

SUBJECT



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T58A/82

cc Madder
ops.

*State House
Lusaka, Republic of Zambia*

2nd April, 1982.

My Dear Prime Minister,

I have been informed that the World Bank has been forced to cut its IDA credits by about 37% for this fiscal year, from \$4.1 billion to \$2.6 billion. These cuts reflect a drop in IDA resources available to the Bank due to delays in US legislation, and the decision by other major donor countries to link the further release of their contributions to that of the United States. The prospects for the next year are likely to be even more disturbing due to possible further delays in the US legislation, which, if such action were to be followed by other IDA donor countries, would force the Bank to cut IDA credits even further.

I recognize that your Government showed flexibility in this matter last year by advancing the first part of your IDA contribution, but the need for support from you and other major donors is much greater now and it will be so next year. I know that your Government is not preparing to use the delays in the US as a basis for reducing the burden of its own commitments which were entered into as part of the IDA agreement to make a total of \$12 billion available to the poorest countries over the three years 1981-83. It would be disastrous if the difficulties resulting from US actions were to be compounded by the action of countries that have so strongly supported multilateral development assistance in the past.

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Rt. Hon. Mrs. Margaret Thatcher,
Prime Minister of Great Britain,
10 Downing Street,
LONDON.



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Secondly, as you are aware, we have been pressing the World Bank for a long time to increase its assistance to Africa and, in particular, to increase the share of IDA going to Africa. Following the issue of the recent World Bank report on an Action Programme for Subsaharan Africa, which I was pleased to note your Government had fully supported, a decision has been taken to increase the share of IDA going to the poorest African countries. It would be tragic if at this stage IDA was to be denied resources to move in this direction by the action of countries such as yours which have so strongly supported the need to increase assistance to Africa.

As you well know, this is a time of very severe economic and financial crisis for the poorest countries in Africa and Asia. IDA is very important to them, and cuts at this time will be severely disruptive. I hope it will be possible for your Government to review its position and also to see whether you can prevail upon other leaders of major IDA donor Government to find a way of maintaining the level of assistance that your Government and theirs had agreed upon in IDA6.

Yours sincerely,

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Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA