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THE WORLD BANK

Washington, D.C.

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A1995-291 Other #: 2 Box # 213541B

Loan Committee - Minutes - 1960

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30043611

A1995-291 Other #: 2

213541B

Loan Committee - Minutes - 1960

DECLASSIFIED
WBG Archives

STAFF LOAN COMMITTEE

SLC/M/60-1

February 4, 1960

Minutes of Staff Loan Committee Meeting held on
Thursday, January 28, 1960 at 3:00 p.m., and
Friday, January 29, 1960 at 10:00 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. W. A. B. Iliff, Chairman
Mr. S. R. Cope
Mr. S. Aldewereld
Mr. R. W. Cavanaugh
Mr. R. H. Demuth 1*/ 2/
Mr. A. Stevenson

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

In attendance:

Mr. M. M. Mendels 1*/
Mr. M. L. Hoffman 1/
Mr. T. V. Andersen
Mr. N. Bass 1/
Mr. K. A. Bohr
Mr. L. Cancio
Mr. S. El-Fishawy
Mr. O. H. Folk
Mr. G. Hathaway 1/ 2*/
Mr. H. G. Hilken 2/

Mr. K. K. Kapur
Mr. W. L. Jago
Miss A. L. Maher
Mr. A. E. Matter
Mr. O. J. McDiarmid
Mr. H. Pollan
Mr. P. A. Reid
Mr. J. F. Rigby
Mr. A. D. Spottswood 2*/
Mr. G. Wiese

1/ First session only.
2/ Second session only.

* Part only.

2. Iran

The Committee considered Memorandum SLC/O/60-2 on the proposed loan for the Dez project; and

AGREED that

- (a) the Bank might now enter into negotiations for the proposed loan of approximately \$42 million;
- (b) the Economic Report, before being distributed to the Executive Directors, should be revised to point up the necessity for improvements in Government administration and for a firm control over external credit, particularly suppliers' credits.

3. The meeting adjourned at 4:55 p.m. on January 28, reconvened at 10:00 a.m. on January 29, and adjourned at 10:45 a.m.

STAFF LOAN COMMITTEE

SLC/M/60-2

February 9, 1960

Minutes of Staff Loan Committee Meeting held on
Monday, February 8, 1960 at 10:00 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. S. Aldewereld
Mr. R. W. Cavanaugh *
Mr. A. Stevenson

Nr. G. N. Perry
Mr. E. E. Clark *
Mr. W. M. Gilmartin
Mr. D. Avramovic
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. J. H. Adler
Mr. W. J. Armstrong
Mr. L. M. Dominguez
Mr. K. Iverson
Mr. W. M. Keltie

Mr. C. Lacayo
Mr. R. A. D. Loven
Miss A. L. Maher
Mr. H. Mirza

* Part only.

2. Colombia

The Committee considered Memorandum SLC/O/60-4 on prospective lending operations in Colombia; and

AGREED that

- (a) the Bank should be willing to consider loans to Colombia, totalling \$50-55 million during the next 12 to 18 months, subject to the continuation of sound financial policies by the Government;
- (b) the Bank should be willing, in principle, to finance the following four projects, provided further examination confirms their suitability:
 - (i) expansion of power facilities at Yumbo and on the Calima River (\$24 million);
 - (ii) steel works at Paz del Rio (\$15 million);
 - (iii) highway construction project (\$8 million);
 - (iv) equipment for National Railways (\$5 million);
- (c) the Economic Report should be amended:
 - (i) to show more clearly the importance attached in the Bank's consideration of further lending to the demonstrated ability of the Government to manage its affairs within a limited margin for the incurrence of further debt;

- 2 -

- (ii) to place more emphasis on the burden of Colombia's foreign debt and the desirability for Colombia to reduce short-term obligations;
- (iii) to give a broader and less statistical picture of their future debt service possibilities in paras. 57 and 58, omitting the balance of payments projection table in para. 57;
- (iv) by other minor changes.

3. The meeting adjourned at 11:35 a.m.

STAFF LOAN COMMITTEE

SLC/60-3

February 18, 1960

Minutes of Staff Loan Committee Meeting held on
Friday, February 12, 1960 at 3:00 p.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope 1/
Mr. S. Aldewereld
Mr. R. W. Cavanaugh
Mr. A. Stevenson
Mr. G. N. Perry

Mr. E. E. Clark
Mr. W. M. Gilmartin
Mr. D. Avramovic
Mr. G. M. Wishart
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. J. Armstrong
Mr. R. G. Bateson 1/
Mr. F. G. Bochenski
Mr. L. Doucet 1/
Mr. D. J. Fontein 1/
Mr. S. C. Hardy
Mr. F. Habib
Mr. H. F. Havlik
Mr. C. Lacayo

Mr. R. Maestri
Mr. T. W. Mooney
Mr. P. A. Reid
Mr. P. Sella 1/
Mr. J. A. Simmons
Mr. J. P. Thibaud
Mr. J. Volmuller
Mr. C. H. White

1/ Part only.

2. Panama

The Committee considered Memorandum SLC/0/60-5 on the proposed loan for the highway project; and

AGREED that

- (a) the Panamanian Government should be informed that the project appears suitable in principle for a Bank loan to cover the foreign exchange costs;
- (b) the Bank should try to obtain clarification of the DLF's position on financing part of the local currency costs;
- (c) in view of the fact that the Government lacked authority to sign a loan at an interest rate higher than 6%, it would be premature to negotiate the actual loan terms and conditions; these negotiations could however be undertaken a reasonable period of time prior to the next session of the Panamanian Congress so as to be completed by the time the Congress convened to consider authorization of a higher interest rate;
- (d) in the negotiations the Bank should stress the importance of suitable legislation and other measures necessary for the proper settlement and development of the land to be opened up by the feeder roads.

- 2 -

3. Costa Rica

The Committee considered Memorandum SLC/O/60-6 on the proposed lending program; and

AGREED that

- (a) the Bank should be prepared to consider loans to Costa Rica amounting to \$15 to \$18 million during the next twelve months;
- (b) the Bank should invite the Government to send representatives to negotiate the proposed loan of \$2 million for the capital goods import program;
- (c) the Rio Macho hydroelectric power project and the highway project appeared to meet priority requirements;
- (d) the Bank should be prepared to consider loans for these two projects subject to further examination confirming their suitability.

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

STAFF LOAN COMMITTEE

SLC/M/60-4

March 30, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, March 18, 1960 at 11:00 a.m. in Room 1006

A. 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. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. K. Kapur, Acting Secretary

In attendance:

Mr. M. M. Mendels
Mr. E. E. Clark
Mr. L. Nurick
Mr. P. S. N. Prasad
Mr. P. G. Ramm
Mr. D. J. Fontein

Mr. H. F. Havlik
Mr. L. Leonard
Mr. H. B. Ripman
Mr. J. P. Thibaud
Mr. G. Wishart

B. Relations with DLF

1. The Committee considered the relations between the Bank and DLF in connection with local expenditure financing; and

AGREED that

- (a) as in the past, the Bank would refrain from advising countries to approach DLF for loans to finance local currency expenditures for Bank-financed projects;
- (b) the Bank, if requested, would concede to DLF a portion of its foreign exchange loan provided that:
 - (i) the DLF loan was not tied to U.S. exports;
 - (ii) the DLF contribution to the project would be less than or at least would not exceed that of the Bank and management of the loan would be in the hands of the Bank;
 - (iii) arrangement for DLF participation was made directly between the DLF and the borrower;

2. The Committee considered the question of financing of the additional Ethiopian highways outside the Bank-financed project; and

AGREED that

- (a) the Bank should oppose financing of the foreign exchange cost by the DLF of these highways;

- (b) if the highways were technically and economically feasible and the country was creditworthy for the amount involved, the Bank should be prepared to consider their financing and be agreeable to participation by DLF in the loan on the conditions set forth in 1 (b) above.

