

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Chronological files - (outgoing) - Chrons 48

Folder ID: 1771935

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4541S

Series: Chronological file (outgoing)

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: December 12, 2012

To cite materials from this archival folder, please follow the following format:

[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

McNamara Papers

1975 (Jul. - Aug.)

The World Bank Group
Archives



1771935

A1995-252 Other #: 4

309649B

President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 48

DECLASSIFIED
WBG Archives

492/2/293

August 30, 1975

The Honorable
David R. Obey
House of Representatives
Washington, D. C. 20515

Dear Mr. Obey:

Bias, discrimination, or any arrangement, secret or public, giving one nation or group of nations an unfair advantage over other members would subvert and ultimately destroy an organization such as the World Bank. I am appalled at such allegations, which imply that the Bank may be a party to such arrangements, and recognize that it is both your duty and ours, as well as that of others having legislative oversight of Bank activities in the U.S. and elsewhere, to seek to lay them to rest. Representatives of member governments will agree, I am sure, that the Bank has been fair in dealing with them and that their relations with us have proved positive and beneficial.

I have asked the Bank staff to look carefully into the issues you have raised. Our response is enclosed. Briefly I would like to emphasize:

There has been no quid pro quo, precondition, or other arrangement, affecting the Bank's relations with Israel, secret or otherwise, in our borrowings from OPEC. As to trade limitations, such as the Arab boycott, the Bank's role has been consistently positive in terms of expanding market access and ensuring equity. We have no evidence that firms potentially subject to such boycott are hesitant to bid on Bank contracts; but I should add that the Bank encourages all eligible firms to bid and establishes equitable standards to attract them.

The Bank's relations with OPEC nations have been in accord with its role as an international financial intermediary, i.e., we have sought increased aid flows from OPEC sources to compensate for difficulties increasingly encountered by developing nations. I vividly remember that during the House debate of the Fourth Replenishment of IDA a number of Members pointed to the need for OPEC nations to take on a larger share of the aid burden. The U.S. and other countries have urged strongly that OPEC funds be mobilized in behalf of the developing countries. The Bank, I believe, has been responsive.

The Bank has played an important role in bringing OPEC nations into the aid business, via: (a) the sale of bonds (\$1.8 billion in FY75), (b) the Bank's "Third Window", for which OPEC nations have taken much of the initiative and are expected to provide about half of the subsidy funds, (c) joint and parallel financing arrangements whereby OPEC nations have joined bilaterally in financing projects along with the Bank, for example, in Zaire, in Tanzania, and in Egypt for the Suez Canal. A key question is whether OPEC nations will join the next replenishment of IDA. I see no reason to doubt that they will participate, and hope that after this year's Annual Meeting we shall have more evidence on this score.

Finally, there is the Bank's policy on oil prices, which is explained in the attached paper. Historically, the Bank has served the international community by analyzing long-term trends. This has been our role, and we have listened carefully to all opinions held by our staff and outside. No views have been suppressed. We have published, or provided to governments, what we thought were the best statements we can produce. Our members would not for long accept a policy of large-scale Bank intervention in major commodity markets, such as oil, grain, etc., nor would this be in keeping with our role. The Bank has consistently taken a lead in pointing out the effects of the recent price changes in oil and other commodities on the developing countries. A great deal of data has been provided through inter-governmental channels and can be made available to you through the U.S. executive branch. I hope in this regard you will look at Bank Study No. 802 (Prospects for Developing Countries 1976-1980), which is at present being circulated among governments.

I would welcome an opportunity to discuss these matters with you personally, and to provide any further information you or members of your subcommittee may deem necessary to resolve these problems.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

JEM/NR/R. S. McNamara:bmm
August 30, 1975

492/4/292

AUG 29 1975

Dear Dr. Ali:

Thank you very much for your letter dated August 9. I would like to take this opportunity to congratulate you upon your new assignment and upon the unanimous vote of confidence of the members of the Islamic Development Bank who elected you as its first President.

I consider the World Bank Group assistance to the work of the Task Force for the establishment of the Islamic Development Bank as part of our mission towards the goal of economic development. In the same spirit we would be fully ready and prepared to cooperate closely with your institution for the same goal.

I will be looking forward to seeing you next week during the forthcoming Annual Meetings.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Ahmad Mohammed Ali
President
Islamic Development Bank
c/o Saudi Arabian Monetary Agency
Post Office Box 394
Jeddah
Kingdom of Saudi Arabia

Cleared with and cc: Mr. Benjenk
cc: Mr. McNamara's Office (2) ✓
SElfishawy:lgf
August 28, 1975

cc: Mr. Cargill

492/4/291

AUG 29 1975

Dear Clarence:

On Monday next I will be addressing the Annual Meeting of the Board of Governors of the Bank and Fund. A major portion of my remarks is devoted to urban poverty and improvement of the productivity of the urban poor. Knowing of your interest in a more effective relationship between capital and labor in the development process I thought you might be interested in my comments, particularly on differences between the formal (and highly capitalized) and the so-called "informal" sector of cities in the LDCs (page 28).

I hope at some time in the future we can, at leisure, talk about these issues again.

Best regards,

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

The Honorable
Clarence D. Long
Congress of the United States
House of Representatives
Washington, D.C. 20515

Attachment

JEMerriam:rgw
August 28, 1975

492/4/289

AUG 27 1975

Dear Mr. Prime Minister:

This is in response to your letter of August 4, 1975 on the issue of Papua New Guinea's creditworthiness for World Bank loans. I fully appreciate your concern about our present judgment that in the immediate post-independence period we cannot prudently extend Bank loans, but instead IDA credits, to Papua New Guinea. I am also completely mindful of the views you expressed in our several conversations on this matter. I also know that the members of the 1974 Bank Economic Mission indicated in the first draft of their report that their tentative judgment on the matter was affirmative.

In reaching our present judgment we have carefully reviewed all the relevant data which we have but have been strongly impressed by all the uncertainties with which the Papua New Guinea future economic situation is fraught. On the other hand, we do not believe we know or understand all the facts and we have no pretense to omnipotence. Accordingly, I am entirely willing to accede to your request that I discuss the matter with your representatives during our forthcoming Annual Meetings and I have reserved time for the purpose. In addition, our Regional Vice President, Bernard Bell, whom you met in Indonesia several years ago, and his staff plan detailed discussion of the matter with the delegations from both Australia and Papua New Guinea. We are certainly prepared to consider additional evidence and argument and, as you request, to regard our present position as provisional.

Best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Rt. Hon. E. Gough Whitlam, Q.C.
Prime Minister
Parliament House
Canberra, A.C.T. 2600, Australia

BRBell:mjd

cc: Mr. McNamara's Office (2) ✓
Mr. Votaw
Mr. Helmers / Ms. Keough

492 14 / 287

AUG 25 1975

Dear Dick:

Thanks for your note of July 28. I regret summer absence has kept me from answering sooner. As agreed with the NCPL staff, Duke Herriam will be sending along answers to the questions you prepared prior to my July 23 meeting with the group. I am grateful for your willingness to put forward our side of the argument on these complex questions, and for your consistent support of the Bank's work.

Kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Senator Dick Clark
United States Senate
Member of Congress for Peace
through Law
Suite 316
201 Massachusetts Avenue, N.E.
Washington, D.C. 20002

JEMerriam:rgw
August 19, 1975

492 / 4 / 2 85

AUG 13 1975

Dear Clarence:

Thank you for sending a copy of your recent statement on intermediate technology before the House International Relations Committee. After reading the Committee report on Section 107 of the 1975 International Development and Food Assistance Act, it is clear that the members took your advice seriously.

