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INDEX

- A. Itinerary
- B. Biographical Information
- C. Issues for Discussion
- D. Political Situation
- E. Economic Situation
- F. Bank Activities in Africa
- G. French Staff in the Bank
- H. French Aid Performance and Policies
- I. IFC Capital Increase
- J. The Brandt Commission
- K. North-South Dialogue French Proposal
- L. IDA VI
- M. Food and Energy *+ Pp + Country Comments*
- Mc. China
- N. LDC Data
- O. Bank Tables
- P. Memoranda of Conversation

4/13/79

VALERY GISCARD D'ESTAING
President of the French Republic

Born: 1926, in Koblenz (Germany)
Married, four children

Education: Graduate of Ecole Polytechnique (the most prestigious French school of Engineering) and Ecole Nationale d'Administration (ENA).

Career:

1951 : Graduate of ENA, appointed to junior position in the Ministry of Finance

1954 : Inspector of Finance
Deputy "chef de cabinet" of Prime Minister Edgar Faure

1954-59 : Deputy in the National Assembly

1958 : Member of the French Delegation at the U.N. General Assembly

1959-62 : Junior Minister for Finance under Prime Minister Michel Debré

1962 : Minister of Finance under Prime Minister Michel Debré

1962-68 : Minister of Finance and Economy under Prime Minister Georges Pompidou

1966-74 : Founder and chairman of the Independent Republican Party

1967-69 : Deputy in the National Assembly, becoming Chairman of the Finance, Economy and Planning Committee

1969-74 : Minister of Finance and Economy under Prime Ministers Jacques Chaban-Delmas and Pierre Messmer

1970 : Chairman of the OECD Council

March 1974: Minister of State, Minister of Finance and Economy
since May 1974: President of the French Republic.

RENE MONORY

Minister of Economy

Born: 1923, in Issoudun (France) 3
Married, 1 child.

Education: Primary and technical education

Career: Mechanic, garage owner, businessman

since 1959 : Mayor of Loudun

1968 : Elected Senator

1975 : "Rapporteur" of the Senate Committee for Finance

1976 : Minister of Industry under Prime Minister
Raymond Barre

since 1978 : Minister of Economy under Prime Minister
Raymond Barre.

Mr. Monory is a self-made man with a minimum of formal education. He started work at the age of 16 as a mechanic in his father's garage and turned it into a successful commercial concern reportedly employing about 100 people and with an annual turnover of nearly \$30 million. As a Minister he has a reputation of being a hard-headed pragmatist with common sense and much practical business experience. He is a firm believer in free enterprise. He says: "A protected society will not make any effort to adapt at home and will, therefore, not meet the challenges it has to face abroad." He is said to have easy access to President Giscard d'Estaing (with whom he shares, by the way, a passion for hunting). Mr. Monory has shown great interest in the problems of development. Thus, as a mayor of Loudun (population 5,000) he established already 20 years ago close ties ("twin city") with Ouagadougou (population 220,000) in Upper Volta.

ROBERT GALLEY
Minister of Cooperation

Born: 1921, in Paris
Married, two sons.

Education: Graduate of two schools of engineering:
Ecole Centrale des Arts et Manufactures, and
Ecole Nationale des Pétroles et des Moteurs.

Career:

1950-54: Engineer with Compagnie Chérifienne des Pétroles
in Morocco

1955-58: Director for plant construction at the French
Nuclear Energy Commission (CEA). He played a
key role in the development of the French nuclear
"force de frappe"

1966-68: Government Commissioner for the development of
computer systems, when General de Gaulle decided
to develop a French computer industry

May-July 1968: Minister of Equipment and Housing under Prime
Minister Georges Pompidou

1968: Deputy at the National Assembly

July 68-June 69: Minister for Scientific Research and for Space and
Nuclear Questions under Prime Minister Maurice
Couve de Murville

June 69-July 72: Minister of Posts and Telecommunications under
Prime Minister Jacques Chaban-Delmas

July 72-March 73: Minister of Transport under Prime Minister
Pierre Messmer

March 73-May 74: Defense Minister under Prime Minister
Pierre Messmer

May 74-August 76: Minister of Equipment under Prime Minister
Jacques Chirac

since August 76: Minister of Cooperation under Prime Minister
Raymond Barre.

JACQUES WAHL
Secretary General of the Presidency

Born: 1932, in Lille
Married, 3 children.

Education: Graduate of Institute of Political Studies, post-graduate degrees in public law, political sciences and economics; graduate of Ecole Nationale d'Administration (was the top student of his class).

Career:

| | | |
|-----------|---|--|
| 1961 | : | Inspector of Finance |
| 1965 | : | Assistant to the Financial Adviser at the French Embassy in the USA |
| 1966 | : | Attaché in the Treasury for export credit insurance and loans to foreign governments |
| 1967 | : | Secretary of the Managing Board of the Economic and Social Development Fund (FDES) |
| 1968-71 | : | Technical Adviser to the Finance Ministers Ortolí and Giscard d'Estaing |
| 1971 | : | Associate Director of the Treasury for multilateral affairs |
| 1973-1978 | : | Financial Adviser to the French Ambassador to the USA and Canada, and Executive Director of the IMF and the World Bank |
| 1978: | | Deputy Secretary General, then Secretary General of the Presidency. |

Lecturer at the Institute of Political Studies.

JEAN-YVES HABERER
Director of the Treasury

Born: 1932 in Mazagan, Morocco
Married.

Education: Law Degree
Graduate of Institute of Political Studies and
Ecole Nationale d'Administration (1957)

Career:

1959: Inspector of Finance

1965-67: Secretary of the Managing Board of the Fund for
Economic and Social Development (FDES)

1966-68: Adviser to the Finance Minister Michel Debré

1967-69: Assistant Director for Savings and Credit at
the Treasury

June 1968-July 69: "Directeur de cabinet" (chief of staff) of the
Minister of Foreign Affairs (Mr. Michel Debré)

July 1969-Dec. 69: "Directeur de cabinet" (chief of staff) of the
Defense Minister (Mr. Michel Debré)

1969: Deputy Director of the Treasury in charge of
Treasury interventions

1970: Deputy Director of the Treasury, in charge of
financial activities

1973: Deputy Director of the Treasury, in charge of
international affairs

1976: "Directeur de cabinet" (chief of staff) of the
deputy Minister of Finance (Mr. Durafour)

since 1978: Director of the Treasury

Lecturer at the Institute of Political Studies.

HENRI FROMENT-MEURICE

Director of Economic and Financial Affairs, Ministry of Foreign Affairs

Born: 1923, in Paris

Married, 4 children.

Education: Law Degree
Graduate of Institute of Political Studies and
Ecole Nationale d'Administration

Career:

- 1950-53 : Foreign service officer in Tokyo and later in Indochina
- 1954 : Deputy "Directeur de cabinet" (chief of staff)
of the Secretary of State for Foreign Affairs
(Mr. de Moustier)
- 1956 : First Secretary, French Embassy in Moscow
- 1959 : First Secretary, European Directorate,
Ministry of Foreign Affairs
- 1963 : Chargé d'Affaires in Cairo
- 1964 : First Counsellor in Cairo
- 1965 : Head of the Cultural and Scientific Exchange Services,
Ministry of Foreign Affairs
- 1968 : Minister and First Counsellor,
French Embassy in Moscow
- 1969 : Director in charge of Asian and Pacific affairs,
Ministry of Foreign Affairs
- since 1975 : Director in charge of Economic and Financial Affairs,
Ministry of Foreign Affairs

C

The European Office has indicated that issues that may be raised by President Giscard d'Estaing at lunch include:

- A. The North-South Dialogue (Including the President's Recent Proposal for Trilateral Cooperation)
- B. Financing World Energy Needs
- C. Food Production in the Third World
- D. The Brandt Commission
- E. The Future of Africa
- F. China

Issues that may be raised at the Working Meeting include:

- A. World Bank Group Activities in Africa
- B. Capital Increases for IFC and IBRD; the Sixth Replenishment of IDA
- C. The Use of French Consultants; Procurement in France
- D. French Staff in the World Bank
- E. Co-Financing
- F. The Bank's Role in Turkey, Egypt, Vietnam, Brazil, Mexico and Zaire

ISSUES FOR DISCUSSION

Bank Group Issues

(i) General Capital Increase

French support for the GCI now seems assured following the approval of an increase in France's share both to maintain her position as the fourth largest shareholder and to ensure effective voting parity with Germany and Japan. As a result of the increases already approved, France's voting power in IBRD is 4.83% ^(up from 4.4%) after a GCI of \$40 billion it will be 4.86%.

(ii) IDA6

By contrast with IDA3 and 4 when France reduced its share in the replenishments, and with IDA5 when a determined effort was made to reduce

its share, the French Treasury has indicated privately that France will maintain its share (5.38%) in the Sixth Replenishment at a level of \$12-13 billion. France probably will not announce this position openly until the

US has formulated its position. However, in general, negotiations have benefitted from a major change in the French attitude to IDA.

The main issue for France is the distribution of IDA lending.

France would welcome an assurance that the share of Francophone Africa in IDA6 will not fall, and that there will be no automatic presumption that India's share will be 40%.

(iii) A Capital Increase for IFC

France was allocated 17,898 shares in the capital increase, but so far has made no move to take up any part of the allocation. Mr. Qureshi

Handwritten notes:
 GNP IDA VI
 \$2 \$2
 US 26.1 27
 UK 5.6 10.6
 FRG 10.8 12-13
 Fr 8.8 6.38-6.00
 Jap 19.8 13-15
 IDA VI 7 1/2%
 = 4252 growth
 pa in real terms
 Same "effect"
 i.e. 0.4627 GDP
 = 1 1/2%
 * 136 = 7582
 real growth pa

Handwritten notes:
 Fr. need 172 inc. in relative IBRD sh. inc. IDA VI sh by 172 + 6.00 net
 IDA VI 5.63
 III 6.15
 *
 Fr speaking after share 7 IDA
 IV V VI

* or accept 5.38% 136 = 199m + 204m at 14 = 5.83 + 11.5 = 6.08

Nominal GDP
 81-83 vs 78-80 + 382 (Fr 392)
 with 42 pa real + infla + 72
 - 8.6 x 1382 = 126

pull along US + FRG + high replen level with benefit to Francophone Afr -
 Fr GNP 81-83 / 78-80 = 1392 x IDA I Fr 2,063 m fr = IDA VI 2,866 fr @ 4.35 = 659m
 * 659m @ 5.38 = 12.33

has had continuing discussion with senior French officials, but France apparently has not been convinced of IFC's need for all of the capital it is raising.

However, France now appears more receptive to IFC's request. Two important factors in the change in attitude have been: (a) the wish of the African Ministers of the Zone Franc that France take up its full rights to participate in the Capital Increase; and (b) French approval of the African program in the IFC Five-Year Plan.

If France fails to participate in IFC's capital increase, the French share in IFC would drop from 5.36% to 1.98%, a result that would be in distinct contrast with recent moves to maintain its share in IBRD.

(iv) French Staff in the Bank

France continues to express concern about French representation in Bank staff. At February 28, 1979 there were 155 French professionals in the Bank Group -- 6.1% of total professional staff -- thus making France *Chadwick* *Chaufforne* equal third with India among national groups. Recruitment efforts in France have been intensified but, in addition to the normal problems of foreign recruitment, efforts have been hampered by lack of effective support from the official recruitment contact in the Ministry of Foreign Affairs.

The French ED has expressed concern over what is perceived to be under-representation in the senior levels in the Bank. In fact, 16.1% of the French staff are at Level N or above, compared with an average for all Bank staff of 16.2%.

