

SUBJECT



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T152/83

JD

10 DOWNING STREET

THE PRIME MINISTER

17 October 1983

Dear Mr. President,

Thank you for your letter regarding further funding of the International Development Association.

We are in no doubt about the importance developing countries attach to the Association's resources as a means of promoting their economic and social development. Britain is a strong supporter of IDA, and the likely size of the next Replenishment (IDA 7) is therefore of some concern to us.

Unfortunately, the negotiations on IDA 7 are taking place at a time when public expenditure constraints are operating in many donor countries, including the United Kingdom, as part of the measures needed to strengthen their own economies. Because of this, the World Bank's target of \$16 billion does not command full international support among donor countries, and we fear that such a level will be unattainable. Donor countries will also want to adhere to the principle of fair burden-sharing, and not use their limited resources to make good any shortfall in the contributions of others.

Whilst we cannot predict the eventual outcome of the IDA 7 negotiations, I can assure you that the United Kingdom stands ready to support the next Replenishment within the limits of what donors collectively can afford. The UK's contribution will have to be more in line with our relative economic strength among donors; this means much less than the 10.1% level which we contributed to IDA 6, and now acknowledged by other donors as being very high.

/ We

JK

We do, of course, have a substantial bilateral aid programme, with its concentration on assistance to the poorest countries; and we shall also continue to play our part in the various European Community programmes to help developing countries.

Yours sincerely  
Margaret Thatcher

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His Excellency General Mohammed Zia-ul-Haq



Foreign and Commonwealth Office

London SW1A 2AH

12 October 1983

*Dear John,*

*Type letter pl.*

*A.S.C. 12/10*

International Development Association

I enclose a draft reply to the enclosed copy of a letter to the Prime Minister from President Zia of Pakistan.

You are aware of the background from previous letters on the same subject. Negotiations on IDA 7 were held in Washington last month at the time of the IMF/IBRD Annual Meetings, but they proved inconclusive. Further discussions among donor countries are due to take place in Paris between 21-23 November.

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

I am copying this to John Kerr (Chancellor's Office).

*Yours ever*

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

12 JUL 1963



THE UNITED STATES POSTAL SERVICE

POSTAGE WILL BE PAID BY ADDRESSEE



DRAFT LETTER FOR SIGNATURE BY THE PRIME MINISTER

To: His Excellency General M Zia-ul-Haq  
President of the Islamic Republic of Pakistan

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/We



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WR  $\frac{12}{10}$



HL

10 DOWNING STREET

*From the Private Secretary*

29 September 1983

I enclose a letter to the Prime Minister from the President of Pakistan about the VIIth Replenishment of IDA. I should be grateful if you could arrange for the Embassy in Islamabad to acknowledge receipt of this letter. I should also be grateful if you could provide a suitable draft reply for the Prime Minister's signature by Thursday 13 October.

B413/101

WR

John Holmes, Esq.,  
Foreign and Commonwealth Office.

DSG

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



cc Master  
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PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.137C/83

THE ISLAMIC REPUBLIC OF PAKISTAN

General M. Zia-ul-Haq

ISLAMABAD

13 Zilhaj 1403 AH

21 September 1983

Her Excellency  
The Rt. Hon. Mrs. Margaret Thatcher, M.P.,  
Prime Minister of the United Kingdom,  
London

Dear Madam Prime Minister,

Your Excellency will recall that in early 1982, I had addressed a letter to you expressing my deep concern at the decision of the United States to reduce its contribution to IDA VI and proposed various specific steps to maintain and increase the flow of IDA resources to developing countries. I was particularly gratified at your positive response to this suggestion, which was instrumental in containing a situation which could have created a major crisis in multilateral economic cooperation.

Your constructive and bold action and your demonstrated support for IDA encourages me to write to you again to underline the great importance that Pakistan and the developing world attach to the Seventh Replenishment of International Development Association (IDA) at levels higher than previous replenishments. I do not have to stress that IDA represents a very positive and fruitful achievement in international economic cooperation. It is a vital investment in the economic development of the Third World and in international peace itself.

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IDA has contributed in important social and economic sectors affecting the poorest people in the developing countries. It has compiled an impressive record of working effectively towards alleviating the problems of poverty and under-development during the last two decades. It is, therefore, absolutely essential that the VIIth Replenishment of IDA is agreed at levels higher in real terms than those agreed for IDA VI. IDA VIIth replenishment to the order of 16 billion dollars for a three-year period starting from 1 July 1984, would, according to available estimates, be the absolute minimum which is needed to meet the requirements of the developing countries for concessional flow of assistance from this organization.