I am delighted to see special emphasis given to this important matter, and welcome your recommendation that the multilateral lending agencies do the same. As you noted in your testimony, the World Bank will continue to give light capital technologies the attention they deserve.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Clarence D. Long
House of Representatives
Washington, D.C. 20433

492/4 / 284

HIS IMPERIAL MAJESTY
MOHAMMAD REZA SHAH PAHLAVI
SHAHANSHAH ARYAMEHR OF IRAN
TEHRAN IRAN

AUGUST 11, 1975

TELEX

(3606)

PAGE ONE OF TWO

MAY I ASK PERMISSION TO ADDRESS TO YOUR IMPERIAL MAJESTY THE FOLLOWING PERSONAL MESSAGE. THE EXECUTIVE DIRECTORS OF THE WORLD BANK, WITH THE STRONG SUPPORT OF THE DEVELOPMENT COMMITTEE AT ITS MEETING LAST JUNE, HAVE RECENTLY AUTHORIZED THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY IN THE BANK, KNOWN AS THE THIRD WINDOW, TO PROVIDE ADDITIONAL ASSISTANCE TO DEVELOPING COUNTRIES. THE NEW FACILITY, WHICH IS EXPECTED TO START OPERATIONS ON OCTOBER 1 FOR A PERIOD OF ABOUT ONE YEAR, WILL FINANCE ADDITIONAL DEVELOPMENT PROJECTS IN THESE MEMBER COUNTRIES, PARTICULARLY THE POOREST OF THEM. THE INTEREST RATE NORMALLY CHARGED BY THE BANK ON ITS LOANS WILL BE REDUCED FOUR PERCENTAGE POINTS BY MEANS OF AN INTEREST SUBSIDY FUND, AND THE TERMS OF REPAYMENT WILL BE GENEROUS. PROMISED CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND BY NINE GOVERNMENTS, INCLUDING FIVE INDUSTRIALIZED AND FOUR OIL SURPLUS DEVELOPING COUNTRIES, ALREADY AMOUNT TO \$117 MILLION, SUFFICIENT TO SUBSIDIZE ABOUT \$500 MILLION OF THIRD WINDOW LOANS. THE FOUR OIL SURPLUS COUNTRIES ARE SAUDI ARABIA (\$25 MILLION) KUWAIT (\$20 MILLION) VENEZUELA (\$10 MILLION) AND QATAR (\$5 MILLION). CONTRIBUTIONS BY CERTAIN INDUSTRIALIZED COUNTRIES OTHER THAN CANADA, DENMARK, THE NETHERLANDS, NORWAY AND THE UNITED KINGDOM, WHICH HAVE ALREADY PLEDGED, ARE PROBABLE LATER THIS YEAR BUT THE SUBSIDY FUND IS LIKELY TO BE WELL SHORT OF THE ORIGINAL TARGET OF \$225 MILLION, SUFFICIENT FOR ONE BILLION DOLLARS OF THIRD WINDOW LOANS. PARA WHILE FULLY APPRECIATING THE MAGNITUDE OF IRAN'S REQUIREMENTS FOR ITS OWN ECONOMIC AND SOCIAL DEVELOPMENT AND RECOGNIZING THAT IRAN'S OIL REVENUES MAY NOT BE AS AMPLE AS EARLIER EXPECTED, I EARNESTLY HOPE THAT YOUR IMPERIAL

HIS IMPERIAL MAJESTY
MOHAMMAD REZA SHAH PAHLAVI
SHAHANSHAH ARYAMEHR OF IRAN
TEHRAN IRAN

AUGUST 11, 1975

PAGE TWO OF TWO

MAJESTY WILL AUTHORIZE A CONTRIBUTION OF \$20 OR \$25 MILLION BY YOUR GOVERNMENT TO THIS NEW WORLD BANK FACILITY IN WHICH I WOULD WARMLY WELCOME YOUR COUNTRY'S PARTICIPATION. THE CONCEPT OF THE THIRD WINDOW OWES MUCH TO THE IMAGINATIVE PROPOSAL YOUR MAJESTY PUT FORWARD EARLY LAST YEAR WHICH I WHOLEHEARTEDLY SUPPORTED. IN TERMS OF THE OBJECTIVE OF PROVIDING ADDITIONAL MUCH-NEEDED ASSISTANCE ON CONCESSIONAL TERMS TO THE POORER COUNTRIES AT A CRITICAL TIME, AND OF SHARING THE BURDEN OF PROVIDING THIS ASSISTANCE ON AN EQUITABLE FOOTING BETWEEN THE INDUSTRIALIZED AND THE OIL SURPLUS COUNTRIES, THE TWO SCHEMES ARE VERY CLOSE. PARA I WOULD LIKE TO CONCLUDE THIS MESSAGE BY ASSURING YOUR IMPERIAL MAJESTY OF THE WORLD BANK'S SUPPORT OF YOUR GOVERNMENT'S EFFORTS TO ACCELERATE IRAN'S GROWTH AND MODERNIZATION. WITH BEST WISHES AND REGARDS.

Signed by R. McNamara

ROBERT S. MCNAMARA
INTBAFRAD

Robert S. McNamara
Office of the President

cc: Messrs. Knapp (o.r.)
Cargill
Paijmans

RJGoodman/rf

492 / 4 / 2 83

AUG 9 1975

Dear Mr. Minister:

Many thanks for your letter of July 12, 1975. I am very pleased to learn that the draft Memorandum of Understanding on Technical Cooperation between Saudi Arabia and the World Bank and the first Annual Program and Administrative Budget have been approved by His Majesty's Government.

The Memorandum of Understanding is being submitted to the Bank's Executive Directors for their approval. Upon approval by the Executive Directors, the final documents, in both English and Arabic, will be forwarded to you for signature.

My colleagues and I look forward to working with the officials of His Majesty's Government towards the successful implementation of the program for technical cooperation.

In closing, I would like to assure you of my personal support for the program and shall follow it with close interest.

With kind personal regards.

Sincerely,

(Signed), Robert S. McNamara

Robert S. McNamara

His Excellency
Mohammed Abalkhail
Minister of State for Financial Affairs
and National Economy
Riyadh
Saudi Arabia

cc: for Mr. McNamara's Office (2)

Cleared with & cc: Messrs. Cargill, Paijmans, Horsley, Stewart
cc: Messrs. Bell, Wapenhans
MSAiyer/mj

August 8, 1975

492/14/282

AUG 6 1975

Dear Mr. Cooper:

Pursuant to Section 7.9 of the Staff Retirement Plan, as amended through October 23, 1974, I should like to appoint you a member of the Pension Finance Committee, for a term of three years, effective immediately.

If you are willing to accept this appointment, please sign the attached copy of this letter, where indicated, and send it to Mr. Bernard Holland, the Secretary of the Pension Finance Committee.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara
President

International Bank for Reconstruction and Development
International Finance Corporation

Mr. Charles E. Cooper
1061 Spring Hill Rd.
Mc Lean, Virginia
22101

Accepted: _____

Date: _____

BHolland/hom

McN's off

492/4/281

AUG 6 1975

Dear Mr. M'Bow:

This is just to acknowledge your letter of July 26, 1975, which raises a number of matters concerning relations between our respective agencies that we will need to consider in the course of our review, previously agreed upon, of the Bank/Unesco Cooperative Program after ten years. Now that you have, as I gather from your letter, completed your reorganization of the Unesco Secretariat, our staffs can begin to consider the future size and role of the Cooperative Program in the light of your new structure.

I am not certain that I shall be in Washington on October 13 or 14 when Mr. Najman wishes to visit the Bank, but if I am, I shall be happy to see him. In any event, would you ask him please to keep in touch with Mr. Michael Hoffman, Director, International Relations Department, who will be informed of my plans and who can make arrangements for Mr. Najman to meet with those of my associates with whom he should be in contact in connection with his new responsibilities.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Amadou-Mahtar M'Bow
Director-General
Unesco
7, place de Fontenoy
75700 Paris, France

cc: Mr. Baum
Mr. Clark
Mr. Ballantine
Mr. Kearns

MLHoffman:pa
Typed: August 5, 1975

492/4/280

AUG 5 1975

Office of the President

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount, not exceeding \$350,000,000, in markets outside the United States of America through an issue of Two Year Bonds of the Bank. The bonds are to be dated September 15, 1975 and to mature September 15, 1977. The interest rate of the bonds has not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the borrowing by the Bank in markets outside the United States of America of such amounts as may be raised by the issue of not exceeding \$350,000,000 aggregate principal amount of bonds. The Government of the United States of America is further requested to agree, pursuant to the same provisions of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

The Honorable
William E. Simon
Secretary of the Treasury
Treasury Department
Washington, D.C. 20220

cc: Mr. Charles A. Cooper, Executive Director
Mr. Hal F. Reynolds, Alternate Executive Director
Mr. Robert S. Watson, U.S. Treasury
Mr. Bernard Zinman, U.S. Treasury
Cleared with and cc: Mr. Patrick Heining, Legal Department
For Mr. McNamara's office (2) ✓
Messrs: Eugene H. Rotberg, Treasurer
K. Georg Gabriel, Controller
Dealy/U.S.\$Bonds #98

DEHarris/fad
July 31, 1975

492/4/279

AUG 1 1975

Dear Mr. Chief Minister,

Thank you for your letter of June 20th, which reached my desk a fortnight ago. I am delighted to read that the date for full Independence of Papua New Guinea has now been decided. Unfortunately from my own personal point of view, the date falls so soon after our Annual Meetings, that I will not be able to join you, but I have asked Mr. Bernard R. Bell, Vice President for the East Asia and Pacific Region, to represent me. He will be in touch with your office early in August to indicate his exact travel plans.

