

CONFIDENTIAL

RECORD OF DISCUSSION BETWEEN THE MINISTER FOR OVERSEAS DEVELOPMENT
AND THE IBRD PRESIDENT AT 12.15 PM ON THURSDAY 14 APRIL 1983

Present:

Minister	Mr A W Clausen
Sir William Ryrrie	Mr Munir Benjenk
Mr Browning	
Mr Hurrell	
Mr Barnes	
Mr Power	

1. Mr Raison said the UK attached importance to IDA - it was money well spent. Mr Clausen was pleased to hear this. However, it was imperative for the Association's future that the US Administration secured the \$245 million supplementary for FY 83, since a final tranche of around \$1 billion from the United States would provide a useful springboard for IDA 7.
2. US Treasury Secretary Regan had recently testified in strong terms before the Congress, but the main opposition was likely to remain unmoved; the political scene was complicated as the Democrats saw no good reason to help the Republicans. The IDA and IMF legislation was now being taken separately and it was right that the Administration should give priority to the latter. Action by the US President was necessary to secure the additional funds for IDA, and Mr Clausen hoped that Mrs Thatcher would raise the matter informally with Mr Reagan at the Williamsburg Summit. Mr Clausen confirmed to Sir William Ryrrie that the issue would be unresolved at the end of May.
3. Mr Raison remarked that the Bank Management's \$16-18 billion target for IDA 7 would be extremely difficult to achieve; the UK share would have to come down. Mr Clausen noted that this was the UK Government's position. He agreed it would not be easy to raise the sums he had in mind, but believed there was a consensus among the smaller donors, notably the Nordics, Italy and the Netherlands, for an IDA 7 of around \$15-16 billion. Bank Management was obliged to act as the advocate for the needy countries in pitching as high a figure as possible; and donor countries had, after all, supported China's access to IDA 7 funds, bringing in another billion people as claimants.
4. On the Bank's activities, Mr Raison hoped for further involvement by private capital, but Mr Clausen thought the omens were not good, although the US economy was on the upturn. Mr Benjenk thought it important to watch the interaction of the recession in developing countries on the pace of recovery in developed countries, instancing the cancellation in the recent past of 25% of contracts by Latin American countries. Mr Clausen added that the Bank was entering into policy dialogue with borrowers to encourage them to liberalise trade.

CONFIDENTIAL

5. The meeting concluded with a reference to the Bank's structural adjustment loans. Mr Raison enquired whether a limit was imposed for this form of lending and Mr Clausen replied that the Executive Board had recently agreed to raise the 10% limit.

The meeting adjourned at 12.55 pm for an official lunch.

E T Barnes
UN Dept (B)
Overseas Development Administration
18 April 1983

Distribution:

Mr Coles, No 10
Mr Holmes, FCO
Mr Power, P/S Mr Raison
Sir William Ryrle
Mr Browning
Mr Hurrell
Mr Frost
Mr L V Appleyard, ERD
Mr R J Bonney, Treasury
Mr R R Langley, Bank of England
Mr D F Smith, UK Del IMF/IBRD, Washington

CONFIDENTIAL

9 APR 1983

APR 9 1983
L