

SUBJECT

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10 DOWNING STREET

THE PRIME MINISTER

7 May, 1982

Overseas Aid
FILE RM
Copied to: FCO
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T101/82

Dear Mr. President.

Thank you for your letter of 8 April about the financial predicament of the International Development Association.

I am pleased to be able to tell you that the President of the World Bank has written to me saying that as many as ten or so other countries may follow our lead in allowing IDA to commit in full the second instalment of our £555 million grant to the Sixth Replenishment. This would substantially augment IDA's resources for this year.

We shall, of course, continue to do what we can to urge donors to meet their negotiated obligations under IDA 6 and to persuade others to give IDA full commitment authority for their current contributions. The IMF/World Bank Development Committee meeting in Helsinki on 13 and 14 May will provide us with a useful opportunity to raise these matters again.

In deciding to waive the pro rata provision of the IDA 6 Agreement we took into account the particular contribution which the World Bank and IDA can make, through the provision of structural adjustment lending, in support of developing countries' own efforts to deal with their critical economic difficulties. I know from our discussions at Cancun and elsewhere that Tanzania faces very serious economic problems and I hope therefore that it may not be long before your Government are able to take advantage of this form of World Bank assistance, should they so wish.

/Finally,

SW.

Finally, thank you for your good wishes, which are particularly welcome at this difficult time.

Yours sincerely

Margaret Shalika

His Excellency Mwalimu Dr. Julius K. Nyerere