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THE WORLD BANK

Washington, D.C.

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Loan Committee - Minutes - 1958

Loan Committee — Minutes 1958



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Loan Committee - Minutes - 1958

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STAFF LOAN COMMITTEE

DECLASSIFIED

JUN 10 2014 SLC/M/693

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on Thursday, January 2, 1958
at 3:00 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. O. A. Schmidt
Mr. M. M. Rosen *
Mr. S. Aldewereld

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers *
Mr. M. L. Hoffman
Mr. F. A. Consolo
Mr. B. Chadenet
Mr. G. M. Alter
Mr. R. E. Carlson

Mr. N. G. Jones
Mr. S. Lipkowitz
Mr. B. Luzzatto
Mr. N. McKitterick
Mr. G. M. Street
Mr. E. Symonds

* Part only.

2. Brazil

The Committee considered Memorandum SLC/O/923, "Brazil" and Report WH 68, on the "Current Economic Position and Prospects of Brazil," and

AGREED

- (a) upon a number of revisions in the Economic Report;
- (b) that the Report as revised would not justify the resumption of a broad lending program by the Bank in Brazil;
- (c) that the question of whether the Bank should be prepared to consider a loan of about \$50 million specifically for the Furnas project should be discussed further with the President of the Bank.

3. The meeting adjourned at 5:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/694

Minutes of Staff Loan Committee Meeting held on Friday, January 3, 1958
at 11:00 a.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. P. S. N. Prasad
Mr. R. B. J. Richards 1/
Mr. H. G. A. Woolley, Secretary

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

In attendance:

Mr. W. A. B. Iliff
Mr. Davidson Sommers
Mr. F. A. Consolo 1/
Mr. B. Chadenet
Mr. G. M. Alter 1/
Mr. R. W. Cavanaugh 1/
Mr. R. A. Chaufournier 1/
Mr. S. R. Chevrier 1/
Mr. J. H. Collier 2/
Mr. T. Finsaas 1/
Mr. D. Fontein 2/

Mr. H. Fuchs 2/
Mr. A. Geolot 1/
Mr. J. M. Jentgen 2/
Mr. S. Lipkowitz 1/
Mr. G. S. Mason 1/
Mr. G. P. Morelli 1/
Mr. G. M. Street
Mr. E. Symonds
Mr. B. Walstedt 2/
Mr. S. P. Wheelock 2/

1/ Peru only.
2/ Austria only.

2. Peru

The Committee considered Memorandum SLC/O/924 on the proposed loan to the Peruvian Corporation, Limited; and

A. Railway Project

AGREED that

- (a) the risks of the operation should be shown more clearly in the draft Report and Recommendations of the President;
- (b) clauses (e), (g) and (h) of para. 12 in the President's Report should be deleted;
- (c) the draft side letter on the contingency fund should not be taken on a confidential basis; as an alternative, an adjustment in the working capital provisions should be proposed; some record of the latent tax controversy should be made in the oral presentation of the proposed loan to the Executive Directors;
- (d) other minor changes should be made in the loan documents, including the side letters;

- (e) the loan documents should not be distributed to the Executive Directors until the necessary legislation to authorize the signature of the Guarantee Agreement had been enacted in Peru.

B. Port of Callao Project

AGREED that

the Bank should wait and see if the rumor of a change in Finance Ministers was confirmed and, if so, whether there was any weakening of the Government's intentions to press on with the stabilization program and the project.

3. Austria

The Committee considered Memorandum SLC/O/925, on the proposed loan to Investitionskredit Aktiengesellschaft; and

AGREED

that the mission to visit Austria early in January should complete the arrangements for the proposed loan along the lines suggested.

- 4. The meeting adjourned at 1:15 p.m.

STAFF LOAN COMMITTEE

SLC/M/695

January 27, 1958

Minutes of Staff Loan Committee Meeting, held on
Tuesday, January 21, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist
Mr. A. Broches

Mr. G. N. Perry
Mr. M. L. Lejeune
Mr. F. A. Consolo
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. H. N. Graves
Mr. M. L. Hoffman
Mr. B. Chadenet
Mr. C. Allardice *
Mr. T. V. Andersen
Mr. O. H. Calika
Mr. A. Geolot
Mr. E. R. Hondelink (consultant)
Mr. A. M. Kamarck

Mr. J. F. Main
Mr. J. A. McCunniff
Mr. J. C. Mehaffey
Mr. R. B. J. Richards
Mr. A. Stevenson
Mr. H. A. Vazir
Mr. M. F. Verheyen
Mr. S. P. Wheelock *
Mr. A. Wubnig

* Italy only.

2. Italy

The Committee heard an oral report by Messrs. Allardice and Wheelock on the status of the ENSI project.

3. Nigeria

The Committee considered the conclusions and recommendations in paras. 36 and 37 of the Mission Report on Nigeria (EA 78); and

AGREED

with the conclusions that:

- (i) Nigeria is creditworthy for a Bank loan in various currencies equivalent to \$28 million;
- (ii) the development program of the Nigerian Railway Corporation, including the Bornu Extension, is technically feasible, economically justified, and financially sound; and
- (iii) the program constitutes a suitable project for a Bank loan on the lines sketched out in the Report;

and with the recommendation that

- (iv) the Bank invite the Nigerian authorities to send representatives to Washington for final negotiations, subject to a check first being made to see whether Mr. Black has any particular views as to their timing.

4. The meeting adjourned at 3:55 p.m.

STAFF LOAN COMMITTEE

SLC/M/696

February 6, 1958

Minutes of Staff Loan Committee Meeting, held on
Monday, February 4, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. J. Rucinski 1/ 2*/
Mr. O. A. Schmidt
Mr. M. M. Rosen 1*/ 2/
Mr. S. Aldewereld 2*/

Mr. A. Broches
Mr. L. B. Rist
Mr. H. W. Riley 1/ 2*/
Mr. M. L. Lejeune
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Eugene R. Black 2*/
Mr. M. M. Mendels 2*/
Mr. G. N. Perry
Mr. B. Chadenet 1/ 2*/
Mr. R. G. Bateson 1*/ 2/
Mr. W. Brakel
Mr. J. C. de Wilde

Mr. D. Groenveld
Mr. S. Lipkowitz
Mr. W. C. P. Rutland 1/
Mr. G. M. Street 1*/ 2/
Mr. E. Symonds
Mr. E. P. Wright
Mr. A. Wubrig

* Part only.

1/ Jordan only.
2/ Sudan only.

2. Jordan

The Committee considered Memorandum SLC/O/928, "Jordan - Report of Bank Mission," and

AGREED

- (a) with the mission's conclusions and recommendations;
- (b) that a letter informing the Government of the Bank's views should be drafted by the Area Department for consideration by the Management;
- (c) after suitable editing, copies of the Report of the Mission (AS 65) should:
 - (i) be distributed to the Executive Directors; and
 - (ii) be sent to the Government.

3. Sudan

The Committee considered Memorandum SLC/O/929, "Sudan - Mission Report," and

AGREED that

- (a) from the standpoint of creditworthiness the Bank might begin to lend to Sudan but that in view of the Sudan's lack of experience as an independent country, it would be undesirable for the Bank to embark on too fast a rate of lending;
- (b) a mission should be sent to Sudan in March to examine the transport project;
- (c) if the mission report proved satisfactory, the Bank should be prepared to participate in the financing of this project, either in one loan or preferably in two loans (one to be made as soon as possible and the other when needed later) subject to satisfactory progress on the project and to the continuance of favorable general conditions in the country;
- (d) the Bank should not now make any commitments on the other proposed projects;
- (e) while noting that the irrigation projects involved the agreement of all interested parties on the allocation of the Nile waters, the Bank should, without in any way agreeing to invest in the projects, be prepared to send a mission in the Fall after the hot season to examine and advise the Government on their technical and economic soundness;
- (f) copies of the Report, suitably edited, should:
 - (i) be distributed to the Executive Directors; and
 - (ii) be sent to the Government;
- (g) the Government should be informed of the Bank's views by letter in good time before Mr. Black's forthcoming visit.

4. The meeting adjourned at 5:00 p.m.

STAFF LOAN COMMITTEE

SLC/M/697

February 10, 1958

Minutes of Staff Loan Committee Meeting, held on
Thursday, February 6, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. A. Broches

Mr. L. B. Rist
Mr. H. W. Riley
Mr. G. N. Perry
Mr. F. A. Consolo
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. H. N. Graves *
Mr. B. Chadenet
Mr. C. Allardice
Mr. R. G. Bateson *
Mr. A. J. Carmichael
Mr. D. W. Jeffries

Mr. J. F. Main
Mr. J. C. Mehaffey
Mr. R. Sadove
Mr. G. M. Street
Mr. E. Symonds
Mr. E. P. Wright

* Part only.

2. India

The Committee considered Memorandum SLC/O/930, "India - Calcutta and Madras Port Projects," and

AGREED that

- (a) the Calcutta Port Commission, the Madras Port Trust, and the Government of India should be invited to send representatives to Washington for separate negotiations on the two proposed loans, beginning with Madras;
- (b) while there was no strong objection to the Bank considering increases in the proposed loans to cover interest during construction:
 - (i) the Bank should not initiate consideration of these increases;
 - (ii) if either or both of the prospective borrowers applied for them, the case or cases made should be judged on their merits;
- (c) during the negotiations, the Bank should discuss the need for a comprehensive investigation, with the assistance of suitable foreign consultants, of the possibility of developing a deep water port in the Calcutta area, and should provide the representatives concerned with an aide memoire on the subject.

3. The meeting adjourned at 3:55 p.m.

STAFF LOAN COMMITTEE

SLC/M/698

February 25, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, February 7, 1958 at 11:00 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld

Mr. A. Broches
Mr. L. B. Rist
Mr. H. W. Riley
Mr. G. N. Perry
Miss M. Wolfson, Acting Secretary

In attendance:

Mr. H. N. Graves
Mr. B. Chadenet
Mr. J. H. Adler
Mr. W. J. Armstrong
Mr. H. E. Bachem

Mr. O. F. Dajany
Mr. J. A. Edelman
Miss V. Morsey
Mr. A. D. Spottswood
Mr. P. J. Squire

2. Philippines

The Committee considered Memorandum SLC/O/931, "The Philippines - Proposed Loan for the Maria Cristina Hydroelectric Project," and

AGREED that

the present Government ownership of the fertilizer plant should not by itself be regarded as a basis for rejecting the proposed project;

NOTED that

from the information available, the sole justification for the proposed project was for the supply of power for the expansion of only one or two plants and, therefore, the economic justification of the power plant could not be divorced from the consideration of the economic merits of these plants; and

RECOMMENDED that

in view of the relative small size of the proposed loan and its complexities, the occasion of the forthcoming discussions with the Philippine Government should be used as an opportunity to attempt to have this project withdrawn from Bank consideration at this time.

3. The meeting adjourned at 12:00 noon.

STAFF LOAN COMMITTEE

SLC/M/699

February 14, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, February 10, 1958, at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. S. Aldewereld
Mr. A. Broches *

Mr. L. B. Rist
Mr. G. N. Perry
Mr. F. A. Consolo
Mr. J. H. Adler
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. B. Chadenet
Mr. G. M. Alter
Mr. J. Camacho
Mr. E. Franco
Mr. D. Groenveld
Mr. F. Habib

Miss V. Morsey
Mr. N. Parker
Mr. M. Piccagli
Mr. A. D. Spottswood
Mr. J. Volmuller
Mr. L. B. Rist

* Part only.

2. Honduras

The Committee considered Memorandum SLC/O/932, "Honduras - Financing of Economic Development Program," and

AGREED that

- (a) the Bank should be prepared to consider loans which might total \$10 to \$12 million for the proposed highway, power and agricultural projects on a project-by-project basis, subject to any additional studies necessary being favorable;
- (b) close contact should be maintained with the U.S. Development Loan Fund so that the Bank's and the Loan Fund's operations might be coordinated satisfactorily, and the Loan Fund's participation possibly obtained in the proposed highway financing;
- (c) subject to the findings of the end-use inspection of the Bank's highway maintenance loan, the Bank should:
 - (i) proceed with consideration of a loan to cover the foreign exchange costs of the Puerto Cortes-Bufalo and Western Road Bridges projects;
 - (ii) subsequently be prepared to start negotiations for a loan for the Western Road Construction project when the preliminary engineering studies have been completed;

- 2 -

- (d) the Government should be informed of the Bank's conclusions about the Rio Lindo project and that if they were willing to postpone this project, the Bank would be prepared to consider participation in the financing of the Tegucigalpa Power Distribution and Thermal projects outlined.

3. The meeting adjourned at 3:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/700

February 21, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, February 14, 1958, at 3:00 p.m. in Room 928

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope *
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. L. B. Rist

Mr. G. N. Perry
Mr. B. Chadenet
Mr. C. E. Webb
Mr. G. M. Street
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. M. Mendels *
Mr. J. H. Adler
Mr. A. G. Kheradjou
Mr. S. Matsuda

Mr. G. Morra
Mr. M. F. Perkins
Mr. A. D. Spottswood
Mr. H. E. Tolley

* Part only.

2. Malaya

The Committee considered Memorandum SLC/O/933, "The Federation of Malaya - Operational Report and Proposed Bank Action," and

AGREED that

- (a) both the U. K. and the Federation authorities should be informed that the Bank does not intend to replace, but merely to supplement, the London market in financing Malaya;
- (b) the amount of \$25 million expected to be needed for the Cameron Highlands project appeared to come well within Malaya's present creditworthiness;
- (c) the Bank should go ahead with its consideration of the project;
- (d) as Malaya appeared to be very close to the completion of the necessary action for membership, Mr. Bass should go to Malaya direct from Thailand instead of first returning to the Bank.

3. The meeting adjourned at 3:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/701

February 20, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Tuesday, February 18, 1958, at 2:30 p.m. in Room 1005

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. S. Aldewereld
Mr. L. B. Rist

Mr. G. N. Perry
Mr. L. Nurick
Mr. G. M. Street *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. B. Chadenet
Mr. O. H. Folk
Mr. D. J. Fontein
Mr. L. Louvet *

Miss V. Morsey
Mr. A. M. Saitzoff
Mr. A. D. Spottswood

* Part only.

2. Pakistan

The Committee considered Memorandum SLC/O/934 re the proposed second loan to Karachi Electric Supply Corporation; and

AGREED that

- (a) the Corporation and the Government should be invited to send representatives to negotiate the proposed loan on the basis outlined;
- (b) a brief memorandum on recent economic developments should be prepared for distribution to the Executive Directors with the loan documents.

3. The meeting adjourned at 3:10 p.m.

STAFF LOAN COMMITTEE

SLC/M/702

March 18, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, February 26, 1958 at 3:30 p.m. in Room 1005

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt *
Mr. A. Broches
Mr. R. H. Demuth
Mr. G. N. Perry

Mr. I. P. M. Cargill
Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. R. W. Cavanaugh
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. E. Clark
Mr. W. L. Bennett
Mr. G. R. Delaume

Mr. O. H. Folk
Mr. L. Louvet
Mr. L. Svoboda *

* Part only.

2. Iran

The Committee considered the project for the proposed Industrial Credit and Investment Corporation; and

(a) NOTING views expressed by some Committee members that:

- (i) the terms of the preliminary agreement between the Government and the Lazard-Chase mission are so favorable as to make the Corporation politically vulnerable if there are very large profits;
- (ii) the risks involved in industrial financing in Iran are so great that the time has not yet arrived for a private investment institution to be established there; and
- (iii) whatever the merits of (i) and (ii) above, the Bank is already so involved in the project as to make it undesirable to withdraw at this stage;

(b) AGREED that

- (i) the Bank should support the project and should inform Lazard-Chase and the Iranian Government that the Management would recommend a loan of \$5.2 million for a Corporation established along the lines of the preliminary agreement;
- (ii) the Bank should in the future be reluctant to participate actively in negotiations for the establishment of a development bank when those negotiations are being conducted by private sponsors on their own initiative;

- 2 -

(iii) because of the views noted, however, the conclusion of the Committee should be discussed with Messrs. Black, Iliff and Knapp before any further action is taken.

3. The meeting adjourned at 5:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/703

Minutes of Staff Loan Committee Meeting held on
Friday, February 28, 1958 at 11:00 a.m. in Room 1005

March 10, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. S. Aldewereld
Mr. A. Broches
Mr. H. W. Riley

Mr. R. H. Demuth
Mr. G. N. Perry
Mr. I. P. M. Cargill
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. G. M. Alter
Mr. J. Camacho
Mr. R. W. Cavanaugh*
Mr. E. Franco

Mr. W. L. Jago
Mr. A. E. Matter
Mr. H. N. Scott
Mr. A. D. Spottswood

* Part only.

2. Mexico

The Committee considered Memorandum SLC/O/935, "Mexico - Proposed Financing of the Federal Electricity Commission Expansion Program," and

AGREED

- (a) that representatives of the Government and CFE might be invited to come to Washington to negotiate a loan of about \$33 million on the basis proposed which includes:
 - (i) agreement on measures stated in para. 35 of the Technical Report to strengthen CFE's financial position;
 - (ii) initiation by CFE of consultations with interconnected companies to coordinate investments in interconnected systems;
 - (iii) notifying CFE of steps the Bank would want to have taken before considering a loan for the second group of projects, including substantial progress in coordinating its investments with those of the interconnected companies;
- (b) with respect to (a) (i) that, while the Bank should try to obtain agreement during the negotiations along the lines recommended in para. 35 of the Technical Report, it should consider the Government's reactions before adopting a firm position.

3. The meeting adjourned at 12:20 p.m.

STAFF LOAN COMMITTEE

SLC/M/704

March 18, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, March 14, 1958 at 11:00 a.m. in Room 928

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. R. H. Demuth
Mr. G. N. Perry

Mr. I. P. M. Cargill *
Mr. B. Chadenet
Mr. E. E. Clark
Mr. P. S. N. Prasad
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. M. M. Mendels *
Mr. M. L. Hoffman
Mr. F. A. Consolo
Mr. G. M. Alter
Mr. D. Avramovic

Mr. W. L. Bennett
Mr. R. E. Carlson
Mr. H. W. Larsen
Mr. S. Nehmer
Mr. E. P. Wright

* Part only.

2. Coffee

The Committee considered the conclusions of the Staff Economic Committee emerging from their discussion of the report on "The Coffee Problem," (Annex A); and

AGREED

- (a) generally with these conclusions;
- (b) that the Bank should accept the recommendations in the report, subject to minor changes;
- (c) that after suitable editing copies should be distributed to the Executive Directors.

3. The meeting adjourned at 12:25 p.m.

Conclusions of Staff Economic Committee
emerging from discussion of Report No. EC-61, "The Coffee Problem"

1. (a) The Committee agreed with the general finding of the report, that it is very probable that coffee producing countries will be faced by a surplus situation over the medium term (next five to ten years). It was recognized that a succession of frosts may eliminate the threat of surpluses, but it was felt that on balance, surpluses are more likely to be generated.
- (b) The Committee agreed that it is probable that producer countries will continue to withhold surplus supplies, either through an international withholding agreement or on a more restricted scale, (Brazil and Colombia). It was recognized a failure of the withholding agreement is a risk, but it was felt that it is more likely that producer countries would succeed in controlling marketing of coffee and would thus prevent a collapse of the price.
- (c) The Committee considered the uncertainties with respect to policies which will be pursued in producer countries to cope with the surplus problem. There are indications that in some cases a part of the withholding burden may be shifted to the planters, thus reducing the incentive to invest. On balance, however, it was felt that these measures are not likely to be sufficiently effective to bring about an early equilibrium between current supply and demand. Consequently, the consensus of view is that there will be a prolonged surplus situation which will tend to weaken the capacity and willingness of producing countries to maintain the price at its present level.
- (d) In view of the above factors, the Committee agreed that the most likely course of events is a gradual and controlled decline of coffee prices, from the present level of around 55¢ (Santos 4's N.Y.), to a level of something like 40¢ in the mid-1960's. This assumption regarding price movements recognizes in part the risk that the withholding agreement may fail. For purposes of creditworthiness analyses it was suggested that the following price projections be used:

50-55¢	in	1958
45-50¢	in	1959-1963
40-45¢	in	1964-1970

It was also agreed that the price in the 1970's, after surpluses are disposed of, may rise again to a level of around 45¢.

2. Generally the conclusions of the Committee were - for creditworthiness purposes at least - somewhat more conservative than the findings of the study indicate.

STAFF LOAN COMMITTEE

DECLASSIFIED SLC/M/705
JUN 11 2014 April 11, 1958
WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held Monday,
April 7, 1958 at 10:00 a.m. in Room 928.

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. S. Aldewereld
Mr. A. Broches
Mr. R. H. Demuth

Mr. G. N. Perry *
Mr. I. P. M. Cargill
Mr. P. G. Ramm
Mr. D. Avramovic
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. D. Sommers
Mr. H. N. Graves *
Mr. F. A. Consolo
Mr. G. Alter
Mr. N. Bass
Mr. C. H. Davies
Mr. B. A. de Vries

Mr. W. M. Keltie
Mr. H. W. Larsen
Mr. G. S. Mason
Miss V. Morsey
Mr. P. A. Reid
Mr. E. Symonds
Mr. J. Volmuller

* Part only.

2. Colombia

The Committee considered Memorandum SLC/O/939 dated March 26, 1958, on the possible resumption of Bank lending to Colombia, and

AGREED that

in view of the imminent arrival in Washington of a top level Colombian delegation to deal with matters having a direct bearing on Colombia's financial position, decision should be suspended until the results of the delegation's visit were known.

3. The meeting adjourned at 11:50 a.m.

STAFF LOAN COMMITTEE

SLC/M/706

April 22, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, April 18, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. A. Broches *

Mr. R. H. Demuth
Mr. G. N. Perry
Mr. P. S. N. Prasad
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. M. L. Hoffman *
Mr. F. A. Consolo *
Mr. G. M. Alter
Mr. P. Craig-Martin *
Mr. C. H. Davies
Mr. B. de Vries

Mr. W. M. Keltie
Mr. H. W. Larsen
Mr. G. S. Mason
Miss V. Morsey
Mr. P. A. Reid
Mr. H. van Helden
Mr. A. Waterston

* Part only.

2. Colombia

The Committee considered further the possible resumption of Bank lending to Colombia, with special reference to a possible loan for agricultural machinery, and

AGREED that

the Bank should be prepared to consider a loan of up to \$10 million to the Caja de Credito Agrario, Industrial y Minero.

3. The meeting adjourned at 4:00 p.m.

STAFF LOAN COMMITTEE

SLC/M/707

May 6, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, April 28, 1958 at 2:30 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt *
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. H. W. Riley

Mr. R. H. Demuth
Mr. G. N. Perry
Mr. P. S. N. Prasad
Mr. G. R. Delaume
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. L. Lejeune
Mr. F. A. Consolo *
Mr. G. A. Apcar
Mr. W. L. Bennett

Mr. W. Diamond
Mr. G. Keep
Mr. H. B. Ripman

* Part only.

2. Development Banks - Loan Agreement

The Committee considered the changes proposed in Memorandum SLC/O/941,
and

AGREED that

- (a) in cases of Bank financing of development banks in which there was a major degree of uncertainty as to the purpose, size and timing of the investments for which the funds might be required:
 - (i) a credit agreement instead of the normal loan agreement might be used; and that
 - (ii) the amortization schedule might be made flexible if the borrower so desired; but that
 - (iii) a fixed interest rate should be specified in the agreement;
 - (iv) special provisions for prepayments and cancellations should be included; and
 - (v) provision should be made for the usual Bank end-use procedure to be followed;
- (b) in the case of the proposed loan to ICIBI:
 - (i) the term should not be longer than 15 years;
 - (ii) the draft credit agreement should be further reviewed by the working party and a revised draft prepared for consideration by the Committee with the other loan documents, in due course.

3. The meeting adjourned at 4:15 p.m.

STAFF LOAN COMMITTEE

SLC/M/708

May 13, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, May 1, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist

Mr. H. W. Riley
Mr. R. H. Demuth *
Mr. G. N. Perry *
Mr. F. A. Consolo
Mr. L. Nurick *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers *
Mr. I. P. M. Cargill
Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. J. H. Adler
Mr. N. Bass *
Mr. N. Chakravarti
Mr. J. Filippi *

Mr. R. F. Quandt
Mr. R. B. J. Richards *
Mr. R. Sadove *
Mr. E. Symonds
Mr. H. E. Tolley
Mr. H. van Helden
Mr. C. E. Webb
Mr. A. Wubnig

* Part only.

2. Japan - Hokuriku

The Committee considered Memorandum SLC/O/942, "Japan - Hokuriku Project," and

AGREED with the recommendations made that

- (a) firm assurances should be required from the Hokuriku Electric Power Company to give and maintain, within its program, the highest priority to the project both in regard to construction and in regard to allocation of construction funds;
- (b) JDB should be required to covenant in the loan agreements to provide or to arrange for the provision to the Company, on terms consistent with the Company's financial capabilities, such sums as it may reasonably require to carry out and complete the project. Correspondingly, the Japanese Government should be required to covenant in the Guarantee Agreement to authorize Hokuriku to raise in the Japanese markets such funds as it may reasonably be required or to make arrangements satisfactory to the Bank to provide JDB with such funds as may be needed by it to meet the above-mentioned obligations. Alternatively, a full performance guarantee might be requested from the Japanese Government to JDB's commitments;
- (c) the Company should be required to maintain a debt/equity ratio of 2:1 throughout the period of the loan;

- (d) the Government should be asked to commit itself to a rate covenant in the Guarantee Agreement, similar to those obtained in connection with previous power loans in Japan;
- (e) assurances should be obtained from the Government on future rate policies for all private companies;
- (f) unless the forthcoming negotiations made it necessary, the Bank should not enter into a separate project agreement with the Company; the pattern of the Kansai and Kawasaki loans should be followed and all stipulations which would otherwise be the subject of a project agreement should be incorporated in the Subsidiary Loan Agreement;
- (g) negotiations should now be started along these lines with representatives of the Government, the JDB and the Company for the proposed loan of the equivalent of \$24.5 million.

3. Japan - Kobe-Nagoya Expressway Project

The Committee also considered Memorandum SLC/O/943, "Japan - Kobe-Nagoya Expressway Project," and

AGREED that the Government might now be informed that

- (a) an expressway between Kobe and Nagoya appeared to be economically justified and technically feasible;
- (b) the project could be modified to make it suitable for a Bank loan; but
- (c) decision on a Bank loan, and its amount, would have to await the results of the further work, recommended in the Technical Report, to be done.

4. The meeting adjourned at 4:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/709

May 2, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Tuesday, April 29, 1958 at 3:00 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist *

Mr. H. W. Riley
Mr. G. N. Perry
Mr. M. L. Lejeune
Mr. L. Nurick
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. M. Mendels *
Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. R. G. Bateson
Mr. J. Fajans
Mr. S. Lipkowitz

Mr. Y. Rovani
Mr. A. Saitzoff
Mr. A. Stevenson
Mr. E. Symonds *
Mr. M. L. Verheyen

* Part only.

2. Rhodesia and Nyasaland

The Committee considered the draft memorandum from the President on the proposed joint operation with the U.S. market; and

AGREED

- (a) with the memorandum subject to minor changes; and
- (b) that the revised memorandum should be distributed to the Executive Directors on Wednesday, April 30, for consideration at their special meeting to be called for Thursday, May 8.

3. The meeting adjourned at 4:00 p.m.

STAFF LOAN COMMITTEE

SLC/M/710

May 28, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, May 19, 1958, at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope
Mr. S. Aldewereld
Mr. A. Broches 1*/ 2*/
Mr. L. B. Rist

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. F. A. Consolo 1*/ 2/
Mr. I. P. M. Cargill 1/ 2*/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers 1*/ 2*/
Mr. B. Chadenet
Mr. J. H. Adler
Mr. T. V. Andersen 2/
Mr. T. Baba 1/
Mr. N. Bass 2*/
Mr. R. G. Bateson
Mr. A. Bergan 2/
Mr. R. W. Cavanaugh 2/
Mr. J. C. de Wilde 2/
Mr. R. H. Dorr 2/
Mr. C. Finne 1/

Mr. O. H. Folk 2/
Mr. W. D. S. Fraser 1/
Mr. P. Kanter 1/
Mr. G. Keep 2/
Mr. A. G. Kheradjou 1/
Mr. B. B. King
Mr. S. Lipkowitz
Mr. S. Matsuda 1/
Miss V. Morsey 1/
Mr. A. D. Spottswood 1/ 2*/
Mr. E. Symonds 1*/ 2/ 2*/
Mr. J. Volmuller 2/

1/ Ceylon.
2/ Iran.

* Part only.

2. Ceylon

The Committee considered Memorandum SLC/O/944 on the proposed further loan for the Aberdeen-Laksapana Scheme; and

AGREED that

- (a) negotiations might be started with representatives of the Government for the proposed loan for the thermal part of the project;
- (b) during these negotiations, some of the questions which would arise in connection with the proposed loan for the hydro part of the project to an autonomous power Authority should be discussed;
- (c) the representatives of the Government should be informed that the Bank would expect to be consulted in the preparation of legislation to establish an autonomous Authority, and in particular that the capital structure for the new agency should be designed in such a way as to allow Bank loans to be given priority over the Government's advances to the Authority.

- 2 -

3. Iran

The Committee also considered the Findings and Recommendations of the Economic Mission to Iran; and

AGREED that

a meeting should be called for 2:30 p.m. on May 20 for further consideration of this item.

4. The meeting adjourned at 5:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/711

June 5, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, May 23, 1958 at 11:00 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. M. M. Rosen
Mr. A. Broches
Mr. R. H. Demuth
Mr. B. Chadenet

Mr. P. S. N. Prasad
Mr. P. G. Ramm
Mr. J. C. de Wilde
Mr. G. M. Alter
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers *
Mr. M. L. Hoffman
Mr. I. P. M. Cargill *
Mr. J. H. Adler
Mr. R. G. Bateson
Mr. W. D. S. Fraser
Mr. D. Groenveld

Mr. A. G. Kheradjou
Mr. J. E. Lambert (consultant)
Mr. S. Lipkowitz
Mr. L. V. Perez
Mr. E. Symonds
Mr. C. E. Webb *

* Part only.

