



7 85/82
cc: fco

OPS

cc Mober

Subject Overseas Aid Policy Review Pt 2

10 DOWNING STREET

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No.

THE PRIME MINISTER

26 April 1982

Dear Kenneth,

Thank you for your letter of 2 April about the reduction in the credits of the International Development Association (IDA) this fiscal year.

We are well aware of IDA's predicament and the serious difficulties that this is causing countries such as yours. In the circumstances we agreed last month to waive the pro rata provision in respect of our second (current) instalment to IDA 6. This means that £370 million of Britain's grant contribution of £555 million to IDA 6 is now available for commitment.

We had hoped very much that other donors would follow suit, despite the importance that they, like us, attach to the principle of burden-sharing and the desirability of IDA having a broad financial base. I am pleased to be able to say that the President of the World Bank has told me that it seems likely that as many as ten or so other countries may follow our lead. This would substantially augment IDA's commitment authority for this year.

Yours sincerely
Margaret

His Excellency Dr. Kenneth D. Kaunda
