



CONFIDENTIAL

PRIME MINISTER

1. Prime Minister

2. Mr. Coker *AR* 17/7

To note. This is a
bottomless pit.

MCS 13/7

FINANCIAL ASSISTANCE FOR EXPORTS: AID AND TRADE PROVISION

This note is just to warn you in advance of a problem which we will soon be facing on ATP (Aid and Trade Provision). You will remember that ATP is the main response we use to the aggressive use of mixed credits and tied project aid by our competitors. Since 1979 commitments of £250M have enabled UK companies to secure business worth over £1.1 billion. In short, the immediate problem is that ATP funds (£66M) for 1983/84 and 1984/85 are already fully committed. (There may of course be some slippage as contracts are lost or postponed but this is taken into account in our calculations.)

2 I therefore have it in mind to put a paper to E(A) suggesting an increase of about £40M per annum in the funding available for ATP. The problem is one of timing, though. Nigel Lawson will not, I am sure, want to consider any such paper in advance of the discussions later this year on the 1983 Public Expenditure Survey.

3 Unfortunately, though, tender dates will not wait. It therefore seems likely that in the coming months companies will be beating a track to both our doors complaining that the lack of ATP funds means they cannot bid for some otherwise very worthwhile contracts, and pointing to the employment and market



opportunities lost. Their complaints will be all the more strident since, as I am sure you are aware, the multi-lateral take of our aid budget continues to increase. I understand the reasons for this, but it does look as if we are moving away from the commitment we made in 1980 to increase the emphasis we gave to industrial and commercial considerations. Industry's criticisms will, I think justifiably, be all the more pressing if in the event we do decide in the Autumn to increase ATP resources, and they have missed out on important contracts in the intervening months.

4 Finally, on a related note, I should also warn you that I intend to put in a paper shortly to colleagues recommending a very large chunk of ATP support for the Medellin mass transit railway in Colombia. This relates to the financial years 1985/86 to 1987/8, when the availability of ATP resources is not yet exhausted. Even so, I recognise that the ATP support I recommend (about £20M in each of 3 years) will be a substantial burden. But I believe the project well worth supporting for the reasons my paper will outline. However, let me stress that this is a separate issue, since it relates to commitments which run on beyond the present period for which resources are already fully committed.

C.P.

C P

13 July 1983

GUIDANCE FOR PRESS OFFICERS

1982 FINANCIAL FLOWS TO DEVELOPING COUNTRIES

Attached is a draft of the press notice on the flow of Resources from the members of the Development Assistance Committee (DAC) of the OECD to Developing Countries in 1982. The final text will be released at a background press conference given by the Chairman of the DAC, Mr Rutherford M Poats, in Paris on Friday 3 June, embargoed to 6 June.

The release shows that the UK's aid performance, when measured as a proportion of GNP, fell to 0.38% in 1981. (This figure was announced in Parliament on 25 April.) The DAC press notice shows that the UK performance fell below the DAC average for 1982 (0.39% of GNP) for the second time in 3 years. The last time was 1980 when UK's performance was 0.35% compared to the DAC average of 0.38%. Prior to that we had been above the DAC average since 1963.

The following is a question and answer brief for use as necessary.

1. Why has the UK oda/GNP performance fallen so sharply in 1982?

A. The fall reflects the decrease in cash disbursements of bilateral official development assistance, mainly due to a lower-than-expected disbursement of aid to India in the 9 months, April-December 1982. Over the same period Gross National Product grew in cash terms. Calendar year figures are used to enable comparisons to be made between the members of the Development Assistance Committee of the OECD, but the British aid programme is planned and managed, like all public expenditure, on a financial year basis. On the financial year basis the Indian programme was growing in this period.

2. What was the shortfall in aid to India in 1982?

A. In calendar year 1982 gross expenditure on aid to India was only £54 million compared to £169 million in 1981. Unforeseen delays resulted in a slower-than-expected disbursement of our aid. However, disbursements of aid to India for the whole of the financial year 1982/83 were on target at about £105 million, a cash increase compared with £102 million in 1981/82.

Prime Minister

The dip in the UK's overseas aid will probably be reported in tomorrow morning's newspaper (Tuesday).

The OECD's own note on the UK indicates (page 1) that fluctuations in disbursements make the percentage very volatile: it was 0.44% in 1981.

FERB
6.6.

3. The UK's official development assistance declined by 12% in cost terms between 1981 and 1982 compared with an overall average growth ^{in real terms} of 11.7% for all DAC members. What does this bring the total cost terms reduction to in UK oda since the present Government took office in 1979?

A: UK oda has fallen by almost 21% in cost terms since 1979, which was a peak year. The 1982 figure is 5% lower in cost terms than that for 1978.

4. When will the Government reach the UN target of 0.7% of GNP?

A. The present Government like their predecessor accept the UN target in principle but cannot commit themselves to a timetable for achieving it. Progress towards the target will depend essentially on two factors: the level of public expenditure that UK can afford and the extent of the other pressing and valid calls that are made upon the public purse.

5. What percentage of the UK's aid went to the poorest countries in 1982 and how does this compare with 1981?

A In 1982 the poorest fifty countries in the world received 57 per cent of Britain's bilateral aid. This compared to 66 per cent in 1981, 67 per cent in 1980, 72 percent in 1979 and 64 percent in 1978. Most of the decline in 1982 compared with 1981 was accounted for by slow drawings by India (see Q2). Had India's drawings been more evenly spread throughout the last two financial years, bilateral aid to the poorest would have been 62 percent of the total in 1982 and 64 percent in 1981.

The other factor affecting the poorest's share in 1982 was the £33 million payment for a steel project in Mexico financed from the Aid and Trade Provision (ATP). ATP funds cannot be pre-allocated by country.

These two factors more than account for the decline [excluding ATP and allowing for a more even disbursement pattern by India would have meant that the share of the poorest fifty countries rose to 68 per cent in 1982 from 65 per cent in 1981].

