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SUBJECT: OVERSEAS AID: Policy  
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10 DOWNING STREET

overseas Policy

THE PRIME MINISTER

PRIME MINISTER'S 26 September 1983

PERSONAL MESSAGE

SERIAL No. T140/83

Dear Mr. President,

Thank you for your letter of 26 July about the funding of the International Development Association. I must also apologise for taking an inexcusably long time to reply. Please forgive me.

I agree that IDA is an effective means of promoting development. Its concessional finance makes an important contribution to the economic and social advance of the developing countries. I also agree that it is important to maintain concessional flows to the world's poorest countries, and especially to those in Africa. The Association's Management does, of course, accord sub-Saharan Africa high priority for IDA resources, including technical assistance.

At Williamsburg, we reaffirmed the need to implement commitments to the multilateral aid agencies. The United States Government is now on course to complete its contribution to the Sixth Replenishment of IDA during its fiscal year 1984. All other donors, including the UK, are providing additional resources to alleviate the shortfall in IDA's commitment authority in that year.

All participating governments have accepted that IDA 7 must command full international support, with contributions based on the principle of fair burden-sharing among

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donors. But I should not disguise from you our view that the World Bank President's target of \$16 billion is likely to prove unrealistically high in the context of the current budgetary problems of those many donors, including the United Kingdom, which feel obliged to exercise strict control over public expenditure as part of their measures to deal with their own economic problems.

Whilst I cannot predict the eventual outcome of the negotiations, I assure you that Britain stands ready to support the next Replenishment within the limits of what donors can afford; but our percentage share will have to be more in line with our relative economic strength among donors, and therefore much less than the 10.1% which we contributed to IDA 6.

In addition to our support to IDA we have a substantial bilateral aid programme, with its concentration on assistance to the poorest countries; and we shall, of course, also continue to play our part in the various European Community programmes to help developing countries.

Yours sincerely  
Margaret Thatcher

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His Excellency Abdou Diouf,  
President of the Republic of Senegal