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Folder Title: President Wolfensohn - Briefing Book for President's Meetings and Events - Minutes of Meetings - Senior Management Meeting - Vice Presidents Meeting and Executive Management Committee Meeting - November 8, 1996

Folder ID: 30485782

Series: Meeting and event briefing materials

Dates: 10/28/1996 - 11/08/1996

Subfonds: Records of President James D. Wolfensohn

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Minutes of Meetings
(10/28 - 11/1/96)

Senior Management Mtg
Vice Presidents Mtg
Executive Management Cttee Mtg.

President Has Seen

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R2002-036 Other #: 25 Box #: 186475B

President Wolensohn - Briefings Books for Presidents Meetings - Meeting Material
Minutes of Meetings - Senior Management Meeting - Vice Presidents Meeting and



Archive Management for the President's Office

Document Log

Reference # : Archive-01001

1/20

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Print

A. CLASSIFICATION

- ☒ Meeting Material
- ☐ Trips
- ☐ Speeches

- ☐ Annual Meetings
- ☐ Corporate Management
- ☐ Communications with Staff

- ☐ Phone Logs
- ☐ Calendar
- ☐ Press Clippings/Photos

- ☐ JDW Transcripts
- ☐ Social Events
- ☐ Other

B. SUBJECT: Brief: Minutes of Meetings (10/28 - 11/1/96) -- Senior Management Meeting, Vice President's Meeting (VPs meeting) & Executive Management Committee Meeting (EMG)

DATE: 11/08/96

C. VPU

Corporate

- ☐ CTR
- ☐ EXT
- ☐ LEG
- ☐ MPS
- ☐ OED
- ☐ SEC/Board
- ☐ TRE

Regional

- ☐ AFR
- ☐ EAP
- ☐ ECA
- ☐ LAC
- ☐ MNA
- ☐ SAS

Central

- ☐ CFS
- ☐ DEC
- ☐ ESD
- ☐ FPD
- ☐ FPR
- ☐ HRO

Affiliates

- ☐ GEF
- ☐ ICSID
- ☐ IFC
- ☐ Inspection Panel
- ☐ Kennedy Center
- ☐ MIGA

D. EXTERNAL PARTNER

- ☐ IMF
- ☐ UN
- ☐ MDB/Other IO
- ☐ NGO
- ☐ Private Sector

- ☐ Part I
- ☐ Part II
- ☐ Other

E. COMMENTS: Minutes

File Location

- ☐ EXC
- ☐ IISC
- ☒ Archives

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

DATE: October 31, 1996 04:03pm

TO: See Distribution Below

FROM: Atsuko Horiguchi, EXC (ATSUKO HORIGUCHI)

EXT.: 84256

SUBJECT: Wednesday, 30 October 1996
Executive Management Committee Meeting

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WBG ARCHIVES

Chairing: JDW

Attending: JPE, RF, GSK, Adams (for Lindbaek), Iida,
Shihata, MMB, McArthur, Conrad, Naim, (Assad,
Horiguchi)

1. Round-the-table Updates:

JDW's Breakfast w/Michel Camdessus (de-briefing from this morning's meeting): MC is eager to have coordinated effort with the Bank on corruption initiative and banking sector operations. JDW and MC discussed various country issues:

. SYRIA: MC met w/Assad, who indicated Syria's possible readiness to pay back its outstanding debt. => MENA to monitor developments.

. ASEAN: MC will attend a Fund-organized macroeconomic conference of ASEAN finance ministers and central bank governors. JDW would like to know about Bank representation. => GSK to follow up.

. RUSSIA: MC spoke w/Chernomyrdin about withholding tranche release over tax collection, which is a tough and sometimes lethal issue.

. PAKISTAN: IMF is content w/change in finance minister and dismissal of the advisor. Fund mission in field now to finalize package.

. BOSNIA: Central bank governor has been appointed, which is a prelude to ESAF. MC will go to Bosnia for the installment of the new government, though none too happy with the 3-way arrangement.

. ANGOLA: MC just visited. Terrible situation, where the leadership commitment to peace is absent.

. TURKEY: IMF team is in field now.

. ALBANIA: Situation is deteriorating rapidly; the Bank team should talk to the IMF team. => GSK to follow up (for CKW).

