

OPS a MASTER

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 1127/83

SUBJECT: ~~KENYA: UK/Kenya Rel.~~

Overseas Aid, ~~June '79~~  
Policy, P73

RESTRICTED

GR 500  
RESTRICTED  
FM NAIROBI 291047Z AUG 83  
TO IMMEDIATE FCO  
TEL NO 443 OF 29 AUGUST 1983

FOLLOWING IS TEXT OF LETTER TO THE PRIME MINISTER FROM PRESIDENT  
MOI CONCERNING THE I.D.A. BEGINS:-

IN MARCH, 1982 I WROTE TO YOU REGARDING THE SITUATION OF IDA, I AM  
ONCE AGAIN COMPELLED TO WRITE ON THIS MATTER WHICH IS OF CRITICAL  
IMPORTANCE FOR THE DEVELOPING COUNTRIES, AND FOR THOSE IN AFRICA,  
IN PARTICULAR.

AS YOU KNOW, IDA IS THE PRIMARY SOURCE OF CONCESSIONAL FINANC-  
ING FOR THE WORLD'S POOREST COUNTRIES AND IS A KEY ELEMENT IN THE  
MULTILATERAL ASSISTANCE FRAMEWORK, ESPECIALLY IN AFRICA WHERE IT  
IS THE MAJOR SOURCE OF SUCH FINANCING AND AN INDISPENSABLE FACTOR  
FOR STABILITY AND PROGRESS IN THE REGION, FURTHER MORE, IDA  
HAS DEMONSTRATED A UNIQUE ABILITY TO PROVIDE POLICY ADVICE AND TO  
PROMOTE MORE EFFICIENT SECTOR AND PROJECT MANAGEMENT IN THE RECEIP-  
IENT COUNTRIES.

THE PROLONGED GLOBAL RECESSION HAS CAUSED COMMODITY PRICES TO  
FALL TO THEIR LOWEST LEVEL IN THIRTY YEARS, OVERSEAS DEVELOPMENT  
AID FLOWS TO STAGNATE AND EXPORT VOLUMES TO CONTRACT. THESE  
FACTORS HAVE SERIOUSLY DAMAGED THE ECONOMIES OF THE IDA RECIPIENTS,  
IT IS, INDEED, A STARK FACT THAT REAL PER CAPITA INCOMES IN MANY  
COUNTRIES OF AFRICA IN 1982 WERE BELOW THE LEVEL OF THE EARLY 1960S.

THE GROWTH PROSPECTS FOR THE POOREST COUNTRIES ARE NOT FAVOURABLE  
FOR THE REST OF THE EIGHTIES, BUT, UNLESS ADDITIONAL CONCESSIONAL  
FINANCING SUCH AS IDA PROVIDES COULD BE SECURED, IT COULD WELL BE  
THAT THERE WOULD BE NO GROWTH, NO PROGRESS WHATSOEVER IN THE 1980S.  
SUCH A CONSEQUENCE WOULD BE TRAGIC AND WOULD INVOLVE HIGH COSTS IN  
TERMS OF ECONOMIC AND POLITICAL DEVELOPMENTS AND OF HUMAN SUFFERING.

IT IS ESSENTIAL, THEREFORE, THAT IDA'S SIXTH REPLENISHMENT,  
WHICH HAS BEEN EXTENDED FROM THE PLANNED THREE YEARS TO FOUR, BE  
COMPLETED AS SCHEDULED, SO THAT THE SEVENTH REPLENISHMENT BEGINS IN

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/ JULY 1984.

unable to  
trace here  
have asked  
FCO - no  
trace but  
will prepare  
a draft reply



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JULY 1984, AND THAT THE REPLENISHMENT LEVEL BE SET AT A MINIMUM OF US DOLLARS 16 BILLION. THIS WOULD REPRESENT A SLIGHT INCREASE IN REAL TERMS AS COMPARED WITH THE U K DOLLARS 12 BILLION AGREED TO IN 1979 FOR THE SIXTH REPLENISHMENT. IT WOULD, HOWEVER, ENTAIL A 44 PERCENT REDUCTION IN REAL PER CAPITA LENDING COMPARED WITH 1980.

THE CASE FOR CONCESSIONAL LENDING AT THE LEVELS INDICATED IS CLEAR. THE CONSEQUENCES OF NOT ACHIEVING THESE LEVELS ARE BOTH OBVIOUS AND HORRENDOUS. IT IS ONLY THROUGH YOUR COOPERATION AND COMMITMENT THAT THESE CONSEQUENCES COULD BE AVERTED.

I AM THEREFORE APPEALING TO YOUR EXCELLENCY FOR YOUR GOVERNMENT'S ADDITIONAL SUPPORT FOR THIS PROGRAMME, WHICH MEANS SO MUCH TO THE POOR COUNTRIES OF THE WORLD.

YOURS SINCERELY,

ENDS

2. ORIGINAL FOLLOWS BY BAG.

ALL-INSON

LIMITED  
EAD  
APD  
NEWS D  
PROTOCOL D  
OADS  
PS  
PS/MR RIFKIND  
PS/MR RAISON  
PS/PUS  
SIR J LEAHY  
MR SQUIRE

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<sup>2</sup>  
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