With all best wishes for this important new step along the path to the development of Papua New Guinea, I remain,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. M.T. Somare
Chief Minister
Department of the Chief Minister
Konedobu
Papua New Guinea

cc: For Mr. McNamara's office (2)

GBVotaw/mh
July 30, 1975

AUG 1 1975

Dear Mr. Minister:

Thank you for your letter of July 15, 1975, regarding the basis of future Bank lending to Trinidad and Tobago.

During the course of Mr. Rampersad's recent visit to Washington my officials took the opportunity to discuss with him recent developments in Bank policies with regard to higher income and capital surplus countries in the light of the increasing claims upon the Bank's current and prospective financial resources. On that occasion we handed Mr. Rampersad an "Aide Memoire" which describes the basis we are proposing for future Bank lending to Trinidad and Tobago. A copy of the "Aide Memoire" is enclosed. I should greatly appreciate receiving your reaction to our proposals.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Enclosure

Mr. George M. Chambers
Minister of Finance
Ministry of Finance
Trinidad House
Port of Spain, Trinidad

cc: Mr. McNamara's office (2)

AJClift:ub
July 31, 1975

492/4/273

AUG 1 1975

His Royal Highness
Crown Prince Hassan Bin Talal
The Royal Palace
Amman, Jordan

Your Highness:

Thank you very much for your letter of July 7. It was very thoughtful of you to bring me up to date on the latest development in preparing Jordan's economic plans.

Our Bank mission, led by Mr. Zaman, which visited Jordan in June has already reported on the significant progress that has been made in the evaluation of progress on the implementation of the on-going Three-Year Plan. Moreover, on July 11, we received the document entitled "Implementation of the Three-Year Plan (1973-75)," which provides considerable information and is presently being examined in the Bank. This document will provide a good basis for a final assessment of Jordan's performance under the Three-Year Plan, which I expect the next Bank economic mission would be put in a position to do. I was also very pleased to hear about actions taken meanwhile to review the adequacy of Jordan's planning and implementation machinery. We will follow with interest the work carried out by McKinsey and Co. on the organization of and coordination between the industrial and transport sectors.

I was particularly happy to learn that progress is being made on the preparation of the Five-Year Plan and that your Government is about to decide on development priorities. However, in our review of the tentative projections, which were provided to our June mission, we have been concerned at the size of the investment program envisaged, which would seem large in the light of the managerial and financial resources that are available to Jordan. During the ensuing preparatory work on the Plan, I am sure these constraints will be carefully reviewed, and the final planning document will relate the volume and timing of the investment program to available resources. Due to understandable delays in the timetable we originally agreed upon, there have been delays in the integration of the various projects of the Rift Package in the Five-Year Plan according to their priorities. I trust that the Bank staff will be put in a position as soon as possible to review the draft Plan in order to ascertain that the Rift Package consists of priority items within a well-conceived investment program.

His Royal Highness
Crown Prince Hassan Bin Talal

-2-

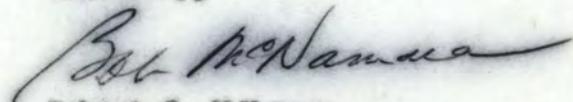
I agree with you that, at this stage, another visit by Mr. Karaosmanoglu to Jordan, which you have requested, would certainly be beneficial. However, as he is currently on home leave, his visit can be arranged only around mid-September. I would see some advantage in this slight delay, since by that time your staff may have developed figures on the Five-Year Plan framework, sector breakdown, its project content, and the priorities and phasing of the most important projects. If this material could be provided to us before Mr. Karaosmanoglu's departure from Washington, perhaps at the time a Jordanian delegation attends our General Annual Meeting, that would most certainly enhance the fruitfulness of Mr. Karaosmanoglu's visit.

I would like to take this opportunity to inform you of our program of work as we envisage it at the moment. The next economic mission, which would assess the feasibility of the draft Plan in the light of an evaluation of performance under the Three-Year Plan, is tentatively scheduled to visit Jordan around November after it has received the draft Plan document. As you know, we are working with Jordan on the preparation of projects suitable for Bank financing, such as the phosphate mining and fertilizer projects, and hope that the said review of the draft Plan will allow us to propose the Bank's participation in their financing. In this connection, we still continue to be somewhat concerned about the lack of coordination among the various components of the phosphate mining and transportation project. Several agencies are responsible for preparing the different components, and as far as we presently know, no overall integration and coordination has been established.

I was very glad to hear about your plans to visit the United States toward the latter part of this year and shall look forward to discussing with you the status of our cooperation.

With warm personal regards

Sincerely,



Robert S. McNamara

Cleared & cc: Messrs. Paijmans, Davar

cc: Messrs. Knapp, Benjenk (o/r), Bart (l/r), Karaosmanoglu (o/r),
Vaidyanathan, Siebeck, Zaman

AZaman/WESiebeck:jls/cek

492/4/272
JUL 31 1975

LIC. EDUARDO PALOMO E.
MINISTRO DE ECONOMIA
MINISTERIO DE ECONOMIA
GUATEMALA
GUATEMALA

IBF GOVT. ext. 2001

REYOUR CABLE JULY 18 STOP I UNDERSTAND FURTHER REVIEW OF APPRAISED
PROJECT ITEMS AND APPRAISAL OF ADDITIONAL PROJECT ITEMS REQUESTED
BY MINISTER OF AGRICULTURE ARE REQUIRED STOP IN VIEW OF THIS
FURTHER ADVANCING PROJECT PROCESSING DOES NOT SEEM FEASIBLE STOP
NEVERTHELESS ALL ENDEAVOR WILL BE MADE FOR EARLY PROCESSING OF
PROJECT AFTER COMPLETION OF PROJECT APPRAISAL IN AUGUST REGARDS

MENAMARA
INTBAFRAD

Robert S. McNamara
President
IBRD

Cleared with and cc: Mr. Kapur
Mr. Honsi

cc: for Mr. McNamara's office (2)
EMhint/ADKnox:ts

492/4/271

JUL 28 1975

Dear Mr. Jaroudi:

Thank you very much for your letter of July 2. I very much enjoyed exchanging views with you in Paris on matters concerning development assistance.

In your letter, you mentioned that during the forthcoming Annual Meetings of the Bank Group in Washington you would like to discuss, in particular, avenues for increasing the volume of assistance to our member countries through the increased resources of the Arab Fund and the "Third Window" funds, and the provision of expert services by the Bank Group to the Arab Fund.

I am very interested in continuing the dialogue between our institutions on these points and have arranged for Mr. J. Burke Knapp, Senior Vice President, Operations, to meet with you to discuss these and other matters. I hope that by now you will have received his letter of July 8 suggesting a meeting on Tuesday, September 2, at 3 p.m.

I shall look forward to seeing you in the course of the Annual Meetings.

With kind personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Saeb Jaroudi
President
Arab Fund for Economic
and Social Development
P. O. Box 21923
Kuwait

cc: for Mr. McNamara's Office (2)

cc: Mr. Knapp

cc: Mr. Richardson

MSAiyer:mh

Cham

492/4/270

July 28, 1975

MEMORANDUM FOR MR. KNAPP

After you and Warren have had an opportunity to review the report, "Management Policy Review -- Delays in Loan and Credit Effectiveness" - dated July 22 (SecM75-539), please arrange for a meeting with Messrs. Shoaib, Willoughby and myself, during which we may discuss together what action to take on the "suggestions submitted for consideration".

