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THE WORLD BANK

Washington, D.C.

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The World Bank

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Third Window Loans

1975 / 77
Vol. II

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Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence -
Volume 2

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THIS FILE IS CLOSED AS OF

JUNE 30, 1975

FOR FURTHER CORRESPONDENCE SEE:

VOL. III

RECORDS CENTER

OFFICE MEMORANDUM

✓ THIRD WINDOW
A-U.K. - DYNNO MEMORANDUM

TO: Mr. I. P. M. Cargill

DATE: 30 June 1975

FROM: A. K. Rawlinson *AKR*SUBJECT: U.K. Contribution to Third Window

I have been asked to reply to your cable of 16 June addressed to Mr. King.

2. The British Government are prepared to offer \$10 million as an initial contribution to the Third Window as now proposed, that is, towards a fund of \$125 million to subsidise \$500 million of lending; and, subject to Parliamentary approval, to make this contribution available by the end of July 1975 provided that:

- (a) the balance of \$125 million is forthcoming from the first group of countries mentioned in your cable of 16 June; and
- (b) the key features of the Third Window remain as in the report of the Executive Directors dated 20 May.

3. My Government would be prepared to consider increasing their contribution beyond \$10 million should contributions from the second and third groups of countries mentioned in your cable make total lending of \$1 billion appear feasible; or if contributions from other donors turn out insufficient to support a fund even of \$500 million.

4. We have noticed that the question of the proportion of the lending to be devoted to programme lending is to be left open until the size of the total contributions to the subsidy fund is known. As you know, this question is of interest to my authorities, who would have preferred a firmer commitment to a high proportion of programme lending than has yet been forthcoming. They propose that any relatively small excess in contributions over \$125 million obtained for the \$500 million window from initial contributions should be used to support programme lending in preference to a marginal increase in total lending.

5. Since your cable mentioned \$20 million as the upper end of the range of our initial offer, I should perhaps point out that both in the memorandum handed to Mr. McNamara on 18 February, and in my statement to the Board on 25 March, I stated that our offer was in the range \$10 - \$15 million, and it was so recorded in the report of the Executive Directors dated May 20 which was transmitted to the Development Committee with document DC/75-14. This offer was related to the size of subsidy fund thought necessary to support lending of \$1 billion.

*Copy sent to
Messrs. Lund
+ Murish*

THIRD WINDOW
JUNE 28, 1975

Progress on Third Window Contributions since Status Report of June 14, 1975

		<u>Remarks</u>
<u>Australia:</u>	RSM cabled Prime Minister on June 20	Decision expected late July.
<u>Austria:</u>	Cable prepared for RSM to send to Finance Minister.	Goodman to ask de Groote on latter's return Monday if this would be helpful.
<u>Belgium:</u>	Cable prepared for RSM to send to Finance Minister.	Goodman to ask de Groote on latter's return Monday if this would be helpful.
<u>Canada:</u>	Isbister reports that contribution of \$20 million has support at official level but requires Ministerial decision.	IPMC will check status with Isbister Monday.
<u>Denmark:</u>	Awaiting contributions by more big countries. (See note by Goodman dated June 27)	IPMC will consider visiting Copenhagen next week.
<u>Finland:</u>	Contribution possible but unlikely.	No action at this time.
<u>France:</u>	Awaiting resolution of gold question.	No further action at this time.
<u>Germany:</u>	No developments, but contribution possible after January 1.	No further action at this time.
<u>Iran:</u>	RSM to cable Shah with specific proposal as soon as present pledges confirmed.	
<u>Italy:</u>	No developments since Paris.	IPMC plans to visit Carli in Rome next week.
<u>Japan:</u>	RSM to cable Fukuda with specific proposal as soon as present pledges confirmed.	
<u>Kuwait:</u>	El Fishawy reports provision has been made in budget for a contribution of \$20 million.	No further action required at this stage.
<u>Luxembourg:</u>	No prospect.	
<u>Netherlands:</u>	Witte has transmitted request for formal confirmation of willingness to contribute \$20 million.	IPMC will raise matter during forthcoming visit to the Hague.

		<u>Remarks</u>
<u>Norway:</u>	Has confirmed willingness to contribute \$4 million subject to Parliamentary approval (probably September) and other conditions.	Aase checking conditions. (See note by RJG dated June 27)
<u>Qatar:</u>	El Fishawy reports no prospect of their contributing.	
<u>Saudi Arabia:</u>	El Fishawy reports that contribution (of \$25 million) will be paid as soon as Fund established.	No further action required.
<u>South Africa:</u>	Gaud has spoken again with Schmidt. Small contribution will probably be forthcoming if one or two more major countries come in.	No further action for time being.
<u>Spain:</u>	No developments since Paris.	IPMC will consult Carli in Rome next week.
<u>Switzerland:</u>	Contribution of \$5 million + probable but delay may extend beyond mid-1976.	See note by Nurick dated June 26.
<u>UAE:</u>	Contribution believed unlikely in view of financial difficulties in Abu Dhabi.	
<u>UK:</u>	IPMC has contacted King and Rawlinson. \$20 million contribution believe assured.	Cargill will check status with Rawlinson Monday.
<u>Venezuela:</u>	Gonzalez-Cofino asked to talk with Hurtado to confirm contribution of \$10 million. Gavidia will also telephone Hurtado.	Gonzalez-Cofino returns to office Monday.

Raymond J. Goodman
June 28, 1975

cc: Messrs. McNamara
Knapp
Cargill
Gaud
Nurick
Adler
El Fishawy

✓ THIRD WINDOW
CC-EMENA-

Mr. Robert S. McNamara

June 28, 1975

I.P.M. Cargill

Third Window - South Africa

Mr. Gaud sent you a memorandum on June 25 about the South African position with regard to the Third Window. My own inclination is not to bother with them. South Africa's performance in the field of aid is a miserable one and the arrogance of their present position is not acceptable. Accordingly, I would recommend that you do not write to the Finance Minister and indeed avoid a discussion with him at the Annual Meeting.

cc: Mr. Knapp
Mr. Gaud

IPMCargill/plc

OFFICE MEMORANDUM

✓ THIRD WINDOW
11-15-75

TO: Files

DATE: June 27, 1975

FROM: Raymond J. Goodman *RJG*SUBJECT: Third Window: Norway and Denmark

At my request Mr. Aase has been in touch with Norway about the possibility of a visit there and to Denmark by Mr. Cargill next week to confirm their willingness to contribute to the Interest Subsidy Fund. Mr. Aase called this morning to say that he had received a reply from Oslo (which is currently acting as liaison with the Nordic countries) which confirmed Norway's decision to contribute \$4 million subject to Parliamentary approval, to the scheme being "broadly based" and to satisfactory criteria being agreed for the allocation of Third Window loans.* A visit by Mr. Cargill was therefore not necessary.

In answer to my question Mr. Aase said that while Parliament's approval was not a mere formality, it was unlikely to reject a proposal for a Norwegian contribution to assist LDC's. One problem, however, is that Parliament is not in session and is not expected to convene until September.

Oslo reported that Denmark had not yet made a decision, and would wait until some more of the larger countries had agreed to contribute. A visit by Mr. Cargill would not alter this position.

* There is a reference in the telex to voting arrangements which is unclear and which Mr. Aase is checking.

cc: Messrs. McNamara
Knapp
Cargill
Nurick
Gaud
Schulmann

RJGoodman:ed



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 26, 1975	Document Type Memorandum			
Correspondents / Participants To: Mr. I. P. M. Cargill From: Lester Nurick				
Subject / Title Switzerland: Third Window				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JUNE 26, 1975

CLASS OF
SERVICE: TELEX

Page one of two

(ext. 3606)

COUNTRY: FRANCE

1057

TEXT: FOR CARRIERE. YOU WILL RECALL THAT AT CLOSE OF THIRD WINDOW MEETING IN PARIS ON
Cable No.: APRIL 30 THE DRAFT OF A RESOLUTION ON THE ESTABLISHMENT OF THE FACILITY BEARING
THAT DATE WAS CIRCULATED TO DELEGATES WHO WERE ASKED BY THE CHAIRMAN TO SEND ANY
COMMENTS THEY MIGHT HAVE TO NURICK. CARGILL YESTERDAY SENT MEMORANDUM TO EDS
REPRESENTING POTENTIAL CONTRIBUTORS, EXCEPT FRANCE, REMINDING THEM OF THIS AND
ASKING IF HE COULD ASSUME THAT ABSENCE OF COMMENT MEANT THAT THEIR AUTHORITIES
FOUND THE DRAFT ACCEPTABLE, WITHOUT PREJUDICE TO THEIR DECISION AS TO WHETHER THEY
WOULD CONTRIBUTE IF THEY HAVE NOT SO DECIDED ALREADY. THE REASON FOR NOT INCLUDING
MR. WAHL IS THAT DURING THE DISCUSSION ON MAY 20 OF THE PROPOSED BOARD REPORT TO
THE DEVELOPMENT COMMITTEE ON THE THIRD WINDOW HE SAID THAT HIS AUTHORITIES
PREFERRED THAT SUCH A FACILITY BE ESTABLISHED BY DECISION OF THE BOARD OF GOVERNORS
RATHER THAN BY RESOLUTION OF THE EXECUTIVE BOARD. WE DO NOT SHARE THIS VIEW SINCE
ESSENTIALLY ALL THAT IS SOUGHT IS AUTHORITY TO MANAGE A FUND WHICH WOULD PROVIDE
AN INTEREST SUBSIDY FOR CERTAIN BANK LOANS AND TO ENTER INTO AGREEMENTS WITH
CONTRIBUTORS TO THE FUND GOVERNING THE PAYMENT OF CONTRIBUTIONS AND THE
RESPONSIBILITIES OF THE BANK AS ADMINISTRATOR. FURTHERMORE, AS A LEGAL MATTER,
THE BOARD OF GOVERNORS HAS DELEGATED ALL OF ITS POWERS TO THE EXECUTIVE DIRECTORS
EXCEPT THOSE SPECIFICALLY RESERVED TO THE BOARD OF GOVERNORS (SEE SECTION 15 OF
THE BY LAWS) AND PURSUANT TO THIS DELEGATION THE EXECUTIVE DIRECTORS WOULD CLEARLY
HAVE THE POWER TO AUTHORIZE THE THIRD WINDOW ARRANGEMENTS WITHOUT APPROVAL OF THE
BOARD OF GOVERNORS. HOWEVER, WE WOULD GO ALONG WITH REFERENCE OF THE MATTER TO
GOVERNORS FOR DECISION IF OTHER DIRECTORS SHARE FRANCE'S VIEW, ALTHOUGH WE HAVE
HAD NO INDICATION THAT THEY DO. WOULD YOU PLEASE INQUIRE WHETHER FRENCH AUTHORITIES

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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JUN 26 10 29 PM 1975
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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO:

DATE:

CLASS OF
SERVICE:

COUNTRY:

Page two of two

TEXT:
Cable No.:

STILL MAINTAIN THEIR POSITION ON THIS POINT AND WHETHER THEY FEEL STRONGLY ABOUT IT. FOR YOUR INFORMATION A PAPER IS BEING PREPARED FOR THE BOARD, TO WHICH THE DRAFT RESOLUTION WOULD BE ANNEXED, RECOMMENDING ESTABLISHMENT OF THE FACILITY. WE ARE SEEKING CONFIRMATION FROM THOSE GOVERNMENTS THAT HAVE ALREADY INDICATED WILLINGNESS TO CONTRIBUTE, AND WILL DISTRIBUTE THE PAPER AS SOON AS WE ARE SURE OF HAVING A LARGE ENOUGH FUND TO SUBSIDIZE AT LEAST \$500 MILLION OF THIRD WINDOW LOANS. PRESIDENT BELIEVES THAT SUFFICIENT FUNDS ARE IN SIGHT TO PERMIT OPERATIONS TO START BEFORE ANNUAL MEETING.

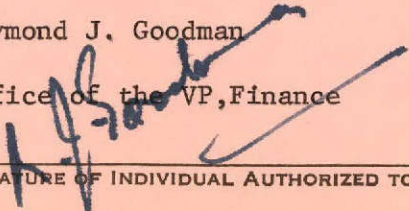
REGARDS

GOODMAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Raymond J. Goodman
DEPT. Office of the VP, Finance

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

RJGoodman/rf
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cleared with and cc: Mr. Nurick
cc: Mr. Cargill

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JUN 26 10 29 PM 1975

COMMUNICATIONS

TO: MR. CARRILL

STANDARD WITH MR. COOPER

STANDARD WITH MR. COOPER

NOT TO BE REPRODUCED

COOPER

RECEIVED

WANTS THE IN SIGHT TO BEHOLD OBSERVATIONS TO GIVE BEFORE VISITING READING
2200 MENTION OF THIRD MINDOM GOING. PRESIDENTS WHITEHEAD HAVE SUFFICIENT
AS SOON AS WE ARE SOME OF HAVING A LARGE BUNCH HAND TO SURETYNE AT REVER
VITRADA INDICATED MATTINGNESS TO COMBIBALE AND MITT DISMISSED THE HAVE
THE FACILITY. WE ARE SEEKING COMBINATION FROM THOSE COLLEGEWENTALS THAT HAVE
WHICH THE DEVEL RECOGNITION WOULD BE UNEXED. RECOMMENDING RELEVITISMENT OF
VROUL IL. FOR LONG INFORMATION A BUREAU IS BEING PREPARED FOR THE BOARD TO
SLIT MATTINGNESS THEIR POSITION ON THIS POINT AND WHETHER THEY BEAT STRONGER

Page two of two

SERVICE
CLASS OF

DATE

OUTGOING WIRE

RECOMMENDATION
INTERNATIONAL CHARTER

RECOMMENDATION AND RECOMMENDATION
INTERNATIONAL CHARTER

RECOMMENDATION
INTERNATIONAL CHARTER

SEC-DEF-STATE-200
CC-SEC- U.S. 2 YR OF SEPT. 1975
✓ CC-THIRD WINDOW
CC-FMENN

June 25, 1975

Mr. I.P.M. Cargill

Saad S. El Fishawy

SAUDI ARABIA - Summary Report on Visit from June 14 to June 15, 1975

We met with Governor Alquraishi of the Saudi Arabian Monetary Agency (SAMA), Mr. Ahmad Abdelatif, Head of Foreign Investment Department, SAMA, and Mr. David C. McCutcheon, Adviser.

(1) Long-Term Borrowing:

After explaining the main features of Bank Bonds, Mr. Abdelatif asked whether we could present a program of proposed Bank borrowings from SAMA for FY1976, so as to be able to determine how this would fit in with SAMA's own investment requirements. We drew an initial proposal, copy of which is attached. Governor Alquraishi, upon its review, indicated that the aggregate amount envisaged therein was on the high side, especially in the light of reduced oil production and the five-year development plan of about 140 billion dollars. He also mentioned that the budget was expected to be approved 22 days hence and before then it would not be possible to discuss specific amounts. The Bank and SAMA should get in touch at that time.

(2) Two-Year Bonds:

We explained the special features of this type of investment. Mr. Abdelatif expressed the view that it would be reasonable to expect a subscription in respect of the next issue of September 15 of 40 million dollars in addition to rolling over the 10 million which would become due then. However, Saudi Arabia would like to continue following its previous policy of limiting its subscription to 15% of the total amount of the issue. Governor Alquraishi later confirmed this.

(3) "Third Window":

Governor Alquraishi expressed satisfaction that the "Third Window" lending facility was moving ahead. We expressed appreciation of the major part that Saudi Arabia was playing in this scheme. Upon our inquiring, Governor Alquraishi stated that Saudi Arabia's contribution had been made available to SAMA and was therefore payable to the Subsidy Fund upon request from the Bank, after notice had been given to SAMA of the formal establishment of this lending facility.

Encl.

SEIFishawy/rh

cleared with and cc: Mr. Uhrig

cc: Messrs. McNamara
Goodman
Rotberg
Kochman o/r

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

June 15, 1975

O
P
Y

In respect of the request made regarding amounts and timing of the proposed bond issues with SAMA, we propose three transactions which could be envisaged to be consummated as follows:

July 1, 1975	\$300 Million
October 15, 1975	400 Million
January 15, 1976	500 Million

Payment of the principal amount of any or all of the above transactions could be made in 2 or 3 instalments extending over about three months. Repayment of any issue could be after 10 years or in about five equal instalments beginning in the 8th year of the issue.

The above proposals are submitted for SAMA's consideration. The Bank is prepared to adapt them to such other proposals as SAMA may find more suitable in the light of its requirements.

THIRD WINDOW
CC-SEC-MARKETING - GEN.
CC-SEC-RHS - 2YR OF SEPT. 175
CC-LB-OPEC
CC-EMENA

Mr. I.P.M. Cargill

June 25, 1975

Saad S. El Fishawy

DOHA, QATAR - June 9, 1975

Summary of the Meeting with Mr. Abdulkadir Qadi, Director of Financial Affairs, Ministry of Finance and Petroleum

We explained that the purpose of our visit was to follow up on Mr. McNamara's discussions last March and that we would like to discuss the following three points:

(1) "Third Window":

We described the outcome of the April 30 meeting and the contributions made by OPEC and OECD countries to the Subsidy Fund.

(2) Borrowing:

We recalled that the Minister in his discussions with Mr. McNamara last March stated that in this year's budget a total of 200 million dollars were allocated to lending to the Bank and IMF, i.e. 100 million dollars to each, and that by now it would be possible to discuss the specifics of a special issue. We elaborated on the attractive aspects of investing in Bank bonds.

(3) Two-Year Bonds:

We elaborated on the special features of these bonds and expressed the hope that Qatar's participation would increase substantially, to 10 million dollars for the next offering in September.

Mr. Qadi stated that after last March the oil companies reduced production by about 50%. At the same time, they were pressing for a reduction in prices due to the oil glut on the market. They actually succeeded in forcing Abu Dhabi to do that. Qatar's position was that they cannot reduce prices unilaterally, since this might be considered a violation of the OPEC agreement, even if the oil production had to be shut completely. However, they told the companies that if they continued to maintain the low production levels, they would not be allowed to request an increase later. The oil companies agreed to increase production slightly. Furthermore, Qatar was now in the midst of difficult negotiations with the oil companies for the 100% take-over of the oil concessions and production facilities. They did not want at this time to get into any commitments as they were bracing themselves against all probabilities. Mr. Qadi said that they were even freezing internal investments and that development projects which have not been started were being put off. They did not want to get themselves into the same situation as Abu Dhabi. Therefore, a contribution to the "Third Window" had to be deferred. Serious discussions regarding a bond issue would not be fruitful until after the end of the summer, sometime in September. As for the two-year bond issue, he said they could take a participation of 2 million dollars.

SELFishawy/rh

cc and cleared with: Mr. Uhrig

cc: Messrs. McNamara, Goodman, Rothero, Kochman o/r/

~~THIRD WINDOW~~
CC-SEC-MARKETING-GEN.
CC-SEC-U.S.-2 YR OF SEAT '75
CC-EMENA

Mr. I.P.M. Cargill

June 25, 1975

Saad S. El Fishawy

DOHA, QATAR - June 10, 1975

Summary of the Meeting with Dr. Hassan Kamel, Adviser to the Ruler

We explained the purpose of Mr. McNamara's visit last March and elaborated on the following points:

(1) "Third Window", (2) Borrowing Program of FY1976, (3) Capital Increase and (4) Two-Year Bond issues.

We gave him briefing papers in Arabic and English on each of the first three points. We pointed out the attractive features of Bank Bonds and two-year Bond issues and handed him a briefing paper in English on the former. We told him about our discussions with Mr. Qadi and expressed the wish to brief the Ruler on all this. He said that the Ruler was unfortunately not feeling well and was not seeing visitors, but that he would brief the Ruler and inform him about our visit and its purpose.

Dr. Kamel appeared to be very influential. He seemed anxious to stress that Qatar would demonstrate its cooperation with the Bank. We later learned that he was also a member of the Qatar Investment Board.

SELFishawy/rh

cleared with and cc: Mr. Uhrig

cc: Messrs. McNamara
Goodman
Rotberg
Kochman o/r

~~THIRD WINDOW~~
CC-SEC-MARKETING-KUWAIT
CC-SEC-U.S.-2YR OF SEAT, ITS
CC-EMBANA

Mr. I.P.M. Cargill

June 25, 1975

Saad S. El Fishawy

KUWAIT - Summary of Visit on June 17 and 18, 1975

I first met with the Crown Prince and Prime Minister Sheikh Jaber, then Mr. Uhrig and myself met with Minister Al-Ateeqy of Finance, Messrs. Al-Hamad, Director General of the Kuwait Fund, Abdel Rassoul, Acting Governor of the Central Bank (the Governor was out of the country) and Badr Al-Daoud, Chairman of the Kuwait Investment Company together with his colleagues. I also met with Mr. Khalid Abou Al-Saoud, Director of Investment in the Ministry of Finance.

In all these meetings we discussed the subjects of long-term borrowing and "Third Window". Two-year bonds were discussed with Khalid Abou Al-Saoud, the Kuwait Fund and the Central Bank.

(1) Long-Term Borrowing:

I explained that the purpose of our mission was to follow up on last March's discussions. I added that, as promised, the Bank made a study of the possibility of borrowing in SDR-linked dollars and that it had decided that this was possible.

Minister Al-Ateeqy said that he was quite aware that he had mentioned during last March's meetings that by June the budget would have been prepared and that the situation would then be clear, and that we would be in a position to consider in June a new Bank Bond issue in Kuwait. He added that oil receipts, however, were much less than projected. Production was lower than the level Kuwait had maintained (3 million barrels a day). New commitments not previously envisaged had to be made. Just the week before, an additional 500 million dollars were committed to Egypt ^{1/}. Kuwait was still negotiating with the oil companies on the complete take-over of the oil concessions. He was expecting a difficult summer ahead.

The way it looked to him was that it would not be possible for him to consider a new Bank Bond issue before January of next year. This would not mean that Kuwait was shying away from its responsibilities towards the developing countries. It was extending substantial aid through the Kuwait Fund. Al-Hamad was present at the meeting.

I said that since I was repeatedly assured by Al-Hamad that I was considered a permanent member of the Kuwait Fund family, and I personally felt that way, I would not hesitate to express my view and deep conviction that bolstering bilateral aid should not be on the account of active participation in multilateral aid. I indicated the pitfalls and disadvantages of bilateral aid versus the advantages of multilateral aid.

^{1/} We had learned that Mr. Ahmad Zendo, the Governor of the Central Bank of Egypt, whom I had met in Jeddah two days before, was then coming from Kuwait.

Furthermore, investing in Bank Bonds represented an excellent investment opportunity.

In a telephone conversation the next day with Minister Al-Ateeqy I emphasized particularly that putting off consideration of a new bond issue in Kuwait until next January would mean that Kuwait would not have invested in Bank Bonds during all of Calendar Years 1974 and 1975. The last issue in Kuwait actually went back to February 1973. This would be inconsistent with the excellent relations of cooperation between Kuwait and the Bank. An issue of 150 to 200 million dollars during Calendar Year 1975 should not be difficult for Kuwait to manage. Thereupon Minister Al-Ateeqy said that he would consider and discuss such an issue during the Annual Meeting next September.

During a separate meeting with Al-Hamad, he advised strongly to maintain the Kuwait Investment Company (KIC) as our ^{agent} underwriter. The same view was expressed by Khalid Abou Saoud, who stated that: "Of course, any bond issue with the Ministry of Finance will be made through KIC".

Al-Hamad also indicated that he was not quite convinced of the arguments for not having new issues denominated in Kuwaiti Dinars and indicated that he intended to reopen the subject during the Annual Meeting.

(2) Two-Year Bonds:

Mr. Abou Al-Saoud stated that it would be reasonable to expect a subscription by the Ministry of Finance of 20 million dollars to the next issue to be September 15.

The Central Bank representative said that for the time being they could not increase their subscription in these bonds because of a statutory limitation which they were in the process of getting amended.

(3) "Third Window":

I expressed appreciation of the leading role Kuwait was playing with regard to this new lending facility. I explained the need for immediate ratification of Kuwait's contribution by the National Assembly in order to enable the Bank to commence lending under this new facility from the beginning of August. Minister Al-Ateeqy said that although it could not be guaranteed that this ratification would be obtained before the end of the current session of the Assembly at the end of June, the Government would try its utmost to have it ratified before then. Otherwise ratification would have to wait until the next session which will start in October.

Al-Hamad asked me to prepare a draft legislation of ratification. This was done (translation of pertinent part attached) and Al-Hamad handed it to Al-Ateeqy on Wednesday, June 18 to get approval by the Council of Ministers at its meeting of June 22 and to have it passed by the Assembly before the end of the current session.

Conclusion:

Oil receipts realized and surpluses accumulated are appreciably less than previously expected. Pressures of expenditures and commitments are mounting. The mood prevailing in the countries visited is one of re-tracting and ~~shrinking~~ retrenching.

Recommendations:

Continuous, regular and frequent -- probably bi-monthly -- contacts need to be maintained.

Encl.

SElFishawy/rh

cleared with and cc: Mr. Uhrig

cc: Messrs. McNamara
Goodman
Rotberg
Kochman ofr

"Third Window"

Draft Legislation of Ratification by the
Kuwait National Assembly

PREAMBLE

ART. 1. The State of Kuwait contributes, by way of a grant, to the Subsidy Fund to be established by the International Bank for Reconstruction and Development to enable it to extend loans on lenient terms to the less developed countries of its members.

ART. 2. Kuwait's contribution to said Fund is 20 million U.S. dollars' equivalent, to be transferred from the State's public reserves and to be paid upon terms and conditions to be agreed to in this regard between said Bank and the Kuwait Fund for Arab Economic Development.

ART. 3. The Prime Minister and the Minister of Finance will implement this law and it will enter into force from the date of its publication.

*Third Window
cc South Africa*

Mr. Robert S. McNamara

June 25, 1975

William S. Gaud ((signed)) William S. Gaud

Third Window - South Africa

I had a talk today with Ambassador Smit of South Africa, told him what had happened in Paris and expressed hope that enough progress had been made to induce South Africa to contribute to the interest subsidy fund. He took the same position that he has taken in the past, namely, that he is in favor of a contribution on the part of his Government but is in doubt as to the tactics to be pursued to obtain the contribution. More particularly, he is concerned at the moment with whether his Minister will want to wait until France and Germany have actually contributed or whether the Minister will go forward on the basis of the statements made by the French and Germans at the Development Committee meeting in Paris.

After much to-ing and fro-ing, he concluded that the best procedure would be for you to write a letter to him giving him a status report on where the Third Window stands and asking if South Africa would not be willing to make a contribution. He would then send this letter on to his Minister with an accompanying note of his own.

Quite apart from the Third Window, Smit will be asking you to see his Minister at the time of the Annual Meeting. His hope is that your letter would lead to a pledge from South Africa that will be given to you at the time you see the Minister.

I told him that he should approach your office directly if he wants his Minister to see you during the Annual Meeting, but that I would explore with you the possibility of your writing a letter such as that described above. He told me, incidentally, that Mr. Witteveen followed this same procedure and got a contribution to the IMF's oil facility.

This bird is by no means in the hand. The South Africans clearly want more company before they commit themselves. I therefore think it would be wise not to write the letter for another week or two, by which time we may have been successful in firming up some more of our potential pledges. So, if you agree to follow his suggestion, I will send you a draft letter for him in a week or two.

cc - Mr. Cargill

WSGaud:dbb

Mr. S. Shahid Husain

June 25, 1975

Rudolf Hablutzel

Third Window

1. In March 1975, a first approximation was made for Third Window allocations; this is spelled out in Mr. Haq's memorandum of March 15, 1975 to Mr. McNamara. The guiding principles are briefly as follows:

- a. Countries above \$200 per capita should not receive any IDA, and except in special cases, the released IDA funds are reallocated to the poorest countries (mainly in S. Asia);
- b. No IBRD to countries below \$200 per capita except where there is a clear case of creditworthiness (these exceptions were Madagascar, Kenya, Sierra Leone and Tanzania), and IBRD to LLDC's and MSA's to be largely substituted by Third Window. Released IBRD funds to be allocated to countries above \$375 (mainly in LAC).
- c. Third Window to be allocated to countries below \$375 per capita, as follows:
 - i. to replace IDA for countries above \$200 per capita;
 - ii. to replace IBRD to countries below \$375 per capita;
 - iii. to add resources to countries below \$375 per capita to the extent that creditworthiness permits.

2. These guidelines were used, together with some judgments about performance, absorptive capacity, and capital availabilities from other sources, to allocate \$1 billion of TW funds country by country. The result is shown in Table 4a of the above memorandum. Eastern Africa's illustrative allocation is \$176 million; IBRD is reduced by about \$120 million, and total World Bank Group lending is increased by about \$65 million. (After "prorating" the figures to conform to the Board approved lending program, the net additional funds were \$79 million.) This is 6.5 or 8% of the \$1 billion, compared with a share of East Africa in total 1976 World Bank Group lending of 8.8%. In other words, the additionality is less than pro rata, but not too much so; on the other hand, the effect is a softening of average terms, resulting in a grant equivalent per capita of \$2.62, nearly twice as much as for the other Regions (\$1.34) and one-and-a-half times as much as the next lower Region (\$1.73 for W. Africa).

3. Mr. McNamara considered the thrust of Mr. Haq's paper entirely appropriate while leaving individual country allocations open for reconsideration in due time. DPS has not yet been asked to come back to this issue, and as and when they are asked, they will again communicate with the Regions to seek their assessment of any changes justifying different allocations. This is likely not to take place before the amount of TW availabilities is firmed up.

4. For our Region, two major TW allocations must be revised downward: Madagascar and EAC. If the latter, for purposes of planning, is eliminated altogether, there would be about \$60 million of TW funds available for reallocation. Obvious candidates are Kenya and Tanzania, at least for the EAC allocation. Other possible candidates are Sudan, Botswana, Lesotho, Malawi and, perhaps, Zambia.

5. The latest 1976 lending programs from the timetables propose a total of \$276 million for EAC, Kenya and Tanzania, compared with an earlier program of \$211 as shown in Mr. Haq's memorandum, without the Third Window (or \$235 million including the Third Window). The EAC program is down from \$65 million to \$12 million, but the two countries are up by \$129 million.

