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Folder Title: President Lewis T Preston Travel - Gisu Mohadjer - Europe, France and England - January 26 - February 4, 1992 - Correspondence

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Subfonds: Records of President Lewis T. Preston

Fonds: Records of the Office of the President

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org


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Claudio's Tunisia

*Preston Travel Bureau Jan 26 - Feb 4, 1992
(Gisu Mohadjer))
France/England*



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 **Archives**

 **1780493**

A2003-017 Other #: 1 **209748B**

President Lewis T Preston Travel - Gisu Mohadjer - Europe, France and England -
January 26 - February 4, 1992 - Correspondence

PRESTON TRAVEL

EUROPE

JAN. 26-FEB. 4, 1992

GISU MOHADJER

F R A N C E

file Ruston
Thouel France BB

IFC

①

SHARE AND VOTING STRUCTURE

<u>SHARES</u>	<u>DECEMBER 31, 1991</u>	<u>GENERAL CAPITAL INCREASE</u>	<u>SELECTIVE CAPITAL INCREASE</u>
SUBSCRIBED SHARES	1,209,726	1,209,726	1,209,726
UNSUBSCRIBED ALLOCATIONS	70,443	1,056,553	1,196,553
AVAILABLE UNALLOCATED SHARES	19,831	33,721	193,721
TOTAL	1,300,000	2,300,000	2,600,000
<u>CAPITAL (US\$)</u>			
TOTAL CAPITAL	1,209,726,000		
TOTAL AUTHORIZED CAPITAL	1,300,000,000	2,300,000,000	2,600,000,000

MEMBERSHIP

CURRENT	143	143	143
IN PROGRESS	5	5	5
FORMER SOVIET REPUBLICS			15
TOTAL	148	148	163

VOTING POWER

WITH CURRENT MEMBERSHIP :

VOTES IF FULLY SUBSCRIBED	1,209,726
FREE VOTES	35,750
TOTAL	1,245,476

WITH NEW MEMBERSHIP :

VOTES IF FULLY SUBSCRIBED	1,280,169	2,266,279	2,406,279
FREE VOTES	37,000	37,000	40,750
TOTAL	1,317,169	2,303,279	2,447,029

• ONE SHARE = ONE VOTE = US\$1,000

• TOTAL COUNTRY VOTES = TOTAL SHARES + 250 FREE VOTES

• AT PRESENT, 143 MEMBER COUNTRIES HAVE SUBSCRIBED TO

1,209,726 SHARES, FOR A TOTAL CAPITAL OF US\$1.2B

70,443 SHARES ARE ALLOCATED AND HAVE TO BE PAID IN

BY FEBRUARY 1, 1992 OR THEY BECOME UNALLOCATED

19,831 SHARES ARE AVAILABLE

• IF THE GENERAL CAPITAL INCREASE OF US\$ 1.0B IS APPROVED,

33,721 WOULD BE AVAILABLE FOR ALLOCATION TO NEW

MEMBERS

• IT IS ESTIMATED THAT THE FORMER SOVIET REPUBLICS

WILL REQUIRE 140,000 SHARES FOR MEMBERSHIP

• THEREFORE A SPECIAL CAPITAL INCREASE OF US\$ 300M,
REPRESENTING 300,000 SHARES,

WILL BE NEEDED TO ACCOMMODATE NEW MEMBERS

AND SHARE INCREASES OF CURRENT MEMBERS

• LEGISLATIVE APPROVAL WOULD BE REQUIRED FOR THE

US TO VOTE IN FAVOR OF A SELECTIVE CAPITAL

INCREASE

IFC

UNITED STATES VOTING POWER

AS OF DECEMBER 31, 1991

SHARES	321,823
FREE VOTES	<u>250</u>
TOTAL	322,073

TOTAL VOTES	1,245,476
-------------	-----------

US VOTE AS % OF

TOTAL VOTES	25.76
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IF SHARES ARE FULLY SUBSCRIBED:

	<u>DECEMBER 31, 1991</u>	<u>GENERAL CAPITAL INCREASE</u>	<u>SELECTIVE CAPITAL INCREASE</u>
SHARES	321,823	321,823	321,823
ALLOCATION		247,556	247,556
FREE VOTES	<u>250</u>	<u>250</u>	<u>250</u>
TOTAL VOTES	322,073	569,629	569,629
TOTAL POTENTIAL VOTES	1,317,169	2,303,279	2,447,029

US VOTES AS % OF

TOTAL POTENTIAL VOTES	24.45	24.73	23.28
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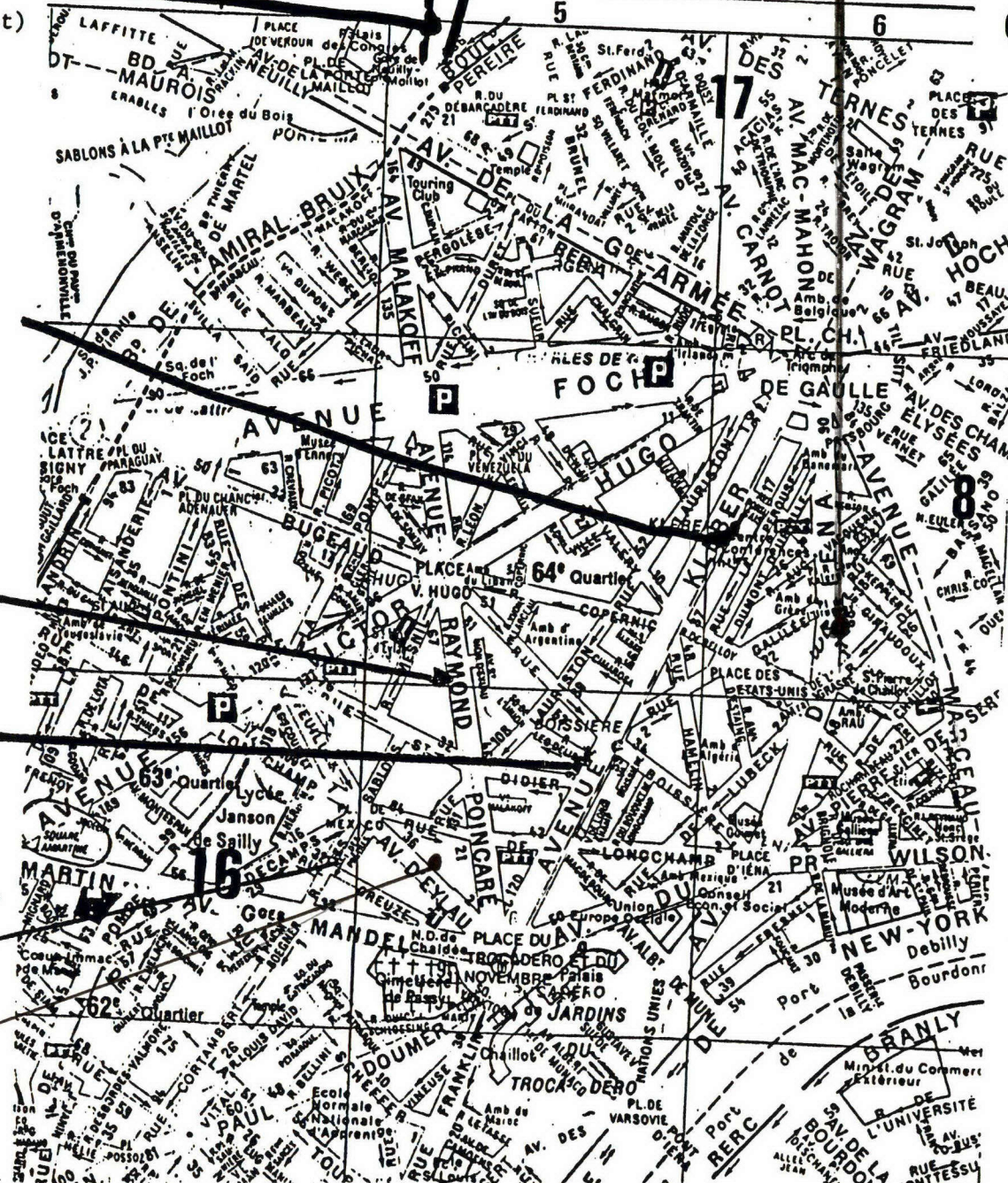
40 69 30 00

CENTRE DE CONFERENCES INTERNATIONALES
19, Ave. Kléber
75116 Paris

HOTEL BALTIMORE
88 bis Kléber
75115 Paris
Tel/ (33.1) 45 53 83 33

HOTEL ELYSEES SABLONS
32, rue des Sablons
(Angle 32, rue Greuze)
75116 Paris
Tel/ (33.1) 45 03 33 89

ACTIM
14 AVENUE D'EYLAU, 75116
44 34 50 43



MR. PRESTON'S VISIT TO PARIS

January 26-27, 1992

PROGRAMME

SUNDAY - JANUARY 26

3:20 p.m. Arriving in Paris via Air France
Flight 965

(A car will pick up Mr. and Mrs. Preston at the Airport)

Evening Dinner with:

- Mr. and Mrs. Walter Curley

MONDAY - JANUARY 27

10:15 a.m. Mr. Lafourcade will pick up Mr. Preston at Mr. Walter
Curley's residence

41, rue du Faubourg Saint-Honoré
75008 Paris
Telephone: 42-96-12-02

11:00 a.m. Meeting with the European Office staff
World Bank premises (Room B)

1:00 p.m. Lunch with:

- **Mr. Jacques de Larosiére**, Governor
Banque de France
- **Mr. Denis Ferman**, Second Under-Governor
Banque de France
- **Mr. Francis Cappanera**, Director General
External Services
Banque de France
- **Mr. André Icard**, Director General
Studies Department
Banque de France
- **Mr. Robert Raymond**, Director General
Credit Department
Banque de France
- **Mr. Guy Pontet**, Chief of Cabinet
Banque de France

- **Mr. Denis Samuel-Lajeunesse**, Deputy Director
French Treasury
- **Mrs. Anne Le Lorier**, Chief
Debt and Development Department
French Treasury
- **Mr. Alain Pilloux**, Inspecteur des Finances
- **Mr. Dominique de Combles de Nayves**, Director
Cabinet of the Minister
Ministry of Cooperation and Development
- **Mrs. Louise Avon**, Deputy Director
Development Department
Ministry of Cooperation and Development
- **Mr. Marc Viénot**, President
Société Générale
- **Mr. Jérôme Monod**, President
Société des Eaux Dumez
- **Mr. Philippe Jurgensen**, Director General
Caisse Française de Développement
- **Mr. Jacques Desponts**, Director
Direction des Relations Economiques Extérieures,
Ministry of Finance (Commerce Extérieur) - DREE
- **Mr. Loic Le Floch-Prigent**, President
Société Elf-Aquitaine
- **Mr. Philippe Hustache**, Financial Director
Société Elf-Aquitaine
- **Mr. Jean-Pierre Landau**, Executive Director
World Bank
- **Mr. Olivier Lafourcade**, Director
World Bank European Office

at Banque de France
3, rue de la Vrillière
75001 Paris
Telephone: 42-33-78-61

(Hosted by Mr. de Larosière)

4:00 p.m.