6. What was the figure for UK private flows in 1982 compared with 1981?

A. Private flows fell to £2.2 billion (an estimated 0.8%) in 1982 from £3.7 billion (1.5% of GNP) in 1981. This was largely due to a decline in private bank lending. Nevertheless, the UK still achieved an estimated ratio of 1.25% of GNP for the total net flow of resources, thus surpassing once again the UN target of 1% of GNP for the total net flow of resources from each economically advanced country to developing countries.

7. When will the UK meet the 0.15% of GNP aid target to LLDCs established at the Conference of Least Developed Countries in Paris in 1981?

A. The percentage of UK aid to the LLDCs in 1982 was 0.11% of GNP, the same as the revised figure for 1981. This compares favourably to the DAC average for 1982 of 0.08%. We have accepted the target, but are not committed to any timetable for achieving it.

NOT FOR PUBLICATION
BEFORE 00.01 HOURS (PARIS TIME)
MONDAY 6th JUNE, 1983

PRESS/A(83)26

Paris, 30th May, 1983

RESOURCES FOR DEVELOPING COUNTRIES 1982
AND RECENT TRENDS

Aid from DAC countries in 1982 increased in dollars by 9 per cent over 1981, and as a share of their GNP from 0.35 per cent to 0.39 per cent. The sharp upturn in 1982 was due to a large extent to increased contributions to the multilateral aid institutions which had been unusually low in 1981. Taking the past five years together, DAC net aid has been on a rising trend at an average annual rate of about 5 per cent in real terms.

Preliminary estimates suggest that the total resource receipts of developing countries, including private capital amounted to over \$100 billion in 1982. The total resource outflow from DAC Member countries represented 1.29 per cent of their GNP.

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NOTICE TO EDITORS

ON TERMS AND DEFINITIONS USED

DEVELOPMENT ASSISTANCE COMMITTEE (DAC): Members: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Economic Communities. Observers: the IBRD and the IMF.

AID: The word "aid" or "assistance" refers only to flows which qualify as "official development assistance" (ODA), i.e., grants or loans:

- undertaken by the official sector;
- with promotion of economic development or welfare as main objectives;
- at concessional financial terms (if a loan, at least 25 per cent grant element).

In addition to financial flows, technical co-operation is included in aid. It comprises grants (and a very small volume of loans) to nationals of developing countries receiving education or training at home or abroad, and to defray the costs of teachers, administrators, advisers and similar personnel serving in developing countries.

TOTAL FLOWS: In addition to aid, include grants from private agencies (private aid) and transactions at commercial terms: export credits, bilateral portfolio investment (including bank lending) by residents or institutions in DAC countries; direct investment (including reinvested earnings) and purchases of securities of international organisations active in development.

Bilateral flows are provided directly by a donor country to a developing country. Multilateral flows are channelled via an international organisation active in development (e.g., IBRD, UNDP).

Transactions are reported at two stages: commitment i.e., when the donor undertakes a firm obligation to furnish assistance specified as to volume, purpose, financial terms and conditions, and disbursement i.e., the actual provision of funds. Unless otherwise stated, the disbursements figures are shown net, i.e., less capital repayments on earlier loans ("net flow").

DAC statistics exclude grants, loans and credits for military purposes, and loans and credits with a maturity of less than one year.

GRANT ELEMENT: reflects the financial terms of a transaction: interest rate, maturity (interval to final repayment) and grace period (interval to first repayment of capital). It measures the concessionality (i.e., softness) of a loan, in the form of the present value of an interest rate below the market rate over the life of a loan. Conventionally the market rate is taken as 10 per cent. Thus, the grant element is nil for a loan carrying an interest rate of 10 per cent; it is 100 per cent for a grant; and it lies between these two limits for a soft loan. Generally speaking, a loan will not convey a grant element of over 25 per cent if its maturity is less than 10 years, unless its interest rate is well below 5 per cent. If the face value of a loan is multiplied by its grant element, the result is referred to as the grant equivalent of that loan.

DEBT: The figures in section IV relate to the total indebtedness of all developing countries on the DAC list to all creditor sources, in respect of all loans and credits with an original maturity of one year or over, including both official and private sector borrowers (excluding, however, official military transactions, as well as IMF credits and corporate equity holdings). The information is collated from several sources, of which the two main ones are the OECD/IBRD Creditor Reporting System and the IBRD Debtor Reporting System, and processed to eliminate overlaps. For technical information, see the Statistical Annex to the 1981 Annual Report of the Chairman of the DAC.

DEVELOPING COUNTRIES: The list used by the DAC includes: all countries and territories in Africa except South Africa; in America except the United States and Canada; in Asia except Japan; in Oceania except Australia and New Zealand; and the following in Europe: Cyprus, Gibraltar, Greece, Malta, Portugal, Turkey and Yugoslavia. Particular groups within the list mentioned in this Release are the United Nations list of 36 Least Developed countries; "Low-income" countries - defined by the OECD Secretariat as those with an average per capita GNP in 1980 of not more than \$200 as shown in the IBRD World Atlas, or computed using that method; "Middle-income" countries - defined by the OECD Secretariat as those with per capita GNP exceeding \$200 in 1980, but in this Release, excluding (a) all OPEC Members other than Indonesia and Nigeria, and (b) the "newly-industrialised countries", (NIC's), shown as a separate group (Argentina, Brazil, Greece, Hong Kong, Korea (Rep.), Mexico, Portugal, Singapore, Taiwan and Yugoslavia). The DAC list and the sub-groups specified by the OECD Secretariat are designed for statistical purposes, not as guidance for eligibility for aid or other preferential treatment. For the list of the countries in the various groups, see DAC Chairman's Report, "Development Co-operation", 1982 Review, Statistical Annex, Table G.4.

RESOURCES FOR DEVELOPING COUNTRIES 1982
AND RECENT TRENDS

I. VOLUME

(a) Recent ODA Volume Performance

Net disbursements of Official Development Assistance (ODA) by DAC Members combined in 1982 rose by 9 per cent or \$2.3 billion to \$27.9 billion, representing 0.39 per cent of their GNP compared with 0.35 per cent in 1981. This performance has to be seen against the background of the continuing economic and financial difficulties faced by donor countries.