2. Burma

The Committee considered the conclusions and recommendations of
the Mission to Burma; and

AGREED that

- (a) although the statistical measure of creditworthiness should be discounted to take account of various non-economic factors, there remained a margin of creditworthiness within which the Bank might lend, provided this were not used up by other borrowings by Burma;
- (b) one of the important non-economic factors was the apparent reluctance of Burma to enter into a full and free consultation with the Bank regarding its economic policies and borrowing plans;
- (c) this reluctance should induce caution in the Bank's undertaking additional commitments in Burma and any commitments should be conditional on a full understanding on Burma's borrowing plans;
- (d) provided such an understanding were reached, the Bank could move ahead with a relatively small highway loan, if a suitable project were presented;
- (e) decision on other projects, as they were presented, would depend on their size, the amount of the Bank's commitment in Burma, and the relationship existing at that time;

- (f) any large-scale increase in the Bank's commitment in Burma should be dependent on the achievement of a close understanding between Burma and the Bank on Burma's economic policies and objectives;
 - (g) the tactics to be adopted in working out this relationship should be left to the Area Department.
3. The meeting adjourned at 12:50 p.m.

STAFF LOAN COMMITTEE

SLC/M/712

May 29, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Tuesday, May 27, 1958 at 3:00 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. M. M. Rosen
Mr. L. B. Rist
Mr. B. Chadenet

Mr. P. G. Ramm
Mr. J. C. de Wilde
Mr. H. W. Larsen
Miss V. Morsey
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. L. Hoffman
Mr. M. L. Lejeune
Mr. L. G. Butcher
Mr. J. H. Collier
Mr. R. de Lesseps

Mr. A. M. Kamarck
Mr. S. Lipkowitz
Mr. M. Ross
Mr. E. Symonds
Mr. V. Wouters

2. Yugoslavia

The Committee considered Memorandum SLC/O/946, "Yugoslavia," and

AGREED that

- (a) there were serious political uncertainties in lending to Yugoslavia;
- (b) disregarding the effects that unusually adverse political developments might have,
 - (i) Yugoslavia could carry an increased external debt service of \$10 million a year, starting possibly in 1961;
 - (ii) it should be possible for Yugoslavia to reach a settlement with its prewar creditors at a cost of not more than \$5 million a year;
 - (iii) there was therefore a modest margin for further debt service and the Bank might consider loans within this margin;
- (c) despite the political uncertainties, the Bank should in this case take the risk involved, but before reaching any final decision, the tactics to be pursued should be discussed with Mr. Black.

3. The meeting adjourned at 4:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/713

May 29, 1958

Minutes of Staff Loan Committee Meetings held on
Tuesday, May 20, 1958 at 2:30 p.m. in Room 927, and
on Monday, May 26, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

A. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope 2/
Mr. O. A. Schmidt 2/ *Mr. A. Broches 2/*
Mr. L. B. Rist
Mr. H. W. Riley 2/

Mr. R. H. Demuth 1/
Mr. B. Chadenet 1*/ 2/
Mr. L. Nurick 2/
Mr. J. H. Adler
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers 1*/ 2*/
Mr. M. M. Mendels 2*/
Mr. M. L. Lejeune 1/
Mr. G. M. Alter 1*/
Mr. T. V. Andersen
Mr. N. Bass
Mr. R. G. Bateson
Mr. A. Bergan 1/
Mr. R. W. Cavanaugh

Mr. J. C. de Wilde
Mr. R. H. Dorr
Mr. O. H. Folk
Mr. G. Keep
Mr. S. Lipkowitz
Mr. H. B. Ripman 2/
Mr. E. Symonds
Mr. H. van Helden 1*/
Mr. J. Volmuller

1/ First session.
2/ Second session.

* Part only.

B. Iran

The Committee considered the Findings and Recommendations of the Mission to Iran, and Memorandum SLC/O/947, "Iran - Loan Operations," and

AGREED that

- (1) setting aside a number of intangibles, including the risks of Iran's political structure, Iran could afford to service a debt of over \$250 million;
- (2) the Bank might consider lending approximately \$100 million to Iran over the next two or three years;
- (3) the Bank should, as far as possible, in any future loans to Iran follow the project approach;
- (4) the Government and the Managing Director of the Plan Organization should be informed that:
 - (a) the Bank is willing to consider substantial further lending to Iran over the next few years;

- 2 -

- (b) the Management would be prepared:
 - (i) to recommend the financing of the foreign exchange costs of the highway project by the Bank;
 - (ii) to send a mission as soon as possible to examine the port projects with a view to similar financing for these projects if they could be set up on a sound basis;
 - (iii) to send a mission to examine the Dez multipurpose project after the project report had been received and studied by the Bank;
- (c) any loans made would be subject to understandings being reached:
 - (i) that the Government would take the necessary steps to balance their ordinary budget without changing the present allocation of oil revenues, and to maintain this balance in future;
 - (ii) that the Plan Organization would not increase its total of expenditures now envisaged for the period of the Plan or add new projects without consulting the Bank and would draw up a program which would (1) help to attain a more efficient allocation of resources within this total, and (2) distinguish between the relative priority of projects and programs in such a way as to make it possible to take sound decisions regarding temporary postponement of some projects or necessary shifts in the composition of the program;
 - (iii) on some form of protection for the Bank against over-borrowing by Iran;
- (5) should it be found impossible to carry negotiations to a successful conclusion along these lines the Bank might agree to consider accelerated disbursements for the proposed highway loan but in that case would require a lien similar to that obtained for the Bank's existing loan to Iran.

C. The meeting adjourned at 5:10 p.m., reconvened at 3:00 p.m. on May 26 and adjourned at 4:50 p.m.

STAFF LOAN COMMITTEE

SLC/M/714

June 10, 1958

Minutes of Staff Loan Committee Meeting held on
Tuesday, June 3, 1958 at 12:00 noon in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope *
Mr. M. M. Rosen
Mr. A. Broches

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. B. Chadenet
Mr. D. Avramovic
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. R. Benrubi
Mr. W. Brakel
Mr. M. Burney
Mr. J. C. de Wilde
Mr. A. F. Geclot
Mr. D. L. Gordon
Mr. D. Groenveld

Mr. K. S. Krishnaswamy
Mr. J. F. Main
Mr. J. A. McCunniff
Mr. L. V. Perez
Mr. E. Symonds
Mr. H. A. Vazir
Mr. A. Wubnig

* Part only.

2. Sudan

The Committee considered Memorandum SLC/O/950, "Sudan - Railways Project," and

AGREED that

- (a) the Government should be invited to send representatives to Washington to negotiate the proposed loan of the equivalent of approximately \$39 million;
- (b) during the negotiations:
 - (i) satisfactory arrangements should be made to assure that the surplus revenues accruing to the railways during the period of execution of the project will be available for financing railway investments after 1960;
 - (ii) assurances, to be evidenced by a side letter, should be obtained that the railways will engage a traffic expert and that the Government will carry out necessary agronomic studies;
 - (iii) an undertaking should be included in the Loan Agreement that the Southern extension will be completed to Wan.

3. The meeting adjourned at 12:50 p.m.

STAFF LOAN COMMITTEE

SLC/M/715

June 5, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, June 2, 1958 at 3:30 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. A. Broches *
Mr. H. W. Riley
Mr. R. H. Demuth *

Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. J. C. de Wilde
Mr. J. H. Adler
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. L. Bengston
Mr. J. Camacho
Mr. C. H. Davies
Mr. N. G. Jones
Mr. H. W. Larsen
Mr. S. Lipkowitz
Mr. J. W. Lowdon

Mr. G. S. Mason
Mr. J. C. Mehaffey
Mr. G. P. Morelli
Mr. E. Symonds *
Mr. H. van Helden
Mr. A. Wubnig

* Part only.

2. Ecuador

The Committee considered Memorandum SLC/O/951, "Ecuador -
Guayaquil Port Project," and

AGREED that

- (a) while the Bank should require that the General Manager be satisfactory to the Bank, this should not be a condition of effectiveness of the proposed loan since the Bank might wish to permit some expenditures before a satisfactory manager were found;
- (b) the covenant on tariff levels should be based on a formula of 1.5 times debt service (with "debt service" suitably defined to eliminate some of the difficulties discussed);
- (c) the Bank should favor making an \$8 million loan with the DLF lending \$5 million to be repaid in local currency;
- (d) if the DLF were not prepared to participate on this basis, the Bank should be prepared to lend the full amount of \$13 million, recognizing that this might limit the scope of further Bank lending in Ecuador in the near future.

3. The meeting adjourned at 4:50 p.m.

STAFF LOAN COMMITTEE

SLC/M/716

June 11, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, June 6, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. H. W. Riley
Mr. M. L. Lejeune

Mr. F. A. Consolo
Mr. B. Chadenet
Mr. L. Nurick
Mr. P. S. N. Prasad
Mr. K. Kapur, Acting Secretary

In attendance:

Mr. Davidson Sommers
Mr. J. H. Adler
Mr. C. Allardice
Mr. W. D. S. Fraser
Mr. N. G. Jones
Mr. A. G. Kheradjou

Mr. K. S. Krishnaswamy
Mr. S. Lipkowitz
Mr. J. F. Rigby
Mr. E. Symonds
Mr. C. E. Webb

2. Malaya

The Committee considered Memorandum SLC/O/952, "Malaya - Cameron Highlands Hydroelectric Scheme, Stage I," and

APPROVED

the recommendations made in para. 6 of the Area Memorandum;

AGREED

in general with the conclusions and recommendations, paras., 73 to 76, inclusive, of TO-173, subject to:

(a) instead of emphasizing that the project would utilize a national resource, justification be made on the grounds that:

(i) hydroelectric project was relatively cheaper than the thermal power;

(ii) with a view to not being unduly dependent on the supply of imported fuel, it was desirable for the Malayan Government to diversify its power system;

(b) other minor changes; and

also AGREED

that a study be made by TOD on the practice in Bank Loan Agreements for treating Government loans to Bank-financed public corporations.

3. The meeting adjourned at 4:20 p.m.

STAFF LOAN COMMITTEE

SLC/M/717

June 20, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, June 13, 1958 at 3:00 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. R. H. Demuth *
Mr. M. L. Lejeune
Mr. F. A. Consolo

Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. P. G. Ramm *
Mr. J. H. Adler *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. M. M. Mendels *
Mr. N. Bass *
Mr. G. Lefort
Mr. A. M. Kamarck

Mr. A. Macone
Mr. R. Skillings
Mr. L. Svoboda
Mr. E. Symonds
Mr. M. F. Verheyen

* Part only.

