



*Lee Ho*

10 DOWNING STREET

*From the Private Secretary*

2 August 1984

International Development Association

I enclose a copy of a further letter to the Prime Minister from Mr. Clausen, President of the World Bank, about the fate of efforts to provide supplementary funding for the International Development Association and the idea of a separate initiative on sub-Saharan Africa.

*BT /* I should be grateful for advice on whether the Prime Minister needs to reply substantively at this stage. If not, I will send an acknowledgement.

I am copying this letter and its enclosure to David Peretz (H.M. Treasury) and Michael McCulloch (Mr. Raison's Office).

CHARLES POWELL

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

*NR*



THE WORLD BANK  
Washington, D. C. 20433  
U.S.A.

CCP

A. W. CLAUSEN  
President

July 20, 1984

The Right Honourable  
Margaret Thatcher M.P.  
No. 10 Downing Street  
London, SW1  
United Kingdom.

Dear Prime Minister:

Thank you for your letter of June 22. We are most grateful for your efforts in support of supplementary funding for the International Development Association, and particularly for your personal intervention in this matter with Chancellor Kohl.

The German Government has just informed us that it is unprepared to support a supplementary funding scheme in which the United States does not participate. As the United States remains unlikely to change its position, we feel that, at the present time, it is not worthwhile pursuing this course of action. However, the German Government has indicated that the matter should again be taken up during 1985, and we shall do so then.

This situation gives rise to serious problems for the recipients of assistance from the Association, the poorest of which, in Sub-Saharan Africa, have already suffered greatly and face an economic situation that is steadily worsening and growing more urgent. Consequently, we have been asked to focus our attention on Sub-Saharan Africa, and we are presently preparing a comprehensive program of assistance to countries in that region. Plainly, the constrained resources of the Association are inadequate to assume this burden without seriously impairing our assistance to other recipients, primarily those in South Asia.

Accordingly, we are now examining several options for development initiatives in Africa and hope that we might be able to engage the interest of major donors in supporting them. While clearly this is not

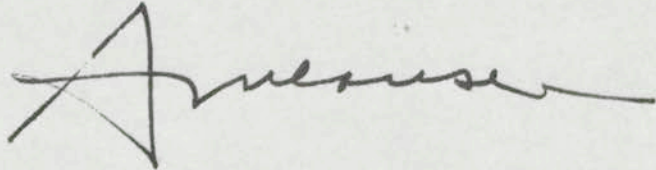


as satisfactory a solution as a general supplement to the Association's funds, it will enable us to assist the hardest pressed countries as well as protect the share of other recipients. I hope that your Government, with its strong ties to countries in Africa, will be able to extend the same level of support to this initiative as you have to supplementing the Association's resources.

I should be most grateful if you would give this approach your consideration. We shall be seeking from your Government ideas on how best to proceed and my colleagues will be exploring the matter with officials in the United Kingdom.

Warm regards,

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. M. ...', written in a cursive style with a long horizontal flourish at the end.

Germany pt 8

Chancellors visits.

WID DALTON MASS

CRANE & CO BOND IDAHO