Aggregate aid figures are conventionally calculated by converting national data to United States dollars using current exchange rates. The dollar again appreciated markedly against most Members' currencies in 1982, on average by 10 per cent. In constant 1981 dollars the increase in aid would thus have been 19 per cent. However, this increase has to be adjusted for the increase in price levels, which for Members combined was a little over 7 per cent. In constant prices and exchange rates (i.e., "in real terms") the aid increase in 1982 was thus about 11 per cent.

The increase recorded in 1982 was due to a large extent to higher disbursements to multilateral agencies, in particular contributions to IDA and regional banks, reversing the decline in 1981, and preserving the ability of the multilateral institutions to maintain their aid disbursements on a steady upward path. In practice, some of Members' disbursements were payments delayed from 1981. The United States accounted for a substantial portion of the overall increase.

In view of the fact that part of the unusually high increase in Members' 1982 ODA represented deferred disbursements from 1981, a better estimate of overall trends in aid volume is given by the two year average for 1981/1982. On this basis, the average annual rate of increase of ODA has risen from 3.7 per cent in real terms during the Seventies to 5.0 per cent during the most recent five-year period (1976/1977 to 1981/1982), or about twice as fast as GNP, so that over this period the aggregate ODA/GNP ratio has risen from 0.33 per cent to 0.37 per cent.

ODA from the United States recovered from 0.20 per cent of GNP in 1981 to 0.27 per cent in 1982. Substantial increases were also recorded by Australia, Austria, Norway and Sweden.

These last two countries, whose ODA outflows were the highest either has ever achieved, joined Netherlands to form a group of three DAC countries devoting over 1 per cent of their GNP to development aid. Overall, twelve countries reported a higher ODA/GNP ratio than in 1981: in addition to those mentioned, Denmark, Finland, France, Germany, Italy, Japan and Switzerland. A further two (Belgium and Netherlands) maintained the ratios reached in 1981. Only three DAC Members (Canada, New Zealand, United Kingdom) reported a decline of their ODA/GNP ratio.

As regards non-DAC donors, it appears on the basis of preliminary and incomplete data that OPEC aid in 1982 fell somewhat below the level of \$8.2 billion or 1.49 per cent of GNP reached in 1981. Net aid disbursements from CMEA donors are estimated to have risen marginally from \$2.1 to \$2.2 billion, remaining as a share of GNP at the ratio of 0.13 per cent, as in 1981.

(b) Aid to the Least-developed Countries

DAC Members aid channelled directly and through multilateral aid programmes to the 36 Least-developed countries has risen rapidly in recent years. It roughly doubled in dollars between 1975 and 1981 from \$2.8 billion to \$5.5 billion (see Table 3), equivalent to an increase in real terms of some 30 per cent and, as a share of donors' GNP, rose from 0.07 per cent to 0.08 per cent. The preliminary indications for 1982 are that there was a further substantial increase in real terms, with Members raising their share by a further point to 0.09 per cent. DAC Members' aid was of the order of 7 per cent of the combined GNP of the Least-developed countries, and one-third of their imports.

(c) Prospects

As will be seen from the country notes, Official Development Assistance has been given relatively high priority in the current tight budgetary situation compared to most other major categories of public expenditure. Based on existing plans and budgetary indications, the medium term prospects are for some further increase in ODA in real terms from DAC countries as a group, although the rate of increase is not likely to reach that recorded over the past few years.

Chart I
ODA IN REAL TERMS
(1981 prices and exchange rates)