(v) Employment of French Consultants: French Procurement

France is concerned also about employment of French consultants and procurement from France. This concern does not appear justified by facts:

(was 8.82% of GNP)

- (a) French consultants have received 12.4% of the cumulative total of IBRD disbursements for consultant services; 19.1% in the case of IDA.
- (b) France holds 4.8% of the Bank's capital but has received 6.6% of the cumulative procurement of goods and services. In FY78 the French share was 7.8%.
- (c) France has contributed 6.6% of the cumulative resources provided to IDA, but has received 8.6% of cumulative procurement, and 10.6% of procurement in FY78.
- (vi) Bank Activity in Francophone Africa

As noted above, the French would appreciate an assurance that the share of Francophone Africa in IDA6 will not decline. Reasons why this assurance cannot be given categorically are provided in the supporting memorandum prepared for the IDA Deputies meeting in February. Major points made in the Memorandum are:

- (a) IBRD/IDA activity in Francophone Africa ^{more than tripled from 64-68 to 69-73 (9/69 I promised him it would triple) and} tripled from \$1.1 billion in 1969-73 to \$3.4 billion in 1974-78. French-speaking Africa received 12.3% of total IDA funds in the latter period.
- (b) The success of Bank cofinancing efforts in Francophone Africa. Excluding cofinancing with France, \$1.3 billion in additional funds were attracted in 1974-78.
- (c) The extent of cooperation between French aid agencies and the Bank in Africa. *FAC + Cassel Central*

Recent developments in Francophone Africa include:

- (d) Rwanda, Burundi: The establishment of a field mission for these countries will increase the number of field missions in Francophone Africa to six (others are: Cameroon, Mali, Senegal, Upper Volta and Zaire). Giscard d'Estaing intends to visit Rwanda in May for the meeting of Francophone African chiefs of state.
- (e) Credit to BOAD: The Bank is preparing a credit to the Banque Ouest Africaine de Developpment (BOAD), the first loan to a regional institution in West Africa.
- (f) Special Fund for Development in Africa: A further meeting of potential donors to the \$1 billion African Special Fund proposed by France is scheduled for April 18-19 in Paris.
- (g) Zaire: At the second Brussels Conference of November 1978, the Bank emphasized that two conditions would have to be fulfilled before it could convene a meeting of the Consultative Group, namely, agreement on a stabilization program with IMF, and preparation of an acceptable 3-year public investment program. The first condition seems about to be met; the Bank is assisting with the second. For a meeting of the Group to be successful, participants should be prepared to offer additional assistance. France's intentions are not known.

In addition, the Paris Club led by France is expected to convene for a discussion of Zaire's external

debt once arrangements with the IMF are finalized. Bank economists believe that the stabilization program for Zaire can be successful only if Zaire succeeds in obtaining substantial relief from debt service payments through rescheduling.

Disbursements on the Gecamines project are expected to resume shortly as Gecamines has withdrawn the cable to the Bank in which the undisbursed balance of the loan was cancelled. France has entered into barter deals with Zaire to purchase Gecamines' cobalt.

(h) Bank Lending for Energy Development

France has strongly supported an expansion of Bank activity in energy development in oil importing developing countries. However, in the lending program through FY82, Francophone African countries are scheduled to receive only two projects (Cameroon oil FY82, Chad oil FY79) for petroleum and coal development.

Other Issues

Development Assistance. France has not established a deadline for meeting the 0.7% ODA target and in 1977 the share of ODA in GNP was 0.60% -- the lowest figure this decade. More than 50% of bilateral ODA in 1977 went to Overseas Departments and Territories, and over 55% of bilateral flows is technical assistance. Several countries in Francophone Africa are pressing for budget support rather than project or technical assistance.

*France - instability of int.
Response of LDCs for sound policies
LDCs want
LDCs want
LDCs want
LDCs want "seventeen"*

D

POLITICAL SITUATION

BACKGROUND AND GOVERNMENT STRUCTURE

1) Unlike the U.S. and Germany, France is a unitary state with its capital, Paris, as its cultural, political and business center. Local government is of very limited significance. In fact each of the country's "départements" (almost 100 of them) is headed by a strong "préfet" - appointed by the President of the Republic. Power is not only centered geographically in Paris, but is also concentrated politically in the office of the Presidency which the Constitution of the Fifth Republic (of September 1968) further strengthened. In a society with a deep-rooted respect for authority, and with the tradition of a strong state, the French civil service carries enormous weight, with many top civil servants (and politicians) being graduates of the "Ivy League" Ecole Nationale d'Administration (e.g. Giscard d'Estaing, Chirac, Rocard, Wahl and several senior Treasury officials such as Treasury Director Haberer).

THE PRESIDENT

2) The President of the Republic is elected by popular vote for a term of seven years. President Giscard d'Estaing's present term will end only in 1981, and he is certain to seek (and on present estimates, likely to get) a new term. The French Constitution gives the President considerable power provided he has a majority in Parliament -- which President Giscard does. In this situation, his position (especially vis-a-vis the Parliament) is far stronger than that of the U.S. President, particularly as the French President calls most of the shots when it comes to appropriation.

3) The President of the Republic runs cabinet meetings (just as he will chair the working meeting with you). This allows him to influence or decide on major aspects of domestic and foreign policy, especially in the fields of finance and development in which President Giscard d'Estaing has particular interest and experience. He also follows, through his personal staff, the execution of the most important decisions of his government (which he appoints and dismisses). Among other rights vested in the President are the authority to submit issues to national referendum and to dissolve Parliament.

4) The exceptional powers of the Presidency give exceptional clout to the President's personal staff. His Chief of Staff is "the relay station between the President and the entire Government apparatus" -- a position now occupied by Jacques Wahl, the former Bank E.D., whom you know. He sees President Giscard frequently during the day -- in contrast Prime Minister Barre does not normally see the President more than twice a week. In addition to Mr. Wahl, a dozen senior advisers and their aides work in the Presidency.

5) On African questions, President Giscard is advised by Mr. Journiac -- an old African hand -- who appears to have direct access to the President, without having to go through Mr. Wahl. On North-South questions, a young Martiniquais, Mr. Jean Baptiste (for almost seven years advisor to President Senghor of Senegal) has just been appointed Presidential Adviser.

THE PRESIDENT'S PRIORITIES

6) With his victory at the polls a year ago, President Giscard d'Estaing has gained strength and breathing space to attack more vigorously the difficulties that arise from a high degree of political centralization, the inertia of a partly obsolete industrial structure and the privileged position of a small, highly educated elite. Taking a long-term view, the President's aim is "to prepare the country for the third millenium".

France as an "independent" power

7) When he came into power in 1974, President Giscard d'Estaing had the reputation as a specialist in foreign affairs, more western oriented than his two predecessors. Most observers expected that he would introduce major changes in foreign policy and, sooner or later, re-join the NATO military alliance. Such about-turns have not in fact occurred. Despite a softer diplomatic style, most of France's "Gaullist" policy of "independence" within the western alliance remains intact.

8) Thus France continues with its own force de frappe (nuclear strike force) and President Giscard's personal diplomacy is felt on the world stage on such issues as détente, the development of economic

links with the eastern bloc^{1/} and with China, and the stabilisation of conflicts which endanger regional equilibrium. Hence in recent times French forces have seen action in Mauritania, Zaire and Chad to help shore up friendly "legitimate" governments (e.g. Zaire) or to force a dialogue between warring factions (e.g. Chad, Mauritania). French foreign policy is also strongly conditioned by the need to secure not only raw material supplies, but also energy sources, particularly oil, which is entirely imported.

France as an economic power

9) On the economic side, President Giscard d'Estaing supports a "new liberal economic policy", an attempt to move France towards a less state-regulated and more flexible capitalistic system, similar to that prevailing in West Germany. In fact, he rarely makes a speech on economic matters in which the success of the German economy is not cited as an example for French industry.

10) In this connection the President likes to underline that France already is the world's fifth industrial power (behind the U.S.A., the Soviet Union, West Germany and Japan) and has the third highest standard of living among the large powers (behind the U.S.A. and Germany). His hope is that in the next decade France will join West Germany in "the leading platoon of the world's most powerful and prosperous nations".

11) In foreign policy, President Giscard's major areas of emphasis are Germany, Europe and Africa.

France and Germany

12) West Germany and France are each other's biggest customer. 20% of France's trade is with the Federal Republic of Germany, as against 5 to 7% with the U.S. Despite lingering memories of the war, Germany has become the most popular country in France. In this connection L'Express, France's largest weekly, has just run a 30 page supplement on Germany, and the prestigious daily, Le Monde, has run five long articles under the heading "Twenty years of success in Germany". Giscard and Schmidt are considered friends who have a tête à tête at least twice a year. The 33rd Franco-German summit since 1963 took place in Paris at the end of February 1979.

1/ In the week following your visit to Paris, President Giscard d'Estaing is planning to go to Moscow where he is expected to propose an EEC-COMECON Summit and seek to get the USSR involved in the renewal of the North-South dialogue.

gord

France and the EEC

13) Based on the Franco-German "axis", new European initiatives such as the European Monetary System have become possible. "You cannot have a (European) confederation dominated by one power," President Giscard argues: "It would explode". While France strongly supports the European Economic Community, it does not contemplate any transfer of political sovereignty to it (hence the use of the word "confederation" rather than "federation"). France has a tradition of seconding its front-rank officials to the EEC (Barre, Ortoli, Deniau, Cheysson) and EEC cooperation with France has been particularly close, if rarely easy. The European Community represents the chief market for French goods. Exactly half of France's international trade, imports and exports alike, is with its eight EEC partners.

France and the U.S.A.

14) Like Chancellor Schmidt, President Giscard is disturbed by what appears, to Europeans, as a lack of U.S. leadership in defending global western interests, and by inadequate management of the American economy. Giscard's disappointment is said to be particularly sharp since he has been more ready to cooperate with the United States than his predecessors (de Gaulle and Pompidou). In this situation, Europe (which in this perspective is largely France and Germany) has to look after its own interest. Hence the EMS is necessary to stabilize Common Market currencies against the vagaries of the dollar. Moreover, in Africa, Europe has to move in to fill a power vacuum and to block the Russian advance.

France and Africa

15) President Giscard feels strongly that "there exists a mutuality of destiny between Europe and Africa". From the colonial days through war-time "Free France" to President Giscard's frequent hunting trips to Gabon (where he spent last Christmas) and the Central African Empire, there are the elements of "a cosy love affair" as some observers call it. However, more recently, France's almost exclusive focus on francophone Africa has broadened to include some English speaking African countries. Thus, after becoming President, Daniel arap Moi of Kenya visited Paris on his first overseas tour and last month the President of Liberia paid a state visit to France.

16) Beyond cultural and historic ties, France's special relationship with Africa is solidly founded in economic and mercantile interests. 27.5% of French exports outside the EEC go to Africa, and some 45 to 50 percent of the total imports of francophone African countries come from France. Through Central Banks jointly managed by France and francophone African States the convertibility of their local currencies into French francs has been maintained. These arrangements facilitate a reverse flow of resources to France which may well exceed the total of French bilateral aid and private investments in those countries. French business interests are said to control more than half of the (modern) economic sectors of Cameroon, Gabon, Ivory Coast and Senegal respectively. In addition, the African continent is the major long-term supplier to France of gas, uranium, phosphate, iron, ore, timber and coffee.

17) In line with its policy, France has provided substantial technical, economic and military aid to Africa. Several years ago President Giscard launched the idea of a special \$ 1 billion aid program for Africa^{1/} but the idea has not yet found the approval of the other putative donors (U.S.A., Germany, UK, Belgium and possibly Canada) and another meeting is scheduled for April 18 and 19, 1979 in Paris. Two months ago, President Giscard suggested a summit meeting of African, Arab and European heads of state to promote tri-lateral cooperation. President Giscard, who has so far only received lukewarm support for this idea from EEC governments, will present his proposal to OAU President Nimeiry in May and to African heads of state at the Franco-African summit in Kigali.

1/ The French proposal, previously discussed between President Giscard and President Carter, foresees a \$1 billion development program for sub-Saharan Africa (excluding the Horn of Africa) to which the five countries (The Group of Five) would contribute over 5 years the following total amounts: US: \$400 million, France and Germany \$200 million each, UK \$150 million and Belgium \$50 million.

The Program would help finance (in selected French- and English speaking countries) "highly visible" projects such as infrastructure for opening up Africa, drought proofing and solar energy powered irrigation. Projects in the poorest and land-locked countries and regional projects would receive special attention.

FRANCE

1. Protectionism

While there has never been a fully-fledged public debate on the implications of protectionism for the French economy, recently the issue has been in the news:

- (a) At the mid-month special session of Parliament to discuss the employment situation in France (a debate on which the Gaullists and the Left had insisted) the Communists expectedly called for protective measures. However, Socialist leader François Mitterand said he wanted France to be "well equipped to face up to international competition within the EEC and the world". Several speakers emphasized the need to restructure the French economy accordingly. Prime Minister Raymond Barre replied that France was "condemned to accept international competition and must gain from it by improving its competitive position".
- (b) On another occasion Foreign Trade Minister Jean-François Deniau in an interview with Le Monde pleaded for "protecting - within the framework of the EEC - the existing social benefits of workers". When asked whether this would not be incompatible with opening the EEC to world trade he replied: "It is not in our interest to close our borders because this would reduce our purchasing power (by an estimated 20 percent). However, it is indispensable to provide protection for the social progress which we want to maintain. One has to take into account the force de frappe nature of the industries of certain developing countries which have underpaid manpower and very modern equipment. The success of the multifiber agreement shows that one can make progress in reconciling these interests."
- (c) Jean Lemperière, a senior trade official, has prepared a first draft of a study on "The developing countries as suppliers of manufactured goods to industrialized countries - a trend towards controlled liberalization" (a copy is being sent to Mr. Karaosmanoglu, VPD). The thrust of his thesis was the title of an article in Le Monde of March 21, "French protectionism against the Third World could be counterproductive", which will be featured in IPA's Press Report. Mr. Lemperière states that unlike the UK (and especially Germany), France has not (so far) even begun to adapt its industrial structure to the realities of LDC production. Hence, for lack of

trade concessions to the Third World and of a speedy adaptation process, France is running the double risk of losing LDC markets to better prepared competitors (especially from Germany) and developed countries' markets to LDC producers of consumer goods (of which France has been a major exporter).