2. Finland

The Committee considered Memorandum SLC/O/953, "Finland," and

AGREED

to defer making any recommendations about further lending to Finland until the Committee had considered the mission's definitive report and the Economic Staff study on pulp and paper now being prepared.

3. The meeting adjourned at 4:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/718

July 16, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, July 7, 1958, at 3:00 p.m. and on Thursday,
July 10, 1958, at 10:15 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. A. Broches 1*/ 2/
Mr. L. B. Rist

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. B. Chadenet 2/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers 1*/
Mr. G. N. Perry
Mr. N. Bass
Mr. J. C. de Wilde 1/
Mr. R. J. Goodman
Mr. H. N. Graves 2/
Mr. D. W. Jeffries
Mr. N. G. Jones

Mr. K. S. Krishnaswamy
Mr. S. Lipkowitz
Mr. L. G. Marshall
Mr. P. J. Squire
Mr. E. Symonds 1/
Mr. A. Wenzell
Mr. E. P. Wright

* Part only.

1/ First session.
2/ Second session.

2. India

The Committee considered the Conclusions and Recommendations in the report on the Current Economic Position and Prospects of India, and Memorandum SLC/O/957, "India - Future Bank Lending," and

AGREED that

- (a) the organization of planning at the center should be strengthened;
- (b) assurance should be obtained from the Government of India that fresh lending would not be swallowed up by further additions to the existing investment program, and that proper regard would be paid in the preparation of the Third Five-Year Plan to the limits likely to be imposed on new investment by the shortage of foreign exchange resources;
- (c) the expansion of exports should be given greater priority;
- (d) with cuts in Government imports plus an all-out drive to increase exports, the foreign exchange gap in the last three years of the Plan might be held to a level for which financing could be found;

- 2 -

- (e) provided that an important part of this financing could be found on terms not requiring repayment in foreign exchange, the Bank would be justified in considering participation in the program with loans of up to \$200 million;
- (f) the matter should first be discussed with the U.S. Government and, if possible, also with the other principal creditors, i.e. the U. K. and Germany, before the Indian Minister of Finance came to the U. S. in September;
- (g) the Bank's bargaining power might be reduced vis-a-vis the other creditors if it had already made the proposed loan of \$75 million for the Railways, but that the desirability of delay of the negotiations for the loan for this reason might be outweighed by the adverse effect this would be likely to have on India's over-all creditworthiness.

3. The meeting adjourned at 5:10 p.m. on July 7, reconvened at 10:15 a.m. on July 10, and adjourned at 11:45 a.m.

STAFF LOAN COMMITTEE

SIC/M/719

July 22, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, July 17, 1958 at 10:30 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. O. A. Schmidt
Mr. M. M. Rosen *
Mr. S. Aldewereld
Mr. A. Broches

Mr. L. B. Rist
Mr. H. W. Riley
Mr. G. N. Perry
Mr. M. L. Lejeune
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. B. Chadenet
Mr. E. E. Clark
Mr. J. H. Collier
Mr. C. Finne

Mr. J. M. Jentgen
Mr. K. S. Krishnaswamy
Mr. E. Symonds *
Mr. A. Wenzell

* Part only.

2. Austria

The Committee considered Memorandum SIC/O/959, "Austria - Negative Pledge Problem," and

AGREED that

- (a) the Bank should invite representatives of the Government, the Verbundgesellschaft, and the consortium headed by the Berliner Handelsgesellschaft to discuss this matter;
- (b) in the discussions, the Bank should endeavor to obtain agreement that all long-term lenders to the Verbundgesellschaft should rely on the negative pledge and not require positive security; or, failing this, that lenders other than the Bank should not obtain the Government's guarantee; or, if agreement could not be obtained on this, that all creditors should agree to share equally in some form of general pledge of the Company's total assets or revenues. The Bank should waive its rights under its negative pledge only as a last resort.

3. The meeting adjourned at 12:00 noon.

STAFF LOAN COMMITTEE

SLC/M/720

July 31, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, July 24, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. A. Broches

Mr. L. B. Rist
Mr. R. H. Demuth
Mr. G. N. Perry
Mr. P. G. Ramm
Mr. K. Kapur, Acting Secretary

In attendance:

Mr. M. L. Lejeune
Mr. B. Chadenet
Mr. L. Nurick
Mr. S. Lipkowitz
Mr. A. Macone
Mr. J. F. Main

Miss V. Morsey
Mr. H. B. Ripman
Mr. R. F. Skillings
Mr. E. Symonds
Mr. M. F. Verheyen

2. Finland

The Committee considered Memorandum SLC/O/961, "Finland," and

AGREED that

- (a) the Bank consider lending Finland up to \$20 million equivalent toward the end of 1958;
- (b) the Bank of Finland be invited to submit projects from the pulp and paper industry for the Bank's consideration and that a mission visit Finland as soon as practicable to appraise these projects;
- (c) if the Government of Finland desired, the Bank would send someone to Finland to study the railways problems and determine whether or not a basis existed for future Bank financing.

3. The Committee also considered the possibility of local expenditure financing, and

AGREED that

the possibility of such financing should not be excluded, but

RECOMMENDED that

a working party be formed to give further consideration to the justification for such financing in the case of purchases in which there is competition between domestic and foreign suppliers of goods and services.

4. The meeting adjourned at 4:15 p.m.

STAFF LOAN COMMITTEE

SIC/M/721

August 11, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, August 1, 1958 at 10:30 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld

Mr. A. Broches
Mr. L. B. Rist
Mr. H. W. Riley
Mr. G. N. Perry *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. M. L. Hoffman
Mr. B. Chadenet
Mr. E. E. Clark
Mr. J. H. Adler
Mr. N. Bass
Mr. L. Cancio

Mr. J. H. Collier
Mr. G. A. Hathaway
Mr. J. M. Jentgen
Mr. H. B. Ripman
Mr. P. J. Squire
Mr. E. Symonds

* Part only.

2. Austria - Lending Problems

The Committee considered the Bank's lending problems in Austria,
and

AGREED that

- (a) the standby arrangement to be given by the Bank in connection with the proposed Austrian Government issue of \$15 million on the New York market would involve the Bank's being obligated to buy the unsold bonds, in a limited amount, the Government for its part being obligated to provide the Verbundgesellschaft with an equivalent amount;
- (b) the general question of principle involved in the Bank entering into standby agreements should be discussed at a future meeting.

3. Austria - Investitionskredit

The Committee also considered Memorandum SLC/O/962, "Austria - Request for Second Loan of Oesterreichische Investitionskredit A.G." and

AGREED that

- (a) the Bank's requirements for the use of the 80 million schilling counterpart loan should include:

- (i) an improvement in the management and staff of Investitionskredit;
- (ii) a statement of the lending policies to be followed;
- (b) the forthcoming mission to Austria should discuss with Investitionskredit the procedures to be followed and Mr. Ripman should accompany the mission for this purpose;
- (c) if satisfactory progress were made by Investitionskredit, the Bank should be prepared to start negotiations for a second loan of approximately \$7.7 million in early 1959;
- (d) the Bank would expect Investitionskredit to take the initiative in preparing and working up projects to be financed from this loan and to have a number ready for review by the Bank at the time the loan was made.

4. European Investment Bank

The Committee considered the Bank's relations with the European Investment Bank, and

AGREED

- (a) that the Bank's general attitude should be to favor the European Investment Bank's participation in Bank projects in Europe;
- (b) but that, since the Italian Government did not appear to be receptive to the EIB's participation in the proposed Italian atomic power project, and had already been told of the Bank's intention to handle this project without mention of other participants, the Bank should not press the Italian Government to accept EIB's participation in this particular case but should leave the issue to be decided by the parties concerned.

5. The meeting adjourned at 12:00 noon.

STAFF LOAN COMMITTEE

SLC/M/722

August 15, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, August 7, 1958 at 3:00 p.m. in Room 927

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman *
Mr. S. R. Cope *
Mr. O. A. Schmidt
Mr. M. M. Rosen *
Mr. S. Aldewereld
Mr. L. B. Rist

Mr. H. W. Riley *
Mr. R. H. Demuth *
Mr. G. N. Perry
Mr. E. E. Clark *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers *
Mr. M. L. Hoffman
Mr. B. Chadenet
Mr. N. L. Caiola *
Mr. L. Cancio
Mr. R. E. Carlson *
Mr. Y. L. Chang

Mr. H. W. Larsen
Mr. N. McKitterick
Mr. M. Ross *
Mr. G. L. Sandelin
Mr. A. D. Spottswood
Mr. P. J. Squire

* Part only.

2. Brazil

The Committee considered Memorandum SLC/0/963, "Brazil - Loan Proposal for Furnas Hydroelectric Project," and

AGREED that

- (a) although an operation of this magnitude would, so far as could now be judged, place a considerable strain on Brazil's creditworthiness, the Bank should not reject this particular project on that ground;
- (b) before inviting negotiators, the Bank should discuss with the U.S. Government its plans for any further investment in Brazil;
- (c) if these plans were not of a suitably limited nature, the Bank should not proceed with the proposed loan;
- (d) in the event of negotiators being invited, the Government should be informed that the Bank will wish to obtain representations from the Government on the policies it intends to follow:
 - (i) to restrain the assumption of new external liabilities, especially in the form of medium- and short-term debt;
 - (ii) to rebuild its gold and foreign exchange reserves either directly or by repaying gold loans or IMF drawings;

- (e) the Bank should explore with representatives of Furnas and of the shareholders whether it would be reasonable for the Bank to require that the authorized capital be increased to the full amount of Cr\$6 billion as a condition of effectiveness; if this action is found to be unreasonable, the Bank should be prepared to proceed on the basis of some other suitable arrangement, if it can be found, to ease the transaction while still ensuring that the equity will be provided as needed;
- (f) loans on terms and conditions satisfactory to the Bank should be obtained by the Company from the National Development Bank (BNDE) and the Federal Electrification Fund before the Bank's loan became effective;
- (g) the Bank should raise no objection to the proposed loan of BNDE being five years shorter than the proposed Bank loan;
- (h) the Bank would not wish to obtain a lien on Furnas properties as collateral for the proposed loan unless such a lien is required for the local currency loans in which case the Bank loan should be at least equally and ratably secured;
- (j) a general covenant should be obtained in the Guarantee Agreement to ensure that additional local currency funds will be supplied, if needed, to complete the project;
- (k) the Bank should not require any long-term contracts for the sale of power by the Company as a condition of the proposed loan;
- (l) during any negotiations for the proposed loan, the Bank should press the Government to take all reasonable measures to secure the prompt enactment of the power legislation now before the Brazilian Congress;
- (m) while the Bank should urge the Government to set up a joint planning board for the coordinated development of electric power, its establishment should not be made a condition of the proposed loan.