Meeting with:

- **Mr. Dominique de Combles de Nayves**, Director of Cabinet
of Mrs. E. Avice, Minister of Cooperation and Development

at the World Bank European Office

8:00 p.m.

Stag-Dinner with:

- **Mr. Jean-Claude Trichet**, Director
French Treasury
- **Mr. Denis Samuel-Lajeunesse**, Deputy Director
French Treasury
- **Mrs. Jeanne-Marie Prost**, Chief,
Development Aid Department, French Treasury
- **Mr. Jean-Pierre Landau**, Executive Director
- **Mr. Ernest Stern**, Managing Director
World Bank
- **Mr. Olivier Lafourcade**, Director
World Bank European Office

at Hotel Prince de Galles
33, avenue George V
(Salon Champagne)
Telephone: 47-23-55-11

(Hosted by Mr. Jean-Claude Trichet)

Le
January 27, 1992

BRIEFS

IDA 10 Negotiations

The negotiations for IDA 10 opened in Paris on January 27 and 28. Thirty two delegations attended the negotiations. The agenda dealt with two themes: the effectiveness of IDA and the allocation of IDA resources, on which staff papers had been prepared.

Deputies reviewed IDA's effectiveness in assisting borrowers to reduce poverty and increase growth. Mr. Jaycox had been invited to address IDA effectiveness in Africa, Mr. Kaji to discuss the effectiveness of IDA programs in Asia, and Mr. Pouliquen to discuss IDA's experience in infrastructure financing and the changing composition of such investments. Mr. Jaycox pointed out that in the 20 core countries supported by IDA's Special Program of Assistance (SPA) during the period 1988 to 1990, growth increased from an average rate of one percent at the start of the 1980s, to over four percent, a positive rate on a per capita basis. During the same period, growth in non-SPA countries averaged about two percent. Mr. Pouliquen indicated that the role of IDA assistance in the infrastructure sector has evolved to include not only the expansion of physical facilities, but also an improvement in service efficiency and maintenance of existing assets, through institutional strengthening, regulatory efficiency, and appropriate pricing. Mr. Kaji described IDA's financial and technical assistance to the countries of Indo-China in their transition from controlled economies to functioning market economies. The IDA deputies agreed that IDA was an effective channel of donor assistance to low income countries, and that the policy framework agreed for IDA 9 should continue to govern IDA 10. Emphasis was placed on translating IDA's policy on poverty - which was generally applauded - into actual operations on completion of national environmental action plans and their implementation, institution building, and investment in human capital. Numerous questions were raised about the quality of IDA's work, the availability of appropriate skills, and the cost and efficiency of IDA operations. The importance of effective national management and reduction in non-productive public expenditures received much attention.

Deputies also gave preliminary consideration to the major allocation issues likely to face IDA 10. Newly eligible countries, new members, and countries with reactivating programs will reduce allocations to present recipients unless IDA resources are increased substantially. At the same time, Official Development Assistance has been stagnant worldwide in the last five years. Deputies generally stressed likely domestic budgetary limitations and recognized that in this resource constrained environment the criteria for the allocation of IDA resources become increasingly important. They discussed such alternatives as reducing the operational cut-off, further strengthening performance criteria, reducing the maturity of IDA credits, special terms for relatively higher income countries, and ending or changing special geographic allocations. They will return to this subject at the next meeting, scheduled to take place in April in Washington D.C.

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: 02-Feb-1992 05:52pm

TO: Janet Hickman (JANET HICKMAN)

FROM: Olivier Lafourcade, EXTEU (OLIVIER LAFOURCADE)

EXT.: 3010

SUBJECT: Message to Gisu - Mr. Rocard

Janet,

Would you be kind enough to pass the message below to Gisu Mohadjer who is accompanying Mr. Preston during his visit to London. Many thanks. Olivier.

* * * *

Gisu,

It was really nice to see you in Paris. I do hope we can keep in touch once in a while.

I just wanted to ask you to inform Mr. Preston of an interesting development which took place in Paris just after he left last tuesday. I received a call from the Chief of Cabinet of Mr. Michel Rocard, the former Prime Minister of France (he was Prime Minister for three years and was replaced by Mrs. Cresson just before last summer). Mr. Rocard had heard that Mr. Preston was in Paris and he thought that he would be in Paris for the full week. He indicated that he would be very interested to meet with Mr. Preston during the week. Eventually, of course, I told the Chief of Cabinet that Mr. Preston had already left, and would therefore not be able to meet with Rocard. We agreed however that, should there be another opportunity, it would be a good idea to try to organize a meeting, either in Paris or in Washington.

I mention this because of the importance of Michel Rocard. He is a very popular politician in France, having managed very skillfully his rivalry with President Mitterrand. Both men are known to dislike each other profoundly, but they are and have been the most important figures within the socialist movement in France for many years, and have had to co-exist as President and Prime Minister for quite a while. Mr. Rocard has recently received a virtual blessing from the Socialist Party to be the official candidate of the party for the next presidential elections when Mitterrand leaves in 1995. Because of his own personal popularity, Mr. Rocard would stand a very real chance of

being elected, even if the Socialists themselves seem today to be in real trouble in front of the electorate. By the way, Mr. Rocard speaks perfect english. Mr. Conable had met with Mr. Rocard when he was still Prime Minister, and the meeting had been very constructive.

Best wishes for a successful trip to Africa.

Warm regards. Olivier

CC: ALEXANDER SHAKOW
CC: ERNEST STERN
CC: Patrice Dufour
CC: Julian Grenfell

(ALEXANDER SHAKOW @A1@VAX12
(ERNEST STERN @A1@VAX12)
(PATRICE DUFOUR)
(JULIAN GRENFELL)

Alain Pilloux

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE:

TO: ERNEST STERN (ERNEST STERN @A1@VAX12)

FROM: Olivier Lafourcade, EXTEU (OLIVIER LAFOURCADE)

EXT.: 3010

SUBJECT: Spain

Ernie,

Early this morning I spoke on the phone with Carmelo Furci in Rome where he is now after his brief visit to Madrid. He gave me his oral report on his meeting yesterday with Silvia Iranzo, the Deputy Director General in the Ministry of Economy of Spain. The main points of the discussion:

- a. the decision to pull out of SPA 2 is just about definitive
- b. it is virtually certain that Spain will pull out of GEF
- c. with respect to IDA 10, the decision will be to contribute with no increase in real terms, and Spain will follow the EEC guidelines and eventual joint position on the replenishment
- d. the decisions to pull out of SPA 2 and GEF have nothing to do in substance with the Uganda incident, but this incident has precipitated these decisions.
- e. the Minister and the Ministry are upset with the Bank:

- they want more transparency
 - they want more say in what happens in the Bank
 - they want improved communications with the Bank's operations
 - they want more direct contacts with Regional VPs
(apparently they are very critical of Kim Jaycox for not having been sufficiently accessible and not having provided sufficient explanations on the Uganda case)

(Note: at this stage, it is very unclear who is "they", and what is really requested from the Bank ...)

- f. in all this so far, IFC has been treated as "part of the package"...

- g. on the Uganda case, it is now confirmed that the Spanish firm did get the contract, although for a lesser amount than had been expected originally.

h. Pedro Perez has received your letter, he is willing and ready to receive me; he was not in Madrid yesterday, and will not be back before to-morrow. Thus I will not know when a meeting can be arranged before to-morrow evening. Carmelo and Silvia Iranzo indicate that there may be a chance that I could see him before the week-end.

i. Solchaga will leave on monday for Washington and he will be accompanied by Jose Ruiz (the Director General under Pedro Perez). If I understood correctly, Silvia Iranzo seemed to indicate that there was no particular need for you to see him on this matter (but I don't understand why she would say this...)

j. Carmelo says that Silvia told him that "they" wanted now to put what happened in the last two weeks behind them, and "they wished to look ahead"... He described the meeting with Silvia Iranzo as very friendly, but he said that she was sounding very determined in presenting the positions of the Ministry. Neither Carmelo nor Silvia Iranzo seemed to be aware of the manifestations of the press as reported by Attila in Washington.

E N G L A N D

London
February 3-4, 1992

Monday, February 3

8:30 a.m. David Peretz and Julian Grenfell (the Chief of our Public Affairs team in Paris) will meet you at Claridges. Mr. Peretz will brief you on the meeting with the Chancellor.

9:00 a.m. Depart for the Treasury

9:15 a.m. ✓ Rt.Hon. **Norman Lamont** MP, Chancellor of the Exchequer
HM Treasury, Parliament Street
London SW1; (tel.: 71 270 4330)

9:45 a.m. Depart from the Treasury for brief stop at the World Bank office at New Zealand House. Julian Grenfell will brief you on ODA issues and personalities.

10:45 a.m. Depart for ODA

11:00 a.m. ✓ **Mr. T.P. (Tim) Lankester**
Permanent Secretary, Overseas Development Administration Room V512, 94 Victoria Street
London SW1E 5JL - (tel.: 71 917 0500)

ODA senior management to sit in on the meeting:
Mr. Robert Ainscow, Deputy Secretary
Mr. Richard Manning, Under Secretary (Asia and the Pacific)
Mr. Peter Freeman, Under Secretary (International Division)

12:45 p.m. Lunch hosted by Mr. Lankester at ODA.
for (Guest List Attached.)
1:00 p.m.

3:00 p.m. **Sir Nigel Wicks**
Second Permanent Secretary
HM Treasury
Room 113/2, Parliament Street
London SW1P 3AG - (tel.: 71 270 4369)

Tuesday, February 4

8:30 a.m. Julian Grenfell will meet you at Claridges. You will depart for ODA only after Mrs. Chalker's office has confirmed that her plane (from South Africa) has landed.