2. North-South dialogue - Proposed tripartite conference

Replying to a question on his proposed Europe-Africa-Arab conference, President Giscard d'Estaing confirmed that the subject had been discussed by the European Council heads of EEC governments meeting in Paris on March 12. The reactions were positive, said the President, who in turn informed his colleagues of the steps he planned to take, notably an approach to the President of the OAU (Mr. Niemeiri of Sudan) and to Arab League leaders, to determine how to organize such a conference in a climate of confidence. Mr. Giscard d'Estaing will report on this to the next European Council in June.

3. France and anglophone Africa

While there have traditionally been very close ties between France and francophone Africa, President Giscard d'Estaing's repeated insistence on the "mutuality of destiny between Europe and Africa" suggests to some observers that this relationship is now being seen in a broader context. Thus, the President's proposal for a \$1 bn Special Development Program for Africa is specifically described as helping both French and English-speaking African countries (it will be discussed again on April 18 and 19 in Paris). Moreover, Daniel Arap Moi of Kenya recently visited Paris on his first overseas tour after becoming President, and earlier this month the President of Liberia (and future Chairman of the OAU) paid a state visit to France. The President of Liberia was apparently told in Paris that France would help finance the next OAU summit in Monrovia.

4. Settlement of Franco-Guinean dispute

Mr. Jean-Jacques de Bresson, a high-ranking official from the State Council (Conseil d'Etat), has just been appointed Chairman of a Committee which will finally settle the financial dispute between France and Guinea. This settlement was scheduled in an agreement between the two countries, signed in January 1977, and provides for the disbursement of FF 180 mn (about \$42 mn) by the French Government to offset its debt, while Guinea would pay FF 95 mn (\$22 mn) to compensate for French assets which have been nationalized or seized.

THE GOVERNMENT

18) The Prime Minister and his ministers, all appointed by the President, execute government policies. They also carry the brunt of all public attacks on these policies. Prime Minister Barre has been running government business since September 1976 on an anti-inflation and industrial modernization platform (the "German" model). Reportedly, he is not greatly interested in development aid issues; significantly enough, he has not been invited to the working meeting with you. When he was first appointed in September 1976 following the resignation of Gaullist RPR^{1/} leader Jacques Chirac over a policy dispute with President Giscard, Mr. Barre said that his policies would need three years to have an impact on the French economy. Somewhat draconian in their short term effects (unemployment, price increases), they have eroded popular support for the government, as reflected in the results of last month's local elections.^{2/} Mr. Barre may not last as Prime Minister into 1980.

1/ Rally for the Republic

2/ A post-war record of 70% of eligible voters turned out in the local elections. The Socialist party, with an indicated 29% of the vote, emerged as the largest single group. The Communists, whose share of the poll was around 22% made gains in the steel-manufacturing areas of Northern and Eastern France, where thousands of workers are faced with redundancy under government plans to streamline the industry. After the second round of balloting the distribution of seats was as follows:

| | <u>% of seats</u> |
|--------------|-------------------|
| Socialists | 34% |
| Communists | 12% |
| UDF | 23% |
| RPR | 11% |
| center left | 4% |
| center right | 15% |

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PARLIAMENT

19) The French Parliament consists of deputies in the National Assembly (directly elected to five-year terms) and senators chosen by an electoral college for nine-year terms, with one-third being renewed every three years. The last parliamentary elections were held in March 1978 and resulted in the following distribution of seats in the National Assembly:

| | | | |
|------------|-------------------|---|-----|
| RPR) | government | = | 150 |
| UDF) | coalition parties | = | 139 |
| Socialists | | = | 115 |
| Communists | | = | 86 |

20) Elections in March 1978 gave the government coalition an 88 seat advantage in the National Assembly, a margin nobody had expected. The National Assembly can oust the government (but not the President) at any time if an absolute majority of its total membership votes a censure motion. Parliament approves laws and the National Assembly has the last word in the event of a disagreement between the two houses.

21) The independent authority of the French Parliament is limited, given its present composition and the resulting strong position of the President. However, its debates are closely watched because they often reflect popular feelings and trends.

THE PARTIES

22) Unlike the days when General de Gaulle was President of the Republic and his own party, the Gaullists, had an absolute majority in Parliament, President Giscard depends on a coalition of the UDF (Union for Democracy in France, an umbrella grouping of centrist parties supporting the President which holds 28% of all seats in the National Assembly) and the RPR (Rally for the Republic), the successor organization of the Gaullist Party under the leadership of former Prime Minister Jacques Chirac (the present mayor of Paris), who himself has presidential ambitions.

23) The Communists and the Socialists, "on again, off again" allies whose common program for the March 1978 elections lacked any credibility (thus contributing to their sound defeat), are the opposition parties. Both suffer from internal dissensions. While the Communists are gradually overcoming internal rivalries, the Socialists are showing signs of a permanent split between "radicals" (who demand a clean break with capitalism and bourgeois society) and the more moderate (West German or Swedish-style) "social democrats" under Michél Rocard. The Socialists' present party leader, François Mitterand has had two unsuccessful tries for the presidency and has also led the "Union of the Left" to defeat twice in parliamentary elections and Rocard will be a contender for the position of the Socialists' presidential candidate for 1981.

24) One of President Giscard's ambitions has always been "an opening to the left" and it is possible that a defeated Socialist party or part of it, under Rocard, would join in the new government coalition following the 1981 presidential election. This would be a favorable development for the President since at present he is constantly harassed by one of his coalition partners, Jacques Chirac's "nationalist" RPR. The RPR share the Communists' anti-EEC, anti-U.S. and anti-German views and they have recently joined with the Communists to prevail on the government to call an unusual emergency session of Parliament to debate the unemployment issue.

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AID VIEWS OF PARTIES

25) The views on aid of the four major parties differ in many respects:

RPR

26) The nationalistic stance of the Gaullists (RPR) is reflected in their views on development aid, which they say should be entirely directed at maintaining French presence and influence throughout the world, and more particularly in former colonies. Capital aid is seen as less important than the number of French personnel (notably teachers) who underpin France's aid program and carry French language and culture overseas. Aid is also considered to be a way to guarantee access to sources of raw materials. Thus, Mr. Chirac called for a radical re-appraisal of relations between Europe and Africa in an article in Le Monde a few months ago. He said the basis for improved cooperation between Europe and Africa should be "economic and financial solidarity". "We must create conditions which will allow private European capital to invest massively in Africa. We need long-term agreements to guarantee the price and supply of raw materials and to give priority to agricultural self-sufficiency in Africa. In France our economic cooperation effort had declined badly." Mr. Chirac added "We must take action without delay: we must double the Economic Cooperation Ministry's budget to bring it back to the level we achieved in General de Gaulle's time".

27) During last November's aid debate in the French Assembly, Xavier Deniau, a well-known Gaullist politician (former Under Secretary in charge of overseas territories and a French language purist) turned out to be the most outright critic of multilateral and World Bank aid. After pointing out (wrongly) that "a national expert is half as expensive as an international expert", he questioned the growing size of the French contributions to the World Bank "which absolutely refuses to use the French language" in its work and which is "generally considered as a simple and direct emanation of the U.S.". No doubt Mr. Deniau was playing to the gallery in making these remarks, but nevertheless, they are indicative of the strong nationalist streak in the RPR's aid policies.

UDF

28) The UDF (President Giscard's party) is generally in favor of external aid and of multilateral institutions. Aid is also seen as an important instrument to boost French exports. The last party platform of the major faction of the UDF stated that "the amount of French external assistance should reach 0.7% of GNP, without taking into account expenditures in overseas departments and territories".

29) More recently, the UDF adopted a 45-page report on proposals for EEC trade policies prepared by Foreign Trade Minister Jean-François Deniau who was Mr. Cheysson's predecessor at the EEC Commission (not to be confused with his gaullist brother, Xavier Deniau, above). One page of this report is devoted to relations with the Third World. Comparing Europe's attitude to developing countries to that of the American attitude to Europe at the end of World War II, Mr. Deniau proposed that Europe launch a "Marshall Plan" for the Third World. "For the coming ten years, Europe should put at the disposal of developing countries, notably in Africa, an amount of FF 500 billion (about US\$120 billion) that the recipients would spend in Europe for infrastructure and industrial equipment."

The Left

30) The Socialist and the Communist parties stated their position on aid in their "Common Program", their electoral platform for the 1978 general elections. The main features are:

- continuation of bilateral aid, but a revision of the existing "cooperation agreements" between France and her former colonies to give greater benefits to the latter;
- international governmental action to arrive at a New International Economic Order and stabilization of commodity prices (through a common fund);
- an increase in official aid flows to reach the 0.7% target;
- increased contribution to the European Development Fund and to the UNDP.

31) A paragraph in the text is directly aimed at the IMF and at the Bank which says: "France will act for the democratization of international financial institutions or bodies in order to ensure a better representation of member states and to guarantee their rights."

F

ECONOMIC SITUATION

1. French economic performance and prospects for 1979-80 are mixed. Government policies have succeeded in turning around the foreign accounts balance to a major surplus, thereby strengthening the franc. However, since 1974, real output growth has been less than 3% p.a., unemployment is 6-1/2% of the labor force and rising, and inflation remains above 9% p.a. Prime Minister Barre insists that priority be given to making industry internationally competitive, increasing exports and lowering inflationary pressures; unemployment is seen as very bad, but as a necessary if temporary evil in the restructuring of French industry. However, in recent months attacks on government policies have escalated rapidly, even from the Gaullist members of its National Assembly majority.

Overview of the Past

2. French post-war economic policies can be divided into three periods: pre-1958, 1958-1975, and post 1975. Up to 1958 the socialist governments gave strong emphasis to autarchy and heavy State intervention. Industry developed behind high protective walls dominated by small and medium size firms which feared foreign competition. Distrustful of the efficiency and equity of market mechanisms, the State influenced resource allocation through intricate planning of investment and production on an industry-by-industry basis. Business firms negotiated specific targets with the government, in exchange for protection and subsidies.

3. With France's participation in the EEC since 1958, economic policies had to change dramatically. As intra-EEC tariff protection was phased out and much lower external EEC tariffs came into force, French industry had to turn towards outside markets, and intricate sectoral planning relaxed. The economy boomed in 1958-73 with 5.5% long-term average annual real growth, the fastest in the EEC.

The Barre Government

4. The French economy was hit hard by the 1974 rise in petroleum prices: the growth in output declined, and inflation and the balance of payments deficits increased sharply. After two years of stop-go policies focused only on demand management, in August 1976 President

Giscard d'Estaing appointed Professor Raymond Barre as Prime Minister, and charged him with the task of putting France's basic economics in order.

5. Prime Minister Barre has introduced the third phase in France's post-war economic policy. His diagnosis is that France's only chance of long-term success is for industry to be restructured towards sectors where it has a technological edge and can compete internationally. The burden of petroleum and other imported raw materials means that to grow France has to be a dynamic exporter. In the Barre view too much of the French private sector lived on State subsidies, while initiative was stifled by heavy state controls and by the weak competitive spirit that prevailed in business circles. Controls that distorted relative prices and reduced competition had been particularly damaging in this respect. Back in 1976, Barre stated that the price of putting the economy back on rails would be somewhat slower growth and higher unemployment over a period of three years.

6. Barre's government has made bold policy changes. Price controls - some imposed by Colbert three centuries ago - are being gradually dismantled. The intent is to remove what remained of the rigid planning system and bureaucratic controls on business. The practice of indiscriminate government support and subsidy of industry has been abandoned.

7. Closing the trade gap and consolidating the franc on the exchange markets undoubtedly rank as Mr. Barre's most solid achievements. In these efforts he has been helped by the depressed business climate which has held down import volume, the weakness of the dollar (in which almost a third of French imports, including oil, are invoiced) and virtually stable prices of raw material imports. As a result, France's trade balance improved from a deficit of \$4 billion in 1976 to an almost \$2 billion surplus in 1978. Flight capital is returning, foreigners are again investing in French equities and foreign reserves continue to rise. There is little doubt that the Government has succeeded in restoring international confidence in the French economy and in the French franc.

8. On other issues Barre's programs have not yet shown much positive result. Demand-generated inflationary pressures have receded but the sharp short term adjustments after lifting price controls have resulted in price inflation of over 9%. Output growth has remained at about 3%. The buoyant expansion of exports and of public investment have been offset by depressed consumption and private investment.

