

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

BARBER B. CONABLE
President

July 10, 1989

Mr. Frank Cassell

Frank -

Attached is a copy of a message to each of the heads of Government attending the Summit meeting. I think it is important that the IDA replenishment be addressed, since a successful conclusion of the negotiations is in the hands of the G-7 governments.

I would appreciate it if you could transmit this message to your authorities.

Barber Conable

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July 10, 1989

The Right Honorable Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1, England

Dear Prime Minister:

The negotiations to replenish the resources of the International Development Association (IDA) are now at a critical stage. At a meeting of the 34 Donor Countries in Copenhagen on July 6-7, strong support was expressed for the effectiveness of IDA as the largest single source of concessional finance for the poorest countries of the world.

All 34 donors have agreed on the broad operational priorities for IDA over the three-year replenishment period that begins in June 1990, including a further strengthening of IDA's support for environmentally sound projects and development strategies. IDA's traditional emphasis on performance, embracing both economic management and poverty alleviation efforts, will also be strengthened. Against this background, donor countries other than the G-7 have confirmed their readiness to do their share in a replenishment that will at least maintain IDA's resources in real terms. Indeed several countries are prepared to support a substantial increase in real terms.

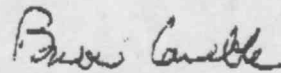
Some, but not all, of the G-7 countries have confirmed their support for maintaining or increasing IDA in real terms. If the G-7 countries as a group could agree to at least maintain their collective current contribution in real terms, this would send an important positive signal to the poorest countries of the world, and particularly to those who have recently launched courageous reform programs. I would hope that this objective for collective G-7 action could be endorsed at your meeting this week.

The whole replenishment agreement will depend upon satisfactory resolution of the policy questions concerning IDA's operations which are part of the negotiations. I am confident that these can be resolved expeditiously in the context of a successful overall replenishment. Assuming this is so, it would then be up to your negotiators to find a way for the G-7 as a group to provide at least the same volume of resources in real terms as at present. How this burden would be shared among the individual G-7 countries will have to be negotiated, taking into account budgetary and other factors bearing on international cooperation.

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The case for increased financial support for the poorest countries has been accepted by all. Equally all have agreed that IDA is a most effective channel for providing such support. Donors other than the G-7 have agreed to back these conclusions by doing their share in a real replenishment of IDA's resources. I strongly urge the G-7 to commit themselves politically and as a group to do the same.

Sincerely,



Barber B. Conable
President

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