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THE WORLD BANK

Washington, D.C.

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The World Bank

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Washington DC 20433

Telephone: 202-473-1000

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PUBLIC DISCLOSURE AUTHORIZED

Meeting: Mr. Richard Blum

Monday, March 3, 1997
10:30 - 11:00 a.m.
E 1227 Conference Room

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WBG Archives



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Richard Blum - March 3, 1997

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B. SUBJECT: MEETING: MR. RICHARD BLUM (N) (B) (Confirmed)
VENUE: E1227 (CONF. RM.)
CONTACT: LINDA @ 415-288-7208 // FAX: 415-288-7238
IN ATTENDANCE: JDW, WOOD, DRYSDALE, NISHIMIZU, HANY
EXTERNAL ATTENDEES:
MR. RICHARD BLUM
AMB. BHEKH THAPA, EMBASSY OF NEPAL
(B) SASVP // DUE: THURSDAY, FEB. 27
EXC: JDW // ALI (2/25)

DATE: 03/03/97

Brief includes:

---Cover Note from SASVP
---Background Note
---Proposed Nepal Cultural Heritage Project - Background Note
---Earlier Correspondence (01/07/97) from Joseph Wood attaching a letter to Professor Lieberman, Brown University from Robert Drysdale, SAS;
Correspondence from Professor Philip Lieberman, Brown University to Mr. Wolfensohn (12/19/96)

C. VPU

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E. COMMENTS:

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CONFIDENTIAL

**BRIEFING NOTE FOR MR. WOLFENSOHN'S MEETING WITH RICHARD BLUM
MONDAY, MARCH 3, 10:30 A.M.**

You will meet Mr. Richard Blum, President of the American Himalayan Foundation, at 10:30 a.m. on Monday, March 3. Mr. Bhekh Thapa, the Nepali Ambassador to the US and Canada, may join the discussion; he is a long-time friend of Mr. Blum and a Board Member of AHF (currently on leave).

Business Context

Mr. Blum has over 20 years developed a warm and strong relationship with Nepal, a country he loves and assists in a variety of philanthropic endeavors. He is Nepal's honorary High Commissioner in California. He has been discussing with us his proposals for collaboration on cultural heritage and poverty alleviation in Nepal, and especially in the remote area of Upper Mustang on the border with the Tibet region of China. As you know, Mr. Blum has been disturbed by what he sees as our intransigence in not agreeing to AHF's proposals for collaboration in Upper Mustang.

Discussion Points

- You may want to stress that we share AHF's interest in poverty alleviation and cultural preservation in Nepal, Upper Mustang included. The issue is how best, and most expeditiously, to reach those goals.
- You may wish to explain that we cannot simply go along with AHF's proposal (see our note of February 24, Attachment 2). You may emphasize that the client (especially the Ministry of Tourism) has to be in the forefront of our discussions, that any support for cultural heritage preservation must assure the highest professional standards, and that the relationship between AHF and IDA must be based on professionalism and impartiality with respect to other partners.
- You may refer to an alternative approach we are suggesting that would respect the Bank's standards, that would in all likelihood provide more rapid assistance to Upper Mustang, and would give AHF every opportunity of becoming one of our partners for work in Upper Mustang and elsewhere. (Bob Drysdale will raise this alternative with AHF officers in discussions on Saturday and Sunday, before your Monday meeting with Mr. Blum. We will advise you beforehand about the response.)

Alternative Proposal

Our alternative has two tracks, the first of which would have immediate impact in terms of results on the ground.

1. Alleviating Poverty in Upper Mustang

- We can use existing credits (education, population and health, rural water supply) to support immediately better social service provision in Mustang.
- We can set up immediately IDF/PPF assistance for social assessments, capacity building and preparation of a Poverty Alleviation Fund requested by the Government
- We can further process and appraise quickly the Poverty Alleviation Fund which could be piloted in Mustang District and elsewhere.

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2. Preserving Cultural Heritage

- Among options to be discussed with the Government, a possible Cultural Heritage Fund would finance sub-projects on cultural heritage submitted by NGOs, community groups, foundations and so on. It could be co-financed by other donors and interested groups such as AHF.
- The Fund would allow grassroots organizations in Mustang and elsewhere to have equal opportunities to access finance for cultural heritage preservation and restoration, and to take advantage of the Fund's professional advice and quality assurance.
- While clearly IDA funds could not be not earmarked for AHF proposed activities, Fund co-financiers may still be able to earmark funds for particular purposes, such as work in Upper Mustang.

Next Steps

1) We will assign resident mission staff to coordinate on-going and proposed additional project assistance to Mustang.

2) We will send a mission to Nepal within 2-3 weeks to begin work on cultural heritage. We will invite AHF and other partners to join us.

BACKGROUND NOTE FOR MEETING WITH MR. RICHARD BLUM

Introduction

1. In July 1995 ASTEN (the Environment Division of the Asia Regions' Technical Department), in discussions with the American Himalayan Foundation¹ (AHF), proposed to Regional Management an *Upper Mustang Integrated Conservation and Development Project*, which would have combined social service, micro-enterprise and infrastructure finance with cultural preservation, and would have been implemented by the American Himalayan Foundation in collaboration with the King Mahendra Trust for nature Conservation. After a Review Meeting in early August 1995 the South Asia Region decided not to proceed, on the grounds that the Bank could not justify focusing its limited administrative resources on an area of 6,500 people. Moreover (in a December 18, 1995 letter from the Finance Secretary) the Government asked the Bank to leave areas such as environment and tourism to other donors already active in these areas.

2. In November 1996, however, Mr. Richard Blum (President of AHF) visited Nepal and urged the Government to rethink its position on finance for cultural heritage. The Government was reluctant, but under pressure they did send a letter to the Bank asking for Bank help in mobilizing grant contributions to the possible establishment of a Nepal Heritage Trust Fund "without affecting the normal contribution made to Nepal annually by the Bank and other donors". At that time, some Government officials told us informally but firmly that they hoped this grant requirement would put an end to any further idea of IDA involvement in cultural heritage or eco-tourism. Soon thereafter, however, AHF introduced the idea that it would establish an endowment to reimburse the Government as it repaid the IDA credit for cultural heritage, thus in effect making our finance a grant as the Government had stipulated.

3. In January 1997 Erica Stone, Executive Director of AHF, tabled a specific proposal for a US\$5 million project for Upper Mustang focusing on cultural preservation, primary health and education, environment conservation, infrastructure, microenterprise and community development. In early February ASTEN put forward a Project Concept Document which followed similar lines, although leaving open the possibility that areas other than Upper Mustang would be included in the project. Subsequent review cast serious doubt on the project since:
 - With Government and client ownership on shaky ground, AHF was beginning to become the real project owner. If we had proceeded with project discussions exclusively with AHF we would have been left in the untenable position of appearing to favor AHF, which has no special claim to professional leadership in cultural heritage. Restoration work, in particular, demands experience of the highest

¹ A small foundation (staff of two) based in San Francisco which supports education, health care and conservation projects in the Himalayas, and works with the Dalai Lama's Government-in-exile to help Tibetan refugees.

order. We need to ensure independent appraisal and professional management, if we are to be associated with such work. Several respected experts have recently expressed strong doubts about AHF's capacity and are concerned that AHF is, in effect, seeking to monopolize Upper Mustang work for itself, though this is not our understanding.

- There was no clear rationale for having a focus on one small area of 6,500 people, when other areas with far higher tourist potential have much larger financial needs for tourism-related infrastructure and cultural preservation.
- A number of Nepal experts outside the Bank as well as within the Bank itself have pointed both to the extreme cultural and environmental fragility of Upper Mustang, which could be overwhelmed by any large external intrusion, such as proposed by AHF, and to the dangers inherent in a project in a sensitive border area.
- AHF appears to seek roles both as an implementing agency for sub-projects and as a possible member of the project's Managing Board.
- There has been and remains very vocal opposition from Professor Lieberman of Brown University, who cites allies at Pennsylvania and Cornell Universities, and other institutions, and is very skeptical about the professional capacity of AHF. He has also issued public comments that AHF is trying to capture an IDA credit by the ruse of offering to meet the repayment costs. Professor Lieberman has threatened to take his opposition to the highest levels of the US Administration and Congress. We think that these charges can be dealt with, but not in a context of no government participation in the discussion.

