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subject: Overseas Aid  
Policy A3



cc 720

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T152183

10 DOWNING STREET

THE PRIME MINISTER

17 October 1983

Dear Mr. President,

Thank you for your letter regarding further funding of the International Development Association.

We are in no doubt about the importance developing countries attach to the Association's resources as a means of promoting their economic and social development. Britain is a strong supporter of IDA, and the likely size of the next Replenishment (IDA 7) is therefore of some concern to us.

Unfortunately, the negotiations on IDA 7 are taking place at a time when public expenditure constraints are operating 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 does not command full international support among donor countries, and we fear that such a level will be unattainable. Donor countries will also want to adhere to the principle of fair burden-sharing, and not use their limited resources to make good any shortfall in the contributions of others.

Whilst we cannot predict the eventual outcome of the IDA 7 negotiations, I can assure you that the United Kingdom stands ready to support the next Replenishment within the limits of what donors collectively can afford. The UK's contribution will have to be more in line with our relative economic strength among donors; this means much less than the 10.1% level which we contributed to IDA 6, and now acknowledged by other donors as being very high.

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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  
Margaret Thatcher

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His Excellency General Mohammed Zia-ul-Haq