



PM/81/4

PRIME MINISTER

International Development Association: 6th Replenishment:

Bridging Arrangements: Parliamentary Timetable

1. Your Private Secretary mentioned the 6th Replenishment of the IDA in his letter of 9 February and we discussed this informally this morning.

2. We must now take a decision on the Parliamentary programme for carrying out our undertaking on the IDA 6 bridging operation. This is not a matter of confirming our commitment to IDA 6 but of keeping faith with the other participants in the bridging operation who have already deposited cash or promissory notes. As you know the IDA 6 Replenishment was strongly endorsed in the Venice Declaration.

3. The need for the bridging operation arose from the failure of Congress last year to authorise the provision of funds to permit the Americans to carry out their formal undertaking in respect of IDA 6. As on previous occasions when Congress has been tardy the other donors joined together to make anticipatory commitments.

4. Neil Marten announced in the House on 10 December that he would be seeking the necessary Parliamentary authorisation for United Kingdom participation in the bridging arrangements. We are already well behind the others who have agreed to participate and unless our Order is passed by mid-March we may be held responsible for causing IDA to run out of commitment authority, even though the resultant expenditure will commence on a relatively small scale and be spread over several years (that part which falls in the period 1983/84 is already fully catered for in the aid programme).

5. We have so far ascribed our failure to fulfil our undertaking on the bridging operation to the need to satisfy

/Parliamentary

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Prime Minister

Yes
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Agree that we should participate in the bridging arrangements & that an Order should be laid to this effect on 17 Feb? This is not the same as confirming our commitment to IDA 6 - things it of some strengthens the assumption that we will confirm. - 13/2



Parliamentary procedures; but fellow participants may begin to question our good faith if these are spun out to a point which brings the work of authorising new projects in IDA to a halt.

6. Our programme involves the publication of a White Paper on 17 February and we were proposing to lay the necessary Order on the same day with a view to reference to the Select Committee on Statutory Instruments during the course of the ensuing week, and a Debate (preferably in Standing Committee) not later than the week beginning Monday 9 March seeking approval of the Order. Consultation with the Whips suggests that we would be likely to run into difficulties in Parliament unless we allowed at least three weeks between the Laying of the Order and the Debate on its approval, and we need to be in a position to convey our participation to the World Bank by mid-March if we are to avoid the risk of holding up IDA projects.

7. The present indications are that the Reagan Administration (despite Mr Stockman's recommendation to the contrary) intend to recognise their obligation in respect of IDA 6.

8. We and the other participants in the bridging operation entered into it in the expectation that American good faith would be vindicated in this way, and any suspicion that we were delaying because of doubts about this, and in the possible expectation of leaving the other participants in the bridging arrangements to carry the burden without us, would be highly damaging.

9. Given the publication of the White Paper the laying of the Order could not in itself be regarded as a very significant step, and deferring it until after your visit to Washington risks seriously embroiling us with other participants in the bridging operation without affecting

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the general position of the IDA 6 Replenishment itself.

10. I would therefore be grateful to know whether the laying of the Order on 17 February can be proceeded with.

11. I am copying this minute to the Chancellor of the Exchequer, Francis Pym, Michael Jopling and Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

13 February 1981



Pemie Peniter
Apce Draft? Rmt

Foreign and Commonwealth Office

London SW1A 2AH

13 February 1981

Dear Michael,

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Public Presentation of the UK's Aid Performance

During this morning's informal meeting, it was mentioned that the percentage of the UK's GNP devoted to overseas development assistance, as measured by the Development Advisory Committee of the OECD, would show a substantial drop on publication of the figures for 1980. The 1979 figure was 0.51% (recently revised from 0.52% on the basis of adjusted GNP figures). Current estimates suggest that the 1980 figure will be approximately 0.31% (the 1979 average for all OECD countries was 0.35%).

Figures for 1980 will be published by the OECD in June. However, the existence of year end aid figures will be available well before then. By 25 February, we shall be providing the Overseas Development Sub-Committee with figures for calendar year 1980 which may give rise to questions on the aid/GNP ratio.

With the agreement of the Foreign and Commonwealth Secretary, Mr Marten proposes to begin to prepare the ground for the emergence of the new figures in his reply on 16 February to a PQ tabled by Mr Dennis Canavan. I enclose a copy of the draft reply to Mr Canavan. One advantage in dealing with this problem as early as possible is that we shall wish to make the most of the 1981/82 cash aid programme when this is made public on 10 March. It would seriously detract from this objective if news of the 1980 GNP performance was delayed until then. Delay until the run up to the economic summits in June/July would have obvious drawbacks internationally.

yours ever
Roderic Lyne

(R M J Lyne)
 Private Secretary

M O'D B Alexander Esq
 10 Downing Street
 LONDON



Mr Dennis Canavan (West Stirlingshire): to ask the Lord Privy Seal, when he expects to meet the United Nations target of 0.7% gross national product for overseas aid.

Mr Neil Marten:

As I explained to the Hon Member for Kingston Upon Hull West on 1 December, we accept in principle the target of 0.7%, but we are not committed to a target date for achieving it. Performance against this target is affected by various technical and other factors, not all of which are entirely within our control in any particular year. Preliminary estimates suggest that our 1980 ODA/GNP ratio will be substantially below the level recorded for 1979.

16 February 1981

Public Presentation of the UK's Aid
Performance

The Prime Minister has seen your letter to me of 13 February and has agreed the draft reply attached to it.

M. O'D. B. ALEXANDER

CS

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

*Thanks on
mt.*

24 February 1981

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*Annex Minister
K.G.
Runt*

Dear Michael,

Mauritius and the World Bank

When the Prime Minister and the Foreign and Commonwealth Secretary had the informal discussion about relations with developing countries on 13 February, the Prime Minister said that Sir V Ringadoo, the Mauritian Finance Minister, had given her the impression that the World Bank had been unhelpful to Mauritius and that no projects for Mauritius ever came to the Bank's Board.

It seems likely that Sir V Ringadoo intended only to refer to the Mauritians' regret that they are no longer eligible for IDA credits. Since Independence 14 IBRD loans and IDA credits, totalling over \$100 million, have been approved for Mauritius, the most recent in December. As a result of increasing per capita income Mauritius became ineligible for IDA lending in 1976 but substantial IBRD lending continues. At the Consultative Group meeting (organised jointly by IBRD and IMF) in October 1980 the IBRD delegate stated that the Bank hoped at least to maintain, and if possible increase, the flow of Bank funds to Mauritius over the next few years. The Bank is negotiating with the Mauritius Government for the provision of a non-project loan to help meet the current balance of payments difficulties; Sir V Ringadoo told Mr Marten last Thursday that he expected these discussions to be concluded in March. The Bank plans to finance 7 or 8 further operations over the next 5 years.

We know of no particular difficulties over individual loans which would have prompted Sir V Ringadoo to make a general criticism of the Bank's role vis-a-vis Mauritius. At the Consultative Group meeting in October he appeared most appreciative of both the Bank's own programme and its efforts to mobilise assistance from other donors.

It seems possible that the Mauritian Government's disappointment that it can no longer attract IDA credits on soft terms may have led to a misunderstanding about the role

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of the World Bank which has in fact played a helpful role.

yours ever
Roderic Lyne

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25 FEB 1981