Alternative Proposal

4. In view of these concerns, we are proposing an alternative approach. This approach would follow two separate tracks, supporting: 1) Poverty alleviation efforts in Upper Mustang through the provision of infrastructure and services for the people of Mustang; and 2) Preservation of cultural heritage. The approach would follow four cardinal principles: (i) work agreed and initiated with the client would have to conform to normal Bank standards of quality; (ii) on both tracks the client must be fully committed up front and engaged in project concept development; (iii) on the first track, poverty alleviation, we would initially seek to adjust or amend existing commitments to Nepal, followed in short order by other instruments already requested by the government; (iv) on the second, cultural heritage track, we would explore immediately with the Ministry of Tourism (which is the focal point for the recently approved ADB Tourism Project) opportunities for assistance that are responsive to the AHF interests in Upper Mustang but also to cultural heritage needs elsewhere in the country.

5. **Track 1: Poverty Alleviation in Upper Mustang.** This track would support priority investments that would help alleviate poverty in Upper Mustang. It would begin quickly through the use of existing and pipeline projects.

- In the short-term, we would adjust or amend existing projects. We are already supporting improved social services in Mustang through our health and education credits. (We have supported construction of a health post in Mustang District, as well as supporting teacher-training and female teacher recruitment). Such support could be expanded, and additional support provided through our recently approved rural water supply credit.
- Also in the short-term, we could provide support through IDF/PPF for social assessments, capacity building and preparation, in Mustang and other areas, of the initial pilot stage of a Poverty Alleviation Fund that the Government has recently requested (letter from the Finance Secretary of November 1996).
- In the medium-term, we could support such a Poverty Alleviation Fund, which might provide support for socio-economic investment and services managed by NGOs, community groups and other stakeholders.

6. **Track 2: Cultural Heritage Preservation for Nepal.** This track needs to take form through an intensive dialogue with the Government and other stakeholders in Nepal. Several options would need to be considered, but our understanding of the Government's request is that these should not relate exclusively to Mustang. One outcome of these discussions, which would be particularly attractive to us, would be a cultural heritage fund, set up to finance sub-projects on cultural heritage submitted by NGOs, community groups, foundations and so on. Such a fund might attract co-financing, and could be managed by a local organization such as the King Mahendra Trust. Adjudication and monitoring of implementation of proposals would be managed by a Technical group composed of experts of the highest order.

- Cultural heritage preservation is an evolving and, in Nepal, a controversial and intensely competitive field, and is, moreover, largely uncharted territory for us. We thus need to be especially sure that we can follow the highest professional standards.
- We need to establish who is already involved in cultural heritage preservation, what their competencies are, and what resources they have available. On this basis we would agree with Government on our role both in terms of lending and non-lending services.
- We need to test the depth of the Government's commitment to World Bank involvement in cultural heritage by securing a counterpart arrangement that would put the Government in the driver's seat in project concept development and in preparation.

- If these conditions are met, we would need to establish partnerships in the cultural heritage fund on an equal footing with various interested and capable parties, donors, foundations, and NGOs.

Next Steps

7. We will field a mission within the next three weeks. We would invite the American Himalayan Foundation and other interested groups to join. The mission would establish working arrangements with the Ministry of Tourism, and seek to confirm ownership within the Government. Then we would establish relations with stakeholders inside and outside the Government, including a sample of district-level people's organizations, who were committed to these objectives, and to high professional standards.

Proposed Nepal Cultural Heritage Project

February 24 Background Note

1. Some 18 months ago the Bank and the American Himalayan Foundation¹ began discussions on the possibility of the two institutions working together on cultural heritage preservation in Nepal, especially in the remote Upper Mustang area on the border with the Tibet region of China. After some discussion, the Government indicated that they wanted IDA to focus on areas of its comparative advantage, and specifically to leave areas such as cultural heritage, eco-tourism and environment to other donors able to provide funds on grant terms. The Government has since then reiterated several times its desire that we not diffuse our focus.
2. As you are aware, we have been endeavoring to bring greater order to our involvement in Nepal, including restricting visiting missions to Nepal to core operational work and focusing much greater attention on strengthening the existing portfolio. At this time, we remain at a delicate stage in our efforts to improve relations with the Government, which remains very sensitive about: (i) the issue of the size of the initial credit for the Power Development Fund; (ii) our modifications to the original Arun road proposal; and (iii) the question-mark over the future of the Urban Water and Sanitation Project because of the non-performance of the Kathmandu water utility. Accordingly, we are cautious about any initiatives which would run counter to this focus, in particular actions which may be seen as donor-driven.
3. At the 1996 Annual Meetings the Finance Secretary again specifically said that the Government did not want IDA involvement in cultural heritage or tourism. In November 1996, however, Mr. Richard Blum (President of AHF) visited Nepal and urged the Government to rethink its position on financing for cultural heritage. The Government was reluctant, but under pressure they did send a letter to the Bank requesting that the Bank help mobilize grant contributions to the possible establishment of a Nepal Heritage Trust Fund "without affecting the normal contribution made to Nepal annually by the Bank and other donors". At that time, some Government officials told us informally but firmly that they hoped this grant requirement would put an end to any further idea of IDA involvement in cultural heritage or eco-tourism. Thus the issue of ownership remains paramount if we are to go forward in developing a project concept document with the Government.
4. After further conversations with the Bank, AHF introduced the idea that it would establish an endowment to reimburse the Government as it repaid the IDA credit for cultural heritage, thus in effect making our finance a grant as the Government had stipulated. On this basis the Bank in January 1997 opened discussions, but so far only in Washington, on a possible cultural heritage project. Initially the idea was that we would simply finance tourism and other infrastructure. In discussions with AHF, however, the project subsequently broadened in scope to include support for cultural heritage work, as well as proposals for microcredit, social service provision and so on.

¹ A small foundation (staff of two) based in San Francisco which supports education, health care and conservation projects in the Himalayas, and works with the Dalai Lama's Government-in-exile to help Tibetan refugees.

5. At a review meeting in the Bank in mid-February, it was recognized that, with Government ownership on shaky ground, AHF was beginning to become the real project owner. If we had proceeded with project discussions exclusively with AHF we would have been left in the untenable position of appearing to favor AHF, which has no special claim to professional leadership in the area. Restoration demands experience of the highest order. We need to ensure independent appraisal and professional management, if we are to be associated with such work. Several respected experts have recently expressed strong doubts about AHF's capacity and are concerned that AHF is, in effect, seeking to monopolize Upper Mustang work for itself.

6. For these reasons (and those described below) we have decided to hold-off on further project work with AHF until such time as we can obtain a working counterpart within the Government, receive guidance from the Government on the scope and possible content of such an operation, and invite other interested parties to join us on a level playing field.

7. The other significant factors in this decision were:

- As it became clearer that AHF wanted the project to focus on Upper Mustang, the rationale for the project as a whole weakened: (i) there was no clear rationale for focusing on one small area of 6,500 people, when other areas with far higher tourist potential have much larger financial needs for tourism-related infrastructure and cultural preservation; (ii) IDA is already financing selected infrastructure in Upper Mustang under our rural health and education projects, and finance could easily be made available under our rural water supply project; (iii) a number of Nepal experts outside the Bank as well as within the Bank itself have pointed both to the extreme cultural and environmental fragility of Upper Mustang, which could be overwhelmed by any large external intrusion, such as the current AHF proposal (about US\$5 million), and to the dangers inherent in a project in a sensitive border area.
- AHF appears to seek roles both as an implementing agency for sub-projects and as a possible member of the project's Managing Board.
- Finally, there has been and remains very vocal opposition from Professor Lieberman of Brown University, who cites allies at Pennsylvania and Cornell Universities, and other institutions, and is very skeptical about the professional capacity of AHF. He has also issued public comments that AHF is trying to capture an IDA credit by the ruse of offering to meet the repayment costs. Professor Lieberman has threatened to take his opposition to the highest levels of the US Administration and Congress. We think that these charges can be dealt with, but not in a context of no government participation in the discussion.