We are, therefore, greatly concerned to learn that the United States is planning to limit its contribution to IDA VII to the reduced level of \$750 million per year and is also considering a reduction in its contribution in percentage terms which would bring the overall target for IDA VII down to \$9 billion only, as against the commitment of \$12 billion for IDA VI. We are also given to understand that some other major donors may be considering a reduction in their shares for IDA VII as well in line with the reduction in the U.S. contribution. We strongly believe that any such reduction, or even the maintenance of previous levels of commitment, for the next replenishment period would in effect mean a major loss in real terms of the resources available to IDA.

I am aware that the contribution of Your Excellency's Government to IDA has been generous in the past and I am confident that a similarly positive approach to IDA replenishment will continue to mark your policies. I am writing, therefore to

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- 3 -

urge you to give your personal attention to this matter and as an expression of your commitment and support to IDA, and a continuation of your enlightened economic policies, ensure an effective and adequate level of replenishment for IDA VII.

The timely replenishment of IDA VII is an investment in the future of millions of people in many developing countries, and would constitute a positive contribution to the world development and peace. Your continuing support would strengthen the ability of the World Bank system to address itself to the basic needs of the people of the developing world.

With profound regards,

Yours sincerely,

M. Zia-ul-Haq

General  
(M. Zia-ul-Haq)

# overseas Aid Policy A3



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29 SEP 1983



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PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 78/82



CFD

10 DOWNING STREET

THE PRIME MINISTER

21 April 1982

Dear President Zia

Thank you for your letter of 27 March about contributions to the Sixth Replenishment of the International Development Association (IDA).

The current difficulty arises because the United States has yet to appropriate in full the contribution it has pledged to IDA 6 and because the IDA Replenishment Agreement provides that IDA may commit the contributions of other members only in proportion to the commitment of the United States for which appropriations have been made. There has been no suggestion that donor countries might reduce their contributions as such.

However, following representations made to us about the consequences for the poorest countries of the application of the pro rata provision in the IDA 6 Agreement, and the serious difficulties it is causing countries such as yours, we agreed last month to waive the pro rata provision in respect of our second (current) instalment to IDA 6. This means that £370 million of Britain's grant contribution of £555 million to IDA 6 is now available for commitment. This is part of our policy of helping the poorest countries to the best of our ability.

I hope very much that other major donors will follow suit. They attach importance to the principle of burden-sharing and to IDA having a broad financial base but they have been told of our decision and the reason for it.

Every good wish,  
(SGD) MARGARET THATCHER

His Excellency General Mohammed Zia-ul-Haq

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10 DOWNING STREET

PRIME MINISTER

I apologise for asking you to sign the General Zia letter again - it was found to contain an error.

A.J.C.  $\frac{14}{4}$ .

20 April, 1982



Overseas  
Aid

Foreign and Commonwealth Office

London SW1A 2AH

15 April 1982

Type letter pl.

A.S.C. 1/4.

*A2* International Development Association (IDA) *A3*

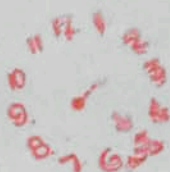
Thank you for your letter of 5 April enclosing a copy of a letter to the Prime Minister from the President of Pakistan.

/ I enclose a draft reply for the Prime Minister's signature: we will forward the signed copy by bag if you agree.

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

15 APR 1962



POST OFFICE  
15 APR 1962

DS-1 (Revised)

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

General M Zia-ul-Haq  
President of Pakistan

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 27 March about contributions to the Sixth Replenishment of the International Development Association (IDA).

CAVEAT.....

The current difficulty arises because the United States has yet to appropriate in full the contribution it has pledged ~~to make~~ to IDA 6 and <sup>because</sup> the IDA Replenishment Agreement provides that IDA may <sup>h</sup> ~~only~~ commit the contributions of other members <sup>only</sup> in proportion to the commitment of the United States for which appropriations have been made. There has ~~not~~ <sup>no</sup> been ~~any~~ suggestion that ~~any~~ donor countries might reduce their contributions as such.

However, following representations made to us about the consequences for the poorest countries of the application of the pro rata provision in the IDA6 Agreement, and the serious difficulties it is causing countries such as yours, we agreed last month to waive the pro rata provision in respect of our second (current) instalment to IDA 6. This

Enclosures—flag(s).....

/means



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I hope very much that other major donors will follow suit. They attach importance to the principle of burden-sharing and to IDA having a broad financial base but they have been told of our decision and the reason for it.

AR 15.  
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*Handwritten initials: JH LB*

10 DOWNING STREET

From the Private Secretary

5 April 1982

INTERNATIONAL DEVELOPMENT ASSOCIATION

I enclose a copy of a letter which the Prime Minister has received from the President of Pakistan urging that we should maintain our IDA commitment at the level agreed to in the Sixth Replenishment, irrespective of any action on the part of the United States.

*on part 2 of file* (with arrow pointing to the word 'letter')

I should be grateful if you could let me have a draft reply for the Prime Minister's signature.

*BK //*

I am copying this letter to Michael Power (Overseas Development Administration).

A. J. COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office.

*Handwritten initials: JH*