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Third Window Loans

1975-77

Vol.

Vol. III

RETURN TO
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Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence -
Volume 3

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THIS FILE IS CLOSED AS OF

OCTOBER 31, 1975

FOR FURTHER CORRESPONDENCE SEE:

VOL. III

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DOCUMENT OF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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WBG ARCHIVES

SecM75-756

FROM: The Secretary

October 31, 1975

OPERATION OF THIRD WINDOW

The President's Memorandum entitled "Operation of Third Window" (R75-212) which was distributed on October 28 indicates that it would be considered at the meeting to be held on November 18, 1975. The Memorandum has now been rescheduled for consideration at the November 25 meeting.

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

Third Window

OFFICE MEMORANDUM

TO: Files

DATE: October 31, 1975

FROM: Raymond J. Goodman *RJG*SUBJECT: Operation of Third Window: Meeting of Executive Directors
Representing Contributing Countries

1. A meeting was held on October 23, 1975 under the chairmanship of Mr. Knapp to discuss a draft memorandum from the President entitled OPERATION OF THIRD WINDOW (subsequently issued as R75-212). The following Executive Directors were present or represented at the meeting:

Representing

Mr. Aldoasary
(for Mr. Al-Atrash)

Saudi Arabia,
United Arab Emirates,
Kuwait and Qatar

Mr. Browning
(for Mr. Ryrie)

United Kingdom

Mr. Drake

Canada

Mr. Gavidia

Venezuela

Mr. Green

Australia

Mr. Sigurdsson

Denmark and Norway

Mr. Witte (The Netherlands) sent apologies. Messrs. Goodman and Nurick were also present.

2. Mr. Goodman reported that there had been no change in the status of contributions since the draft paper had been prepared. However, there was a good prospect of some additional contributions.

3. Two principal questions were raised and discussed:

(a) Whether Third Window lending should be confined to projects, as proposed by Management, or whether program loans should also be made.

Mr. Browning, supported by Mr. Aldoasary, argued in favor of including program loans in view of the pressing need to provide quick assistance to developing countries. The other Directors accepted the argument of the paper against program lending via the Third Window. Mr. Knapp explained that, inasmuch as Third Window lending was intended to be additional to Bank and IDA lending, the objective could be accomplished by planning for an appropriate increase in program loans on standard IBRD terms and in program credits from IDA. He agreed to include in the memorandum a new sentence covering this point.

(b) Whether the interest rate on Bank borrowings from the Subsidy Fund should be fixed at the outset, as proposed in the draft paper, or should be adjusted every few months to correspond to the current cost of Bank borrowing.

The Directors divided evenly on this point (Messrs. Drake, Gavidia and Sigurdsson being in favor of a fixed rate, and Messrs. Aldoasary, Browning and Green in favor of a flexible rate). Mr. Knapp agreed to put the alternative of a flexible rate in the paper, but said that the Management's recommendation in favor of a fixed rate would stand.

4. In reply to a question from Mr. Drake, Mr. Knapp said that a further meeting of Directors representing the contributing countries would be held before Third Window operations began in order to discuss the question of country eligibility. In reply to a further question he said that he expected Third Window loans to be made in all six Regions; he agreed to consider a suggestion that some kind of regional allocation of proposed Third Window commitments be prepared for the information of the donor Directors.

RJG:lgf

cc: (those present) Messrs. McNamara (on return)
 Cargill
 Damry
 Witte

OFFICE MEMORANDUM

Third Window
cc Spain

TO: Files

FROM: Raymond J. Goodman *RJG*

SUBJECT: SPAIN: Third Window and IDA V

DATE: October 30, 1975

Mr. Calvillo came to see me yesterday and said he thought the time was now ripe, despite the political uncertainties, for a Bank staff member to visit Madrid in order to discuss the matter of a contribution by Spain to the Third Window. He also thought that his government would be disposed to make an appropriate contribution to IDA V, and might wish to be represented as an observer at the forthcoming Paris meeting in November. He asked what were the possibilities of arranging for someone to visit Madrid in the near future.

I said that I knew of no suitable staff member going to Europe in the immediate future, but that I would suggest to Mr. Cargill that one of the Bank group who would be attending the Paris meeting arrange to go by way of Madrid; or, if that were not possible, to visit Madrid after the meeting. Mr. Calvillo thought this would be very appropriate. I said that I thought if Spain wished to come to the Paris meeting she would be very welcome and that I would mention this to Mr. Cargill.

RJG:lgf

cc: Messrs. Cargill
Diamond
Gabriel
Gaud
Hattori
Vibert

9/24
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FOR
EXECUTIVE
DIRECTORS'
MEETING

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WBG ARCHIVES

For consideration on
November 18, 1975

FROM: The President

R75-212

October 28, 1975

OPERATION OF THIRD WINDOW

1. Before any Third Window loans are made it is necessary to decide the terms and conditions of such loans and a number of other matters affecting the operation of the new facility. This memorandum puts forward recommendations on these matters for the consideration of the Executive Directors.

Present Status of Third Window

2. The Resolution establishing an Interest Subsidy Fund for the Third Window (Resolution No. 111 adopted on July 29, 1975) provides in Section G that the new facility shall become operative and the contributions payable, on the date when contributions or formal notification of intended contributions shall have been received by the Bank in an amount not less than the equivalent of US\$100 million. As of October 16, 1975 contributions totalling \$50 million had been received from Abu Dhabi (\$5 million), Saudi Arabia (\$25 million), and the Netherlands (\$20 million). Formal notification of their intention to make contributions had been received from Canada (\$20 million) and the United Kingdom (\$10 million) bringing to \$80 million the total of confirmed contributions. Pledges of an additional \$47 million equivalent have been made by Australia, Denmark, Kuwait, Norway, Qatar and Venezuela subject to parliamentary approval or other action. It is expected that the contribution of Kuwait (\$20 million) will have been confirmed within the next few weeks and thus permit Third Window operations to begin.

3. The contributions have been and will be invested as received. The earnings on these investments will be paid to the Interest Subsidy Fund and will be counted towards the minimum \$100 million of contributions required for effectiveness.

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

Terms of Third Window Loans

4. Because Third Window loans are intended to ease the debt-servicing burden of eligible member countries it is proposed that they be made to member governments and that the terms of the loans be the same for all borrowers, following the precedent of IDA. A grace period of seven years and a final maturity of approximately 25 years, both somewhat longer than the average for Bank loans (21 years including nearly 5 years of grace) are recommended. In cases where the ultimate beneficiary of the loan is not the government, the proceeds would normally be on-lent at the interest rates appropriate for the project, again following the IDA precedent.

5. Interest on Third Window loans would be set at a rate four percentage points lower than the current interest rate on standard Bank loans and would be charged on the outstanding balance. Given the current rate of 8-1/2% per annum, the interest rate on Third Window loans would thus be 4-1/2%. The remaining 4% of interest would be paid to the Bank on the borrowers' behalf from the Interest Subsidy Fund. In the event that the Interest Subsidy Fund should prove insufficient to provide the full subsidy to the end of the amortization period, the borrower would be obligated under the loan agreement to make up the difference in the final payment or payments.

6. Any shortfall would be applied pro rata to all Third Window loans, and to ensure equal treatment of borrowers in this respect, all Third Window loans would have the same final payment date. The first loan would have a term of 25 years, but the term of loans approved thereafter would become somewhat shorter; the grace period in all cases would be 7 years.

7. In other respects the terms of Third Window loans would be the same as those of standard Bank loans. Thus, the amortization schedule would provide for equal semi-annual payments of interest and principal by the borrower. There would be the usual commitment charge of 3/4 of 1%.

Purposes of Third Window Loans

8. Although the terms of all Third Window loans would be the same, the amount of subsidy required by loans of a given size would depend upon the rate at which they were disbursed. Loans that disburse quickly would make a heavier call on the Subsidy Fund than those that disburse more normally because the subsidy would become payable in larger amounts from an earlier date. The difference is most marked in comparing program loans, which typically disburse in less than two years and often in a few months, and project loans which have a typical disbursement "profile" of up to 10 years. Assuming a two-year disbursement period a typical program loan would require subsidy payments 50% higher on a present value basis than a typical project loan. To ensure more equal treatment among countries borrowing from the Third Window, a means would have to be found of compensating for this difference. One way of doing so would be to make program loans for a shorter term than project loans, (a typical program loan of 15 years with 4 years of grace would use up as much subsidy as a typical project loan on the terms proposed above) but to do so would seem less consistent with the concessionary nature of the Third Window facility. Accordingly, it is proposed to confine Third

Window loans to the financing of projects, and to leave program lending to be handled in appropriate cases by the Bank or IDA. It should be borne in mind, however, that Third Window lending is intended to be "additional" in the sense of expanding the total volume of Bank Group lending, and this intention will be reflected in the form of an increment, both in project and in program lending.

9. In my memorandum of July 15, 1975, on the Third Window, it was estimated (R75-161, paragraph 8 and 9) that contributions in the amount of \$114 million - the amount then believed to be in sight - would be sufficient to finance about \$500 million of Third Window loans. This calculation was based on the assumption that 10 percent of the loans would be program loans with full Third Window grace periods and amortization. Given that Third Window loans would be restricted to the financing of projects, the \$127 million now pledged would be sufficient to finance some \$600 million of Third Window loans.

Currency Used for Investments and Disbursements

10. The question arises whether the currencies received by the Fund should be converted and invested in one or more currencies and whether the disbursements on Third Window loans should be made in one or more currencies. It is concluded that both investment and disbursement should be in a single currency and that the currency should be US dollars.

11. If the assets of the Fund are held in a mix of currencies different from that corresponding to disbursed Third Window loans, the value of the assets of the Fund may vary in relation to the obligation of the Fund to pay interest on Third Window loans. Thus, the Fund will bear an exchange risk which could ultimately lead to a shortfall in the assets of the Fund due to an unfavorable movement of exchange rates and this shortfall would have to be borne by the borrowers. This risk would be avoided by matching the currencies in which the assets of the Fund are held with the currencies disbursed on Third Window loans; as a practical matter, this is most easily done by using only one currency for the purpose. The most suitable currency would be the dollar because (a) investment opportunities and liquidity are present greatest in the U.S. market, which will help to maximize the return on the Bank's investments; and (b) the majority of contributions to the Interest Subsidy Fund are likely to be in dollars.

Treatment of Contributions

12. Under the terms of the Resolution (Section D (d)) the present value of contributions is to be determined by the Administrator as of the date of notification. Contributions received after the due date for payment (the 90th day after the Third Window becomes operative) would be discounted at 8-1/2%, the assumed yield on the Fund's investments (see paragraph 14 below), unless the contributors concerned agreed to pay interest at that rate. As indicated above (paragraph 3), contributions made before the due date will earn interest which will be credited to the Interest Subsidy Fund upon effectiveness and taken into account in determining when the minimum level of contributions is reached. In the event that the Third Window does not become operative, these earnings will be returned to the contributors together with their contributions.

Investment Policy

13. In order to minimize the risk of a possible shortfall in the Interest Subsidy Fund, which would require borrowers to pay the full Bank interest rate on Third Window loans at some future date, it will be important to establish as accurately as possible the amount of interest that the Fund is likely to earn on its investments during its life. This could be accomplished in part by investing the assets of the Fund in long term bonds at fixed rates of interest. However, even if that were done, the future return on reinvestment of the Fund's earnings could not be exactly determined and could greatly influence the amount available for subsidy. To minimize the risk of borrowers having to pay the full Bank interest rate on their loans at some future time, the Bank would have to be conservative in determining the amount of Third Window commitments it could make.

14. An alternative, which would eliminate the uncertainty as to the rate of return on the Fund's investments, would be for the Bank to borrow the assets of the Interest Subsidy Fund, pay the Fund interest at a fixed rate on the outstanding balance held by the Bank, and repay the Subsidy Fund in the amounts required to meet the Fund's obligations. From the point of view of the Bank, borrowing the assets of the Subsidy Fund would have the advantage of reducing by a corresponding amount the funds it would otherwise have to borrow in the capital market to finance Third Window loans. An appropriate interest rate on the Bank's borrowings from the Subsidy Fund would be 8-1/2%, the average cost of Bank borrowings, weighted by amount and maturity, during the current fiscal year to date.

15. Under the foregoing arrangements the Subsidy Fund would be relieved of exchange risk (see paragraph 11 above), it would know exactly what its interest return would be (see paragraph 14 above) and the only remaining element of uncertainty would be variations in the rate of disbursement on project loans. As the Bank proceeds to make Third Window commitments, it would set aside subsidy funds in an amount indicated to be required by the expected disbursement pattern of each loan, and would continue making commitments until the amounts so set aside equalled the total estimated to be available in the Subsidy Fund. In these circumstances an eventual call upon borrowers to pay more than 4-1/2% on Third Window loans would arise only if the actual disbursement rate of Third Window loans proved to be faster than the original estimates.

16. Instead of establishing from the outset a fixed interest rate of 8-1/2% on the Bank's borrowings from the Subsidy Fund, this interest rate might be fixed from time to time, say at six-monthly intervals, at the average cost of Bank borrowings, weighted by amount and maturity, during the preceding six months period. This alternative might be deemed to provide fairer treatment both to the Bank and to the Subsidy Fund in case the future level of interest rates departs substantially from the present level of 8-1/2%. However, it introduces a large element of uncertainty in that the interest rate both on the initial contributions and on the reinvestment of earnings would be subject to periodic change. During the period of commitment of Third Window loans the Bank would have to make an estimate of the actual interest on the Subsidy Fund over

the life of these loans; if its estimate proved too high, borrowers would have to be called upon to make up the difference in the final payments, and if its estimate was too low, the amount of Third Window commitments based on the Subsidy Fund would also turn out to be too low.

Summary of Principal Recommendations

17. I recommend that:

- (a) Third Window loans be made on essentially the same terms to all borrowers, with interest at 4 points below the Bank's standard rate, a grace period of 7 years and a final maturity of approximately 25 years. In other respects the terms would be the same as those of standard Bank loans;
- (b) Third Window loans be used to finance only projects;
- (c) The assets of the Interest Subsidy Fund be borrowed by the Bank which would pay interest at 8-1/2% on the balance outstanding from time to time.

Robert S. McNamara

Third Window

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**FOR
EXECUTIVE
DIRECTORS'
MEETING**

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JUN 06 2025

WBG ARCHIVES

For consideration on
November 18, 1975

FROM: The President

R75-212

October 28, 1975

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5. Interest on Third Window loans would be set at a rate four percentage points lower than the current interest rate on standard Bank loans and would be charged on the outstanding balance. Given the current rate of 8-1/2% per annum, the interest rate on Third Window loans would thus be 4-1/2%. The remaining 4% of interest would be paid to the Bank on the borrowers' behalf from the Interest Subsidy Fund. In the event that the Interest Subsidy Fund should prove insufficient to provide the full subsidy to the end of the amortization period, the borrower would be obligated under the loan agreement to make up the difference in the final payment or payments.

6. Any shortfall would be applied pro rata to all Third Window loans, and to ensure equal treatment of borrowers in this respect, all Third Window loans would have the same final payment date. The first loan would have a term of 25 years, but the term of loans approved thereafter would become somewhat shorter; the grace period in all cases would be 7 years.

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Currency Used for Investments and Disbursements

10. The question arises whether the currencies received by the Fund should be converted and invested in one or more currencies and whether the disbursements on Third Window loans should be made in one or more currencies. It is concluded that both investment and disbursement should be in a single currency and that the currency should be US dollars.

11. If the assets of the Fund are held in a mix of currencies different from that corresponding to disbursed Third Window loans, the value of the assets of the Fund may vary in relation to the obligation of the Fund to pay interest on Third Window loans. Thus, the Fund will bear an exchange risk which could ultimately lead to a shortfall in the assets of the Fund due to an unfavorable movement of exchange rates and this shortfall would have to be borne by the borrowers. This risk would be avoided by matching the currencies in which the assets of the Fund are held with the currencies disbursed on Third Window loans; as a practical matter, this is most easily done by using only one currency for the purpose. The most suitable currency would be the dollar because (a) investment opportunities and liquidity are present greatest in the U.S. market, which will help to maximize the return on the Bank's investments; and (b) the majority of contributions to the Interest Subsidy Fund are likely to be in dollars.

Treatment of Contributions

12. Under the terms of the Resolution (Section D (d)) the present value of contributions is to be determined by the Administrator as of the date of notification. Contributions received after the due date for payment (the 90th day after the Third Window becomes operative) would be discounted at 8-1/2%, the assumed yield on the Fund's investments (see paragraph 14 below), unless the contributors concerned agreed to pay interest at that rate. As indicated above (paragraph 3), contributions made before the due date will earn interest which will be credited to the Interest Subsidy Fund upon effectiveness and taken into account in determining when the minimum level of contributions is reached. In the event that the Third Window does not become operative, these earnings will be returned to the contributors together with their contributions.

Investment Policy

13. In order to minimize the risk of a possible shortfall in the Interest Subsidy Fund, which would require borrowers to pay the full Bank interest rate on Third Window loans at some future date, it will be important to establish as accurately as possible the amount of interest that the Fund is likely to earn on its investments during its life. This could be accomplished in part by investing the assets of the Fund in long term bonds at fixed rates of interest. However, even if that were done, the future return on reinvestment of the Fund's earnings could not be exactly determined and could greatly influence the amount available for subsidy. To minimize the risk of borrowers having to pay the full Bank interest rate on their loans at some future time, the Bank would have to be conservative in determining the amount of Third Window commitments it could make.

14. An alternative, which would eliminate the uncertainty as to the rate of return on the Fund's investments, would be for the Bank to borrow the assets of the Interest Subsidy Fund, pay the Fund interest at a fixed rate on the outstanding balance held by the Bank, and repay the Subsidy Fund in the amounts required to meet the Fund's obligations. From the point of view of the Bank, borrowing the assets of the Subsidy Fund would have the advantage of reducing by a corresponding amount the funds it would otherwise have to borrow in the capital market to finance Third Window loans. An appropriate interest rate on the Bank's borrowings from the Subsidy Fund would be 8-1/2%, the average cost of Bank borrowings, weighted by amount and maturity, during the current fiscal year to date.

15. Under the foregoing arrangements the Subsidy Fund would be relieved of exchange risk (see paragraph 11 above), it would know exactly what its interest return would be (see paragraph 14 above) and the only remaining element of uncertainty would be variations in the rate of disbursement on project loans. As the Bank proceeds to make Third Window commitments, it would set aside subsidy funds in an amount indicated to be required by the expected disbursement pattern of each loan, and would continue making commitments until the amounts so set aside equalled the total estimated to be available in the Subsidy Fund. In these circumstances an eventual call upon borrowers to pay more than 4-1/2% on Third Window loans would arise only if the actual disbursement rate of Third Window loans proved to be faster than the original estimates.

16. Instead of establishing from the outset a fixed interest rate of 8-1/2% on the Bank's borrowings from the Subsidy Fund, this interest rate might be fixed from time to time, say at six-monthly intervals, at the average cost of Bank borrowings, weighted by amount and maturity, during the preceding six months period. This alternative might be deemed to provide fairer treatment both to the Bank and to the Subsidy Fund in case the future level of interest rates departs substantially from the present level of 8-1/2%. However, it introduces a large element of uncertainty in that the interest rate both on the initial contributions and on the reinvestment of earnings would be subject to periodic change. During the period of commitment of Third Window loans the Bank would have to make an estimate of the actual interest on the Subsidy Fund over

the life of these loans; if its estimate proved too high, borrowers would have to be called upon to make up the difference in the final payments, and if its estimate was too low, the amount of Third Window commitments based on the Subsidy Fund would also turn out to be too low.

Summary of Principal Recommendations

17. I recommend that:

- (a) Third Window loans be made on essentially the same terms to all borrowers, with interest at 4 points below the Bank's standard rate, a grace period of 7 years and a final maturity of approximately 25 years. In other respects the terms would be the same as those of standard Bank loans;
- (b) Third Window loans be used to finance only projects;
- (c) The assets of the Interest Subsidy Fund be borrowed by the Bank which would pay interest at 8-1/2% on the balance outstanding from time to time.

Robert S. McNamara

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IRN 1047
Distribution:
Mr. De Lussignan's Office

NRIC

cc: Mrs. Seguin
10/17 Mr. Baymans
Mr. Köpp

Third window
Oct 17, 1975

THANKS YOUR ONE TO THREE PRIMO PARTICIPATION CLARIFICATIONS BETTER
PRESUMED CLEARED HOWEVER REQUIRE EXAMPLE DETAILED NEW POSSIBLE
LOAN SAY DOLLARS TWENTY PRESENT INTEREST RATE 12 14 YEARS TWO
YEARS GRACE APPLICATION FORMULA REASONABLE ASSUMPTION BANK DISBURSEME
-ENTS AGAINST WITHDRAWAL APPLICATIONS AT WHICH TIME WHAT WOULD BE
CONTRAL BANK REMITTANCES BASED ON MATURITIES PRESUMABLY COULD WE
ASSUME MINIMAL AMOUNT THESE REMITTANCES OVER X NUMBER YEARS STOP
HOW DO WE COVER OR OFFSET OUR FIVE TO TEN PERCENT SHARE NOT
COVERED PARTICIPATION AGREEMENT THIS FOR FUTURE LOANS STOP FOR
CURRENT FY 75 HOW THIS OUGHT TO BE WORKED OUT AND WHAT ABOUT ADBI
OF WHICH WOULD LIKE KNOW AMOUNT DISBURSED STOP PLEASE REPLY AT
LENGTH SPECIFICALLY AND WITH NUMBERS STOP MINOR POINTS TEXT
PARTICIPATION AGREEMENT REFERS GENERAL CONDITIONS DATE 31 JANUARY
~~XXXX~~ 1969 NO MORE RECENT DATE AND ALSO REFERS PARTICIPATION
CERTIFICATES SERIES GA WHILE HAVE SPECIMENT GB ANY DIFFERENCE
SECUNDO THIRD WINDOW PRESENT TOTAL TARGET 250 FOR 500 SUBSIDISED
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WRONG STOP TERMS THREE EXCEPTIONS COULD BE REIMBURSABLE LOANS ON
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ON BOTH QUESTIONS FOR SATURDAY PLEASE BRIEF MANAGEMENT

REGARDS

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OFFICE MEMORANDUM

TO: FILES

FROM: Sriram Aiyer, Acting Division Chief, EMENA CPIA

SUBJECT: EGYPT - Dr. El Ghandour's Meeting with Mr. McNamara

1. On October 23, 1975, Mr. McNamara received Dr. Ahmed El Ghandour, Egypt's Deputy Minister of Economy and Economic Cooperation. The meeting was attended by Dr. Adly Abdel Meguid, Economic Minister, Egyptian Commercial and Economic Office, New York, Mr. Adl El Garhy, Economic Counsellor, Egyptian Embassy, Dr. Al-Atrash, Executive Director, and the writer. This memorandum summarizes the discussion:
2. Dr. El Ghandour expressed appreciation for Mr. McNamara's efforts towards development of Egypt, other countries in the Middle East and of LDC's in other parts of the world. He stressed Egypt's commitment to follow the "open door" policy, evidenced in part by President Sadat's visit to the US and other Western Countries; the need for rehabilitating and expanding infrastructure to facilitate development and the flow of private capital and hence the draft 1976-80 Plans' emphasis on infrastructure, even though such projects would be slower in yielding economic returns than directly productive projects; the need to remedy the balance of payments; the fact that the present bureaucratic structure was too cumbersome to cope with the transition that Egypt was going through and that the Government was trying to create new institutions parallel with existing ones, ultimately to replace the present set-up; and the importance of Bank assistance in project preparation, evaluation and implementation. At Dr. Al-Atrash's suggestion, he reminded Mr. McNamara of Egypt's interest in having a Resident Mission in Cairo to help Egypt accomplish its development objectives, to help in preparing projects, and in assisting with organizational requirements to achieve the Government's objectives.
3. Mr. McNamara responded that the quarterly economic missions requested by the Government would report to the Bank and to potential donors on progress of the economy, including the Plans, and he doubted if Resident staff would be able to do more. As for assistance on projects for Bank/IDA financing, he felt that besides the budgetary implications, in view of the variety of expertise required, this would be better provided from Washington and that a small resident mission would not be able to service the range of needs. He suggested, however, that the Region discuss in detail the Government's suggestions on the possible areas of activity and follow up the matter, including any need for organizational assistance, as was provided for Venezuela; he suggested that this be discussed with Mr. Kearns.

FILES

- 2 -

October 24, 1975

4. Mr. McNamara also mentioned to Dr. El Ghandour the desirability of officials of Egypt, a recipient of IDA funds, making clear to officials of capital surplus countries the importance of an adequate Fifth IDA Replenishment.

5. In response to Dr. El Ghandour's inquiry about the Third Window facility, Mr. McNamara explained that it was small, not yet effective, and that no attempts have been made as yet to determine country allocations.

cc: Messrs. Wapenhans, Paijmans, Dubey, Asfour (o/r), Kearns, Burmester (2)

MSAiyer:hj/mh

THIRD WINDOW

October 24, 1975

Mr. Knapp:

Third Window

One loose end is the question of disbursement arrangements under IBRD/TW blends. If we follow the IBRD/IDA precedent, the concessionary funds will be disbursed first. But that would make heavier calls on the Subsidy Fund, and would be inconsistent with the position we have taken on program loans.

Do we intend to have any IDA/TW blends? If so, the reverse would apply, i.e. disbursement of the TW loan would be delayed until after the IDA credit had been fully disbursed.

Given equal amounts of TW loans in the two kinds of blend, and assuming similar disbursement patterns, the two effects would offset each other. However, since these conditions cannot be assumed in advance, I am inclined to think that in blend operations the two sources of funds should be disbursed pro rata.

Whatever we decide, a note on this point should be added to the Board paper, and perhaps mentioned at today's meeting.

Raymond J. Goodman

cc: Mr. Nurick

Mr. U. K. Ghoshal

October 24, 1975

Raymond J. Goodman

Board Memorandum on Third Window

I have sent in to Mr. McNamara a draft of the board paper on this subject marked up as in the attached copy [except that the latter does not contain the new para. 16]. Mr. McNamara will not be in until after lunch, so I am taking the chance of having the memorandum typed in final on the assumption that he will clear it by early afternoon. He has not changed earlier versions and I doubt that he will want to change this one.

Would you please advise my secretary how the front page should be set up?

RJG:lgf
attachment

THIRD WINDOW

October 24, 1975

Mr. McNamara,

Re: Operational ^{of} ~~at~~ Third Window

Messrs. Knapp, Nurick and I met yesterday afternoon with the Executive Directors representing contributors to the interest subsidy fund. Only two significant points were raised (on program lending, and on the interest rate to be paid by the Bank on its borrowings from the subsidy fund). On both these points there was a split among the directors present, but we agreed to accommodate the views expressed in the final draft.

Immediately after the meeting the three of us sat down and agreed the changes which you will see marked on the attached draft.

The draft itself is the one you cleared ~~alast~~ last week for circulation to the Executive Directors concerned.

If we can circulate the memorandum today, it could be placed on the board agenda for November 11, by which time we expect to have sufficient funds in hand to permit Third Window operations to begin.

May I have your clearance please?

RJG

Raymond J. Goodman

ATTACHMENT

10/24
OK as modified -
note any change to 716 -
Schedule for meeting 7
11/18 - distribute
now -
L. Newman

INCOMING TELEX

✓ Third Window
cc Switzerland
Distribution

OCT 22 12 35 PM 1975

Mr. Wm. Clark

SECTION

DTG

INTBAFRA WASH DC

OOI 22 1975

IBRD A PARIS

2293 WILLIAM CLARK

FOLLOWING FROM STUBBER:

SWISS FEDERAL COUNCIL HAS DECIDED TO ASK FEDERAL CHAMBERS TO
APPROVE CONTRIBUTIONS OF SWISS FRANCS 15 MILLION TO THIRD
WINDOW AND SWISS FRANCS 10 MILLION TO IMF OIL FACILITY.
HOWEVER TEXT OF TRADITIONAL FEDERAL COUNCIL QUOTE MESSAGE
UNQUOTE TO CHAMBERS AVAILABLE ONLY ON OCTOBER 31 AND COPIES
WILL BE SENT TO YOU UPON RECEIPT HERE. REGARDS

NOELLE



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date October 17, 1975	Document Type Letter			
Correspondents / Participants To: Executive Directors (Messrs. Al-Atrash, Drake, Gavidia H., Green, Ryrice, Sigurdsson, Witte) From: J. Burke Knapp				
Subject / Title Operation of 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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

OFFICE MEMORANDUM

TO: See Distribution

DATE: October 17, 1975

FROM: Ernest Stern, *ES*, South Asia RegionSUBJECT: Terms of Third Window Loans*Circular*

You may be interested in the attached draft. It has been discussed and will be issued shortly with only minor changes.

Since a number of procedural steps still need to be completed, we can assume that Third Window financing will not be available before the third quarter. Tentative allocation figures will be available shortly.

Distribution:

Mr. Diamond, Director, ASA
Mr. van der Meer, Director, ASP
ASA Division Chiefs *✓*

Attachment

OFFICE MEMORANDUM

TO: Operational Vice Presidents

FROM: J. Burke Knapp *JBK*

SUBJECT: Terms of Third Window Loans

DATE: October 16, 1975

I would appreciate meeting with you tomorrow at 11:30 a.m. to review the attached draft paper to go to the Board in the near future, setting forth more detailed recommendations than previously, regarding the terms of Third Window loans and the modus operandi of the Third Window Subsidy Fund. Before going to the Board with this paper we plan to discuss it with the group of Executive Directors representing the donor countries. In view of the progress being made in putting together the minimum \$100 million for the Subsidy Fund, it has now become urgent to consult with the donors and I hope to circulate the attached paper to them by tomorrow afternoon.

Attachment

From: The President

OPERATION OF THIRD WINDOW

1. Before any Third Window loans are made it is necessary to decide the terms and conditions of such loans and a number of other matters affecting the operation of the new facility. This memorandum puts forward recommendations on these matters for the consideration of the Executive Directors.

Present Status of Third Window

2. The Resolution establishing an Interest Subsidy Fund for the Third Window (Resolution No. ___ adopted on July 29, 1975) provides in Section G that the new facility shall become operative and the contributions payable, on the date when contributions or formal notification of intended contributions shall have been received by the Bank in an amount not less than the equivalent of US\$100 million. As of October 16, 1975 contributions totalling \$50 million had been received from Abu Dhabi (\$5 million), Saudi Arabia (\$25 million), and the Netherlands (\$20 million). Formal notification of their intention to make contributions had been received from Canada (\$20 million) and the United Kingdom (\$10 million) bringing to \$80 million the total of confirmed contributions. Pledges of an additional \$47 million equivalent have been made by Australia, Denmark, Kuwait, Norway, Qatar and Venezuela subject to parliamentary approval or other action. It is expected that the contribution of Kuwait (\$20 million) will have been confirmed within the next few weeks and thus permit the Third Window operations to begin.

3. The contributions have been and will be invested as received. The earnings on these investments will be paid to the Interest Subsidy Fund and will be counted towards the minimum \$100 million of contributions required for effectiveness.

Terms of Third Window Loans

4. Because of the concessionary nature of Third Window loans it is proposed that they be made to member governments and that the terms of the loans be the same for all borrowers, following the precedent of IDA. A grace period of seven years and a final maturity of approximately 25 years, both somewhat longer than the average for Bank loans (22 years including 3½ years of grace) are recommended. In cases where the ultimate beneficiary of the loan is not the government, the proceeds would normally be on-lent at the interest rates appropriate for the project, again following the IDA precedent.

5. Interest on Third Window loans would be set at a rate four percentage points lower than the current interest rate on standard Bank loans and would be charged on the outstanding balance. Given the current rate of 8½% per annum, the interest rate on Third Window loans would thus be 4½%. The remaining 4% of interest would be paid to the Bank on the borrowers' behalf from the Interest

Subsidy Fund. In the event that the Interest Subsidy Fund should prove insufficient to provide the full subsidy to the end of the amortization period, the borrower would be obligated under the loan agreement to make up the difference in the final payment or payments.

6. To ensure equal treatment of all borrowers in the event of a shortfall in the Interest Subsidy Fund, all Third Window loans would have the same final payment date. The first loan would have a term of 25 years, but the term of loans approved thereafter would become somewhat shorter; the grace period in all cases would be 7 years. 2

7. In other respects the terms of Third Window loans would be the same as those of standard Bank loans. Thus, the amortization schedule would provide for equal semi-annual payments of interest and principal by the borrower. There would be the usual commitment charge of 3/4 of 1 percent.

Purposes of Third Window Loans

8. Although the terms of all Third Window loans would be the same, the amount of subsidy required by loans of a given size would depend upon the rate at which they were disbursed. Loans that disburse quickly would make a heavier call on the Subsidy Fund than those that disburse more normally because the subsidy would become payable in larger amounts from an earlier date. The difference is most marked in comparing program loans, which typically disburse in less than two years and often in a few months, and project loans which have a typical disbursement "profile" of up to 10 years. Assuming a two-year disbursement period a typical program loan would require subsidy payments 50% higher on a present value basis than a typical project loan. To ensure more equal treatment among countries borrowing from the Third Window, a means would have to be found of compensating for this difference. One way of doing so would be to make program loans for a shorter term than project loans, (a typical program loan of 15 years with 4 years of grace would use up as much subsidy as a typical project loan on the terms proposed above) but to do so would seem inconsistent with the concessionary nature of the Third Window facility. Accordingly, it is proposed to confine Third Window loans to the financing of projects, and to leave program lending to be handled in appropriate cases by the Bank or IDA.

9. In my memorandum of July 15, 1975, on the Third Window, it was estimated (R75-161, paragraphs 8 and 9) that contributions in the amount of \$114 million - the amount then believed to be in sight - would be sufficient to finance about \$500 million of Third Window loans. This calculation was based on the assumption that 10 percent of the loans would be program loans with full Third Window grace periods and amortization. Restricting Third Window loans to the financing of projects would increase this figure to \$525 million. The \$127 million of contributions pledged so far would permit Third Window loan commitments of approximately \$586 million.

Currency Used for Investments and Disbursements

10. The question arises whether the currencies received by the Fund should be converted and invested in one or more currencies and whether the disbursements on Third Window loans should be made in one or more currencies. It is concluded that both investment and disbursement should be in a single currency and that the currency should be dollars.

11. If the assets of the Fund are held in a mix of currencies different from that corresponding to disbursed Third Window loans, the value of the assets of the Fund may vary in relation to the obligation of the Fund to pay interest on Third Window loans. Thus, the Fund will bear an exchange risk which could ultimately lead to a shortfall in the assets of the Fund due to an unfavorable movement of exchange rates and this shortfall would have to be borne by the borrowers. This risk would be avoided by matching the currencies in which the assets of the Fund are held with the currencies disbursed on Third Window loans; as a practical matter, this is most easily done by using only one currency for the purpose. The most suitable currency would be the dollar because (a) investment opportunities and liquidity are at present greatest in the U.S. market, which will help to maximize the return on the Bank's investments; and (b) the majority of contributions to the Interest Subsidy Fund are likely to be in dollars.

Treatment of Contributions

12. Under the terms of the Resolution (Section D (d)) the present value of contributions is to be determined by the Administrator as of the date of notification. Contributions received after the due date for payment (the 90th day after the Third Window becomes operative) would be discounted at 8½%, the assumed yield on the Fund's investments (see paragraph 14 below), unless the contributors concerned agreed to pay interest at that rate. As indicated above (paragraph 3), contributions made before the due date will earn interest which will be credited to the Interest Subsidy Fund upon effectiveness and taken into account in determining when the minimum level of contributions is reached. In the event that the Third Window does not become operative, these earnings will be returned to the contributors together with their contributions.

Investment Policy

13. In order to minimize the risk of a possible shortfall in the Interest Subsidy Fund, which would require borrowers to pay the full Bank interest rate on Third Window loans at some future date, it will be important to establish as accurately as possible the amount of interest that the Fund is likely to earn on its investments during its life. This could be accomplished in part by investing the assets of the Fund in long term bonds at fixed rates of interest. However, even if that were done, the future return on reinvestment of the Fund's earnings could not be exactly determined and could greatly influence the amount available for subsidy. To minimize the risk of borrowers having to pay the full Bank interest rate on their loans

at some future time, the Bank would have to be conservative in determining the amount of Third Window commitments it could make.

14. An alternative, which would eliminate the uncertainty as to the rate of return on the Fund's investments, would be for the Bank to borrow the assets of the Interest Subsidy Fund, pay the Fund interest at a fixed rate on the outstanding balance held by the Bank, and repay the Subsidy Fund in the amounts required to meet the Fund's obligations. From the point of view of the Bank, borrowing the assets of the Subsidy Fund would have the advantage of reducing by a corresponding amount the funds it would otherwise have to borrow in the capital market to finance Third Window loans. An appropriate interest rate on the Bank's borrowings from the Subsidy Fund would be $8\frac{1}{4}\%$, which is slightly below the average cost of Bank borrowings, weighted by amount and maturity, during the current fiscal year to date (8.50%). In exchange for a somewhat lower return than it might obtain at this time by investing its assets in the market, the Subsidy Fund would be guaranteed an $8\frac{1}{4}\%$ return throughout its life.

15. Under the foregoing arrangements the Subsidy Fund would be relieved of exchange risk (see paragraph 11 above), it would know exactly what its interest return would be (see paragraph 14 above) and the only remaining element of uncertainty would be variations in the rate of disbursement on project loans. As the Bank proceeds to make Third Window commitments, it would set aside subsidy funds in an amount indicated to be required by the expected disbursement pattern of each loan, and would continue making commitments until the amounts so set aside equalled the total estimated to be available in the Subsidy Fund. In these circumstances an eventual call upon borrowers to pay more than $4\frac{1}{2}\%$ on Third Window loans would arise only if the actual disbursement rate of Third Window loans proved to be faster than the original estimates.

Summary of Principal Recommendations

16. I recommend that:

- (a) Third Window loans be made on essentially the same terms to all borrowers, with interest at 4 points below the Bank's standard rate, a grace period of 7 years and a final maturity of approximately 25 years. In other respects the terms would be the same as those of standard Bank loans;
- (b) Third Window loans be used to finance only projects;
- (c) The assets of the Interest Subsidy Fund be borrowed by the Bank which would pay interest at $8\frac{1}{4}\%$ on the balance outstanding from time to time.



Record Removal Notice

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From: Teheran

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Third Window
Oct. 15, 75

Distribution:

Mr. de Lusignan's Ofc.

Mr. Wapenhans

Mr. French-Mullen

MOINI

INTBAFRAD WASHINGTON DC

PRIMO FOLLOWING MEETING WITH MEHRAN EYE WOULD LIKE RECEIVE SOONEST
LIST WITH AMOUNTS CONTRIBUTORS THIRD WINDOW AND INFORMATION WAYS
TERMS PAYMENT STOP ALSO AS REQUESTED MY TELEX THROUGH PARIS OFFICE
SENT MONDAY CLARIFICATIONS ARE NEEDED URGENTLY ON PARA TWO ANNEX
I YOUR MEMO OFFSETTING OCTOBER TEN AS WELL AS EXAMPLES AS DETAILED
AS POSSIBLE ON HOW PARTICIPATION FORMULA WOULD APPLY PRACTICALLY
TO PAST TWO LOANS AND FORTHCOMING POSSIBLE ONES ALL THIS TO BE
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REGARDS

LUSIGNAN

OFFICE MEMORANDUM

THIRD WINDOW

TO: Operational Vice Presidents

DATE: October 16, 1975

FROM: J. Burke Knapp *JBK*

SUBJECT: Terms of Third Window Loans

Mr Goodman

I would appreciate meeting with you tomorrow at 11:30 a.m. to review the attached draft paper to go to the Board in the near future, setting forth more detailed recommendations than previously, regarding the terms of Third Window loans and the modus operandi of the Third Window Subsidy Fund. Before going to the Board with this paper we plan to discuss it with the group of Executive Directors representing the donor countries. In view of the progress being made in putting together the minimum \$100 million for the Subsidy Fund, it has now become urgent to consult with the donors and I hope to circulate the attached paper to them by tomorrow afternoon.

Attachment

From: The President

OPERATION OF THIRD WINDOW

1. Before any Third Window loans are made it is necessary to decide the terms and conditions of such loans and a number of other matters affecting the operation of the new facility. This memorandum puts forward recommendations on these matters for the consideration of the Executive Directors.

Present Status of Third Window

2. The Resolution establishing an Interest Subsidy Fund for the Third Window (Resolution No. ____ adopted on July 29, 1975) provides in Section G that the new facility shall become operative and the contributions payable, on the date when contributions or formal notification of intended contributions shall have been received by the Bank in an amount not less than the equivalent of US\$100 million. As of October 16, 1975 contributions totalling \$50 million had been received from Abu Dhabi (\$5 million), Saudi Arabia (\$25 million), and the Netherlands (\$20 million). Formal notification of their intention to make contributions had been received from Canada (\$20 million) and the United Kingdom (\$10 million) bringing to \$80 million the total of confirmed contributions. Pledges of an additional \$47 million equivalent have been made by Australia, Denmark, Kuwait, Norway, Qatar and Venezuela subject to parliamentary approval or other action. It is expected that the contribution of Kuwait (\$20 million) will have been confirmed within the next few weeks and thus permit the Third Window operations to begin.

3. The contributions have been and will be invested as received. The earnings on these investments will be paid to the Interest Subsidy Fund and will be counted towards the minimum \$100 million of contributions required for effectiveness.

Terms of Third Window Loans

4. Because of the concessionary nature of Third Window loans it is proposed that they be made to member governments and that the terms of the loans be the same for all borrowers, following the precedent of IDA. A grace period of seven years and a final maturity of approximately 25 years, both somewhat longer than the average for Bank loans (22 years including 3½ years of grace) are recommended. In cases where the ultimate beneficiary of the loan is not the government, the proceeds would normally be on-lent at the interest rates appropriate for the project, again following the IDA precedent.

5. Interest on Third Window loans would be set at a rate four percentage points lower than the current interest rate on standard Bank loans and would be charged on the outstanding balance. Given the current rate of 8½% per annum, the interest rate on Third Window loans would thus be 4½%. The remaining 4% of interest would be paid to the Bank on the borrowers' behalf from the Interest

Subsidy Fund. In the event that the Interest Subsidy Fund should prove insufficient to provide the full subsidy to the end of the amortization period, the borrower would be obligated under the loan agreement to make up the difference in the final payment or payments.

6. To ensure equal treatment of all borrowers in the event of a shortfall in the Interest Subsidy Fund, all Third Window loans would have the same final payment date. The first loan would have a term of 25 years, but the term of loans approved thereafter would become somewhat shorter; the grace period in all cases would be 7 years.

7. In other respects the terms of Third Window loans would be the same as those of standard Bank loans. Thus, the amortization schedule would provide for equal semi-annual payments of interest and principal by the borrower. There would be the usual commitment charge of $\frac{3}{4}$ of 1 percent.

Purposes of Third Window Loans

8. Although the terms of all Third Window loans would be the same, the amount of subsidy required by loans of a given size would depend upon the rate at which they were disbursed. Loans that disburse quickly would make a heavier call on the Subsidy Fund than those that disburse more normally because the subsidy would become payable in larger amounts from an earlier date. The difference is most marked in comparing program loans, which typically disburse in less than two years and often in a few months, and project loans which have a typical disbursement "profile" of up to 10 years. Assuming a two-year disbursement period a typical program loan would require subsidy payments 50% higher on a present value basis than a typical project loan. To ensure more equal treatment among countries borrowing from the Third Window, a means would have to be found of compensating for this difference. One way of doing so would be to make program loans for a shorter term than project loans, (a typical program loan of 15 years with 4 years of grace would use up as much subsidy as a typical project loan on the terms proposed above) but to do so would seem inconsistent with the concessionary nature of the Third Window facility. Accordingly, it is proposed to confine Third Window loans to the financing of projects, and to leave program lending to be handled in appropriate cases by the Bank or IDA.

9. In my memorandum of July 15, 1975, on the Third Window, it was estimated (R75-161, paragraphs 8 and 9) that contributions in the amount of \$114 million - the amount then believed to be in sight - would be sufficient to finance about \$500 million of Third Window loans. This calculation was based on the assumption that 10 percent of the loans would be program loans with full Third Window grace periods and amortization. Restricting Third Window loans to the financing of projects would increase this figure to \$525 million. The \$127 million of contributions pledged so far would permit Third Window loan commitments of approximately \$586 million.

Currency Used for Investments and Disbursements

10. The question arises whether the currencies received by the Fund should be converted and invested in one or more currencies and whether the disbursements on Third Window loans should be made in one or more currencies. It is concluded that both investment and disbursement should be in a single currency and that the currency should be dollars.

11. If the assets of the Fund are held in a mix of currencies different from that corresponding to disbursed Third Window loans, the value of the assets of the Fund may vary in relation to the obligation of the Fund to pay interest on Third Window loans. Thus, the Fund will bear an exchange risk which could ultimately lead to a shortfall in the assets of the Fund due to an unfavorable movement of exchange rates and this shortfall would have to be borne by the borrowers. This risk would be avoided by matching the currencies in which the assets of the Fund are held with the currencies disbursed on Third Window loans; as a practical matter, this is most easily done by using only one currency for the purpose. The most suitable currency would be the dollar because (a) investment opportunities and liquidity are at present greatest in the U.S. market, which will help to maximize the return on the Bank's investments; and (b) the majority of contributions to the Interest Subsidy Fund are likely to be in dollars.

Treatment of Contributions

12. Under the terms of the Resolution (Section D (d)) the present value of contributions is to be determined by the Administrator as of the date of notification. Contributions received after the due date for payment (the 90th day after the Third Window becomes operative) would be discounted at 8½%, the assumed yield on the Fund's investments (see paragraph 14 below), unless the contributors concerned agreed to pay interest at that rate. As indicated above (paragraph 3), contributions made before the due date will earn interest which will be credited to the Interest Subsidy Fund upon effectiveness and taken into account in determining when the minimum level of contributions is reached. In the event that the Third Window does not become operative, these earnings will be returned to the contributors together with their contributions.

Investment Policy

13. In order to minimize the risk of a possible shortfall in the Interest Subsidy Fund, which would require borrowers to pay the full Bank interest rate on Third Window loans at some future date, it will be important to establish as accurately as possible the amount of interest that the Fund is likely to earn on its investments during its life. This could be accomplished in part by investing the assets of the Fund in long term bonds at fixed rates of interest. However, even if that were done, the future return on reinvestment of the Fund's earnings could not be exactly determined and could greatly influence the amount available for subsidy. To minimize the risk of borrowers having to pay the full Bank interest rate on their loans

at some future time, the Bank would have to be conservative in determining the amount of Third Window commitments it could make.

14. An alternative, which would eliminate the uncertainty as to the rate of return on the Fund's investments, would be for the Bank to borrow the assets of the Interest Subsidy Fund, pay the Fund interest at a fixed rate on the outstanding balance held by the Bank, and repay the Subsidy Fund in the amounts required to meet the Fund's obligations. From the point of view of the Bank, borrowing the assets of the Subsidy Fund would have the advantage of reducing by a corresponding amount the funds it would otherwise have to borrow in the capital market to finance Third Window loans. An appropriate interest rate on the Bank's borrowings from the Subsidy Fund would be $8\frac{1}{4}\%$, which is slightly below the average cost of Bank borrowings, weighted by amount and maturity, during the current fiscal year to date (8.50%). In exchange for a somewhat lower return than it might obtain at this time by investing its assets in the market, the Subsidy Fund would be guaranteed an $8\frac{1}{4}\%$ return throughout its life.

15. Under the foregoing arrangements the Subsidy Fund would be relieved of exchange risk (see paragraph 11 above), it would know exactly what its interest return would be (see paragraph 14 above) and the only remaining element of uncertainty would be variations in the rate of disbursement on project loans. As the Bank proceeds to make Third Window commitments, it would set aside subsidy funds in an amount indicated to be required by the expected disbursement pattern of each loan, and would continue making commitments until the amounts so set aside equalled the total estimated to be available in the Subsidy Fund. In these circumstances an eventual call upon borrowers to pay more than $4\frac{1}{2}\%$ on Third Window loans would arise only if the actual disbursement rate of Third Window loans proved to be faster than the original estimates.

Summary of Principal Recommendations

16. I recommend that:

- (a) Third Window loans be made on essentially the same terms to all borrowers, with interest at 4 points below the Bank's standard rate, a grace period of 7 years and a final maturity of approximately 25 years. In other respects the terms would be the same as those of standard Bank loans;
- (b) Third Window loans be used to finance only projects;
- (c) The assets of the Interest Subsidy Fund be borrowed by the Bank which would pay interest at $8\frac{1}{4}\%$ on the balance outstanding from time to time.

Third Window

Mr. Robert S. McNamara

October 15, 1975

J. Burke Knapp

Operation of Third Window

Please find attached a draft paper to go to the Board, defining, in much more detail than has been done before, the proposed terms and conditions of Third Window loans and the proposals for investing and operating the Third Window Subsidy Fund.

The proposals are based upon the principles contained in an earlier memorandum to you from Mr. Cargill which you approved.


It has now become a matter of urgency to put this paper first to the donor group^{1/} and then to the Board as a whole. I understand that it had been planned to await Peter Cargill's return before moving with the donor group, but I would now suggest that such a meeting be held as soon as possible at the level of the Executive Directors representing the countries concerned. If you do not want to chair such a meeting I would be glad to undertake it.

I would also want to discuss this paper after it has your comments and approval, with the Regional Vice Presidents. Messrs. Nurick, Goodman and I will be available to you if you have any questions on it.

^{1/} Australia, Canada, Denmark, Kuwait, Netherlands, Qatar, Norway, Saudi Arabia, U.K. and Venezuela.

Attachment

cc: Mr. Goodman
Mr. Nurick


JBKnapp:ism

→ Third Window
cc UAE

Mr. Robert S. McNamara
Mr. J. Burke Knapp
Raymond J. Goodman

October 15, 1975

Third Window: United Arab Emirates

A cable has just been received from the expatriate adviser to the Finance Ministry, Abu Dhabi, saying he now has authority to pay the UAE contribution of US\$5 million to the Third Window and asking for the name of our account. Assuming that the Kuwaiti contribution of \$20 million is confirmed shortly, this gives us the \$100 million we need to make the Third Window operative.

I am informing Mr. Cargill.

cc: Mr. Adler
Mr. Chang
Mr. Nurick
Mr. Rotberg

RJGoodman/plc

242423A 1000 2H

0221 ADFIN AH

(Telex "r.")

INCOMING TELEX

↓ Third Window
cc UAE

TX NO : A0506

15TH OCT 1979

FOLLOWING FOR MR. CARGILL.

Distribution:

Mr. Cargill

Mr. El-Fishawy

Mr. Gabriel

Travel Office

ROOMS BOOKED FOR YOU, FISHAWY AND GABRIEL FROM TWENTYFIRST
TO TWENTYNINE OCTOBER.

X
HAVE NOW RECEIVED AUTHORITY TO PAY US CONTRIBUTION OF
U.S. DOLLARS FIVE MILLION TO THIRD WINDOW. PLEASE ADVISE ME
THE ACCOUNT TO WHICH THIS MONEY SHOULD BE TRANSFERRED.

BUTLER - FINANCE - ADM CHAIR++

00000

242423A 1000 2H


0221 ADFIN AH,.....

OFFICE MEMORANDUM

↓ Third Window
α Australia

TO: Files

DATE: October 15, 1975

FROM: Masaya Hattori 

SUBJECT: Conversation with Mr. Bruce Cheek

1. Mr. Cheek said both the Australian Treasury and Aid people told him the parliamentary crisis is quite serious, and a change of government cannot be ruled out. He would get a better reading over the weekend.
2. He said the Aid people were sending him excerpts of the speeches made on aid indicating that even with a government change, continuity would be assured in Australian aid commitment (Papua New Guinea and World Bank Group).
3. If the Government does survive the crisis, and the budget is approved, Third Window notification (\$5.2 million) could come in the second half of November (rather than Mr. Cheek's original reading of early November).
4. Australia will be represented at the IDA-5 Paris meeting. Both Treasury and Aid were pleased that contacts would be established with Mr. Rye of the Australian Embassy in Washington.
5. Aid questioned the IDA-5 \$2.5 billion figure for OECD countries; they think if it were only to allow for inflation, the figure should be \$2.2 billion.

cc: Messrs. Goodman, Adler, Diamond,
Gabriel (o.r.), Rotberg,
Vibert, Wood, Nurick

MHattori:ed

OUTGOING WIRE

TO: MR. I.P.M. CARGILL
KANDARA PALACE HOTEL

JEDDAH

DATE: OCTOBER 15, 1975

CLASS OF
SERVICE:

Ext.3606

COUNTRY: SAUDI ARABIA

TEXT:
Cable No.: ALPHA CABLE DATED TODAY RECEIVED FROM BUTTER IN ABU DHABI SAYING ROOMS
BOOKED FOR YOU GABRIEL AND EL FISHAWY FROM TWENTYFIRST TO TWENTYTHIRD
OCTOBER STOP NAME OF HOTEL NOT MENTIONED BETA HE ALSO HAS RECEIVED
AUTHORITY TO PAY UAE CONTRIBUTION OF FIVE MILLION TO THIRD WINDOW STOP
ASSUMING KUWAITI CONTRIBUTION CONFIRMED SOON THIS WOULD PUT US OVER TOP
BUT QATAR CONTRIBUTION WOULD BE USEFUL BACKSTOP IN VIEW AUSTRALIAN
CABINET CRISIS AND PROBABLE DELAYS AMONG OTHER CONTRIBUTORS STOP GAMMA
ASSUME YOU WILL PROCEED TO OSLO VIA LONDON OCTOBER TWENTYFIRST AS
PRESENTLY PLANNED BUT YOU MAY WISH ASK GABRIEL AND/OR EL FISHAWY TO
VISIT ABU DHABI STOP PLEASE INFORM BUTTER DIRECTLY YOUR INTENTIONS STOP
DELTA CHRISTOFFERSEN LEAVING FOR COPENHAGEN SUNDAY WILL MEET YOU OSLO
WEDNESDAY TWENTYTWO CARRYING DRAFTS OF BANK CAPITAL PAPER COMMA SYNOPSIS
OF PAPER FOR DEPUTIES AND OTHER DOCUMENTS REGARDS

GOODMAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME R.J. Goodman

DEPT. Office of V.P. Finance

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: RJGoodman/plc

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Chang
Mr. Christoffersen

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

OFFICE MEMORANDUM

THIRD WINDOW

TO: Mr. I. P. M. Cargill

DATE: 15 October, 1975

FROM: R. A. Browning

SUBJECT: Third Window Subsidy Fund

I understand that during your discussion on 3 September with the contributors to this Fund you made several suggestions as to how the funds might be managed. In particular, you said that they could either be invested in the market or lent to the IBRD against payment of interest equivalent to the market rate and that the management were inclined to favour the second course. You asked those present to let you have their views on this question in due course.

I am asked by my authorities to say that they also prefer your second course. They feel it important, however, that there should be a regular adjustment of rates to be fair both to the IBRD and to the subsidy fund. This would imply placing the funds with the Bank at a variety of maturity dates (say three, six or twelve months or even longer) and then rolling them over for similar periods at interest rates corresponding to current market rates, until they are used.

OFFICE MEMORANDUM

*Third Window
cc Switzerland*

TO: Files

DATE: October 14, 1975

FROM: Raymond J. Goodman *RJG*

SUBJECT: Third Window - Switzerland

Mr. Hentsch telephoned me today to say that the Government's message to the Swiss Parliament on the question of a Swiss contribution to the Third Window would be going forward tomorrow. The relevant commission of the Lower House would be taking it up on November 4 and the corresponding commission of the Upper House on November 17. The two chambers would be considering, and hopefully approving, the proposal in December, probably before Christmas.