8. Following management review, Bob Drysdale last week contacted Erica Stone, Executive Director of AHF, and Richard Blum to communicate this view. Richard Blum reacted very critically to both Bob Drysdale and Joe Wood and has said he will complain to Jim Wolfensohn. Meanwhile Bob Drysdale and his colleagues are planning to meet with Richard Blum and Erica Stone in Washington next Saturday to help clarify our position further.

Wednesday, 8th January 1997

Mr. Wolfensohn:

NEPAL: Eco-Tourism Project
Getty Grant vs. American Himalayan Foundation (Richard Blum)
Brown University Professor Lieberman's Grievance

Professor Lieberman has called my office several times since 31 December regarding this issue, which you had asked Joe Wood (in a note to him on 31 December) to look into. Given the highly contentious tone and political/personal nature of his letter, given that we had asked Joe to look into the matter, and knowing (from his messages) that Lieberman was concurrently calling Joe, I had not returned his calls.

This morning, Lieberman left a message that he would call Senator Helm's office. I consulted Joe, who advised us not to dignify Lieberman's "nonsense" with an audience/reply (see attached note from Joe). As you know, Dick Blum is married to Diane Feinstein, who sits prominently on the Senate Foreign Relations Committee.

Joe's counsel is that we should not respond to hysterical threats, that this is not a matter for Presidential attention, that it should be handled at the Country Director level, by Bob Drysdale. Please see the draft letter from the Director, which tries to assuage Mr. Lieberman with the facts. If you are comfortable, the Region will send the letter out soonest. Please advise.

I have informed Matt McHugh and Mark Malloch Brown just in case.

Atsuko

cc: Sven, Gautam, Jessica (o/r), Joe, Mark, Matt
attachments (8 pages)

Seems I will find time to write him
1/11

INT - 2P11
AH

The World Bank
Washington, D.C. 20433
U.S.A.

D. JOSEPH WOOD
Vice President
South Asia Region

January 7, 1997

Mr. James D. Wolfensohn

Re: Getty Grant for Mustang

Jim,

I have had two recent phone conversations with Professor Lieberman. On both occasions I assured him that:

- a) World Bank support for the Mustang region, if it occurs at all, would take the form of IDA co-financing of an ADB eco-tourism project. There is no question of a grant. A GEF grant for biodiversity enhancing activities (not temple restoration) has been raised with Mohammed El-Ashry, but is not envisaged as part of the initial effort in Mustang.
- b) IDA's focus will be on basic infrastructure, as in other parts of the ADB project. We will not displace grant funding from the Getty Foundation or elsewhere.
- c) to the extent temple restoration is pursued in Mustang, the Bank will expect it to be done in a thoroughly professional manner (even though we will not be financing it). If necessary, we will have an independent expert in temple restoration review the alternative proposals

Despite these assurances, Professor Lieberman remains convinced that IDA and Richard Blum are engaged in some sort of conspiracy to block the Getty grant. This is nonsense and should not, in my view, be dignified by a further response from you.

Instead, I suggest we send the attached draft response from the Country Director, Bob Drysdale, which leaves the door open to constructive collaboration with the Getty Foundation.

Sincerely,


D. Joseph Wood

attachment

cc: Jessica Einhorn, EXC

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 7, 1996

Professor Philip Lieberman
George Hazard Crooker University Professor
Department of Cognitive and Linguistic Sciences
Brown University
Box 1978 - Fax (401) 863-2255
Providence, Rhode Island

Dear Professor Lieberman:

I wish to acknowledge your letter of December 19, 1996 to Mr. Wolfensohn and reassure you that possible support from the World Bank for the Mustang region would in no way substitute for or replace private funding, much less grant assistance already available.

In December, the Government of Nepal requested World Bank assistance for a small eco-tourism project that may include the Mustang region. We have since opened discussions with the Government with an understanding that, if World Bank financing is agreed, it would take the form of IDA co-financing of an Asian Development Bank (ADB) tourism project. Our focus would be on basic infrastructure, as in other parts of the ADB project. Our financing would not displace grant funding from the Getty Foundation or elsewhere. To the contrary, modest investments in tourism-related infrastructure may well provide encouragement and opportunity for additional funding by private foundations in activities like cultural preservation and conservation. Indeed, we would welcome such an opportunity for expanding partnerships with private foundations working in Nepal.