6. The combined Third Window allocation to EAC/Kenya/Tanzania was \$110 million, but most of it in substitution of IBRD which was reduced by \$90 million to \$70 million. One could argue that the current 1976 IBRD program of \$222 million to the two countries already is quite inconsistent with DPS' views of their creditworthiness. Our own view, I believe, has in fact become more bullish. Nevertheless, one cannot argue that another \$110 million of Third Window funds could be simply added on (which would make \$15 per capita lending), even if it were possible in terms of project availability or "absorptive capacity" for program loans.

7. The question, therefore, is not how to redistribute the loot from the vanishing EAC to Kenya/Tanzania, but how much more the combined program on its merits should be further expanded beyond \$276 million. Two program loans of \$30 million each would bring it up to \$336 million. Deduct \$110 of TW and \$65 million IDA and we get IBRD for \$161 million, which is just about the amount we had in the program before the Third Window came along in March. How much shall we retreat from this forward position?

8. For the Sudan we could theoretically advocate an increase in the Third Window allocation, but projects seem not to be available.

9. Ethiopia is down from an IDA allocation of \$86 million to a lending program of \$21 million. It is my understanding that there are no Regional lump sum allocations for IDA and, therefore, we cannot shift the savings around (except that we already shifted \$10 million to Tanzania). Still less can we justify TW for Ethiopia.

10. For Somalia, however, we have \$13.5 million IDA which we had not programmed in March. Again, TW is difficult to support.

11. As regards Programs 11, the main issue is whether we can justify Third Window funds for Zambia (see my memorandum of June 17, 1975). This is a country which has become a special copper MSA, but I do not feel very secure about performance. A basic economic mission is in the field.

June 25, 1975

12. One point about program lending: the size of the Third Window subsidy fund is determined, in part, by the length of the disbursement periods during which interest is earned from short-term investments. The shorter the disbursed periods, the larger the required subsidy fund. We will probably have to refrain from using TW funds for program lending for this reason.

Attachments: Programs II lending program for 1976
Mr. Haq's memo of March 15, 1975
My memo of June 17, 1975

cc: Messrs. Adler, Please, Wiehen
Hansen, Maubouche, Barry

RH

RHablutzel/rso

Thiid Window

Mr. Hans Janssen

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman/rf

RJS

Third Window

Mr. Giorgio Rota

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which has been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Spanish and Italian authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

ATTACHMENT

RJGoodman:ed
IBRD

Third Window

Mr. Georgio Rota

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Italian and Spanish authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman/rf

Handwritten signature or initials, possibly 'RJG' or 'RF', in blue ink.

Third Window

Mr. Jacques de Groote

June 24, 1975

I.P.M. Cargill


Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Austrian and Belgian authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD



Third Window

Mr. W.A.E. Green

June 24, 1975

I.P.M. Cargill


Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Australian authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD



Third Window

Mr. Jon Sigurdsson

June 24, 1975

I.P.M. Cargill


Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Danish, Finnish and Norwegian authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD



Third Window

Mr. Yahia Khelif

June 24, 1975

I.P.M. Cargill


Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communications from your authorities on this subject. Without prejudice to the decision of your Iranian authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD



Third Window

Mr. V. Amado Gavidia-H

June 24, 1975'

I.P.M. Cargill


Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Venezuelan authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD



Third Window

Mr. Taro Hori

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman/rf

A handwritten signature, possibly "RJ", is written over the typed name "RJGoodman/rf".

Third Window

Mr. Claude M. Isbister

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication on this subject. May I assume therefore that your Canadian authorities are prepared to accept the resolutions as drafted?

Attachment

RJGoodman/rf



Third Window

Mr. Peter C. Witte

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication on this subject. May I therefore assume that your Dutch authorities are prepared to accept the resolution as drafted?

Attachment

RJGoodman/rf

A handwritten signature, possibly "RJG", is written over the typed name "RJGoodman/rf".

Third Window

Mr. Anthony K. Rawlinson

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication on this subject. May I assume therefore that your authorities are prepared to accept the resolution as drafted?

Attachment

RJGoodman/rf

RF

THIRD WINDOW

Mr. Muhammed Al-Altrash

June 24, 1975

I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication from your authorities on this subject. Without prejudice to the decision of your Kuwait and Saudi Arabia authorities as to whether they will contribute to the interest subsidy fund, may I assume that the resolution as drafted is acceptable to them?

Attachment

RJGoodman:ed
IBRD

Third Window

Mr. Muhammed Al-Atrash

June 24, 1975


I.P.M. Cargill

Third Window

At the meeting in Paris on April 30, 1975 which the Bank called to discuss the proposal to establish a Third Window Facility, there was circulated to delegates the staff draft of a resolution on the establishment of the Third Window which had been prepared for the approval of the Executive Directors. Mr. Nurick asked that any comments which governments may have on the resolution be forwarded to him in Washington through the Executive Directors involved. A copy of the draft resolution is attached.

Since the meeting we have not received any communication on this subject. May I assume therefore that your Kuwaiti and Saudi Arabian authorities are prepared to accept the resolution as drafted?

Attachment

 RJGoodman/rf

OUTGOING WIRE

TO: HONORABLE E.G. WHITLAM
PRIME MINISTER
PARLIAMENT HOUSE
CANBERRA

DATE: JUNE 20, 1975

CLASS OF
SERVICE: TELEX *WU1*

COUNTRY: AUSTRALIA

TEXT: MUCH
Cable No.: I HAVE BEEN/ENCOURAGED BY THE SYMPATHETIC RESPONSE IN YOUR RECENT LETTER TO MY REQUEST FOR AN AUSTRALIAN CONTRIBUTION TO THE THIRD WINDOW FACILITY, AND BY THE POSITIVE STATEMENT MADE BY THE AUSTRALIAN DELEGATE, MR. JOHNSON, AT LAST WEEK'S MEETING IN PARIS OF THE DEVELOPMENT COMMITTEE. AT THAT MEETING THERE WAS WIDESPREAD SUPPORT FOR THE THIRD WINDOW AND THE WORLD BANK WAS URGED TO ESTABLISH THE NEW FACILITY AS EARLY AS POSSIBLE IN OUR NEXT FISCAL YEAR BEGINNING ON FIRST JULY. I BELIEVE THAT SUFFICIENT CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND ARE IN SIGHT TO PERMIT LENDING OF APPROXIMATELY US\$500 MILLION AND THAT SUBSTANTIAL FURTHER COMMITMENTS WILL BE FORTHCOMING IN THE COURSE OF THE FISCAL YEAR. I AM ACCORDINGLY ASKING THOSE GOVERNMENTS THAT HAVE ALREADY PLEDGED A CONTRIBUTION, OR INDICATED WILLINGNESS TO DO SO, TO MAKE THEIR FUNDS AVAILABLE TO THE BANK AS SOON AS POSSIBLE AND EXPECT SHORTLY TO PROPOSE TO THE BANK'S BOARD THAT THE NEW FACILITY START OPERATIONS BEFORE OUR ANNUAL MEETING AT THE BEGINNING OF SEPTEMBER. PARAGRAPH. I NOTE FROM YOUR LETTER THAT AN AUSTRALIAN CONTRIBUTION CANNOT BE COMMITTED UNTIL THE BUDGET PROCESS HAS BEEN COMPLETED NEXT MONTH, BUT WOULD HOPE THAT THE BUDGET WILL MAKE PROVISION FOR AN APPROPRIATE CONTRIBUTION. AN EARLY STATEMENT OF YOUR GOVERNMENT'S INTENTIONS IN THIS RESPECT WOULD BE MOST HELPFUL TO ME IN APPROACHING OTHER POTENTIAL CONTRIBUTORS. WITH KIND REGARDS.

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara
by: Raymond J. Goodman
DEPT. Office of the President

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

RJGoodman/rf

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Green

For Use By Communications Section

Checked for Dispatch: *[Signature]*

25

ORIGINAL (IN COPY)

DISPATCHED

RECEIVED

SIGNATURE

DATE

TIME

UNCLASSIFIED BY

DISPATCHED

20 4:31 PM 1975

COMMUNICATIONS

NOT TO BE TRANSMITTED

KOREAN S. HANJANG

CONTRIBUTORS' WITH KIND REGARDS

IN THIS RESPECT WOULD BE MOST HELPFUL TO ME IN VERIFYING OTHER POSSIBLE

VERIFICATION CONTRIBUTION. AM EASY STATEMENT OF LONG COMMITMENT, 2 INTERMEDIATE

WEEK MONTH. BUT WOULD HOPE THAT THE BUDGET WILL MAKE PROVISION FOR AN

CONTRIBUTION CANNOT BE COMMITTED UNTIL THE BUDGET PROCESS HAS BEEN COMPLETED

OF SEPTEMBER. HOWEVER, I HAVE FROM LONG FEELER THAT AN ASSUMPTION

THE NEW FACILITY START OPERATIONS BEFORE OUR ANNUAL MEETING AT THE BEGINNING

AS SOON AS POSSIBLE AND EXPECT SHORTLY TO PROPOSE TO THE BANK, 2 POINT THAT

INDICATED WILLINGNESS TO DO SO. TO MAKE THEIR LONG AVAILABLE TO THE BANK

ASKING THOSE COMMITMENTS THAT HAVE PREVIOUSLY PROMISED A CONTRIBUTION. ON

WILL BE FORTHCOMING IN THE COURSE OF THE DISCUSSION. I AM ACCORDINGLY

OF VERIFICATION 225000 MIGHT AND HAVE SUBSTANTIALLY MAKING COMMITMENTS

CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND ARE IN SIGHT TO BEING FORTH

WEEK DISCUSSION BEGINNING ON FIRST JULY. I BELIEVE THAT SUBSTANTIAL

BANK HAS DECIDED TO ESTABLISH THE NEW FACILITY AS EASY AS POSSIBLE IN OUR

MEETING THERE HAS WIDESPREAD SUPPORT FOR THE THIRD WINDOW AND THE MONTH

AS LAST WEEK, 2 MEETING IN PARTS OF THE DEPARTMENTAL COMMITTEE. WE HAVE

AND BY THE POSITIVE STATEMENT MADE BY THE VERIFICATION DEPARTMENT. MR. JOHNSON

TO MY REQUEST FOR AN ASSUMPTION CONTRIBUTION TO THE THIRD WINDOW FACILITY.

COPY NO. 1

TEXT

NOCH

CONTRIBUTOR

VERIFICATION

CYBERNET

PARLIAMENT HOUSE

PRIME MINISTER

10: HONORABLE E.C. MILLER

SERVICE LETTER

CLASS OF

DATE JUNE 30, 1975

OUTGOING WIRE

ASSOCIATION	RECOMMENDATION AND DEPARTMENT	COORDINATION
INTERNATIONAL DEPARTMENT	INTERNATIONAL BANK FOR	INTERNATIONAL BANK
0-10		
0-10		

248423B IBRD URG.

INCOMING TELEX

✓THIRD WINDOW
CC-EMENA

248423B IBRD UR

(TELEX NO)

SHERATON KT2434

Distribution: Mr. Cargill
Mr. Rotberg
Mr. Pajmans

SHERATON KUWAIT /FA/KS

/18/6/75

FIVE FOR CARGILL

SHEIKH ALQURAISHI STATED THAT THE SAUDI CONTRIBUTION TO THIRD
WINDOW OF 25 MILLION DOLLARS EQUIVALENT IS AVAILABLE WITH
WAMA AND PAYABLE UPON REQUEST AFTER OFFICIAL NOFIFICATION OF ESTAB-
LISHMENT OF INTEREST SUBSIDY FUND STOP NO FURTHER RATIFICATION.
IS NEEDED STOP REGARDS

ELFISHAWY

SECTION

JUN 19 8 26 PM 1975

June 18, 1975

Mr. Cargill:

Third Window - Australia

I talked to Bruce Cheek who says that the Australian fiscal year starts on July 1. The Treasurer makes what in Britain would be the Chancellor's Budget speech about the middle of August and the Finance Bill is then debated for the next several weeks.

What Prime Minister Whitlam must have been referring to is the Cabinet discussion in July at which the Budget is approved for presentation to Parliament. As in Britain, once a measure is included in the Budget it is not likely to be rejected, although it may be modified in the course of debate.

Raymond J. Goodman

OFFICE MEMORANDUM

✓ THIRD WINDOW
U.K. - IBRD MEMBERSHIP

TO: Mr. I. P. M. Cargill
FROM: A. K. Rawlinson *AKR*
SUBJECT: Third Window

DATE: 18 June 1975.

Goodman

I understand that you sent a telegram to Mr. King in O.D.M. yesterday about the Third Window and the U.K. contribution to it. It would be convenient if I could have a copy.

There is no need for you to telephone later this week, as I understand you were considering. Mr. King is in any event away. A reply to your telegram will come shortly through me.



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 18, 1975	Document Type Letter			
Correspondents / Participants To: Mr. Peter C. Witte, Executive Director From: Douglas J. Fontein, Legal Department				
Subject / Title Confirm morning discussions				
Exception(s) Attorney-Client Privilege				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 17, 1975	Document Type Outgoing Wire			
Correspondents / Participants To: Mr. Saad El-Fishawy From: Lester Nurick, Legal				
Subject / Title Main points re: proposed Third Window resolution of interest to Kuwait				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

Mr. S. Shahid Husain

June 17, 1975

Rudolf Hablutzel

Third Window Allocation, CPII

1. Below is a table showing what amounts could be absorbed by CPII in FY76. The illustrative Third Window allocation in the March 15, 1975 memorandum from Mr. Haq to Mr. McNamara was \$46 million for CPII. The total shown below is \$67.5 million; but of this, \$30 million for the Forestry Project in Zambia is seriously in doubt because the project may not materialize in FY76.

<u>Tentative Third Window Allocation</u>				
<u>CPII</u>				
	<u>Total</u> <u>Lending</u>	<u>IDA</u>	<u>IBRD</u>	<u>TW</u>
<u>Botswana</u> Education (FY77) ^{1/}	12.0		8.0	4.0
<u>Lesotho</u> Highway	7.0		5.0	2.0
<u>Madagascar</u> Supplementary Credit (Highway III)	5.0	5.0		
Highway IV	20.0	11.0		9.0
<u>Malawi</u> Education ^{1/} Karonga (FY77)	12.0 15.0	12.0		15.0
<u>Mauritius</u> DBM	7.5			7.5 ^{3/}
<u>Zambia</u> DFC ^{2/}	15.0		15.0	
Forestry ^{1/}	30.0			30.0 ^{3/}
Kafue (FY77) ^{1/}	40.0			
Urban (FY77)	25.0			

^{1/} might be advanced into 76 but doubtful.

^{2/} Included in timetables but doubts expressed by Projects.

^{3/} current allocation is IBRD.

2. It appears in general that total lending in CPII in 1976 is going to be substantially lower than we had assumed when the tables were discussed in March. There is a sharp reduction in IBRD lending from \$115 million in the March 15 tables to \$28 million, which is only partly offset by the proposed Third Window loans. The reason for this appears to be a dearth of projects which is certainly a matter which needs looking into, and the situation in Madagascar.

RH
RHablutzel/rso

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: R.B.M. KING
MINISTRY OF OVERSEAS DEVELOPMENT
ELAND HOUSE
STAG PLACE
LONDON

DATE: JUNE 16, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: ENGLAND

TEXT: REVIEW OF THIRD WINDOW PROSPECTS TODAY WITH MCNAMARA IN LIGHT OF DEVELOPMENT
Cable No.: COMMITTEE MEETING CONCLUDED THAT CONTRIBUTIONS TO SUBSIDY FUND ALREADY
PLEDGED OR STRONGLY INDICATED WOULD BE SUFFICIENT TO FINANCE MINIMUM LENDING
PROGRAM OF \$500 MILLION AND THAT SCHEME COULD THEREFORE BE LAUNCHED EARLY IN
OUR NEXT FISCAL YEAR. APART FROM COUNTRIES THAT MENTIONED SPECIFIC CONTRIBUTIONS
AT APRIL MEETING, NAMELY CANADA, KUWAIT, NETHERLANDS, SAUDI ARABIA AND UK,
WE INCLUDE IN THIS GROUP DENMARK, ITALY, NORWAY, SPAIN, SWITZERLAND AND
VENEZUELA. THERE ARE ALSO GOOD PROSPECTS OF CONTRIBUTIONS, ALBEIT SOMEWHAT
LATER, FROM A SECOND GROUP INCLUDING AUSTRIA, AUSTRALIA, BELGIUM AND FRANCE.
NOT RULED OUT, BUT TOO UNCERTAIN TO BE COUNTED ON AT THE INITIAL STAGE, ARE
CONTRIBUTIONS FROM A THIRD GROUP INCLUDING FINLAND, GERMANY, IRAN, JAPAN AND
SOUTH AFRICA. PARAGRAPH. WE ARE THEREFORE APPROACHING COUNTRIES IN FIRST
GROUP TO SOLICIT THEIR AGREEMENT TO PAY THEIR CONTRIBUTIONS BY FIRST AUGUST
ON ASSUMPTION THAT THIRD WINDOW SCHEME WILL HAVE BEEN PRESENTED TO AND
APPROVED BY BANK BOARD BEFORE THEN. IN CASES OF CANADA AND UK, WHICH
INDICATED A RANGE FOR THEIR CONTRIBUTION, WE WOULD HOPE THEY WILL AGREE TO
THE LARGER FIGURE THEY HAVE MENTIONED, NAMELY \$20 MILLION. IF THEY AGREE, WE
ARE REASONABLY SURE OF REACHING \$125 MILLION WHICH IS THE AMOUNT REQUIRED
TO SUBSIDIZE ABOUT \$500 MILLION OF LENDING. PARAGRAPH, I SHALL BE GETTING
IN TOUCH WITH YOU BY TELEPHONE LATER THIS WEEK TO ENQUIRE WHETHER ACTION
ALONG THESE LINES WOULD BE AGREEABLE TO THE UK AND TO RESPOND TO ANY
QUESTIONS YOU MAY HAVE. BEST REGARDS

CARGILL
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Raymond J. Goodman

DEPT. Office of the VP, Finance

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RJGoodman/rf

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DEPT

Office of the VP

NAME

Raymond J. Goodman

cc: Mr. Rumsfeld

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INITIALS
CARROLL

DISPATCHED

JUN 16 6 20 PM 1975

COMMUNICATIONS

QUESTIONS YOU MAY HAVE, BEST REGARDS
ALONG THESE LINES WOULD BE AGREEABLE TO THE UK AND TO RESPOND TO ANY
IN TOUCH WITH YOU BY TELEPHONE LATER THIS WEEK TO RESOLVE WHETHER ACTION
TO SUBSIDIZE ABOUT \$200 MILLION OF LENDING. PARAGRAPH, I SHALL BE GETTING
ARE REASONABLY SURE OF REACHING \$125 MILLION WHICH IS THE AMOUNT REQUIRED
THE LARGER FIGURE THEY HAVE MENTIONED, NAMELY \$60 MILLION. IF THEY AGREE, WE
INDICATED A RANGE FOR THEIR CONTRIBUTION, WE WOULD HOPE THEY WILL AGREE TO
APPROVED BY BANK BOARD BEFORE THEN. IN CASES OF CANADA AND UK, WHICH
IS ASSUMPTION THAT THIRD WINDOW SCHEME WILL HAVE BEEN PRESENTED TO AND
GROUP TO SOLICIT THEIR AGREEMENT TO PAY THEIR CONTRIBUTIONS BY FIRST AUGUST
SOUTH AFRICA, PARAGRAPH. WE ARE THEREFORE APPROACHING COUNTRIES IN FIRST
CONTRIBUTIONS FROM A THIRD GROUP INCLUDING FINLAND, GERMANY, IRAN, JAPAN AND
NOT RULED OUT, BUT TOO UNCERTAIN TO BE COUNTED ON AT THE INITIAL STAGE, ARE
LATER, FROM A SECOND GROUP INCLUDING AUSTRIA, AUSTRALIA, BELGIUM AND FRANCE.
APPROPRIATE. THERE ARE ALSO GOOD PROSPECTS OF CONTRIBUTIONS, ALTHOUGH SOMEWHAT
WE INCLUDE IN THIS GROUP DENMARK, ITALY, NORWAY, SPAIN, SWITZERLAND AND
AT APRIL MEETING, NAMELY CANADA, KENYA, NETHERLANDS, SAUDI ARABIA AND UK,
OUR NEXT FISCAL YEAR. APART FROM COUNTRIES THAT MENTIONED SPECIFIC CONTRIBUTIONS
PROGRAM OF \$200 MILLION AND THAT SCHEME COULD THEREFORE BE LAUNCHED EARLY IN
FINANCED OR STRONGLY INDICATED WOULD BE SUFFICIENT TO FINANCE MIDDLE EAST
CABLES OF COMMITTEE MEETING CONCLUDED THAT CONTRIBUTIONS TO SUBSIDY FUND ALREADY
NEXT FOR REVIEW OF THIRD WINDOW PROSPECTS TODAY WITH MCNAMARA IN LIGHT OF DEVELOPMENT
COUNTRIES, INCLUDING ENGLAND.

COUNTRIES, INCLUDING ENGLAND.

LONDON

RAY J. GOODMAN

THIRD WINDOW

MEMORANDUM OF AGREEMENT, DEVELOPMENT

TO: R.B.M. KING

OUTGOING WIRE

SERVICE: AIR MAIL

CLASS: OM 100

DATE: JUNE 16, 1975

ASSOCIATED PRESS

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FORM 10-100



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 16, 1975	Document Type Outgoing Wire			
Correspondents / Participants To: Mr. Saad El-Fishawy From: Lester Nurick, Legal				
Subject / Title Seeking advice on further communications re: Kuwait's contribution to the Third Window				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

June 14, 1975

THIRD WINDOW

STATUS OF THIRD WINDOW CONTRIBUTIONS

Australia:

Mr. Whitlam's letter of May 28, 1975, states: "it will be necessary for us to consider whether we can contribute to the Third Window in the context of our deliberations on the Australian Budget for 1975-1976. That process will not be completed until around the end of July and it will not be possible, therefore, to advise you of the Australian decision before then...."

"We are sympathetic to the objectives behind the Third Window proposal and we will consider a possible Australian contribution against that background."

At the Development Committee Meeting, Johnson stated, "Australia views a contribution to the Third Window positively and hopes to be in a position to define their attitude more precisely shortly."

Should not McN send a cable to Whitlam reporting widespread support for the Third Window at the Development Committee Meeting; expressing appreciation for Johnson's positive statement; expressing hope that the Australian Budget for 1975-76 will make provision for an Australian contribution; and stating that early acknowledgement of Australia's intention to contribute will assist in establishing Third Window operations prior to the September 1 meeting of the Governors of the Bank and Fund?

Austria:

Androsch stated at the Development Committee Meeting that "his Group accepts in principle the Third Window concept. Austria will examine a possible contribution to the Interest Subsidy Fund with the understanding that there will be a general participation of OECD and OPEC countries."

Should not McN send a cable to Androsch asking for a specific Austrian contribution?

Belgium:

At the May meeting of Deputies, Mr. Meulemans stated, "that his authorities were still studying the Third Window proposal and had as yet taken no decision.... They recognize that substantial time will be required to negotiate any addition to IDA's resources and are considering support of the Third Window in that context. Belgium will examine a possible contribution to the Interest Subsidy Fund with the understanding that there will be a general participation of OECD and OPEC countries."

Should not McN send a cable to the Finance Minister informing him of the widespread support in the Development Committee for the early establishment of the Third Window and expressing hope that Belgium will contribute to the Interest Subsidy Fund?

Canada:

At the Paris meeting, Mr. Drake said, "the Bank should have the flexibility to propose Third Window lending to higher-income countries on the basis of perceived needs. If such an element of managerial discretion is provided for and if Third Window lending is additional, then Canada is prepared to contribute between \$10 and \$20 million to the Interest Subsidy Fund, the exact amount to be determined on the basis of the level of Third Window lending and the commitments of other donor countries." Turner repeated at the Development Committee Meeting Canada's intention to contribute between \$10 and \$20 million to the Interest Subsidy Fund.

Either Cargill or Nurick should work with the Canadians to prepare the necessary documents to formalize the contribution.

Denmark:

At the Development Committee Meeting, Feldt of Sweden stated that Denmark will contribute to the Interest Subsidy Fund. We understand the amount will be \$4 million.

Should not Cargill or Nurick work with a representative of Denmark to prepare the documents to formalize the contribution?

Finland:

At the Development Committee Meeting, Feldt of Sweden stated, "Finland takes a positive view of the establishment of the Third Window but cannot announce a contribution today."

At some point a representative of the management should visit Finland to negotiate the amount and time of a Finnish contribution.

France:

At the Development Committee Meeting, Fourcade stated, "France fully supports the Third Window -- the priority way of financing it should be from gold profits."

We can probably obtain a modest ^{Arden} contribution from France (for example, \$4 million) by pressing for it now or a larger one when the gold issue is settled. Should we wait?

Germany:

At the Development Committee Meeting, Poehl stated, "Germany can now accept the Third Window concept. His government cannot commit to a direct contribution to the Interest Subsidy Fund, but accepts the proposal to use some of the IMF gold for this purpose even before agreement is reached on the total gold issue -- Simon's proposal regarding the use of a portion of the Fund's gold for the Trust Fund, without amendment of the Articles, could apply as well to the Third Window."

We should probably not approach Germany for a Third Window contribution until we have an agreement with France or until profits on IMF gold are available for Development Assistance.

Iran:

At the May meeting of Deputies, Mr. Kooras stated ^{"be understood"} that the Third Window will be additional to regular IDA and World Bank lending and as such it has Iran's support."

Should not McN cable the Shah reporting widespread support in the Development Committee for the early establishment of the Third Window; reminding the Shah that it was his initiative which contributed so much to the advancement of the idea of a Third Window; and asking the Shah for a \$20 million contribution to the Interest Subsidy Fund?

Italy:

At the Development Committee Meeting, Carli stated, "Italy was ready to contribute to the Interest Subsidy Fund if other donors contribute their fair share."

When McN asked Carli how such a contribution would be arranged, Carli stated they would contribute in the form of concessionary interest on IBRD borrowings from Italy.

Should not Cargill or, if necessary, McN contact Carli to make the necessary arrangements?

Japan:

At the Development Committee Meeting, Yoshida stated "Japan had been apprehensive about a Third Window, but if it is not to be a permanent element of Bank operations, they would have nothing against it. IMF gold should be the main source of Third Window financing."

Would it be wise to formulate a specific loan prepayment proposal providing for a Japanese contribution to the Interest Subsidy Fund for transmission to Fukuda in a cable from McN which would emphasize that eleven governments have already made commitments to assist in financing Third Window operations?

Kuwait:

At the Development Committee Meeting, Al-Hamad repeated Kuwait's pledge of a \$20 million contribution to the Interest Subsidy Fund.

After the meeting, McN asked Al-Hamad how we could quickly formalize Kuwait's contribution to permit immediate IBRD loan commitments to be drawn against it. Al-Hamad agreed Lester Nurick should discuss the necessary legal steps with his representative.

Luxembourg:

In the May Deputies meeting, Mr. Lemmer said that "Luxembourg is ready to support the Interest Subsidy Fund." de Groote has advised Cargill whom to see in Brussels and Paris. A contribution possible in the next fiscal year starting January 1, 1976.

What were the results of Cargill's discussions?

Netherlands: Pronk repeated his government's pledge to make available a grant of \$20 million to the Interest Subsidy Fund and stated, "If a fair share for the Netherlands would exceed \$20 million, they would consider the larger amount."

Should not Nurick make immediate arrangements to formalize the Netherlands pledge to permit commitments to be charged against it during the first quarter of FY76?

Norway: At the Development Committee Meeting, Feldt of Sweden stated that Norway will contribute to the Interest Subsidy Fund. We understand the amount will be \$4 million.

Should not Cargill or Nurick work with a representative of Norway to prepare the documents to formalize the contribution?

Qatar: During McN visit March 13, 1975, the Minister of Finance stated "he personally supported the establishing of the 'Third Window' and that he would present the request to the Ruler and would let the Bank know as soon as possible."

What were the results of El Fishawy's visit?

Should not McN send a cable to the Ruler describing the results of the recent Development Committee Meeting and asking for a firm commitment from Qatar?

Saudi Arabia: At the Development Committee Meeting, Saudi Arabia reiterated their pledge of \$25 million to the Interest Subsidy Fund and stated the contribution was available on request.

Should not El Fishawy visit Saudi Arabia to obtain their signature on the necessary documents?

South Africa: Should not Bill Gaud approach their Bank and Fund Representative, report the results of the Development Committee Meeting, and ask if South Africa plans to make a Third Window contribution?

Switzerland: At the Development Committee Meeting, Jolles stated Switzerland will "plan to contribute \$10 million in total to the Third Window Interest Subsidy Fund and to the Oil Facility Interest Subsidy Fund. They have a preference for the Third Window and therefore the contribution to it should be \$5 million or somewhat more than that amount." Jolles mentioned that the Swiss offer was subject to Parliamentary approval and that the next step would be for the government to transform its "decision of plan" into a specific proposal to Parliament.

principle
Cargill should follow the action the government takes to formalize its contribution.

Spain:

At the Development Committee Meeting, Carli stated "Spain was ready to contribute to the Interest Subsidy Fund if other donors contribute their fair share."

When McN asked Carli how such a contribution would be arranged, Carli stated they would contribute in the form of concessionary interest on IBRD borrowings from Spain.

Should not Cargill or, if necessary, McN contact Carli to make the necessary arrangements?

UAE:

During McN visit March 15, 1975, the Minister of Foreign Affairs stated "he supported the Third Window scheme and hoped to obtain the approval of the government on it soon."

Should not Cargill contact his friend by telephone to determine the most effective way of obtaining a UAE contribution to the Interest Subsidy Fund? Would not a cable by McN to Sheik Zayed, with a copy to the Foreign Minister, be appropriate?

UK:

At the Development Committee Meeting, King stated the United Kingdom was willing to contribute \$10 to \$20 million to the Interest Subsidy Fund.

Should not Cargill contact King to determine how and when this commitment can be formalized?

Venezuela:

At the Development Committee Meeting, Fernandez stated Venezuela would contribute \$10 million to the Interest Subsidy Fund.

Should not Krieger determine how this commitment can be formalized and made quickly available to support Third Window loans?