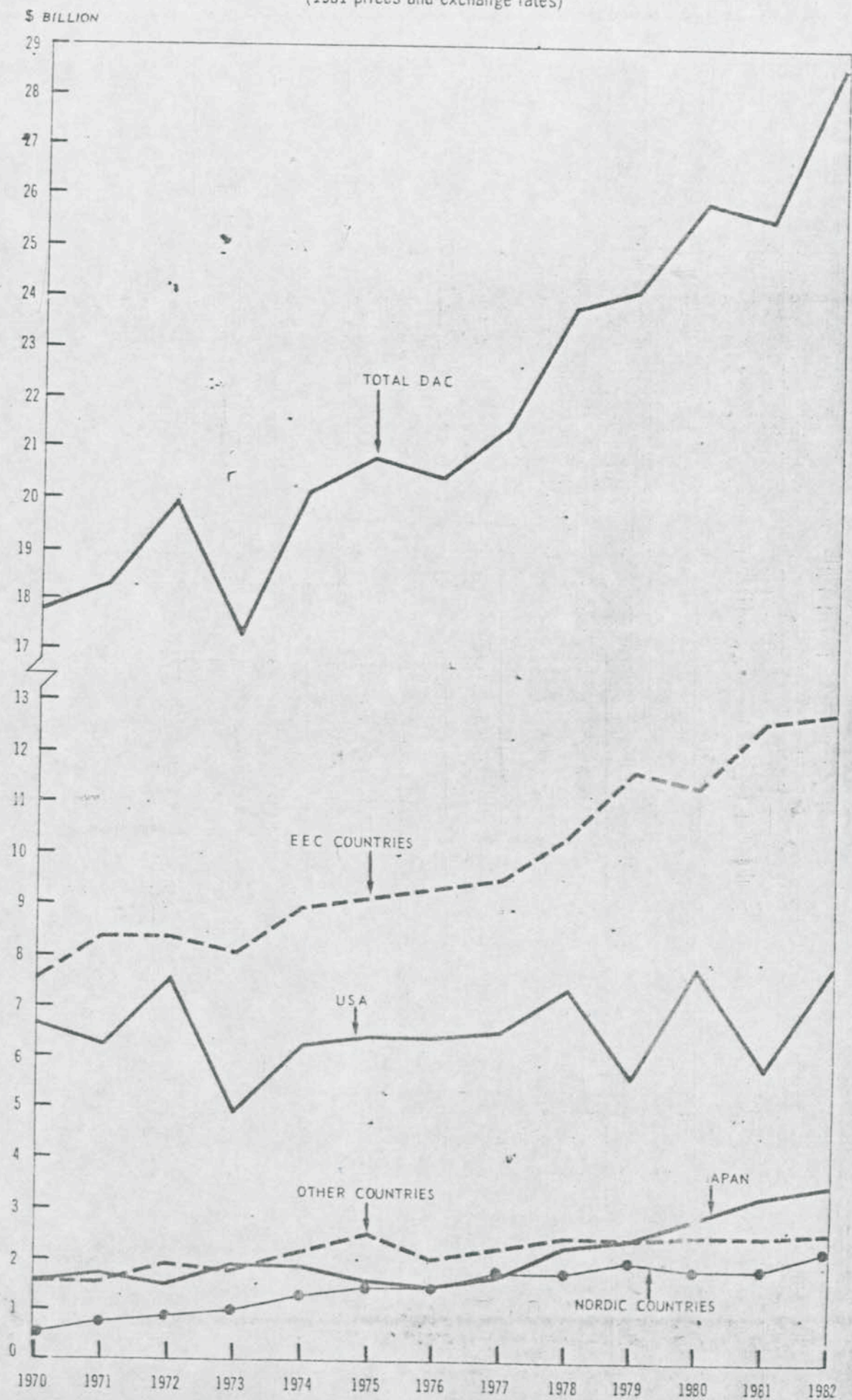


Table 1
Key Totals for DAC Members

	1970	1975	1979	1980	1981	1982
a) \$ billion, net, current prices						
Official Development Assistance	6.9	13.8	22.4	27.3	25.6	(27.9)
Grants by Private Voluntary Agencies	0.9	1.3	2.0	2.4	2.0	(2.0)
Non-Concessional Flows	8.1	29.7	51.2	45.7	60.4	(63.1)
Total Flow of Resources	15.9	44.8	75.6	75.4	88.0	(93.0)
b) \$ billion, 1981 prices and exchange rates						
Official Development Assistance	17.8	21.1	23.7	26.5	25.6	(28.5)
Grants by Private Voluntary Agencies	2.3	2.0	2.1	2.3	2.0	(2.0)
Non-Concessional Flows	20.9	45.4	54.2	44.3	60.4	(64.5)
Total Flow of Resources	41.0	68.5	80.0	73.1	88.0	(95.0)
c) As per cent of GNP						
Official Development Assistance	0.34	0.36	0.35	0.38	0.35	(0.39)
Grants by Private Voluntary Agencies	0.04	0.04	0.03	0.03	0.03	(0.03)
Non-Concessional Flows	0.41	0.77	0.78	0.63	0.83	(0.87)
Total Flow of Resources	0.79	1.17	1.17	1.04	1.21	(1.29)

Table 2

OFFICIAL DEVELOPMENT ASSISTANCE TO THE LEAST-DEVELOPED COUNTRIES^{(1) (2)}

	% of GNP			% of total ODA			\$ million		
	1975	1981	1982*	1975	1981	1982*	1975	1981	1982*
Australia	0.07	0.05	0.12	11.1	13.0	20.3	55.4	84.6	178.9
Austria	0.02	0.04	..	9.6	8.4	..	7.6	26.3	..
Belgium	0.13	0.16	0.16	21.8	27.4	26.8	82.1	157.7	133.1
Canada	0.15	0.11	0.12	27.6	28.1	28.0	242.4	309.8	328.3
Denmark	0.21	0.25	0.26	36.3	34.0	34.1	74.5	137.2	141.5
Finland	0.07	0.09	0.08	39.0	30.5	27.4	18.8	41.4	39.5
France	0.09	0.12	0.12	15.3	16.5	16.3	320.6	687.7	650.3
Germany	0.09	0.12	0.12	22.2	26.4	24.9	374.8	839.2	785.0
Italy	0.03	0.06	..	23.8	32.9	..	43.4	218.8	..
Japan	0.03	0.05	0.06	14.0	18.3	20.1	160.7	577.7	607.8
Netherlands	0.14	0.29	0.28	19.2	27.0	25.9	116.6	408.1	381.0
New Zealand	0.11	0.03	0.04	20.9	11.8	13.1	13.7	8.0	8.6
Norway	0.22	0.28	0.35	33.6	34.1	35.0	61.8	159.4	198.1
Sweden	0.26	0.20	0.30	31.3	31.2	30.0	177.1	265.9	293.8
Switzerland	0.04	0.09	0.08	22.7	35.0	31.9	23.5	83.0	80.0
United Kingdom	0.08	0.11	0.11	20.6	26.3	28.0	186.6	577.3	501.8
United States	0.05	0.03	0.05	19.2	16.2	19.9	798.8	939.0	1,653.2
Total DAC Countries	0.07	0.08	0.09	20.0	21.6	22.4	2,764.6	5,540.8	(6,260.0)

* Preliminary data.

.. : Not available.

(1) Including Members' share of ODA channelled through multilateral organisations.

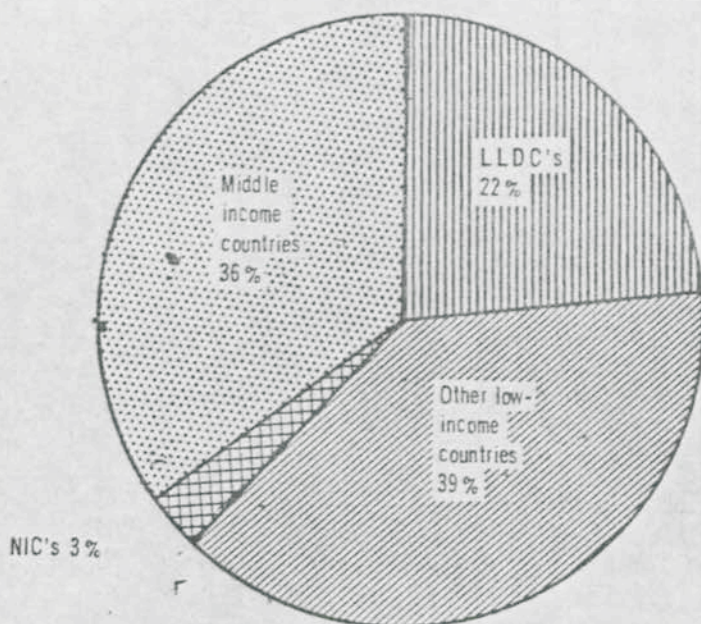
(2) The 36 LLDC's are:

Afghanistan	Burundi	Djibouti*	Guinea-Bissau
Bangladesh	Cape Verde	Ethiopia	Haiti
Benin	Central African Rep.	Equatorial Guinea	Laos
Bhutan	Chad	Gambia	Lesotho
Botswana	Comoros	Guinea	Malawi
Maldives	Sao Tome & Principe	Togo	
Mali	Sierra Leone	Uganda	
Nepal	Somalia	Upper Volta	
Niger	Sudan	Western Samoa	
Rwanda	Tanzania	Yemen	
		Yemen, Dem.	