9. However, it is on the employment side that government has had most problems. By early 1979, unemployment had reached a post-war record of 6.25% of the labor force. It is still rising. Between 1973 and 1978 total employment dropped by some 120,000 whereas the labor force increased by 550,000 despite a marked curbing in immigration. The unemployment problem is a direct short term result of the industrial restructuring policy. Major companies -- such as the Boussac textile empire -- collapsed after the government refused additional subsidies, and additional jobs will be lost in the re-organization of the textile, shipbuilding, and steel sectors. The gloomy employment situation has already resulted in labor unrest and in increasingly vociferous attacks on the government by opposition leaders.

Outlook

10. OECD forecasts for 1979 predict that economic activity cannot expand much faster than the 3 percent realised in previous years. The February 1979 review of the economy by the French Employers' Association (CNPFF) reports that industrialists expect output to continue growing at a "moderate but steady" rate, although the recovery is still considered "fragile". While the inflow of foreign orders is improving, sales of industrial products are levelling out, and the volume of investment does not appear to be increasing. In addition, the demand for credit is reported to be very weak. With a two digit inflation rate, high unemployment and only moderate growth the French economy will continue to be faced with difficult problems requiring very prudent choices.

F

MEMORANDUM ON THE WORLD BANK GROUP ACTIVITIES IN FRANCOPHONE AFRICA

Introduction

1. The World Bank and the French Government are pursuing the same economic and social development objectives in francophone Africa and cooperate closely to achieve these objectives. This note outlines the main features of such cooperation which may be summarized as follows:

in 9/69 memo stated to Pres FR Sp lending + French speaking 69-73 would be three times level

| | | |
|-------|------|------|
| 64-68 | 253 | 4.52 |
| 69-73 | 1080 | 8.4 |
| 74-78 | 3448 | 10.6 |
| 79-83 | 5943 | 10.0 |

- a) A threefold increase in the World Bank and IDA operations in francophone African countries (\$1.1 billion during the period 1969-73; \$3.4 billion from 1974 to 1978).
- b) The special efforts made by the World Bank to "multiply" its financial assistance to francophone Africa by attracting a substantial volume of co-financing (\$1.3 billion during the period 1974-78 ^{1/}).
- c) Cooperation in matters of expertise and knowledge between French aid agencies and the World Bank in the three key areas of general economic policy, sector policies and financing of specific projects.

2. Furthermore, it should be noted that under its technical assistance, the World Bank has used to a large extent the services of French consultants and that its loans have often been made to finance the importation of French equipment or products, or to finance contracts with French firms. The involvement of the World Bank and IDA in French speaking Africa has had therefore a highly beneficial impact on the programs sponsored by France in Africa.

Rapid Growth of World Bank Loans and IDA Credits to French-speaking Africa

3. For the past decade, the World Bank's operations in francophone Africa have increased at a dramatic rate - more rapidly than in any other part of the World. Whereas the total volume of Bank loans and IDA credits was \$250 million during the period 1964-68, it increased to \$1.1 billion in 1969-73 and exceeded \$3.4 billion in 1974-78. The level of loans and credits to French-speaking Africa has therefore more than trebled every five years.

4. The fact that this increase is much higher than that recorded in all the other parts of the world is reflected by the high increase in francophone Africa's share of total Bank/IDA operations. While francophone Africa only received 4.5% of the total amount of Bank loans and IDA credits in 1964-68, this percentage reached 8.4% in 1969-73 and 10.7% in 1974-78. IDA has played a significant role in this progress and the share of IDA's resources granted to French-speaking countries increased from less than 6% in 1964-68 to 11.1% in 1969-73 and reached 12.6% in 1974-78. This has enabled the World Bank Group to provide French-speaking African countries with an appropriate mix of Bank loans and IDA credits on concessional terms. This softening of financing terms has been especially pronounced in the case of countries in francophone Africa which, in 1974-78, received more than 97% of IDA credits to French-speaking Africa as a whole, i.e. 12.3% of the total amount of IDA funds during this period (9.2% excluding Burundi, Rwanda and Zaire).

1/ Excluding some \$200 million of co-financing with France (FAC & Caisse Centrale).

5. This increase in the World Bank Group operations caused the volume of loans and credits to francophone Africa to reach an exceptional level in relation to the volume received by other areas of the world. While the total amount of IDA credits granted to the poorest countries of the Asian continent during FY77-78 represented an allocation of \$1.5 per capita in the case of India, \$1.7 for Pakistan, \$2 for Bangladesh and \$2.4 in the case of Sri Lanka, the funds allocated to the French-speaking countries of Black Africa amounted to about \$4.5 per capita ^{1/}. This apparent disproportion reflects in part the willingness to favor the smaller countries that are much more dependent on external trade and international assistance and whose economies are particularly vulnerable to fluctuations in world markets and prices. Nevertheless, this high level of per capita allocation of resources to French-speaking countries also reflects the consistent efforts made for more than 10 years to better understand their problems, assist them in preparing projects, increase their absorptive capacity and, through very substantial contributions, to meet their financing needs identified with the assistance of the World Bank Group.

6. It is hardly possible to indicate exactly what will be the volume and the relative share of IDA funds that will be granted to francophone Africa in the next few years. This will depend on the volume of global resources made available to IDA, on the relative increase in the absorptive capacity of French-speaking African countries and on their general economic performance. In fact, following the extraordinary rapid increase of our financing in these countries, the implementation of projects may run into problems which might influence the expected rate of growth of our future operations. Finally, the share of IDA funds earmarked for Africa will certainly be affected by IDA's involvement in some larger countries in Asia, such as Indonesia and Vietnam. Vietnam is a new borrower and Indonesia, which has not been receiving IDA credits since FY1974-75, is again being considered as a blend country because of the decline of its oil revenues. Nevertheless, we believe that the volume of IDA credits to French-speaking African countries will continue to grow at a rapid rate. As far as francophone black Africa (including Burundi, Rwanda and Zaire) is concerned, this growth may reach almost 90% in 1979/83, over the \$968 million allocated for 1974-78. This increased volume may indeed represent a slight reduction in percentage of total IDA as compared to the exceptionally high level (12.3%) reached in 1974-78. The same will be true of the former French territories of black Africa; their share of total IDA funds (9.2% in 1974-78) has exceeded the optimistic forecast made before the last two replenishment of IDA resources. As far as the future is concerned, this share should remain above 8%. Furthermore, this slight decline, justified by the abovementioned considerations, will not affect the effectiveness of World Bank Group assistance to these countries; in fact, our operations in francophone Africa will continue to be complemented by a major effort to mobilize other foreign assistance resources in the form of cofinancing.

Mobilization of Additional Resources in the Form of Cofinancing

7. The figures mentioned above refer only to the direct financial assistance given by the World Bank and IDA to francophone Africa; therefore, they only reflect a part of the efforts made by the World Bank Group on behalf of these countries.

1/ Excluding Burundi, Rwanda and Zaire.

1.3 b H. Fr.



As a matter of fact, it is in francophone Africa that the Bank and IDA have best succeeded in complementing their financial contribution with a significant level of cofinancing. During the past five years (1974-78), such cofinancing of Bank/IDA projects added nearly \$1.5 billion, 1/ to the \$3.4 billion granted directly by the Bank or IDA to French-speaking African countries.

8. FAC and the Caisse Centrale de Coopération Economique provide part of such cofinancing, but for the past two or three years an increasing and now predominant share of cofinancing is supplied by other aid agencies - notably the Arab funds - that are seeking to expand their activities in Africa but lack as yet the necessary administrative means to become effectively involved in the smaller French-speaking African countries. Cofinancing operations by the World Bank Group and France in francophone Africa have developed at about the same rate as the Group's direct financing; during the 1974-78 period, such cofinancing reached a level of \$217 million, or an amount equivalent to 6.4% of Bank/IDA loans and credits to francophone Africa. As far as cofinancing with other aid agencies is concerned, it increased from 9% of Bank loans and IDA credits to francophone Africa in 1969-73 to 37% in 1974-78 and reached \$1.3 billion during that period. 2/ Such cofinancing was attracted to a large extent because of the quality and thoroughness of the Bank's staff work on project preparation, appraisal and supervision. About half of the total lending of BADEA to black Africa was made in the form of cofinancing with the Bank or IDA who have played a leading role in the development of the operations of that institution in francophone Africa.

Cooperation in Matters of Expertise and Knowledge between the World Bank and the French External Aid Agencies

9. When the World Bank began its involvement in francophone Africa, it found that most Governments had maintained very close political and commercial links with the former colonial power and were receiving considerable technical and financial assistance from France. The French presence had helped to establish institutions and development organizations that played a significant role in the economic expansion of the countries concerned. Projects had been launched to further the development of all the key sectors of their economies.

10. The World Bank concluded that the experience gained by France and its experts was invaluable for the launching of its own programs in francophone Africa. It is therefore in close cooperation with French aid that the World Bank became involved in francophone Africa, developed its operations and endeavored to provide wise counsel on economic matters to African countries most often along lines similar to that which French technical assistance and aid was trying to dispense to these governments.

11. The monetary discipline of the franc area and the regional Central Banks has played a critical role in maintaining a degree of prudent economic management in most French-speaking countries. But these countries do not all belong to the franc area and the fluctuations of the terms of trade and the abundant supply of private bank loans and financing to developing countries have created in the past four years both external borrowing needs and availabilities from which French-speaking countries have greatly benefitted and at times abused. This policy of

1/ \$1.3 billion excluding cofinancing with France.
2/ See attached Table 2.

excessive public borrowings constitutes a threat for the long-term economic and financial equilibrium of French-speaking African countries. In close cooperation with French aid agencies, the World Bank and the IMF have brought to bear all the influence they command to warn the authorities in French-speaking countries, at the highest level, about the dangers of such policy. In this regard, the Bank is preparing a rehabilitation plan for Mauritania; it has convinced the Government of Ivory Coast, and more recently the Government of Togo, to curtail their public investments and their new borrowings and has alerted the Senegalese and Cameroonian authorities about the risks of overinvestments (Pahlavi) in the industrial sector or for infrastructure (Douala-Yaounde expressway). Furthermore, the Bank hopes to play an important role in restoring the general economic and financial equilibrium of French-speaking African countries.

12. Fifteen years of intensive work and project preparation, often based on the expertise and the experience of French technical advisors and consultants, have enabled the Bank to gain progressively a good understanding of the sector policies of French-speaking African countries, to shift their priorities, influence the choice of investments, eliminate some prestige operations and guide governments towards investments that are more in line with the potential and the financial means of these countries. It is difficult to give specific examples, as nearly all the World Bank operations in francophone Africa are both the end-product of analysis and rationalization of a country's sector programs and the starting point for better planning in each sector and for better management of the major institutions of that sector. In most cases, this planning and rationalization exercise leads to the use of French expert teams and the provision of advice following consultations with French agencies.

13. With regard to the financing of specific projects, the World Bank has endeavored both to innovate, wherever innovation was deemed necessary, and to support financially and otherwise ongoing programs and experiments, wherever these programs and experiments have proven their strength and effectiveness. In this respect, the cooperation between France and the World Bank has been unique: most projects financed by the Bank have attempted to integrate the experience gained in pilot projects or full-scale operations initiated or financed by France. Under this cooperative effort, each party made a contribution commensurate with its own means and methods: the French agencies and experts brought to bear their intimate knowledge of the countries and their people, their insights as to what could succeed, an ability to make decisions quickly, their capability to work on a very large number of different sectors and projects. For its part, the Bank contributed its expertise in thorough project analysis, large financial resources due to the fact that they were concentrated on a smaller number of operations, the discipline of its institutional advice and the systematic follow-up of ongoing operations. As an exceptional departure from its practice in dealing with co-financiers, the Bank has heavily borrowed from and supported with all its influence the project ideas and the lessons drawn from French experience. One could say that the Bank has carried on in part the significant financial effort of French bilateral aid on behalf of French-speaking African countries at a time when the needs of these countries were increasing much faster than the resources available from such bilateral aid.

Impact of World Bank Operations on French Exports of Goods and Services

14. The operations of the World Bank and IDA throughout the world have had a very positive impact on the balance of payments of France and the franc area.

- a) With regard to the World Bank, while France holds only 4.8% of its capital, 6.6% of the cumulative total (at the end of June 1977) of goods and services financed from overall Bank lending 1/ are clearly identified as being of French origin. Far from diminishing, this percentage of Bank's disbursements accruing to France appears in fact to be increasing and reached 7.8% in the past fiscal year 1977-78.
- b) The French contribution to IDA totals 6.6% of the overall resources of the institution (through June 30, 1978); however, the share of goods and services clearly identified as being of French origin in total disbursements from IDA is considerably higher: 8.6% from the beginning of IDA through July 1978 and 10.6% during the past fiscal year 1977-78.
- c) The share of goods and services clearly identified as being of French origin is particularly significant in Bank and IDA disbursements in black Africa: 24% of the cumulative total of Bank's disbursements and 39% of the cumulative total of IDA's disbursements in West Africa (including anglophone countries).
- d) In general, French consultants were among the main beneficiaries of World Bank Group financing: 12.4% of the cumulative total of the Bank's disbursements for consultants services; 19.1% in the case of IDA.