3. The meeting adjourned at 5:05 p.m.

STAFF LOAN COMMITTEE

SLC/M/723

August 14, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, August 8, 1958 at 3:00 p.m. in Room 927

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. O. A. Schmidt 1/
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist 1/
Mr. H. W. Riley

Mr. R. H. Demuth
Mr. G. N. Perry 1/ 2*/
Mr. J. H. Collier 2/
Miss V. Morsey 1/ 2*/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. Davidson Sommers
Mr. M. L. Hoffman
Mr. I. P. M. Cargill
Mr. B. Chadenet
Mr. P. S. N. Prasad
Mr. J. C. de Wilde
Mr. G. A. Hathaway 2*/
Mr. W. M. Keltie 1/

Mr. H. W. Larsen
Mr. J. W. Lowdon 1/
Mr. G. S. Mason 1/
Mr. J. C. Mehaffey 1/
Mr. G. P. Morelli 1/
Mr. H. B. Ripman
Mr. P. J. Squire 1/ 2*/
Mr. E. Symonds

* Part only.

1/ Peru only.
2/ Commonwealth Development only

2. Peru

The Committee considered Memorandum SLC/O/965, "Peru - Port of Callao Project," and

AGREED that

- (a) the proposed loan came within the Bank's estimate of Peru's creditworthiness;
- (b) the Bank should not wait for the solution of the railroad project and might proceed with the proposed loan subject to suitable confirmation to the Bank from the Peruvian Government on the limiting of short-term credits;
- (c) while the Bank should press the Government to take the action necessary to correct the shortcomings which caused the surcharge on shipments to Callao, the elimination of the surcharge should not be made a condition of the proposed loan;
- (d) while the Bank should in this particular case require that the Port Administrator be satisfactory to the Authority and the Bank, this condition might be waived after the construction period;

- (e) the Bank should not press at this time for a review of the tariff structure and policy;
- (f) the proposed pipeline from the pier to the storage installation of the International Petroleum Company should not be included in the project;
- (g) if requested, the Bank should be prepared to accept a term of 20 years for the proposed loan.

3. Commonwealth Development

The Committee considered Memorandum SLC/O/964, "Proposed Bank Credit for Commonwealth Development," and the draft letter to Mr. Taylor, and

NOTING that

some members were doubtful of the desirability of the proposal generally, and felt that it might have adverse effects upon the Bank's relations with some of the countries concerned;

AGREED that

- (a) the doubts expressed should be discussed with Mr. Black;
- (b) the draft letter should be amended:
 - (i) to emphasize the need of the general support of the Commonwealth;
 - (ii) to require that when using the funds to be provided by the Bank, only investments that were agreeable to the countries concerned would be made;
 - (iii) to make clear that the Bank would regard this operation as supplementing, rather than replacing, its normal lending;
 - (iv) by the addition of a sentence to clause (b) to the effect that if CDFC were to be the channel, its organization would have to be substantially strengthened for the purpose.

4. The meeting adjourned at 4:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/724

August 20, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, August 15, 1958 at 3:30 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. S. Aldewereld
Mr. L. B. Rist
Mr. J. C. de Wilde

Mr. H. W. Larsen
Mr. J. H. Adler
Miss V. Morsey
Mr. W. M. Keltie
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. B. Chadenet *
Mr. P. Acheson
Mr. S. Nehmer
Mr. P. Pajunen

Mr. P. A. Reid
Mr. G. L. Sandelin
Mr. P. J. Squire
Mr. E. Symonds

* Part only.

2. Uruguay

The Committee considered Memorandum SLC/O/967, "Uruguay - Loan Proposal for Livestock Project," and

AGREED that

- (a) the Economic Report should be amended to make clear that, while Uruguay had a good record and had not overborrowed, it had a low rate of growth because of serious mismanagement of its monetary and fiscal affairs;
- (b) the Economic Report should be brought up to date and accompany the other loan documents when they were distributed for consideration by the Executive Directors;
- (c) representatives should be invited to come to Washington to negotiate the proposed loan;
- (d) the appointment of a suitable senior Executive Officer by the Commission should be a condition of the effectiveness of the proposed loan;
- (e) assurances should be obtained from the Government that adequate funds would be provided to meet the Commission's cost and, if necessary, to complete the project;
- (f) investigation should be made of what representations might be obtained from the Government that it will follow policies designed to promote pastoral exports.

3. The meeting adjourned at 4:40 p.m.

STAFF LOAN COMMITTEE

SLC/M/725

September 5, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, August 22, 1958 at 3:30 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. S. Aldewereld

Mr. A. Broches
Mr. L. B. Rist
Mr. H. W. Riley
Mr. I. P. M. Cargill
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. M. L. Lejeune
Mr. B. Chadenet
Mr. W. J. Armstrong *
Mr. R. G. Bateson
Mr. O. H. Calika
Mr. Y. L. Chang *

Mr. E. de Alba
Mr. A. Kamarek
Mr. J. F. Main
Mr. H. N. Scott
Mr. P. J. Squire
Mr. J. H. Williams
Mr. H. C. Wytzes

* Part only.

2. Australia

The Committee considered Memorandum SLC/O/970, "Australia - Proposed Joint Lending," and

AGREED that

- (a) the Bank should be willing to consider a loan to the Commonwealth Government for the Mt. Isa Railway project in conjunction with the proposed market issue for a combined total of \$50 million, of which it would be expected that the market would take as much as \$25 million, provided that:
 - (i) a prior agreement satisfactory to the Bank be reached between the Queensland Government and Mt. Isa Mines Ltd. to secure the Railways sufficient revenues to safeguard the investment;
 - (ii) an agreement satisfactory to the Bank be made between the Commonwealth Government and the Government of Queensland regarding the provision of the funds and the execution of the project;
- (b) the loan should be for 20 years with not more than five years of grace;
- (c) the Bank should disburse its loan in proportion to the total expenditure on the project;
- (d) the competitive bidding, although somewhat distorted by tariff preferences, is acceptable to the Bank;

- 2 -

- (e) a consulting engineering firm, acceptable to the Bank, should be in charge of the execution of the project;
 - (f) the consultants employed for the project should also study and make recommendations for improving the operations and financial position of the Queensland railways as a whole;
 - (g) a further meeting on the proposed loan should be held during the week beginning August 24 when more information should be available on the agreement referred to in clause (a) ~~(ii)~~ ⁽ⁱ⁾ above.
3. The meeting adjourned at 5:00 p.m.

STAFF LOAN COMMITTEE

SLC/M/726

September 9, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, August 28, 1958 at 9:30 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman *
Mr. J. Rucinski *
Mr. S. R. Cope *
Mr. M. M. Rosen *
Mr. S. Aldewereld

Mr. L. B. Rist *
Mr. H. W. Larsen
Mr. G. R. Delaume
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. G. N. Perry
Mr. J. C. de Wilde
Mr. K. Guinness
Mr. G. A. Hathaway
Mr. G. Keep
Mr. K. S. Krishnaswamy
Mr. A. Kruithof

Mr. L. Louvet
Mr. L. V. Perez
Mr. M. F. Perkins
Mr. P. A. Reid
Mr. P. J. Squire *
Sir Herbert Stewart (consultant)
Mr. E. Symonds
Mr. G. Wiese
Mr. E. P. Wright *

* Part only.

2. Pakistan

The Committee considered Memorandum SLC/O/971, "Pakistan - Future Operations," and

AGREED that

- (a) the report of the Economic Mission, together with the findings of Sir Herbert Stewart on the agricultural situation, after appropriate revisions, should be sent to the Government with a letter from the Bank:
 - (i) giving the highlights of the findings of the mission, pointing out particularly the paramount importance of expediting agricultural development; and
 - (ii) stating that Mr. Black would wish to discuss, when in Karachi, the economic problems and the ways in which the Bank might be of assistance, particularly in accelerating the agricultural development program;
- (b) the Bank should be willing to station a resident mission in Pakistan to advise the appropriate officials of the Central and Provincial Governments on ways of expediting the agricultural program, subject to a convincing demonstration by the three Governments that they desired such a mission and would work closely with it;

- (c) the discussions in Karachi should be preceded by talks with representatives of other Governments and agencies with a view to coordination with them on ways of assisting Pakistan in the implementation of its agricultural program;
- (d) provided that the Government indicated a genuine willingness to expedite the agricultural program and took the necessary steps to that effect and was prepared to take all the measures necessary to eliminate budgetary deficits, the Bank should be prepared to continue lending on a modest scale over the next two years for projects which, as far as practicable, would be directly or indirectly related to agriculture; the Bank should, however, seek an undertaking from the Government that it would not contract any foreign debt which would raise average annual debt service beyond \$30 million.

3. The meeting adjourned at 1:00 p.m.

STAFF LOAN COMMITTEE

DECLASSIFIED

SLC/M/727

JUN 10 2014

September 5, 1958
WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, August 27, 1958 at 3:30 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen

Mr. S. Aldewereld
Mr. A. Broches *
Mr. L. B. Rist
Mr. H. W. Riley
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. L. Lejeune *
Mr. B. Chadenet *
Mr. W. J. Armstrong
Mr. R. G. Bateson
Mr. O. H. Calika
Mr. Y. L. Chang
Mr. E. de Alba

Mr. H. N. Scott
Mr. P. J. Squire
Mr. E. Symonds
Mr. H. van Helden
Mr. J. H. Williams
Mr. H. C. Wytzes

* Part only.

2. Australia

The Committee considered the revised proposed agreement between the Mt. Isa Mines Ltd. and the Queensland Government, received from Sir Roland Wilson, and

AGREED that

- (a) the proposed project would be unacceptable without a much more definite undertaking by the Mining Company to safeguard the investment; and that
- (b) subject to Mr. Black's approval, Sir Roland Wilson should be informed accordingly.

