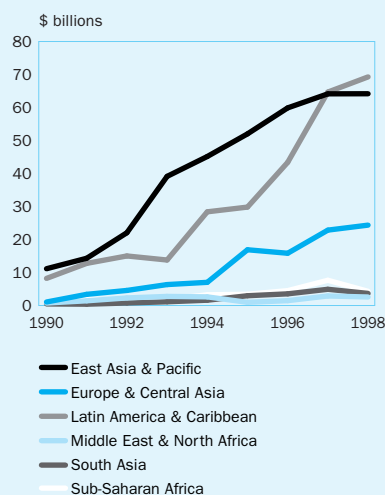
The data on domestic credit to the private sector are taken from the banking survey of the IMF's *International Financial Statistics* or, when the broader aggregate is not available, from its monetary survey. The monetary survey includes monetary authorities (the central bank) and deposit money banks. In addition to these, the banking survey includes other banking institutions, such as savings and loan institutions, finance companies, and development banks. In some cases credit to the private sector may include credit to state-owned or partially state-owned enterprises.

Because data on subnational units of government—state, provincial, and municipal—are not readily available, the size of the public sector is measured here

by the size of the central government. While the central government is usually the largest economic agent in a country and typically accounts for most public sector revenues, expenditures, and deficits, in some countries—especially large ones—state, provincial, and local governments are important participants in the economy. In addition, activities attributed to the “central government” may vary depending on the accounting practice followed. In most countries central government finance data are consolidated into one overall account, but in others only budgetary central government accounts are available, which often omit the operations of state-owned enterprises (see *Primary data documentation*).

Figure 5.1

Foreign direct investment has remained resilient



Source: World Bank, *Global Development Finance 2000* and *Global Economic Prospects and the Developing Countries 2000*.

Despite falling volumes of private capital flows, foreign direct investment has remained resilient and is likely to be the primary source of finance for developing countries for the foreseeable future. Preliminary data indicate that flows of foreign direct investment may have increased in 1999.

Definitions

- **Private investment** covers gross outlays by the private sector (including private nonprofit agencies) on additions to its fixed domestic assets. Gross domestic fixed investment includes similar outlays by the public sector. No allowance is made for the depreciation of assets.
- **Foreign direct investment** is net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. Gross domestic investment (used in the denominator) is gross domestic fixed investment plus net changes in stocks.
- **Credit to private sector** refers to financial resources provided to the private sector—such as through loans, purchases of nonequity securities, and trade credits and other accounts receivable—that establish a claim for repayment. For some countries these claims include credit to public enterprises.
- **Private nonguaranteed debt** consists of external obligations of private debtors that are not guaranteed for repayment by a public entity. Total external debt is the sum of public and publicly guaranteed long-term debt, private nonguaranteed long-term debt, IMF credit, and short-term debt.
- **Central government expenditure** comprises the expenditures of all government offices, departments, establishments, and other bodies that are agencies or instruments of the central authority of a country. It includes both current and capital (development) expenditures.

Data sources

The data on private investment are from the International Finance Corporation's *Trends in Private Investment in Developing Countries 1999* and World Bank estimates. The data on foreign direct investment are based on estimates compiled by the IMF in the *Balance of Payments Statistics Yearbook*, supplemented by World Bank staff estimates. The data on domestic credit are from the IMF's *International Financial Statistics*, and the data on government expenditure from the IMF's *Government Finance Statistics Yearbook*. The external debt figures are from the World Bank's Debtor Reporting System as reported in *Global Development Finance 2000*.