9:10 a.m. The Rt. Hon. **Lynda Chalker**, MP
Minister of State for Foreign & Commonwealth Affairs and
Minister for Overseas Development, Overseas Development Administration, 5th floor
94 Victoria Street, London SW1E 5JL
(tel.: 71 917 0419)

10:30 a.m. ✓ The Rt.Hon. **Robin Leigh-Pemberton**
Governor of the Bank of England.
Threadneedle Street
London EC2R 8AH
(tel.: 71 601 4121)

11:30 a.m. ✓ The Rt.Hon. **Douglas Hurd** CBE, MP
Secretary of State for Foreign & Commonwealth Affairs
Foreign and Commonwealth Office
Room W52
Whitehall, SW1
(tel.: 71 270 2059)

12:15 p.m. ¹ The Rt.Hon. **John Major** MP
Prime Minister and First Lord of the Treasury
No. 10 Downing Street
London SW1A 2AA
(tel.: 71 270 3000)

1:00 p.m. Return to Claridges to pick up Mrs. Preston and depart for airport. (BA to Dar-es-Salaam at 3:30 p.m.)

Guest List

Lunch Hosted by Tim Lankester
Monday, February 3

¹ No. 10 have agreed that Mr. Lankester should be present at this meeting.

Mr. Lewis Preston - London

Sunday
2nd February

6.45p.m.

Arrives London Heathrow BA 189

Claridges Hotel
Brook Street
London W1

629:8860

Monday
3rd February

9.15a.m..

The Chancellor of the Exchequer
The Rt. Hon. Norman Lamont M.P.
H.M. Treasury
Parliament Street

270:4330

11.00a.m..

Mr. T.P. Lankester
Permanent Secretary

917:0500

Mr. R.M. Ainscow
Deputy Secretary

Mr. N.B. Hudson
Under Secretary
Africa & the Mediterranean

Mr. R.G.M. Manning
Asia & Pacific; Latin America
Caribbean and Atlantic

Mr. P.D.M. Freeman
Under Secretary
International Financial Institutions;
United Nations & Commonwealth

Overseas Development Administration
94 Victoria Street
London SW1E 5JL

12.30 - 2.30p.m..

LUNCH - Mr. T.P. Lankester

Mr. R.M. Ainscow
Mr. P. Freeman
ODA

Sir Nigel Wicks
Second Permanent Secretary
The Treasury

Rt. Hon. David Howell MP
Foreign Relations Committee

Rt. Hon. Peter Shore MP
Foreign Relations Committee

Rt. Hon. Lord Greenhill
Chairman of the All-Party Group
on Overseas Development

Baroness Ewart-Biggs
Opposition Whip, House of Lords
President of the UK Committee
for UNICEF

Sir Peter Leslie
Chairman
CDC

Sir Crispin Tickell
Chairman
IIED

John Howell
Director
ODI

Mr. Andrew Tuckey
Chairman
Baring Brothers

Lord Cairns
Joint Chairman
S.G. Warburgs &
Chairman VSO

Mr. Andrew Turnbull
Private Secretary to the Prime Minister
No. 10 Downing Street

- 3 -

Mr. Andrew Crockett
Executive Director
Head of International Department
Bank of England

Dr. M. Nemeth
Vice President - Personnel & Administration
EBRD

3.00p.m..

Sir Nigel Wicks
Second Permanent Secretary
The Treasury

Evening

Own arrangements

8.00p.m..

Quiet Table for 4 at Claridges

Tuesday
4th February

9.10a.m..	The Rt. Hon. Lynda Chalker MP Minister of State for Foreign and Commonwealth Affairs and Minister for Overseas Development 94 Victoria Street London SW1E 5JL	917:0419
10.30a.m..	The Rt. Hon. Robin Leigh Pemberton Governor Bank of England Threadneedle Street London EC2R 8AH	601:4444
11.30a.m..	The Rt. Hon. Douglas Hurd MP Secretary of State for Foreign And Commonwealth Affairs King Charles Street London SW1A 2AL	270-3000
12.15p.m..	The Prime Minister The Rt. Hon. John Major MP 10 Downing Street	270:3000
3.30p.m..	Departs for Dar es Salaam BA 069	

BRIEFS



Record Removal Notice



File Title President Lewis T Preston Travel - Gisu Mohadjer - Europe, France and England - January 26 - February 4, 1992 - Correspondence		Barcode No. 1780493
Document Date 03 February, 1992	Document Type Memorandum	
Correspondents / Participants From : Lynda Chalker		
Subject / Title Southern Africa		
Exception(s) Information Provided by Member Countries or Third Parties in Confidence		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.
		<table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 27-Mar-15</td></tr></table>
Withdrawn by Chandra Kumar	Date 27-Mar-15	

THE WORLD BANK/IFC/MIGA
OFFICE MEMORANDUM

DATE: January 30, 1992
TO: Ms. Patricia O'Hara, EXC
FROM: Judith Maguire, EXTDR
EXTENSION: 31833
SUBJECT: Mr. Preston's Briefing Materials for London

Attached are two copies of an entirely new set of briefing materials for the London Visit. These reflect:

- The addition of the Chancellor of the Exchequer to the schedule.
- New biographical notes on the Chancellor and several guests at the ODA lunch.
- A revised note on the U.K. and the World Bank, to include materials on land reform in Zimbabwe (at the request of the U.K. government).
- A new note with general background on the meetings. David Peretz called today with some suggestions/advice on topics for discussion.

We are sending a copy to the London office, which will be delivered to Gisu at Claridges.

Please let me know if there is anything else we can do.

Attachments

Messrs. Stern, EXC; Alisbah, PAAVP; Shakow, EXTDR; B. Kavalsky, FRMDR;
J. Grenfell, Paris Office

THE WORLD BANK/IFC/MIGA
OFFICE MEMORANDUM

DATE: January 28, 1992

TO: Mr. Lewis T. Preston, EXC

FROM: Alexander Shakow, EXTDR

TENSION: 31828

SUBJECT: Visit to the United Kingdom - February 3-4, 1992

Attached is a schedule for your visit to the United Kingdom along with brief notes on the U.K. relationship with the World Bank, and on the political, economic and aid situation in that country. Finally, we have included biographical notes on key U.K. officials. These notes were for the most part prepared by Julian Grenfell in our Paris Office, with input from Basil Kavalsky's staff.

Mr. David Peretz, U.K. Executive Director, will join you, Julian Grenfell and Gisu Mohadjer at the meetings in London.

Attachments

cc: Ms. Gisu Mohadjer, EXC; B. Kavalsky, FRMDR; J. Grenfell, Paris Office

Background Note on the Visit to London

Meeting with the Chancellor of the Exchequer - Rt.Hon. Norman Lamont

The main topic of interest to the Chancellor is the Bank's relationship with the CIS republics. David Peretz underlined the point that the Chancellor prefers to listen at meetings such as this; he likes to throw out a topic and hope his guest will dominate the conversation. The more you can tell the Chancellor about the Bank's plans for the republics, the better the meeting should go. He probably would also like to hear more generally what you think about the Bank now that you have been here for several months.

Meeting with Tim Lankester - ODA

In addition to the more general issues for discussion at ODA, the U.K. government has notified us that they would like to raise the issue of land reform in Zimbabwe. Background on this issue is contained in the note on the U.K. and the Bank. A more complete discussion can be found in your briefing book for the Africa trip.

Lunch at ODA Hosted by Tim Lankester

Tim Lankester will make some opening remarks at the lunch. He will also call on you to say a few words. David Peretz has suggested several topics which you might want to cover in your remarks:

- The Bank's work in the Baltics and CIS republics.
- Our programs in Africa, and thoughts on our future involvement in South Africa.
- What can be done to encourage increased private sector flows to developing countries (for the bankers and financial types in the audience).
- The environment.
- The Bank's focus on poverty (for the Labour party members).
- Ways in which you hope to make the Bank more efficient.

Background Note on the Visit to London

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- The environment.
- The Bank's focus on poverty (for the Labour party members).
- Ways in which you hope to make the Bank more efficient.

Host: Mr. Timothy Lankester
Guest of Honor: Mr. Lewis T. Preston

Mr. Andrew Turnbull, Principal Private Secretary to the Prime Minister

The Rt.Hon. David Howell MP (C), Chairman of the Foreign Affairs Committee

The Rt.Hon. Peter Shore MP (L), Member of the Foreign Affairs Committee

Baron Greenhill (Ind), Member of the House of Lords

Baroness Ewart-Biggs, Member of the House of Lords and Opposition

Spokesperson on Overseas Development

Sir Nigel Wicks, Second Permanent Secretary, HM Treasury
(Former UK Executive Director, IMF/IBRD 1983-85)

Mr. Andrew Tuckey, Chairman, Baring Brothers & Co. Ltd.

Sir Crispin Tickell, Warden, Green College, Oxford (former Permanent Secretary,
Overseas Development Administration 1984-87); Chairman,
International Institute for Environment and Development

Professor John Howell, Director, Overseas Development Institute

Sir Peter Leslie, Chairman of the Commonwealth Development Corporation

Lord Cairns, Joint Chairman, S.G. Warburg & Co.; and
Chairman,
Voluntary Service Overseas

Mr. Andrew Crockett, Executive Director, Bank of England

Mr. Miklos Nemeth, Vice President, Personnel and Administration,
European Bank for Reconstruction and Development

Mr. Robert Ainscow, Deputy Secretary, Overseas Development Administration

Mr. Peter Freeman, Under Secretary, International Division,
Overseas Development Administration

Mr. David Peretz, U.K. Executive Director, IMF/IBRD

Mr. Julian Grenfell, Chief, External Affairs Unit, World Bank, Paris Office

Ms. Gisu Mohadjer, Assistant to the World Bank President

THE UNITED KINGDOM

Political, Economic and Aid Situation

Political Scene

The Election. Will the Prime Minister pick April 9 or May 7 as the date for the General Election? That question dominates British politics at the time of writing. The Chancellor of the Exchequer, Norman Lamont, has set March 10 as the date for the pre-election Spring Budget statement. The conventional wisdom is that April 9, the only likely day that month, will be too soon, and that any date later than May 7 (the date of local government elections throughout the country) would give voters the impression that the Government was dithering. Hopes of tangible improvements in the economic situation before the Government's mandate runs out at the beginning of July are forlorn indeed, as even the Prime Minister has now openly acknowledged, so it's really a matter of choosing which of the two dates in April and May will give the Conservatives the better advantage.