248423A IBRD UR

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(Telex Nr)

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Mr. El Fishawy's Office
Mr. Uhrig's Office

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COMMUNICATIONS
SECTION

248423 USA

✓ THIRD WINDOW
CC-SEC. BORROWING - U.S. TYP. OF SENT
CC-QAMM - IBRD MEMBERSHIP

ONE FOR GOODMAN AND ROTBERG PRIMO IN VIEW OF SERIOUSLY CURTAILED
OIL PRODUCTION AND IN ANTICIPATION OF 100 PERCENT TAKEOVER BY
GOVERNMENT WHICH IS PRESENTLY BEING NEGOTIATED COMMA

AAA PARTICIPATION IN THIRD WINDOW IS POSTPONED FOR NOW STOP
BBB FRUITFUL DISCUSSIONS REGARDING LONG TERM BORROWING ARE NOT
POSSIBLE BEFORE SEPTEMBER WHEN WE WILL BE WELCOME TO RESUME THEM
STOP

CCC SUBSCRIPTION TO NEXT TWO YEAR BONDS EXPECTED TO BE NOT LESS
THAN TWO MILLION DOLLARS STOP

PERTINENT PART OF THIS TELEX WAS READ TO MR ABDELQADER QADI
DIRECTOR OF FINANCE

SECUNDO YOUR CABLE IRAQ RECEIVED STOP PROCEEDING TO BAHREIN AS
SCHEDULED

ELFISHAWY/UHRIG

4250 GLFHTL DH

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JUNE 10, 1975

CLASS OF
SERVICE: TELEX (X-3606)

COUNTRY: FRANCE

TEXT: 931
Cable No.: FOR CARGILL EL FISHAWY REPORTS NO EARLY PROSPECT OF THIRD WINDOW CONTRIBUTION
FROM QATAR OWING SERIOUS DROP IN OIL PRODUCTION AND CURRENT NEGOTIATIONS
ON GOVERNMENT TAKEOVER REGARDS

GOODMAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Raymond J. Goodman

DEPT. Office of the VP, Finance

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RJGoodman/rf

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cc: Messrs. El-Fishawy (or)
Hattori
Kochman

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(IMPORTANT: See Secretaries Guide for preparing form)

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ORIGINATOR (RHS COPY)

REFERENCE

BT GOODMAN 11

SIGNATURE

[Handwritten signature]

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DEPT

OFFICE OF THE AD. BUSINESS

NAME

KALANOS 1. GOODMAN

APPROVED BY

JUN 10 8 56 PM 1975
COMMUNICATIONS

KOSCHEN

HAROLD

CC: KOSCHEN, BT-Internal (or)

STANDARD AND COM-DEVELOPMENT

JUN 10 8 56 PM 1975
COMMUNICATIONS

NOT TO BE RECLASSIFIED

GOODMAN

ON COOPERATIVE BUSINESS RECORDS

FROM OFFICE OF THE AD. BUSINESS

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DATE: 11/11/75

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INTERNATIONAL DEPARTMENT

RECLASSIFICATION

INTERNATIONAL DEPARTMENT

THIRD WINDOW

June 9, 1975

Mr. McNamara:

THIRD WINDOW

I talked on the telephone a few minutes ago to Peter Cargill and told him of our latest information on the status of each country, and what contacts he (Cargill) we hope will be making in Paris. He added the following:

Iran: At the G 24 Meeting Kooros is understood to have said:

- (a) Contributions should be "universal".
- (b) There should be objective criteria to determine what each country will contribute.

Peter is going to try and get hold of Kooros tomorrow to find out what he meant by this.

Norway: At the Development Committee Meeting, Norway will announce a contribution of \$4 million. Peter knows nothing of any approaches Norway may have made to the other Nordic countries.

Switzerland: A Cabinet meeting is taking place today at which they will consider proposals to contribute \$5 million each to the Special Trust Fund and the Third Window. The decision should be known tomorrow.

Raymond J. Goodman

cc: Messrs. Knapp
Gaud

JUNE 8, 1975

INBAFRAD 62164F

1175 RMR MCNAMARA

~~Distribution:~~ Mr. Hoffman
Mr. McNamara

FIRST G-24 MINISTERIAL MEETING THrice POSTPONED BECAUSE DEPUTIES UNABLE AGREE COMMUNIQUE. NOW SCHEDULED MEET THIS EVENING.

SECOND PRINCIPAL POSITIVE STATEMENTS DRAFT

COMMUNIQUE OF DIRECT BANK INTEREST AS FOLLOWS:

ENDORSEMENT FIVE YEAR LENDING PROGRAM.

EXPANSION CAPITAL BASE. NEED FOR EXPANDED BANK LENDING.

ENDORSEMENT THIRD WINDOW AND CALL FOR ADDITIONAL CONTRIBUTIONS.

EMPHASIZED IDA PRIORITY AND INCREASE NEXT REPLENISHMENT IN REAL TERMS. WELCOMED BANK BUFFET STOCK INITIATIVE.

THIRD INTERESTING DEBATE BLARED UP BETWEEN LOW INCOME AND OTHER DEVELOPING COUNTRIES. ALL REFERENCES IN COMMUNIQUE TO SEPARATE

ESTIMATES CAPITAL REQUIREMENTS THESE TWO GROUPS DELETED. THIS THEN LED TO ANOMALY THAT ELIGIBILITY CRITERIA FOR EITHER TRUST FUND OR THIRD WINDOW COULD NOT BE DEFINED AND PRESENT LANGUAGE MAKES EVERYONE POTENTIALLY ELIGIBLE.

FOURTH. AT INSISTANCE OPEC REPS (IRAN, IRAK, VENEZUELA) INNOCUOUS PARA ENDORSING NEED FOR TRUST FUND HAD TO BE PUT IN BRACKETS.

FIFTH IRAN REP KOOROS AGAIN MADE QUITE NEGATIVE STATEMENT ON THE MANY NEW FUNDS INCLUDING THIRD WINDOW. PRIVATE CONVERSATION LATER, INCLUDING WASHINGTON AMUZEGAR, DID NOT IMPROVE MY IMPRESSION

THOUGH MATTER CLEARLY TO BE LEFT FOR ANSARI STATEMENT AT COMMITTEE.

SIXTH DRAFT COMMUNIQUE ORIGINALLY CONTAINED LANGUAGE OFFICIALLY EXPRESSING DISAPPOINTMENT WORK DEVELOPMENT COMMITTEE. LANGUAGE MODIFIED BUT STILL EXPRESSES IMPATIENCE.

SEVENTH RE INTERIM COMMITTEE MATTERS, REASONABLE SUMMARY IS THAT GROUP DID LITTLE TO HELP PROMOTE COMPROMISE ON ANY OF THE VITAL

ISSUES.

STERN

Third window

INTBAFRAD
LONDON

JUNE 5, 1975
(3606)

TELEX

ENGLAND

FOR CARGILL. HURTADO HAS NOW CHANGED HIS PLANS AND WILL ATTEND PARIS MEETINGS. BELIEVE HE IS ALSO PREPARED TO MAKE SYMPATHETIC STATEMENT ABOUT THIRD WINDOW AT DEVELOPMENT COMMITTEE MEETING. SUGGEST YOU CONTACT HIM IN PARIS AT QUEEN ELIZABETH HOTEL. REGARDS.

GOODMAN

Raymond J. Goodman

~~Raymond~~ Office of the VP. Finance



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 5, 1975	Document Type Board Report			
Correspondents / Participants				
Subject / Title Report No. IFF 75-5 Establishment of a Third Window				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date June 5, 1975	Document Type Board Report			
Correspondents / Participants				
Subject / Title Report No. SD75-29 Summaries of Discussion at Meeting of the Executive Directors of the Bank and IDA, May 20, 1975* *These summaries consist of staff notes of the discussions, and are not an approved record.				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

THIRD WINDOW

1. please visit to
June 5, 1975

make this summary
independent of the
Report.

2. I will visit to take to
Paris
L. W.

STATUS OF THIRD WINDOW CONTRIBUTIONS

~~Following is a status report by countries and a plan for
contacting key ministers or other officials:~~

~~Attached is a copy of the Chairman's report of the first
meeting which contains a summary of the remarks made by delegates.
References below are to this report.~~

Australia:

~~(page 2, #5) Owing to the Cabinet crisis and
current orders to trim expenditures, no decision
on Third Window is likely to be made until the
Cabinet meets on the Budget in July. It is not
known yet if the new Finance Minister will be
going to Paris but Cargill should in any case
contact L.W. Johnson, Director of the Aid Agency
and himself a strong supporter of Third Window.~~

Austria:

~~See under Belgium.~~

Belgium:

~~(page 2, #7) No developments. De Groote is in
Brussels and Cargill has been given his office
and private telephone numbers. De Groote will
advise whom to see in Brussels or Paris for
Belgium, Luxembourg and Austria.~~

Canada:

~~(page 3, #8) Already pledged.~~

Denmark:

~~(page 4, #9) No developments, but see under
Norway.~~

Finland:

~~(page 4, #11) Not a strong prospect, but see
under Norway.~~

France:

~~(page 4, #12) Good prospect, especially if agreement
is reached on gold restitution. Cargill will contact
Treasury and advise if RSM should talk to Minister of
Finance.~~

Germany:

~~(page 5, #13) Cargill reports that Minister Bahr
supports the scheme in principle but that budgetary
problems preclude a contribution this fiscal year.
Germany will inform Japan of this position.~~

Iran:

~~(page 5, #14) No developments. Cargill advises that
RSM should speak to Finance Minister Ansari in Paris.~~

[quote from Paris letter dated]

[quote from status]

state amount + conditions
of pledge

what has Iran said to date

(Cargill will) advise with
reference
the statement
Germany
will make
in the
Development
Committee

Japan:

State Japan's position
1 ~~(page 5, #16) No change of position; however, it is still probable that Japan will contribute if France and Germany do. Japan will probably not be represented in Paris (I.C. or D.C.) at Ministerial level.~~ *Cargill check what Japan will say in Development Committee.*

Kuwait:

State Pledge
~~(page 6, #17) Already pledged.~~

Luxembourg:

State Status
~~(page 6, #18) See under Belgium,~~

Netherlands:

State Pledge
~~(page 1, #2) Already pledged.~~

Norway:

State Pledge
^ ~~(page 6, #20) Finance Minister Kleppe will represent Norway at I.C. meeting; RSM should talk with him as Norway is believed to be trying to arrange a contribution by other (if not all) Nordics.~~

Qatar:

State Status
^ ~~El-Fishawy will raise Third Window matter on his forthcoming Middle East tour (arriving Qatar June 8).~~ *in Qatar on 6/8.*

Saudi Arabia:

State Pledge
^ ~~(page 6, #21) Already pledged.~~

South Africa:

Considers that not enough of the big industrial countries are willing to support Third Window to warrant a contribution from South Africa.

Switzerland:

Unlikely prospect.

UAE:

State Status
^ ~~(page 7, #23) No developments. El-Fishawy will not be visiting Abu Dhabi as everyone with authority will be away.~~

U.K.:

State Pledge
~~(page 1, #3) Already pledged.~~

Venezuela:

State Status from Kueger's memo
^ ~~(page 7, #25) Hurtado has now decided to attend Paris meetings and is believed ready to make a sympathetic statement on Third Window at Development Committee meeting. Cargill advised, or RSM should meet with in Paris to review statement. Hurtado will make to the Development Committee.~~

RJG's
copy

ROUTING SLIP

DATE

June 4, 1975

NAME

ROOM NO.

Messrs. Gaud

Stern

J. Wood

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PER YOUR REQUEST

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SIGNATURE

REMARKS

Please let me have your comments on the attached as soon as possible. I have undertaken to put it in to Mr. McNamara tomorrow.

Does anybody know what should be said against South Africa and Switzerland? Have I omitted any possible contributors?

FROM

R.J. Goodman

ROOM NO.

E1231

EXTENSION

3606

DRAFT
RJGoodman/rf
June 4, 1975

SECOND MEETING ON THIRD WINDOW

Following is a status ~~quo~~ report by countries and a plan for contacting key ministers or other officials:

Attached is a copy of the Chairman's report of the first meeting which contains a summary of the remarks made by the delegates. References below are to this report.

Australia: (page 2 # 5) Owing to the Cabinet crises and current orders to trim the budget, no decision is likely to be made until the Cabinet meets on the Budget in July. Delegation (to be headed by L.W. Johnson, Director of the Aid Agency and himself a strong supporter of Third Window) will probably make sympathetic statement without pledging. Cargill has been advised to contact Johnson at Royal Monceau in Paris. *next week.*

Austria:

See under Belgium.

Belgium:

(page 2 # 7) No developments. De Groote is in Brussels and Cargill has been given his office and private telephone numbers. He will advise whom to see in Brussels or Paris for Belgium, Luxembourg and Austria.

Canada: (page 3 # 8) Already pledged. Drake will again be head of delegation.

Denmark: (page 4 # 9) No developments, but considered a reasonable prospect. Olsen (no. 2 in DAMIDA) will head delegation again. Sigurdsson is trying to find out when he arrives in Paris and where he is staying.

Finland: (page 4 # 11) Not a strong prospect, but see under Norway. Mrs. Saarela will represent Finland again.

France: (page 4 # 12) Good prospect, especially if agreement reached on gold restitutions. Cargill will contact Treasury and advise if RSM should talk to Minister of Finance.

Germany: (page 5 # 13) Cargill reports that Minister Bahr will authorize a statement ⁱⁿ of strong support of Third Window, but that budgetary problem precludes a contribution this fiscal year. Will inform Japan of this position.

Iran: (page 5 # 14) No developments. Cargill advises that RSM should speak to Finance Minister Ansari in Paris.

Japan: (page 5 # 16) No change of position; however, Soejima still considers Japan will come in if France and Germany do. He will make sure Tokyo contacts Germany in light of Cargill's report on latter. Japan will probably not be represented in Paris (I.C. or D.C.) at Ministerial level.

Kuwait: (page 6 # 17) Already pledged.

Luxembourg: (page 6 # 18) See under Belgium.

Netherlands: (page 1 # 2) Already pledged.

Norway: (page 6 # 20) Finance Minister Kleppe will represent Norway at I.C. meeting; RSM should talk with him as Norway is believed to be trying to arrange a contribution by other (if not all) Nordics. We are trying to find out his time of arrival and hotel in Paris.

Qatar: El-Fishawy will raise Third Window matter on his forthcoming Middle East tour (arriving Qatar June 8).

Saudi Arabia: (page 6 # 21) Already pledged.

South Africa:)
) ?
Switzerland:)

UAE: (page 7# 23) No developments. El-Fishawy will not be visiting Abu Dhabi as everyone with authority will be away.

U.K. (page 1 # 3) Already pledged.

Venezuela: (page 7 # 25) Krieger has called Hurtado but has not yet had a response. Cargill will see Perez Guerrero in Paris.

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: JOHN STEWART
INTBAFRAD
TOKYO

DATE: JUNE 4, 1975

CLASS OF
SERVICE: LT (Ext. 4160)

COUNTRY: JAPAN

TEXT:
Cable No.:

PLEASE FORWARD FOLLOWING MESSAGE TO MR SAGAMI.

GERMAN'S

QUOTE ~~XXXXXXXXXX~~ POSITION ON THIRD WINDOW. CARGILL INFORMED

US AFTER HIS DISCUSSION WITH GERMAN AUTHORITIES THAT GERMAN GOVERNMENT
WILL SUPPORT STRONGLY THE THIRD WINDOW SCHEME IN THE MEETING OF JUNE 10
ALTHOUGH GERMANY IS NOT IN A POSITION TO MAKE ANY COMMITMENTS BECAUSE
OF EXTREMELY TIGHT BUDGETARY SITUATION BUT UNDERSTANDS THAT JAPANESE
EMBASSY ~~HAD~~ HAS BEEN INFORMED OF GERMANY'S STAND UNQUOTE REGARDS

SOEJIMA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Mr. Soejima

DEPT. Director, Tokyo Office

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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Checked for Dispatch:

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Control in Japan

for the Japanese Government

1975

1975

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REPORTING OFFICE OF INTERNATIONAL AUTHORITY TO JAPAN

Director, Tokyo Office

Mr. Soejima

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JUN 4 11 08 PM 1975
COMMUNICATIONS

SOLIDIA

EMBASSY HAS BEEN INFORMED ON GERMANY'S STAND POSITION REGARDING
ON EXHIBITION LIGHT INDUSTRIAL SITUATION BUT UNDERSTANDING THAT JAPANESE
ALTHOUGH GERMANY IS NOT IN A POSITION TO MAKE ANY COMMITMENTS BECAUSE
WILL SUPPORT STRONGLY THE THIRD WINDOW SCHEME IN THE MEETING OF JUNE 10
HE FEELS HIS DISCUSSION WITH GERMANY AUTHORITIES THAT GERMANY GOVERNMENT
DOES NOT EXHIBITION'S POSITION ON THIRD WINDOW. CANCELS INFO
PLEASE FORWARD FOLLOWING MESSAGE TO MR. SOEJIMA.

Copy No.
Text
COMMITTEE

JAPAN

TO
TOKYO
TATSUMI
JOHN STEWART

OUTGOING WIRE

SERVICE IN (PAC. AREA)
CLASS OF
DATE JUN 4, 1975

ASSOCIATION
INTERNATIONAL INFORMATION
RECOMMENDATION AND DEVELOPMENT
INTERNATIONAL BANK FOR
CONSTRUCTION

OUTGOING WIRE

TO: INTBAFRAD
LONDON

DATE: JUNE 4, 1975

CLASS OF
SERVICE: TELEX (X-3606)

COUNTRY: ENGLAND

TEXT: FOR CARGILL PRIMO DE GROOTE NOW IN BRUSSELS CAN BE CONTACTED AT HOME
Cable No.: TELEPHONE 3749815 OR AT HIS OFFICE NATIONAL BANK TELEPHONE 2194600.
ASSUME THAT THROUGH HIM YOU WILL HANDLE CONTACTS WITH AUSTRIA, BELGIUM
AND LUXEMBOURG. SECUNDO CHEEK INFORMS THAT ON BASIS TELEPHONE CONVERSATION
WITH AID AGENCY CANBERRA YESTERDAY EVENING NO DECISION ON AMOUNT OF THIRD
WINDOW CONTRIBUTION LIKELY UNTIL CABINET DISCUSSES BUDGET IN JULY.
DELEGATION WILL THEREFORE PROBABLY EXPRESS BENIGN INTEREST WITHOUT
MENTIONING FIGURE. SUGGEST YOU CONTACT L.W. JOHNSON, DIRECTOR, AUSTRALIAN
DEVELOPMENT ASSISTANCE AGENCY, WHO WILL HEAD AUSTRALIAN DELEGATION AND
WILL STAY ROYAL MONCEAU. HE IS PERSONALLY STRONG SUPPORTER OF THIRD
WINDOW. WILLIAM GREEN WILL BE ON DELEGATION BUT AS YOU KNOW NEW ZEALAND
WILL NOT CONTRIBUTE. TERTIO WILL CABLE FURTHER INFORMATION AS IT COMES
IN. REGARDS

GOODMAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Raymond J. Goodman

DEPT. Office of the VP, Finance

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

RJGoodman/rf
ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Stern
J. Wood

For Use By Communications Section

Checked for Dispatch:

U.A.E: Prog. 4 missions
✓ UBAP: Third Window

May 30, 1975

His Excellency
Saeed Ahmad Ghobash
Embassy of the United Arab Emirates
Suite 740
600 New Hampshire Avenue, N.W.
Washington, D.C. 20037

Excellency,

As per our telephone conversation of yesterday, I would like to send you herewith copy of the briefing note on the proposed intermediary lending facility "Third Window", which Mr. McNamara discussed during his visit to Abu Dhabi last March with H.H. Sheikh Hamdan Ibn Rashid Al Maktoom, Deputy Prime Minister and Minister of Finance, Economy and Industry, H.E. Sheikh Ahmad Khalifa Al-Sweidi, Minister of Foreign Affairs, His Excellency Saif Ghobash, Minister of State for Foreign Affairs and Sheikh Soroor Ibn Hamdan. It was also discussed during the meeting with H.H. the Ruler, Sheikh Zayed Ibn Sultan Al-Nahyan.

In the meeting of prospective contributors to this intermediary lending facility which took place in Paris on April 30 and to which the United Arab Emirates was invited, its representative, Mr. Nasser Al-Aboodi, stated that the United Arab Emirates intended to inform the Bank at a future date of its contribution. I had planned to visit Abu Dhabi next week, but was informed that both H.W. Ahmad Khalifa Al-Sweidi and H.E. Minister Mohammad Habroush will not be in Abu Dhabi.

I would greatly appreciate early information on the amount of UAE's contribution to the "Third Window" lending facility referred to above.

Sincerely,

Saad S. El Fishawy

Encl.

SElFishawy/rh

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: IPM CARGILL
CLARIDGES HOTEL
LONDON

DATE: MAY 30, 1975

CLASS OF
SERVICE: FULL RATE

COUNTRY: ENGLAND

TEXT:

Cable No.: PRIMO OPEC FINANCIAL COMMITTEE MEETING PLANNED FOR JUNE TWO IN GENEVA HAS BEEN POSTPONED AT REQUEST OF SEVERAL ARAB MEMBERS. MATTER WILL BE DISCUSSED AT PLENARY OPEC MEETING ON JUNE 9 IN GABON. CONSEQUENTLY HURTADO HAS CANCELLED HIS TRIP TO EUROPE AND VENEZUELA WILL BE REPRESENTED BY MANUEL PEREZ GUERRERO, MINISTER FOR INTERNATIONAL ECONOMIC AFFAIRS. AT MY SUGGESTION KRIEGER HAS TRIED TO CONTACT HURTADO IN CARACAS BUT HE IS NOT IN OFFICE THIS AFTERNOON. KRIEGER WILL TRY DURING WEEKEND AND URGE HURTADO TO MAKE CONTRIBUTION TO THIRD WINDOW COMPARABLE TO SAUDI ARABIA AND KUWAIT. HE WILL SAY THAT YOU INTEND TO CALL ON PEREZ GUERRERO AND ASK THAT LATTER BE SUITABLY INSTRUCTED. SECUNDO JANSSEN CALLED ADLER TO SAY BONN HAD EXPRESSED SURPRISE AT CALL FOR SECOND MEETING AND ASKED WHY. ADLER GAVE SUITABLE RESPONSE. TERTIO SOEJIMA AND MAEDA WILL ARRIVE PARIS IN TIME FOR THIRD WINDOW MEETING. REGARDS,

GOODMAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Raymond J. Goodman

DEPT. Office of the VP, Finance

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RJGoodman/rf

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

May 28, 1975

Peter:

Third Window

The attached note about Hurtado's movements explains itself. As you see, he has been told that you would like to see him in Europe.

Saad El Fishawy is leaving next Wednesday on his tour of the Middle East and will be raising the Third Window question in Abu Dhabi and Qatar. His terms of reference (not yet approved by RSM) are attached. As I believe you know, El Fishawy is also asking RSM to cable Iraq about the former's impending visit there. If he does go, he will also raise the Third Window question with them; although I should think the prospects of their contributing are rather slight.

I cabled Aritoshi Soejima and told him you would be happy to see him in Paris. He is re-arranging his itinerary so as to be there possibly on June 10 but certainly on June 11.

If there are any other items of interest, I shall send them by hand of Georg Gabriel tomorrow.

Ray Goodman



THIRD WINDOW
A-AUSTRALIA-IBRD
MEMBERSHIP

PRIME MINISTER

CANBERRA

28 MAY 1975

Dear Mr McNamara,

During our recent meeting in Washington you gave me a note outlining a proposed new financing facility in the Bank to be termed the Third Window and requested that I consider the question of an Australian contribution to it.

I may say that my Government fully appreciates the problems confronting the developing countries which have, in many cases, been exacerbated as a result of developments in the international economy over the past year or so. We have, of course, already given tangible expression in a number of ways to our desire to assist as far as possible in overcoming these problems, and, as I indicated in our discussion, we are sympathetic to the general idea of tapping additional sources of development assistance and are hopeful that progress to this end can be achieved. Although details of the "Third Window" proposal have, I understand, still to be worked out, it certainly looks a potentially useful mechanism for implementing such an approach, providing of course that it proves able to attract funds additional to those that would otherwise be available to the Bank or other similar agencies.

As I mentioned to you in Washington, it will be necessary for us to consider whether we can contribute to the Third Window in the context of our deliberations on the Australian Budget for 1975-76. That process will not be completed until around end July and it will not be possible, therefore, to advise you of the Australian decision before then.

As I have said, however, we are sympathetic to the objectives behind the Third Window proposal and we will consider a possible Australian contribution against that background.

.../2

At the same time, I should let you know that we are facing a difficult budgetary situation, and as there are a number of proposals with similar objectives to those of the Third Window - namely the International Fund for Agricultural Development, the UN Special Fund, the IMF/IBRD Trust Fund, the Oil Facility Interest Subsidy Account, the ADB Special Fund 1st Replenishment and the IDA 5th Replenishment - we would need to take account of the prospects of each proposal proving viable. We will therefore look forward to the outcome of discussions at the forthcoming meeting of the Development Committee, at which Australia will, of course, be represented.

Yours sincerely,



E. G. WHITLAM

Mr R. McNamara,
President,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
WASHINGTON DC 20433 U.S.A.



Mr R. McNamara,
President,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
WASHINGTON DC 20433 U.S.A.

PRIME MINISTER
CANBERRA

OFFICE MEMORANDUM

THIRD WINDOW

TO: Mr. P. N. Damry
FROM: Claude M. Isbister
DATE: May 28, 1975
SUBJECT: Follow-Up Meeting - Establishment of a Third Window - June 10 at 10:30 AM

Please be advised that the follow-up meeting on the Third Window to be held on Tuesday, June 10 at 10:30 AM will be attended by the following:

Head: Mr. E. G. Drake
International Programs Division
Department of Finance
Place Bell Canada
Ottawa

Mr. E. J. Bergbusch
Aid and Development
Department of External Affairs
Ottawa

Mr. M.J. Bujold
First Secretary
OECDParis



ROUTING SLIP

DATE

May 28, 1975

FROM THE OFFICE OF THE
REGIONAL VICE PRESIDENT

NAME

ROOM NO.

Mr. Goodman

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

NOTE AND FILE

SIGNATURE

REMARKS

Re. Venezuelan Delegation to the Paris
Meeting

Per Mr. Cargill's request, I attach the
information related to the visit of
Mr. Hector Hurtado to Paris.

FROM

Adalbert Krieger

OFFICE MEMORANDUM

THIRD WBNPCW

TO: Mr. Adalbert Krieger
(through Mr. Enrique Lerdau, Director, LACI)
FROM: Roberto Gonzalez-Cofino, Division Chief, LCIDE
SUBJECT: Venezuelan Delegation to the Paris Meetings

DATE: May 28, 1975

1. Mr. Hector Hurtado will arrive in Paris on June 5 to attend the meetings of the Committee of 24 and of the Interim Committee. He will be accompanied by:

Mr. Manuel Perez Guerrero, Minister for International
Economic Affairs
Messrs. Javier Pazos and Guillermo Pimentel, Advisors to
Mr. Hurtado
Mr. Francisco Garcia Palacios, Advisor to Mr. Perez Guerrero
Mr. Roberto Guarnieri, Alternate Executive Director, IMF

It is likely that Mr. Perez Guerrero will also attend the forthcoming meeting of the Development Committee.

2. Mr. Hurtado and his colleagues will stay in the Hotel Sofitel Bourbon, Paris.

3. It has not been confirmed yet if the meeting of the OPEC Financial Committee will be held in Geneva on June 2, as requested by Venezuela. Until yesterday, Saudi Arabia and Kuwait had not indicated if they agreed with the proposed date.

4. Mr. Guerra will be seeing Mr. Hurtado today to inform him that Mr. Cargill would like to talk with him in Europe.

OFFICE MEMORANDUM

THIRD WINDOW

TO: Mr. Purviz N. Damry

DATE: May 27, 1975

FROM: Jon Sigurdsson *J*

SUBJECT: Third Window Meeting on Paris on June 10, 1975

The Finnish delegate to the above meeting will be Mrs. Annikki Saarela, Governmental Secretary, Ministry of Finance, who will participate as an observer.

:gmr

LI-OPEC
✓ CC-THIRD WINDOW
CC-INTERNET

Mr. Robert S. McNamara

May 27, 1975

Mohamed Nassim Kochman

Mission to Algeria

1. I visited Algeria from May 19 to May 22, 1975. My main objective was to discuss with the authorities, principally with the Minister of Finance, the proposals for the establishment of the "Third Window" and for the increase in voting power and subscribed capital for oil exporting countries in the Bank. As indicated to me by Mr. Cargill, I was to make it clear to the Algerian authorities that we are not seeking from Algeria large financial support but we were more interested, under the circumstances, to have their support in discussions within OPEC for the two proposals mentioned above and in the future for similar proposals.

2. During my visit, the officials of the Ministry of Finance did their best to assist me and organize my contacts. I had very long meetings with the Minister of Finance, the Secretary General of the Ministry of Finance, the Secretary General of the Ministry of Industry and Energy, the Secretary General of the Ministry of Planning and the Governor of the Central Bank of Algeria.

3. At the outset, I would like to indicate that I concentrated my efforts during this first visit to Algiers on discussions and exchange of views with the Minister of Finance, Mr. Ismail Mahroug, who is responsible for the over-all relations with the World Bank Group. Mr. Belaid Abdesselam, Minister of Industry and Energy, was hosting the Conference of the Ministers of Economy of the Maghreb (grouping Algeria, Tunisia, Morocco and Mauritania) and we met briefly at a dinner in honor of the participants to that Conference.

4. As stated above, I discussed the object of my mission, exclusively, with the Minister of Finance who received me on May 20 from 10:30 a.m. to 1:00 p.m. Were present at this meeting Messrs. Aoufi, Secretary General of the Ministry of Finance, and Hassam, Director of the Budget, Credit and Insurance.

THIRD WINDOW

5. I made an exposé of the "Third Window" lending facility to the Minister and left with him a note on the subject. I indicated to the Minister that in the light of the proceedings of the Development Committee, in January, the management of the Bank decided to deploy the necessary efforts to start this new facility for an interim period of one year and through voluntary contributions (Dutch proposal) by some OPEC members and OECD countries. The President of the Bank, seriously preoccupied and impressed by the catastrophic situation of the poor countries and keeping in mind our own preliminary findings on capital requirements of the LDCs, was prompted to endorse the "Dutch proposal" without delay and endeavor

to launch the "Third Window" as soon as possible in FY1976. It was felt that this first phase would pave the way to the second one when it would be possible to establish, in the light of experience, a permanent structure negotiated between all parties concerned.

