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Folder Title: Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976

Folder ID: 1858121

Series: Chronological files

Dates: 01/05/1976 - 03/31/1976

Fonds: Personal Papers of Eugene H. Rotberg

ISAD Reference Code: WB IBRD/IDA ROTBERG-5901S

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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

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Eugene H. Rotberg chronological files
Vol. 18. January-March 1976

The World Bank Group
Archives



1858121

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological file Volume 18

The World Bank Group
Archives



1858121

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976

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WBG Archives

10822 Childs Court
Silver Spring, Md.
20901

March 31, 1976

Nathan Katz, D.D.S.
7333 New Hampshire Avenue
Hyattsville, Maryland 20783

Attention: Office Manager

Dear Nate:

I have belatedly discovered that a portion of our Dental Bills are covered by our insurance policy.

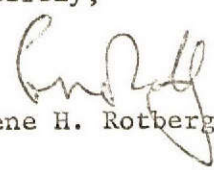
Attached are bills for the past three years which cover Iris, Eugene, Pamela and Diana Rotberg and four accompanying insurance claim forms.

It would be most appreciated if you could review your records and send the completed forms (Part B) to:

New York Life Insurance Company
c/o the World Bank
Room N-105
1818 H Street, N.W.
Washington, D.C. 20433
(Attention: Mrs. Ann Fielding)

Thank you for your cooperation in this matter.

Sincerely,


Eugene H. Rotberg

Attachments: 6



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date 31 March, 1976	Document Type Letter			
Correspondents / Participants To: Ms. Hagan c/o Dr. Harry S. Galblum From: Eugene H. Rotberg				
Subject / Title Medical/Dental records				
Exception(s) Personal Information				
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 Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Edith M. Kesterton *Emk*
SUBJECT: Future Travel - Treasurer's Department

DATE: March 31, 1976

Mr. Rotberg

Mr. Rotberg will be on Annual Leave for the week April 12 - April 16. Thereafter, he will attend the Asian Development Bank meeting in Djakarta, Indonesia, which commences Wednesday, April 21. He will return to Washington Friday, April 30. In the interim, he expects to visit Tokyo for one day.

Mr. Hittmair

Mr. Hittmair will be on Annual Leave April 12 through 16.

In the absence of both Mr. Rotberg and Mr. Hittmair (April 12 - 16), the Division Chiefs and their Deputies (Messrs. Deely, Uhrig and Schielke) will all be in attendance.

EMK/

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg

SUBJECT: Educational Program: U.S. Capital Market

DATE: March 30, 1976

The following sets forth what we have done and what we intend to do in connection with "educating" U.S. institutional investors and others about the World Bank:

- (1) Information Meetings. In the past several months I have conducted several seminars or information meetings in the following cities: New York; Boston; Chicago; Olympia, Washington; Sacramento, California; Los Angeles; San Francisco. These visits have included one or all of the following:
 - (a) Seminars with from 25 to 50 institutional investors concerning the financial operations of the Bank. I have spoken to a total of about 200 to 250 senior investment officers in these seminars.
 - (b) "One-on-one" visits with the largest and more influential institutional buyers in each area. I have seen 12 institutions, including state government representatives, in this fashion.
 - (c) Meetings with institutional salesmen representing all of our underwriters. These meetings also have been arranged as information seminars. They have been attended by representatives of 50 to 75 underwriting firms.

In all of the foregoing meetings, I have been accompanied by representatives of Morgan Stanley, First Boston and Salomon Brothers, who are zealous that they all are present at visits with institutional investors.

I expect to repeat the process in Atlanta, Kansas City, Albany, and Philadelphia.

- (2) Financial Brochure. We are revising a financial brochure which sets forth the financial position and policies of the Bank. This brochure has been used successfully in the past and is broadly distributed to institutional investors and salesmen. It covers our capital structure, borrowing capacity, liquidity, etc. The revised brochure should be ready in a month.
- (3) Article: The World Bank: A Financial Appraisal. Bill Bennett and I have almost completed a rather extensive speech or article entitled "The World Bank: A Financial Appraisal," which sets forth the main points that I make in the information meetings. The article is technical and is designed as a back-up to the Financial Brochure.

March 30, 1976

- (4) Information Meeting: Washington, D.C. We are planning for an information seminar to be held in Washington for institutional investors in May/June. We would propose that it would be an all-day affair and that Mr. McNamara and Mr. Knapp would participate. We would invite not only the buyers of our bonds but also major institutions who have expressed reluctance to buy our bonds. As you know, we have identified these through the responses to our last public issues.
- (5) Rating Agencies. I have visited both rating agencies within the last two months. Their responses have been excellent and one (Moody's) has stated that they will independently prepare an article describing the overall financial structure of the Bank.
- (6) Press and Public Information. I would urge that on suitable occasions Mr. McNamara, either through interviews or otherwise, say something positive and publicly about the financial structure of the Bank. It might be in connection with the forthcoming capital increase or in response to talk about debt rescheduling, etc. A few, well-placed comments attesting to the Bank's commitment to prudent financial policies would help. It would do considerable good, for example, if Mr. McNamara might volunteer the comment that the Bank does not intend to participate in debt rescheduling. We have a policy against it, and talk about moratoria is not something which the Bank will seriously consider as a viable option for LDCs.

As you know, I am lukewarm--to put it mildly--about adding managing underwriters. They merely will tag along at "information" meetings. They will not, in fact, place bonds in any substantial amounts with our current customers, nor gain substantial new ones. I have set forth my views on this subject re Merrill Lynch in a Memorandum and my recent meetings with institutional investors have reinforced the views expressed there.

EHR:jcv

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: Travel Plans

DATE: March 30, 1976

My travel plans are as follows:

- (1) I have planned to take Annual Leave for the week April 12 - April 16. Thereafter, I will attend the Asian Development Bank meeting in Djakarta, which commences Wednesday, April 21. I will return to Washington ten days later, Friday, April 30. In the interim, I expect to visit Tokyo for one day.
- (2) Therefore, I will be out of the office from Monday, April 12, until Monday, May 3.

* * *

Mr. Hittmair will also be out of the office for one week during that period--April 12 through April 16. During that period, however, Messrs. Deely, Uhrig and Schielke will be in attendance. There are no borrowings or negotiations scheduled during this period except for the Deutsche Mark issue which has already been negotiated and which will be presented to the Board by Mr. Hittmair on Tuesday, April 27.

I am prepared to go to Venezuela prior to taking leave on April 9 and hope that it could be arranged for either Thursday and Friday of this week or Monday and Tuesday of next week.

EHR:jcv

OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

1 1 82A
☐ IFC
☐ ICSID

TO: MR. JEAN P. CARRIERE
INTBAFRAD
PARIS

DATE: MARCH 29, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: FRANCE

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

REGRET THAT DUE TO CONSTRAINTS ON NUMBER OF PERSONS ATTENDING MANILA
MEETING DE LESSEPS ATTENDANCE NOT POSSIBLE STOP NO OTHER MEMBER OF
TREASURER'S DEPARTMENT OTHER THAN MYSELF WILL BE IN ATTENDANCE STOP
BEST REGARDS

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE:	EHRotberg:mb	AUTHORIZED BY (Name):	E.H. Rotberg
DRAFTED BY:	E.H. Rotberg	DEPARTMENT:	
CLEARANCES AND COPY DISTRIBUTION:		SIGNATURE (Of individual authorized to approve):	
		SECTION BELOW FOR USE OF CABLE SECTION	
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chron

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☒ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: MR. TARO MAEDA
INTBAFRAD
TOKYO

DATE: MARCH 26, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: (JAPAN)

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

THANK YOU FOR INFORMATION CONCERNING INVESTMENTS STOP WE WILL
COME BACK TO THE SUBJECT NEXT YEAR WHEN THERE ARE AVAILABLE
OPPORTUNITIES WITHIN FIVE-YEAR MATURITY RANGE FOR JAPANESE
GOVERNMENT OBLIGATIONS STOP

TWO, RE OFFER OF TRUST BANKS MY INITIAL REACTION IS THAT RATE
SEEMS SOMEWHAT HIGH, PARTICULARLY IN CONTEXT OF CURRENT TREND
IN THE MARKET STOP HOWEVER, WE WILL TAKE UP MATTER WITH
MCNAMARA ON MONDAY AND ADVISE YOU STOP

THREE, MY VISIT TO JAPAN FOLLOWING ADB MEETING UNCERTAIN BECAUSE
OF TIME CONSTRAINTS STOP I WILL LET YOU KNOW, HOWEVER,
DEFINITIVELY NEXT WEEK STOP

REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE: Japanese Government Obligations

AUTHORIZED BY (Name):
EUGENE H. ROTBERG, TREASURER

DRAFTED BY: EHR

DEPARTMENT:
TREASURER'S

CLEARANCES AND COPY DISTRIBUTION: Cargill, Goodman,
Hittmair, Miles, Miss Kesterton

SIGNATURE (Of individual authorized to approve):

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

Chron

March 25, 1976

Mr. Gerald K. Bouey
Governor
Bank of Canada
Ottawa
Canada

Dear Gerry:

As you may know, the World Bank holds approximately \$50 million of its short-term investments in Canadian dollars. This is currently invested in Canadian Government Treasury Bills and Treasury Bonds. Approximately 50% of the portfolio has maturity less than six months and a small portion is invested in two-year obligations. We are occasionally approached by several of the larger Canadian banks concerning deposits of Canadian dollars with them, either in the form of a Time Deposit or Bearer Deposit Notes. Our practice in other countries is to place some of our liquid reserves with commercial banks provided we maintain the necessary liquidity on our investments and the rates are competitive with other instruments. For example, in both U.K. and U.S. portfolios, approximately 50% of our funds are invested with commercial banks.

I would be most pleased to hear your views on whether it would be appropriate and consistent with your policies for us to place some portion of our Canadian dollar portfolio with commercial banks in Canada.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Rotberg", is written over the typed name and title.

Eugene H. Rotberg
Treasurer

EHR:jcv

bcc: Mr. Earl G. Drake
Executive Director
Mr. Morton Lane

chen

10822 Childs Court
Silver Spring
Maryland 20901

March 25, 1976

Allison Forge Corporation
Box 404
Belmont, Massachusetts 02178

Gentlemen:

Would you please advise me where I may purchase in my local area the item advertised in Outdoor Life referred to as the "Walle Hawk"? Or, alternatively, please send me one and bill.

Thank you.

Sincerely,


Eugene H. Rotberg

EHR:jcv

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☒ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: BARINGS
LONDON

DATE: MARCH 25, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: (ENGLAND)

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

ATTENTION: MR. NICHOLAS BARING

REURTELEX I WOULD BE PLEASED TO SEE YOUR COLLEAGUE, WILBUR
JOHN SMITH, IN WASHINGTON ON APRIL SEVEN AT TEN A.M. STOP
KINDEST REGARDS

ROTBURG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE: Conference/Mideast

AUTHORIZED BY (Name):
Eugene H. Rotberg, Treasurer

DICTATED BY: EHR:jcv

DEPARTMENT:
Treasurer's

CLEARANCES AND COPY DISTRIBUTION:

Mr. Hittmair, files, Miss
Kesterton

SIGNATURE (Of individual authorized to approve):

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File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date 24 March, 1976	Document Type Letter			
Correspondents / Participants To: Dody Phelan From: Eugene H. Rotberg				
Subject / Title Account No. 31186				
Exception(s) Financial Information iv				
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 Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			



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

chron

March 24, 1976

Sidney Brown, Editor
Deak-Perera Group
29 Broadway
New York, New York 10006

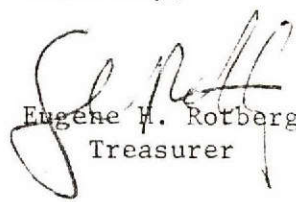
Dear Sidney:

I'm sorry for the delay in sending you some information about the Bank. You may be interested in the attached note on how the Bank protects itself from currency risks and some related materials on our World Bank obligations.

Please let me know when you expect to come back to Washington.

Kindest regards.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

Attachments

March 24, 1976

Mr. Asher

Bob:

Attached are my comments and Ray
Goodman's. Perhaps we could talk about
this.


Gene H. Rotberg
Treasurer

EHR:jcv

Attachment

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☐ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: MR. TARAO MAEDA
INTBAFRAD
TOKYO

DATE: MARCH 24, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: JAPAN

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

PLEASE EXPLORE WHETHER IT WILL BE ACCEPTABLE TO BANK OF JAPAN TO MAKE A SWAP OF ALL OF OUR INVESTMENTS IN JAPANESE, GOVERNMENT GUARANTEED BONDS MATURING IN 1978 AND 1979 (WHICH CURRENTLY HAVE A FACE VALUE IN EXCESS OF YEN FORTY ONE BILLION) INTO JAPANESE GOVERNMENT BONDS MATURING IN 1978, 1979 AND 1980 STOP IF SO PLEASE ADVISE PRICE OR PRICES OF SALE OF JAPANESE GOVERNMENT BONDS, BASED ON APPROXIMATE CURRENT MARKET VALUES AND PRICE OR PRICES OF SECURITIES PURCHASED ON SWAP STOP PARAGRAPH TRANSACTION WILL BE DONE FOR ADMINISTRATIVE CONVENIENCE AND TO AVOID SUBSTANTIAL BOOKKEEPING REQUIREMENTS OCCASIONED BY THE VERY GREAT NUMBER OF OUR HOLDINGS OF DIFFERENT KINDS OF JAPANESE GOVERNMENT GUARANTEED BONDS STOP PLEASE ADVISE ALSO IF THERE IS A YIELD TO MATURITY DIFFERENTIAL BETWEEN SECURITIES SOLD AND PURCHASED STOP REGARDS

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE:	AUTHORIZED BY (Name):
E.H. Rotberg:mb	E.H. Rotberg
DRAFTED BY:	DEPARTMENT:
E.H. Rotberg	Treasurer's
CLANCES AND COPY DISTRIBUTION:	SIGNATURE (Of individual authorized to approve):
	SECTION BELOW FOR USE OF CABLE SECTION
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chron
10822 Childs Court
Silver Spring
Maryland 20901
March 24, 1976

Mr. Leopold B. Boeckl
8543 Old Dominion Drive
McLean, Virginia 22101

Dear Leo:

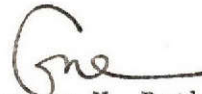
Enclosed is a check for your services to date for \$450.00. I must tell you that I am delighted with the work you have done and the charges for your very reasonable services.

After ten telephone calls, my builder has told me what I had begun to suspect. He told me he is very tied up with the building of a church and cannot do the work for me. I really believe he just doesn't want to get involved--particularly where it involves doing the kind of work which he hasn't done before. However, I really want to go forward with this project as soon as possible. Could I impose upon you, therefore, to talk to the lumber supplier or any of your other friends to see if they could suggest someone who might put up the arches, build the flooring, pour the concrete base and finish the job?

I can supply an excellent heating and electrical man who will be willing to do that work. If you can't suggest someone, then I will have to ask my friends to see who they could recommend but I'd much prefer to see if you can find someone who could handle it. The people supplying the arches might have some good suggestions.

Kindest regards, and thanks for everything.

Sincerely,



Eugene H. Rotberg

EHR:jcv

P.S. Is it possible that we could get a somewhat lower cost for the wood if we substituted a less expensive wood for the right side wall and/or the ceiling? It would seem we really don't need laminated wood for these areas--particularly the wall. Let me know what you think.

E.H.R.

LEOPOLD B. BOECKL
INTERNATIONAL ARCHITECTS AND BUILDING CONSTRUCTION

March 15, 1976

Mr. Eugene H. Rotberg
10822 Childs Ct.
Silver Spring, Md. 20901

Re.: Plans for addition.

Total cost of services \$ 900.00

Services rendered to date \$ 450.00

TOTAL OF THIS INVOICE \$ 450.00

Please submit. Thank you.



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

chron

March 23, 1976

AIR MAIL

Mr. Guido Hanselmann
General/Direktor
Der Schweizerischen Bankgesellschaft
Zurich, Switzerland

Dear Guido:

Thank you very much for your letter. As I told you, I would be delighted to participate in the Swiss Institute of International Studies program next winter. My schedule is quite flexible. I suspect I will be in Europe two or three times during the winter. Certainly, the last week in March would be convenient as I might combine the trip with a family vacation. Alternatively, if this is too late in the year, I could be available anytime in January at your convenience.

As for the subject matter of my remarks: Recently, I gave a seminar described in the attached notice. I would think that the general subject of inflation, oil, financial flows, and government reactions to the reciprocal problem of inflation and recession will remain a subject of considerable pertinence. Or, I could comment on the problems of LDCs, their creditworthiness and the political, social and financial shifts which they are likely to make in order to compensate for their deteriorating terms of trade. There also remains the possibility of describing how, what we call the Western World, will financially and politically respond to the new relationships between LDCs and the new financial surplus countries. This last area, of course, is somewhat more conceptual and political rather than purely financial. But ultimately these new relationships may have the most important and interesting implications for our society.

Let me again thank you for all of the kindnesses and courtesies which you, your colleagues and your family showed to me, both professionally and personally.

Kindest regards. Please keep in touch.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gene", is written over a horizontal line.

Eugene H. Rotberg
Treasurer

EHR:jcv
Attachment



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202-55736

Eugene H. Rotberg
Treasurer, The World Bank

will speak at a CONVERSATION IN THE LAW:

"Recent Developments in
International Finance"

TIME: 6:00-7:00 P.M.
DATE: Monday, March 8, 1976
PLACE: The National Lawyers Club
1815 H Street, Northwest

Mr. Rotberg will discuss:

- the effect of commodity, industrial and oil price increases on the developing world,
- the management of money and currencies: who exercises control and how is money managed,
- the role of banks and investment bankers in supplying capital.

REFRESHMENTS and RECEPTION -- NO RESERVATIONS

chron

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman

DATE: March 23, 1976

FROM: Eugene H. Rotberg (signed) Eugene H. Rotberg

SUBJECT: SWITZERLAND - Private Placement

We have a firm offer from our underwriters in Switzerland for a private placement of SwF 250 million (approximately \$98.7 million equivalent). One half of this issue of notes would be due in 6 years and the other half in 7 years. The average life would be 6-1/2 years. The yield to the purchasers would be 6.87%. Cost to the Bank including commission, taxes and all other costs would be 7.25%. I recommend that we accept this offer and present it to the Board immediately.

The underwriters advise that another private placement can be done later this year. We also plan to make a public issue in Switzerland soon.



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

March 23, 1976

Mr. Alexander McW. Wolfe, Jr.
President
Bankers' Association for
Foreign Trade
1101 Sixteenth Street, N.W.
Washington, D.C. 20036

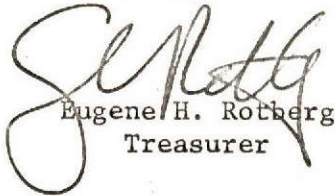
Dear Mr. Wolfe:

Thank you very much for your letter of February 2, 1976 inviting me to attend the 54th Annual Meeting of the Bankers' Association for Foreign Trade, to be held April 25-29, 1976 at The Homestead, Hot Springs, Virginia.

Unfortunately, I regret that I will be unable to be with you on this occasion as I will be out of the country on official business. It would be most appreciated, however, if you could extend an invitation to Mrs. Therese Seguin, Senior Securities Officer in the Treasurer's Department.

Thank you again for inviting me and please accept my best wishes for a successful meeting.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

bcc: Mrs. Seguin

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 22, 1976

FROM: Eugene H. Rotberg 

SUBJECT: Investment Returns

In the last week or so questions have been raised concerning our projections of investment yields, rate of return, cost of carrying liquidity, etc. This note is in response to these questions.