3. The meeting adjourned at 5:25 p.m.

STAFF LOAN COMMITTEE

SIC/M/728

September 22, 1958

Minutes of Staff Loan Committee Meeting held on
Wednesday, September 10, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED
JUN 10 2014
WBG ARCHIVES

I. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. S. R. Cope 1/ 2/
Mr. O. A. Schmidt
Mr. S. Aldewereld 1/ 2/ 3*/
Mr. A. Broches 1/ 2/

Mr. H. W. Riley
Mr. R. H. Demuth
Mr. I. P. M. Cargill
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers 1/ 2/ 3*/
Mr. H. Prud'homme
Mr. M. L. Lejeune 1/
Mr. G. N. Perry
Mr. P. J. Squire
Mr. P. G. Ramm 1/ 2/
Mr. P. H. French 1/ 2/
Mr. J. H. Adler 3/
Mr. G. M. Alter 3/
Mr. C. L. Austin
Mrs. S. Boskey 1/ 2*/

Mr. O. H. Calika 1/
Mr. R. E. Deely
Mr. K. S. Krishnaswamy
Mr. H. W. Larsen 1/ 2/
Mr. S. Lipkowitz
Mr. F. Lutolf
Mr. G. S. Mason 3/
Miss V. Morsey 1/ 2/
Mr. L. V. Perez 1/ 2/
Mr. P. A. Reid
Mr. H. B. Ripman 1/ 2/

1/ Australia only.
2/ Local Expenditure Loans only.

3/ Venezuela only.
* Part only.

II. Australia

The Committee heard an oral report by Mr. Cope on the recent discussions about the proposed loan for the Mt. Isa railway project, and

AGREED that

- (A) the Bank should stand firm in its objective that the operating expenses and debt service of the railway should be covered by the Mining Company but that the Bank should be flexible as to the method by which this objective should be obtained;
- (B) possible alternative methods for obtaining this objective and the reply to be made to Sir Roland Wilson should be further discussed by the Area Department with representatives of the Technical Operations and Legal Departments.

III. Local Expenditure Loans

The Committee considered the report of the Working Party, dated September 3, and

AGREED that

- (A) (1) while it was in the interest of the Bank and its borrowers that the Bank should normally confine its financing to the cost of imported goods, the financing of competitive domestic goods might be permitted in "fringe" cases, as follows:
- (a) if, after a loan had been made to finance the import of goods, it developed that a moderate amount of the goods originally included in calculating the expected cost of imports could be procured locally more advantageously,*
 - (b) if, at the time a loan were negotiated, it appeared
 - (i) that a moderate portion of the goods required for the project could probably be procured locally on a competitive* basis so that more effective competition would result, and (ii) that the total foreign exchange cost of the project was not already as high a proportion of the total cost of the project as the Bank would wish to finance;
- (2) while there appeared to be no valid reason for distinguishing for the above purposes between capital equipment, supplies and services, local labor fell into a different category and should not ordinarily be included among the local expenditures which might be financed by a Bank loan;
- (3) it would be desirable, other things being equal, to avoid including in the specific list of goods to be financed by the Bank local products which were protected by excessively high tariffs, import prohibitions, etc., and certainly this should be avoided where some action had been specifically taken to give local suppliers a favored position in respect of the Bank-financed project;
- (B) the disbursement of funds from Bank loans to Mexico to cover local expenditures might be authorized in the cases now before the Bank and the Executive Directors should be informed of the action proposed to be taken in these cases;
- (C) an Operational Memorandum should be issued on the subject.

IV. Venezuela

The Committee considered the conclusion in para. 3 of the Report of the recent mission (WH-79), and

AGREED that

- (A) the Bank could be of most help to Venezuela at this time by organizing a mission:

* The terms "advantageously" and "competitive" should be read to refer not only to price but also to other factors such as delivery time, availability of spare parts, standardization, etc., which might make purchase of particular good more advantageous. Except as the context indicates otherwise, the term "goods" is used, as in the Loan Regulations, to include services.

- (1) to examine key sectors and appraise the possible contribution each would be able to make to the development of the Venezuelan economy;
 - (2) to assess prospective financial resources and financial needs;
 - (3) in the light of (1) and (2), to assess investment priorities and to provide the basis for preparing a well-coordinated investment program for the succeeding four to six years and a plan for financing its execution;
- (B) the decision to send a mission should be conditional on verifying that it does not conflict with any arrangements to be made by Venezuela with the UN;
- (C) the Bank should not become committed to send the proposed mission until the views of the new government scheduled to take office in 1959 had been obtained;
- (D) in order to save as much time as possible, the Bank might however send a Bank economist and possibly also an agricultural specialist to Venezuela at an early date to make a preliminary survey.

V. The meeting adjourned at 4:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/729

October 10, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, September 26, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. Aldewereld
Mr. H. Prud'homme
Mr. M. L. Lejeune 2/
Mr. G. N. Perry

Mr. I. P. M. Cargill
Mr. L. Nurick
Mr. P. G. Ramm
Mr. D. Avramovic
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. R. Young 1/
Mr. R. G. Bateson 2/
Mr. A. Bergan 2/
Mr. J. Camacho 1/
Mr. L. Cancio 1/
Mr. R. A. Deely 1/
Mr. R. M. Frost 1/
Mr. G. Grayson 1/

Mr. G. Keep 2/
Mr. L. Louvet 2/
Mr. T. W. Mooney 1/
Mr. P. A. Reid
Mr. E. Symonds 2*/
Mr. H. van Helden
Mr. J. Volmuller
Mr. G. Wiese 2/

* Part only.

1/ El Salvador only.
2/ Iran only.

2. El Salvador

The Committee considered Memorandum SLC/O/972, "El Salvador - Feeder Road Project," and

AGREED that

the Government should be invited to send representatives to Washington to negotiate the proposed loan of \$5 million.

3. Iran

The Committee also considered Memorandum SLC/O/974, "Iranian Highway Project," and

AGREED that

- (a) subject to the Bank being satisfied that satisfactory representations and assurances will be forthcoming from the Government before the signing of the proposed loan that the Government would:
 - (i) follow a policy of balancing its budget without borrowing;
 - (ii) not further reduce the portion of oil revenues allocated to the Plan Organization for the remainder of the Plan period ending September 1962;

the Bank should invite representatives to come to Washington to negotiate the proposed loan;

- (b) at the time the invitation is issued, the Government and the Plan Organization should be informed that before the negotiators leave for Washington satisfactory arrangements should have been made for coordination between the Ministry of Roads and the Plan Organization in respect to their road activities;
- (c) the Government should also be informed when the invitation to negotiate is issued that while the Bank is prepared to consider lending up to about \$60 million for this project, compared with the \$50 million mentioned in previous discussions with the Government, this would not increase the over-all amount the Bank might ultimately lend to Iran; the Plan Organization and the Government should therefore consider the larger amount for roads in relation to amounts that the Government may desire to have for other projects it has asked the Bank to consider;
- (d) Mr. Black might wish to extend the invitation at the Annual Meeting and, if so, he should be asked to consider the timing of the negotiations in relation to the proposed attempts to be made to obtain the participation of private commercial banks;
- (e) conditions for the proposed loan should include:
 - (i) the continuation of the employment of experienced consulting engineers for both design and supervision of the work;
 - (ii) the continuation of the assistance of the U.S. Bureau of Public Roads to the Highway Department or similar arrangements acceptable to the Bank to ensure satisfactory maintenance of the highways completed under the project;
 - (iii) definite action to assure an effective control over the loading of vehicles to curtail abusive use of the roads.

4. The meeting adjourned at 4:15 p.m.

STAFF LOAN COMMITTEE

SLC/M/730

October 10, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, September 26, 1958 at 11:00 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. S. Aldewereld
Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. I. P. M. Cargill

Mr. L. Nurick
Mr. P. G. Ramm
Mr. R. J. Goodman
Mr. D. Avramovic
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. B. Arnold
Mr. K. Bohr
Mr. L. Cancio
Mr. J. H. Collier
Mr. J. d'Oilliamson
Mr. J. Fillipi
Mr. D. J. Fontein

Mr. J. Jentgen
Mr. S. Lipkowitz
Mr. M. Piccagli
Mr. A. D. Spottswood
Mr. E. Symonds
Mr. A. Wenzell

2. Austria

The Committee considered Memorandum SLC/O/973 on the proposed loan for the Aschach project, and

AGREED that

- (a) subject to assurance from the underwriters that they are prepared to go ahead with the proposed operation, representatives of the Government and the two power companies should be invited to come to Washington to negotiate the proposed loan for the Aschach project;
- (b) a loan of \$25 million would be appropriate but a final decision on the amount should be taken only when the Bank's commitment, if any, for the standby is clear;
- (c) the Bank should hold further discussions with the underwriters on the question of the form and amount of a standby agreement;
- (d) the proposed loan should be made jointly to the Verbundgesellschaft and the Oesterreichische Donaukraftwerke;
- (e) the Government should be informed that the Bank will require an undertaking from the Government to establish rates which will permit the Verbundgesellschaft and its associated companies to earn enough revenue to cover their operating costs, depreciation or contractual amortization (whichever is greater), and a reasonable return on their equity;

- (f) as in the case of previous loans to Austria, the proceeds of the loan could be used to meet local expenditures as well as the cost of imports, subject to adequate provision being made for competitive bidding.

3. The meeting adjourned at 12:50 p.m.

STAFF LOAN COMMITTEE

SLC/M/731

October 28, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, October 17, 1958 at 10:30 a.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. H. Prud'homme
Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. I. P. M. Cargill

Mr. P. J. Squire
Mr. E. E. Clark
Mr. P. G. Ramm
Mr. D. Avramovic
Mr. G. P. Morelli, Acting Secretary

In attendance:

Mr. E. B. Arnold
Mr. K. A. Bohr
Mr. J. Camacho 1/
Mr. G. R. Delaume 2/
Mr. B. A. de Vries 1/
Mr. J. d'Oilliamson
Mr. J. Fajans
Mr. W. L. Jago
Mr. W. M. Keltie

Mr. G. S. Mason 1/
Mr. A. E. Matter
Mr. H. Mirza 1/
Mr. M. Piccagli
Mr. B. L. Prins
Mr. A. D. Spottswood
Mr. E. Symonds
Mr. C. E. Webb

1/ Colombia only.
2/ Luxembourg only.

