

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Contacts with member countries: Arab Bank for Economic Development in Africa -
Correspondence 01

Folder ID: 1770937

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4549S

Series: Contacts - Member Countries files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: March 14, 2013

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code],
[Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

PUBLIC DISCLOSURE AUTHORIZED

Mensama Papers

The World Bank Group
Archives



1770937

A1993-012 Other #: 1

209337B

Contacts with member countries: Arab Bank for Economic Development in Africa -

Folder 1

ARAB FUND FOR ECON. DEV.

ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

1. 10/3/74 Saeb N. Jaroudi, President
2. 9/4/75 Saeb N. Jaroudi, President
A. Raouf Bouhaouala, Director, Lending Operations
- 1/6-10/76 Saeb Jaroudi, President
(Dev.Cte.,
Kingston)
3. 10/7/76 Saeb Jaroudi, President
(Manila) A. Raouf Bouhauala, Director, Projects Department
4. 9/30/77 Saeb Jaroudi, President
5. 10/4/79 Mr. Mohammed Imady, Director General & Chairman of the Board
Annual
Meeting

1.

MEMORANDUM FOR THE RECORD

Meeting with Mr. Jaroudi (Arab Fund), October 3, 1974

Present: Messrs. Jaroudi, McNamara, Benjenk, Cargill, Shoab

In response to Mr. McNamara's question, Mr. Jaroudi said that the Arab Fund is receiving good cooperation and assistance from the Bank. He described a "new modality" for lending: Arab bonds are issued by the borrower, placed by the Arab Fund with surplus countries, resulting in a flow of funds used for procurement.

Mr. McNamara asked which institutions in the Arab world would be most important in channelling resources for development. Mr. Jaroudi felt that those would be most successful which could provide both loan and equity financing. He agreed with Mr. McNamara that the new institutions are small and that their impact would be delayed. Mr. Jaroudi added that the emphasis of the Arab Fund in LDCs would be on agriculture and infrastructure.

Mr. McNamara asked about the future of that firm (Triad) which had lent \$200 million to Sudan. Mr. Jaroudi was vague but said he had not approved of the deal when he had learned about it after the fact. Mr. McNamara said he fully agreed since the loan was not connected in any economic program and carried unfavorable terms. They agreed that the Arab Fund and the Bank should help Sudan to obtain better assistance.

Mr. Jaroudi said that at present his staff totaled 20 as planned but that capable Arabs are scarce. Mr. McNamara offered the Bank's assistance in staffing efforts and in studies connected with country work. Mr. Jaroudi said Saudi Arabia had become a member and the number now totaled 20.

Mr. McNamara suggested that, in view of Mr. Jaroudi's interest in equity investment, IFC could provide an umbrella for direct investment in productive enterprises together with OPEC countries. Mr. Jaroudi welcomed this and said that the Arab Fund can provide direct infrastructure loans in connection with such projects. Mr. McNamara asked that Mr. Cargill and IFC management follow this up.

AL
October 4, 1974

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: September 5, 1975

FROM: Martijn J. W. M. Paijmans, Director, EMENA I

SUBJECT: ARAB FUND: Meeting with Mr. McNamara, September 4, 1975

Present were: From the Arab Fund for Economic & Social Development:

Mr. Saeb Jaroudi, President

Mr. A. Raouf Bouhaouala, Director, Lending Operations

From the Bank: Messrs. McNamara, Benjenk, Wapenhans,
Kochman, El-Fishawy, Paijmans

1. Mr. Jaroudi mentioned that the pressure on his institution to finance development projects more rapidly was increasing. The Arab Development Bank, which had started operations in April 1973, had committed about KD 50 million during the first two years of its activities; during CY75 the amount had been at the same level; CY76 will be slightly higher. Mr. Jaroudi expects commitments to increase every year by 20-25%. He expressed satisfaction that, so far, about one third of the projects financed by the Fund had been achieved in cooperation with the Bank. The Fund is still small, with 35 staff; it is planned to increase this number to 100 by 1979; but there is difficulty in finding qualified personnel. Mr. Jaroudi expressed the hope that the Bank would be willing and able to provide him with continued technical assistance in the form of secondment of staff.

2. There followed a brief discussion during which Mr. McNamara indicated that the Bank's constraints for the moment were in the field of financial resources, whereas it had a significant capacity to process projects. On the other hand, the Fund was recognized to have very ample financial resources but still a limited capacity for project processing. Mr. McNamara indicated that although in principle he was willing to consider continuing technical assistance to the Fund, this might be difficult and he could not make any promises in advance because of the ongoing workloads in the Bank with respect to past and future projects. He said, however, that if Mr. Jaroudi would let the Bank know what he would need, he would make every effort. Mr. McNamara indicated he was pleased with the co-financing arrangements which had been made in the past, and with the increased flow of resources from the Arab Fund to developing countries. He told Mr. Jaroudi that the Arab Fund could have any project the Bank has on its books that would result in the transfer of funds.