As soon as we can develop a clear concept of this possible project, within three to four weeks, I will be pleased to inform you of the likely scope and content of the project. In the interim, if you have any questions, you may reach me at 202-458-1432.

Sincerely yours,

Robert S. Drysdale
Director
Country Department II
South Asia Region

The World Bank
Washington, D.C. 20433
U.S.A.

JAMES D. WOLFENSOHN
President


December 31, 1996

Mr. D. Joseph Wood
Room No. E-10-071
The World Bank

Dear Joe,

Would you please look into the attached letter from Professor Lieberman and his wife. It sounds to me as though they may have a case and it would be very useful if you could quickly look into this matter and above all, not make the grant until we have cleared it all up.

Many thanks.


James D. Wolfensohn
dictated and signed in his absence

cc: Ms. J. Einhorn



No.: EXC-14455

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Logged in by: Elvira Scott
Response
Date:

CORRESPONDENCE DESCRIPTION:

From: Philip Lieberman, Marcia Lieberman
Organization: Brown University
:

To: Mr. Wolfensohn
Dated: 12/19/96
Topic: World Bank "Eco-Tourism" project and an award to American Himalayan Foundation for the restoration of the temples of Lo Manthang, Nepal

ACTION INSTRUCTIONS:

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Thank you.

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Einhorn, Jessica (D11-077), Wolfensohn, James D. (E1227)

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Wood - (2)
cc: JDW

EXTREMELY URGENT -- REQUIRES IMMEDIATE ATTENTION

Attn: Allison Tsatsakis 202 458 4776

(Page 1 of 4)

TO: James D. Wolfensohn
President, World Bank

Fax 202 522 3031

FROM: Philip Lieberman
Marcia R. Lieberman

Fax 401 274 3739
Tel 401 831 0720

Brown University
Providence RI

SUBJECT: World Bank "ECO-TOURISM" project and an award to American
Himalayan Foundation for the restoration of the temples of Lo
Manthang, Nepal.

**BROWN UNIVERSITY** Providence, Rhode Island 02912

Department of Cognitive and Linguistic Sciences
Box 1978
Tel: (401) 863-2616
Fax: (401) 863-2255

December 19, 1996

Mr. James D. Wolfensohn
President, World Bank
1818 H Street NW
Room E1227
Washington DC 20433

Dear Mr. Wolfensohn:

We must unfortunately again bring your attention to the possible diversion of World Bank funds for a project for which private funding is already available. We refer to the restoration of the Buddhist temples of Lo Manthang, in the Mustang region of Nepal. Since funds from private sources are available for the temples, it would seem clear not only that public funding would be redundant, but also that any public funds could be used for other much-needed work in Nepal. Apart from other concerns, this will have disadvantageous consequences for the project itself, owing to the substitution of less qualified personnel. And it can have a potentially negative effect on perception of the World Bank's review procedures.

We first pointed this problem out in our letter to you of May 28, 1996, and thought that it had been resolved. As you may recall, with the encouragement, aid and advice of Vartan Gregorian, my wife and I and Professor Frank Matero, the Director of the Graduate Program for Historic Conservation of the University of Pennsylvania, obtained a \$50,000 Getty Grant to begin the restoration of the 15th-century temples and Buddhist wall paintings of Lo Manthang in the Mustang region of Nepal.

The grant, which required a \$50,000 match, was awarded to the King Mahendra Trust for Nature Conservation of Nepal (KMTNC), a non-governmental organization that undertakes development projects in Mustang. The KMTNC has worked closely with Mr. Richard Blum's American Himalayan Foundation (AHF); we had hoped that the AHF would work with the Getty Foundation and project team, and supply the matching funds. This particular Getty Grant would, in the normal course of events, lead to subsequent Getty Grants to see the project through to completion. The Getty Grant would make use of the best techniques available and would train the local residents of Lo Manthang to maintain the temples and restore the paintings; funds also were budgeted for im-

- 2 -

mediate emergency repairs and wages for local labor. However, as we noted in our letter of May 28, Mr. Blum refused to work with the Getty Foundation, Professor Matero and us.