Robert S. McNamara

cc: Mr. Baum
Mr. Shoaib
Mr. Willoughby

RMcN:bmm



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433 U.S.A.
Area Code 202 • Telephone - Executive 3-6390 • Cable Address - INTRAFRAD

Mr McNamara's file
(2) file

492/41268

July 25, 1975

Price Waterhouse & Co.
1801 K Street, N. W.
Washington, D.C. 20006

Dear Sirs:

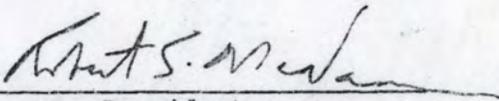
We confirm the following information and opinions which we have given to you during your examination of the financial statements of the International Bank for Reconstruction and Development for the fiscal year ended June 30, 1975:

1. All loans and related accrued income are considered collectible and, as of this date, no losses from loans are foreseen or anticipated. All payments to the Bank required under the loan agreements have been made, with the exception of payments amounting to the equivalent of \$ 6,467,544, as per attached list, as at the close of business on July 24, 1975.
2. At June 30, 1975, all effective loan commitments arising on or before that date were recorded in the accounts. Loans approved but not effective at June 30, 1975, net of amounts which the Bank had agreed to sell, amounted to the equivalent of \$ 2,459,208,000.
3. All known liabilities of the Bank are included in appropriate classifications in the financial statements at June 30, 1975, and we have no knowledge of any litigation, pending or threatened against the Bank, or of any other contingent liabilities, of any consequence.
4. The Bank has not entered into any contracts or agreements not in the ordinary course of business, nor have any other matters come to our attention up to the present time, which would materially affect the financial statements for the fiscal year ended June 30, 1975. In addition, we know of no event since June 30, 1975, which, although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

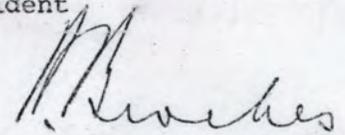
July 25, 1975

5. Since the majority of members no longer establish or support a par value or central rate for their currency, the timing of the establishment and settlement of maintenance of value obligations for those members is uncertain. Pending the effective re-establishment of the par value system or interpretation of or changes in the Bank's Articles of Agreement to provide a mechanism for the application of the maintenance of value provisions of the Bank's Articles of Agreement, differences between market rates of exchange for member currencies and the rates at which capital subscriptions of members have been maintained, are accumulated and presented in the financial statements as "Exchange Adjustments on Capital Subscriptions" under the heading "Other Assets." In the circumstances, we believe that the present method of accounting for these differences is appropriate and is fairly and adequately described in Note B of the financial statements. It is unlikely that the Bank would initiate action on this matter until the International Monetary Fund concludes its discussions and deliberations on the future structure of an exchange rate system for transactions among its members.
6. To the best of our knowledge and belief, all accounting and financial records and related data of the Bank, including all minutes through July 25, 1975, have been made available to you and, as far as we know, none of them were withheld from you.

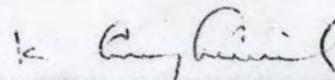
Sincerely,



President



Vice President and General Counsel



Controller

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

List of Payments due but not Received Under Loan Agreements

As of July 24, 1975

<u>Loan No.</u>	<u>Due Date</u>	<u>US \$ Equivalent</u>
636 CE	June 15, 1975	\$ 17,235
638 EA	June 15, 1975	1,597,625
675 EA	June 15, 1975	500,010
687 CM	June 15, 1975	59,475
870 TH	July 1, 1975	22,135
914 EA	July 1, 1975	541,935
1087 BD	July 1, 1975	3,439,460
427 UNI	July 15, 1975	5,240
673 MA	July 15, 1975	18,390
830 CY	July 15, 1975	3,695
1042 TUN	July 15, 1975	109,219
1064 EGT	July 15, 1975	153,125
	TOTAL	<u>\$ 6,467,544</u>

492/4/267

JUL 25 1975

Dear Mr. Beltrao:

In your letter dated June 5, 1975 you informed me about the forthcoming session of the International Coffee Council, and as you know we were represented at this meeting by Mr. Jacob H. de Vries. I have been pleased to learn from him that the negotiations for a new Agreement are progressing well.

Your letter asked about the Bank's policies concerning the financing of international buffer stocks, and I have delayed answering in the hope that the recent session might produce some more concrete ideas regarding what sort of buffer stock arrangements might be made under the new Coffee Agreement. I understand, however, that your consideration of this subject still remains in an early stage.

So far as our general policies in this area are concerned, I might refer you to a statement on the subject made by the Bank representative at the February 1975 meeting of the UNCTAD Committee on Commodities (copy attached). It indicated that the Bank was prepared to receive applications for financing of buffer stocks and examine them in each case on their merits for possible consideration by our Board of Executive Directors.

It is difficult to be more specific since, except for some preliminary conversations regarding tin, the Bank has not yet considered a loan of this kind. Moreover, it is not possible to foresee all the issues that may arise in any particular case. However, our approach in this area rests upon one important principle, namely, that any Bank loan to support buffer stocks should serve to reduce the financial burden upon producing countries eligible for Bank financing of their participation in buffer stock arrangements.

Subject to this reservation, we are prepared to consider possible loans directly to buffer stock organizations. Any such loan would have to be guaranteed by members eligible for Bank financing, and justified not only in terms of its general merits but also in terms of its benefits to these particular countries. We do not exclude direct loans to the eligible producing countries; this is a matter to be studied in the particular case.

We hope to be able to discuss these matters further with you as both your and our own consideration of buffer stock arrangements evolves.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachment.

Mr. Alexander F. Beltrao
Executive Director
International Coffee Organization
London W1P 4DD, England

cc: Messrs. Chaufournier, Krieger, Husain, Holsen/de Vries

JHolsen:SSingh:KTakeuchi:JBKnapp/vm

492/4/266

Le 25 juillet 1975

Son Excellence
Ismail Mahroug
Ministre des Finances
Palais du Gouvernement
Alger, Algérie

Monsieur le Ministre,

J'ai été très heureux de pouvoir m'entretenir avec vous le mois dernier, lors de la réunion du Comité du développement, à Paris. Malheureusement, l'ordre du jour très chargé de la réunion ne nous a pas laissé le temps d'aborder de vive voix les questions que vous avez bien voulu soulever dans votre lettre du 30 mai. Je vous écris donc pour vous dire combien je me félicite des progrès réalisés dans notre effort de coopération, depuis le séjour que j'ai fait dans votre pays l'an dernier, et pour vous exposer mon sentiment sur les problèmes de fond que vous évoquez dans votre lettre.

Je tiens tout d'abord à vous dire combien j'apprécie le soutien de l'Algérie aux propositions visant à renforcer, dans une large mesure, l'aptitude de la Banque à répondre, dans les années à venir, aux besoins des pays en développement. Il ne fait pas de doute qu'en appuyant la création d'un Troisième Guichet, vous avez contribué à l'issue favorable du Comité du développement. La modification des souscriptions au capital de la Banque, pour laquelle, j'ai récemment soumis aux Administrateurs une proposition qui sera ensuite transmise au Conseil des Gouverneurs, revêt, elle aussi, une importance particulière, car elle aura une incidence directe sur l'expansion de ses opérations de prêt. J'espère donc que cette proposition sera appuyée par l'Algérie. Je dois cependant préciser que, tout en prévoyant un accroissement des souscriptions des pays exportateurs de pétrole au capital de la Banque et, par conséquent des pays en développement dans leur ensemble, cette proposition ne comporte pas la parité que vous suggérez entre les souscriptions des pays développés et celles des pays en développement ni l'augmentation des souscriptions envisagée par le FMI dans le cadre du relèvement des quotes-parts. Comme M. Kochman vous l'a exposé, les modifications envisagées pour le capital de la Banque sont celles auxquelles, à mon avis, il est possible de procéder actuellement de façon réaliste.