Q. How do we predict our investment income and "return" on liquid assets?

- A.
1. We project by month (a) our cash flow, including projected dates of new borrowings, currency of borrowing and disbursement, volume of disbursements, maturity structure of investments, etc., and (b) projected market yields on 10 different alternative investment instruments with maturities from one day to five years.
 2. We project which of the investment alternative we will purchase either with new funds or to replace maturing obligations for each month of the fiscal year and at what "book" yield.
 3. We assume that each instrument purchased will be held until maturity.
 4. Each month we revise our projected investment income in light of our new projected market yields.
 5. The "return" on liquidity represents the total realized book income divided by the projected average monthly cash balances.

Q. Do the predictions of interest rates and the resulting investment income at the beginning of the fiscal year determine our investment decisions during the year?

A. No.

1. The normal time horizon for our investment decisions is one/three months, and sometimes considerably shorter in response to changing market conditions.
2. If we are wrong about the level of interest rates we do not attempt to produce a book income consistent with our income forecasts if to do so would result in making investment decisions inconsistent with our view of future market developments.

Q. Can we, then, predict our actual realized investment income for one year in advance?

- A. Yes, but at considerable real cost. If we wish income certainty within a fiscal year it will be costly in financial terms. We can always "buy" income and thereby achieve predictability but to do so will result in a lower real value of our portfolio. It is inappropriate to buy 7 1/2% 5-year bonds if one expects six months later they will yield 8%. The trade-off between predictable realized income on a \$2 billion investment is about a \$100 million loss - based on our current market evaluation. (See attached note for the view of my colleagues on this subject.)
- Q. How reliable are our projections of either realized investment income or annualized financial return?
- A. Although one figure is given as our "best estimate" that figure represents a probability of 1 in 2. Our optimistic and pessimistic forecasts are given a probability of 1 in 4. Our possible but not probable forecasts are given a probability of 1 in 10. These forecasts are then converted into a range of returns encompassed by one standard deviation i.e. what will be the financial return at a probability of 2 chances in 3 based upon the uncertainties described above? Thus, if our "best estimate" is, say, 7.15, it is crucial to know that this envisions a 2 in 3 chance that that return will be plus or minus 45 basis points, i.e. 6.70 to 7.60 (which also means 1:6 over 7.60 and 1:6 below 6.70. If we want 90% certainty, the spread would be wider. Based upon our current interest rate forecasts for the next 15 months and including our probability estimates (which essentially is the reflection of how convinced we are that we are right) our investment income could be \$30 million higher or lower at a probability of 2 and 3 than our "best estimate" which, as you know, we project at 7.2.
- We have found that our weekly interest rate forecasts which always include our probability estimates and which form the basis of all of our actual investment decisions in fact do fall, 2 chances in 3, within the predicted range for that probability. This means that we are correctly assessing the amount of uncertainty.
- Q. Is it appropriate to measure the cost of carrying liquidity by measuring the difference between the double-weighted cost of marginal borrowing versus the single-weighted realized return on the entire portfolio?
- A. No, for three reasons:
1. Double weighting is inappropriate for this purpose and particularly where the investment "returns" are only single weighted.
 2. Marginal borrowing costs are being compared to the realized book income on the entire liquid portfolio.

3. Realized book income on our investments is irrelevant in determining the return on the portfolio. The annualized financial return should be the measure of its value.

Q. Why is the "cost" of carrying liquidity, as defined, projected to be so substantial this year and the next year as compared to previous and future years?

- A.
1. We are essentially a fixed interest managed portfolio which attempts to lengthen maturities prior to the time when we expect rates to decline. Our "normal" position is to stay "short" otherwise and compensate for the higher cost of borrowing by trading the short portfolio to take advantage of market aberrations, and arbitrage opportunities. As yields increase in the short-term money markets we will tend to stay short despite the higher current income available in longer-term instruments; we do not make longer-term commitments until we believe we are at or near the top of the interest rate cycle for 4 to 5 year bonds. This is because during periods of rising yields there is considerable risk of substantial unrealized losses by extending the maturity structure too early. Therefore during a period of rising rates there will be an increased cost of carrying liquidity. Conversely when rates fall, hopefully we will already have extended our portfolio and will take substantial gains as we achieve the benefits of our long position (see FY75) and seek again to take a more defensive posture awaiting an increase in rates.
 2. Currently there is a sharply sloping positive yield curve. Three-month Treasury Bills are at the 5% level while our borrowing cost for 10 years is 8 1/4% and close to 9% for 20 years. Given the double-weight cost of borrowing and the cost of underwriting, we will be fortunate to hold down the cost of carrying liquidity, as defined, to 120 basis points, particularly where Treasury Bills yield 5% and 4-year governments yield 7 1/2% and we do not wish to purchase the longer-dated governments.
 3. This situation is not a typical one. Most of the world is not yet out of the worst recession in 40 years. Government policies are designed to keep interest rates in the short term market quite low and to provide easy money. In addition, there is considerable speculation for currencies which we borrow which have driven the short-term rates down to the 3% level. On the other hand the fear of inflation, and government deficits, have tended to keep relatively high the intermediate and long-term markets.
 4. We have succeeded in the past in minimizing the cost of carrying liquidity - however it is defined - and we will continue to perform

March 22, 1976

well if we can operate in an environment of rational decision making. We are no smarter than anyone else in the market and, over time, we all will have made mistakes. And mistakes cannot be avoided by "locking up" yield. That merely compounds the difficulties if we are in error when to extend our portfolio. Our advantage has been that virtually all other market participants operate under constraints or take steps irrelevant to and inconsistent with rational financial decisions because of pressures to "produce" current income or mask, through their accounting presentation, previous errors of commission or omission.

cc: Mr. Cargill
Mr. Goodman
Mr. Adler

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Eugene H. Rotberg

FROM: Morton N. Lane (Thru Hugo Schielke)

SUBJECT: Income Projections, Forecasts or Targets?

DATE: March 22, 1976

1. The Division's best forecast for FY77 is a realized "return" on the dollar portfolio of 6.88% at a probability of 1:2. This return could be as high as 7.43% or as low as 6.33%. The expected return on the dollar portfolio, together with an 8-1/2% estimated realized return on non-dollar holdings, combine to give a 7.15% "best estimate" for FY77 income. The associated optimistic and pessimistic outcomes (2:3 probability) for the entire portfolio are 6.7 to 7.60, a range of approximately 90 basis points at a probability of 2:3.

2. This projection presupposes that the Division will continue to manage the portfolio so as to maximize financial return, i.e., that it will be free to sell current holdings and extend or shorten the maturity as interest rates dictate irrespective of realized gains and losses. It will continue to buy and sell securities to take advantage of arbitrage opportunities irrespective of book gains and losses on existing holdings. Under such circumstances the portfolio will experience a high turnover. Financial returns will tend to equal book returns as all losses or gains will be quickly realized. The Division is cognizant of the problems of forecasting and of errors of timing in our investment shifts of maturity. It allows for this by providing a range of possible outcomes emanating from its actions.

3. Alternatively it would be possible to guarantee higher income for FY77, but at a cost. For example, by purchasing a 5-year note yielding 7.50% on 6/30/76, holding it till after 6/30/77 income for FY77 could be guaranteed at 7.50% on the dollar portfolio. However, our best forecast shows that the books would show unrealized losses of \$104 million on 6/30/76 and the financial return over FY77 would be 5.42%. These two alternatives on the dollar portion of our portfolio are set out below:

<u>Strategy</u>	<u>Income FY77</u>	<u>Financial Return FY77</u>
(A) Optimum Financial Management	6.88% $\pm$ 0.45%	6.88% $\pm$ 0.45%
(B) Guaranteed Income	7.50% $\pm$ 0.00%	5.42% $\pm$ 1.97%

Which is the better alternative? Or, how much money should the Bank be prepared to pay to achieve one year's income target? The potential unrealized loss of \$104M is real enough since it will have to be represented in later years' income statements, if not in FY77.

4. The problem is that a "guaranteed income" strategy is expensive in terms of long-run income. Similarly when a forecast of future income is changed into a target which must be met, it can be met, but at a cost. There is nothing inherently wrong with asking for predictable income, but it raises the more fundamental question how much long-term income is the Bank prepared to give up in order to achieve a short-term target?

5. The consequences of turning income forecasts into income targets are as follows:

- (i) lower financial return;
- (ii) higher financial risk; and
- (iii) a less liquid portfolio of securities.

No longer will it be possible to manage the portfolio irrespective of existing book position. Opportunities will be missed and lower financial return can be expected. Similarly if errors are made, and they will be made, the managers will have to extend (i.e., take higher risk) in an effort to play "catch up ball". This will increase the risk and ultimately, in view of the probability of mistakes of a single forecast, will have severe book income implications over time.

ML/mvh



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121
Document Date 31 March, 1976	Document Type Form	
Correspondents / Participants From: Eugene H. Rotberg		
Subject / Title Application for Social Security Number		
Exception(s) Personal Information		
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 Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023	

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

Mr. Hanan

This is to advise you that
Dr. Edward B. Shils, Director and
Professor of Management, of the Wharton
Entrepreneurial Center of the University
of Pennsylvania (and previously Chairman
of the Department of Management), strongly
supports Mr. Lawrence P. Schwartz as a
Canadian YP applicant and gives him his
"highest recommendation."

EHR

Eugene H. Rotberg
March 22, 1976

		Projected Balances as of June 30, 1976 (in \$ billions)	Estimated Return on Assets (in %)
Liquid Cash Investments		5.8	7.2 Return
Receivables from disbursed loans		13.7	6.7 Return
Other assets		.6	-
Total assets		20.1	6.6 Average Return on Assets
			Cost of Liabilities
Funded debt outstanding		14.5	7.4 Cost of Outstanding Debt
Other liabilities		.3	-
Capital and reserves		5.3	0.0
Total liabilities capital and reserves		20.1	5.3 Average Cost of Total Funds

Draft.

3/18/76.

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☒ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: MR. WOLF PREUSS
TREASURER
ASIANBANK
MANILA

DATE: MARCH 18, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: (THE PHILIPPINES)

CLASS OF SERVICE: TELEX

CABLE NO. & TEXT:

REURTELEX MARCH 16 WILL BE PLEASED TO SEE YOU TUESDAY, APRIL 6, AND, IF YOU
ARE FREE, TO INVITE YOU TO LUNCH STOP WOULD SUGGEST YOU COME TO MY OFFICE
(SEVEN ZERO ONE NINETEENTH STREET NORTHWEST, ROOM E427) AT TWELVE NOON STOP
IF LUNCH NOT CONVENIENT PLEASE SUGGEST ALTERNATIVE TIME PREFERENCE STOP
BEST REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE:	Asian Development Bank	AUTHORIZED BY (Name):	EUGENE H. ROTBERG
DRAFTED BY:	EMK	DEPARTMENT:	TREASURER'S
CLEARANCES AND COPY DISTRIBUTION:		SIGNATURE (Of individual authorized to approve):	
		SECTION BELOW FOR USE OF CABLE SECTION	
		CHECKED FOR DISPATCH:	



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



March 18, 1976

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Alan:

I am enclosing herewith for your information the following documents which have been approved by our Board of Executive Directors:

- (1) R76-44 issued in connection with our proposed borrowing of Yen 18,400,000,000; and
- (2) R76-45 issued in connection with our private placement of Deutsche mark Bearer Notes in Kuwait.

Best personal regards.

Sincerely,

Eugene H. Rotberg
Treasurer

Encl: 2

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☒ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: INTBAFRAD
TOKYO

DATE: MARCH 12, 1976

ORIGINATOR'S EXT.: 2213

COUNTRY: (JAPAN)

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

ATTENTION: MR. MAEDA

REURTELEX 131 MR. ROTBERG PRESENTLY AWAY FROM OFFICE ON BUSINESS FOR
APPROXIMATELY ONE WEEK AND WILL RESPOND YOUR TELEX RE TOKYO VISIT ON HIS RETURN

STOP REGARDS

KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

REFERENCE: JAPAN MARKET

AUTHORIZED BY (Name): H. C. HITTMAN

DETERMINED BY: EMK/

DEPARTMENT: TREASURER'S

CLEARANCES AND COPY DISTRIBUTION:

SIGNATURE (Of individual authorized to approve):

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH:

Chron

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman
FROM: Eugene H. Rotberg *ER*
SUBJECT: Proposed Borrowing Operations

DATE: March 11, 1976

We currently have under active negotiation the following borrowing operations:

<u>Currency</u>	<u>Average Life (Yrs.)</u>	<u>Type of Trans- action</u>	<u>Yield to Investor</u>	<u>Current Estimate of Cost to Bank</u>
Dutch Guilders f100-150 million (\$37-\$55 million)	7.75	Direct Bank Loan	8.125	8.17%
f150 million (\$55 million)	8.0	Public Issue	8.09	8.45%
Deutsche Mark DM 400 million (\$155 million)	8	Public Issue	7.09	7.45%
Deutsche Mark DM 150 million (\$58 million)	6	Private Place- ment	7.09	7.40%
Swiss Francs SWF 350 million (\$136 million)	7	Private Place- ment	6.65	7.05%
SWF 200 million (\$78 million)	5	Direct Bank Loan	7.0	6.90%

1. It may be possible to conclude all of these transactions within 6 weeks. We are also expecting to do a 15-year Swiss Franc issue but that is not likely until May/June.

2. A U.S. dollar issue with an 8-year maturity would cost the Bank 8.20-8.25.

Messrs. Cargill and Goodman
Page Two
March 11, 1976

3. There is strong external demand for the Guilder, DM and Swiss Franc. Business loan demand remains low in Holland, Germany and Switzerland. I do not believe these rates will remain low for long.

4. Although the overall cost to the Bank is high for the Dutch Guilder public issue, this is attributable primarily to the underwriting costs. We have been on the calendar for a long time and we have not done a domestic Dutch Guilder issue for many years. If we were to pass up this opportunity, I am afraid we would have to wait a long time to get back in the queue--and at higher rates.

5. May we have a go-ahead quickly on these transactions? There are some delicate "timing" problems to resolve arising out of the yield differentials.

EHR:jcv

Attachment

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman
FROM: Eugene H. Rotberg *ER*

DATE: March 11, 1976

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<u>Currency</u>	<u>Average Life (Yrs.)</u>	<u>Type of Trans- action</u>	<u>Yield ^{to} of Investor</u>	<u>Current Estimate of Cost to Bank</u>
Dutch Guilders		Direct		
f100-150 million	<i>7.75</i>	Bank		<i>8.17</i>
(\$37-\$55 million)	<i>8.25</i>	Loan	8.125	8.15%
f150 million		Public		
(\$55 million)	8.0	Issue	8.09	8.45%
Deutsche Mark		Public		
DM 400 million		Issue		
(\$155 million)	8		7.09	7.45%
Deutsche Mark		Private		
DM 150 million		Place-		
(\$58 million)	6	ment	7.09	7.40%
Swiss Francs		Private		
SWF 350 million		Place-		
(\$136 million)	7	ment	6.65	7.05%
SWF 200 million		Direct		
(\$78 million)	5	Bank	7.0	6.90%
		Loan		

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Messrs. Cargill and Goodman
Page Two
March 11, 1976

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EHR:jcv

Attachment

bcc: Messrs. Hittmair, Deely, Uhrig and Levit

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

☒ IBRD
☐ IDA
☐ IFC
☐ ICSID

TO: ALGEMENE BANK NEDERLAND N.V.

DATE: MARCH 11, 1976

AMSTERDAM

ORIGINATOR'S EXT.: 3583

COUNTRY: THE NETHERLANDS

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT: ATTENTION MR. A. BATENBURG

THANK YOU FOR YOUR TELEX OF MARCH 11 STOP WE WOULD WISH TO PRESENT TO
OUR EXECUTIVE DIRECTORS A TRANSACTION THE TOTAL COST OF WHICH WOULD NOT
SUBSTANTIALLY EXCEED THE COST OF OUR RECENT GUILDER BANK LOAN STOP
THEREFORE WE WOULD GLADLY CONSIDER A GUILDER 150 MILLION TRANSACTION
WITH AVERAGE LIFE AS CONTEMPLATED IN YOUR TELEX BUT WE SUGGEST ANNUAL
COUPON OF 8.20% OR, IF YOU WOULD PREFER, A SEMI-ANNUAL COUPON OF 8%
STOP COMMISSION OF 1/8% ACCEPTABLE TO US IN VIEW OF REQUIREMENT FOR
SYNDICATION STOP IF THIS IS ACCEPTABLE TO YOU WE WOULD PROPOSE THE
TRANSACTION TO OUR EXECUTIVE DIRECTORS AND REQUEST THE CONSENT FROM
THE DUTCH AUTHORITIES STOP PLEASE ADVISE STOP

MR. HITTMAIR IS PLANNING TO TELEPHONE YOU TOMORROW AT ABOUT 4 PM
YOUR TIME REGARDING OUR PROPOSED PUBLIC GUILDER ISSUE STOP

BEST REGARDS TEST _____

ROTBURG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

REFERENCE:	AUTHORIZED BY (Name): Eugene H. Rotberg
DRAFTED BY: JPUhrig/EHRotberg:hbk	DEPARTMENT: Treasurer
CLEARANCES AND COPY DISTRIBUTION: cc: Messrs. Rotberg, Hittmair, Deely, Levit	SIGNATURE (Of individual authorized to approve):
	SECTION BELOW FOR USE OF CABLE SECTION
	CHECKED FOR DISPATCH:

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
 Mr. Raymond J. Goodman
 FROM: Eugene H. Rotberg *ER*
 SUBJECT: Borrowing Program FY76 and FY77

DATE: March 9, 1976

The following is a proposed borrowing program for the remainder of FY76:

Amount borrowed to date
 (inclusive of borrowings
 approved March 9, 1976): \$3,315.5 billion

In order to complete the FY76 program, I envision the following:

	Principal Amount (US\$ Equiv.)	Average Life (Yrs.)	Cost to Bank (%)
3/22/76 Third Window	\$ 130.0	13	8.50
4/15/76 Venezuela-Private	135.0	7	8.25
4/15/76 Iran-Private	50.0	7	8.00
5/1/76 Germany	94.5	7	7.50
5/15/76 Switzerland-Private	75.0	6	7.75
	\$ 484.5		
Through 3/9/76	3,315.5		
	\$ 3,800.0		

In order to successfully meet the borrowing program for FY77, I recommend we do the following transactions prior to June 30, 1976, to be charged against the FY77 borrowing program. As you will observe, the "excess borrowing" occurs in May and June 1976. Forthcoming Board papers might note that any borrowings above \$3.8 billion, should market opportunities be available, would be charged against the FY77 borrowing program.

BORROWING PROGRAM - FY77

		Principal Amount (US\$ Equiv.)	Average Life (Yrs.)	Cost to Bank (%)
<u>Prior to 6/30/76 but Charged to FY77</u>				
5/76	Netherlands - Public	\$ 50	8	8.25
5/76	Saudi Arabia - Private	200	8	8.00
5/76	Germany - Public	100	7	7.50
5/76	Switzerland - Private	100	7	7.75
6/76	Venezuela - Private	150	6	8.25
5 or 6/76	United States - 5 Yr.	300	5	8.00
	25 Yr.	200	20	8.80
		\$1,100		

The remainder of the borrowing program for FY77 would be constituted as follows:

After 6/30/76 - Chargeable
to FY77 program

		Amount (US\$ Equiv.)	Average Life (Yrs.)	Cost to Bank (%)
<u>CENTRAL BANKS</u>				
9/76	Central Banks - Private	\$ 350	2	7.25
3/77	Central Banks - Private	350	2	7.50
8/76	Bundesbank - Private	97	5	7.50
2/77	Bundesbank - Private	98	5	7.75
9/76	Bank of Japan - Private (done)	7	6.5	8.0
		\$ 902		

Messrs. Cargill and Goodman
Page Three
March 9, 1976

	<u>OPEC</u>	<u>Amount</u> (US\$ Equiv.)	<u>Average</u> <u>Life</u> (Yrs.)	<u>Cost</u> <u>to</u> <u>Bank</u> (%)
11/76	Saudi Arabia - Private	\$ 300	8	8.25
1/77	U.A.E. - Private	50	8	8.25
2/77	Kuwait - Private	200	8	8.25
2/77	Venezuela - Private	200	8	8.25
		\$ 750		
	<u>OECD</u>			
7/76	Japan - Public	50	11	8.80
7/76	Netherlands - Private	37	8	8.10
11/76	Netherlands - Public	55	8	8.35
8/76	Germany - Public	97	8	8.0
8/76	Germany - Private	58	6	8.0
12/76	Germany - Private	55	6	8.25
12/76	Germany - Public	97	8	8.25
3/77	Germany - Public	97	8	8.25
10/76	Switzerland - Public	57	13	7.75
2/77	Switzerland - Private	75	7	7.50
12/76	United States - 5 Yr. Public	300	5	8.25
	25 Yr. Public	300	20	8.80
4/77	United States 10 Yr. Public	250	10	8.40
	25 Yr. Public	250	20	9.00
	Total	\$3,430		
	Done in FY76 - Chargeable to FY77	1,100		
	FY77	\$4,530		8.40*

* Weighted by amount and maturity (including borrowings done in FY76 but charged against FY77).