Uzbekistan SAL (GSK): We have been informed that Uzbekistan is off track vis-a-vis its IMF program, w/troubling macro picture: dual exchange rates, re-imposition of import controls, off track on trade regime and foreign exchange. We will not be able to send the SAL documents to the Board. JDW would like a note on Uzbekistan in case the President calls => GSK to follow up.

Mercosur (MMB): Potential article in The Economist has been suppressed.

Bosnia (MMB): Carl Bildt made his position public in this morning's Financial Times. Dick Holbrooke has complained about IFC's activities in the Serb Republic -> JDW would like to know about this issue. => IFC to follow up with note. Also, JDW: => Shihata to follow up with SS on Bosnian issue.

Haiti (MMB): Wall Street Journal article questioning effectiveness/speediness of WB assistance in post-conflict situations; propose a seminar for international journalists on WB's post-conflict activities. JDW would like an accurate statement on Haiti. => MMB to follow up.

Egypt (Shihata): Just returned from Egypt, where optimism on the economic side contrasts to pessimism on the political side due to the stalled peace process in the Middle East.

2. Enclave Guarantees: World Bank Support for Private Projects and the Role of IBRD Guarantees in IDA-Only Countries (per GSK note of 25 October 1996)

Also attending: Hiroo Fukui, Nina Shapiro

INTRODUCTION (Shapiro): Great demand exists for guarantee provision in enclave projects in IDA-only countries with credit problems and sovereign risk issues. Benefits include a considerable development impact through catalyzing resources. IFC and MIGA, whose activities this product would complement, have shown active interest. Export credit agencies and private insurance companies await our involvement. The proposed program is limited in scope and eligibility, to be looked at on a case-by-case basis. Pipeline includes 2-3 projects in Laos, Yemen, Mozambique.

PROJECT SELECTION (Shapiro): Financial and technical viability of projects would be of paramount importance. Eligibility would be based on national priority

considerations, generation of sufficient foreign exchange, a viable financing plan (minimum 20% equity participation).

COVERAGE (Shapiro): IBRD would guarantee up to 25% of total project cost, but limit coverage to government interference and certain events by force majeure influenced by government actions. Our maximum exposure would be for a period of about 1-2 years, when outstanding loan balances would be highest. Market risk will be taken offshore.

PRICING (Shapiro, JDW, Conrad, GSK, Naim): We would charge 300 bp, and could consider case-by-case pricing as well; we would keep 25 bp as income, and the rest in escrow -- against which, if no call is made by the end of the project, the balance would be rebated to the IDA country (Shapiro). The pricing structure is non-sensical -- just as in pricing of our loans ("12.5 mm income for \$5 b in loans"); we should charge decent fees which we do not rebate; cost of doing business is very high which 25 bp would not adequately cover -- the private sector would not walk away if we provide a service for which we charge an appropriate fee (JDW). The market will certainly not resist fees, which would also provide incentive for WB staff (Conrad). We might want to consider charging front-end fees (GSK). This is part of broader trend towards attaching differentiated pricing on products for which currently there is no unifying framework; suggest we get a list of products and charges (Naim). ->JDW waiting for income/profitability analysis paper, with all sources of income listed => JPE to follow up.

RISK (Shapiro): There will be residual IDA risk on our balance sheet. Portfolio limitation of up to \$300 mm. As usual, IBRD will retain subrogation rights.

PROGRAM VIABILITY (Iida): To be successful, a critical mass of business is needed. The small number of projects lined up in this program is a concern.

IDA REFLOWS (JDW, Shihata, JPE, GSK): Could IDA reflows be used towards guarantees? (JDW) Legally, IDA replenishment conditions must be agreed with donors, otherwise, it is exclusively for loans (Shihata). Since there are no IDA creditors, depending on nature of reflows, we could consider a no-cost leverage for IDA (JPE). We specifically raised the issue of using reflows for guarantees at the IDA Deputies meeting this February and did not get support; the Board resisted because it deemed the product not poverty-oriented (GSK).

LOANS vs GUARANTEES (Conrad): Guarantees are better than loans because of the large mobilization effect from the private sector.