En ce qui concerne les procédures de la Banque, nous sommes très conscients de la nécessité d'adapter nos méthodes d'intervention de façon à répondre aussi efficacement que possible aux besoins des pays en développement. En même temps, si la Banque veut continuer à apporter l'assistance technique que la plupart de ses emprunteurs apprécient au moins autant, sinon davantage, que les concours purement financiers, vous conviendrez qu'elle doit continuer à respecter les normes techniques, économiques et financières qui, non seulement assurent la réalisation des projets sur des bases solides mais aussi garantissent que les prêts de la Banque contribuent dans toute la mesure du possible au développement économique de ses pays-membres. Cela n'exclut pas bien entendu que nous adaptions, dans chaque cas d'espèce, les dispositions techniques, financières, administratives et juridiques de nos prêts aux conditions propres à chaque pays; je crois d'ailleurs que les prêts que nous avons consentis à l'Algérie jusqu'à présent témoignent de la souplesse de la Banque à cet égard.

En ce qui concerne les interventions de la Banque en Algérie, je suis heureux que le prêt à la Banque algérienne de développement, dont le montant a été finalement relevé à 40 millions de dollars, et le prêt relatif au projet de développement rural/assistance technique aient été négociés de façon satisfaisante et approuvés par les Administrateurs. Je pense comme vous qu'étant donné les limites à l'intérieur desquelles doivent s'inscrire les concours financiers de la Banque, nous devrions déterminer d'un commun accord, pour chaque année, un nombre approprié d'opérations axées sur des projets propres à répondre au mieux aux priorités de l'Algérie et pour lesquelles la Banque serait en mesure de fournir une assistance technique en plus de sa contribution financière. Je crois que les trois projets envisagés pour l'exercice 1976, à savoir la cimenterie de Saïda, le deuxième projet éducatif et le deuxième projet énergie correspondent à ces critères. Je dois toutefois ajouter qu'à plus long terme, il y aurait lieu d'une part de mieux définir les secteurs dans lesquels les autorités algériennes souhaitent voir la Banque jouer un rôle, d'autre part d'améliorer, par un effort conjoint, l'identification et la préparation des projets. Il est indispensable que cette intention soit fermement établie, si l'on veut éviter des retards et des problèmes comparables à ceux que l'on a encourus dans le cas du projet de cimenterie, par exemple, et plus récemment à l'occasion du projet de crédit agricole. Soyez assuré que, de notre côté, nous continuerons à n'épargner aucun effort pour aider votre gouvernement à atteindre ses objectifs de développement.

J'espère vivement pouvoir étudier avec vous, lors de l'Assemblée annuelle, les moyens les plus propres à servir cet objectif. Je souhaite

Son Excellence Smail Mahroug

- 3 -

Le 25 juillet 1975

aussi qu'à cette occasion, nous puissions poursuivre notre échange de vues sur la question plus vaste des moyens par lesquels la Banque pourrait améliorer la quantité et la qualité des services qu'elle met à la disposition des pays en développement.

Je vous prie d'agréer, Monsieur le Ministre, l'assurance de ma haute considération.

Robert S. McNamara

Cleared and cc: Messrs. Benjenk, Kochman

cc: Mr. McNamara's Office (2) ✓
Messrs. Cargill, Paijmans, Davar

MPBart/HOSchulte/sn

ENGLISH VERSION

His Excellency
Ismail Mahroug
Minister of Finance
Palais du Gouvernement
Algiers, Algeria

Dear Mr. Minister:

I was glad to have had the opportunity of meeting you at the Development Committee conference in Paris last month. Unfortunately the schedule was too heavy, to enable us to discuss the points raised in your letter of May 30. I am therefore writing you to express both my appreciation for the progress achieved in our partnership since I visited Algeria last year, and my views on the substantive matters you mention in the letter.

May I say first how much I value Algeria's support of the proposals which will largely shape the Bank's ability to meet the needs of the developing countries adequately in the coming years. Your backing of the Third Window has undoubtedly contributed to the positive outcome of the Development Committee. The change in the Bank's capital subscription which I have recently submitted to our Executive Directors before submission to the Board of Governors, is also of special importance since it has a direct bearing on the expansion of Bank lending. I hope it will obtain the valuable support of Algeria, although it falls short of the parity which you suggest in the subscriptions of the developed and developing countries through increases in the capital subscriptions of the oil exporting countries and, therefore, of the developing countries as a whole, and that contemplated by the IMF in its revision of quotas. As Mr. Kochman explained to you, the changes proposed for the Bank are those which I believe can now realistically be implemented.

As regards the streamlining and reform of the Bank's procedures, the Bank is very conscious of the need to adjust its methods of operation in such a way as to meet, as effectively as possible, the needs of developing countries. At the same time, if the Bank is to remain the source of technical assistance which most of our borrowers value as much if not more than the mere provision of funds, you will agree that it must continue to apply technical, economic and financial standards which ensure not only that projects we finance are carried out on a sound basis, but also that Bank lending contributes to the maximum extent possible to the economic development of our member countries. This of course does not imply that we shall not tailor the technical, financial, administrative and legal arrangements related to our lending to the specific conditions prevailing in different countries. I believe, and I am sure that you will agree, that the loans we have made to Algeria so far, bear testimony of the Bank's awareness of this need and its flexibility in this regard.

As regards the Bank program for Algeria, I am glad that the loans to the Algerian Development Bank, for which the amount was finally increased to 40 million dollars, and for the Rural Development/Technical Assistance project were satisfactorily negotiated and approved by our Executive Directors. I agree with you that given the constraints in the amounts of our lending, we should jointly determine a limited number of operations per year focussing on those projects which could best serve Algeria's priorities and where the Bank could provide needed technical assistance along with finance. I believe that the three projects contemplated for FY76 namely, the Saida Cement plant, the Second Education Project and the Second Power Project will fit these criteria. I must add however that over the longer run, a clearer definition of the sectors where the Algerian authorities would like to see the Bank play a role, and a joint effort to improve the identification and preparation of projects is still needed. Such a prior determination appears indispensable to avoid the delays or problems encountered, for instance for the Cement project, and more recently, for the agricultural credit project. You can rest assured that on our part we will continue to spare no effort to assist your Government to meet its development objectives.

I look forward to discussing with you at the time of the Annual Meeting, how best we could serve this aim and also to exchange views on the broader problem of enabling the Bank to meet increasingly in both volume and quality the needs of developing countries.

With warm personal regards,
Sincerely,

Robert S. McNamara

MPBart/HOSchulte:hc

Cleared and cc: Messrs. Benjenk, Kochman

cc: Messrs. McNamara (2)
Cargill
Paijmans
Davar

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA
Ministry of Finance
THE MINISTER

Algiers, May 30, 1975

MA/fm No. 1981/75 F/SG

Mr. McNamara
President
International Bank for
Reconstruction and Development
Washington, D.C.

Dear Mr. President:

I have the honor to advise you that, following the conclusions reached after discussions between the World Bank and concerned Algerian departments, Algeria is to enter into negotiations with respect to two projects, one concerning the Algerian Development Bank (Banque Algérienne de Developpement) and the other for rural development. These negotiations should lead to the signing of two loan and guarantee agreements before the end of the current fiscal year.

On the occasion of these negotiations, I should like, however, to inform you of my feelings and my hopes concerning these two projects.

The Bank's Loan Committee has decided to earmark US\$30 million for financing of the "Algerian Development Bank" project. This amount seems to be rather low, and is in any event well below the amount envisaged earlier.

It seems to me that the loan to the Algerian Development Bank should be much nearer US\$50 million than US\$30 million. I hope that the negotiations will produce a satisfactory solution, enabling the Algerian Development Bank to mount an operational program of a sufficiently ambitious size.

The proposed loan of US\$8 million for the "rural development" project is for initial technical assistance. I take this opportunity to emphasize again the importance that Algeria gives to this program, thus reflecting the concern which you voiced during your visit to Algiers in March 1974. Substantial lending operations by the Bank should be mounted as quickly as possible in order to give full effect to the cooperation between the Bank and Algeria in this field.

Concerning the proposed financing of the Saïda cement plant, arrangements should be completed in September 1975 and would thus fall into the new fiscal year. Undoubtedly, it would have been better if for this project the proposed World Bank loan had covered the full foreign exchange cost. This would have been particularly important due to the fact that this project is the first industrial project being considered by the Bank in Algeria.