I gave Mr. Hentsch the latest information on contributions and agreed that if there were any more news before November 4 - for example on the Kuwaiti contribution - I would let him know.

cc: Mr. Adler
Mr. Rotberg
Mr. Chang
Mr. Nurick
Mr. Hattori

RJGoodman/plc

3924
OFFICE MEMORANDUM

✓ THIRD WINDOW
cc KUWAIT IDB MEMBERSHIP

TO: Messrs. Robert S. McNamara and J. Burke Knapp

DATE: October 14, 1975

FROM: Raymond J. Goodman *RJG*

SUBJECT: Third Window: Kuwait

19/14
Mr. Cargill mentioned on the telephone yesterday that the Kuwaiti Parliament would reconvene on October 28 and that the question of a contribution to IDA would be one of its first items of business. He did not estimate when final confirmation might be forthcoming, but this could well be in the early days of November.

Confirmation of the Kuwaiti contribution would still leave us \$5 million short of the minimum level of \$100 required before operations can begin, less any interest earned on the cash contributions now in hand. I am going through the remaining pledges to see whether we can get at least one of them confirmed without delay.

cc: Messrs. Adler
Gabriel (o.r.)
Hattori
Nurick
Rotberg

RJGoodman/rf

Messrs. Robert S. McNamara and J. Burke Knapp

October 14, 1975

Raymond J. Goodman

Third Window: Kuwait

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cc: Messrs. Adler
Gabriel (o.r.)
Hattori
Nurick
Rotberg

RJGoodman/rf

THIRD WINDOW

OFFICE MEMORANDUM

TO: Mr. J. Burke Knapp

FROM: John H. Adler, Director, P & B *HS pp*

SUBJECT: Third Window Lending Program

DATE: September 26, 1975

1. Before Mr. McNamara left, he asked us to develop a Lending Program for the Third Window. The attached table gives our proposal. The table shows the currently approved IBRD and IDA Country Lending Programs (by project) and our proposal for IBRD, IDA, and Third Window Country Lending Programs with allocation of about \$500 million Third Window funds. The specific Third Window proposal is for 21 projects^a totalling \$491 million and is almost identical to the one we sent you on August 29, 1975. That proposal was developed after considering the Regional proposals of mid-August for Third Window projects and the DPS comments on the P & B proposed Third Window allocation of July 28, 1975.
2. The only significant differences between our August 29 Third Window proposal and the current one are (1) \$3.0 million has been allocated to the Caribbean Development Bank as proposed by the Region, (2) the amount for Ivory Coast has increased from \$15.0 million to \$18.0 million with the slipping of the Water Supply project to FY77 and its replacement with a DFC project, and (3) the amount for Egypt has decreased from \$50 million to \$37 million because of a reduction in the amount of the project proposed for Third Window financing (we have not compensated for this reduction because of the relatively large IDA increase approved for Egypt).
3. Of the 21 Third Window projects proposed, 11 are in the currently approved IBRD program, and 8 are in the IDA program. Two projects, Kenya - Tourism and Pakistan - Urbanization have been added. All projects with Third Window funds are scheduled after November 1 except for Mauritius - DFC scheduled for October 21.
4. We should keep in mind that we now have "commitments" for \$125 million in Third Window contributions. This amount would imply Third Window loans of about \$600 million. I believe, however, that we should delay increasing the amount of Third Window funds programmed until we have formal notification for the full \$125 million. In some cases, formal notification must await legislative approval.

a/ The number of Third Window projects depends on how we count "blend" projects involving Third Window funds. We have counted the 6 IBRD/Third Window "blends" as IBRD projects and the 4 IDA/Third Window "blends" as Third Window projects in line with the previously established convention of counting IBRD/IDA "blends" as IBRD projects.

Attachment

cc: Mr. Cargill/Mr. Goodman

WWLewis:ajw

Approved Lending

Proposed Lending

Program

Program

Region / Country / Project

IBRD

IDA

IBRD

IDA

TW

East Africa

East African Community
DFC II - EADB

15.0

-

15.0

-

-

Ethiopia

Liveslock II

-

27.0

-

27.0

-

Grain Storage & Marketing

-

25.0

-

25.0

-

Coffee Improvement

-

11.5

-

11.5

-

Total

-

63.5

-

63.5

-

Kenya

Power II

63.0

-

63.0

-

-

DFC II

10.0

-

10.0

-

-

Water Supply II (Coast)

35.0

-

35.0

-

-

Education III

8.1

-

8.1

-

-

Tourism I

-

-

-

-

20.0

Integrated Agric Devt

10.0

10.0

-

10.0

10.0

Rural Access Roads

-

5.0

-

5.0

-

Total

126.1

15.0

116.1

15.0

30.0

Somalia

(5)

(1)

(4)

(1)

(2)

Mogadishio Port Ext

-

5.2

-

5.2

-

Northwest Agriculture

-

4.0

-

4.0

-

Drought Rehabilitation

-

8.0

-

8.0

-

Total

-

17.2

-

17.2

-

Sudan

(3)

(3)

IBS II

-

7.0

-

7.0

-

Domestic Aviation

-

19.6

-

7.6

12.0

Total

-

26.6

-

14.6

12.0

Tanzania

(2)

(2)

(1)

Dairy Devt I

-

10.0

-

10.0

-

TIB II - DFC

15.0

-

15.0

-

-

Technical Assistance I

-

6.2

-

6.2

-

Maize Devt

-

18.0

-

-

18.0

Power III

34.0

-

34.0

-

-

Education V

-

11.0

-

11.0

-

Fisheries I

-

9.0

-

9.0

-

Total

49.0

54.2

49.0

36.2

18.0

(2)

(5)

(2)

(4)

(1)

Botswana

Roads III

5.8

-

5.8

-

-

Burundi

Coffee II

-

6.0

-

6.0

-

Fisheries Devt

-

8.0

-

8.0

-

Total

-

14.0

-

14.0

-

(2)

(2)

		1	2	3	4	
Region / Country / Project		IBRD	IDA	IBRD	IDA	TW
1	East Africa (cont.)					
2	Lesotho					
3	Roads II	—	3.0	—	3.0	—
4	Madagascar					
5	Highways III supplement	—	5.6	—	5.6	—
6	Highways IV	—	20.0	—	20.0	—
7	Total	—	25.6	—	25.6	—
8	Malawi		(1)		(1)	
9	Education II	—	11.6	—	11.6	—
10	Karonga II	—	13.5	—	7.5	6.0
11	Total	—	25.1	—	19.1	6.0
12	Mauritius		(2)		(1)	(1)
13	DFC - DBM III	7.5	—	1.5	—	6.0
14	Rwanda					
15	Highways I Supplement	—	8.0	—	8.0	—
16	Commercial Crops	—	7.8	—	7.8	—
17	Mixed Farming / Rural Devt	—	15.0	—	15.0	—
18	Total	—	30.8	—	30.8	—
19	Zaire		(2)		(2)	
20	Education II	—	20.0	—	20.0	—
21	Water Supply II	—	17.0	—	17.0	—
22	Cotton Devt	—	8.0	—	8.0	—
23	Total	—	45.0	—	45.0	—
24	Zambia		(3)		(3)	
25	DFC I	15.0	—	15.0	—	—
26						
27	Total	218.4	320.0	202.4	284.0	72.0
28		(12)	(24)	(10)	(22)	(5)

2) Schedule for October 21

		1	2	3	4	
Region/Country/Project		IBRD	IDA	IBRD	IDA	TW
West Africa						
Ghana						
Cocoa II		14.0	-	14.0	-	-
Highways II		25.0	-	25.0	-	-
NIB I - DFC		10.0	-	-	-	10.0
Rural Devt I		11.0	10.0	-	10.0	11.0
Total		60.0	10.0	39.0	10.0	21.0
Liberia		(4)		(2)	(1)	(2)
Power III		1.8	-	1.8	-	-
Lofa County Agriculture		-	6.0	-	6.0	-
Highways III		27.5	-	27.5	-	-
Education II		-	5.0	-	5.0	-
Total		29.3	11.0	29.3	11.0	-
Mali		(2)	(2)	(2)	(2)	-
Highways III		10.0	10.0	10.0	10.0	-
Cotton		15.0	-	-	15.0	-
Total		25.0	10.0	10.0	25.0	-
Niger			(2)		(2)	-
Rural Devt I (Maradi)		-	10.0	-	10.0	-
Highway Construction III		-	12.0	-	12.0	-
Total		-	22.0	-	22.0	-
Nigeria			(2)		(2)	-
Irrigation I - Kano		40.0	-	40.0	-	-
Rubber I		14.0	-	14.0	-	-
Small Scale Industry I		30.0	-	30.0	-	-
Total		84.0	-	84.0	-	-
Sierra Leone		(3)		(3)		-
Education II		-	7.3	-	7.3	-
Upper Volta						
Rural Devt Fund II		-	10.0	-	10.0	-
Road Construction III		-	25.0	-	25.0	-
Total		-	35.0	-	35.0	-
Cameroon			(2)		(2)	-
Small & Medium Scale Ent.		-	3.0	-	3.0	-
Roads II Supplement		-	15.0	-	15.0	-
Education III		14.0	-	14.0	-	-
Ports II		32.0	-	13.0	-	25.0
Total		52.0	18.0	27.0	18.0	25.0
CAR		(2)	(1)	(2)	(1)	-
Education Supplement		-	1.0	-	1.0	-
Chad Rural Devt Fund ²⁾		-	7.0	-	7.0	-
Lake Chad Polders Irrig.		-	6.0	-	6.0	-
Saliqui Deressa Supplement		-	8.0	-	8.0	-
Total		-	21.0	-	21.0	-
Congo			(2)		(2)	-
Railways II		38.0	-	38.0	-	-

19) RDF project has FY77 Board date



		1	2	3	4	
Region / Country / Project		IBRD	IDA	IBRD	IDA	TW
West Africa (cont.)						
Dahomey						
Roads supplement		-	10.0	-	10.0	-
Cotton & Food Crops		-	6.0	-	6.0	-
Total		-	16.0	-	16.0	-
Gambia						
Tourism I		-	4.0	-	4.0	-
Rural Devt		-	4.0	-	4.0	-
Total		-	8.0	-	8.0	-
Guinea						
Road Maintenance		-	14.0	-	14.0	-
Ivory Coast						
DFC - Small Scale Enterprise		5.6	-	5.6	-	-
Roads V		43.0	-	43.0	-	-
DFC BIDI		8.0	-	-	-	8.0
Rice I		10.0	-	-	-	10.0
Total		66.6	-	48.6	-	18.0
Mauritania						
Nouadhibou Port Extension		-	8.0	-	8.0	-
Senegal						
Terres Neuves II		-	2.0	-	2.0	-
East Senegal Livestock		-	4.5	-	-	4.5
Highways III		14.5	-	-	-	14.5
Highways IV		7.0	-	7.0	-	-
Total		21.5	6.5	7.0	2.0	19.0
Togo						
Industry II CIMA		60.0	-	60.0	-	-
Maritime Industrial Devt		-	9.0	-	9.0	-
Total		60.0	9.0	60.0	9.0	-
Total Western Africa						
		411.4	211.8	333.9	206.3	83.0
		(19)	(20)	(14)	(19)	(6)

Region/Sector/Project	1			2			3			4		
	IBRD			IDA			IBRD			IDA		
EMENA												
Afghanistan												
Khanabad Irrig. Supplement	-			10.0			-			10.0		-
Power I	-			9.0			-			9.0		-
Livestock II. Rural Devt	-			15.0			-			15.0		-
Total	-			34.0			-			34.0		-
Bahrain				(2)						(2)		
Water Supply & Sewerage	10.0			-			10.0			-		-
Egypt												
DFC II-BOA	-			25.0						25.0		-
Industry/Agriculture Imports	45.0			45.0			45.0			45.0		-
Port of Alexandria	40.0			-			40.0			-		-
Agriculture Credit Fruit & Veg.	37.0			-			-			-		37.0
Drainage Upper Egypt II	38.0			-			38.0			-		-
Total	160.0			70.0			123.0			70.0		37.0
Iran				(4)			(3)			(1)		(1)
Agriculture & Livestock Devt	20.0			-			20.0			-		-
Small Farm Consolidation	30.0			-			30.0			-		-
Total	50.0			-			50.0			-		-
Ireland				(2)			(2)					
ICC II - DFC	30.0			-			30.0			-		-
Portugal												
Highways	20.0			-			20.0			-		-
Power VI	30.0			-			30.0			-		-
Total	50.0			-			50.0			-		-
Romania				(2)			(2)					
Flood Recovery	50.0			-			50.0			-		-
Rail. Mare Kotezat	50.0			-			50.0			-		-
Reservoir Irrig. & Agric Devt	60.0			-			60.0			-		-
Total	160.0			-			160.0			-		-
Spain				(3)			(3)					
Industry & Agriculture Research	25.0			-			25.0			-		-
Yemen, A.R.												
Education II	-			8.0			-			8.0		-
Tihama Devt Supplement	-			11.0			-			11.0		-
Agr. Industry Credit	-			5.0			-			5.0		-
Total	-			24.0			-			24.0		-
Yemen, F.D.R.				(2)			(2)					
Aden Port Rehabilitation	-			3.2			-			3.2		-
Wadi-Hadramaut Agriculture	-			7.0			-			7.0		-
Total	-			10.2			-			10.2		-
				(2)						(2)		



		1	2	3	4	5
Region / Sector / Country		IBRD	IDA	IBRD	IDA	TW
1	EMENA (cont.)					
2	Yugoslavia					
3	Highways VI	40.0	-	40.0	-	-
4	Sarajevo Pollution Control	38.0	-	38.0	-	-
5	Sarajevo W/S & Sewerage	45.0	-	45.0	-	-
6	Yugoslav Oil Pipeline	49.0	-	49.0	-	-
7	Morava Multipurpose	15.0	-	15.0	-	-
8	Multipurpose Melina I	53.0	-	53.0	-	-
9	Total	240.0	-	240.0	-	-
10	Algeria	(6)		(6)		
11	Industry I (Cement)	45.0	-	45.0	-	-
12	Education II	45.0	-	45.0	-	-
13	Power II	60.0	-	60.0	-	-
14	Total	150.0	-	150.0	-	-
15	Cyprus	(3)		(3)		
16	Power V	15.0	-	15.0	-	-
17	Greece					
18	Irrigation III (Groundwater)	40.0	-	40.0	-	-
19	Volos Salonika Sewerage	30.0	-	30.0	-	-
20	Total	70.0	-	70.0	-	-
21	Jordan	(2)		(2)		
22	DFC I	-	5.0	-	5.0	-
23	Phosphate Fertilizer	15.0	-	15.0	-	-
24	Total	15.0	5.0	15.0	5.0	-
25	Lebanon	(1)	(1)	(1)	(1)	
26	Education II	17.5	-	17.5	-	-
27	Morocco					
28	Beni Annouj Irrig	30.0	-	30.0	-	-
29	Tourism Infrastructure	20.0	-	20.0	-	-
30	Education II	30.0	-	30.0	-	-
31	Total	80.0	-	80.0	-	-
32	Syria	(3)		(3)		
33	Livestock I	20.0	-	-	-	20.0
34	Damascus Water Supply II	25.0	-	25.0	-	-
35	Total	45.0	-	25.0	-	20.0
36	Tunisia	(2)		(1)		(1)
37	Education III	8.9	-	8.9	-	-
38	DFC-BDET IV	20.0	-	20.0	-	-
39	Highways II	28.2	-	28.2	-	-
40	Agriculture Credit II	10.0	-	10.0	-	-
41	Total	67.1	-	67.1	-	-
42		(4)		(4)		
43						

		1	2	3	4	
Region/Country/Sector		IBRD	IDA	IBRD	IDA	TW
EMENA (cont.)						
Turkey						
TEK Transmission II		56.0	-	56.0	-	-
TCZB (DFC)		55.0	-	55.0	-	-
Livestock III		29.0	-	29.0	-	-
Tounem I		30.0	-	30.0	-	-
Balikesir Pulp & Paper		70.0	-	70.0	-	-
Total		240.0	-	240.0	-	-
		(5)		(5)		
Total EMENA		1424.6	143.2	1367.6	143.2	570
		(42)	(8)	(40)	(8)	(2)

Region/Country/Sector	1		2		3		4	
	IBRD		IDA		IBRD		IDA	TW
LAC								
Chile								
Livestock II (Fruit & vineyard)	20.0		—		20.0		—	—
Power VI Sector Loan	30.0		—		30.0		—	—
Copper Sector Loan	30.0		—		30.0		—	—
Total	80.0		—		80.0		—	—
Costa Rica	(3)				(3)			
San Jose Highway	39.0		—		39.0		—	—
Dominican Republic								
Roads I	14.5		—		9.5		—	5.0
Population I	5.0		—		—		—	5.0
Total	19.5		—		9.5		—	10.0
Ecuador	(2)				(1)			(1)
Highways III	18.0		—		18.0		—	—
Guayaquil Port II	26.0		—		26.0		—	—
Seed Production	3.0		—		3.0		—	—
Rural Devt. Pres	3.0		—		3.0		—	—
Total	50.0		—		50.0		—	—
El Salvador	(4)				(4)			
Power VII	40.0		—		31.0		—	9.0
Guatemala								
Education II	15.0		—		15.0		—	—
Haiti								
Education I	—		5.5		—		5.5	—
Power I	—		14.0		—		14.0	—
Total	—		19.5		—		19.5	—
Honduras			(2)				(2)	
Ports II Supplement	3.0		—		3.0		—	—
Livestock III	—		9.0		—		9.0	—
Total	3.0		9.0		3.0		9.0	—
Mexico	(—)		(1)		(—)		(1)	
W/S Medium Cities I	40.0		—		40.0		—	—
Railways III	100.0		—		100.0		—	—
Agric/Livestock Credit II	125.0		—		125.0		—	—
DFC FONEI	50.0		—		50.0		—	—
Total	315.0		—		315.0		—	—
Nicaragua	(4)				(4)			
Comodo Port Supplement	5.0		—		5.0		—	—
Education II	12.0		—		12.0		—	—
Total	17.0		—		17.0		—	—
	(1)				(1)			

		1	2	3		
Region/Country/Project		IBRD	IDA	IBRD	IDA	TW
LAC (cont.)						
Panama						
Power IV (La Fortuna)		40.0	-	40.0	-	-
Peru						
Transandean Corridor		76.5	-	76.5	-	-
Industry Mining		40.0	-	40.0	-	-
Power Dist. Empresas		36.0	-	36.0	-	-
Sites & Services		20.0	-	20.0	-	-
Total		172.5	-	172.5	-	-
Venezuela		(4)	-	(4)	-	-
Education		30.0	-	30.0	-	-
Argentina						
Highways IV		100.0	-	100.0	-	-
Bahamas						
Water Sewerage & Environment		9.0	-	9.0	-	-
Bolivia						
Rural Devt I		9.0	-	9.0	-	-
ENDE IV		25.0	-	25.0	-	-
Water Supply I		12.0	-	6.0	-	6.0
Total		46.0	-	40.0	-	6.0
Brazil		(3)	-	(3)	-	-
Steel COSIPA II		60.0	-	60.0	-	-
Railways III FEPASA		75.0	-	75.0	-	-
R.D. Rio Grande Mode I		12.0	-	12.0	-	-
DFC Medium & Small Industry		85.0	-	85.0	-	-
Secondary & Feeder Roads I		55.0	-	55.0	-	-
Nutrition I		20.0	-	20.0	-	-
Agric Research I		40.0	-	40.0	-	-
COPEL Hydro/Distribution		70.0	-	70.0	-	-
Agric Export Industry II		85.0	-	85.0	-	-
Minas Gerais II		60.0	-	60.0	-	-
Total		562.0	-	562.0	-	-
Colombia		(10)	-	(10)	-	-
DFC IV		80.0	-	80.0	-	-
Agriculture Credit		60.0	-	60.0	-	-
Tourism		20.0	-	20.0	-	-
Total		160.0	-	160.0	-	-
Caribbean		(3)	-	(3)	-	-
DFC- Caribbean Devt Bank		20.0	-	17.0	-	3.0
Jamaica						
Agriculture Credit III		10.0	-	10.0	-	-
Population II & Nutrition		4.0	-	4.0	-	-
Total		14.0	-	14.0	-	-
		(2)	-	(2)	-	-



		1	2	3	4	
Region/Country/Project		IBRD	IDA	IBRD	IDA	TW
1	LAC (Cont)					
2	Paraguay					
3	Preinvestment Loan	-	4.0	-	4.0	-
4	Education II	3.0	-	3.0	-	-
5	Total	3.0	4.0	3.0	4.0	-
6	Trinidad & Tobago	(1)	(1)	(1)	(1)	-
7	Highways II	7.0	-	7.0	-	-
8	Uruguay					
9	Livestock V	17.0	-	17.0	-	-
10	Industrial Sector	35.0	-	35.0	-	-
11	Total	52.0	-	52.0	-	-
12		(2)		(2)		
13	Total LAC	1798.0	325	1770.0	325	180
14		(48)	(4)	(47)	(4)	(1)
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Region / Country / Project		IBRD	IDA	IBRD	IDA	TW
East Asia & Pacific						
Fiji						
Telecommunication II	5.0	-	5.0	-	-	
Sugar Development	10.0	-	10.0	-	-	
Total	15.0	-	15.0	-	-	
Indonesia						
Fertilizer Distribution	68.0	-	68.0	-	-	
Education IV	31.0	-	31.0	-	-	
PDEC II	15.0	-	15.0	-	-	
Highways IV	100.0	-	100.0	-	-	
Posri IV	50.0	-	50.0	-	-	
Irrigation VII	80.0	-	80.0	-	-	
Power V	75.0	-	75.0	-	-	
Transmigration I	55.0	-	55.0	-	-	
Nutrition & Population II	15.0	-	15.0	-	-	
Agriculture Extension	18.0	-	18.0	-	-	
Marine Transport II	50.0	-	50.0	-	-	
Resource Survey & Mapping	11.0	-	11.0	-	-	
Total	568.0	-	568.0	-	-	
Korea						
KDFC V - DFC	55.0	-	55.0	-	-	
Livestock II	15.0	-	15.0	-	-	
DFC (MIB I)	30.0	-	30.0	-	-	
Highways III	90.0	-	90.0	-	-	
Program II	75.0	-	75.0	-	-	
Rural Infrastructure	60.0	-	30.0	-	30.0	
Total	325.0	-	295.0	-	30.0	
Malaysia						
Power VII	30.0	-	30.0	-	-	
Kuala Lumpur Sewerage	23.0	-	23.0	-	-	
Urban Transport II	22.0	-	22.0	-	-	
Highways III	50.0	-	50.0	-	-	
North Kelantan Rural Devt	16.0	-	16.0	-	-	
Total	141.0	-	141.0	-	-	
Papua, N.G.						
Agricultural Devt IV	-	12.0	-	12.0	-	
Philippines						
Magar Multipurpose C-X Stage I	42.0	-	42.0	-	-	
DFC - DBP II	75.0	-	75.0	-	-	
Second Livestock	20.0	-	20.0	-	-	
Third Education	21.0	-	21.0	-	-	
Urbanization I	30.0	-	-	-	30.0	
Fisheries/Grain	40.0	-	40.0	-	-	
Chico Irrigation	45.0	-	45.0	-	-	
Total	273.0	-	243.0	-	30.0	
	(7)		(6)		(1)	

Region/Country/Project	1		2		3		4	
	IBRD		IDA		IBRD		IDA	
East Asia & Pacific (cont.)								
Thailand								
Irrigation VI - Phitsanulok	95.0		-		95.0		-	
Livestock Devt	4.6		-		4.6		-	
N. E. Rural Development	21.0		-		-		-	21.0
Rubber Replanting I	50.0		-		50.0		-	
Education IV	12.0		-		12.0		-	
Telecommunication II	26.0		-		26.0		-	
Industrial Estate	10.0		-		10.0		-	
Total	218.6	(7)	-		197.6	(6)	-	21.0 (1)
Total East Asia & Pacific	1540.6		12.0		1459.6		12.0	81.0
	(39)		(1)		(37)		(1)	(2)

1		2		3		4	
Region/Country/Project		IBRD	IDA	IBRD	IDA	TW	
1	South Asia						
2	Bangladesh						
3	Imports Program IV	-	100.0	-	100.0	-	
4	Rural Training	-	13.0	-	13.0	-	
5	Karnahli Irrigation	-	19.0	-	19.0	-	
6	Rural Dist I	-	16.0	-	16.0	-	
7	Muhuri Irrigation	-	25.0	-	25.0	-	
8	Inland Water Transport suppl	-	4.6	-	4.6	-	
9	Total	-	177.6	-	177.6	-	
10	Burma		(5)		(5)		
11	Livestock	-	7.5	-	7.5	-	
12	Industry Mining	-	15.0	-	15.0	-	
13	Lower Burma Paddy Devt I	-	25.0	-	25.0	-	
14	Total	-	47.5	-	47.5	-	
15	India		(3)		(3)		
16	Rural Electrification I	-	57.0	-	57.0	-	
17	Railways XII	-	110.0	-	110.0	-	
18	Water Supply & Sewage UP	-	40.0	-	40.0	-	
19	Cotton Devt	-	15.0	-	-	15.0	
20	Fertilizer Industry	60.0	45.0	60.0	45.0	-	
21	Power IV	-	150.0	-	150.0	-	
22	DFC - IDBI II	-	50.0	-	-	50.0	
23	Industrial Imports XI	-	200.0	-	200.0	-	
24	CAD Andhra Pradesh	-	55.0	-	-	55.0	
25	Bombay Urban Transport	-	40.0	-	40.0	-	
26	Seeds II	-	50.0	-	50.0	-	
27	Total	60.0	812.0	60.0	692.0	120.0	
28	Nepal	(1)	(10)	(1)	(7)	(3)	
29	Kulikhani - Power I	-	25.8	-	25.8	-	
30	Rural Devt I	-	8.0	-	8.0	-	
31	Irrig II Bhairawa Groundwater	-	9.0	-	9.0	-	
32	Total	-	42.8	-	42.8	-	
33	Pakistan		(3)		(3)		
34	Tarbella Dam Supplement	-	8.0	-	8.0	-	
35	Seeds	-	20.0	-	20.0	-	
36	Khairpur II	-	12.0	-	12.0	-	
37	Lahore W/Sewage II	-	20.0	-	20.0	-	
38	Fauji Fertilizer	50.0	-	50.0	-	-	
39	Power WAPDA II	-	45.0	-	-	45.0	
40	Urbanization	-	-	-	-	50	
41	Total	50.0	105.0	50.0	60.0	50.0	
42	Sri Lanka	(1)	(4)	(1)	(3)	(2)	
43	Agriculture Devt	-	25.0	-	25.0	-	
44	Irrigation Mahaweli II Stage I	-	20.0	-	20.0	-	
45	Irrigation Modernization	-	9.0	-	9.0	-	
46	Total	-	54.0 (3)	-	(3) 54.0	-	
47	Total South Asia	110.0 (2)	1238.9 (28)	110.0 (2)	1073.9 (24)	170.0 (5)	

[illegible]

Mr. J. Burke Knapp

September 25, 1976

S. Shahid Husain *hs*

Proposed Eastern Africa FY76 Lending with and without Third Window

1. Attached is a table which shows my proposed Lending Program for FY76 and the FY77 Standby Program with and without Third Window financing. The Third Window projects would be planned for presentation in FY76 and FY77. The first set of columns shows the figures in Standard Tables IV and IVi of August 11 and August 12 respectively. The total of these figures agree with those shown in the attachment to Mr. J. Adler's memorandum of August 12. The second set of columns, the RVP's approved FY76 Lending Program without the Third Window, includes the decisions made in our August 25th meeting on the Region's FY76 IDA program. The only changes in IDA since our August meeting are in Ethiopia DFC IV (from \$7.5 to \$10.0 million) and Malawi Power (from \$10 million IBRD to \$12 million IDA). Both of these are FY77 Standby projects, and in both cases, the changes are consistent with the overall Fourth Replenishment allocations for those countries. The third set of columns show my Third Window proposals.

2. In the final column of the attached table, you will notice that I am proposing increases in the FY75-77 IDA allocations for Sudan, Tanzania, Madagascar and Zaire. These proposals will be included in the upcoming management reviews of these countries. We may also come to you in the near future with a recommendation to further increase IDA in Madagascar for the Highways IV project. I will know more about this after Mr. Wiehen visits Madagascar early next month.

Attachment

cc: Eastern Africa Department Directors, Assistant Directors, Div. Chiefs, Field Offices and Administrative Assistants.

Messrs. J. H. Adler, Bowron, Dosik, Hablutzal and Roeloffs

REBarry:tv

EASTERN AFRICA REGION FY76 LENDING AND OPERATIONS PROGRAM
PER STANDARD TABLES IV AND 12) Of 8/11-82 Vs APPROVED REGIONAL LENDING PROGRAM

1/ For blend projects, where a TV loan is made along with IBRD or IDA it is counted as an IBRD or IDA project respectively. As usual, blend projects which IBRD/IDA are counted as IBRD projects.
 2/ Based on FY75-77 IDA allocation with adjustment covered by footnotes c.d.e, f.g.h.
 3/ Ethiopia: Adabo \$7.0, a FY74 carryover for \$8.5 not counted against FY75.
 4/ Somalia: Special drought allocation for \$8.0 added to Regional Allocation.
 5/ Sudan: Includes \$7.0 additional IDA discussed at 8/25/75 meeting with Mr. Knapp.
 6/ Tanzania: Urban Project, a FY74 carryover, not counted in FY75, and \$6.2 Norwegian participation in L/Stock Project excluded from IDA commitments.
 7/ Madagascar: Includes \$12.0 additional IDA discussed at 8/25/75 meeting with Mr. Knapp.
 8/ Rwanda: \$4.0 is an addition for the Highway Supplemental agreed by Mr. Knapp on 9/11/75 not to be counted against Lending Program. The other \$4.0 approved by Mr. Knapp at 8/25/75 meeting based on Mr. Maubouche's memorandum dated 8/13/75.
 9/ Counted in the amounts but not in the numbers of projects.
 1/ Total equals \$211.7 IBRD and \$344.0 grossed IDA.

EAN
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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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

X-3452

TO: (1) HIS EXCELLENCY
DR. W. F. DUISENBERG
MINISTER OF FINANCE
MINISTRY OF FINANCE
KNEUTERDIJK 22
THE HAGUE, THE NETHERLANDS

33141 MIFINL
BOOK OF TWO

DATE: SEPTEMBER 24, 1975

CLASS OF
SERVICE: TELEX /cc

COUNTRY:

TEXT: (2) HIS EXCELLENCY
Cable No.: DR. J. P. PRONK
MINISTER FOR DEVELOPMENT COOPERATION
MINISTRY FOR FOREIGN AFFAIRS
PLEIN 23
THE HAGUE, THE NETHERLANDS

31326

PERMIT ME TO ACKNOWLEDGE AND EXPRESS OUR SINCERE APPRECIATION TO YOU
AND YOUR AUTHORITIES FOR THE CONTRIBUTION OF \$20,000,000 TO THE WORLD BANK
THIRD WINDOW FACILITY STOP KINDEST REGARDS

CARGILL

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OFFICE MEMORANDUM

Third Window

TO: Files

DATE: September 17, 1975

FROM: Raymond J. Goodman *RJG*

SUBJECT: Third Window

Mr. McNamara has approved the recommendations put forward in the memorandum dated August 27, 1975 addressed to him by Mr. Cargill.

cc: Messrs. Knapp
Cargill
Broches
Nurick
Adler
Gabriel
Rotberg

RJGoodman/rf

OFFICE MEMORANDUM

TO: Files

FROM: Gedion B. Nkojo, Loan Officer, EA2DB

SUBJECT: Annual Meetings in Washington (September 1-5, 1975) -
Meeting with Zambia Delegation

1. The Permanent Secretary of the Ministry of Finance and Planning, Mr. L.J. Mwananshiku, accompanied by his economic advisor, Mr. Atri, met with Mr. Michael H. Wiehen on September 2, 1975. Also present were Messrs. Adler, Creyke, Barry, Walton, Maane, Morse, Reichelt, Jordan, McCleary and Nkojo. After welcoming the Zambian Delegation, Mr. Wiehen reviewed with the Delegation issues relating to the Bank's program and operations in Zambia as detailed below.

Agricultural and Rural Sector Survey

2. The Zambian Delegation informed the meeting that the Delegation had just received copies of the Green Cover Agricultural and Rural Sector Survey Report. They had looked at Part I of the Report and felt that some elements of the report might be adopted. Mr. Mwananshiku confirmed that the dates (Sept. 15-19, 1975) of the proposed Bank mission to discuss the report with the Government were acceptable. Mr. Wiehen said that the Bank was pleased with the acceptance of the mission and the proposed dates.

Power

3. The Zambian Delegation informed the meeting that in accordance with the recent supervision mission's suggestion, the Government had directed that studies of the various options (Kafue III and Kariba North expansion) be undertaken. The Delegation expected these studies to commence soon. In answer to Mr. Wiehen's query as to whether interconnecting Cabora Bassa had been considered, the Delegation said that they had not yet done so. However, it was a possibility that could be explored together with the other alternatives.

4. Mr. Mwananshiku said that the Government had been looking at power rates and that the matter had been taken up by ZESCO. They were of the view that a 30% tariff increase would suffice (the Bank has proposed a 40% tariff increase). He further informed the meeting that the Government had agreed that ZESCO should be capitalized and expected to complete the process during the next sitting of Parliament in December.

Next Urban Project

5. The Delegation said that it was agreed in principle that Zambia should have an urban project, the composition of which was being discussed within the Government. There were, however, three changes, which the Government wanted to make in the project as proposed by the Bank:

(a) shift the project from Lusaka to rural towns like Ndola, Kitwe, Kapiri, Mposhi and Mpika where houses were most needed; (b) change the structure of houses and plot sizes; and (c) include a landscaping element. The Delegation considered the proposed changes as marginal and consistent with the principles of low cost housing and self help.

6. Mr. Wiehen pointed out that in his previous discussions with the Minister, the Minister had expressed ideas on the structure which were basically different from the project the Bank was considering; on the other hand the Delegation had talked of marginal differences. Mr. Mwananshiku said that resources were not available for the type of houses the Minister had in mind. There will have to be a compromise. Mr. Wiehen said that the Bank would wait for the Government's letter regarding the project. The letter is expected to be dispatched soon after the return of the delegation to Lusaka.

Water Supply and Sewerage

7. Mr. Mwananshiku informed the meeting that the Water Affairs Department had not yet completed the requisite studies and he was not in a position to say when they would be completed. He promised, however, to keep Mr. Reichelt informed.

Kariba North Bank

8. Work on the first engine, scheduled to be installed by October 1975, according to Mr. Mwananshiku was four months behind schedule. He explained that the delay was due to several difficulties, the most important of which was the civil contractors. The contractors, however, now were working well. Mr. Wiehen requested that the Bank be kept informed of progress.

Education Projects

9. In connection with Loan 900-ZA (Education III), which includes financing for the proposed School of Agricultural Sciences at the University of Zambia, Mr. Mwananshiku stated that the Government had decided to shift the School's location from Lusaka to a rural area which had yet to be identified. He wanted to know what would happen now to the portion of the loan for the School, whether it should (a) be cancelled, (b) reallocated to another element (i.e. the rural institutes) within the project where there was a cost overrun, or (c) be used to finance the School in a new location. Mr. Wiehen responded that the Bank was not in a position to commit the funds to constructing the School before the location was identified. He suggested the issue should be discussed with the next supervision mission expected to visit Zambia in October 1975, which would review the whole project. Mr. Atri reiterated that the issue was not how to finance the proposed school but what to do with the portion of the loan originally intended for the school.

10. The Zambian Delegation also asked whether it would be possible to apply possible savings on loan 645-ZA (Education II) to finance establishment of two science laboratories at the University. Mr. Wiehen suggested this proposal should also be discussed with the supervision mission.

Proposed Education IV Project

11. The Zambian Delegation asked whether it would be possible for the proposed rural campus to become part of the proposed fourth education project. Mr. Wiehen answered that he understood the scope of the proposed project had more or less been agreed upon between the basic economic mission and the Government. Moreover, it also was the intention of the Bank to appraise the project by the same supervision mission scheduled for October 1975. The appraisal mission would assess the delay which would result from waiting to include the proposed new university. If the delay would adversely affect the project as now conceived, it would be better to take up the proposed university later since the Bank expects to continue to be involved in the education sector. This suggestion was accepted by the Zambian Delegation.

Second Industrial Forestry Project

12. The Zambian Delegation informed the meeting that the Government has now decided on the order of priorities regarding the wood industries' program. It now intends to start with a particle board mill and take up the pulp and paper mill after completing the particle board mill. Mr. Mwananshiku said there are a number of technical issues, like the market prospects, which were still being investigated. Mr. Wiehen said that he was happy to note that the Government and INDECO had reached this understanding. He said that Mr. Walton, while on a mission to Zambia (September 16 - 20, 1975), would discuss the proposed project with INDECO and other involved parties and try to put the various project elements together.

Roads

13. Mr. Mwananshiku said that feasibility studies required by the Bank had been commissioned. He further said that there has been changes in personnel in the Roads Department. Mr. Mwananshiku stressed the need to increase the road maintenance capacity and said that they now had moved away from their earlier position of not wanting Bank assistance for road maintenance.

DBZ

14. The proposed dates for negotiations (commencing September 29, 1975) were noted as acceptable to the Government and the Bank.

Third Window

15. In response to the Zambian Delegation's query about possible Third Window funds, Mr. Wiehen explained that the total amount for the time being was small and for only one year's operation and that allocation criteria had yet to be determined. These factors, coupled with the high level of Bank exposure in Zambia (regardless of whether Third Window funds replaced or were additional to Bank financing), made it doubtful that Zambia could qualify, at least in the initial stage, for the new facility. The Zambian Delegation suggested, however, that even token Third Window financing would be extremely helpful since it would establish in principle Zambia's access to soft-term finance. This, in turn, would aid the country in negotiating soft-term loans from non-Bank sources.

H.E. The President's Policy Statement

16. Mr. Wiehen said that just before the departure of the basic economic mission from Zambia, H.E. the President made a policy statement, some aspects of which were of particular interest to the Bank, namely:

(i) Determination to deal with agriculture, and

(ii) Resource management

He wanted to know whether any action had been taken to implement the policy changes. The Zambia Delegation said that little had been done so far to implement the decisions regarding subsidies. Most were small in nature and were already drawn at the time of the statement. Those not drawn were on maize and fertilizers, which were the large subsidy areas involving K25 and K32 million respectively. In regard to fertilizers, the Government plans to continue subsidies until the end of next year for orders which have already been placed. For maize, the relevant ministries have been asked to work out the price implications of withdrawing subsidies and announce the new price towards the end of the year. Mr. Mwananshiku said that they are anxious to implement the decisions before there is any reversal of policy. Mr. Wiehen asked when agricultural producer prices would be announced and what effect late announcement would have on production. Mr. Mwananshiku replied that these prices should have been announced last month, but were delayed since the Government wanted to incorporate the implications of the policy changes still being analyzed. He, however, expected the Government to announce the prices this month.

Basic Economic Mission Report

17. The Zambian Delegation asked when they might expect the report of the basic economic mission which visited Zambia in June 1975. They were informed that a Yellow Cover draft report is expected in December.

cc: Messrs. Adler, Barry, Creyke, Hornstein, Jordan, Maane, Maubouche,
McCleary, Morse, Reese, Reichelt, Walton, Wiehen

GBNkojo:si

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Goodman

Joe says \$F 15 million
paid in eight equal yearly
instalments, the first
paid immediately, will
have a present value of
SF 11.6 million

122

75

45 49

Third Window
a Switzerland

September 16, 1975

Dear Mr. Hentsch:

I refer to our conversation last week about the proposed Swiss contribution to the Bank's new intermediate financing facility, known as the Third Window. On July 29, 1975, the Executive Directors of the Bank adopted Resolution # 75-111 which authorized the establishment of an Interest Subsidy Fund for this purpose. A copy of the Resolution is attached. Governments wishing to make a contribution are requested to give the Bank formal notification as soon as possible. A suggested form of notification is attached for your convenience.

Pursuant to Section G of the Resolution a total of US\$100 million equivalent in contributions or formal notifications of contributions is required to make the Subsidy Fund effective. So far contributions amounting to US\$75 million have been made or formally confirmed. Further contributions amounting to about US\$47 million equivalent, not including that of Switzerland, have been pledged subject to Parliamentary approval or other action. As you will note, US\$25 million of these contributions needs to be confirmed before the Subsidy Fund can become operative and we expect this action to be taken in the course of the next month or two. There are good prospects of additional contributions after the turn of the year.

During our conversation you indicated that Switzerland would pay its contribution in annual installments over eight years and asked if this would be acceptable to the Bank. I replied affirmatively, but noted that the calculation of the amount of subsidy required for Third Window loans had been made on the basis that contributions to the Subsidy Fund would be made immediately available and that the earnings on the investment of these contributions would be part of the Fund's resources. Payment of a contribution over a period as long as eight years would materially reduce its value. Discounted at 8-1/4%, the assumed rate of earnings on the Fund's investments, would give a present value for SF15 million paid in annual installments over eight years of SF11.6 million. I hope therefore that your Government will see its way to shortening substantially the period over which its contribution is to be paid in.

Please let me know if you have any other questions.

Sincerely yours,



Raymond J. Goodman
Director
Financial Policy

Attachment

Mr. Guy J.P. Hentsch
Secretary of the Embassy
of Switzerland
2900 Cathedral Avenue, N.W.
Washington, D.C. 20008

cc: Messrs. Cargill, Gabriel, Nurick/Fontein, Adher, Hattori
RJGoodman/rf

OFFICE MEMORANDUM

TO: Files

FROM: A. Edward Elmendorf, Loan Officer, EMENA CPII-B

SUBJECT: TUNISIA - Annual Meetings Discussions

DATE: September 15, 1975

1. Mr. Bart met with Minister of Planning (and Bank Governor) Zaaouni, Ministry of Finance Secretary General (and IBRD Alternate Governor) Sfar, Mr. Fakhfakh (of BDET) and the other members of the Tunisian delegation to the Annual Meetings on September 2. Messrs. Haynes, Schulte, Sekse, Merat, Laporte and Elmendorf were also present. The meeting was characterized by an atmosphere of mutual confidence.

Highways II

2. The Minister noted that this project, which had been separated into two separate projects, was almost covered financially by the proposed IBRD \$25 million loan and a Kuwait Fund loan of \$30 million. He hoped the Bank would cover the remaining foreign exchange gap. Mr. Bart indicated that this would be examined but drew attention to the problem of ceilings on our lending to Tunisia. ^{1/}

Agricultural Credit II

3. As BNT's general manager Belkhodja was holding separate discussions with the Bank, this project was mentioned only in passing.

Central Tunisia Rural Development

4. The Minister underscored the particular importance attached by the Government, from both the social and the political standpoints, to this project and said he would be most embarrassed personally by any rejection. While he was ready to consider a reduction in scope he hoped a complete reformulation of the project could be avoided. Mr. Bart underlined some of the difficulties of the project, said that he had not (as had not the Minister) been informed of the conclusions of the pre-appraisal mission, and expressed the hope that decentralization of industry would be considered in connection with the project. It was agreed that an effort would be made to organize a separate meeting on the project. ^{2/}

BDET VI

5. At the Minister's invitation, Mr. Fakhfakh referred to the problems outstanding concerning the Government/BDET loan. Mr. Sfar reiterated his surprise at the Bank's mentioning the possibility of subordinating the Government/BDET loan. It was agreed to hold separate meetings on the loan. ^{3/}

^{1/} Our most recent timetable and the Regionally-agreed lending program now provide for a loan of \$28.2 million that would complete the necessary financing.

^{2/} No such meeting was held.

Water Master Plan for Northern Tunisia

6. The Minister summarized a financing plan for the project as follows:

<u>Source</u>	<u>TD Million</u>
Tunisian Government	35
IBRD	12
Germany	10
Iran	<u>2</u>
<u>Total Cost</u> (without El-Aroussia Canal)	<u>70</u>
(Financing Gap	11)

The Minister expressed the hope that the Iranian participation could be increased to TD 12 million or possibly picked up by Kuwait. In response to a question, he said the proposed Chinese participation in the El Aroussia-Cap Bon Canal amounted TD 35 million above and beyond the TD 70 million total, bringing the total cost of the first stage program to TD 105 million. He said that the USSR might, at the same time, participate in financing a dam at Sedjenane, which was foreseen under a subsequent stage of the Water Master Plan.

Urban Development

7. The Minister said that the Sfax study should be completed in March '76 (which does not correspond with our projected date of June) and hoped that it could provide the basis for a second Bank urban project. He did not mention the possibility of a Tunis component, but no particular significance should be attached to this.

Rural Roads

8. The Minister provided a dossier on the government rural roads program, which envisages improvements of 22,000 kms of roads over a number of years. While one could establish a project on the basis of a global study of the 22,000 kms, which, he said, might take two years or more, the Minister preferred to select now the economically most important 3,000-5,000 kms, to base a project on them and to undertake a study, under that project, of the remainder of the program. For a 3,000 kms project he foresaw an investment of \$60-\$70 million, anticipating an execution rate of 1,000 kms per year. Mr. Bart assured the Minister of our interest in a possible rural roads project and referred to our mission on this project scheduled for late this year. The Minister hoped that the mission could be a pre-appraisal mission, and referred in passing to the possibility of joint financing for the roads program.

Tourism

9. Mr. Guen, Managing Director of Cofitour, outlined Cofitour's expansion plans, referred to his current discussions with IFC and expressed the hope that the Bank might be able to participate in financing its program. It was agreed that a separate meeting with IFC staff would be held on the subject. ^{1/}

^{1/} See Mr. Storch's memorandum to Mr. Sekse dated September 8.

9% Capital Subscription

10. In response to Mr. Bart's observations, the Minister agreed to look into the possibility of releasing Tunisia's 9% capital subscription on a convertible basis rather than in non-convertible dinars, as foreseen in the Ministry of Planning's recent letter.

Third Window

11. At the end of the discussion, the Minister expressed the strong hope that Tunisia could have a Third Window project, mentioning the rural roads program as a possibility. He stressed Tunisia's recent economic problems, referred to the sudden cut-off of IDA funds and said that in the absence of any concessionary financing from the Bank Group it was difficult for Tunisia, still in the pre-take-off stage, to obtain Arab funds on favorable terms. Mr. Bart indicated that we were aware of Tunisia's current difficulties but did not give the Minister reason to be optimistic on the possibility of Third Window lending to Tunisia.

Rural Development

12. Referring to the gap between the Bank's macro-economic and project work and to the Ministry's note on the Government's rural development fund of some months ago, Mr. Bart said that greater emphasis was needed on sector work in our work program and mentioned in particular the possibility of a rural development mission. The Minister welcomed this idea, suggesting that the mission could start from an examination of the recent memorandum. While the Minister indicated we could let him know by cable when the proposed rural development mission would arrive in Tunisia, Mr. Bart suggested that previous discussions in Tunis on the mission's work would be appropriate; they could also be an occasion, he said, for follow-up discussions on the de Wilde regional planning and rural development proposals, which would soon be sent to the Government.

AEElmendorf:hc

Cleared and cc: Mr. Schulte

cc: Messrs. Bart, Haynes, Pollan, French-Mullen, Howard, Sekse, Le Moigne, Venkateswaran, Odone, Hittmair, Merat, Laporte, Wright, Benjamin

OFFICE MEMORANDUM

Bot: Loan 776

cc: Bot: Industry Sector

cc: Bot: Program

cc: BA+P: Third Window

DATE September 12, 1975

TO: FILES

FROM: Deane N. Jordan, Loan Officer, EA2DB *Inf*SUBJECT: 1975 Annual Meeting (Washington, D.C.): Director's Meeting with
Botswana Delegation

1. Bank staff met with the Botswana Delegation on September 4, 1975. The Delegation consisted of Mr. Q.K. Masire, Vice President and Minister of Finance and Development Planning, Mr. Festus Mogae, Permanent Secretary, Ministry of Finance, Mr. H.C.L. Hermans, Governor (designate) of Botswana's new Central Bank, and Mr. R. Dean, Economic Advisor, Ministry of Finance and Development Planning. The meeting was chaired by Mr. Michael Wiehen and attended by Messrs. Boucher, Creyke, Hornstein, Jordan, Maane, Maubouché, Morse, and Messrs. Abdulai and Thahane (Executive Directors' office).

2. The following topics were discussed:

A. Mining Developments:

i) Shashe Mining Project

The Delegation briefly described the Government's most recent meeting with the mining companies (Bamangwato Concessions Ltd. (BCL) and its promoters, American Metal Climax (AMAX) and Anglo-American (Anglo)). They mentioned that the Government asked the companies to put forward proposals for financing the cost overruns brought about by the technical problems with the surface treatment plant. The companies, however, had argued that the technical problems were proving to be intractable and that before the solutions to these problems were known, it would be difficult to delineate a financial package that would address the question of sharing of benefits.

The Chairman suggested that the Government's bargaining power would likely be greater if the negotiations with the companies were commenced before the technical problems were completely resolved and added that the Government now has a computer program to assist them in evaluating alternative financial scenarios.

The Delegation noted that the Government intended to initiate discussions with the companies before the companies are in a position to fulfill the production completion tests, but that in recent months the Government has been kept busy with the renegotiation of the diamond production agreements with de Beers. Now that these negotiations were completed, the Government expected to be in a position to start discussions

September 12, 1975

with the companies in the next few months. The Delegation added that they were concerned over the assumption of full management of the mining and processing facilities by Anglo (instead of sharing it with AMAX), and over the recent expressions of AMAX regarding the sale of its interests in BCL.

ii) Diamond Negotiations

The Delegation mentioned that the financial package agreed with de Beers in July for production of diamonds from Orapa and the two new pipes would give the Government approximately 70 percent of the total benefits. However, the total benefits now projected would be less than that originally envisaged because of inflation and physical changes on the technical side.

iii) Sua Pan Brine Deposits

The Delegation said that they were still looking for a technical partner to help them develop the brine deposits. A recent Government mission that attempted to solicit interest from various mining companies felt that Gulf Resources and KerrMcGee were the most likely prospects. The Chairman mentioned that if the Government could put a viable package together for the development of the deposits the Bank would be interested in participating. The Delegation replied that they would be requesting Bank assistance when the prospects are firmer.

iv) Ngamiland Copper Deposits

The Delegation mentioned that potential investors were not expressing too much direct interest in developing the deposits, although much interest is being received with respect to mining legislation. They added that, given its location, the deposits would presently be difficult and expensive to develop.

v) Coal Deposits

The Delegation noted that some prospecting licenses had been granted but that no developments were planned during the next five years.

September 12, 1975

B. IDA Allocation and Third Window

The Delegation stated that the economic growth prospects for Botswana would likely be less than that envisaged in the recent Basic Economic Report since mining prospects had declined since the time of the basic economic mission. They noted that the technical problems with the Shashe project were persisting, that returns from diamond production would be less than previously expected, and that development of the Sua Pan deposits is unlikely to start before late in the decade.

The Delegation suggested, therefore, that this situation tended to justify their earlier complaint that Botswana had become ineligible for IDA funds prematurely, and that they had hoped to become a blend country. Moreover, they mentioned that they were disappointed that IBRD resources also appear limited. The Government now hoped that Botswana would be eligible for a share of the Third Window funds. The Chairman mentioned that the Third Window was not yet in operation and that the amount programmed (\$500 million) was small. However, he added that he intends to propose that the Bank do one project in Botswana using Third Window funds, and possibly include one additional project in the lending program. Should the Third Window come into operation in time, then it is intended that Third Window funds (approx. \$6 million) would be used for the Third Road Project or, alternatively, for part of the funds required for the First Education Project scheduled to be appraised in October. The Delegation was pleased with this proposal.

cc: Mr. Thahane, Alt. E.D.

cc: Messrs. Husain
Wiehen
Boucher
Cash
Creyke
Erkmen
Hornstein
Maane
Maubouché
Morse
Reese

DNJordan:vms



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date September 12, 1975	Document Type Letter			
Correspondents / Participants To: Mr. Jon Aase, Alternate Executive Director From: Lester Nurick, Associate General Counsel				
Subject / Title Third Window Contributions				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Third Window
cc Saudi Arabia

OUTGOING WIRE

TO: DR. ABDUL AZIZ AL-QURAISHI
SAUDI ARABIAN MONETARY AGENCY
JEDDAH

DATE: SEPTEMBER 11, 1975

WV

CLASS OF
SERVICE: TELEX

(SAUDI ARABIA)

2663

COUNTRY:

TEXT:
Cable No.:

PERMIT ME TO ACKNOWLEDGE AND EXPRESS OUR SINCERE APPRECIATION
TO YOU AND YOUR AUTHORITIES FOR THE CONTRIBUTION OF \$25,000,000
TO THE WORLD BANK THIRD WINDOW FACILITY ~~STOP~~ KINDEST REGARDS

CARGILL

INTRAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER
TREASURER'S

DEPT.

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Cargill, Mr. Rotberg
Mr. Hittmair

For Use By Communications Section

Checked for Dispatch:

50

September 11, 1975

Mr. El-Fishawy:

Status of Third Window Contributions

The main facts that you will need to use in preparing a letter to be sent to Mr. Al-Hamad are contained in the attached draft.

Since the draft was written, Australia has agreed to contribute A\$4 million (US\$5.2 million), bringing the total pledges to US\$122 million approximately. Of these pledges \$75 million can be considered firmly committed, namely the contributions of Saudi Arabia (\$25 million - already received), Canada (\$20 million), Netherlands (\$20 million) and U.K. (\$10 million). This leaves another \$25 million which needs to be confirmed in order to reach the required level of \$100 million.

Kuwait's pledge of \$20 million and Venezuela's pledge of \$10 million are the only substantial ones not yet confirmed. The others (Qatar, Australia, Denmark and Norway) are all of \$5 million or less. It is thus not possible to reach the \$100 million without Kuwait, unless all the other contributions - amounting to \$27 million - are confirmed. This is improbable because of difficulties which prevent Norway and Denmark from committing more than the first tranche of their contribution in the immediate future.

As you know, we had hoped to make the Third Window Resolution effective on or about October 1, so that Third Window loans could begin this autumn. The more time that goes by the more opportunities we shall lose of financing from the Third Window projects which would be very suitable for that purpose. In the case of some of the small, poor countries with very limited lending programs, this would be particularly unfortunate. Early action by Kuwait would avert this difficulty.

In addition to the countries that have already pledged contributions, there are good prospects of contributions from two or three of the larger industrialized countries, particularly now that the issue of gold restitution has been settled in principle, as well as contributions from Iran and Abu-Dhabi. However, with the possible exception of Iran, none of these prospects is likely to become reality before the end of the year, and thus will not help in reaching the \$100 million target.

Raymond J. Goodman

Attachment

OFFICE MEMORANDUM

✓ THIRD WINDOW
CC - SWITZERLAND

TO: Files

DATE: September 9, 1975

FROM: Raymond J. Goodman *RJG*SUBJECT: Third Window: Visit of Swiss Representative

Mr. Hentsch, Secretary of the Washington Embassy, called on me yesterday. After enquiring and being informed about the status of the Third Window, he said that a Bill authorizing contributions of SWF 25 million in total to the Third Window and the IMF oil Facility Subsidy Fund had been put to the Swiss Parliament and would be voted on in December. He expected the bill to pass. The contributions would be in the form of grants; SWF 15 million (ca. \$5.6 million) for Third Window and SWF 10 million for the Oil Facility. It was proposed to pay these sums in annual instalments over perhaps eight years and he asked if that would be acceptable.