The respected MORI opinion poll announced on January 26 that their latest findings put the Tories three points ahead of Labour. A month ago, they were six points behind. A three-week onslaught on Labour's tax plans seems to have paid off, and an unexpected cut by building societies in the mortgage rate has certainly helped. But the party's managers are urging caution. Labour's Shadow Chancellor, John Smith, and his team, are preparing a more detailed elaboration of the party's tax plans, which they claim will, amongst other things, confirm that the Tories have been deliberately misleading the voters on how many would pay higher taxes under a Labour Government. The Government is also digesting this weekend the bad news that the unpopular poll tax bills (to pay local community charges) which will drop through voters' mail boxes in the week of April 6 are likely to be much higher than originally expected. The Prime Minister and the Chancellor are now under intense pressure either to alter the tax, so that local councils will not be ready to send them out until after the election, or, which would cost more, have the Treasury underwrite non-payments until after the election.

Labour's problems are no less. By their own admission, promotion of the tax plan was badly handled, and has put the party on the defensive. They will now have an uphill task to disabuse the voters of the perception that tax increases under a Labour Government are going to hit more people than Labour is now claiming, and they will have to say clearly whether or not they are going to phase in a

lifting of the ceiling on national insurance contributions. Labour is anxious to turn the spotlight on theirs versus the Government's plans for health and the public services, where they believe they have a good edge in the country over the Tories.

Most observers agree that this could be an unusually rough election battle, not least because it will be unusually "presidential". Neil Kinnock is an excellent campaigner, and has the advantage of having already fought an election as party leader. And this time, Labour is confident it has a set of policies, free of old socialist dogma, which will have a much broader appeal in the country. The Tories believe they have a winner in the John Major's personality. He will soon be brought centre-stage as a leader on the world scene and as a caring Prime Minister at home. This week he delivers a keynote speech on his Citizens Charter, a cornerstone of his election campaign, and then welcomes Boris Yeltsin to London before flying off to New York to chair Friday's Security Council Summit. On March 12, two days after what will most likely be a tax-cutting budget, he is expected to announce the date of the election. If the Tories are as much as five points ahead by then, a big if, he might just steel his nerves for the April 9 date.

Meanwhile, the Liberal Democrat Party, currently commanding 16% in the polls, is happy to let the two major parties slug it out. The chances of a hung parliament are very real, and at this stage, although believed to be more comfortable with the idea of forming a coalition with the Conservatives, they are keeping quiet on the subject. If Labour emerged with the most seats in a hung parliament, and offered electoral reform as the price they would pay the Liberal Democrats for their support, the third party might have second thoughts and ditch the Tories.

The Economy

Concern over the depth of the recession deepened this week when the Central Statistical Office reported that industrial production in November fell by 0.6% on the month. The City had been expecting a rise. Meanwhile the Quarterly Economic Survey of the British Chambers of Commerce declared the economy still in recession, but suggested that the decline in manufacturing and services was slowing. That crumb of comfort for the Government can do little, however, to boost morale in the face of a new slump in business confidence. On January 28, the Confederation of British Industry publishes its quarterly trends, and word is out that it will show a sharp swing back to the gloom felt by businesses before the July to October 1991 improvement in business optimism, with pessimists now heavily outnumbering

optimists. The Government will surely claim, and not without justification, that the pessimism is due to the Labour's plans to raise the higher rate of income tax and remove the existing ceiling on insurance contributions. But the voters may not buy that in the face of Labour's counterclaim that the pessimism is simply over the length and depth of a recession brought on by the Tory Government. Labour will also continue to hammer away at the continuing stream of small business bankruptcies, and at the 9% unemployment rate recorded in December, the highest rate in four years.

On the brighter side for the Government is news that there are finally signs of movement in the housing market. There are also indications that exports are picking up, and more manufacturers are telling the British Chambers of Commerce that, for the first time since the second quarter of 1990, they expect to increase sales abroad rather than reduce them. Meanwhile the three-point Tory lead in the polls, announced over the January 25-26 weekend, should further boost the pound, thus removing fears that its weakness within ERM might force the Chancellor to raise base rates, rather than allow him to cut further, as many say he is about to do, from the 10.5% level they have held since early September.

The March 10 Budget is now the Government's best hope for reinstalling economic optimism. Both the Prime Minister and the Chancellor are said to want tax cuts - maybe a penny off the standard rate (which Labour says it would restore) - but the unhappy prospect of maybe having to lower the poll tax bills might make that cut an impossibility.

In the midst of this, an interesting debate is taking place in the economic and financial press on whether a devaluation to stimulate the economy would be seen as too disgraceful - even cowardly - to contemplate. Advocates claim that a gain in competitiveness is just what is needed, and that the possibly inflationary effect would be mild in a depressed, price-cutting economy. Opponents claim that even to talk about it makes the currency markets edgy, which in turn could lead to higher interest rates. And that, it would seem, is a price the Chancellor is not prepared to pay for jumpstarting the economy. A tax cut, if he can afford it, looks the better bet to him.

The Aid Scene

Britain's overseas aid program has long been noted for its very high quality, backed by a strong aid administration with long experience in developing countries. The aid is largely concentrated

on the poorest countries and is highly concessional, with all new aid for the poorest countries on grant terms.

Size. In volume terms, however, the program is a disappointment. In fact, in terms of percentage of GNP, the DAC reports that it has sunk to an all-time low. In 1990 - the last calendar year for which figures are available - it sank to 0.27% from 0.31% the previous year, and as such ranked above only Austria, Ireland, New Zealand and the United States in the DAC league table. Net disbursements of British official development assistance (oda) decreased in 1990 by 11% in real terms to the equivalent of \$2.6 bn, with both bilateral and multilateral disbursements declining in equal proportions.

Planned Increase in Aid Budget. On November 6, 1991, the Chancellor of the Exchequer announced in his Autumn Statement an increase in the aid program amounting to 17% in cash terms and 3% in real terms over the next three-year period. The picture is thus as follows: The aid budget for 1991/92 is the equivalent (in current dollars) of \$3.2 bn. It will rise to \$3.3 bn in 1992/93, and to \$3.4 bn in 1993/94. The split is currently 60% bilateral and 40% multilateral. 70% of bilateral aid goes to the poorest countries, and 75% to Commonwealth countries. Program assistance has increased as a proportion of the total bilateral aid package, to a large extent because of increased program assistance to Sub-Saharan Africa in support of the Bank's and Fund's adjustment programs. About one-fifth of British bilateral aid is now directed to program assistance. The bilateral aid program has one of the highest proportions of tied aid among DAC members, but the government has recently taken steps to liberalize procurement for the poorest countries.

Aid to Eastern and Central Europe and the CIS is additional to the above, and is expected to be about 65 million pounds annually. A principal channel is the system of Know-How Funds for individual countries, the first being set up for Poland in 1989. The KHFs purpose is to provide British advice, expertise and training. They have so far been set up for Poland, Hungary, Czechoslovakia, Bulgaria and the ex-Soviet Union. Britain also provides assistance to the region through the European Community by supporting the PHARE program and contributing to food aid.

Assistance to the environment is also separate from the main aid budget. Britain is currently providing the equivalent of \$72 million to the Global Environment Facility.

Britain was an early and strong advocate of good governance, and in June 1991, the Minister, Mrs. Chalker, announced a 50 million pound program over the ensuing year in support of good governance measures.

Poverty alleviation is also a growing focus of the aid program, implemented mostly through project aid in Asia and policy-based lending in Africa. There is also a new emphasis on encouraging the private sector.

Labour Party Program. The Labour Party has announced its intention to meet the 0.7% of GNP UN target for aid within five years of coming to office. It will also take the aid administration out of the Foreign Office and create a Department of State for Development Cooperation, headed by a Secretary of State with a seat in the Cabinet. The current Shadow Minister for Overseas Development, Mrs. Ann Clwyd, would likely fill that role. It has also been proposed that the representation on the Board of the World Bank be provided by the new Department, and not by the Treasury. The Treasury would provide a separate ED for the IMF Board.

January, 1992.

UNITED KINGDOM AND THE WORLD BANK

IBRD

Allocated Shares: 4.79%
Rank: 4th
Potential Voting Power: 6.8%

Cofinancing

Amount (FY82-91): \$1.4 b.
Rank: 4th

IDA9

Share: 6.7%
Contribution: SDR 782 m

SPA-2

Pledge: \$530 m

Procurement

. Share

in FY91: 8.6%

GEF

Contribution: SDR 54.78 m
Rank: 4th

Staff Composition (FY91)

Higher Level: . . . 8.3%
Managers: 12.1%

ISSUES FOR DISCUSSION

IBRD Membership for the Baltics and CIS Republics

This is the issue of greatest interest to the Prime Minister, the Treasury and the Foreign Office. These officials are expected to urge that we do everything possible to speed up Bank lending to the republics. They will want to know how the membership process is going and what type of lending program we have in mind.

As of January 28, 1992, applications for membership in the Bank have been received from the three Baltic republics, plus Ukraine, Russia, Armenia, Azerbaijan, Byelarus, Kazakhstan and Moldova. An application from Kirgizstan is expected any day. Those from the remaining four republics are expected within weeks.

Currently, the Fund hopes to complete the quota determination by the Interim Committee meeting on April 27, 1992. Fund Management is planning to propose special arrangements under which membership issues for all 15 republics can be considered together in advance of the 1992 Annual Meetings. If this schedule holds up, the Bank should be able to process the membership applications at about the same pace.

The number of IBRD shares to be allocated to the 15 republics is estimated at about 4 to 5 percent of total IBRD shares currently allocated to the existing members. The Bank will need a capital increase to accommodate these new members. Since the membership arrangements may be completed before the 1992 Annual Meetings when Board elections are held, adjustments in the size

and the composition of the Board will require early attention. (The Secretary's Department has begun work on this issue; an ad-hoc committee of Executive Directors is expected to begin discussions on this as early as March).

Since the 15 republics are applying for membership individually, the appointed U.K. seat in the Board should remain intact. The U.K.'s current potential voting power of 4.68 percent will decrease by no more than 0.25 percent as the result of these new members.

The Bank's tentative work program for the former Soviet republics for FY93 includes a lending commitment of about \$1.9 billion, one billion of which would be for Russia. Russ Cheetham's January 21 statement to the Board on Bank activities in the republics is attached as further background. The U.K. is very anxious that we move swiftly to help these countries.

Yeltsin Meeting with John Major. Boris Yeltsin is scheduled to meet with the Prime Minister on Thursday, January 30. According to press reports, Yeltsin is expected to tell the Prime Minister that the G-7 must give an immediate commitment to support Russian economic reforms, or face the collapse of both the government and the reform process. Yeltsin is expected to ask for support of around \$10-12 billion; part of this would assist with Russian balance of payments and provide foreign currency for imports, and about \$5 billion would be for a fund to stabilize the rouble. This request is expected to be made in spite of the position put forward by the G-7 Finance Ministers and Central Bank Governors at their meeting last weekend. At that meeting, Mr. Norman Lamont, the U.K. Chancellor of the Exchequer pressed very hard for the establishment of a stabilization fund. The U.S. continued to oppose any agreement on such a fund.