Generally speaking, I consider it most important that the Bank's financing operations should be exclusive (of other financings), and that their amount should not be limited either in absolute terms or as a proportion of total project needs. This approach, which does not seem to conflict with the Bank's internal procedures, would considerably improve the effectiveness of our mutual relations. Also, the number of operations undertaken each year could be kept to a number consistent with the Bank's resources and with Algeria's capacity to meet the Bank's technical criteria. To this end, it seems to me, there should be substantial streamlining, as soon as possible, of the Bank's technical and administrative procedures in order to enable it to meet the massive development needs.

The need for such a streamlining of procedures does not, I am sure, arise only in the case of Algeria. A general reform of the Bank should be

undertaken, accompanied by the establishment of regional offices* with decentralized decision-taking powers. Loans to development banks offer precisely the opportunity of a decentralized approach.

All these questions were discussed recently in Algiers during the visit by the new Division Chief, Mr. Schulte, and particularly with your Special Adviser, Mr. Nassim Kochman.

It was a great pleasure to meet Mr. Kochman, with whom I had a most interesting conversation. I find these exchanges extremely useful, particularly at a time when far-reaching reforms are being envisaged. Indeed, the reform of the international financial institutions must take into consideration the consequences of the much greater weight assumed by developing countries.

Mr. Kochman informed me more specifically of some aspects of the reform of the World Bank. I should like to say once again that we are in favor of all measures which can step up the transfer of resources to the developing countries. In this connection, I find merit in principle to the proposal to establish a "third window", although detailed arrangements will have to be worked out by the competent interim bodies.

The increase in the subscription of OPEC countries to the World Bank's share capital is also an instrument for adjusting the balance of decision powers among its members. In my view, this increase in quotas should take place simultaneously in both the international financing institutions; namely, the World Bank and the International Monetary Fund.

I find it important to draw your attention to my country's view that the quota increases for the OPEC countries should be considered in the

*Translator's note: The French text is not clear and may imply regional offices located outside Washington.

general context of quotas for all developing countries. Taken together, the latter should be equal to those of the developed countries.

I hope that we shall have an early opportunity to exchange views on all these matters.

Very truly yours,

/s/ Ismail Mahraq
Minister of Finance

492/4 665

JUL 24 1975

Dear Mr. Ministers:

Thank you for your letter of June 18, 1975, which reached me on July 11, 1975.

The Bank has been concerned with the environmental and human health implications of the geothermal project in El Salvador since the beginning of our involvement with it. Indeed, as you may know, the Bank has been in contact with the Ministers of Health both in Guatemala and El Salvador, and with the Pan American Health Organization, with regard to the tolerable levels of boron and arsenic in the Rio Pas. We are also in close touch with the authorities in El Salvador concerning the measures required to control effluent discharge into the river.

I hope to write to you again fairly soon to inform you of the action which the Bank will be taking.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Dr. Adolfo Molina Orantes
Minister of Foreign Affairs
Ministerio de Relaciones Exteriores
Guatemala, Guatemala, C.A.

Cleared with and cc: Messrs. Kapur, Acting Director, LAC I
Lee, Office VP, Projects
Knox, Director, LAC Projects
Rigo, Legal
Mena, LAC Projects

GHonsi:rad
July 18, 1975

cc: for Mr. McNamara's office (2)

492/4/259

July 21, 1975

Dear Mr. Rowen:

I have received your letter of July 18 and am responding, as you requested, as soon as possible.

I am sorry that I cannot reply on the record to your list of 21 questions for reasons which I tried inadequately to outline to you during our original conversations. They concern my conception of my proper duties and responsibilities as President of the World Bank.

During the seven years that I have held this position I have endeavored to fulfill the functions of Chairman and servant of the Board of Executive Directors elected by the 125 member countries of the Bank. This has meant that I have constantly endeavored to put before them policies which will be supported by a broad consensus of the Board, and will avoid damaging ideological divisions.

Equally I have tried, when divisions of opinion occur, to keep the arguments unemotional, rational and in the privacy of the Board Room. We have before us too many examples of the effects on international institutions of public bickering leading to confrontation between hostile blocs. The task of development in the poorer countries is too urgent and too important to all of us for it to be allowed to be caught up in divisive and irrelevant political rhetoric.

You can, therefore, see that it is wholly inappropriate for me to express personal opinions on subjects which are divisive, and on which it would clearly not be easy for the Bank's Board to maintain a consensus that enables us to carry on with our work -- the assault on world poverty on which we are all agreed.

Some of the questions you put are inquiries about facts on which we can appropriately help, and I am asking Mr. John Merriam, the Director of Information and Public Affairs, to provide you with answers to these.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Mr. Hobart Rowen
The Washington Post
1515 L Street, N. W.
Washington, D. C. 20071

WClark:RSMcNamara:bum
cc: Mr. Clark; Mr. Merriam

492/4 /258

JUL 18 1975

MEMORANDUM FOR MR. ISBISTER

SUBJECT: Matters Related to your Resignation

1. I have received your memorandum of July 7 concerning your resignation. Meanwhile, also, the Secretary has informed me of your decision that your resignation will take effect on the close of business on August 1, 1975. I believe that in the circumstances described by you the most appropriate course of action would be to treat the days when you are consulting with the Provincial Authorities as annual leave, as suggested in your letter. I have asked the Secretary to handle the matter accordingly.

2. Thank you also for drawing my attention to the question of replacement on the Pension Finance Committee and the Joint Audit Committee. We shall be initiating action with respect to these vacancies shortly.

(Signed) Robert S. McNamara

Robert S. McNamara

PNDamry
7/18/75.

PNDamry:nsp
July 18, 1975

492/4 /257

July 17, 1975

Dear Mr. Ambassador:

You are familiar, I know, with the proposal to establish an intermediate financing facility (or Third Window) providing development assistance on terms approximately half way between those of the Bank and of IDA.

After some months of study and discussion I am satisfied that sufficient support now exists for us to take the formal steps necessary to establish a Third Window facility. I have accordingly submitted to the Executive Directors of the Bank a memorandum dated July 15, 1975 recommending the establishment and operation of such a facility. A copy of that memorandum is enclosed herewith.

The need to supplement the Bank Group's concessional lending activities for the period prior to the next replenishment of IDA (i.e., for FY76) is immediate and urgent. However, further contributions to the Third Window's interest subsidy fund are required if that facility is to operate at the desired level of \$1 billion. I therefore hope very much that South Africa will decide to contribute to the interest subsidy fund, and would appreciate your conveying this hope to the appropriate officials of your Government.

With kind regards,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Robert van S. Smit
Principal Resident Representative
of South Africa
12-208 IMF Building

cc: Mr. Knapp
Mr. Cargill
Mr. Gaud
Mr. Adler

RMcN:mss

49214 1255

HIS EXCELLENCY
SHEIKH ABDUL AZIZ AL-THANI
MINISTER OF FINANCE AND PETROLEUM
DOHA

JULY 16, 1975

FR (X 5077)

QATAR

EYE WAS PLEASED TO LEARN FROM DR. AL-ATRASH OF QATAR'S DECISION
TO CONTRIBUTE THE SUM OF US\$ FIVE MILLION TO THE THIRD WINDOW INTEREST
SUBSIDY FUND STOP EYE WOULD LIKE TO EXPRESS APPRECIATION FOR YOUR
PARTICIPATION IN THIS COOPERATIVE ENDEAVOR TO ASSIST LESS DEVELOPED
COUNTRIES IN THEIR ECONOMIC DEVELOPMENT EFFORTS STOP YOU WILL BE
PLEASED TO KNOW THAT THE BANK IS MOVING AHEAD AND PRESENTING THE
THIRD WINDOW SCHEME TO ITS EXECUTIVE DIRECTORS FOR APPROVAL ON JULY 29
STOP UPON BOARD APPROVAL, THE BANK WILL NOTIFY ALL CONTRIBUTORS AND
REQUEST PAYMENT STOP

WARM REGARDS


ROBERT S. MCNAMARA
PRESIDENT INTBAFRAD

Robert S. McNamara ✓

President

cleared with and cc: Mr. J.H. Adler

cc: Mr. Cargill o/r

SEIFishawy/rh

492/4 /251

JUL 9 1975

Dear Mr. Corea:

Thank you for your letter of June 21, 1975 in which you confirm your request to retain Mr. Avramovic's services until May next year.