September 5, 1975

3. The Arab Fund has not yet started borrowing, all of its operations are financed out of paid-in capital. Mr. Jaroudi, however, expects that a first borrowing operation will be necessary in early 1977, presumably from the Arab Fund member governments.

4. Apart from its normal operations, the Arab Fund administers two separate programs which Mr. Jaroudi mentioned:

- i) Special program with UNDP to work in particular on regional Arab issues in such fields as infrastructure, telecommunications, and, to a fairly limited extent, agriculture. An amount of \$15 million has been earmarked for this program. Mr. Jaroudi expects it to develop into a major activity in which there will be room for help from the World Bank Group. He did not elaborate on this aspect.
- ii) Sudan program. Two weeks ago Mr. Jaroudi had discussions with President Numeiri which were concluded by a joint communique. It is intended to organize a pledging meeting in January 1976 with respect to a program for an integrated development of the agricultural sector focussed on food production and agro-industries. An Inter-Arab Authority will be set up to administer this venture which, in its final stage, will cover virtually every sector of the economy in the Sudan. Mr. Jaroudi said that about 120 projects are already envisaged and that it is planned to increase agricultural acreage from the current 15 million feddans to 80 million over a period of 20 years. The approach to be used will be that of modern management techniques and mechanized farming. Mr. Jaroudi mentioned he was aware of the difficulties the World Bank has encountered in the agricultural area in the Sudan, and he said that this experience was relevant to the future operation of the Fund in that country. The total cost of the Sudan program is expected to run to over \$5.0 billion. Mr. Jaroudi proposed that after the pledging session he would send a mission to the World Bank to discuss this program in more detail. In response to some questions by Mr. McNamara, Mr. Jaroudi indicated that the Sudan would participate by financing half of the local cost of the planned development, and that the objective was to make the country self-sufficient in the food sector in a period of 20 years.

5. There was a brief mention of Egypt in which the Arab Fund spends about 20-25% of its loan funds from its general sources. Mr. Jaroudi indicated that, in his opinion, that country's main problem seemed to be its very heavy administrative machinery.

MPaijmans:gg

cc: Mr. McNamara's office, Messrs. Benjenk, Wapenhans, Kochman, El-Fishawy, Asfour, S. Please

ANNEX I

BIOGRAPHIC DATA

Dr. Saeb Jaroudi

Chairman of the Board and President of the Arab Fund since March 1972. Prior to that, he was Minister of National Economy in Lebanon.

3.

OFFICE MEMORANDUM

TO: Memorandum for the Record

FROM: Martijn J.W.M. Paijmans

SUBJECT: ARAB FUND - Mr. McNamara's Meeting with
Dr. Saeb Jaroudi, President of the
Arab Fund, October 7, 1976

DATE: October 7, 1976
(Drafted by Mr. Paijmans
in Manila; typed on
October 14, 1976)

1. Mr. A. Raouf Bouhauala, Director, Projects Department of the Arab Fund also attended. Messrs. Benjenk, Bart, El Fishawy and Paijmans attended for the Bank.
2. Messrs. McNamara and Jaroudi briefly discussed the financing of the Bank and IDA.
3. The Arab Fund now has its \$1.4 billion capital almost fully subscribed and its \$450 million first capital tranche fully paid in. The increased capital will be paid in seven annual tranches. The Fund also intends to start borrowing early next year; in December decisions will be taken on currency denominations.
4. The Fund's operations reached \$350 million last year and are expected to reach \$450 million this year. There are no defaults. Future commitments will go in advance of full financial coverage through paid-in capital, borrowing will bridge the gap. Earnings last year were about \$17.5 million. The staff counts 120 employees with 50% professionals.
5. Work on the establishment of the Authority on Agricultural Investment has been completed; pledging took place last April. The bylaws will be signed this October. The Authority has a mandate to work out projects and then to review these with other institutions. The subscribed capital of the Authority amounts to \$500 million against which it is also authorized to borrow.
6. The Arab Fund is mounting a number of surveys covering the Arab region to look into the agriculture, communications, manpower and power sectors. The manpower review should be available in December and the subject of discussions also with the World Bank.
7. Mr. Jaroudi expressed his pleasure with World Bank cooperation and said that 25-33% of his future operations would be jointly with the Bank. Mr. McNamara reacted that anything the World Bank has information-wise and project-wise would be available to the Fund.
8. Finally, there was a brief discussion on the Bank's policy on program lending. Mr. Jaroudi informed us that the Arab Monetary Fund was now well on its way and would provide short to medium-term balance of payments assistance.