C. Relations with IFC

1. The Committee considered the relations between the Bank and IFC in connection with development bank loans, with special reference to the proposed line of credit to Costa Rica; and

AGREED that

- (a) the Bank should be prepared to open negotiations with the Central Bank of Costa Rica for a loan of \$2 million to cover industrial projects;
- (b) this loan should be presented and justified in terms of the general requirements for industrial loan funds in Costa Rica rather than in terms of a specific list of industrial projects;
- (c) the possibility of providing \$600,000 for a textile mill under this loan should be left open until the Bank has studied the merits of the case, in particular the question of whether the textile enterprise needed loan money or equity type capital.

2. The IFC should be informed accordingly.

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

SLC/M/60-6

April 1, 1960

STAFF LOAN COMMITTEE

Minutes of Staff Loan Committee Meeting held on
Tuesday, March 29, 1960 at 12:00 noon in Room 1006

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. R. W. Cavanaugh
Mr. E. E. Clark
Mr. P. S. N. Prasad
Mr. W. M. Gilmartin
Mr. P. Acheson, Acting Secretary

In attendance:

Mr. K. A. Bohr
Mr. C. H. Davies
Mr. S. S. El-Fishawy
Mr. C. Finne
Mr. K. Iverson
Mr. W. L. Jago
Mr. W. M. Keltie

Mr. S. Lipkowitz
Mr. R. Maestri
Miss A. L. Maher
Mr. H. Mirza
Mr. M. Piccagli
Mr. P. Sella

2. Colombia

The Committee considered Memorandum SLC/O/60-8 on the proposed loan to CVC and CHIDRAL; and

APPROVED

the Technical Report, "Appraisal of Yumbo III Thermal and Calima I Hydro Projects," subject to minor changes; and

AGREED that

- (a) negotiations should be begun for the proposed loan on the basis of the recommendations in para. 84 of the Technical Report; and
- (b) standards should be devised by the Working Party and the negotiators to be incorporated into a formula which would assure CHIDRAL's achieving and maintaining a sound financial position.

3. The meeting adjourned at 12:40 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-5

April 5, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, March 23, 1960 at 3:00 p.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman	Mr. A. Stevenson
Mr. S. R. Cope	Mr. E. E. Clark
Mr. O. A. Schmidt	Mr. D. L. Gordon
Mr. S. Aldewereld	Mr. W. M. Gilmartin
Mr. L. B. Rist	Mr. K. Kapur, Acting Secretary
Mr. R. W. Cavanaugh	

In attendance:

Mr. M. L. Lejeune	Mr. S. Lipkowitz
Mr. O. H. Calika	Miss A. L. Maher
Mr. L. Cancio	Mr. H. L. Parsons
Mr. P. Craig-Martin	Mr. P. A. Reid
Mr. J. B. de Boeck	Mr. H. N. Scott
Mr. A. M. Kamarck	Mr. J. Volmuller

2. Kenya

The Committee considered Memorandum SLC/O/60-7, "Kenya - Proposal for Resettlement and Land Development," and

APPROVED

the conclusions on page 6 of the Area Memorandum; and

AGREED that

- (a) the Bank would not formulate, or act as sponsor for, any proposal for resettlement and land development;
- (b) but the Bank could consider participating in the normal way in a project to settle Africans on underdeveloped land, in formerly European areas or elsewhere, with a view to increasing its productivity, provided the project met the Bank's usual tests and had enough political support to make it workable;

also AGREED that

the Bank should proceed with the negotiation on the £2 million agricultural loan to Kenya.

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

SLC/M/60-7

STAFF LOAN COMMITTEE

April 15, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Monday, April 11, 1960 at 5:00 p.m. in Room 1006

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

In attendance:

Mr. W. A. B. Iliff *
Mr. M. M. Mendels
Mr. E. E. Clark
Mr. R. J. Goodman

Mr. K. Guinness
Mr. N. G. Jones
Mr. H. W. Larsen
Mr. R. A. Wheeler

* Part only.

2. Pakistan - Indus Basin Project

The Committee considered the draft Report and Recommendations
of the President on the proposed loan to Pakistan; and

AGREED with

the Report and Recommendations subject to minor changes; and

NOTED that

the loan documents would not be distributed to the Executive Directors
for consideration until there was a clear prospect that the important
outstanding issues between India and Pakistan on the division of the
Indus Basin Waters might be resolved.

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

STAFF LOAN COMMITTEE

SLC/M/60-8

April 29, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Thursday, April 21, 1960 at 3:00 p.m. in Room 1006

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. O. A. Schmidt
Mr. A. Broches 1*/ 2/
Mr. R. W. Cavanaugh 1*/ 2/
Mr. R. H. Demuth
Mr. M. L. Lejeune

Mr. I. P. M. Cargill
Mr. P. J. Squire
Mr. P. S. N. Prasad
Mr. H. W. Larsen 1/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. N. Perry 1/
Mr. E. E. Clark 1*/ 2/
Mr. J. H. Adler 1/
Mrs. S. Boskey
Mr. J. H. Collier
Mr. R. E. Deely 1/
Mr. G. Delaume
Mr. N. Gibbs 2*/

Mr. F. Habib
Mr. H. F. Havlik 1/
Mr. J. M. Jentgen 2*/
Mr. C. L. Kauffmann 1/
Miss A. L. Maher
Mr. A. R. Perram
Mr. H. B. Ripman
Mr. G. C. Wishart

1/ Central America.
2/ Morocco.

* Part only.

2. Central America

The Committee considered Memorandum SLC/O/60-9 on the proposed Central American industrial development bank; and

AGREED that

- (a) the project should be further explored;
- (b) the outline of the proposed project should be communicated to each of the five countries and their governments asked if they are prepared, in principle, to support a bank organized along the general lines suggested;
- (c) the outline should also be sent to the Panamanian Minister of Finance for the views of his Government on whether Panama might wish to participate in the proposed project;
- (d) the Bank should state its willingness to consider making a line of credit available to the new bank, amounting initially to U.S. \$5 million equivalent, providing the bank can be set up on lines agreed to by all participants and satisfactory to the Bank.

- 2 -

3. Morocco

The Committee considered Memorandum SLC/O/60-10 on the conclusions of the recent economic mission to Morocco; and

AGREED that

- (a) the Bank should be prepared to lend to Morocco if a satisfactory project could be found;
- (b) the Bank should not lend to BNDE in the existing circumstances;
- (c) the Government should be informed that:
 - (i) provided the Government is agreeable to implement changes in the organizational structure to ensure that it will operate as a truly independent corporation, and subject to satisfactory demonstration that there is sufficient market for industrial lending, the Bank would be prepared to consider making a line of credit available to assist its operations;
 - (ii) while the Bank's mission did not discover other projects suitable for Bank financing, if any could be presented the Bank would be glad to consider them.

4. The meeting adjourned at 5:20 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-9

May 18, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, May 6, 1960 at 3:00 p.m. in Room 1006

1. Present:

Mr. J. Burke Knapp, Chairman 1*/ 2/
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. A. Broches 1*/ 2/
Mr. R. H. Demuth 1*/ 2/
Mr. A. Stevenson 1*/ 2/

Mr. M. L. Lejeune 1*/ 2/
Mr. P. J. Squire
Mr. D. Avramovic
Mr. Y. L. Chang 1/ 2*/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. N. Perry
Mr. E. E. Clark
Mr. R. G. Bateson 1/
Mr. R. A. Chaufournier 2/
Mr. R. E. Deely 1*/
Mr. J. Filippi
Mr. C. Finne
Mr. G. Gondicas 1/
Mr. H. F. Havlik 1/
Mr. K. Iverson 2/
Mr. C. L. Kauffmann 1/

Mr. W. M. Keltie
Mr. S. Lipkowitz
Mr. R. Maestri
Mr. H. Mirza 2/
Mr. N. Parker 1/
Mr. M. Ross 1/
Mr. Y. Rovani
Mr. A. Saitzoff 1/
Mr. A. D. Spottswood
Mr. C. E. Webb
Mr. M. L. Weiner 2/

1/ Honduras only.
2/ Peru only.

* Part only.

2. Honduras

The Committee considered Memorandum SLC/O/60-13 on the proposed loan for the Canaveral hydroelectric project; and

AGREED that

- (a) representatives should be invited to come to Washington to negotiate the proposed loan of \$8.8 million for the Canaveral project;
- (b) while the Bank should not insist upon obtaining evidence of firm contracts by industrial customers for the purchase of energy from the project, it would be desirable to obtain letters of intent or other similar assurances indicating the availability of a market for the energy;
- (c) Honduras' creditworthiness permitted the Bank to consider lending of \$10-\$12 million in the next year or two for other high priority projects.

3. Peru

The Committee considered Memorandum SIC/O/60-12 on the proposed loan for the Huinco hydroelectric project; and

AGREED that

- (a) representatives should be invited to come to Washington to negotiate the proposed loan of \$24 million;
- (b) the reference in para. 56 of the Technical Report to the foreign exchange cost of the two generator units should include an explanation why the generators were not included in the loan and should state that the Bank considers the price reasonable, especially in the light of standardization of equipment, etc.;

4. International Bidding

The Committee

AGREED that

as international bidding was normally desirable for the businesslike and efficient conduct of a project, unless there were sound reasons to the contrary, the Bank should require this for the whole of any project in which the Bank participated.

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

STAFF LOAN COMMITTEE

SLC/M/60-10

May 12, 1960

Minutes of Staff Loan Committee Meeting held on
Tuesday, May 10, 1960 at 10:00 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. A. Broches
Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. G. N. Perry

Mr. I. P. M. Cargill
Mr. P. J. Squire
Mr. P. S. N. Prasad
Mr. J. H. Collier
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. D. L. Gordon
Mr. R. G. Bateson
Mr. M. Burney
Mr. S. El-Fishawy
Mr. T. Kikui
Mr. A. Kruithof

Mr. H. W. Larsen
Miss A. L. Maher
Mr. B. L. Prins
Mr. P. A. Reid
Mr. G. M. von der Goltz

2. Sudan

The Committee considered Memorandum SLC/O/60-14 on the Managil project; and

AGREED that

representatives might now be invited to come to Washington to negotiate the proposed loan of \$21 million.

3. The meeting adjourned at 11:00 a.m.

STAFF LOAN COMMITTEE

SLC/M/60-11

June 3, 1960

Minutes of Staff Loan Committee Meeting held on
Friday, May 13, 1960 at 3:00 p.m. and on
Monday, May 23, 1960 at 3:00 p.m. in Room 1006

DECLASSIFIED
JUN 10 2014
WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope 2/
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. A. Broches
Mr. R. W. Cavanaugh

Mr. R. H. Demuth 1*/ 2*/
Mr. A. Stevenson
Mr. P. J. Squire 1*/ 2/
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. N. Perry
Mr. I. P. M. Cargill 2/
Mr. L. Murick 2/
Mr. J. H. Adler
Mr. A. Basch 2*/
Mr. L. Cancio
Mr. J. H. Collier 1/
Mr. R. A. Deely 2/
Mr. L. M. Dominguez 1/ 2*/
Mr. H. H. H. Eschenberg 1/
Mr. J. Filippi
Mr. G. Gondicas

Mr. G. Hathaway 2/
Mr. H. F. Hawlik 1/ 2*/
Mr. W. L. Jago
Mr. S. Lipkowitz
Mr. R. Maestri
Mr. A. E. Matter
Mr. N. McKitterick 2/
Mr. A. Palacios 1/
Mr. M. Piccagli
Mr. A. D. Spottswood
Mr. A. Wenzell 1/

* Part only.

1/ First session only.
2/ Second session only

2. Mexico

The Committee considered Memorandum SLC/O/60-15 on the preparation for power discussions in Mexico; and

AGREED that

- (a) Mexico's creditworthiness would permit the Bank to consider loans of about \$50 million for the highway and irrigation projects now under consideration as well as loans of the general magnitude of \$200 million for power during the next three years, assuming that the present obstacles to the Bank's financing of power in Mexico are removed;
- (b) as a prerequisite to further lending for power development, the Bank should require:
 - (i) an effective implementation of the Government's earlier announced intention to establish and maintain rates sufficient to ensure a return of 9% per annum on the investment in the major electric power systems, using the CFE's method of determining gross income and rate base, and in particular that:

- (ii) the bulk of the rate increases necessary to provide this 9% rate of return on the major systems should be in effect before the Bank made further loans for power, any residual increases should be definitely scheduled according to an agreed timetable, and convincing assurances should be obtained that there will be prompt and effective adjustments of rates in the future, preferably on an automatic basis;
- (iii) Mexlight's rates should be increased to compensate for the increases of fuel and labor costs and for the increased cost of wholesale power resulting from the higher rates to be charged by CFE, and some progress should be made on improvements in its basic rate structure;
- (c) the methods which have been used by CFE to obtain bids on many of their projects create difficulties. However, the Committee agreed that the Bank could accept these projects for financing provided that it has been satisfied that there has been adequate international competition, the terms and prices paid are reasonable, and the arrangements for supervision adequate; and finally that to permit CFE to start work on some projects urgently needed before a Bank loan could be made, some of these projects might be pre-financed through suppliers' credits with eventual reimbursement out of a Bank loan.

3. The meeting adjourned at 5:45 p.m., reconvened at 3:00 p.m. on May 23, and adjourned at 5:10 p.m.

STAFF LOAN COMMITTEE

June 8, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, June 1, 1960 at 3:00 p.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. A. Broches
Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson

Mr. G. N. Perry
Mr. I. P. M. Cargill 1*/ 2/
Mr. P. J. Squire
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. E. Clark 1/
Mr. L. Nurick 1/
Mr. P. G. Ramm 1/
Mr. W. J. Bennett
Mr. V. C. Chang 1/
Mr. Y. L. Chang 1/
Mr. R. A. Deely 1/

Mr. S. Lipkowitz 1/
Mr. L. V. Perez 1/
Mr. B. L. Prins 1/
Mr. W. C. P. Rutland 1/
Mr. C. W. Wang 2/
Mr. G. Wiese

* Part only.

1/ Exchange Risk and Loan Service Payments
only.

2/ Ethiopia only.

2. Letters of Credit - Exchange Risk

The Committee considered Memorandum SLC/O/60-16 on the exchange risk on letters of credit guaranteed by the Bank; and

AGREED that

- (a) the Bank should continue to place its limitation clause on letters of credit guaranteed by the Bank in currencies other than the currency in which a loan is denominated;
- (b) a blanket approval should be obtained from each borrower concerned authorizing the Bank to use any uncommitted funds in the loan to cover shortfalls resulting from exchange fluctuations under guaranteed letters of credit.

3. Loan Service Payments - Purchase of Currencies

The Committee considered Memorandum SLC/O/60-19 on the purchase of currencies due as loan service payments; and

AGREED that

- (a) the Bank in future should:
 - (i) agree to purchase the currencies needed by the borrower for loan service payments whenever the borrower supplies the Bank with U.S. dollars or pounds sterling for this purpose;

- (ii) reserve the right to terminate this arrangement at any time;
- (b) the Treasurer should prepare a simple note to go to the Executive Directors as a Secretary's Memorandum to inform them accordingly.

4. Loan Service Payments - Allocation of Currencies

The Committee considered Memorandum SLC/O/60-20 on the allocation of currencies to loan maturities; and

AGREED that

- (a) where several currencies are outstanding on a loan, in addition to the deviations from a pro rata allocation to maturities at present made, the Bank should have the freedom:
 - (i) to recover in the latest maturities any 18% capital funds used for the loan;
 - (ii) to switch the classification of types of currencies between loans;
- (b) a paper informing the Executive Directors that, subject to no objection being raised, the Bank proposes to pursue this course should be placed on their agenda for an early meeting;
- (c) provided no objection is raised by the Executive Directors, the Bank should then advise each member country of the procedure it proposes to follow.

5. Ethiopia

The Committee considered the conclusion on creditworthiness in para. 74 of the Economic Report (AS 79); and

AGREED that

Ethiopia appeared creditworthy for the amount of further Bank loans amounting to \$10-\$12 million now under consideration.

6. Economic and Technical Reports

The Committee considered the presentation of these reports; and

AGREED that

- (a) reports presented to the Staff Loan Committee should be frank and state the facts and judgements made as clearly as possible;
- (b) Heads of Departments are responsible for the review of the final reports to ensure that any recommendations made by the Staff Loan Committee on the earlier versions have been followed and that the reports have been suitably edited, etc., before distribution to the Executive Directors.

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

STAFF LOAN COMMITTEE

SLC/M/60-13

June 17, 1960
DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, June 8, 1960 at 4:30 p.m. in Room 1006

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. M. M. Rosen
Mr. R. W. Cavanaugh
Mr. R. H. Demuth

Mr. A. Stevenson
Mr. G. N. Perry
Mr. P. J. Squire
Mr. E. E. Clark
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. N. Bass
Mr. N. L. Caiola
Mr. L. Cancio
Mr. F. Habib
Mr. S. Lipkowitz

Mr. R. Maestri
Mr. T. W. Mooney
Mr. R. H. Sheehan
Mr. A. Wenzell

2. El Salvador

The Committee considered Memorandum SLC/O/60-21 on the proposed loan for the Guajoyo project; and

AGREED that

- (a) representatives might now be invited to come to Washington to negotiate the proposed loan;
- (b) the Company should be informed in the negotiations that in view of CEL's estimated cash generation during the construction period of the project, interest during construction should not be included in the proposed loan;
- (c) the condition on the maintenance of the earnings/debt service ratio outlined in Clause 5.09 of the Agreement for the earlier loan (221 ES) should not be waived;
- (d) the exclusion of interest during construction from the proposed loan would probably be sufficient to satisfy, very closely, the condition in Clause 5.09.

3. The meeting adjourned at 5:10 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-14

June 10, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, June 10, 1960 at 11:00 a.m. in Room 1006

1. Present:

Mr. J. Burke Knapp, President *
Mr. M. M. Rosen *
Mr. R. W. Cavanaugh *
Mr. R. H. Demuth *
Mr. A. Stevenson
Mr. M. L. Lejeune

Mr. G. N. Perry
Mr. P. J. Squire
Mr. E. E. Clark
Mr. P. S. N. Prasad *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Eugene R. Black *
Mr. H. N. Graves
Mr. M. L. Hoffman
Mr. G. R. Young
Mr. L. Cancio *
Mr. R. J. Goodman
Mr. H. W. Larsen

Miss A. L. Maher
Mr. G. S. Mason *
Mr. N. McKitterick *
Mr. R. Sadove
Mr. C. Taylor (consultant)
Mr. M. van der Mel
Mr. E. P. Wright

* Part only.

2. India

The Committee heard an oral report by Mr. Hoffman and other members of the recent mission to India.

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

STAFF LOAN COMMITTEE

SLC/M/60-15

June 17, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Monday, June 13, 1960 at 10:00 a.m. in Room 1006

1. Present:

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

Mr. A. Stevenson*
Mr. P. J. Squire*
Mr. E. E. Clark
Mr. F. Lutolf
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. M. Mendels*
Mr. W. F. Howell
Mr. H. N. Graves*
Mr. M. L. Lejeune

Mr. G. N. Perry*
Mrs. S. Boskey
Mr. H. B. Ripman

* Part only.

2. International Development Association

The Committee considered Memorandum SLC/O/60-23; and

APPROVED

the Memorandum with minor modifications.

3. The meeting adjourned at 12:45 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-16

June 17, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, June 15, 1960 at 10:00 a.m. in Room 1006

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. R. W. Cavanaugh 1/
Mr. R. H. Demuth 1/

Mr. A. Stevenson
Mr. P. J. Squire 1*/ 2/
Mr. E. E. Clark
Mr. P. S. N. Prasad
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. N. Perry
Mr. J. H. Adler
Mr. L. Cancio
Mr. R. A. Chaufournier
Mr. H. H. Eschenberg
Miss A. L. Maher

Mr. L. G. Marshall
Mr. J. C. Mehaffey 1*/
Mr. M. Piccagli
Mr. G. L. Sandelin
Mr. M. F. Verheyen

* Part only.

1/ First session.
2/ Second session.

2. Argentina

The Committee considered Memorandum SLC/O/60-24 on the proposed lending program for Argentina; and

AGREED that

- (a) provided that satisfactory assurances are obtained from the Government on its public external debt operations, the Bank might commence lending operations in Argentina with an initial lending program of \$60-\$70 million for power;
- (b) the Bank should indicate its willingness to consider the new Dock Sud project, and to examine the further proposal for extending the Puerto Nuevo Station (SEGBA) as the basis for possible loans, provided that subsequent appraisals show that these projects are, or can be made, suitable for Bank financing;
- (c) in the case of the new Dock Sud project, the Bank should explore the possibility of bringing about a rearrangement of the existing credit terms, and might consider a loan to finance part of the equipment already purchased for this project, provided that:
 - (i) the private group which has made short-term loans to finance its purchases agrees to stretch out the term of the remaining portion of the debt;
 - (ii) the Government would agree to set up a new company under private control; and

- 2 -

- (iii) adequate local currency to complete the project on an agreed schedule is assured;
 - (d) before informing the Government of the Bank's willingness to consider refinancing the new Dock Sud project:
 - (i) the U.K. Director should be consulted about the willingness of his Government to support the proposed extension of the term of the remaining debt; and
 - (ii) the Executive Directors, or the Executive Directors representing the principal exporting countries, should be informed of the refinancing proposal.
3. The meeting adjourned at 12:60 p.m., reconvened at 2:15 p.m. and adjourned at 3:00 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-17

June 30, 1960

Minutes of Staff Loan Committee Meeting held on
Monday, June 27, 1960 at 11:40 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

A. Present:

Mr. W. A. B. Iliff, Chairman
Mr. S. R. Cope
Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. I. P. M. Cargill

Mr. P. J. Squire
Mr. E. E. Clark
Mr. P. S. N. Prasad
Mr. J. H. Adler
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Eugene R. Black *
Mr. R. L. Garner
Mr. M. M. Mendels *
Mr. H. N. Graves
Mr. M. L. Lejeune
Mr. W. J. Armstrong
Mr. W. C. Baum
Mr. P. Craig-Martin
Mr. D. L. Gordon
Mr. G. Hathaway

Miss A. L. Maher
Mr. J. F. Main
Mr. A. Perram
Mr. P. A. Reid
Mr. P. Sella
Mr. H. van Helden
Mr. B. Walstedt
Mr. J. H. Williams
Mr. A. Wubnig

* Part only.

B. Spain

The Committee considered Memorandum SLC/O/60-25 on the report of the mission to Spain; and

AGREED that the Bank should

- (1) sound out the U.S. Government informally on its attitude towards the Bank's operations in Spain and its willingness to see the Bank assume the role of Spain's principal banker for development credit and to support the Bank's approach to the Spanish situation on the lines of para. (2)(b) below;
- (2) if the attitude of the U.S. Government is favorable, inform the Spanish Government that:
 - (a) the Bank is impressed with the way in which the Government has brought inflation under control and has improved the external position;
 - (b) following its recent mission, the Bank has concluded that for further sound development of the economy it will be necessary to:
 - (i) reorganize the Government Ministries in order to concentrate responsibility for economic and financial policy;

- (ii) remove the still numerous controls, particularly those on private industry;
 - (iii) liberalize its economic policies to encourage private initiative, stimulate the free inflow of foreign capital, etc.;
- (c) if the Government is prepared to proceed along these lines, the Bank would be ready to:
- (i) provide technical assistance in agriculture and transportation;
 - (ii) advise on the preparation of a long-range development program;
 - (iii) consider loans to Spain for economic development over a period of years;
- (d) in the absence of Government measures along these lines, the Bank could provide technical assistance or loans only in limited sectors and on a small scale;
- (e) as a first step, the Bank is prepared to:
- (i) provide limited technical assistance for transport and agriculture;
 - (ii) consider small project loans for an industrial or agricultural development bank, road construction equipment or irrigation up to a very limited amount.

C. The meeting adjourned at 12:40 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-18

July 7, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, June 29, 1960 at 10:00 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. W. A. B. Iliff, Chairman
Mr. M. M. Rosen
Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. M. L. Lejeune

Mr. G. N. Perry
Mr. P. J. Squire
Mr. L. Nurick *
Mr. P. S. N. Prasad *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. N. Bass
Mr. D. R. Brash
Mr. J. B. De Boeck *
Mr. W. Diamond
Mr. G. Hathaway
Mr. R. A. Hornstein
Mr. A. M. Kamarck

Mr. B. B. King
Mr. S. Lipkowitz
Mr. J. C. Lithgow
Miss A. L. Maher
Mr. R. Skillings
Mr. A. D. Spottswood

* Part only.

2. Ghana

The Committee considered Memorandum SLC/O/60-26 on the Volta River project; and

RECOMMENDED that

(a) the Bank's views on:

(i) the short-term financial aspects of the project; and

(ii) the long-term value of the project to the Ghanaian economy;

should be segregated in the Technical Report and the appraisal of the latter shown in more detail;

(b) the methods used to calculate the return on the investment on a discounted cash flow basis should be stated;

(c) the Project Report, revised as suggested above, and the Economic Report, both reports with minor other changes and after suitable editing, should be sent to the Government;

(d) the covering letter to the Government should:

(i) restate Mr. Black's earlier conclusions and state that a final decision to negotiate a loan, if asked to do so, and the conditions for these negotiations would depend on firmer information and the specific plans and arrangements contemplated;

- (ii) emphasize the need for prompt reappraisal and limitation of Ghana's development program;
- (iii) state the Bank's view that the power tariff should be not less than 3.5 mills and that, unless Ghana obtained compensating advantages from the aluminum companies, any lower tariff would cause the Bank to reappraise the desirability of considering any participation in the financing of the project;
- (iv) note that if the Bank were asked to lend for the project it might have other considerations to raise which were not included in the reports;
- (e) the letter should be followed by a small Bank mission to explain to the Government the assumptions on which the reports were based, etc.

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

STAFF LOAN COMMITTEE

SLC/M/60-19

July 15, 1960

Minutes of Staff Loan Committee held on
Friday, July 8, 1960, at 11:00 a.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. W. A. B. Iliff, Chairman
Mr. M. M. Rosen
Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. M. L. Lejeune
Mr. G. N. Perry

Mr. P. J. Squire
Mr. E. E. Clark *
Mr. H. W. Larsen
Mr. F. Lutolf
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. G. M. Alter
Mr. B. M. Cheek
Mr. S. C. Hardy
Mr. K. Iverson
Mr. H. R. Labouisse

Mr. R. Maestri
Mr. N. McKitterick
Mr. H. Mirza
Mr. R. Sadove
Mr. S. Takahashi

* Part only.

2. Venezuela

The Committee considered Memorandum SLC/O/60-27 on a proposed Bank lending program in Venezuela; and

AGREED that

- (a) assuming that the Government was successful in its efforts to achieve a reasonable degree of monetary, fiscal and political stability, there appeared to be no objection on creditworthiness grounds to further external borrowing up to \$210 million;
- (b) ~~the~~ Bank should inform the Government that:
 - (i) the Bank's preliminary impressions about Venezuela's creditworthiness enabled the Bank to consider its possible association with a project now and, provided a satisfactory project were developed, the Bank would be prepared to consider a loan of about \$30 million for highway construction;
 - (ii) consideration of any further lending should await the presentation of the survey mission's report and its recommendations, and the Government's reactions to them.

3. The meeting adjourned at 12:40 p.m.

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CONFIDENTIAL

STAFF LOAN COMMITTEE

SLC/M/60-20

July 13, 1960

Minutes of Staff Loan Committee Meeting held on
Monday, July 11, 1960 at 3:00 p.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. W. A. B. Iliff, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. R. W. Cavanaugh
Mr. R. H. Demuth *
Mr. M. L. Lejeune

Mr. G. N. Perry
Mr. P. J. Squire
Mr. E. E. Clark
Mr. F. Lutolf
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. J. Armstrong
Mr. D. J. Fontein
Mr. R. J. Goodman
Mr. D. W. Jeffries
Mr. J. F. Main
Miss A. L. Maher

Mr. G. S. Mason
Mr. P. Sella
Mr. M. F. Verheyen
Mr. J. Volmuller
Mr. A. Wubnig

* Part only.

2. Israel

The Committee considered Memorandum SLC/O/60-28 on the proposed loan to Israel for the ports of Haifa and Ashdod, and

AGREED that

representatives might now be invited to come to Washington to negotiate the proposed loan.

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

STAFF LOAN COMMITTEE

SLC/M/60-21

August 11, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, August 3, 1960, at 3:00 p.m., and
Thursday, August 4, 1960, at 2:30 p.m. in Room 1006

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski
Mr. M. M. Rosen
Mr. S. Aldewereld 1/ 2*/
Mr. L. B. Rist
Mr. R. H. Demuth 1/ 2*/

Mr. M. L. Lejeune 1/ 2*/
Mr. G. N. Perry 1/ 2*/
Mr. E. E. Clark
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff 1*/
Mr. A. Basch
Mr. J. C. de Wilde
Mr. J. Groome
Mr. M. L. Hoffman
Mr. N. G. Jones
Mr. H. W. Larsen
Mr. G. S. Mason 1/ 2*/

Mr. J. Panel
Mr. H. N. Scott 1*/ 2/
Mr. A. Stevenson
Mr. C. Taylor 1/ 2*/
Mr. S. Tolbert 1/ 2*/
Mr. Van der Mel 1/ 2*/
Mr. E. P. Wright

1/ First session only.
2/ Second session only.

* Part only.

2. India

The Committee considered the findings of the mission to India and Memorandum SLC/O/60-36 on the next consortium meeting and

AGREED

- I. with the findings of the mission, subject to minor changes;
- II. that Mr. Levy should be invited to comment on the statements on petroleum in the Mission Report;
- III. generally with the proposed agenda for the consortium meeting, and that the memorandum on item III on possible measures of assistance should bring out the following points for discussion:
 - (a) India's limited capacity to borrow on a hard or short term basis, and the need for untied loans or grants and for a proportion of the financing to be provided for general purposes;

- (b) consideration by creditor governments of the extent to which they might extend payments of existing loans;
 - (c) preliminary discussion of the amount and terms and conditions for assistance;
 - (d) what commitments would be needed before March 1961;
 - (e) the procedure to be followed in obtaining
 - (i) pledges of assistance from individual countries at the proposed consortium meeting in February 1961, and
 - (ii) assurances the consortium might require from India.
- IV. the memorandum should contain a qualified statement of the amount of possible assistance by the Bank;
- V. another meeting should be held to consider policy papers and briefs for the Paris meeting.

The meeting adjourned at 5:30 p.m. on August 3, reconvened at 2:30 p.m. on August 4 and adjourned at 5:30 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-22

August 11, 1960

Minutes of Staff Loan Committee Meeting held on
Tuesday, August 2, 1960 at 3:00 p.m. in Room 1006

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. R. H. Demuth
Mr. A. Stevenson

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. K. A. Bohr
Mr. J. Groome *C*
Mr. E. P. Delany
Mr. W. Diamond
Mr. A. M. Kamarck

Mr. J. F. Panel
Sir Herbert Stewart
Mr. C. H. Thompson
Mr. M. F. Verheyen
Mr. V. Wouters

* Part only.

2. Yugoslavia

The Committee considered Memorandum SLC/O/60-35 on the proposed resumption of lending in Yugoslavia and

AGREED

- (a) that the Bank should be ready to consider lending \$25 million to Yugoslavia as soon as projects are appraised, subject to satisfactory settlement of or progress on the remaining defaulted debt;
- (b) that the Bank should concentrate its immediate lending in one or two sectors of the economy, preferably power;
- (c) that the Bank might cover a reasonable part of the total cost of projects chosen rather than financing only the import costs, provided that any local procurement financed met the test of international competition;
- (d) that subsequent lending to Yugoslavia should depend on satisfactory progress in stabilizing the economy without undue continued dependence on foreign credits.

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

STAFF LOAN COMMITTEE

SLC/M/60-23

August 15, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Thursday, August 11, 1960 at 3:00 p.m. in Room 1006

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. J. H. Adler
Mr. E. E. Clark
Mr. P. G. Ramm
Mr. D. L. Gordon
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. A. Basch
Mr. R. Benrubi
Mr. J. Groome
Mr. J. C. deWilde
Mr. R. J. Goodman

Mr. N. G. Jones
Mr. H. W. Larsen
Mr. J. F. Panel
Mr. A. Stevenson

2. Pakistan

The Committee considered the findings of the Economic Report (AS-81) and Memorandum SLC/O/60-38 on the proposed consortium meeting and

AGREED

- (a) with the findings of the report, excepting those on creditworthiness, subject to minor changes, and with the proposed agenda for the consortium meeting in October;
- (b) that a statement should be included
 - (i) in the foreword to the report, that it was a general appraisal and did not contain an analysis of the various economic sectors;
 - (ii) in the foreword to the report or in the covering memorandum, that the Bank intended to complete a more detailed review early in 1961;
- (c) that a further meeting of the Committee should be held in the first week of September to review further the conclusions on creditworthiness;
- (d) that the Area Department should prepare a memorandum, supported by charts, on the projected level of debt service based on various assumptions of external aid, for this meeting.

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

STAFF LOAN COMMITTEE

SLC/M/60-24

August 12, 1960

Minutes of Staff Loan Committee Meeting held on
Tuesday, August 9, 1960, at 3:00 p.m. in Room 1006

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. J. Rucinski 1/ 2/ 3*/
Mr. S. R. Cope
Mr. M. M. Rosen 1/ 2/ 3*/
Mr. S. Aldewereld

Mr. L. B. Rist
Mr. G. N. Perry 1/ 2/ 3*/
Mr. L. Nurick
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. B. Arnold 1/
Mr. N. Bass 1*/ 2/ 3/
Mr. W. Diamond 2/ 3/
Mr. S. S. El-Fishawy 1/
Mr. D. J. Fontein 3/
Mr. M. L. Lejeune
Mr. S. Lipkowitz 1/
Mr. A. Macone

Miss A. L. Maher 1*/ 2/ 3/
Mr. O. M. Myhrer
Mr. H. L. Parsons
Mr. P. A. Reid 1/
Mr. J. de Roquefeuil 2/ 3/
Mr. H. N. Scott 1/ 2/ 3/
Mr. A. D. Spottswood
Mr. P. J. Squire

* Part only

1/ First session
2/ Second session
3/ Third session

2. Sudan

The Committee heard an oral report by Mr. Rucinski on the status of the Roseires project.

3. Uganda

The Committee considered Memorandum SLC/O/60-37 on the Electricity Board project and

AGREED that

(a) the Bank should require:

- (i) a rate increase effective January 1, 1961, to produce enough revenue in the year ending December 31, 1962, to cover operating costs, including proper depreciation charges in that year;
- (ii) the cessation of capitalizing of interest on January 1, 1961;
- (iii) commencement of straight-line depreciation on January 1, 1961, unless good reasons acceptable to the Bank are presented to delay this until January 1962;

- (iv) an ordinance, satisfactory to the Bank, governing the UEB;
- (b) if the Government accepted these conditions, representatives should be invited to come to Washington to negotiate the proposed loan.

4. Ghana

The Committee heard an oral report by Mr. Diamond on the status of the Volta River project.

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

STAFF LOAN COMMITTEE

SLC/M/60-25

DECLASSIFIED
September 16, 1960

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Wednesday, September 7, 1960, at 10:00 a.m. in Room 1006

1. Present:

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

Mr. R. W. Cavanaugh *
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. G. N. Perry *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. M. Mendels *
Mr. H. N. Graves
Mr. L. Nurick *

Mr. P. G. Ramm
Mrs. S. Boskey
Mr. N. McKitterick

* Part only.

2. International Development Association

The Committee considered the second progress report (SLC/O/60-40) of the IDA Preparatory Committee; and

AGREED

with the Memorandum, subject to minor changes.

3. The meeting adjourned at 11:45 a.m.

STAFF LOAN COMMITTEE

SLC/M/60-26

September 16, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, September 7, 1960 at 3:00 p.m. in Room 1006

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. A. Broches
Mr. L. B. Rist

Mr. R. W. Cavanaugh *
Mr. R. H. Demuth *
Mr. A. Stevenson
Mr. G. N. Perry
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. A. B. Iliff *
Mr. M. M. Mendels *
Mr. H. N. Graves *
Mr. M. L. Hoffman *
Mr. E. E. Clark
Mr. R. J. Goodman

Mr. D. L. Gordon
Mr. H. W. Larsen
Miss A. L. Maher
Mr. M. van der Mel
Mr. E. P. Wright

* Part only.

2. India - Pakistan

The Committee considered Memorandum SLC/O/60-41 on the Bank's lending policy towards India and Pakistan; and

AGREED that

at the forthcoming Consortium meetings:

(a) the Bank should emphasize that:

- (i) substantial foreign aid will be necessary for a considerable period of time;
- (ii) a great part of the aid will need to be in forms which do not place any significant burden on the countries' balances of payments;
- (iii) such lending as is repayable in foreign exchange should be long-term;
- (iv) the undesirable features of restricting the use of aid to purchases in a particular country should be kept to a minimum;
- (v) a substantial proportion of aid should not be tied to the foreign exchange cost of projects but should be either on a non-project basis or for part of the local currency cost of projects;

- 2 -

- (vi) if economic development is not to lose momentum, India and Pakistan will have to make substantial commitments on various projects very soon;
- (b) in view of the Bank's sponsorship of the meetings, the Bank should indicate its willingness to consider, including contributions by IDA, participation:
 - (i) in the case of India, to the extent of approximately \$100 million a year for the duration of the Third Five-Year Plan;
 - (ii) in the case of Pakistan, to the extent of approximately \$60 million for the first two years of the Second Plan;

both subject to adequate assistance being provided from other sources under suitable terms and conditions.

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

STAFF LOAN COMMITTEE

SLC/M/60-27

September 22, 1960

Minutes of Staff Loan Committee Meeting held on
Thursday, September 15, 1960 at 3:00 p.m. in Room 1006

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. L. B. Rist
Mr. R. W. Cavanaugh

Mr. R. H. Demuth
Mr. A. Stevenson
Mr. P. J. Squire
Mr. J. H. Adler
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. W. J. Armstrong *
Mr. D. R. Brash *
Mr. J. M. Croome
Mr. W. Diamond *
Mr. W. D. S. Fraser
Mr. W. M. Gilmartin
Mr. R. A. Hornstein

Mr. F. H. H. King
Mr. B. Luzzatto
Mr. S. N. McIvor *
Mr. R. Sadove
Mr. A. D. Spottswood
Mr. G. M. Street

* Part only.

2. Thailand

The Committee considered Memorandum SLC/O/60-44 on the Bank's lending policy towards Thailand; and

AGREED that

- (a) the Bank should be prepared to consider further lending to Thailand for:
 - (i) the railway project, for which an application for a loan of \$20 million had already been received;
 - (ii) the power project, which was expected to be ready for consideration by the Bank next year;
 - (iii) possible irrigation and road projects, which were unlikely to be ready for consideration by the Bank for some time;
- (b) there appeared to be no necessity to continue the agreement limiting Thailand's external debt obligations;
- (c) the Minister of Finance, while here for the Annual Meeting, should be informed accordingly.

3. Municipal Water Supply Projects

The Committee AGREED that

- (a) the Department of Technical Operations should prepare an analysis of the points for and against the Bank's present policy of refusing to consider applications for loans for municipal water supply projects;
- (b) this analysis, together with the Department's recommendations, should be considered by the Committee at a convenient future date.

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

STAFF LOAN COMMITTEE

SLC/M/60-28

September 26, 1960

Minutes of Staff Loan Committee Meeting held on
Monday, September 19, 1960 at 3:30 p.m. in Room 1006

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. L. B. Rist

Mr. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. J. H. Adler
Mr. A. D. Spottswood 1/
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. A. Stevenson 2*/
Mr. M. L. Lejeune 1/
Mr. L. Nurick
Mr. T. V. Andersen 2*/
Mr. W. J. Armstrong
Mrs. S. Boskey 2*/
Mr. J. M. Groome
Mr. W. Diamond 1/

Mr. R. A. Hornstein 1/
Mr. E. T. Kuiper 2*/
Mr. S. N. McIvor 1/
Mr. J. P. Thibaud 2*/
Mr. V. Van Dine 2*/
Mr. C. W. Wang 2*/
Mr. G. Wiese 2*/
Mr. G. Wishart 2*/

1/ Ghana only.
2/ Ethiopia only.

* Part only.

2. Ghana

The Committee considered Memorandum SLC/O/60-42 and the conclusions in paras. 17 to 19 of the Working Party memorandum on security arrangements for the proposed loan for the Volta project; and

AGREED that

- (a) unless the other creditors asked for specific security, the Bank should not ask for it;
- (b) the Bank should not ask the Government to set aside particular funds for the service of the proposed loan.

3. Ethiopia

(a) The Committee heard an oral report by Mr. Kuiper on the Development Bank of Ethiopia (DBE).

(b) The Committee considered the status of the proposed further loan of \$2 million for the DBE; and

AGREED that

- (i) while the Bank should proceed with negotiations for the proposed loan

- 2 -

- (ii) care should be taken that from now on the Ethiopian authorities understood that any further loan would depend on the success of the DBE's management in the future in developing the DBE so as to overcome its present defects and to make a greater contribution to the economy.

4. The meeting adjourned at 5:10 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-29

October 4, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Thursday, September 22, 1960 at 3:00 p.m. in Room 1006

1. Present:

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

Mr. R. W. Cavanaugh 1/
Mr. W. Diamond
Mr. P. J. Squire
Mr. D. L. Gordon
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. M. M. Mendels 1*/
Mr. M. L. Hoffman 1/
Mr. J. D. Miller
Mr. I. P. M. Cargill
Mr. D. Avramovic 1/
Mr. H. E. Bachem 1/
Mr. O. F. Dajany 1/
Mr. J. Edelman 1/

Mr. H. G. Hilken 1/
Mr. R. A. Hornstein 2*/
Miss A. L. Maher 1*/ 2/
Mr. R. Skillings 2/
Mr. S. Takahashi 1/
Mr. S. Taylor (consultant) 1/
Mr. C. E. Webb 1/
Mr. C. H. White 1/

1/ Malaya only.
2/ Ghana only.

* Part only.

2. Malaya

The Committee considered Memorandum SLC/O/60-45 on the Bank's lending policy towards Malaya; and

AGREED that

- (a) subject to the maintenance of sound financial and economic policies and political stability, the Bank might consider new commitments in Malaya of US\$100 - 150 million in the next five years;
- (b) without stating any amounts, the Government should be informed that, subject to the maintenance of the existing sound position, the Bank would be prepared to consider a series of loans for suitable projects in the Five-Year Plan over the period of the Plan.

3. Ghana

The Committee heard an oral report on the progress of discussions on the Volta project.

4. The meeting adjourned at 4:35 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-30

October 25, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Friday, October 21, 1960 at 3:00 p.m. in Room 1006

1. Present:

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

Mr. L. B. Rist
Mr. R. H. Demuth
Mr. P. J. Squire *
Mr. P. G. Ramm
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. H. N. Graves
Mr. W. Diamond
Mr. E. E. Clark
Mr. K. Iverson *
Mr. W. J. Armstrong
Mrs. S. Boskey
Mr. W. Brakel

Mr. L. Cancio
Mr. J. B. De Boeck
Mr. R. J. Goodman
Mr. R. Sadove
Mr. H. N. Scott
Mr. J. L. Upper
Mr. E. P. Wright

* Part only.

2. Jordan

The Committee considered Memorandum SLC/O/60-47 on applications for financing by IDA in Jordan; and

AGREED that

- (a) IDA should not finance the whole of a project;
- (b) in the special case of the Jordanian water supply projects, IDA should be prepared to consider the financing of approximately 70% of the total cost (external and local); the balance should come from Jordanian sources with a substantial part raised by municipalities either from new taxes or borrowings from local sources;
- (c) whether IDA's funds were used for local currency or foreign exchange expenditures should not be a material consideration;
- (d) while part of the costs of the projects might be met by an agency of a friendly Government directly in the 70% or indirectly in the 30% referred to above, it was important that no more than 70% of the cost of the projects be financed explicitly by foreign aid;
- (e) the projects should be self-liquidating;
- (f) IDA should require that the relending of the funds by the Government should be on conventional terms similar to those required by the Bank;
- (g) the mission should stop in Geneva on its way to Jordan to inform WHO of IDA's activities in this connection.

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

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CONFIDENTIAL

STAFF LOAN COMMITTEE

SLC/M/60-31

October 28, 1960

DECLASSIFIED

JUN 10 2014

WBG ARCHIVES

Minutes of Staff Loan Committee Meeting held on
Tuesday, October 25, 1960 at 3:00 p.m. in Room 1006

1. Present:

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

Mr. R. W. Cavanaugh
Mr. W. Diamond
Mr. P. J. Squire
Mr. K. Iverson
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. E. E. Clark
Mr. W. Brakel
Mr. G. S. Brown (consultant)
Mr. O. H. Folk
Miss A. L. Maher *
Mr. J. F. Panel

Mr. H. Pollan
Mr. P. A. Reid
Mr. R. Sadove
Mr. P. Sella
Mr. G. M. Street
Mr. H. Van Helden *

* Part only.

2. Saudi Arabia

The Committee considered the general suggestions and recommendations in paras. 3 and 4 (a), (b), (c), (d), (h), (i) and (j) of the economic report on Saudi Arabia (AS 82); and

AGREED that

- (a) after some minor changes had been made, the report should be transmitted to the Government;
- (b) if the Government, after studying the report, asked the Bank for assistance in building up its organization for economic development, the Bank should be prepared to provide this to the extent practicable;
- (c) the report should not be distributed to the Executive Directors unless the Government decided to publish it.