15. The attached table shows the direct impact of IDA's operations on the balance of payments of France since the beginning of the institution until June 30, 1978: IDA's disbursements for goods and services of French origin have exceeded by 23 million dollars the contribution of France to IDA. These figures, just as all the percentages given in paragraph 13^{1/} above, greatly underestimate the true contribution of the Bank and IDA's disbursements to the balance of payments of France and the franc area; indeed they do not take into account such factors as the importation of French goods and services resulting indirectly from foreign exchange financing of local costs in a number of countries worldwide and notably in French-speaking Africa whose geographic structure of imports remains mainly oriented towards France.

January 30, 1979

1/ From the establishment of the World Bank until June 30, 1977.

ADDENDUM TO MEMORANDUM OF JANUARY 30, 1979

The following points should be noted for additional background on areas of mutual Bank-French concern.

- (a) As noted in the attached Memorandum, the Bank has had very close and effective cooperation with FAC and the Caisse Centrale through the years. The Bank and FAC, particularly, have been quite complementary in that FAC provided seed money, project preparation, pilot projects and technical assistance for subsequent Bank funding. Recently, however, due to rising technical assistance costs, and decreasing budgetary allocations (at least in constant prices), FAC has been less able to provide the seed funds for pilot projects. There is a risk, therefore, that an effective area of French assistance to the Bank in Western Africa will be diminished;
- (b) France has adopted a tough attitude towards debt re-scheduling through the Paris Club, insisting that an agreement between the country in question and the IMF be a prerequisite for the Club's discussions. While the Bank usually stresses the importance of Fund discussions, and while we believe the French attitude supports our own efforts towards bringing in stricter financial discipline, we have not adopted as hard a line as France. However, we would like to know more about the French policy towards the growing demands from several francophone countries for straight budget support, as opposed to project aid or technical assistance. This may become an important point for discussion in view of the increasing financial crises being experienced in the Region;
- (c) The Bank believes that the membership of most francophone Western Africa countries in the "franc area" has had a positive effect on their economic management. It is therefore encouraging to note that the 3 francophone countries (Mali, Mauritania, and Guinea) currently not members of the CFA franc area (although Mali is in the franc area) have according to unofficial reports indicated their interest in returning to the area. At the same time we continue to be concerned that in some cases (of which Senegal is an example) the CFA may be overvalued;
- (d) We have heard that France continues to favor the establishment of a \$1 billion African Development Fund as another vehicle for transferring funds to the francophone African countries. However, we do not have many details about the Fund at this time.

April 6, 1979

IV. IBRD & IDA: NUMBER OF LENDING OPERATIONS IN FRENCH-SPEAKING AFRICAN COUNTRIES ^{a/}

Fy79

| | FY64 | FY65 | FY66 | FY67 | FY68 | FY69 | FY70 | FY71 | FY72 | FY73 | FY74 | FY75 | FY76 | FY77 | FY78 | Total FY64-68 | Total FY69-73 | Total FY74-78 | Total FY79-83 | |
|--|-----------|-----------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------------|------------------|------------------|------------------|----------------|
| French-speaking North Africa | | | | | | | | | | | | | | | | | | | | |
| Algeria | 1 | - | - | - | - | - | - | - | - | 2 | 3 | 2 | 3 | 3 | 2 | 3 | 1 | 2 | 13 | 24 20 |
| Morocco | - | 1 | 3 | - | - | 1 | 3 | 2 | 3 | 2 | 4 | 3 | 5 | 4 | 3 | 5 | 4 | 11 | 19 | 25 |
| Tunisia | 1 | - | 1 | 2 | 1 | 4 | 2 | 3 | 5 | 1 | 3 | 3 | 3 | 4 | 2 | 4 | 5 | 15 | 15 | 20 21 |
| Total | 2 | 1 | 4 | 2 | 1 | 5 | 5 | 5 | 8 | 5 | 10 | 8 | 11 | 11 | 7 | 12 | 10 | 28 | 47 | 50 46 |
| French-speaking African States | | | | | | | | | | | | | | | | | | | | |
| South of Sahara | | | | | | | | | | | | | | | | | | | | |
| Benin | - | - | - | - | - | 1 | - | 1 | 1 | 1 | - | 1 | - | 2 | 2 | - | - | 4 | 5 | 4 |
| Burundi | - | - | 1 | - | - | 1 | 1 | - | - | - | 1 | - | 3 | 1 | 2 | 2 | 1 | 2 | 7 | 11 |
| Cameroon | - | - | - | 1 | 1 | 2 | 3 | 1 | 2 | 1 | 3 | 2 | 4 | 5 | 6 | 2 | 2 | 9 | 20 | 19 |
| C.A.E. | - | - | - | - | - | 1 | 1 | - | 1 | - | - | - | - | - | - | 2 | - | 3 | - | 3 |
| Comoros | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 |
| Chad | - | - | - | - | - | 2 | - | 1 | 1 | - | 2 | - | 1 | 2 | 3 | 1 | - | 4 | 8 | 9 8 |
| Congo | - | - | - | 1 | - | 1 | 1 | 1 | 2 | - | 1 | - | 1 | 1 | - | - | 1 | 5 | 3 | 2 |
| Gabon | - | 1 | - | - | 1 | 1 | - | - | - | 1 | - | 1 | - | - | - | - | - | 2 | 1 | 1 |
| Guinea | - | - | 1 | - | - | 1 | - | 1 | - | - | - | 1 | 1 | - | - | 3 | 1 | 2 | 2 | 11 |
| Ivory Coast | - | - | - | - | 1 | 1 | 2 | 2 | 1 | 2 | 2 | 5 | 3 | 2 | 5 | 3 | 1 | 8 | 17 | 20 |
| Mali | - | - | - | 1 | - | - | 1 | - | 2 | 3 | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 6 | 7 | 14 |
| Madagascar | - | - | - | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 4 | 2 | 6 | 6 | 25 14 |
| Mauritania | - | 1 | - | - | - | 1 | - | - | - | 2 | 1 | 1 | 2 | 1 | 2 | - | 1 | 2 | 6 | 6 |
| Mauritius | 1 | - | - | - | - | - | - | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 | - | 1 | 3 | 9 | 4 9 |
| Niger | 1 | - | - | - | - | 1 | 1 | 1 | - | - | 1 | - | 3 | - | 2 | 3 | 1 | 3 | 6 | 11 |
| Rwanda | - | - | - | - | - | 1 | - | - | 1 | - | 2 | 1 | 1 | 3 | 1 | 2 | - | 2 | 8 | 9 |
| Senegal | - | - | - | 2 | - | 1 | 1 | 3 | 2 | 5 | 3 | 3 | 5 | 3 | 3 | 3 | 2 | 12 | 17 | 18 |
| Togo | - | - | - | - | - | 1 | - | - | - | - | 1 | 1 | 2 | 1 | 2 | 2 | - | 1 | 7 | 7 |
| Upper Volta | - | - | - | - | - | 1 | - | 1 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 1 | - | 6 | 8 | 11 |
| Zaire | - | - | - | - | - | 4 | 2 | 1 | - | 3 | 1 | 3 | 1 | 3 | 1 | 3 | - | 10 | 9 | 11 15 |
| Total | 2 | 2 | 2 | 6 | 4 | 22 | 15 | 15 | 18 | 20 | 25 | 25 | 30 | 31 | 35 | 36 | 16 | 90 | 146 | 147 195 |
| Total French-speaking Africa | 4 | 3 | 6 | 8 | 5 | 27 | 20 | 20 | 26 | 25 | 35 | 33 | 41 | 42 | 42 | 48 | 26 | 118 | 193 | 259 261 |
| As % of Total IBRD/IDA Operations | | | | | | | | | | | | | | | | | | | | |
| French-speaking North Africa | 4% | 2% | 8% | 3% | 2% | 4% | 4% | 4% | 6% | 3% | 6% | 4% | 5% | 5% | 3% | 5% | 3% | 4% | 4% | 5% |
| French-speaking African States | 4% | 4% | 4% | 10% | 6% | 20% | 13% | 12% | 13% | 14% | 14% | 13% | 14% | 13% | 15% | 14% | 6% | 14% | 14% | 14% |
| Total French-speaking Africa | 8% | 6% | 12% | 13% | 8% | 24% | 17% | 16% | 19% | 17% | 20% | 17% | 19% | 18% | 18% | 19% | 9% | 18% | 18% | 19% |

a/ Includes Third Window operations with IBRD.

P & B
1/8/79
4/13/79

IDA LENDING (\$ PER CAPITA PER ANNUM) TO FRENCH-SPEAKING
AND OTHER SELECTED COUNTRIES

| | Population | Amount per capita per annum (\$) | | | |
|---------------------------------------|------------|----------------------------------|---------|---------|------------|
| | 1976 (m) | FY64-68 | FY69-73 | FY74-78 | FY79-83 a/ |
| <u>FRENCH-SPEAKING NORTH AFRICA</u> | | | | | |
| Morocco | 17.2 | .13 | .30 | .16 | - |
| Tunisia | 5.7 | .67 | 1.36 | .41 | - |
| Total/Average | 22.9 | .26 | .56 | .23 | - |
| <u>FRENCH-SPEAKING AFRICAN STATES</u> | | | | | |
| <u>SOUTH OF SAHARA</u> | | | | | |
| Benin | 3.2 | - | 1.63 | 2.61 | 3.44 |
| Burundi | 3.9 | .06 | .11 | 2.31 | 4.90 |
| Cameroon | 7.6 | .31 | .83 | 3.32 | 3.63 |
| C.A.E. | 1.8 | - | 1.34 | - | 3.55 |
| Chad | 4.1 | - | .50 | 2.96 | 5.07 |
| Comoros | .3 | - | - | - | 10.00 |
| Congo | 1.4 | - | 2.36 | .87 | 4.29 |
| Guinea | 4.5 | - | - | .93 | 4.00 |
| Ivory Coast | 7.0 | - | .21 | - | - |
| Mali | 5.8 | .31 | 1.36 | 3.30 | 5.41 |
| Madagascar | 9.1 | .22 | 1.09 | 2.71 | 3.85 |
| Mauritania | 1.5 | .89 | .96 | 3.28 | 4.40 |
| Mauritius | .9 | - | 2.82 | 1.67 | - |
| Niger | 4.7 | .06 | .53 | 2.10 | 6.30 |
| Rwanda | 4.2 | - | .59 | 2.97 | 4.80 |
| Senegal | 5.1 | .35 | 1.85 | 2.54 | 4.65 |
| Togo | 2.3 | - | .32 | 4.70 | 4.70 |
| Upper Volta | 6.2 | - | .63 | 2.53 | 5.97 |
| Zaire | 25.4 | - | .49 | 1.10 | 2.50 |
| Total/Average | 94.5 | .42 | .97 | 2.34 | 4.26 |
| <u>OTHER SELECTED COUNTRIES</u> | | | | | |
| Bangladesh b/ | 80.4 | .33 | .34 | 1.67 | 2.92 |
| Ethiopia | 28.7 | .10 | .75 | 1.62 | 3.26 |
| India | 620.0 | .19 | .49 | 1.01 | 2.12 |
| Indonesia | 130.9 | - | .73 | .24 | .93 |
| Kenya | 13.9 | .56 | .72 | 2.25 | 3.77 |
| Malawi | 5.4 | 1.04 | 1.10 | 2.81 | 5.52 |
| Pakistan b/ | 71.3 | .56 | .61 | 1.24 | 2.30 |
| Tanzania | 15.1 | .35 | 1.06 | 3.26 | 5.68 |
| Total/Average for Above Countries | 885.3 | .27 | .59 | 1.16 | 2.37 |

Memo Item:

Total IDA lending -

| | | | | |
|----------------------------------|--------|--------|--------|---------|
| to all countries (\$m) | 1336.9 | 3931.6 | 7947.4 | 16600.0 |
| to French-speaking African (\$m) | 79.0 | 436.8 | 1001.5 | 1,847.7 |
| As % of total (%) | 5.9 | 11.1 | 12.6 | 11.4 |

a/ Assumes IDA5 = \$9 billion and IDA6 = \$12.5 billion.

b/ For years prior to FY73, the amounts of lending to Bangladesh and Pakistan have been reconstructed on the basis of lending to the former territory of Pakistan for which Bangladesh has subsequently assumed liability.