6. In this general context, the Bank's management hoped to secure contributions in the order of \$225 million to make it possible for a Subsidy Fund of one billion dollars to provide financial assistance at an interest rate intermediate between IDA and IBRD current rate, i.e. at 4.5%. We assume that the greater part of the voluntary contributions to the Subsidy Fund will originate from some surplus OPEC countries because of their greater capacity to react without delays characterizing the legislative procedures required by many OECD countries. Thus it was plausible to expect that more than 50% of the total possible contributions would come from OPEC countries because precisely they could act swiftly.

7. I briefed the Minister on the outcome of the Conference held in Paris on the "Third Window" in April and clarified to him the position of those countries which participated in the proceedings. The Minister seemed affected by the fact that the U.S. from the beginning was hostile to the scheme and more particularly discouraged by the attitude of Germany and Japan. He was not fully aware of the discussions that were undertaken with the Gulf States and Saudi Arabia. I clarified that part of the issue and added that the President of the Bank and before him myself visited Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

8. Minister Mahroug put to me several questions related to some features of the scheme. In my reply I underlined that the management of the Bank feels that this scheme is worthwhile because with a relatively small amount of contributions to the Subsidy Fund it would be possible to have a large volume of lending. Also, this possibility of large lending activities on intermediate terms would give a great multiplier to OPEC contributions. This is a special occasion to many OPEC members to show their willingness to effect a quick and meaningful transfer of resources to developing countries through existing institutions such as the Bank.

9. Another consideration which should be borne in mind is that in this process of facilitating significant contribution to be made towards meeting the financing needs of the MSAs and poorer countries, the Subsidy Fund will make it possible to reallocate IDA and IBRD resources in a more efficient manner. Last but not least, I added that almost 60% of "Third Window" lending will go to countries with per capita incomes below \$200 and MSAs would receive more than 70% of the "Third Window" allocations.

10. The Minister stated that Algeria has always participated in schemes designed to eradicate poverty. It has consistently preached social justice and equality. Whenever a proposal or a scheme is designed to help the poor and underprivileged, Algeria made it a point of honor to be present. He pointed out that it seems logical to him that the Bank tries to meet

May 27, 1975

in the best way possible the needs of LDCs since the Bank should prepare itself more and more to its genuine vocation which is, in the final analysis, to be "the Development Agency of the Third World." He considers that the President of the Bank has constantly concentrated his efforts in that direction and they welcome his attitude. However, he feels that a serious reconversion of minds must take place because the new political, economic and financial conditions of the LDCs have not yet been properly reflected at all levels of the UN system and more particularly in the World Bank and the IMF. He added that when they happen to voice criticisms of the Bank and IMF, "these are constructive criticisms" because they belong to those Institutions, still, and they wish to see them reflect objectively the new economic order which is emerging and which cannot be stopped.

11. Coming back to the "Third Window" and by way of illustration of the goodwill and desire of Algeria to cooperate with the Bank, the Minister stated clearly that Algeria will support the "Third Window" when it will be discussed, as he anticipates it, during the meeting of the Ministers of Finance of OPEC and in other meetings. I asked him insistently whether I should interpret his manifestation of interest as a moral support. He replied that he can state unequivocally that his position goes beyond a simple moral support. Algeria will support the "Third Window" and will make it known because they feel that any scheme whose final objective is to assist poor countries must be endorsed. However, he would have liked very much to see me going back with a financial commitment to the "Third Window." Unfortunately, at this very moment, they have budgetary constraints and it is difficult for him to make any financial commitment to the "Third Window." However, he added that he does not exclude the possibility to envisage, at a later date, a financial contribution.

INCREASE IN VOTING POWER AND SUBSCRIBED CAPITAL FOR OPEC MEMBERS

12. I briefed the Minister on the status of this question and gave him the note prepared in Washington. I explained at length the management's approach favoring a tripling of OPEC members' voting power and the desire to do it by reducing, as much as possible, the impact of such an increase on the voting strength of the other LDCs. I emphasized that contrary to what is thought, in some quarters, this whole exercise designed mainly to reflect more appropriately the financial strength of OPEC members does not have the backing of all countries and it will not be an easy task to convince them. Moreover, this projected increase depends on the increase in the authorized capital of the Bank and also the prior acceptance by individual member countries to waive their preemptive rights. I drew his attention on the fact that

the figures included in the note are different from those he might have seen few months ago. These figures should be considered as illustrative and subject to revision as the Fund quota increase proposals change. In spite of all this, the President of the Bank is of the opinion that preparations have sufficiently advanced to start preliminary negotiations on the increase in the voting power (from 5.07% to 15%) and subscribed capital for OPEC members. He is prepared to fight for it and mobilize all energies provided he has confirmation from OPEC members that they wish such an increase and in the case of Algeria whether the tentative figure mentioned for its relative voting power and subscribed capital is acceptable in the order of magnitude shown in the note (from 0.47% to 1.19%) and subscribed capital from 110.9 million to 439.9 million dollars).

13. The Minister asked me to elaborate furthermore on the authorized capital and the preemptive rights and to indicate the kind of consultations established between the IMF and the Bank regarding the increase of quotas and subscriptions for all member countries and for OPEC countries. I described the situation to the best of my ability, keeping in mind that the Minister approaches the whole situation globally, relating always the strategy in the Fund to the one in the Bank.

14. After my explanations, the Minister said that he would like to convey to me his views in all frankness as he has always done it. At the outset, he feels that the debate should be elevated and linked to the new economic order for which Algeria is committed along with all the other LDCs. It should be clearly understood that settling problems on an ad hoc basis and piecemeal is the wrong approach. The UN system in general, and the IMF and IBRD in particular, should realize that the LDCs are not fully satisfied by the manner in which these important institutions have functioned in the past. The world has changed since Bretton Woods and these Institutions must adapt themselves to the new emerging forces and make concessions to those who were not present when these Institutions were created. It is about time that the view of the LDCs and particularly the OPEC members be taken seriously into consideration through a well prepared dialogue and not through procedures that are devised without any proper consultation. He stated that in the IMF the principle of the reform of the Charter has been accepted whereas in the Bank this is not the case.

15. Algeria has a global approach based on a genuine dialogue between "rich and poor," developed countries and developing countries. The question of the role of the LDCs in the international organizations is a crucial one. As far as the IMF and IBRD are concerned, Algeria has a clear position. Algeria does not like particularly a segregation between the oil exporting countries, on the one hand, and the other LDCs, on the other. This is a technique which is misleading, divisive (for the LDCs)

and inappropriate. The Algerians are in favor of a clear status for the LDCs, in general, within the Bretton Woods Institutions. This means the voting power of the two groups should be equal: the LDCs 50% and the developed World 50%. It is, of course, an objective from the Algerian point of view.

16. At this particular juncture and taking into full account the forces in presence, the bargaining power on both sides, and the immediate future where decisions have to be made, Algeria is not opposed to tripling the voting power of OPEC members in the Bank. However, it is felt that there is a weak case in tripling the voting power in the Bank and only doubling it in the IMF, the more so that in the IMF the "benefits" for member countries depend on their quotas whereas in the Bank the situation is different. The Minister went on saying that the whole question will be discussed by the OPEC Finance Ministers very soon before the Paris meetings of the Interim Committee and the Development Committee. He feels that OPEC must have, if possible, a common approach and hopefully take common decisions regarding the increases of quotas in the Fund and subscriptions in the Bank. Many points will be discussed by the Ministers because so far there has not been any consultation between them on these important issues.

17. Finally, the Minister in summarizing the Algerian position concerning the increase in the Bank indicated that in principle he is in favor of tripling the OPEC members' voting rights and Algeria's voting rights likewise, but an identical solution should be adopted by the Fund.

GENERAL

18. As stated at the outset, my purpose was to discuss the "Third Window" and the increase in voting power for OPEC members. However, the Minister of Finance and other officials I met with expressed the desire to avail themselves of my presence to convey to me some impressions and views on the relations between Algeria and the World Bank.

The Minister of Finance told me that he appreciates the efforts made to establish a fruitful dialogue between the Bank and Algeria and he values the willingness of the Bank's management to create the proper conditions for a fruitful cooperation. However, he reminded me that the Bank has not helped Algeria for 10 years. The first loan was made in 1973 and it was followed by three others in 1974. In observing closely the evolution of this cooperation he recognizes that on both sides genuine efforts have been made to improve the relations. He submits that in such a framework the Bank is entitled to see to it that its investments in Algeria are good ones and must contribute to the overall task of economic and social promotion of the country. He made it

clear to me that the past is the past and as far as the Algerian Government is concerned, they don't want to refer to it any longer. When they voice criticism, it is in a constructive way and with the objective of establishing close and productive relationship.

19. Some high officials (mainly within the Ministry of Finance, the Ministry of Industry and Energy and the Ministry of Planning) consider that Bank procedures are very complex and time consuming. They complained about the large number of missions and visitors and the slowness of the final results to materialize. The Minister of Finance and few other officials were troubled by the fact that much time has been devoted to discussions with missions about projects in the pipeline with the result that FY1975 will be a disappointing one for them. I indicated that what is more important is the general trend over a relatively long period and to my knowledge there is a rather substantial operations program for the period 1976-1980. Moreover, in FY1976 and presumably FY1977 many projects will be financed. I assured them of the determination of the management to implement a substantial program about which, to my knowledge, they were briefed very recently by Mr. Schulte, Division Chief in EMENA Regional Office. I added that they would certainly have the opportunity soon, on the occasion of the negotiations of the industrial credit project, to examine in a detailed manner future operations in the pipeline that the Region envisages to process.

20. Another frequent subject was the desire of the Government to see the Bank quickly and substantially involved in the industrial sector which they list among their top priorities. The Secretary General of the Ministry of Industry and Energy was doubtful that the Bank would really involve itself deeply in the industrial sector. I explained to him, in general terms, the sectorial distribution of Bank future operations in Algeria and indicated that the forthcoming industrial credit project is designed to pave the way through the Algerian Development Bank and direct lending to industry to a meaningful involvement of the Bank in this sector. In a different order of ideas, the officials I met were very pleased by the EDI courses given in Algiers last year and are looking forward to the next one because they feel that these courses are needed and helpful for a better knowledge of Bank methods and procedures.

CONCLUSION

21. I came back from Algiers with the sentiment that this first mission has helped me considerably in better assessing local conditions and the importance of a fruitful dialogue with the Algerian authorities. In spite of the criticisms, in some quarters, of Bank procedures, I would not hesitate to state that the officials I met, particularly the Minister of Finance, wish to see rapid intensification of our operations. At this

May 27, 1975

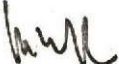
stage of our relations with Algeria, they are prompted to relate Bank's intentions and goodwill to the manner in which we propose to help them meet their developmental requirements. In this respect, a special emphasis is put not only on the number and magnitude of future potential operations but also on "the transfer of technology" that should result from them. From all my discussions it appears more and more evident that there is ample possibility to develop a fruitful cooperation with the Algerians. In this perspective, the frequency of exchanges of views at a high level is of the utmost urgency and importance. Mr. Cargill's projected visit to Algeria which I mentioned to the Minister of Finance was commented upon very favorably and the authorities are looking forward to their discussions with him.

22. As stated before, the Minister promised to support the "third window" lending facility. And to quote him, such a support goes well beyond a simple "moral support," and it will be so stated in the forthcoming meeting of the OPEC finance Ministers in Geneva. He feels that the scheme is worthwhile since it is designed to provide assistance to developing countries and this is in line with the stated Algerian policy. Timing and budgetary constraints make it difficult, at this very moment, to the Algerian Government to make a financial contribution to the "third window." However, the Minister did not rule out the possibility of examining such a financial contribution at a later date.

23. The question of the increase in voting power and subscribed capital for the oil exporting countries is regarded by the Minister, in the final analysis, as one element of a package deal which should involve also the IMF. He stated that his Government has actually always been in favor of a stronger voice, in international organizations including the Bank and the Fund, for all the LDCs as a group and not only for the OPEC members. The Algerians consider that to be fair the voting power should be equally divided (within the Bretton Woods Organizations) between the LDCs, on the one hand, and the rest of the membership, on the other, thus reflecting their obvious financial strength and their right to participate fully and objectively in the decision making processes. The Minister made it clear that his Government is open minded and will not object to the tripling of the voting power for OPEC members in the Bank. However, they will plead for treating in the same way the increase of quotas in the IMF. At any rate, did he add, this question will be discussed by the OPEC Ministers of Finance in Geneva with the hope of agreeing, if possible on a common OPEC position.

cc. Messrs. Knapp
Cargill (o/r)
Benjenk
Bart
Goodman
Adler
Rotberg
Gabriel
Hattori
El Fishawy

MNKochman/cl



OUTGOING WIRE

TO: HIS EXCELLENCY
SHEIKH ABDULAZIZ AL QURAIISHI
GOVERNOR
SAUDI ARABIAN MONETARY AGENCY
JEDDAH

DATE: MAY 24, 1975

CLASS OF
SERVICE: Telex No.011

Ext.2663

COUNTRY: SAUDI ARABIA

TEXT:
Cable No.: AS YOU HAVE BEEN INFORMED COMMA WE ARE PROPOSING TO HAVE A SECOND
MEETING ON JUNE TEN TO DISCUSS ~~THE~~ FURTHER PROPOSAL FOR THIRD WINDOW
STOP IN VIEW OF HELPFUL AND FORTHCOMING STATEMENT YOU MADE ON
SAUDI ARABIA
BEHALF OF ~~XXXXXXXX~~ AT THE LAST MEETING COMMA REPRESENTATION BY
SAUDI ARABIA
~~XXXXXXXX~~ AT JUNE TEN MEETING IS NOT ESSENTIAL THOUGH WOULD ALWAYS
BE WELCOME AS AN ADDED VOICE IN SUPPORT OF PROPOSAL STOP HOWEVER
~~HOPE~~ YOU WILL NOT PUT YOURSELF TO ANY PERSONAL INCONVENIENCE SIMPLY
TO ATTEND THIS MEETING STOP BEST WISHES

CARGILL

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME I.P.M. Cargill

DEPT. Office of V.P., Finance

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: IPMCargill/plc

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(IMPORTANT: See Secretaries Guide for preparing form)

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OFFICE OF A.B. STANLEY

26 9 41 AM 1975

T.B.M. CABLE

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HIS EXCELLENCE

SERVICE LETTER NO. 111

CLASS OF

DATE MAY 26 1975

ORIGINAL WIRE COPY

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. NASER AL-SAYER
DEPUTY DIRECTOR GENERAL
KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT
P.O. BOX 2921
KUWAIT

DATE: MAY 24, 1975

CLASS OF
SERVICE: FULL RATE

Ext. 2663

COUNTRY: KUWAIT

TEXT:
Cable No.: AS YOU HAVE BEEN INFORMED COMMA WE ARE PROPOSING TO HAVE A SECOND
MEETING ON JUNE TEN TO DISCUSS FURTHER PROPOSAL FOR THIRD WINDOW
STOP IN VIEW OF HELPFUL AND FORTHCOMING STATEMENT YOU MADE ON
BEHALF OF KUWAIT AT THE LAST MEETING COMMA REPRESENTATION BY
KUWAIT AT JUNE TEN MEETING IS NOT ESSENTIAL THOUGH WOULD ALWAYS
BE WELCOME AS AN ADDED VOICE IN SUPPORT OF PROPOSAL STOP HOWEVER
HOPE YOU OR ANY OF YOUR ASSOCIATES WILL NOT PUT YOURSELVES TO ANY
PERSONAL INCONVENIENCE SIMPLY TO ATTEND THIS MEETING STOP BEST
WISHES

CARGILL

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME I.P. M. Cargill
DEPT. Office of V.P., Finance

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: IPMCargill/plc

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

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 May 26 9 38 AM 1975
 COMMUNICATIONS

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CASUALTY

STATION

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 IN MEXICO AS AN ADDED ADVICE IN SUPPORT OF PROPOSAL STOP
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 MEETING ON TIME AND TO DISCUSS EARLIER
 AS FOR THE INFORMATION COMING AT THE MEETING TO HAVE A SECOND

CASE NO.
 TEXT

COUNTRY

KUALA

KUALA

P.O. BOX 501

KUALA LUMPUR FOR YOUR ECONOMIC DEVELOPMENT

DEPUTY DIRECTOR GENERAL

MY MESS MR. DAVEN

SERVICE UNIT DATE

CLASS OF

DATE MAY 26 1975

REF 3003

OUTGOING WIRE

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THIRD WINDOW

Third Window

The following is the latest information known to me about prospective contributors, other than those which have already mentioned a figure:

Australia Prime Minister has written sympathetic letter but no figure mentioned, (Green's personal guess is that Australia will come in, but with less than \$10 million.)

Belgium de Groote is going to Brussels and will see the Finance Minister on Tuesday. He will take up the Third Window question; his understanding is that Belgium will contribute a significant sum and that the Minister will announce this himself at the Development Committee Meeting.

Denmark No information.

France No change. (At Tuesday's Board meeting, Wahl again referred to possibility of a contribution from proceeds of gold restitution.)

Germany No change. Cargill will discuss during his forthcoming visit to Bonn.

Iran See attached cable from M.M. Ahmed to Costanzo.

Japan No change, except that it is believed Government of Japan will send a delegate from Tokyo to the June 10 meeting.

Norway No new information. Cargill will discuss with Finance Minister in Paris.

Venezuela Meeting of OPEC Finance Ministers is to be held on June 2. Assumed that Hurtado will be there (Krieger is trying to find out) and that Cargill can therefore meet him.

Attachment

cc: Messrs. McNamara
Knapp
Cargill
Adler

Raymond J. Goodman
May 22, 1975

COPY

INTBAFRAD WSH

INCOMING TELEX

FROM: TEHERAN

Distribution: Mr. Costanzo (A1241)

212359 MZBK 1R (Telex Nr)

MAY 15, 1975

TO MR. COSTANZO INTBAFRAD

FROM M.M. AHMED EXECUTIVE SECRETARY

WORLD BANK WASHINGTON D.C. U.S.A.

HAVE HAD USEFUL AND EXTENSIVE DISCUSSIONS WITH FINANCE MINISTER H.E. HOSHANG ANSARI, GOVERNOR CENTRAL BANK DR. YEGANEH, DEPUTY MINISTER FINANCE MR. MEHRAN AND DEPUTY MINISTER PLANNING AND BUDGET DR. RASSAK. DISCUSSION COVERED MEETING AGENDA ITEMS AND STRATEGY FOR PROSPECTIVE OUTCOME WITH SPECIAL REFERENCE TO THIRD WINDOW AND TRUST FUND STOP ON THIRD WINDOW MAJOR CONCERN EXPRESSED RELATED TO INABILITY OF IMPORTANT OECD COUNTRIES LIKE US AND GERMANY NOT PARTICIPATING STOP FURTHER IRANIAN AUTHORITIES EXPRESSED KEENNESS ON BURDEN SHARING AND MANAGEMENT ISSUES STOP EXPLAINED THAT AS AT THIS STAGE THIRD WINDOW IS TEMPORARY FOR ONE YEAR ONLY AND OTHER ISSUES WOULD HAVE DELAYED ITS ESTABLISHMENT WHILE NEED IS DESPERATELY URGENT STOP BESIDES EXPLAINING PROJECT IN DETAIL AND ITS NEED AND JUSTIFICATION HAVE URGED THAT IRAN PARTICIPATE KEEPING ITS POSITION ON TWO ISSUES RESERVED IN FUTURE IN EVENT OF THIRD WINDOW GOING BEYOND ONE YEAR STOP ALSO EMPHASIZED LINKAGE AND MANY COMMON FEATURES BETWEEN THIRD WINDOW AND IRANS ORIGINAL PROPOSAL OF SPECIAL DEVELOPMENT FUND STOP THEIR CONTRIBUTION IN THIRD WINDOW WILL INVOLVE SMALLER SUBSIDY THAN IS THEIR ORIGINAL PROPOSAL AND IT PROVIDES UNIQUE OPPORTUNITY FOR OECD AND OPEC COLLABORATION STOP IRANIAN AUTHORITIES HAVE PROMISED RECONSIDERATION OF THEIR POSITION STOP TRUST MR. MCNAMARAS TALKS WITH HIS IMPERIAL MAJESTY WILL PROVE DECISIVE

REGARDS



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date May 22, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report No. IFF 75-4 Third Window Meeting Paris, April 30, 1975 Chairman's Report of the Proceedings				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date May 21, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report No. SecM75-364 Intermediate Financing Facility				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date May 21, 1975	Document Type Incoming Cable			
Correspondents / Participants To: Mr. Robert McNamara, President of the World Bank Thru: [W. A. E.] Green [Executive Director for Australia, New Zealand, Western Samoa] From: E. G. Whitlam, Prime Minister, Australia				
Subject / Title IBRD - Third Window				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

Mr. Raymond Goodman

April 7, 1976

Bruce M. Cheek

Australian Contribution to IDA 5

Further to our discussions on this subject, I refer to the possibility of Mr. R. Lynch and Mr. Bell getting together at the annual meeting of the Asian Development Bank in Jakarta later this month.

2. In the light of recent discussions here in the Bank and at home in Canberra and Wellington, I feel there is a clear basis for raising the possible IDA contribution by Australia in the context of the Bank's attitude to the creditworthiness of Papua New Guinea. The Australians correlate the two matters and this should be the basis for Mr. Bell's conversations.

3. Our Governor, the Minister of Finance Mr. Philip Lynch, will not attend all of the ADB meeting. He will be in Jakarta from the morning of April 22 to the evening of April 23.

4. As you know, the Australian attitude to IDA has still to be determined on the basis of the "philosophy and priorities" aid paper which is to be finalized by Lynch and Foreign Minister Peacock in the latter part of this month. It is only then that Australia will be able to decide its commitments on ADB, IBRD, etc. While this leaves us an adequate margin of time to the June 4 meeting on IDA 5, the Bank should note some of the threads of thought which are going into the construction of the aid policy paper and which will therefore affect the actual amount of resources committed to IDA 5. The relevant points are:

- (a) emphasis on bilateral aid as being preferable to multilateral programs since aid is an instrument of foreign policy and trade;
- (b) doubts concerning the effectiveness of aid in the Indian subcontinent and therefore supporting IDA which commits 60% of its funds to that region;
- (c) greater emphasis on regional activity and therefore on (i) credits for PNG, Western Samoa and other Southeast Pacific areas; and (ii) bilateral and

multilateral aid to countries of prime concern in East Asia, notably Indonesia, Malaysia, Philippines, Thailand and Korea.

5. Consistent with these policy thoughts which would downgrade IDA to a low priority claimant on aid resources, some officials are thinking of Australia making a 1% instead of a 2% contribution to IDA but offering an assured amount of co-financing with Bank projects in the countries of the region, i.e. Malaysia, etc. Secondly, preference would be given to the ADB over the World Bank Group within the reduced allocation which might be made to multilateral agencies in total.

6. In the above circumstances I think it is important for Mr. Bell to press the case for IDA, taking into account the PNG situation. I think he should also bear in mind that Canberra's comparison of the ADB and IBRD with respect to East Asia and the Pacific is inaccurate. In particular:

- (a) The ADB has the same standards of eligibility: that is, the only candidates for the Asian Fund are PNG and Western Samoa, as for IDA, plus nominal amounts for the Gilbert and Ellice Islands and Tonga.
- (b) The Asian Bank lending in the creditworthy countries of East Asia in 1975 was \$446 million whereas the World Bank lent \$972 million in the same period. I believe we have traditionally held a 2:1 ratio with the ADB. The attached tables on ADB and IDA lending in the region may be helpful.

Attachments - 3

IDA Lending FY72 - FY76
Asian Development Bank - Special Funds Lending
Geographical Distribution of Multilateral Institution
Loan Commitments, 1975

ASIAN DEVELOPMENT BANK - SPECIAL FUNDS LENDING
(Calendar Years, \$ millions)

	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>
<u>South Asia</u>				
Bangladesh		21.65	52.1	51.6
Pakistan	18.2	13.85	34.0	34.0
Sri Lanka	<u>11.1</u>	<u>2.8</u>	<u>1.5</u>	<u>30.0</u>
Sub-total	29.3	38.3	87.6	115.6
Afghanistan		14.9	14.0	4-
Burma		12.5	16.3	31.4
Nepal	<u>20.8</u>	<u> </u>	<u>3.0</u>	<u>16.8</u>
Total South Asia	50.1	65.7	120.9	163.8
<u>East Asia & Pacific</u>				
Indonesia	21.8	29.4	14.2	
Khmer Republic ^{a/}				
Korea	3.7			
Laos		1.35	6.0	
Malaysia ^{b/}				
Papua New Guinea	9.8			
Philippines ^{c/}		6.0	5.8	
Singapore ^{c/}				
Thailand		3.1	5.0	
Tonga		1.3		
Viet-Nam	6.3	9.0	20.4	
Western Samoa	<u>2.6</u>	<u>2.3</u>	<u>.6</u>	<u>2.4</u>
Total Asia & Pacific	44.2	52.45	52.0	2.4
Grand Total	<u>94.3</u>	<u>118.15</u>	<u>172.9</u>	<u>166.2</u>

^{a/} Received one loan in 1970 for \$1.7 million.

^{b/} Received one loan in 1970 for \$3.3 million.

^{c/} Received one loan in 1970 for \$3.0 million.

IDA LENDING
FY72 - FY76
(U. S. \$m.)

	<u>FY72</u>	<u>FY73</u>	<u>FY74</u>	<u>FY75</u>	<u>FY76</u> ^{b/}	Total FY72-FY76
<u>SOUTH ASIA</u>						
Bangladesh ^{a/}		68.1	74.1	150.0	168	460
Burma		33.0	17.0	45.0	30	125
India	412.2	494.0	390.0	631.1	667	2594
Nepal	4.2	11.5	13.8		32	62
Pakistan	50.0	63.0	51.0	66.0	74	304
Sri Lanka		6.0		28.5	37	72
Total South Asia	466.4	675.6	545.9	920.6	1008	3617
<u>EAST ASIA AND PACIFIC</u>						
Indonesia	105.5	144.9	84.0			334
Korea	25.5	20.0				46
Papua New Guinea	9.2	5.0			11	25
Philippines	10.0	12.7	9.5			32
Thailand		25.0	7.0			32
Western Samoa				4.4		4
Total East Asia & Pacific	150.2	207.6	100.5	4.4	11	473
<u>TOTAL ASIA</u>	<u>616.6</u>	<u>883.2</u>	<u>646.4</u>	<u>925.0</u>	<u>1019</u>	<u>4090</u>

^{a/} For years prior to FY73, the amounts of lending to Bangladesh and Pakistan have been reconstructed on the basis of lending to the former territory of Pakistan for which Bangladesh has subsequently assumed liability (the FY73 reactivation credits and the FY75 consolidation loan and credit). Five credits still under discussion are also counted against Bangladesh.

^{b/} Operations program adjusted for consistency with a \$1600 m. lending program.

Table 3. Geographical Distribution of Multilateral
Institution Loan Commitments, 1975

(In millions of 1975 US dollars and per cent)

	IBRD		IDA		IFC		AfDB		AsDB		EIB ^{1/}		IDB		Total	Per cent	Per cent of Population ^{2/}
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
Africa	648	(15)	433	(27)	5	(2)	200 ^{3/}	(100)	--		60	(34)	--		1346	(16)	(14)
East Asia	972	(23)	4	(1)	42	(20)	--		446	(65)	--		--		1464	(17)	(16)
South Asia	269	(6)	921	(58)	13	(6)	--		242	(35)	--		--		1445	(17)	(41)
Europe, Middle East and North Africa	1264	(29)	170	(11)	72	(34)	--		--		116	(66)	--		1622	(19)	(15)
Latin America and Caribbean	1166	(27)	49	(3)	80	(38)	--		--		--		1230	(100)	2525	(30)	(15)
Total	4320	(100)	1576	(100)	212	(100)	200	(100)	688	(100)	176	(100)	1230	(100)	8402	(100)	(100)

Note: See footnotes to Table 1.

^{1/} Estimated on basis of 1974 data.

^{2/} Based on mid-1973 estimates of population of current IBRD/IDA borrowing countries.

^{3/} Includes North Africa.

Source: Development Committee document of December 18, 1975:
Survey of Programs and Capital Resource Situations of
International Development Lending Institutions

Algeria: IBRD/IDA Prog. & Missions
"Algeria: IBRD Memb/Oblig.
✓ "BAP: Third Window

Mr. Mohamed N. Kochman

May 17, 1975

I.P.M. Cargill

Mission to Algeria: Terms of Reference

On May 17, you will proceed to Algeria to discuss with the authorities the proposals for the establishment of a Third Window and for the increase of the Bank's capital and of the increase in voting power of OPEC countries relative to other members of the Bank. If you think it appropriate, you should leave with the authorities copies of the two notes prepared on these subjects.

You will have with you the recent CPP and the Postscript. From this it will be apparent that the Bank intends to have a substantial lending program in Algeria; but you should treat the information contained in these papers as background to your discussions and should not enter into any talk about the Bank's operations in Algeria. The authorities in Algeria are well informed about the Bank's proposed operations. You should make it clear to the authorities that we are not seeking from Algeria large financial support. We are seeking from them their support in discussions within OPEC for the two proposals mentioned above and will in the future seek their support for other proposals designed as these are to benefit the poor world. The chief purpose of your visit is to initiate discussions with the Government because we believe that Algeria occupies a peculiar position of influence, not only in OPEC but in Africa and we would hope that in the counsels of OPEC it would be able to support the Bank's work. In particular, the timing of your present visit has been determined by the proposed meeting of OPEC Finance Ministers which will shortly take place, where many of these matters are likely to be discussed. You should give the authorities such information about Bank policies as they may request to enable them to support the Bank at the Finance Ministers' meeting.

