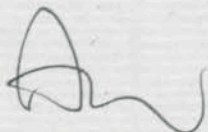


MR. COLES *M 5/4*

The letter from the Prime Minister to President Mobutu expressed our support for IDA in terms of unmitigated enthusiasm. I think we should first of all tone down some of this boosting of the IDA. In part, we should do this because a multilateral IDA aid is, and must be, a substitute for bilateral aid. We do not control IDA disbursements at all. They are substantially under the control of the bureaucrats and the World Bank. Thirdly, IDA funds can be and have been dispersed to countries which have not only a very oppressive and poverty-creating regimes, but also regimes which are the dedicated enemies of the West and friends of the East. Fourthly, the expenditure of IDA grants may go to any country on the international bidding basis. I believe, however, there is an exception in the sense that low income countries which supply the goods get a preference. If we had bilateral aid, we could not merely choose the appropriate recipient on political grounds, but we could also ensure that the orders do come to the United Kingdom if we wish so to do.

As a matter of record, certainly before 1980, 40% of all IDA funds went to one recipient - India. India may indeed claim to be a poor country, but she has also produced an atomic bomb. This was hardly the sort of poor country that President Eisenhower had in mind when he took the initiative in 1960 to establish IDA. It is undoubtedly true that since Robert McNamara arbitrarily decided that China's income per head was low enough to make it a recipient of IDA funds, there is now an overwhelming numerical but naive case for expanding IDA funds. The pressure is already on, through Brandt, UNCTAD, NIEO agencies, United Nations etc. No doubt there will be similar pressures from the expansion of the Lome Fund as well as for additional capitalisation for the World Bank.

I think our basic policy should be to resist these multilateral aid agencies. Aid should be kept under our control and not distributed to be controlled and dispersed as the largesse of a bureaucracy of an international agency.



ALAN WALTERS
16 March 1983

SUBJECT

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10 DOWNING STREET

THE PRIME MINISTER

14 March 1983

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 30/83

Dear Mr. President,

I have read with much attention Your Excellency's letter of 26 January, in which you set out, on the eve of the recent meeting in Paris of the International Development Association, your deep anxiety over the economic problems faced both by your country and by other countries in Sub-Saharan Africa. I fully share your concern.

The United Kingdom has been a staunch supporter of the International Development Association since its inception in 1960. We much regret the present shortage of resources and have done our utmost to help overcome this by allowing International Development Association management to commit in full the £555m grant that the United Kingdom pledged under IDA VI. In addition to this we have joined other donors in making a special contribution to IDA for the fiscal year 1984. The United Kingdom will provide a further grant of £105m for that period.

As you know, the Association is currently paying particular attention to Sub-Saharan Africa, and I understand that the recent meeting of IDA donors' representatives in Paris considered concentration on the countries most in need to be of paramount importance. Sub-Saharan Africa was, of course, uppermost in mind.

/ Looking

JMB

Looking beyond the fiscal year 1984, while we realise the scale of needs we cannot yet be certain what volume of resources IDA VII will have. Many donor countries, like the United Kingdom, are having to implement stringent economic measures of their own. I can assure Your Excellency, however, of my Government's continuing determination to play its part in the negotiations leading to the seventh replenishment (IDA VII) which we hope will be a fully collaborative donor countries' effort.

I should like to take this opportunity to assure Your Excellency of my Government's continuing determination to assist in international endeavours in this field.

Yours sincerely
Raymond Dhalwa

His Excellency President Mobutu Sese Seko Kuku Ngbendu Wa Za Banga