Table 2

AMOUNT OF COFINANCING WITH FRENCH AID ORGANIZATIONS
AND OTHER DONORS IN FRENCH-SPEAKING AFRICAN COUNTRIES
(US \$ Millions)

| Country | 1969-73 | | 1974-78 | |
|-------------|-------------|-------------|--------------|---------------|
| | With France | With Others | With France | With Others |
| Algeria | - | - | - | 211.6 |
| Morocco | 1.1 | 1.2 | - | 116.7 |
| Tunisia | - | 29.3 | 9.2 | 156.7 |
| Mauritius | - | - | 0.2 | 5.6 |
| Cameroon | 13.1 | 7.0 | 42.9 | 71.8 |
| C.A.E. | - | - | - | - |
| Chad | - | 0.5 | 3.0 | 20.6 |
| Congo | 13.7 | 2.2 | 53.5 | 101.4 |
| Benin | 7.7 | 8.0 | 5.3 | 37.8 |
| Gabon | 4.3 | - | - | - |
| Comoros | - | - | - | - |
| Ivory Coast | 20.1 | 17.5 | 28.1 | 200.4 |
| Mali | 2.5 | 6.6 | 20.7 | 22.3 |
| Madagascar | - | - | 16.5 | 57.4 |
| Mauritania | - | - | 5.7 | 16.6 |
| Niger | - | - | - | 11.7 |
| Senegal | 2.3 | 1.2 | 20.8 | 18.2 |
| Togo | - | - | 9.1 | - |
| Upper Volta | 1.9 | 0.1 | 0.6 | 17.1 |
| Guinea | - | 3.9 | - | - |
| Rwanda | - | 1.6 | - | 17.6 |
| Burundi | - | - | - | 12.7 |
| Zaire | <u>1.1</u> | <u>17.5</u> | <u>2.1</u> | <u>161.9</u> |
| TOTAL | <u>67.9</u> | <u>96.6</u> | <u>217.7</u> | <u>1258.1</u> |

Mr. Ullrich

January 9, 1979

Mr. Michel Camdessus
Deputy Director
Treasury for International Affairs
Ministry of Economy
Paris, France

Dear Camdessus:

Since the Paris meeting of IDA Deputies, I have had the chance of reviewing the record of the meeting, and I am writing now in response to the various questions you raised in your very helpful intervention.

One question you raised concerned France's interest in Africa south of the Sahara and your wish that special attention be paid to those countries in the Sixth Replenishment, particularly in respect to transportation infrastructure. I have asked our West Africa region to prepare a note on the effort the Bank, and especially IDA, are currently making in Francophone Africa, including in specific sectors such as transport, and their note is attached. Obviously, it cannot deal in precise terms with the future when much will depend on the actual level of resources IDA will have at its disposal. I think we will need to have further discussions on this, after you have had a chance to read the attached note and when we have a clearer picture of the likely resource level under the Sixth Replenishment.

A second question you raised concerned the experience IDA is having with disbursements on IDA credits and disbursement prospects for the next few years. On this question, work in connection with the mid-year budget review has recently been undertaken involving a statistical analysis of disbursement trends, a review of recent operational experience and taking into account the disbursement experience of others such as the regional development banks. The findings for the Bank as a whole, covering IBRD and IDA together, are tentative and still under review within the Bank, but suggest that the slowdown of disbursements experienced in fiscal years 1977 and 1978 has been due in part to the impact of special short-term factors such as the slowdown of investment and budget stringencies in many developing countries in this period. The rate of growth in disbursements can therefore be expected to pick up again. However, at the same time, there does appear to be a long-term trend towards slower disbursements in the early years of Bank projects attributable to a number of changes in Bank operations. Among these changes are the increasing "complexity"

of projects, the growth in the proportion of Bank lending for agriculture, and the start-up of operations in new countries or new sectors among established borrowers. A factor of particular importance for IDA has been the drop in program lending, notably the cessation of industrial import credits for India. We will therefore have to continue to monitor IDA disbursements very carefully, but at the same time I do not think that the slowdown in IDA disbursements suggests that IDA is running up against the ceiling of "absorptive capacity" in IDA countries or that we are over-estimating the needs of IDA recipients.

On the question of the maintenance of value of contributions, we are preparing a paper for the Deputies on this subject and the related question of the unit of account. In the Fourth and Fifth Replenishment negotiations, a number of contributors said that maintenance of value would create budgetary complications for them, and I am not sure that it will be possible to change positions on this occasion. However, this question will be on the agenda for discussion at the next meeting of Deputies.

On the question of the inflation rate that we have been projecting for the future, I do not wish to pretend that we have an elaborate set of macroeconomic forecasts underlying the assumptions we illustrated in the paper for the first meeting of Deputies. The starting point of any price projection must be the rate of expansion of output in the OECD area and, while the growth in output we have illustrated of about 4% per annum was in the range being discussed in OECD last summer, as you know OECD is now reviewing longer run growth prospects and we will need in turn to examine our projections in the light of the OECD discussions. Further assumptions involve the rate of domestic price increases that may accompany particular growth objectives; the extent to which these may be reflected in the prices of goods internationally traded (in particular, in the prices of goods and services financed under IDA credits) and, of course, the effect of fluctuating exchange rates when such price movements are expressed in terms of the US dollar or some other common denominator. There can be differences of views on plausible assumptions to make on each of these points. In the final analysis, one has to balance two considerations - on the one hand, many contributors will not wish to conclude an agreement which assumes a policy failure in controlling international inflation; on the other hand, it is the poorest developing countries that will suffer if the resource level of IDA does not incorporate a sufficient margin for price increases eroding the purchasing power of the replenishment.

I hope this goes some way to answering the questions you raised at the Paris meeting and I would be glad to discuss these matters further with you when I am next in Europe. I am trying to

- 3 -

arrange the next meeting of Deputies for March 22 and 23, again at our Paris Office. I hope this will be convenient for you.

With best wishes for the New Year,

Kind regards,

I.P.M. Cargill
Senior Vice President, Finance

Att.

cc: Mr. Pierre-Henri Cassou
Alternate Executive Director
for France

cc: Messrs. Chaufournier
Westebbe
Nurick
Rothenbuhler
Hattori
Gabriel
El-Fishawy

FVibert:mr

OFFICE MEMORANDUM

TO: Ms. Cynthia Miller, WANVP

FROM: J.-D. Rodlet, Division Chief, EA2DC

SUBJECT: Brief for Mr. McNamara's Meeting with President Giscard D'Estaing

DATE: April 2, 1979

1. With reference to our telephone conversation last Friday, I believe that the following points regarding the countries in my division could be flagged in Mr. McNamara's brief.

- (a) I understand that President Giscard d'Estaing is scheduled to visit Rwanda next May to participate in a meeting of the Heads of francophone African States. We have very little information about this proposed meeting and I would suggest that the Paris Office be asked to prepare a special note on it.
- (b) The Bank will shortly open a Resident Office in Kigali that would cover both Rwanda and Burundi.
- (c) Regarding Zaire, I would suggest to insert the following paragraphs:

"Zaire's economic and financial situation remains critical. According to our latest information, external debt in arrears at the end of 1978 amounted to US\$1.3 billion; during 1978, inflation ran at a rate close to 100% and the Government continues to incur serious balance of payments and budgetary deficits.

"Zaire has recently completed negotiations with the IMF on a stabilization program and the letter of intent is expected to be signed by President Mobutu any time. The success of the stabilization program, however, would depend largely upon additional assistance that other donors would be willing to make available. Above all, there is an urgent need for commodity assistance and balance of payments support.

"Once arrangements with the IMF are firmed up, one may expect increased pressure to be put on the Bank to convene a meeting of the Consultative Group. At the second Brussels Conference of November 1978, we emphasized that two conditions would have to be fulfilled before the Bank could convene such a meeting, namely (a) agreement

April 2, 1979

on a stabilization program with IMF and (b) preparation by Zaire of an acceptable 3-year public investment program to define the priority of Zaire's investment needs and consequential financing requirements. While the first condition is likely to be fulfilled very shortly, more time will be required before the Government is in a position to finalize its public investment program satisfactorily. During the last few weeks, we have assisted the Government in the preparation work and one of our economists has just spent about three weeks in Kinshasa. A next draft of the program may be available in about three weeks from now but it remains to be seen whether it would meet the necessary standards.

"In addition, we would want to ensure that the meeting would be successful which means that participants should be prepared to give indications of increased assistance. Mr. McNamara may wish to use the opportunity of his visit with President Giscard d'Estaing to sound out France's intentions.

"The Paris Club led by France has not met since November 1977. Expectations are, however, that once arrangements are finalized with the IMF, a meeting should be convened to discuss debt rescheduling. In this respect, also, we believe that the stabilization program would be successful and the economy put on the path to recovery only if Zaire succeeds in obtaining a substantial debt relief (for public as well as private debt).

"Regarding the Gecamines project, discussions were held on March 28-29 in Washington with Mr. Umba, Gecamines' President and General Manager. These discussions have been successful insofar as Gecamines has withdrawn the cable sent earlier to the Bank cancelling the undisbursed balance of our loan. We would, therefore, expect disbursements to resume shortly. We are also planning, around mid-May, to negotiate jointly with the European Investment Bank and the Arab External Libyan Bank an amendment to the existing agreement to reflect the need to reallocate the remainder of the Loan to the most urgent works and postpone the completion date of the project. During his visit to Washington, Mr. Umba described to us the modalities of recently concluded arrangements between Zaire and France regarding cobalt sales, to enable Zaire to purchase a certain quantity of buses from

April 2, 1979

Renault. According to Mr. Umba, Gecamines' cobalt was sold at the official price to a subsidiary established for the purpose in Switzerland. This subsidiary in turn sold the cobalt to France at the prevailing spot price, the sizeable difference between the two prices being utilized by the Government to finance the purchase of buses. We do not have precise information about the tonnage involved nor about the price at which the buses are to be purchased.

"Another barter deal had been completed with France in May 1978 under which a shipment of copper was made available in exchange of certain military equipment (helicopters)."

J.-D.Roulet:mb

cc: Messrs. Wapenhans, Gué, N. Hope (PAB).

G

FRENCH STAFF IN THE BANK

There were 155 French professionals in the Bank group as of February 28, 1979, representing 6.1% of the total staff. There has been a 45% increase in the number of professionals since July 1, 1972. With the overall growth in the size of the Bank staff, the percentage of French nationals over the same period has remained between 5.43% and 6.11% of the total staff. After the U. S. (623 staff) and the U. K. (317 staff), France and India (156 staff) are the next largest national groups. (For further details see schedule.)

Recruitment Factors

1. The Bank has found it easier to attract qualified candidates to the YP Program than to mid-career appointments. A total of 36 French nationals, including six women, have joined the Program since July 1, 1973-- 9.7% of the total intake.
2. Given the current demand for French speakers in many of the Bank's operational units, the Bank could absorb a greater number of French mid-career vacancies if more qualified candidates were available. The following factors appear to inhibit a freer flow of candidates.
3. While Bank compensation at junior levels is fully competitive in France, it does not offer the clear-cut inducement needed to pry loose the very well-qualified mid-career professionals which the Bank seeks. The depreciation of the dollar escalates the problem, particularly insofar as it affects pensions, which are a particularly important factor for French nationals. At the same time, both the public and private sectors offer very attractive compensation packages for overseas assignments in developing countries.

5. Reentry prospects for French professionals in France have deteriorated recently, owing to the recession and large-scale amalgamations which have led to greater competition for top positions. Prospects of reentry are regarded as a key factor by French professionals in deciding whether or not to accept overseas employment.

6. Although English remains the most common second language in France, it remains comparatively difficult to identify candidates with fluency in English and the necessary qualifications in other respects.

7. Many French staff plan to send their children to one or another of the grandes ecoles. The entry examination is very demanding and usually requires intensive preparation over a one to two-year period. Since most French parents have a strong preference to be in France with their children during the preparatory and university periods, there is a reluctance to accept overseas appointments during this time.

8. Difficulties encountered by spouses in finding employment in Washington continue to be an inhibiting factor. Despite relaxations over the issue of work permits, prospects for spouses finding employment are often restricted--due to language and other difficulties. This tends to deter would-be candidates from applying.

Recruitment Efforts

Over the past year the Paris Office Recruitment Unit has concentrated on extending the network of unofficial contacts in France. The objective is to broaden the knowledge in France of the work of the Bank and its staffing needs. A total of some 200 persons have been contacted who are willing and able to assist in recommending candidates. Types of institutions contacted have included universities (with emphasis on faculties of Economics, Business Administration and Agriculture), research institutions, professional associations, public utilities, alumni associations, private companies and bilateral aid programs.

Our official recruitment contact in the Ministry of Foreign Affairs has given us little meaningful support in attempting to identify candidates for consideration. A more active and better coordinated approach by the French authorities would perhaps lead to greater success and should facilitate the entry of French nationals into the Bank.