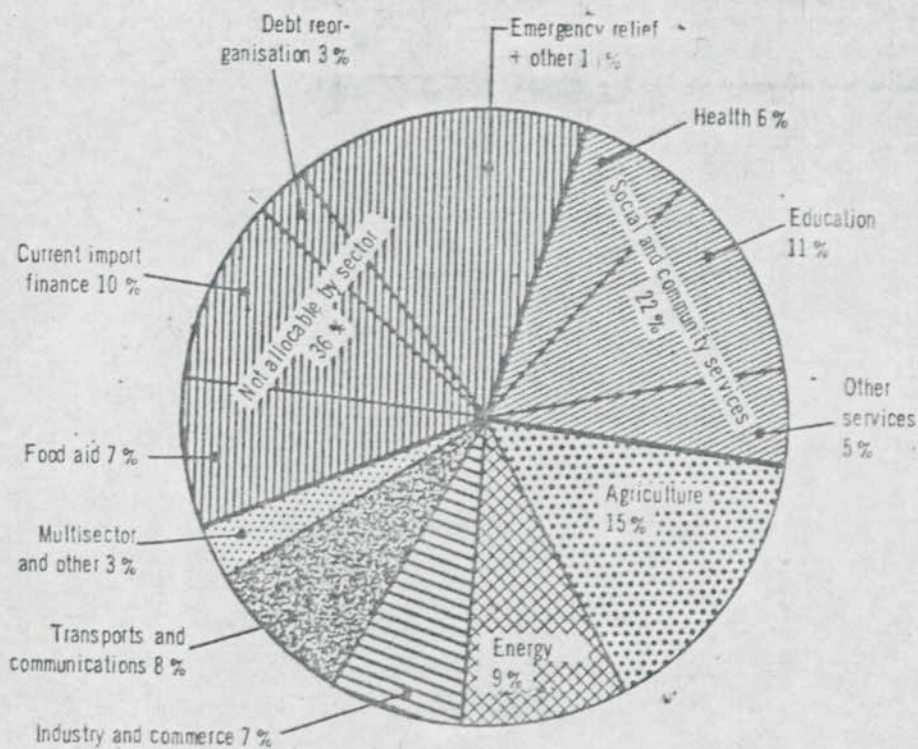
Chart II

ODA BY DESTINATION AND PURPOSE

a) DAC ODA BY DESTINATION : 1980/81 average net disbursements = \$ 26.4 billion



b) BILATERAL ODA BY PURPOSE : 1981 commitments = \$ 22.7 billion



II. INDIVIDUAL DAC COUNTRIES' ODA PERFORMANCE(1)

The Netherlands in 1982 exceeded the 0.7 per cent of GNP target for the eighth consecutive year, repeating the record level of 1.08 per cent reached in 1981. Its ODA outflows increased by 4 per cent in national currency. The recently-formed Dutch government has decided to continue to allocate about 1.2 per cent of GNP to development co-operation (a slightly broader concept than ODA as defined by DAC).

A new record level was reached by Sweden in 1982 with an increase in its net ODA outflows of one-third in national currency and 23 per cent in real terms. This brought the dollar value of Sweden's aid to almost one billion dollars, corresponding to 1.02 per cent of GNP. As the rise was due to the issue of two notes to IDA in 1982, this high ratio may not be repeated for some time. Aid appropriations are planned to remain at 1 per cent of GNP in the foreseeable future.

Norway reported a 36 per cent increase of its ODA in national currency (23 per cent in real terms), carrying its net ODA disbursements in 1982 to \$566 million or 1.01 per cent of GNP. This is the highest level reached by Norway, which has exceeded the 0.7 per cent of GNP target each year since 1976. All parts of the programme participated in the increase. Budgetary appropriations were 1.05 per cent of GNP in 1982 and 1.10 per cent in 1983.

Denmark raised its ODA disbursements by 20 per cent in national currency (9 per cent in real terms), and its ODA/GNP ratio recovered to the record level of 0.77 per cent reached in 1979. Higher bilateral grants accounted for the entire increase. According to the most recent medium-term budgetary plan the Danish ODA/GNP ratio should remain in the neighbourhood of 0.80 per cent.

After a steep increase in 1981, total ODA in 1982 from France, including aid to the Overseas Departments and Territories (DOM/TOM), rose further, by 16 per cent in national currency to 0.74 per cent of GNP, the highest ratio since 1965. France has declared its intention to reach the 0.7 per cent target for ODA excluding flows to the DOM/TOM by 1988. ODA excluding the DOM/TOM amounted to \$2.6 billion or 0.48 per cent of GNP. France's development co-operation budget and the data shown in governmental presentations of France's aid include an additional \$430 million (equivalent to 1.08 per cent of GNP), being the budget-financed share of the assessed premium element in the long-term Franco-Algerian gas contract.

(1) Countries are listed in the order of their ranking in 1982 in terms of ODA as a share of GNP.

A

After a sharp recovery in 1981, Belgium's ODA outflows in 1982 increased by a further 6 per cent in national currency, but decreased slightly in real terms. The ODA/GNP ratio remained at the 1981 level of 0.59 per cent. Belgium's policy is to raise aid appropriations to an amount equal to 0.7 per cent of GNP. In 1982, despite general budget cutbacks, its aid appropriations were increased by about 15 per cent.

* In 1982 Australia's ODA disbursements recovered by 54 per cent in national currency, and as a ratio of GNP from 0.41 per cent to 0.57 per cent. This recovery was largely due to a delay in the lodgement of a promissory note to IDA to the second half of the 1981/1982 fiscal year. Accordingly, the 1981 ratio understated Australia's recent sound aid performance and the 1982 ratio correspondingly somewhat overstates the trend performance.