cc: Mr. McNamara's Office (2)
Messrs. Benjenk, Rotberg, Burmester, El Fishawy, Humphrey

MPaijmans:gg/sap

4

OFFICE MEMORANDUM

TO: For the Record

DATE: November 2, 1977

FROM: Saad S. El Fishawy

*Saad El Fishawy*SUBJECT: Mr. McNamara's Meeting with Al-Jaroudi, President of the Arab Fund
for Economic and Social Development

The meeting took place on September 30, 1977. Also present were Benjenk, Burmester and El Fishawy.

The following main points came up during the meeting :

- (1) The annual commitment of the Fund had now reached the equivalent of \$400 million a year;
- (2) The high Authority for Agriculture in the Arab World had been established and ratified by the members of the Fund. The creation of this Authority was recommended by the Fund as one of the outcomes of the study of the agricultural potential in Sudan. The Fund had now moved to the stage of identifying and financing specific agricultural projects in Sudan. The area involved would be about 6-10 million hectares.
- (3) The Fund was now involved in a potentially important project in Egypt. This was the development of a huge reservoir of underground water in the Western desert. It could mean the resettlement of a population of ten million.
- (4) The Development Funds in the area systematically coordinate their efforts. The heads of these Funds hold a meeting once a year and the heads of the Operational Departments hold meetings twice a year.
- (5) Cooperation between the Bank and the Fund continues to be close, effective and in the best interest of the recipient countries.
- (6) The Fund's professional staff is growing. It has now reached more than 50. The level of salaries is between 30% to 50% higher than the level of salaries in the World Bank. In addition the Fund's staff gets housing allowance and car allowance.

SELF/as.

c.c. Messrs. ✓ McNamara (2)

Cargill

Benjenk

5

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: October 5, 1979
(Typed in Washington on
October 9, 1979)

FROM: A. Karaosmanoglu, EMI *AK*

SUBJECT: 1979 Annual Meetings, Belgrade: Mr. McNamara's Meeting with the Arab Fund

1. Mr. McNamara met with Mr. Mohammed Imady, Director General and Chairman of the Board of the Arab Fund for Economic and Social Development, on October 4, 1979 at 5:50 pm. Also present from the Bank were Messrs. Benjenk, El-Fishawy, Karaosmanoglu and Koch-Weser.
2. Mr. Imady expressed his very strong hope to develop the Arab Fund into an institution which has the same characteristics and functions as the World Bank. He said that there was a lending program up to 1981 which would involve amounts of \$182-200 million a year. He said that the shareholders would be reluctant to increase the capital immediately but he was hoping to identify the future trends and needs of the borrowing countries and compare them with the targets and means of the Bank and then ask the shareholders to consider increasing the capital perhaps next year or the year after. He said he hoped to get assistance from the World Bank in fostering the Arab Fund and making it the brains trust of the Arab world. He asked for help from the World Bank to prepare a Development Report for Arab countries, similar to the World Development Report, for a meeting which will take place April 14-16, 1980. He felt that by using the existing data and statistical material in the World Development Report something could be done to write such a report.
3. Mr. McNamara accepted that it was a good idea but referred to the fact that we were already overstrained and that it was hard to find people to do it in the Bank year after year. Nevertheless he suggested that Messrs. Benjenk and Karaosmanoglu look into it and see whether it would be feasible to use the model for Arab countries and to communicate with Mr. Imady later on what could be done about it.
4. Mr. Imady expressed his strong desire to participate in co-financing in World Bank activities and also suggested that they could act as liaison in the countries they cover where the Bank may have difficulties of communication. Mr. McNamara suggested to Mr. Imady to talk to Mr. Benjenk to advise what we could do to improve our relations in Syria and go back to serious business there.
5. Mr. Imady also asked for the continuation of the technical assistance to the Fund. He said that they had at this point 40 professionals but could use all the technical assistance they can get from the Bank. He said he wanted to see the Arab Fund to be a "cherished child" of the Bank. Mr. McNamara promised to do whatever we could to help them when we receive their technical assistance requirements and would look into the possibilities we may use to meet them.

cc: Mr. McNamara's Office
Messrs. Cargill
Chenery/Waide
El-Fishawy
Koch-Weser

Benjenk
Bart
Knox
Maiss
El-Rifai

AKaraosmanoglu:sap