You should let the authorities know informally that, apart from any discussions there may be at the Annual Meeting, I would expect to visit Algeria in the fall and that we would hope in this way to maintain a sustained relationship with Algeria for the exchange of views about the wider problems of development other than those relating to Algeria's own plans which will be, of course, regularly discussed by the Region in the ordinary course of business.

cc: Mr. McNamara
Mr. Knapp

IPMCargill/plc

OFFICE MEMORANDUM

THIRD WINDOW

TO: Mr. Raymond J. Goodman, Senior Operations Adviser DATE: May 16, 1975
FROM: E.J. Carbert, Secretary's Department
SUBJECT: Third Window Meeting - June 10, 1975,
European Office

1. This is to confirm that Conference Room A at the Bank's European Office in Paris has been reserved for a meeting on June 10, 1975 on the Intermediate Financing Facility. Notwithstanding other commitments on that date, the Paris office staff has indicated that it will be possible to provide the basic minimum services required for this meeting. We understand that the meeting may be completed in a morning, but the room has been reserved for the entire day.
2. The Language Services Division (Mr. Moyens) has arranged for simultaneous interpretation to be available in English, French, Spanish and Arabic. In addition, a verbatim transcript of the proceedings will be made; two transcribers, recruited from London, will be on hand for this purpose.
3. It is presumed that Mr. Cargill does not intend to give a luncheon and/or a reception for the delegates to the meeting.

cc: Messrs. Cargill
Damry
Carriere
Moyens

DOCUMENT OF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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JUN 05 2025

WBG ARCHIVES

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MP OM/VD BS MR
EA GL NH EK

SP FILE: Third Window
DDM/M/75-5
~~DISCARD~~

May 14, 1975

DEPARTMENT DIRECTORS' MEETING

Board Room, May 5, 1975, 10:00 a.m.

Present: Mr. McNamara (Chairman), Vice Presidents and
Department Heads

STATUS OF THIRD WINDOW

1. Mr. Cargill, reporting on the status of negotiations for the establishment of a Third Window, said that the facility had been considered at a meeting in Paris attended by representatives of all major OECD countries (except the US), Japan, the Nordic countries, and Venezuela, Iran, United Arab Emirates and Kuwait from the OPEC group.
2. The facility had been originally proposed at a meeting of the Development Committee last January on the basis of a paper which envisaged a fairly long-term scheme; in the course of that discussion, the Dutch suggested that an attempt be made to start the facility as soon as possible, and this gave rise to the suggested possible starting date of July 1, 1975. The Dutch had proposed a voluntary scheme - i.e., that interested countries, instead of waiting until a burden-sharing agreement could be negotiated, should contribute money for the interest stabilization fund according to their capacity at this particular juncture. Accordingly, when the proposed facility was discussed by the Bank Board, the draft paper referred to a voluntary one year scheme. The proposal in this form had been submitted to the Paris meeting.
3. In Paris, the only commitments were as follows: Netherlands, \$10-\$20 million (depending on whether the Third Window was a \$1 billion or \$500 million facility); United Kingdom, about \$10-\$20 million; Canada, \$10-\$20 million; Kuwait, \$20 million and Saudi Arabia \$25 million. The maximum possible contributions under these commitments would be \$105 million, which would be insufficient to proceed with the proposal to formally institute the facility.
4. Several countries, however, stated that they supported the concept, although not being in a position to make a formal commitment. These included France, the Nordic countries, United Arab Emirates, Venezuela and Iran, some of whom had budgetary problems in making a commitment at this time.
5. Only two countries, Japan and Germany, had reservations about the scheme. There was general concern, however, that the facility might erode support for

Distribution:

President

Vice Presidents and Department Heads (Bank and IFC)

IDA replenishment and a conviction that IDA was more important than the Third Window. There was no discussion of burden-sharing. Some statements referred to the need for "universality" or wide representation of countries, including OPEC, in the decision-making process.

6. The Bank staff indicated that there might be another meeting before the June meeting of the Development Committee and that Bank staff would in the meantime follow up with those countries which, although sympathetic, had been unable to make commitments.

CHANGES IN STAFF RETIREMENT PLAN

7. Mr. Gabriel reported on changes in the Staff Retirement Plan approved by the Executive Directors at their meeting on April 22. He was asked to prepare a statement to be included in a general explanation of all changes in staff compensation for the information of the staff after the general staff compensation proposals had been considered by the Board.

ADJOURNMENT

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

M. P. Shivnan
Secretary
Department Directors' Meeting

INCOMING TELETYPE

ALSUNDUK

2025

Distribution:Mr. McNamara
Mr. Cargill

1975 MAY 13 PM 2:28

MAY 13, 1975.

FROM: KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT, KUWAIT.

TO : IBRD , WASHINGTON DC.

FOR MR. ROBERT MCNAMARA, PRESIDENT.

HAVE BEEN SOMEWHAT DISAPPOINTED ON THE OUTCOME OF PARIS PLEDGING MEETING FOR THIRD WINDOW. IMPORTANT THAT WE DO NOT LOSE MOMENTUM AND MOUNT A STRONG EFFORT FOR FURTHER SUPPORT.

CONSIDER THIS NECESSARY NOT ONLY FOR THE SAKE OF PROVIDING ASSISTANCE TO DEVELOPING COUNTRIES ON APPROPRIATE TERMS AGAINST THEIR ESTABLISHED INESCAPABLE NEEDS BUT ALSO BECAUSE WE MUST DEMONSTRATE THAT COOPERATION AND COLLABORATION IS MORE PRODUCTIVE THAN ANY TREND TOWARDS CONFRONTATION. IN THIS CONTEXT AND AS EVIDENCE OF COLLABORATION BETWEEN OECD AND OPEC, THE THIRD WINDOW HAS SPECIAL SIGNIFICANCE AND MERITS CONTINUED SUPPORT. IN THE CIRCUMSTANCES, WHILE I AM CONTACTING AND URGING UAE AND

QATAR IN MY CONSTITUENCY TO SUPPORT THIS JOINT EFFORT, I WOULD
URGE YOU TO CONTINUE TO USE YOUR STRONG INFLUENCE ON OTHER
POTENTIAL DONORS FROM OECD AND OPEC COUNTRIES TO LEND THEIR FULL
FINANCIAL SUPPORT.

FURTHER, AS THE THIRD WINDOW WAS DESIGNED TO BE SET UP FOR ONE
YEAR ON A VOLUNTARY CONTRIBUTION BASIS, IT IMPLIED THAT WE NEED NOT
GIVE UP THE PROGRAM MERELY BECAUSE AT THIS STAGE FULL RESOURCES
FOR THE ENTIRE ONE BILLION ARE NOT IN SIGHT. DEVELOPING COUNTRIES
NEED SUCH FUNDS URGENTLY AND DESPARATELY AND AS LONG AS AT THE START
THE SIZE OF THE WINDOW IS REASONABLE WE SHOULD PROCEED WITH IT WITH
EXPECTATION THAT OTHERS MAY JOIN LATER. THIS OF COURSE SHOULD
NOT BE INTERPRETED IN ANY WAY THAT WE SHOULD RELAX OUR EFFORTS
TO SECURE FURTHER SUPPORT FOR THE FULL SIZE. I PROPOSE TO DO IT
IN MY CONSTITUENCY AND THE BANK CAN RE-DOUBLE ITS EFFORTS IN
OTHER POTENTIAL DONOR COUNTRIES WITH YOUR STRONG SUPPORT AND
GUIDANCE.

WARMEST REGARDS

Q ABOLATIF ALHAMAD

ALSUNDUK 20250

INTFRD 64145A

*THIRD WINDOW
CC-PROGRAM LOANS*

Mr. Taro Hori

May 13, 1975


Raymond J. Goodman

Third Window

In confirmation of what I said during our telephone conversation yesterday, the suggestion that program loans should be as much as 50% of all Third Window loans was made by the UK delegate to the Paris meeting last month and not by the Bank. In summing up the discussion on this point Mr. Cargill mentioned that other proposals were being considered that would deal with the short-term difficulties of the LDCs, such as the proposed Trust Fund, and questioned whether it would be necessary to provide a large proportion of Third Window lending as program loans.

Mr. Cargill added that program loans, because of their rapid rate of disbursement (which means that more interest becomes payable earlier than in the case of project loans) would require a larger subsidy. The difference is about \$12 million additional subsidy for every \$100 million of loans; 50% program lending would thus increase the subsidy requirement for \$1 billion of loans from about \$225 million to about \$285 million, assuming that everything else remained the same.

cc: Mr. Wood

 RJGoodman/rf

DEVELOPMENT COMM.

INCOMING TELETYPE

ALSUNDUK 2025 (Telex Nr.)

✓ CL:IBRD WINDOW

Distribution:

MAY 13, 1975.

1275 MAY 13 PM 7:24

Mr. Costanzo

FROM : M.N. AHMAD, C/O. KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT,
KUWAIT.

TO : MR. H.J. CONSTANZO, EXECUTIVE SECRETARY, DEVELOPMENT
COMMITTEE, IBRD, WASHINGTON DC.

MR. ABDLATIF AL-HAMAD AGREES THAT A CABLE BE SENT TO ALL MEMBERS
OF DEVELOPMENT COMMITTEE INFORMING THEM THAT BESIDES SENDING
THEIR COMMENTS TO HIM OR ANY OTHER MEMBER OF THE SUB-COMMITTEE,
ANY ONE OF THEM WHO MAY BE INTERESTED, IS WELCOME TO JOIN AND
PARTICIPATE IN THE DELIBERATIONS OF THE SUB-COMMITTEE.

MR. AL-HAMAD ARRIVING PARIS LATE JUNE 8TH EVENING. YOUR
MEETING WITH HIM MAY BE FIXED AN HOUR BEFORE THE SUB-COMMITTEE
MEETING WHICH CAN BE IN THE MORNING OR AFTERNOON OF JUNE 9TH
AS CONSIDERED CONVENIENT IN RESPONSE TO WISHES OF MEMBERS.

MR. AL-HANAD CONSIDERS THAT IT WILL BE HELPFUL IF REPRESENTATIVES OF BOTH INSTITUTIONS ARE PRESENT IN THE MEETING OF SUB-COMMITTEE AND OFFER VIEWS WHERE NECESSARY. SUGGESTS INVITATION TO ATTEND MEETING OF SUB-COMMITTEE MAY THEREFORE BE EXTENDED TO BANK AND FUND.

MR. AL-HANAD APPROACHING FINANCE MINISTERS OF UAE AND QATAR IN HIS CONSTITUENCY TO MAKE CONTRIBUTIONS FOR THIRD WINDOW THUS HOPEFULLY INCREASING THE CONTRIBUTION FROM HIS CONSTITUENCY.

REGARDS.

ALSHUNDUK 20250

INTERAD 64145

TO

THIRD WINDOW
CC: ENANA

Mr. Robert S. McNamara

May 13, 1975

I.P.M. Cargill

Visit of Shah of Iran: Note on Third Window

I attach a note on the Third Window for you to give to the Shah.

You will see that in the final paragraph we have suggested an arrangement, as an alternative to a cash contribution, under which Iran would permit us to borrow at less than commercial rates and we would credit the subsidy fund, in Iran's name, with the present value of the interest payments foregone. This is analogous to the prepayment proposal contained in the Third Window paper.

In case the subject of Bank borrowings comes up in this context, may I remind you that in this calendar year Iran "owes" us \$50 million under the offset arrangement; we would like to borrow an additional \$200 million, also in dollars, making \$250 million in all. I have recently written to the Finance Minister saying that we would hope to negotiate a loan in this amount in the near future, but that the funds could be drawn in tranches during the remainder of the calendar year to suit the convenience of the Central Bank.

Attachment

RJ
RJGoodman/rf

INTERMEDIATE INTEREST SUBSIDY SCHEME

("Third Window")

This scheme is a proposal for the setting up of a fund which would subsidize the interest rate on World Bank loans and thus make it possible for some poor countries to receive loans which they could not otherwise afford. The terms of its loans would lie between those of the Bank and IDA; hence it has come to be known as the "Third Window". The proposal under consideration is that the Bank should make additional commitments of \$1 billion in the fiscal year 1976 at a subsidized interest rate of 4-1/2 per cent.

Unless a way can be found to provide additional resources to the poorest amongst the Bank's borrowers, whose population includes more than a billion people, these countries face the prospect of negligible growth, or possibly no growth at all, in the coming years. It would be desirable for such extra resources to be supplied on even more concessional terms but since this does not seem practical at the moment the proposed scheme has attracted attention as an interim measure. If it is established, it would help to prevent a cutback in the development programs of these countries and make possible a more rapid adjustment of their investment plans as is required by the rise in prices of energy and food.

The proposal, in brief, is that the Bank should borrow an additional \$1 billion and that the interest subsidy fund should be contributed by the rich countries of OECD and OPEC. To reduce the interest rate from the current lending rate of 8-1/2 per cent per annum to 4-1/2 per cent per annum would require a subsidy fund of about \$225 million to support the additional \$1 billion of commitments.

The proposal was discussed at a meeting in Paris on April 30 by representatives of potential contributors and all governments, including Iran, represented at the meeting supported the proposal in principle. Some governments were in a position to make pledges which total \$100 million but some of these pledges were conditional on the amount of \$225 million being substantially contributed. The Bank is expected to hear within the next few weeks the final decisions of those governments who were not in a position to make definite pledges. Among the pledges so far made were \$25 million by Saudi Arabia and \$20 million by Kuwait.

Of the OECD countries, Canada, Holland and the U.K. have already made pledges amounting to about \$55 million.

A contribution from Iran equal to that of Saudi Arabia would be most valuable both because it would help to bridge the gap and because it would encourage other potential contributors. It would be particularly helpful if Iran's decision could be conveyed to OPEC member countries before the meeting of their Finance Ministers later this month.

As an alternative to a straight contribution in cash, Iran may wish to consider permitting the Bank to borrow at less than commercial rates part of the funds it has agreed in principle to lend to the Bank. The Bank would then credit the subsidy fund for the Third Window in Iran's name with an amount representing the present value of the interest payments that the Bank would otherwise have had to make. For example, the Bank might borrow \$75 million of this year's total at a rate of 3 per cent rather than, say, 8.25 per cent which might be the appropriate rate for the remainder of the borrowings. Assuming a ten-year loan, the difference between payments of interest at these two rates, namely 5.25 per cent, would have a present value, discounted at 8-1/4 per cent, of \$27 million; this amount would be credited to the subsidy fund in Iran's name. Other examples could be suggested.

DOCUMENT OF *THIRD WINDOW* F
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

NOT FOR PUBLIC USE

CC: DEVELOPMENT COMM.

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

DECLASSIFIED

JUN 05 2025

WBG ARCHIVES

For consideration on
May 20, 1975

R75-85

May 12, 1975

FROM: The Secretary

INTERMEDIATE FINANCING FACILITY

Attached is the President's memorandum of May 12, 1975 with a draft report to the Development Committee on the Establishment of an Intermediate Financing Facility (Third Window).

Distribution:

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Directors and Department Heads, Bank and IFC



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

OFFICE OF THE PRESIDENT

May 12, 1975

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Report to the Development Committee by the Executive
Directors of the Bank on the Establishment of an
Intermediate Financing Facility (Third Window)

My memorandum to the Executive Directors of March 5, 1975 (R75-39) described the principal features of a Third Window proposal involving operations for one year only and supported by an Interest Subsidy Fund financed through voluntary contributions. Pursuant to the discussion of this subject by the Executive Directors on March 25, 1975, a meeting was held in Paris on April 30, 1975, of potential contributors to an Interest Subsidy Fund.

Attached is a draft report to the Development Committee bringing them up to date regarding the status of this matter, including the results of the proceedings at the Paris meeting. I propose that the Executive Directors forward this report to the Development Committee.

Robert S. McNamara

Report to the Development Committee by the Executive Directors
of the Bank on the Establishment of an Intermediate
Financing Facility (or Third Window) in FY76

1. The Development Committee invited the Executive Board of the Bank "to undertake an immediate study of the concept of 'Third Window' lending by the Bank on terms intermediate between those of the Bank's regular loans and those of IDA's concessional credits."^{1/} The possible creation of a Third Window in the Bank was discussed by the Executive Directors on January 21, 1975. From that discussion it became evident that there was considerable interest in establishing a Third Window on an interim basis, to operate initially for one year only and to begin as early as possible in FY76. It was generally agreed that such an early start for the Third Window would only be feasible if countries were willing to contribute to an interest subsidy arrangement on a voluntary basis and not as part of a negotiated burden sharing agreement.
2. Accordingly, a memorandum was prepared which outlined the principal features of an interim Third Window operation supported by voluntary contributions to a specially created interest subsidy fund.^{2/} With the approval of the Executive Directors, this memorandum formed the basis for a meeting on April 30, 1975 with potential contributors to the interest subsidy fund.

^{1/} Development Committee Press Communique, January 17, 1975.

^{2/} "Establishment of a Third Window - An Intermediate Financing Facility" (R75-39 dated March 5, 1975). A copy of this memorandum is attached.

3. The meeting with potential contributors revealed a substantial consensus on the following key features of the proposed Third Window:

- (a) Beneficiary Countries. The chief direct beneficiaries of Third Window operations would be the poorer countries and within this group there would be a significant concentration of assistance on countries with per capita incomes of under \$200. Those very poor countries which cannot afford even intermediate terms would nevertheless benefit indirectly through reallocation of IDA funds. Similarly, the higher income and more creditworthy developing countries would benefit from a reallocation of regular IBRD loans. An element of managerial discretion would be retained so that the Bank could propose Third Window lending to countries with per capita incomes somewhat higher than \$375. Such lending should not, however, alter the basic concentration of Third Window lending on the poorer developing countries.
- (b) Management Provisions. For an interim scheme of only one year, there would need be no new administrative body. The principles for allocation of interest subsidy funds among countries would be agreed through informal consultation between the Bank's management and the various contributing countries. Each Third Window loan would then be approved by the Bank's Executive Directors in the normal way.

There was only cursory discussion of the terms appropriate for Third Window loans, the implication being that the proposed 4 percentage point interest subsidy, 7 year grace period and 25 year final maturity were acceptable. Most potential contributors were satisfied that a one year program would not create serious difficulties in relation to the Bank's borrowing requirements or expose the Bank to undue risks in relation to its reserve position. One speaker felt that these issues could only be satisfactorily considered by examining the financial implications of a continuing Third Window operation.

4. The major concerns expressed by potential contributors to the interest subsidy fund were the following:

- (a) Relationship of Third Window to IDA. There was frequent reference to the priority to be assigned to IDA as the regular channel for the Bank Group's concessional lending activities. Many countries would in principle have preferred an expansion of IDA operations to the creation of a Third Window. Nevertheless, the impracticality of providing IDA with supplementary resources in the immediate future was widely acknowledged. Thus the Third Window appeared to many as a useful interim solution, provided its implementation would not jeopardize the prospects for IDA to continue to play its central role in Bank Group concessional assistance.

(b) Need for Widespread Support. Even in the absence of a negotiated burden-sharing agreement, the contributions of several countries to the interest subsidy fund were pledged on the understanding that there would be widespread financial support for the proposal. The absence of contributions from three or four of the Bank's major shareholders was particularly noted in this connection.

5. At the meeting on April 30, 1975, five countries announced their support for the proposed interest subsidy fund in the following amounts (subject in some cases to legislative approval):

<u>Country</u>	<u>Amount</u>	<u>Remarks</u>
Canada	\$10-20 million	Exact amount depends on level of Third Window lending and commitments of other donor countries. Assumes element of managerial discretion in allocation.
Kuwait	\$20 million	
Netherlands	\$20 million	Amount might be reduced if scale of Third Window lending is less than \$1 billion.
Saudi Arabia	\$25 million	
United Kingdom	\$10-15 million	Assumes concentration on poorest countries and substantial support from other donors.

Taken together, these statements imply a total of approximately \$100 million in contributions to the interest subsidy fund, provided there is widespread financial support for the subsidy fund from other potential

donors and that lending through the Third Window reaches a level of about \$1 billion. Since a subsidy fund of \$225 million is needed to support \$1 billion in Third Window lending on the terms specified,^{1/} this means that additional contributions of about \$125 million are required in order to reach the original target figure of \$1 billion in additional commitments. A number of countries other than those noted above indicated at the meeting that they were giving serious consideration to support of the interest subsidy fund.

6. While the level of contributions announced thus far might be thought sufficient to support a Third Window operation in FY76 of \$500 million - a scale previously mentioned as the minimum acceptable on administrative grounds - the Bank representatives at the Paris meeting indicated that such a minimum program was inappropriate at this time for a number of reasons. First, the recent reassessment of the capital requirements of the developing countries over the next few years^{2/} suggests that acceptance of a level of Third Window commitments substantially below \$1 billion in FY76 would be clearly incommensurate

^{1/} The United Kingdom would be prepared to contribute a "substantially higher" amount if something like 50% of Third Window lending were to take the form of quick-disbursing "program" loans. For the time being, it is proposed to leave open the question of what proportion of Third Window lending would be program lending until it is clear whether or not sufficient contribution will be forthcoming to support project lending (this being less expensive in terms of subsidy requirements.)

^{2/} "Capital Requirements of Developing Countries: 1975-1980" DC/75-10 dated April 29, 1975.

with the scale and urgency of the demonstrated need for additional assistance. Second, a part of the \$100 million in contributions already announced would almost certainly be lost if the Bank were to accept a significantly lower target for Third Window lending. Third, a fairly modest level of individual contributions from countries which have not yet made a final decision regarding the Third Window would still make it possible to reach the original goal.

7. If there are important further developments concerning contributions to the interest subsidy fund before the Development Committee meeting on June 12-13, 1975, a supplementary note on the status of contributions will be circulated at that meeting.



Office Memorandum

~~J. Fowler~~

M. Goodman

+14200 WENROU

TO : The Deputy Managing Director

FROM : Roger V. Anderson *RVA*

SUBJECT : Possible Overlapping Meetings in Paris

DATE: May 8, 1975

I have been advised by Mr. Fowler, Deputy Secretary of the IBRD, as well as by Mr. Guetta, that Mr. Cargill of the Bank is planning a meeting on the Third Window for Tuesday June 10, presumably only in the morning. I have expressed some dismay about this as it would coincide with the opening meeting of the Interim Committee. The meeting on the Third Window would be at the Bank/Fund building on the Avenue d'Iena, whereas the Interim Committee would be meeting at the International Conference Center on Avenue Kleber. I am assured that the Cargill meeting will not require translators, nor those interpreters that are assigned to the Interim Committee. There will be no registration requirements, and Mr. Fowler is asking the Bank's Paris office if minimal meeting room services can be provided. I do not know the exact size of the meeting, but I am told by the Bank that, on the basis of past experience, it would not involve people who might be attending the Interim Committee meeting except for two members of the French delegation. Despite the assurances I have received, I am concerned about this timing and felt that I should draw the matter to your attention.

cc: Mr. Hebbard
Mr. Fowler ✓

Third Window

Mr. Jacques de Groot (signed) William S. Gaud

May 9, 1975

William S. Gaud

Third Window

I have been unable to reach you on the telephone to express my appreciation for your having arranged my meeting in Brussels on April 28 with Finance Minister De Clercq.

I found the Minister interested and well posted on the issues involved. However, he was also pressed for time and we did not get into any discussion of details or procedure. Nor was he prepared to reach a definite decision as to whether Belgium would contribute to the Interest Subsidy Fund. He said that he would await the results of the meeting in Paris on April 30 and that the matter would be reviewed in Brussels with an eye to reaching a decision before the meeting of the Development Committee in Paris on June 12 and 13.

Belgium was represented at the April 30 meeting in Paris by Mr. Meulemans. As expected, he said that his authorities were still studying the matter. He emphasized the importance of IDA, but recognized that there might not be enough IDA money to meet today's requirements. He and I had an opportunity to talk together at considerable length in the course of the luncheon that day, and I believe he left Paris with a full understanding of the issues involved.

Please let Peter Cargill or me know if we can do anything further to facilitate your Government's arriving at a favorable decision.

WSGaud:dbb

OFFICE MEMORANDUM

✓ THIRD WINDOW
CI-DEVELOPMENT COMMITTEE

TO: Mr. I.P.M. Cargill, VP, Finance
FROM: E. Stern, Director, Development Policy
SUBJECT: Mr. Wood's Draft Report on Intermediate Financing Facility

DATE: May 6, 1975

I think Joe's draft is excellent and have only one major point. (Two minor editorial changes are noted on pp. 2 and 3.)

It seems to me that the present format requires a Board discussion which cannot be fruitful and might lead to recriminations. I have consequently recast the President's covering memorandum (attached) to transmit essentially a report of the Paris meeting. This can be put before the Board but obviously requires no discussion. There are two changes in the text to adjust to this:

- a) In Paragraph 6, to change (as noted in the text) the recommendation not to pursue the \$500 million trigger at this point to a tactical statement of Bank views.
- b) Delete (as noted in the text) the reaffirmation of the EDs in Paragraph 7. The Board is clearly on record; no reaffirmation is necessary, and discussing it is not likely to be useful.

Attachments

cc (w/att.): Messrs. Gaud
Goodman
Wood



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433 U.S.A.



OFFICE OF THE PRESIDENT

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JUN 05 2025

WBG ARCHIVES

SecM75-

May 6, 1975

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Report to the Development Committee by the Executive Directors of the Bank on the Establishment of an Intermediate Financing Facility (Third Window)

My memorandum to the Executive Directors of March 5, 1975 (R75-39) described the principal features of a Third Window proposal involving operations for one year only and supported by an Interest Subsidy Fund financed through voluntary contributions. This memorandum has been circulated to the Development Committee for background information. Pursuant to the discussion of this subject by the Executive Directors on March 25, 1975, a meeting was held in Paris on April 30, 1975, of potential contributors to an Interest Subsidy Fund.

Attached is a report of the proceedings at this meeting. I propose to forward this report to the Development Committee to inform them of the current status of discussions.

Robert S. McNamara

Distribution

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Directors and Department Heads, Bank and IFC

Report to the Development Committee on the Establishment of an
Intermediate Financing Facility (or Third Window) in FY76

1. The Development Committee invited the Executive Board of the Bank "to undertake an immediate study of the concept of 'Third Window' lending by the Bank on terms intermediate between those of the Bank's regular loans and those of IDA's concessional credits."^{1/} The possible creation of a Third Window in the Bank was discussed by the Executive Directors on January 21, 1975. From that discussion it became evident that there was considerable interest in establishing a Third Window on an interim basis, to operate initially for one year only and to begin as early as possible in FY76. It was generally agreed that such an early start for the Third Window would only be feasible if countries were willing to contribute to an interest subsidy arrangement on a voluntary basis and not as part of a negotiated burden sharing agreement.

2. Accordingly, a memorandum was prepared which outlined the principal features of an interim Third Window operation supported by voluntary contributions to a specially created interest subsidy fund.^{2/}

With the approval of the Executive Directors, this memorandum formed the basis for a meeting on April 30, 1975 with potential contributors to the interest subsidy fund.

^{1/} Development Committee Press Communique, January 17, 1975.

^{2/} "Establishment of a Third Window - An Intermediate Financing Facility" (R75-39 dated March 5, 1975). A copy of this memorandum has been distributed to members of the Development Committee for information (DC/75-7, dated April 24, 1975).

3. The meeting with potential contributors revealed a substantial consensus on the following key features of the proposed Third Window:

(a) Beneficiary Countries. The chief beneficiaries of Third Window operations would be countries with 1972 per capita incomes below \$375 per annum and within this group there would be a significant concentration of assistance on countries with per capita incomes of under \$200. Nevertheless, an element of managerial discretion would be retained so that the Bank could propose Third Window lending to countries with somewhat higher per capita incomes ~~on the basis of perceived needs~~. Such lending should not alter the basic concentration of Third Window lending on the poorer developing countries. ✓

(b) Management Provisions. For an interim scheme of only one year, there would need be no new administrative body. The principles for allocation of interest subsidy funds among countries would be agreed through informal consultation between the Bank's management and the various contributing countries. Each Third Window loan would then be approved by the Bank's Executive Directors in the normal way.

There was only cursory discussion of the terms appropriate for Third Window loans, the implication being that the proposed 4 percentage point interest subsidy, 7 year grace period and 25 year final maturity

were acceptable as ~~approximate guidelines for the scheme~~. Most potential contributors were satisfied that a one year program would not create serious difficulties in relation to the Bank's borrowing requirements or expose the Bank to undue risks in relation to its reserve position. However, one speaker felt that these issues could only be satisfactorily considered by examining the financial implications of a continuing Third Window operation. (A brief note on this subject is attached as Annex 1.)

4. The major concerns expressed by potential contributors to the interest subsidy fund were the following:

- (a) Relationship of Third Window to IDA. There was frequent reference to the priority to be assigned to IDA as the regular channel for the Bank Group's concessional lending activities. Many countries would in principle have preferred an expansion of IDA operations to the creation of a Third Window. Nevertheless, the impracticality of supplementing IDA's resources in the immediate future was widely acknowledged. Thus the Third Window appeared to many as a useful interim solution, provided its implementation would not jeopardize the prospects for a more permanent arrangement in which IDA would play a primary role.

(b) Need for Widespread Support. Even in the absence of a negotiated burden-sharing agreement, the contributions of several countries to the interest subsidy fund were pledged on the understanding that there would be widespread financial support for the proposal. The absence of contributions from three or four of the Bank's major shareholders was particularly noted in this connection.

5. At the meeting on April 30, 1975, five countries announced their support for the proposed interest subsidy fund in the following amounts (subject in some cases to legislative approval):

<u>Country</u>	<u>Amount</u>	<u>Remarks</u>
Canada	\$10 - 20 million	Exact amount depends on level of Third Window lending and commitments of other donor countries. Assumes element of managerial discretion in allocation.
Kuwait	\$20 million	
Netherlands	\$20 million	Amount might be reduced if scale of Third Window lending is less than \$1 billion.
Saudi Arabia	\$25 million	
United Kingdom	\$10 - 15 million	Assumes concentration on poorest countries and substantial support from other donors.

Taken together, these statements imply a total of approximately \$100 million in contributions to the interest subsidy fund, provided there is widespread financial support for the subsidy fund from other potential donors and that lending through the Third Window reaches a level of about \$1 billion. Since a subsidy fund of \$225 million is needed to support \$1 billion in Third Window lending on the terms specified,^{1/} this means that additional contributions of about \$125 million are required in order to reach the original target figure of \$1 billion in additional commitments.

6. While the level of contributions announced thus far is almost sufficient to support a Third Window operation in FY76 of \$500 million - a scale previously mentioned as the minimum acceptable on administrative grounds - ~~the management of the Bank does not recommend pursuing this~~ ^{indicated that it would not be appropriate to} minimal objective at this time for a number of reasons. First, the recent reassessment of the capital requirements of the developing countries over the next few years^{2/} suggests that acceptance of a level of Third Window commitments substantially below \$1 billion in FY76 would be clearly incommensurate with the scale and urgency of the demonstrated need for additional assistance. Second, a part of the

^{1/} The United Kingdom would be prepared to contribute a "substantially higher" amount if something like 50% of Third Window lending were to take the form of quick-disbursing "program" loans. For the time being, it is proposed to leave open the question of what proportion of Third Window lending would be program lending until it is clear whether or not sufficient contribution will be forthcoming to support (less expensive) project lending.