Austria's ODA disbursements increased again in 1982 by 24 per cent (16 per cent in real terms) after a steep rise in 1981. Its ODA/GNP ratio rose from 0.48 per cent to 0.54 per cent, the highest level ever recorded by Austria. This increase reflects in particular further growth in concessional export credits, but bilateral and multilateral grants also increased substantially. Austria has stated its intention to reach the 0.7 per cent target by the end of the decade.

Germany's ODA outflows of \$3.2 billion in 1982 were equivalent to 0.48 per cent of GNP as against 0.47 per cent in 1981. The projected average annual growth rate in the medium-term financial plan for 1983/86 of the Ministry for Economic Co-operation is of the order of 4 per cent.

Canada's ODA increased by 3 per cent in national currency but fell by 7 per cent in real terms. The ODA/GNP ratio declined slightly from 0.43 per cent in 1981 to 0.42 per cent because legislation enabling payment of \$125 million to international financial institutions was passed only in the last quarter of the 1982/1983 fiscal year, with the result that the payments were made too late to be included in 1982 outlays. Had these payments formed part of the 1982 total, Canada's ODA/GNP ratio would have shown an increase from 0.43 per cent in 1981 to 0.46 per cent in 1982. The Canadian government has committed itself to an interim target of 0.5 per cent by fiscal year 1985/86, and to make its best effort to reach 0.7 per cent by 1990.

After a very sharp rise in 1981 to 0.44 per cent of GNP, the United Kingdom's aid disbursements fell by 12 per cent in real terms in 1982, reducing the ODA/GNP ratio to 0.38 per cent. The figures were affected in part by the timing of disbursements of ODA to India. In calendar year 1982, £54 million (\$86 million) was disbursed, compared with

Table 3
ODA PERFORMANCE OF DAC COUNTRIES IN RECENT YEARS

	As % of GNP.						\$ million		Annual Growth rate of real ODA 1981-1982 (%)	Annual Growth rate of real ODA 1976/1977-1981/1982 (5 years)
	1970	1975	1980	1981	1982*	1981-1982 average	1981	1982*		
Australia	0.62	0.65	0.48	0.41	0.57	0.49	649	882	+ 37.7	+ 6.3
Austria	0.07	0.21	0.23	0.48	0.54	0.51	313	361	+ 15.5	+27.0
Belgium	0.46	0.59	0.50	0.59	0.59	0.59	575	497	- 1.5	+ 5.4
Canada	0.41	0.54	0.43	0.43	0.42	0.42	1,189	1,185	- 7.2	- 0.7
Denmark	0.38	0.58	0.74	0.73	0.77	0.75	403	415	+ 9.0	+ 7.5
Finland	0.06	0.18	0.22	0.28	0.30	0.29	135	144	+ 9.5	+16.0
France incl. DOM/TOM	0.66	0.62	0.64	0.73	0.74	0.74	4,177	3,991	+ 3.1	+ 6.5
France excl. DOM/TOM		0.42	0.38	0.38	0.45	0.48	0.47	2,592	2,597	+ 8.2
Germany	0.33	0.40	0.44	0.47	0.48	0.47	3,181	3,163	+ 1.8	+ 8.7
Italy	0.16	0.11	0.17	0.19	(0.24)	(0.22)	666	(820)	(+ 24.8)	+18.0
Japan	0.23	0.23	0.32	0.28	0.29	0.28	3,171	3,023	+ 5.6	+11.7
Netherlands	0.61	0.75	1.03	1.08	1.08	1.08	1,510	1,473	- 1.5	+ 7.5
New Zealand	0.23	0.52	0.33	0.29	0.28	0.28	68	65	- 0.6	- 4.5
Norway	0.32	0.82	0.85	0.82	1.01	0.91	467	566	+ 22.8	+ 6.9
Sweden	0.38	0.82	0.79	0.83	1.02	0.92	919	987	+ 23.1	+ 2.2
Switzerland	0.15	0.17	0.24	0.24	0.25	0.25	237	251	+ 2.4	+ 7.2
United Kingdom	0.39	0.39	0.35	0.44	0.38	0.41	2,194	1,794	- 12.0	+ 0.1
United States	0.32	0.27	0.27	0.20	0.27	0.24	5,782	8,302	+ 35.6	+ 1.1
TOTAL DAC	0.34	0.36	0.38	0.35	0.39	0.37	25,636	27,919	+ 11.2	+ 5.0
of which EEC	0.41	0.45	0.47	0.53	0.53	0.53	12,706	12,153	+ 0.8	+ 6.4

* 1982 figures are provisional. Those for Italy are Secretariat estimates.

£169 million in 1981, although disbursements of aid to India for the whole of the financial year 1982/83 are expected to be on target. On present budgetary planning, resources for the aid programme should increase in cash terms after 1982/1983 at a rate which would probably maintain their real value, and perhaps increase it slightly.

Japan's ODA increased by 8 per cent in national currency and 6 per cent in real terms. In particular, bilateral ODA increased by 18 per cent in national currency, more sharply than in 1981. The ODA/GNP ratio is estimated to be 0.29 per cent in 1982. Japan has been making efforts towards the expansion of its ODA under its New Medium Term Target.

Finland's ODA again rose in 1982 to \$144 million, with all sections of the ODA programme contributing to the increase. The growth was 20 per cent in national currency and 10 per cent in real terms. The corresponding ratio of 0.30 per cent of GNP is the highest figure so far reached by Finland. The government is determined to achieve further rapid growth to reach 0.7 per cent by the end of the decade.