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

STAFF LOAN COMMITTEE

SLC/M/60-32

November 4, 1960

Minutes of Staff Loan Committee Meeting held on
Thursday, November 3, 1960 at 3:00 p.m. in Room 1006

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. W. Cavanaugh
Mr. K. Iverson
Mr. H. W. Larsen
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. E. E. Clark
Mr. P. G. Ramm
Mr. P. Acheson
Mr. K. A. Bohr

Mr. J. H. Collier
Mr. S. Lipkowitz
Mr. L. V. Perez
Mr. A. Wubnig

2. Disbursements - Shipping and Insurance Services

The Committee considered Memorandum SLC/O/60-48 on the impact of protectionist measures on disbursements for shipping and insurance services; and

AGREED that

- (a) while such measures were to be deplored, it would not be feasible for the Bank to insist upon competitive bidding for such services;
- (b) the Bank should continue its present practice of financing the foreign exchange cost of freight on borrowing countries' shipping lines, even if documents presented to the Bank may evidence the limitation or exclusion of competition;
- (c) the Bank should continue to finance the foreign exchange cost of insurance placed in borrowing countries provided the insurance meets the condition of the Loan Agreement.

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

STAFF LOAN COMMITTEE

SLC/M/60-33

November 15, 1960

Minutes of Staff Loan Committee Meeting held on
Thursday, November 10, 1960 at 11:00 a.m. in Room 1006

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. R. W. Cavanaugh
Mr. W. Diamond
Mr. K. Iverson
Mr. R. G. Bateson
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. A. Basch
Mr. N. Chakravarti
Mr. O. Dajany
Mr. A. Geolot
Mr. J. Heymans

Mr. A. G. Kheradjou
Miss A. L. Maher
Mr. P. Sella
Mr. H. Tolley

2. Burma

The Committee considered Memorandum SLC/O/60-49 on the proposed loan for the railway project and the conclusions and recommendations in paras. 39, 41 and 42 of the mission report (FE 17); and

AGREED that

- (a) representatives of the Government and the Burma Railways might now be invited to come to Washington to negotiate the proposed loan;
- (b) with a view to reaching a better relationship and making a greater contribution than heretofore to the country's economic development, the Bank should agree to review the Four-Year Plan now under preparation and select from it a number of high priority projects for possible financing.

3. The meeting adjourned at 12:10 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-34

November 17, 1960

Minutes of Staff Loan Committee Meeting held on
Tuesday, November 15, 1960 at 3:15 p.m. in Room 1006

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. R. W. Cavanaugh
Mr. K. Iverson
Mr. H. E. Bachem
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. M. L. Hoffman
Mr. W. Diamond
Mr. J. H. Adler
Mr. T. V. Andersen
Mr. R. L. Bloor
Mr. K. A. Bohr
Mr. L. Cancio

Mr. R. A. Deely
Mr. L. M. Dominguez
Mr. G. Gondicas
Mr. H. W. Larsen
Miss A. L. Maher
Mr. P. A. Reid

2. Mexico

The Committee considered Memorandum SLC/O/60-52 on the proposed loan for the irrigation project; and

AGREED that

- (a) representatives might now be invited to come to Washington to negotiate the proposed loan;
- (b) if the Government should find the levy of the rehabilitation quota, suggested by the Secretariat of Hydraulic Resources, on the ejidatarios (members of group settlements) impracticable, the Bank might accept a reduction or its elimination provided the effect on the return on the Government's investment would be offset by receipts from export taxes attributable to the project or an increase of the rehabilitation quota levied on others.

3. The meeting adjourned at 4:25 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-35

November 30, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, November 23, 1960 at 3:15 p.m. in Room 1006

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. R. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. E. E. Clark
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. W. Diamond
Mr. K. Iverson
Mr. W. J. Armstrong
Mr. D. Avramovic
Mr. R. A. Chauffournier 1/
Mr. J. M. Croome
Mr. F. d'Epenoux 1/

Mr. C. Duran-Ballen 1/
Mr. C. L. Kauffmann 1/
Mr. W. L. Keltie 1/
Mr. C. Lacayo 1/
Mr. R. Sadove
Mr. H. van Helden
Mr. R. W. Wilson 1/

1/ Chile only.

2. Chile

The Committee considered the conclusions and recommendations in paras. 18 to 21 and 29 to 31 of the Report (WH 101) on prospective Bank and IDA operations in Chile; and

AGREED that

- (a) while an economic report would be necessary to evaluate Chile's creditworthiness fully, the amount of financial assistance expected to be requested for satisfactory projects would exceed Chile's creditworthiness, if all the financial assistance were to be made on a "hard loan" basis;
- (b) financial assistance should be a "blend" of Bank and IDA lending;
- (c) a mission should be sent to Chile as soon as possible:
 - (i) to appraise the feeder road project with a view to IDA financing;
 - (ii) to review the Government's agricultural development program to determine:
 - (1) whether any part could be put into effect immediately; and
 - (2) the kind of technical assistance needed to prepare an effective agricultural development program;

- (d) the Bank should explore further with the Chilean delegation expected in Washington next week the Government's need for technical assistance and might inform the delegation that the Bank would be willing to organize and finance a general survey of the south of Chile, with primary emphasis on agriculture and transport:
 - (i) to make recommendations on the immediate railroad problem; and
 - (ii) to prepare an integrated ten-year investment program for the area;
- (e) if the Bank were to arrange a survey, the Government should be asked to refrain from making further commitments for the railroads until the results of the survey are available.

3. Municipal Water Supply Projects

The Committee considered Memorandum SLC/O/60-50 on Bank lending for municipal water supply projects; and

AGREED that

- (a) these projects would be appropriate for financing by the Bank or IDA provided they could satisfy the Bank's criteria as to:
 - (i) economic priority and justification; and
 - (ii) financial viability;
- (b) in order to determine the economic justification of specific water supply projects which may be presented to the Bank for financing, the Economic Staff should initiate as soon as possible a study of the measurement of the economic benefits of water supply projects, inviting the cooperation of other interested organizations or agencies.

4. The meeting adjourned at 5:35 p.m.

STAFF LOAN COMMITTEE

SLC/M/60-36

December 1, 1960

Minutes of Staff Loan Committee Meeting held on
Wednesday, November 30, 1960 at 3:00 p.m. in Room 1006

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. W. Cavanaugh
Mr. R. H. Demuth
Mr. A. Stevenson
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. W. A. B. Iliff
Mr. M. L. Lejeune
Mr. E. E. Clark
Mr. O. H. Calika
Mr. D. Groenveld
Mr. E. M. Lamont

Miss A. L. Maher
Mr. J. R. Motheral
Mr. A. Perram *
Mr. P. A. Reid
Mr. C. H. White

* Part only.

2. East Africa

The Committee heard an oral report by Mr. Lejeune on his recent mission to East Africa.

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

STAFF LOAN COMMITTEE

SLC/M/60-37

December 20, 1960

Minutes of Staff Loan Committee Meeting held on
Tuesday, December 13, 1960 at 3:00 p.m. in Room 1006

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. H. W. Larsen
Mr. M. F. Verheyen
Mr. G. M. Street, Acting Secretary

In attendance:

Mr. M. L. Hoffman
Mr. M. L. Lejeune
Mr. L. Nurick
Mr. R. L. Bloor
Mr. J. H. Collier
Mr. J. M. Croome

Mr. G. Delaume
Mr. C. Finne
Mr. M. Piccagli
Mr. Y. Rovani
Mr. V. Wouters

2. Yugoslavia

The Committee considered Memorandum SLC/O/60-53 on the proposed loan for power projects; and

AGREED that

- (a) representatives might be invited to come to Washington in January to negotiate the proposed loan of up to \$30 million for the Senj hydroelectric and 220 KV transmission line projects;
- (b) the loan could be made to the Investment Bank;
- (c) the Bank would not object to the use of domestically-produced equipment in the projects despite the tariff protection which is to be applied to imports of capital equipment as part of the forthcoming exchange reform. The Government should be warned, however, that this must not be regarded as a precedent for future loans;
- (d) disbursement of the loan could be related to a percentage of total expenditures on the projects or to:
 - (i) a percentage of the local expenditures; and
 - (ii) actual foreign exchange expenditures;
- (e) the preparation of any meaningful financial forecasts either for the projects or for the power industry as a whole would not be possible and most of the Bank's usual covenants would not be appropriate.

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