Messrs. Cargill and Goodman
Page Four
March 9, 1976

You will note that the program is slightly higher than the \$4.3 billion currently contemplated but I am sure that there will be some slippage and some additions during the next 15 months.

As for investments of our liquid resources: The cost of borrowing, weighted only by amount, is 8.07%. It is that figure which is relevant in determining the return on our investments. My best estimate right now is that the return on our liquid assets in FY77 (monthly average cash balances divided by total investment income) will be 7.15%.

EHR:jcv

cc: Mr. Adler

10822 Childs Court
Silver Spring, Md.
20901

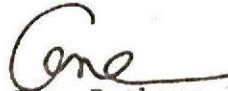
March 9, 1976

Dear Y.L.,

Alas, I am afraid that Iris and I cannot attend your 50th Wedding Anniversary party. I have just found out that I must go to Seattle, Sacramento, Los Angeles and San Francisco immediately. I had hoped that these meetings would have been delayed but there was simply no other time for me to meet with institutional investors.

Both of us are most distressed that we could not be with you on this most joyous occasion and we send you our very best wishes.

With all affection,


Gene Rotberg

Mr. Y.L. Chang
10201 Grosvenor Place
Apartment 1121
Rockville, Maryland 20852

Chen

FORM NO. 27
(11-75)

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

~~722 2071~~
742 5071

- ☒ IBRD
- ☐ IDA
- ☐ IFC
- ☐ ICSID

TO: ASIANBANK
MANILA

DATE: MARCH 5, 1976

ORIGINATOR'S EXT.: Ext. 2213

COUNTRY: (PHILIPPINES)

CLASS OF SERVICE: TELEX

JTT

CABLE NO. & TEXT:

ATTENTION: MR. WOLF PREUSS, TREASURER

REURTELEX TODAY IN ABSENCE OF MR. ROTBERG WISH TO ADVISE INTEREST RATE ON OUR
TWO YEAR BONDS OF 1976, DUE MARCH 15, 1978 IS SEVEN PERCENT STOP

KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

REFERENCE: Two Year Bonds of 1976, due 3/15/78	AUTHORIZED BY (Name): Raymond E. Deely,
DRAFTED BY: EMK/	DEPARTMENT: Treasurer's
CLEARANCES AND COPY DISTRIBUTION:	SIGNATURE (Of individual authorized to approve): <i>[Signature]</i>
	SECTION BELOW FOR USE OF CABLE SECTION
	CHECKED FOR DISPATCH: <i>[Signature]</i>

Chrom



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



March 2, 1976

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Alan:

I am enclosing herewith for your information Document No. R76-40 issued in connection with our proposed 8 1/4% Dutch Guilder Loan of 1976. This document has been approved by our Board of Executive Directors.

Best personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Encl.



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



March 1, 1976

Mr. Allan S. Mostoff
6417 Waterway Drive
Falls Church, Virginia 22044

Dear Allen:

Congratulations on your new career! Iris and I wish you much happiness and a good life. I am sure it will all be very exciting.

I'm very sorry but I can't attend your Farewell Luncheon as I will be out of the country for the rest of the week.

Love to Alice and please keep in touch.

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

OFFICE MEMORANDUM

chron

TO: Mrs. Muriel Lee

FROM: Edith M. Kesterton *EMK*

SUBJECT: Future Travel - Treasurer's Department

DATE: February 27, 1976

Mr. Rotberg

Mr. Rotberg will be in Paris March 3 through 6 when he will attend the Quarterly OECD Capital Markets Committee Meetings. He will return to the Bank on March 8.

He will leave March 11 for the West Coast (Seattle, San Francisco, Los Angeles) for educational meetings with institutional investors.

He will be in Djakarta (Indonesia) April 19 through 23 when he will attend the Asian Development Bank Annual Meeting.

Mr. Hittmair

Mr. Hittmair is presently in Amsterdam and will proceed to Kuwait and Saudi Arabia and is expected to return to the Bank on March 11.

He will be on Annual Leave April 12 through 16.

EMK/

chion

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ehr*

SUBJECT: Delegation of Responsibility

DATE: February 26, 1976

In my absence on Friday, February 27, and Wednesday, March 3 to Friday, March 5, Raymond Deely, Chief of the Securities Division, will be responsible for the activities of my Department. You should contact Mr. Deely (Ext. 2435) on any specific questions concerning any matters relating to our bond issues.

You should contact Mr. Mark Winkelman (Ext. 6374) for matters relating to yield spreads in the secondary market on IBRD bonds.

Mr. William Michaelcheck (Ext. 6348) will supply any information concerning our investment portfolio.

I will be in the office March 1 and will be prepared to present the Dutch Guilder Loan on Tuesday, March 2.

cc: Mr. Deely
Mr. Winkelman
Mr. Michaelcheck

EHRotberg:emk

Chron

OFFICE MEMORANDUM

[Handwritten initials]

TO: Mr. Leo Boeckl

FROM: Eugene H. Rotberg *EHR*

SUBJECT: New Addition to House

DATE: February 26, 1976

1. I am out of town for a few days on business.
2. I spoke to my builder and he will have an estimate ready early next week.
3. He would like to see, however, an architect's rendering of how the front of the house would look with the new addition. He is somewhat concerned about the very high wall and the roof line as it would appear from the front of the house. I am not at all concerned about this but it might be useful simply to superimpose the new section onto the plans of the house.
4. I will call you on Tuesday.

EHR:jcv

cc: Miss Kesterton



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

chron

February 25, 1976

Mr. Glenn E. Murphy, Jr.
Senior Research Analyst
Scudder, Stevens & Clark
10 Post Office Square
Boston, Massachusetts 02109

Dear Mr. Murphy:

Thank you very much for your letter. I, too, found the discussion in Boston most helpful and useful. The following is in response to the points that were not covered in our meeting which you raised in your letter of February 13.

Question 1 Bank loans cannot be called unless specific covenants of the agreements are violated. Therefore, termination of loans is not possible if a borrower's position deteriorates as long as covenants, including obviously the payment of all interest and principal due, are met. A country (borrower) which is no longer creditworthy for Bank loans might, of course, receive IDA credits for new projects and these transfers would assist in the overall development plan and financial strength of the borrower.

Question 2 The Bank has considerable controls for individual borrowers. For example, agreements for public utility loans include debt limitation covenants which establish consultation requirements for new borrowings if the borrower cannot meet specific earnings tests. These covenants remain valid for the life of the loan. For projects which require a major financial effort by the borrower there are specific covenants which limit the borrower's ability to start any other projects of size except with the Bank's concurrence.

In analyzing and supervising our projects, emphasis is placed as much on the proper completion of the specific project as on the general financial, operational and managerial status of our borrowers. The general supervisory covenants have no time limit while other project related covenants lapse after the completion of the project. If these are of interest to you, we could make some sample covenants available which would give you some idea of the very broad scope of Bank control over the project and the borrower.

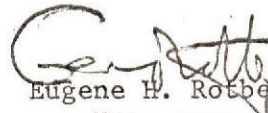
Question 3 The Third Window is an interest subsidy scheme in which a Bank loan is made to a borrower who might be on the borderline between Bank loans

Mr. Murphy
Page Two
February 25, 1976

and IDA credits as far as creditworthiness is concerned. In order to relieve some of the pressure on the borrower in servicing its debt, the Bank is prepared to charge the borrower a concessionary interest rate. The Bank, however, receives the difference between the concessionary rate and its regular interest rate from an interest subsidy fund which is made up of direct contributions to the fund from financial surplus member countries. These non-repayable contributions have already been made to the subsidy fund and aggregate more than \$100 million. This fund is sufficient to provide a 4% subsidy for between \$500 million and \$700 million of Bank loans. The Third Window loan agreements provide that if these contributions and the investment income derived therefrom do not in fact produce the entire amount of the 4% subsidy to the Bank, the borrowers are directly responsible to the Bank for any shortfall between the rate they are charged, 4-1/2%, and the Bank normal lending rate of 8-1/2%.

If you have any further questions or comments, please let me know.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg *ER*

SUBJECT: Two-Year Bond Issue of 1976, Due March 15, 1978

DATE: February 24, 1976

There is attached a schedule as of February 24 re our Two-Year Central Bank Issue. Subscriptions now total \$347.750 million. There have been disappointments. We have received no response as yet from Qatar. Oman and the United Arab Emirates declined to subscribe. Abu Dhabi subscribed for only \$2 million, Bahrain \$1.0 million, Kuwait \$4.5 million (this included separate subscriptions from the Central Bank, the Ministry of Finance and the Kuwait Fund for Arab Economic Development), and Saudi Arabia \$20 million.

Israel declined to subscribe. For the first time since the inception of our Central Bank issues in 1956, Australia declined to subscribe. They held \$5 million of the maturing issue and had subscribed to \$10 million in the September issue. Japan also declined to subscribe. Although Argentina held \$10 million of the maturing issue, they did not respond to our offer. We understand, however, that they had already sold the \$10 million of the maturing issue.

On the positive side, we received substantial subscriptions from Brazil (\$15 m.); Germany (\$25 m.); Iran (\$25 m.); Italy (\$12.5 m.); Libya (\$25 m.); Nigeria (\$20 m.); Singapore (\$10 m.); Thailand (\$15 m.); United Kingdom (\$15 m.); Ireland (\$10 m.); Venezuela (\$10 m.); Yugoslavia (\$10 m.); Mexico (\$10 m.); Canada (\$25 m.).

Attachment

EHR:mh

cc: Messrs. Cargill
and Goodman

bcc: Del Harris

Subscriptions Received as of February 24, 1976

<u>Country</u>	<u>Subscriptions</u>	<u>Holdings in Maturing Issue</u>	<u>Subscriptions to September Issue</u>	<u>Estimated Subscriptions</u>
Abu Dhabi	2.0	2.0	1.5	2.0
Afghanistan	0.2	0.2	-	-
Algeria	3.0	-	2.0	-
Argentina	No Response	10.0	-	10.0
Australia	No	5.0	10.0	5.0
Austria	1.0	-	1.5	1.5
Bahrain	1.0	1.0	3.0	5.0
Bangladesh	1.0	-	1.0	0.5
Belgium	5.0	5.0	15.0	15.0
Bolivia	0.5	0.5	-	0.5
Brazil	15.0	5.0	15.0	15.0
Canada	25.0	25.0	15.0	25.0
China	2.0	2.0	3.0	2.0
Colombia	3.0	1.0	-	1.0
Cyprus	1.0	1.0	0.5	1.0
Denmark	4.0	4.0	2.0	4.0
Dominican Republic	0.5	0.5	-	0.5
Ecuador	2.0	-	7.0	5.0
El Salvador	0.2	0.2	2.0	0.2
Ethiopia	2.0	2.0	2.0	2.0
Fiji	2.0	-	1.0	1.0
Finland	4.0	4.0	5.0	5.0
France	4.0	3.0	-	3.0
Gambia	No	-	1.0	-
Germany	25.0	10.0	20.0	10.0
Ghana	0.5	0.4	0.2	0.4
Greece	1.5	1.5	1.0	1.5
Guatemala	0.25	0.25	1.0	-
Guyana	1.0	-	2.0	-
Honduras	No Response 0.5	0.25	-	0.25
Iceland	1.0	1.0	1.0	1.0
India	3.0	2.0	2.5	2.0
Iran	25.0	15.0	10.0	15.0
Ireland	10.0	10.0	10.0	10.0
Israel	No	2.0	2.0	2.0
Italy	12.5	12.5	7.5	12.5
Japan	No	-	10.0	5.0
Jordan	2.0	1.0	1.0	1.0
Kenya	4.0	4.0	4.0	4.0
Korea	1.0	1.0	4.0	1.0
Kuwait	4.5	1.5	13.0	15.0
Libya	25.0	10.0	30.0	25.0
Malawi	No	0.25	1.5	0.25
Malaysia	2.5	2.0	7.0	5.0
Mauritius	0.5	-	0.5	-
Mexico	10.0	10.0	30.0	10.0
Morocco	No Response	-	0.2	0.2
Nepal	1.0	1.0	2.5	1.0
Netherlands	4.0	4.0	4.0	4.0
New Zealand	2.0	2.0	3.0	2.0

<u>Country</u>	<u>Subscriptions</u>	<u>Holdings in Maturing Issue</u>	<u>Subscriptions to September Issue</u>	<u>Estimated Subscriptions</u>
Nicaragua	3.0	3.0	1.0	3.0
Nigeria	20.0	-	30.0	25.0
Norway	12.0	8.0	7.0	8.0
Oman	No	5.0	5.0	5.0
Pakistan	2.0	2.0	-	2.0
Peru	No	-	2.0	1.0
Philippines	1.0	0.5	2.0	2.0
Portugal	No	1.0	-	1.0
Qatar	No Response	0.2	0.2	0.2
Saudi Arabia	20.0	10.0	50.0	30.0
Sierra Leone	1.5	1.5	-	1.5
Singapore	10.0	5.0	5.0	5.0
South Africa	1.0	1.0	1.0	1.0
Spain	3.0	3.0	2.0	3.0
Thailand	15.0	15.0	15.0	15.0
Trinidad & Tobago	0.5	0.2	5.0	5.0
Tunisia	No	0.2	2.0	0.2
United Arab Emirates	No	-	5.0	5.0
United Kingdom	15.0	20.0	5.0	20.0
Venezuela	10.0	10.0	5.0	10.0
Viet-Nam	1.0	1.0	1.0	1.0
Yemen, Peoples Dem	1.0	1.0	2.0	1.0
Yugoslavia	10.0	3.0	10.0	5.0
Zambia	1.0	1.0	-	1.0
Vatican	0.1	0.05	0.1	-
B.I.S.	2.0	3.0	2.0	2.0
BADEA	2.0	-	-	-
BCZAO	No	-	2.0	-
Crown Agents	1.0 *	-	-	-
Burma	1.0	-	-	-
	<u>\$ 347.75</u>	<u>\$257.7</u>	<u>\$414.7</u>	<u>\$385.20</u>

348.25

* On behalf of East Caribbean Currency Authority.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

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

February 23, 1976

Mr. George F. Voris
2222 Que Street N.W.
Washington D.C. 20008

Dear Mr. Voris:

This is with reference to your letter of January 23 addressed to Mr. Cargill in which you set out your background and experience in the field of international finance. We appreciate your interest in our institution and your proposal to make your financial experience available to us. As you may know we have raised approximately \$2 billion in OPEC countries during the past fiscal year and are continuing our efforts in this area mainly through direct borrowings from official sources of capital. As you can appreciate, in these operations we deal directly rather than through financial intermediaries. Thank you, however, for your interest.

Very truly yours,


Eugene H. Rothberg
Treasurer



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

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

February 23, 1976

Mr. Omar Ali
Director of Finance
African Development Bank
B.P. 1387
Abidjan
Ivory Coast

Dear Mr. Ali:

Recently we were visited by Dr. Zinn and Mr. Berndt from the Deutsche Girozentrale-Deutsche Kommunalbank, Frankfurt, who asked us in the course of our discussions whether we would introduce them to our friends in the African Development Bank. It is a pleasure for us to comply with this request. The World Bank has had a long standing and very satisfactory relationship with the Deutsche Girozentrale. They are members of our public issue syndicate in Germany and, beyond that, have shown considerable imagination and flexibility in arranging private placements and loans for us. We would have no doubt that you would find their advice and proposals useful.

Very sincerely yours,


Eugene H. Rotberg
Treasurer



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

Area Code 202 • Telephone - BXexterior 3-6360 • Cable Address - INTBAPRAD

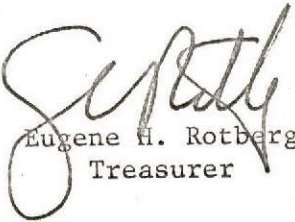
February 23, 1976

Dr. Wolf Preuss
Treasurer
Asian Development Bank
Commercial Center P.O. Box 126
Makati, Rizal
PHILIPPINES

Dear Dr. Preuss:

Recently we were visited by Dr. Zinn and Mr. Berndt from the Deutsche-Girozentrale-Deutsche Kommunalbank, Frankfurt, who asked us in the course of our discussions whether we would introduce them to our friends in the ADB. It is a pleasure for us to comply with this request. The World Bank has had a long standing and very satisfactory relationship with the Deutsche Girozentrale. They are members of our public issue syndicate in Germany and, beyond that, have shown considerable imagination and flexibility in arranging private placements and loans for us. We would have no doubt that you would find their advice and proposals useful.

Very sincerely yours


Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg 

SUBJECT: Your Visit to Germany

DATE: February 20, 1976

(1) In addition to our proposed Kuwaiti borrowing (which should not be treated as a "German capital market operation"), we would expect to do one public issue in say April or May and possibly one private placement through June 30, 1976. No more for FY76.

(2) I have told Emminger that we are looking to borrow in FY77 a minimum of DM500 million and a maximum of DM 1.2 billion, plus the rollovers with the Bundesbank. That seemed to pose no problem.

(3) Express our appreciation to the Bundesbank, if you see them, for their substantial subscription in our current Central Bank issue (\$25 million). You might also express appreciation for the very favorable interest rates that they offer us in connection with the rollover of maturing DM obligations with them.

(4) Re Finance Ministry: The Bank is prepared to make investments in German Government obligations with the proceeds of its Deutsche mark borrowings, or it can call back Deutsche marks from its borrowers in order to accumulate Deutsche mark for such purpose. This point has been discussed at length with both the Ministry of Finance and the Bundesbank and they are now reviewing the matter internally. I would not raise the subject unless they did.

(5) I discussed with the Deutsche Bank and with Emminger and others the possibility of our doing a five-year Central Bank issue denominated in Deutsche mark, which would be offered to, say, 20 or 30 Central Banks. They are considering this matter. Open question: Do we do it directly with Central Banks or through Deutsche Bank for 1/2% commission. This matter has also been discussed with Feith of Deutsche Bank.

(6) We have done business with the Deutsche Bank, Westdeutsche Landesbank, Deutsche Girozentrale and Deutsche Genossenschaftskasse and have received proposals from Commerzbank for private placements. No one has a "lock" on our business and we are prepared to respond affirmatively to any appropriate transaction from any source.

There is attached a memorandum which summarizes arguments re the Commerzbank matter. We also have incorporated in that memorandum some basic data showing how much we have borrowed in DM (other than Bundesbank rollovers) for each of the last nine fiscal years and the sources of such borrowings. You may want to familiarize yourself with these figures and point out the substantial volume in the late '60s, the financial intermediaries we used to obtain new resources, and the rather erratic level of public market borrowings

Mr. I.P.M. Cargill

- 2 -

February 20, 1976

thereafter.