Let me first say that I am very pleased that we were able to second Mr. Avramovic to you over the past year, since his services have been proving of such value to UNCTAD. You will, however, appreciate that his qualities also make him very valuable in our own operations, and in fact we need him urgently for high level policy work here at the earliest possible time. Very regretfully, therefore, I find myself unable to agree to extending his period of secondment with you, even though I am aware of the tremendous importance of your preparations for UNCTAD IV.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Gamsi Corea
Secretary-General
United Nations Conference
on Trade and Development
Palais des Nations
CH-1211 Geneva 10
Switzerland

JDNorth:vbr
July 7, 1975

492/4/250
Copy for Mr. McNamara's office.

JUL 9 1975

Dear Mr. Chief Minister,

Thank you for your letter of June 9. It was a pleasure for my colleagues to receive Messrs. Agonia, Beatty and the other officers. My staff learned a great deal from them about recent developments concerning the Ok Tedi project. We wish you every success in further exploration and shall follow with interest the future progress of the project. Please consider the Bank staff at your disposal should your Government wish further consultations, although, even at this early stage, it seems most unlikely that the Bank will be able to participate in financing the project.

We welcome the emphasis which Papua New Guinea's Eight Point Plan places on improving living standards within the subsistence sector. My colleagues in the Bank and I find this an exciting prospect and strongly support the Plan's emphasis on investments in agriculture and rural development. With the limited funds available to us for lending to Papua New Guinea, we hope that we can play an active role in assisting Papua New Guinea with the implementation of programs in that sector.

Let me take this opportunity to congratulate you and all Papua New Guineans on your forthcoming independence, which I note has now been set for September 16.

With warm personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. M.T. Sonare
Chief Minister
Department of the Chief Minister
Konedobu
Papua New Guinea

Cleared with and cc: Messrs. Votaw
Helmers

LKeough/mh
July 7, 1975

402/4/269

JUL 9 1975

Dear Ted:

Thank you for inviting me to participate in a seminar on the international energy crisis and its effects on developing countries. I understand Peter Riddleberger of the Bank's Information Department has discussed with Arnold Packer the difficulties I would have in appearing before a Congressional Committee of one of the Bank's members. The Bank, of course, is interested in these issues, and I would be happy to provide information to the members of the committee. I also hope that at some point I might have an opportunity to talk informally with you on the general issues of concern to the developing countries.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Frank E. Moss
Chairman, Energy Task Force
Committee on the Budget
United States Senate
Washington, D.C. 20510

JEMerriam:rgw
July 2, 1975

492/4 /248

JUL 8 1975

Dear Mr. Minister:

Thank you for your letter of June 9, 1975, requesting technical assistance to the Venezuelan National Securities Commission.

We will be glad to provide this, within the terms of our technical assistance agreement. I understand Dr. Braulio Jatar Dotti, President of the Comision Nacional de Valores, has already been in touch with IPC's Capital Markets Department and that arrangements are under way to deal with his initial requirements.

Sincerely,

Robert S. McManara

His Excellency
Dr. Gumersindo Rodriguez
Ministro de Estado
Oficina Central de
Coordinación y Planificación
Caracas, Venezuela

DGill.rty

cc: Mr. V.A. Gavidia H.
Cleared with and cc: Mr. von Hoffmann

492/4 1247

JUL 8 1975

His Excellency
Mamdouh Salem
Prime Minister of the
Arab Republic of Egypt
Cairo, Arab Republic of Egypt

Dear Dr. Salem:

Thank you very much for your letter of June 5 in which you inform me of various policies and measures in the area of economic management which the Egyptian Government intends to implement at present and during the next year. As you know, we follow the economic developments of Egypt with great interest, and your letter has been very valuable in bringing the Bank Group up to date on how your Government intends to tackle Egypt's economic problems and accelerate its development.

I appreciate very much your having personally received the recent economic mission and discussed with it the policy objectives and programs of the Government. Mr. Benjenk has already reported to me about his excellent reception in Egypt and the very useful discussions that he had with you and the members of your Government.

I need not reiterate how much importance I attach to the continuation and development of a dialogue on economic policies between the Government of Egypt and the Bank. In this connection I certainly agree with your suggestion to Mr. Benjenk that Bank staff should review Egypt's economic situation on an informal basis two or three times a year in addition to the more formal annual review and we are making arrangements accordingly. We hope to send a small economic mission to Cairo in October to continue the exchange of views on the economic management program.

I am very gratified to learn from you that the Government is determined to promote further liberalization and rationalization of the economy and that measures are being undertaken to promote this policy. The commitment of the Government to these objectives in an unfavorable international economic situation - inflation and recession - is evidence of your strong desire to achieve to the full the long-run development potential of the Egyptian economy. However, as you yourself have made clear, a number of important measures have to be undertaken in the immediate future for the fullest realization of this development potential.

I was particularly glad to learn of your intention to set up a technical committee attached to your office with the aim of improving economic coordination, and of the measures your Government intends to take with the aim of improving resource allocation, including rationalization

of prices and the phased widening of the parallel market to cover all imports other than basic items of mass consumption by 1977. I hope that the detailed plan for implementing these measures would be drawn soon, and would like to assure you that we at the Bank would be ready to give any technical help in this matter that you deem useful.

The significant efforts that your Government is making to strengthen resource mobilization and rationalize the system of consumption subsidies are also important in generating the resources needed for a higher level of investment, as are also the measures for improving the efficiency of public sector enterprises. Of particular importance in improving the management of external debt is the External Debt Management Unit you intend to set up shortly.

I need not stress, Mr. Prime Minister, the very great importance of a medium-term development plan in establishing priorities, coordinating policies and providing a perspective and a frame for the Government's annual plans. I well appreciate the efforts the Government is making for the preparation of the annual plan for 1976 within the framework of an indicative five-year plan (1976-80). As a major supporter of Egypt's development efforts, the Bank, and I personally, will be looking forward to seeing the indicative plan and framework, and hope that in the course of the first year this framework would be developed into a draft of a full five-year plan in which all efforts for development can be coordinated.

On our part I should like to take this opportunity to reiterate our interest in assisting Egypt as far as possible through lending and technical cooperation in its task of developing its economic potential and utilizing its resources efficiently in the interest of the Egyptian people. We will continue to follow with keen interest the progress the economy will achieve along the lines outlined in your letter. We hope that successful processing of the projects in our lending program for the next fiscal year (1976) will result in a level of commitment at least equal to that of last year, and that the projects we will submit to our Board of Executive Directors within this program will continue as in the past to help in reinforcing your Government's efforts to rebuild the economic infrastructure, raise productivity in agriculture and industry, expand exports and strengthen economic institutions. I also hope that Bank Group support, together with your efforts to mobilize other long-term external capital, will further domestic resource mobilization and thus create a base for a substantially higher level of investment and acceleration of economic growth.

Please accept, Mr. Prime Minister, my best personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. Benjenk, Paijmans,
Karaosmanoglu, Asfour, Dubey
VDubey/EAsfour/sap
July 1, 1975

492/4/246

OUTGOING WIRE

TO: BOERMA
FOODAGRI
ROME

DATE: JULY 8, 1975

CLASS OF
SERVICE: TELEX
(6274)

COUNTRY: ITALY

TEXT:
Cable No.:

REGRET TO HEAR PROPOSED DECREASE IN COOPERATIVE PROGRAM ACTIVITIES IN
RELATION TO BANK'S INCREASING ACTIVITIES IN LENDING FOR AGRICULTURE
AND GROWING WORLD NEEDS FOR MORE AGRICULTURAL DEVELOPMENT STOP I HOPE
THAT FAO'S REDUCTION IN CAPABILITY TO WORK WITH US IS ONLY OF A
TEMPORARY NATURE STOP SHOULD NOT THE DECREASE BE SHARED PROPORTIONATELY BY
ALL ACTIVITIES SUPPORTED BY THE INVESTMENT CENTER STOP UPON RECEIPT OF
THE BUDGET TABLES IN THE AGREED FORMAT SHOWING THE PROPOSED MANPOWER
AND EXPENSES FOR THE BIENNIUM AND HOW THEY ARE PHASED OVER THE BANK'S
FINANCIAL YEARS COMMA I TRUST WE CAN RESOLVE THIS MATTER QUICKLY

REGARDS
MCNAMARA
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Paul Bowron, Division Chief

DEPT. Programming & Budgeting

SIGNATURE *Paul Bowron*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: WWLewis:ajw *wwj*

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc: Mr. McNamara
Mr. Baum
Mr. Schulmann

cc: Mr. Darnell
Mr. Veraart

For Use By Communications Section

Checked for Dispatch: _____

692/4/245

July 8, 1975

MEMORANDUM FOR MR. CARGILL

Please send me a list of countries for which at any time between now and 1980 the Bank Group might hold more than 25% of total disbursed debt outstanding or receive more than 20% of debt service payments.

