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Summit
file

OVERSEAS DEVELOPMENT ADMINISTRATION
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17 July 1981

Sir Peter Preston KCB
Permanent Secretary

Michael Alexander Esq
Private Secretary
No. 10 Downing Street

Dear Michael,

OTTAWA SUMMIT: DEFENSIVE MATERIAL ON AID

...
...
As agreed at the Prime Minister's meeting yesterday, I submit a table giving factual material on our comparative performance which can be drawn on at Ottawa. I also attach a table prepared for the OECD Development Assistance Committee last November which provides a league table both of aid performance and economic indicators. This needs handling with some care as the figure for ODA as a percentage of GNP for the UK is at the artificially high level of 0.52. This placed us seventh in OECD. Our 1980 figure (artificially low) would take us down several places. But it does illustrate that our aid is high in proportion to our economic strength.

I am sending copies of this letter and enclosures to Michael Palliser, Ken Couzens, Robert Armstrong and Nicholas Bayne.

*Yours ever
Peter.*

Peter Preston

OTTAWA SUMMIT: ANNEX TO BRIEF FOR ITEM 3(a)
DEFENSIVE NOTE ON UK COMPARATIVE AID/ECONOMIC PERFORMANCE

	1980 Total Aid \$m	1980 Bilateral Share %	1980 Aid GNP %	1979 Aid to low income countries (1) %	1979 Aid to least developed countries (2)	Share in IDA VI Replenish- ment	1979 Private flow GNP %	1980 Share of "Summit" GNP %	1980 Imports from non- oil ldc's \$ m	1980 Imports from non- oil ldc's %
UK	1,781	70 (3)	0.34 (4)	25	10.10	2.30 (5)	8.3	17.6	10.0	
USA	7,091	62	0.27	11	27.00	0.51	41.7	64.8	36.7	
Germany	3,518	65	0.43	24	12.50	0.45	13.0	25.0	14.1	
France	4,041	82	0.62	10	5.38	0.88	10.3	17.4	9.8	
Japan	3,304	59	0.32	18	14.65	0.46	16.4	33.2	18.8	
Canada	1,036	62	0.42	38	4.30	0.50	3.9	3.6	2.0	
Italy	678	11	0.17	n.a.	3.85	1.02	6.3	15.1	8.5	
Summit Total	21,449	65	0.34	17	77.78	0.69	100.0	176.7	100.0	
All OECD Develop- ment Assistance Committee members	26,719	66	0.37	19	91.13	0.73	-	214.8 (6)	-	

(1) Low-income countries are those with a GNP per capita less than \$450 in 1978 (slightly broader than the definition of the "poorest" used by UK)

(2) As defined by the UN

(3) Figure atypically high because no promissory note issued to IDA; 1979 figure of 55% more representative

(4) This, the lowest percentage yet recorded by the UK, compares with the unusually high figure of 0.52 in 1979. Two exceptional factors account for a large part of the fall - the delay in coming into effect of the IDA replenishment as a result of US Congressional difficulties, and slow drawings of aid by some major bilateral recipients. Net aid in 1980/81 was £948m as against £899m in 1979/80.

(5) 1980 figure, still provisional, likely to be about 1.8% (not 1% as earlier quoted in the brief for item 3(a))

(6) All OECD.

Table 1
Aid performance and selected economic indicators for DAC countries

	ODA as % of GNP		GNP per capita 1979	Notional rankings of economic indicators ^a		Average growth of GDP 1978-80		Unemployment rate 1980		Inflation rate ^b 12 months to August		Budget deficit ^c as % of GDP 1980		Current account balance as % of GNP, 1980	
	1979	1985 Secretariat projections		rank	rank	%	rank	%	rank	%	rank	%	rank	%	rank
	%	rank	\$	rank	rank	%	rank	%	rank	%	rank	%	rank	%	rank
Sweden	0.94	1	12,240	3	11	2.8	8	2.3	5	12.3	12	-3.8	13	-4.3	13
Norway	0.93	2	11,300	6	1	3.7	4	1.6	2	11.4	10	+4.2	1	+1.2	1
Netherlands	0.93	3	10,740	8	10	1.7	13	6.3	10	7.0	4	-4.6	15	-1.2	6
Denmark	0.75	4	11,700	4	14	1.5	14	6.3	11	11.2	9	-1.5	7	-5.2	15
France	0.59	5	10,700	9	8	2.7	9	6.6	12	13.6	11	-0.7	4	-1.4	9
Belgium	0.56	6	11,430	5	15	2.3	10	7.6	15	6.3	3	-6.9	16	-4.3	14
United Kingdom	0.52	7	7,080	15	13	0.7	16	7.0	13	16.3	15	-3.0	9	+0.7	2
Australia	0.52	8	8,320	14	6	2.9	7	5.9	9	10.7 ^d	7	-3.0 ^d	10	-1.3	7
Canada	0.46	9	9,390	10	12	1.9	12	7.8	16	10.7	8	-2.8	8	-1.6	10
Germany	0.44	10	12,410	2	4	3.3	5	3.3	6	5.5	2	-3.3	12	-2.0	11
New Zealand	0.30	11	6,397	16	17	-0.6	17	4.5	7	17.9	16	-0.5	3	-5.4	16
Japan	0.26	12	8,730	12	3	5.7	1	1.9	3	8.7	6	-4.5	14	-1.3	8
Finland	0.21	13	8,510	13	5	4.8	2	4.6	8	12.3	13	+1.0	2	-3.9	12
Switzerland	0.21	14	15,320	1	2	1.5	15	0.3	1	4.2	1	-1.3	6	-0.2	4
United States	0.20	15	10,740	7	9	2.0	11	7.2	14	12.8	14	-1.1	5	++	3
Austria	0.19	16	9,110	11	7	3.1	6	1.9	4	7.3	5	-3.0	11	-5.9	17
Italy	0.08	17	5,700	17	16	3.8	3	7.8	17	22.0	17	-8.3	17	-1.1	5
Total DAC	0.35	-	9,730	-	-	2.9	-	(6.0)	-	12.7	-	-2.8	-	-0.9	-

a/ Unweighted average of ranking performance of the five indicators selected.

b/ Consumer prices.

c/ General government net lending.

d/ 1979 data.

e/ 12 months to June.

Notes: In addition to GNP per capita which remains the best single indicator for comparing basic economic aid giving capacity, the Secretariat has assembled information on a number of indicators of current economic conditions. Delegations generally found this presentation interesting but a number of them stressed the problematic character of the "Notional ranking of economic indicators."

Source: Recent OECD Secretariat sources.