

PRIME MINISTER

THE AID AND TRADE PROVISION

I attach the paper you requested on the operation of ATP. It will be taken at EX on Wednesday. I suggest that you read only the covering note and the summary of recommendations.

The paper represents inter-departmental agreement on improvements in the management of ATP; the principle of and a mechanism for soft loans; and the need to double the ATP provision to £130 million by 1988/89.

There is a disagreement on where to find offsetting savings to finance the increase. Mr Tebbit says that they should come from the aid programme. The Foreign Secretary says that the aid programme is already under pressure.

One solution would be to split the additional cost three ways between the Aid Programme, the DTI budget and Department of Employment Programmes. This would work out at £6.5 million extra a year for three years for each.

C.P.P.

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Charles Powell

21 June 1985

CHART 1 AID TOTALS (IN CONSTANT 1984 \$billion)

Net official development assistance
from major OECD countries
1979-1984
(at constant 1984 dollars)

