

SUBJECT

✓ note
sp



10 DOWNING STREET

THE PRIME MINISTER

7 May, 1982

Overseas Aid
FILE RM
Copied to: FCO
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T101/82

Dear Mr. President.

Thank you for your letter of 8 April about the financial predicament of the International Development Association.

I am pleased to be able to tell you that the President of the World Bank has written to me saying that as many as ten or so other countries may follow our lead in allowing IDA to commit in full the second instalment of our £555 million grant to the Sixth Replenishment. This would substantially augment IDA's resources for this year.

We shall, of course, continue to do what we can to urge donors to meet their negotiated obligations under IDA 6 and to persuade others to give IDA full commitment authority for their current contributions. The IMF/World Bank Development Committee meeting in Helsinki on 13 and 14 May will provide us with a useful opportunity to raise these matters again.

In deciding to waive the pro rata provision of the IDA 6 Agreement we took into account the particular contribution which the World Bank and IDA can make, through the provision of structural adjustment lending, in support of developing countries' own efforts to deal with their critical economic difficulties. I know from our discussions at Cancun and elsewhere that Tanzania faces very serious economic problems and I hope therefore that it may not be long before your Government are able to take advantage of this form of World Bank assistance, should they so wish.

/Finally,

SW.

Finally, thank you for your good wishes, which are particularly welcome at this difficult time.

Yours sincerely

Margaret Shaliba

His Excellency Mwalimu Dr. Julius K. Nyerere



Foreign and Commonwealth Office

London SW1A 2AH

5 May 1982

Type letter pl.

AR 6/5

Dear John,

International Development Association

Thank you for your letter of 28 April enclosing a copy of a letter to the Prime Minister from President Nyerere about the financial plight of the IDA and urging HMG to persuade other donors to follow the UK's lead.

/ I enclose a draft reply for the Prime Minister's signature. This refers to the news in the letter of 13 April from the President of the World Bank that ten or so other countries are likely to follow our example (a copy of Mr Clausen's letter is also enclosed).
/

President Nyerere alludes to the Falklands crisis and this has been covered in the draft reply.

We will forward the signed copy of the Prime Minister's letter by bag, if you agree.

Yours ever

(J E Holmes)
Private Secretary

J E Holmes

A J Coles Esq
10 Downing Street



DRAFT LETTER FOR THE PRIME MINISTER'S SIGNATURE

The Hon Mr Julius Nyerere
President of the Republic of Tanzania

Thank you for your letter of 8 April about the financial predicament of the International Development Association.

I am ~~very~~ pleased to be able to tell you that the President of the World Bank has written to me saying that as many as ten or so other countries may follow our lead in allowing IDA to commit in full the second instalment of our £555 million grant to the Sixth Replenishment. This would substantially augment IDA's resources for this year.

We shall, of course, continue to do what we can to urge donors to meet their negotiated obligations under IDA 6 and to persuade others to give IDA full commitment authority for their current contributions. The IMF/World Bank Development Committee meeting in Helsinki on 13 and 14 May will provide us with a useful opportunity to raise these matters again.

In deciding to waive the pro rata provision of the IDA 6 Agreement we took into account the particular contribution which the World Bank and IDA can make, through the provision of structural adjustment lending, in support of developing countries' own efforts to deal with their critical economic difficulties. I know from our discussions at Cancun and elsewhere that Tanzania faces very serious economic problems and I hope therefore that it may not be long before your Government are able to take advantage of this form of World Bank assistance, should they so wish.

Finally, thank you for your good wishes, which are particularly welcome at this difficult time.

10/7/82

ds



Overseas Aid

10 DOWNING STREET

From the Private Secretary

28 April 1982

IDA

I enclose a copy of a letter which the Prime Minister has received from the President of Tanzania.

I should be grateful if you could let me have in due course a draft reply for signature by the Prime Minister.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

SUBJECT.

THE STATE HOUSE,
DAR ES SALAAM,
TANZANIA.

8th April, 1982.

Mrs. Margaret Thatcher,
The Prime Minister,
10 Downing Street,
Whitehall,
London, S.W.1.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 66A/82

cc. master sec
DPS

Dear Mrs. Thatcher,

The International Development Agency of the World Bank is of major importance to the poorest Developing countries, which cannot even undertake the interest commitments involved in normal World Bank Loans. I.D.A. Credits enable countries like mine to make at least some minimal advance in establishing the kind of infrastructures which are a necessary preliminary to any productive investment. The U.S.A. decision, to cut from \$3.24 billion to \$2.145 billion the amount of money it will make available over the three year period of I.D.A.6, is thus a very serious blow to the struggle against world poverty.

It is for this reason that I wish to express my appreciation of your Government's decision to waive the pro-rata aspects of the I.D.A.6 agreement, and to adhere to the money contribution agreed to by Britain at the end of the original negotiations.

At the same time I ask that the British Government should use its influence within E.E.C., and with other allies and friends, so that all other countries adhere to the original agreement regarding the amount of money made available to I.D.A. A number of states have already agreed to do that, but some have not yet made a decision. Britain's example and encouragement could be helpful in persuading them to do so in a manner which does not mock the concern about world poverty expressed at Cancun and elsewhere.

I use this opportunity to send my personal greetings to you - and also to convey my sympathy for you on having to grapple with the political and personal ramifications of the Argentinian military occupation of the Falkland Islands.

Yours sincerely,

Tulius K. Nyasa