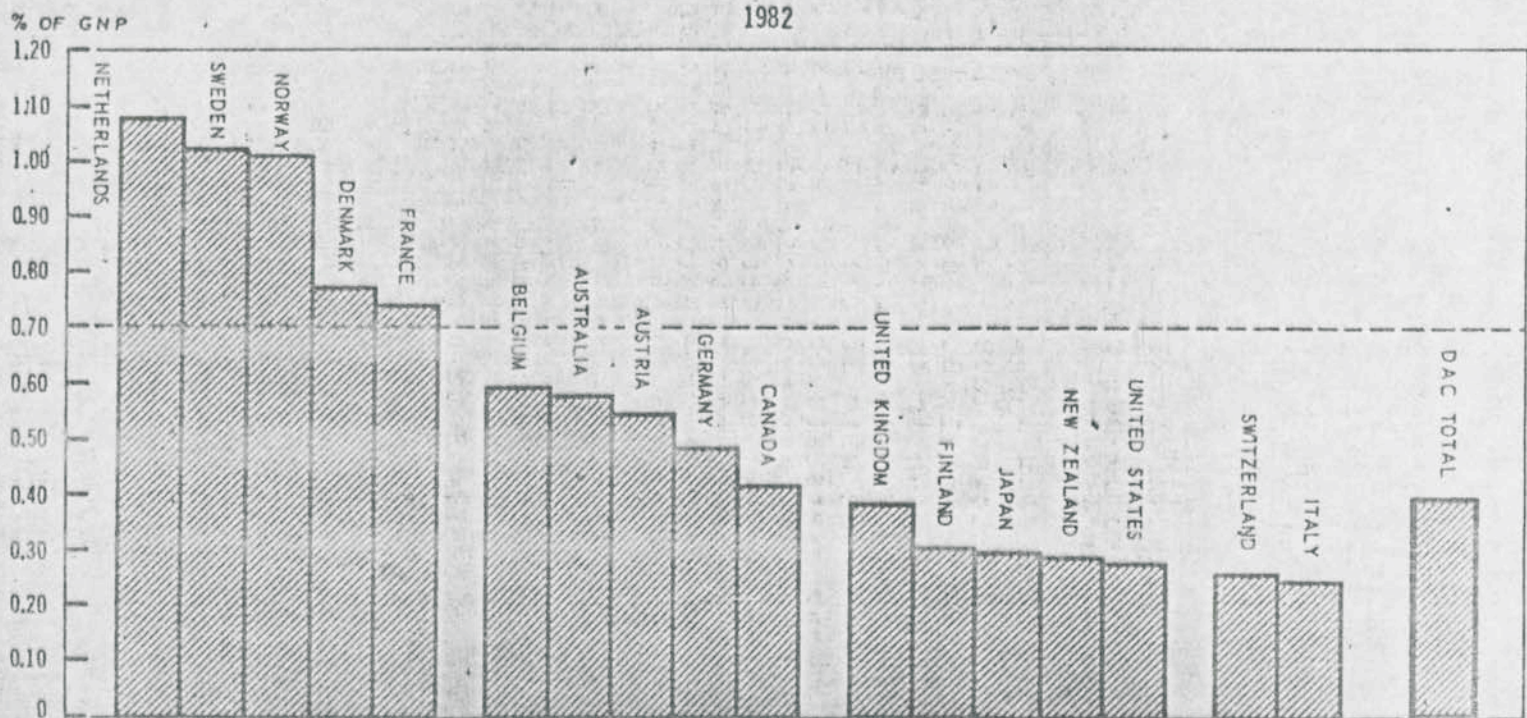
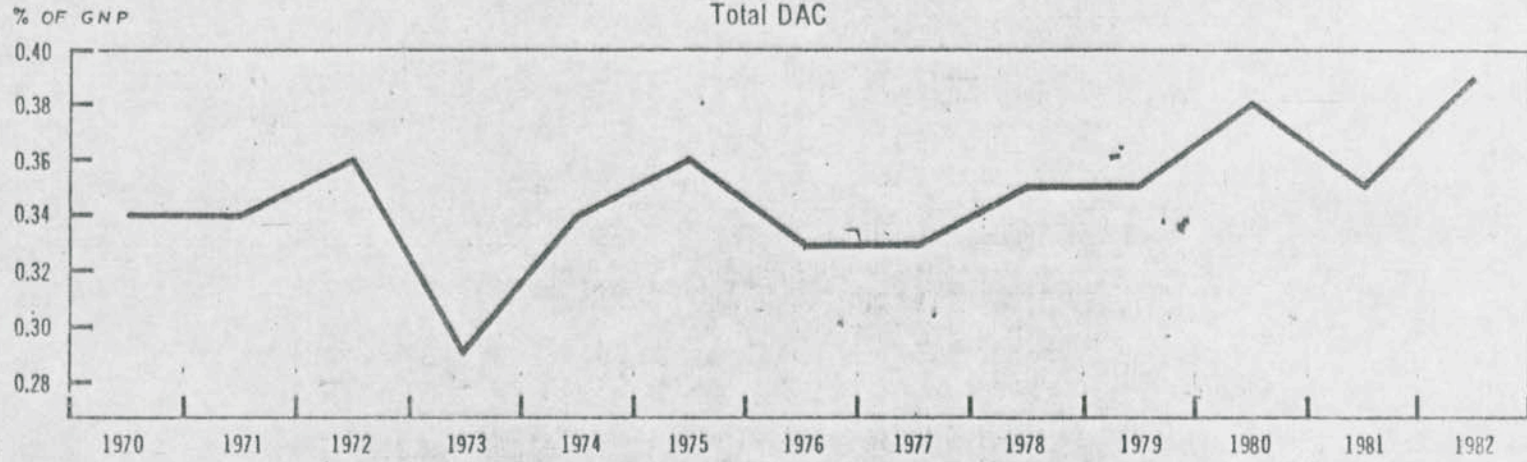
In spite of an increase in national currency of New Zealand's aid flows in 1982, its ODA/GNP ratio declined further from 0.29 per cent in 1981 to 0.28 per cent in 1982, the lowest figure since 1972. This decline reflects the government's policy of reducing general public expenditure in real terms in the light of severe economic and budgetary problems.

Net ODA from the United States expanded in 1982 to \$8.3 billion, the highest dollar amount ever. In real terms this corresponds to an increase of 36 per cent. The ODA/GNP ratio recovered to its 1980 level of 0.27 per cent from 0.20 per cent in 1981. This increase was due in large part to the issue of letters of credit to IDA and regional development banks, thus more than doubling multilateral contributions (some of these letters of credit were prepared for issue in 1981, but fell victim to delays in the legislative process, and therefore were omitted from the 1981 statistics). Bilateral grants also showed a sharp increase: +23 per cent in nominal terms, equal to 16 per cent in real terms. ODA commitments further increased in 1982 by 12 per cent to \$11.7 billion.