^{2/} "Capital Requirements of Developing Countries: 1975-1980" DC/75-10 dated April 29, 1975.

\$100 million in contributions already announced would almost certainly be lost if the Bank were to accept a significantly lower target for Third Window lending. Third, a fairly modest level of contributions from countries which have not yet made a final decision regarding the Third Window would still make it possible to reach the original goal.

7. ~~In light of all these developments, the Executive Directors of the Bank wish to reaffirm their support for the efforts of the Bank's management to secure contributions to an interest subsidy fund in an amount totalling approximately \$225 million so that a Third Window may commence operations as early as possible in FY76 with the objective of committing an additional \$1 billion over the following 12 months.~~ If there are important further developments concerning contributions to the interest subsidy fund before the Development Committee meeting on June 12 - 13, 1975, a supplementary note on the status of contributions will be circulated at that meeting.

THIRD WINDOW

OUTGOING WIRE

TO: REYNAUD

DATE: MAY 6, 1975

EUROPEAN OFFICE

CLASS OF

SERVICE: LT
(x 2091)

PARIS

COUNTRY: FRANCE

TEXT:
Cable No.:

SECOND MEETING THIRD WINDOW PLANNED BY CARGILL FOR TUESDAY JUNE 10
CONFERENCE ROOM A HOPEFULLY ONLY A MORNING SESSION STOP. REALIZE
YOU HAVE OTHER STAFF COMMITMENTS THAT DATE COMMA BUT HOPE EUROPEAN
OFFICE CAN SUPPLY AT LEAST BASIC MINIMUM SERVICES FOR THIS MEETING
STOP MOYENS MAKING ARRANGEMENTS FOR REQUIRED INTERPRETERS STOP
PLEASE ADVISE STOP ROOM A FOR EUROPEAN PARLIAMENT MAY 30 APPROVED

REGARDS

FOWLER

NOT TO BE TRANSMITTED

AUTHORIZED BY:

Donald D. Fowler

NAME

Donald D. Fowler

DEPT.

Secretary's

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

Third Window Mtg. - Paris

TRANSMITTAL COPY

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Damry
Cargill
Goodman
Moyens
Cirillo

For Use By Communications Section

Checked for Dispatch:

Third Window

Mr. Damry

May 6, 1975

Donald D. Fowler

Intermediate Financing Facility (Third Window)

1. Mr. Cargill has decided that he would like to convene a second meeting of the Group on the Third Window (which met in Paris on April 30) in the Bank's Conference Room "A" in Paris on Tuesday, June 10, 1975. According to the present schedule, which I have checked with Mr. Anderson of the Fund, there would be no meetings in the Bank's offices on that day. As you know, the Interim Committee will begin its meeting on June 10 in the International Conference Center in Paris and the G-10 Ministers will meet at a Breakfast Session on the same day.

2. Mr. Capbert has checked with Mr. Moyens who confirms that he would be able to contract for the services of additional interpreters for this purpose, provided a firm date of the meeting is established now. We of course, will have to check with the Paris Office to be sure that at least the minimum services can be provided in Conference Room "A" at that time. This will be done by cable tonight.

3. Mr. Goodman, who confirmed the above information on behalf of Mr. Cargill was of the opinion that the meeting will probably not be for longer than the morning of June 10.

cc: Mr. Goodman ✓
Mr. Moyens
Mr. Capbert

DF

DDFowler:nsp

OFFICE MEMORANDUM

✓ Third Window
cc Australia

TO: Mr. Robert S. McNamara

DATE: May 5, 1975

FROM: William S. Gaud *WSG*SUBJECT: Third Window -- Australia
Your Meeting with Prime Minister Whitlam

Some time ago you suggested that, following the Paris meeting, I talk to Bruce Cheek about the best way to handle the Third Window when you see Prime Minister Whitlam Wednesday. I did so this morning. Mr. Green was also present at our meeting. They told me that, as far as they know, the Australian Government has still not decided what to do about the Third Window.

Although Bruce Cheek was at the Paris meeting, the Australian Delegation was headed by Mr. Hoggett, of the Australian Embassy in Paris. He described Australia as an interested listener which had not yet decided upon a course of action. He went on to say, however, that the proposal raised a whole series of questions on which reassurance was needed. These included additionality, effect on IDA, effect on the Bank's capital structure, the Bank's ability to borrow the necessary funds, the ability of the poorer countries to borrow on Third Window terms and the balance of powers between the Bank Board and contributors.

The real truth, as you know, is that the aid people are in favor of contributing (and their thinking is in terms of \$10 million) whereas Mr. Stone and his cohorts are being sticky.

Bruce feels that the following points should be stressed when talking to the Prime Minister:

- the very real need of the LDCs for additional capital resources at this time
- many important projects with a high rate of return will not be able to go forward unless they can get additional resources
- Third Window loans will be additive and will therefore enable these projects to move ahead
- our present Third Window proposal is for a period of one year only, and therefore has no effect on IDA

May 5, 1975

- since IDA is our top priority, IDA V and a possible continuation of the Third Window will be discussed together and everything possible will be done to see that the Third Window does not interfere with raising as much IDA money as possible

Cheek does not believe that Australia has any budgetary problem. Its aid program for the fiscal year beginning July 1, 1975 will be approximately \$100 million higher than this year's program, and he is quite certain that the total amount of the increase has not been committed. He also says that Australia made a \$40 million contribution to the UN Special Fund this year and there will be no similar item in next year's budget. Under all the circumstances he considers the \$10 million figure being considered by Les Johnson, the Australian aid man, as being well within the ball park.

see attached | Cheek made one further suggestion. He says that Sir John Crawford has been in Australia more recently than either he or Green and that you might want to talk to him to see if he has any up-to-date news about the situation in Australia. Query, however, whether he would know anything about Australia's attitude toward the Third Window.

cc - Mr. Cargill
Mr. Stern

WSGaud:dbb



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date May 2, 1975	Document Type Agreement			
Correspondents / Participants				
Subject / Title (Draft) Agreement on Interest Subsidy Fund				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

Mr. Goodman
f.i.

OFFICE MEMORANDUM

TO: For the Record

FROM: Saad S. El Fishawy *Saad El Fishawy*

SUBJECT: QATAR: Capital Increase and "Third Window"

DATE: May 2, 1975

THIRD WINDOW
CL-QATAR-IBRD MEMBERSHIP
CL-SEC-MANAGEMENT-GM

In a meeting to-day with H.E. Abdullah Saleh Al-Mana, Ambassador of Qatar, upon his request, he asked me to explain to him the proposed capital increase and "Third Window" lending facility. I did.

He also asked me to send him notes on these subjects, since he needs to write to Doha about it. I sent him copies of the briefings, in English and Arabic, on the "Third Window", capital increase and Borrowing Program 1976.

SELFishawy/rh

cc: Messrs. Cargill
Kochman

KINGDOM OF SAUDI ARABIA
Ministry of Finance and National Economy
RIYADH

✓ Third Window
cc Saudi Arabia
المملكة العربية السعودية
وزارة المالية والاقتصاد الوطني

REF.NO. 2638/95 DATE 28-APRIL-75

٩٥/٢٦٣٨
٩٥/٤/١٧

Mr. Robert S. McNamara,
President of
International Bank for
Reconstruction and Development,
Washington, D.C. 20433,
U.S.A.

Dear Mr. McNamara,

Thank you very much for your letter of 23rd March 1975, and deeply sorry for delaying the reply due to sudden circumstances, which past over our country during the last period.

I was pleased to have met you in Riyadh, and for the fruitful engaged discussions. I avail myself of this opportunity to express my sincere gratitude for your strong support in helping the development countries to carry out their programmes. I am also grateful for the efforts extended by you to our country, in the role of its technical assistance programmes, and for your immediate response for them.

As regards, the Third Window Programme, I would like to confirm that, our Government strongly supported the Third Window, as I have already stated that to you during your recent visit to Riyadh.



.../2

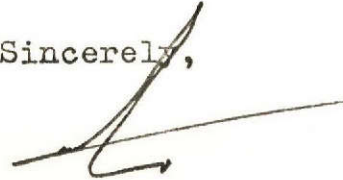
Original to: Mr. McNamara
Date: MAY 6 1975
Communications
Section

: 2 :

An invitation received to us, calling to attend a meeting of prospective donors to the Third Window in Paris, Government of Saudi Arabian Monetary Agency shall attend this coming meeting, with a full authority to share in its contributions.

Once again, I would like to express my warmest thanks and my personal wishes.

Sincerely,



Masa'ad Bin Abdulrahman
Minister of Finance and
National Economy

Ifti.

Third Window

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Distribution: Secretary's Dept

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(Telex #)

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18RD WASHINGTON

22/4/1975

ATTN SECRETARY

SAUDI ARABIA INTENDS ATTENDING FORTHCOMING MEETING FOR DISCUSSING
FINANCIAL AND RELATED ASPECTS OF THE THIRD WINDOW. MEETING WILL BE
ATTENDED BY OUR GOVERNOR H.E. SHEIKH ABDULAZIZ AL-QURAIISHI.

SAUDI ARABIAN MONETARY AGENCY JEDDAH

INCOMING CABLE

LI-OPEC

CC-THIRD WINDOW

CC-SPECIAL TRUST FUND

CC-LATC

ZCZC 248423 RC074 PDD0340 RMZ8868 VAZ257 UAB545 2670

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CARACAS 151/150 21 1900

Distribution: Mr. Goodman
Mr. [illegible]
Mr. Cargill's Ofc.

April 21, 1975

GOODMAN

INTBAFRAD

WASHINGTON

MET THIS MORNING WITH MURTADO STOP DISCUSSION REGARDING TRUST FUND
PROPOSAL AND CAPITAL INCREASE WAS BRIEF BUT POSITIVE IN TONE STOP
VENEZUELA SUPPORTS 13-0/0 PERCENT OPEC INCREASE BUT CONSIDERS IT

NECE-

NECESSARY TO DEFER FINAL DECISION UNTIL POSITION CAN BE CONFIRMED BY
OPEC FINANCE COMMITTEE STOP MURTADO'S INITIAL

REACTION TO THIRD WINDOW DISTINCTLY COOL STOP IN LIGHT OF FAILURE
OF RECENT OECD AND OPEC JOINT MEETING HURTADO RELUCTANT TO DEAL WITH
FINANCIAL COOPERATION IN PIECEMEAL FASHION STOP HE SEEMED
INADEQUATE-

Y BRIEFED ON CHARACTER OF DUTCH INTERIM PROPOSAL FOR 1975-76 TO
BE CONSIDERED APRIL 30 AND WAS CONFUSING IT /

COL INADEQUATELY 1975-76 30

UAB545 2670 GOODMAN PAGE/THREE

WITH LONGER TERM SCHEME WHICH MAY OR MAY NOT BE NEGOTIATED
OVER THE NEXT YEAR STOP ONCE HE APPRECIATED PURPOSE OF APRIL 30TH
MEETING HE SOFTENED CONSIDERABLY AND AGREED TO INFORM US REGARDING
VENEZUELAN ATTENDANCE AFTER CONSULTATION WITH OTHER KEY MINISTERS STO
OP PLEASE ENSURE CHAMARA SEES THIS BEFORE LEAVING STOP
GARGILL

✓ UBAAP Third Window

GOVERNMENT OF ABU DHABI

FINANCE DEPARTMENT

P. O. Box 246
Abu Dhabi
United Arab Emirates

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



حكومة أبوظبي

دائرة المالية

ص.ب ٢٤٦ - أبوظبي
دولة الامارات العربية المتحدة

رقم التليفون : ٦١٤٠٠

برقيا : المالية ابوظبي

تلكس : ٢٢٢١ المالية ابوظبي

Tel. No. : 61400

Cable : FINANCE Abu Dhabi

Telex : 2221 ADFIN AH

CONF/91

19th April, 1975

Mr. Robert S. McNamara,
President,
International Bank for Reconstruction
and Development,
Washington D.C. 20433,
U.S.A.

Dear Mr McNamara,

Many thanks for your letter of the 9th April.

I have shown your letter to Mr. Mohammed Habroush and as I expect you know, the UAE has been invited to send a representative to the meeting to be held in Paris on the 20th April. We have had to make reductions in our overall aid programme for 1975 in the light of our revenue position but I hope that we will be able to fit in some contribution to the "Third Window".

I have glad to able to offer you some hospitality after your 'dry' period in Saudi & Doha.

Yours
John Butler

J. H. BUTTER
Director General of Finance

OFFICE MEMORANDUM

Third Window
cc Japan

TO: Files

DATE: April 18, 1975

FROM: Raymond J. Goodman *RJG*SUBJECT: Discussions in Tokyo on Third Window

The principal meeting took place at the Ministry of Finance on Tuesday, April 15, with the following:

Masataka Okhura - Director General, Int. Finance Bureau
T. Sagami - Deputy DG, IFB, in charge of aid
J. Sawano - Director, Multilateral Aid Division, IFB
and two assistants.

Aritoshi Soejima and I later called on Vice Minister Yoshida to explain the proposal, on which he appeared not to have been fully briefed.

Mr. Okhura stated Japan's objections to the Third Window very frankly:

1. Interest subsidization is bad in principle. Japan had experience of it after World War II, and Western countries may not be aware of its dangers. "It's like opium" - donors come to think they can do a lot with a little, while the LDCs get used to borrowing money cheap. (He was not impressed by the point that conventional Bank loans are also cheap).
2. Japan might have taken a more favorable attitude if the scheme had been only for one year, but they fear that (like opium) it will become a habit. From that point of view, our information that Germany would strongly support the scheme for a period of years, although encouraging in one sense, also had the effect of confirming their fears. Curiously, the voluntary nature of the contributions is also seen as a disadvantage, as it will put political pressure on Japan. An emergency, one-year scheme with contributions determined according to some acceptable formula might have had a better reception (presumably because it would be easier to sell to the Diet).
3. The proliferation of aid sources is confusing and tends to dissipate efforts to raise aid funds. What is the relationship of the Third Window to the proposed Trust Fund, for example, to which Japan would also be expected to contribute if it is established? The former Bank strategy of having two sources only (Bank and IDA) which could be blended to meet all types of situation, was much to be preferred. These new sources would tend to undercut support for IDA, which last time passed the Diet without opposition. (Although I explained that the Development Committee and not the Bank was the originator of the two proposals, I was left with the impression that the Bank should have refused to take them up, or at any rate should have found them unfeasible).
4. If there is a need for more aid for the LDCs (about the only point they did not dispute, although they had not yet received the paper on "Development Needs.....", a copy of which I left with them) then the Bank should be putting great pressure on the Oil Surplus Countries to

join IDA 4. The argument that joining the Third Window would help accustom the OSCs to giving concessionary aid and prepare them for IDA 5 they found unconvincing. It was more likely to persuade them of the advantages of interest subsidization.

5. If the OSCs could not be persuaded to put up money for IDA 4, then the Bank should finance the Third Window from its own ample profits or reserves. While they recognize that the Bank wants to build up the maximum reserves in order to delay the timing of a capital increase, they would be prepared to have the Bank begin discussions on that matter at any time.

6. They would have preferred to have the Paris Meeting on the Third Window at the end of May rather than the end of April, after the G 5 and G 10 meetings, by which time the prospects of the Trust Fund could be assessed more clearly (in any discussion of the Third Window with the Diet, the Trust Fund will also have to be mentioned). However, they recognize that we have to report to the June meeting of the Development Committee and that an April meeting on Third Window is therefore unavoidable. They will send a representative, but he will be from Europe (possibly OECD). We stressed the importance of having a senior man from Tokyo and Soejima will continue to work on this.

Evaluation: The occasion of my visit gave these officials - who will have to carry the brunt of the argument with the Diet - an opportunity to let off steam. However, some of their concerns are undoubtedly genuine and I have therefore rehearsed them at length. Basically, they are unhappy about going to the Diet for a few million dollars in support of a scheme they feel to be of dubious merit. They had planned their major effort for IDA 5 on which they feel Japan should take the initiative. From this point of view, the prepayment of Bank loans at low interest, which I explained briefly, will probably prove attractive. Soejima will follow-up on the basis of the loan by loan calculations done by P & B, which I left with him. Prepayment of outstanding loans does not need to be reported to the Diet.

In the end they will most certainly join the party, provided the major Europeans do, but cannot make a commitment until the next fiscal year beginning April 1, 1976, owing to the fact that all contingency funds, which might have been used for the purpose, will be absorbed this year. They may hold their decision until they meet Mr. McNamara at the Annual Meeting. Soejima feels it will be important for Peter Cargill to visit Tokyo after the April meeting to press for an earlier decision.

cc: Messrs. McNamara
Knapp
Cargill
Adler
Gaud
Stern
Soejima

RJGoodman/rf

APR 17 1975

INCOMING TELETYPE

INTRAFRAN PARIS

Distribution:
Mr. E. Stern

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IMMEDIATE DELIVERY

Spencer Trust Fund
Lee Hind Winkler

YUR 587 AND MY 681

1. TRUST FUND

MINISTERS OF BIG FIVE DID DISCUSS PROBLEMS OF TRUST FUND AND CONSIDERED IN TURN BOTH "IRANIAN" AND "AMERICAN" ALTERNATIVES.

2. CONCERNING IRANIAN PROPOSAL OF SETTING UP TRIPARTITE TRUST FUND: APPARENTLY AMONG BIG 5 ONLY FRANCE CONSIDERS THIS SCHEME WITH SOME FAVOUR AS SHE BELIEVES IT WOULD CALL FOR SUPPLEMENTARY EFFORT ON PART OF INDUSTRIAL COUNTRIES PARALLEL TO CONTRIBUTIONS THAT OIL RICH COUNTRIES WOULD BE CALLED TO MAKE TO TRUST FUND

HOWEVER, INASMUCH AS IRANIAN TRUST FUND WOULD INVOLVE SETTING UP OF A NEW INSTITUTION, FRANCE IS NOT VERY FAVOURABLE AS SHE FEARS MULTIPLICATION OF INTERNATIONAL ORGANIZATIONS. FURTHERMORE, SHE BELIEVES THAT IDA HAS THE CAPACITY TO MANAGE WITHOUT ADDITIONAL COST THE FINANCIAL RESOURCES WHICH MIGHT BE PUT AT DISPOSAL OF MCAS

3. WITH REFERENCE TO AMERICAN PROPOSAL: IT SEEMS NOW CLEAR THAT IT WOULD BE WORKABLE ONLY IF FINANCING IS OBTAINED THROUGH THE SALE OF GOLD HELD BY IMF. SUCH A PROPOSAL IS VERY STRONGLY FOUGHT BY FRANCE AND TO A LESSER

DEGREE BY BELGIUM, ITALY AND NETHERLANDS. THE FRENCH IN PARTICULAR ARE OPPOSED THAT GOLD IN POSSESSION OF THE FUND BE SOLD AS THEY FEAR SUCH SALES MIGHT DEPRESS AN ALREADY DIFFICULT MARKET. FURTHERMORE THE FRENCH CONSIDER THAT THIS GOLD BELONGS TO THE MEMBER COUNTRIES, AND THAT THE FUND HAS NO RIGHT TO DISPOSE IT OF IT. THERE WAS THEREFORE NO AGREEMENT BETWEEN THE BIG 5 OVER A TRUST FUND BASED ON GOLD

HOWEVER, I AM TOLD ON A VERY CONFIDENTIAL BASIS THAT, IN THE CASE OF A RESTITUTION OF GOLD BY THE FUND TO THE MEMBER COUNTRIES, FRANCE WOULD BENEFIT FROM A CAPITAL GAIN SINCE THIS GOLD WOULD BE VALUED AT ITS NEW OFFICIAL PRICE. IT MAY THEN NOT BE IMPOSSIBLE THAT FRANCE APPROPRIATE PART OF THE CAPITAL GAIN TO THE FINANCING OF ANY KIND OF TRUST FUND. BUT THIS WAS NOT SAID DURING THE MEETING OF THE FIVE AND IT STILL IS A VERY UNOFFICIAL SUGGESTION

4. THIRD WINDOW

AS INDICATED IN MY EARLIER TELEX, FRANCE IS GENERALLY FAVOURABLE TO THE PRINCIPLE OF A THIRD WINDOW BUT THINKS HER PARTICIPATION, IN THE ABSENCE OF THE U.S. AND GERMANY, EVEN IF THE U.S. ALONE, AS VERY DIFFICULT. UNDER THE CIRCUMSTANCES, THE FRENCH POSITION AT THE APRIL 30 MEETING APPEARS UNCERTAIN. REGARDS

CARRIERE

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16TH APRIL 1975

TELEX NO 248423 IBRD

023/023/025

MR. McNAMARA ✓
MR. BENJENK
MR. PAIJMANS
MR. WAPENHANS

1975 APR 16 AM 8:04

FROM: TEHERAN

MC NAMARA AND BENJENK

INTBAFRAD, WASHINGTON, D.C.

IRAN-LEARN GEN.
CC-IRAN-IBRD MEMBERSHIP
✓ CC-THIRD WINDOW

4/16
MEETINGS WERE HELD WITH MAJIDI, MINISTER FOR PLANNING AND BUDGETING, SHARAKA, DEPUTY GOVERNOR OF CENTRAL BANK AND MINISTER ANSARY. DISCUSSIONS WITH MAJIDI AND SHARAKA TENDED TO CONFIRM POSITION DESCRIBED IN DELUSIGNAN'S MEMO TO BENJENK OF MARCH 27TH. ANSARY TOOK A MORE RESERVED ATTITUDE, WHICH I ATTRIBUTE TO HIS DESIRE TO AVOID ANY NEW COMMITMENTS UNTIL REVIEW OF IRAN'S FINANCIAL PROSPECTS HAS BEEN COMPLETED AND DISCUSSED AT HIGHEST LEVELS OF GOVERNMENT. REVIEW IS LIKELY TO BE COMPLETED THIS MONTH. ACCORDINGLY, THE ONLY IMMEDIATE DECISION I REQUESTED WAS CONCERNING THIRD WINDOW MEETING ON APRIL 30TH. ANSARY SAID IRAN IS FAVORABLE IN PRINCIPLE AND WILL BE REPRESENTED IN PARIS BY MEHRAN, HIS DEPUTY. I ALSO REQUESTED THAT WE BE INFORMED OF IRAN'S FINAL POSITION REGARDING NET BORROWING FOR THIS FISCAL YEAR BEFORE JUNE 30TH. PENDING CLARIFICATION OF IRANIAN POSITION, I STRONGLY ADVISE WE CONTINUE NORMAL PROCESSING OF PROJECTS IN PIPELINE INCLUDING LIVESTOCK APPRAISAL AND ECONOMIC MISSION SCHEDULED FOR MAY. ALSO TECHNICAL ASSISTANCE SHOULD CONTINUE AT CURRENT LEVELS. WE WILL HAVE OPPORTUNITY TO REVIEW THIS POSTURE AFTER DISCUSSIONS WITH MEHRAN IN PARIS. CAPITAL INCREASE WAS RAISED WITH MAJIDI WHO WILL CERTAINLY INFORM ANSARY. IN LIGHT OF ANSARY'S RELUCTANCE REGARDING NEW COMMITMENTS AT THIS TIME, I ASKED ONLY FOR DECISION REGARDING THIRD WINDOW MEETING AND DID NOT RAISE THE CAPITAL INCREASE QUESTION WITH HIM.

REGARDS CARGILL

Mr. Ernest Stern, Director, Development Policy
Through: Sidney Chernick, Acting Director, PP&PD
J. A. Edelman, PED

April 15, 1975

Third Window: Mr. Jay's Memorandum

1. I attach a draft reply to Mr. Jay. As you will see, it is difficult to provide the explanation he wants without revealing the combined total of projected lending to Indonesia and Nigeria. If you compare the numbers in para. 1 of this draft with those in Table 1 of Mr. Haq's memo to Mr. McNamara of March 15, you will also see that I have been rather loose in my rounding, in order to retain a 25 percent increase on an \$1800 million base - which has been rounded up from \$1787.
2. I have also prepared the tables requested by Mr. Jay in paragraph 2 of his memo. However, you may wish not to send these as they could raise some awkward issues - in particular, the question of the definition of the capital surplus countries. I have tried to fudge this in the footnote. (The coverage used in #74-115 excluded Algeria and Nigeria. It included the following: Bahrain, Gabon, Iran, Iraq, Oman and Venezuela.) A question might also be raised about the projections of lending to the group over \$800, which comes to 6 percent of the total in our present program, compared with 3 percent in #74-115 for the group over \$850. (The reason for this is that Romania is now included in this group, whereas before it was included in the \$551 to 850 group.)

Attachments

cc: Mr. Haq

JAEdelman:jet

Distribution of IBRD/IDA Lending by Groups of
Countries 1969-78 ^{1/}
 (percentages)

Actual FY1969-73

Revised Program FY74-78

1. Distribution of Total Lending

	<u>IBRD</u>	<u>IDA</u>	<u>Total</u>	<u>IBRD</u>	<u>IDA</u>	<u>Total</u>
Per capita income above \$200	77	20	59	79	10	61
Per capita income below \$200	13	80	34	17	90	36
Oil exporters with capital surplus ^{2/}	10	0	7	4	0	3
Total	100	100	100	100	100	100

2. Distribution of Lending, excluding lending to Oil Exporters with Capital Surplus

Per capita Income Groups

up to \$200	15	80	36	18	90	37
201-375	23	18	21	31	10	26
376-500	18	2	13	14	-	10
501-800	31	-	21	28	-	20
Over 800	14	-	9	9	-	6
Total	100	100	100	100	100	100

^{1/} Following form of Tables in Paras. 77 and 79 of R74-115, but based on revised projections for 1974-78, and per capita incomes for 1972, rather than 1971.

^{2/} Based on definition used in R74-115; this is presently being re-examined.



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date April 15, 1975	Document Type Letter			
Correspondents / Participants To: Mr. Michael H. Jay, Office of the U.K. Executive Director From: Ernest Stern, Director, Development Policy				
Subject / Title Third Window Lending				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date April 14, 1975	Document Type Memorandum			
Correspondents / Participants To: Mr. K. Georg Gabriel, Controller From: Douglas J. Fontein, Advisor, Legal Department				
Subject / Title Interest Subsidy Fund Agreement				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
KINSHASA

DATE: APRIL 12, 1975

CLASS OF
SERVICE: TELEX 260 KIN

COUNTRY: ZAIRE

x. 3541

TEXT:
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305

FOR GUETTA -- ~~REFERENCE~~ REURCAB CONCERNING THIRD WINDOW.
THIS EXERCISE WAS CARRIED OUT IN VERY SHORT TIME UNDER INSTRUCTIONS
RECEIVED FROM DPS AND WITH ONLY A MINIMUM OF CONSULTATION.
I DOUBT THAT ZAIRE'S ELIGIBILITY OR NON ELIGIBILITY WILL BE DETERMINED
BY RESULTS THAT EXERCISE AND BELIEVE THAT QUESTION WILL BE REVIEWED
IF AND WHEN THIRD WINDOW BECOMES A REALITY. EVEN IF TIME PERMITTED
I DOUBT THAT CONSULTATION WITH RMZ ON THIS MATTER WOULD HAVE CHANGED
THE OUTCOME IN VIEW RECENT CONCLUSIONS CPP REVIEW. I PERSONALLY WAS
CONSULTED ONLY AFTER THE FACT. SUGGEST THAT THIS TYPE OF MATTER BE
DISCUSSED DURING YOUR FORTHCOMING TRIP AND WILL, THEREFORE, DEFER PREPARATION
MEMORANDUM YOU REQUESTED.

REGARDS

SCHOTT
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME SCSchott

DEPT. EACP- ZAIRE Liaison Officer

SIGNATURE *SCSchott:ab*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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DATE: 11/11/87

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• *Staphylococcus aureus*

Figure 1. The effect of the concentration of the *Agaricus bisporus* spores on the growth of *Agaricus bisporus* on the substrate.

1955-1956

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: CARRIERE
INTBAFRAD
PARIS

DATE: APRIL 11 1975

CLASS OF LT
SERVICE:

COUNTRY: (FRANCE)

TEXT: *527*
Cable No.:

WILL CALL YOU ON MONDAY TO REPORT IN MORE DETAIL ON MY
CONVERSATIONS IN BONN WHICH ON THE WHOLE WERE QUITE POSITIVE
(STOP) DURING TRIP I CAME ACROSS TWO ITEMS WHICH ~~XW~~ I WOULD
APPRECIATE YOUR CHECKING ON (STOP) FIRST I HEARD IN BONN
THAT FRENCH FINANCE MINISTER ~~X~~ WAS PLANNING TO MENTION
THIRD WINDOW MATTER WITH APEL DURING LAST WEEK'S MEETING
(STOP) ANY INFORMATION AS TO WHETHER THIS HAPPENED AND WHAT
CONTEXT MESSAGE MIGHT HAVE BEEN WOULD BE HELPFUL (STOP)
SECONDLY I HEARD FROM COOPER THAT MINISTERS BIG FIVE
AGREED SUPPORT GOLD BASED TRUST FUND (STOP) CONSIDERATION
NOW
ALLEGEDLY/BEING GIVEN AS TO APPROPRIATE FORUM FOR ADDITIONAL
PREPARATORY WORK PARIS JUNE MEETING (STOP) ANY INFORMATION
THIS SUBJECT ALSO MOST WELCOME

REGARDS

STERN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Ernest Stern

DEPT. Director, Development Policy

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EStern/lS

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DIRECTOR, DEPARTMENT OF DEFENSE

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COMMUNICATIONS

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RECORDS

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PREPARATION WORK BASIS FOR MEETING (SLOF) AND INFORMATION
WILL BE GIVEN US TO APPROPRIATE FORUM FOR ADDITIONAL
FROM
AGREED SUPPORT COULD BE USED UNDER HAND (SLOF) CONSIDERATION

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THAT FRENCH FINANCE MINISTER I WAS BEGINNING TO MENTION

APPROPRIATE LOOK CHECKING ON (SLOF) FIRST I HEARD IN BOON

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COPY NO.
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(FRENCH)

BASIC
INTERVIEW
SUBJECT

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DATE

APRIL 17 1975

ORIGINALS FILE

1. INFORMATION
INTERVIEWING DEPARTMENT
(3-10)
FORM NO. 2A

RECORDS AND DEPARTMENT
INTERVIEWING DEPARTMENT

1. INFORMATION
INTERVIEWING DEPARTMENT

DOCUMENT OF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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JUN 05 2025

WBG ARCHIVES

✓ THIRD WINDOW
CC-LE-UNITED
CC-DEVELOPMENT COMMITTEE
CC-GEN. DEV. POLICY

DDM/M/75-4

April 10, 1975

CC-CHAF LEAD GEN.

