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SUBJECT: Overseas Aid: Policy



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10 DOWNING STREET

THE PRIME MINISTER

6 October 1983

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 145/83**

Dear Mr. President,

Thank you for your letter about the current problems of the International Development Association.

Britain has always been one of IDA's strong supporters, and I share your concern over the likely size of the next Replenishment (IDA 7). Unfortunately, however, this further funding of the Association is being negotiated at a time when public expenditure constraints are necessary in many donor countries, including the United Kingdom, as part of the measures needed to strengthen their own economies. Because of this, the World Bank's target of \$16 billion for IDA 7 does not command full international support among donor countries, and I fear that it will prove unattainable. As you know, contributions to IDA have always been based on the principle of fair burden-sharing; donors wish strongly to adhere to this, and not to use their limited resources to make good any shortfall in the contributions of others.

Whilst I cannot predict the eventual outcome of the IDA 7 negotiations, I assure you that the United Kingdom stands ready to support the next Replenishment within the limits of what donors collectively can afford; but our percentage share will have to be more nearly in line with our relative economic strength among donors, and therefore much less than the 10.1 per cent which we contributed to IDA 6.

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

Yours sincerely

Raymond Barber

His Excellency Dr. Belisario Betancur Cuartas.