

OPS

File

Subject on Kenya,
June '79, Aid to
Kenya.



cc: FCO

CSO, HMV

10 DOWNING STREET

T 232/82.

THE PRIME MINISTER

7 December 1982

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 232/82**

Dear Mr. President,

You wrote to me on 16 August about your need for assistance with your country's balance of payments difficulties.

You will be aware, from the many recent contacts between Ministers and officials of our two governments, that we have been giving close and sympathetic consideration to your requests. As a first step we have agreed to divert to use as quick disbursing balance of payments support over the next few months some £3 million of aid funds already available to Kenya in our current financial year.

In view of the long and close relations between our two countries we have thought it right also to take a lead in arranging consultation among interested aid donors both bilateral and multi-lateral. We have of course kept you fully informed through our High Commissioner in Nairobi. We convened a meeting of donors in London on 17 November. It was well attended and was successful in bringing clearly home to all participants the nature and scale of the problems you face and the need for donors to take whatever positive action they can to help. Further thought is now being given in

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capitals to what action each individual government can take. I understand that it was generally agreed that the most appropriate next step would be a donors meeting in Nairobi under Kenyan chairmanship, and that it was felt that such a meeting would best be convened at the time when your Government's negotiations with the IMF had reached the stage of agreement on a draft letter of intent.

As far as we ourselves are concerned, I am pleased to be able to tell you that we expect to be able, at the suggested Nairobi meeting, to pledge an additional £10 million in support of a new standby arrangement agreed between Kenya and the IMF. These additional funds would be available for use in ways which supported your balance of payments in 1983/84 and 1984/85. We will in addition seek in coming years to accelerate disbursements from our existing aid programme for Kenya, and we will be looking for ways in which that programme might contribute more directly to the removal of obstacles to growth in sectors of the economy of special relevance to the balance of payments.

These are difficult days for developed and developing countries alike and it requires courage and resolution to stay the course. I assure you of Britain's friendship and support as you do so.

Yours sincerely
Margaret Thatcher

His Excellency The Honourable Daniel Arap Moi, CGH, EBS, MP