I replied that the Bank as Administrator of the Third Window would have no difficulty in principle with such an arrangement but pointed out that payment over as long a period as eight years would materially reduce the value of the contribution. I explained the basis on which the amount of subsidy per dollar of Third Window lending had been calculated and said that all the countries which had so far decided to contribute (except Norway which, however, had indicated it might be willing to pay interest on delayed instalments) were expected to pay the whole amount within 90 days of the effective date.

Mr. Hentsch said that the 8-year period was a preliminary idea of the Foreign Office and he would see if it could not be shortened. He asked for a letter on the lines of the Secretary's letters to contributors of August 6 and 7, and I undertook to send him one, together with a suggested form of reply.

cc: Messrs. Cargill
Gabriel
Nurick/Fontein
Schulmann
Hattori

RJGoodman/rf

Third Window
cc Switzerland

September 9, 1975

Files

Raymond J. Goodman

Third Window: Visit of Swiss Representative


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cc: Messrs. Cargill
Gabriel
Nurick/Fontein
Schulmann
Hattori

RJGoodman/rf



Spain - P/M
Spain - 1320 Hamb, oblig.
✓ B.A. & P. - Third Window

Memorandum for the Record

September 5, 1975

Norman Horsley, Chief, ENLDC

Governor for Spain's Meeting with
Mr. McNamara: Annual Meeting, 1975

1. Mr. Jose Luis Ceron Ayuso, Minister of Commerce and Governor in the Bank for Spain, met with Mr. McNamara on September 3, 1975. The Minister was accompanied by Mr. Juan Antonio Garcia Diaz, Technical Secretary General, Ministry of Commerce and Temporary Alternate Governor, Mr. Manuel Guasch Molino, Chief of Cabinet of the Minister of Commerce, and Mr. German Calvillo, Alternate Executive Director. Messrs. Benjenk, Wapenhans, Pajmans, Burmester, and Horsley attended the meeting.
2. The Minister announced that Spain was prepared to participate in the Third Window, but the amount and form of the contribution were not yet known. The amount would depend upon what other countries were prepared to do, would not exceed \$5 million and would be made known to the Bank before the end of the year. Mr. McNamara expressed his appreciation and offered to send a staff member to Spain to help work out the details. 1/ He said that he was anxious for arrangements for the Third Window to be completed so that the facilities could be used as soon as possible.
3. After referring to the good relations that Spain enjoyed with the Bank, and to the progress being made with the Agricultural and Industrial Research project, the Minister noted that Spain now seemed to be in a position where it was not entitled to further Bank lending. He said that, while he had no projects to propose for Bank financing, he wanted to retain the right to request Bank lending. Mr. McNamara replied that this was not a matter on which he wanted to take a final decision at this time. He outlined the difficulties which limited Bank lending, and which affected high income countries especially. The Minister emphasized that he had no specific proposals in mind, but merely wanted to leave open the possibility of Bank lending for special projects in the future.
4. In connection with the proposed selective increase in capital subscriptions, the Minister said that Spain wished to keep its present share of votes in the Bank. Mr. McNamara recognized that this was a difficult problem. However, he was anxious to first obtain approval in principle to the selective

1/ At a later meeting between Messrs. Calvillo, Goodman, and Horsley, it was agreed that someone from Mr. Gargill's office would visit Madrid in October.

September 5, 1975

increases and only then attempt to deal with the difficulties of detail such as the one raised by Spain. He assured the Minister that this matter would be added to the list of problems to be dealt with and that he would take into account the point of view expressed by the Minister.

Moralesy/11j

Cleared with and cc: Mr. Pajmans

cc: Messrs. Knapp, Benjenk, Cargill, Wapenhans, Wyatt, Goodman,
Burmester, (2), Kaji, Schrenk

OFFICE MEMORANDUM

THIRD WINDOW

TO: Files

DATE: September 4, 1975

FROM: Joe Wood, P & B

SUBJECT: Informal Meeting of Third Window Contributors

1. On Mr. Cargill's initiative, an informal meeting was held on September 4 with representatives of the following countries: Australia (Mr. Ingevics), Canada (Mr. Drake), Denmark (Mr. Sigurdsson), Netherlands (Mr. Posthumus), Norway (Mr. Lovold), United Kingdom (Mr. Deare) and Venezuela (Mr. Gavidia). Messrs. Cargill, Adler, Goodman, Gabriel and Wood attended for the Bank.

Status of Contributions

2. Mr. Cargill opened the meeting by reviewing the steps required in each of the donor countries before a firm commitment to contribute to the interest subsidy fund could be made. Saudi Arabia's contribution was expected to be paid in that day and would be invested by the Bank until the Third Window became effective. Kuwait's contribution requires parliamentary approval which cannot be obtained until its parliament reconvenes in October. A letter of commitment from the United Kingdom is expected shortly. Denmark's contribution is not expected until April 1976. Mr. Drake said payment of Canada's contribution required an Order in Council, which should be obtained in the next 10 days to 2 weeks. He was surprised to learn that Canada's contribution was not yet considered to be firmly committed for purposes of reaching the \$100 million "trigger" point. He had not seen the letter to Mr. Turner which included a suggested form for formal notification (A copy was provided to Mr. Drake later on September 4th).

3. Australia's contribution was subject to parliamentary approval, which was expected in October or November. Mr. Posthumus said the Netherlands formal notification should be received very soon by the Bank. Mr. Lovold thought Norway's contribution would be firmly committed before January 1, 1976. Mr. Gavidia did not know when the cabinet was likely to approve Venezuela's contribution. He suggested we ask Mr. Guarnieri. Mr. Cargill summed up the situation by saying that he expected the \$100 million "trigger" point to be reached in mid-October or possibly early November. At that time cables would be sent to all contributors requesting payment within 90 days.

Investment of Contributions

4. Mr. Cargill explained the choice facing the Bank as administrator of the interest subsidy fund: the funds could either be invested in market securities or in a specially designed IBRD "bond." There was a

feeling at the staff level in the Bank that the latter course would be preferable on grounds of administrative simplicity and because it would result in higher income for the subsidy fund. This approach would have to be approved by the Executive Directors (because it involves an IBRD borrowing) but Mr. Cargill would not want to recommend it to the full Board unless it had the support of the contributing countries. Mr. Drake remarked that the proposal could lead to "presentational" difficulties and invite criticism from those who view the Third Window as a bit of financial gimmickry by the Bank. It was agreed that this was likely to be the main drawback to the use of an IBRD "bond." Participants were asked to reflect on the pros and cons of the two suggested investment policies and let Mr. Cargill have their views.

Currency of Operations

5. Mr. Cargill stated that the subsidy fund would be invested in dollars. There was no comment from any of those present.

Method of Contribution

6. Reference was made to the prospect of some contributions coming in the form of concessional loans to the Bank. Switzerland would have to follow this route and Spain and Italy had also shown an interest. Mr. Drake noted that this possibility had been envisaged all along and did not raise any problem as far as he could see.

Prospects for Additional Contributions

7. Mr. Posthumus inquired about the prospects for other countries to contribute to the interest subsidy fund. Mr. Cargill said that France, Germany and South Africa had all shown interest, as had Abu Dhabi and Iran. In fact, Iran was expected to reach a decision on whether or not to contribute by October 1. If France and Germany came in, it was expected that Japan would follow suit.

cc: Messrs. Cargill ✓
Goodman
Adler
Gabriel
Nurick
Rotberg
Hattori
Kochman
El Fishawy

JWood/ers

40011 SAMAJED SJO (Telex c.)

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440098 IBRD UI

Mr. Damry

FROM: SAUDI ARABIA

I B R D WASHINGTON DC

2/9/75

FOR THE SECRETARY, MR P N DAMRY

REFERING TO RESOLUTION NO. 75-111 OF THE EXECUTIVE DIRECTORS OF THE BANK ENTITLED "INTEREST SUBSIDY FUND", WE HAVE TODAY INSTRUCTED OUR CORRESPONDENTS IN NEWYORK CHASE MANHATTAN BANK TO PAY TO THE FEDERAL RESERVE BANK OF NEWYORK (FOREIGN DEPARTMENT) FOR CREDIT TO IBRD ACCOUNT ISF US DLRS 25 MIO. THIS REPRESENTS THE CONTRIBUTION OF THE GOVERNMENT OF SAUDI ARABIA IN ACCORDANCE WITH THE TERMS OF THE SAID RESOLUTION.

KHALID M ALGOSAIBI

VICE GOVERNOR

SAMA JEDDAH

1. Cpin & Damry - Cargil & Damry
2. Jh - "Third Window"

Mr Goodman
THIRD WINDOW
SAUDI ARABIA - IBRD
MEMBERSHIP
 1975 SEP - 2 PM 2:53
 COMMUNICATIONS SECTION
 RECEIVED

copy given to
Mr. Hattori
9/8/75

77500 WDNW

DRAFT
RJGoodman
August 29, 1975

NOTE ON STATUS OF THIRD WINDOW FOR INCLUSION IN MR. MCNAMARA'S STATEMENT
TO THE DEVELOPMENT COMMITTEE

You will wish to know where matters stand in relation to the Bank's new Intermediate Financing Facility - the Third Window. On July 29 the Bank's Executive Directors considered and approved my formal proposal to establish the Third Window. A Resolution was adopted ^{establishing} ~~setting up~~ an Interim Subsidy Fund to be administered by the Bank, and setting out the terms and conditions on which it would be operated. They are essentially the same as the proposals outlined in the Board's report to this Committee on the Third Window, which was considered and unanimously endorsed at the June meeting. The Resolution is open for ^{acceptance} ~~signature~~ by Governments and others who wish to contribute towards the Subsidy Fund, and will come into effect as soon as such contributions reach the level of \$100 million. So far nine governments have pledged contributions in the amount of \$117 million, subject in most cases to formal approval by legislatures. I ^{believe} ~~expect~~ that the necessary formalities will be completed within the next ^{month or two} ~~few weeks~~ and that the Third Window may be opened in the ^{Fall.} ~~month of October.~~ ^{At} ~~\$~~ \$ 117 million the Subsidy Fund would permit Third Window loans of \$515-540 million to be made.

I have been much encouraged by the fact that four of the nine governments that have pledged contributions are members of OPEC; their ^{pledges} ~~contributions~~ in fact account for rather more than half of the total. Two other OPEC countries are actively considering a contribution, and there are good prospects that one or more of the developed countries will agree to contribute before the end of this year. But even if these additional contributions are confirmed, the Subsidy Fund will still be well short of the sum required to subsidize \$1 billion of Third Window loans, the very

modest target set for the new facility. I hope that the lead given by those governments that have decided to support the Third Window will encourage others to do so in the near future.

TELEPHONE
01-601 4444

BANK OF ENGLAND
LONDON EC2R 8AH

Mr Gosman

28th August 1975.

- ✓ *THIRD WINDOW*
U.K. - DEBT MEMBERSHIP
1. Copies to Mr. Cargill & Mr. Dawry.
 2. File - "Third Window".

*2th
9/3*

Dear Mr Secretary

International Bank for Reconstruction
and Development
Intermediate Financing Facility (Third Window)

With reference to your letter of 7th August about Resolution No. 75-111 of the Executive Directors of the International Bank for Reconstruction and Development, entitled "Interest Subsidy Fund", I hereby give the requested notification on behalf of the Government of the United Kingdom that it will make a contribution equivalent to U.S.\$10 mn. in accordance with the terms of that Resolution.

Yours sincerely
Baroness Kinnear

The Secretary,
International Bank for Reconstruction
and Development

copy given to
Mrs. Hatton
9/8/75

Mr. Robert S. McNamara

August 27, 1975

I.P.M. Cargill

Third Window

Following is a summary statement of matters that require your confirmation or decision in connection with the operation of the Third Window. It reflects a consensus reached this morning at a meeting attended by Messrs. Knapp, Broches, Gabriel, Goodman, Hittmair, Nurick and myself.

Terms of TW Loans

Grace period 7 years; final maturity 25 years; equal semi-annual payments of interest and principal; interest rate 4-1/2%, with the borrower undertaking to pay the Bank 8-1/2% if and when the Subsidy Fund is exhausted. Standard commitment fee.

To ensure equal treatment of borrowers in the event of a shortfall all TW loans will have the same final payment date.

Calls on the Subsidy Fund for particular loans will nevertheless vary, depending on the rate of disbursement (the quicker the disbursement, the earlier interest becomes payable and therefore the greater the total amount of interest and subsidy payments). It would be possible to take these differences into account in determining the final payment in each case, but it would be simpler to ignore them and that is what is recommended.

Because of the concessional interest rate, TW loans will be made to Governments. Where the beneficiary is a non-government entity, the "two step" procedure under IDA credits will be used, with the beneficiary normally paying interest at the standard IBRD rate. A loan for an industrial project will be on-lent at a higher rate.

Quick Disbursing Loans

Because of the much heavier subsidy that would be required in the case of program and other quick disbursing loans, it is recommended that such loans not be made under the Third Window. The UK Government, which has repeatedly urged the liberal use of Third Window for program lending, will need to be persuaded to go along with this recommendation. It can be pointed out that financing such loans would result in inequities among borrowing countries; or alternatively would require that means be adopted of equalizing the claims of program and project loans on the Subsidy Fund. For example, shortening the grace period to four years and the final maturity to 15 years would result in the same amount of subsidy as a loan of the same size on standard TW terms. Or an amount of subsidy could be

calculated for each program loan as if the disbursement rate were similar to that of a project loan, and the obligation of the Subsidy Fund limited to that amount; this would mean that the subsidy would cease after about the tenth year. Neither of these solutions would seem appropriate for a soft-loan facility. It could also be pointed out that any additional program lending that may be justified can be financed from the extra IDA or Bank funds that will be "released" by the opening of the Third Window.

In the calculation of the scale of contributions required to subsidize \$1 billion of Third Window loans it was assumed that 10% of them would be program loans and the rest for projects. Eliminating program loans would stretch the contributions somewhat further than was assumed in the exercise. Thus the \$117 million presently pledged would permit \$538 million of Third Window loans rather than \$513 million.

Currency of investment, disbursement and repayment

To avoid possible losses to the Subsidy Fund due to exchange rate fluctuations it would be advisable that all investments be made in dollars and that the currency used for disbursement (and thus repayment) be the dollar. Although not required by the terms of the Resolution, it would be advisable to get the agreement of the contributors to this.

It follows that all contributions to the Fund, whether in cash or in the form of the concessional (grant) element of low interest loans to the Bank, will be valued in dollars.

Treatment of Contributions

The present value of contributions, as of the date of notification thereof, is to be determined by the Administrator. Contributions received after the due date for payment (the ninetieth day after the Resolution becomes effective) will be discounted at 8-1/4%, the assumed yield on the Fund's investments, unless interest is paid by the contributor at that rate on amounts not paid in (as is proposed by Norway). Early contributions will earn interest which will be (a) taken into account in determining when the \$100 million level of contributions is reached, and (b) returned to the contributor in the event the Resolution does not become effective.

As to the form of contributions, prepayment of Bank loans carrying an interest rate less than the current rate seems to be ruled out in the light of the Board discussion of the Third Window paper on July 29. Concessional loans to the Bank (as proposed by Switzerland, subject to legislation, and as believed to be under consideration by Spain) are an acceptable form of contribution, provided the degree of concessionalism is sufficient. Strictly speaking, this proviso is not necessary since credit would only be given for the grant element, after discounting at the current rate on Bank borrowings. However, we might use the OECD definition of ODA (25% grant element) as the minimum for this purpose. As in the case of all Bank borrowings, such loans would have to be approved by the Board.

Investment Policy

The practical choice (assuming investments are exclusively in dollars)

August 27, 1975

is between U.S. Treasury or Agency obligations and a special 25 year loan to the Bank. The Bank would pay interest at an agreed rate both on the original amount and on interest due (semi-annually) pending payment to the Subsidy Fund. The latter arrangement would ensure a fixed return and thus determine the size of the Subsidy Fund. It would also obviate the need to manage the investments of the Fund, and avoid market risks in the event securities had to be liquidated at a loss.

We recommend that this proposal (that the Bank borrow the TW contributions and repay them over 25 years at 8-1/4% on outstanding amounts of principal and interest) be put to the contributors; the Board would in any case have to approve the arrangement as it involves a borrowing. An interest rate of 8-1/4%, as assumed in the calculations of the amount of subsidy required to finance the TW, would seem appropriate. It is somewhat below the current cost of Bank long-term borrowings, which can be justified in view of the fixed rate of return secured to the Subsidy Fund.

Consultations

Before TW Operations begin the Administrator is obliged to consult the contributors about the eligibility of countries to borrow under the TW. These consultations should therefore take place as early as possible after the Resolution becomes effective (i.e. on receipt or formal commitment of at least \$100 million). Following the precedent of IDA it is assumed that the contributors, except Switzerland, will appoint their Executive Directors to represent them in the consultations; if so, a meeting could be called at short notice.


Apart from the matter of eligibility, it has been suggested above that the following be discussed with the contributors:

- i. Use of dollars as the sole currency;
- ii. Treatment of contributions;
- iii. Investment policy.

The occasion of the Annual Meeting will be taken to raise with Treasury officials of certain contributors matters that are of special concern to them, e.g. program lending (UK) and Third Window lending to countries above \$375 p.c. (Canada).

cc: Messrs. Knapp, Broches, Gabriel, Goodman, Hittmair, Nurick

RJGoodman/rf



9/5
OK
Rnw

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: August 27, 1975

FROM: I.P.M. Cargill

*Shrberg*SUBJECT: Third Window

Following is a summary statement of matters that require your confirmation or decision in connection with the operation of the Third Window. It reflects a consensus reached this morning at a meeting attended by Messrs. Knapp, Broches, Gabriel, Goodman, Hittmair, Nurick and myself.

Terms of TW Loans

Grace period 7 years; final maturity 25 years; equal semi-annual payments of interest and principal; interest rate 4-1/2%, with the borrower undertaking to pay the Bank 8-1/2% if and when the Subsidy Fund is exhausted. Standard commitment fee.

To ensure equal treatment of borrowers in the event of a shortfall all TW loans will have the same final payment date.

8/28
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calculated for each program loan as if the disbursement rate were similar to that of a project loan, and the obligation of the Subsidy Fund limited to that amount; this would mean that the subsidy would cease after about the tenth year. Neither of these solutions would seem appropriate for a soft-loan facility. It could also be pointed out that any additional program lending that may be justified can be financed from the extra IDA or Bank funds that will be "released" by the opening of the Third Window.

In the calculation of the scale of contributions required to subsidize \$1 billion of Third Window loans it was assumed that 10% of them would be program loans and the rest for projects. Eliminating program loans would stretch the contributions somewhat further than was assumed in the exercise. Thus the \$117 million presently pledged would permit \$538 million of Third Window loans rather than \$513 million.

Currency of investment, disbursement and repayment

To avoid possible losses to the Subsidy Fund due to exchange rate fluctuations it would be advisable that all investments be made in dollars and that the currency used for disbursement (and thus repayment) be the dollar. Although not required by the terms of the Resolution, it would be advisable to get the agreement of the contributors to this.

It follows that all contributions to the Fund, whether in cash or in the form of the concessional (grant) element of low interest loans to the Bank, will be valued in dollars.

Treatment of Contributions

The present value of contributions, as of the date of notification thereof, is to be determined by the Administrator. Contributions received after the due date for payment (the ninetieth day after the Resolution becomes effective) will be discounted at 8-1/4%, the assumed yield on the Fund's investments, unless interest is paid by the contributor at that rate on amounts not paid in (as is proposed by Norway). Early contributions will earn interest which will be (a) taken into account in determining when the \$100 million level of contributions is reached, and (b) returned to the contributor in the event the Resolution does not become effective.

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Investment Policy

The practical choice (assuming investments are exclusively in dollars)

is between U.S. Treasury or Agency obligations and a special 25 year loan to the Bank. The Bank would pay interest at an agreed rate both on the original amount and on interest due (semi-annually) pending payment to the Subsidy Fund. The latter arrangement would ensure a fixed return and thus determine the size of the Subsidy Fund. It would also obviate the need to manage the investments of the Fund, and avoid market risks in the event securities had to be liquidated at a loss.

We recommend that this proposal (that the Bank borrow the TW contributions and repay them over 25 years at 8-1/4% on outstanding amounts of principal and interest) be put to the contributors; the Board would in any case have to approve the arrangement as it involves a borrowing. An interest rate of 8-1/4%, as assumed in the calculations of the amount of subsidy required to finance the TW, would seem appropriate. It is somewhat below the current cost of Bank long-term borrowings, which can be justified in view of the fixed rate of return secured to the Subsidy Fund.

Consultations

Before TW Operations begin the Administrator is obliged to consult the contributors about the eligibility of countries to borrow under the TW. These consultations should therefore take place as early as possible after the Resolution becomes effective (i.e. on receipt or formal commitment of at least \$100 million). Following the precedent of IDA it is assumed that the contributors, except Switzerland, will appoint their Executive Directors to represent them in the consultations; if so, a meeting could be called at short notice.

Apart from the matter of eligibility, it has been suggested above that the following be discussed with the contributors:

- i. Use of dollars as the sole currency;
- ii. Treatment of contributions;
- iii. Investment policy.

The occasion of the Annual Meeting will be taken to raise with Treasury officials of certain contributors matters that are of special concern to them, e.g. program lending (UK) and Third Window lending to countries above \$375 p.c. (Canada).

cc: Messrs. Knapp, Broches, Gabriel, Goodman, Hittmair, Nurick

RJGoodman/rf



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date August 25, 1975	Document Type Memorandum			
Correspondents / Participants To: Files From: Raymond J. Goodman				
Subject / Title Third Window: Australia's Contribution				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

OFFICE MEMORANDUM

THIRD WINDOW

TO: Messrs. J. Burke Knapp and
I.P.M. Cargill
FROM: Raymond J. Goodman
SUBJECT: Third Window

DATE: August 22, 1975

Following is my understanding of the matters that have been decided, or remain to be decided, in connection with the Third Window.

Terms of TW Loans

Grace period 7 years; final maturity 25 years; equal semi-annual payments of interest and principal; interest rate 4-1/2%, with the borrower undertaking to pay the Bank 8-1/2% if and when the Subsidy Fund is exhausted. Standard commitment fee.

To ensure equal treatment of borrowers in the event of a shortfall it would be advisable for all TW loans to have the same final payment date.

Calls on the Subsidy Fund for particular loans would nevertheless vary, depending on the rate of disbursement (the quicker the disbursement, the earlier interest becomes payable and therefore the greater the total amount of interest and subsidy payments). Should these differences be ignored, so that in the event of a shortfall in the Fund the final payment on behalf of each borrower would be proportional to the amount of interest due at that date? Or should the final payment on behalf of particular borrowers take into account the actual subsidy paid up to that date? I incline to the former because it is simpler.

Because of the concessional interest rate, TW loans would be made to Governments. Where the beneficiary is a non-government entity, we would presumably adopt the "two-step" procedure under IDA credits, with the beneficiary normally paying interest at the standard IBRD rate. [A loan for an industrial project would also carry the usual guarantee fee.]

Quick Disbursing Loans

It would be convenient, but probably not acceptable to some donors (notably the UK) to exclude program and other quick-disbursing loans from the operation of the Third Window. If that is so, a decision will be needed as to whether the call on the Subsidy Fund in respect of such loans should be reduced to that of project loans.* There are three alternatives:

* As noted earlier, the amount of subsidy will in any case vary significantly according to the rate of disbursement. We are here considering gross differences between quick-disbursing loans and project loans with an average disbursement period of 7-8 years. DFC-type loans are intermediate between program and typical project loans.

August 22, 1975

- shorter amount*
- (a) To impose harder terms in the case of quick-disbursing loans. Assuming a two-year disbursement period (although program loans typically disburse faster than that) a 15-year loan, including 4 years of grace, would require approximately the same subsidy as a project loan of the same amount on standard TW terms.
 - (b) To restrict total subsidy payments in such cases to an amount corresponding to what would be required for a project loan of the same size. When the amount of subsidy so determined ran out (say at the end of the 10th year) the borrower would pay interest at 8-1/2%. In other respects the terms of the loan would be standard.
 - (c) To reduce the size of the loan in these cases by an amount that would result in approximately the same total subsidy as would be required for a project loan. The terms of the loan would then be standard. The Third Window allocation to the country concerned would of course be reduced correspondingly.

Alternative (c) should be rejected as it would reduce the total of TW lending and would be likely to lead to disputes about country allocations. Alternative (b) avoids the disadvantage of making Third Window loans on different terms but also has disadvantages; for example, that the amount of applicable subsidy would have to be included in the loan agreement, and that the payment of interest at the full rate might occur at a time of exceptional BOP stringency for the country concerned. On balance, if quick-disbursing loans are to be made I favor alternative (a).

1. Program loans & other quick-disb.
2. Part of necessary, (less than 3 yr. disbursement) @

It should be noted that any method of eliminating gross variations in the amount of subsidy required for different types of loans avoids the problem of rationing program or other quick disbursing loans. In the calculation of the scale of contributions required to subsidize \$1 billion of Third Window loans it was assumed that 10% of them would be program loans and the rest for projects. Adopting one of the above alternatives would stretch the contributions somewhat further than was assumed in that exercise. Thus the \$117 million presently pledged would permit \$538 million of Third Window loans rather than \$513 million.

Currency of investment, disbursement and repayment

To avoid possible losses to the Subsidy Fund due to exchange rate fluctuations it would be advisable that all investments be made in dollars and that the currency used for disbursement (and thus repayment) be the dollar. Although not required by the terms of the Resolution, it would be advisable to get the agreement of the contributors to this.

August 22, 1975

It follows that any contributions to the Fund, whether in cash or in the form of the concessional (grant) element of low interest loans to the Bank, should be expressed in dollars.

Treatment of Contributions

The present value of contributions, as of the date of notification thereof, is to be determined by the Administrator. I suggest we decide that contributions paid in by the ninetieth day after effectiveness (as provided by the Resolution) will be computed at full value in dollars at the rate of exchange in effect on the day of receipt, without allowance for any interest earned on early payments. Contributions received after the ninetieth day will be discounted at 8-1/4%, the assumed yield on the Fund's investments, unless interest is paid by the contributor at that rate on amounts not paid in (as is proposed by Norway).

As to the form of contributions, prepayment of Bank loans carrying an interest rate less than the current rate seems to be ruled out in the light of the Board discussion of the Third Window paper on July 29. Concessional loans to the Bank (as proposed by Switzerland, subject to referendum, and as believed to be under consideration by Spain) are an acceptable form of contribution, provided the degree of concessionalality is sufficient. Strictly speaking, this proviso is not necessary since credit would only be given for the grant element, after discounting at the current rate on Bank borrowings. However, we might use the OECD definition of ODA (25% grant element) as the minimum for this purpose.

Investment Policy

*Part suggestion
to out of
Sinner*

The practical choice (assuming investments are exclusively in dollars) is between U.S. Treasury or Agency obligations and a special Bank bond. The suggestion has been made that the latter should pay interest semi-annually in the form of new bonds carrying the same interest rate. The Administrator would have the right to redeem any bonds at par at any time to supply cash for interest payments due from the Subsidy Fund. This arrangement would ensure a fixed return on the original investment as well as on re-invested earnings. It would also obviate the need to manage the investments of the Fund, including market risks in the event securities had to be liquidated at a loss. An obvious advantage from the point of the Bank is that the Bank's need to borrow additional sums in the market to finance Third Window loans would be reduced to the extent of the Subsidy Fund's investments.

I do not see any problem with such an arrangement, given the fact that the Bank will in any case have a dual role as Administrator of the Subsidy Fund.

Consultations

Before Third Window Operations begin the Administrator is obliged to consult the contributors about the eligibility of countries to borrow under the Third Window. These consultations should therefore take place as early as possible after the Resolution becomes effective (i.e. on receipt

August 22, 1975

or formal commitment of at least \$100 million). Following the precedent of IDA it is assumed that the contributors, except Switzerland, will appoint their Executive Director to represent them in the consultations; if so, a meeting could be called at short notice.

Apart from the matter of eligibility, I assume it would be appropriate for Management to give the contributors an outline of its proposals on the matters discussed above, viz.

- i. Terms of Third Window Loans;
- ii. Policy on Quick-disbursing Loans;
- iii. Use of dollars as the sole currency;
- iv. Treatment of Contributions;
- v. Investment policy.

Some of these matters are, of course, subject to approval by the full Board.

*To full Board first - at least submit.
Lancaster only on slip*

OFFICE MEMORANDUM

*Mr. Aguirre Sacasa**File a copy
in Dahomey*

DATE: August 20, 1975

*Re: II (S. 1975)
mentary financing
and other**Togo Road***THIRD WINDOW**

TO: Mr. J. Burke Knapp
FROM: Roger Chaufournier
SUBJECT: FY76 Lending

1. I am attaching three tables setting out my response to your request for an allocation of IDA and Third Window resources. I am somewhat uncertain at this point as to what programming assumptions are to be used in the future in the Bank. Accordingly I have prepared a number of alternative responses based on 35, 36 and 41 Board presentations respectively.

2. If the allocation is to be based on 253 Board presentations for the Bank as a whole, as suggested in Mr. Adler's memorandum, then the allocation for Western Africa Region should be based on 41 Board presentations.

3. It is clear, however, that the figure of 253 Board presentations requires discounting. Thus the World Bank Lending Program shows 216 Board presentations and the Table IV1 indicated 227 Board presentations. If the allocation is to be made on the basis of a discounted program, showing a realistic estimate of what is likely to be realized in each Region, then our allocation should be based

a/ in the case of the Bank/IDA allocation, on 35 Board presentations as shown in our work program of November 1974 and in our submission Table IV1,

b/ in the case of the Third Window allocation, on 36 Board presentations, assuming that an increase of \$30 million in the Region's total program, made possible by a Third Window allocation of some \$90 million, should enable us to make at least one additional Board presentation either by freeing IDA resources for the poorest countries such as Upper Volta or by making additional resources available to blend countries such as Ivory Coast, Ghana or Liberia where availability of funds is the constraint.

4. I understand from Mr. Adler's memorandum of August 12 that our Region is being given additional IDA (\$218 million based on 41 projects) and is asked to allocate this by country and by project. In doing this, you will see that we have added Dahomey Highway Supplement and increased a number of loan and credit amounts beyond what you have already approved (eg Cameroon Highway Supplement, Togo Rural Development, Cameroon Port and Congo Railway). In each case we would plan to make a detailed proposal to you. We have, however, included the increased amounts here so that you can take these likely claims into account in making the Bank-wide allocation.

Attachments

cc: WAN Department Directors
WAN Division Chiefs
Messrs. King, Davis, Lenfant, Adler, Schulmann, Bowron
Mrs. Milkovich

SDenning:cd

		FY76 Lending Without Third Window				FY76 Lending With Third Window					
		\$ million		No. of Projects		\$ million			No. of Projects		
		IBRD	IDA	IBRD	IDA	IBRD	TW	IDA	IBRD	TW	IDA
CAMEROON	Education		14					14			
	Port	35				35					
	DFC		3					3			
	Road Suppl.	13		1	2	13					
		48	17			13	35	17	-	1	2
C.A.R.	Education Suppl.		1	-	-	-	-	1	-	-	-
CHAD	Polders		5					5			
	Sat. Der. Suppl.		8					8			
			13	-	1	-	-	13	-	-	1
CONGO	Rail	38		1	-	38			1	-	-
DAHOMEY	Cotton		6					6			
	Road Suppl.		10	-	1			10	-	-	1
			16					16			
EQ. GUINEA		-	-			-	-	-	-	-	-
GABON		-	-			-	-	-	-	-	-
GAMBIA	Tourism		4	-	1			4	-	-	1
GHANA	Cocoa	14				14					
	Highway	25					25				
	DFC	10				10					
	Rural Dev't	11	10			11		10			
		60	10	4	-	35	25	10	3	1	-
GUINEA	Highways		14	-	1	-	-	14	-	-	1
IVORY COAST	Highways	43				43					
	SSE	5.6				5.6					
	BIDI	8				8					
	Rice	10					10				
		66.6	-	4	-	56.6	10	-	3	1	-
LIBERIA	Highways	27.5				27.5					
	Power	1.8				1.8					
	Lofa		6					6			
		29.3	6	2	1	29.3	-	6	2	-	1
MALI	Cotton		15					15			
	Highways		10					10			
			25	-	2			30	-	-	2
MAURITANIA	Port		8	-	1			8	-	-	1
NIGER	Maradi		10					10			
	Highways		12					12			
			22	-	2			22	-	-	2
NIGERIA	Rubber	14				14					
	Kano	40				40					
	SSI	30				30					
		84		3	-	84			3	-	-
SENEGAL	Livestock		4.5					4.5			
	Terres Neuves		2					2			
	Highways III	14.5					14				
	Highways IV	7					7.5				
		21.5	6.5	2	2	-	21.5	6.5	-	2	2
SIERRA LEONE	Education		7.3	-	1			7.3	-	-	1
TOGO	CIMAO	60				60					
	Rural Dev't		9					9			
		60	9	1	1	60	-	9	1	-	1
UPPER VOLTA	RDF		10	-	1			10	-	-	1
UPPER VOLTA	TOTAL 35 projects	407.4	168.8	18	17						
	Highways		25					25			
				TOTAL 36 projects		315.9	91.5	198.8	13	5	18
CHAD	RDF		8					8			
GAMBIA	Rural Dev't		4					4			
IVORY COAST	Rural Water	10					10				
LIBERIA	Education		5					5			
GHANA	Program Loan	20				20					
	TOTAL 41 Projects	437.4	210.8	20	21	335.9	101.5	215.8	14	6	21

Table II

Western Africa Region

Regional Lending Program
Without Third Window

	<u>RLP with 35 projects</u>		<u>RLP with 41 projects</u>	
	<u>IBRD</u>	<u>IDA</u>	<u>IBRD</u>	<u>IDA</u>
Cameroon	48	17	48	17
CAR		1		1
Chad		13		21
Congo	38		38	
Dahomey		16		16
Equatorial Guinea				
Gabon				
Gambia		4		8
Ghana	60	10	80	10
Guinea		14		14
Ivory Coast	66.6		76.6	
Liberia	29.3	6	29.3	11
Mali		25		25
Mauritania		8		8
Niger		22		22
Nigeria	84		84	
Senegal	21.5	6.5	21.5	6.5
Sierra Leone		7.3		7.3
Togo	60	9	60	9
Upper Volta		10		35
	407.4	168.8	437.4	210.8
Number of projects	18	17	20	21
Average loan/ credit size	22.6	9.9	21.8	10.0

Table III

Western Africa Region
Regional Lending Program
With Third Window

	RLP with 36 projects			RLP with 41 projects		
	IBRD	TW	IDA	IBRD	TW	IDA
Cameroon	13	35	17	13	35	17
CAR			-1			1
Chad			13			21
Congo	38			38		
Dahomey			16			16
Equatorial Guinea						
Gabon						
Gambia			4			8
Ghana	35	25	10	55	25	10
Guinea			14			14
Ivory Coast	56.6	10		56.6	20	
Liberia	29.3		6	29.3		11
Mali			30			30
Mauritania			8			8
Niger			22			22
Nigeria	84			84		
Senegal		21.5	6.5		21.5	6.5
Sierra Leone			7.3			7.3
Togo	60		9	60		9
Upper Volta			35			35
	315.9	91.5	198.8	335.9	101.5	215.8
Number of projects	13	5	17	14	6	21
Average loan/ credit size	23.9	18.3	11.7	24.0	16.9	10.2

SEC - US (98)
Vice Third Window
CC: FISHAW -

Mr. I.P.M. Cargill

August 20, 1975

Saad S. El Fishawy

ABU DHABI: Two-Year Bond Issue - September 1975

This morning, I called Mr. John Butter. He said that he had received copy of Mr. McNamara's cable to Minister Mohammad Habroush. He added that they intended to roll over the 1-1/2% million dollar two-year bonds maturing on September 15 and which the Ministry of Finance holds. He also said that he would contact the Palace so that the Ruler, Sheikh Zayed would also roll over the 1/2 million dollar two-year bonds which he holds in his private account and which will mature on September 15.

On the subject of the "Third Window", he said that a memo had been signed by Minister Habroush and would be presented to the Council of Ministers at its next meeting to approve Abu Dhabi's contribution. He said that the contribution might not amount to the 10 million dollars which I aimed at in my letters to Minister Habroush, Minister Al-Sweidi and to Sheikh Al-Maktoom, but probably would be 5 million dollars. He said that Abu Dhabi would communicate the result to the Bank in the course of next week.

SELFishawy/rh

cc: Messrs. Adler
Paijmans
Rotberg/Hittmair
Goodman
Kochman
Hattori
Burmester

Mr. J. Burke Knapp

August 18, 1975

Through: Mr. E. Stern, Acting Vice President, DPS
Mahbub ul Haq, Director, PP&PRD

Allocation of Third Window and Reallocation of IBRD and IDA

1. Mr. Adler's proposals on this subject, made in his memorandum to Mr. McNamara of July 28, provide a useful basis for discussion and include the proposals we had made to you earlier this year on the allocation of Third Window funds. Our present suggestions for modification of his proposals do not, for the most part, involve large amounts, but they reflect certain general policy considerations which we believe are important. Since we are currently in the process of an overall analysis of the allocation criteria implicit in the 1975-79 lending program, which we expect to complete by mid-September, we have used our preliminary results as a basis of comments on Mr. Adler's proposals.

2. I should also like to call your attention to Mr. Adler's memorandum of August 12, particularly paras. 6 and 7. These seem to modify the previous exercise considerably. It would have been far better if there had been some initial consultation by P&B so that it would have been unnecessary to change allocation figures and instructions within two weeks of each other, since this can only lead to confusion.

3. Before giving our detailed suggestions, I would like to make these general points:

- a) For the IBRD program, we are uneasy about the "idealized" approach used by P&B as a starting point for adjusting for overprogramming. We need a more careful review of individual country requirements, including project readiness. Moreover, while we strongly support the view that the Regional offices should be primarily responsible for IBRD priorities within the Region, some central review will still be required to make decisions about inter-Regional priorities.
- b) We suggest that small reserve funds be maintained for the Third Window and IDA, at least until March 1976, to deal with crisis situations which, as we have seen in the past, often require a quick response. These include natural disasters, unexpected export shortfalls, expected shifts in the international situation such as in the Middle East, etc. The size of such funds should perhaps be put at \$60 million for IDA and \$20 million for Third Window.
- c) In Para. 11 of Mr. Adler's memorandum of July 28, he suggests guidelines for the identification of Third Window projects. Except for the second (b), which deals with getting projects to the Board, we do not understand the rationale for the criteria proposed. There would seem to be no justification for keeping blend projects involving

Third Window funds to a minimum, provided the project is additional. There also is no basis for restricting TW projects to the newer social sectors in IBRD-TW countries and in the traditional sectors in TW-IDA countries. The TW was developed and justified on the grounds that additional capital was required on terms appropriate to the current world economic situation. The donors have no sectoral expectations and certainly it makes no economic sense to establish any. The selection of projects in each country should continue to be guided by the development strategy we wish to support in that particular country and not by the different sources of our finance.

- d) In respect of the Third Window allocations, which we originally proposed in our memo of March 15, 1975, and which are incorporated in Mr. Adler's memo, we now believe that creditworthiness considerations (and the quality of the IBRD portfolio) should be reflected to a somewhat greater extent than they were in the original proposals.

4. Our specific suggestions are guided by one or more of the general considerations mentioned above. We recommend that:

- a) The Third Window be eliminated for Bolivia and Congo - two small countries which have good oil resources, and already high levels of per capita grant equivalents.
- b) The allocations to several other small countries be held to the proportions that we recommended in the memorandum of March 15, rather than rounding them up to \$5 million or more, as proposed in Mr. Adler's memorandum. This would lead to reductions by \$2 or \$3 million in the amounts recommended for The Gambia, Togo, Liberia and Senegal.
- c) The Third Window allocation proposed for Tanzania be reduced by \$8.0 million to be compensated by a \$4 million increase in the IDA program because of the country's serious long-term creditworthiness problems.
- d) The \$125 million Third Window allocation for India proposed by P&B be reduced to \$100 million. This TW amount would be used to replace entirely the \$100 million IBRD allocation requested by the Region in the latest draft CPP for FY76. At the present time we agree with the Region that a somewhat more pessimistic view should be taken of India's long-term creditworthiness for Bank lending, and the TW allocation would ease the debt burden while further consideration is being given to continued IBRD lending.

- e) For Pakistan, a proposal to increase the IDA allocations was recently rejected by Mr. McNamara on performance grounds. In comparison with Mr. Adler's proposal, this would mean \$32 million less for that country.
- f) For Egypt, we support the proposals for Third Window and IDA, but would suggest that the IBRD program be reduced because of doubts about the country's creditworthiness.
- g) Instead of increasing proportionately the IDA allocations, as proposed in Mr. Adler's memo, we would suggest holding IDA at its presently programmed level for East and West Africa (except Tanzania) and leave the currently underprogrammed amount of \$61 million as a reserve fund for the time being.
- h) For Kenya, Korea, Thailand and the Philippines, we propose increases in Third Window allocations on the grounds that all four have had good performance and relatively good creditworthiness, but relatively low grant elements in their present programs as well as growing debt service burdens.
- i) There are at least two countries in the Middle East (Jordan and Syria) where our program options have been limited so far because of the political situation prevailing in the region. If this situation changes for the better, we should be prepared to lend some Third Window funds. The proposed reserve of \$20 million will facilitate such an allocation late in FY76.

5. The changes resulting from our recommendations are summarized in the attached table.

Attachment

cc: Mr. McNamara
Mr. Chenery (o/r)
Mr. Chernick (o/r)

Mr. J. Adler, P&B

JAEdelman/JBherier/MHag:jet

A. Third Window

<u>Reduction</u>	<u>P & B</u>	<u>D P S</u>	<u>Difference</u>
Bolivia	6	-	-6.0
Congo	5	-	-5.0
Gambia	5	2.5	-2.5
Togo	5	2.5	-2.5
Liberia	5	2.0	-3.0
Senegal	18	15.0	-3.0
Tanzania	18	10.0	-8.0
India	<u>125</u>	<u>100.0</u>	<u>-25.0</u>
Subtotal	187	132.0	-55.0

Increases

Kenya	25.0	30.0	5.0
El Salvador	5.0	10.0	5.0
Korea	25.0	35.0	10.0
Philippines	25.0	35.0	10.0
Thailand	25.0	30.0	5.0
Reserve Fund	<u>-</u>	<u>20.0</u>	<u>20.0</u>
Subtotal	105.0	160.0	55.0

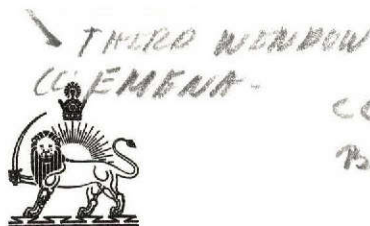
B. I D A

Reduction

Total Eastern Africa	269	249	-20
Total Western Africa	172	163	-9
Pakistan	<u>113</u>	<u>81</u>	<u>-32</u>
Subtotal	554	493	-61

Increases

Reserve Fund	-	61	61
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cc: Messrs.
Benzink, Goodman

IMPERIAL EMBASSY OF IRAN
WASHINGTON, D. C. 20008

17 August, 1975

The Ambassador

Dear Mr. McNamara:

I have the high honor to forward herewith the following message which has just been received for you from His Imperial Majesty, the Shahanshah Aryamehr of Iran:

" Dear Mr. McNamara:

I thank you for your message in which you have informed me of the establishment of an intermediate financing facility in your bank for providing additional assistance to developing countries on concessional terms.

I like your proposal very much and I believe that it will fill a vital need for supplying urgently required funds to

-2-

the poorer countries of the third world. Concerning my country's participation in this new World Bank facility, I will be able to answer you in this regard on the first of October.

I appreciate very much the cordial sentiments which you have expressed with regard to Iran and I send you my best wishes.

Mohammad Reza Pahlavi "

May I take this opportunity to renew the assurances of my high esteem and most cordial personal regards.

Very sincerely yours,

Ardeshir Zahedi
(Dictated by telephone)



The Honorable Robert S. McNamara
President
International Bank for Reconstruction
and Development
Washington, D. C. 20433

> Third Window
cc Abu Dhabi
Yellow
Copy

Mr. I.P.M. Cargill

August 15, 1975

Saad S. El Fishawy

ABU DHABI: Contribution to "Third Window" Subsidy Fund

Please find attached the translation of a letter I sent to H.E. Sheikh Ahmad Khalifa Al-Sweidi, Minister of Foreign Affairs, Abu Dhabi, United Arab Emirates.

Letters along the same lines were sent to:

H.H. Sheikh Hamdan Ibn Rashid Al-Maktoom
Deputy Prime Minister and Minister of
Finance, Economy and Industry
Abu Dhabi, United Arab Emirates

and to:

H.E. Mohammad Habroush
Minister of State for Financial and
Industrial Affairs
Abu Dhabi, United Arab Emirates.

Encl.

cc: Messrs. J.H. Adler
Goodman
Hattori
Kochman
Burmester

SELFishawy/rh

✓ Third Window
cc Abu Dhabi

T r a n s l a t i o n

His Excellency, The Honorable Brother
Sheikh Ahmad Khalifa Al-Sweidi
Minister of Foreign Affairs
The Palace of the Ruler
Abu Dhabi, United Arab Emirates

Washington, D.C., August 13, 1975

Greetings, warm wishes and sincere friendship:

During my visit to Abu Dhabi at the end of last month, unfortunately, I did not have the pleasure of meeting you because of your travel abroad.

I wish to inform you of the latest stages that the World Bank scheme to grant loans to developing countries at an intermediate interest rate (4.5%), between the 8.5% interest currently charged by the Bank and the lenient terms offered by the International Development Association (interest-free credits with only 3/4% service charge) have reached. This scheme, commonly known as the "Third Window" has been approved by the Bank's Board of Executive Directors at its meeting held on July 29, 1975.

Until now certain OPEC and OECD countries have contributed to it an aggregate amount of 114 million dollars, as follows:

<u>Country</u>	<u>Contribution in US\$</u>
Canada	20 Million
Kuwait	20 "
Netherlands	20 "
Norway	4 "
Qatar	5 "
Saudi Arabia	25 "
United Kingdom	10 "
Venezuela	10 "
 TOTAL	 114 Million

As you may recall, during Mr. McNamara's visit to Abu Dhabi last March, this scheme has won the noble support of His Highness Sheikh Zayed and or your Excellency. We were hoping then that the contribution of the United Arab Emirates would amount to 20 million dollars.

With our full appreciation, and the appreciation of the developing countries, of the generous assistance which the United Arab Emirates have extended and are still extending to them for the purpose of economic development, we nonetheless consider that your contribution to this international scheme is of particular importance.

I believe that if it would be possible to have the decision taken by the United Arab Emirates to contribute at the present time the equivalent of ten million dollars and to notify the Bank officially thereof, such contribution would have a most welcome impact, particularly if the announcement were made at the Annual Meetings of the Bank's Governors, which starts on September 1, 1975.

I take this opportunity to inform you that the Bank management is making progress towards increasing the Bank's capital, so as to increase the voting power of the OPEC countries from about 5% to about 15%, as Mr. McNamara has informed you.

Hoping to hear good news from you and about you, and to meet you in good health under the best of circumstances, God willing,

Sincerely,

/s/ Saad S. El Fishawy

10/13/75
WBA/P Third Window

Mr. J. Burke Knapp

August 14, 1975

William Diamond *W*

Bank/IDA/Third Window Allocations for FY76

1. You asked for comments on the allocations proposed by Mr. Adler in his July 28 memo to Mr. McNamara. Here they are.

General

2. I am puzzled about the allocation of IBRD funds. To reduce "over-programming", the \$5,487 m. "lending program" has been reduced to \$5,200 m., "or about 10% more than the World Bank lending program to allow for some unavoidable country and related project losses." However, the approved lending program is \$4,700 m., not \$5,200 m.; and the management is allowed an over-run, for certain purposes, of up to 10%. So the \$5,200 m. cannot include that 10%. If, however, it is the 10% on which slippage is expected, then the \$5,200 m. is an operations, not a lending, program, and cannot be added to the IDA and TW sums, which are lending programs. In what sense, therefore, is there \$5,200 m. in "available IBRD funds"?

3. If the IBRD total is an operations program, from which 10% must be cut to reach the lending program, I assume that this Region doesn't have to bother. For the 10% would amount to a trivial \$6 million.

4. Allotting IBRD totals to the Regions for distribution within the Region is a good idea in principle. However, I note that the regional allocation is not based on regional considerations, but is rather the summation of individual country programs, which of course were established on the basis of country considerations. Given the fact that country considerations will have to govern (as they should) and that the Regions may only "propose" country allocations, the apparent decentralization is not very meaningful.

5. As for re-programming IDA funds, except for the minor variations referred to in P&B's para 9, the re-allocations are strictly mechanical adjustments. Thus, while the allocations for all S.A. countries have increased (some considerably), all the increases are mechanical adjustments based on principles of equity decided in May 1974, and are not responses to later re-assessments of need or re-evaluations of performance. The only new figure which might be, in a general way, out of line, is the one for Sri Lanka, which is 58% larger than it was before. However, for the time being, I would prefer to accept all the figures proposed.

6. TW funds are of course IBRD funds, and their allocation should therefore be influenced by country creditworthiness considerations. Mr. Naq's memo of March 15 referred to creditworthiness considerations. It is hard to see how India would, on such considerations, be eligible for

TW funds. In this connection, I note that countries in the \$200-375 p.c.p.a. category will still get \$101 million of IDA resources, after TW, and, that \$260 million of TW funds will go to countries in the under-\$200 class. If the former could be substituted for an equivalent amount of the latter, we would have a situation better related to capacity to service debt. But I suppose the peculiar situation of India makes this impossible. (See para 12 below.)

7. Mr. McNamara said, last week, "no projects no TWI" I take it this means over-all, not country-by-country. More important, I assume the "ripple effect" will also call for additional projects. (In S.A., the "ripple", i.e. Col. C as opposed to Col. B, is negligible. Nevertheless, we shall produce additional projects even for non-TW countries.) However, you are no doubt aware that, except in India, the only way of producing extra-projects in FY76 is by trying to pull them in from FY77, which of course will have its own outward ripple effect. (Even in India's case, the parts of the FY76 program that were to be slipped into FY77 are about the only firm parts of the FY77 program.) That is, the project pipeline will be drawn down.

Country Comments

8. As you will note below, it is only in the case of India that we can be confident of committing the full IBRD/IDA/TW allocation for 1976. For the rest, it appears that we can hit the target, more or less, but much will depend on luck and on conforming to tight time-tables.

9. Bangladesh. The total allocation, all IDA, would be increased from \$150 million to \$206.3 million. P&B had not taken into account \$4.6 million for the IWT supplemental loan which, with your concurrence, we have considered to be in addition to the current regular allocation. Although the amount is small, I assume it should be added to the new allocation.

10. As seven of the nine projects in the operations program have been appraised, it should be possible to commit the entire proposed allocation. As you will recall, we raised the proposed Fourth Imports Credit from \$75 to \$100 million in anticipation of an increased IDA allocation, thus raising our forecast of FY76 commitments to \$175 m. for six projects. That forecast excluded the \$25 m. Muhuri Irrigation Project, now being negotiated, which will not be presented to the Board until after bids have been received in April for major project items and the bidding results may well necessitate consideration of a larger amount. We planned presentation in July 1976, but the project could be brought forward. Muhuri would bring us reasonably close to the target, while still allowing for a small increase in the amounts now provided for individual projects. Moreover, processing of the Shallow Tubewells Project (\$15 m.) is moving faster than expected; it could

be available as a back-up. And the Fisheries Project (\$15 m.) is a remote possibility. So we seem safe. However, commitment of the total allocation cannot be considered a certainty at this point, given the difficulties of working in Bangladesh.

11. Burma. The new allocation, up from \$40 m. to \$49.4 m. and all IDA, can be committed in this fiscal year if present processing schedules are maintained. The current operations program consists of three projects totalling \$42.5 m. but the amount proposed for the Mining Project will be \$15 m. instead of \$10 m., to cover higher foreign exchange costs, thus raising the total to \$47.5 m. This figure is close enough to the allocation. The uncertainty stems from the fact that Board presentation of both the Mining and the Lower Paddy Development Projects is planned for May. One or both might slip out of the fiscal year. In the estimate we gave P&B in July (25 Board presentations for the Region), we assumed one would slip. However, we shall try to beat that.

12. India. Considerations of creditworthiness would lead us to recommend IDA rather than TW resources for India. (The CPP now being prepared will argue against an increase in Bank lending.) However, I can understand that it is not feasible at this time to give India more than 40% of IDA resources; nor does it seem possible to reduce the TW allocation. We could, however, eliminate the straight Bank lending (\$60 m.) and leave only the TW allocation (\$125 m.). In either event, since TW is presumably a one-year affair, FY76 will once again be (as FY75 was) an exceptional year for Bank lending to India -- though not so exceptional as one as last year.

13. We should have no trouble using the proposed total allocation of \$862 million, for the Indian Operations Program for FY76 is strong and we planned to slip some entirely on account of the shortage of resources (which we have so far been assuming to be \$700 m. - \$600 m. IDA and \$100 m. Bank). It was on this basis that we estimated 25 Board presentations for the year. We should now be able to add about 3, from the Indian pipe-line, to our previous estimate.

14. As for the selection of projects for TW financing, it is not easy to reconcile the selection criteria with the project realities of our FY76 operations program. The designation of Power IV (\$150 m.) or the Fertilizer Industry Project (\$95 m.) and one other project would respond to the P&B guidelines for TW/IDA countries -- high probability and preference for projects in traditional sectors. However, one project which uses up all or most of the TW allocation is hardly consistent with the wish for 15 projects for the total \$500 m. And the small projects are in the non-traditional sectors. Accordingly, I propose to compromise by earmarking for TW at this time the Cotton Development Project for \$15 m., the Andhra Pradesh CAD Project for \$55 m. and the IDBI II Project for about \$50 million (assuming we do it, or another project if we do not), a total of \$120 m. However, the Government may have some views on the subject and we would want to take them into account. We shall take the matter up with the Government when we get the green light from you.

15. Nepal. Prospects for using almost all the new allocation, increased from \$39 m. (as adjusted in the latest CPP review) to \$44.7 m. and all IDA, are good if the current processing schedule can be maintained. The present operations program consists of three projects totalling \$39 m. Under the current financing plan for the Kulibhuni Hydroelectric Project, the Government would provide approximately \$3.8 m. to cover part of the total \$56.3 m. foreign exchange. With the proposed increased allocation, IDA would be able to finance this amount, raising the estimated total commitment figure to \$42.8 m. There would still be a small margin for possible further cost increases in Kulibhuni and other projects. Here again, the principal uncertainty arises from the fact that Board presentation of the Irrigation Project is currently scheduled for June. In reaching the Regional estimate of 25 Board presentations, we assumed that it would not do so. Commitment of the \$42.8 m. mentioned above would mean one additional presentation.

16. Pakistan. The President's decision at the CPP review of July 30 to keep the FY76 program at the level of FY75, was taken before he knew about the proposed readjustments in the IDA lending program -- readjustments based strictly on equity. I assume therefore that the P&S proposal is now the operative one: \$112.7 m. for IDA and a TW allocation of \$50 m. However, I also assume you will add to the former the \$6 m. representing Norad's participation in the Karachi Port Project. The total proposed for Pakistan is then \$168.7 million. We should be able to use all or virtually all of that sum.