DEPARTMENT DIRECTORS' MEETING

Board Room, April 7, 1975, 10:00 a.m.

Present: Mr. McNamara (Chairman), Vice Presidents and
Department Heads

ESTABLISHMENT OF A THIRD WINDOW

1. Mr. Stern reported that, at the Board Meeting on March 25, the Executive Directors had reacted favorably on balance to the President's Memorandum on the establishment of a "Third Window". During the discussion, and through conversations outside the Board Meeting, there were reasonable indications that it should be possible to raise the necessary voluntary contributions to bring the Window into operation for at least the proposed one year initial period, hopefully beginning on or about July 1, 1975.
2. The Memorandum had proposed the establishment of the intermediate financing facility to augment the Bank-IDA lending program for FY76 by a total of \$1 billion. The terms of lending would be approximately 25 years with a seven year grace period and an interest rate 4 percent below the Bank rate. These terms would yield a grant element almost mid-way between Bank loans and IDA credits. An interest subsidy fund of \$225 million would be needed, and it was proposed that contributions be on a voluntary basis among Bank members.
3. At the Board Meeting offers of support had been forthcoming on behalf of a number of OPEC countries (\$90-\$100 million), the United Kingdom (\$12-\$15 million) and the Netherlands (\$20 million), and indications, in varying degrees of assurances, from some other countries. Only the US had made clear that they could not contribute to the first year of the operation, although prospects in the case of some countries, notably Germany and Japan and some Scandinavian countries, were also uncertain.
4. The Bank had invited potential contributors to a meeting in Paris on April 29-30 to firm up the financing plan. Thereafter a revised paper would be submitted for Board consideration and a status report prepared for the Development Committee at its meeting early in June.

Distribution:

President

Vice Presidents and Department Heads (Bank and IFC)

5. The Window would provide \$1 billion for countries with per capita incomes below \$375 a year. However, these countries would not be the only beneficiaries, since in some countries Third Window funds would replace Bank lending. Because of the "ripple effects" of Third Window lending, approximately one-third of the net increase of \$1 billion in loanable resources could go to countries with per capita incomes above \$375.

6. The paper proposed establishing the facility for one year, pointing out that during this time a number of major issues would have to be decided before the facility could become a more permanent feature. These included: whether and for how long it should continue; the relative contributions of Bank Group members to the subsidy fund; the impact of Third Window lending on the Bank's creditworthiness and its reserve targets; the implications for the timing of increasing capital subscriptions; the management provisions and the relationship of the facility to other resources available to the Bank, particularly IDA contributions.

7. The Chairman added that some Executive Directors had expressed concern that efforts to mobilize resources for the Third Window might weaken support for the IDA Fifth Replenishment. Although he, himself, did not share this concern, it would clearly be in the minds of some member governments.

UNIDO CONFERENCE

8. Reporting on the Second General Conference of the United Nations Industrial Development Organization (UNIDO) in Lima, Peru, from March 19 to 27, Mr. Fuchs said that the Conference (which some had described as the "World Conference on Industrialization"), had concerned itself mainly with a draft "Declaration and Plan of Action on Industrial Development and Cooperation" prepared by the Group of 77 developing countries. The debate had focussed on the two following central proposals:

- (a) Noting that developing countries with 70 percent of the world's population generated less than 7 percent of the world's industrial production, the draft Declaration called for an increase of their share to at least 25 percent of the total world industrial production by the year 2000; and
- (b) The draft Declaration also called for the conversion of UNIDO, currently an integral part of the UN Secretariat, into a specialized agency.

9. Discussion of the first proposal centered largely on whether the 25 percent target was realistic or feasible. The Group of 77 stressed that the figure was less significant as a quantitative target than as an indication of what could be achieved if all countries worked together towards such a goal. There had been no preliminary work by UNIDO or the delegations to the Conference on the implications (e.g. capital flows or basic policy changes required, etc.) and the discussion tended to be somewhat confused. The Bank's own estimates suggested that, without major fundamental changes, the developing countries were unlikely to increase their share to much more than 11 percent overall by the end of the century. Some developed

countries objected to the very notion of a specific target. However, after considerable debate, a formula was adopted without a vote that the share of the developing countries "should be increased to the maximum possible extent and as far as possible to at least 25 percent of the total world industrial production by the year 2000".

10. Discussing the second proposal, the Group of 77 argued that making UNIDO a specialized agency would give it more financial and administrative autonomy and enable it to fulfill a more effective coordinating role. Many industrialized countries expressed doubts but several agreed not to oppose the move if the practical gains could be demonstrated. Others felt that the change would weaken the coherence of the UN system and add to the problems and costs of coordination.

11. This question was also not put to a vote. The Secretary-General of the UN and the Director-General of UNIDO were asked to submit draft statutes of the specialized agency to the next UN General Assembly.

12. Although efforts were also made to avoid a vote on the remainder of the draft Declaration this proved unsuccessful and the Declaration and Plan of Action was finally adopted by a vote of 82 in favor, with 1 against and 7 abstentions.

13. Other major issues which were adopted and voted upon included:

(a) An assertion of the inalienable right of every state to "exercise freely its sovereignty and permanent control over its natural resources and overall economic activities for the exploitation of these resources in the manner appropriate to its circumstances, including nationalization in accordance with its laws as an expression of this right". The developed countries pointed out that this was not compatible with the intention of increasing investment activities (particularly by the private sector) in developing countries. It was approved by 71 votes in favor, with 10 against and 11 abstentions (the latter all developed countries);

(b) An assertion of the need "to establish a just and equitable relationship between the prices of developing countries' exports of raw materials, commodities and manufactured and semi-manufactured goods and the prices of their imports". This was adopted by 74 in favor, with 6 against and 13 abstentions (the latter all developed countries).

14. The Plan of Action also called for the creation of an Industrial Development Fund to support UNIDO activities by increasing its resources and enhancing its autonomy and ability to meet the needs of its developing countries. The size of this fund might become important if UNIDO became a specialized agency and if the industrial countries either opted out of membership or fixed their financial support below their current contribution to the UNIDO budget, which was based on the UN cost-sharing formula. Although

some countries felt that UNIDO might have access to funds not now available, some industrialized countries said that this should not be assumed.

15. Although the outcome of the Conference was largely limited to the adoption of the Declaration and Plan of Action, the debates, negotiations and votes were seen as foreshadowing developments at the forthcoming Seventh Special Session of the UN General Assembly next September. The developing countries considered the Lima Conference as a station on the road to the Seventh Session, which would review implementation of the decisions of the Sixth Session on the establishment of the new International Economic Order. As in previous recent UN meetings, the developing countries tended to be well organized and to present a united front.

LONG-TERM CAPITAL REQUIREMENTS OF DEVELOPING COUNTRIES

16. Mr. Holsen reported on the study prepared for the Development Committee's June meeting on the long-term capital requirements for reasonable growth in the developing countries. This study, part of the Bank's continuing work on capital requirements, brought together information available from the Bank's country economists, commodity specialists, the DAC and the OECD, in an attempt to estimate the capital requirements of the developing countries to maintain a reasonable rate of growth in the remainder of the decade. The target -- an annual average growth rate of 6 percent -- included growth rates of 4.5 percent annually for the poorer countries and 6.5 percent for those with per capita GNP of over \$200.

17. The preliminary findings indicated that, for the 40 Sample Panel countries studied in detail, the requirements amounted to \$50 billion annually for the next five years. This compared with an estimated supply available to these countries averaging not more than about \$29 billion annually.

18. The prospects for the developing countries had been seriously affected by the adverse movement in their terms of trade and the loss of markets as a result of the recession in the developed countries. Even under favorable assumptions on economic recovery in the industrialized countries, the developing countries' terms of trade in 1980 were likely to be 10 percent below the levels of 1967/69 and even further below their level immediately before the increase in petroleum prices. This represented a very significant loss of income to the developing countries. The achievement of a 6 percent average growth rate, even if feasible, would necessarily involve more than increased levels of official assistance. It would also require more rapid export growth and improvements in debt management, both of which would be necessary to strengthen creditworthiness and thus permit the private financial markets to play a larger role than in the past.

19. In 1974 the low income countries had growth rates of 2.5 percent annually (or zero per capita) while middle and high income developing countries, by dint of a tremendous increase in borrowings, had growth rates averaging 7.1 percent. The poorer countries were expected to do somewhat better in 1975, but the middle and high income countries were expected to slow down to around 5.5 percent because of the adverse movements in their terms of trade and the need for national authorities to follow more restrictive policies.

20. On the basis of present expectations regarding the availability of capital in 1976 through 1980, the middle and high income countries might be able to maintain a growth rate of about 5.3 percent if the industrialized countries recovered rapidly from the current recession; the average growth rate could fall back to about 4.5 percent if the industrialized countries' recovery proved slower. The poorer countries might achieve a 3.4 percent growth rate on the former assumption and 3 percent on the latter.

21. Present estimates were that economic assistance from official sources would increase from \$26 billion in 1975 to \$34 billion in 1980. OPEC countries were expected to provide almost \$10 billion annually during this period. Net official flows from DAC countries were expected to rise from \$14 to \$22 billion; as a percent of DAC GNP, this would be a decline from .38 to .29 of one percent. The net capital flow from private sources to non-oil exporting developing countries was expected to increase from \$15 billion in 1975 to \$22 billion in 1980. These figures represented net disbursements in current terms; their real value would be reduced both by the rising interest burden and erosion from inflation. The net flow of resources to the developing countries, measured by the real level of goods and services financed after taking account of debt service, seemed likely to decline from present levels. This, combined with the adverse shift in the terms of trade, made the outlook particularly difficult.

22. The Chairman stressed that the study was a very preliminary one and had still to be tested against the conclusions of each Region; this input would be sought in the months ahead. However, on the basis of the studies and the assumptions of a large increase in ODA in current prices, which might well prove over-optimistic, the results pointed to a situation in which several hundred million people in the developing countries would not achieve any increase in their per capita incomes over the next five years. The study also suggested a need, among other things, to pay increased attention to the prospects for increasing export earnings by the developing countries.

LENDING TO CHILE

23. The Chairman, reporting that consideration of a loan to Chile had been deferred, said that this had been done to enable the Bank to obtain a better idea of Chile's prospects for obtaining the minimum capital inflow required this year to avoid an economic breakdown.

24. The Bank was precluded from taking account of political factors in decisions about loans or credits. It did not, and had not, taken these into account in its dealings with Chile. However, on an economic basis, certain questions about Chile's creditworthiness had arisen, following the cancellation or deferral of the Paris Club meeting on March 24 on debt rescheduling. In particular it was important to ascertain whether the capital flows that Chile required would be forthcoming this year.

25. It was hoped that the answer to this question would be available in reasonable time. The Bank would not require that there be a meeting of the Paris Club before taking action, but would require a better estimate than was presently available about Chile's external assistance prospects.

ADJOURNMENT

26. The meeting adjourned at 11:15 a.m.

M. P. Shivan
Secretary
Department Directors' Meeting

U.A.E: Prog. & Missions
"U.A.E.: IBRD memb-Oblig.
✓ "BA+P: Third Window

For the Record

April 10, 1975

Saad S. El Fishawy

UNITED ARAB EMIRATES: Mr. McNamara's Visit - March 15, 1975

Summary of the Meeting with H.H. Sheikh Hamdan Ibn Rashid Al Maktoom, Deputy Prime Minister and Minister of Finance, Economy and Industry.

Others present were Messrs. R.J. Scott, Managing Director, United Arab Emirates Currency Board, Sadek A. Wissa, Director General, Ministry of Finance, Economy and Industry, El Fishawy and Burmester.

Mr. McNamara explained the purpose of his visit and elaborated on each of the three topics he came to discuss, in the same way as he did previously in Kuwait, Saudi Arabia and Qatar 1/.

1 - Capital Increase:

Mr. McNamara explained that here the Bank was responding to a wish expressed by Minister Habrrouch to Mr. Cargill, when he visited Abu Dhabi last December, for the increase of the OPEC countries' role in the Bank Group. Minister Al Maktoom said that the UAE was grateful for the Bank's positive response and asked Mr. McNamara to go ahead with his efforts to negotiate an increase in the voting power of the OPEC countries to 15%.

2 - "Third Window":

Mr. McNamara elaborated on the compelling reasons for introducing this intermediary lending facility. The Minister inquired about the purposes for which the additional one billion dollars would be lent. Mr. McNamara explained that the money would be used almost exclusively for projects designed to increase the productive capacity of developing countries with the emphasis on food production. He stressed that the Bank was not a charity organization, but a "hard-headed" investor. The Minister said that he supported the "Third Window" scheme in principle and that the Council of Ministers would consider very shortly the Bank's request for a 20 million dollars contribution.

3 - Borrowing Program:

Mr. McNamara explained that the Bank borrows at commercial rates from surplus capital markets. The main source up to 1968 was the U.S. market; then Germany starting from 1969 and then Japan starting from 1971. Lately and for the coming years, there have been and would be trade surplus balances in the OPEC countries and the Bank would continue to borrow from them. The total borrowing program of the Bank's FY1976 would be about

1/ Cf. my memos on Summaries of Meetings in Kuwait, Saudi Arabia and Qatar on March 8, 11 and 13, respectively.

four billion dollars, and borrowings from the UAE at the level of 300 million dollars' equivalent have been included. The Minister said that the UAE "will not be stongy" with the Bank. He would like, however, to postpone the decision on specific transactions till the end of April, when the outlook of oil revenues would become clearer. He asked in what currency the Bank would be borrowing. Mr. McNamara said either in dollars or in a basket of currencies equivalent to SDR's.

3

SElFishawy/rh

cc: Messrs. McNamara
Knapp
Cargill
Benjenk
Kochman
Burmester

Qatar: Prog & Missions
Qatar: IBRD memb-Oblig,
✓ BA4 P: Third Window

For the Record

April 10, 1975

Saad S. El Fishawy

Qatar: Mr. McNamara's Visit - March 13, 1975

Summary of the Meeting with H.E. Sheikh Abdul Aziz Al-Thani, Minister of Finance and Petroleum

Others present were Messrs. Abdul Kadir Qadi, Director of Financial Affairs, El Fishawy and Burmester.

Mr. McNamara explained the purpose of his visit and elaborated on each of the three topics he came to discuss, in the same way as he did previously in Kuwait and Saudi Arabia - 1/.

1 - Capital Increase:

Mr. McNamara emphasized that this issue is not a financial one. He would try hard to negotiate an increase from 5% to 15% in the voting power of OPEC countries to reflect their newly acquired economic strength and assert their position in the new economic order. He could not even start before being assured that this is the wish of the OPEC countries and that they would subscribe to the special capital increase that would be offered to them. He pointed out that the results could not be guaranteed since the other member countries which presently have about 95% of the voting power would have to give up their pre-emptive right in order to enable OPEC countries to increase their relative voting power by the additional 10%.

The Minister asked about the outcome of Mr. McNamara's meetings in Kuwait and Saudi Arabia and with whom he had met. Mr. McNamara informed the Minister about the meetings he had just completed in Kuwait and Saudi Arabia. The Minister stated that he is in full support of the increase in the voting power of OPEC countries to 15% and that he would prepare a working paper and a plan of action to be presented to the Ruler and the cabinet soon.

2 - Third Window:

Mr. McNamara described the adverse circumstances with which the least developed and poorest countries were faced: draught, increase in fertilizer and food prices, inflation, increase of import and oil prices, recession in the developed countries and decrease in volume and prices of exports of the developing countries. Mr. McNamara explained how the "Third Window" scheme was designed to enable the Bank to increase its lending by an additional one billion dollars. These funds would be used to assist in financing economic development projects. He stated that Kuwait and Saudi Arabia had expressed strong support of the "Third Window" and that Kuwait has indicated that it was prepared to contribute 20 million dollars or more to this scheme. The

1/ Cf. my memos on Summaries of Meetings in Kuwait and in Saudi Arabia on March 8 and 11, respectively.

Bank was in touch with other OPEC and OECD countries. The United Kingdom, the Netherlands and Canada had announced their support. Mr. McNamara expressed his hope that Qatar would contribute 15 million dollars to this intermediary lending facility.

The Minister felt that the plight of the poorest should be relieved by both OECD and OPEC countries. He stated that Qatar was experiencing a reduction in oil production and that it has made very sizeable commitments towards bilateral aid. OECD countries should contribute more in relieving the plight of the poorest countries. Qatar is just starting to be in a position to develop itself. Twenty years ago when they were among the poorest of the poor, nobody cared to extend any help to them. Mr. McNamara explained that the amounts proposed for contributions to the "Third Window" did not reflect any burden-sharing formulae and were envisaged as an expeditious way of getting the scheme started soon on a voluntary basis. He informed the Minister of the Bank's plan to get the Executive Directors' agreement in principle to the scheme on March 25 and of holding a meeting of the prospective donors some time in April. The Bank was aiming at getting the scheme operational and commencing lending under it at the beginning of the Bank's FY1976, which started July 1, 1975. The OECD countries contributed about 1.5 billion dollars a year to IDA. Qatar's past sufferings should make the country more sympathetic towards the plight of others.

The Minister asked how long was this scheme to be for, and Mr. McNamara said that it was designed for only one year. The Minister also inquired about who would the beneficiaries be, and Mr. McNamara said that the "Third Window" loans would be extended to countries with a per capita income of less than 375 dollars a year. The Minister said that he personally supported the establishing of the "Third Window" and that he would present the request to the Ruler and would let the Bank know as soon as possible.

3 - Borrowing Program:

Mr. McNamara explained that the Bank borrowed from surplus capital markets at commercial rates. Up to 1968, it used to borrow mainly from the United States market. After that it borrowed from the German market and then from Japan. It had also been borrowing for the past few years from OPEC surplus countries. For the Bank's FY1976, borrowing from Qatar at the level of 100 million dollars had been included. The Minister said that in their budget they have included 200 million dollars both for the IMF and the Bank combined. With regard to specific transactions, he would like to delay this for 3-4 months. Their financial situation would become clearer by that time.

SELFishawy/rh

cc: Messrs. McNamara
Knapp
Cargill
Benjenk
Kochman
Burmester

U.A.E: Prog. + Missions

U.A.E: IBRD Memb-Oblig.

✓ U.B.A + P: Third Window

For the Record

April 10, 1975

Saad S. El Fishawy

UNITED ARAB EMIRATES: Mr. McNamara's Visit - March 15, 1975

Summary of the Meeting with H.E. Sheikh Ahmad Khalifa Al-Sweidi,
Minister of Foreign Affairs

Others present were Sheikh Soroor Ibn Hamdan, Vice Chairman of the Abu Dhabi Fund for Economic Development, Chief of Protocol and Director of the Power Department, and Messrs. El Fishawy and Burmester.

Mr. McNamara explained the purpose of his visit and elaborated on each of the three topics he came to discuss, in the same way as he did previously in Kuwait, Saudi Arabia and Qatar 1/.

1 - Capital Increase:

Minister Al-Sweidi thanked Mr. McNamara for his efforts and said that giving a bigger and more important role to OPEC countries in the Bank was only "just and right". The United Arab Emirates could be counted on as a strong proponent of the special capital increase for OPEC countries. He inquired how effective an increase up to 15% would be. Mr. McNamara explained that this increase would be only one step in the direction of increasing the power of the developing countries in the Bank. After such an increase, the developing countries including the OPEC countries would have about 44% of the voting power in the Bank. If to this were to be added about 8% or 9% of European countries, which quite often voted on several issues along the same lines as the developing countries, such as the Netherlands and the Nordic countries, a majority would be reached.

2 - "Third Window":

Minister Al-Sweidi said that the UAE has extended large amounts of aid to the developing countries. They feel that they have overcommitted themselves. For this, they have been accused of being the "big spenders". But the UAE was doing all this out of a feeling of moral commitment towards the developing world of which they feel they are a part. He said that the UAE had no selfish motive in doing that. It was a small country which had no political ambitions and had no industrial exports to promote through aid. He added that this sympathy with the developing countries could be attributed to the Ruler, who is deeply convinced of the need to assist the poor. He stated that he supported the "Third Window" scheme and hoped to obtain the approval of the government on it soon.

3 - Borrowing Program:

Minister Al-Sweidi said that the UAE supported the Bank's efforts and would continue lending to the Bank. He wanted to know whether Mr. Butter

1/ Cf. my memos on Summaries of Meetings in Kuwait, Saudi Arabia and Qatar on March 8, 11 and 13, respectively.

expressed interest in lending to the Bank for FY1976. El Fishawy said that Mr. Butter had expressed strong interest particularly in lending in a basket of currencies equivalent to SDR's.

Sheikh Soroer said that he appreciated that the Bank was sending a power expert to look into their power sector and inquired whether a power expert from the Bank could be seconded to his department for a year or two. Mr. McNamara asked El Fishawy to follow up on this request in Washington and inform him of the outcome.

SElFishawy/rh

cc: Messrs. McNamara
Knapp
Cargill
Benjenk
Kochman
Burmester

✓ "BA & P: Third Window"

APRIL 9, 1975

His Excellency
Saif Chobash
Minister of State for Foreign Affairs
Ministry of Foreign Affairs
Abu Dhabi, United Arab Emirates

Dear Mr. Minister:

It was a great pleasure to meet with you in Abu Dhabi. I want to thank you for all the kind hospitality extended to me during my stay in the United Arab Emirates and for the gracious dinner reception you gave for me and my associates.

I would like to confirm here what I mentioned to you during our meetings that in Kuwait we found strong support for the three main points we discussed there with H.E. the Crown Prince and Prime Minister, Sheikh Jaber Al-Ahmad, and H.E. the Minister of Finance, Abdul Rahman Salim Al-Ateeqy. They welcomed the proposed increase in the voting power of, and required increase of capital subscription by, the OPEC countries to 15%. They were strong supporters of the "Third Window" lending facility and indicated that Kuwait is prepared to contribute at least 20 million dollars to this facility. We are hopeful, however, that Kuwait will contribute its full share of 25 million dollars. They also supported the Bank's borrowing program and indicated substantial financial participation in it. We plan to start negotiating specific borrowing transactions in Kuwait by next June.

In Saudi Arabia we also found strong support from the Minister of Finance, H.E. Prince Nosaed Ibn Abdel-Rahman, and the authorities there, at the highest level, for the three main points we discussed with them. They were in favour of the increase of the voting power of the OPEC countries to 15%. They further supported the "Third Window" lending facility and the Bank's borrowing program, indicating strong financial participation in each. The exact amounts will be determined some time in April with regard to the "Third Window" and in July with regard to the borrowing program.

In Doha, we were pleased to find the same spirit of support for both proposals.

Furthermore, we are at present engaged in discussions with Venezuela and Iran with regard to the increase of the voting power of OPEC countries. We are also discussing with them and with several OECD countries the "Third Window" proposal.

As I mentioned to you, we hope to be able to convene a meeting, probably in Europe, of the prospective donors to the "Third Window", at the end of this month.

Once again I would like to express my warmest thanks for the welcome and the hospitality extended to me during my stay in Abu Dhabi.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

SEIfishawy/rh

April 8, 1975 ✓

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

✓ u BA + P : Third Window

APR 02 8, 1975

Mr. John Butter
Ministry of Finance
Abu Dhabi, United Arab Emirates

Dear Mr. Butter:

I want to thank you for your kind hospitality and for the most pleasant luncheon you extended to me and my associates at your home in Abu Dhabi. Please convey my warm thanks also to Mrs. Butter.

I would like to confirm here what I mentioned to you during our meeting that in Kuwait we found strong support for the three main points we discussed there with H.H. the Crown Prince and Prime Minister, Sheikh Jaber Al-Ahmad, and H.E. the Minister of Finance, Abdul Rahman Salim Al-Ateegy. They welcomed the proposed increase in the voting power of, and required increase of capital subscription by, the OPEC countries to 15%. They were strong supporters of the "Third Window" lending facility and indicated that Kuwait is prepared to contribute at least 20 Million dollars to this facility. We are hopeful, however, that Kuwait will contribute its full share of 25 million dollars. They also supported the Bank's borrowing program and indicated substantial financial participation in it. We plan to start negotiating specific borrowing transactions in Kuwait by next June.

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Once again I would like to express my warmest thanks for the welcome and the hospitality extended to me during my stay in Abu Dhabi.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SElFishawy/rh
April 8, 1975

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

INCOMING CABLE

THIRD WINDOW
C-BAHRAIN-IBRD-MEMBERSHIP

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BAHRAIN 06 08 0900

APRIL 8, 1975

INTBAFRAD

WASHINGTONDCUSA

ATTENTION OF MUHAMMAD AL-ATRASH EXECUTIVE DIRECTOR

RE MEETING ABOUT THIRD WINDOW FACILITY IN PARIS THANK YOU FOR
FORWARDING THE WORLD BANK INVITATION IN YOUR CABLE DATED APRIL
4TH HOWEVER THE GOVERNMENT OF BAHRAIN HAS AFTER CAREFUL CONSIDERATION

OF ALL RELEVANT FACTORS DECIDED THAT IT WILL HAVE
TO REGRETFULLY DECLINE THE INVITATION REGARDS
SAYED HARMOOD ALALAWI MINISTER OF FINANCE AND NATIONAL ECONOMY
STATE OF BAHRAIN

COLL RE

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Third Window
u L I - OPEC
WJ

BOOK OF TWO

OUTGOING WIRE

TO: 1. THE HONORABLE
JOHN TURNER
MINISTER OF FINANCE
OTTAWA

2. E. P. NEUFELD, DIRECTOR
INTERNATIONAL FINANCE
DIVISION
MINISTRY OF FINANCE
OTTAWA

DATE: APRIL 7, 1975

CLASS OF
SERVICE:

L.T.

COUNTRY: CANADA

CANADA

TEXT:
Cable No.:

GREATLY APPRECIATE YOUR CALL AND YOUR OFFER TO RAISE ISSUES ON OUR ACCOUNT WITH VARIOUS AUTHORITIES IN IRAN KUWAIT SAUDI ARABIA AND ALGERIA DURING YOUR IMPENDING VISIT STOP AS YOU KNOW EYE HAVE VISITED IN THE FIRST HALF OF MARCH KUWAIT SAUDI ARABIA QATAR AND ABU DHABI STOP THE MAIN TOPICS EYE DISCUSSED WITH THE AUTHORITIES THERE WERE THE POSSIBILITY OF INCREASING THE VOTING POWER OF OPEC COUNTRIES AND THEIR SUBSCRIPTIONS IN THE BANK TO 15%, THE "THIRD WINDOW" LENDING FACILITY AND THE BORROWING PROGRAM OF THE BANK FOR 1976 STOP ALPHA IN ALL THE FOUR COUNTRIES THEY STRONGLY SUPPORTED THE INCREASE IN VOTING POWER STOP EYE EMPHASIZED THAT EYE WOULD TRY HARD TO NEGOTIATE SUCH AN INCREASE BUT OTHER MEMBER COUNTRIES OF THE BANK AND PARTICULARLY PART I COUNTRIES WILL HAVE TO GIVE UP PART OF THEIR RELATIVE VOTING POWER IN ORDER TO ACHIEVE SUCH AN INCREASE STOP I HOPE YOU WOULD BE ABLE TO ASSURE THE AUTHORITIES IN THE COUNTRIES YOU ARE VISITING THAT CANADA ON HER PART IS PREPARED TO GIVE UP HER PRE-EMPTIVE RIGHT TO ALLOW THE SPECIAL INCREASE IN THE VOTING POWER OF OPEC COUNTRIES TO 15%.

NOT TO BE TRANSMITTED

AUTHORIZED BY: Robert S. McNamara

NAME

DEPT.

President

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
MKNKochman:ElFishawy:IPMCargill:RMcN:mss

REFERENCE:

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Checked for Dispatch:

OUTGOING WIRE

TO:

DATE:

CLASS OF
SERVICE:

COUNTRY:

PAGE TWO

TEXT:
Cable No.:

BETA WITH REGARD TO THE "THIRD WINDOW" KUWAIT WHICH IS TAKING A LEADING ROLE INDICATED THAT THEY ARE PREPARED TO CONTRIBUTE BETWEEN 15 AND 20 MILLION DOLLARS BUT WILLING TO CONSIDER EVEN A HIGHER FIGURE DEPENDING ON OTHER OECD AND OPEC COUNTRIES' CONTRIBUTIONS STOP SAUDI ARABIA QATAR AND ABU DHABI SUPPORTED THE SCHEME AND STATED THEY WOULD CONTRIBUTE STOP THE SPECIFIC AMOUNTS OF THEIR CONTRIBUTIONS WILL BE DETERMINED AFTER THEY COMPLETE THEIR FINANCIAL BUDGETS STOP WE ARE PLANNING TO HOLD A MEETING APRIL 30 OF PROSPECTIVE DONORS FROM OECD AND OPEC COUNTRIES STOP IT WOULD BE VERY USEFUL IF YOU COULD INDICATE CANADA'S PREPAREDNESS TO PARTICIPATE IN THE SUBSIDY FUND STOP GAMMA IN ALL THE FOUR COUNTRIES WE FOUND STRONG SUPPORT OF THE BANK'S BORROWING PROGRAM STOP THE GOVERNMENTS WILL BE PREPARED TO DISCUSS SPECIFIC AMOUNTS FOLLOWING COMPLETION OF THEIR FINANCIAL BUDGETS STOP IT WOULD BE HELPFUL TO REPORT THESE RESULTS TO BOTH IRAN AND ALGERIA AND ENLIST THE SUPPORT OF THE FORMER FOR THE THREE POINTS AND OF THE LATTER FOR THE CAPITAL INCREASE AND A CONTRIBUTION TO THE "THIRD WINDOW" STOP HOPE YOUR VISIT WILL BE ENJOYABLE AND FRUITFUL STOP BEST REGARDS

Robert S. McNamara
ROBERT S. McNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME ROBERT S. McNAMARA

DEPT. President

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

MNKochman:ElFishawy:IPMCargill:RMcN:mss

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ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

✓ Third Window
cc South Africa

Mr. Robert S. McNamara

April 7, 1975

William S. Gaud

(Signed) William S. Gaud

Third Window - South Africa

Ambassador Smit came in to see me this afternoon, accompanied by his Adviser, Mr. Gerstein, to report on his recent visit to South Africa.

He told me (as he had already told Burke Knapp) that his Finance Minister and Prime Minister will both support a contribution to the interest subsidy fund. However, they would not be able to come up with any money until approximately a year from now, because they have just put one budget to bed and would have to wait for the next one.