IDA10 Related Issues

The U.K. remains a strong supporter of IDA. The IDA share of its total ODA was 11.4 percent in 1990, the highest among the G-7. U.K. participation in IDA replenishments averaged about 6.7 percent for IDA7-9, a decrease from 10.6 percent for IDA5-6. The U.K. expects only a one percent real annual increase in its aid budget over the next three years. They will most likely maintain their 6.7% share in IDA10 given a level real replenishment; however, they might reduce their share if the replenishment were higher.

Issues of interest to the U.K. for the negotiations are:

- A stronger link between aid and governance, including reduced military expenditures.

- Improvement in energy efficiency.
- Integration of environmental concerns into Bank lending.
- Alleviation of poverty and official debt relief for low-income countries.

The U.K. has indicated that rather than these issues being considered separately, they should be integrated as a package and addressed collectively. They have raised the specific issue of whether the Bank had the appropriate expertise for this purpose. They are also interested in the possibility of enlisting new contributors to IDA10. In terms of the geographical balance, the U.K. would like to increase the allocation for India by reducing the allocation for China.

Debt Issues

In your discussions with the Prime Minister, you may want to raise the issue of debt relief for highly-indebted low-income countries. Sixteen months ago, then Chancellor of the Exchequer John Major proposed a significant enhancement of the concessionality of official debt relief for low income countries. His "Trinidad terms" proposal called for the restructuring of the entire stock of a debtor country's eligible debt. A significant share (he used two-thirds as a benchmark) would be forgiven. The remainder would be rescheduled over 25 years. During a five-year grace period, all interest payments would be capitalized.

At the July 1991 G-7 economic summit, the participants stressed the need to increase the concessionality of Paris Club reschedulings. The communique of the Development Committee in October 1991 made the same point.

In December, the Paris Club moved to soften the terms of reschedulings for low income countries. Reschedulings for Nicaragua and Benin featured new "exceptional terms" for debt relief, although these fell short of the Trinidad terms.

The World Bank has strongly supported the Trinidad terms. We will continue to press for further progress in this area in the future.

Zimbabwe - Land Reform

We have been advised that Tim Lankester would like to discuss this issue at your meeting at ODA.

The Government of Zimbabwe has submitted a draft land acquisition bill to the parliament. The bill is the follow-up to the announcement of a new land policy by the Minister of Lands,

Agriculture and Rural Resettlement in July 1990, and to the amendments to the Constitution presented at the end of the same year. The bill is intended to remove constitutional obstacles to land transfer mechanisms that were believed to have hampered the pace of the resettlement program. The new bill, although milder than had been feared, still gives very wide arbitrary powers to Government. The U.K. government has serious concerns about this bill. They think that in its present form it will damage the country, and frighten off investment. They want you to understand how strongly they feel about this issue before your own discussions with the Government of Zimbabwe.

The Bank's views are that the bill tends to penalize owners of land in the designated areas. The serious flaws in the proposed system for the determination and payment of compensation and the inadequate arbitration process are likely to generate fierce criticism from the farmers and other interested groups, including the donor community. Hopefully, many of the negative aspects will be re-examined during the parliamentary process.

With regard to the legal process, we note that although the bill is not explicit on the right of the individual landowners to recourse to the courts other than the Administrative Court, Article 16(i)(e) of the constitution guarantees every individual the right to seek justice through the courts.

The bill is silent on the proposed Land Tax Bill which, in our opinion, is likely to make more land available thorough voluntary relinquishment and therefore at a much less damaging economic cost than the proposed process envisaged in this bill. This will also avoid lengthy and expensive legal battles likely to arise if the bill is passed in its present form.

The Bank has a number of concerns about the bill as presently drafted. However, we hope that the Bank won't be pulled into the debate on this sensitive issue at this stage. Our position is that the Bank is still studying the bill, and will be able to give more useful comments once the processing of the bill is finalized. The general line is that we support the Government's resettlement program, and hope that the process of land transfer will be implemented in a way that is not detrimental to investment prospects in the country.

Other Issues for Discussion

Other topics which may be raised in your discussions with U.K. officials are:

- The Bank's activities in Africa and your forthcoming trip.
- The Bank's population activities (Lynda Chalker).

- The focus on poverty in the Bank's work (the new Operational Directive and the Poverty Handbook).
- The Bank's budget process and the adequacy of the Bank's reserves (Nigel Wicks).
- Private sector programs and the issue of changes in the Bank's Articles to more closely resemble those of the EBRD.
- Governance and military spending.
- Recent Management changes.
- Environment and UNCED.
- Bank priorities in the Preston era - especially the focus on implementation and quality.

BIOGRAPHICAL NOTES

THE PRIME MINISTER, The Rt. Hon. John Major

The Rt. Hon. John Major, PC, MP, Prime Minister since November 1990, will be 49 years of age this March. A largely self-educated man who left school at 16, he entered the banking profession, and between 1965 and 1979 held various executive posts with Standard Chartered Bank at home and overseas, and became active in local London government. After two unsuccessful attempts in the mid-seventies, he eventually won a House of Commons as a Conservative in the 1979 election which brought Mrs. Thatcher to power.

He entered the lowest ranks of the administration in 1983 as an Assistant Government Whip. Thereafter his rise was meteoric, moving up over the next four years through two junior ministerial posts, and entering the Cabinet in 1987 as Chief Secretary to the Treasury, and number two to the Chancellor, Nigel Lawson. When Sir Geoffrey Howe resigned from the Government in 1989, John Major was the surprise choice to succeed him as Foreign Secretary. By now it was clear that Mrs. Thatcher saw him as a potential successor to herself, and his elevation only three months later to the Chancellorship of the Exchequer on the resignation of Lawson came as less of a surprise. When Mrs. Thatcher was challenged for the leadership by Michael Heseltine in November 1990, and withdrew after the first ballot, Major and his successor as Foreign Secretary, Douglas Hurd, entered the contest, and it was Major who emerged the victor in the second ballot. He had arrived in No. Ten with only three years Cabinet experience, a very rare development in British politics.

In terms of style, the new Prime Minister has made a decisive break with his predecessor. He won concessions from reluctant European colleagues at Maastricht where Mrs. Thatcher's combative style might have won them at a far heavier cost to Britain's position and influence in the Community. On the domestic front, he is seen as far more caring than Mrs. Thatcher, and much less rigidly wedded to the theory that the role of government should be relentlessly pruned. He has won plaudits for his adept performances in the House of Commons, and although he is not a particularly inspiring speaker on the stump, he is seen as an essentially decent man, who talks straight, and who has the people's interests and welfare genuinely at heart. His management of the Government is seen as firm but not dictatorial, and in the opinion of ministers, he has restored the collegiality of Cabinet for which Mrs. Thatcher had little time. "Cabinet meetings are fun again," rejoiced one veteran, noting that

the PM is the only one anyone can remember who insists on having the latest Test cricket scores brought to him while the Cabinet is in session. He consistently outpolls Opposition Leader Neil Kinnock on the question of which is better suited to be Prime Minister, and this could be the deciding factor in a close-run election.

Views on Aid Issues. His views on international development cooperation were little known until, as Chancellor, he put forward his "Trinidad Terms" proposal for more generous official debt relief at the Commonwealth Finance Ministers Conference just before the 1990 Annual Meetings. The aid community gave him even higher marks when he announced in late October 1991 that Britain would not wait for others, and would implement the terms by providing 500 million Sterling of debt relief for the poorest and most indebted countries. On the other hand, neither as Chancellor nor as Prime Minister has he seemed too concerned about the increasingly disappointing volume of British aid.

Views on the CIS. Both he, his Foreign Secretary, Douglas Hurd, and his Chancellor, Norman Lamont, have visited the ex-Soviet Union in recent months. The PM's visit resulted in a 20 million Sterling British feed grain package for Russia. The prospect of total economic collapse in the republics has convinced all three that macroeconomic support (through the international financial institutions) must follow immediately on the heels of humanitarian aid and technical assistance. Their concern was reflected in Chancellor Lamont's efforts in New York this weekend (unsuccessful) to get a rouble stabilization fund agreed amongst the G-7. British concern to speed up assistance is a message likely to be repeated by the Prime Minister when he chairs the UN Security Council Summit this week, and he could well raise with Mr. Preston the question of how quickly the Bretton Woods institutions are going to be able to get financial assistance flowing.

It should be noted that Britain's own assistance program for the CIS and East and Central Europe is in some disarray, largely for bureaucratic reasons. The overall policy is set by the Foreign Office; the Treasury holds the purse strings; but it is the Overseas Development Administration that is the implementing agency. The act has yet to be got fully together.

THE CHANCELLOR OF THE EXCHEQUER, Rt. Hon. Norman Lamont, PC, MP.

Norman Lamont, born in the Scottish Shetland Isles fifty years ago this summer, set his sights on a political career while still an undergraduate at Cambridge University, gaining two offices there-- President of the Union and Chairman of the University Conservative

Association--which traditionally put would-be Tory politicians on the fast track. After a brief spell at the Conservative Party Research Department, he took up merchant banking at N.M. Rothschild & Sons in 1968. In a 1974 by election he won a safe Tory seat, and when in 1975 Mrs. Thatcher defeated Ted Heath to become Opposition leader, Lamont, formerly a Heathite, moved to the front bench as spokesman on prices and consumer affairs.

With Mrs. Thatcher in Downing Street in 1979, Lamont entered the government as a junior minister at the Energy Department. After three more junior posts (the last being no.3 at the Treasury, where in 1986 he had the misfortune (in retrospect) of announcing the BP privatization share price just four days before the global stock market crash left the issue dead in the water), he entered the Cabinet in 1989, his faith in privatization undiminished, succeeding John Major as Chief Secretary to the Treasury, when Major became Foreign Secretary. A few months later, Major was back at the Treasury as Chancellor. Lamont's success, in the face of heavy pressure from ministers, in keeping the lid on public spending at a time of a slowing economy and rising inflation greatly impressed the Chancellor. Few were surprised, therefore, when, after successfully heading Major's campaign for the leadership after the Thatcher resignation, Lamont reaped his just reward and moved up a notch to the Chancellorship.

The Chancellor is currently in the throes of preparing a politically difficult March 10 Budget Statement, knowing that if he gives away too much to try to restimulate the economy, he will be accused of seeking only a short-term election advantage (see the briefing on the British economy). Unfairly, the Chancellor is widely blamed in the country for the continuing recession, responsibility for which should more justly be laid at the doors of the departed Mrs. Thatcher and Nigel Lawson. A Harris Poll ten days ago showed 40% of the voters polled, including one in five Conservative voters, wanting him fired (a not unusual attitude towards Cancellors during hard times), while 56% said he was not up to the job. But if the Tories are returned, the betting in political circles is that the Prime Minister will keep him at the Treasury, for a while at least.

His address to the Annual Meetings in Bangkok dwelt almost entirely on the question of international responses to the economic situation in the crumbling Soviet Union, which was not surprising since he had just returned from a visit there. He will certainly raise the issue of the CIS this time in light of the recent discussion at the G-7 Finance Ministers' meeting, and he will doubtless have something to say about the results of the Government's discussions in London with Boris Yeltsin today (Thursday, January 30). David Peretz

will be able to shed more light on this. On IDA, the UK commitment remains strong, but there is a real reluctance to dig deeper into the Treasury pocket unless Japan and the US do the same.

THE FOREIGN SECRETARY, The Rt. Hon. Douglas Hurd

"A safe pair of hands" is the most frequent compliment paid to Douglas Hurd, who is widely regarded as an excellent Foreign Secretary and the star of Mr. Major's Cabinet. Sixty-two next month, Hurd has been Secretary of State for Foreign and Commonwealth Affairs since succeeding Major in the post in 1989. Once looked upon as a future Prime Minister, his relatively weak showing in the 1990 leadership contest was attributed by most observers to the perception that, with his Eton and Cambridge background, he is just too patrician for the leadership of a party that has changed in composition so much in the last two decades. Eton and Oxford or Cambridge graduates once predominated in Tory Cabinets, but no more.

He entered the Diplomatic Service straight from Cambridge, and over 14 years served in Peking, the UN (New York), and Rome, with a spell in London as Private Secretary to the Head of the Foreign Office, a position for which he seemed himself well on track. But in 1966 he caught the political bug, left the Foreign Service, and joined the Conservative Research Department at the urging of the then Leader of the Opposition, Ted Heath. Two years later he became Heath's Private Secretary, and when the latter became Prime Minister in 1970, he appointed Hurd to the influential Downing Street post of Political Secretary, where he remained throughout Heath's Premiership. The 1974 election which put the Heath government out of office put Hurd into the Commons. On defeating Heath for the party leadership in 1975, Mrs. Thatcher brought Hurd to the front bench as spokesman on European affairs, and when she won the 1979 election, she made him Minister of State at the Foreign Office (under Lord Carrington). His diplomatic skills earned him, within a year, the unenviable post of Secretary of State for Northern Ireland, from which he moved a year later to another testing but prestigious post as Home Secretary, which he remained for nearly four years until becoming Foreign Secretary.

Douglas Hurd is a multilateralist of the realist school. His experience as a young diplomat with the UK Mission to the UN and later as the Minister of State at the Foreign Office in charge of Britain's relations with international bodies such as the UN, the EC and the Commonwealth, convinced him that, for all its shortcomings, the multilateral system needed strong support coupled with a readiness to be constructively critical, especially when international bodies tried to extend their mandates beyond what the guardians of reasonable degrees of national sovereignty could accept. Thus his antipathy to

the idea of a "federal" Europe while at the same time being the sincere champion of an effectively working European Community.

As Foreign Secretary, he has overall charge of Britain's foreign aid program, and the Aid Minister, Mrs. Lynda Chalker (see below), is the senior of the four Ministers of State at the Foreign Office. It is he, therefore, who has to fight for the aid program in Cabinet. In this he has not been too successful in the face of a tight-fisted Treasury, and some say that, having never been a Treasury minister himself, he doesn't know the ins and outs of getting what you want from the Chief Secretary, the Cabinet Minister responsible for dividing up the budgetary cake among the spending departments and a post occupied earlier by both Major and Lamont. Given the preoccupation of these two with the ex-Soviet Union, Hurd, who appears to have struck up a good relationship with Boris Yeltsin, may be more successful in loosening the purse strings for assistance to the republics. He remains firm on the point that such aid must be additional, and must not eat into funds that would otherwise have been earmarked for traditional recipients in the developing world.

He is strong on "governance", and praised the World Bank at last year's OECD Ministerial meeting for espousing this cause. In June 1991 he proposed a 50 million Sterling pledge by the ODA to support good governance measures in recipient countries. He is much concerned about Kenya, which used to be the star among aid recipients, and seems to be pursuing a carrot-and-stick approach with President Moi. He warmly welcomed the decision of the Consultative Group to hold off further commitments for six months, but has maintained his advice to the Queen (so far as we know) that she should visit the country in the not too distant future.

THE MINISTER FOR OVERSEAS DEVELOPMENT, The Rt. Hon. Lynda Chalker

The Rt. Hon. Lynda Chalker, PC, MP, is regarded in government circles as the most effective and knowledgeable Minister for Overseas Development in a long while. She certainly gets an "A" for energy and effort. Since November she has been in Bangladesh, Washington, Geneva, Ghana, Russia and, currently, Zambia, Swaziland, South Africa and Angola. She hugely enjoys the job, and wants to see for herself where the money should go and how it is being spent. But her days may be numbered. At the last General Election, she held onto her Merseyside seat by 279 votes out of 53,000 cast, and even if the Conservatives gain a fourth consecutive term in office, only a small swing to Labour would put her out of the House of Commons.

She entered Parliament in 1974, along with her current boss, Douglas Hurd, and became Opposition spokesman on social services. Mrs. Thatcher gave her two junior ministerial posts in her first administration and then, in her second, sent her to the Foreign Office as Minister of State in charge of Africa. She succeeded Chris Patten, now Chairman of the Conservative Party, as Minister for Overseas Development in 1989. When John Major became Prime Minister, he was much criticised for not including Mrs. Chalker in his Cabinet (which is at present all male). Seeking to make amends, he offered her the Vice Chairmanship of the Conservative Party while retaining her post as Overseas Development Minister. She turned down the party post.

Africa is one of her top interests. She is also an articulate advocate in a wide range of causes, especially the role of women in development, good governance, protection of the environment, and more help for the developing world's disabled. She has recently taken up the cause of Cambodian refugees (and contributed food aid through the WFP), and through UNICEF she is sending emergency aid to the Kurds and Shias in Iraq. She was in St. Petersburg in January to settle details of Britain's feed grain aid program. She has considerably strengthened ODA's capacity to respond to disasters, and in recent weeks the ODA's Disaster Unit has been funnelling cash and supplies through various international bodies to the war-affected in Croatia, Liberia and Somalia; to flood victims in Romania and Vietnam, and to other disaster areas.

A strong supporter of family planning programs, she has boosted ODA's population initiatives, and designated eight African and Asian countries for priority assistance. She is supporting the Brazilian Rain Forests Pilot Program and has called for a strengthening of the Global Environment Facility. She watches closely developments in South Africa and is providing financial and technical support for a management training program there. Her activism leaves her staff a bit breathless, and observers might wonder whether ODA was not taking on more than it could really handle well with such limited resources, were it not for the fact that the Minister and her staff have developed an effective network of intermediary bodies through which to work and channel funds.

She has been generally well-disposed towards the World Bank, and has usually defended it against the more unthinking attacks that tend to get launched on it in Parliament. She has been effective in correcting misapprehensions that the Bank has made no progress on environmental matters.

THE GOVERNOR OF THE BANK OF ENGLAND, Rt. Hon. Robin Leigh-Pemberton

The Rt. Hon. Robin Leigh-Pemberton, Governor of the Bank of England since 1983, had chosen a career as a barrister after Eton, the Grenadier Guards and Oxford. Despite the fact that his great-great grandfather had lost most of a sizeable family fortune at cards, there was still a handsome estate in Kent for the future Governor to inherit, and after six years at the Bar, he retired there to manage it, ride to hounds, enjoy the cricket on his private cricket ground, and engage in county politics. But then, in 1972, while considering the possibility of entering Parliament, he was offered a seat on the Board of National Westminster Bank. By 1974 he was Deputy Chairman, moving up to Chairman in 1977.

Five years later, with Gordon Richardson's second term as Governor of the Bank of England coming to an end, Mrs. Thatcher started looking for a successor with whom she could more easily deal, and who, she hoped, would not be another anti-monetarist. Leigh-Pemberton's earlier encounters with the Prime Minister had not been particularly warm. (On one occasion, lunching at Downing Street with other bankers, he had complained that the Government was favoring building societies, and that the banks could not compete with them. "Compete ? If you wish to compete, Mr. Leigh-Pemberton, you should open on Saturdays !" snapped the PM.) Her later offer to him of the Governorship surprised him and astounded the City. There is no doubt, too, that the professionals at the Bank expected him to act as a figurehead. They soon realised their mistake.

But it was not all plain-sailing for him. His relations with the Chancellor, Nigel Lawson were difficult, and Lawson was not averse to occasionally uttering veiled criticisms of the Governor in public. Things got better when John Major took over the Treasury early in his second term, and they quickly established a good relationship. Nonetheless, he had an uncomfortable summer in 1991, with the Chancellor's insistence that there be a public enquiry into the Bank's supervision of BCCI, and a pasting in the press for accepting a 17% pay increase while publicly advocating wage restraint.

A man of strongly independent mind, his espousal of Britain's early entry into the ERM greatly irritated Mrs. Thatcher (and others), as did his decision in 1989 to sign the Delors Report favoring constitutional autonomy for central banks. Nor is he reluctant to give the occasional impression that he is already an independent central banker, as when, last May, he strongly advocated caution in lowering interest rates. Nonetheless, his relations with the Chancellor, Norman Lamont, are said to be generally very good.

SHORTER BIOGRAPHICAL NOTES

1. At the Overseas Development Administration (ODA)

TIMOTHY LANKESTER

Permanent Secretary, ODA.

Joined the World Bank as a YP in 1966. Worked first as an economist, then served in the New Delhi office. Joined the Treasury in 1973, then went to Downing Street as Private Secretary to Prime Minister Jim Callaghan, remaining there during the first two years of Mrs. Thatcher's first term. Spent two years on secondment to S.G. Warburg, then returned to the Treasury as an Under Secretary. From 1985-87 he was British Treasury Minister in Washington and British ED on the Bank and Fund Boards. He returned to London as Deputy Secretary, Overseas Finance, at the Treasury, moving to the ODA as Permanent Secretary in 1989.