CREDITWORTHINESS (Shihata): The Articles of Agreement says that legally, a country can get IBRD loans if it is in a position to repay them. Creditworthiness has been judged on a country basis, not by project, with the exception of enclave projects. Our record on this (enclave project loans) has been bad in more than 90% of cases. Groundbreaking in this proposal is to move from loans to guarantees for enclave projects. Why then do we call these countries IDA-only?

CLOSING (JDW): Given no objection to bring this proposal to Board, we should proceed subject to a change towards a more demanding pricing structure. Provisioning is an issue, on which we need to ensure understanding amongst ourselves and compliance with the Auditor. Payment issue merits examination.

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

DATE: 29-Oct-1996 03:52pm

TO: See Distribution Below

FROM: Geoffrey Bergen, EXC

(GEOFFREY BERGEN)

EXT.: 85225

SUBJECT: Monday, ²⁸~~29~~ October
Vice-Presidents Meeting

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WBG ARCHIVES

Chairing: Mr. Wolfensohn

Attending: Burki, Conrad, Einhorn, Frank, Fukui, Iida, Kaji, Malloch Brown, McHugh, Perlin, Picciotto, Rischard, Sandstrom, Wood; Adams for Lindaek, Fredrickson for Madavo and Sarbib, Frick for Berry, Okonjo-Iweala for Wilson, Sood for Linn, Raghavan for Muis, Shirazi for Stern, D. Ritchie for Dervis. (Assaad, Bergen, Horiguchi)

Topics Discussed (follow-up action):

1. Mexico: Mr. Burki discussed the pacto between government, business and labor unions, focusing on an increase in GDP for 1997, and giving a 17 percent wage increase. With social unrest on the rise, there was an emphasis on creation of jobs and new scholarships. The Mexico CAS should be ready by the middle of next week.

Follow-up: Mr. Burki to provide copy of the pacto to JDW.

2. Mercosur and other press leaks: JDW expressed great concern over the WSJ report on an internal Bank report critical of Mercosur, stating that there is need to review how we handle documents and get message to staff that leaks will be severely dealt with. Mr. Burki explained that the Mercosur paper had been discussed at a conference 2 months ago at which 30 people were present, including 2 from the ILO. The papers author only found out it had been leaked on receiving a call from the WSJ reporter, which he reported immediately. Mr. Malloch-Brown commented on the importance of avoiding constraint on researchers, noting that the Mercosur leak was not the authors doing and that the case needed to be differentiated from those such as an intentionally malicious leak on the Pakistan program.

Follow-up: Senior managers to take systematic look at practices with internal documents and dealing with the press. A message to staff should come from JDW.

3. Africa: Mr. Fredrickson noted that AFR had received a very useful working visit from an African Development Bank delegation.

4. East Asia: Mr. Shirazi reported that Papua New Guinea has now complied with amendments to its forestry law. Cambodia has also just passed a new forestry law.

5. Guarantees. Mr. Kaji and Mr. Fukui discussed ongoing review of the Banks guarantees, noting that there is currently follow-up underway with RVPs on sub-sectoral and other issues, including incentives and funding. This week there will be an informal discussion with the Board on guarantees in IDA-only countries.

Follow-up: Senior managers to push the guarantees issue to conclusion as soon as possible.

6. Funding and asset management. Mr. Perlin discussed 1st quarter funding experience, which was very positive. He also noted that a paper was coming to JDW in advance of a meeting on liquid asset management. JDW stated that he would like to pursue whether the Bank could avoid continued subsidy to clients by returning windfall on funding spread back to them. The alternative would be to set a guaranteed rate, and the Bank could keep money if it can fund lower. Ms. Einhorn noted that a paper on this issue is currently in circulation, and that Mr. Baird will be taking a look at this issue.

7. MIGA. Mr. Iida discussed his attendance at the Annual Meeting of the Berne Union in Kyoto, and subsequent meetings in Tokyo, including with Mr. Sasamoto, newly appointed President of Lloyds Tokyo. He also noted that a draft capital increase paper will be submitted on November 22.

8. CAS procedure. In connection with the Mexico CAS, JDW asked what procedure is for clearing CASs with government. Mr. Kaji responded that the CAS is not a negotiated document; however, the process of consultation is critical.

9. Japan. Mr. Sandstrom reported on his discussions in Japan, which reflected a strengthened relationship. The fact that CG meetings are taking place in Tokyo helps, and the private sector is now engaged. In addition, the government is happy with the Banks move to new, larger facilities. He found the new IDA deputy, Mr. Ikaba, to be superb. The Japanese are trying to put the IDA procurement issue on the agenda for February, and are now putting pressure on the U.S., not just Europeans. They are also very supportive of the Banks private sector efforts, but think they need a lift and are prepared to assist.

10. FPD. Mr. Rischard reported that the Global Knowledge Partnership (GKP) is off to a good start. He noted that there

will be an InfoDev forum next week, where JDW will speak. He also discussed meeting with the IMF on the banking sector, noting difficulty in raising cross-support money for hiring banking experts.

Follow-up. Mr. Rischarf to provide JDW with a list of GKP activities.

11. Executive Development Program. Ms. Frick reported on Ms. Berrys meetings with staff members who had been to the EDP and found it excellent. This was echoed by several VPs whose staff had been to the EDP. She also noted that the first cohort was 20 percent women, and the goal for the next group would be one-third. Mr. Perlin suggested JDW hold a meeting with the EDP group to discuss how its lessons can be translated for the Bank. Ms. Okonjo-Iweala mentioned that several staff who had attended the EDP had asked how they could assist the change process on a wider front.

Follow-up: (Horiguchi) A meeting to be set up between JDW and EDP attendees prior to beginning of next module.

12. Evaluation criteria. Mr. Picciotto discussed meeting in London with MDB evaluators, to discuss harmonization of core indicators.

Follow-up: Mr. Picciotto to provide JDW with note bringing him up to date on evaluation standards issues.

13. Foundations: Ms. Einhorn discussed current discussions over the extent to which the World Bank should be involved with Foundation-like organizations (FLOs).

Follow-up: JDW requested a short meeting on foundations to discuss this issue.

14. External Affairs. Mr. Malloch Brown reported on the meeting of the UN Administrative Coordination Committee (ACC) which he attended last week. He noted that UN agencies are not moving on reforms pending the upcoming election for Secretary General. Regarding the pull-out of UN personnel from Zaire, this was a very difficult decision for Mrs. Ogata, but they were at great risk. Mr. Malloch Brown also discussed emerging criticism in the press of the Bosnia reconstruction effort. On Networks, he reported that the cascade approach to communicating with staff has proven a success, giving very useful feedback.

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

DATE: November 1, 1996 05:30pm

TO: See Distribution Below

FROM: Hany Assaad, EXC

(HANY ASSAAD)

EXT.: 30524

SUBJECT: Thursday , 31 October 1996
Senior Management Meeting

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MAR 21 2025

WBG ARCHIVES

STRICTLY CONFIDENTIAL AND UNOFFICIAL

Chairing: R. Frank

Attending: J. Einhorn, G. Kaji, S. Sandstrom
M. Malloch Brown, S. Zhang
(H. Assaad, A. Horiguchi)

US General Accounting Office (GAO) MMB reported that GAO wants to do another study/review of the World Bank. The stimulus for this is probably a reaction to NGOs' complaints. RF stated that there is a great deal of overlap with the CSIS study.

=>Management is considering presenting to the Board the many requests from the US Government and its agencies for reviews and studies on the World Bank. This option should be discussed with the US ED before a formal presentation to the Board is decided on.

MERCOSUR MMB reported that another article was published today in the Journal of Commerce. A Brazilian writer has also written an article in a Brazilian business journal stating that the DEC study is flawed. It appears that this article may be republished next week in the Wall Street Journal. DEC wants to fight these allegations but EXT wants to forge a common World position that is approved by Senior Management.

=>MMB is preparing a note to be issued by an MD to all staff on press issues and how to deal with them.

Russia (MMB) Moscow TV has reported that \$250 million transferred by the Bank has gone missing. This report is being investigated.

Borrower Accountability JPE received GSK's memo. GSK wants to establish standards for CAOs. It was decided that GSK and Koch-Weser will meet with Jules Muis to determine what needs to be done.

Slow Progress on Controls RF stated that Mr. Autheman may take Management to task on slow progress on controls.

Location of Work SS reported on the Board discussion.
=> Management will present to the Board a progress report in the Spring.

World Bank History SS reported that meetings are taking place to start the review process.

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

DATE: October 29, 1996 06:51pm

TO: See Distribution Below

FROM: Atsuko Horiguchi, EXC (ATSUKO HORIGUCHI)

EXT.: 84256

SUBJECT: Tuesday, 29 October 1996
Senior Management Meeting

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MAR 21 2025

STRICTLY CONFIDENTIAL AND UNOFFICIAL

Chairing: JDW

WBG ARCHIVES

Attending: JPE, RF, GSK, MMB, SZ, ha, ah

Topics Discussed (Lead Discussant):

Mexico CAS: want to postpone Board date until JDW and Lindbaek can both be in town (GSK). 17 December may be earliest possible date (SZ).

UN (MMB): UN day with agency heads on 11 December in NY.
=> JDW wishes to see Boutros-Ghali while there (MMB to follow up).

Mercosur: Two additional pieces in today's Financial Times, one w/Burki interview, another by Martin Wolf (MMB). Need for pre-emptive approach, put out press statement ASAP (JDW). Not clear whether press statement necessary (MMB).
=> JDW will see Brazilian Ambassador today, after short briefing from all concerned from EXC, LAC, DEC, EXT (done).

Location of Work (SS): CODE and Personnel Committee will have joint meeting tomorrow on progress report; management will listen to EDs' concerns. One group of EDs, pushing hard for decentralization, will be disappointed. The other group, the realists, will support more pragmatic approach. Piercy to chair in Bugrov's absence; Jacoby will co-chair.

Bosnia (MMB): US Treasury is reluctantly being dragged into opposition to the Bank. We need to figure out ways to improve coordination. => Meeting to brief JDW on Bosnia to take place this afternoon (done).

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

DATE: October 29, 1996 03:48pm

TO: See Distribution Below

FROM: Hany Assaad, EXC

(HANY ASSAAD)

EXT.: 30524

SUBJECT: MONDAY, OCTOBER 28, 1996
Senior Management Meeting

CONFIDENTIAL AND UNOFFICIAL

DECLASSIFIED

MAR 21 2025

WBG ARCHIVES

Chairing: R. Frank
Attending: J. Einhorn, G. Kaji, S. Sandstrom
M. Malloch Brown, D. Conrad, S. Zhang
(H. Assaad, A. Horiguchi)

Topics Discussed: (main discussants)

Mercosur (GSK): The leak to the press of the unpublished report created an unnecessary stir in many Latin American countries.

=> Staff who were involved in the affair will be identified and necessary actions will be taken to stop such leaks in the future. Guidelines may need to be developed to separate between research work and Bank policy and official position.

Staff Comments on Dole's Tax Plan (RF): Letter of reprimand was sent to staff concerned, asking them to explain their action.

=> JDW to issue note to staff reiterating staff rules prohibiting such comments.

Mexico (RF): Board discussion of Mexico CAS was postponed at the request of Mexican ED. Agenda of Board is prerogative of Management but EDs can ask for postponement.

=> Board presentation to be rescheduled after CAS document is modified to reflect Mexican position on judicial and pension reforms.

Zaire (GSK): Situation in Zaire is bad. Bank is not involved.
=> Brief JDW on situation.

Bosnia (MMB): Opposition is building towards Bank and EC coordinating role.

=> Meeting with JDW is scheduled for October 29 to brief him and decide on Bank's position.

Administrative Coordination Committee (ACC) Meeting at U.N. in New York (MMB): MMB represented the Bank. Main item of

discussion was U.N. reform.

Corruption (SS): A draft action plan will be ready by the end of this week.

Indonesia (GSK): The Hong Kong Shanghai Bank pending court case was discussed.

=> Need to define Bank's posture on corruption and extent of Bank's involvement.

World Bank History (SS): A full set of chapter drafts are ready for review.

=> Need to establish a group to review the drafts and manage the review process within the Bank.

Japan Visit (SS): Very warm reception by Japanese. Capital increase helped; but also increase in CG meetings held in Tokyo. Several areas of cooperation were discussed. Strong Japanese interest in private sector and infrastructure development. Japan prepared to provide more support through Trust Funds for a number of initiatives; delighted with the expansion of the Tokyo Office.

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