



10 DOWNING STREET

THE PRIME MINISTER

3 October 1984

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Tom Swelling

Thank you for your telegram of 11 September about the International Fund for Agricultural Development.

I entirely agree that it is important to bring the negotiations for the Second Replenishment to an early and successful conclusion and I can assure you that the British Government will give careful consideration to any initiatives which might help to this end.

You referred to the fact that the creation of IFAD in 1977 provided "new opportunities for OPEC and OECD countries to make a joint effort". This is, of course, the crux of the matter. IFAD is unique in that it comprises a co-operative partnership between OECD (Category I) and OPEC (Category II) countries, which provide the major share of the Fund's resources. A vital principle in the operation of this partnership is that of "equitable burden-sharing", which means that the two donor groups, Categories I and II, agreed to share the cost of funding. The original understanding of the OECD countries was that sharing the cost would mean that each category would contribute equal shares.

Thus we were already disappointed during the Initial Funding and the First Replenishment when the contributions of the Category II countries fell so far short of this. Now, as you probably know, certain Category II members have, during the Second Replenishment negotiations, advocated that the replenishment should be based on individual country pledges, and that

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burden-sharing between categories should be abandoned. We feel strongly that equitable burden-sharing must be maintained and that the ratio of contributions between the two categories should not drop below their present level. Nevertheless, we shall continue to play an active part in the negotiations for a Second Replenishment.

Y
ours sincerely

Margaret Thatcher

His Excellency Senor Javier Perez de Cuellar.