17. I propose the WAPDA II power project for TW financing. With Board presentation now planned for November, approval in FY76 is highly probable and this project accords with the preference for projects in traditional sectors for TW/IDA countries. No additionality would be involved as TW funds would be entirely replacing Bank loans. As six of the eight projects in the operations program have been appraised, I expect no difficulty in utilizing the proposed \$118.7 million IDA allocation. In fact this can be done with one less Board presentation than we had counted on in reaching our regional estimate of 25 for the fiscal year.

18. Sri Lanka. The prospects for using practically all of the new allocation, increased from \$35 m. to \$55.4 m. and all IDA, are reasonably good. The present operations program consists of two projects: an Irrigation Project for \$15 m. currently planned for presentation in January and the Agriculture Development Credit for \$20 m. now planned for presentation in November. The latter was reduced recently from the \$25 m. originally planned due to the shortage of funds under the present IDA allocation. The cut can now be restored. The Irrigation Project is in fact two different projects: an Irrigation Modernization Project and the Mahaweli Ganga II(1) Project, which it has now been decided to split and present separately. The proposed increased allocation will now enable IDA to consider credits of \$20 m. for Mahaweli

Ganga and \$2 m. for Irrigation Modernization, more than the \$15 m. envisaged so far. The above program totals \$54 m., reasonably close to the proposed allocation, and Board presentations would increase from two to three. However, the actual commitments would fall short of this projection to the extent that efforts to obtain funds from other sources on terms comparable to IDA are successful.

19. Summary. The Region, with increased effort and good luck, could carry out the above program. It totals \$1,342.9 m., or 48.2 m. short of the proposed \$1,391.1 m. (\$1,330.5 plus \$10.6 million for IWT and Tarbela Supplements). Some of the remaining shortfall might be made up by increases in amounts. To have a firmer program totalling \$1,391.1 m. we would have to add to the Indian program, but we would, in that case, exceed the 40% limit on India's share of IDA.

20. The foregoing implies a net increase of 5 in the number of projects the Region would present in FY 1973.

Estimates of Board Presentations

	<u>July Memo</u>	<u>This Memo</u>
Bangladesh	6	7
Burma	2	3
India	7	10
Nepal	2	3
Pakistan	6	5
Sri Lanka	2 (now 3)	2 (now 3)
	<hr/> 25 (now 26)	<hr/> 30 (now 31)

(Neither Bangladesh OSOT nor Pakistan Tarbela is counted as a project, although their amounts are counted against the year's allocation.) You will have noted, in the comments above that in no case do we visualize committing larger amounts by adding projects to our existing operations programs: it is done in India's case by recovering projects which would have been postponed because of resource constraints and in other cases by accelerating projects from the next fiscal year or by expecting larger amounts for planned projects. Thus we would this year go to the Board

with a greater number of projects than we previously envisaged but drawn from a fixed operations program. We must therefore accept a temporary reduction in the inventory of projects for approval in subsequent years - mainly FY77 -- until, in due course, it can be replenished.

cc: Mr. Weiner
Mr. van der Meer
Mr. Street
Mr. Baneth
Division Chiefs (Programs)

Mr. Pilvin

WDiamond/jw

EGYPT

	<u>B</u>	<u>TW</u>	<u>IDA</u>	<u>Total</u>
(i) <u>P&B Proposal (FY76) \$ Mln.:</u>	150.0	50.0	46.5	246.5
(ii) <u>Comment on Base Figure:</u>	None			
(iii) <u>Consequences of P&B Proposal:</u>	<ul style="list-style-type: none"> • IDA allocation reduced although country barely above IDA cut-off point. • Grant element reduced (from 34.5% in base figure) to 33.4%. • Country needs large amount of assistance (justified by economic performance) and soft blend to ease short- and medium-term liquidity. • Over past six months, project performance and disbursements improved significantly, i.e., large amounts needed could effectively be absorbed. • High level management commitment for <u>at least</u> \$227 million, requiring programming for about \$265 million. 			
(iv) <u>Regional Counterproposals</u>	<ul style="list-style-type: none"> • Increase total allocation to \$265 million to meet needs. • Raise IDA allocation to original \$65 million (i.e., grant element 37.4%) or raise TW to \$68.5 million (i.e., grant element 34.6%). • Allow processing of two additional projects -- Upper Egypt II and Wire Rod Mill.^{1/} 			
(v) <u>Conclusion</u>	<ul style="list-style-type: none"> • Need more funds and softer blend by restoring full IDA allocation or increasing TW in lieu of IDA reduction. • Could deliver two additional projects.^{1/} 			

EMENA CPIA
August 12, 1975

^{1/} Although IPD staff feel Wire Rod Mill can be quickly appraised, Division Chief feels this is not possible because of other projects on queue and since latest data not forwarded from Cairo (although available).

YAR

- (i) P&B Proposal: \$8.7 million IDA
- (ii) Comment on Base Figure: Should be \$21.5 million.
\$8.1 mln Hodeida Water Supply and Sewerage Credit presented in FY75 on special considerations -- Management commitment to Government and unforeseen slippages and availability of IDA funds. Also, Management has already agreed to provide additional \$5.5 million for Tihama overruns.
- (iii) Consequences of P&B Proposal:
- o Would only allow processing of one project compared with three (\$27.1 million) in FY75.
 - o Third operation (Hodeida WS&S) was only presented in FY75 to meet Mr. McNamara's assurances to Government.
 - o At no point in FY75 was it mentioned that FY76 programs would be reduced in lieu of third operation in FY75.
 - o At Government's request for TW funds in FY76, Mr. McNamara indicated YAR was likely to receive increased IDA funds instead.
 - o A sharp reduction from \$27.1 million in FY75 to \$8.7 million in FY76, following Mr. McNamara's visit would adversely affect country relationships; also Arab contributors to interest subsidy fund would complain.
 - o IDA's role in YAR has been highly significant in terms of macroeconomic advice, technical assistance (project and non-project) and in aid coordination including that through projects cofinanced by others. A program allowing for only one project would adversely affect all this.
 - o One FY76 project (Education II) has already been appraised; a second (Agro/Industries) is being preappraised now for appraisal in October; we have told the Government and Kuwait Fund that we will cofinance the Tihama overrun; the Government, Kuwait Fund and UK ODM are pressing for IDA participation in a new priority livestock project (we have written to them that we agree in principle).
- (iv) Regional Counterproposal:
- o Increase the IDA allocation for FY76 to \$29 million on account of commitments already made to the Government and other lending institutions.
 - o Finance the Education II (\$8 million) and Ag Credit/Livestock (\$10 million) besides the Tihama overrun (\$11 million).
- (v) Conclusion:
- o The IDA allocation has to be increased to \$29 million.
 - o We could deliver an additional project (Livestock) with a minimal contribution (say \$3-5 million)

PDRY

- (i) P&B Proposal: Zero IDA
- (ii) Comments on Base Figure: Should be \$6.2 million
(Aden Port Credit was increased to \$3.2 million before negotiations)
- (iii) Consequences of P&B Proposal:
- P&B cites overrun in FY74 as reason for cut; CPP Postscript of February 5, 1975, records that FY74 increase (Fisheries Supplemental Credit and Highways II) were special cases and PDRY would, in FY76, obtain an additional \$ 6 million in any event, with a zero allocation in FY77.
 - TW should result in increased IDA funds to poorest countries; the P&B proposal patently contradicts this.
 - PDRY has demonstrated good performance in terms of fiscal responsibility and projects and the latest IMF economic report projects improvements in economic indicators; both factors argue for increased assistance if development is to be sustained, particularly given very scarce resources and project prospects.
 - Besides the E. Bloc and recently begun lending by the Arab and Kuwait Funds, PDRY has no other sources of capital assistance.
 - The Aden Port Credit documents have been distributed for consideration on August 21; the Wadi Hadramaut Project was appraised in January/February 1975.
 - Two successive years of zero IDA lending to a least-developed member country would adversely affect its development and relations between the Bank Group and PDRY and also some of the contributions to the interest subsidy fund.
- (iv) Regional Counterproposal
- Increase IDA allocation for FY76 from ~~\$6.2~~ \$6.2 million to \$10.2 million (since countries like PDRY should benefit from introduction of the TW).
 - The Region, in a memorandum dated July 29, 1975, to Mr. Knapp has recommended that IDA provide \$7 million towards the Wadi Hadramaut Project (citing the main points in (iii) above).
- (v) Conclusion
- PDRY needs an additional \$4.2 million to maintain the program of two projects in FY76.



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date August 12, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report Nos. M75-35, IDA/M75-34, IFC/M75-12 Minutes of Meetings of the Executive Directors of the Bank and IDA and the Board of Directors of IFC held in the Board Room on July 29, 1975 at 10:00 a.m.				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date August 12, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report No. SD75-41 Summaries of Discussions at Meeting of the Executive Directors of the Bank and IDA, July 8, 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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

August 13, 1975

*File
Third Window*

Mr. Diamond:

Bank/IDA Third Window Allocations
for FY76

With reference to the last sentence of paragraph 5 of your draft memorandum, I would like to draw your attention to the fact that additional IDA allocations suggested for Burma, Nepal and Sri Lanka are 23.5%, 13.8% and 58.3% respectively. If you were to take just these three countries, it seems that the additional allocation proposed for Sri Lanka certainly seems to be more generous than the ones proposed for the other two countries.

I have made minor corrections on the figures for Nepal (paragraph 16) and a very minor suggested amendment for Sri Lanka (paragraph 19).

A.H. Shibusawa

AHS:dp

OFFICE MEMORANDUM

TO: Messrs. Collier, Alisbah, Shibusawa and Dunn

DATE: August 12, 1975

FROM: William Diamond

SUBJECT: Bank/IDA/Third Window Allocations for FY76

May I have your comments on the attached by c.o.b. Wednesday,
August 13. Please insert corrections or emendations right onto the text.

Attachment

WDiamond/jw

DRAFT

WDiamond:GMStreet/jw

August 12, 1975

TO: Mr. J. Burke Knapp

FROM: William Diamond

SUBJECT: Bank/IDA/Third Window Allocations for FY76

1. You asked for comments on the allocations proposed by Mr. Adler in his July 28 memo to Mr. McNamara. Here they are.

General

2. I am puzzled about the allocation of IBRD funds. To reduce "over-programming", the \$5,487 m. "lending program" has been reduced to \$5,200 m., "or about 10% more than the World Bank lending program to allow for some unavoidable country and related project losses." The approved lending program is \$4,700 m., not \$5,200 m.; and the management is allowed an over-run, for certain purposes, of up to 10%. So the \$5,200 m. cannot include that 10%. If, however, it is the 10% on which slippage is expected, then the \$5,200 m. is an operations, not a lending, program, and cannot be added to the IDA and TW sums, which are lending programs. Put another way, in what sense is there \$5,200 m. in "available IBRD funds"?
3. If the IBRD total is an operations program, from which 10% must be cut to reach the lending program, I assume that this Region doesn't have to bother. For the 10% would amount to a trivial \$6 million.
4. Allotting IBRD totals to the Regions for distribution within the Region is a good idea in principle. However, I note that the regional allocation is not based on regional considerations, but is rather the summation of individual country programs, which of course were established on the basis of country considerations. Given the fact that country con-

siderations will have to govern (as they should) and that the Regions may only "propose" country allocations, the apparent decentralization is not very meaningful.

5. As for re-programming IDA funds, except for the minor variations referred to in para 9, I understand the reallocation to be strictly a mechanical readjustment based on the principles of equity decided on in May 1974. In SA, for instance, no country will get a more generous or a less generous allocation than was decided on a year ago, whatever the later reassessment of needs or reevaluation of performance.

6. Regarding TW, I naturally take those to be IBRD funds and their allocation should therefore be influenced by country creditworthiness considerations. Mr. Haq's memo of March 15 referred to creditworthiness considerations. It is hard to say how this applies to India. However, I can understand the factors which make it impossible to add to India's IDA allocation or to make its TW allotment lower.

7. In this connection, I note that countries in the \$200-375 p.c.p.a. category will still get \$101 million of IDA resources, after TW, and, that \$260 million of TW funds will go to countries in the under-\$200 class. If the former could be substituted for an equivalent amount of the latter, we would have a situation better related to capacity to service. But I suppose the peculiar situation of India makes this impossible; India gets almost half the under-\$200 allotment of TW but it would be politically impossible to increase its IDA percentage.

8. Mr. McNamara said, last week, "no projects no TW!" I take it this means Bank-wide, not country-by-country. More important, I assume the "ripple effect" will also call for additional projects. (In S.A., the

"ripple", i.e. Col. C as opposed to Col. B, is negligible. Nevertheless, we shall produce additional projects even for new TW countries.) However, you are no doubt aware that the only way of producing extra-projects in FY76 is by trying to pull them in from FY77, which of course will have its outward ripple effect. That is, the pipeline will be drawn down.

Country Comments

9. As you will note below, it is only in the case of India that we can be confident of committing the full IBRD/IDA/TW allocation for 1976. For the rest, it appears that we can hit the target, more or less, but much will depend on conforming to a tight time-table.

10. Bangladesh. The total allocation, all IDA, would be increased from \$150 million to \$206.3 million. P&B's approach to adjusting the allocation did not take into account the \$4.7 million for the IWT supplemental loan which, with your concurrence, we have considered to be in addition to the current regular allocation. Although the amount is small (\$4.5 m.), I assume it should be added to the new allocation.

11. As seven of the nine projects in the operations program have been appraised, it should be possible to commit the entire proposed allocation. As you will recall, we raised the proposed Fourth Imports Credit from \$75 to \$100 million in anticipation of an increased IDA allocation, thus raising our forecast of FY76 commitments to \$175 m. for six projects. That forecast excluded the \$25 m. Muhuri Irrigation Project, now being negotiated, which will not be presented to the Board until after bids have been received in April for major equipment items and the bidding results may well necessitate consideration of a larger amount. We planned to postpone presentation until July 1976, but the project could be brought forward. Muhuri would bring us

25
7.5
10.5

42.5

reasonably close to the target, while still allowing for a small increase in the amounts now provided for individual projects. Moreover, processing the Shallow Tubewells Project (\$15 m.) is moving faster than expected; it may be available as a back-up. And the Fisheries Project (\$15 m.) is a remote possibility. So we seem safe. However, commitment of the total allocation for Bangladesh cannot be considered a certainty at this point, given the difficulties of working in Bangladesh.

12. Burma. The new allocation, up from \$40 m. to \$49.4 m. and all IDA, can be committed in this fiscal year if present processing schedules are maintained. The current operations program consists of three projects totalling \$42.5 m. but the amount proposed for the Mining Project will be \$15 m. instead of \$10 m., to cover higher foreign exchange costs, thus raising the total to \$47.5 m. This figure is close enough to the allocation, for the time being. The uncertainty stems from the fact that Board presentation of both the Mining and the Lower Paddy Development Projects is planned for May. One or both might slip out of the fiscal year. In the estimate we gave P&B in July (25 board presentations for the Region), we assumed one would slip. However, we shall try to beat that, and will report in mid-year.

13. India. I have already commented on our view that prudence would lead us to recommend IDA rather than TW resources for India. (The CPP now being prepared will argue against an increase in Bank lending.) However, it is clearly not feasible at this time to give India more than 40% of IDA resources; nor is it possible significantly to reduce the TW allocation. Since TW is presumably a one-year affair, FY76 will once again (as in FY75) be an exceptional year for Bank lending to India.

14. We should have no trouble using the proposed total allocation of \$862 million, for the Indian Operations Program for FY76 is strong and we planned to slip some entirely on account of the shortage of resources (which we have so far been assuming to be \$700 m., - \$600 m. IDA and \$100 m. Bank. It was on this basis that we estimated 25 Board presentations for the year. We should now be able to add about 3, from the Indian pipe-line, to our previous estimate.

15. As for the selection of projects for TW financing, it is not easy to reconcile the selection criteria with the project realities of our FY76 operations program. The designation of Power IV (150 m.) or the Fertilizer Industry Project (\$95 m.) and one other project would respond to the P&B guidelines for TW/IDA countries -- high probability and preference for projects in traditional sectors. However, one project which uses up all or most of the TW allocation is hardly consistent with the wish for 15 projects, Bank-wide, for the \$500 m. And the small projects are in the non-traditional sectors. Accordingly, I propose to compromise by earmarking for TW at this time the Cotton Development Project for \$15 m., the Andhara Pradesh CAD Project for \$55 m. and the IDBI II Project for about \$50 million - (assuming we do it, or cutting if we do not) a total of \$120 m. However, the Government may have some views on the subject and we would want to take them into account. We shall take the matter up with the Government when we get the green light from you.

16. Nepal. Prospects for utilizing almost all the new allocation, increased from ^{39.0}\$36 m. to \$44.7 m. and all IDA, are good if the current processing schedule can be maintained. The present operations program consists of three projects totalling ^{39.0}\$37.0 million. Under the current financing plan for the Kulikhani Hydroelectric Project, the Government would provide approximately

~~#3.8~~

\$3.6-m. to cover part of the total \$56.3 m. foreign exchange. With the proposed increased allocation, IDA would be able to finance this amount, raising the estimated total commitment figure to ~~\$40.8~~^{#42.8}. There would still be a small margin for possible further cost increases before commitment to Kulikhani and other projects. Here again, the principal uncertainty arises from the fact that Board presentation of the Irrigation Project is currently scheduled for June. In reaching the Regional estimate of 25 Board presentations, we assumed that it would not do so. Commitment of the ~~\$40.8~~^{#42.8} million mentioned above would mean one additional presentation.

17. Pakistan. The President's decision at the CPP review of July 30 to keep the FY76 program at the level of FY75, was taken before he knew about the proposed readjustments in the IDA lending program -- readjustments based strictly on equity. I assume therefore that the P&B proposal is now the operative one: \$112.7 m. for IDA and a TW allocation of \$50 m. However, I assume you will add to the form/^{er}the \$6 m. representing Norad's participation in the Karachi port Project. The total proposed for Pakistan is then \$168.7 million. We should be able to use all or virtually all of that sum.

18. I propose the WAPDA II power project for TW financing. With Board presentation now planned for November, approval in FY76 is highly probable and this project accords with the preference for projects in traditional sectors for TW/IDA countries. No additionality would be involved as here Third Window funds would be entirely replacing Bank loans. As six of the eight projects in the operations program have been appraised, I expect no difficulty in utilizing the proposed \$118.7 million IDA allocation. In fact this can be done with one less Board presentation than we had counted on in reaching our regional estimate of 25 for the fiscal year.

19. Sri Lanka. The prospects for utilizing practically all of the new allocation, increased from \$35 m. to \$55.4 m. and all IDA, are reasonably good. The present operations program consists of two projects: an Irrigation project for \$15 m. currently planned for presentation in January and the Agriculture Development Credit for \$20 m. now planned for presentation in November. The latter was reduced recently from the \$25 m. originally planned due to the shortage of funds under the present IDA allocation. The cut can now be restored. The Irrigation Project is in fact two different projects: an irrigation modernization project and the Mahaweli Ganga ^{II (1)} ~~Ia~~ project, which it has now been decided to split and present separately. The proposed increased allocation will now enable IDA to consider credits of \$20 million for Mahaweli Ganga ^{II (1)} ~~Ia~~ and \$9 million for irrigation modernization, more than the \$15 million envisaged so far. (It should be noted, however, that our efforts towards co-financing in the Mahaweli Ganga may produce enough results to permit a reduction of the \$20 m.) The above program totals \$54 m., reasonably close to the proposed allocation, and Board presentations would increase from two to three. However, the actual commitments would fall short of this projection to the extent that efforts to obtain funds from other sources on terms comparable to IDA are successful.

20. Summary. The Region, with increased effort and good luck, could commit the proposed total allocation of \$1380.5 m. Doing so would mean a net increase of five Board presentations for the year, as follows:

Estimates of Board Presentations

	<u>July Memo</u>	<u>This Memo</u>	
Bangladesh			
Burma	2	3	Burma
India			
Nepal	2	3	Nepal
Pakistan			
Sri Lanka	$\frac{1 \ 2}{6}$	$\frac{3}{9}$	Sri Lanka

You will have noted, in the comments above that in no case do we visualize committing larger amounts by adding projects to our existing operations program; it is done by accelerating projects from the next fiscal year, or by expecting larger amounts for planned projects. Thus we would this year go to the Board with a greater number of projects than we previously envisaged drawn from a given operations program, we must therefore accept a reduction in the inventory of projects for approval in subsequent years - mainly FY77. That is, we shall be consuming part of our future pipeline.

OFFICE MEMORANDUM

TO: See below

FROM: Stephen Denning

SUBJECT: Third Window Allocation

DATE: August 11, 1975

TP
1 cc. to each
division + set
in the afternoon
with each div. chief
to discuss the
10/14

1. Set out below for discussion is a proposed response to the P and B allocation of Third Window resources.

	\$ million				No. of Projects
	IBRD	TW	IDA	Total	
Cameroon	6	25	17	48	3
C.A.R.	-	-	1	1	-
Chad	-	-	13	13	1
Congo	35	-	-	35	1
Dahomey	-	-	6	6	1
Eq. Guinea	-	-	-	-	-
Gabon	-	-	-	-	-
Gambia	-	-	4	4	1
Ghana	35	25	10	70	4
Guinea	-	-	14	14	1
Ivory Coast	56.6	20	-	76.6	5
Liberia	29.3	-	10.5	39.8	4
Mali	-	-	30	30	2
Mauritania	-	-	8	8	1
Niger	-	-	22	22	2
Nigeria	125	-	-	125	4
Senegal	-	21.5	6.5	28	4
Sierra Leone	-	9	7.3	16.3	2
Togo	60	-	9	69	2
Upper Volta	-	-	10	10	1
	<u>346.9</u>	<u>100.5</u>	<u>168.3</u>	<u>615.7</u>	<u>39</u>
Adler allocation	<u>350</u>	<u>101</u>	<u>172.5</u>	<u>623.5</u>	

2. You will see that it fits almost exactly the Adler allocation of resources to the Region. This could only be achieved by adding 4 additional projects. An allocation based on the 35 projects most likely to be presented in FY76 would be:

	\$ million				No. of Projects
	IBRD	TW	IDA	Total	
	305.9	81.5	163.8	551.2	35

August 11, 1975

3. There are two main strategies which could be adopted.

(a) propose an allocation which consumes the Region's allocation, based on 39 projects and assuming a 10% country slippage down to 35-36 projects. As we cannot be sure which projects will go forward, it is reasonable to discuss money allocations (which are essentially ceilings) on the basis of what is probable, assuming no country problems.

(b) propose an allocation based on our best 35-36 projects and seek to increase our allocations as and when needed. Such an allocation, shown in detail in Table I, would consume less than the Region's allocation in the Adler memorandum.

4. The question of additionality of resources depends on the starting point for purposes of comparison. Here are various starting points which could be used.

WAN Lending Program

	\$ million		
	<u>IBRD</u>	<u>IDA</u>	<u>Total</u>
Haq memorandum 3/18/75	281	161	442
Adler memorandum 7/28/75	446.3	163.3	609.6
Adler's "reduced" program 7/28/75	400	179.4	579.4
Regional Lending Program 7/10/75	347.9	134.2	482.1
Regional Lending Program 8/11/75 ^{1/}	370.9	141.3	512.2
Estimated maximum lending	435.4	149.2	584.6
Estimated minimum lending	286.9	141.3	428.2

5. The question of additionality of projects is more difficult to prove; since the constraint on number of projects is not funds, but processing capacity. For the purposes of the exercise it could be argued that the ability to include additional projects in Liberia and Ivory Coast justify increasing the Region's number of projects from 34 to 36, a 10% increase in Bank/Third Window lending. Just
WC

6. Table I sets out the allocations based on 35 and 39 projects respectively. Table II compares current, approved and proposed lending programs in terms of amounts, number of projects and grant element. Table III shows the project breakdown of the allocation based on 39 projects, together with an indication of other "advanceable" projects.

^{1/} See Table III.

August 11, 1975

7. The following comments discuss issues concerning individual country allocations:

Cameroon

With an IDA allocation of \$42 million for FY75-77, Cameroon obtained \$18.2 million in FY75 and \$3 million so far in FY76. Financing Education with \$14 million IDA and the Highways II Supplement with 3/3 Bank/IDA would consume almost all of the original allocation for FY75-77. However, with per capita income of \$200, Cameroon is designated as a country whose IDA allocation should be reduced. While the Program Division proposes to increase IDA lending to \$35 million and total FY76 lending to \$63 million, neither of the two supposedly advanceable projects (Semry and Rice now in FY77) can be considered likely for FY76. The suggested strategy is to try to conserve the \$17 million IDA and finance Port with Third Window. Even this may be an uphill battle: the Adler allocation reduced Cameroon's IDA in FY76 from \$17 million to \$8 million. If it appears later that Semry or Rice can be advanced, then the positions could be reviewed at that time.

CAR

No problems.

Chad

The Program Division suggests that IDA be increased from \$15 million to \$20 million to finance the Rural Development Fund. (\$7 million now in FY77). I doubt whether anyone would object provided the project is ready. At this point, that looks doubtful. Hence I have left only Polders and the Sategui Deressia Supplement in.

Congo

No problems.

Dahomey

There is only one project in sight - Rural Development at \$6 million. Hence the \$14 million allocation is too much. 113

Equatorial Guinea and Gabon

No projects.

August 11, 1975

Gambia

Only one project is likely: Tourism at \$4 million. Hence \$5 million TW and \$7.6 million IDA is too much. If Rural Development is ready it could be advanced as an IDA project at a later point.

Ghana

With a per capita income of \$300, Ghana will have trouble keeping its existing IDA allocation. I have taken this as the starting point (i.e. \$10 million IDA), rejecting the Division's proposal to increase its IDA from \$10 million to \$14 million. There may be different views as to where to put IDA and Third Window.

Guinea

No problems.

Ivory Coast

Most of the FY76 lending is already committed to Bank and there is not much room for maneuver. It boils down to whether we can add a fifth project.

Liberia

The question here is whether we can add a fourth project: Education. (Bong appears beyond our appraisal capacity.)

Mali

The suggested allocation of \$30 million IDA would mean \$54.2 million in FY75-76 compared to an original allocation for three years of \$51 million. Even if this is acceptable, the question may be raised as to whether we shouldn't be doing additional projects, not expanding existing projects. It leaves open the question of the FY77 IDA allocation.

Mauritania

No problems.

Niger

Unless the Highways credit is increased, there are insufficient projects to consume the Adler allocation of \$32.7 million.

August 11, 1975

Nigeria

The question is whether the water and industry projects will be ready. This will affect the size of the total Bank program but there is no question that if ready, they will be presented.

Senegal

Mr. Knapp's decision appears to be acceptable.

Sierra Leone

To consume the \$100 million Third Window, I have added Power, currently a non-scheduled project.

Togo

The Adler allocation offered \$5 million TW and \$8.6 million IDA. I suggest we accept the IDA for the Rural Development project. It may need more but the question is whether we should raise this issue now.

Upper Volta

I have left the \$25 million Highways in FY77, first because this would consume a lot of the Region's IDA; secondly because it may not be ready and thirdly because the strategic moment for requesting advancement may be at the end of the fiscal year, rather than now.

Attachments

Distribution: Mr. Chaufournier
WAN Department Directors
WAN Division Chiefs
Mr. King
Mr. Lenfant
Mrs. Milkovich

WAN FY76 Lending Programs

Table 1

	A					B				
	FY76 Lending Program based on 35 projects					FY76 Lending Program based on 39 projects				
	IBRD	TW	IDA	Total	No. of Projects	IBRD	TW	IDA	Total	No. of Projects
CAMEROON	6	25	17	48	3	6	25	17	48	3
C.A.R.	-	-	1	1	-	-	-	1	1	-
CHAD	-	-	13	13	1	-	-	13	13	1
CONGO	35	-	-	35	1	35	-	-	35	1
DAHOMEY	-	-	6	6	1	-	-	6	6	1
EQ. GUINEA	-	-	-	-	-	-	-	-	-	-
GABON	-	-	-	-	-	-	-	-	-	-
GAMBIA	-	-	4	4	1	-	-	4	4	1
GHANA	35	25	10	70	4	35	25	10	70	4
GUINEA	-	-	14	14	1	-	-	14	14	1
IVORY COAST 1/	56.6	10	-	66.6	4	56.6	20	-	76.6	5
LIBERIA 1/	29.3	-	6	35.3	3	29.3	-	10.5	39.8	4
MALI	-	-	30	30	2	-	-	30	30	2
MAURITANIA	-	-	8	8	1	-	-	8	8	1
NIGER	-	-	22	22	2	-	-	22	22	2
NIGERIA 1/	84	-	-	84	3	125	-	-	125	4
SENEGAL	-	21.5	6.5	28	4	-	21.5	6.5	28	4
SIERRA LEONE 1/	-	-	7.3	7.3	1	-	9	7.3	16.3	2
TOGO	60	-	9	69	2	60	-	9	69	2
UPPER VOLTA	-	-	10	10	1	-	-	10	10	1
TOTAL	305.9	81.5	163.8	551.2	35	346.9	100.5	168.3	615.7	39
Adler proposal	350	101	172.5	623.5		350	101	172.5	623.5	

1/ Includes project not in FY76 Regional Lending Program in Table B.

TABLE II

Comparison of WAN Country Lending Program

FY76

	\$ million				No. of Projects	Grant Element (\$m)	Grant Element %
	IBRD	TW	IDA	Total			
Cameroon							
RLP 8/11	28	-	20	48	3	20.9	44%
Approved 1/	25	-	17	42	-	17.9	37%
Adler proposal	15	21	7.9	43.9	-	19.2	44%
Division proposal	7	21	35	63	4	42.4	67%
Suggested	6	25	17	48	3	28.3	59%
C.A.R.							
RLP 8/11	-	-	1	1	-	-	-
Approved	-	-	1	1	-	-	-
Adler proposal	-	-	1	1	-	-	-
Suggested	-	-	1	1	-	-	-
Chad							
RLP 8/11	-	-	13	13	1	-	89%
Approved 2/	-	-	23	23	-	-	89%
Adler proposal	-	-	15	15	-	-	89%
Division proposal	-	-	20	20	2	-	89%
Suggested	-	-	13	13	1	-	89%
Congo							
RLP 8/11	28	-	-	28	1	3	11%
Approved 3/	28	-	-	28	1	3	11%
Adler proposal	12.7	5	-	17.7	-	3.9	22%
Division proposal	35	-	-	35	1	3.9	11%
Suggested	35	-	-	35	1	3.9	11%
Dahomey							
RLP 8/11	-	-	6	6	1	-	89%
Approved 2/	-	-	14	14	2	-	89%
Adler proposal	-	-	14.5	14.5	2	-	89%
Division proposal	-	-	14.5	14.5	-	-	89%
Suggested	-	-	6	6	1	-	89%
Eq. Guinea							
	-	-	-	-	-	-	-

As per Adler memo 7/28/75. Possibly ignored slippage of DFC from FY75 to FY76 and Highway Supplement.

As per Adler memo 7/28/75.

Amount of \$35 million has been mentioned to Mr. Knapp without his objecting.

	\$ million				No. of Projects	Grant Element (\$m)	Grant Element %
	IBRD	TW	IDA	Total			
Continued							
Ken	-	-	-	-	-		
Libia							
RLP 8/11	-	-	4	4	1	3.6	89%
Approved 1/	-	-	7	7	2	6.2	89%
Adler proposal	-	5	7.6	12.6	-	9.3	74%
Division proposal	-	-	4	4	1	3.6	89%
Suggested	-	-	4	4	1	3.6	89%
Mar							
RLP 8/11	53	-	17	70	4	20.9	30%
Approved 1/	45	-	10	55	4	13.9	25%
Adler 7/28/75	45	18	5.9	68.9	-	14.6	21%
Adler 8/ 1/75	46	14	10	70	4	20.9	29%
Division proposal	31	25	14	70	4	28.4	41%
Suggested	35	25	10	70	4	25.2	36%
Nigeria							
RLP 8/11	-	-	14	14	1	1	89%
Approved 2/	-	-	14	14	1		89%
Adler proposal	-	-	11.3	11.3	-		89%
Division proposal	-	-	14	14	1		89%
Suggested	-	-	14	14	1		89%
Trinidad and Tobago							
RLP 8/11	66.6	-	-	66.6	4	7.3	11%
Approved 1/	63	-	-	63	4	7.3	11%
Adler proposal	48	15	-	63	-	12.8	20%
Division proposal	(55)	(25)	-	(80)	5	18.6	23%
Suggested	56.6	20	-	76.6	5	16.3	21%
Uganda							
RLP 8/11	29.3	-	6	35.3	3	8.5	24%
Approved 1/	29.3	-	6	35.3	3	8.5	24%
Adler proposal 3/	29.3	5	10.5	44.8	-	15.0	33%
Division proposal							
Suggested	29.3	-	10.5	39.8	4	12.5	31%

As per Adler memo 7/28/75.

Knapp decision; Adler memo shows \$8 million.

Actual IDA allocation for FY75-77 was \$12 million, but "ideal" allocation should have been \$15.7 million, hence the increase in IDA. This decision may not survive Mr. Knapp's scrutiny.

	\$ million				No. of Projects	Grant Element (\$m)	Grant Element %
	IBRD	TW	IDA	Total			
continued							
ali							
RLP 8/11	-	-	25	25	2		83%
Approved 1/	-	-	25	25	-		83%
Adler proposal 2/	-	-	11.3	11.3	-		83%
Division proposal	-	-	30	30	2		83%
Suggested	-	-	30	30	2		83%
auritania							
P 8/11	-	-	8	8	1		83%
Approved 3/	-	-	8	8	1		83%
Adler proposal	-	-	7.9	7.9	-		83%
Division proposal	-	-	8	8	1		83%
Suggested	-	-	8	8	1		83%
Bar							
RLP 8/11	-	-	20	20	2		83%
proved 1/	-	-	18	18	-		83%
Adler proposal	-	-	34.7	34.7	-		83%
Division proposal	-	-	22	22	2		83%
Suggested	-	-	22	22	2		83%
Bigeria							
RLP 8/11	84	-	-	84	3		11%
Approved 1/	139	-	-	139	5		11%
Adler proposal	100	-	-	100	-		11%
Suggested	125	-	-	125	4		11%
Bregal							
RLP 8/11	26	-	2	28	4	4.7	17%
Approved 4/	-	21.5	6.5	28	4	16.5	58%
Adler proposal	45	18	2.8	65.8	-	16.4	25%
Suggested	-	21.5	6.5	28	4	16.5	58%
Berra Leone							
RLP 8/11	-	-	7.3	7.3	1	6.4	82%
Approved 1/	-	-	7.3	7.3	1	6.4	82%
Adler proposal	-	9	9.6	18.6	-	13.0	70%
Division proposal	-	-	-	-	-	-	-
Suggested	-	9	7.3	16.3	2	10.9	67%

As per Adler memo 7/28/75.
 "Total" allocation of \$35.3 million for FY75-76, minus actual FY75 of \$20.2 million.
 decision 8/1/75; Adler memo also shows \$8 million based on 2 projects.
 Knapp decision.

Continued	\$ million				No. of Projects	Grant Element (\$m)	Grant Element %
	IERD	TW	IDA	Total			
Togo							
RLP 8/11	60	-	5	65	2	4.5	89% 2/
Approved 1/	55	-	7	62	2	6.3	89% 2/
Adler proposal	55	5	8.6	68.6	2	10.1	78% 2/
Division proposal	60	-	10	70	2	8.9	89% 2/
Suggested	60	-	9	69	2	8.1	89%
Upper Volta							
RLP 8/11	-	-	10	10	1		89%
Approved 1/	-	-	10	10	1		89%
Adler proposal	-	-	23.4	23.4	-		89%
Division proposal	-	-	35	35	2		89%
Suggested	-	-	10	10	1		89%

1/ As per Adler memo 7/28/75.

2/ Excludes CIMAD.

Project Breakdown of Suggested Lending Programs

Table III

Country	Project	RLP without TW 8/11/75			RLP with TW				Other Projects		
		IBRD	IDA	No. Proj.	IBRD	TW	IDA	No. Proj.	Project	Present Status	Amount
Cameroon	Education		14								
	Port	25				25			Mbos	FY77	15
	DFC		3				3		Semry	FY77	8
	Road Suppl. Total	3	3		6						
		28	20	3	6	25	17	3			
C.A.R.	Education Suppl.	-	1	-	-	-	1	-			
Chad	Polders		5				5		RDF	FY77	7
	Sat. Der. Suppl. Total	-	8		-	-	8				
		-	13	1	-	-	13	1			
Congo	Rail	28	-	1	35	-	-	1			
Dahomey	Cotton	-	6	1	-	-	6	1			
Eq. Guinea	-										
Gabon	-										
Gambia	Tourism	-	4	1	-	-	4	1	Rur. Dev.	FY77A	4
Ghana	Cocoa	14			14				ECC	FY77A	10
	Highway	15	10			25					
	DFC	10			10						
	Rural Dev.	14	7		11		10				
	Total	53	17	4	35	25	10	4			
Guinea	Highways	-	14	1	-	-	14	1			
Iv. Coast	Highways	43			43						
	SSE	5.6			5.6				Rail	FY77	20
	BDI	8			8				Urban	FY77A	25
	Rice	10				10					
	Rural Water (FY77A)	-				10					
	Total	66.6		4	56.6	20	-	5			
Liberia	Highways	27.5			27.5				RD (Rong)	N.S.	6
	Power	1.8			1.8						
	RD (Lofa)		6				6				
	Education (FY77A)	-	-				4.5				
	Total	29.3	6	3	29.3	-	10.5	4			
Mali	Cotton		10				10				
	Highways		15				20				
	Total		25	2			30	2			
Mauritania	Port	-	4	1	-	-	8	1			
Niger	Maradi		10				10		Namarigoungou	FY77A	8
	Highways		12				12				
	Total		22	2			22	2			
Nigeria	Rubber	14			14				Water Kaduna		
	Kano	40			40						
	Small Scale	30			30						
	Water West (NS)	-			41						
	Total	84		3	125			4			
Senegal	Livestock	4.5					4.5		Casamance	FY77A	10
	Terres Neuves		2				2		Rail	FY77A	10
	Highways III	14			14						
	Highways IV	7.5			7.5						
	Total	26	2	4	21.5	6.5	4				
Sierra Leone	Education		7.3				7.3				
	Power(NS)	-	-		9				DFC	FY77A	3
	Total		7.3	1	9		7.3	2			
Togo	GINAO	60			60						
	Rural Dev.		5				9				
	Total	60	5		60		9				
Upper Volta	RDF		10	1			10	1	Highways	FY77A	25

INTFRAD 64145

INCOMING TELEX

↓ Third window
cc Kuwait ^{sj}

From: Kuwait
ALSUNDUK

INTFRAD 64145

1975 AUG 13 AM 7:36 Distribution:

Mr. Cargill

FOR MR. I.P. CARGILL, VICE PRESIDENT FINANCE

THANKS YOUR TELEX OF AUGUST 1ST INFORMING US OF APPROVAL BY
EXECUTIVE DIRECTORS OF THE RESOLUTION AUTHORIZING THE
ESTABLISHMENT OF THIRD WINDOW. I AM PLEASED TO INFORM YOU
THAT THE DRAFT LAW AUTHORIZING THE KUWAIT GOVERNMENT TO
CONTRIBUTE TO THE THIRD WINDOW WAS SUBMITTED TO THE NATIONAL
ASSEMBLY SEVERAL WEEKS AGO.

BEST REGARDS

ABDUL RAHMAN SALIM AL-ATEEQY
MINISTER OF FINANCE

ALSUNDUK 20250

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AUGUST 18, 1975. ©

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UDENRIGSMINISTERIET
MINISTRY OF FOREIGN AFFAIRS

DANIDA

Afdelingen for internationalt udviklingsarbejde
Danish International Development Agency

Mr. P.N. Damry
Secretary
International Bank for Recon-
struction and Development
1818 H. Street, N.W. Washington
D.C. 20433, USA

AMALIEGADE 7

DK-1256 KØBENHAVN K.

TELEFON: (01) 12 30 60

TELEGRAM ADR. ETRANGERES

POSTGIRO 16 80 01

Mr. Gørdman 3W
THIRD WINDOW
11 - DENMARK - IBRD MEMBERSHIP

DATE August, 1975.

BILAG D2 J. NR. 73.C.27.a/3.
ENCL. (BEDES ANFØRT VED BESVARELSE) (TO WHICH PLEASE REFER)

1. Copy to Mr. Gørdman.

2. File - Third Window.

Re: Intermediate Financing Facility
(Third Window)

sh.
97

Dear Sir,

On behalf of the Minister for Foreign Economic Affairs, Mr. Ivar Nørgaard, I hereby acknowledge the receipt of your letter of August 7, 1975 on the above subject.

You will know from the meeting of the Executive Directors on July 29, 1975 that the Danish commitment to a contribution of 3 mill.\$ to the Third Window was given subject to legislative approval. We are in fact at present in the process of submitting the matter to our Parliament's Financial Committee, but we do not expect to be able to give our formal decision before October, 1975. I should add that for budgetary reasons our contribution cannot be made in our present fiscal year, but will, subject to the above approval, be available by April, 1976.

As regards the form of payment I should like to be allowed to revert to this question at a later stage.

Yours sincerely,

Wilh. Ulrichsen
Wilh. Ulrichsen
Under Secretary

RECEIVED 11.11.1975
TO NO 55 11 3 28
11.11.1975

Razafina wignierii, M 75-602
N-524

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

In January 1975, the first
working paper tentatively
assigned \$30 million for IRAN.
To my knowledge there has been
no mention of figures to IRAN.
The only contact on Third Window
is Mr. Cargill's visit; I doubt
whether he mentioned figures
at that time.

M.

8/9 to Mr. Goodman

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

August 8, 1975

Mr. McNamara:

I attach the draft of a suggested cable to the Shah of Iran.

The draft has been seen by the EMENA Region (Martin Paijmans) and incorporates their comments. The last paragraph was added at their request; you will note that it suggests an early meeting between you and the Shah, which the Region feels is needed to resolve a number of issues on which Ministers seem unable to take decisions.

An earlier draft was seen and approved by Peter Cargill, and I am sending him a copy of this one.

RS
Raymond J. Goodman

Ray, should we not
mention an amount.
If so, is "\$0 or \$5m"
appropriate - have we
ever discussed a different
figure with Iran? D. Newman

DRAFT
RJGoodman/rf
August 8, 1975

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

✓ THIRD WINDOW
A. IRAN-IBRD MEMBERSHIP

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

ON CONCESSIONAL TERMS TO THE POORER COUNTRIES AT A CRITICAL TIME, AND OF SHARING THE BURDEN OF PROVIDING THIS ASSISTANCE ON AN EQUITABLE FOOTING BETWEEN THE INDUSTRIALIZED AND THE OIL SURPLUS COUNTRIES, THE TWO SCHEMES ARE VERY CLOSE.

PARA I WOULD LIKE TO CONCLUDE THIS MESSAGE BY ASSURING YOUR IMPERIAL MAJESTY OF THE WORLD BANK'S SUPPORT OF YOUR GOVERNMENT'S EFFORTS TO ACCELERATE IRAN'S

GROWTH AND MODERNIZATION ~~AND BY EXPRESSING THE HOPE THAT WE MAY HAVE AN EARLY~~

~~OPPORTUNITY OF RENEWING OUR PREVIOUS EXCHANGE OF VIEWS.~~ WITH BEST WISHES AND

REGARDS.

ROBERT S. MCNAMARA

OFFICE MEMORANDUM

yellow
Mali: IBRD/IDA Pr. H. (Third Window)
Niger: IBRD/IDA Pr. H.
Upper Volta: IBRD/IDA Pr. H.

TO: Mr. Stephen Denning

DATE: August 8, 1975

FROM: Peter Streng, Acting Division Chief, WALC

cc: A.P. files Third Window

SUBJECT: Third Window - Your Memorandum of August 4, 1975

1. You asked us for comments on P & B's tentative allocation of Third Window resources.
2. We are somewhat surprised to see that none of our three countries has been allocated any Third Window money, although at least one of them (Niger) seems to be in a position to afford some credit on such terms. Could we know the criteria that were used in allocating these funds.
3. We are very surprised to see that the amounts of IDA funds P & B has allocated to our countries in two cases fall considerably short of what we need for the projects included in our FY76 lending program.
4. For Mali your revised regional lending program (July 10) lists two projects in FY76, Highways III (\$10 million) and Cotton (\$15 million). The amount of \$11.8 million P & B allocated would only cover the Highways III project, for which now, after substantial reduction of its scope, an IDA credit of \$11.3 million will be proposed -- the increase from \$10 million being due to the use of a less favorable exchange rate (MF400 per dollar) in the cost estimates. Based on the feasibility report (June 1974) and tentatively revised by the Bank (RMWA and HQ), total costs of the Mali Sud (Cotton) project would be \$52 million (net of taxes) with a foreign exchange component of \$32 million. Appraisal is scheduled for September/October 1975. Other co-financers may be FAC, CCCE and ABEDA, but the size of their contributions is not yet known. In any case, it seems clear that the amount included in our lending program is a minimum. Conservatively estimated, I think we could use \$30 million for the two projects instead of P & B's \$11.8 million.
5. The allocation for Niger appears to be sufficient to cover the two projects included in the FY76 lending program, Highways III (\$10 million) and Maradi (\$10 million), as well as the non-scheduled Telecommunications project (\$2.5 million), assuming that no co-financers can be found in time. The allocation would be as follows: Highways III - \$22 million; Maradi - \$10 million; Telecommunications - \$2.5 million.
6. The \$23.4 million allocation for Upper Volta will not be sufficient to implement our lending program. We are counting on \$10 million for the RDF II project, which will be appraised in early October and presented to the Board in May 1976, and on \$25 million for the Highways III project, a FY77 A project, which will be appraised in early November and presented to the Board in June 1976.

Third Window

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill

FROM: M. Hattori

SUBJECT: Third Window Early Contributions

DATE: August 7, 1975

1. Messrs. Adler, Gabriel, Goodman, Chang, El-Fishawy and Wood all agree that the Saudi contribution expected to be received early next week should be kept in a separate account outside of the Bank's own accounts.
2. Mr. Gabriel thinks that we should not invest those funds; we have no authority to do so. He acknowledges that it would be embarrassing if the time between the reception of early contributions and the effective date of the Interest Subsidy Fund should be long, say three months.
3. All the others agree that the funds should be invested, and the amount of the initial transfer together with any income thereon should be credited to the Fund on its effective date as the Saudi contribution. I have asked Mr. Fontein to consider this issue.

4. I recommend that the following procedure be adopted:

a) Upon receipt prior to the effective date of the Interest Subsidy Fund of an advice of payment of a contribution, the Bank would inform immediately the contributor,

- 1) that the funds when received would be kept in an account identified with the contributor, separate from the Bank's normal accounts;
- 2) that the funds would be invested from time to time in U.S. Government obligation (or any other instruments as may be appropriate to the currency) maturing in 3 months or less; provided however that no new investments would be made after the Effective Date of the Interest Subsidy Fund;
- 3) that the earnings on the investments would be credited to the above mentioned account;
- 4) that on the Payment Date of the Interest Subsidy Fund, the balance in the account would be transferred to the Fund as the contribution of the contributor.

b) Upon receipt upon or after the Effective Date of the Interest Subsidy Fund of an advice of payment of a contribution, the Bank will inform the contributor that the funds when received would be kept in an account identified with the contributor, separate from the Bank's normal accounts, until the Payment Date when the funds will be paid into the Interest Subsidy Fund as the contributor's contribution.

cc: Messrs. John Adler, Gabriel, Goodman, Kochman (o/r), Hittmair, Chang, El-Fishawy, Wood, Fontein (Legal)

MH/pw

✓BA+P: Third Window
cc: E.A. Region: Programs - Lending

Mr. Stanley Please, Acting Vice-President, EAM

August 7, 1975

Robert Maubouché, Acting Director, EA2

Bank/IDA Third Window Allocations for FY76

1. Please find below our preliminary reactions to John Adler's memorandum dated July 28 and your draft memorandum of August 5 on the above subject. They refer to (i) the proposed allocation of funds to our Region and (ii) how CP II could adapt to a revision of the FY76 lending program.
2. As regards your draft memorandum to Mr. Knapp, I have the following comments:
 - (a) I fully agree that we are disappointed that the total increase in the lending program for the Eastern Africa Region as a consequence of Third Window lending would amount to only \$28.6 million; it is a very low relative increase with only 5.6 percent as compared to an average of 7.1 percent for the Bank as a whole. Our countries are near the bottom in terms of per capita income and the "ripple" effects of the Third Window are minor.
 - (b) I do not think that the reference to major individual countries is very significant: (i) they account altogether for little more than half of the total lending program for Eastern Africa, and (ii) more particularly, they are not representative of CP II problems and program.
 - (c) While I am agreeing with you that the "identification" of low income with low creditworthiness is unwarranted, since there are exceptions, it remains that there still is a strong correlation between the two as reflected in the shares of Eastern Africa in current IBRD and IDA allocations of 3.5 percent and 16.6 percent respectively.
 - (d) As I mentioned at yesterday's meeting, I am not sure that the proposed IDA allocations for FY76 correctly reflect the impact of the revision on the Third Replenishment allocation at country level. The amounts allocated for this year take account of disbursements in FY75 and the CPP program for FY77.
 - (e) The proposed allocation for FY76 is based in part on our current program and thus allows for the current absorptive capacity of the Region.

Mr. S. Please

August 7, 1975

(f) In terms of additionality of projects, the Eastern Africa Region should be expected to produce more than two additional projects (on the basis of our \$67 million share in the Third Window); it would even be more correct to expect only one project since the net impact of the Third Window is limited to \$28.6 million. On both accounts little should be expected from CP II whose share in the Third Window is even more limited.

(g) In summary, we should argue in favor of a larger impact of the entire revision on the poorer countries. The current under-programming of IDA, over-programming of IBRD and theoretical purpose of Third Window should result in a greater share of the Eastern Africa Region in the Bank Group lending program. It is on these grounds that we have reconsidered CP II's lending program as set out below.

3. As a result of a revision in the current lending program of CP II we could consider eight additional projects. This would imply an overall increase of \$70.6 million over CP II updated program and \$9.6 million over J. Adler's proposed program with Third Window funds. There is little doubt that, if accepted, these proposals would be liable to greater slippage than average. However, they are in line with the underlying idea that the commitments of Third Window funds may slip somewhat into FY77.

(a) CP II proposed program as shown in Annex I to this memorandum would imply departures from J. Adler's proposed amounts (in \$ million) as follows:

(i) a net reduction in IBRD allocation by \$14.2 million involving Botswana (+11.8 short of Third Window funds available), Mauritius (-6.0), and Zambia (-20.0);

(ii) a net increase in IDA allocation by \$20.9 million involving Burundi (-3.8), Mauritius (-3.7), Rwanda (+19.3), and Zaire (+9.1);

(iii) a net increase in Third Window allocation by \$2.9 million involving Malawi (+3.9) and Mauritius (-1.0).

(b) The most favored countries would be Botswana for which we would finance an advanced FY77 education project and Rwanda where we could finance a rural development project and a DFC project. On the other hand, projects in Mauritius and Zambia may not be advanceable enough to be realistically included.

(c) You may note that the program as proposed above is in line with the suggested overall position of the Eastern Africa Region, as mentioned in para. 2(g) of this memorandum.

RMaubouché:lm

cc: Messrs. Roulet, Hornstein, Schott, De Weille, Zaborski, Hendry
Ms. Bracher

ANNEX IFY76 CURRENT AND PROPOSED LENDING PROGRAMS
FOR CP II DEPARTMENT

\$ million (number of projects)

	Current Program		Proposed Program	
	<u>J. Adler's^{1/}</u>	<u>CP II</u>	<u>J. Adler's^{1/}</u>	<u>CP II</u>
Botswana	5.7	5.8 (1)	6.0	17.8 (2)
Burundi	9.5	5.7 (1)	18.8	15.0 (2)
Lesotho	5.0	5.0 (1)	6.9	6.9 (2)
Madagascar	16.4	27.3 (2)	20.0	20.0 (2)
Malawi	10.0	11.6 (1)	21.1	25.0 (2)
Mauritius	16.0	5.0 (1)	15.7	5.0 (1)
Rwanda	16.0	23.5 (3)	17.5	36.8 (4)
Swaziland	-	-	-	-
Zaire	40.0	43.0 (3)	41.9	51.0 (4)
Zambia	15.0	15.0 (1)	55.0	35.0 (2)
TOTAL	<u>133.6</u>	<u>141.9 (14)</u>	<u>202.9</u>	<u>212.5 (22)</u>

1/ Standard P&B Table IV of 7/7/75 as shown in Annex I of J. Adler's memorandum.