Should we not adopt a procedure under which new IBRD or IDA commitments which take the Bank Group holdings or service payments above a certain limit require special written approval by you, Burke, and me?

Robert S. McNamara

cc: Mr. Knapp
Mr. J. Adler

RMcN:mss

492 / 4 / 242

JUL 1 1975

Dear Hubert:

Thank you for sending along a copy of S. 1795, your proposed Balanced Growth and Economic Planning Act.

I am delighted to see the Congress address the question of balanced economic growth. In reading your proposal, I am quickly reminded that the issues you are tackling -- employment, price stability, efficient use of public and private resources -- are precisely the problems we are dealing with in less developed nations.

I applaud your strong and effective leadership in the field of economic cooperation, both at home and abroad.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Hubert H. Humphrey
Chairman
Joint Economic Committee
Congress of the United States
Washington, D.C. 20510

cc: Mr. McNamara's Office (2)

PBRiddleberger/pam

OUTGOING WIRE

TO: MR. WILLY DE CLERCQ
FINANCE MINISTER
BRUSSELS (Telex # DOUBBA 24321)

DATE: ~~XXXXXXXXXX~~

JULY 1, 1975

CLASS OF
SERVICE:

TELEX

COUNTRY: BELGIUM

TEXT: AT THE RECENT MEETING OF THE DEVELOPMENT COMMITTEE OF THE BANK AND THE FUND IN
Cable No.: PARIS, THE PROPOSAL FOR A THIRD WINDOW FACILITY IN THE BANK RECEIVED WIDESPREAD
SUPPORT. THE BANK WAS URGED TO ESTABLISH THE NEW FACILITY AS EARLY AS POSSIBLE
IN OUR NEXT FISCAL YEAR BEGINNING JULY FIRST. ON THE BASIS OF PLEDGES ALREADY
MADE BY A NUMBER OF GOVERNMENTS I BELIEVE THAT SUFFICIENT CONTRIBUTIONS TO THE
INTEREST SUBSIDY FUND ARE IN SIGHT TO PERMIT LENDING OF APPROXIMATELY \$500
MILLION, AND I EXPECT SHORTLY TO RECOMMEND TO THE BANK'S BOARD THAT THE NEW
FACILITY START OPERATIONS BEFORE OUR ANNUAL MEETING AT THE BEGINNING OF
SEPTEMBER. PARA AT THE DEVELOPMENT COMMITTEE MEETING I WAS PLEASSED TO HEAR
YOUR REPRESENTATIVE SAY THAT THE BELGIAN GOVERNMENT WOULD EXAMINE A POSSIBLE
CONTRIBUTION TO THE INTEREST SUBSIDY FUND WITH THE UNDERSTANDING THAT THERE BE
A GENERAL PARTICIPATION OF OECD AND OPEC COUNTRIES. TAKING INTO ACCOUNT THE
CONTRIBUTIONS ALREADY PLEDGED AND THOSE WHICH THE BANK HAS BEEN GIVEN TO
UNDERSTAND WILL BE FORTHCOMING, I BELIEVE THAT THIS CONDITION WILL BE
SUBSTANTIALLY FULFILLED. ACCORDINGLY I HOPE THAT YOUR GOVERNMENT WILL NOW FEEL
ABLE TO CONFIRM ITS WILLINGNESS TO CONTRIBUTE TO THE INTEREST SUBSIDY FUND AND
GIVE US AN EARLY INDICATION OF THE SUM IT HAS IN MIND AND WHEN IT WOULD BE
ABLE TO MAKE THE FUNDS AVAILABLE. FOR YOUR INFORMATION, I AM SUGGESTING TO
THOSE COUNTRIES THAT HAVE ALREADY PLEDGED THEIR CONTRIBUTIONS THAT IF POSSIBLE
THEY MAKE THE FUNDS AVAILABLE BY AUGUST 1. IF THERE IS ANY ^{OTHER} INFORMATION THAT
YOU NEED BEFORE TAKING UP THIS REQUEST PLEASE DO NOT HESITATE TO ASK. REGARDS.

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT.

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE RJGoodman/rf

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. de Groote

For Use By Communications Section

Checked for Dispatch:

OUTGOING WIRE

TO: MR. WILLY DE CLERCQ
FINANCE MINISTER
BRUSSELS (Telex # DOUBBA 24321)

DATE: ~~JUNE 24, 1975~~
JULY 1, 1975
CLASS OF SERVICE: TELEX

COUNTRY: BELGIUM

TEXT: AT THE RECENT MEETING OF THE DEVELOPMENT COMMITTEE OF THE BANK AND THE FUND IN
Cable No.: PARIS, THE PROPOSAL FOR A THIRD WINDOW FACILITY IN THE BANK RECEIVED WIDESPREAD
SUPPORT. THE BANK WAS URGED TO ESTABLISH THE NEW FACILITY AS EARLY AS POSSIBLE
IN OUR NEXT FISCAL YEAR BEGINNING JULY FIRST. ON THE BASIS OF PLEDGES ALREADY
MADE BY A NUMBER OF GOVERNMENTS I BELIEVE THAT SUFFICIENT CONTRIBUTIONS TO THE
INTEREST SUBSIDY FUND ARE IN SIGHT TO PERMIT LENDING OF APPROXIMATELY \$500
MILLION, AND I EXPECT SHORTLY TO RECOMMEND TO THE BANK'S BOARD THAT THE NEW
FACILITY START OPERATIONS BEFORE OUR ANNUAL MEETING AT THE BEGINNING OF
SEPTEMBER. PARA AT THE DEVELOPMENT COMMITTEE MEETING I WAS PLEASED TO HEAR
YOUR REPRESENTATIVE SAY THAT THE BELGIAN GOVERNMENT WOULD EXAMINE A POSSIBLE
CONTRIBUTION TO THE INTEREST SUBSIDY FUND WITH THE UNDERSTANDING THAT THERE BE
A GENERAL PARTICIPATION OF OECD AND OPEC COUNTRIES. TAKING INTO ACCOUNT THE
CONTRIBUTIONS ALREADY PLEDGED AND THOSE WHICH THE BANK HAS BEEN GIVEN TO
UNDERSTAND WILL BE FORTHCOMING, I BELIEVE THAT THIS CONDITION WILL BE
SUBSTANTIALLY FULFILLED. ACCORDINGLY I HOPE THAT YOUR GOVERNMENT WILL NOW FEEL
ABLE TO CONFIRM ITS WILLINGNESS TO CONTRIBUTE TO THE INTEREST SUBSIDY FUND AND
GIVE US AN EARLY INDICATION OF THE SUM IT HAS IN MIND AND WHEN IT WOULD BE
ABLE TO MAKE THE FUNDS AVAILABLE. FOR YOUR INFORMATION, I AM SUGGESTING TO
THOSE COUNTRIES THAT HAVE ALREADY PLEDGED THEIR CONTRIBUTIONS THAT IF POSSIBLE
THEY MAKE THE FUNDS AVAILABLE BY AUGUST 1. IF THERE IS ANY ^{OTHER} INFORMATION THAT
YOU NEED BEFORE TAKING UP THIS REQUEST PLEASE DO NOT HESITATE TO ASK. REGARDS.

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT.

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE RJGoodman/rf

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. de Groote

For Use By Communications Section

Checked for Dispatch: