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IDA/Pt.I/69-1

August 8, 1969

FROM: The Secretary

IDA RESOURCES

Attached is a memorandum from the President to Representatives of Part I Countries in IDA on "IDA Resources". A meeting of designated Representatives of Part I countries will be held in the Board Room on Tuesday, September 16, 1969, at 3:00 p.m.

Distribution:

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INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U. S. A.

OFFICE OF THE PRESIDENT

August 8, 1969

MEMORANDUM TO REPRESENTATIVES OF PART I COUNTRIES IN IDA

Subject: IDA Resources

Now that the second replenishment of IDA resources has become effective I should like to meet with the designated representatives of Part I countries at an early opportunity to discuss the rate of commitment of IDA funds during this fiscal year, together with the question of the geographical distribution of IDA credits. The following memorandum is intended to provide the basis for such a discussion.

Rate of Commitment of IDA Resources

Until the second replenishment became effective last month, the rate of IDA commitments continued to be strictly limited by the amount of commitment authority available. However, thanks mainly to the willingness of a number of Part I countries to make advance contributions to the lendable resources of IDA in anticipation of final action on the second replenishment by the U.S. Government, it proved possible to undertake commitments of \$385 million during the fiscal year 1969 as compared with only \$106.5 million in the fiscal year 1968. These commitments used up all of the available lending authority remaining before taking account of the second replenishment, as well as about \$250 million out of the \$1200 million of new resources to be provided by the second replenishment. In other words, as of July 1, 1969, out of the \$1200 million of the second replenishment, there remained about \$950 million available for new commitments, an amount which will be increased from time to time as supplementary resources become available from transfers of Bank profits and otherwise.

The Resolution on the second replenishment contemplates that the additional resources to be made available to IDA thereunder should be for new commitments for the period up to June 30, 1970, it being understood that any amounts not so committed by that date would be held for commitment as soon thereafter as appropriate. The Report of the Executive Directors to the Governors of IDA on this Resolution stated that the Association would aim to commit the resources available to it under the second replenishment at a reasonably even pace over the fiscal years 1968, 1969 and 1970. Last year I still had hopes of more or less

accomplishing this objective, and in memoranda which I presented to the Board in July 1968 and in September 1968^{1/} I recommended an IDA lending program which, if the effectiveness of the second replenishment had been achieved earlier in 1969, would have permitted IDA to commit the whole of the second replenishment funds in an orderly manner by June 30, 1970. However, in view of the various delays which have occurred, it is clearly not practicable to commit the remaining resources deriving from the second replenishment by June 30, 1970.

In these circumstances I propose in effect to extend by one year the period during which these resources would be committed. Taking account of the \$950 million of second replenishment funds which remained uncommitted on July 1, 1969, assuming for planning purposes that there will be transfers of Bank profits to IDA in the amount of \$100 million in September 1969 and again in September 1970, and allowing for other minor accruals to IDA's lending authority of say \$30 million derived from such sources as releases from Part II country subscriptions, cancellations on old credits, etc., it is estimated that IDA will have available for commitment during the next two fiscal years the sum of about \$1,180 million. I would propose for planning purposes to adopt half of this amount - i.e., \$590 million - as the target for IDA lending operations in each of the fiscal years 1970 and 1971.

Geographical Distribution of IDA Commitments

Attached as Annex A is a table showing the distribution by country of IDA commitments through June 30, 1969, together with other relevant data.

In his memorandum of March 15, 1968 (IDA/SecM68-19) to the representatives of the Part I countries on the subject of the IDA lending program for the fiscal year 1968, President Woods, taking into account the widely expressed view that IDA should aim at a broader country diversification in its activities, proposed that the shares of India and Pakistan in current IDA lending operations be reduced to around 40 percent and 12.5 percent respectively. In fact, because of the drastically reduced level of IDA operations resulting from the delay in the effectiveness of the second replenishment, even these limited targets were not achieved and almost all of the \$106.5 million of IDA credits approved in the fiscal year 1968 went to countries other than India and Pakistan.

^{1/} See Attachment IV to my Memorandum to the Executive Directors of July 16, 1968 on the subject of IDA Policies, and my Statement to the Executive Directors of September 3, 1968, distributed as SecM68-306.

During the fiscal year 1969, funds became available to IDA on an adequate scale to permit a more balanced and diversified lending program, and the shares of India and Pakistan in total IDA lending during the last fiscal year were 39.6 percent and 12.5 percent respectively. I would hope that again in the fiscal year 1970 the shares of these countries could approximate 40 percent and 12.5 percent respectively. I would also propose to allocate to Indonesia during the coming fiscal year an amount about equal to that for Pakistan; Indonesia has a comparable population and per capita living standard, and is - at least for the time being - wholly dependent upon IDA credits so far as assistance from the Bank Group is concerned.

A handwritten signature in cursive script, reading "Robert S. McNamara". The signature is written in dark ink and is centered on the page.

IDA COMMITMENTS
Totals in U.S.\$ Millions
Per Capita Amounts in U.S. \$

Country	Popu- ^{1/} lation (mil.)	Per Cap. GNP in (\$)	Cumulative to June 30, 1968		FY 1969		Cumulative to June 30, 1969	
			Total ^{2/}	Per Capita	Amount	Per Cap.	Total ^{2/}	Per Capita
India	498.7	90	887.4 ^{3/}	1.78	152.5 ^{3/}	0.31	1,039.9 ^{3/}	2.09
Pakistan	117.0	90	331.1 ^{4/}	2.83	48.0 ^{4/}	0.43	379.1 ^{4/}	3.24
Indonesia	107.0	100	-	-	51.0	0.48	51.0	0.48
<u>Other Asia</u>								
Afghanistan	16.0	70	3.5	0.22	5.0	0.31	8.5	0.53
Ceylon	11.5	150	2.0	0.17	4.9	0.43	6.9	0.60
China	12.8	230	13.1	1.02	-	-	13.1	1.02
Korea	29.1	150	25.0	0.86	18.3	0.63	43.3	1.49
Papua-New Guinea	2.2	140	-	-	1.5	0.68	1.5	0.68
<u>Total -</u> <u>Other Asia</u>	<u>71.6</u>		<u>43.6</u>		<u>29.7</u>		<u>73.3</u>	
<u>Middle East &</u> <u>North Africa</u>								
Jordan	2.1	220	10.0	4.76	-	-	10.0	4.76
Morocco	13.7	170	11.0	0.80	-	-	11.0	0.80
Syria	5.4	180	8.5	1.57	-	-	8.5	1.57
Tunisia	4.5	200	23.9	5.31	8.5	1.89	32.4	7.20
Turkey	31.9	280	80.5	2.52	12.0	0.38	92.5	2.90
<u>Total - MENA</u>	<u>57.6</u>		<u>133.9</u>		<u>20.5</u>		<u>154.4</u>	

1/ On basis of population figures of World Bank Atlas, 3rd Edition.

2/ Net of cancellations.

3/ India's share in total IDA commitments was 49.6 percent for the period through June 30, 1968, 39.6 percent for the fiscal year 1969, and 47.8 percent for the period through June 30, 1969.

4/ Pakistan's share in total IDA commitments was 18.5 percent for the period through June 30, 1968, 12.5 percent for the fiscal year 1969, and 17.4 percent for the period through June 30, 1969.

Country	Popu- ^{1/} lation (mil.)	Per Cap. GNP in (\$)	Cumulative to June 30, 1968		FY 1969		Cumulative to June 30, 1969	
			Total ^{2/}	Per Capita	Amount	Per Cap.	Total ^{2/}	Per Capita
<u>Other Africa</u>								
Botswana	0.6	60	3.6	6.00	-	-	3.6	6.00
Burundi	3.3	50	1.1	0.33	1.8	0.55	2.9	0.88
Cameroon	5.4	110	11.6	2.15	-	-	11.6	2.15
CAR	1.4	110	-	-	4.2	3.00	4.2	3.00
Chad	3.4	70	-	-	5.9	1.74	5.9	1.74
Congo (B)	0.9	120	-	-	0.6	0.67	0.6	0.67
Congo (K)	16.0	60	-	-	6.0	0.38	6.0	0.38
Dahomey	2.4	80	-	-	4.6	1.92	4.6	1.92
Ethiopia	23.0	60	28.4	1.23	-	-	28.4	1.23
Ghana	7.9	230	10.0	1.27	-	-	10.0	1.27
Kenya	9.6	90	39.0	4.06	3.6	0.38	42.6	4.44
Lesotho	0.9	60	4.1	4.56	-	-	4.1	4.56
Malagasy Rep.	6.2	90	10.0	1.61	4.5	0.73	14.5	2.34
Malawi	4.0	50	27.5	6.88	-	-	27.5	6.88
Mali	4.7	60	9.1	1.94	-	-	9.1	1.94
Mauritania	1.1	130	6.7	6.09	3.0	2.73	9.7	8.82
Niger	3.4	80	1.5	0.44	6.1	1.79	7.6	2.23
Nigeria	59.7	80	35.5	0.59	-	-	35.5	0.59
Senegal	3.6	210	9.0	2.50	6.0	1.67	15.0	4.17
Somalia	2.6	50	8.5	3.27	0.6	0.23	9.1	3.50
Sudan	13.9	100	21.5	1.55	-	-	21.5	1.55
Swaziland	0.4	290	2.8	7.00	-	-	2.8	7.00
Tanzania	11.8	80	26.6	2.25	14.3	1.22	40.9	3.47
Togo	1.7	100	-	-	3.7	2.18	3.7	2.18
Uganda	7.7	100	18.4	2.39	3.0	0.39	21.4	2.78
Upper Volta	5.0	50	-	-	0.8	0.16	0.8	0.16
Total - Other Africa	<u>200.6</u>		<u>274.9</u>		<u>68.7</u>		<u>343.6</u>	
<u>Western Hemisphere</u>								
Bolivia	3.7	160	17.0	4.59	7.4	2.00	24.4	6.59
Chile	8.8	510	19.0	2.16	-	-	19.0	2.16
Colombia	18.6	280	19.5	1.05	-	-	19.5	1.05
Costa Rica	1.5	400	4.6	3.07	-	-	4.6	3.07
Ecuador	5.3	190	13.1	2.47	-	-	13.1	2.47
El Salvador	3.0	270	8.0	2.67	-	-	8.0	2.67
Guyana	0.7	300	-	-	2.9	4.14	2.9	4.14
Haiti	4.5	70	0.3	0.07	-	-	0.3	0.07
Honduras	2.4	220	15.9	6.63	-	-	15.9	6.63
Nicaragua	1.7	330	3.0	1.76	-	-	3.0	1.76
Paraguay	2.1	200	17.1	8.14	4.3	2.06	21.4	10.20
Total - West. Hemis.	<u>51.6</u>		<u>117.5</u>		<u>14.6</u>		<u>132.1</u>	
GRAND TOTAL	<u>1,147.7</u>		<u>1,788.4</u>		<u>385.0</u>		<u>2,173.4</u>	

^{1/} On basis of population figures of World Bank Atlas, 3rd Edition.

^{2/} Net of cancellations.

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IDA/R69-57

FROM: The Secretary

September 23, 1969

IDA THIRD REPLENISHMENT

Attached for the information of the Executive Directors is a memorandum from the President on the "IDA Third Replenishment".

Distribution:

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



INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U. S. A.

OFFICE OF THE PRESIDENT

September 23, 1969

MEMORANDUM TO EXECUTIVE DIRECTORS

Subject: IDA Third Replenishment

1. In this memorandum I wish to report briefly to Executive Directors on our plans for the commitment of funds available to IDA under the Second Replenishment and on the timetable and procedure which I propose for negotiations leading to a Third Replenishment.

2. As Executive Directors know, it had originally been hoped that the arrangements for the Second Replenishment would come into effect in time to enable the funds provided to be committed by June 1970. Unfortunately there has been a considerable delay and the Second Replenishment finally became effective only on July 23rd 1969.

3. The delay which has occurred in bringing the arrangements into effect would have been far more harmful in its consequences but for the action of a majority of the Part I countries in making advance contributions not conditional upon the coming into effect of the Second Replenishment. Fourteen governments expressed their willingness to make such contributions and of these eleven either did not need or were able to obtain in time legislative authority to enable them to do so. Advance contributions amounted to \$245 million and these, together with other resources available to IDA including special supplementary contributions from certain governments and net income transferred from the IBRD, enabled commitments for IDA credits to be entered into in fiscal year 1969 amounting to \$385 million as compared with \$106.5 million in fiscal year 1968.

4. Thus by July 1st 1969, out of the \$1200 million available from country contributions to the Second Replenishment, there remained about \$950 million available for new commitments. To this there will be added, from time to time, supplementary resources available from transfers of Bank profits and otherwise.

5. As Executive Directors will recall, the Resolution on the Second Replenishment contemplated that the additional resources to be made available

under it to IDA should be used for new commitments in the period ending June 30th 1970. The report of the Executive Directors on this Resolution stated that the Association would aim to commit the resources available at a reasonably even pace over the fiscal years 1968, 1969 and 1970. Last year I still had hopes that this objective could be broadly met and, in memoranda which I presented to the Board in July and September 1968, I recommended an IDA lending program which was intended to enable IDA to commit the whole of the Second Replenishment funds by June 30th 1970.

6. Because of the unexpectedly long delay in bringing the Second Replenishment into effect, it has now become clear that it would not be practicable to commit the whole of the funds available to us by June 30th 1970. I therefore propose to extend by one year the period during which these resources would be committed.

7. We have thus lost a year. I believe that Executive Directors will agree that it is most important that we should lose no further time and that the Association should be provided with additional commitment authority not later than July 1st 1971. I therefore ask that it be accepted as an objective that new arrangements for a Third Replenishment should be negotiated and legislative approval obtained for them not later than June 30th 1971.

8. Taking into account the protracted period which may be required in some countries to obtain legislative approval, I propose that negotiations between Part I countries should begin as soon as possible with a view to achieving agreement among the Part I governments by June 30th 1970. In order to deal with this task I plan to ask Ministers of the Part I countries to nominate Deputies to be available to meet from time to time under IDA chairmanship.

9. To sum up, the timetable which I propose would be as follows:

- (a) during the course of the Annual Meeting I shall hope to obtain preliminary views from as many Governors as possible, particularly those of the Part I countries. This can be supplemented, if necessary, by further bilateral consultations from time to time;
- (b) negotiations should be begun between the Part I countries as soon as possible, with a view to agreeing by June 30th 1970, upon the arrangements which they would propose to the Association for the Third Replenishment. These arrangements should be considered and approved by the Executive Directors not later than July 31st 1970;

- (c) thereafter, the Part I governments should submit the arrangements to their legislatures for approval with the object of bringing them into effect not later than July 1st 1971.

10. I should like to request each of you, and particularly those Directors representing the Part I countries, to give me every support in achieving the successful completion of this program.

Robert S. McNamara