2/ EAM Table of 8/11/75



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File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date August 7, 1975	Document Type Memorandum			
Correspondents / Participants To: Mr. Georg Gabriel, Controller To: Mr. Masaya A. Hattori, Senior Advisor, Vice President, Finance From: Douglas J. Fontein, Legal Department				
Subject / Title Third Window: Investment of Contributions Pending Effectiveness				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

✓ Third Window
cc Iran

RCF

OUTGOING WIRE

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

DATE: AUGUST 11, 1975

CLASS OF
SERVICE: TELEX (3606)

COUNTRY:

PAGE ONE OF TWO

TEXT: MAY I ASK PERMISSION TO ADDRESS TO YOUR IMPERIAL MAJESTY THE FOLLOWING PERSONAL
Cable No.: MESSAGE. THE EXECUTIVE DIRECTORS OF THE WORLD BANK, WITH THE STRONG SUPPORT OF
THE DEVELOPMENT COMMITTEE AT ITS MEETING LAST JUNE, HAVE RECENTLY AUTHORIZED
THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY IN THE BANK, KNOWN AS
THE THIRD WINDOW, TO PROVIDE ADDITIONAL ASSISTANCE TO DEVELOPING COUNTRIES. THE
NEW FACILITY, WHICH IS EXPECTED TO START OPERATIONS ON OCTOBER 1 FOR A PERIOD
OF ABOUT ONE YEAR, WILL FINANCE ADDITIONAL DEVELOPMENT PROJECTS IN THESE MEMBER
COUNTRIES, PARTICULARLY THE POOREST OF THEM. THE INTEREST RATE NORMALLY CHARGED
BY THE BANK ON ITS LOANS WILL BE REDUCED FOUR PERCENTAGE POINTS BY MEANS OF AN
INTEREST SUBSIDY FUND, AND THE TERMS OF REPAYMENT WILL BE GENEROUS. PROMISED
CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND BY NINE GOVERNMENTS, INCLUDING FIVE
INDUSTRIALIZED AND FOUR OIL SURPLUS DEVELOPING COUNTRIES, ALREADY AMOUNT TO
\$117 MILLION, SUFFICIENT TO SUBSIDIZE ABOUT \$500 MILLION OF THIRD WINDOW LOANS.
THE FOUR OIL SURPLUS COUNTRIES ARE SAUDI ARABIA (\$25 MILLION) KUWAIT (\$20 MILLION)
VENEZUELA (\$10 MILLION) AND QATAR (\$5 MILLION). CONTRIBUTIONS BY CERTAIN
INDUSTRIALIZED COUNTRIES OTHER THAN CANADA, DENMARK, THE NETHERLANDS, NORWAY
AND THE UNITED KINGDOM, WHICH HAVE ALREADY PLEDGED, ARE PROBABLE LATER THIS
YEAR BUT THE SUBSIDY FUND IS LIKELY TO BE WELL SHORT OF THE ORIGINAL TARGET
OF \$225 MILLION, SUFFICIENT FOR ONE BILLION DOLLARS OF THIRD WINDOW LOANS.
PARA WHILE FULLY APPRECIATING THE MAGNITUDE OF IRAN'S REQUIREMENTS FOR ITS OWN
ECONOMIC AND SOCIAL DEVELOPMENT AND RECOGNIZING THAT IRAN'S OIL REVENUES MAY
NOT BE AS AMPLE AS EARLIER EXPECTED, I EARNESTLY HOPE THAT YOUR IMPERIAL

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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AUG 11 9 48 PM 1975
COMMUNICATIONS

NOT BE AT UNUSUAL

NOT BE AT UNUSUAL VS EVERTER EXPECTED? I EVERTER HAD MORE THAN WORK INVENTIVE
ECONOMIC AND SOCIAL DEVELOPMENT AND RECOGNIZING THAT LEVIES ARE BEHAVING AND
BUT WHITE RUTH VBERGIVING THE MACHINERY OF LEVIES RECOGNIZING FOR THE OWN
OF \$252 MILLION? SPECIFICALLY FOR ONE BILLION DOLLARS OF THIRD WORLD COUNTRIES
ARE NOT THE SUBSIDY FUND IS TAKEN TO BE LEFT SHORT OF THE ORIGINAL INVEST
AND THE UNITED KINGDOM? WHICH HAVE VBERGIVED? VBERGIVED? VBERGIVED? VBERGIVED
INDUSTRIALIZED COUNTRIES OTHER THAN CANADA? DENMARK? THE NETHERLANDS? NORWAY
ALEXANDRIA (\$70 MILLION) AND OMAN (\$2 MILLION) CONTRIBUTIONS BY COUNTRY
THE BANK OF SUBSIDY COUNTRIES ARE SUBSIDY VBERGIV (\$22 MILLION) KENYA (\$20 MILLION)
\$173 MILLION? SPECIFICALLY TO SUBSIDIZE ABOUT \$200 MILLION OF THIRD WORLD COUNTRIES
INDUSTRIALIZED AND BANK OF SUBSIDY DEVELOPING COUNTRIES? VBERGIV VBERGIV TO
CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND BY SOME COUNTRIES? INCLUDING BILAL
INTEREST SUBSIDY FUND? AND THE TERMS OF REVENUE WILL BE GENEROUS? PROMISED
BY THE BANK ON ITS FUND WILL BE REDUCED SOME PERCENTAGE POINTS BY MEANS OF AN
COUNTRIES? SPECIFICALLY THE LOOKERS OF THEM? THE INTEREST HAVE NORMALLY CHARGED
OF ABOUT ONE PERCENT? WILL FINANCE ADDITIONAL DEVELOPMENT PROJECTS IN THESE AREAS
NEW FACILITIES? WHICH IS EXPECTED TO START OPERATIONS ON OCTOBER 1 FOR A PERIOD
THE THIRD WORLD? TO PROVIDE ADDITIONAL ASSISTANCE TO DEVELOPING COUNTRIES? THE
THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY IN THE BANK? KNOWN AS
THE DEVELOPMENT COMMITTEE AT ITS MEETING LAST YEAR? HAVE RECENTLY VBERGIVED
MESSAGE? THE EXECUTIVE DIRECTORS OF THE WORLD BANK? WITH THE SUPPORT OF
AND I ASK PERMISSION TO ADDRESS TO YOUR INTEREST MESSAGE THE FOLLOWING PERSONAL

PAGE ONE OF TWO

LEBANON LEVIA
SHAWANSHAW VBERGIV OF LEVIA
MONTMAYED KEVA SHAN VBERGIV
HIS DIRECTOR MESSAGE

RECEIVED LETTER (3000)
CLASS OF
DATE VBERGIV IT? 1975

ONGOING MIKE

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR

ASSOCIATION
INTERNATIONAL BANK

504

RCA

OUTGOING WIRE

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


DATE: AUGUST 11, 1975

CLASS OF
SERVICE:

PAGE TWO OF TWO

COUNTRY:

TEXT: MAJESTY WILL AUTHORIZE A CONTRIBUTION OF \$20 OR \$25 MILLION BY YOUR GOVERNMENT
Cable No.: TO THIS NEW WORLD BANK FACILITY IN WHICH I WOULD WARMLY WELCOME YOUR COUNTRY'S
PARTICIPATION. THE CONCEPT OF THE THIRD WINDOW OWES MUCH TO THE IMAGINATIVE
PROPOSAL YOUR MAJESTY PUT FORWARD EARLY LAST YEAR WHICH I WHOLEHEARTEDLY
SUPPORTED. IN TERMS OF THE OBJECTIVE OF PROVIDING ADDITIONAL MUCH-NEEDED
ASSISTANCE ON CONCESSIONAL TERMS TO THE POORER COUNTRIES AT A CRITICAL TIME,
AND OF SHARING THE BURDEN OF PROVIDING THIS ASSISTANCE ON AN EQUITABLE FOOTING
BETWEEN THE INDUSTRIALIZED AND THE OIL SURPLUS COUNTRIES, THE TWO SCHEMES ARE
VERY CLOSE. PARA I WOULD LIKE TO CONCLUDE THIS MESSAGE BY ASSURING YOUR
IMPERIAL MAJESTY OF THE WORLD BANK'S SUPPORT OF YOUR GOVERNMENT'S EFFORTS
TO ACCELERATE IRAN'S GROWTH AND MODERNIZATION. WITH BEST WISHES AND REGARDS.


ROBERT S. MCNAMARA
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT. Office of the President

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:  RJGoodman/rf

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Cargill
Paijmans

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COMMUNICATIONS
cc: [illegible] (O.I.)

Office of the President

Robert S. McNamara

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NO 10 25 1975/1976

INTERVIEW
ROBERT S. MCNAMARA

TO VICEPRESIDENT IRVING, S. GORDON AND MODERNIZATION. WITH BEST WISHES AND RESPECTS.
INTERVIEW NOTES OF THE MONTH BANK, S. GORDON OF LONG COASTING, S. ELABORATE
ALBA GORE. BY THE I MIGHT LIKE TO CONCLUDE THIS MESSAGE BY ASSUMING LONG
BETWEEN THE INDUSTRIALIZED AND THE OIL SUBSIDY COMPANIES. THE LMO SCHEMES ARE
AND OF SHAVING THE BURDEN OF BORROWING THIS ASSISTANCE ON AN EQUIVALENT FOOTING
ASSISTANCE ON CONCESSIONARY TERMS TO THE BORROWER COMPANIES AT A SKILLFUL TIME.
SUBSIDIZED. IN TERMS OF THE OBJECTIVE OF BORROWING ADDITIONAL HIGH-NEEDED
BORROWING LONG MIGHT BE FORWARDED BY THE I MIGHT LIKE TO CONCLUDE THIS MESSAGE BY ASSUMING LONG
PARTICIPATION. THE CONCEPT OF THE UNITED NATIONS COMES MUCH TO THE INDIVIDUAL
TO THIS NEW MONTH BANK PARTICIPATE IN WHICH I MIGHT MIGHT MET SOME LONG COMING, S.
MIGHT MIGHT VILLONIZE A CONTRIBUTION OF \$30 OR \$52 MILLION BY LONG COASTING

COPY NO:

TEXT:

COPY NO:

BY THE LMO OF LMO

LENNY IRVING
SHAWINGHAN VELANDER OF IRVING
MONUMENTAL BEYOND SHAW BANTAL
HIS INTERVIEW NOTES

SEALANCE
CLASS OF

DATE AUGUST 11, 1975

OUTGOING MIKE

ASSOCIATION
INTERNATIONAL DEPARTMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEPARTMENT

COOPERATION
INTERNATIONAL DEPARTMENT

50

No. 89

August 7, 1975

Dear Mr. Maeda:

Thank you for your letter of July 18. I can assure you there was no misunderstanding whatsoever here about your intentions with regard to contacts with the Japanese officials on the Third Window. We indeed appreciate your willingness to initiate the briefing of officials preparatory to a high level approach. Having some experiences in dealing with the Japanese Government, I full appreciate the importance of these contacts. However, I have judged that in the present state of affairs, it is better to go slow on the Third Window negotiations with Japan. This thinking is reflected in the more recent "Status Reports" that I am sure Mr. Hattori is sending you, where it is stated that "contacts are to be renewed at an appropriate moment (after decision by French and Germans)". I think that for the moment the essential thing is to get the Third Window moving on the basis of the present list of contributors, and then, depending on developments, consider bringing in the Japanese as well as the French and Germans. I might tell you that I do not foresee a resumption of Third Window negotiations with the Japanese in the near future. You will be kept fully informed of developments and you may pass on informally such information as you see fit to the Japanese Government, keeping in mind of course the above overall considerations.

Incidentally the mention of Mr. Fukuda in the first Status Report was a slip. It was meant to be the Minister of Finance.

I take this opportunity to inform you that we are considering an early resumption of borrowing on the Tokyo market, and I would appreciate any information that may be relevant. I plan to talk about this with you and with the Japanese delegation at the Annual Meetings.

I look forward to seeing you shortly in Washington.

Yours sincerely,

I.P.M. Cargill
Vice President, Finance

Mr. Tarao Maeda
Director
World Bank Tokyo
Office
Tokyo, Japan

MHattori/rf

INTERFUND WSH

WUI NYK

INCOMING CABLE

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L.M.F.

1975 AUG -5 AM 10: 54

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CABLE
ROOM

AUGUST 5 1975

Distribution: Mr. Cargill

INTBAFRAD

WASHINGTONDC

ATTENTION MR CARGILL VICE PRESIDENT
YOUR TELEGRAM AUGUST 2ND TO PER KLEPEE MINISTER OF FINANCE STOP
CONFIRM THE INTENTION OF NORWAY TO MAKE A CONTRIBUTION OF DOLLARS
4 MILLION STOP FORMAL NOTIFICATION HOWEVER CANNOT BE GIVEN TILL
LEGISLATIVE APPROVAL HAS BEEN MADE BY PARLIAMENT WHICH WILL BE
SONVENED IN OCTOBER

MINISTRY OF COMMERCE AND SHIPPING

COL 2ND 4

⊕

INTERFUND WSH

WUI NYK

1021AM SH

LLLLLM

↓ Third Window
cc Norway VO

1975 AUG -5 PM 2:27

Third Window

Mr. I. P. M. Cargill

August 5, 1975

M. Hattori

Third Window: Early Payments

An issue not decided yet is how to treat early payments of Interest Subsidy Fund contributions. Will the amount of contribution be calculated as the original amount of payment, or as the original amount of payment plus interest up to the effective date of the Fund. If late payments are to be calculated as including interest from the effective date of the Fund to the paid-in date, it seems equitable that interest be allowed on early payments. In view of the very limited support of the Third Window among the Bank's major shareholders, it seems inadvisable that the Bank should profit from any early Third Window contributions.

This issue must be settled urgently since the Saudi Arabia contribution of \$25 million is expected to be paid in within a week.

cc: Messrs. Adler, Gabriel, Goodman, Rotberg, Wood

MH/pw

FILE

THIRD WINDOW

Mr. Robert S. McNamara

August 5, 1975

Raymond J. Goodman

Third Window Status Report

Attached is the subject Report as of August 5, 1975.

cc: Messrs. Cargill, Adler, Hittmair, Gabriel, Gaud, Wood, El-Fishawy,
Kochman (o/r)

MII/rf

Third Window Contributions
Status as of August 5, 1975
Recapitulation

(million US\$)

Country	Amount	Remarks (Availability)
Canada	20	Requires Ministerial Decision
Kuwait	20	After October
Netherlands	20	
Norway	4	After September
Saudi Arabia	25	Payment promised within a week from 8/3.
UK	10	Early October
Venezuela	10	September
Qatar	5	
Denmark	3	
Total	117	

In addition:

1. UK prepared to consider increase if total contributions would make \$1 billion Third Window lending feasible, or if they are inadequate for \$0.5 billion Third Window lending.
2. Switzerland sent a bill to Parliament for SwFr 25 million for Third Window and Oil Facility together 7/6; vote before Christmas.
3. Austria would welcome IBRD suggestions for using \$31.6 million 4% Loan of 1973 for its contribution, pending Government decision on participation.

Progress on Third Window Contributions as of Aug. 5, 1975

Australia: RSM cabled Prime Minister on June 20.

Austria: Reply to RSM (7/1) cable: Supports intermediate lending terms; participation examined; requires approval by Parliament convening Oct. 1975; would welcome World Bank suggestions as to use of FY 1974 4% \$31.6 million Loan for contribution.

Belgium: Waiting reply to RSM cable (7/1) to Finance Minister.

Canada: Isbister reports that contribution of \$20 million has support at official level but requires Ministerial decision.

Denmark: \$3 million subject to Parliamentary approval.

Finland: Contribution possible but unlikely.

France: Awaiting resolution of other issues on monetary reform.

Germany: Contribution possible after January 1.

Iran: RSM to cable Shah with specific proposal as soon as present pledges confirmed.

Italy: No developments since Paris.

Japan: Contacts to be renewed at an appropriate moment (after decision by French and Germans).

Kuwait: Bill presented to Parliament June; will be considered after recess in October.

Luxembourg: No prospect.

Netherlands: Witte has transmitted request for formal confirmation of willingness to contribute \$20 million.

Norway: Has confirmed willingness to contribute \$4 million subject to parliamentary approval (probably September) and other conditions.

Qatar: \$ 5 million to be contributed.

Saudi Arabia: Minister of Finance telexed Aug. 3 promising payment through SAMA within a week.

South Africa: Gaud has spoken again with Schmidt. Small contribution will probably be forthcoming if one or two more major countries come in.

Spain: No developments since Paris.

- Switzerland: Contribution of SwF 25 million for Oil Facility and Third Window together presented to Parliament July 9; vote before Christmas.
- UAE: Contributions believed unlikely in view of financial difficulties in Abu Dhabi.
- UK: \$10 million confirmed; payment in October due to Parliamentary formalities; increase will be considered if overall contributions make \$1 billion lending feasible, or if they are inadequate for \$0.5 billion lending.
- Venezuela: \$10 million confirmed subject to Parliamentary approval, expected in September 1975.

INCOMING TELEX

✓ T hird Window
cc/ Saudi Arabia

FROM: JEDDAH -
August 3, 1975

815 AUG - 3 1975

Distribution

Mr. Cargill
Mr. Adler (E-624)

H.E. I.P.M. CARGILL
VICE PRESIDENT FINANCE
INISAFRAD, WASHINGTON DC.

THANKS FOR YOUR TELEX OF AUGUST 1, 1975. I WOULD LIKE TO INFORM
YOU THAT THE CONTRIBUTION OF THE SAUDI ARABIAN GOVERNMENT WILL
BE TRANSFERED THROUGH S.A.M.A. WITHIN A WEEK. 43B-4'.

H.H. PRINCE MUSAAD IBN ABDEL RAHMAN
MINISTER OF FINANCE AND NATIONAL ECONOMY.

AUGUST 3, 1975.

_____ please read "REGARDS"

20021 FINACE SJ+++90

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

✓ Third Window
cc Qatar

OUTGOING WIRE

(extn. 4214)

TO: HIS EXCELLENCY SHEIKH ABDUL AZIZ AL-THANI
MINISTER OF FINANCE AND PETROLEUM
P. O. BOX 83
DOHA

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: LT *FLUX*
RCR

COUNTRY: (QATAR)

TEXT:
Cable No.:

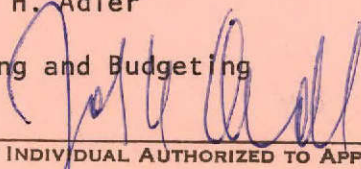
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF FIVE MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Mr. John H. Adler
DEPT. Director
Programming and Budgeting


SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHAdler:cbm

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PROGRAMMING and budgeting
Director

Mr. John H. Adler

CLERKING WITH MR. CARROLL

NOT TO BE RE-TRANSMITTED

INTERVAL
VICEPRESIDENT FINANCE
J.B.M. CARROLL

IS GREATLY APPRECIATED

STOP THE CONTRIBUTION OF YOUR GOVERNMENT US DOLLAR EQUIVALENT OF FIVE MILLION
OF
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
CONTRIBUTION FROMBETA OR CIVE FROMBETA FORMAL NOTIFICATION THAT THE
START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONE HUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ONLY TWENTY-NINE THE EXECUTIVE DIRECTORS

Copy to:
TEXT

COUNTRY: (QATAR)

DONOR
P.O. BOX 83
MINISTER OF FINANCE AND PETROCHEM
HIS EXCELLENCY SHEIKH ABDUL AZIZ AL-THANI

SERVICE CLASS OF
DATE AUGUST 1, 1975
(EXC. 0. 7514)

OUTGOING WIRE

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR

CONSTRUCTION
INTERNATIONAL BANK

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

2663

TO: SU EXCELENCIA SR. GUMERSINDO RODRIGUEZ

DATE: AUGUST 1, 1975

MINISTRO DE ESTADO PARA LA COORDINACION Y
PLANIFICACION

CLASS OF *IBF*
SERVICE:

~~EXT 4214~~

COUNTRY: PALACIO DE MIRAFLORES

CARACAS

TEXT:

Cable No.: VENEZUELA

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF TEN MILLION IS GREATLY APPRECIATED.

I.P.M. CARGILL
VICEPRESIDENT FINANCE, INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

John H. Adler

NAME

Programming and Budgeting

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

Third Window
a Norway
~~(4214/5)~~ 2663

TO: HIS EXCELLENCY PER KLEPPE
MINISTER OF FINANCE
MINISTRY OF FINANCE
OSLO - DEP.,

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: LT

COUNTRY: (NORWAY)

TEXT:
Cable No.:


I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT /USDOLLAR EQUIVALENT OF FOUR MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler
Director
DEPT. Programming and Budgeting

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

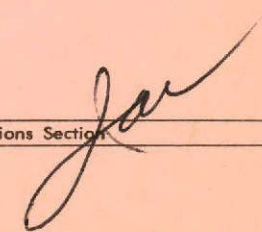
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PROGRAMMING and budgeting
DIRECTOR
John H. Adler

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INTERVIEWS
VICEPRESIDENT FINANCE
J.B.M. CARROLL

IS GREATLY APPRECIATED

STOP THE CONTRIBUTION OF YOUR GOVERNMENT EQUIVALENT OF FOUR MILLION
OF
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE
START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONE HUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS

Copy 100
TEXT

COPIES: (NORMAL)

OSGO - DEB.
MINISTRY OF FINANCE
MINISTER OF FINANCE
TO HIS EXCELLENCY PER KLEBE

SERVICE GT
CLASS OF

DATE AUGUST 1, 1975

OUTGOING MAIL

(H.M. 1000) 3993

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECOMMENDATION AND RECOMMENDATION
INTERNATIONAL DEVELOPMENT

COOPERATION
INTERNATIONAL DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

*Third Window
of Canada*

OUTGOING WIRE

(4214/5)

TO: THE HONORABLE JOHN N. TURNER
MINISTER OF FINANCE
DEPARTMENT OF FINANCE
OTTAWA ONTARIO K1A 0G5

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: LT

COUNTRY: (CANADA)

TEXT: *L.T*
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/US DOLLAR EQUIVALENT OF TWENTY MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler
Director
DEPT. Programming and Budgeting

SIGNATURE *John H. Adler*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHADler:cbm

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Checked for Dispatch:

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JHAdler:cbm

Director
John H. Adler

Cleared with Mr. Cardillo

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NOT TO BE TRANSMITTED

INTERFAB
VICEPRESIDENT FINANCE
1 P.M. CARGILL

IS GREATLY APPRECIATED

DISPATCHED

STOP THE CONTRIBUTION OF YOUR GOVERNMENT \$25 DOLLAR EQUIVALENT OF TWENTY MILLION
OF
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
AND INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
COMMUNICATIONS
SECTION

Aug 2 4 46 AM 1975
STOP THE THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO

CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS

Cable No.
TEXT
COUNTRY
(CANADA)

OTTAWA ONTARIO KIA 0G2
DEPARTMENT OF FINANCE
MINISTER OF FINANCE
TO THE HONORABLE JOHN H. TURNER

REMARKS
CLASS OF
LT

DATE
AUGUST 1, 1975

OUTGOING WIRE

(31/1/75)

ASSOCIATION

RECONSTRUCTION AND DEVELOPMENT

CONVENTION

INTERNATIONAL DEVELOPMENT

INTERNATIONAL BANK FOR

INTERNATIONAL BANK

OFFICE MEMORANDUM

TO: See Below

DATE: August 1, 1975

FROM: William Diamond

SUBJECT: Bank/IDA/Third Window Allocations

Further to my memo of July 31, Gordon Street will be calling on you in the next several days to gather your views on Bank, IDA and Third Window allocations, and to assemble them into a single draft departmental view.

Distribution: Messrs. Baneth
Rajagopalan
Collier
Alisbah
Dunn
Shibusawa
Street

WDiamond/jw

cc: Messrs. McBride
Wittusen
Abd El Aty

on
8/4-
Mr. Street
obtained
our
views
orally
from
Mr. Wittusen

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: H.E. ABDUL AZIZ ALQURAIISHI

DATE: AUGUST 1, 1975

GOVERNOR

CLASS OF LT
SERVICE:

SAUDI ARABIA MONETARY AGENCY (SAMA)

EXT. 4214

COUNTRY: JEDDAH

TEXT: SAUDI ARABIA
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF TWENTYFIVE MILLION IS GREATLY APPRECIATED.

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

REFERENCE:

John H. Adler

Programming and Budgeting

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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Князь хъхъанъ хъхъанъ

MFxxRxx12*202

НягнхнхкөнххӨххӨх

Mr. Cargill

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Checked for Dispatch:

AUG 1 5 36 PM 1975
COMMUNICATIONS

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. GORDON RICHARDSON, GOVERNOR

DATE: AUGUST 1, 1975

BANK OF ENGLAND

CLASS OF LT *elip*
SERVICE:

THREADNEEDLE STREET

EXT. 4214

COUNTRY: LONDON, ENGLAND

TEXT:
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF ~~xxx~~ TEN MILLION IS GREATLY APPRECIATED.

XX I.P.M.CARGILL
VICEPRESIDENT FINANCE, INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler

DEPT. Programming and Budgeting

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

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[Signature]
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REFERENCE

NOTES

DATE

NAME

ADDRESS

REFERENCE TO FILE COB

DATE

NAME AND COMPANY

NOT TO BE REVENUED

LIVINGSTONE, LIVERPOOL, LIVERPOOL

LIVERPOOL, LIVERPOOL

DISPATCHED

AUG 1 5 31 PM 1975
COMMUNICATIONS

IT IS ASSUMED

THE CONTRIBUTION OF YOUR GOVERNMENT RESOLUTIVE EQUIPMENT OF THE MILLION
AND REGARDING THE SUGGESTED PLAN OF THE BOARD NOTIFICATION OF THE CONTRIBUTION
IN THE CONTRIBUTION OF YOUR GOVERNMENT RESOLUTIVE EQUIPMENT OF THE MILLION
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE PLAN IS FORTHCOMING
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE PLAN IS FORTHCOMING
STAND BY THE WINDOW OPERATIONS I HAVE BEEN WITH THE WINDOW OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE PLAN IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIPMENT OF ONE HUNDRED
BOARD NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS WHOSE PLAN IS MOST ANXIOUS TO
STAND BY THE WINDOW OPERATIONS I HAVE BEEN WITH THE WINDOW OF YOUR
THIRTYTHREE THIRTYTHREE THIRTYTHREE (THIRTYTHREE THIRTYTHREE) STOP THE SECRETARY OF THE
OR THE THIRTYTHREE THIRTYTHREE THIRTYTHREE (THIRTYTHREE THIRTYTHREE) STOP THE SECRETARY OF THE
I AM PLEASED TO ADVISE YOU THAT ON JULY THIRTYTHREE THE THIRTYTHREE THIRTYTHREE

Cable No.
TEXT

COUNTRY: LONDON, ENGLAND

THIRTYTHREE THIRTYTHREE

NAME OF ENGLAND

TO MR. GORDON LIVINGSTONE, GORDON

OUTGOING WIRE

EXL 4574
SERVICE
CLASS OF

DATE AUGUST 1, 1975

ASSOCIATION

ASSOCIATION AND DEPARTMENT

COMMISSION

INTERNATIONAL WIRE CO

INTERNATIONAL WIRE CO

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

✓ Third Window
cc Saudi Arabia
W

OUTGOING WIRE

(4214/5)

TO: DR. AHMED ZAKI SAAD

DATE: AUGUST 1, 1975

COUNSELOR TO HIS MAJESTY THE KING OF
SAUDI ARABIA

CLASS OF
SERVICE:

LT WU vless

IMF - Room 12-202

COUNTRY:

WASHINGTON, D. C.

TEXT:

Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF TWENTYFIVE MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler

DEPT. Programming and Budgeting

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch:

REFERENCE: DIRECTOR OF INTERNATIONAL DEVELOPMENT
SIGNATURE: *[Signature]*
DEPT: PROGRAMMING AND BUDGETING
NAME: John H. Walter
TITLE: *[Signature]*

Mr. CARROLL
DEPARTMENT AND COPY DISTRIBUTION

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INTBAFRAD
VICEPRESIDENT FINANCE
1 P.M. CARROLL

DISPATCHED

Aug 21 47 AM 1975
STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR EQUIVALENT OF TWENTY FIVE MILLION
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
OF INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE
STATE THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONE HUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS

Case No.
TEXT

COUNTRY: WASHINGTON, D. C.
EMP - Room 15 405

SAULT VABRCA
COUNSELOR TO HIS MAJESTY THE KING OF
TO DR. HAROLD EVERT SAND

SERVICE FT
CLASS OF
DATE AUGUST 1, 1975

OUTGOING WIRE

(451412)

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR

COOPERATION
INTERNATIONAL BANK

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

*Third Window
a Netherlands*

OUTGOING WIRE

(4214/5)

TO: HIS EXCELLENCY DR. W. F. DUISENBERG
MINISTER OF FINANCE
MINISTRY OF FINANCE
KNEUTERDIJK 22
THE HAGUE

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: *LT def*

COUNTRY: (NETHERLANDS)

TEXT:
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/US DOLLAR EQUIVALENT OF TWENTY MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler
Director
DEPT. Programming and Budgeting

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHAdler:cbm

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AUG 1 11 52 PM 1975

COMMUNICATIONS

Programming and Projecting
Director
John H. Adler

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INTERVAD
VICEPRESIDENT FINANCE
I.B.M. CARBELL

IS GREATLY APPRECIATED

STOP THE CONTRIBUTION OF YOUR GOVERNMENT US DOLLAR EQUIVALENT OF TWENTY MILLION
OF
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE
START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONE HUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF

Copy No:
TEXT

COPIES (NETHERLANDS)

THE HAGUE
KNEUTERDIJK 33
MINISTRY OF FINANCE
MINISTER OF FINANCE

TO HIS EXCELLENCY DR. H. E. DRIGENBERG

SERVICE ETC
CLASS OF
DATE AUGUST 1 1975

OUTGOING WIRE

(45144)

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR

COOPERATION
INTERNATIONAL FINANCE

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

*Third Window
cc Denmark*

OUTGOING WIRE

(4214/5)

WV

TO: HIS EXCELLENCY IVAR NØRGAARD
MINISTER FOR FOREIGN ECONOMIC AFFAIRS
MINISTRY OF FOREIGN ECONOMIC AFFAIRS
CHRISTIANSBORGSLØT
DK-1218
COPENHAGEN K
COUNTRY: (DENMARK)

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: *telet*

TEXT:
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/US DOLLAR EQUIVALENT OF THREE MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler
Director
DEPT. Programming and Budgeting

SIGNATURE *John H. Adler*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHADler:cbm

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Programming and Budgeting
Director
John H. Adler

John H. Adler

Cleared with Mr. Cardillo

INT. BARBARA

VICEPRESIDENT FINANCE

1. P. W. CYRILL

MINISTRY OF FOREIGN ECONOMIC AFFAIRS
MINISTER FOR FOREIGN ECONOMIC AFFAIRS

TO HIS EXCELLENCY IVAR HØRGAARD

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: H.H. PRINCE MUSAED IBN ABDEL-RAHMAN

DATE: AUGUST 1, 1975

MINISTER OF FINANCE AND NATIONAL ECONOMY

CLASS OF LT

RIYADH

SERVICE:

COUNTRY: SAUDI ARABIA

EXT. 5 4214

TEXT:

Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF ~~OK~~ STOP THE CONTRIBUTION OF YOUR GOVERNMENT/USDOLLAR/EQUIVALENT OF TWENTYFIVE MILLION IS GREATLY APPRECIATED.

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

John H. Adler

NAME

Programming and Budgeting

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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~~XXXXXXXXXXXXXXXXXXXX~~
~~Counselor to His Majesty the~~
~~King of Saudi Arabia~~
~~XXXXXXXXXXXX~~
~~Washington, D.C.~~

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INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

(4214/5)

TO: HIS EXCELLENCY ABDUL RAHMAN SALIM AL-ATEEQY
MINISTER OF FINANCE
MINISTRY OF FINANCE
P. O. BOX 9
KUWAIT

DATE: AUGUST 1, 1975

CLASS OF
SERVICE: LT *ELIX*
RLA

COUNTRY: (STATE OF KUWAIT)

TEXT:
Cable No.:

I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONEHUNDRED MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR CONTRIBUTION PROMPTLY OR GIVE PROMPTLY FORMAL NOTIFICATION THAT THE CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION OF STOP THE CONTRIBUTION OF YOUR GOVERNMENT/US DOLLAR EQUIVALENT OF TWENTY MILLION IS GREATLY APPRECIATED

I.P.M. CARGILL
VICEPRESIDENT FINANCE
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler
Director
DEPT. Programming and Budgeting

SIGNATURE *John H. Adler*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHAdler:cbm

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THU 10:00 PM

DISPATCHED

Programming and
Director
John H. Adler

Aug 11 4 49 PM 1975

COMMUNICATIONS

Classified with Mr. Carlin

CLASSIFIED AND COMB. DISSEMINATED

NOT TO BE DISSEMINATED

INTERNAL
VICE PRESIDENT FINANCE
J.B.M. CARLIN

IS GREATLY APPRECIATED

STOP THE CONTRIBUTION OF YOUR GOVERNMENT'S DOLLAR EQUIVALENT OF TWENTY MILLION
AND REGARDING THE SUGGESTED FORM OF THE FORMAL NOTIFICATION OF THE CONTRIBUTION
TO YOU INFORMATION REGARDING PAYMENT OF THE CONTRIBUTION OF YOUR GOVERNMENT
CONTRIBUTION WILL BE FORTHCOMING STOP THE SECRETARY OF THE BANK IS FORWARDING
CONTRIBUTION PROMPTLY OR ELSE PROMPTLY FORMAL NOTIFICATION THAT THE
START THIRD WINDOW OPERATIONS I HOPE THAT YOU WILL MAKE PAYMENT OF YOUR
MILLION DOLLARS HAVE BEEN RECEIVED STOP SINCE THE BANK IS MOST ANXIOUS TO
CONTRIBUTIONS WHOSE VALUE TOTALS NOT LESS THAN THE EQUIVALENT OF ONE HUNDRED
FORMAL NOTIFICATIONS BY CONTRIBUTING GOVERNMENTS THAT THEY WILL MAKE
THAT THIRD WINDOW LENDING OPERATIONS WILL START AS SOON AS CONTRIBUTIONS OR
INTERMEDIATE FINANCING FACILITY (THIRD WINDOW) STOP THE RESOLUTION PROVIDES
OF THE IBRD HAVE APPROVED A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF AN
I AM PLEASED TO ADVISE YOU THAT ON JULY TWENTYNINE THE EXECUTIVE DIRECTORS

CLASSIFIED
TEXT

COMMITTEE (STATE OF KENYA)

KENYA
P.O. BOX 2
MINISTRY OF FINANCE
MINISTER OF FINANCE

TO HIS EXCELLENCY ABDOU BAHMANI SALIM AG-ALEED

CLASS OF
CLASS OF

DATE AUGUST 1, 1975

ORIGINAL FILE

(13142)

ASSOCIATION

INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

CONSTRUCTION

INTERNATIONAL FINANCE

For the 3.30 meeting

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

August 1, 1975

Note for Mr. Shibusawa:

Reference your note of July 31 requesting thoughts on the utilization of the proposed additional IDA funds for FY76 for Sri Lanka and Burma, I would suggest the following allocations:

SRI LANKA

<u>Mahaweli Ganga II</u>	\$20 million
\$42 m total	
\$20 m FE	
IDA: \$10 m FE + \$10 m	

<u>Irrigation Modernization</u>	\$10 million
\$18 m total	
\$ 9 m FE	
IDA \$5 m FE + \$5 m	

<u>Agricultural Development Credit</u>	\$25 million
	<u>\$55 million</u>

BURMA

<u>Livestock</u>	\$7.5 million
<u>Paddy</u>	\$25 million
<u>Mining</u>	\$15 million
	<u>\$47.5 million</u>


Dag F. Wittusen

49.4

cc: Messrs. McBride,
Abd El Aty o/r, Ladonne,
Colliou or, Huggins, Gore
Cleveland, Durdag

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

July 31, 1975

Mr. Shibusawa:

Re: NEPAL - Bank/IDA Third Window Allocations

The lending program for Nepal approved by Mr. Knapp, on July 24, is \$39 million for FY76. The proposed program without the Third Window now appears as \$42.2 million, and with the Third Window \$44.7 million. This means an increase of either \$3.2 million or \$5.7 million.

We are proposing now in the lending program for FY76 three projects:

	(\$ Millions)
Kulikhani Hydroelectric Power	22.0
Rural Development	8.0 7.0
Irrigation - Groundwater	9.0

Unless Management agrees to extending the Third Window into FY77, to make use of the increased allocation, we would have either to advance a project from FY77 or increase allocations to either or each of these three projects.

I have reviewed the projects proposed for FY77 and cannot propose advancing any of them to FY76, as they are all in a very early stage of preparation which would not allow enough time for the appraisal and processing through Board consideration before June 1976. It is also difficult at this stage to propose increasing allocations for either Irrigation or Rural Development. However, the financing plan for the Kulikhani Hydroelectric project requires that HMG would provide approximately \$3.8 million in foreign exchange, which IDA can finance under

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either of the two proposed increased allocations, in which case the financing plan would be as follows:

	(<u>\$ Millions</u>)
OECF	\$ 10.0
Kuwait Fund	17.5
UNDP	3.0
IDA	<u>25.8</u>
Total Foreign Exchange:	\$ 56.3
Local Cost Financed by HMG:	<u>11.7</u>
Total:	<u><u>\$ 68.0</u></u>

\$ 42.2 million

This should allow for the use of the total proposed allocation of \$42.2 million without Third Window; the total would actually be \$42.8 million with Third Window; an amount of \$1.9 million would remain unallocated. This can be used in either of the three projects in local cost financing but might entail relaxation of our cost sharing rules with regard to Irrigation II or Rural Development.

M. Abd El Aty

\$500 million 15 projects

in either of the two proposed increased allocations in
which case the financing plan would be as follows:

(in millions)

OECS	10.0
European Fund	10.0
UNDP	10.0
IDA	10.0

Total Foreign Resources: 40.0

Total Cost (estimated) by UNDP: 11.1

Total: 28.9

This should allow for the use of the total
proposed allocation of \$40.0 million without
Third Window; the total would actually be \$28.9
million with Third Window; an amount of \$11.1
million would remain unallocated. This can be
used in either of the three projects in local
cost financing but which would require a reduction in
our cost sharing ratio with regard to investment in
or Rural Development.

M. And in the

July 31, 1975

U R G E N T

To: All Officers

I would like to discuss with you tomorrow, Friday August 1, at 3:30 p.m. in my office the attached memorandum from Mr. Diamond. Your particular attention is drawn to Annex II, Page 1. You will note that proposed IDA lending amounts for FY76 for Burma, Nepal and Sri Lanka are \$49.4 million, \$44.7 million and \$55.4 million. These amounts are not approved amounts but proposed amounts. Mr. Abd El Aty is requested to come up either with a breakdown of the suggested amount for Nepal, or to propose an alternative amount with appropriate breakdown according to projects. Mr. Wittusen is requested to come up with similar tables for Burma and Sri Lanka.


A. H. Shibusawa

Attachment

AHShibusawa:mp

OFFICE MEMORANDUM

TO: See Below
FROM: William Diamond
SUBJECT: Bank/IDA/Third Window Allocations.

DATE: July 31, 1975

May I have your views on the attached paper concerning Bank, IDA and Third Window allocations by Wednesday, August 6.

We will arrange a discussion of the subject a few days thereafter, but I would like your preliminary thoughts in writing, however rough, to start with.

Attachment

Distribution: Messrs. Rajagopalan
Alisbah
Collier
Dunn
Shibusawa ✓
Pilvin

WDiamond:us

OFFICE MEMORANDUM

TO: Regional Vice Presidents

FROM: J. Burke Knapp

SUBJECT: Bank/IDA/Third Window Allocations for FY76

DATE: July 30, 1975

Please find attached a copy of a memorandum on the above subject which has been prepared by Mr. Adler. The allocations proposed in this memorandum do not have any official status at the present time; they have not been reviewed in detail by Mr. McNamara or myself.

Will you please undertake a review of these proposed allocations and let me have your detailed comments on them by August 15 (I shall be absent during the next two weeks but plan to spend some time on this subject over the weekend of August 16-17). I would hope that we could have a generally agreed program settled by the time of the Annual Meeting.

Attachment.

cc: Messrs. Adler
Dosik/Gue

JBKnapp:vm

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Knapp)

DATE: July 28, 1973

FROM: John H. Adler, Director, P&B

74

SUBJECT: Proposals for a Regional Allocation of IBRD Funds and a
Country Allocation of Third Window and IDA Funds
in FY76

1. This memorandum contains proposals to trim the IBRD program and increase the IDA program to match the currently approved amounts in the World Bank lending program for FY76 and to allocate \$500 million of Third Window funds. It was prepared following guidelines provided by Mr. Knapp in the context of our review of my memorandum on the planning and control of IBRD, TW and IDA amounts.

1. Introduction

2. The proposed allocation of IBRD, TW and IDA funds in FY76 would:

- (a) reduce the current overprogramming in IBRD funds and remove the underprogramming of IDA funds;
- (b) allocate \$500 million of Third Window funds to countries with a per capita income of less than \$375; and, as a consequence,
- (c) redistribute IBRD funds from low income (less than \$200 p.c.) to middle-income countries (\$375-\$800 p.c.); and IDA funds to the poorer of the low income countries (less than \$200 p.c.).

*Burma, Nepal
and Sri Lanka*

The reduction of IBRD overprogramming and the correction of IDA underprogramming on the one hand, and the redistribution of IBRD and IDA funds with the addition of Third Window funds on the other, are conceptually separate exercises. This attachment therefore undertakes an IBRD-TW-IDA allocation in two distinct steps: In the first, the IBRD program is reduced to remove the overprogramming of IBRD funds, while the IDA program is increased to remove the current underprogramming in IDA funds. In the second step, \$500 million of Third Window funds are allocated with consequent adjustments (from the first step) in IBRD and IDA allocations.

3. The first allocation has been made to provide a benchmark from which to estimate the effect of adding \$500 million of Third Window funds on Regional allocations and on the distribution of assistance among countries in different income groups. Allocation of Bank Group funds are shown for each country (Annex 1) without Third Window funds (Cols. B.1-B.3)

July 28, 1975

and with Third Window funds (Cols. C.1-C.4). In all cases, the allocation shown is by country. For the Third Window and IDA, the proposal is for a country allocation in accordance with general guiding principles (see Section III below). For IBRD funds, however, the proposal is for a regional allocation; Regional Vice Presidents would be asked to propose country allocations within the Regional totals. The country allocations for IBRD funds shown in Annex I are only indicative of the kind of country distribution which the Regions are likely to propose. They were made to estimate the probable redistribution effect of introducing the Third Window.

II. Implications of the Proposed Allocation

4. The proposed Bank Group allocations with and without TW funds (Cols. C.1-C.4 compared to Cols. B.1-B.3 in Annex I) have implications with respect to the distribution of Bank Group financial support, (a) among countries in different income groups; and (b) among different Regions.

A. Distribution of Bank Group Assistance among countries in Different Income Groups

5. The implications of adding TW lending are summarized in Annex III and IV. They show that:

- 52% (\$260 million) of Third Window lending goes to countries with a p.c. income of less than \$200 and 48% (\$240 million) to those in the \$201-\$375 income group. Third Window lending substitutes for part (34%) of the IBRD lending in the first group and for part (37%) of the IDA lending in the second group.
- \$133 million of IBRD lending is transferred from low income and high risk countries to those in the middle income group (\$375-\$800 p.c.); these countries receive no Third Window funds now, but TW lending is envisaged for this income group, if more than \$500 million of TW funds become available.
- 95% of all IDA lending would go to countries with per capita incomes of less than \$200; \$60 million of IDA funds are reallocated from countries in the \$201-\$375 p.c. income group to the latter group.

- As a result of these reallocations, all income groups below \$800 p.c. benefit from the introduction of the TW. Total Bank Group assistance increases by 9.0%, 10.2% and 4.9% for countries with per capita incomes of less than \$200, \$200-\$375 and \$376-\$800 respectively (Annex III).
- The grant equivalent of total assistance increases by \$239 million; 66% of this increase goes to countries with per capita incomes of less than \$200, 30% to countries with per capita incomes of \$200-\$375, and 6% to countries with per capita incomes of more than \$375 (Annex IV).

B. Distribution by Region of Bank Group Assistance

6. The implications of adding TW lending is shown in Annex V. This Annex shows that:

- Total assistance increases in all Regions by 5%-10%, except for the EMENA Region where the increase is marginal.
- For the EAF, WAF, and SA Regions, which have a large number of low income countries, TW assistance is high and IBRD lending is reduced; the EAF and SA Regions benefit from the IDA reallocation to countries with per capita incomes of less than \$200.
- For the EAP Region, TW assistance increases and IBRD assistance also increases marginally.
- For the LAC Region, there are marginal (and compensating) changes in TW and IDA assistance, but a substantial increase in IBRD lending, since a large number of countries in this Region have per capita incomes of \$375-\$800.
- For the EMENA Region, there is a marginal increase in TW funds partly offset by a decline in IDA funds since IDA recipients in that Region are mostly in the \$200-\$375 income group.
- In summary, the IBRD, TW and IDA totals are shown in Table 1, with and without TW lending. For easy reference, the current totals of country lending programs are also shown.

Mr. Robert S. McNamara

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July 28, 1975

Table 1

IBRD Regional Lending Programs and TW/IDA Regional Totals with and without Third Window

	Current Program ^{1/}				Proposed Program With No TW				Proposed Program With TW					
	IBRD		IDA		IBRD		IDA		IBRD		Third Window		IDA	
	Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%
EAP	191.7	3.5	249.9	16.6	250	4.8	257	15.0	200	3.8	67	13.4	268.6	15.8
EMEA	445.3	8.1	162.3	10.9	500	7.7	179.4	10.5	250	5.7	101	20.2	172.5	10.2
EMENA	1408.1	25.7	109.0	7.3	1360	26.2	118.1	6.9	1360	26.2	50	10.0	80.4	4.7
LAC	1909	34.8	26.0	1.7	1700	32.7	26.2	1.5	1850	35.6	32	6.4	20.5	1.2
SAP	1422	25.9	12.0	0.8	1350	26.0	12.0	0.7	1380	26.5	75	15.0	12.0	0.7
SA	110	2.1	942.0	62.7	140	2.7	1119.1	65.4	60	1.2	175	35.0	1145.5	67.4
TOTAL	5457.1	100.1	1501.4	100.0	5200	100.1	1711.8	100.0	5200	100.0	500	100.0	1699.5	100.0

^{1/} Standard Table IV of 7/7/75, updated for recent Management decision.

P & B
7/25/75

III. Methodology underlying the Proposed Allocations

A. Bank Group Allocations with no Third Window

7. For IBRD, the aggregate of country lending programs for FY76 is \$5487.1 million^{1/} compared to a World Bank lending program of \$4.7 billion. For IDA, however, the aggregate of country lending programs is \$1501.4 million^{1/} compared to a World Bank lending program of \$1635 million. Total available IBRD funds for FY76 were fixed at \$5200 million -- or about 10% more than the World Bank lending program, to allow for some unavoidable country and related project losses.^{2/} Total available IDA funds for FY76 were fixed at \$1700 million -- or \$65 million above the World Bank lending program, in view of the shortfall in FY75.^{3/}

8. IBRD Regional Lending Programs (no TW) The proposed IBRD Regional lending programs were derived by adjusting the "ideal" Regional shares of total available IBRD funds (\$5200 million) on the basis of the special circumstances of FY76. The "ideal" Regional shares were defined as the average of Regional shares in FY75-77 -- i.e. the actual shares in FY75 and the share of country lending programs for FY76 and FY77 (Annex I, Col. A.1 for FY76 and Standard Table IV, 7/7/75, for FY77). The principal adjustments made in the "ideal" shares, were to:

- (a) reduce the EAF Region's share, since IBRD lending to the E.A.C., Ethiopia and Madagascar is very unlikely in FY76;
- (b) increase the EAP Region's share to allow for a particular effort in Thailand, to which no lending was made in FY75; and
- (c) reduce the SA Region's share since the unusually high level of IBRD lending to India in FY75 resulted in an "ideal" share that was too high.

^{1/} These figures differ from those shown in my memo "Planning and Control of IBRD, IDA and TW Commitment Amounts" since they incorporate decisions made by Management after Standard Table IV of 7/7/75 was issued. In particular, the IBRD allocation to India has been reduced from \$240 million shown in the Standard Tables to \$60 million.

^{2/} This overprogramming of IBRD funds is more than suggested by our experience in FY75, when approximately 7% of the approved country lending programs could not be achieved, due to these constraints (mainly Thailand, Iran and Cyprus). If country losses in FY76 are insufficient to absorb the amount of current overprogramming, it is always possible towards the end of the fiscal year to defer a few large projects into FY77.

^{3/} In FY75, IDA commitments totalled \$1576.1 million compared to a World Bank lending program of \$1635 million.

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9. IDA Country Allocations. The proposed IDA country allocations is derived in some detail in Annex II and shown in Col. B.2 of Annex I. This allocation was prepared on the basis of the country shares determined in connection with the preparation of the IDA lending program for the Fourth Replenishment in May, 1974. These shares were adjusted (see Col. 2, Annex II) since several countries will no longer receive IDA assistance, at least during the Fourth Replenishment (Vietnam, Bolivia, Botswana and Morocco). The adjusted shares were then used to determine the FY76 allocation after compensating for country overruns or underruns in IDA commitments in FY75.^{1/} There were only a few minor exceptions to this general rule. These were countries (the C.A.R., Chad and Ethiopia) whose FY76 operations program were too weak to absorb all of their FY76 allocation. The IDA allocations for FY76 are preliminary proposals derived on the basis of considerations of equity. (Annex II, p.1 also includes the p.c.p.a. IDA allocation for each country.) They may need to be reviewed in the light of special country considerations after comparing further the preliminary proposals with the current FY76 country programs (see Annex II, p.2).

B. Bank Group Allocations with TW Lending

10. Third Window Allocation. The allocation by country of \$500 million of Third Window funds is shown in Col. C.2 of Annex I. It is based on the DPS proposals of March, 1975.^{2/} Countries with a per capita income of \$375-\$500 have not been allocated any Third Window funds; it is recognized that they would receive Third Window assistance, after Third Window funds exceed \$500 million. As a general rule, the allocation to each country is one-half the earlier DPS allocation (which was then made for \$1.0 billion) with the following minor exceptions:

- (a) The E.A.C. and Madagascar receive no Third Window funds, since it is unlikely that such funds can be committed in these countries in FY76.
- (b) India's high original allocation has been slightly reduced (from \$150 million to \$125 million).

^{1/} Specifically, a two-year country allocation for FY75 and FY76 was derived from the country shares. The FY75 commitments were then subtracted from the two-year total to derive the proposed commitment for FY76. The FY75 commitments to four countries -- Jordan, Yemen, P.D.R., Guyana and Swaziland -- exceeded their FY75 and FY76 allocation. No allocation was made to these countries in FY76.

^{2/} Mr. Haq's memo of March 15, 1975 to Mr. McNamara.

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The \$60 million that is released, as a result of (a) and (b) is then redistributed to other countries as follows:

- (aa) The allocation of countries with less than \$5.0 million is raised to \$5.0 million; conversely, countries with an allocation above \$25 million receive no increase.
- (bb) The allocation to all other countries is increased proportionately and rounded.

11. Projects suitable for Third Window financing have not been identified. In proposing projects for Third Window financing, it would be desirable for the Regional Offices to observe these guidelines:

- (a) In IBRD-TW countries, Third Window projects should preferably be in the newer social sectors; conversely, in TW-IDA countries they should preferably be in traditional sectors.
- (b) Projects with a high probability of being approved by the Board in FY76 should be given priority for Third Window financing.
- (c) IBRD/TW and TW/IDA blend projects should be kept to a minimum.

12. IDA Country Allocation. The proposed IDA allocation by country with Third Window funds is shown in Col. C.3 of Annex II.^{1/} The reallocation

^{1/} The proposed IDA program in FY76 for several countries is smaller than the program currently shown in Standard Table IV because of an overrun in the annual allocation to these countries in FY75. However, in most cases, such countries receive a Third Window allocation that exceeds the proposed IDA reduction in FY76. In a few cases -- Chad, Haiti, Mali, Somalia and Yemen, P.D.R. -- the proposed reduction from the current IDA program is not accompanied by the allocation of Third Window funds. If it were decided to retain the currently approved IDA amounts in FY76 to these countries, this would add \$39.3 million to the total IDA allocation for FY76 with the increases (from Annex II, Col.2, p.2) distributed as follows: Chad (\$8.0m.), Haiti (\$6.4m.), Mali (\$13.2m.), Somalia (\$5.7m.), and Yemen, P.D.R. (\$6.0m.).

July 28, 1975

of \$60 million from countries with per capita incomes of \$200-\$375 to those with less than \$200, was made in proportion to country shares with very few minor exceptions. (Consequently, most of the \$60 million that is added to the lowest income group results from reducing the IDA allocation to Egypt, which holds a large share of IDA funds in the \$200-\$375 income group; countries in this income group are starred in Annex II.)

13. IBRD Regional Lending Programs (with TW). The proposed IBRD Regional lending program with TW funds is shown in Col. 9 of Table I. The EAF, WAF and SA Regional shares are smaller than those that would have been proposed before the availability of TW funds (Col. 5, Table I), since these Regions receive a relatively high proportion of TW funds (and also some additional IDA funds for the EAF and SA Regions). The LAC Region's IBRD allocation increases substantially, since many countries with per capita incomes of \$375-\$800 are in this Region.

Recommendations

14. The proposals presented for decision in this memorandum are to:

- (1) approve the allocation of Third Window funds by country as shown in Col. C.2 of Annex I; and ask the Regional Vice Presidents to propose projects for Third Window financing in accordance with the guidelines in paragraph 11;
- (2) approve the preliminary allocation of IDA funds by country as shown in Col. C.3 of Annex I (Col.(6) of Annex II) after consultation with the Regional Vice Presidents; and
- (3) approve the following IBRD Regional Lending Programs and ask the Regional Vice Presidents to propose IBRD country allocations. These Regional Lending Programs are over-programmed; actual commitments to the Regions in FY76 should be about 10% less on average than the following figures.

	<u>Proposed IBRD Regional Lending Programs (\$m.)</u>
Eastern Africa	200.0
Western Africa	350.0
Europe, Middle East & N. Africa	1360.0
Latin America and Caribbean	1850.0
East Asia and Pacific	1380.0
South Asia	<u>60.0</u>
Total	<u>5200.0</u>

Mr. Robert S. McNamara

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July 28, 1975

ANNEXES

- I. FY76 IBRD, TW and IDA Proposed Allocations with no Third Window and with \$500 million of Third Window Funds.
- II. Proposed IDA FY76 Allocation by Country and Comparison with Current IDA Program.
- III. Effect of TW on Bank Group Assistance to Countries in Different per capita Income Groups.
- IV. Distribution of Increased Grant Equivalent among Countries in Different Income Groups.
- V. TW Effect on Regional Shares of IBRD, TW and IDA Funds.