2. Colombia

The Committee considered Memorandum SLC/O/975, "Colombia - CHIDRAL and CHEC Power Projects," and

AGREED that

- (a) the Bank should enter into negotiations for the proposed loans;
- (b) the following should be included in the conditions for effectiveness of the proposed loans:
 - (i) completion of agreements satisfactory to the Bank between the shareholders and the two Companies for the subscription for further shares by the shareholders to cover the local expenditures of the projects;
 - (ii) agreement to the granting of adequate tariff increases including an immediate 30% increase;
 - (iii) completion of an agreement between CHIDRAL and the Empresas Municipales satisfactory to the Bank for the relending of \$550,000 of the proposed loan for the CHIDRAL project to the Empresas Municipales for modernizing and expanding the electric power distribution system;

- (c) debt-equity ratio of the two Companies should be restricted to one to one; and
- (d) the question of increasing the proposed loan for the CHIDRAL project to provide the foreign exchange necessary to overcome the silting problem at the reservoir of CHIDRAL's hydroelectric plant should be investigated during the loan negotiations.

3. Luxembourg

The Committee also considered Memorandum SLC/O/976, "Luxembourg - Our Loan," and

AGREED that

- (a) the proposed loan should be negotiated in Luxembourg in the last week of October; and
- (b) decision whether the Bank should agree to raise the term of the proposed loan to 25 years should not be reached until this question had been further discussed with Mr. Cope on his return.

4. The meeting adjourned at 12:00 noon.

STAFF LOAN COMMITTEE

SLC/M/732

November 10, 1958

Minutes of Staff Loan Committee Meeting held on
Monday, November 3, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. Davidson Sommers, Chairman
Mr. O. A. Schmidt *
Mr. M. M. Rosen
Mr. A. Broches
Mr. L. B. Rist

Mr. H. Prud'homme
Mr. M. L. Lejeune
Mr. P. J. Squire
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. R. G. Bateson
Mr. O. H. Calika
Mr. R. de Lesseps
Mr. S. Lipkowitz
Mr. A. Saitzoff

Mr. A. Stevenson
Mr. E. Symonds
Mr. H. van Helden
Mr. M. L. Verheyen
Mr. E. R. L. Weimar

* Part only.

2. South Africa

The Committee considered the draft preliminary report of the President on the proposed loan to South Africa, and

AGREED that

the report, subject to minor changes, should be distributed to the Executive Directors for consideration at a special meeting to be called for Wednesday, November 12.

3. The meeting adjourned at 3:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/733

December 10, 1958

Minutes of Staff Loan Committee Meeting held on
Thursday, December 4, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. S. Aldewereld *
Mr. A. Broches *
Mr. L. B. Rist

Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. E. Clark
Mr. R. de Lesseps
Mr. C. Finne
Mr. G. Lefort
Mr. S. Lipkowitz
Miss V. Morsey

Mr. A. D. Spottswood
Mr. E. Symonds *
Mr. H. van Helden
Mr. A. Wubnig
Miss R. Zafiriou

* Part only.

2. Denmark

The Committee considered Memorandum SLC/O/977 on the proposed loan to Denmark; and

AGREED that

- (a)
 - (i) the Bank should invite the Government to send representatives to Washington to negotiate the proposed loan of \$19 million for the thermal power projects;
 - (ii) the proposed loan should be made concurrently with a market issue in New York in a comparable amount;
 - (iii) withdrawal of the loan by the Government should be geared to the rate of expenditure on the individual projects;
 - (iv) the proceeds of the Bank's loan should be relent by the Government at the rate which the beneficiaries would have to pay from time to time for a similar loan in the Danish capital market;
 - (v) although the dieselization of the railways appeared to be a high priority project, the Bank should await the recommendations of the proposed fact-finding committee and action taken on them before considering any loan for this purpose;
 - (vi) if requested, the Bank should be prepared to help in the drawing up of the terms of reference of this fact-finding committee;
- (b) the Area Department should draft a letter to the Government accordingly.

3. The meeting adjourned at 4:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/734

December 29, 1958

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, December 17, 1958 at 3:00 p.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist
Mr. R. H. Demuth

Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. E. E. Clark
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. M. Alter
Mr. N. L. Caiola
Mr. L. Cancio
Mr. R. E. Deely
Mr. E. Franco

Mr. G. Grayson
Mr. G. A. Hathaway
Mr. T. W. Mooney
Mr. A. D. Spottswood

2. El Salvador

The Committee considered Memorandum SLC/O/978 on the proposed loan for the expansion of the Guayabo Hydroelectric Project; and

AGREED that

- (a) CEL should assign to consulting engineers satisfactory to the Bank the responsibility for designing and maintaining management of the project throughout the construction period;
- (b) the usual covenant should be included in the Loan Agreement that rates will be maintained at levels which will assure adequate revenue, not only to cover operating costs but also to provide an adequate return on the net investment;
- (c) in addition, a side letter should be obtained from CEL evidencing its intention to maintain the rates to provide a return of around 8% and that rates to its principal consumer would be increased about 15% in the near future;
- (d) the accounting staff and procedures of CEL should be strengthened in line with modern utility practices;
- (e) the Government's agreement should be obtained to make available to CEL the additional foreign exchange required for the project;
- (f) an effort should be made during the negotiations to obtain an undertaking acceptable to the Bank from the Government and CEL that the Government subsidies will be converted into equity and the \$5 million Government loan for Guayabo will either bear 6% interest or be converted into equity;

- 2 -

- (g) representatives of the Government and CEL should be invited to come to the Bank to negotiate the proposed loan accordingly;
 - (h) the Executive Directors should be informed in the forthcoming Operational Report of the invitation to the negotiators. The Committee noted that Mr. Knapp would consult further with Messrs. Iliff and Sommers whether the Guatemalan Government should be notified more directly of the project.
3. The meeting adjourned at 4:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/735

January 5, 1959

Minutes of Staff Loan Committee Meeting held on
Thursday, December 18, 1958 at 3:00 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist
Mr. H. W. Riley
Mr. R. H. Demuth

Mr. H. Prud'homme
Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. E. E. Clark
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers *
Mr. M. L. Hoffman
Mr. C. L. Austin
Mr. J. Camacho
Mr. L. Cancio
Mr. R. de Lesseps
Mr. E. Franco

Mr. G. A. Hathaway
Mr. A. M. Kamarck
Mr. S. Lipkowitz
Mr. G. Morra
Mr. H. van Helden
Mr. A. Wenzell *
Mr. J. H. Williams

* Part only.

2. Spain

The Committee considered Memorandum SLC/O/979 on the report of the recent mission; and

AGREED that

- (a) any significant amount of lending by the Bank to Spain should depend on the progress made in carrying out an appropriate stabilization program;
- (b) if invited by the Government to do so and subject to agreement with the Fund, the Bank should be willing to send a mission, concurrently with a proposed mission from the Fund, to:
 - (i) work with the Fund mission in helping the Government prepare a stabilization program;
 - (ii) assess Spain's creditworthiness and examine the needs and potentialities in the various sectors of her economy (thus building up the background for possible Bank projects);
 - (iii) analyze and advise on the public investment program; and
- (c) the Bank should discuss its views with the Fund with the idea of the two institutions (jointly or individually) informing the Spanish Government of their willingness to send the proposed missions.

3. The meeting adjourned at 4:20 p.m.

STAFF LOAN COMMITTEE

SIC/M/736

December 29, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, December 19, 1958 at 2:30 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. L. B. Rist
Mr. H. W. Riley

Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. E. E. Clark*
Mr. H. W. Larsen
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. I. P. M. Cargill
Mr. P. J. Squire
Mr. C. L. Austin
Mr. J. Filippi
Mr. W. M. Gilmartin
Mr. G. A. Hathaway
Miss A. L. Maher

Mr. M. Piccagli
Mr. R. F. Quandt
Mr. B. Rao
Mr. R. B. J. Richards
Mr. A. D. Spottswood
Mr. H. E. Tolley

* Part only.

2. Japan - Miboro Hydroelectric Project

The Committee considered Memorandum SIC/0/980 on the proposed loan for the Miboro Power Project; and

AGREED that

the draft Memorandum from the President should be distributed to the Executive Directors for consideration at a special meeting to be called for Monday, December 29.

3. The meeting adjourned at 3:10 p.m.

STAFF LOAN COMMITTEE

SLC/M/737

January 16, 1959

Minutes of Staff Loan Committee Meeting held on Wednesday, December 24, 1958
at 11:00 a.m. and at 3:15 p.m. in Room 1005

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski 1*/ 2*/
Mr. M. M. Rosen
Mr. S. Aldewereld
Mr. A. Broches
Mr. L. B. Rist

Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. G. N. Perry
Mr. R. W. Cavanaugh
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff 1/ 2*/
Mr. Davidson Sommers
Mr. M. M. Mendels 1/ 2*/
Mr. I. P. M. Cargill
Mr. P. J. Squire 1/ 2*/
Mr. E. E. Clark
Mr. W. J. Armstrong

Mr. W. Diamond
Mr. C. L. Kauffmann 1/ 2*/
Mr. R. de Lesseps
Mr. S. Lipkowitz 1/ 2*/
Mr. R. B. J. Richards
Mr. A. Stevenson

1/ First session.
2/ Second session.

* Part only.

2. United Kingdom - Commonwealth Development

The Committee considered Memorandum SLC/O/981 on the proposed Bank credit for Commonwealth Development, and

AGREED generally with the recommendations made and, in particular, that

- (a) the interest rate for each investment should be fixed at the time that the Bank agreed to the use of the line of credit for that investment; a commitment charge should be payable only on amounts allocated for specific investments;
- (b) while the Bank should retain the right to approve projects and to require CDFC to present complete project appraisals for this purpose, the objective should be that CDFC should as soon as possible strengthen its staff so that the Bank would have sufficient confidence in their evaluations to base its approvals on CDFC's summary appraisals;
- (c) the amount of Bank funds to be used on any project should not normally exceed the import component of that project; however, disbursements from the loan account need not be related to specific foreign exchange expenditures;
- (d) CDFC should be required to develop end-use procedures satisfactory to the Bank.

3. The meeting adjourned at 1:05 p.m., reconvened at 3:15 p.m., and adjourned at 4:15 p.m.