Instead, Mr. Blum, according to our information, promised World Bank funds to Mr. Rana, the operating director of the KMTNC, who was then apparently ready to reject the Getty Grant. When World Bank funds were not forthcoming, however, Mr. Rana reconsidered his actions and accepted the Getty Grant, having signed the formal agreement to proceed.

I again attempted in October, 1996, through a member of the Board of Directors of the AHF, to convince Mr. Blum that it would be in the best interests of Nepal, the AHF, and all concerned parties to work cooperatively. However, the AHF Board member reported that Mr. Blum was adamantly opposed to working with us.

We, therefore, approached private donors and foundations to raise the matching funds for the Getty Grant. President Vartan Gregorian, moreover, made the facilities of the Brown Development Office available to us. We believe that we now have the matching funds, contingent on Mr. Rana's signing a grant application to the Stanley Thomas Johnson Foundation in Bern, Switzerland. It has, however, become apparent that Richard Blum has again taken steps to nullify the Getty Grant; a pattern of events confirms this. In great secrecy, American Himalayan Foundation funds were used to hire John Sanday (the expatriate British architect whose termination from the Getty Foundation we noted in our May 28 letter) to develop a plan and cost estimates for an alternative temple restoration project. Mr. Sanday did this work in October, but his activities were concealed from us. We only learned of his work recently through an independent source, and subsequently the KMTNC confirmed this. It is most unlikely that Mr. Blum and the KMTNC will be able to conceal Mr. Sanday's role and their secretive and devious behavior from the Getty Foundation. Moreover, after requesting us to obtain matching funds for the Getty Grant, Mr. Rana is now refusing to sign the application form to the Stanley Thomas Johnson Foundation. This will effectively scuttle the present Getty Grant and all subsequent applications for Getty Grants.

It is clear that World Bank Funds, or AHF funds offset by World Bank Funds, will be used to finance the AHF temple project. These maneuvers by the AHF and KMTNC could cost the World Bank a minimum of \$100,000, if not much more. Richard Blum's machinations, if unchecked, will immediately result in the loss of \$100,000, as well as the expertise and oversight of the Getty Foundation. The probable financial loss will be much greater since the present, "second-phase," Getty Foundation Grant would most likely result in subsequent awards that would reach at least \$200,000. Although these sums may be small compared to other World Bank awards, they would constitute a diversion of public funds to further an unworthy private objective. Mr. Blum's actions over the past year form a pattern. The AHF's motive can only be

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one of self-promotion and self-glorification: to totally control the project and claim all the credit. No organization or professional working in the cause of conservation would act in this way.

It would be unfortunate if World Bank funds were used in place of the private foundation funds that Richard Blum, through his own direct actions and his Nepali instruments, seems intent on refusing. I telephoned Mr. Joseph Wood on December 16 and sent him two fax messages that he can share with you. Despite these communications, Mr. Wood has not stated that the diversion of World Bank funds to the Mustang temple project will not take place. I may have misinterpreted his telephone conversation with me, which seemed to dismiss the simple point that we and Professor Matero raised -- Richard Blum is not entitled to block available private funds and instead use public, World Bank Funds to enhance the image of the American Himalayan Foundation.

Mr Wood's delay may simply be due to his attending to other pressing tasks. I, however, hope that you see the need for prompt action. If it becomes apparent that World Bank Funds will not be available to replace the Getty Grant, we anticipate that Mr. Rana and the KMTNC will not abort the Getty project (he must very promptly sign the Stanley Thomas Foundation application, which is due almost immediately) and that Mr. Blum will turn his attention to more productive goals. There are many problems in Nepal that could be mitigated or solved by the \$100,000 to \$300,000 in World Bank funds that would otherwise be diverted to an "exclusive" American Himalayan Foundation Mustang temple project.

Sincerely,



Philip Lieberman
George Hazard Crooker University Professor

PS. Since Brown University is again in recess, my home telephone (401) 831 0720 and Fax (401) 274 3739 numbers are best if you wish to discuss this problem.