ROBERT AINSCOW, CB.

Deputy Secretary, ODA.

An economist and statistician who went to work for the Governments of Rhodesia and Nyasaland in the late 'fifties, then spent six years on the Secretariat of the UN. He joined the Ministry of Overseas Development as an Economic Adviser in 1968, rising to Senior Economic Adviser in 1971 and to Head of the South Asia Department in 1976. He was appointed Under Secretary in 1979 and Deputy Secretary in 1986. He has plenty of contact with the Bank and heads the UK delegation to meetings of the participants in the GEF.

NORMAN HUDSON

Under Secretary for Africa and the Mediterranean.

Came to the Ministry for Overseas Development in 1966 as an economist after serving as a statistical adviser to the Government of Jordan. Served as Economic Adviser to the Ministry's Mid-East Development Division in Beirut, and as Head of the SE Asia Development Division in Bangkok. Appointed Under Secretary in 1981. In his present post since 1986.

RICHARD MANNING

Under Secretary for Asia, the Pacific, Latin America, Caribbean and the Atlantic.

A former UK Alternate Director on the Board of the Bank, he has been in his present position at the ODA since 1988.

PETER FREEMAN

Under Secretary, International Financial Institutions; United Nations and Commonwealth.

Formerly Assistant Secretary in charge of Aid Policy, he was promoted Under Secretary for IFIs etc. in 1991. The Bank's principal working link with ODA. He heads the UK delegation to the IDA Replenishment negotiations.

2. At the Treasury

SIR NIGEL WICKS, KCB, CVO, CBE
Second Permanent Secretary at the Treasury.

The senior of the triumvirate of Second Permanent Secretaries, who rank just below the Permanent Secretary, Sir Nigel has been in charge of Overseas Finance since 1989, and is thus the overseer of the Treasury's relationship with the Bank and Fund. He is strongly tipped as the next Permanent Secretary. Spent ten years at BP before joining the Treasury in 1968. Appointed Private Secretary to Prime Minister Harold Wilson in 1975, and then to Prime Minister Callaghan. He returned to the Treasury in 1978, and in 1983 was appointed Treasury Minister in Washington and ED on the Bank and Fund Boards. In 1985 he returned as Principal Private Secretary to Mrs. Thatcher, moving back to the Treasury in 1989 as Second Permanent Secretary, his current post. He was knighted this January.

3. At the Bank of England

ANDREW CROCKETT
Executive Director.

An Executive Director since 1989. A graduate of Cambridge and Yale. Joined the Bank of England in 1966, then the IMF in 1972, where he remained until returning to the Bank of England in 1989. As Head of the Bank's International Department, he leads the team that oversees relations with the World Bank and the IMF.

4. At Mr. Lankester's Lunch (in addition to Sir Nigel Wicks)

ANDREW TURNBULL
Principal Private Secretary to the Prime Minister

Aged 47, he has been in this post since 1988. On graduating from Cambridge, he went as an Overseas Development Institute (ODI) Fellow on secondment to the Zambian Government as an economist. He returned two years later to join the Treasury as an Assistant Principal. He spent 1976-78 on secondment to the IMF, returning to the Treasury as

an Assistant Secretary. In 1983 he moved to Downing Street as one of Mrs. Thatcher's Private Secretaries, returning again to the Treasury in 1985 as Under Secretary. In 1988 he went back to Downing Street as Principal Private Secretary, seeing Mrs. Thatcher go and Mr. Major arrive.

LORD GREENHILL OF HARROW, GCMG, OBE.

Chairman, All-Party Parliamentary Group on Overseas Development.

Entered the Foreign Service in 1946, ending up as Head of it, 1969-73. Became a director of Warburgs, and a Governor of the BBC, and sits on numerous other boards and committees. His All-Party Group (a non-statutory body) holds meetings in Parliament to bring parliamentarians together with distinguished persons from the aid community (including senior Bank staff) and the developing nations, and monitors the UK Aid Program.

RT. HON. DAVID HOWELL, PC, MP.

Chairman of the Select Committee on Foreign Affairs.

A Conservative Member of Parliament since 1966, he held two Cabinet posts in Mrs. Thatcher's first administration (Secretary of State for Energy, then Secretary of State for Transport). An economist who left the Treasury to go into journalism, before entering government as a junior minister in the Heath administration. He has brought his Foreign Affairs Committee to Washington on several occasions where they have been briefed by the President of the Bank and the MD of the IMF.

RT. HON. PETER SHORE, PC, MP.

Ranking Labour Member of the Foreign Affairs Committee

The 68 year-old former Labour Cabinet Minister is known chiefly today as one of the party's few holdouts still opposing Labour's official pro-European Community stance. A Cambridge educated political economist, he was elected to Parliament, on his third try, in 1964. In 1965, Prime Minister Harold Wilson picked him as his Parliamentary Private Secretary, promoting him a year later to junior ministerial office at the Technology Department. He entered the Cabinet in 1967 as Secretary of State for Economic Affairs. During Ted Heath's administration, he was Opposition spokesman on European Affairs. With the return of the Wilson Government, he was first Secretary of State for Trade and then Secretary of State for the Environment. Returning to opposition in 1979, he was spokesman successively on Foreign Affairs, Treasury Affairs, and Trade and Industry. He retired to the back benches in 1987.

LADY EWART-BIGGS

President, British Committee for UNICEF.

Opposition (Labour) spokesman on overseas development in the House of Lords, and a Labour Whip. Widow of a British Ambassador to Ireland who was murdered by the IRA in 1976.

SIR CRISPIN TICKELL, GCMG, KCVO.

Chairman, International Institute for Environment and Development (IIED).

A former diplomat (Ambassador to Mexico; UK Permanent Representative to the UN), and a former Permanent Secretary at the ODA. A strong environmentalist, he is also President of the Marine Biology Association and a Fellow of the Royal Geographical and Royal Zoological Societies. The World Bank has had close ties with the IIED ever since William Clark retired from the Vice Presidency for External Affairs at the Bank to become its head in 1980.

PROFESSOR JOHN HOWELL

Director of the Overseas Development Institute (ODI).

A development expert (agriculture, rural financial markets) who has worked widely in Africa, and in India and Nepal, for the UK Government, the Commonwealth Secretariat and the World Bank (as a consultant). Became head of the ODI in 1987. The ODI was founded in 1960 by William Clark (see immediately above) as an independent development research center, specialising in policy-related questions, and was headed by Clark until he joined the Bank in 1968. It provides research and advice to Parliament, and briefs the media on development issues. It is especially strong in agricultural research. The World Bank provided \$100,000 in financial support for major ODI research projects during ODI's fiscal year 1990/91.

SIR PETER LESLIE

Chairman, Commonwealth Development Corporation.

With Barclays Bank, at home and overseas, since 1955. Director, 1980; Managing Director and Deputy Chairman, Barclays Bank, plc. since 1987. Member of the Board of Banking Supervision, Bank of England, since 1989; Chairman of the Export Guarantees Advisory Council since 1987. Member of the Board of ODI. The Commonwealth Development Corporation invests about \$260m per annum in currently 49 countries in and out of the Commonwealth. About 65% goes to the private sector.

ANDREW TUCKEY

Chairman, Baring Brothers & Company; Deputy Chairman, Barings, plc.

Educated in (then) Southern Rhodesia, where he became a chartered accountant. Came to Baring Brothers in 1968 from BAT. Managing Director, 1981; present positions since 1989.

LORD CAIRNS

Joint Chairman, S.G. Warburg & Co.

Member City Capital Markets Committee; Chairman, Voluntary Service Overseas, since 1981. A Managing Director at Warburg, 1981; Vice Chairman, 1984; Joint Chairman, 1987.

MIKLOS NEMETH

Vice President, EBRD

Miklos Nemeth was President of the Council of Ministers (Prime Minister) of Hungary from November 1988 until May 1990. It was during his term of office that the Kadar regime came to an end (May 1989), leading to multi-party elections a year later which resulted in a coalition, led by Democratic Forum, being formed under the leadership of Dr. Jozsef Antall. Nemeth became Chairman of the Kossuth Foundation and, a year later, was recruited by Jacques Attali to the EBRD as Vice President for Administration and Personnel.

Nemeth, 44 years old, was an Assistant Professor of Economics before joining the National Planning Office in 1977. In 1981 he joined the staff of the Economic Policy Department of the Socialist Workers Party (the ruling Communist party), and entered the Party's Central Committee in 1987, serving as Secretary. He was promoted to the Politburo in May 1988, and to President of the Council of Ministers six months later.



Record Removal Notice



File Title President Lewis T Preston Travel - Gisu Mohadjer - Europe, France and England - January 26 - February 4, 1992 - Correspondence		Barcode No. 1780493		
Document Date 21 January, 1992	Document Type Board Record			
Correspondents / Participants				
Subject / Title Board Meeting of January 21, 1992 Statement on Bank Activities in the Republic of the Former Soviet Union				
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. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 27-Mar-15</td></tr></table>	Withdrawn by Chandra Kumar	Date 27-Mar-15
Withdrawn by Chandra Kumar	Date 27-Mar-15			

A L L - I N - 1 N O T E

DATE: 04-Mar-1992 12:10pm

TO: Gisu Mohadjer (GISU MOHADJER)

FROM: Russell Cheetham, EC3DR (RUSSELL CHEETHAM)

EXT.: 32552

SUBJECT: TOURISM

Tourism can make a contribution to the development of the CIS and Baltics States by stimulating employment and generating foreign exchange earnings. We have not made a detailed evaluation of the sector in any of these countries. Experience in other Eastern European countries which have a significantly longer tourism tradition (e.g., Bulgaria), suggests the following:

(a) despite obvious needs in many major cities which may result in the establishment of some profitable hotel and related service activities, the development of a tourist sector that becomes a major foreign exchange earner, is a complex undertaking that very few countries in the world have mastered. There are significant organizational and management requirements and major infrastructure, transportation and communications investments are needed; and (b) the net foreign exchange earned in tourism may be less than in other activities because of the heavy import component for the tourist sector. This is likely to be especially the case if a tourism investment strategy is built around the luxury end of the market where imports of goods and services by hotels and related industries are likely to be substantial.

As you will recall, the Bank disbanded its Tourism Department in the early 1970s on the grounds that direct investment in the sector was best left to the private sector. (The Bank has been willing to consider complementary investments in related infrastructure such as roads, water supply, etc.). The attractiveness of some tourist investments (hotels), and the need for the provision of international management expertise to make these investments pay off, make tourism a natural sector for private initiative and a prime candidate for joint ventures. The IFC has of course been active in supporting investments in tourism over the years. It is my understanding that IFC has been active in Eastern Europe (e.g., Poland) and we would encourage them to explore opportunities in tourist

development in the CIS and Baltics.

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

London Office:
New Zealand House, Haymarket,
London SW1Y 4TE, England
Tel. (071) 930 8511

Fax: (071) 930 8515
Cable Address: INTBAFRAD LONDON
Telex: 919462

31st January, 1992

(071) 289-0814 (h)

Ms. Gisu Mohadjer
Claridges Hotel
Brook Street
London W1

M - Ths

886-880-392 Sunday

Dear Ms. Mohadjer,

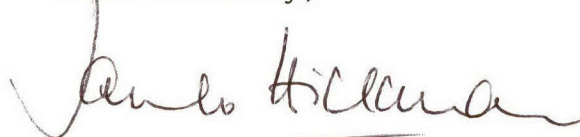
Here are various papers which we have been asked by Headquarters to send to you at Claridges. As you will see, an appointment with the Chancellor of the Exchequer has been made for Monday, 3rd February, at 9.15a.m.. Mr. David Peretz (UK-ED) will come to Claridges at 8.30a.m., on Monday to brief Mr. Preston prior to the meeting.

Julian Grenfell will be happy to meet with you for breakfast on Monday morning at Claridges - say 7.30a.m., or alternatively, would you like to dine with him at Browns Hotel on Sunday evening? Could you kindly leave a message for him at Browns Hotel, where he will be staying. The telephone number is 493:6020.

In case the meeting with the Prime Minister leaves you short of time to check out at Claridges on Tuesday, I have made arrangements for Mr. & Mrs. Preston's and your hotel bills to be sent to this Office for payment, if you so wish. For your second stay, February 15 out 17, we have made a reservation for you at Browns Hotel, Dover Street, London W1.

With kind regards,

Yours sincerely,



(Mrs) J. Hickman
Administrative Officer

Encs:

LEWIS T. PRESTON
1818 H Street, N.W.
Washington, D.C. 20433

March 5, 1992

Lord Julian Grenfell

Julian,

Thank you for arranging an excellent visit to London. The discussions we had were very informative. I was pleased that you could accompany me, and look forward to our future visits to London.

(Signed) Lewis T. Preston

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

March 5, 1992

LEWIS T. PRESTON
President

The Right Honorable Lynda Chalker MP
Minister for Overseas Development
Overseas Development Administration
94 Victoria Street
London, SW1E 5JL
ENGLAND

Dear Mrs. Minister:

I was very pleased to have the chance to meet with you in London. Our discussions served as an excellent oral brief for my visit to South Africa, and I would like to thank you. Let me also take this opportunity to thank you for the discussions arranged by Mr. Lankester with your senior staff and others interested in development. The exchange of views was extremely useful.

My visit to Southern Africa gave me an excellent overview of those economies, and the Bank's work in those countries. In Tanzania I met with President Mwinyi, Prime Minister Malecela, Minister of Finance Kibona and other senior Government officials. The discussions focussed on Tanzania's Economic Recovery Program, and the need to maintain the economic reforms in order to realize higher levels of growth. After meeting with Government officials and visiting agricultural projects in the Mwanza area, I am convinced that if Tanzania continues on its current growth path, it could become the success story of growth and development in Africa.

Although the visit to Zambia was short, I was able to meet with President Chiluba, Minister of Finance Kasonde, and members of the economic team. I was impressed with the new Government's bold actions in its first 100 days in office to reduce poverty and accelerate growth. In my meeting with the President I emphasized that as a democratically elected Government, this Government has a special responsibility and accountability to its electorate, and should take care to protect the welfare of the poor as it continues with the adjustment process. It was clear from discussions with donors that there is widespread support for debt reduction and a willingness to provide additional financing. I hope that donor support does not outpace the administrative, technical, and absorptive capacity of the Government.

In Harare I met with President Mugabe, Senior Minister of Finance Chidzero, and other senior officials. The discussion with President Mugabe focussed on the draft Land Acquisition Bill and the drought. As a result of our discussion, the President asked his staff to review the Bill in time for the Consultative Group meeting in Paris. I understand that at that meeting agreement was reached between the donors and the Government about the principles guiding land reform and acquisition. We had the opportunity of visiting some of the rural areas affected by the drought. The impact of the drought could be quite severe, and the Bank is looking into ways of providing assistance to cover the drought-related foreign exchange expenditures.

The program in South Africa was balanced to include meetings with all the major groups. I had discussions with Mr. Mandela and other senior officials of the ANC, Minister of Finance du Plessis, Minister of Trade Keys, Minister of Foreign Affairs Botha, Central Bank Governor Stals, and National Chairman Mdlalose and other senior officials of Inkatha. I am convinced as a result of this visit that the Bank has a great deal to offer by way of financial and technical assistance to a post-apartheid South Africa. It is also clear to me that the Bank cannot start lending operations in South Africa until there is an international and domestic consensus to do so. We will be accelerating our efforts to undertake studies in the key sectors of the economy to be ready to begin lending operations when consensus is reached.

I look forward to meeting with you soon, and continuing our discussions.

Sincerely,

(Signed) Lewis T. Preston

Lewis T. Preston
President

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

LEWIS T. PRESTON
President

March 5, 1992

The Right Honorable Robin Leigh-Pemberton
Governor
Bank of England
Threadneedle Street
London, EC2R 8AH
ENGLAND

Dear Robin,

Thank you for taking the time to meet with me on my recent visit to London. It was good to see you again, and to have the opportunity to discuss the World Bank's role in the Republics of the former Soviet Union, and to hear about the efforts being undertaken at the Bank of England to provide technical assistance to the central banks in the various Republics.

I look forward to seeing you soon and continuing our discussions. Patsy joins me in sending you warm regards.

Sincerely,

(Signed) Lewis T. Preston

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

LEWIS T. PRESTON
President

March 5, 1992

The Right Honorable Douglas Hurd MP, CBE
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
King Charles Street
London, SW1A 2AH
ENGLAND

Dear Mr. Secretary:

Thank you for taking the time to meet with me on my recent visit to London. The exchange of views was extremely useful to me.

It was particularly interesting to discuss the international efforts to provide assistance to the Republics of the former Soviet Union. The World Bank's future work program in that region is taking shape, and we look forward to starting lending operations once the membership process for the Republics is completed.

I look forward to meeting you again, and continuing our discussions in the near future.

Sincerely,

(Signed) Lewis T. Preston

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

LEWIS T. PRESTON
President

March 5, 1992

The Right Honorable John Major MP
Prime Minister
10 Downing Street
London, SW1A 2AH
ENGLAND

Dear Prime Minister:

I greatly appreciated your making time in your very busy schedule for us to meet during my brief visit to London, the first leg of my four country visit to Southern Africa. The exchange of views was extremely useful to me.

Let me state again that I and my associates at the World Bank entirely share your concern to ensure that reform programs in the former Soviet Republics move ahead without delay and with appropriate and timely external support. The World Bank's future work program in that region is taking shape, and we look forward to a prompt start in lending operations as soon as the membership process for the Republics has been completed.

May I take this opportunity to thank you and your Government for your continuing support of our efforts, and also express my great appreciation for the excellent briefings I received from your ministerial colleagues and their staffs at the Treasury, the Foreign and Commonwealth Office and the Overseas Development Administration.

With my best personal regards.

Sincerely,

(Signed) Lewis T. Preston

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

LEWIS T. PRESTON
President

March 5, 1992

Mr. Timothy Lankester
Permanent Secretary
Overseas Development Administration
94 Victoria Street
London, SW1E 5JL
ENGLAND

Dear Tim,

I am writing to thank you for arranging a stimulating discussion with your senior managers and for your generous hospitality in hosting that excellent lunch. I am grateful that you accompanied me on my visits with Minister Chalker and the Prime Minister.

The discussions we had on the ODA's perspective on the areas of special emphasis in the Bank's program were interesting and informative. I was pleased to hear of the close collaboration between our two institutions, and the level of agreement that exists on key issues.

I very much look forward to meeting you again in the near future.

Sincerely,

(Signed) Lewis T. Preston

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

March 5, 1992

LEWIS T. PRESTON
President

The Right Honorable Norman Lamont MP
Chancellor of the Exchequer
H.M. Treasury
Parliament Street
London, SW1P 3AG
ENGLAND

Dear Mr. Chancellor:

It was a pleasure to meet with you to discuss the provision of financial and technical assistance to the Republics of the former Soviet Union.

As you know, the Executive Boards of both the World Bank and the International Monetary Fund are working on the membership issues, and expect to complete membership procedures for the Republics that have applied by early summer. The World Bank's future work program in that region is taking shape, and we look forward to providing assistance for general imports and imports in the agricultural and energy sectors.

As to tourism, it is an obvious sector for private initiative, and a prime candidate for joint ventures. The International Finance Corporation has vast experience in the hotel industry in Eastern Europe and worldwide, and may explore opportunities in the tourism sector once the Republics become members of the Corporation.

I look forward to meeting with you again, and continuing our discussions in the near future.

Sincerely,

(Signed) Lewis T. Preston

A L L - I N - 1 N O T E

DATE: 05-Mar-1992 05:27am

TO: GISU MOHADJER

(GISU MOHADJER @A1@VAX12)

FROM: Janet Hickman, EXTLD

(JANET HICKMAN AT A1 AT PARIS)

EXT.: 9308511

SUBJECT: Re. Help!

Here are the names and addresses. Julian will be sending letters later today after he has finished Ernest Stern's briefing.

The Rt. Hon. John Major MP
Prime Minister
10 Downing Street
London SW1A 2AH

The Rt. Hon. Norman Lamont MP
Chancellor of the Exchequer
H.M. Treasury
Parliament Street
London SW1P 3AG

The Rt. Hon. Douglas Hurd MP, CBE
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
King Charles Street
London SW1A 2AH

The Rt. Hon. Lynda Chalker MP
Minister for Overseas Development
Overseas Development Administration
94 Victoria Street
London SW1E 5JL

The Rt. Hon. Robin Leigh-Pemberton
Governor
Bank of England
Threadneedle St.
London EC2R 8AH

Mr. Timothy Lankester
Permanent Secretary

Overseas Development Administration
94 Victoria St.
London SW1E 5JL

Sir Nigel Wicks, KCB, CBE
Second Permanent Secretary (Finance)
HM Treasury
Parliament St.
London SW1P 3AG