

OPS

Subject filed on:
Overseas Aid: UK Contributions
to IDA: Pt 2.

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THE ISLAMIC REPUBLIC OF PAKISTAN

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T52C/82

General M. Zia-ul-Haq

ISLAMABAD

30 Jamadi-ul-Awwal, 1402 AH

27 March 1982

Her Excellency
Rt. Hon. Margaret Thatcher, MP
Prime Minister of the United Kingdom,
London.

Dear Madam Prime Minister,

I write to bring to your attention an alarming trend in the current year's contributions to the International Development Association (IDA) which is a matter of serious concern to the developing countries. Following the reduction by the United States of its IDA contribution by \$300 million, other donor countries have also decreased their contributions proportionately. As a result, the total funds at the disposal of IDA have

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diminished from the originally pledged amount of \$4.1 billion to only \$2.5 billion.

These actions are not only contrary to the letter and spirit of the original agreement on IDA VI replenishment but also create additional and far reaching pressures for the very poor nations already struggling for their economic and political survival. While the developing countries have been hit very hard by the recent deterioration in the international economic environment, the burden of adjustment has been particularly severe on the poorest nations least able to bear it.

Over the past decade, these nations which constitute two-thirds of the population of the developing world have neither benefitted from the expansion of world trade in which their share is less than two per cent, nor from the major increase in commercial flows, in which their share is less than three per cent. They are poorly integrated into world markets of trade and capital and are least equipped



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to survive the severe buffetings which must be endured in the market place.

The largest concessional window for the poor nations has been the International Development Association. The steep reduction in contributions would severely curtail the supply of irreplaceable funds on terms which they can afford. Any further diminution in IDA funds would severely affect the World Bank's ability to address itself to the needs of the poorest countries, seriously undermine their development efforts, and increase their economic and political vulnerability. This trend towards disaster needs to be reversed by a timely and decisive act of statesmanship and vision.

In urging Your Excellency to give your personal attention to this matter, I would request that as a first step, your Government may indicate its willingness to maintain its IDA commitment at the

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original level agreed to in the Sixth Replenishment, irrespective of any action on the part of the United States.

We are, of course, all greatly disappointed by the reduction in the contribution of the United States and shall make every endeavour to have it restored. But we would be even more disappointed if the other major contributors were to follow the action taken by United States.

The International Development Association is an investment in the future of a very large segment of humanity and, indeed, an investment in international peace itself. Your timely intervention can preserve this investment and earn for you the respect and undying gratitude of the developing world.

With profound regards,

Yours sincerely,

General

(M. Zia-ul-Haq)