Attachments

cc: Mr. Cargill
Mr. Goodman

GZaidan:jes

**FY76 IBRD, TW and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds**

ANNEX 1
page 1 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5b.)			
	IBRD (A.1)	IDA (A.2)	TOTAL (A.3)	IBRD (B.1)	IDA (B.2)	TOTAL (B.3)	IBRD (C.1)	TW (C.2)	IDA (C.3)	TOTAL (C.4)
Eastern Africa										
Botswana	5.7	-	5.7	6.0	-	6.0	6.0	-	-	6.0
Burundi	-	9.5	9.5	-	17.7	17.7	-	-	18.8	18.8
E.A.C.	-	-	-	-	-	-	-	-	-	-
Ethiopia	-	70.0	70.0	-	60.0	60.0	-	-	60.0	60.0
Kenya	123.0	12.0	140.0	128.0	9.8	137.8	103.0	25.0	10.4	138.4
Lesotho	-	5.0	5.0	-	6.5	6.5	-	-	6.9	6.9
Madagascar	-	16.4	16.4	-	18.9	18.9	-	-	20.0	20.0
Malawi	-	10.0	10.0	-	14.2	14.2	-	6.0	15.1	21.1
Mauritius	13.0	3.0	16.0	13.0	3.7	16.7	6.0	6.0	3.7	15.7
Rwanda	-	16.0	16.0	-	16.5	16.5	-	-	17.5	17.5
Somalia	-	16.0	16.0	-	9.7	9.7	-	-	10.3	10.3
Sudan	-	12.0	12.0	-	27.8	27.8	-	12.0	29.4	41.4
Swaziland	-	-	-	-	-	-	-	-	-	-
Tanzania	30.0	39.2	69.2	48.0	32.6	80.6	30.0	18.0	34.6	82.6
Zaire	-	40.0	40.0	-	39.6	39.6	-	-	41.9	41.9
Zambia	15.0	-	15.0	55.0	-	55.0	55.0	-	-	55.0
Total	191.7	249.1	440.8	250.0	257.0	507.0	200.0	67.0	268.6	535.6
Western Africa										
Cameroon	25.0	17.0	42.0	25.0	14.7	39.7	15.0	21.0	7.9	43.9
C.A.R.	-	1.0	1.0	-	1.0	1.0	-	-	1.0	1.0
Chad	-	23.0	23.0	-	15.0	15.0	-	-	15.0	15.0
Congo	25.0	-	25.0	17.7	-	17.7	12.7	5.0	-	17.7
Cote d'Ivoire	-	14.0	14.0	-	13.7	13.7	-	-	14.5	14.5
Eq. Guinea	-	-	-	-	-	-	-	-	-	-
Gabon	-	-	-	-	-	-	-	-	-	-
Gambia	-	7.0	7.0	-	7.2	7.2	-	5.0	7.6	12.6
Ghana	45.0	10.0	55.0	45.0	10.9	55.9	45.0	18.0	5.9	68.9
Guinea	-	8.0	8.0	-	10.7	10.7	-	-	11.3	11.3
Ivory Coast	63.0	-	63.0	63.0	-	63.0	48.0	15.0	-	63.0
Liberia	29.3	6.0	35.3	29.3	10.5	39.8	29.3	5.0	10.5	44.8
Mali	-	25.0	25.0	-	11.1	11.1	-	-	11.8	11.8
Mauritania	-	8.0	8.0	-	7.5	7.5	-	-	7.9	7.9
Niger	-	13.0	13.0	-	32.7	32.7	-	-	34.7	34.7
Nigeria	139.0	-	139.0	100.0	-	100.0	100.0	-	-	100.0
Senegal	60.0	2.0	62.0	60.0	5.1	65.1	45.0	18.0	2.6	65.8
Sierra Leone	-	7.3	7.3	-	9.1	9.1	-	9.0	9.6	18.6
Togo	60.0	7.0	67.0	60.0	8.1	68.1	55.0	5.0	8.6	68.5
Upper Volta	-	10.0	10.0	-	22.1	22.1	-	-	23.4	23.4
Total	446.3	163.3	609.6	400.0	179.4	579.4	350.0	101.0	172.5	623.5
Europe, Mid. East										
A.N. Africa										
Afghanistan	-	30.0	30.0	-	23.8	23.8	-	-	25.2	25.2
Algeria	140.0	-	140.0	120.0	-	120.0	120.0	-	-	120.0
Bahrain	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Cyprus	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Egypt	150.0	65.0	215.0	150.0	86.1	236.1	150.0	50.0	46.5	246.5
Finland	-	-	-	-	-	-	-	-	-	-
Greece	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Iran	37.5	-	37.5	60.0	-	60.0	60.0	-	-	60.0
Ireland	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Israel	-	-	-	-	-	-	-	-	-	-
Jordan	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Lebanon	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Morocco	75.0	-	75.0	75.0	-	75.0	75.0	-	-	75.0
Oman	-	-	-	-	-	-	-	-	-	-
Portugal	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
Romania	160.0	-	160.0	160.0	-	160.0	160.0	-	-	160.0
Spain	25.0	-	25.0	25.0	-	25.0	25.0	-	-	25.0
Syria	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Tunisia	60.6	-	60.6	60.0	-	60.0	60.0	-	-	60.0
Turkey	230.0	-	230.0	230.0	-	230.0	230.0	-	-	230.0
Yemen, A.R.	-	8.0	8.0	-	8.2	8.2	-	-	8.7	8.7
Yemen, P.D.R.	-	6.0	6.0	-	-	-	-	-	-	-
Yugoslavia	240.0	-	240.0	240.0	-	240.0	240.0	-	-	240.0
Total	1402.1	102.0	1504.1	1360.0	118.1	1478.1	1360.0	50.0	80.4	1490.4

FY76 IBRD, TW and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds

ANNEX 1
page 2 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5b.)			
	IBRD	IDA	TOTAL	IBRD	IDA	TOTAL	IBRD	TW	IDA	TOTAL
Latin America & Carib.										
Argentina	215.0	-	215.0	115.0	-	115.0	215.0	-	-	215.0
Bahamas	9.0	-	9.0	9.0	-	9.0	9.0	-	-	9.0
Barbados	6.0	-	6.0	6.0	-	6.0	6.0	-	-	6.0
Bolivia	47.0	-	47.0	47.0	-	47.0	41.0	6.0	-	47.0
Brazil	575.0	-	575.0	500.0	-	500.0	525.0	-	-	525.0
CABEI	-	-	-	-	-	-	-	-	-	-
Carib. Region	20.0	-	20.0	20.0	-	20.0	25.0	-	-	25.0
Chile	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Colombia	200.0	-	200.0	165.0	-	165.0	170.0	-	-	170.0
Costa Rica	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Dom. Rep.	20.0	-	20.0	20.0	-	20.0	22.0	-	-	22.0
Ecuador	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
El Salvador	14.0	-	14.0	14.0	4.5	18.5	8.0	5.0	4.5	17.5
Guatemala	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Guyana	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Haiti	-	15.0	15.0	-	8.1	8.1	-	-	8.6	8.6
Honduras	3.0	7.0	10.0	3.0	10.5	13.5	8.0	15.0	5.7	28.7
Jamaica	3.0	-	3.0	3.0	-	3.0	3.0	-	-	3.0
Mexico	360.0	-	360.0	360.0	-	360.0	360.0	-	-	360.0
Nicaragua	4.0	-	4.0	5.0	-	5.0	15.0	-	-	15.0
Panama	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Paraguay	-	4.0	4.0	-	3.1	3.1	-	6.0	1.7	7.7
Peru	135.0	-	135.0	135.0	-	135.0	140.0	-	-	140.0
Trinidad Tob.	18.0	-	18.0	18.0	-	18.0	18.0	-	-	18.0
Uruguay	35.0	-	35.0	35.0	-	35.0	40.0	-	-	40.0
Venezuela	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Total	1709.0	26.0	1935.0	1730.0	26.2	1726.2	1850.0	32.0	26.5	1902.5
East Asia & Pacific										
Phil	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Indonesia	400.0	-	400.0	400.0	-	400.0	400.0	-	-	400.0
Korea	325.0	-	325.0	275.0	-	275.0	300.0	25.0	-	325.0
Malaysia	145.0	-	145.0	145.0	-	145.0	165.0	-	-	165.0
Papua N.G.	30.0	12.0	42.0	30.0	12.0	42.0	30.0	-	12.0	42.0
Philippines	277.0	-	277.0	275.0	-	275.0	260.0	25.0	-	285.0
Singapore	-	-	-	-	-	-	-	-	-	-
Thailand	230.0	-	230.0	210.0	-	210.0	210.0	25.0	-	235.0
Western Samoa	-	-	-	-	-	-	-	-	-	-
Total	1422.0	12.0	1434.0	1350.0	12.0	1362.0	1380.0	75.0	12.0	1467.0
South Asia										
Bangladesh	-	150.0	150.0	-	194.7	194.7	-	-	206.3	206.3
Burma	-	40.0	40.0	-	46.6	46.6	-	-	49.4	49.4
India	60.0	600.0	660.0	90.0	677.0	767.0	60.0	125.0	677.0	862.0
Nepal	-	36.0	36.0	-	42.2	42.2	-	-	44.7	44.7
Pakistan	50.0	81.0	131.0	50.0	106.3	156.3	-	50.0	112.7	162.7
Sri Lanka	-	35.0	35.0	-	52.3	52.3	-	-	55.4	55.4
Total	110.0	942.0	1052.0	140.0	1119.1	1259.1	60.0	175.0	1115.5	1380.5
GRAND TOTAL	5427.1	1501.4	6988.5	5200.0	1711.6	6911.8	5200.0	500.0	1669.5	7369.5

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Proposed IDA FY76 Allocation by Country

	(1)	(2)	Allocation (\$m)		Proposed FY76 (\$m)		Per Capite Per Annum		
	Population mid-72(000)	Share of IDA Commitment (%) ^{1/}	(3) FY75 ^{2/}	(4) Actual FY75 ^{3/}	(5) No TW ^{4/}	(6) With TW ^{5/}	(7) FY75 ^{6/} Average	(8) FY76 ^{7/} No TW	(9) FY76 ^{8/} With TW ^{9/}
Eastern Africa									
Burundi	3506	0.54	17.7	-	17.7	18.8	2.5	5.1	5.4
Ethiopia	25930	4.95	161.7	80.5	60.0	60.0	3.1	2.3	2.3
Kenya	12070	1.08	35.3	25.5	9.8	10.4	1.5	0.8	0.9
Lesotho	959	0.32	10.5	4.0	6.5	6.9	5.5	6.7	7.2
Madagascar	7400	1.03	35.3	16.4	18.9	20.0	2.4	2.6	2.7
Malawi	4711	1.00	32.7	18.5	14.2	15.1	3.5	3.0	3.2
Mauritius	849	0.22	7.2	3.5	3.7	3.7	4.2	4.4	4.4
Rwanda	3904	0.75	24.5	8.0	16.5	17.5	3.2	4.2	4.5
Somalia	2954	0.54	17.7	8.0	9.7	10.3	3.0	3.3	3.5
Sudan	16586	2.47	80.8	53.0	27.8	29.4	2.4	1.7	1.8
Swaziland	446	0.11	3.6	5.0	-	-	4.0	-	-
Tanzania	13606	2.15	70.3	37.7	32.6	34.6	2.6	2.4	2.5
Zaire	19091	2.80	91.6	52.0	32.6	41.9	2.4	2.1	2.2
Total	112022	18.01	588.9	312.1	257.0	268.6	2.8	2.3	2.4
Western Africa									
Cameroon	6084	1.00	32.7	18.2	14.7	7.9	2.7	2.4	1.3
C.A.R.	1673	0.22	7.2	-	1.0**	1.0	2.2	0.6	0.6
Chad	3720	0.86	28.1	-	15.0**	15.0	3.7	4.8	4.9
Ghana	2860	0.54	17.7	4.0	13.7	14.5	3.1	4.8	5.1
Gambia	377	0.22	7.2	-	7.2	7.6	9.5	19.1	20.2
Guinea	9086	0.75	24.5	13.6	10.9	5.9	1.3	1.2	0.6
Guinea	5100	0.54	17.7	7.0	10.7	11.3	1.7	2.1	2.2
Liberia	1617	0.32	10.5	-	10.5	10.5	3.2	6.5	6.5
Mali	5260	1.08	35.3	24.2	11.1	11.8	3.4	2.1	2.2
Mauritania	1210	0.32	10.5	3.0	7.5	7.9	4.4	6.2	6.6
Niger	4250	1.07	32.7	-	32.7	34.7	3.8	7.7	8.2
Senegal	3990	0.86	28.1	23.0	5.1	2.8	3.5	1.3	0.9
Sierra Leone	2727	0.43	14.1	5.0	9.1	9.6	2.6	3.3	3.5
Togo	2052	0.43	14.1	6.0	8.1	8.6	3.4	3.9	4.1
Upper Volta	5613	1.18	38.6	16.5	22.1	23.4	3.4	3.9	4.2
Total	55679	9.75	319.0	120.5	179.4	172.5	2.9	3.7	3.7
Europe, Mid. East									
Afghanistan	14878	1.40	45.8	22.0	23.8	25.2	1.5	1.6	1.7
Egypt	34840	4.62	151.1	65.0	86.1	46.5	2.2	2.5	1.3
Jordan	2470	0.43	14.1	19.5	-	-	2.8	-	-
Yemen, A.R.	6060	1.08	35.3	27.1	8.2	8.7	2.9	1.3	1.4
Yemen, P.D.R.	1510	0.32	10.5	22.5	-	-	3.5	-	-
Total	59758	7.85	256.8	156.1	118.1	80.4	2.1	2.0	1.3
Latin America & Caribbean									
El Salvador	3665	0.32	10.5	6.0	4.5	4.5	1.4	1.2	1.2
Guyana	754	0.11	3.6	4.0	-	-	2.4	-	-
Haiti	4377	0.86	28.1	20.0	8.1	8.6	3.2	1.9	2.0
Honduras	2687	0.32	10.5	-	10.5	5.7	1.9	3.9	2.1
Nicaragua	2152	-	-	-	-	-	-	-	-
Paraguay	2354	0.43	14.1	11.0	3.1	1.7	3.0	1.3	0.7
Total	15989	2.04	66.8	41.0	26.2	20.5	2.1	1.6	1.3
East Asia & Pacific									
Papua New Guinea	2581	0.32	10.5	-	12.0**	12.0	2.0	4.0	4.7
Total	2581	0.32	10.5	-	12.0	12.0	1.9	4.7	4.7
South Asia									
Bangladesh	72500	10.54	344.7	150.0	194.7	206.3	2.4	2.7	2.8
Burma	28874	2.80	91.6	45.0	46.6	49.4	1.6	1.6	1.7
India	563490	40.00	1303.0	631.0	677.0	677.0	1.2	1.2	1.2
Nepal	11470	1.29	42.2	-	42.2	44.7	1.8	3.7	3.9
Pakistan	66720	5.27	172.3	66.0	106.3	112.7	1.3	1.6	1.7
Sri Lanka	13198	2.47	80.8	28.5	52.3	55.4	3.1	4.0	4.2
Total	756252	62.37	2639.6	920.6	1119.0	1145.4	1.3	1.5	1.5
GRAND TOTAL									
	1002281	100.34	3281.6	1550.3	1711.8	1699.4	1.6	1.7	1.7

1/ As determined in connection with the preparation of the IDA lending program for the Fourth Replenishment (5/13/74) adjusted for the smaller number of IDA countries (Indochina, Botswana, Bolivia and Morocco have been excluded).

2/ Column (2) x \$3,270 i.e. percent of \$3270 million (\$1635 million IDA funds in FY75 and FY76 each). Due to rounding, the total shown is \$3280 million.

3/ Standard Table IV, 7/7/75.

4/ Column (3) minus column (4) with zero shown if value is negative. Figures with two stars are exceptions to this rule. For example, allocations to C.A.R., Chad and Ethiopia are less than column (3) minus column (4) due to their weak operations program.

5/ In general, derived from column (4) as follows. \$60 million was deducted from the allocation of countries with a p.c. income of \$200-375 (these countries are starred) and added to those with a p.c. income of less than \$200. Unless there were special reasons, decreases and increases were pro rata.

6/ Column (3) divided by column (1) divided by 2.

7/ Column (5) divided by column (1).

8/ Column (6) divided by column (1).

**FY76 IDA Allocations: Proposed Allocation Compared
with Current FY76 Program**

ANNEX II
page 2 of 2

	Current Program ^{1/} (\$.m.)	Proposed Program ^{2/} (\$.m.)	Increase (Decrease) (\$.m.)	% Increase (Decrease)
Eastern Africa				
Burundi	9.5	18.8	9.3	97.9
Ethiopia	70.0	60.0	(10.0)	(14.3)
Kenya	12.0	10.4	(1.6)	(13.3)
Lesotho	5.0	6.9	1.9	38.0
Madagascar	16.4	20.0	3.6	22.0
Malawi	10.0	15.1	5.1	51.0
*Mauritius	3.0	3.7	0.7	23.3
Rwanda	16.0	17.5	1.5	9.4
Somalia	16.0	10.3	(5.7)	(35.6)
Sudan	12.0	29.4	17.4	145.0
Tanzania	39.2	34.6	(4.6)	(11.7)
Zaire	40.0	41.9	1.9	4.8
Subtotal	249.1	268.6	19.5	7.8
Western Africa				
*Cameroon	17.0	7.9	(9.1)	(53.5)
C.A.R.	1.0	1.0	-	-
Chad	23.0	15.0	(8.0)	(34.7)
Dahomey	14.0	14.5	0.5	3.6
Gambia	7.0	7.6	0.6	8.6
*Ghana	10.0	5.9	(4.1)	(41.0)
Guinea	8.0	11.3	3.3	41.3
*Liberia	6.0	10.5	4.5	75.0
Mali	25.0	11.3	(13.2)	(52.8)
Mauritania	8.0	7.9	(0.1)	1.3
Niger	18.0	34.7	16.7	92.8
*Senegal	2.0	2.8	0.8	40.0
Sierra Leone	7.3	9.6	2.3	27.4
Togo	7.0	8.6	1.6	22.9
Upper Volta	10.0	23.4	13.4	134.0
Subtotal	163.3	172.5	9.2	5.6
Europe, Mid. East & N. Africa				
Afghanistan	30.0	25.2	(4.8)	(16.0)
*Egypt	65.0	46.5	(18.5)	(28.5)
Yemen, A.R.	8.0	8.7	0.7	(8.8)
Yemen, P.D.R.	6.0	-	(6.0)	(100.0)
Subtotal	109.0	80.4	(28.6)	(26.2)
Latin America & Caribbean				
*El Salvador	-	4.5	4.5	-
Haiti	15.0	8.6	(6.4)	(42.7)
*Honduras	7.0	5.7	(1.3)	(18.6)
*Paraguay	4.0	1.7	(2.3)	(57.5)
Subtotal	26.0	20.5	(5.5)	(21.2)
East Asia & Pacific				
*Papua New Guinea	12.0	12.0	-	-
South Asia				
Bangladesh	150.0	206.3	56.3	37.5
Burma	40.0	49.4	9.4	23.5
India	600.0	677.0	77.0	12.8
Nepal	36.0	44.7	8.7	24.2
Pakistan	81.0	112.7	31.7	39.1
Sri Lanka	35.0	55.4	20.4	58.3
Subtotal	942.0	1145.5	203.5	21.6
GRAND TOTAL	1501.4	1699.5	198.1	13.2

* Countries above \$200 p.c.p.a.

^{1/} Table IV, 7/7/75, adjusted for recent Management decision.

^{2/} Program with Third Window funds of \$500 million (Col.(6) in p.1 of Annex II)

Allocation of IBRD, TW and IDA Funds by Per Capita Income Groups

	IBRD		TW (3)	IDA		TOTAL ASSISTANCE		NET INCREASE IN TOTAL ASSISTANCE	
	(1) Without TW	(2) With TW		(4) Without TW	(5) With TW	(6) Without TW	(7) With TW	(8) Amount (\$m)	(9) % ^{2/}
Less than \$200 ^{1/}									
Amount (\$m)	393.7	260.7	260.0	1550.7	1598.3	1944.4	2119.0	174.6	9.0
% of Total	8.4	5.5	52.0	90.6	94.0	30.3	30.7		
\$200-375									
Amount (\$m)	1615.3	1613.3	240.0	161.1	101.2	1776.4	1957.5	181.1	10.2
% of Total	34.3	34.3	48.0	9.4	6.0	27.7	28.4		
\$375+									
Amount (\$m)	2691.0	2823.0	-	-	-	2691.0	2823.0	132.0	4.9
% of Total	57.3	60.1				42.0	40.9		
Total (\$m) ^{1/}	4700.0	4700.0	500.0	1711.8	1699.5	6411.8	6899.5	487.7 ^{3/}	7.6

NOTE: This table compares the allocations that would have been proposed, with no Third Window, to reduce IBRD overprogramming and remove the underprogramming of IDA funds, with these allocations after Third Window funds of \$500 million are added. It then compares the B columns with the C columns in Annex I.

^{1/} Excluding Nigeria (\$100 million and Indonesia (\$400 million).

^{2/} Column (8)/Column (6) x 100

^{3/} Does not add up to \$500 million (the TW funds added to total assistance) because the total IDA allocation without TW slightly exceeds the total IDA allocation with TW, due to rounding.

Effect of the TW on the Distribution of the Grant Equivalent
Among Countries in Different Income Groups

p.c.p.a.Income Grant Equivalent (\$)	Without Third Window			With Third Window		
	Less Than 200	200-375	375+	Less Than 200	200-375	375+
IBRD (11%)	43.3	177.7	296.0	28.7	177.8	310.5
TW (50%)	0	0	0	130	120	0
IDA (89%)	1380.1	143.4	0	1422.5	90.1	0
Total GE	1423.4	321.1	296.0	1581.2	387.9	310.5
Increase in GE Amount (\$m.)				157.8	66.8	14.5
% of Total Grant Equivalent				66%	27.9%	6.1%

P & B
7/25/75

Regional Allocation of IBRD, TW and IDA Funds

	IBRD		TW (3)	IDA		TOTAL ASSISTANCE		NET INCREASE IN TOTAL ASSISTANCE	
	(1) Without TW	(2) With TW		(4) Without TW	(5) With TW	(6) Without TW	(7) With TW	(8) Amount (\$m)	(9) % ^{1/}
<u>Eastern Africa</u>									
Amounts (\$m)	250.0	200.0	67.0	257.0	268.6	507.0	535.6	28.6	5.6
% of Total	4.8	3.8	13.4	15.0	15.3	7.3	7.2		
<u>Western Africa</u>									
Amounts (\$m)	400.0	350.0	101.0	179.4	172.5	579.4	623.5	44.1	7.6
% of Total	7.7	6.7	20.2	10.5	10.2	8.4	8.4		
<u>Europe, Middle East & North Africa</u>									
Amounts (\$m)	1360.0	1360.0	50.0	118.1	80.4	1478.1	1490.4	12.3	0.8
% of Total	26.2	26.2	10.0	6.9	4.7	21.4	20.1		
<u>Latin America and Caribbean</u>									
Amounts (\$m)	1700.0	1850.0	32.0	26.2	20.5	1726.2	1902.5	176.3	10.2
% of Total	32.7	35.6	6.4	1.5	1.2	25.0	25.7		
<u>East Asia & Pacific</u>									
Amounts (\$m)	1350.0	1380.0	75.0	12.0	12.0	1362.0	1467.0	105.0	7.7
% of Total	26.0	26.5	15.0	0.7	0.7	19.7	19.8		
<u>South Asia</u>									
Amounts (\$m)	140.0	60.0	175.0	1119.1	1145.5	1259.1	1380.5	121.4	9.6
% of Total	2.7	1.2	35.0	65.4	67.4	18.2	18.7		
Total Amount (\$m)	5200.0	5200.0	500.0	1711.8	1699.5	6911.8	7399.5	487.7 ^{2/}	7.1

NOTE: This table compares the allocations that would have been proposed, with no Third Window, to reduce IBRD overprogramming and remove the underprogramming of IDA funds, with these allocations after Third Window funds of \$500 million are added. It then compares the B columns with the C columns in Annex I.

^{1/} Column (8)/Column (6) x 100.

^{2/} Does not add up to \$500 million (the TW funds added to total assistance) because the total IDA allocation without TW slightly exceeds the total IDA allocation with TW, due to rounding.



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458
Document Date July 31, 1975	Document Type Memorandum	
Correspondents / Participants To: I. P. M. Cargill From: Lester Nurick		
Subject / Title United Kingdom: Third Window		
Exception(s) Attorney-Client Privilege		
Additional Comments		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 6, 2025</td></tr></table>
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THIRD WINDOW

Regional Vice Presidents

July 30, 1975

J. Burke Knapp

Bank/IDA/Third Window Allocations for FY76

✓ - NOT ATTACHED

Please find attached a copy of a memorandum on the above subject which has been prepared by Mr. Adler. The allocations proposed in this memorandum do not have any official status at the present time; they have not been reviewed in detail by Mr. McNamara or myself.

Will you please undertake a review of these proposed allocations and let me have your detailed comments on them by August 13 (I shall be absent during the next two weeks but plan to spend some time on this subject over the weekend of August 16-17). I would hope that we could have a generally agreed program settled by the time of the Annual Meeting.

Attachment.

cc: Messrs. Adler
Doak/Gue
Stern

JBKnapp:vm

JBK

Switzerland →
cc Third Window

Mr. I.P.M. Cargill

July 30, 1975

Lester Nurick

Switzerland: IDA4; Third Window

Mr. Guy Hentsch, Secretary of the Embassy of Switzerland, telephoned me today to give me the following information:

(1) IDA4

The final date for a referendum has now been set at September 29. The campaign for the referendum has started and it looks as if it will be held. The Federal Council has decided that a vote on the bill will not be held until some time next year, after the election. Hentsch says this is unfortunate, but says that this decision was based on the desire of the Federal Council not to inject IDA4 into the election itself.

The earliest date possible for a vote would be March 21, 1976, but it is possible that the vote will not be held until some time in June 1976. This means that the IDA loan will certainly not be made before March 1976 and probably will not be made, if at all, until several months later.

(2) Third Window

On July 9 the Federal Council sent to Parliament a bill for the Swiss participation in both the Third Window and the Fund Oil Facility. The total authorization for both would be SwF25 million. The exact division between the two has not yet been settled but it will be roughly about the same for each. The bill was sent on the basis of an "Urgency Procedure" which means that Parliament must act on it before Christmas. No referendum is possible on this matter and Hentsch says that this should be handled smoothly.

cc: Messrs. Broches/Fontein
Adler
Wood/Bock
Hattori

L.Nurick:ew

✓ Senegal - IBRD/IDA P. 14.
✓ "Adulmi/P." Third Window

Mr. Roger Chaufournier

July 31, 1975

J. Burke Knapp

SENEGAL - Lending Program

In view of the circumstances and prospects in Senegal, I think we should stretch a bit, at least this year, to cover our projects there with Third Window and IDA funds. The tentative allocation of Third Window funds to Senegal is \$18 million.

I would therefore propose the two highway projects totalling \$21.5 million be covered by Third Window loans, and that the livestock project be financed through an IDA credit. I make this latter suggestion particularly because this project will have co-financiers and making it the subject of an IDA credit should help in getting better terms from the co-financiers.

Let's review later the question of how much IDA money should remain for Senegal in FY77.

cc: Mr. Adler
Mr. Dosik

JBKnapp:vm



OUTGOING WIRE

TO: JULIAN GRENFELL
TELEX 22212
GENEVA

DATE: JULY 30, 1975

CLASS OF
SERVICE: TELEX 22212

COUNTRY: SWITZERLAND

(Ext. 3643)

TEXT:
Cable No.:

BOARD APPROVED THIRD WINDOW YESTERDAY STOP AM AIRMAILING PRESS COMMUNIQUE STOP
INTEREST SUBSIDY FUND EFFECTIVE WHEN \$100 MILLION CONTRIBUTED OR FORMALLY PLEDGED
WHICH CONDITION EXPECTED SHORTLY STOP CANADA DENMARK KUWAIT NETHERLANDS NORWAY
QATAR SAUDI ARABIA U.K. AND VENEZUELA HAVE ANNOUNCED TOTAL CONTRIBUTIONS OF
\$117 MILLION EQUIVALENT, SOME SUBJECT PARLIAMENTARY APPROVAL STOP THIS SUM
SUFFICIENT TO SUBSIDIZE ESTIMATED \$500 MILLION THIRD WINDOW LOANS STOP ADDITIONAL
CONTRIBUTIONS EXPECTED WITHIN CURRENT FISCAL YEAR

REGARDS

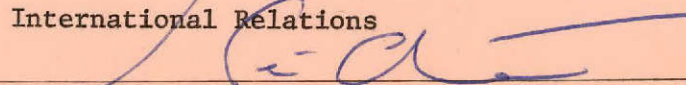
CHATENAY

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME L. Peter Chatenay

DEPT. International Relations

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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Mr. Burney

LPChatenay:mmh

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FOR IMMEDIATE RELEASE

Third Window



World Bank

1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 393-6360

BANK NEWS RELEASE

JULY 29, 1975

"THIRD WINDOW" FACILITY APPROVED

The Executive Directors have authorized additional lending by the World Bank through an intermediate financing facility, the so-called "Third Window." By means of the Third Window the Bank's poorer developing member countries will receive loans on terms that are intermediate between the standard terms of the Bank and the highly concessional terms of its affiliate, the International Development Association (IDA).

The Third Window will be subsidized by an Interest Subsidy Fund that will supplement interest payments due the Bank from borrowers. To this end, the Fund from its resources will pay the Bank semi-annually an amount equal to 4% a year of the outstanding principal of Third Window loans. The difference between the 4% paid by the Fund and the Bank's standard interest rate will be paid by the borrowers.

The resources of the Interest Subsidy Fund are to be supplied by governments on a voluntary basis. A total of \$100 million equivalent in contributions or in formal notifications of intention to contribute is required to make the Subsidy Fund effective. Governments have stated their expectation that this condition will be met shortly.

To date, nine countries have announced, subject in some cases to legislative approval, their willingness to make contributions to the Fund in an aggregate amount of \$117 million equivalent. They are: Canada, Denmark, Kuwait, Netherlands, Norway, Qatar, Saudi Arabia, United Kingdom and Venezuela. This sum is sufficient to subsidize an estimated \$500 million of Third Window loans. Additional contributions are expected during the current fiscal year, that will end on June 30, 1976.

Establishment of the Third Window will give the Bank added flexibility in meeting the needs of its developing member countries. It will

/more

Note: Money figures are expressed in US dollar equivalents.

enable the Bank to increase commitments to those countries that can service loans at interest rates above the minimal cost of IDA credits, and yet would find it burdensome to service additional debt on conventional IBRD terms.

The principal beneficiaries of Third Window loans will be the poorer less developed countries. In making these loans, particular attention will be given to a country's per capita income, its ability to repay and its access to alternative sources of funds on reasonable terms.

Third Window Contributions
Status as of July 28, 1975
Recapitulation

THIRD WINDOW

(million US\$)

Country	Amount	Remarks (Availability)
Canada	20	Requires Ministerial Decision
Kuwait	20	After October
Netherlands	20	
Norway	4	After September
Saudi Arabia	25	As soon as Fund established
UK	10	End July
Venezuela	10	September
Qatar	5	
Denmark	3	
Total	117	

In addition:

1. UK prepared to consider increase if total contributions would make \$1 billion Third Window lending feasible, or if they are inadequate for \$0.5 billion Third Window lending.
2. Switzerland willing to consider \$5 million contribution but required Parliamentary approval may be delayed until mid 1976.
3. Austria would welcome IBRD suggestions for using \$31.6 million 4% Loan of 1973 for its contribution, pending Government decision on participation.

Progress on Third Window Contributions as of July 28, 1975

Australia: RSM cabled Prime Minister on June 20.

Austria: Reply to RSM (7/1) cable: Supports intermediate lending terms; participation examined; requires approval by Parliament convening Oct. 1975; would welcome World Bank suggestions as to use of FY 1974 4% \$31.6 million Loan for contribution.

Belgium: Waiting reply to RSM cable (7/1) to Finance Minister.

Canada: Isbister reports that contribution of \$20 million has support at official level but requires Ministerial decision.

Denmark: \$3 million subject to Parliamentary approval.

Finland: Contribution possible but unlikely.

France: Awaiting resolution of other issues on monetary reform.

Germany: Contribution possible after January 1.

Iran: RSM to cable Shah with specific proposal as soon as present pledges confirmed.

Italy: No developments since Paris.

Japan: Contacts to be renewed at an appropriate moment (after decision by French and Germans.

Kuwait: Bill presented to Parliament June; will be considered after recess in October.

Luxembourg: No prospect.

Netherlands: Witte has transmitted request for formal confirmation of willingness to contribute \$20 million.

Norway: Has confirmed willingness to contribute \$4 million subject to parliamentary approval (probably September) and other conditions.

Qatar: \$ 5 million to be contributed.

Saudi Arabia: El Fishawy reports that contribution (of \$25 million) will be paid as soon as Fund established.

South Africa: Gaud has spoken again with Schmidt. Small contribution will probably be forthcoming if one or two more major countries come in.

Spain: No developments since Paris.

Switzerland: Contribution of \$5 million plus probable but delay may extend beyond mid-1976.

UAE: Contribution believed unlikely in view of financial difficulties in Abu Dhabi.

UK \$10 million confirmed; increase will be considered if overall contributions make \$1 billion lending feasible, or if they are inadequate for \$0.5 billion lending.

Venezuela: \$10 million confirmed subject to Parliamentary approval, expected in September 1975.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Knapp)

DATE: July 28, 1975

FROM: John H. Adler, Director, P&B

SUBJECT: Proposals for a Regional Allocation of IBRD Funds and a Country Allocation of Third Window and IDA Funds in FY76

*General Operating Policy
Third Window*

1. This memorandum contains proposals to trim the IBRD program and increase the IDA program to match the currently approved amounts in the World Bank lending program for FY76 and to allocate \$500 million of Third Window funds. It was prepared following guidelines provided by Mr. Knapp in the context of our review of my memorandum on the planning and control of IBRD, TW and IDA amounts.

1. Introduction

2. The proposed allocation of IBRD, TW and IDA funds in FY76 would:

- (a) reduce the current overprogramming in IBRD funds and remove the underprogramming of IDA funds;
- (b) allocate \$500 million of Third Window funds to countries with a per capita income of less than \$375; and, as a consequence,
- (c) redistribute IBRD funds from low income (less than \$200 p.c.) to middle-income countries (\$375-\$800 p.c.); and IDA funds to the poorer of the low income countries (less than \$200 p.c.).

The reduction of IBRD overprogramming and the correction of IDA underprogramming on the one hand, and the redistribution of IBRD and IDA funds with the addition of Third Window funds on the other, are conceptually separate exercises. This attachment therefore undertakes an IBRD-TW-IDA allocation in two distinct steps. In the first, the IBRD program is reduced to remove the overprogramming of IBRD funds, while the IDA program is increased to remove the current underprogramming in IDA funds. In the second step, \$500 million of Third Window funds are allocated with consequent adjustments (from the first step) in IBRD and IDA allocations.

3. The first allocation has been made to provide a benchmark from which to estimate the effect of adding \$500 million of Third Window funds on Regional allocations and on the distribution of assistance among countries in different income groups. Allocation of Bank Group funds are shown for each country (Annex 1) without Third Window funds (Cols. B.1-B.3)

and with Third Window funds (Cols. C.1-C.4). In all cases, the allocation shown is by country. For the Third Window and IDA, the proposal is for a country allocation in accordance with general guiding principles (see Section III below). For IBRD funds, however, the proposal is for a regional allocation; Regional Vice Presidents would be asked to propose country allocations within the Regional totals. The country allocations for IBRD funds shown in Annex I are only indicative of the kind of country distribution which the Regions are likely to propose. They were made to estimate the probable redistribution effect of introducing the Third Window.

II. Implications of the Proposed Allocation

4. The proposed Bank Group allocations with and without TW funds (Cols. C.1-C.4 compared to Cols. B.1-B.3 in Annex I) have implications with respect to the distribution of Bank Group financial support, (a) among countries in different income groups; and (b) among different Regions.

A. Distribution of Bank Group Assistance among countries in Different Income Groups

5. The implications of adding TW lending are summarized in Annex III and IV. They show that:

- 52% (\$260 million) of Third Window lending goes to countries with a p.c. income of less than \$200 and 48% (\$240 million) to those in the \$201-\$375 income group. Third Window lending substitutes for part (34%) of the IBRD lending in the first group and for part (37%) of the IDA lending in the second group.
- \$133 million of IBRD lending is transferred from low income and high risk countries to those in the middle income group (\$375-\$800 p.c.); these countries receive no Third Window funds now, but TW lending is envisaged for this income group, if more than \$500 million of TW funds become available.
- 95% of all IDA lending would go to countries with per capita incomes of less than \$200; \$60 million of IDA funds are reallocated from countries in the \$201-\$375 p.c. income group to the latter group.

July 28, 1975

- As a result of these reallocations, all income groups below \$800 p.c. benefit from the introduction of the TW. Total Bank Group assistance increases by 9.0%, 10.2% and 4.9% for countries with per capita incomes of less than \$200, \$200-\$375 and \$376-\$800 respectively (Annex III).
- The grant equivalent of total assistance increases by \$239 million; 66% of this increase goes to countries with per capita incomes of less than \$200, 30% to countries with per capita incomes of \$200-\$375, and 6% to countries with per capita incomes of more than \$375 (Annex IV).

B. Distribution by Region of Bank Group Assistance

6. The implications of adding TW lending is shown in Annex V. This Annex shows that:

- Total assistance increases in all Regions by 5%-10%, except for the EMENA Region where the increase is marginal.
- For the EAF, WAF, and SA Regions, which have a large number of low income countries, TW assistance is high and IBRD lending is reduced; the EAF and SA Regions benefit from the IDA reallocation to countries with per capita incomes of less than \$200.
- For the EAP Region, TW assistance increases and IBRD assistance also increases marginally.
- For the LAC Region, there are marginal (and compensating) changes in TW and IDA assistance, but a substantial increase in IBRD lending, since a large number of countries in this Region have per capita incomes of \$375-\$800.
- For the EMENA Region, there is a marginal increase in TW funds partly offset by a decline in IDA funds since IDA recipients in that Region are mostly in the \$200-\$375 income group.
- In summary, the IBRD, TW and IDA totals are shown in Table 1, with and without TW lending. For easy reference, the current totals of country lending programs are also shown.

Table 1

IBRD Regional Lending Programs and Tw/IDA Regional
Totals with and without Third Window

Current Program ^{1/}					Proposed Program With No TW				Proposed Program With TW						
IBRD		IDA			IBRD		IDA			IBRD		Third Window		IDA	
Amt. \$m.	%	Amt. \$m.	%		Amt. \$m.	%	Amt. \$m.	%		Amt. \$m.	%	Amt. \$m.	%	Amt. \$m.	%
191.7	3.5	249.9	16.6		250	4.8	257	15.0		200	3.8	67	13.4	268.6	15.8
446.5	8.1	162.2	10.2		400	7.7	172.4	10.5		350	6.7	101	20.2	172.5	13.2
1408.1	25.7	109.0	7.3		1360	26.2	118.1	6.9		1360	26.2	50	10.0	80.4	4.7
1909	34.8	26.0	1.7		1700	32.7	26.2	1.5		1850	35.6	32	6.4	20.5	1.2
1422	25.9	12.0	0.8		1350	26.0	12.0	0.7		1380	26.5	75	15.0	12.0	0.7
110	2.1	942.0	62.7		140	2.7	1119.1	65.4		60	1.2	175	35.0	1145.5	67.4
TOTAL	5487.1	100.1	1501.4	100.0	5200	100.1	1711.8	100.0		5200	100.0	500	100.0	1699.5	100.0

Standard Table IV of 7/7/75, updated for recent Management decision.

P & B
7/25/75

III. Methodology underlying the Proposed Allocations

A. Bank Group Allocations with no Third Window

7. For IBRD, the aggregate of country lending programs for FY76 is \$5487.1 million^{1/} compared to a World Bank lending program of \$4.7 billion. For IDA, however, the aggregate of country lending programs is \$1501.4 million^{1/} compared to a World Bank lending program of \$1635 million. Total available IBRD funds for FY76 were fixed at \$5200 million -- or about 10% more than the World Bank lending program, to allow for some unavoidable country and related project losses.^{2/} Total available IDA funds for FY76 were fixed at \$1700 million -- or \$65 million above the World Bank lending program, in view of the shortfall in FY75.^{3/}

8. IBRD Regional Lending Programs (no TW) The proposed IBRD Regional lending programs were derived by adjusting the "ideal" Regional shares of total available IBRD funds (\$5200 million) on the basis of the special circumstances of FY76. The "ideal" Regional shares were defined as the average of Regional shares in FY75-77 -- i.e. the actual shares in FY75 and the share of country lending programs for FY76 and FY77 (Annex I, Col. A.1 for FY76 and Standard Table IV, 7/7/75, for FY77). The principal adjustments made in the "ideal" shares, were to:

- (a) reduce the EAF Region's share, since IBRD lending to the E.A.C., Ethiopia and Madagascar is very unlikely in FY76;
- (b) increase the EAP Region's share to allow for a particular effort in Thailand, to which no lending was made in FY75; and
- (c) reduce the SA Region's share since the unusually high level of IBRD lending to India in FY75 resulted in an "ideal" share that was too high.

^{1/} These figures differ from those shown in my memo "Planning and Control of IBRD, IDA and TW Commitment Amounts" since they incorporate decisions made by Management after Standard Table IV of 7/7/75 was issued. In particular, the IBRD allocation to India has been reduced from \$240 million shown in the Standard Tables to \$60 million.

^{2/} This overprogramming of IBRD funds is more than suggested by our experience in FY75, when approximately 7% of the approved country lending programs to be achieved, due to the...

July 28, 1975

9. IDA Country Allocations. The proposed IDA country allocations is derived in some detail in Annex II and shown in Col. B.2 of Annex I. This allocation was prepared on the basis of the country shares determined in connection with the preparation of the IDA lending program for the Fourth Replenishment in May, 1974. These shares were adjusted (see Col. 2, Annex II) since several countries will no longer receive IDA assistance, at least during the Fourth Replenishment (Vietnam, Bolivia, Botswana and Morocco). The adjusted shares were then used to determine the FY76 allocation after compensating for country overruns or underruns in IDA commitments in FY75.^{1/} There were only a few minor exceptions to this general rule. These were countries (the C.A.R., Chad and Ethiopia) whose FY76 operations program were too weak to absorb all of their FY76 allocation. The IDA allocations for FY76 are preliminary proposals derived on the basis of considerations of equity. (Annex II, p.1 also includes the p.c.p.a. IDA allocation for each country.) They may need to be reviewed in the light of special country considerations after comparing further the preliminary proposals with the current FY76 country programs (see Annex II, p.2).

B. Bank Group Allocations with TW Lending

10. Third Window Allocation. The allocation by country of \$500 million of Third Window funds is shown in Col. C.2 of Annex I. It is based on the DPS proposals of March, 1975.^{2/} Countries with a per capita income of \$375-\$500 have not been allocated any Third Window funds; it is recognized that they would receive Third Window assistance, after Third Window funds exceed \$500 million. As a general rule, the allocation to each country is one-half the earlier DPS allocation (which was then made for \$1.0 billion) with the following minor exceptions:

- (a) The E.A.C. and Madagascar receive no Third Window funds, since it is unlikely that such funds can be committed in these countries in FY76.
- (b) India's high original allocation has been slightly reduced (from \$150 million to \$125 million).

^{1/} Specifically, a two-year country allocation for FY75 and FY76 was derived from the country shares. The FY75 commitments were then subtracted from the two-year total to derive the proposed commitment for FY76. The FY75 commitments to four countries -- Jordan, Yemen, P.D.R., Guyana and Swaziland -- exceeded their FY75 and FY76 allocation. No allocation was made to these countries in FY76.

^{2/} Mr. Haq's memo of March 15, 1975 to Mr. McNamara.

July 28, 1975

The \$60 million that is released, as a result of (a) and (b) is then redistributed to other countries as follows:

- (aa) The allocation of countries with less than \$5.0 million is raised to \$5.0 million; conversely, countries with an allocation above \$25 million receive no increase.
- (bb) The allocation to all other countries is increased proportionately and rounded.

11. Projects suitable for Third Window financing have not been identified. In proposing projects for Third Window financing, it would be desirable for the Regional Offices to observe these guidelines:

- (a) In IBRD-TW countries, Third Window projects should preferably be in the newer social sectors; conversely, in TW-IDA countries they should preferably be in traditional sectors.
- (b) Projects with a high probability of being approved by the Board in FY76 should be given priority for Third Window financing.
- (c) IBRD/TW and TW/IDA blend projects should be kept to a minimum.

12. IDA Country Allocation. The proposed IDA allocation by country with Third Window funds is shown in Col. C.3 of Annex 11.^{1/} The reallocation

^{1/} The proposed IDA program in FY76 for several countries is smaller than the program currently shown in Standard Table IV because of an overrun in the annual allocation to these countries in FY75. However, in most cases, such countries receive a Third Window allocation that exceeds the proposed IDA reduction in FY76. In a few cases -- Chad, Haiti, Mali, Somalia and Yemen, P.D.R. -- the proposed reduction from the current IDA program is not accompanied by the allocation of Third Window funds. If it were decided to retain the currently approved IDA amounts in FY76 to these countries, this would add \$39.3 million to the total IDA allocation for FY76 with the increases (from Annex 11, Col.2, p.2) distributed as follows: Chad (\$8.0m.), Haiti (\$6.4m.), Mali (\$13.2m.), Somalia (\$5.7m.), and Yemen, P.D.R. (\$6.0m.).

July 28, 1975

of \$60 million from countries with per capita incomes of \$200-\$375 to those with less than \$200, was made in proportion to country shares with very few minor exceptions. (Consequently, most of the \$60 million that is added to the lowest income group results from reducing the IDA allocation to Egypt, which holds a large share of IDA funds in the \$200-\$375 income group; countries in this income group are starred in Annex II.)

13. IBRD Regional Lending Programs (with TW). The proposed IBRD Regional lending program with TW funds is shown in Col. 9 of Table 1. The EAF, WAF and SA Regional shares are smaller than those that would have been proposed before the availability of TW funds (Col. 5, Table 1), since these Regions receive a relatively high proportion of TW funds (and also some additional IDA funds for the EAF and SA Regions). The LAC Region's IBRD allocation increases substantially, since many countries with per capita incomes of \$375-\$800 are in this Region.

Recommendations

14. The proposals presented for decision in this memorandum are to:

- (1) approve the allocation of Third Window funds by country as shown in Col. C.2 of Annex 1; and ask the Regional Vice Presidents to propose projects for Third Window financing in accordance with the guidelines in paragraph 11;
- (2) approve the preliminary allocation of IDA funds by country as shown in Col. C.3 of Annex 1 (Col.(6) of Annex II) after consultation with the Regional Vice Presidents; and
- (3) approve the following IBRD Regional Lending Programs and ask the Regional Vice Presidents to propose IBRD country allocations. These Regional Lending Programs are over-programmed; actual commitments to the Regions in FY76 should be about 10% less on average than the following figures:

	<u>Proposed IBRD Regional Lending Programs (\$m.)</u>
Eastern Africa	200.0
Western Africa	350.0
Europe, Middle East & N. Africa	1360.0
Latin America and Caribbean	1850.0
East Asia and Pacific	1380.0
South Asia	<u>60.0</u>
Total	<u>5200.0</u>

Mr. Robert S. McNamara

- 9 -

July 28, 1975

ANNEXES

- I. FY76 IBRD, TW and IDA Proposed Allocations with no Third Window and with \$500 million of Third Window Funds.
- II. Proposed IDA FY76 Allocation by Country and Comparison with Current IDA Program.
- III. Effect of TW on Bank Group Assistance to Countries in Different per capita Income Groups.
- IV. Distribution of Increased Grant Equivalent among Countries in Different Income Groups.
- V. TW Effect on Regional Shares of IBRD, TW and IDA Funds.

Attachments

cc: Mr. Cargill
Mr. Goodman

GZaidan:jcs

FY76 IBRD, TW and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds

ANNEX 1
page 1 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5b.)			
	IBRD (A.1)	IDA (A.2)	TOTAL (A.3)	IBRD (B.1)	IDA (B.2)	TOTAL (B.3)	IBRD (C.1)	TW (C.2)	IDA (C.3)	TOTAL (C.4)
Eastern Africa										
Botswana	5.7	-	5.7	6.0	-	6.0	6.0	-	-	6.0
Burundi	-	9.5	9.5	-	17.7	17.7	-	-	18.8	18.8
E.A.C.	-	-	-	-	-	-	-	-	-	-
Ethiopia	-	70.0	70.0	-	60.0	60.0	-	-	60.0	60.0
Kenya	128.0	12.0	140.0	128.0	9.8	137.8	103.0	25.0	10.4	138.4
Lesotho	-	5.0	5.0	-	6.5	6.5	-	-	6.9	6.9
Madagascar	-	16.4	16.4	-	18.9	18.9	-	-	20.0	20.0
Malawi	-	10.0	10.0	-	14.2	14.2	-	6.0	15.1	21.1
Mauritius	13.0	3.0	16.0	13.0	3.7	16.7	6.0	6.0	3.7	15.7
Rwanda	-	16.0	16.0	-	16.5	16.5	-	-	17.5	17.5
Somalia	-	16.0	16.0	-	9.7	9.7	-	-	10.3	10.3
Sudan	-	12.0	12.0	-	27.8	27.8	-	12.0	29.4	41.4
Swaziland	-	-	-	-	-	-	-	-	-	-
Tanzania	30.0	39.2	69.2	48.0	32.6	80.6	30.0	18.0	34.6	82.6
Zaire	-	40.0	40.0	-	39.6	39.6	-	-	41.9	41.9
Zambia	16.2	-	16.2	55.0	-	55.0	55.0	-	-	55.0
Total	181.7	249.1	430.8	250.0	257.0	507.0	200.0	67.0	268.6	535.6
Western Africa										
Cameroon	25.0	17.0	42.0	25.0	14.7	39.7	15.0	21.0	7.9	43.9
C.A.S.	-	1.0	1.0	-	1.0	1.0	-	-	1.0	1.0
Chad	-	23.0	23.0	-	15.0	15.0	-	-	15.0	15.0
Cote d'Ivoire	25.0	-	25.0	17.7	-	17.7	12.7	5.0	-	17.7
Dahomey	-	14.0	14.0	-	13.7	13.7	-	-	14.5	14.5
Eq. Guinea	-	-	-	-	-	-	-	-	-	-
Gabon	-	-	-	-	-	-	-	-	-	-
Gambia	-	7.0	7.0	-	7.2	7.2	-	5.0	7.0	12.0
Ghana	45.0	10.0	55.0	45.0	10.5	55.5	45.0	18.0	5.9	68.9
Guinea	-	8.0	8.0	-	10.7	10.7	-	-	11.3	11.3
Ivory Coast	63.0	-	63.0	63.0	-	63.0	48.0	15.0	-	63.0
Liberia	29.3	6.0	35.3	29.3	10.5	39.8	29.3	5.0	10.5	44.8
Mali	-	25.0	25.0	-	11.1	11.1	-	-	11.6	11.6
Mauritania	-	3.0	3.0	-	7.5	7.5	-	-	7.9	7.9
Niger	-	18.0	18.0	-	32.7	32.7	-	-	34.7	34.7
Nigeria	139.0	-	139.0	100.0	-	100.0	100.0	-	-	100.0
Senegal	60.0	2.0	62.0	60.0	5.1	65.1	45.0	18.0	2.8	65.8
Sierra Leone	-	7.3	7.3	-	9.1	9.1	-	9.0	9.6	18.6
Togo	60.0	7.0	67.0	60.0	8.1	68.1	55.0	5.0	8.6	68.6
Upper Volta	-	10.0	10.0	-	22.1	22.1	-	-	23.4	23.4
Total	446.3	163.3	609.6	400.0	179.4	579.4	350.0	101.0	172.5	623.5
Europe, Mid. East										
E.N. Africa										
Afghanistan	-	30.0	30.0	-	23.8	23.8	-	-	25.2	25.2
Algeria	140.0	-	140.0	120.0	-	120.0	120.0	-	-	120.0
Bahrain	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Cyprus	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Egypt	150.0	65.0	215.0	150.0	86.1	236.1	150.0	50.0	46.5	246.5
Finland	-	-	-	-	-	-	-	-	-	-
Greece	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Iran	87.5	-	87.5	60.0	-	60.0	60.0	-	-	60.0
Ireland	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Israel	-	-	-	-	-	-	-	-	-	-
Jordan	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Lebanon	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Morocco	75.0	-	75.0	75.0	-	75.0	75.0	-	-	75.0
Oman	-	-	-	-	-	-	-	-	-	-
Portugal	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
Romania	160.0	-	160.0	160.0	-	160.0	160.0	-	-	160.0
Spain	25.0	-	25.0	25.0	-	25.0	25.0	-	-	25.0
Syria	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Tunisia	60.6	-	60.6	60.0	-	60.0	60.0	-	-	60.0
Turkey	230.0	-	230.0	230.0	-	230.0	230.0	-	-	230.0
Yemen, A.R.	-	8.0	8.0	-	8.2	8.2	-	-	8.7	8.7
Yemen, P.D.R.	-	6.0	6.0	-	-	-	-	-	-	-
Yugoslavia	240.0	-	240.0	240.0	-	240.0	240.0	-	-	240.0
Total	1408.1	109.0	1517.1	1360.0	118.1	1478.1	1360.0	50.0	80.4	1490.4

PY76 IBRD, TV and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds

ANNEX I
page 2 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5b.)			
	IBRD	IDA	TOTAL	IBRD	IDA	TOTAL	IBRD	TW	IDA	TOTAL
Latin America & Carib.										
Argentina	215.0	-	215.0	115.0	-	115.0	215.0	-	-	215.0
Bahamas	9.0	-	9.0	9.0	-	9.0	9.0	-	-	9.0
Barbados	6.0	-	6.0	6.0	-	6.0	6.0	-	-	6.0
Bolivia	47.0	-	47.0	47.0	-	47.0	41.0	6.0	-	47.0
Brazil	575.0	-	575.0	500.0	-	500.0	525.0	-	-	525.0
CABEI	-	-	-	-	-	-	-	-	-	-
Carib. Region	20.0	-	20.0	20.0	-	20.0	25.0	-	-	25.0
Chile	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Colombia	200.0	-	200.0	165.0	-	165.0	170.0	-	-	170.0
Costa Rica	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Dom. Rep.	20.0	-	20.0	20.0	-	20.0	22.0	-	-	22.0
Ecuador	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
El Salvador	14.0	-	14.0	14.0	4.5	18.5	8.0	5.0	4.5	17.5
Guatemala	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Guyana	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Haiti	-	15.0	15.0	-	8.1	8.1	-	-	8.0	8.0
Honduras	3.0	7.0	10.0	3.0	10.5	13.5	2.0	15.0	5.7	22.7
Jamaica	3.0	-	3.0	3.0	-	3.0	3.0	-	-	3.0
Mexico	360.0	-	360.0	360.0	-	360.0	360.0	-	-	360.0
Nicaragua	4.0	-	4.0	5.0	-	5.0	15.0	-	-	15.0
Panama	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Paraguay	-	4.0	4.0	-	3.1	3.1	-	6.0	1.7	7.7
Peru	135.0	-	135.0	135.0	-	135.0	140.0	-	-	140.0
Puerto Rico	18.0	-	18.0	18.0	-	18.0	18.0	-	-	18.0
Uruguay	35.0	-	35.0	35.0	-	35.0	40.0	-	-	40.0
Venezuela	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Total	1909.0	26.0	1935.0	1700.0	26.2	1726.2	1850.0	32.0	20.5	1902.5
East Asia & Pacific										
Philippines	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Indonesia	400.0	-	400.0	400.0	-	400.0	400.0	-	-	400.0
Korea	325.0	-	325.0	275.0	-	275.0	300.0	25.0	-	325.0
Malaysia	145.0	-	145.0	145.0	-	145.0	165.0	-	-	165.0
Papua N.G.	30.0	12.0	42.0	30.0	12.0	42.0	30.0	-	12.0	42.0
Philippines	277.0	-	277.0	275.0	-	275.0	260.0	25.0	-	285.0
Singapore	-	-	-	-	-	-	-	-	-	-
Thailand	230.0	-	230.0	210.0	-	210.0	210.0	25.0	-	235.0
Western Samoa	-	-	-	-	-	-	-	-	-	-
Total	1422.0	12.0	1434.0	1350.0	12.0	1362.0	1380.0	75.0	12.0	1467.0
South Asia										
Bangladesh	-	150.0	150.0	-	194.7	194.7	-	-	206.3	206.3
Burma	-	40.0	40.0	-	46.6	46.6	-	-	49.4	49.4
India	60.0	600.0	660.0	90.0	677.0	767.0	60.0	125.0	677.0	862.0
Nepal	-	36.0	36.0	-	42.2	42.2	-	-	44.7	44.7
Pakistan	50.0	81.0	131.0	50.0	106.3	156.3	-	50.0	112.7	162.7
Sri Lanka	-	35.0	35.0	-	52.3	52.3	-	-	55.4	55.4
Total	110.0	842.0	1052.0	140.0	1119.1	1259.1	60.0	175.0	1145.5	1320.5
GRAND TOTAL	5487.1	1501.4	6988.5	5200.0	1711.8	6911.8	5200.0	500.0	1690.5	7399.5

	(1)	(2)	Allocation (\$m)		Proposed FY76 (\$m)		Per Capita Per Annum		
	Population	Share of IDA	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	mid-72 (C00)	Commitment (%) ^{1/}	FY75/76 ^{2/}	Actual FY75 ^{2/}	No TV ^{3/}	With TV ^{5/}	FY75/76 ^{4/} Average	FY76 ^{2/} No TV ^{2/}	FY76 ^{2/} With TV ^{2/}
Eastern Africa									
Burundi	3506	0.94	17.7	-	17.7	18.8	2.5	5.1	5.4
Ethiopia	25930	4.55	161.7	80.5	60.0	60.0	3.1	2.3	2.3
Kenya	12070	1.08	35.3	25.5	9.8	10.4	1.5	0.6	0.9
Lesotho	959	0.32	10.5	4.0	6.5	6.9	5.5	6.7	7.2
Madagascar	7400	1.08	35.3	16.4	18.9	20.0	2.4	2.6	2.7
Malawi	4711	1.00	32.7	18.5	14.2	15.1	3.5	3.0	3.2
Mauritius	849	0.22	7.2	3.5	3.7	3.7	4.2	4.4	4.4
Swaziland	3974	0.75	24.5	8.0	16.5	17.5	3.2	4.2	4.5
Senegal	2954	0.54	17.7	8.0	9.7	10.3	3.0	3.3	3.5
Sudan	16586	2.47	80.8	53.0	27.8	29.4	2.4	1.7	1.8
Tanzania	13606	0.11	3.6	5.0	-	-	4.0	-	-
Zaire	19091	2.80	91.6	52.0	29.6	41.9	2.4	2.1	2.2
Total	112022	18.01	588.9	312.1	257.0	268.6	2.8	2.3	2.4
Eastern Africa									
Cameroun	6084	1.00	32.7	18.2	14.7	7.9	2.7	2.4	1.3
C.A.R.	1673	0.22	7.2	-	1.0**	1.0	2.2	0.6	0.6
Chad	3780	0.86	28.1	-	15.0**	15.0	3.7	4.0	4.0
Dahomey	2360	0.54	17.7	4.0	13.7	14.5	3.1	4.8	5.1
Gambia	377	0.22	7.2	-	7.2	7.6	9.5	19.1	20.2
Ghana	9036	0.75	24.5	13.6	10.9	5.9	1.3	1.2	0.6
Guyana	5103	0.54	17.7	7.0	10.7	11.3	1.7	2.1	2.2
Guinea	1617	0.32	10.5	-	10.5	10.5	3.2	6.5	6.5
Mali	5250	1.08	35.3	24.2	11.1	11.8	3.4	2.1	2.2
Mauritania	1210	0.32	10.5	3.0	7.5	7.9	4.4	6.2	6.6
Niger	4250	1.00	32.7	-	32.7	34.7	3.8	7.7	8.2
Senegal	3500	0.86	28.1	23.0	5.1	2.8	3.5	1.3	0.9
Sierra Leone	2727	0.43	14.1	5.0	9.1	9.6	2.6	3.3	3.5
Togo	2052	0.43	14.1	6.0	8.1	8.6	3.4	3.9	4.1
Upper Volta	5613	1.18	38.6	16.5	22.1	23.4	3.4	3.9	4.2
Total	55679	9.75	319.0	120.5	179.4	172.5	2.9	2.7	3.1
Europe, Mid. East									
Afghanistan	14870	1.40	45.8	22.0	23.8	25.2	1.5	1.6	1.7
Egypt	30440	4.62	151.1	65.0	86.1	46.5	2.2	2.5	1.3
Jordan	2470	0.43	14.1	19.5	-	-	2.8	-	-
Yemen, A.R.	6060	1.08	35.3	27.1	8.2	8.7	2.9	1.3	1.4
Yemen, P.D.R.	1510	0.32	10.5	22.5	-	-	3.5	-	-
Total	59758	7.85	256.8	156.1	118.1	80.4	2.1	2.0	1.3
Latin America									
El Salvador	3665	0.32	10.5	6.0	4.5	4.5	1.4	1.2	1.2
Guatemala	754	0.11	3.6	4.0	-	-	2.4	-	-
Honduras	4377	0.86	28.1	20.0	8.1	8.6	3.2	1.9	2.0
Nicaragua	2637	0.32	10.5	-	10.5	5.7	1.9	3.9	2.1
Paraguay	2152	-	-	-	-	-	-	-	-
Total	15039	2.04	66.8	41.0	31.1	17.7	3.0	1.3	0.7
East Asia & Pacific									
Papua New Guinea	2581	0.32	10.5	-	12.0**	12.0	2.0	4.0	4.7
Total	2581	0.32	10.5	-	12.0	12.0	1.9	4.7	4.7
South Asia									
Bangladesh	72500	10.54	344.7	150.0	194.7	206.3	2.4	2.7	2.8
Burma	28874	2.80	91.6	45.0	46.6	49.4	1.6	1.6	1.7
India	553490	40.00	1308.0	631.0	677.0	677.0	1.2	1.2	1.2
Nepal	11470	1.29	42.2	-	42.2	44.7	1.8	3.7	3.9
Pakistan	66720	5.27	172.3	66.0	106.3	112.7	1.3	1.6	1.7
Sri Lanka	13198	2.47	80.8	28.5	52.3	55.4	3.1	4.0	4.2
Total	756252	62.37	2039.6	920.6	1119.0	1145.4	1.3	1.5	1.5
GRAND TOTAL									
	1002281	100.34	3281.6	1550.3	1711.8	1699.4	1.6	1.7	1.7

/ As determined in connection with the preparation of the IDA lending program for the Fourth Replenishment (5/13/74) adjusted for the smaller number of IDA countries (Indonesia, Botswana, Bolivia and Morocco have been excluded).