In 1982 Switzerland's ODA outflows resumed their steady if moderate growth, reaching 0.25 per cent of GNP, the highest ratio achieved so far. Implementation of the current financial plan should produce a further small rise in the ratio.

Firm data are not yet available for Italy. The Secretariat estimates that Italy's ODA outflows were of the order of \$800 million in 1982, equivalent to about 0.24 per cent of Italy's GNP.

Chart III
 ODA AS PERCENTAGE OF GNP
 1970-1982
 Total DAC



III. TOTAL RESOURCE RECEIPTS OF DEVELOPING COUNTRIES

The data in this section relate to developing countries' net resource receipts from all bilateral and multilateral sources, including non-DAC sources(1). Preliminary estimates indicate that the net total of all categories of financial resources reaching developing countries in 1982 (Official Development Assistance, official and private non-concessional flows, and private sector grants) amounted to over \$100 billion. This was slightly lower in nominal terms than in 1981, but there was a marginal increase in real terms.

Within the total, the flow of concessional resources increased by about 8 per cent in real terms, and their share rose to 35 per cent. This is within the range observed in recent years.

Non-concessional flows declined by some \$3 billion, of which lower levels of direct private investment accounted for approximately \$1.5 billion. The main factor in the decline was a slowdown in the net outflow of bank sector loans, estimated at \$18.5 billion (including lending out of offshore centres), compared with \$24 billion in 1981. The 1982 figure, moreover, may overstate the true increase in net long-term lending. Several debt reorganisations affecting major debtor developing countries were undertaken in 1982. A significant volume of short-term maturities was converted into long-term debt, and to this extent, the actual provision of new long-term resources was below the level indicated by the statistics.

By contrast, provisional data on export credits (of which the bulk is provided by DAC Member countries) indicate that despite some flagging of exports (or perhaps because of it), gross and net export credit lending were both higher than in 1981. Some export credit lending is financed by banks, and is taken into account in establishing the bank flow estimates just cited. Allowing for this, and for a number of other statistical adjustments, it is estimated that the net flow of export credit to developing countries, excluding credits covering military procurement, rose to some \$17 billion, compared with \$13 billion in 1981.

(1) By contrast, Table I deals essentially with outflows from DAC donor countries only. These are shown as amounting to 1.29 per cent of DAC donors' GNP. The figures include Members' contributions to multilateral organisations, which reach developing countries only with a lag.

Table 4

TOTAL NET RESOURCE RECEIPTS OF DEVELOPING COUNTRIES FROM ALL SOURCES, 1979-1982

	1979	1980	1981	1982	1979	1980	1981	1982
	\$ billion				Per cent of total receipts			
Official Development Assistance	30.61	36.39	35.44	36.30	35.8	37.1	33.8	35.4
Bilateral	15.91	18.02	18.28	18.65	18.6	18.4	17.4	18.2
a) DAC countries	6.58	8.26	6.91	..	7.7	8.4	6.6	..
b) OPEC countries	1.80	2.17	2.10	2.15	2.1	2.2	1.9	2.1
c) CMEA countries	0.12	0.20	0.20	..	0.1	0.2	0.2	..
d) Other countries	6.20	7.74	7.93	(8.50)	7.2	7.9	7.6	(8.3)
Multilateral agencies	0.26	0.29	0.41	..	0.3	0.3	0.4	..
Of which: OPEC-financed								
Non-concessional flows	54.94	61.81	69.42	(66.10)	64.2	62.9	66.2	64.6
Bilateral	13.42	10.36	16.13	(14.60)	15.7	10.5	15.4	(14.3)
a) Direct investment	19.67	23.00	24.00	(18.50)	23.0	23.4	22.9	(18.1)
b) Bank sector ^{a)}	1.14	1.60	2.30	..	1.3	1.6	2.2	..
c) Bond lending	9.49	12.20	11.33	(14.00)	11.1	12.4	10.8	(13.7)
d) Private export credits	1.72	2.46	2.01	..	2.0	2.5	1.9	..
e) Official export credits	1.14	2.24	1.96	..	1.3	2.3	1.9	..
f) DAC other official	1.00	2.00	3.00	..	1.2	2.0	2.9	..
g) OPEC countries ^{b)}	3.20	3.10	3.00	..	3.7	3.2	2.9	..
h) Other countries ^{c)}								
Multilateral	4.16	4.85	5.69	(6.00)	4.9	4.9	5.4	(5.9)
Of which: OPEC-financed	0.22	0.13	0.27	..	0.3	0.1	0.3	..
Total receipts	85.55	98.20	104.84	(102.40)	100.0	100.0	100.0	100.0
Total receipts as % of recipients' GNP	2.8	3.7	3.4	(3.4)	-	-	-	-
<u>Memorandum items</u>								
Short-term (i.e. maturity: one year or less) bank lending	16.0	26.0	25.0	..				
Private sector grants	1.95	2.31	2.02	2.05				
IMF Purchases, net ^{d)}	0.52	2.61	6.40	6.70				
IMF Trust Fund (incl. under ODA, above)	0.68	1.64	0.43	0.00				

- a) Excluding (i) bond lending and (ii) export credits extended by banks which are included under private export credits. Including loans by branches of OECD banks located in offshore centres, and participation of non-OECD banks in international syndicates.
- b) Official flows only: no information is available on private flows.
- c) Includes Ireland, Luxembourg, Spain, Yugoslavia, India, Israel.
- d) All purchases minus repayments including reserve tranches but excluding loans by the IMF Trust Fund included under multilateral ODA above.

Notes: 1. 1982 data are preliminary estimates. 2. Figures concerning non-DAC Member countries are based as far as possible on information released by donor countries and international organisations, and completed by OECD Secretariat estimates based on other published and unpublished sources. It has therefore not been possible fully to verify that they comply in all respects with the norms and criteria used by DAC Members in their statistical reports made directly to the OECD Secretariat.

Source: OECD Secretariat.