(7) The Deutsche Bank should be encouraged to make us an offer quickly of DM400 million for a public issue. See item 1.

Attachment

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

DATE: February 20, 1976

FROM: E.H. Rotberg and H.C. Hittmair

SUBJECT: Bank Borrowing Operations in Germany and the Role of the CommerzbankA. Present Role

The Commerzbank is and has been a member of our German public issue syndicate. After the manager, Deutsche Bank (19.25%) and the co-manager, Dresdner Bank (16%) the Commerzbank leads the rest of the syndicate with a quota of 9.5%. The next two banks in order of size of their quota are: the Bayerische Vereinsbank with 6% and the West Deutsche Landesbank with 4-1/2%. The manager, co-manager plus the three biggest banks in the syndicate account thus for 55.25% of our issues, the remaining 44.75% are divided among 38 banks with quotas ranging from 3% down to .25%.

Two important conclusions can be drawn from this composition of our public issue syndicate.

- (1) If Commerzbank's quota is increased, for example to the level of the Dresdner Bank, Commerzbank would have to place a total of DM 40 million assuming a "normal" issue of DM 250 million; this is an increase of only DM 16.25 million (approximately \$6.3 million) over their present quota. This increase which would presumably not reflect the Commerzbank's full placing power would require a considerable revamping of the syndicate by eliminating a number of banks and/or by reducing existing quotas substantially. Both alternatives involve very sensitive aspects of our relationship with the German banking community. The present manager would have to take the responsibility for such actions which they would have great difficulty justifying.
- (2) The quota for the West Deutsche Landesbank of 4-1/2% brings up another point and shows the complexity of the issue. The West Deutsche has placed for us directly or taken for their own account a total of DM 800 million. They have consistently complained that (a) their quota was not representative of their placing power either inside or outside Germany and (b) that they deserved to be included in the management group on account of their past placement efforts and successes for the Bank. Historically, the Bank was inclined in FY69 to comply with this request but before the point was formally discussed with the syndicate manager the Bank was dissuaded to proceed by the German authorities who thought that the creation of a "super" management group would eliminate competition among underwriters in the capital market and was therefore undesirable.

B. Change in the Role of the Commerzbank to become co-manager of our public issues

If the Commerzbank is designated co-manager without an increase in their quota the Bank stands to gain very little because:

- (a) The placement power of the syndicate is not increased.
- (b) The management of the syndicate becomes more involved with three parties participating.
- (c) We would have to decide on the status and position of the West Deutsche Landesbank in the syndicate, particularly in view of their past successes in raising funds for the Bank.

If the Commerzbank is appointed co-manager with an increase in their quota the gain for the Bank would probably be marginal (see paragraph 2 of previous section) and the potential problems substantial. The syndicate would have to be reorganized creating strains in our relations with the German banking community for which we do not see any reason given our past successful operations in the market. In fact we would not be able to resolve these problems ourselves unless the present manager is willing to put his best efforts behind the change.

Under either scheme the appointment of Commerzbank would be taken as a reflection on the placing power and management ability of the Deutsche Bank. We do not believe that we should put the Deutsche Bank into this position since they have offered us over the years the greatest possible number of issues (see attachment) at the lowest possible rates; we doubt in fact that the placing power of the Deutsche Bank has really been tested and we have had no indication that additional "management" support was needed - certainly there is no need to redistribute \$6 million equivalent within the syndicate.

C. Increase and diversification in our borrowing operations in Germany

The higher volume in borrowings for the present fiscal year has been achieved:

- (a) Through increased flexibility in response to market conditions. With the increasing number of operations per year the size of public issues has remained at levels between DM 150 and 250 million as in most of the past years. The size of the issue is chosen so as not to put any undue strain on the market. If the size of each operation were to increase substantially from the present level a reorganization of the syndicate with particular attention to placement power in and outside Germany might be justified. In previous discussions the Deutsche Bank has confirmed to us that they would in such a case consider the inclusion of the Commerzbank as co-manager. However the present size of issues and the number of issues can be and has been efficiently handled by the present syndicate. Recent public issues have in fact been smaller than past operations

(see in particular operations in FY69), even though the size of market and the placing power of the Deutsche Bank has increased.

- (b) Through diversification of borrowings, in particular the offers by the Deutsche Girozentrale and Deutsche Genossenschaftskasse. In our efforts to diversify our borrowing operations we could very well see an opportunity for the Commerzbank to show their efforts in providing resources for the Bank. We have in fact had two offers from them, one for a short term line of credit which we had to decline on grounds of maturity since we had already done the operations with the Deutsche Girozentrale and one for a medium term loan which we had to decline on the basis of cost. It is hoped that the Commerzbank will continue its efforts to present to us an acceptable offer and the recent contacts with them have helped to establish a better understanding between them and us. We are reluctant merely as a matter of prestige to include them as managers at the expense of either the Deutsche Bank or West Deutsche Landesbank with no counter-vailing benefit to the Bank and considerable possibility of bad will on the part of all the other members of the syndicate.

CONCLUSION

- (1) We can understand the Commerzbank's desire to join the management group; they consider it a matter of prestige to obtain this position as the third largest commercial bank in Germany.
- (2) The Bank stands to gain little from this inclusion at present. If the size of the individual issues or their number would increase substantially a change might be appropriate. And if that was the case the Deutsche Bank would need and seek the assistance of the Commerzbank and other banks in order to reduce their own risks and meet the requirements of the World Bank.
- (3) A change in the management composition should only be made after considering the position of the West Deutsche Landesbank in our syndicate.
- (4) We are against large managing groups (for example 4 managers). The greater number limits operational flexibility and also substantially reduces competition between financial institutions and sectors which should be beneficial to the Bank, and also, we believe, to the capital market of the specific country. We would much prefer the Commerzbank to make us competitive offers (say Bank loans) rather than be included as part of a management group.

- (5) If the German authorities should insist on the inclusion of the Commerzbank in the management as a condition for continued support of our borrowing operations we should present this matter to the Deutsche Bank on that basis rather than as our independent financial decision.

EHRotberg:HCHittmair:mb

BORROWINGS 1. GERMANY OTHER N FROM DEUTSC BUNDESBANK

(Expressed in Millions of Deutsche Mark)

	To 6/30/66	FY67	FY68	FY69	FY70	FY71	FY72	FY73	FY74	FY75	FY76 to Date	Total
<u>PUBLIC ISSUES</u>												
Deutsche Bank/Dresdner Bank	200 250		120	400 250		200 150 200	250 250 150	250 200 250		250	250 250	3,870
<u>PRIVATE PLACEMENTS</u>												
European Investment Bank	10											10
Westdeutsche Landesbank Girozentrale				400 150 125 125								800
Deutsche Girozentrale- Deutsche Kommunalbank-				150		69	25 25	25			150 200	644
Deutsche Genossenschaftsbank					150					150		300
Deutsche Bank										150		150
	<u>460</u>	<u>120</u>	<u>1,600</u>	<u>150</u>	<u>619</u>	<u>700</u>	<u>725</u>			<u>550</u>	<u>850</u>	<u>5,774</u>

Treasurer's Department
Securities Division
February 20, 1976

TYPICAL AIR FARES

(British Airways)

- (1) Any Day of Week leaving from Dulles:
\$592.00 Round Trip for 14-21 days.
Fare is more expensive if less
than 14 days. No hotel included.
However,
- (2) Leaving any Monday in April or
any Monday and Thursday in May
For 2 WEEKS (1 week London and
1 week Paris), including
Hotels in London and Paris:
- Per person Air fare and hotel - \$602 in April
Per person Air fare and hotel - \$612 in May
[Airline chooses Hotel]
- . . .

In addition, TWA or Pan Am will provide Air fare and car (rather than hotel) for about \$600 from Dulles, per person. Check for day of week.

Therefore, two-week "packages" are much less expensive, since you get either hotel or car for same price as fare only, but you must go and leave on specific dates (exactly 14 days apart). Check brochures for TWA, BA, PAA for exact details. Ask for "package" trips.

The foregoing are regular scheduled flights. However, you should see the United Buying Service Inc., 5480 Wisconsin Avenue, for Special Charter flights which are much less expensive.

2/20/76

EHRotberg:emk



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



February 20, 1976

Mr. Moshe Meirav
Director
Foreign Department
Bank of Israel
Jerusalem, Israel

Dear Moshe:

I was delighted to learn of your appointment as Director of the Foreign Department of the Bank of Israel. Please accept my warmest congratulations and best wishes for your future success.

I apologize for not writing to you before this but I have been out of the country on business the greater part of this year. Indeed, I was sorry to have missed you when you were in Washington a week or two ago.

Please keep in touch. Best personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer



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



February 20, 1976

Mr. Robert C. Lewis
Shearman & Sterling
53 Wall Street
New York, N.Y. 10005,

Dear Bob:

I was delighted to receive the official
announcement of your new appointment. Please
accept my warmest congratulations and best
wishes for your future success.

Please keep in touch.

Sincerely,


Eugene H. Rotberg
Treasurer



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



February 19, 1976

Mr. Hitoshi Yukawa
Executive Managing Director
The Nomura Securities Investment
Trust Management Co. Ltd.
Tokyo 103, Japan

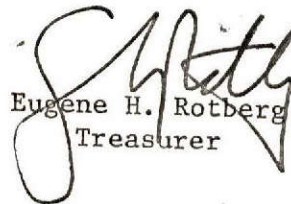
Dear Mr. Yukawa:

I was delighted to learn of your appointment as Executive Managing Director of The Nomura Securities Investment Trust Management Co. Ltd. Please accept my warmest congratulations and best wishes for your future success.

I apologize for not writing to you before this but I have been out of the country on business the greater part of this year.

Best personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer



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



February 19, 1976

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Alan:

I am enclosing herewith for your information the following documents which have been approved by our Board of Executive Directors:

- (1) R76-16 issued in connection
with our 8% Deutsche Mark
Bonds of 1976, due 1984;
- (2) R76-25 issued in connection
with our Two Year Bonds of
1976, due March 15, 1978

Sincerely,


Eugene H. Rotberg
Treasurer

Encl: 2



Record Removal Notice



File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date February 18, 1976	Document Type Memorandum			
Correspondents / Participants To: Charles A. Cooper, Executive Director From: Eugene H. Rotberg, Treasurer				
Subject / Title Estimated Secondary Market Trading in World Bank Bonds				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by K. Brenner-Delp</td><td>Date June 25, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 25, 2025
Withdrawn by K. Brenner-Delp	Date June 25, 2025			

D R A F T
EHRotberg:emk
Feb. 17, 1976

You asked about the amount of loan repayments to the Bank for fiscal year 1976. Currently repayments to the Bank are approximately \$600 million a year. We are currently disbursing loans at an annual rate of \$2-1/2 billion a year. In addition, we are borrowing about \$4 billion a year, which includes repayments by the Bank of outstanding borrowings of approximately \$1 billion. The Bank has consciously followed a policy of borrowing substantial amounts--indeed more than we would require in the conduct of our financial affairs. As a result our liquid resources have risen from the \$1.5 billion level in the late 1960s to over \$6 billion and are projected to rise by 1980 to about \$8 billion. I have enclosed for your information a summary of some of the main points concerning our financial structure which you might find useful. As I indicated to you, I would propose to send as soon as possible representatives of the Treasurer's Department and our Financial Policy Division to explain in detail the financial structure of the Bank and how we conduct our financial operations.

chron

OFFICE MEMORANDUM

TO: Mr. Delbert E. Harris

DATE: February 12, 1976

FROM: Eugene H. Rotberg, Treasurer *ER*

SUBJECT: Pricing of New Issue

I would like to have by 2:30 Friday afternoon the following information:

1. A schedule showing the last subscription, the amount maturing, and our projected subscriptions for the proposed issue.
2. An updated pricing chart showing, for the last eight issues, how we priced our Central Bank issues against governments and agencies.
3. A table showing current market yields for two-year agencies, governments, three-month Treasury Bills, etc.

As you may know, the Bank will be closed on Monday so we will have to reach some tentative decisions by tomorrow night on the pricing.

EHR:jcv

cc: Mr. Deely
Mr. Hittmair
Miss Kesterton



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

February 12, 1976

Ms. Emily Coyne
416 Fernbridge Place
Novato, California 94947

Dear Em:

You are a real gem! I feel very guilty in not having written before but I have been travelling all over the world and I have spent all too little time in Washington. The calendar is superb. I get drunk just looking at it--that is what comes from being a non-drinker.

You will not recognize me when I see you next. I have lost 50 pounds as a result of a very strict diet which I went on voluntarily. I look 20 years younger, but feel 30 years older as I am tense and nervous from permanent fasting.

Some plans are beginning to shape up for a trip to California since I might have to make some speeches in Seattle, San Francisco and Los Angeles.

Everybody here sends their love. You sound extremely very well put together and very healthy. Stay in good shape.

Love,

A handwritten signature, likely "Gene", is written below the word "Love,".



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

February 12, 1976

Mr. Douglas A. Smith
Senior Vice President
Industrial National Bank
of Rhode Island
375 Broad Street
Providence, Rhode Island 02863

Dear Mr. Smith:

Thank you very much for your kindness in
sending me the very attractive and most useful
calendar/appointment book for 1976. It has proven
to be most helpful to me.

Kindest regards.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

OFFICE MEMORANDUM

DECLASSIFIED

TO: Mr. Robert S. McNamara

Date: 10/25/2010
DATE: February 12, 1976FROM: Eugene H. Rotberg, Treasurer *ER*STRICTLY CONFIDENTIALSUBJECT: Meetings With Institutional Investors:
Boston, February 11, 1976

Yesterday I had rather extensive meetings with a variety of institutional investors in Boston (Wellington Management; State Street Research & Management Corporation; and Scudder, Stevens & Clark in individual meetings and about 30 other institutions in a group seminar meeting). Most of the questions were quite sophisticated. The points made in the private meetings which relieved their concerns were as follows:

1. The uncalled subscriptions outside the United States are "made good," as a practical matter, by our borrowings in these same countries.
2. There need be no drain on the foreign exchange reserves of member countries should there be an uncalled capital subscription if we have bonds outstanding in that country's currency.
3. The political pressures in any member country would be to honor an uncalled capital subscription since such obligation in fact was for the benefit of their own financial institutions and bondholders--not for the benefit of developing countries.
4. Therefore, the diversification of our borrowings not only provided us with increased resources but also, as a practical matter, assured the viability of the uncalled capital.
5. There was a coincidence of interest between the bondholder and the large capital subscribing member countries. This has the effect of increasing the probability of our access to markets. Governments realize that it is preferable, politically and financially, for the Bank to have access to markets to meet our cash flow requirements rather than calling on unpaid capital.
6. The developed countries have a considerable incentive to assure that we are managed in a financially prudent manner and they have the votes to assure it.
7. The lag between commitments and disbursements protects the bondholder since any current diminution of liquidity because of an inability to borrow would permit us, with considerable lead time, to cut the lending program if necessary in advance of a problem.

February 12, 1976

8. The Bank's outstanding loans are limited to a 1-to-1 relationship to its capital and retained earnings. We do not intend to change Article III.

9. The Bank's lending rate is not set on the basis of its average cost of total funds but rather is set on its marginal cost of borrowed funds and the income generation over 5 to 10 years. They were particularly interested in the fact that, as a practical matter, we set the lending rate on the basis of a double-weighted cost of borrowing. I argued that that has the effect of setting the lending rate on the basis of long-term money, even though the average maturity of our new borrowings may be higher than the average life of our outstanding loans.

10. Though we do not have floating interest rates on our loans, given the volume of the current and proposed lending program, even a rather minimal change in the interest rate on new loans will have a substantial impact on net income after a 3-to-4 year lag.

11. The interest coverage is irrelevant. The Bank has over \$6 billion --projected to rise to \$8 billion in liquid reserves. A reduction of current income to zero should be a non-event for a bondholder.

12. The Bank would stop disbursing if there were debt renunciation. I also argued that it would seriously jeopardize the extension of IDA credits for IDA-eligible countries. IDA subsidizes the Bank, not vice versa, despite the \$100 million transfer--and also subsidizes the commercial bank exposure to IDA-eligible countries.

.

These points obviously cannot be explained other than in private meetings since they go to the political/financial nature of the Bank and the relationships between the Bank and its various constituencies. On the other hand, once these points are explained, they disarm the underlying uneasiness about the Bank. Unhappily, the matters are delicate, fairly sophisticated and, as a practical matter, cannot and should not be explained by our underwriters. It will, therefore, be a time-consuming process for the Bank staff to explain these matters, but in the long run it will have to be done.

There was no expressed concern about our net income, our reserves, our debt-equity ratio, the types of loans we make, nor any of the other matters we recently have been preoccupied about. The major single concern is that the United States and Western Europe will let the Bank collapse because, it is contended, major industrialized countries do not look upon development or developing countries as a matter of high national priority. Their

Mr. McNamara

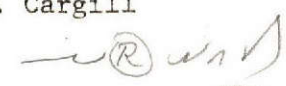
- 3 -

February 12, 1976

evaluation of the Bank, therefore, is political, not financial. And, given the problems in the developing world, investors are hesitant. I suspect that they are right in their evaluation, and, in any event, even if they are wrong, they cannot be convinced otherwise. Therefore, we must show, along the lines set forth above, how, even if their perceptions are right, the Western countries have a vested and not readily reversible financial and political interest to support the Bank--irrespective of their attitudes toward the Third World.

EHR:jcv

cc: Mr. I. P. M. Cargill

bcc: "Goodman"  

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



10822 Childs Court
Silver Spring
Maryland 20901

February 10, 1976

Mr. Al Blocke
23 Maplewood Avenue
Philadelphia
Pennsylvania 19144

Dear Al:

I have been doing a lot of travelling lately and the soles of my shoes are running thin. In addition, I bought some brown suits. Therefore, I need one pair of dark brown shoes--size 12B, of course.

Selling bonds is like selling shoes: one has to emphasize the underlying support, the quality of the product, its sense of style, and whether it fits the needs of the potential buyer. I've had good training.

Love to the family and to you,

Eugene H. Rotberg
Treasurer

EHR:jcv



Record Removal Notice



File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date February 18, 1976	Document Type Memorandum			
Correspondents / Participants To: Charles A. Cooper, Executive Director From: Eugene H. Rotberg, Treasurer				
Subject / Title Authority Governing Investment of Bank's Liquid Assets				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by K. Brenner-Delp</td><td>Date June 25, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 25, 2025
Withdrawn by K. Brenner-Delp	Date June 25, 2025			

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
NEW DELHI

DATE: FEBRUARY 9, 1976

CLASS OF
SERVICE: TELEX

Ext. 2213

COUNTRY: (INDIA)

TEXT:
Cable No.: FOR MARTIN WOLF

BRING ROTBERG OBJECT BACK ON PLANE STOP REGARDS

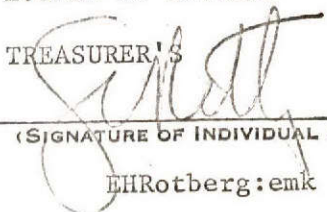
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____



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

February 9, 1976

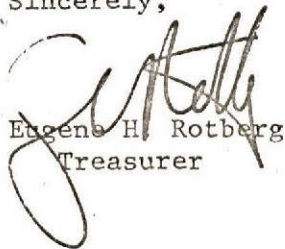
Messrs. A. Gruninger, Second Vice President
and F. Braunschweig, Assistant Vice
President
Union Bank of Switzerland
Bahnhofstrasse 45
Zurich, Switzerland

Dear Sirs:

Thank you for returning the pearl tie tack
which I had lost at Mr. Hanselmann's last month.
It arrived in the morning mail and I appreciate your
sending it to me.

Kindest regards.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

OFFICE MEMORANDUM

TO: Mark O. Winkelman, Investment Officer

FROM: Eugene H. Rotberg, Treasurer 

SUBJECT: Yield Spread Studies

DATE: February 5, 1976

Mark:

We should refine our yield spread studies and monitor the performance of World Bank bonds against other issuers. I would like you to prepare an analyses of the market performance of long-term World Bank bonds commencing in 1965 to the present for the following issues:

4-3/4% issue	10/15/57 maturing 11/1/80
5% issue	2/8/60 maturing 2/18/85
4-1/2% issue	1/14/65 maturing 2/1/90
5-3/8% issue	4/13/67 maturing 4/1/92
6-3/8% issue	9/17/68 maturing 10/1/94
8-5/8% issue	8/23/70 maturing 8/1/95
8-1/8% issue	8/11/71 maturing 8/1/96
9.35% issue	12/9/75 maturing 12/9/2000

A comparison of the market performance of these issues should be made with contemporaneous issues of (a) U.S. Treasury obligations; (b) AT&T system obligations, (c) U.S. Agency obligations (to the extent available).

The comparisons could be based on monthly inputs--but only if the monthly average is based on no less than four observations per month with the day of the week varied. Obviously, maturities, ratings, coupon, call protection, average life, etc. should be comparable or, if not, you should be prepared to demonstrate that the differences are not reflected in the market place. I leave to your discretion the most efficient way to prepare the data base.

The analysis should also examine the spreads between (a), (b) and (c), above, to determine whether any changes in the spread between World Bank bonds and the comparison issuers can be explained by a changing relationship between U.S. Government securities and all others.

In addition, the study should determine whether and, if so, to what extent, the spread relationship is influenced by (a) remaining life to final maturity, (b) volume of new issues, (c) open market activity by the Federal Reserve Bank, (d) coupon, (e) nominal yield level, (f) technical aspects in the market, e.g., changes which could be attributed to the market responding to anticipated issues. It would not surprise me to see spread relationships which apply to some of our issues and not others, depending on final maturity, nominal coupon rate, yield levels, etc.

Mr. Winkelman

- 2 -

February 5, 1976

The analysis should also comment on whether changing spread relationships, if any, correlate with any particular significant event or time: e.g., doubling of our uncalled capital subscription, Penn Central/banking crisis, imposition of wage and price controls, tightening of credit in 1974, during or immediately following IBRD/IMF annual meeting, etc. Have fun.

EHR:jcv

cc: Mr. McNamara

OUTGOING WIRE

TO: NOMURASH
TOKYO

DATE: *Deb*
NOVEMBER-5, 1976

CLASS OF
SERVICE: TELEX NO. J22657
Ext. 2213

COUNTRY: (JAPAN)

TEXT:
Cable No.: ATTENTION: MESSRS. SUGIMOTO AND ARAI

I WISH TO THANK YOU VERY MUCH FOR YOUR THOUGHTFULNESS IN FURNISHING
US WITH THE VERY DETAILED REPORTS ON VARIOUS JAPANESE MARKETS AND
OTHER INTERESTING SUBJECTS STOP WE ARE MOST GRATEFUL FOR THIS IN-
FORMATION AND LOOK FORWARD TO RECEIVING IT ON A REGULAR BASIS STOP
KINDEST REGARDS

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

DEPT. TREASURER'S

SIGNATURE *E. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Hittmair, Files

For Use By Communications Section

Checked for Dispatch: _____

OFFICE MEMORANDUM

TO: Files

FROM: Eugene H. Rotberg *ER*

SUBJECT: Yield Spread on World Bank Bonds

DATE: February 4, 1976

A question has been raised by the U.S. Treasury concerning a purported deterioration of the standing of World Bank bonds in the financial markets. It was stated that World Bank long-term bonds have deteriorated in the market vis-a-vis U.S. Treasury obligations. This memorandum is addressed to that issue.

Appendices I-IV show the yield spreads on World Bank bonds for the 5 and 20-25 year maturity range as compared to U.S. Treasury and U.S. Agency obligations for the last two years, and the spread differentials of World Bank obligations against U.S. Governments as compared to U.S. Agency spreads against U.S. Government obligations. 1/ Some conclusions can reasonably be drawn from this data in the context of the World Bank marketing its obligations since January 1975.

(1) The spread of long-term World Bank bonds from U.S. Treasury and Agency obligations over the last two years is reasonably stable.

(2) During the 11-month period January 1975 through December 1975 the World Bank raised \$1,750 billion after having been absent from the market for three years. The market absorbed all of these issues relatively easily at both relatively high and low yield levels.

(3) The slightly higher spread of World Bank bonds over U.S. Treasury and Agency obligations after mid 1974, though small, we think, in part, can be attributed to the increased activities of the Federal Reserve Bank in their open market activities which provided market support for both U.S. Government and Agency obligations. The market support for U.S. Agencies alone in 1974 and 1975 was approximately \$4 billion net purchases as compared to approximately \$1.5 billion net purchases in 1972 and 1973.

(4) The slightly increased spread of World Bank obligations after 1974, as compared to U.S. Agency obligations, can also be attributed to the narrowing of the spread between Governments and Agencies - caused in part by the substantial amount of U.S. Government bond issues, the reduced U.S. Agency borrowings

1/ On Appendices II and IV we have overlaid the following variables:

- (1) The spread of IBRD bonds vs. similar maturity U.S. Treasury Bonds (red line). The actual values are printed in the right margin.
- (2) The spread of same maturity U.S. Agency Bonds vs. U.S. Treasury Bonds (green line) and
- (3) The actual yield level of the U.S. Treasury Bond over the same period (black line).

relative to the sale of U.S. Government obligations, and our own substantial entry into the market.

(5) It is also relevant to observe the widening of the spread occurs during periods of high nominal interest rates which reflects, we believe, a market concern about direct or indirect credit allocation and access to market.

(6) The spread as of February 4, 1976 on World Bank bonds over U.S. Government obligations was 60, 65 and 80 basis points for the 5, 10 and 20-year maturity range respectively. This spread is considerably narrower than spreads prevailing in September/October 1974 despite current strong market interest for U.S. Government obligations, substantial open market support, and the significant entry of World Bank obligations into the market commencing in January 1975.

(7) The market acceptance of World Bank bonds at reasonable spreads during 1975 was maintained despite substantial difficulties of commercial banks to market intermediate-term paper or, in some cases, issue their own short-term certificates of deposit. Much of these difficulties was attributed to a concern about commercial bank exposure to LDCs. This concern, however, did not affect the marketing of our bonds either to institutional investors generally or to commercial banks who purchased substantial amounts of all of our issues for their own account or for accounts managed by them.

(8) Appendices II and IV show the fluctuations for both intermediate and long-term World Bank bonds against U.S. Government obligations over the last two years and the spreads of U.S. Agency obligations against U.S. Government obligations. As may be observed, generally World Bank bonds fluctuate quite closely with the Agency market against Government obligations. For the most part such changes reflect the overall market preference, for a variety of reasons, for Governments as compared to any other issuer - including U.S. Agencies - particularly during periods of high interest rates.

(9) This point also can be demonstrated in Appendix V where World Bank issues since 1965 are compared to contemporaneous AT&T System issues, U.S. Government issues, and other industrial issuers. While it is true that the Bank has deteriorated vis-a-vis U.S. Government obligations over a 10-year period, that development applies in equal force to every other category of issuer in the market, as may be seen by the differential yield spreads in column A of Appendix V which compares the yield spreads between U.S. Government obligations and other issuers. That point is also made in Appendix VI which compares the average spreads of U.S. Government obligations against other categories of issuers.

(10) Appendix V also shows that on the occasion of our last long-term issue, December 1975, the spread of World Bank obligations against U.S. Government obligations was substantially narrower than the spreads against U.S. Government obligations at the time of sale of our previous long-term bonds issued in 1970 and 1971.

(11) World Bank bonds have not deteriorated versus AAA/aaa AT&T System obligations issued over the last 10 years. See Column B of Appendix V and Appendix VII.

February 4, 1976

(12) We have been advised by the Federal Reserve Bank of New York, our Fiscal Agent, that recent activity in World Bank bonds is substantial and that there is considerable difficulty in processing deliveries because of the volume of trading. Our managing underwriters have confirmed this and have advised us that there is a substantial interest in World Bank bonds. The market is receptive to a large public issue and there is interest in a substantial private placement - as large as our previous public issues - at a spread of about 25 basis points over a public issue.

Attachments

EHRotberg:emk



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



February 3, 1976

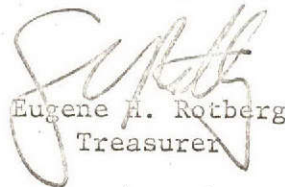
Mr. G. Sertoli
Directeur Central Adjoint
Banca Commerciale Italiana
Piazza della Scala 6
20121 Milan, Italy

Dear Mr. Sertoli:

I have just returned from an extended trip abroad and apologize for not writing to you before this to thank you and your colleagues for the beautiful print which you sent me. It is indeed spectacular and in due course I plan to have it framed.

Again many thanks for your kindness and please accept my best wishes for a happy and peaceful New Year.

Kindest regards,


Eugene H. Rotberg
Treasurer



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



February 3, 1976

Mr. Ze'ev Sher
Economic Minister
Embassy of Israel
850 3rd Avenue
New York, N.Y. 10022

Dear Mr. Sher:

I have just returned from an extended trip overseas and want to express my belated thanks for sending me Golda Meir's autobiography. I appreciate your thoughtfulness in remembering me.

I look forward to seeing our friend, Moshe Meirav, next week when he comes to Washington.

Let me thank you again for your kindness and please accept my best wishes to you and your colleagues for a peaceful and satisfying New Year.

Kindest regards,


Eugene H. Rotberg
Treasurer



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



February 3, 1976

Mr. Renato Guadagnini
Manager
Banca Nazionale del Lavoro
25 West 51st Street
New York, N.Y. 10019

Dear Mr. Guadagnini:

I have just returned from an extended trip abroad and want to express my thanks to you and your colleagues for the beautiful Art Book "LAZIO" which you sent me. I have added it to my treasured collection and look forward to spending many happy hours reading it.

Again many thanks for your kindness and please accept my best wishes for a happy and peaceful New Year.

Kindest regards,


Eugene H. Rotherg
Treasurer

Chrom

OFFICE MEMORANDUM

DATE: February 3, 1976

TO: Raymond Deely

FROM: Eugene H. Rotberg *Er*

SUBJECT: Outstanding Borrowings

It will be most appreciated if you will determine the average cost of our outstanding borrowings as of December 31, 1970 through 1975 with:

- a) Bundesbank
- b) Bank of Japan
- c) Two-year central bank issues.

EHR/mjo



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date 03 February, 1976	Document Type Memorandum			
Correspondents / Participants To: Cashier's Division From: Eugene H. Rotberg				
Subject / Title Refund for Travel Advance				
Exception(s) Financial Information iv				
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 Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg 

SUBJECT: U.S. Treasury Meeting: February 2, 1976

DATE: February 2, 1976

U.S. Treasury has referred to the negative spread between our outstanding borrowings and our outstanding accounts receivable. The attached chart and table show that information for the last 10 years. It is quite true that the average interest on outstanding and disbursed loans in 1970, for the first time, declined below the average interest cost of our outstanding debt. Currently, interest on outstanding loans is 6.59%. Interest on outstanding borrowings is 7.37%. Treasury's concern is that financial analysts will look upon this as imprudent, particularly since the interest receivable on the loans is contractually fixed and is of a longer maturity than our outstanding borrowings. This, in turn, could contribute, in their view, to a risk of even a greater negative spread with a resulting adverse effect on our profitability.

I think we should make the following points in addressing ourselves to their argument:

(1) As to future profitability, they have overlooked the interest receivable on undisbursed loans. Currently, new disbursements carry an average interest rate of 7.8% -- a positive spread over our average cost of borrowing.

(2) Over the reasonably near future, loans will be disbursed at a rate of from 7.80% rising to 8 1/2% - the lending rate on new loans.

(3) The average cost of all funds is now about 5.5% and investment analysts will look to that figure as assuring our "profitability".

(4) Our debt is not, in fact, short as compared to our outstanding loans. The average public debt is 10 years and all outstanding debt has an average life of about 7 years.

(5) The important point is that the short-term debt mainly represents debt held by Central Banks which has been consistently rolled over at highly concessionary rates, i.e. our Two Year Central Bank issues are refinanced at 25 basis points over governments; our Bundesbank debt is refinanced at the mid-point between U.S. Government obligations and German Government obligations with a five-year maturity; our debt with The Bank of Japan, by contract, is to be refinanced at the administered Japanese Government-guaranteed rate for a 6 1/2 year maturity - not the secondary market rate for Japanese Government paper. Therefore, our short-term debt tends to be the least expensive debt that we have and enhances our profitability rather than diminishes it.

(6) Even if Central Bank debt were to become costly because of an increase in the overall level of interest rates and thereby increase our overall cost of borrowing, it would not have a negative effect on our net income.

The reason is quite simple: The amount maturing from Central Banks is about one billion a year but we have about 6 1/2 billion in cash in the same maturity range. The increased leverage caused by our cash position would substantially increase the overall profitability of the Bank during periods of high, short-term rates.

(7) As to the certainty of the rollovers, i.e. its availability, we can only go on past experience and that shows, if anything, that these resources have been always forthcoming. The Two Year Central Bank issues have been substantially oversubscribed. I would thus conclude that the maturity of our debt (a) is not a problem vis-a-vis profitability, (b) that our net income is relatively predictable certainly over 24 months, (c) that there is no basis for concern over its availability, and (d) that we do have the demonstrated ability to change our targets and net income almost unilaterally.

(8) As to the general uneasiness about the Bank, I am convinced that Ed Yeo, some 12 months late, is beginning to hear concerns about LDCs - some of which are prompted by an attempt by commercial banks, when pressed about their own loan portfolio, to point to the World Bank and discuss our risks which, of course, are exclusively LDCs. The fact is that it is our character as a "foreign institution" which creates the underlying uneasiness - not our credit-standing vis-a-vis our loan portfolio.

We should point out that during the period of greatest concern about LDC creditworthiness - the last 12 months - the Bank borrowed \$1,750,000,000 - or over three times our greatest market borrowing in a 12-month period.

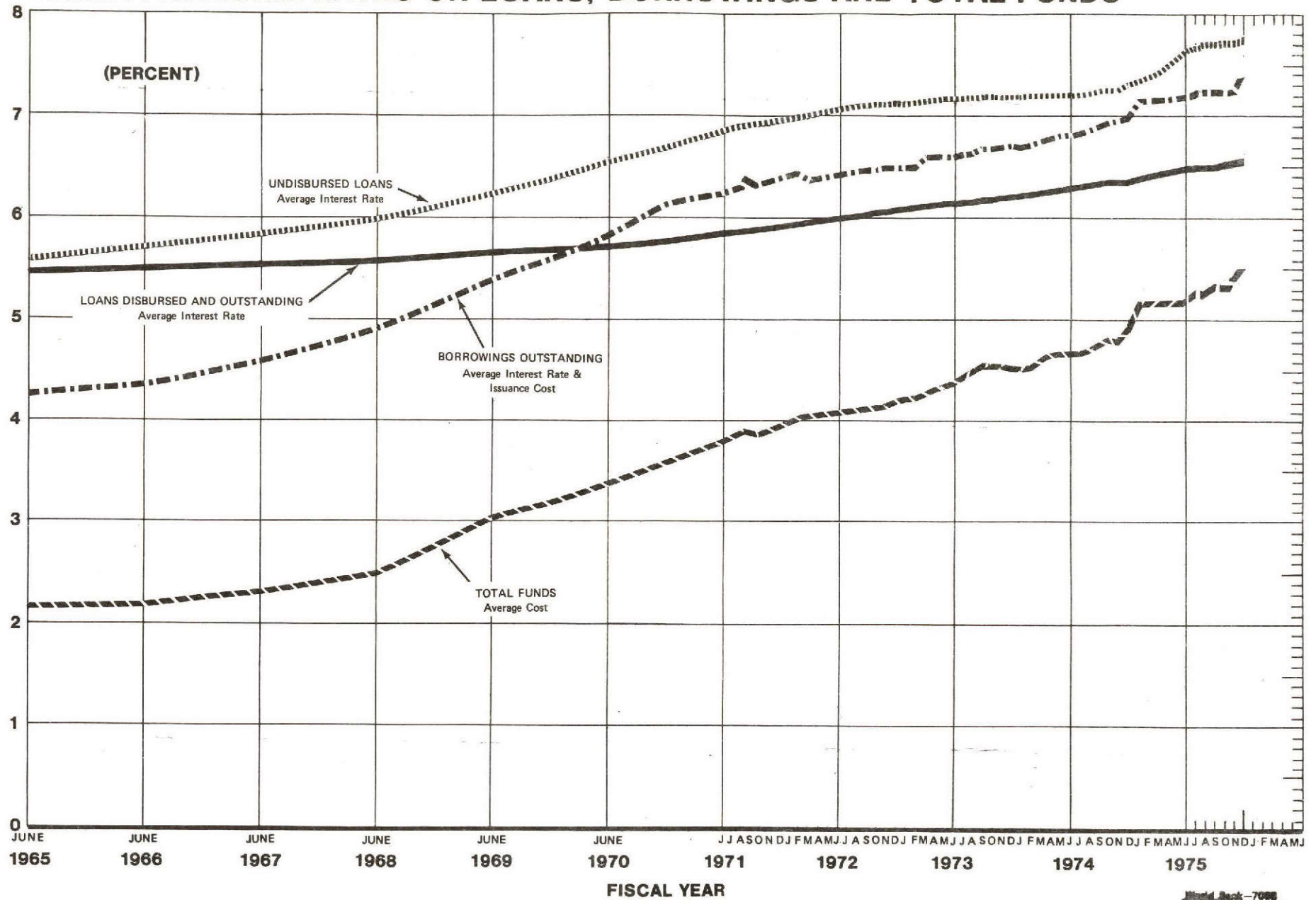
(9) Finally, the World Bank has one "problem": how we fund our current and anticipated undisbursed commitments and maturing obligations. It is not a problem of short-term profitability but rather one of cash flow. The "problem" can be resolved by market access and support by governments. There is nothing in Bank financial policies, its loan portfolio, its method of doing business or the size of capital market which is an inhibiting factor. The reluctance stems from some narrow-mindedness about "foreign" institutions and a considerable question about U.S. support for the Bank. The first problem, in part, can be resolved by education. The latter concern is totally within the Administration's ability to set straight.

One more point: I would respond to the precise issue raised by Treasury, and then go on to our overall long-term financial planning and how we might respond to different events. They are, however, apparently concerned with matters relating to short-term profitability arising from our fixed commitments. These are relatively easy matters to answer.

cc: Mr. Goodman
Mr. Adler

EHRotberg:emk

I.B.R.D. : AVERAGE RATES ON LOANS, BORROWINGS AND TOTAL FUNDS



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Average Rates on Loans, Borrowings and Total Funds

(Expressed in millions of US dollars)

Date	<u>Undisbursed Loans*</u>		<u>Loans Disbursed & Outstanding**</u>		<u>Borrowings Outstanding</u>		<u>Total Funds***</u>	
	Amount	Average Interest Rate	Amount	Average Interest Rate	Amount	Aver. Interest and Issuance Cost	Amount	Average Cost
June 30, 1965	\$ 2,181.7	5.57%	\$ 3,832.9	5.46%	\$ 2,724.0	4.25%	\$ 5,443.4	2.13%
June 30, 1966	2,325.1	5.69	4,220.1	5.49	2,805.9	4.33	5,635.8	2.16
June 30, 1967	2,393.2	5.82	4,753.8	5.54	3,075.2	4.54	6,112.5	2.28
June 30, 1968	2,425.9	5.97	5,177.7	5.58	3,289.6	4.89	6,449.9	2.49
June 30, 1969	3,039.3	6.23	5,595.4	5.65	4,081.2	5.39	7,319.3	3.01
Dec. 31, 1969	3,171.7	6.36	5,705.5	5.68	4,302.7	5.58	7,646.3	3.14
June 30, 1970	3,919.9	6.58	5,932.6	5.72	4,568.3	5.81	7,929.3	3.35
Dec. 31, 1970	3,827.9	6.69	6,218.4	5.78	4,921.3	6.13	8,400.0	3.59
June 30, 1971	4,758.8	6.88	6,554.5	5.84	5,424.2	6.23	8,928.5	3.78
Dec. 31, 1971	4,496.1	6.94	6,909.8	5.91	5,924.3	6.38	9,573.1	3.95
June 30, 1972	5,466.5	7.06	7,776.5	6.00	6,950.8	6.40	10,968.7	4.06
Dec. 31, 1972	5,466.0	7.11	8,101.4	6.06	7,432.6	6.45	11,459.6	4.18
June 30, 1973	6,354.8	7.16	9,636.2	6.13	8,881.8	6.59	13,344.4	4.39
Dec. 31, 1973	6,543.3	7.18	9,555.4	6.21	9,056.1	6.70	13,435.7	4.51
June 30, 1974	8,024.7	7.21	10,376.6	6.29	9,650.0	6.81	14,178.7	4.64
Dec. 31, 1974	8,259.9	7.31	11,185.1	6.37	10,863.6	7.03	15,478.9	4.93
June 30, 1975	10,158.1	7.62	12,061.1	6.47	12,287.0	7.19	17,041.3	5.19
July 31, 1975	10,379.6	7.68	12,241.3	6.49	12,881.3	7.26	17,652.7	5.30
Aug. 31, 1975	10,295.0	7.70	12,418.6	6.51	12,877.0	7.27	17,677.5	5.29
Sept. 30, 1975	10,106.2	7.70	11,920.1	6.53	12,608.2	7.27	17,203.1	5.33
Oct. 31, 1975	10,019.8	7.72	12,094.0	6.55	12,659.5	7.27	17,276.4	5.33
Nov. 30, 1975	10,059.7	7.74	12,209.7	6.57	12,720.8	7.28	17,366.0	5.33
Dec. 31, 1975	10,260.6	7.78	12,488.6	6.59	13,703.4	7.37	18,372.2	5.50

* Including non-effective loans and amounts agreed to be sold (effective October 1972, non-effective loans include amounts approved but not signed).

** Disbursed loans held by Bank including amounts sold but uncalled less maintenance of value.

*** Borrowings Outstanding, Usable Capital, Supplemental Reserve and Special Reserve.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Total Long-Term Funds

(Expressed in millions of US dollars)

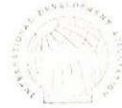
<u>Date</u>	<u>Borrowings</u> (1)	<u>Usable Capital</u> (2)	<u>Supplemental Reserve*</u> (3)	<u>Total Lendable Funds</u> (4) = (1) + (2) + (3)	<u>Special Reserve</u> (5)	<u>Total Long-Term Funds</u> (6) = (4) + (5)
June 30, 1965	\$ 2,724.0	\$ 1,763.0	\$ 667.5	\$ 5,154.5	\$ 289.0	\$ 5,443.4
June 30, 1966	2,805.9	1,808.6	731.6	5,346.1	289.7	5,635.8
June 30, 1967	3,075.2	1,854.7	892.2	5,822.1	290.4	6,112.5
June 30, 1968	3,289.6	1,906.2	963.1	6,158.9	291.0	6,449.9
June 30, 1969	4,081.2	1,912.2	1,034.3	7,027.8	291.5	7,319.3
Dec. 31, 1969	4,302.7	1,913.3	1,138.6	7,354.6	291.7	7,646.3
June 30, 1970	4,568.3	1,919.3	1,149.7	7,637.4	291.9	7,929.3
Dec. 31, 1970	4,921.3	1,920.7	1,266.0	8,108.0	292.0	8,400.0
June 30, 1971	5,424.2	1,958.4	1,253.7	8,636.3	292.2	8,928.5
Dec. 31, 1971	5,924.3	2,008.1	1,348.4	9,280.8	292.3	9,573.1
June 30, 1972	6,950.8	2,238.5	1,487.0	10,676.3	292.4	10,968.7
Dec. 31, 1972	7,432.6	2,264.7	1,469.8	11,167.1	292.4	11,459.6
June 30, 1973	8,881.8	2,526.8	1,643.4	13,052.0	292.5	13,344.4
Dec. 31, 1973	9,056.1	2,530.1	1,557.0	13,143.2	292.5	13,435.7
June 30, 1974	9,650.0	2,537.4	1,698.8	13,886.2	292.5	14,178.7
Dec. 31, 1974	10,863.6	2,574.3	1,748.4	15,186.3	292.5	15,478.8
June 30, 1975	12,287.0	2,577.5	1,884.3	16,748.8	292.5	17,041.3
July 31, 1975	12,881.3	2,577.7	1,901.2	17,360.2	292.5	17,652.7
Aug. 31, 1975	12,877.0	2,584.1	1,923.9	17,385.0	292.5	17,677.5
Sept. 30, 1975	12,608.2	2,577.4	1,725.0	16,910.6	292.5	17,203.1
Oct. 31, 1975	12,659.5	2,577.9	1,746.5	16,983.9	292.5	17,276.4
Nov. 30, 1975	12,720.8	2,578.2	1,774.5	17,073.5	292.5	17,366.0
Dec. 31, 1975	13,703.4	2,578.3	1,798.0	18,079.7	292.5	18,372.2

* IDA transfers are deducted in the year of authorization,
i.e. the year following that in which the income was earned.

Controller's Department
Accounting Division
January 19, 1976



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



February 2, 1976

Mr. Giuseppe Trovato
Representative
Banco di Sicilia
1 Wall Street
New York, N.Y. 10005

Dear Mr. Trovato:

I have just returned from an extended trip overseas and want to express my thanks for the beautiful book which you and your colleagues sent me. I have added it to my collection and look forward to spending many happy hours with it.

Let me again thank you for your kindness and please accept my best wishes to you and your colleagues for a happy, peaceful and satisfying New Year.

Kindest regards,


Eugene H. Rotberg
Treasurer

P.S.: The maps are spectacular and I will frame some of them in due course.

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. MARTIN GORDON
EXECUTIVE DIRECTOR
WARBURCO
LONDON

DATE: JANUARY 30, 1976

CLASS OF SERVICE: TELEX
Ext. 2213

COUNTRY: (ENGLAND)

TEXT:
Cable No.:

REURTELEX JANUARY 23 MR. ROTBERG PRESENTLY OUT OF COUNTRY AND
EXPECTED TO RETURN TO BANK WEEK OF FEBRUARY 2 STOP HE WOULD BE
PLEASED TO INVITE YOU AND YOUR COLLEAGUE TO LUNCH FEBRUARY 20 IF
YOU ARE AVAILABLE STOP WOULD SUGGEST YOU COME TO HIS OFFICE
(SEVEN ZERO ONE NINETEENTH STREET NORTHWEST, ROOM E427) AT
TWELVE NOON STOP IF LUNCH NOT CONVENIENT PLEASE SUGGEST
ALTERNATIVE TIME PREFERENCE STOP REGARDS

KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME ~~XXXXXXXXXXXX~~ RAYMOND E. DEELY

DEPT. TREASURER'S

NATURE *Deely*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

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For Use By Communications Section

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

DATE: January 26, 1976

FROM: Eugene H. Rotberg

SUBJECT: Kuwait Investment Company (KIC)

This is in response to your request that I write a brief note setting forth my views on the payment of a 1-1/2% commission to KIC in connection with our proposed borrowing from the Government of Kuwait.

I do not think such payment is appropriate for the following reasons:

1. The Bank has never paid any "underwriting" fee to a public or private intermediary for a direct placement to a government let alone to a private party in a currency other than its own.
2. It is an unwise precedent and will lead to considerable difficulties with other OPEC members and other governments who deal with us directly.
3. There is in fact no risk, underwriting "commitment", selling expense, management advice or other service performed for the Bank by KIC.
4. The amount is twice the fee charged for underwriting, management and selling costs for our U.S. public issue in which 100 firms participate. The fee, which would amount to roughly \$2,350,000 equivalent is about eight times the normal fee in the U.S. for a private placement of up to 100 accounts. The fee would constitute a significant part of KIC's income this year.
5. The fee will not provide compensation to increase marketability in the secondary market, as that role will need to be performed by the Deutsche Bank or other German credit institutions.
6. It is irrelevant to compare our "costs", should we go to the German market. The appropriate standard is the yield to the investor. Our costs are paid in Germany to compensate for risk, distribution and sales effort. A payment of the sort envisaged here could create problems vis-a-vis German investors, underwriters and the Bundesbank.
7. I doubt if Al Ateequi fully understands the position KIC is putting us in.
8. We do not need the borrowing this year and if it falls through, it is better than a precedent, which once made, will not easily be reversed in Kuwait or elsewhere.

EHRotberg:mb

OFFICE MEMORANDUM

TO: Mr. G. Gabriel, Mr. W. L. Bennett & Mr. J. Uhrig DATE: January 20, 1976
FROM: Eugene H. Rotberg *EM*
SUBJECT: Visits to Switzerland

As you know I am visiting Switzerland to give a seminar and visit with government officials.

There are three areas on which I would need some additional information. Can you have them available for me by Friday night?

- (1) Disbursements on Switzerland - Controller's
- (2) Overall Financial & Legal relationships with Switzerland - Public Information
- (3) Summary tables of our borrowing operations in Switzerland - Securities Division - Treasurer's

EHRotberg:emk

OFFICE MEMORANDUM

TO: Yoon Park
FROM: Eugene H. Rotberg *EHR*
SUBJECT: Seminar In New York, Boston, etc. DATE: January 20, 1976

Would you please make available to me the most recent 1/2 dozen articles or publications describing recent activities in World Capital Markets, Eurocredit developments, oil flows, etc. I would like them tonight before I leave.

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Joseph D. Wood

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Forthcoming Visit to Germany and Switzerland

DATE: January 20, 1976

I have just been advised by Mr. Jan^ssen that, in connection with my forthcoming visit to Germany, he would like me to visit with Mr. Poehl at the Ministry of Finance and a senior officer of the Economic Cooperation Ministry, in addition to my calls in Bonn and Frankfurt with government officials responsible for Capital Market operations.

It would, therefore, be most appreciated if you could supply me with a memo or summary, hopefully already prepared, which relates to our negotiating posture with Germany vis-a-vis IDA and a Capital increase. I would not expect to raise any of these matters, but wish to be known our most recent position, if these subjects are raised.

Further, I will also visit Switzerland and will meet with Journalists, government officials, and senior financial community. It would be most appreciated if I could receive the same background information for Switzerland.

I will need the information by 6:30 p.m., Friday, January 23, 1976.

cc: Mr. Diamond
Mr. Hattori
Mr. W.L. Bennett

EHRotberg:emk



Record Removal Notice



File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date January 20, 1976	Document Type Memorandum			
Correspondents / Participants To: Charles A. Cooper, Executive Director From: Eugene H. Rotberg				
Subject / Title Investment of Bank Short-Term Liquid Resources				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by K. Brenner-Delp</td><td>Date June 25, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 25, 2025
Withdrawn by K. Brenner-Delp	Date June 25, 2025			

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg *ER*

SUBJECT: Forecasted Investment Earnings for the Second Half of FY76

DATE: January 20, 1976

This note is in response to your question on the forecast of a realized return on the liquid investment portfolio of 7.3% for FY76, which was based on a realized return of 7.1% for the second half of FY76. You also asked how a 7.1% realized return could be reconciled with our investment strategy which contemplated an increase in yields from current levels of about 7.25% for 5-year maturities.

I have attached the regular computer output of a staff member's yield forecast on the eleven instrument types which can potentially be purchased for our portfolio. The answers to your questions involve some explanation of our decision making process and how that process relates to our income forecasts.

The table shows the representative forecast of yields on the eleven instrument types over the next six months. Each individual must forecast for three different time periods in the future: (a) the expected interest rate, i.e., his best estimate of future rates; (b) a rate which he expects not to be exceeded with a nine out of ten probability; (c) a rate not to be exceeded with a three out of four probability. This is done for both upside and downside risk. A computer program then constructs a probability distribution of the forecast and calculates one standard deviation, i.e., the range within which rates would fall at a probability of two in three.

The table should be interpreted as follows: Column 1 lists instrument types forecasted. The first represents one-day maturity federal funds (repurchase agreements); the second represents three-month Treasury Bills, etc. Column 2 shows the current yield -- the yields on the forecast date. For example, five-year Treasury Notes could be purchased on January 13, 1976, the date of the forecast, at 7.24%. The first line of any of the items in Column 3 shows the yield forecast for each instrument four weeks from the forecast date. For example, the yield forecast four weeks hence is 7.40% for five-year Treasury Notes. The second line in Column 3 (in parentheses) gives the standard deviation of the forecasted rate. Thus, for the five-year Treasury Note this individual's uncertainty is such -- based on his probability estimates -- that there are two chances out of three that the yield four weeks from now will be in the range between 7.00% and 7.80%. The third line in Column 2 for each instrument type gives the yield at which the particular instrument if purchased today could be sold at that time. This yield is slightly lower than the forecasted yield of that instrument at that particular point in the future since the instrument purchased will be slightly shorter in maturity due to the

passage of one month. Columns 4 and 5 repeat the same information for the 3 and 6-month projections.

Column 6 shows the resulting financial rate of return of each instrument type if purchased today and sold at the expected sale yield four weeks from now. For example, for five-year Treasury Notes purchased today at 7.24% and sold four weeks from today at 7.37%, the annualized financial rate of return will be .03%. The second line in Column 5 (in parentheses) shows the financial rate of return implications of the forecasted uncertainty. Thus, the financial rate of return of five-year Treasury Notes over the next four weeks has a two out of three chance of falling between value -19.66% and +19.74%. Columns 7 and 8 report the information for the three and six month horizon. These forecasts are made weekly.

The purpose of the exercise is (a) to accurately assess the potential rewards against risks - which is defined as the extent of uncertainty and (b) to accurately forecast the range in which rates will fall at given probability levels. We measure, after the fact, based on the accumulation of weekly rate predictions, whether our perception of rates at given levels of our uncertainty are, in fact, accurate, or whether we understate or overstate the ranges, and, if so, in what maturity. No one can predict interest rates consistently, but we should be able to properly report our uncertainty; and if we can do that well, we will be able to make wise investment decisions based on an accurate benefit/risk test.

The forecasts on the table support the strategy of holding short maturity instruments. The consensus forecast of my staff is similar to this particular outlook. The shorter maturities have higher expected financial returns over the next six months and there is much less uncertainty of outcome. So much for "predicting" rates.

As you can appreciate, the "book" of realized income is not a relevant consideration. Where, you ask, do we get the 7.10% "return" or book income for the next six months? The 7.10% "book income" is an accounting concept which simply reflects our estimate of realized income - in effect our estimate of coupon income derived from the shifting mix of securities which we would purchase over the next several months as we move out of a 5.25% three-month Bills into the longer dated maturities. We could, of course, simply purchase all 5-year agencies right now at 7.54%. However, in all probability, no significant amount will be purchased in longer maturities until our weekly updated forecasts show either less uncertainty on these longer dated maturities or a very high potential profit for taking the risk of being wrong as compared to other alternatives. Right now we project a gradual extension of our maturities over the next few months - subject to constant revaluation.

Mr. McNamara

- 3 -

January 20, 1976

Thus, we project the "book income" for the six-month period will average 7.10%, not the higher rates which we expect to prevail at the end of FY76.

Attachment

EHR:jcv

bcc: Messrs. Cargill, Goodman, Adler and Gabriel

EXPECTED VALUE TABLE EM

PROBABILITY OF 1.00

		BUY 1/76	YIELD AT SALE DATE			RETURN OVER TIME		
			4 WK	3 MO	6 MO	4 WK	3 MO	6 MO
TREASURY INSTRUMENTS								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1 DA FF	F	5.00	5.60	7.00				
	4.800	(0.75)	(1.87)	(3.08)	4.90	5.20	5.90	
	YS	5.00	5.60	7.00	(2.24)	(2.15)	(1.94)	
3 MO TB	F	5.25	6.00	7.25				
	4.970	(0.84)	(1.31)	(1.75)	4.51	5.02	5.63	
	YS	5.17	5.60	7.25	(2.62)	(0.00)	(0.67)	
6 MO TB	F	5.65	6.50	7.60				
	5.290	(0.84)	(1.31)	(1.75)	3.92	4.55	5.35	
	YS	5.53	6.00	7.00	(4.73)	(2.08)	(0.00)	
1 YR TB	F	6.00	6.75	7.60				
	5.590	(0.69)	(1.27)	(1.76)	1.07	2.38	3.57	
	YS	5.95	6.63	7.60	(7.54)	(4.26)	(2.58)	
2 YR TN	F	6.40	7.40	8.60				
	6.250	(0.48)	(0.92)	(1.28)	3.43	-0.19	1.12	
	YS	6.37	7.24	8.10	(11.03)	(6.64)	(4.35)	
5 YR TN	F	7.40	8.00	8.80				
	7.240	(0.40)	(0.69)	(0.97)	0.03	-3.85	-3.88	
	YS	7.37	7.95	8.77	(19.69)	(11.53)	(6.10)	

CERTIFICATES OF DEPOSIT

3 MO CD	F	5.35	6.10	7.35				
	5.070	(0.94)	(2.10)	(3.06)	-4.38	5.19	5.77	
	YS	5.26	5.65	7.25	(2.92)	(0.00)	(1.18)	
6 MO CD	F	5.80	6.65	7.75				
	5.440	(0.96)	(2.02)	(2.97)	4.64	4.90	5.58	
	YS	5.66	6.10	7.00	(5.37)	(3.28)	(0.00)	
1 YR CD	F	6.30	7.05	7.90				
	5.890	(0.87)	(1.54)	(2.24)	2.79	3.17	4.05	
	YS	6.22	6.85	7.75	(9.20)	(5.62)	(3.82)	

AGENCY NOTES

2 YR AG	F	6.55	7.55	8.75				
	6.400	(0.55)	(1.08)	(1.55)	3.89	0.05	1.28	
	YS	6.52	7.39	8.25	(12.76)	(7.75)	(5.25)	
5 YR AG	F	7.70	8.30	9.10				
	7.540	(0.38)	(0.85)	(1.21)	0.93	-3.21	-3.34	
	YS	7.67	8.24	9.04	(19.78)	(14.21)	(9.98)	

ADJUST PAPER AND RETURN

OUTGOING WIRE

TO: DIRECTIONAL
ZURICH

DATE: JANUARY 20, 1976

CLASS OF
SERVICE: TELEX

COUNTRY: SWITZERLAND

TEXT:
Cable No.:

ATTENTION: MR. F. LEUTWILER

PLEASE BE ADVISED THAT I AM PLANNING TO VISIT SWITZERLAND NEXT WEEK TO
SPEAK ABOUT OUR BANKS FINANCIAL OPERATIONS AT A CONFERENCE ARRANGED
BY OUR SWISS MANAGERS STOP DURING MY SHORT STAY IN ZURICH I WOULD HOPE
TO BE ABLE TO CALL ON YOU AT YOUR CONVENIENCE STOP I WILL ARRIVE IN ZURICH
EARLY MONDAY MORNING JANUARY 26 AND WOULD BE AVAILABLE EITHER LATE IN
THE MORNING OR IN THE AFTERNOON OF THAT DAY STOP PLEASE LET ME KNOW WHETHER
A MEETING CAN BE ARRANGED AND IF SO WHAT TIME WOULD BE CONVENIENT TO YOU
STOP BEST REGARDS TEST _____

ROTBERG, TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H.C. Hittmair

DEPT. Treasurer's

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

HMoya/JPUhrig/EHRotberg
1/20/76

Subject: Proposed Borrowings from Saudi Arabia

I am presenting for your consideration two proposed borrowings consisting of two issues of bonds denominated in Swiss francs and Deutsche mark, respectively. The Swiss franc bonds aggregate SwF300 million, equivalent to about \$115 million U.S. dollar equivalent and the Deutsche mark bonds DM100 million equivalent to about \$38 million. Thus the total US\$ equivalent of these transactions amount to approximately \$153 million.

The proposed issue of Swiss franc bonds would bear interest at the rate of 7-3/4% per annum, payable semi-annually. The bonds would be sold at par, thereby resulting in a yield to the purchaser and a total cost to the Bank of 7.75%. The bonds would mature in 8 years, on January 22, 1984. There would be three redemptions of SwF100 million each on January 22 of the years 1982, 1983 and 1984, resulting in an average life of 7 years. The BIS would be the paying agent for the Swiss franc bonds.

As for the Deutsche mark transaction, I would first like to inform you that there has been a slight change in dates since the Board papers were distributed: the proceeds would be payable on January 23, 1976, and the bonds would be dated the same date. Therefore, wherever January "21" appears in the Resolution it should be changed to January "23". The proposed issue of Deutsche mark bonds would bear interest at the rate of 8.25%. The bonds would mature in 10 years, on January 23, 1986. There would be five redemptions of DM20 million each on January 23 of the years 1982 through 1986, resulting in an average life of 8 years. The fiscal agency fees would be minimal and the overall cost to

the Bank would be 8.26% The Deutsche Bank would act as paying agent for the Deutsche mark bonds.

We greatly welcome the borrowing opportunities so made available to the Bank and recommend the approval of these transactions.

The matter you have before you this morning is a proposal for a borrowing from the Deutsche Bundesbank in the aggregate principal amount of DM250 million, or US\$96.1 million equivalent which is a refinancing of a borrowing in the same amount maturing on February 1, 1976. This proposed refinancing would be for 5 years which would mature on February 1, 1981. The interest rate would be 7.75% payable semi-annually. Thus, the total cost of this refinancing would be 7.75%. The proposed borrowing would be charged against our FY76 Borrowing Program of US\$3.8 billion equivalent. The amount borrowed to date applicable to FY76, including the proposed rollover would be US\$2,641.3 million,

The Bank has had a continuous financial relationship with the Deutsche Bundesbank since 1958. Since 1968, all refinancing of outstanding and maturing obligations have been in DM, and this is the 22nd refinancing since 1968. Currently, the Bank's outstanding borrowing in Deutsche Mark, including the proposed transaction, aggregate DM7.29 billion or US\$2.8 billion equivalent, of which DM2.4 billion or US\$920 million equivalent is outstanding with the Bundesbank.

The average interest rate on present outstanding borrowings from the Bundesbank is 8.00%, and as I indicated the proposal for a five-year issue would be at a rate of 7.75%.

January 20, 1976

DECLASSIFIED

Date: 10/26/2010

OFFICE MEMORANDUM

Mr. Robert S. McNamara

DATE: January 16, 1976

Eugene H. Rotberg

Merrill Lynch

STRICTLY CONFIDENTIAL

This refers to your memorandum of January 14. I thought it would be useful to set forth my first reactions, though I do not wish to make a firm recommendation to you at this point. I have taken the liberty of sending this note to Dave Sommers. Dave would be particularly helpful in suggesting alternative ways of accomplishing the objective which you might seek should you decide to go forward with the change.

By way of introduction I might note that some of the points involve closed questions of fact and opinion; others, with some research, can be proven or disproven; a few reflect my own personal evaluation of the way others will look upon the proposed change and these views, of course, may not necessarily be shared by others.

1. Appointing Merrill Lynch as a Managing Underwriter

(1) There will be a wider distribution of our bonds. Merrill has an emphasis on penetration of the small and medium-size institutional markets. These institutions do not now buy World Bank bonds. They are located in the Midwest, South and Far West. Further, Merrill is the only firm which has a close contact with individuals. They have over 200 branch offices and a large sales force. Our bonds are rarely sold to individuals as our managing underwriter does not have a branch office system. The other underwriters in the field find it time consuming and, therefore, unprofitable to solicit individual accounts for the relatively small gain which might accrue to them. Merrill Lynch's mass marketing concept on the other hand permits them to solicit and work with individual customers.

(2) The increased number of buyers, in absolute terms, will increase volume in the secondary market as these new buyers will sell, switch, and buy against other securities in the secondary market. They will do so through Merrill, who will facilitate such trading through their market-making role.

(3) Since Merrill will tap a new source of buyers (medium-size institutions and individuals), there is a greater probability that our bonds can be placed in any market environment, e.g., where there is little institutional interest but substantial individual interest; when the economy is slowing under conditions where the cash flow into medium-size institutions has not yet been interrupted, etc. Under our present arrangements, it would be difficult, if not impossible, to market our bonds without large institutional support in the bond markets.

(4) Merrill will make a strong secondary market because they have the capital to do so. They will commit much capital in buying World Bank bonds

from their customers, holding the bonds when necessary and, most important, swapping them against government securities - a market in which they are an acknowledged leader.

(5) The increased base of buyers will add to the Bank's political support as we will create a financial link between the World Bank and middle-America. This will enure to our benefit as the development of a broader financial base will inevitably lead to political support for the Bank and IDA. Merrill will market the Bank's name and in so doing will add to the public awareness of the role of the Bank. That knowledge will increase the overall consciousness of the American public for the need for development. Merrill is an ideal vehicle for effective conscious raising.

(6) Merrill will force the other managers to find new buyers as Merrill will call on and solicit many of the same customers. The natural process of competition for such customers will force our traditional managers to push harder and look more assiduously for new buyers.

(7) Merrill's reputation is not, in fact, sufficiently established. Therefore, they will work very hard to avoid failure. They, too, have an image problem in that they are considered by institutional investors more like Woolworth's rather than Abercrombie & Fitch. One way for Merrill to change that image is to perform well and continuously for an elegant institution.

(8) Merrill is permanent. Since they are a public company, their capital cannot be withdrawn. Thus, there is continuity in their operation. More important, there is no conflict between the managers of the firm spending a great deal of money to enhance efficiency and productivity and the owners of the firm. Efficient expenditures of time and money will enure to public shareholders; that is the job of their management. Non-publicly held companies are reluctant to spend money on "image studies," computer technology, management and marketing training for their sales force, etc., since these direct cash outlays are in fact expenditures which are made from the private capital contribution of a relatively few wealthy, elderly Wall Street entrepreneurs. That's not a good situation and leads to an inefficient husbanding of capital by privately held firms.

(9) Merrill Lynch has about 30 offices overseas which will assist in the placing of both dollar bonds and our bonds in other currencies.

(10) Finally, unless Merrill is made a managing underwriter, we will get few of the benefits described above as their capital is finite and already fully employed. Merrill will spend time, energy and money only when it feels that the client has offered or given them something in return, either in terms of direct monetary rewards or prestige which, in turn, over time, translates into such monetary rewards.

CON: Appointing Merrill Lynch as Managing Underwriter

(1) The addition of Merrill Lynch will seriously weaken all incentive and motivation for our other three managers. The change will be looked upon by them as a rejection of their performance and, in particular, their performance in the most recent issue. That would be unjustified.

(2) Our current managers have not failed.

(3) The addition of Merrill Lynch will - even if the managers were to technically "stay with us" - be solely profit-centered and that extra driving push, which is really needed to sell World Bank bonds, simply will not be there on behalf of our other managers. We will become just another client and Merrill cannot do the job alone.

(4) If any one of our current three managers were to walk out, either voluntarily or involuntarily, that firm, in order to protect its own reputation, will inevitably poor-mouth the Bank. Both of us will be losers. Our image is not such that we can afford a confrontation with investment bankers in the minds of the institutional investor. We have enough problems trying to convince institutions that we are not a social welfare agency. A rejection by an investment banker will hurt badly.

(5) The increased distribution of bonds will amount to nickels and dimes. While Merrill may come up with an additional 500 customers (see the number of trades they did and the size of those trades), the aggregate volume of "additional" business will be minimal. After all, we do have over 100 underwriters. Merrill duplicates their activities. What will Merrill cover that they aren't covering, other than the individual accounts?

(6) Individual customers are fickle. They generally buy bonds only when yields are 9 1/4% or more and otherwise rarely enter the bond market. In future years they will even be more selective, particularly if they have alternative investments in high-yielding or shorter-term instruments. They would even be bond buyers were the stock market viable for the last 3-4 years. There is no issuer in the world, other than the possible exception of the United States Government - and even that is doubtful - which has any substantial support from individual investors with respect to debt securities. The World Bank's real problem is its public image and there is not enough profit available to Merrill Lynch or anyone else to sell World Bank bonds efficiently to individuals and small institutions. The Bank is too complicated; there are many biases concerning it and the least sophisticated need the most education. Merrill will make 10 times as much profit by selling mutual funds or bond funds to these kinds of potential buyers, since solicitation in these markets will always be easier, cheaper and, therefore, more profitable to Merrill. Why not sell AT&T for the same profit, rather than having to spend hours with each small client to explain the Bank. Merrill's strengths are theoretically sound but in practice we won't get anything substantial out of it.

(7) Merrill is an aggressive hard-sell institution and, while that has some obvious advantages, they spend more time selling themselves to issuing clients than to customers. As you may observe, they showed no interest in the role of the Bank. Merrill has no "emotional commitment" to the Bank and will have none. We will become an available item of merchandise. Little else. Over time that will hurt our image more than help us.

(8) Merrill admits taking no risk. It doesn't like to hold securities in position and, therefore, is a high-turnover operation. This is shown by the fact that their major business is in telephone, utilities, and governments. Note that they commented with not inconsiderable admiration about Salomon Brothers' willingness to take positions and hold them. That is what is meant by use of capital which benefits an issuer -- not the setting up of branch offices which function as intermediaries between the investment preferences of customers.

(9) Merrill Lynch is too aggressive and cannot work with other firms. Their power causes them to be domineering. It is indispensable for the World Bank to have managing underwriters who work exceedingly close with each other.

(10) Merrill will drop the Bank implicitly (not explicitly) if there are better opportunities elsewhere. And there always are better opportunities. The reason is that Merrill has a variety of services to offer which are exceedingly profitable (selling odd lots, over-the-counter business, institutional commission business, sale of mutual funds, commodity trading, etc.), none of which are available options for our other three managers who cannot shift away from the World Bank or from any other major issuer and remain profitable.

(11) Merrill has little "class". By that is meant that Wall Street could interpret our choice of Merrill as our needing a mass marketing approach. This will be interpreted as a sign of weakness. It could well be said, and with considerable support, that since we cannot convince the large sophisticated institutions to buy our bonds, we now seek to attract the uninformed through Merrill Lynch. Merrill represents the unsophisticated and questions will be raised as to why we find it necessary to form a link with those kinds of potential buyers.

(12) Because Merrill is a public institution with public stockholders, they are under great pressures to maximize their profits. That would be to our disadvantage. If a dollar can be made on World Bank bonds, either in trading them or selling them, Merrill will do so. Why then make them a manager?

(13) If Merrill Lynch is so strong, why is it that Morgan Stanley and Salomon Brothers with one or two offices can essentially duplicate year-in and year-out (in terms of the volume of business done in the bond markets or

Mr. Robert S. McNamara

- 5 -

January 16, 1976

the number of bond issues) what takes Merrill 6,000 salesmen and 200 plus offices. Merrill essentially is getting the residual buyer which doesn't add up to much new money. They won't, in short, solve our alleged problem.

(14) In view of the fact that the World Bank has just finished the largest public issue ever done and has successfully marketed \$1.75 billion in 11 months, all on an exceedingly poor base of trading activity and an absence from the market for years, the change is not justified at this time.

cc: Mr. Cargill
Mr. Goodman
Mr. Sommers

EHRotberg:emk



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



January 16, 1976

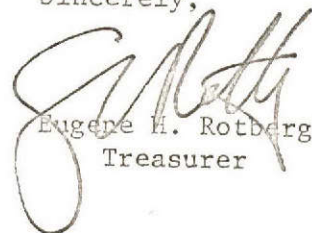
Mr. Michio Sakurai
Assistant Chief Manager
International Division
The Fuji Bank, Limited
Head Office
1-Chome, Otemachi, Chiyoda-Ku
Tokyo, Japan

Dear Mr. Sakurai:

We wish to thank you for Fuji Bank's recent information received entitled "Interest Rates in Japan."

We continue to find these Capital Market reports to be of interest and appreciate your sending them to us.

Sincerely,


Eugene H. Rotberg
Treasurer

bcc: Dr. Park (with attachments)

Chron

OUTGOING WIRE

TO: NOTENBANK
FRANKFURTMAN

DATE: JANUARY 15, 1976

CLASS OF
SERVICE: TELEX
Ext. 2228

COUNTRY: (GERMANY)

TEXT: ATTENTION: MR. BLUMENTHAL
Cable No.:

RE OUR TELEPHONE CONVERSATION OF TODAY PLEASE BE ADVISED THAT IN THE
COURSE OF A EUROPEAN VISIT MR. ROTBERG, TREASURER OF THE WORLD BANK,
PLANS TO SPEND THURSDAY, JANUARY 29, IN FRANKFURT AND WOULD LIKE TO
CALL ON THE BUNDESBANK ON THAT DAY IN ORDER TO DISCUSS THE WORLD BANK'S
FINANCIAL OPERATIONS AND IN PARTICULAR THE BANK'S BORROWING PROGRAM
STOP HE WOULD HIGHLY APPRECIATE IT IF APPROPRIATE APPOINTMENTS COULD
BE ARRANGED FOR JANUARY 29 AND IF YOU COULD THEN CONFIRM THE DETAILS
TO US STOP MANY THANKS AND BEST REGARDS TEST 523

HITTMAIR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME HANS C. HITTMAIR, Deputy Treasurer
Treasurer'sSIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
HCH:jcv

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Rotberg and Hittmair;
Dr. Knetsche

For Use By Communications Section

ORIGINAL (File Copy)

IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch _____

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 14, 1976

CLASS OF
SERVICE: TELEX
Ext. 2213

COUNTRY: (FRANCE)

TEXT:
Cable No.: FOR DELESSEPS

IT WOULD BE MOST APPRECIATED IF YOU WOULD FORTHWITH COMMUNICATE WITH
SWISS BANK CORPORATION AND SWISS CREDIT BANK AND ADVISE THEM THAT I
WOULD SUGGEST TO HOLD A SEMINAR AND/OR RECEPTION EACH YEAR IN SWITZERLAND
STOP IN THIS CONNECTION WE WOULD HOPE THAT THEIR BANKS WOULD ALTERNATE
AS HOST OR SPONSOR FOR THESE CONTINUING SEMINARS STOP I DID NOT WANT
THEM TO THINK THAT THE UNION BANK HAD ANY MONOPOLY ON THIS MATTER BUT
RATHER THEY WERE SIMPLY CHOSEN BECAUSE THEY HAD DONE OUR MOST RECENT ISSUE
STOP THUS, OVER A PERIOD OF TWO OR THREE YEARS, THE THREE BANKS, IF THEY
AGREE, WOULD ACT AS A HOST FOR FINANCIAL SEMINARS FOR EITHER ME OR OTHER
SENIOR OFFICIALS FROM WASHINGTON STOP BEST REGARDS

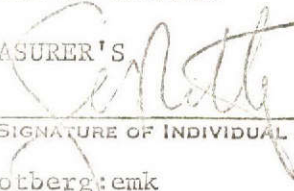
ROTBURG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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cc: Mr. Hittmair
Mr. Deely
Mr. Uhrig

For Use By Communications Section

Checked for Dispatch: _____

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION

Mr. McNamara

Bob:

At your 5 o'clock meeting this afternoon, Merrill Lynch will be represented by Donald T. Regan, Chairman of the Board; Thomas L. Chrystie, Senior Vice President; and Nicholas A. Rey, Vice President, Investment Banking Division.

As you may recall, I gave a rather extensive seminar at the offices of Merrill Lynch concerning the financial activities of the World Bank. They should be fairly familiar with our plans.

I have also attached a brief summary of their activities in our recent bond issue in the event you wish to look at it before the meeting.

Gene Rotberg 
January 14, 1976

Cham.

Robert Parks of ADVEST called and dictated some suggested questions (one or more of which he might pose to you if you agree):

- (1) The argument has been made occasionally in the press and by investment officers and economists that some of the long-term obligations of the World Bank could end up in default. Dissatisfaction with the United Nations could spill over into the World Bank, it is argued, with resignations of key member states. Economic and political problems could jeopardize repayment of development loans made to the poor nations, it is maintained. What do you think of these risks? Just what is the economic backing and the legal backing against long-term World Bank obligations?
- (2) Lack of Central Bank control and evidence of overexpansion of Eurocurrency deposits, all in the context of a possible anemic economic recovery of Europe from the ongoing recession, could pose high risks for banks, depositors and others in the Eurocurrency market, or so it is argued. What is your view of these fears?
- (3) What is the judgment on the economic outlook for the key OECD countries and for the course of inflation and interest rates? Where do the biggest risks lie?

the seminars and

Mr. Parks said that the enthusiasm of your forthcoming visit has been overwhelming.

He said the session in Boston would be from 4 to 6 and he would like to invite you to dinner afterwards. I told him it was possible you might have to go to Vermont that night - so I did not make any commitment.

He would like to have your views on the above questions.

Kessie
1/12/76

OUTGOING WIRE

TO: MR. SAAD EL-FISHAWY
C/O KUWAIT HILTON HOTEL
KUWAIT

DATE: JANUARY 12, 1976

CLASS OF SERVICE: TELEX
Ext. 2213

COUNTRY: (KUWAIT)

TEXT:
Cable No.:

FOLLOWING CABLE SENT TO BADR AL-DAOUD:

QUOTE

(ONE) THANK YOU FOR YOUR RECENT TELEX STOP WE AGREE IN PRINCIPLE TO BORROWING DEUTSCHE MARKS FROM YOU AT PREVAILING MARKET CONDITIONS STOP FOR YOUR INFORMATION WE ARE CURRENTLY NEGOTIATING DEUTSCHE MARK ISSUE WITH OUR UNDERWRITERS IN GERMANY IN THE AMOUNT OF TWO HUNDRED AND FIFTY MILLION DEUTSCHE MARK STOP BASED ON OUR CONVERSATIONS WITH THEM THIS MORNING THEY ADVISED THAT COUPON IS LIKELY TO BE EIGHT PERCENT, PAYABLE ANNUALLY STOP PRICE IS LIKELY TO BE ONE HUNDRED STOP MATURITY WILL BE FOR A FIXED TERM OF SEVEN YEARS STOP THEREFORE WE ARE PREPARED TO ENTER INTO A PRIVATE PLACEMENT WITH YOU ON THE SAME TERMS AS THIS FORTHCOMING ISSUE STOP YOUR AGREEMENT IN PRINCIPLE WITH THIS FORMAT WOULD GREATLY ASSIST US IN OUR DISCUSSIONS WITH OUR UNDERWRITERS AND GERMAN GOVERNMENT AUTHORITIES AS WE COULD EXPLAIN THAT THE TERMS BEING OFFERED TO THE GOVERNMENT OF KUWAIT WERE IDENTICAL TO THE TERMS OFFERED TO PUBLIC INVESTORS STOP

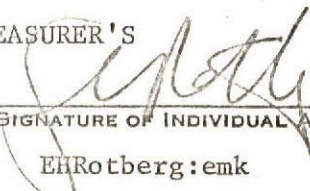
(TWO) SINCE THE ISSUE IS DENOMINATED IN DEUTSCHE MARK AND SINCE GERMAN GOVERNMENT PROCEDURES

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch: _____

OUTGOING WIRE

TO: MR. SAAD EL-FISHAWY
C/O KUWAIT HILTON HOTEL
KUWAIT

DATE: JANUARY 12, 1976

CLASS OF SERVICE: TELEX
Ext. 2213

COUNTRY: (KUWAIT)

PAGE TWO

TEXT:
Cable No.:

REQUIRE THAT A GERMAN CREDIT INSTITUTION PLAY A SIGNIFICANT ROLE IN THE TRANSACTION,
WE ARE REQUIRED TO MAKE THE PLACEMENT VIA THE DEUTSCHE BANK WHO WOULD ACT AS FISCAL
AGENT AND PAYMENT AGENT STOP HOWEVER BECAUSE OF YOUR SUBSTANTIAL ASSISTANCE AND
ROLE IN THIS TRANSACTION WE THINK IT APPROPRIATE AND CORRECT TO OFFER KIC A COMMISSION
OR FEE OF ONE-EIGHTH OF ONE PERCENT WHICH, FOR A PLACEMENT OF FOUR HUNDRED MILLION
DEUTSCHE MARK WITH THE GOVERNMENT OF KUWAIT, WOULD AMOUNT TO FIVE HUNDRED THOUSAND
DEUTSCHE MARK STOP

(T E) ALL OF THE FOREGOING OF COURSE IS SUBJECT TO APPROVAL OF GOVERNMENT AUTHORITIES IN
GERMANY AS THEIR CONSENT MUST BE GIVEN TO THE PROPOSED TRANSACTION STOP IN VIEW OF
TIME PRESSURE AND OUR NECESSITY TO CONTACT AUTHORITIES WE WOULD VERY MUCH APPRECIATE
YOUR RESPONSE AS SOON AS POSSIBLE STOP KINDEST PERSONAL REGARDS STOP

ROTBERG, TREASURER INTBAFRAD

UNQUOTE

BEST REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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cc: Mr. Goodman
Mr. Hittmair
Mr. Deely
Mr. Uhrig

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OUTGOING WIRE

TO: MR. BADR AL-DAOUD
CHAIRMAN
KUWAIT INVESTMENT COMPANY
ESTITHMAR
KUWAIT

DATE: JANUARY 12, 1976

CLASS OF SERVICE: TELEX
Ext. 2213

COUNTRY: (KUWAIT)

TEXT:
Cable No.:

(ONE) THANK YOU FOR YOUR RECENT TELEX STOP WE AGREE IN PRINCIPLE TO BORROWING
DEUTSCHE MARKS FROM YOU AT PREVAILING MARKET CONDITIONS STOP FOR YOUR
INFORMATION WE ARE CURRENTLY NEGOTIATING DEUTSCHE MARK ISSUE WITH OUR UNDERWRITERS
IN GERMANY IN THE AMOUNT OF TWO HUNDRED AND FIFTY MILLION DEUTSCHE MARK STOP
BASED ON OUR CONVERSATIONS WITH THEM THIS MORNING THEY ADVISED THAT COUPON IS
LIKELY TO BE EIGHT PERCENT, PAYABLE ANNUALLY STOP PRICE IS LIKELY TO BE
ONE HUNDRED STOP MATURITY WILL BE FOR A FIXED TERM OF SEVEN YEARS STOP
THEREFORE WE ARE PREPARED TO ENTER INTO A PRIVATE PLACEMENT WITH YOU ON THE
SAME ~~XX~~ TERMS AS THIS FORTHCOMING ISSUE STOP YOUR AGREEMENT IN PRINCIPLE
WITH THIS FORMAT WOULD GREATLY ASSIST US IN OUR DISCUSSIONS WITH OUR UNDERWRITERS
AND GERMAN GOVERNMENT AUTHORITIES AS WE COULD EXPLAIN THAT THE TERMS BEING
OFFERED TO THE GOVERNMENT OF KUWAIT WERE IDENTICAL TO THE TERMS OFFERED TO
PUBLIC INVESTORS STOP

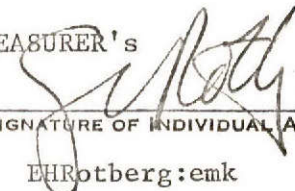
(TWO) SINCE THE ISSUE IS DENOMINATED IN DEUTSCHE MARK AND SINCE GERMAN GOVERNMENT
PROCEDURES REQUIRE THAT A GERMAN CREDIT INSTITUTION PLAY A SIGNIFICANT ROLE (cont'd)

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

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(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO: MR. BADR AL-DAOUD
CHAIRMAN
KUWAIT INVESTMENT COMPANY
ESTITHMAR
KUWAIT

DATE: JANUARY 12, 1976

CLASS OF SERVICE: TELEX
Ext. 2213

COUNTRY: (KUWAIT)

PAGE TWO

TEXT:
Cable No.:

IN THE TRANSACTION, WE ARE REQUIRED TO MAKE THE PLACEMENT VIA THE DEUTSCHE
BANK WHO WOULD ACT AS FISCAL AGENT AND PAYMENT AGENT STOP HOWEVER BECAUSE
OF YOUR SUBSTANTIAL ASSISTANCE AND ROLE IN THIS TRANSACTION WE THINK IT
APPROPRIATE AND CORRECT TO OFFER KIC A COMMISSION OR FEE OF ~~ONE-EIGHTH OF~~
ONE PERCENT WHICH, FOR A PLACEMENT OF FOUR HUNDRED MILLION DEUTSCHE MARK
WITH THE GOVERNMENT OF KUWAIT, WOULD AMOUNT TO FIVE HUNDRED THOUSAND
DEUTSCHE MARK STOP

(THREE) ALL OF THE FOREGOING OF COURSE IS SUBJECT TO APPROVAL OF GOVERNMENT
AUTHORITIES IN GERMANY AS THEIR CONSENT MUST BE GIVEN TO THE PROPOSED
TRANSACTION STOP IN VIEW OF TIME PRESSURE AND OUR NECESSITY TO CONTACT
AUTHORITIES WE WOULD VERY MUCH APPRECIATE YOUR RESPONSE AS SOON AS POSSIBLE
STOP KINDEST PERSONAL REGARDS

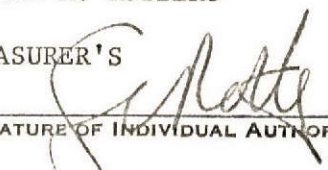
ROTBERG, TREASURER
INTBAFRAD

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NAME EUGENE H. ROTBERG

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Mr. Hittmair
Mr. Deely
Mr. Uhrig

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Checked for Dispatch: _____

OUTGOING WIRE

TO: MR. SAAD EL-FISHAWY
KUWAIT HILTON HOTEL
KUWAIT

DATE: JANUARY 9, 1976

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (STATE OF KUWAIT)

TEXT:
Cable No.:

RE YOUR INQUIRY AS TO STATUS OF PROPOSED BORROWING OPERATION:

FIRST: DECISION MADE AT HIGHEST LEVEL TO BRING BOTH CURRENCY OPERATIONS
TO THE BOARD AT THE SAME TIME RATHER THAN ON TWO DIFFERENT DATES STOP

SECOND: BOARD PAPER WILL NOT REPEAT NOT BE DISTRIBUTED TO BOARD UNTIL TAX
MATTER HAS BEEN RESOLVED IN ACCORDANCE WITH PREVIOUS DISCUSSIONS STOP

THIRD: HIGHEST OFFICIALS IN BANK HAVE REJECTED OPTION OF PREPAYMENT SINCE
THIS WOULD CREATE UNJUSTIFIED AND TROUBLESOME PRECEDENT STOP AS
YOU KNOW SUCH RIGHT HAS NOT BEEN GIVEN TO ANY OTHER HOLDER NOR DO
WE BELIEVE IS ONE NECESSARY OR JUSTIFIED IN THIS CASE STOP

PLEASE OBTAIN RESPONSE FROM AUTHORITIES AS SOON AS POSSIBLE AND COMMUNICATE
THEIR REACTION TO US SO THAT WE MIGHT DISTRIBUTE BOARD PAPER IN TIME FOR
THURSDAY MEETING STOP REGARDS AND GOOD LUCK

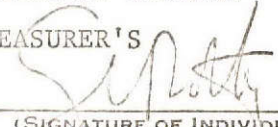
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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Mr. Broches
Mr. Hittmair
Mr. Deely

For Use By Communications Section

Checked for Dispatch: _____

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: Future Travel Plans

DATE: January 8, 1976

My travel plans are as follows:

New York	-	Wednesday, Jan. 21
Boston	-	Thursday, Jan. 22
Brattleboro, Vt.	-	Friday, Jan. 23

The meetings in New York and Boston are with institutional investors and a part of a seminar series on U.S. and international debt markets, role of multinational agencies, access to markets by developing countries, etc.

The Brattleboro lecture is at the School for International Training and fulfills a commitment which I made to the small college some months ago.

Zurich, Switzerland - Monday, Jan. 26 and
Tuesday, Jan. 27

Seminar with Swiss banks, institutional investors and other financial institutions re financial developments in the World Bank. The seminar is being sponsored by the Union Bank of Switzerland. I will be accompanied by Robert de Lesseps. At the same time I will pay a visit on the Governor of the Central Bank to discuss these matters with him privately.

Frankfurt, Germany - Feb. 4 (probably Feb. 3/4
or 4/5)

Signing of the Loan Agreement;
Seminar with journalists, institutional investors, underwriting banks, etc. - on the same subject as Swiss seminar.

In addition I would expect to visit with the Bundesbank and also call on Mr. Mueller-Enders of the Federal Ministry of Finance in Bonn. I would propose to coordinate this aspect with Janssen. The approval of our borrowing from Deutsche Girozentrale and SAMA was a bit slow in coming and both the Bundesbank and the Finance Ministry raised a number of questions about both of these operations. Janssen has also raised some questions concerning our overall borrowing requirements and our financial position on behalf of the German authorities. Accordingly, I think a visit to Bonn might be quite useful. I would propose visiting Bonn and the Bundesbank in the company of Martin Koelle, Carriere's Deputy.

EHRotberg:emk

10822 Childs Court
Silver Spring, Md. 20901

January 7, 1976

Mr. Leo Boeckl
8543 Old Dominion Drive
McLean, Virginia

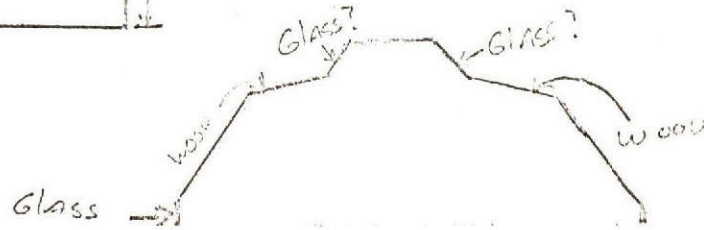
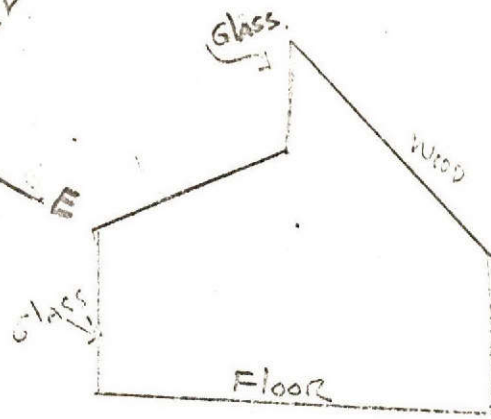
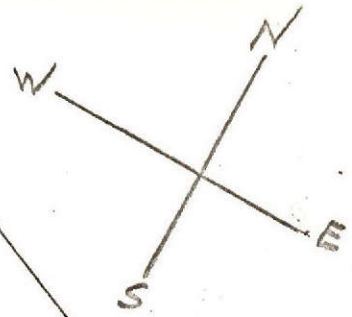
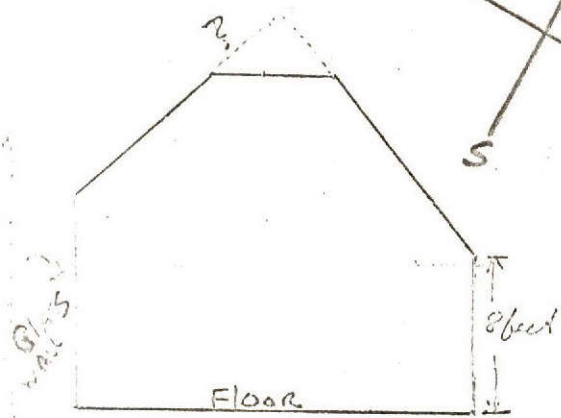
Dear Leo:

It was very good to see you yesterday. It occurred to me after I left that there was one point that I neglected to mention. The ceiling certainly need not be a triangle. Indeed, if you think that it might be more interesting to have the interior ceiling look like the designs attached (the long glass wall would be on the left), or any other shape, please use your aesthetic taste and judgement. It is quite a large room and the ceiling might need some variation.

Kindest regards,


Eugene H. Rotberg

Attachment



OUTGOING WIRE

TO: MR. BADR AL-DAUD
CHAIRMAN KUWAIT INVESTMENT COMPANY
KUWAIT

DATE: JANUARY 7, 1976
CLASS OF SERVICE: TELEX
(Ext. 2213)

FROM: (KUWAIT)

(CABLE) YOU MAY KNOW MARKET CONDITIONS HAVE CHANGED CONSIDERABLY IN U.S. CAPITAL
MARKET STOP CURRENTLY U.S. GOVERNMENT OBLIGATIONS OF SEVEN TO EIGHT YEAR
MATURITY NOW YIELDING APPROXIMATELY SEVEN AND ONE HALF PERCENT STOP RECENT
FEDERAL RESERVE BANK ISSUE OF FIVE YEAR MATURITY YIELDING SEVEN POINT NINE FIVE
PERCENT AND TEN YEAR MATURITY YIELDING APPROXIMATELY EIGHT POINT THREE PERCENT
STOP ACCORDINGLY REGRETFULLY MUST WITHDRAW OUR OFFER OF
DECEMBER 16 FOR \$150,000,000 PLACEMENT AT EIGHT POINT FIVE ZERO PERCENT
VIEW OF SUBSTANTIALLY IMPROVED MARKET CONDITIONS STOP

WE VERY MUCH LOOK FORWARD TO REOPENING THIS MATTER WITH YOU AS SOON AS POSSIBLE
STOP KINDEST REGARDS

ROTBURG, TREASURER
INTBAFRAD

NOT TO BE REPRODUCED

EDMOND H. ROTBERG

TREASURER'S

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ED Rotberg:emk

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cc: Messrs. Cargill, Goodman,
El-Fishawy, Rotberg's file
Hittmair and Deacy

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Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 18 - January - March 1976		Barcode No. 1858121		
Document Date 07 January, 1976	Document Type Letter			
Correspondents / Participants To: Associate Dean Edward A. Potts, The George Washington University From: Eugene H. Rotberg				
Subject / Title Resume Harvey I. Pitt				
Exception(s) Personal Information				
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 Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			

OUTGOING WIRE

TO: BANKUNION
ZURICH

DATE: JANUARY 5, 1976

CLASS OF SERVICE: TELEX
X--2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.: ATTENTION: MR. F. BRAUNSCHWEIG, PUBLIC RELATIONS DEPARTMENT

ONE: THANK YOU FOR YOUR TELEX STOP THIS IS TO CONFIRM PROPOSED DATE OF JANUARY 27,
1976 AND SCHEDULE YOU HAVE ARRANGED STOP YOUR COOPERATION IS MOST APPRECIATED.

TWO: BIOGRAPHICAL RESUME IS AS FOLLOWS:

NAME: EUGENE H. ROTBERG (PLEASE NOTE SPELLING).

BORN: 1930.

UNIVERSITIES: GRADUATE, TEMPLE UNIVERSITY, BACHELOR OF ARTS DEGREE 1951;
GRADUATE, UNIVERSITY OF PENNSYLVANIA SCHOOL OF LAW,
BACHELOR OF LAW DEGREE 1954; ADMISSION TO PRACTICE
OF LAW 1955.

POSITIONS HELD: (1) UNITED STATES GOVERNMENT: SECURITIES AND EXCHANGE
COMMISSION 1957 - 1968, IN WHICH HE SERVED AS
CHIEF COUNSEL, OFFICE OF POLICY RESEARCH, AND
ASSOCIATE DIRECTOR FOR TRADING AND MARKETS.

(2) 1969 TO PRESENT: TREASURER, WORLD BANK.

RECIPIENT OF UNITED STATES GOVERNMENT DISTINGUISHED SERVICE AWARD.

(cont'd)

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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OUTGOING WIRE

Checked for Dispatch:

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 5, 1976

CLASS OF
SERVICE: ~~XXX~~ TELEX
X-2213

COUNTRY: (FRANCE)

TEXT:
Cable No.: FOR MR. FRITZ STEUBER

HAVE TODAY SENT FOLLOWING CABLE TO BANKUNION ZURICH

QUOTE: ATTENTION: MR. F. BRAUNSCHWEIG, PUBLIC RELATIONS DEPARTMENT

ONE: THANK YOU FOR YOUR TELEX STOP THIS IS TO CONFIRM PROPOSED DATE OF
JANUARY 27, 1976 AND SCHEDULE YOU HAVE ARRANGED STOP YOUR COOPERATION
IS MOST APPRECIATED.

TWO: BIOGRAPHICAL RESUME IS AS FOLLOWS:

NAME: EUGENE H. ROTBERG (PLEASE NOTE SPELLING).

BORN: 1930.

UNIVERSITIES: GRADUATE, TEMPLE UNIVERSITY, BACHELOR OF ARTS DEGREE 1951;
GRADUATE, UNIVERSITY OF PENNSYLVANIA SCHOOL OF LAW,
BACHELOR OF LAW DEGREE 1954; ADMISSION TO PRACTICE
OF LAW ~~1955~~ 1955.

POSITIONS HELD: (1) UNITED STATES GOVERNMENT: SECURITIES AND
EXCHANGE COMMISSION 1957 - 1968, IN WHICH
HE SERVED AS CHIEF COUNSEL, OFFICE OF POLICY
RESEARCH, AND ASSOCIATE DIRECTOR FOR

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 5, 1976

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (FRANCE)

PAGE TWOTEXT:
Cable No.:

TRADING AND MARKETS.

(2) 1969 TO PRESENT: TREASURER, WORLD BANK.

RECIPIENT OF UNITED STATES GOVERNMENT DISTINGUISHED SERVICE AWARD.

CURRENTLY HOLDS POSITION OF ~~HE~~ PROFESSORIAL LECTURER IN LAW AT

GEORGE WASHINGTON UNIVERSITY LAW SCHOOL, WASHINGTON, D.C.

STOP

THREE: COPIES OF ANNUAL REPORT AND OTHER DOCUMENTATION WILL BE
FORWARDED FROM OUR PARIS OFFICE. MR. FRITZ STEUBER OF OUR
PARIS OFFICE WILL CALL YOU TO FACILITATE ARRANGEMENTS.KINDEST REGARDS. ROTBERG, INTBAFRAD. UNQUOTEI WILL TELEPHONE YOU TOMORROW MORNING (TUESDAY) AND DISCUSS THIS MATTER FURTHER,
INCLUDING WHAT DOCUMENTATION MIGHT BE SENT TO SWITZERLAND AND WHETHER OR NOT WE ~~SHOULD~~ SHOULD
PROPOSE SPECIFIC INVITEES PER DELESSEPS' SUGGESTION STOP PLEASE PASS COPY OF THIS TELEX
TO ROBERT DELESSEPS STOP REGARDS

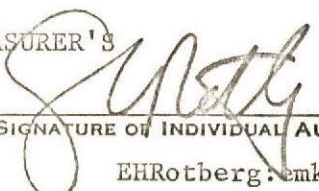
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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