He tells me that no decision has yet been made as to the amount of their contribution but he is pessimistic about our getting more than \$2 million. I told him I had been hoping it would be \$5 million at a minimum. He doesn't believe his government will contribute this much for two reasons. For one thing, they are planning to contribute to the IMF interest subsidy fund, which he says will take money which might otherwise come to our fund. Also, his government is at present less interested in contributing to multilateral institutions (in which case it has no control over where the money is used) than it is in co-financing projects with the World Bank or IDA (in which case it can control where its money goes).

Mr. Smit hopes and expects to attend the Paris meeting, although he has not yet asked his government if he may do so.

cc - Messrs. Knapp
Cargill
Stern
Adler

WSGaud:dbb



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 2		Barcode No. 30045457		
Document Date April 7, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report No. SD75-20 Summaries of Discussions at Meetings of the Executive Directors of the Bank and IDA and the Board of Directors of IFC, March 25, 1975* *These summaries consist of staff notes of the discussions, and are not an approved record.				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date June 5, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 5, 2025
Withdrawn by Diego Hernández	Date June 5, 2025			

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2 Saudi Archive - IBRO Hanch oblig.
3 Saudi Archive - IBRO/IOA Pz. & H.
✓ 4 B A & P - Third Window

For the Record

April 7, 1975

Saad S. El Fishawy *S. A. F.*

SAUDI ARABIA: Mr. McNamara's Visit - March 11, 1975

Summary of the Meeting with H.H. Prince Mosaed Ibn Abdel-Rahman, Minister of Finance and National Economy

Others present were Messrs. Abdul Aziz Alguraishi, Governor of Saudi Arabian Monetary Agency (SAMA), Khalid M. Algosaibi, Vice Governor SAMA, Dr. Mahsoon Calal, Director General of the Saudi Fund for Development, Dr. Mansour Al-Turki, Ministry of Finance, Ahmad Al-Okail, Secretary General of the Public Investment Fund, Benjenk, El Fishawy and Burmester.

Mr. McNamara said that he would like to discuss the following four topics in whatever order the Minister prefers: (1) Technical Assistance, (2) Increase in voting power and capital subscription of OPEC countries, (3) "Third Window" subsidy fund and (4) Borrowing program.

The Minister said that he would like the discussion to follow that same order.

1 - Technical Assistance:

Mr. McNamara said that when he visited Saudi Arabia two years ago, he had offered the Bank's technical help in areas which the Saudi Government considered to be of great importance, and in which the Bank would be well qualified to meet the request. Over the past two years this had been done, and technical assistance from the Bank was extended in several fields such as the human resource development study, transportation survey, pilgrimage accommodations, and Bahrain causeway. The interest of the Saudi Government in this area of cooperation and the work required had increased substantially. It had reached the stage where it should be programmed and formalized. Mr. McNamara said that he had mixed feelings about the Bank providing technical assistance. The Bank would assist if its assistance was important to the Saudi Government and if the Bank had qualified manpower so that the probability of ending up with a satisfied customer is high. He said that Bank staff was fully committed to its normal assignments which were planned at least one year ahead. Assigning technical staff for this additional purpose without programming might result in having to do it at the expense of some other important task elsewhere. The increased volume of technical assistance also justified reimbursement to the Bank of the incremental costs incurred and which were directly related to the assistance extended. Therefore it would be necessary for the two parties in order to ensure an effective continuation and expansion of on-going technical cooperation to prepare together an annual program and budget for the technical assistance envisaged during the following year. Such program and budget should include contingencies for unforeseen requests in mid-year and could be prepared in the early spring of each year. The first such exercise could be concluded in April 1975 to take effect in the following Bank's Fiscal Year beginning July 1, 1975.

The Minister said he agreed that drawing up an annual program and budget would be necessary. The Government also felt that a small resident Bank office in Riyadh should be established. It would be a link between the Government and the Bank and would ensure close follow-up and supervision of the technical assistance activities. A committee could later work out the details. Mr. McNamara gave the Minister a short written statement on technical cooperation between the Government and the Bank and the Minister said that its contents could be discussed the following day. It was also agreed that possible support by the Bank for the Saudi Fund for Development would be discussed in a separate meeting with Dr. Mahsoon Calal the following day.

2 - Increase in Voting Power:

Mr. McNamara emphasized that this issue was not a financial one. Its financial implications were not of great significance. The increase to 15%, however, of the voting power of OPEC countries would enable them to reflect and assert in the Bank their newly acquired economic strength. The increase to 15% was not accepted in the IMF by the OECD countries and only an increase of up to 10% was approved. Mr. McNamara, however, would be ready to try to negotiate an increase of 15% for the OPEC countries in the Bank. But before he could even start, he wanted to make sure that this was the wish of the OPEC countries and that they would support such an increase. To achieve such an increase, the OPEC countries as a group would have to pay about 400 million dollars' equivalent. This would not be very important financially. The Bank carried more than five billion dollars in liquid funds. The increase, however, would be a major step to boost the power of the developing countries in international financial institutions.

The Minister asked what would be the effect of the increase in the OPEC countries' voting power from 5% to 15% on taking decisions within the Bank. Mr. McNamara said that it was realistic not to expect OPEC countries to vote as a bloc on every issue. On several important issues, nevertheless, OPEC countries and other developing countries would be of the same view. This would add up to about 44% of the total voting power of the Bank, since the voting power of developing countries other than OPEC would be about 29%. A majority could then be reached by adding votes of some European countries, such as the Netherlands and the Nordic countries, which voted along the same lines as the developing countries on many issues. The increase to 15% would not rearrange drastically the power structure within the Bank, but it would be a major step in enhancing the position of the developing countries.

The Minister asked whether Mr. McNamara had obtained the approval of other OPEC countries. Mr. McNamara said that he was in the initial stages of discussing this topic with OPEC countries. After Saudi Arabia he was going to visit Qatar and Abu Dhabi. Kuwait had already expressed its strong support.

The Minister inquired about the amount that Saudi Arabia would have to pay in case the increase would be approved. Mr. McNamara said that on the basis of the figures included in the briefing notes - which were given only as an illustration - out of the proposed additional subscribed capital for

Saudi Arabia of about 800 million dollars, only 1% or 8 million dollars would have to be paid immediately. Another 9% or about 72 million dollars would be expected to be released over 2-3 years in local currency in convertible form to be used by the Bank in its operation. The remaining balance of 90% would be available for call by the Bank, if necessary, to meet its obligations to its bondholders. This might only become necessary if the Bank were faced by massive defaults on repayments by its borrowers. Against such defaults the Bank had a cushion of about 5 billion dollars of paid-in capital and reserves before reaching the point of calling on the 90% callable portion of the subscribed capital. The Bank also carried at present more than 5 billion dollars in liquid funds. It was noteworthy that in its long history of about 30 years the Bank had no default on its records by any of its borrowers.

Prince Mosaed asked whether the increase would be allocated to OPEC countries in proportion to their present subscriptions. Mr. McNamara said that the answer to this was in the negative. Each country would want to maximize its share in the increase. The allocation would have to reflect in the final analysis the economic strength of each of the twelve OPEC countries. Prince Mosaed stated that the Saudi Government supported the 15% increase. Mr. McNamara emphasized that the negotiations for an increase would be difficult, since the other members presently holding 95% of the voting power would have to give up their pre-emptive rights, but he would try hard.

3 - "Third Window" 1/

Mr. McNamara explained the reasons for setting up this lending facility. It would be geared to assist the poorest among the developing countries. These were between 40 and 45 countries which comprised about one billion people. Their per capita income was less than 200 dollars a year. A host of combination of adverse factors were threatening to decrease further their per capita income. Their import bill was running high due to inflation and increase in costs of oil and fertilizer. The economic recession in the industrialized countries on the other hand was threatening a decline in the export receipts of those poor countries and a decline in the aid-capital flow to them. Their development programs were normally financed by about 75% from internal savings and 20-25% from external sources. The "Third Window" scheme would enable the Bank to lend about an additional one billion dollars at a subsidized interest rate. Each 1% reduction in the Bank's current rate would require an amount of subsidy equal to about 5-6% of the face value of the amount to be lent under the scheme. In other words, a reduction of 4% interest on loans of about one billion dollars would require a subsidy fund of between 200-250 million dollars. An additional 15% would be required to build up reserves for these additional loans. This scheme would be designed for one year only. The Bank hoped to obtain half the contributions on the subsidy fund from OPEC countries and the other half from OECD countries. OECD countries were contributing to IDA replenishment about 1.5 billion dollars per year. Kuwait had already indicated its intention to contribute to the "Third Window" lending facility 20 million dollars, open to further increase depending on others' contributions. The Dutch, the British and the Canadians had also expressed their support. The

1/ Prince Mosaed at this point was called and excused himself.

Bank was approaching other OECD and OPEC countries and would keep Saudi Arabia informed. Approval of the Bank's Executive Directors of the lending facility in principle was to be sought in a meeting on March 25 2/. Thereafter the Bank planned to hold a meeting of prospective donors in April to obtain their firm commitments and their agreement on a working scheme. This would be presented at the meeting of the Development Committee in June. The Bank aimed at starting to lend under this intermediary facility beginning of FY1976, which starts July 1, 1975.

Mr. Alquraishi asked about the role of the prospective contributors in deciding on the loans to be extended under the scheme. Mr. McNamara indicated that the additional one billion dollars which would be lent under the scheme would be borrowed by the Bank as part of its usual borrowings. The loans would also be processed in accordance with the normal procedures of the Bank. The Bank's Executive Directors would have the final responsibility of approving loans. The governments contributing to the subsidy fund would have certainly a say in the allocation of the loans. This would be done on an informal consultative basis, in a way similar to what was done in the case of IDA.

Mr. Alquraishi asked whether the contributions to the subsidy fund would be callable immediately. Mr. McNamara said yes. The simplest form of contribution would be an outright grant paid in full at the outset. If contributions were to be paid in over a number of years, their value to the interest subsidy fund would be somewhat less by virtue of the fact that no investment income would have been earned on the contributions in the meantime. With this in mind, flexible arrangements might be worked out.

Mr. Alquraishi asked whether the Bank would be investing the contributions received for the subsidy fund. Mr. McNamara said yes, it was planned to invest these contributions in securities with maturities which would meet payments of the amounts of interest due to the Bank and of which the borrowers would be relieved. The donors, of course, could discuss this matter amongst themselves.

Mr. Alquraishi said that Saudi Arabia supported the scheme. The level of its contribution would have to be decided upon by the government in the light of the position taken by other donors.

4 - Borrowing Program:

Mr. McNamara stated that the Bank's borrowing program for FY1976 would be in the order of four billion dollars. Bank borrowings were on a commercial basis. He expressed the view that borrowing to the extent of one billion equivalent or more at market rates from Saudi Arabia would be highly desirable and appreciated. Mr. Alquraishi confirmed that Saudi Arabia would in the future continue lending to the Bank, which it considered as one of the principal beneficiaries of its lending. The amounts for FY1976 would be determined some time in July, after the budget had been prepared. The question of lending in other than US dollars was raised, and Mr. McNamara said that it would be possible to borrow in a basket of currencies equivalent to SDRs.

cc: Messrs. McNamara, Knapp, Cargill, Benjenk, Kochman, Burmester

2/ Mr. McNamara handed Mr. Alquraishi copy of the paper that was circulated to the Board.

Third Window

Mr. Mahbub ul Haq, Director, PP & PRD

April 4, 1975

John A. Edelman, PRD

Third Window Allocations: Revised Table 3A

The attached table was calculated on the basis of the revised allocations proposed in your memo to Mr. McNamara of March 15, 1975.

Extra copies are available in case you need them for circulation outside the Department.

Attachment

cc: Mr. Chernick PRD Staff
Mr. Vibert

John A. Edelman:jet

Kuwait - IDA Hamb. chlig.
✓ B A x P - 3d Window
Kuwait - IBRD/IDA P. & M.

For the Record

April 3, 1975

Saad S. El Fishawy

KUWAIT: Mr. McNamara's Visit - March 8, 1975

Summary of the Meeting with Minister Abdul Rehman Salim Al-Ateeqy of Finance
Others present were Messrs. Al-Hamad, El Fishawy and Burmester.

1 - "Third Window":

Minister Al-Ateeqy stated that Kuwait strongly supports the Bank and its mission. He believes that nations should cooperate as partners in economic development. Pursuant to the religious tenets of Islam, human beings have common rights to water, fire (energy) and food. Nobody can take any of these exclusively for himself, but should share them with others. Kuwait did not in the past and does not intend in the future to withhold energy resources needed for industrial production and legitimate requirements. Wasteful consumption, however, should be abated and serious conservation efforts should be made. Kuwait is alert to its role as member of the world community and supports economic development aid. It strongly supports the "Third Window" financing facility, in cooperation with other OECD and OPEC countries. The amount of contribution by Kuwait for the subsidy fund would be between 15 and 20 million dollars. This does not preclude the possibility of considering a higher amount. Parliamentary approval will be required. Minister Al-Ateeqy asked Mr. McNamara to kindly keep him informed of the results of his trip in this regard in the other Gulf countries. If support for this scheme is mustered from other OECD and OPEC countries, the Council of Ministers of Kuwait can approve Kuwait's contribution and introduce a bill to the Parliament as early as April.

Mr. McNamara said that the target is to get contributions totalling about 200 million dollars. This would enable the Bank to lend about an additional 1 billion dollars. Economic development is the best way of assisting the developing countries because it increases their productivity and helps them to help themselves.

2 - Voting Power and Capital Increase:

Minister Al-Ateeqy asked Mr. McNamara how this increase will be achieved and what will its implications be on the distribution of relative voting power among groups of the Bank's member countries. Mr. McNamara said that it is proposed to achieve the 15% increase by: first allocating to the OPEC countries an additional 5% of the voting power, which would be taken proportionately from Part I countries, and then allocating another 5% of the voting power to OPEC countries from all other members of the Bank. At present, Part I countries have about 65% of the voting power and the developing countries other than OPEC have about 30%. The proposed increase of the voting power of OPEC countries to 15% would reduce the voting power of Part I member countries to about 57% and that of the developing countries to about 28%. The 15% would enable OPEC countries together with other developing

countries and some of the Part I countries which often vote along the same lines as the developing countries, such as the Netherlands and the Nordic countries, to achieve a majority of the total votes. To attain the proposed increase for the OPEC countries, it is necessary that other members of the Bank consent to give up their pre-emptive right which is provided to them in the charter of the Bank. The idea of incorporating this pre-emptive right in the charter being to enable every member of the Bank to preserve its relative voting power in the event of a capital increase. Mr. McNamara cannot guarantee that the proposed 15% increase will be achieved, but he is ready to try hard for it. This would reflect within the Bank the newly acquired economic strength of the OPEC countries and would enable them to assert their position in the new economic order. Minister Al-Ateeqy said that Kuwait is certainly for the increase in the voting power of OPEC countries to 15% and that this position could be relayed to other OPEC countries.

3 - Borrowing Program:

Minister Al-Ateeqy said that in principle he is in favor of lending to the Bank, but to start on specific lending transactions we should probably wait until the end of June. By that time important elements in their financial position for 1975/1976 would have become clear. He said that Kuwait's reserves did not start to build up substantially except since last year. At present there are several unknown factors. The production has been reduced by about one third. On the other hand, it is proving difficult to press expenditures. Wages and salaries have been increased by 25% during 1974. The government is also subsidizing the prices of many necessary commodities. Their commitments to friendly countries are substantial. As an order of magnitude, the revenues are expected to be about 2 billion K.D. (about 7 billion dollars). The internal budget is estimated to be about 1 billion K.D. Roughly one third of the other billion K.D. will go to the Kuwait Fund and another third to bilateral aid. It is only the remaining third of one billion K.D. (about 1.2 billion dollars) which will be free of any specific claim on it. He said that 400 million dollars out of this amount for lending to the Bank seems to him to be on the high side. But he would rather wait until next June, when the situation becomes clearer, before talking about specific amounts one way or the other.

Mr. McNamara said that this would fit well with our borrowing program, since our program for FY1975, which ends at the end of June 1975, has been fulfilled and what we are talking about is our borrowing program for FY1976, which starts July 1, 1975.

SELFishawy/rh

cc: Messrs. McNamara
Knapp
Cargill
Benjenk
Kochman
Burnester

✓ Kuwait - Kuwait Fund
BA - P. - Third Window

APR 3 1975

Mr. Abdlatif Y. Al-Hamad
Director General
Kuwait Fund for Arab Economic Development
P.O. Box 2021
Kuwait, Kuwait

Dear Abdlatif:

I hope your trip to South Asia was both satisfactory and successful. Let me say that it was a great pleasure to meet with you again in Kuwait and visit the most elegant new building of the Kuwait Fund. With you and your colleagues and associates I really feel among sincere old friends. I want to thank you for all the kind hospitality extended to me during my stay in Kuwait and particularly the gracious dinner at your home.

I am pleased to be able to report that we found strong support in Saudi Arabia from the Minister of Finance, H.H. Prince Mosaed Ibn Abdel-Rahman, and the authorities there, at the highest level, for the three main points we discussed with them.

They were in favour of the increase of the voting power of, and required increase of capital subscription by, the OPEC Countries to 15%. They further supported the "Third Window" lending facility and the Bank's borrowing program, indicating strong financial participation in each. The exact amounts will be determined some time in April with regard to the "Third Window" and in July with regard to the borrowing program.

Again in Abu Dhabi, where we met with H.H. Sheikh Zayed Ibn Sultan Al-Nahyan, H.E. Sheikh Ahmad Khalifa Al-Sweidi, Minister of Foreign Affairs, and the Minister of Finance, H.H. Sheikh Hamdan Ibn Rashid Al Maktoom, they were appreciative of the Bank's positive response to their request to increase the OPEC Countries' role in the Bank by increasing their voting power from about 5% to 15%. They also strongly supported the "Third Window" interest subsidy fund.

In Doha, we were pleased to find the same spirit of support for both proposals.

At present we are engaged in discussions with Venezuela and Iran with regard to the increase of the voting power of OPEC Countries. We are also discussing with them and with several OECD Countries the "Third Window" proposal.

As I mentioned to you, we hope to be able to convene a meeting, probably in Europe, of the prospective donors to the "Third Window", some time next April.

Once again I would like to express my warmest thanks for the welcome and the hospitality extended to me during my stay in Kuwait.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SElFishawy/rh

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

✓ Third Window
cc L I - OPEC
cc Kuwait

APR 3 1975

His Highness
Sheikh Jaber Al-Ahmad
Crown Prince and Prime Minister
Kuwait, Kuwait

Dear Mr. Prime Minister:

It was a great pleasure to meet with you again both in Kuwait and later in Saudi Arabia. With you and your colleagues and associates I really feel among sincere old friends.

I am pleased to be able to report to you that we found strong support in Saudi Arabia from the Minister of Finance, H.H. Prince Mosaed Ibn Abdel-Rahman, and the authorities there, at the highest level, for the three main points we discussed with them.

31
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Again in Abu Dhabi, where we met with H.H. Sheikh Zayed Ibn Sultan Al-Nahyan, H.E. Sheikh Ahmad Khalifa Al-Sweidi, Minister of Foreign Affairs, and the Minister of Finance, H.H. Sheikh Hamdan Ibn Rashid Al Maktoom, they were appreciative of the Bank's positive response to their request to increase the OPEC Countries' role in the Bank by increasing their voting power from about 5% to 15%. They also strongly supported the "Third Window" interest subsidy fund.

In Doha, we were pleased to find the same spirit of support for both proposals.

At present we are engaged in discussions with Venezuela and Iran with regard to the increase of the voting power of OPEC Countries. We are also discussing with them and with several OECD Countries the "Third Window" proposal.

As I mentioned to you, we hope to be able to convene a meeting, probably in Europe, of the prospective donors to the "Third Window" - among whom Kuwait is certainly a leader - some time next April.

Finally, I would like to express my warmest thanks for the welcome and the hospitality extended to me during my stay in Kuwait.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SEL/Fishawy/rh

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

Senegal 1022/104 P.M.
✓ cc B & P Third Window

Mr. J. Lenfant

April 2, 1975

Pierre de Rast

Implications of Third Window for FY76 Allocations

Memo of Mr. Mahbub ul Haq to Mr. McNamara of March 15, 1975.

Please find below the comments of Division II C on the above memorandum:

Regarding Senegal we have three points:

- (a) In his memorandum of March 19, 1975, Mr. Chauffournier proposed to Mr. Knapp that the entire IDA allocation for FY75 and FY76 be exhausted in the current Fiscal Year. This proposal related to Debi-Lampsar Engineering, Sine Saloum and Terres Neuves II. Mr. Knapp approved that recommendation. Thus, the entire IDA for FY76 (\$10.0 million in Mr. Mahbub ul Haq's memo) should be retained as it is virtually committed already for the current year.
- (b) The memorandum of Mr. Chauffournier also proposes a new lending program for FY76 (on the assumption that his recommendation for IDA allocation would be approved). This lending program lists five projects, all of them proposed for IBRD financing. Four of these (Livestock, Highway III, Port II, Dakar Water and Sewerage) represent a total of \$31.0 million which could be covered by the \$30.0 million Third Window proposal. It should be noted however that the actual amount required for three of these projects (Livestock, Highway and Port II) is likely to be higher. On the other hand, it is possible that Dakar Water and Sewerage may slip.
- (c) The fifth project, Tanker Repair II, listed in Mr. Chauffournier's memo for \$30.0 million, would still have to be financed with IBRD funds, if the project proved to be viable. Thus, it would seem prudent to envisage retaining some IBRD allocation.

Regarding The Gambia, Mauritania and Guinea, we have no comments. We note a net increase of \$5.0 million of Third Window for The Gambia and no change for Mauritania and Guinea.

cc: Messrs. de la Renaudiere
Gillette
Brown
Rabeharisoa
Denning
Ms. Noël

✓ Third Window
cc Australia
cc New Zealand

Mr. Robert S. McNamara

April 1, 1975

William S. Gaud

Third Window - Australia and New Zealand

Bruce Cheek is just back from his trip to Australia and New Zealand. Insofar as Australia is concerned, he says that the Aid Agency strongly favors the Third Window and seemed to accept his suggestion of \$10 million as a reasonable contribution to the subsidy fund. The Finance Ministry (in the person of our old friend Mr. Stone) was considerably more cautious and less forthcoming. However, in view of the strongly held attitude of the Aid Agency and the fact that Australia is planning to increase its aid program by \$100 million, Bruce believes that the Australians will come through. He understands the importance of getting a decision by the time of the Paris meeting and will work toward this end.

New Zealand is also well disposed but the Treasury people to whom he talked mentioned the figure \$250,000. He feels this is inadequate and proposes to have a go at the new Executive Director later this week to see if he can't get the figure raised.

cc - Messrs. Cargill
Adler
Stern

WSGaud:dbb

*Kuwait - IBRD/IDA R. & M.
Kuwait - Kuwait Fund
BA & P - Third Window*

For the Record

April 1, 1975

Saad S. El Fishawy

KUWAIT: Mr. McNamara's Visit - March 8, 1975

Summary of the Meeting with H.H. Sheikh Jaber Al-Ahmad, Crown Prince
and Prime Minister

Others present were Minister Al-Ateeqy of Finance, Messrs. Al-Hamad, El Fishawy and Burmester.

1 - Bank Group Operations in the Arab World:

Mr. McNamara started the meeting by mentioning that when he visited Kuwait and met with the Prime Minister for the first time six years ago, World Bank operations in the Arab world were rather limited. But since then with Kuwait's assistance the Bank has substantially increased its activities in this area. Said assistance took three forms: (a) lending to the Bank, (b) helping the Bank, through the Kuwait Fund, to gain more understanding of the area, and (c) financing jointly - again through the Kuwait Fund - several projects with the Bank Group in the Arab world. True to Mr. McNamara's word, the Bank's lending to the Arab countries has increased measurably. Actually the rate of lending is presently ten-fold what it was six years ago. From an annual lending of roughly 60 million dollars per year, the amount of loans and credits to the Arab countries reached last year about 600 million dollars. The Bank Group has presently under consideration 30-odd projects in 14 Arab countries.

2 - Increase in Voting Power of OPEC Countries:

Sheikh Jaber asked how is the Bank doing in these difficult times of world economic crisis. He added that it is unfortunate that people tend to forget that this crisis started long before the oil-price increase and that such an increase is only one of the factors and not the original cause. Mr. McNamara said that this is quite correct. Due to the increase in oil prices, however, a change in the world economic order has taken place and adjustments have to be made. At such times of ferment, historical opportunities lend themselves to countries which have to be alert to grasp these opportunities. In his view, there is presently a good opportunity for OPEC countries to increase their role in the World Bank. He is ready and prepared to try to seek an increase of the voting power of OPEC countries in the Bank to 15%. This is not going to be easy since other countries will have to consent to give up part of their relative voting power. However, he cannot even start unless he is assured that, if the proposed increase is offered to OPEC countries, they are going to subscribe to it. It is going to be a laborious and difficult process. There may be opposition in the way. Actually in the IMF, the OECD countries opposed an increase to 15%. They agreed only to the doubling of the present voting power of OPEC countries from about 4.9% to 10%. The increase to 15% is valuable. It is true that the OPEC countries are not going to vote the same way on every issue. But it is likely that on several

important issues they would. If to the 15% of the OPEC countries were added the about 29% voting power of the developing countries plus 8% or 9% of some of the OECD countries which tend to vote on several issues along the same lines as the developing countries, such as the Netherlands and the Nordic countries, then this could form a majority of the total votes. Mr. McNamara indicated to Sheikh Jaber that the payments involved in the capital and voting power increase are not substantial, since only 1% of the new subscription would be payable immediately and a further 9% would be payable over 2-3 years in the countries' own currency to be used by the Bank in its operations. The balance of 90% will be available for call by the Bank, if necessary, to meet its obligations to its bondholders.

Sheikh Jaber asked Minister Al-Ateeqy whether this issue was discussed during the Summit Meeting in Algiers of the OPEC countries. After investigating what happened, Minister Al-Ateeqy said that he understood that this issue came up during the meeting and that the principle of increasing the OPEC countries' role in international organizations was agreed to, but no specific figures were determined. 1/

Sheikh Jaber then asked what makes Mr. McNamara confident that he will succeed in achieving an increase of up to 15% of the voting power for OPEC countries in the Bank, while it was not accepted by the OECD countries in the IMF and only an increase of up to 10% was allowed. Mr. McNamara said that probably the issue was brought to a vote too soon in the IMF. He cannot guarantee that an increase of 15% will be reached in the Bank. But he is prepared to try hard for it. Before he could even start, however, he wanted to have firm assurances from the OPEC countries that they wanted such an increase and that they would subscribe to the additional shares if offered to them. He asked Sheikh Jaber whether this was Kuwait's wish and whether he could state this to other OPEC countries. Sheikh Jaber assured him that this is the case for Kuwait and that Mr. McNamara could state this position to other OPEC countries.

3 - "Third Window":

Mr. McNamara stated that the world economic problems had a devastating effect on the least developed and most seriously affected countries. These are about 45 countries which comprise about a billion people who are barely clinging to life and actually suffering chronic hunger. The proposed lending facility known as the "Third Window" would enable the Bank to extend loans at a subsidized interest rate and more lenient terms than the regular bank loans. In order to lend about one billion dollars at an interest rate lower by 4% than the Bank's current rate, the Bank would need a subsidy fund of about 200 million dollars. It is hoped that the OPEC countries would contribute about half this amount. The other half would come from OECD countries. This ratio

1/ "The Solemn Declaration of the Sovereigns and Heads of State of the Organisation of Petroleum Exporting Countries" that was issued at the end of the Algiers Summit Meeting does not include explicit reference to this point.

is not based on a burden-sharing formula between the donor countries as the Bank sees it. But it is an expeditious way for getting this scheme started on a voluntary basis. Unfortunately the mood in the West is not very generous at the moment, because of the increase in unemployment and of the economic crisis which the OECD countries are experiencing. Besides, they are also contributing to IDA at the rate of 1.5 billion dollars a year. Kuwait's strong endorsement of this scheme is commendable.

Sheikh Jaber said that Kuwait certainly supports the scheme. The amount of its contribution could be discussed later with Minister Al-Ateeqy. Kuwait, however, would not want to stand out as sole contributor but is ready to join with other OPEC and OECD countries in the scheme. He asked Mr. McNamara what other countries did he plan to visit on his trip. Mr. McNamara said that after Kuwait he was going to visit Saudi Arabia, Abu Dhabi and Qatar. He said that the Bank had already received indications of support of the "Third Window" scheme from the Netherlands and the United Kingdom and plans to enlist support from other OECD and OPEC countries. Mr. McNamara explained that the 200 million dollars subsidy fund would enable the Bank to lend to the poorer countries an additional billion dollars which they badly need. This will be over and above the Bank's lending program of about 4.5 billion dollars in FY1976. The Bank will borrow the additional billion dollars on the same terms on which it usually borrows and will lend them to assist in financing development projects according to its standard procedures. Mr. McNamara stated that it is scheduled to propose the scheme to the Executive Directors of the Bank for approval in principle on March 25. It is planned thereafter to hold a meeting of the prospective donors some time in April in order to obtain firm commitments from them and get their agreement on a working scheme. It is hoped that lending under the scheme will commence at the beginning of FY1976, which starts July 1, 1975. The Bank will not wait until specific new projects are processed from the outset specifically for the proposed lending facility, but will finance projects which have been prepared and are already in the pipeline of the Bank's lending program. Additional projects will be prepared later.

Sheikh Jaber said that in his view the Bank should probably not wait until the full amount of subsidy aimed at has been obtained but should start lending under this new scheme once adequate funds are contributed. This way time could be saved and the benefits of the scheme could start reaching the poor countries as soon as possible.

4 - Bank's Borrowing Program:

Mr. McNamara explained that the Bank borrows from surplus money markets on commercial terms. These generally are in line with U.S. Treasury bills. Probably, the interest rate is just a little higher than U.S. Treasury bills of the same maturity but almost exactly the same as U.S. Government Agencies' securities. Sheikh Jaber said that Kuwait supports lending to the Bank. This principle has been established a long time ago and Kuwait has lent to the Bank in the past and will continue to do so in the future. The specific amounts would be discussed between Mr. McNamara and Minister Al-Ateeqy.

cc: Messrs. McNamara
Knapp
Cargill
Benjenk
Koch
Burmester