/ Column (2) x \$3,270 i.e. percent of \$3270 million (\$1635 million IDA funds in FY75 and FY76 each). Due to rounding, the total shown is \$3280 million.

/ Standard Table IV, 7/7/75.

/ Column (3) minus column (4) with zero shown if value is negative. Figures with two stars are exceptions to this rule. For example, allocations to C.A.R., Chad and Ethiopia are less than column (3) minus column (4) due to their weak operations program.

/ In general, derived from column (4) as follows. \$60 million was deducted from the allocation of countries with a p.c. income of \$200-375 (these countries are starred) and added to those with a p.c. income of less than \$200. Unless there were special reasons, decreases and increases were pro rata.

/ Column (3) divided by column (1) divided by 2.

/ Column (5) divided by column (1).

/ Column (6) divided by column (1).

TYPE IIIA Allocations: Proposed Allocation Comparison
With Current FY76 Program

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	Current Program ^{1/} (\$m.)	Proposed Program ^{2/} (\$m.)	Increase (Decrease) (\$m.)	% Increase (Decrease)
<u>Eastern Africa</u>				
Burundi	9.5	18.8	9.3	97.9
Ethiopia	70.0	60.0	(10.0)	(14.3)
Kenya	12.0	10.4	(1.6)	(13.3)
Lesotho	5.0	6.9	1.9	38.0
Madagascar	16.4	20.0	3.6	22.0
Malawi	10.0	15.1	5.1	51.0
Mauritius	3.0	3.7	0.7	23.3
Rwanda	16.0	17.5	1.5	9.4
Somalia	16.0	10.3	(5.7)	(35.6)
Sudan	12.0	29.4	17.4	145.0
Tanzania	39.2	34.6	(4.6)	(11.7)
Zaire	40.0	41.9	1.9	4.8
Subtotal	<u>249.1</u>	<u>268.6</u>	<u>19.5</u>	<u>7.8</u>
<u>Western Africa</u>				
Algeria	17.0	7.9	(9.1)	(53.5)
C.I.B.	1.0	1.0	-	-
Cote d'Ivoire	23.0	15.0	(8.0)	(34.7)
Gambia	14.0	14.5	0.5	3.6
Ghana	7.0	7.6	0.6	8.6
Guinea	10.0	5.9	(4.1)	(41.0)
Guinea-Bissau	8.0	11.3	3.3	41.3
Liberia	6.0	10.5	4.5	75.0
Mali	25.0	11.8	(13.2)	(52.8)
Mauritania	6.0	7.9	(0.1)	1.3
Niger	18.0	34.7	16.7	92.8
Senegal	2.0	2.8	0.8	40.0
Sierra Leone	7.3	9.6	2.3	27.4
Togo	7.0	8.6	1.6	22.9
Upper Volta	10.0	23.4	13.4	134.0
Subtotal	<u>163.3</u>	<u>172.5</u>	<u>9.2</u>	<u>5.6</u>
<u>Europe, Mid. East & N. Africa</u>				
Algeria	30.0	25.2	(4.8)	(16.0)
Egypt	65.0	46.5	(18.5)	(28.5)
Israel	8.0	8.7	0.7	8.8
Jordan, P.O.S.	6.0	-	(6.0)	(100.0)
Subtotal	<u>109.0</u>	<u>80.4</u>	<u>(28.6)</u>	<u>(26.2)</u>
<u>Latin America & Caribbean</u>				
El Salvador	-	4.5	4.5	-
Haiti	15.0	8.6	(6.4)	(42.7)
Honduras	7.0	5.7	(1.3)	(18.6)
Paraguay	4.0	1.7	(2.3)	(57.5)
Subtotal	<u>26.0</u>	<u>20.5</u>	<u>(5.5)</u>	<u>(21.2)</u>
<u>East Asia & Pacific</u>				
Papua New Guinea	12.0	12.0	-	-
<u>South Asia</u>				
Bangladesh	150.0	205.3	55.3	37.5
Burma	40.0	49.4	9.4	23.5
India	600.0	677.0	77.0	12.8
Nepal	36.0	44.7	8.7	24.2
Pakistan	81.0	112.7	31.7	39.1
Sri Lanka	35.0	55.4	20.4	58.3
Subtotal	<u>942.0</u>	<u>1145.5</u>	<u>203.5</u>	<u>21.6</u>
GRAND TOTAL	<u>1501.4</u>	<u>1699.5</u>	<u>198.1</u>	<u>13.2</u>

* Countries above \$200 p.c.p.a.

^{1/} Table IV, 7/77/75, adjusted for recent Management decision.

^{2/} Program with Third Window funds of \$500 million (Col.(6) in p.1 of Annex 11)

P & B
7/25/75

Allocation of IDRD, IDA and IDB Funds by Recipient Group

	IDRD		TW (3)	IDA		TOTAL ASSISTANCE		NET INCREASE IN TOTAL ASSISTANCE	
	(1) Without TW	(2) With TW		(4) Without TW	(5) With TW	(6) Without TW	(7) With TW	(8) Amount (\$m)	(9) % 2/
Less than \$200 1/									
Amount (\$m)	393.7	260.7	260.0	1550.7	1593.3	1944.4	2119.0	174.6	9.0
% of Total	8.4	5.5	52.0	90.6	94.0	30.3	30.7		
\$200-375									
Amount (\$m)	1615.3	1613.3	240.0	161.1	101.2	1776.4	1957.5	181.1	10.2
% of Total	34.3	34.3	48.0	9.4	6.0	27.7	28.4		
\$375+									
Amount (\$m)	2691.0	2823.0	-	-	-	2691.0	2823.0	132.0	4.9
% of Total	57.3	60.1	-	-	-	42.0	40.9		
Total (\$m) 1/	4700.0	4700.0	500.0	1711.8	1699.5	6411.8	6899.5	487.7 2/	7.6

NOTE: This table compares the allocations that would have been proposed, with no Third Window, to reduce IDRD overprogramming and remove the underprogramming of IDA funds, with these allocations after Third Window funds of \$500 million are added. It then compares the B columns with the C columns in Annex I.

1/ Excluding Nigeria (\$100 million) and Indonesia (\$400 million).

2/ Column (8)/Column (6) x 100

3/ Does not add up to \$500 million (the TW funds added to total assistance) because the total IDA allocation without TW slightly exceeds the total IDA allocation with TW, due to rounding.

Effect of the TW on the Distribution of the Grant Equivalent
Among Countries in Different Income Groups

	Without Third Window			With Third Window		
p.c.p.a. Income (\$)	Less Than 200	200-375	375+	Less Than 200	200-375	375+
Grant Equivalent						
ERD (11%)	43.3	177.7	296.0	28.7	177.8	310.5
W (50%)	0	0	0	130	120	0
DA (89%)	1380.1	143.4	0	1422.5	30.1	0
TOTAL GE	1423.4	321.1	296.0	1581.2	387.9	310.5
Inc. Use in GE Amount (\$m.)				157.8	66.8	14.5
% of Total Grant Equivalent				66%	27.3%	6.1%

P & B
7/25/75

Table 1: IDA Funds Allocation by Region

	IBRD		TW (3)	IDA		TOTAL ASSISTANCE		NET INCREASE IN TOTAL ASSISTANCE	
	(1) Without TW	(2) With TW		(4) Without TW	(5) With TW	(6) Without TW	(7) With TW	(8) Amount (\$m)	(9) % 1/
<u>Eastern Africa</u>									
Amounts (\$m)	250.0	200.0	17.7	257.0	268.6	507.0	535.6	28.6	5.6
% of Total	4.8	3.8	1.1	15.0	15.8	7.3	7.2		
<u>Western Africa</u>									
Amounts (\$m)	400.0	350.0	101.1	179.4	172.5	579.4	623.5	44.1	7.6
% of Total	7.7	6.7	20.2	10.5	10.2	8.4	8.4		
<u>Europe, Middle East & North Africa</u>									
Amounts (\$m)	1360.0	1360.0	54.0	118.1	80.4	1478.1	1490.4	12.3	0.8
% of Total	26.2	26.2	10.0	6.9	4.7	21.4	20.1		
<u>Latin America and Caribbean</u>									
Amounts (\$m)	1700.0	1850.0	32.0	26.2	20.5	1726.2	1902.5	176.3	10.2
% of Total	32.7	35.6	6.4	1.5	1.2	25.0	25.7		
<u>East Asia & Pacific</u>									
Amounts (\$m)	1350.0	1380.0	75.0	12.0	12.0	1362.0	1467.0	105.0	7.7
% of Total	26.0	26.8	15.0	0.7	0.7	19.7	19.8		
<u>South Asia</u>									
Amounts (\$m)	140.0	60.0	175.0	1119.1	1145.5	1259.1	1380.5	121.4	9.6
% of Total	2.7	1.2	35.0	65.4	67.4	18.2	18.7		
Total Amount (\$m)	5200.0	5200.0	500.0	1711.8	1699.5	6911.8	7399.5	487.7 ^{2/}	7.1

NOTE: This table compares the allocations that would have been proposed, with no Third Window, to reduce IBRD overprogramming and remove the underprogramming of IDA funds, with these allocations after Third Window funds of \$500 million are added. It then compares the 6 column with the 7 column in Annex I.

1/ Column (8)/Column (6) x 100.

2/ Does not add up to \$500 million (the TW funds added to total assistance) because the total IDA allocation without TW slightly exceeds the total IDA allocation with TW, due to rounding.

Mr. Goodman

THIRD WINDOW
JULY 25 75 (HAROG)

Third Window: Pending Issues

Horst Schulmann asked me to send you the attached material concerning Third Window issues which have yet to be resolved. The "loose ends" fall into three headings:

- (a) Contributions. Where do we stand with each of the potential contributors? What steps are proposed to ensure early fulfillment of the \$100 million target? (We assume you and/or Mr. Hattori are handling this.)
- (b) Investment policy. Back-up note #8 (attached) gives recommendations. I understand that Mr. Rotberg favors re-examining the option of investing in IBRD paper. Mr. McNamara wants to know what the cost would be - in terms of yield foregone - of investing only in market (i.e. non-IBRD) instruments. This requires calculating what average yield we could expect to obtain in market investments. I have given Treasurer's an estimated cash flow to use in making such a calculation.
- (c) Allocation of loans. A tentative allocation of Third Window loans by country has been distributed to the Regions (copy attached). The Regions are to give their comments to Mr. Knapp by close of business, Friday, August 22.

This list of "loose ends" does not cover legal issues which may come up in the course of preparing specific loan documents for Third Window loans. As far as I know, the major unresolved question is whether loans are to be described as 8.5% loans or as 4.5% loans.


Joe Wood

Establishment of an Intermediate Financing Facility

Back-Up Note #8

Treatment of Risks (para. 12) and
Investment Policy of Subsidy Fund (para. 17)

1. A meeting was held in Mr. Cargill's office on July 24th to consider this issue. Those present were Messrs. Cargill, Adler, Gabriel, Hittmair, Nurick, Rotberg, Davies, Fontein and Wood. Three types of risks were considered: (1) risk of variation in the rate of interest earned on subsidy fund resources; (2) risk of exchange rate changes; and (3) risks of faster (or slower) disbursement rates. It was decided to recommend the following course of action:

(a) contributions to the subsidy fund should be invested entirely in market securities such as government bonds and not in Bank obligations; the selection of maturities would be made in such a way that interest and amortization would together closely approximate the projected payment obligations of the fund.

(b) the commitment authority for Third Window loans would be re-calculated on the basis of the yield to maturity of the invested contributions, using our best guess of the rate obtainable on re-investment of interest earnings in the first few years.

(c) if the actual re-investment rate is different from that projected and a deficit in subsidy fund resources results, the final payment made on the borrowers' behalf under the loan would be reduced on a pro rata basis. If there is a surplus, it would technically have to be returned to the contributors, though in practice they might agree to some other use of the funds.

(d) the time profile of subsidy fund receipts will be adjusted in each of the first few years, as interest earnings are re-invested. When disbursements are complete, the subsidy fund investments will be adjusted to match the (then firm) time profile of fund payment obligations. Any gain (or loss) due to these transactions would be handled as in (c) above.

- (e) the possibility of shortfalls in subsidy resources due to exchange rate variations should be avoided by investing all contributions in dollars and disbursing all Third Window loans in dollars.
- (f) disbursement variations can substantially affect the subsidy requirements for particular loans; nevertheless all loans should receive the same rate of subsidy (4 percentage points) until the fund's resources are exhausted. At that time (assuming a shortfall), the final payment made by the fund on behalf of borrowers would be adjusted pro rata to fit the resources available. The borrower would pay the balance. Thereafter every borrower would pay 8.5%.
- (g) to reduce inequities associated with such a procedure, it would be desirable for all Third Window loans to have the same final payment dates. Also quick-disbursing program loans should not be eligible for Third Window terms. If necessary, such loans should be handled by additional IBRD or IDA operations.

2. The alternative of having the Bank carry one or more of these three risks was considered. There does not appear to be any practical way to transfer to the Bank the risk of a shortfall in subsidy funds due to differences in rates of disbursement from what is projected at the time of commitment. The treatment proposed for the currency problem will eliminate variations on account of exchange rate changes. If, as could well happen, this approach provokes charges of "bias" or of being unnecessarily "dollar-based", our response should emphasize the administrative advantages and say that more elaborate arrangements cannot be justified for a relatively small one-year operation.

3. There is a practical way of handling the interest rate risk: the Bank could agree to "guarantee" a fixed rate of interest (say 8.25%) on the re-investment of subsidy fund earnings in the early years of the scheme.

The risk to the Bank would be small. But, correspondingly, the gain to the fund would be small both in absolute terms and in relation to the unavoidable disbursement risk. For this reason, and in order to avoid complicated explanations to our underwriters and others, this "guarantee" approach is not recommended.

**FY76 IBRD, TW and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds**

ANNEX 1
page 1 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5b.)			
	IBRD (A.1)	IDA (A.2)	TOTAL (A.3)	IBRD (B.1)	IDA (B.2)	TOTAL (B.3)	IBRD (C.1)	TW (C.2)	IDA (C.3)	TOTAL (C.4)
Eastern Africa										
Botswana	5.7	-	5.7	6.0	-	6.0	6.0	-	-	6.0
Burundi	-	9.5	9.5	-	17.7	17.7	-	-	18.8	18.8
E.A.C.	-	-	-	-	-	-	-	-	-	-
Ethiopia	-	70.0	70.0	-	60.0	60.0	-	-	60.0	60.0
Kenya	128.0	12.0	140.0	128.0	9.8	137.8	103.0	25.0	10.4	138.4
Lesotho	-	5.0	5.0	-	6.5	6.5	-	-	6.9	6.9
Madagascar	-	16.4	16.4	-	18.9	18.9	-	-	20.0	20.0
Malawi	-	10.0	10.0	-	14.2	14.2	-	6.0	15.1	21.1
Mauritius	13.0	3.0	16.0	13.0	3.7	16.7	6.0	6.0	3.7	15.7
Rwanda	-	16.0	16.0	-	16.5	16.5	-	-	17.5	17.5
Somalia	-	16.0	16.0	-	9.7	9.7	-	-	10.3	10.3
Sudan	-	12.0	12.0	-	27.8	27.8	-	12.0	29.4	41.4
Swaziland	-	-	-	-	-	-	-	-	-	-
Tanzania	30.0	39.2	69.2	48.0	32.6	80.6	30.0	18.0	34.6	82.6
Zaire	-	40.0	40.0	-	39.6	39.6	-	-	41.9	41.9
Zambia	15.0	-	15.0	55.0	-	55.0	55.0	-	-	55.0
Total	191.7	249.1	440.8	250.0	257.0	507.0	200.0	67.0	268.6	535.6
Western Africa										
Cameroon	25.0	17.0	42.0	25.0	14.7	39.7	15.0	21.0	7.9	43.9
C.A.R.	-	1.0	1.0	-	1.0	1.0	-	-	1.0	1.0
Chad	-	23.0	23.0	-	15.0	15.0	-	-	15.0	15.0
Congo	25.0	-	25.0	17.7	-	17.7	12.7	5.0	-	17.7
Dahomey	-	14.0	14.0	-	13.7	13.7	-	-	14.5	14.5
Eq. Guinea	-	-	-	-	-	-	-	-	-	-
Gabon	-	-	-	-	-	-	-	-	-	-
Gambia	-	7.0	7.0	-	7.2	7.2	-	5.0	7.6	12.6
Ghana	45.0	10.0	55.0	45.0	10.9	55.9	45.0	18.0	5.9	68.9
Guinea	-	8.0	8.0	-	10.7	10.7	-	-	11.3	11.3
Ivory Coast	63.0	-	63.0	63.0	-	63.0	48.0	15.0	-	63.0
Liberia	29.3	6.0	35.3	29.3	10.5	39.8	29.3	5.0	10.5	44.8
Mali	-	25.0	25.0	-	11.1	11.1	-	-	11.8	11.8
Mauritania	-	8.0	8.0	-	7.5	7.5	-	-	7.9	7.9
Niger	-	18.0	18.0	-	32.7	32.7	-	-	34.7	34.7
Nigeria	139.0	-	139.0	100.0	-	100.0	100.0	-	-	100.0
Senegal	60.0	2.0	62.0	60.0	5.1	65.1	45.0	18.0	2.8	65.8
Sierra Leone	-	7.3	7.3	-	9.1	9.1	-	9.0	9.6	18.6
Togo	60.0	7.0	67.0	60.0	8.1	68.1	55.0	5.0	8.6	68.5
Upper Volta	-	10.0	10.0	-	22.1	22.1	-	-	23.4	23.4
Total	446.3	163.3	609.6	400.0	179.4	579.4	350.0	101.0	172.5	623.5
Europe, Mid. East & N. Africa										
Afghanistan	-	30.0	30.0	-	23.8	23.8	-	-	25.2	25.2
Algeria	140.0	-	140.0	120.0	-	120.0	120.0	-	-	120.0
Bahrain	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Cyprus	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Egypt	150.0	65.0	215.0	150.0	86.1	236.1	150.0	50.0	46.5	246.5
Finland	-	-	-	-	-	-	-	-	-	-
Greece	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Iran	87.5	-	87.5	60.0	-	60.0	60.0	-	-	60.0
Ireland	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Israel	-	-	-	-	-	-	-	-	-	-
Jordan	20.0	-	20.0	20.0	-	20.0	20.0	-	-	20.0
Lebanon	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Morocco	75.0	-	75.0	75.0	-	75.0	75.0	-	-	75.0
Oman	-	-	-	-	-	-	-	-	-	-
Portugal	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
Romania	160.0	-	160.0	160.0	-	160.0	160.0	-	-	160.0
Spain	25.0	-	25.0	25.0	-	25.0	25.0	-	-	25.0
Syria	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Tunisia	60.6	-	60.6	60.0	-	60.0	60.0	-	-	60.0
Turkey	230.0	-	230.0	230.0	-	230.0	230.0	-	-	230.0
Yemen, A.R.	-	8.0	8.0	-	8.2	8.2	-	-	8.7	8.7
Yemen, P.D.R.	-	6.0	6.0	-	-	-	-	-	-	-
Yugoslavia	240.0	-	240.0	240.0	-	240.0	240.0	-	-	240.0
Total	1408.1	109.0	1517.1	1360.0	118.1	1478.1	1360.0	50.0	80.4	1490.4

FY76 IBRD, TW and IDA Proposed Allocations with no Third Window
and with \$500 million of Third Window Funds

ANNEX I
page 2 of 2

	A. Current Program			B. Proposed Program With No TW			C. Proposed Program with TW Funds (\$0.5B.)			
	IBRD	IDA	TOTAL	IBRD	IDA	TOTAL	IBRD	TW	IDA	TOTAL
Latin America & Carib.										
Argentina	215.0	-	215.0	115.0	-	115.0	215.0	-	-	215.0
Bahamas	9.0	-	9.0	9.0	-	9.0	9.0	-	-	9.0
Barbados	6.0	-	6.0	6.0	-	6.0	6.0	-	-	6.0
Bolivia	47.0	-	47.0	47.0	-	47.0	41.0	6.0	-	47.0
Brazil	575.0	-	575.0	500.0	-	500.0	525.0	-	-	525.0
CABEI	-	-	-	-	-	-	-	-	-	-
Carib. Region	20.0	-	20.0	20.0	-	20.0	25.0	-	-	25.0
Chile	70.0	-	70.0	70.0	-	70.0	70.0	-	-	70.0
Colombia	200.0	-	200.0	165.0	-	165.0	170.0	-	-	170.0
Costa Rica	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Dom. Rep.	20.0	-	20.0	20.0	-	20.0	22.0	-	-	22.0
Ecuador	50.0	-	50.0	50.0	-	50.0	50.0	-	-	50.0
El Salvador	14.0	-	14.0	14.0	4.5	18.5	8.0	5.0	4.5	17.5
Guatemala	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Guyana	10.0	-	10.0	10.0	-	10.0	10.0	-	-	10.0
Haiti	-	15.0	15.0	-	8.1	8.1	-	-	8.6	8.6
Honduras	3.0	7.0	10.0	3.0	10.5	13.5	8.0	15.0	5.7	28.7
Jamaica	3.0	-	3.0	3.0	-	3.0	3.0	-	-	3.0
Mexico	360.0	-	360.0	360.0	-	360.0	360.0	-	-	360.0
Nicaragua	4.0	-	4.0	5.0	-	5.0	15.0	-	-	15.0
Panama	40.0	-	40.0	40.0	-	40.0	40.0	-	-	40.0
Paraguay	-	4.0	4.0	-	3.1	3.1	-	6.0	1.7	7.7
Peru	135.0	-	135.0	135.0	-	135.0	140.0	-	-	140.0
Trin. & Tob.	18.0	-	18.0	18.0	-	18.0	18.0	-	-	18.0
Uruguay	35.0	-	35.0	35.0	-	35.0	40.0	-	-	40.0
Venezuela	30.0	-	30.0	30.0	-	30.0	30.0	-	-	30.0
Total	1909.0	26.0	1935.0	1700.0	26.2	1726.2	1850.0	32.0	20.5	1902.5
East Asia & Pacific										
Fiji	15.0	-	15.0	15.0	-	15.0	15.0	-	-	15.0
Indonesia	400.0	-	400.0	400.0	-	400.0	400.0	-	-	400.0
Korea	325.0	-	325.0	275.0	-	275.0	300.0	25.0	-	325.0
Malaysia	145.0	-	145.0	145.0	-	145.0	165.0	-	-	165.0
Papua N.G.	30.0	12.0	42.0	30.0	12.0	42.0	30.0	-	12.0	42.0
Philippines	277.0	-	277.0	275.0	-	275.0	260.0	25.0	-	285.0
Singapore	-	-	-	-	-	-	-	-	-	-
Thailand	230.0	-	230.0	210.0	-	210.0	210.0	25.0	-	235.0
Western Samoa	-	-	-	-	-	-	-	-	-	-
Total	1422.0	12.0	1434.0	1350.0	12.0	1362.0	1380.0	75.0	12.0	1467.0
South Asia										
Bangladesh	-	150.0	150.0	-	194.7	194.7	-	-	206.3	206.3
Burma	-	40.0	40.0	-	46.6	46.6	-	-	49.4	49.4
India	60.0	600.0	660.0	90.0	677.0	767.0	60.0	125.0	677.0	862.0
Nepal	-	36.0	36.0	-	42.2	42.2	-	-	44.7	44.7
Pakistan	50.0	81.0	131.0	50.0	106.3	156.3	-	50.0	112.7	162.7
Sri Lanka	-	35.0	35.0	-	52.3	52.3	-	-	55.4	55.4
Total	110.0	942.0	1052.0	140.0	1119.1	1259.1	60.0	175.0	1145.5	1380.5
GRAND TOTAL	5487.1	1501.4	6988.5	5200.0	1711.8	6911.8	5200.0	500.0	1699.5	7399.5

ROUTING SLIP		DATE	July 25, 1975
NAME		ROOM NO.	
Mr. McNamara		File 3w	
cc: Messrs. Knapp			
Cargill (o.r.)			
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	

ARKS

The attached note, which has been cleared in substance with Messrs. Gabriel, Nurick and Hittmair is being distributed in advance of the other back-up notes because it makes recommendations which you may not agree with.

FROM	ROOM NO.	EXTENSION
Joe Wood	E 624	6264

Mr. Goodman

7/25/75

THIRD WINDOW

Establishment of an Intermediate Financing Facility

Back-Up Note #8

Treatment of Risks (para. 12)

1. A meeting was held in Mr. Cargill's office on July 24th to consider this issue. Those present were Messrs. Cargill, Adler, Gabriel, Hittmair, Nurick, Rotberg, Davies, Fontein and Wood. Three types of risks were considered: (1) risk of variation in the rate of interest earned on subsidy fund resources; (2) risk of exchange rate changes; and (3) risks of faster (or slower) disbursement rates. It was decided to recommend the following course of action:

- (a) contributions to the subsidy fund should be invested entirely in market securities such as government bonds and not in Bank obligations; the selection of maturities would be made in such a way that interest and amortization would together closely approximate the projected payment obligations of the fund.
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- (c) if the actual re-investment rate is different from that projected and a deficit in subsidy fund resources results, the borrowers' final interest payments under the loan would be reduced on a pro rata basis. If there is a surplus, it would technically have to be returned to the contributors, though in practice they might agree to some other use of the funds.
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✓ Third Window
cc Syria

July 25, 1975

Dear Mr. Minister,

Thank you very much for your letter of July 15, 1975 to Mr. McNamara who has requested me to reply to it.

We have taken note of your suggestion that the Bank consider providing financing out of the "Third Window" facility for a number of development projects in Syria. As you may know, no allocation of this fund has been decided upon yet, and the proposal for its establishment and the operation has been put up for the consideration of our Board of Executive Directors, who will review it shortly.

Sincerely yours,

Signed

Martijn J. W. M. Paijmans
Acting Vice President
Europe, Middle East and
North Africa Region

His Excellency
Mohammed Cherif
Minister of Finance
Damascus, Syria

WESiebeck:jd

cleared with & cc: ~~Mr. Stern~~

cc: Messrs. Benjenk (o/r), Bart (o/r) (w/incoming)
Dr. Al-Atrash (w/incoming)

Circular

BRIEF ON THE STATUS OF

THE THIRD WINDOW

July 18, 1975

Background:

The Development Committee, at its meeting in June 1975, unanimously supported the establishment of an intermediate financing facility (or Third Window) providing development assistance on terms intermediate between those of the Bank and IDA. The Development Committee urged the Bank to proceed with the establishment of this facility in the fiscal year beginning July 1, 1975 - in order to lend to the developing countries in 1975 up to \$1,000 million in assistance separate from other Bank operations.

This move followed several discussions in the Board of Executive Directors on this matter starting in July 1974. Initial meetings had also been held with potential contributing governments to determine the amount of contributions they might make and the basis for these contributions.

Contributions:

Further discussions with potential contributing governments have been held since the June meeting of the Development Committee. These discussions have indicated sufficient support to justify proceeding with the formal steps necessary for the establishment of the Third Window. (A draft resolution providing for the establishment of this facility is included in Mr. McNamara's Memorandum to the Executive Directors dated July 15, 1975).

The following countries have announced their willingness to make contributions to the proposed Interest Subsidy Fund in the amounts specified below (subject in some cases to legislative approval):

<u>Country</u>	<u>\$ Equivalent</u>
Canada	20 million
Kuwait	20 "
Netherlands	20 "
Norway	4 "
Qatar	5 "
Saudi Arabia	25 "
United Kingdom	10 "
Venezuela	10 "
Total	\$114 "

Contributions in this amount would be sufficient to finance an estimated \$500 million of Third World loans, and additional support from other countries is likely to materialize somewhat later in the current fiscal year which would enable the Fund to operate at a level of up to about \$1 billion. According to the draft resolution, the Third Window will become operative when at least \$100 million is paid or committed to be paid to the Fund.

Financial Implications for IBRD and IDA:

The first section of the Memorandum to the Executive Directors examines the financial consequences for the Bank of full additionality. Full additionality means that the Bank's overall lending program will increase by the total amount of Third Window lending and the number of IBRD/IDA projects will increase. However, Third Window lending would not always be fully additional to the country receiving the loan since in certain cases a Third Window loan would substitute, in whole or in part, for IDA credits or Bank loans. IDA resources thus released from countries receiving Third Window loans would be reallocated to those poorer countries which would not qualify for direct Third Window loans on creditworthiness grounds. Where Third Window loans replace previously planned IBRD loans, countries too economically strong to obtain Third Window loans would benefit from the reallocation of these funds. Some Third Window loans may also take the form of joint financing with IBRD or IDA of particular projects. Finally, although all Third Window loans may be committed in FY76, the additionality effect on the Bank's total lending program may not be achieved in that year, but may extend into FY77.

As several contributors have indicated that their support is contingent upon additionality, it is unlikely that the Third Window could be established on any other basis. Thus the question is one of whether the Bank can support the additional costs and risks of this extra lending. In his memo Mr. McNamara examines the impact of the extra lending on IBRD's borrowing program and on the adequacy of its subscribed capital and reserve position. He concludes that the costs in terms of expanded borrowings and additional risks faced are acceptable and well worth incurring in the present circumstances.

Implementation:

Implementation details for the Third Window are also outlined in the memo. The Interest Subsidy Fund, consisting of contributions made by donor countries, would be used to make payments to the Bank to supplement interest payments due from borrowers on loans made under the Third Window facility. To this end there would be paid from the resources of the Interest Subsidy Fund to the Bank, an amount equal to four percent per annum of the principal amount outstanding of loans made under the facility. Should the resources of the Fund be insufficient to cover these payments, the borrower has the residual obligation to pay the normal interest rate.

The Fund would be administered by the Bank, but its assets would remain separate from the Bank's.

The chief beneficiaries of Third Window loans would be the poorer countries with a per capita income of up to \$375, with a concentration of assistance on countries with per capita incomes of under \$200.

Since the Third Window will be operative for only limited time, there will be no new administrative body. The eligibility of countries for Third Window loans would be the subject of consultation between the Bank and the contributing countries. Each Third Window loan would then be approved by the Bank's Executive Directors in the normal way.

Operational and Budgetary Implications:

It is estimated that Third Window operations of \$500 million would add 15 projects to the Bank's total; with a \$1 billion Third Window, the increase would be 30 projects. The number of actual Third Window operations would be higher than this. However, IDA credits - often held down by lack of funds - will probably increase in size as funds are freed up by the addition of the Third Window. The size of IBRD loans is also likely to increase as funds are shifted from countries with relatively small IBRD operations to countries with larger IBRD operations. These increases in size will probably dampen the numerical project increase.

The additional projects would be selected from projects already in the pipeline, with projects planned for Board approval in FY77 being brought forward to FY76, etc.

The additional administrative costs created by the extra borrowing should be provided for in the General Contingency Provision; manpower implications will be taken into account in modest additions to the presently planned budgets for FY77 and FY78.

DOCUMENT OF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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JUN 06 2025

WBG ARCHIVES

FOR
EXECUTIVE
DIRECTORS'
MEETING

For consideration on
July 29, 1975

R75-161

July 15, 1975

FROM: The Secretary

ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY
(THIRD WINDOW)

Attached is a copy of the President's memorandum entitled "Establishment of an Intermediate Financing Facility (Third Window)" dated July 15, 1975.

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

INFORMATION

W. Diamond

cc Messrs. Melmoth
Kavalsky
Pilvin
Nakamura
Divisions A, B, C, D.

Dated: JUL 26 1975

Miss

Mr. Higgins

Please bring me

Att 7/16

Office of the President

July 15, 1975

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Establishment of an Intermediate Financing
Facility (Third Window)

SECTION 1: Introduction

1. It will be recalled that the Development Committee, at its meeting in June 1975, unanimously supported the establishment of an intermediate financing facility (or Third Window) providing development assistance on terms intermediate between those of the Bank and IDA, and urged the Bank to proceed with its establishment in the fiscal year beginning July 1, 1975, in order to lend to the developing countries in that year up to \$1000 million in assistance separate from other Bank operations. This followed several discussions in the Board of Executive Directors about the matter starting in July 1974. Initial meetings had also been held with potential contributing governments at which the amount of contributions they might make and the basis for these contributions were explored.
2. Following the June meeting of the Development Committee, further discussions have been held with potential contributing governments with a view of obtaining a clear indication of the commitments which they would be prepared to make and the timing of contributions. I am satisfied that these discussions have indicated sufficient support for us now to proceed with the formal steps necessary for the establishment of the Third Window facility. There is attached hereto a resolution which provides for the establishment of the facility.
3. A decision to proceed with the establishment of a Third Window requires consideration of certain issues which were not examined in depth in the earlier discussions because financing for the new facility had not yet been assured. They are taken up in this memorandum. The first section of the paper examines the financial consequences for the Bank of full additionality. It concludes that the costs in terms of expanded borrowings and additional risks faced are acceptable and well worth incurring in the present circumstances. A second section reports on the present status of contributions. Firm commitments, including

several still subject to legislative approval, now appear to be sufficient to warrant our proceeding with the steps necessary to implement a facility designed to operate at a level of about \$500 million. There is a possibility of obtaining further contributions to the Interest Subsidy Fund which would enable it to operate at a level of up to about \$1 billion. The final section of the paper considers the steps which must be taken to establish a Third Window, including the formal resolution authorizing the Bank to undertake the management of an Interest Subsidy Fund and the arrangements for contributing to the Fund. It also discusses the operational and budgetary implications of Third Window lending.

SECTION II: Additionality of Third Window Operations

4. The question of additionality has been touched upon in a number of earlier discussions of the Third Window. Representatives of most countries have stated their strong support for the principle of additionality. However, a few countries have explicitly reserved their position and no formal decision has yet been taken. I propose that the Third Window be established on the basis of full additionality.^{1/}

^{1/} The additionality in the volume of lending is expected to manifest itself in several ways. It will raise the Bank's overall lending program by the total amount of Third Window lending and will increase the number of IBRD/IDA projects. However, as the initial memorandum to the Executive Directors regarding the establishment of a Third Window (R75-39 of March 5, 1975) pointed out, Third Window lending would not always be fully additional to the country receiving the loan since in certain cases a Third Window loan would substitute, in whole or in part, for IDA credits or Bank loans. IDA resources thus released from countries receiving Third Window loans would be reallocated to those poorer countries which would not qualify for direct Third Window loans on creditworthiness grounds. Where Third Window loans replace previously planned IBRD loans, countries which do not obtain Third Window loans would benefit from the reallocation of these funds. Some Third Window loans may also take the form of joint financing with IBRD or IDA of particular projects. Finally, although all Third Window loans may be committed in FY76, the additionality effect on the Bank's total lending program may not be fully achieved in that year, but may extend into FY77.

Several contributors have indicated that their support for the Third Window is contingent on such additionality. Hence it is unlikely that the Third Window could be established other than on this basis.

Moreover, even if it were feasible, it would in my judgment not be desirable to devote \$100-\$225 million of scarce official grant funds to lowering the interest rate on, and shifting the country allocation of, presently planned IBRD loans. The question of additionality, therefore, is really one of whether or not the costs in terms of additional Bank borrowing, or in relation to the additional risks which the Bank will assume, are acceptable. I believe the facts, as set forth in the following paragraphs, support the view that these costs are minimal and certainly worth incurring in view of the critical needs of the developing countries for external capital.

Implications for the Borrowing Program

5. The implications for the Bank's borrowing program of a Third Window which is fully additional in FY76 and operating at a level of \$1000 million were detailed in the recent review of the five-year program (R75-137, para. 5). They are as follows:

IBRD GROSS BORROWINGS, FY74-80 (\$ million)

	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>	<u>FY76-80</u>
Proposed IBRD Program	3750	4000	4300	4650	5050	21750
Third Window	-	+200	+300	+200	+100	+800

At their peak these borrowings add approximately 7% to the annual gross borrowings in any given year. If commitments were limited to \$500 million, the annual additional borrowings would each be cut in half. The funded debt would be increased by the additional amounts borrowed--if \$800 million additional were borrowed by the end of FY80, funded debt would total \$28.5 billion.

Implications for Subscribed Capital

6. As noted in my previous memorandum (R75-39) implementation of the proposal, even at a level of \$1 billion, would have minimal effects on the adequacy of the Bank's subscribed capital (para. 30). On present projections, it would advance the date when the statutory limit becomes binding by about 90 days.

Implications for the Bank's Reserve Position

7. This topic was also discussed in my earlier memorandum. At that time, the conclusion reached was that to fully protect the Bank against the added risk it would be running in a \$1 billion program, additional "reserves" of approximately \$150 million might be required. This is equivalent to .2% of the usable paid-in capital and reserves projected for FY85. Deducting \$150 million from the amount available as protection on "regular" Bank operations, without taking account of the effect on paid-in capital of the proposed selective increase in capital subscriptions, reduces the "reserve" ratio on "regular" operations from 12.8% to 12.5%.

SECTION III: Status of Contributions

8. The following countries have announced their willingness to make contributions to the proposed Interest Subsidy Fund in the amounts specified below (subject in some cases to legislative approval):

<u>Country</u>	<u>\$ Equivalent</u>
Canada	20 million
Kuwait	20 million
Netherlands	20 million
Norway	4 million
Qatar	5 million
Saudi Arabia	25 million
United Kingdom	10 million
Venezuela	10 million
Total	<u>114 million</u> ^{/a}

^{/a} In addition, the United Kingdom is prepared to consider under certain conditions an increase in this amount of an additional \$5 million equivalent. Switzerland has indicated that subject to parliamentary approval it plans to make contributions to the Interest Subsidy Fund at a later date. The Governments of Italy and Spain have expressed their readiness to contribute to the Fund by making loans to IBRD at concessional rates. Denmark has also stated it may make contributions to the Fund at a later date.

9. Contributions in this amount would be sufficient to finance an estimated \$500 million of Third Window loans. Additional support from the countries mentioned above (in the footnote to the table) and possibly from other countries that have not yet felt able to commit themselves to a contribution is likely to materialize somewhat later in the current fiscal year.

10. It seems to me that the assurances we have received are sufficient to warrant our proceeding with the steps necessary to implement the facility. The attached draft Resolution provides (Section G) that the facility will become operative when at least \$100 million is paid or committed to be paid to the Fund.

SECTION IV: Implementation Steps

11. The establishment of a new lending facility will require action by the Executive Directors to formally authorize the Bank to undertake the management of the Interest Subsidy Fund. In addition, the method and form of payment to the Subsidy Fund must be specified and the necessary administrative steps to permit such contributions must be completed. Moreover, arrangements for consultation with Subsidy Fund contributors must be made. Finally, the operational implications for the Bank must be worked out along with the consequences for the Bank Group's operating budget. This section treats each of these subjects in turn.

Interest Subsidy Fund

12. The Interest Subsidy Fund would consist of "contributions" made by donor governments, which would be used to make payments to the Bank to supplement interest payments due from borrowers on loans made under this facility. To this end there would be paid from the resources of the Fund to the Bank, an amount equal to four percent per annum of the principal amount outstanding of loans made under the facility. However, if for any reason^{1/} the resources of the Fund should eventually

^{1/} As Third Window loans are committed, subsidy funds would be set aside in an amount calculated to cover the 4 percent payments during the life of the loans. The amount set aside would be based upon certain assumptions regarding such matters as (a) the interest earnings on the subsidy funds; (b) the rate of disbursement of the loans; and (c) exchange rates. If these assumptions are not realized, the amount of subsidy funds set aside might fall short of (or exceed) the amount necessary to make all of the required 4 percent payments.

prove insufficient to cover all such payments in respect of any intermediate term loan, the borrower would be obligated to pay interest up to the same rate as was applicable to the Bank's standard loans when the intermediate term loan was made. In other words, in case of a shortfall in the resources of the Interest Subsidy Fund, the borrower would have the residual obligation to assure that the Bank would receive the normal interest rate.

13. The Fund would be administered by the Bank, as Administrator, and its assets would be kept separate from those of the Bank.

14. Contributions would be made either in the form of a direct payment to the Fund or in such other manner and on such other terms as would be agreed upon between the Bank as Administrator of the Fund and the contributing government (Section B, paragraph (b) of the proposed Resolution). The latter could include, inter alia, contributions representing (i) the forgiveness of interest due to be paid by the Bank on borrowings from such government; (ii) the interest savings to the Bank as a result of the prepayment by such government of IBRD loans carrying lending rates lower than the cost at which the Bank would otherwise have to borrow such sums; and (iii) the difference between amounts of interest due to be paid by the Bank on borrowings from such government at concessional rates and amounts of interest the Bank would have had to pay on borrowings in the same currency on conventional terms.

15. The chief direct beneficiaries of Third Window loans would be the poorer countries with a per capita income of up to \$375, with a concentration of assistance on countries with per capita incomes of under \$200. An element of managerial discretion would be retained so that the Bank could provide Third Window lending to countries with per capita incomes somewhat higher than \$375. Such lending would not, however, alter the basic concentration of Third Window lending on the poorer developing countries.

16. Since Third Window loans would be made only during a limited period, there is no need for a new administrative body. The eligibility of countries for Third Window loans would be the subject of consultation between the Bank and the contributing countries. Each Third Window loan would then be approved by the Bank's Executive Directors in the normal way.

17. The proposed Resolution also contains a number of provisions regarding the administration of the Fund, e.g. the investment of the Fund's resources pending disbursement (Section D); the furnishing of reports to and consultation with contributing governments (Section E, paragraphs (a) and (b)); and the termination of the Fund (Section F, paragraphs (a) and (b)).

Operational and Budgetary Implications

18. On a very preliminary basis it is estimated that Third Window operations totalling \$500 million would add to the total number of Bank Group operations approximately 15 projects. The total number of projects would increase by perhaps 30 with a \$1 billion Third Window.

19. The number of actual Third Window operations would be higher than this, but as indicated already in the footnote to para. 4, the opening of the Third Window would affect the lending programs for a larger number of countries than those receiving Third Window funds because of the replacement of IDA credits and IBRD loans for Third Window recipients and the reallocation of these credits and loans to other borrowers. The result would be that the average size of IDA credits in countries receiving additional IDA funds might increase because the amounts for IDA credits are often held down by the limitation on the availability of IDA funds. In addition, the average size of IBRD loans might increase since IBRD funds are reallocated from countries with relatively small IBRD operations to countries with larger IBRD operations. Moreover, to obtain an equitable allocation of Third Window funds by country, it may be desirable to blend Third Window allocations with IBRD or IDA funds in particular projects.

20. The additional projects would be selected from projects which are already in the pipeline. Some projects currently planned for Board approval in FY77 would be brought forward into FY76; these in turn would be replaced by projects advanced from FY78, and so forth.

21. Initially, it is expected that the increase in FY76 administrative costs might be limited to an amount within the existing General Contingency provision of \$1.9 million. If later the contingency should prove inadequate, I would propose to the Executive Directors a supplementary authorization in the context of the Mid-year Review in February 1976. The manpower implications of the total number of added projects would be reflected also in modest additions to the presently planned budgets for FY77 and FY78.

SECTION V: Recommendation

22. I recommend that the Executive Directors approve the establishment and operation of an interest subsidy fund on the terms and conditions set forth in the draft Resolution attached hereto.



Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
RESOLUTION NO.
INTEREST SUBSIDY FUND

WHEREAS

(a) At the meetings of the Executive Directors of the Bank on July 30 and August 1, 1974, in response to a proposal by an Executive Director, the Chairman stated that a study would be made for the consideration of the Executive Directors regarding the establishment by the Bank of a facility for lending on terms intermediate between those of its standard loans and of the development credits of the International Development Association.

(b) The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the Development Committee) on January 17, 1975, invited the Executive Directors to make an immediate study of such facility.

(c) Pursuant to such invitation the Executive Directors made such a study and issued a Report, dated May 20, 1975, to the Development Committee on the Establishment of an Intermediate Financing Facility (or Third Window) in FY1976.

(d) The Development Committee, as stated in its communique dated June 13, 1975, unanimously supported the establishment for one year of the Third Window facility and urged the Bank to proceed with its establishment in the fiscal year beginning July 1, 1975 in order to lend to the developing countries in that year up to \$1 billion in assistance separate from other Bank operations.

NOW THEREFORE it is hereby resolved as follows:

Section A. Establishment and Purpose of
Fund; Administrator

(a) Whenever used in this Resolution

- (i) the terms "intermediate term loans" means loans made by the Bank whose interest payments shall be financed in part from the resources of the Interest Subsidy Fund as provided in paragraph (a) of Section C of this Resolution; and
- (ii) the term "Contributing Government" means a member of the Bank which shall have made a contribution or given the notification provided for in Section G of this Resolution.

(b) There is hereby established the Interest Subsidy Fund (hereinafter called the Fund) constituted by the monies which shall from time to time be transferred to the Fund in accordance with Section B of this Resolution and any other assets and receipts of the Fund to be

held in trust and used only for the purpose of, and in accordance with the provisions of, this Resolution.

(c) The purpose of the Fund is to reduce the cost to borrowers of certain loans made by the Bank.

(d) The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

Section B. Contributions

(a) The Administrator is authorized to accept until December 31, 1975, or such later date as the Executive Directors may determine, contributions to the Fund in the manner hereinafter set forth from Contributing Governments and from such other contributors as the Executive Directors may agree.

(b) Contributions to the Fund by Contributing Governments shall be made in one or more of the following manners: (i) direct payments to the Fund by a Contributing Government; (ii) payments made in such other manner and on such terms as shall be agreed between the Contributing Government and the Administrator. The term contributions shall include both direct payments to the Fund pursuant to (i) above and any commitments made by Contributing Governments pursuant to which payments are made to the Fund pursuant to (ii) above.

(c) Contributions made pursuant to paragraph (b) (i) of this Section shall be payable (i) in full on the ninetieth day after the

condition specified in Section G shall have been satisfied or after the date of notification given by the Contributing Government pursuant to Section G, whichever is later, or in such installments and on such dates as the Contributing Government and the Administrator shall agree; and (ii) in currencies which the Administrator determines to be adequately convertible into the currencies of other members or otherwise usable for the purposes of the Fund.

(d) Contributions to the Fund from contributors other than Contributing Governments shall be made on the same terms as those provided herein for contributions of Contributing Governments and on such other terms, not inconsistent therewith, as may be agreed by the Executive Directors of the Bank.

Section C. Utilization of Resources

(a) The resources of the Fund shall be used to supplement interest payments due from borrowers on intermediate term loans. To this end the Administrator shall pay to the Bank semi-annually from the resources of the Fund an amount equal to four percent per annum of the outstanding amounts of principal on such loans; provided that each Loan Agreement between the Bank and a borrower in respect of any intermediate term loan shall provide that to the extent that resources of the Fund shall not be available for the purpose of making such payment, the borrower shall be obligated to pay interest up to the same rate as was applicable to the Bank's standard loans at the time of the making of the intermediate term loan.

(b) Payments by the Administrator pursuant to paragraph (a) of this Section in respect of an intermediate term loan shall be made on the several semi-annual payment dates set forth in the loan agreement providing for such loan and shall be made in the several currencies in which the respective interest payments on such loans are payable and in the proportion that the amount payable in each such currency bears to the total of each such interest payment.

(c) The Bank, after consultation with Contributing Governments and other contributors, shall determine the eligibility of developing countries to receive intermediate term loans and, in such determination, shall pay particular attention to their per capita income, development efforts, ability to repay and access to alternative sources of capital on reasonable terms.

(d) Subject to the provisions of paragraph (c) of this Section, the Bank shall process, approve and administer intermediate term loans in accordance with its normal policies and procedures.

Section D. Administration of the Fund

(a) The Administrator shall have the authority to perform all acts and enter into all contracts as may be necessary for the accomplishment of the purposes of the Fund.

(b) The Administrator may invest monies held by the Fund pending disbursement in securities, including bonds issued by the Bank of such maturities as shall be appropriate to the expected disbursements from the Fund.

(c) The income from such investments shall become part of the assets of the Fund.

(d) For purposes of paragraph (b) of Section F and of Section G, the present value of contributions at the time of notification thereof pursuant to Section G shall be as reasonably determined by the Administrator.

(e) Whenever it shall be necessary for the purpose of this Resolution to value one currency in terms of another, such value shall be as reasonably determined by the Administrator in accordance with the Bank's usual procedures.

(f) The Bank, in acting as Administrator, shall exercise the same care in the administration and management of the Fund and in the discharge of its other functions under this Resolution as it exercises in respect of the administration and management of its other affairs.

(g) The Administrator shall receive no compensation other than for expenses, incurred solely because of services rendered under this Resolution, for which it shall be entitled to reimburse itself out of the Fund.

(h) The Administrator shall keep accounts and records of the resources and operations of the Fund separately from the other accounts and records of the Bank in such a way as to permit the identification of the assets, liabilities, income, costs and expenses pertaining to the Fund as a financial unit independent of the other

operations of the Bank. The accounting system used shall also permit the identification and recording of the origin of the various resources received by virtue of this Resolution, as well as their application;

(i) The accounts of the Fund shall be kept in the same currency or unit of account as employed by the Bank for its other accounts, for which purpose conversions between currencies shall be made at the appropriate rate of exchange in effect at the time of each transaction.

Section E. Reports; Consultation

(a) As long as monies remain in the Fund, the Administrator shall present each year to the Contributing Governments and the other contributors within 90 days after the close of the fiscal year of the Bank a statement of assets and liabilities of the Fund, a statement of receipts and expenditures and a statement of the origin and use of resources of the Fund, with such explanatory notes and information on the operations of the Fund as may be pertinent. Such statements shall be accompanied by an opinion of the same firm of independent public accountants as designated by the Executive Directors of the Bank for the auditing of the financial statements of the Bank. The fees of the firm of accountants shall be charged to the resources of the Fund.

(b) Until such time as the resources of the Fund shall have been fully committed, the Administrator, the Contributing Governments and the other contributors shall consult each other not less than once every six months concerning the operations and financial condition of the Fund.

Section F. Termination; Distribution

(a) This Resolution shall cease to be effective and the obligations of the Contributing Governments, the other contributors and the Administrator thereunder shall terminate upon the occurrence of any of the following events; (i) the disbursement of all resources of the Fund; (ii) a decision to that effect by all Contributing Governments, other contributors and the Administrator; and (iii) the permanent suspension of the operations of the Bank pursuant to paragraph (b) of Section 5 of Article VI of the Articles of Agreement of the Bank.

(b) As soon as possible after this Resolution shall cease to be effective pursuant to paragraph (a) of this Section, the Administrator shall distribute to the Contributing Governments and the other contributors in proportion to the value of their respective contributions, as determined by the Administrator pursuant to paragraph (d) of Section D of this Resolution, any remaining resources of the

Fund which the Administrator shall have determined not to be required for disbursement in respect of intermediate term loans theretofore made.

(c) If the condition specified in Section G shall not have been satisfied by December 31, 1975, or such later date as the Executive Directors of the Bank may determine, the Administrator shall return to the Contributing Governments and the other contributors any payments made by them on account of their contributions together with any income earned thereon;

(d) Notwithstanding termination pursuant to the provisions of paragraph (a) of this Section, Contributing Governments and other contributors shall be obligated to make payments to the Fund on account of their contributions in such amounts as the Administrator shall determine to be required in order to enable it to make disbursements from the Fund in respect of intermediate term loans made before such termination.

Section G. Effectiveness

None of the contributions authorized by this Resolution shall become payable unless the following condition has been satisfied:

Contributing Governments and other contributors shall have given the Bank, on or before December 31, 1975, or such later date as the Executive Directors of the Bank may determine, contributions, or formal notification that they will make contributions, whose value

shall total not less than the equivalent of \$100,000,000 (United States dollars), as determined by the Administrator pursuant to paragraph (d) of Section D of this Resolution.

