



FCS/79/133

CHANCELLOR OF THE EXCHEQUER

The 1979-80 Aid Programme

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- 1. Mr. Carrington
- 2. Prime Minister

for information.
GWS
M/H

1. You asked me to let you have our revised planning figures when we had been able to assess fully the implications of the £50 million cut in this year's aid programme.

O.A
GWS
M/H

W

2. I attach Annexes detailing how we intend to reshape expenditure for 1979-80, having regard to the extent to which such expenditure is already firmly committed. Annex A lists savings totalling £97 million. It has been necessary to find savings of this order to accommodate the £50 million cut; to cover the additional provision necessary for the EDF; to cover new claims against contingencies (eg Kenya, Uganda, Turkey); and to recreate a reasonable contingencies reserve. Annex B lists probable and possible claims against contingencies, but does not include a full provision for Vietnamese refugees. Annex C shows revised summary figures for the 1979-80 programme using the normal 20 per cent estimating adjustment which, with Treasury agreement, we apply for planning purposes.

3. We agreed in OD to find £5 million for the UNHCR's refugee programme. I intend that a further £4 million should be taken from India, revising the allocation to £160 million for this purpose. This change does not, however, alter in any material respect the overall position.

4. I hope that you and John Nott, to whom I am copying this minute, will feel able to agree quickly that for 1979-80 we should proceed on the basis of the revised figures shown in Annex C without prejudice to the more considered review we shall be undertaking of the aid programme in the longer term.

5. I am also copying this minute to the Prime Minister and Sir John Hunt.

(CARRINGTON)

Foreign and Commonwealth Office

17 July 1979

1977 JUL 19



ANNEX A

SAVINGS PROPOSED

	<u>£m</u>
World Bank Group: IDA payments deferred	34.0
UN Group	13.9
- World Food Programme cash contribution and provision of lorries deferred	1.15
- UNRWA, payment of initial tranche of 1980 contribution delayed	2.20
- UNFPA, payment of part of 1979 pledge deferred	2.00
- UN Women's Fund, deferred payment	0.20
- UNDP, payment of initial tranche of 1980 contribution delayed	8.00
- UN Industrial Development Fund	.35
Regional Development Banks: Caribbean Development Bank reduced drawings	0.4
Other multilateral: IFAD reduced drawings	1.7
Total multilateral	50.0
East Africa and General	4.7
<u>Kenya</u>	<u>1.0</u>
Tanzania	1.3
Seychelles	0.7
Sudan	0.8
Other	0.9
West and North Africa:	2.2
Ghana	0.95
Gambia	0.25
Sierra Leone	0.20
Other	0.80
Central and Southern Africa	5.5
Mozambique	1.70
Botswana	0.50
Rhodesia Students	1.00
Other	2.30
Asia	2.5
India	13.1
Caribbean	0.5
Latin America	2.6
Bolivia	1.5
Honduras	0.5
Dominican Republic	0.3
Other	0.3

	<u>£m</u>
Middle East	3.8
Afghanistan	1.0
Cyprus	1.0
Portugal	0.75
Yemen Arab Republic	0.6
CENTO tc	0.25
Other	0.2
Dependencies:	
South Pacific	0.50
Turks & Caicos	0.30
Belize	0.45
Falklands	0.25
Functional Technical co-operation	1.5
Commonwealth Development Corporation	5.0
Pensions Takeover delayed	4.1
	<u>47.0</u>
Total bilateral	47.0
Total savings identified	97.0

CONTINGENCY CLAIMS

Probable

£m

Kenya	Expenditure against £11m programme loan agreed during President Moi's state visit	3.0
Uganda	Programme aid	2.0
Zambia	Programme aid to offset the cost of maize purchases	2.0
ICRC	Africa-wide appeal for assistance to refugees June - November 1979. Half the UK contribution to be earmarked for work in Southern Africa.	1.0
Turkey	Expenditure against £15m programme loan	5.0
St Vincent	Rehabilitation assistance following eruption of La Soufriere volcano	0.5
UNHCR	Assistance to Vietnamese refugees	1.0
Pensions	Additional provision required for non-aid pensions.	6.0
	SUB-TOTAL	20.5

Possible

Angola	<u>Benguela railway rehabilitation</u>	0.75
ATCP	Possible overexpenditure on Aid/Trade Contingency Provision projects	6.0
		6.75

TOTAL	Probable	20.5
	Possible	6.75
		27.25

Contingencies provision 28.2

/Note

Note

1. No provision has been made for Rhodesia because it is unlikely that any expenditure will arise this year.
2. Nothing has been included for disaster relief; expenditure is entirely unpredictable.

	<u>Savings</u>	AF <u>9.3.79</u>	<u>Revised AF</u>
MULTILATERAL			
EEC Group	*	112.6	144.4
World Bank Group	74.0	87.0	53.0
UN Group	13.0	63.3	49.4
Regional Development Banks	0.4	18.7	13.3
Other Multilateral	<u>1.7</u>	<u>15.6</u>	<u>13.9</u>
<u>Total Multilateral Aid</u>	50.0	297.2	279.0
BILATERAL			
Africa: East & General	4.7	77.2	72.5
West & North	2.2	39.9	37.7
Central & Southern	<u>5.5</u>	<u>81.2</u>	<u>75.7</u>
<u>Total Africa</u>	12.4	198.3	185.9
Asia & Pacific	2.5	113.3	115.8
India	13.1	177.1	** 164.0
Caribbean	0.5	20.6	20.1
Latin America	2.6	12.8	10.2
Middle East & Mediterranean	3.8	19.8	15.0
Dependencies	<u>1.5</u>	<u>42.6</u>	<u>41.1</u>
Other regions	24.0		
<u>Total Direct Bilateral</u>	<u>36.4</u>	589.5	553.1
R & D	0.4	20.2	19.8
Education	0.9	37.0	36.1
Other Functional	0.2	12.0	11.8
CDC	5.0	37.7	32.7
Pensions	<u>4.1</u>	<u>19.1</u>	<u>15.0</u>
Other Bilateral	10.6		
<u>Total Bilateral Aid</u>	<u>47.0</u>	715.5	668.5
ATCP		35.8	35.8
Contingencies		<u>27.2</u>	<u>28.2</u>
TOTAL AVAILABLE:			
Multilateral		297.2	279.0
Bilateral		715.5	668.5
ATCP		35.8	35.8
Contingencies		<u>27.2</u>	<u>** 28.2</u>
		1075.7	1011.5
Estimating adjustment (20% of the Gross Aid Programme)		179.3	168.6
<u>Gross Aid Programme</u>		<u>896.4</u>	<u>842.9</u>
Amortisation		52.8	52.8
<u>Net Aid Programme</u>		<u>843.6</u>	<u>790.1</u>

Note * The revised Aid Framework figure for the EEC Group incorporates the additional 1979-80 requirement of £21.8m.

** See penultimate paragraph of covering letter.