

a MASTER
GPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 123/83

RESTRICTED

GR 500
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FM NAIROBI 291047Z AUG 83
TO IMMEDIATE FCO
TEL NO 443 OF 29 AUGUST 1983

FOLLOWING IS TEXT OF LETTER TO THE PRIME MINISTER FROM PRESIDENT
MOI CONCERNING THE I.D.A. BEGINS:-

unable to
trace here
have asked
FCO - no
trace but
will prepare
a draft reply

IN MARCH, 1982 I WROTE TO YOU REGARDING THE SITUATION OF IDA, I AM
ONCE AGAIN COMPELLED TO WRITE ON THIS MATTER WHICH IS OF CRITICAL
IMPORTANCE FOR THE DEVELOPING COUNTRIES, AND FOR THOSE IN AFRICA,
IN PARTICULAR.

AS YOU KNOW, IDA IS THE PRIMARY SOURCE OF CONCESSIONAL FINANC-
ING FOR THE WORLD'S POOREST COUNTRIES AND IS A KEY ELEMENT IN THE
MULTILATERAL ASSISTANCE FRAMEWORK, ESPECIALLY IN AFRICA WHERE IT
IS THE MAJOR SOURCE OF SUCH FINANCING AND AN INDISPENSABLE FACTOR
FOR STABILITY AND PROGRESS IN THE REGION, FURTHER MORE, IDA
HAS DEMONSTRATED A UNIQUE ABILITY TO PROVIDE POLICY ADVICE AND TO
PROMOTE MORE EFFICIENT SECTOR AND PROJECT MANAGEMENT IN THE RECEIP-
IENT COUNTRIES.

THE PROLONGED GLOBAL RECESSION HAS CAUSED COMMODITY PRICES TO
FALL TO THEIR LOWEST LEVEL IN THIRTY YEARS, OVERSEAS DEVELOPMENT
AID FLOWS TO STAGNATE AND EXPORT VOLUMES TO CONTRACT. THESE
FACTORS HAVE SERIOUSLY DAMAGED THE ECONOMIES OF THE IDA RECEIPIENTS,
IT IS, INDEED, A STARK FACT THAT REAL PER CAPITA INCOMES IN MANY
COUNTRIES OF AFRICA IN 1982 WERE BELOW THE LEVEL OF THE EARLY 1960S.

THE GROWTH PROSPECTS FOR THE POOREST COUNTRIES ARE NOT FAVOURABLE
FOR THE REST OF THE EIGHTIES, BUT, UNLESS ADDITIONAL CONCESSIONAL
FINANCING SUCH AS IDA PROVIDES COULD BE SECURED, IT COULD WELL BE
THAT THERE WOULD BE NO GROWTH, NO PROGRESS WHATSOEVER IN THE 1982S.
SUCH A CONSEQUENCE WOULD BE TRAGIC AND WOULD INVOLVE HIGHT COSTS IN
TERMS OF ECONOMIC AND POLITICAL DEVELOPMENTS AND OF HUMAN SUFFERING.

IT IS ESSENTIAL, THEREFORE, THEAT IDA'S SIXTH REPLENISHMENT,
WHICH HAS BEEN EXTENDED FROM THE PLANNED THREE YEARS TO FOUR, BE
COMPLETED AS SCHEDULED, SO THAT THE SEVENTH REPLENISHMENT BEGINS IN

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/ JULY 1984.

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JULY 1984, AND THAT THE REPLENISHMENT LEVEL BE SET AT A MINIMUM OF US DOLLARS 16 BILLION. THIS WOULD REPRESENT A SLIGHT INCREASE IN REAL TERMS AS COMPARED WITH THE U K DOLLARS 12 BILLION AGREED TO IN 1979 FOR THE SIXTH REPLENISHMENT. IT WOULD, HOWEVER, ENTAIL A 44 PERCENT REDUCTION IN REAL PER CAPITA LENDING COMPARED WITH 1980.

THE CASE FOR CONCESSIONAL LENDING AT THE LEVELS INDICATED IS CLEAR. THE CONSEQUENCES OF NOT ACHIEVING THESE LEVELS ARE BOTH OBVIOUS AND HORRENDOUS. IT IS ONLY THROUGH YOUR COOPERATION AND COMMITMENT THAT THESE CONSEQUENCES COULD BE AVERTED.

I AM THEREFORE APPEALING TO YOUR EXCELLENCY FOR YOUR GOVERNMENT'S ADDITIONAL SUPPORT FOR THIS PROGRAMME, WHICH MEANS SO MUCH TO THE POOR COUNTRIES OF THE WORLD.

YOURS SINCERELY,

ENDS

2. ORIGINAL FOLLOWS BY BAG.

ALLINSON

LIMITED
EAD
APD
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PROTOCOL D
OADS
PS
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PS/MR RAISON
PS/PUS
SIR J LEAHY
MR SQUIRE

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