Future Prospects

Despite the more intensive recruitment efforts currently being made by the Paris Office, and the need of the Bank for more French-speaking specialists, it would be unrealistic to anticipate a significant increase in the proportion of French nationals. We expect, however, to maintain present proportions.

The French E. D., reflecting the views of his authorities, is known to be uneasy over the quality of French staff members, as evidenced by what they perceive to be the relatively small number of French staff reaching senior levels in the Bank. The facts are very different: 16.1% of the French staff are at Level N or above, compared with the Bank average of 16.2%.

Attachment

Recruitment Division
Personnel Department
April 4, 1979

STATISTICS ON FRENCH STAFF (BANK GROUP)

A. Professional Staff on Duty as of June 30

| | <u>1968</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979 (Feb.28)</u> |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| French | (46) | 98 | 107 | 109 | 115 | 127 | 127 | 146 | (155) |
| Total Bank | 799 | 1615 | 1762 | 1870 | 2002 | 2197 | 2338 | 2445 | 2536 |
| % of Total | (5.76) | 6.07 | 6.07 | 5.83 | 5.74 | 5.78 | 5.43 | 5.97 | (6.11) |

43/4K 49 37

B. Staff by Level as of February 28, 1979

| | <u>Q</u> | <u>P</u> | <u>O</u> | <u>N</u> | <u>M</u> | <u>LT</u> | <u>L</u> | <u>K</u> | <u>J</u> | <u>U</u> | <u>Total Prof.</u> | <u>A-I</u> | <u>Total A-Q</u> |
|-------------------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|----------|--------------------|------------|------------------|
| French | 2 | 4 | 5 | 14 | 29 | 28 | 41 | 22 | 3 | 7 | 155* | 68 | 223 |
| % of Total French | 1.3 | 2.6 | 3.2 | 9.0 | 18.7 | 18.1 | 26.5 | 14.2 | 1.9 | 4.5 | 100.0 | | |
| Total Bank | 20 | 63 | 72 | 257 | 562 | 337 | 703 | 337 | 110 | 75 | 2536** | 2503 | 5039 |
| % of Total Bank | 0.8 | 2.5 | 2.8 | 10.1 | 22.2 | 13.3 | 27.7 | 13.3 | 4.3 | 3.0 | 100.0 | | |

* of which 19 women (12.3%)
 ** " 277 " (11.1%)

16.4

April 2, 1979 - Personnel Services

FRENCH STAFF IN THE WORLD BANK

From June 30, 1972 to February 28, 1979, the number of French staff at levels J and above rose from 98 (6.1%) to 155 (6.1%).

FRENCH NATIONALS IN LEVELS Q-0
As of February 28, 1979

| | |
|------------------|---|
| CHADENET | - Vice President, Administration, Organization and Personnel Management (until 4/30/79) |
| CHAUFOURNIER | - Vice President, Western Africa Region |
| BART | - Director, Europe, Middle East and North Africa - Country Programs II Department |
| DE LA RENAUDIÈRE | - Director, Western Africa - Country Programs II Department |
| GUE | - Director, Eastern Africa - Country Programs II Department |
| ROVANI | - Director, Energy, Water and Telecommunications Department |
| BANETH | - Director, Resident Staff in Indonesia |
| CARMIGNANI | - Director, Resident Mission in Saudi Arabia |
| DE AZCARATE | - Chief Economist, Western Africa Region |
| GELI | - Chief, Regional Mission in Western Africa |
| POULIQUEN | - Assistant Director, Infrastructure, Western Africa Projects Department |

H

AID PERFORMANCE AND POLICIES

Aid Performance

In 1977, French aid increased by 5.6% (8.5% in national currency terms), from \$2146 million in 1976 to \$2267 million. The ODA/GNP ratio fell from .62% to .60%. Multilateral aid increased from \$300 million in 1976 to \$350 million in 1977 (i.e., by 16.7%), and the share of multilateral in total ODA increased to 15% from 14% in 1975 and 1976. The major recipient of French multilateral aid in 1977 was the EEC which received \$180 million or 51% of the total; contributions to IDA were reported as \$73 million or 21% of the total; and the UN received \$21 million (6%), a sum not significantly different from the contributions made in 1975 and 1976.

Aid Policies

There have been no major impacts on the aid program from changes in French aid policy during the last several years. Although the 0.70% target is easily within reach, the French ODA share continues to oscillate in the low 0.60's. The 0.60% figure for 1977 is the lowest ODA share in GNP this decade. The traditional patterns of the French aid program are unchanged, notably: (i) more than 85% of total ODA is bilateral; (ii) approximately 50% of bilateral flows are to overseas Departments and Territories (DOM-TOM);^{1/} and (iii) more than 55% of bilateral aid is technical assistance, the bulk of which is directed to the education sector.

In mid-February, a meeting of the Council of Ministers discussed French aid policy, and France's commitment to the 0.7% was confirmed but no deadline for reaching the target was specified. The Council decided that

^{1/} For 1975-77, the average annual distribution of French aid was:

Geographic Distribution of French ODA (Annual average 1975-77)

| | <u>US \$</u> <u>millions</u> | <u>% of</u> <u>Total ODA</u> | <u>% of</u> <u>GNP</u> |
|----------------------|---------------------------------|---------------------------------|---------------------------|
| <u>Bilateral ODA</u> | | | |
| DOM-TOM | 909.0 | 41.9 | .25 |
| Francophone Africa | 538.0 | 24.8 | .15 |
| North Africa | 211.8 | 9.8 | .06 |
| Others | 191.5 | 8.8 | .06 |
| Total Bilateral | <u>1850.3</u> | <u>85.3</u> | <u>.52</u> |
| Multilateral ODA | <u>318.1</u> | <u>14.7</u> | <u>.09</u> |
| Total ODA | <u>2168.5</u> | <u>100.0</u> | <u>.61</u> |

the ODA share of the DOM-TOM should not increase further and efforts should be made to expand ODA flows to other countries, mainly Francophone Africa, and to expand support for the UNDP. Other issues discussed included the need to take account of the impact on French employment when selecting development projects and the possibility of pluri-annual aid allocations beginning in the early 80's.

However, planned budget expenditures for 1978 and 1979 do not point to rapid changes in the program. Temporarily, the multilateral share may remain at or rise above 15% (in 1978 and 1979) because of bunching in French commitments to multilateral organizations. The share of ODA in GNP will not exceed .64% in 1980, and it could be as low as .62% if nominal GNP growth remains high. Some small changes in geographical distribution may result from the reclassification of an independent Djibouti and the Comoros Islands to North Africa, and these changes will help in stabilizing the share of the DOM-TOM at around 50% of bilateral flows after its steady increase in recent years.

The overall grant element of French ODA was 91% in 1977, slightly above the DAC members' average of 89%. The share of grants in total ODA commitments was 85% compared with an average of 72% for all DAC members. France intends to soften further the terms of its aid to LLDCs and MSAs but details of the proposed action are not available.

ODA in Relation to Total Flows to Developing Countries

Total resource flows from France to developing countries declined from \$5316 million in 1976 to \$5212 million in 1977, or by 2%. The fall in Other Official Flows (\$100 million) and in private flows at market terms (\$127 million) were partly offset by the rise in ODA. Total flows in 1977 accounted for 1.37% of French GNP, and the share of ODA in the total was 43.5% up from 40.3% in 1976.

ORGANIZATION OF FRENCH AID

1. One of the principal characteristics of the French bilateral aid program is the variety of different agencies involved in the administration of aid. There are five major different sources of bilateral financing (including the capital aid and technical assistance budgets of the Ministries of Cooperation, Economy and Foreign Affairs) and three managing organizations.

2. The five different sources of bilateral financing are:

- a) the technical assistance program of the Ministry of Foreign Affairs (French teachers, engineers, doctors, experts);
- b) the technical assistance and capital (mostly grant) aid programs of the Ministry of Cooperation;
- c) Treasury loans administered by the Ministry of the Economy. These loans, with a high grant element, are provided to cover import costs of large projects and are always tied to private export financing as part of a financial package;
- d) The independent financing program of the Caisse Centrale de Coopération Economique (CCCE, a development bank set up in 1941), which consists mainly of loans at government subsidized interest rates of 2.5 percent to 7.0 percent (in 1978) for the poorer countries, plus loans for middle income countries on terms reflecting those prevailing on the financial markets in which CCCE borrows;
- e) Budgetary assistance granted by the Ministry of the Economy to African developing countries experiencing serious budgetary difficulties. These loans can be in very general form or linked to specific items (for instance, the operating costs of a particular ministry).

3. Moreover, there are three different managing organizations:

- a) the Fonds d'Aide et de Coopération (FAC) (within the Ministry of Cooperation), which administers bilateral French grant aid (mostly to French speaking African states) and with which the World Bank cooperates very closely;
- b) CCCE, which provides not only loans, but also equity and technical assistance (especially for institution-building) and operates along the lines of the World Bank. Again, cooperation between CCCE and the World Bank is very close;
- c) the State Secretariat for Overseas Territories and Departments.

- 4.
- a) The French bilateral aid program definitely benefits from its large field network. Thus, of the total staff of the Ministry of Cooperation, a quarter (about 250 people) are assigned to 20 different field offices and about a third (some 280 people) of the staff of CCCE are assigned to 27 offices.
 - b) The responsibilities delegated to the field depend on the type of aid in question and are wider for technical assistance than for capital aid. Either way, key aid decisions are made by the respective Boards of FAC and CCCE in Paris.

5. The organization of French bilateral aid has frequently been changed. Thus, several times in the past the bilateral aid administration (i.e. the Ministry of Cooperation) has been downgraded to a "State Secretariat" in the Ministry of Foreign Affairs. Like many of his predecessors, the Minister of Foreign Affairs, Jean François-Poncet, previously Secretary General at the Elysée) is known to lean in this direction but there is no clear indication at this stage as to what will happen with the Ministry of Cooperation in the future.

6. On the multilateral side, the Ministry of the Economy (Treasury) is responsible for contributions to IFIs, including the World Bank, European Development Fund, etc. while the Ministry of Foreign Affairs has primary responsibility for the U.N. system and channels French contributions to its various organizations (e.g. UNDP).

FRENCH BILATERAL AID ADMINISTRATION

MINISTRY IN CHARGE

MINISTRY OF COOPERATION

STATE SECRETARIAT FOR OVERSEAS DEPARTMENTS AND TERRITORIES AND OTHER MINISTRIES

MINISTRIES OF THE ECONOMY AND THE BUDGET

MINISTRY OF FOREIGN AFFAIRS

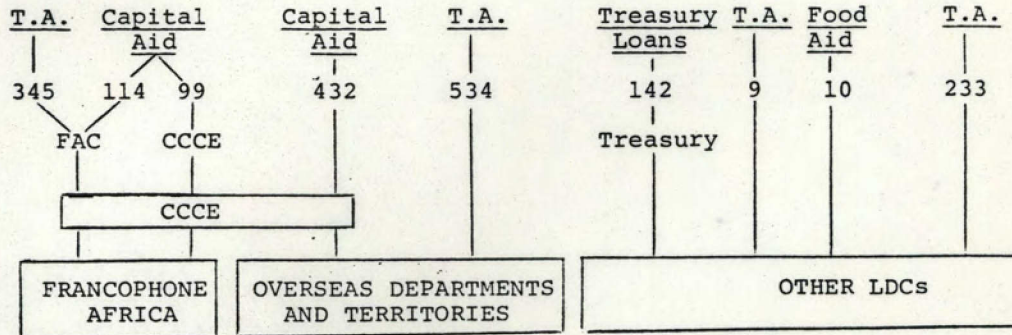
TYPE OF AID

AMOUNTS (x)

FINANCING ORGANIZATIONS

ADMINISTRATING ORGANIZATIONS

RECIPIENT COUNTRIES



(x) Net disbursements 1977 (in U.S. \$ million)

- T.A.: Technical assistance
- FAC: Fonds d'Aide et de Coopération
- CCCE: Caisse Centrale de Coopération Economique