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Third Window

OUTGOING WIRE

TO: DR. HANNES ANDROSCH
MINISTER OF FINANCE
VIENNA

DATE: JULY 18, 1975

CLASS OF
SERVICE: TELEX 11688

ITT

COUNTRY: AUSTRIA

TEXT:
Cable No.:

I MUCH APPRECIATE YOUR CABLE OF JULY ELEVENTH IN WHICH YOU EXPRESSED YOUR RENEWED SUPPORT FOR IBRD LOANS ON INTERMEDIATE TERMS STOP I AM FULLY AWARE THAT YOUR GOVERNMENT SET AN IMPORTANT PRECEDENT FOR PROVIDING THE BANK WITH FUNDS ON CONCESSIONARY TERMS BY YOUR LOAN OF 31.6 MILLION DOLLARS OF SEPTEMBER 1973 STOP UNFORTUNATELY THESE FUNDS HAVE BEEN DISBURSED IN THE COURSE OF IBRD OPERATIONS AND THEREFORE WE CANNOT ALLOCATE THE CONCESSIONARY ELEMENT OF THE INTEREST COST TO THIRD WINDOW OPERATIONS TO DO SO WOULD BE TANTAMOUNT TO AN EXPOST REVISION OF THE BANK'S FINANCIAL STATEMENTS FOR THE LAST TWO YEARS AND WOULD REQUIRE APPROVAL BY THE BOARD OF GOVERNORS STOP I SINCERELY HOPE HOWEVER THAT AS YOUR CABLE INDICATES YOUR GOVERNMENT WILL GIVE SERIOUS CONSIDERATION TO YOUR PARTICIPATION IN THE NEW FACILITY EITHER BY MAKING A DIRECT GRANT TO THE INTEREST SUBSIDY FUND OR BY LENDING TO THE IBRD AGAIN FUNDS AT A CONCESSIONARY RATES STOP IN THAT EVENT WE WOULD CREDIT THE PRESENT VALUE OF THE DIFFERENCE BETWEEN THE MARKET

(continued)

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

OUTGOING WIRE

TO: DR. HANNES ANDROSCH
MINISTER OF FINANCE
VIENNA

DATE: JULY 18, 1975

CLASS OF
SERVICE: TELEX 11688

ITK

COUNTRY: AUSTRIA

TEXT:
Cable No.:

PAGE TWO

INTEREST RATE AND THE CONCESSIONARY RATE TO THE INTEREST SUBSIDY
FUND STOP THE GOVERNMENTS OF ITALY AND SPAIN HAVE TENTATIVELY
INDICATED THEIR WILLINGNESS TO FOLLOW THIS PROCEDURE STOP ALTHOUGH
WE HOPE TO START THIRD WINDOW OPERATIONS SHORTLY THE RESOLUTION
FORMALIZING ARRANGEMENTS FOR THE THIRD WINDOW NOW BEFORE THE BANK'S
EXECUTIVE DIRECTORS ALLOWS FOR NOTIFICATIONS OF CONTRIBUTIONS UNTIL
DECEMBER 31, 1975 STOP I TRUST THIS WILL GIVE YOUR GOVERNMENT AMPLE
TIME TO TAKE AFFIRMATIVE ACTION ON A GENEROUS THIRD WINDOW CONTRIBUTION
STOP BEST REGARDS

End 7/19

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME John H. Adler, Director

DEPT. Programming & Budgeting

SIGNATURE *John H. Adler*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHAdler/ers

CLEARANCES AND COPY DISTRIBUTION:

Cleared with & cc: Mr. Gabriel

cc: Messrs. Cargill o.r.
Hattori

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: *Ba*

✓ THIRD WINDOW
CI-ASDA-

INCOMING TELEX

DISTRIBUTION:

Mr. Cargill
Mr. Goodman

FROM: TOKYO

265 CARGILL

(COPY TO GOODMAN)

IN ORDER TO PERSUADE JAPANESE GOVERNMENT TO RECONSIDER POSSIBILITY
OF JAPAN'S CONTRIBUTION TO THIRD WINDOW SUBSIDY FUND FROM
PREPURCHASE OF ITS IBRD LOANS, I WOULD LIKE TO HAVE DETAILED
INFORMATION ON CURRENT STANDS OF OTHER GOVERNMENTS. PLEASE TELEX
US ANY INFORMATION PERTAINING TO NEW DEVELOPMENT SO THAT I WILL
BE EQUIPPED WHEN I FORMALLY START MY NEGOTIATIONS AFTER MID-JULY
WHEN ALL THE PERSONNEL CHANGES IN THE FINANCE MINISTRY ARE MADE.

REGARDS

MAEDA

OFFICE MEMORANDUM

75/293

cc. Mr. Goodman

Mr. Hattori

TO: P & B Files

DATE: July 17, 1975

FROM: John H. Adler, Director

JA

THIRD WINDOW

SUBJECT: Third Window Paper - Reaction of Dr. Rota

At Mr. Damry's request, I called Dr. Rota who had previously complained to Mr. Damry that the footnote on page 4 of the Third Window paper misrepresented the position of Italy. Mr. Rota read to me from the Verbatim report of the Development Committee the statement which Dr. Carli had made, i.e.

"Italy and Spain are ready to contribute to subsidize the interest burden provided, of course, that other potential donors contribute their share."

I told Dr. Rota that the statement in the footnote was based on information which Mr. McNamara had brought back from the Development Committee meeting and that I had not seen the Verbatim report. Dr. Rota then said that the information about the intended form of the contribution was presumably accurate. He was concerned however, about the omission to any reference to the proviso that "other potential donors" also would contribute. I then said that I assumed Dr. Carli knew that the US was not likely to contribute. Dr. Rota then said I thought that Dr. Carli had contributions from other major EEC countries in mind. When Dr. Rota commented that the specific reference to Italy in the paper could lead to a misinterpretation, I assured him that there was no intention of misrepresenting Italy's position. He did not pursue the matter further.

I am writing this note because Dr. Rota may stress the conditionality of the contributions of Italy and Spain at the Board meeting.

JHADler:cbm

cc: Mr. McNamara

Mr. Cargill (o.r.) ✓

Mr. Shoaib

Mr. Damry

Mr. Nurick

Mr. Stern

✓ THIRD WINDOW
10-11-75

Mr. Robert S. McNamara (through Mr. John Adler)

July 17, 1975

Masaya Hattori *[Signature]*

Third Window Paper: Nordic Group's Reaction

Mr. Aase informed me that he intends to recommend strong support for the Third Window by the Nordic Group at the Executive Board discussions. However, he expressed also grave misgivings about the safe-guard clause in paragraph 12, requiring the borrower to pay the normal lending rate if the Interest Subsidy Fund should run out of money. It is inherently unfair since the burden would fall on the last borrower (s). Mr. Aase feels that appropriate solutions can and would be found by the contributing members or indeed by the full Executive Board to avoid putting the burden on the borrower; such solutions could be supplementary contributions or absorption of the shortfall by the Bank. Mr. Aase told me it was possible that the Nordic Group's Executive Director may make this point at the Board while strongly supporting the general tenor of the paper.

cc: Messrs. Knapp
Adler
Fontein
Wood
Cargill (o.r.)
Goodman (o.r.)

OUTGOING WIRE

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

DATE: JULY 16, 1975

CLASS OF
SERVICE: FR (X 5077)

FR/Ret

COUNTRY: QATAR

TEXT:
Cable No.: EYE WAS PLEASED TO LEARN FROM DR. AL-ATRASH OF QATAR'S DECISION
TO CONTRIBUTE THE SUM OF US\$ FIVE MILLION TO THE THIRD WINDOW INTEREST
SUBSIDY FUND STOP EYE WOULD LIKE TO EXPRESS APPRECIATION FOR YOUR
PARTICIPATION IN THIS COOPERATIVE ENDEAVOR TO ASSIST LESS DEVELOPED
COUNTRIES IN THEIR ECONOMIC DEVELOPMENT EFFORTS STOP YOU WILL BE
PLEASED TO KNOW THAT THE BANK IS MOVING AHEAD AND PRESENTING THE
THIRD WINDOW SCHEME TO ITS EXECUTIVE DIRECTORS FOR APPROVAL ON JULY 29
STOP UPON BOARD APPROVAL, THE BANK WILL NOTIFY ALL CONTRIBUTORS AND
REQUEST PAYMENT STOP
WARM REGARDS

ROBERT S. MCNAMARA

PRESIDENT INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT. President

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: SELFishawy/rh
July 15, 1975
ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

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

cc: Mr. Cargill o/r

For Use By Communications Section

Checked for Dispatch:

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE
Jul 16 7 19 PM 1975

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

DATE: JULY 16, 1975
CLASS OF SERVICE: (X 5077)
FR/BA

COUNTRY: QATAR

TEXT:
Cable No.

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STOP UPON BOARD APPROVAL, THE BANK WILL NOTIFY ALL CONTRIBUTORS AND
REQUEST PAYMENT STOP

WARM REGARDS

ROBERT S. MCNAMARA
PRESIDENT INTERNATIONAL

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME: Robert S. McNamara
DEPT: President

CLEARANCES AND COPY DISTRIBUTION:
cleared with and cc: Mr. J.H. Adler
cc: Mr. Carilli of

SIGNATURE

SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE

For Use By Communications Section

SE:PLashaw/rh
July 15, 1975
ORIGINAL (The Copy)

(IMPORTANT: See instructions for clearing form)

Checked for Original

✓ THIRD WINDOW
cc: EMBA:

Mr. Robert S. McNamara (through Mr. John Adler)

July 16, 1975

Masaya Hattori *R*

Third Window: Danish Participation

Mr. Aase informed me that the Danish Government has notified Mr. Sigurdsson that they will contribute 3 million dollars to the Third Window Interest Subsidy Fund subject to Parliamentary approval.

cc: Messrs. Knapp
Adler
Fontein
Wood
Cargill (o.r.)
Goodman (o.r.)

MHattori/rf

MEMORANDUM FOR THE RECORD

Second Meeting to Discuss Third Window Paper, July 15, 1975

Present: Messrs. McNamara, Knapp, Broches, Shoaib, Adler, Nurick

A line-by-line revision of the paper was made. The paper should be distributed on July 15 for Board discussion on July 29.

Mr. McNamara asked Mr. Adler to contact Mr. Rotberg and look into the denomination of currencies in the Subsidy Fund and their investment.

Mr. McNamara also asked Mr. Adler to show examples of different payment methods for donor contributions and the influence on Bank income.

cc: Mr. Goodman o/r

SB
July 16, 1975

Handwritten notes:
OK Goodman Co. R.P.
(already filed)
THIRD WINDOW



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date July 15, 1975	Document Type Board Record			
Correspondents / Participants				
Subject / Title Report No. SD75-36 Summaries of Discussion at Meeting of the Executive Directors of the Bank and IDA, June 17, 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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

Mr. Robert S. McNamara

Peresident.

International Bank for Reconstruction & Development

Washington, D. C. U. S. A.

Third Window
Syria
الجمهورية العربية السورية
وزارة المالية

مديرية

دائرة

18367

8/48

Dear Mr. President:

We refer to the establishment of the Third Window facility at world Bank group, and request on this occasion the study granting of loan under this facility for financing the execution of the development projects stated below for the Syrian Arab Republic in view of the pressing need for the accomplishment of these Projects.

Project	Amount of loan requested	
	Million Dollars	
1- Low Euphrates Basin Right Terrain on an area about 50,000 Hectares	220	
2- Half of part 3 of Balikh on an area of 13,000 Hectares	50	
3- Financing Third stage of Meherdeh project	120	
4- Main tunnel of Fijeh spring and connections	40	

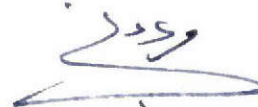
Hoping to be informed of the steps taken in this regards, We remain,

15/7/1975

Sincerely Yours,

Mohammad Alcharif

Minister of Finance



RECEIVED

1975 JUL 22 PM 12:27

COMMUNICATIONS
SECTION

TO: DIRECTOR, FBI
FROM: SAC, NEW YORK (100-100000)

SUBJECT: JAMES EARL RAY
RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

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RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

RE: NEW YORK TELETYPE TO BUREAU, JULY 21, 1975.

18362

A124

DOCUMENT OF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

F

Third Window

NOT FOR PUBLIC USE

DECLASSIFIED

JUN 06 2025

WBG ARCHIVES

FOR
EXECUTIVE
DIRECTORS'
MEETING

For consideration on
July 29, 1975

FROM: The Secretary

R75-161

July 15, 1975

ESTABLISHMENT OF AN INTERMEDIATE FINANCING FACILITY
(THIRD WINDOW)

Attached is a copy of the President's memorandum entitled "Establishment of an Intermediate Financing Facility (Third Window)" dated July 15, 1975.

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

Office of the President

July 15, 1975

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Establishment of an Intermediate Financing
Facility (Third Window)

SECTION 1: Introduction

1. It will be recalled that the Development Committee, at its meeting in June 1975, unanimously supported the establishment of an intermediate financing facility (or Third Window) providing development assistance on terms intermediate between those of the Bank and IDA, and urged the Bank to proceed with its establishment in the fiscal year beginning July 1, 1975, in order to lend to the developing countries in that year up to \$1000 million in assistance separate from other Bank operations. This followed several discussions in the Board of Executive Directors about the matter starting in July 1974. Initial meetings had also been held with potential contributing governments at which the amount of contributions they might make and the basis for these contributions were explored.
2. Following the June meeting of the Development Committee, further discussions have been held with potential contributing governments with a view of obtaining a clear indication of the commitments which they would be prepared to make and the timing of contributions. I am satisfied that these discussions have indicated sufficient support for us now to proceed with the formal steps necessary for the establishment of the Third Window facility. There is attached hereto a resolution which provides for the establishment of the facility.
3. A decision to proceed with the establishment of a Third Window requires consideration of certain issues which were not examined in depth in the earlier discussions because financing for the new facility had not yet been assured. They are taken up in this memorandum. The first section of the paper examines the financial consequences for the Bank of full additionality. It concludes that the costs in terms of expanded borrowings and additional risks faced are acceptable and well worth incurring in the present circumstances. A second section reports on the present status of contributions. Firm commitments, including

several still subject to legislative approval, now appear to be sufficient to warrant our proceeding with the steps necessary to implement a facility designed to operate at a level of about \$500 million. There is a possibility of obtaining further contributions to the Interest Subsidy Fund which would enable it to operate at a level of up to about \$1 billion. The final section of the paper considers the steps which must be taken to establish a Third Window, including the formal resolution authorizing the Bank to undertake the management of an Interest Subsidy Fund and the arrangements for contributing to the Fund. It also discusses the operational and budgetary implications of Third Window lending.

SECTION II: Additionality of Third Window Operations

4. The question of additionality has been touched upon in a number of earlier discussions of the Third Window. Representatives of most countries have stated their strong support for the principle of additionality. However, a few countries have explicitly reserved their position and no formal decision has yet been taken. I propose that the Third Window be established on the basis of full additionality.^{1/}

^{1/} The additionality in the volume of lending is expected to manifest itself in several ways. It will raise the Bank's overall lending program by the total amount of Third Window lending and will increase the number of IBRD/IDA projects. However, as the initial memorandum to the Executive Directors regarding the establishment of a Third Window (R75-39 of March 5, 1975) pointed out, Third Window lending would not always be fully additional to the country receiving the loan since in certain cases a Third Window loan would substitute, in whole or in part, for IDA credits or Bank loans. IDA resources thus released from countries receiving Third Window loans would be reallocated to those poorer countries which would not qualify for direct Third Window loans on creditworthiness grounds. Where Third Window loans replace previously planned IBRD loans, countries which do not obtain Third Window loans would benefit from the reallocation of these funds. Some Third Window loans may also take the form of joint financing with IBRD or IDA of particular projects. Finally, although all Third Window loans may be committed in FY76, the additionality effect on the Bank's total lending program may not be fully achieved in that year, but may extend into FY77.

Several contributors have indicated that their support for the Third Window is contingent on such additionality. Hence it is unlikely that the Third Window could be established other than on this basis.

Moreover, even if it were feasible, it would in my judgment not be desirable to devote \$100-\$225 million of scarce official grant funds to lowering the interest rate on, and shifting the country allocation of, presently planned IBRD loans. The question of additionality, therefore, is really one of whether or not the costs in terms of additional Bank borrowing, or in relation to the additional risks which the Bank will assume, are acceptable. I believe the facts, as set forth in the following paragraphs, support the view that these costs are minimal and certainly worth incurring in view of the critical needs of the developing countries for external capital.

Implications for the Borrowing Program

5. The implications for the Bank's borrowing program of a Third Window which is fully additional in FY76 and operating at a level of \$1000 million were detailed in the recent review of the five-year program (R75-137, para. 5). They are as follows:

IBRD GROSS BORROWINGS, FY74-80 (\$ million)

	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>	<u>FY76-80</u>
Proposed IBRD Program	3750	4000	4300	4650	5050	21750
Third Window	-	+200	+300	+200	+100	+800

At their peak these borrowings add approximately 7% to the annual gross borrowings in any given year. If commitments were limited to \$500 million, the annual additional borrowings would each be cut in half. The funded debt would be increased by the additional amounts borrowed--if \$800 million additional were borrowed by the end of FY80, funded debt would total \$28.5 billion.

Implications for Subscribed Capital

6. As noted in my previous memorandum (R75-39) implementation of the proposal, even at a level of \$1 billion, would have minimal effects on the adequacy of the Bank's subscribed capital (para. 30). On present projections, it would advance the date when the statutory limit becomes binding by about 90 days.

Implications for the Bank's Reserve Position

7. This topic was also discussed in my earlier memorandum. At that time, the conclusion reached was that to fully protect the Bank against the added risk it would be running in a \$1 billion program, additional "reserves" of approximately \$150 million might be required. This is equivalent to .2% of the usable paid-in capital and reserves projected for FY85. Deducting \$150 million from the amount available as protection on "regular" Bank operations, without taking account of the effect on paid-in capital of the proposed selective increase in capital subscriptions, reduces the "reserve" ratio on "regular" operations from 12.8% to 12.5%.

SECTION III: Status of Contributions

8. The following countries have announced their willingness to make contributions to the proposed Interest Subsidy Fund in the amounts specified below (subject in some cases to legislative approval):

<u>Country</u>	<u>\$ Equivalent</u>
Canada	20 million
Kuwait	20 million
Netherlands	20 million
Norway	4 million
Qatar	5 million
Saudi Arabia	25 million
United Kingdom	10 million
Venezuela	10 million
Total	<u>114 million</u> ^{/a}

^{/a} In addition, the United Kingdom is prepared to consider under certain conditions an increase in this amount of an additional \$5 million equivalent. Switzerland has indicated that subject to parliamentary approval it plans to make contributions to the Interest Subsidy Fund at a later date. The Governments of Italy and Spain have expressed their readiness to contribute to the Fund by making loans to IBRD at concessional rates. Denmark has also stated it may make contributions to the Fund at a later date.

9. Contributions in this amount would be sufficient to finance an estimated \$500 million of Third Window loans. Additional support from the countries mentioned above (in the footnote to the table) and possibly from other countries that have not yet felt able to commit themselves to a contribution is likely to materialize somewhat later in the current fiscal year.

10. It seems to me that the assurances we have received are sufficient to warrant our proceeding with the steps necessary to implement the facility. The attached draft Resolution provides (Section G) that the facility will become operative when at least \$100 million is paid or committed to be paid to the Fund.

SECTION IV: Implementation Steps

11. The establishment of a new lending facility will require action by the Executive Directors to formally authorize the Bank to undertake the management of the Interest Subsidy Fund. In addition, the method and form of payment to the Subsidy Fund must be specified and the necessary administrative steps to permit such contributions must be completed. Moreover, arrangements for consultation with Subsidy Fund contributors must be made. Finally, the operational implications for the Bank must be worked out along with the consequences for the Bank Group's operating budget. This section treats each of these subjects in turn.

Interest Subsidy Fund

12. The Interest Subsidy Fund would consist of "contributions" made by donor governments, which would be used to make payments to the Bank to supplement interest payments due from borrowers on loans made under this facility. To this end there would be paid from the resources of the Fund to the Bank, an amount equal to four percent per annum of the principal amount outstanding of loans made under the facility. However, if for any reason^{1/} the resources of the Fund should eventually

^{1/} As Third Window loans are committed, subsidy funds would be set aside in an amount calculated to cover the 4 percent payments during the life of the loans. The amount set aside would be based upon certain assumptions regarding such matters as (a) the interest earnings on the subsidy funds; (b) the rate of disbursement of the loans; and (c) exchange rates. If these assumptions are not realized, the amount of subsidy funds set aside might fall short of (or exceed) the amount necessary to make all of the required 4 percent payments.

prove insufficient to cover all such payments in respect of any intermediate term loan, the borrower would be obligated to pay interest up to the same rate as was applicable to the Bank's standard loans when the intermediate term loan was made. In other words, in case of a shortfall in the resources of the Interest Subsidy Fund, the borrower would have the residual obligation to assure that the Bank would receive the normal interest rate.

13. The Fund would be administered by the Bank, as Administrator, and its assets would be kept separate from those of the Bank.

14. Contributions would be made either in the form of a direct payment to the Fund or in such other manner and on such other terms as would be agreed upon between the Bank as Administrator of the Fund and the contributing government (Section B, paragraph (b) of the proposed Resolution). The latter could include, inter alia, contributions representing (i) the forgiveness of interest due to be paid by the Bank on borrowings from such government; (ii) the interest savings to the Bank as a result of the prepayment by such government of IBRD loans carrying lending rates lower than the cost at which the Bank would otherwise have to borrow such sums; and (iii) the difference between amounts of interest due to be paid by the Bank on borrowings from such government at concessional rates and amounts of interest the Bank would have had to pay on borrowings in the same currency on conventional terms.

15. The chief direct beneficiaries of Third Window loans would be the poorer countries with a per capita income of up to \$375, with a concentration of assistance on countries with per capita incomes of under \$200. An element of managerial discretion would be retained so that the Bank could provide Third Window lending to countries with per capita incomes somewhat higher than \$375. Such lending would not, however, alter the basic concentration of Third Window lending on the poorer developing countries.

16. Since Third Window loans would be made only during a limited period, there is no need for a new administrative body. The eligibility of countries for Third Window loans would be the subject of consultation between the Bank and the contributing countries. Each Third Window loan would then be approved by the Bank's Executive Directors in the normal way.

17. The proposed Resolution also contains a number of provisions regarding the administration of the Fund, e.g. the investment of the Fund's resources pending disbursement (Section D); the furnishing of reports to and consultation with contributing governments (Section E, paragraphs (a) and (b)); and the termination of the Fund (Section F, paragraphs (a) and (b)).

Operational and Budgetary Implications

18. On a very preliminary basis it is estimated that Third Window operations totalling \$500 million would add to the total number of Bank Group operations approximately 15 projects. The total number of projects would increase by perhaps 30 with a \$1 billion Third Window.

19. The number of actual Third Window operations would be higher than this, but as indicated already in the footnote to para. 4, the opening of the Third Window would affect the lending programs for a larger number of countries than those receiving Third Window funds because of the replacement of IDA credits and IBRD loans for Third Window recipients and the reallocation of these credits and loans to other borrowers. The result would be that the average size of IDA credits in countries receiving additional IDA funds might increase because the amounts for IDA credits are often held down by the limitation on the availability of IDA funds. In addition, the average size of IBRD loans might increase since IBRD funds are reallocated from countries with relatively small IBRD operations to countries with larger IBRD operations. Moreover, to obtain an equitable allocation of Third Window funds by country, it may be desirable to blend Third Window allocations with IBRD or IDA funds in particular projects.

20. The additional projects would be selected from projects which are already in the pipeline. Some projects currently planned for Board approval in FY77 would be brought forward into FY76; these in turn would be replaced by projects advanced from FY78, and so forth.

21. Initially, it is expected that the increase in FY76 administrative costs might be limited to an amount within the existing General Contingency provision of \$1.9 million. If later the contingency should prove inadequate, I would propose to the Executive Directors a supplementary authorization in the context of the Mid-year Review in February 1976. The manpower implications of the total number of added projects would be reflected also in modest additions to the presently planned budgets for FY77 and FY78.

SECTION V: Recommendation

22. I recommend that the Executive Directors approve the establishment and operation of an interest subsidy fund on the terms and conditions set forth in the draft Resolution attached hereto.



Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

RESOLUTION NO.

INTEREST SUBSIDY FUND

WHEREAS

(a) At the meetings of the Executive Directors of the Bank on July 30 and August 1, 1974, in response to a proposal by an Executive Director, the Chairman stated that a study would be made for the consideration of the Executive Directors regarding the establishment by the Bank of a facility for lending on terms intermediate between those of its standard loans and of the development credits of the International Development Association.

(b) The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the Development Committee) on January 17, 1975, invited the Executive Directors to make an immediate study of such facility.

(c) Pursuant to such invitation the Executive Directors made such a study and issued a Report, dated May 20, 1975, to the Development Committee on the Establishment of an Intermediate Financing Facility (or Third Window) in FY1976.

(d) The Development Committee, as stated in its communique dated June 13, 1975, unanimously supported the establishment for one year of the Third Window facility and urged the Bank to proceed with its establishment in the fiscal year beginning July 1, 1975 in order to lend to the developing countries in that year up to \$1 billion in assistance separate from other Bank operations.

NOW THEREFORE it is hereby resolved as follows:

Section A. Establishment and Purpose of
Fund; Administrator

(a) Whenever used in this Resolution

(i) the terms "intermediate term loans" means loans made by the Bank whose interest payments shall be financed in part from the resources of the Interest Subsidy Fund as provided in paragraph (a) of Section C of this Resolution; and

(ii) the term "Contributing Government" means a member of the Bank which shall have made a contribution or given the notification provided for in Section G of this Resolution.

(b) There is hereby established the Interest Subsidy Fund (hereinafter called the Fund) constituted by the monies which shall from time to time be transferred to the Fund in accordance with Section B of this Resolution and any other assets and receipts of the Fund to be

held in trust and used only for the purpose of, and in accordance with the provisions of, this Resolution.

(c) The purpose of the Fund is to reduce the cost to borrowers of certain loans made by the Bank.

(d) The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

Section B. Contributions

(a) The Administrator is authorized to accept until December 31, 1975, or such later date as the Executive Directors may determine, contributions to the Fund in the manner hereinafter set forth from Contributing Governments and from such other contributors as the Executive Directors may agree.

(b) Contributions to the Fund by Contributing Governments shall be made in one or more of the following manners: (i) direct payments to the Fund by a Contributing Government; (ii) payments made in such other manner and on such terms as shall be agreed between the Contributing Government and the Administrator. The term contributions shall include both direct payments to the Fund pursuant to (i) above and any commitments made by Contributing Governments pursuant to which payments are made to the Fund pursuant to (ii) above.

(c) Contributions made pursuant to paragraph (b) (i) of this Section shall be payable (i) in full on the ninetieth day after the

condition specified in Section G shall have been satisfied or after the date of notification given by the Contributing Government pursuant to Section G, whichever is later, or in such installments and on such dates as the Contributing Government and the Administrator shall agree; and (ii) in currencies which the Administrator determines to be adequately convertible into the currencies of other members or otherwise usable for the purposes of the Fund.

(d) Contributions to the Fund from contributors other than Contributing Governments shall be made on the same terms as those provided herein for contributions of Contributing Governments and on such other terms, not inconsistent therewith, as may be agreed by the Executive Directors of the Bank.

Section C. Utilization of Resources

(a) The resources of the Fund shall be used to supplement interest payments due from borrowers on intermediate term loans. To this end the Administrator shall pay to the Bank semi-annually from the resources of the Fund an amount equal to four percent per annum of the outstanding amounts of principal on such loans; provided that each Loan Agreement between the Bank and a borrower in respect of any intermediate term loan shall provide that to the extent that resources of the Fund shall not be available for the purpose of making such payment, the borrower shall be obligated to pay interest up to the same rate as was applicable to the Bank's standard loans at the time of the making of the intermediate term loan.

(b) Payments by the Administrator pursuant to paragraph (a) of this Section in respect of an intermediate term loan shall be made on the several semi-annual payment dates set forth in the loan agreement providing for such loan and shall be made in the several currencies in which the respective interest payments on such loans are payable and in the proportion that the amount payable in each such currency bears to the total of each such interest payment.

(c) The Bank, after consultation with Contributing Governments and other contributors, shall determine the eligibility of developing countries to receive intermediate term loans and, in such determination, shall pay particular attention to their per capita income, development efforts, ability to repay and access to alternative sources of capital on reasonable terms.

(d) Subject to the provisions of paragraph (c) of this Section, the Bank shall process, approve and administer intermediate term loans in accordance with its normal policies and procedures.

Section D. Administration of the Fund

(a) The Administrator shall have the authority to perform all acts and enter into all contracts as may be necessary for the accomplishment of the purposes of the Fund.

(b) The Administrator may invest monies held by the Fund pending disbursement in securities, including bonds issued by the Bank of such maturities as shall be appropriate to the expected disbursements from the Fund.

(c) The income from such investments shall become part of the assets of the Fund.

(d) For purposes of paragraph (b) of Section F and of Section G, the present value of contributions at the time of notification thereof pursuant to Section G shall be as reasonably determined by the Administrator.

(e) Whenever it shall be necessary for the purpose of this Resolution to value one currency in terms of another, such value shall be as reasonably determined by the Administrator in accordance with the Bank's usual procedures.

(f) The Bank, in acting as Administrator, shall exercise the same care in the administration and management of the Fund and in the discharge of its other functions under this Resolution as it exercises in respect of the administration and management of its other affairs.

(g) The Administrator shall receive no compensation other than for expenses, incurred solely because of services rendered under this Resolution, for which it shall be entitled to reimburse itself out of the Fund.

(h) The Administrator shall keep accounts and records of the resources and operations of the Fund separately from the other accounts and records of the Bank in such a way as to permit the identification of the assets, liabilities, income, costs and expenses pertaining to the Fund as a financial unit independent of the other

operations of the Bank. The accounting system used shall also permit the identification and recording of the origin of the various resources received by virtue of this Resolution, as well as their application;

(i) The accounts of the Fund shall be kept in the same currency or unit of account as employed by the Bank for its other accounts, for which purpose conversions between currencies shall be made at the appropriate rate of exchange in effect at the time of each transaction.

Section E. Reports; Consultation

(a) As long as monies remain in the Fund, the Administrator shall present each year to the Contributing Governments and the other contributors within 90 days after the close of the fiscal year of the Bank a statement of assets and liabilities of the Fund, a statement of receipts and expenditures and a statement of the origin and use of resources of the Fund, with such explanatory notes and information on the operations of the Fund as may be pertinent. Such statements shall be accompanied by an opinion of the same firm of independent public accountants as designated by the Executive Directors of the Bank for the auditing of the financial statements of the Bank. The fees of the firm of accountants shall be charged to the resources of the Fund.

(b) Until such time as the resources of the Fund shall have been fully committed, the Administrator, the Contributing Governments and the other contributors shall consult each other not less than once every six months concerning the operations and financial condition of the Fund.

Section F. Termination; Distribution

(a) This Resolution shall cease to be effective and the obligations of the Contributing Governments, the other contributors and the Administrator thereunder shall terminate upon the occurrence of any of the following events; (i) the disbursement of all resources of the Fund; (ii) a decision to that effect by all Contributing Governments, other contributors and the Administrator; and (iii) the permanent suspension of the operations of the Bank pursuant to paragraph (b) of Section 5 of Article VI of the Articles of Agreement of the Bank.

(b) As soon as possible after this Resolution shall cease to be effective pursuant to paragraph (a) of this Section, the Administrator shall distribute to the Contributing Governments and the other contributors in proportion to the value of their respective contributions, as determined by the Administrator pursuant to paragraph (d) of Section D of this Resolution, any remaining resources of the

Fund which the Administrator shall have determined not to be required for disbursement in respect of intermediate term loans theretofore made.

(c) If the condition specified in Section G shall not have been satisfied by December 31, 1975, or such later date as the Executive Directors of the Bank may determine, the Administrator shall return to the Contributing Governments and the other contributors any payments made by them on account of their contributions together with any income earned thereon;

(d) Notwithstanding termination pursuant to the provisions of paragraph (a) of this Section, Contributing Governments and other contributors shall be obligated to make payments to the Fund on account of their contributions in such amounts as the Administrator shall determine to be required in order to enable it to make disbursements from the Fund in respect of intermediate term loans made before such termination.

Section G. Effectiveness

None of the contributions authorized by this Resolution shall become payable unless the following condition has been satisfied:

Contributing Governments and other contributors shall have given the Bank, on or before December 31, 1975, or such later date as the Executive Directors of the Bank may determine, contributions, or formal notification that they will make contributions, whose value

shall total not less than the equivalent of \$100,000,000 (United States dollars), as determined by the Administrator pursuant to paragraph (d) of Section D of this Resolution.

MEMORANDUM FOR THE RECORD

*Mr. Goodman (O.R.D.)
(already filed)*

Meeting to Discuss the Third Window Paper, July 14, 1975

THIRD WINDOW

Present: Messrs. McNamara, Knapp, Broches, Shoaib, Nurick, Adler

Mr. Knapp said that Third Window loans should be considered 4-1/2% loans rather than 8-1/2% loans with the 4% subsidy. Mr. McNamara agreed and said that this should not make any difference to the underwriters. However, lending to countries which were less creditworthy than normally required for Bank lending could create a problem and we should examine it carefully.

There was some discussion of the effective date for the Third Window. It was decided that the Third Window would become effective when "formal notification" had been received from the donor countries. Mr. McNamara asked Mr. Adler to prepare a list of dates for formal notification when Mr. Cargill returns. The resolution should state that \$100 million was required in the Subsidy Fund for the Third Window to become effective.

The paper was then revised page-by-page. Messrs. Adler and Nurick would redraft the paper for discussion again on July 15 at 2:00 p.m.

cc: Mr. Goodman o/r

SB
July 15, 1975

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD

TOKYO

DATE: JULY 14, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: JAPAN

TEXT:
Cable No.:

FOR MAEDA. REURTEL 268. CARGILL LEFT INSTRUCTIONS THAT NO CONTACTS
SHOULD BE MADE AT THIS TIME WITH JAPANESE GOVERNMENT ON THIRD WINDOW.
MEMORANDUM FOLLOWS.

HATTORI

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Masaya Hattori
DEPT. Office of the VP, Finance

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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(IMPORTANT: See Secretaries Guide for preparing form)

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FOR RUSSIA. REFERENCE 388. SUBJECT: REEL INSTRUCTIONS THAT NO COMPLEX

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INTERVIEWED

SERVICE
CLASS OF

TEXT

DATE

JUL 14 1975

OUTGOING MESSAGE

ASSOCIATION

INTERNATIONAL DEPARTMENT

COORDINATION AND DEVELOPMENT

INTERNATIONAL BANK FOR

COORDINATION

INTERNATIONAL DEPARTMENT

*✓ Third Window
cc Sweden*

Mr. I.P.M. Cargill

July 11, 1975

Masaya Hattori

Third Window: Sweden

Mr. Aase told me that he had received a request from Sweden to keep them fully informed of the progress in the negotiations for Third Window Interest Subsidy Fund contributions. He thinks that this is a sign that the Swedes may reconsider their position. The Norwegians and Danes are going to continue their efforts to persuade the Swedes to join. I gave Mr. Aase a run-down of the negotiations.

MHattori/rf

In. Goodman
O.R.

THIRD WINDOW
CC-IPADW - IDAD MEMBERSHIP
July 11, 1975

Mr. Tarao Maeda

Masaya Hattori

Third Window Negotiations

1. I am replying to your telex # 268 on the subject matter, on instructions of Mr. Cargill who is leaving today on a mission.
2. The present position of negotiations for contributions to the subsidy fund of the Third Window is attached. You will be kept informed of developments.
3. As you see from the table commitments now amount to \$114 million; all indications are that the Third Window will be established very shortly.
4. On the question of negotiations with the Japanese Government for their participation, Mr. Cargill thinks that the time is inopportune to initiate any contacts with the Japanese Government on the subject. Therefore you should not take any initiative on this matter at this time.
5. Mr. Cargill feels that negotiations should be resumed with the Japanese Government only after the French and German Governments start considering participating in the interest subsidy fund. When that happens or when he judges it appropriate in consideration of other factors he will personally initiate the resumption of negotiations with the Japanese Government through the Japanese Executive Director which he considers the appropriate channel for substantive communication with the Japanese Government. You will be fully informed of these developments and be called upon to facilitate the negotiations as may be necessary.

Attachment

MHattori/rf

THIRD WINDOW

Third Window Contributions
Status as of July 11, 1975
Recapitulation
(million US\$)

Country	Confirmed Subject to Parliamentary Approval	Definite Commitment	Total	Remarks (Availability)
Canada		20	20	Requires Ministerial Decision
Kuwait		20	20	End July
Netherlands	20		20	
Norway	4		4	After September
Saudi Arabia		25	25	As soon as Fund established
UK	10		10	End July
Venezuela	10		10	September
Qatar	—	<u>5</u>	<u>5</u>	
	44	70	114	

In addition:

1. UK prepared to consider increase if total contributions would make \$1 billion Third Window lending feasible, or if they are inadequate for \$0.5 billion Third Window lending.
2. Switzerland willing to consider \$5 million contribution but required Parliamentary approval may be delayed until mid 1976.
3. Austria would welcome IBRD suggestions for using \$31.6 million 4% Loan of 1973 for its contribution, pending Government decision on participation.

Progress on Third Window Contributions as of July 11, 1975

Australia: RSM cabled Prime Minister on June 20.

Austria: Reply to RSM (7/1) cable: Supports intermediate lending terms; participation examined; requires approval by Parliament convening Oct. 1975; would welcome World Bank suggestions as to use of FY 1974 4% \$31.6 million Loan for contribution.

Belgium: Waiting reply to RSM cable (7/1) to Finance Minister.

Canada: Isbister reports that contribution of \$20 million has support at official level but requires Ministerial decision.

Denmark: Awaiting contributions by more big countries.

Finland: Contribution possible but unlikely.

France: Awaiting resolution of other issues on monetary reform.

Germany: Contribution possible after January 1.

Iran: RSM to cable Shah with specific proposal as soon as present pledges confirmed.

Italy: No developments since Paris.

Japan: RSM to cable Fukuda with specific proposal as soon as present pledges confirmed.

Kuwait: El Fishawy reports provision has been made in budget for a contribution of \$20 million.

Luxembourg: No prospect.

Netherlands: Witte has transmitted request for formal confirmation of willingness to contribute \$20 million.

Norway: Has confirmed willingness to contribute \$4 million subject to parliamentary approval (probably September) and other conditions.

Qatar: \$ 5 million to be contributed.

Saudi Arabia: El Fishawy reports that contribution (of \$25 million) will be paid as soon as Fund established.

South Africa: Gaud has spoken again with Schmidt. Small contribution will probably be forthcoming if one or two more major countries come in.

Spain: No developments since Paris.

Switzerland: Contribution of \$5 million plus probable but delay may extend beyond mid-1976.

UAE: Contribution believed unlikely in view of financial difficulties in Abu Dhabi.

UK \$10 million confirmed subject to Parliamentary approval; increase will be considered if overall contributions make \$1 billion lending feasible, or if they are inadequate for \$0.5 billion lending.

Venezuela: \$10 million confirmed subject to Parliamentary approval, expected in September 1975.

July 11, 1975

11688 FINMIN A WIEN 1975 07 10, FS NR. 266
(TELEX NO)

ERENYI

Mr. Harbo

BUNDESMINISTERIUM FUER FINANZEN

ZL. 323.047-V/1-75

Distribution: Mr. Goodman
Mr. McNamara

Mr. Cargill

MR. ROBERT S. MC NAMARA

PRESIDENT

INTFRAD 440098

RECEIVED
JUL 10 10 02 AM 1975
COMMUNICATIONS
SECTION

IN YOUR TELEX OF JULY 2, YOU EXPRESSED THE HOPE THAT AUSTRIA WOULD CONTRIBUTE TO THE INTEREST SUBSIDY FUND, THE SO CALLED THIRD WINDOW. THE NECESSITY OF PROVIDING FUNDS ON TERMS INTERMEDIATE BETWEEN THOSE NOW CHARGED BY THE BANK AND IDA HAS BEEN RECOGNIZED BY MY GOVERNMENT ALREADY TWO YEARS AGO. BY GRANTING CREDITS IN THE AGGREGATE AMOUNT OF ONE BILLION SHILLINGS TO THE WORLD BANK, ADB AND IDB AUSTRIA HAS BEEN THE FIRST COUNTRY TO OPEN SUCH A THIRD WINDOW. THE QUESTION OF OUR PARTICIPATION IN THE NEW FACILITY IS BEING CAREFULLY EXAMINED. SUCH A PARTICIPATION WOULD NEED SPECIAL LEGISLATION. SINCE PARLIAMENT WILL ONLY RECONVENE AFTER THE GENERAL ELECTIONS TO BE HELD IN OCTOBER OF THIS YEAR YOU WILL UNDERSTAND THAT FOR THE TIME BEING I AM NOT IN A POSITION TO INDICATE WHETHER AUSTRIA WILL CONTRIBUTE TO THE INTEREST SUBSIDY FUND. I WOULD BE GRATEFUL, HOWEVER, IF THERE WERE ANY SUGGESTIONS BY THE BANK AS TO THE UTILIZATION OF THE FUNDS AUSTRIA HAS PROVIDED TWO YEARS AGO. I COULD IMAGINE THAT PART OF THESE FUNDS COULD BE TRANSFERRED TO THE ACCOUNT OF THE THIRD WINDOW.

REGARDS

DR. ANDROSCH



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File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date July 9, 1975	Document Type Memorandum			
Correspondents / Participants To: Legal Files From: Douglas J. Fontein				
Subject / Title Third Window - Conversation with Mr. Kiribuchi				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date July 8, 1975	Document Type Letter			
Correspondents / Participants To: Mr. I. P. M. Cargill, Vice President, Finance From: P. C. Witte, Executive Director Netherlands				
Subject / Title Borrowing in the Netherlands				
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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
Withdrawn by Diego Hernández	Date June 6, 2025			

✓ THIRD WINDOW
CC EXECUTIVE DIRECTORS - GEN
CC EMEND

Mr. A.K. Rawlinson

July 7, 1975

I.P.M. Cargill

U.K. Contribution to Third Window

Thank you for your memorandum of June 30. I note the various points you make and want only to clarify the matter referred to in paragraph 5. I had always understood the U.K. position to be as you have stated it. However, I did not attend the Development Committee meeting in Paris and was informed by some who did that the U.K. delegation referred to an upper limit in the U.K. contribution of \$20 million. At the time I sent the cable, the transcript was not available. I have now checked it and find that in fact Mr. King took precisely the position which you have taken in your memorandum which was also the position taken by Mr. Hurrell at the meeting I held in Paris on April 30. The U.K. position will be clearly stated in any paper that is circulated to other countries.

IPMCargill/plc

Lawson

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. WILLY DE CLERCQ
FINANCE MINISTER 846
BRUSSELS (Telex # DOUBBA 24321)DATE: ~~JUNE XX, XX, 1975~~

JULY 2, 1975

CLASS OF
SERVICE:

TELEX

COUNTRY: BELGIUM

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

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT.

SIGNATURE

SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE

RIGoodman/rf

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ROBERT S. MCINERNEY

ROBERT S. MCINERNEY

FOR NEED BEFORE LARKING AS THIS BROUGHT PLEASE DO NOT NEGOTIATE TO VSK. RECEIVED
THEY MAKE THE FUND VAVIVRE BY VOSSEL. I. IN THERE IS VIA INFORMATION THAT
THOSE COMMITTEE HAVE VIVVDA PLEDGED THEIR CONTRIBUTIONS THAT IN POSSIBLE
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CLAR AS AM EVERY INDICATION OF THE FUND IS HAS IN MIND AND WHEN IT WOULD BE
VITE TO COMPLAIN ITS ATTENDANCE TO CONTRIBUTION TO THE INTEREST SUGGESTED FUND AND
SUBSIDIARY REPORTED. ACCORDINGLY I HOPE THAT LONG COOPERATION WITH LONG FUND
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CONTRIBUTION TO THE INTEREST SUGGESTED FUND WITH THE UNDERSTANDING THAT THERE BE
LONG REPRESENTATION VIA THAT THE REGIONAL COOPERATION WOULD EXIST A POSSIBLE
SUGGESTION. VIA VI THE DEPARTMENT COMMISSION MEETING I WAS PLEASED LONGER
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WITNESS AND I EXPECT SHOWING TO RECOMMEND TO THE FUND, S. BOULD THAT THE NEW
INTEREST SUGGESTED FUND ARE IN SIGHT TO BEING FUNDING OF VIVVDA \$200
MADE BY A NUMBER OF COOPERATION I BELIEVE THAT SUGGESTION CONTRIBUTIONS TO THE
IN OUR NEXT FISCAL YEAR BEGINNING THIS YEAR. ON THE BASIS OF PLEDGES VIVVDA
SUPPORT. THE FUND HAS DECIDED TO ESTABLISH THE NEW FACILITY VS FUND VS POSSIBLE
FUND. THE PROPOSAL FOR A UNITED MINDOM FACILITY IN THE FUND RECEIVED MIDNIGHT
VI THE SECOND MEETING OF THE DEPARTMENT COMMISSION OF THE FUND AND THE FUND IN

BRUSSELS (LHO & DOUBLY VOSSEL)
FINANCE MINISTER
MR. MITA DE CIEBO

RECEIVED
CLASS OF
DATE

DATE
TIME
111

ORIGINATING AGENCY

ASSOCIATION
INTERNATIONAL DISCUSSION

INTERNATIONAL AND DISCUSSION
INTERNATIONAL FUND FOR

CONTRIBUTION
INTERNATIONAL FINANCE

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION*Third Window
a Belgium*

OUTGOING WIRE

TO: DR. D. HANNES ANDROSCH
FINANCE MINISTER *847*
VIENNA (Telex # 11688)DATE: ~~XXXXXX~~ ~~XXXXXX~~JULY *2*, 1975CLASS OF
SERVICE:

TELEX

COUNTRY: AUSTRIA

TEXT:
Cable No.:

AT THE RECENT MEETING OF THE DEVELOPMENT COMMITTEE OF THE BANK AND THE FUND IN PARIS, THE PROPOSAL FOR A THIRD WINDOW FACILITY IN THE BANK RECEIVED WIDESPREAD SUPPORT. THE BANK WAS URGED TO ESTABLISH THE NEW FACILITY AS EARLY AS POSSIBLE IN OUR NEXT FISCAL YEAR BEGINNING JULY FIRST. ON THE BASIS OF PLEDGES ALREADY MADE BY A NUMBER OF GOVERNMENTS I BELIEVE THAT SUFFICIENT CONTRIBUTIONS TO THE INTEREST SUBSIDY FUND ARE IN SIGHT TO PERMIT LENDING OF APPROXIMATELY \$500 MILLION, AND I EXPECT SHORTLY TO RECOMMEND TO THE BANK'S BOARD THAT THE NEW FACILITY START OPERATIONS BEFORE OUR ANNUAL MEETING AT THE BEGINNING OF SEPTEMBER. PARA AT THE DEVELOPMENT COMMITTEE MEETING I WAS PLEASED TO HEAR YOUR REPRESENTATIVE SAY THAT THE AUSTRIAN GOVERNMENT ACCEPTED THE THIRD WINDOW CONCEPT IN PRINCIPLE AND THAT IT WOULD EXAMINE A POSSIBLE CONTRIBUTION TO THE INTEREST SUBSIDY FUND WITH THE UNDERSTANDING THAT THERE BE A GENERAL PARTICIPATION OF OECD AND OPEC COUNTRIES. TAKING INTO ACCOUNT THE CONTRIBUTIONS ALREADY PLEDGED AND THOSE WHICH THE BANK HAS BEEN GIVEN TO UNDERSTAND WILL BE FORTHCOMING, I BELIEVE THAT THIS CONDITION WILL BE SUBSTANTIALLY FULFILLED. ACCORDINGLY I HOPE THAT YOUR GOVERNMENT WILL NOW FEEL ABLE TO CONFIRM ITS WILLINGNESS TO CONTRIBUTE TO THE INTEREST SUBSIDY FUND AND GIVE US AN EARLY INDICATION OF THE SUM IT HAS IN MIND AND WHEN IT WOULD BE ABLE TO MAKE THE FUNDS AVAILABLE. FOR YOUR INFORMATION, I AM SUGGESTING TO THOSE COUNTRIES THAT HAVE ALREADY PLEDGED THEIR CONTRIBUTIONS THAT IF POSSIBLE THEY MAKE THE FUNDS AVAILABLE BY AUGUST 1. IF THERE IS ANY OTHER INFORMATION THAT YOU NEED BEFORE TAKING UP THIS REQUEST PLEASE DO NOT HESITATE TO ASK. REGARDS.

ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Robert S. McNamara

DEPT.

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)REFERENCE *RJ* RJGoodman/rf

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*✓ Third Window
cc Kuwait*

Mr. I.P.M. Cargill

July 2, 1975

Saad S. El Fishawy

KUWAIT: "Third Window" - Action by National Assembly

I called Mr. Al-Hamad this morning to inquire about the stage which the National Assembly approval of the "Third Window" contribution has reached. Al-Hamad said that the draft bill was approved by the Council of Ministers last Sunday, June 29 and was presented to the National Assembly, which is still in session. The Assembly is not expected to recess before another two weeks because it is in the middle of the budget discussions. He said that he was hopeful that the bill would be passed by the Assembly before the end of its current session but this, of course, could not be guaranteed.

SELFishawy/rh

cc: Messrs. McNamara
Knapp
Goodman
Nurick
Kochman o/r

INGOTISM B LDN

INCOMING TELEX

DISTRIBUTION:

Mr. Cargill ✓

SS

16.20 5.8.75

TO MR. I. P. M. CARGILL, VICE-PRESIDENT FINANCE, INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT WASHINGTON DC.

457

THE GOVERNOR HAS ASKED ME TO THANK YOU FOR YOUR TELEX OF
1ST AUGUST ABOUT THE ESTABLISHMENT OF AN INTERMEDIATE FINANCING
FACILITY. HE WILL AWAIT THE FURTHER INFORMATION BEING FORWARDED
BY THE SECRETARY OF THE BANK.

ELSTON

PRIVATE SECRETARY TO THE GOVERNOR

UNTESTED =

BANK OF ENGLAND ++

PSE READ FIRST LINE 7TH WORD AS THANK+

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CC-SAUDI ARABIA-IBRD MEMBERSHIP
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✓ Mr. Cargill

Adler
Wood
Nurick

JUL 27 8 19 AM 1975

COMMUNICATIONS
SECTION

ONE FOR CARGILL ALPHA ONE OF FIRST RESOLUTIONS OF BOARD OF GOVERNORS OF ISLAMIC BANK WAS TO EXPRESS SINCERE THANKS TO THE TASK FORCE IN WHICH THE IBRD PARTICIPATED ACTIVELY FOR SAID TASK FORCE'S VALUABLE CONTRIBUTION TO THE ESTABLISHMENT OF THE ISLAMIC BANK AND THE PREPARATION OF THIS MEETING BETA GOVERNOR OF SAMA SHEIKH ALQURASHI RECONFIRMED STRONG SUPPORT OF IBRD'S BORROWING PROGRAM FOR FY 76 STOP HE EXPECTS TO BE IN A POSITION TO DISCUSS ORDER OF MAGNITUDE OF SAMA'S PARTICIPATION THEREIN DURING THE ANNUAL MEETING AND MAY ALSO DISCUSS THEN A FIRST SPECIFIC TRANSACTION FOR FY 76.

GAMMA ALHAWAD SAID KUWAIT NATIONAL ASSEMBLY WAS NOT ABLE TO CONSIDER THIRD WINDOW BILL BEFORE IT STARTED RECESS LAST WEEK STOP ITS FOLLOWING SESSION WILL BEGIN NEXT OCTOBER STOP.

REGARDS

ALHAWAD

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✓ THIRD WINDOW
CC-FRANCE IBRD MEMBERSHIP

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JULY 1, 1975

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1397 FOR GOODMAN FOR IMMEDIATE DELIVERY

REUR 1057

1. EYE SPOKE YESTERDAY TO FRENCH TREASURY ABOUT PROCEDURE FOR ESTABLISHMENT OF THE THIRD WINDOW. I WAS TOLD THAT FRENCH PREFERENCE FOR A DECISION BY BOARD OF GOVERNORS VERSUS BOARD OF EXECUTIVE DIRECTORS HAD BEEN INSPIRED BY POLITICAL RATHER THAN LEGAL CONSIDERATIONS. THE FRENCH AUTHORITIES, AT TIME THIS PREFERENCE WAS EXPRESSED, HAD LINKED THE FINANCING OF THE THIRD WINDOW TO A SATISFACTORY SOLUTION TO THE IMF GOLD ISSUE. SINCE THIS ISSUE WAS OBVIOUSLY TO BE SETTLED BY MINISTERS, THE FRENCH THOUGHT THAT, FOR REASON OF SYMMETRY, THE THIRD WINDOW DECISION HAD TO BE MADE AT THE LEVEL OF MINISTERS, I.E. BY THE BOARD OF GOVERNORS.

2. IT SEEMS NOW AS THOUGH THE FRENCH WOULD EVENTUALLY AGREE ON LOOSENING THE TECHNICAL LINK THEY HAD RECOMMENDED BETWEEN THE RESTITUTION OF IMF GOLD TO MEMBER COUNTRIES AND THE FINANCING OF THE THIRD WINDOW. UNDER THE CIRCUMSTANCES, THE ABOVE REASONING HAS LOST SOME OF ITS MERIT AND I WAS TOLD THAT IT WOULD BE REVIEWED ACCORDINGLY.

3. TODAY, THE TREASURY CALLED TO INFORM ME THAT FRANCE WAS NOW PREPARED TO ACCEPT THAT THE DECISION FOR THE ESTABLISHMENT OF THE THIRD WINDOW BE MADE BY OUR EXECUTIVE BOARD.

REGARDS

CARRIERE

*copies sent to Messrs. Gaud
& Jurek*



Record Removal Notice

File Title Bank Administration and Policy - Third Window Loans 1975 / 1977 Correspondence - Volume 3		Barcode No. 30045458		
Document Date July 1, 1975	Document Type Memorandum			
Correspondents / Participants To: Mr. Nurick From: Raymond J. Goodman				
Subject / Title 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 6, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date June 6, 2025
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Distribution: Mr. Cargill
Mr. McManara
Mr. Morrison

2. 1. 74

1. 1. 74

1. 1. 74 COPY AMERICAN AND BATHIAN

1. 1. 74 COPY OF MEMORANDUM OF THIRD WINDOW AT THE MEETING OF
1. 1. 74 AM, ALL OF IT FAVORABLE AND SOME E.M. GORWAY AND
1. 1. 74 AM. JAMES R. DELBERT SIMONE SPECIFICALLY
1. 1. 74 AM. THEY WOULD ONLY DEAL WITH BALANCE OF
1. 1. 74 AM. TO AMPLIFY CLASSING WITH IDA OF THIRD WINDOW
1. 1. 74 AM. TO AMPLIFY ALSO AND SHOULD BE ENCOURAGED AS LONG
1. 1. 74 AM. ONLY WITH SUBJECTS AND NOT GOF, AND SHOULD DO THIS
1. 1. 74 AM.

1. 1. 74 AM. HE AT DINGER POST HE HAD INTENDED TO BE

1. 1. 74 AM. TO THIRD WINDOW VERICOLOM PRESUMABLY ON

1. 1. 74 AM. THIS IS VERY EYE PASS IF ON WITHOUT EVALUATION.

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INTBAFRAD PARIS

INCOMING TELEX

Third Window

RECEIVED

JULY 1, 1975

Distribution: Mr. Goodman

INTBAFRAD PARIS

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