Table 1: FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE FROM DEVELOPMENT ASSISTANCE COMMITTEE MEMBERS a/
(Calendar Years, US\$ million and % of Projected GNP)

| | 1965 | 1970 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Australia | 119 .53 | 202 .59 | 507 .60 | 385 .42 | 427 .45 | 510 .46 | 599 .47 | 689 .48 | 786 .49 | 889 .50 | 993 .50 | 1107 .50 | 1235 .50 |
| Austria | 10 .11 | 11 .07 | 64 .17 | 48 .12 | 118 .24 | 146 .26 | 169 .27 | 196 .28 | 226 .29 | 261 .30 | 291 .30 | 335 .30 | 361 .30 |
| Belgium | 102 .60 | 120 .46 | 378 .59 | 340 .51 | 371 .46 | 481 .50 | 563 .53 | 664 .56 | 775 .59 | 909 .62 | 1058 .65 | 1188 .65 | 1325 .65 |
| Canada | 96 .19 | 346 .42 | 880 .55 | 887 .46 | 992 .50 | 1070 .53 | 1219 .54 | 1359 .54 | 1544 .55 | 1752 .56 | 1954 .56 | 2179 .56 | 2429 .56 |
| Denmark | 13 .13 | 59 .38 | 205 .58 | 214 .56 | 258 .60 | 338 .67 | 387 .70 | 442 .72 | 504 .74 | 568 .75 | 630 .75 | 700 .75 | 778 .75 |
| Finland <u>b/</u> | 2 .02 | 7 .07 | 48 .18 | 51 .18 | 49 .17 | 52 .17 | 62 .18 | 73 .19 | 84 .19 | 98 .20 | 109 .20 | 120 .20 | 133 .20 |
| France | 752 .76 | 971 .66 | 2094 .62 | 2146 .62 | 2267 .60 | 2902 .64 | 3255 .64 | 3637 .64 | 4089 .65 | 4569 .65 | 5113 .65 | 5695 .65 | 6343 .65 |
| Germany | 456 .40 | 599 .32 | 1689 .40 | 1384 .31 | 1386 .27 | 1853 .30 | 2072 .30 | 2378 .31 | 2726 .32 | 3123 .33 | 3475 .33 | 3867 .33 | 4303 .33 |
| Italy | 60 .10 | 147 .16 | 182 .11 | 226 .13 | 186 .10 | 255 .11 | 280 .11 | 285 .10 | 315 .10 | 363 .11 | 407 .11 | 453 .11 | 518 .11 |
| Japan | 244 .27 | 458 .23 | 1148 .23 | 1105 .20 | 1424 .21 | 1997 .21 | 2393 .22 | 2848 .24 | 3279 .24 | 3926 .25 | 4461 .25 | 5069 .25 | 5760 .25 |
| Netherlands | 70 .36 | 196 .61 | 604 .75 | 720 .82 | 900 .85 | 1115 .90 | 1323 .96 | 1512 .99 | 1693 1.00 | 1877 1.00 | 2081 1.00 | 2306 1.00 | 2557 1.00 |
| New Zealand <u>c/</u> | | 14 .23 | 66 .52 | 53 .41 | 53 .39 | 56 .33 | 59 .32 | 62 .30 | 67 .30 | 75 .30 | 88 .32 | 97 .32 | 108 .32 |
| Norway | 11 .16 | 37 .32 | 184 .66 | 218 .70 | 295 .82 | 368 .91 | 437 .96 | 505 .98 | 581 1.00 | 667 1.02 | 760 1.03 | 858 1.03 | 969 1.03 |
| Sweden | 38 .19 | 117 .38 | 566 .82 | 608 .82 | 779 .99 | 821 .97 | 909 .99 | 1015 1.00 | 1145 1.02 | 1278 1.03 | 1412 1.03 | 1561 1.03 | 1725 1.03 |
| Switzerland | 12 .09 | 30 .15 | 104 .19 | 112 .19 | 119 .19 | 147 .18 | 166 .19 | 188 .19 | 211 .19 | 239 .20 | 267 .20 | 295 .20 | 326 .20 |
| United Kingdom | 472 .47 | 447 .36 | 863 .37 | 835 .38 | 914 .37 | 1109 .38 | 1247 .38 | 1406 .39 | 1600 .41 | 1787 .42 | 1976 .42 | 2165 .42 | 2372 .42 |
| United States <u>d/</u> | 3418 .49 | 3050 .31 | 4007 .26 | 4334 .25 | 4159 .22 | 4824 .23 | 5162 .22 | 5772 .22 | 6638 .23 | 7652 .24 | 8515 .24 | 9475 .24 | 10544 .24 |
| <u>GRAND TOTAL</u> | | | | | | | | | | | | | |
| ODA (Sb. - Nominal Prices) | 5.9 .44 | 6.8 .34 | 13.6 .35 | 13.7 .33 | 14.7 .31 | 18.0 .33 | 20.3 .33 | 23.0 .33 | 26.3 .34 | 30.0 .35 | 33.6 .35 | 37.5 .35 | 41.8 .35 |
| ODA (Sb. - Const. 1977 prices) | 13.1 | 12.7 | 15.2 | 14.8 | 14.7 | 15.8 | 16.5 | 17.5 | 18.7 | 19.9 | 20.8 | 21.7 | 22.6 |
| GNP (\$t. - Nominal Prices) | 1.3 | 2.0 | 3.8 | 4.2 | 4.7 | 5.5 | 6.2 | 6.9 | 7.7 | 8.6 | 9.6 | 10.7 | 11.9 |
| Price Deflator <u>e/</u> | .45 | .54 | .89 | .92 | 1.00 | 1.14 | 1.23 | 1.32 | 1.41 | 1.51 | 1.62 | 1.73 | 1.85 |

a/ Figures for 1977 and earlier years are based on actual data. Those for 1978-85 are based on OECD and World Bank estimates of growth of GNP, on information on budget appropriations for aid, and on aid policy statements by governments. They are projections, not predictions, of what will occur unless action not now planned takes place.

b/ Finland became a member of DAC in January 1975.

c/ New Zealand became a member of DAC in 1973. ODA figures for New Zealand are not available for 1965.

d/ In 1949, at the beginning of the Marshall Plan, US Official Development Assistance amounted to 2.79% of GNP.

e/ The deflator is the US\$ GNP deflator which includes the effects of changes in exchange rates.

Table 2: FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE: PATTERN FOR DAC DONORS a/
(Calendar Years, US\$ million and % of GNP)

| | 1965-67 Average | 1970 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|--------------------------|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Australia | | | | | | | | | | | | | |
| Multilateral | 12 | 12 | 71 | 67 | 78 | 86 | 90 | 98 | 120 | 125 | 168 | 185 | 108 |
| Bilateral | 122 | 190 | 436 | 318 | 349 | 424 | 509 | 501 | 666 | 764 | 825 | 922 | 1027 |
| Total | 134 | 202 | 507 | 385 | 427 | 510 | 599 | 600 | 786 | 889 | 993 | 1107 | 1235 |
| Multilateral as % of GNP | .05 | .04 | .08 | .08 | .08 | .08 | .07 | .07 | .07 | .07 | .08 | .08 | .08 |
| Bilateral as % of GNP | .51 | .55 | .52 | .34 | .37 | .38 | .40 | .41 | .42 | .43 | .42 | .42 | .42 |
| Total as % of GNP | .56 | .59 | .60 | .42 | .45 | .46 | .47 | .48 | .49 | .50 | .50 | .50 | .50 |
| Austria | | | | | | | | | | | | | |
| Multilateral | 5 | 7 | 14 | 18 | 31 | 36 | 45 | 50 | 54 | 58 | 75 | 79 | 84 |
| Bilateral | 8 | 4 | 50 | 30 | 87 | 110 | 124 | 146 | 172 | 102 | 216 | 146 | 277 |
| Total | 13 | 11 | 64 | 48 | 118 | 146 | 169 | 196 | 226 | 261 | 291 | 335 | 361 |
| Multilateral as % of GNP | .05 | .04 | .04 | .05 | .06 | .06 | .07 | .07 | .07 | .07 | .08 | .07 | .08 |
| Bilateral as % of GNP | .08 | .03 | .13 | .07 | .18 | .20 | .20 | .21 | .22 | .23 | .22 | .23 | .23 |
| Total as % of GNP | .13 | .07 | .17 | .12 | .24 | .26 | .27 | .28 | .29 | .30 | .30 | .30 | .30 |
| Belgium | | | | | | | | | | | | | |
| Multilateral | 10 | 28 | 126 | 111 | 109 | 179 | 174 | 188 | 219 | 231 | 275 | 326 | 343 |
| Bilateral | 79 | 92 | 252 | 229 | 262 | 302 | 389 | 476 | 556 | 678 | 783 | 862 | 982 |
| Total | 89 | 20 | 78 | 40 | 371 | 481 | 563 | 664 | 775 | 909 | 1058 | 1188 | 1325 |
| Multilateral as % of GNP | .06 | .10 | .20 | .17 | .14 | .19 | .16 | .16 | .17 | .16 | .17 | .18 | .17 |
| Bilateral as % of GNP | .43 | .36 | .39 | .51 | .46 | .50 | .53 | .56 | .42 | .46 | .48 | .47 | .48 |
| Total as % of GNP | .49 | .46 | .59 | .51 | .46 | .50 | .53 | .40 | .59 | .62 | .65 | .65 | .65 |
| Canada | | | | | | | | | | | | | |
| Multilateral | 36 | 78 | 268 | 358 | 516 | 452 | 510 | 622 | 639 | 671 | 836 | 856 | 871 |
| Bilateral | 125 | 268 | 612 | 529 | 476 | 618 | 709 | 737 | 905 | 1081 | 1118 | 1323 | 1558 |
| Total | 161 | 346 | 880 | 887 | 992 | 1070 | 1219 | 1359 | 1544 | 1752 | 1954 | 2179 | 2429 |
| Multilateral as % of GNP | .06 | .09 | .17 | .19 | .27 | .22 | .23 | .25 | .23 | .21 | .24 | .22 | .20 |
| Bilateral as % of GNP | .22 | .33 | .38 | .27 | .24 | .31 | .31 | .29 | .32 | .35 | .32 | .34 | .36 |
| Total as % of GNP | .28 | .42 | .55 | .46 | .51 | .53 | .54 | .54 | .55 | .56 | .56 | .56 | .56 |
| Denmark | | | | | | | | | | | | | |
| Multilateral | 11 | 22 | 94 | 97 | 111 | 137 | 153 | 174 | 194 | 215 | 246 | 270 | 297 |
| Bilateral | 9 | 37 | 111 | 117 | 147 | 201 | 234 | 268 | 310 | 353 | 384 | 430 | 481 |
| Total | 20 | 59 | 205 | 214 | 258 | 338 | 387 | 442 | 504 | 568 | 630 | 700 | 778 |
| Multilateral as % of GNP | .10 | .14 | .27 | .25 | .26 | .27 | .27 | .28 | .28 | .28 | .29 | .29 | .29 |
| Bilateral as % of GNP | .08 | .24 | .31 | .31 | .34 | .40 | .43 | .44 | .46 | .47 | .46 | .46 | .46 |
| Total as % of GNP | .18 | .38 | .58 | .56 | .60 | .67 | .70 | .72 | .74 | .75 | .75 | .75 | .75 |
| Finland b/ | | | | | | | | | | | | | |
| Multilateral | - | 6 | 21 | 22 | 22 | 32 | 37 | 37 | 45 | 46 | 56 | 69 | 70 |
| Bilateral | - | 1 | 27 | 29 | 27 | 20 | 25 | 36 | 39 | 52 | 53 | 51 | 63 |
| Total | 3 | 7 | 48 | 51 | 49 | 52 | 62 | 73 | 84 | 98 | 109 | 120 | 133 |
| Multilateral as % of GNP | - | .05 | .08 | .08 | .08 | .10 | .11 | .10 | .10 | .09 | .10 | .12 | .11 |
| Bilateral as % of GNP | - | .01 | .10 | .10 | .09 | .07 | .07 | .09 | .09 | .11 | .10 | .08 | .09 |
| Total as % of GNP | .04 | .07 | .18 | .18 | .17 | .17 | .18 | .19 | .19 | .20 | .20 | .20 | .20 |
| France | | | | | | | | | | | | | |
| Multilateral | 35 | 103 | 305 | 300 | 350 | 444 | 576 | 556 | 634 | 689 | 741 | 859 | 898 |
| Bilateral | 739 | 868 | 1789 | 1846 | 1917 | 2458 | 2679 | 3081 | 3455 | 3880 | 4372 | 4836 | 5425 |
| Total | 774 | 971 | 2094 | 2146 | 2267 | 2902 | 3255 | 3637 | 4089 | 4569 | 5113 | 5695 | 6323 |
| Multilateral as % of GNP | .03 | .07 | .09 | .09 | .09 | .10 | .11 | .10 | .10 | .10 | .09 | .10 | .09 |
| Bilateral as % of GNP | .69 | .59 | .52 | .53 | .51 | .54 | .53 | .54 | .55 | .55 | .56 | .55 | .56 |
| Total as % of GNP | .72 | .66 | .62 | .62 | .60 | .64 | .64 | .64 | .65 | .65 | .65 | .65 | .65 |
| Germany | | | | | | | | | | | | | |
| Multilateral | 52 | 133 | 528 | 340 | 358 | 658 | 530 | 658 | 735 | 837 | 1028 | 1153 | 1293 |
| Bilateral | 409 | 466 | 1161 | 1044 | 1028 | 1195 | 1542 | 1720 | 1991 | 2286 | 2447 | 2714 | 3010 |
| Total | 461 | 599 | 1689 | 1384 | 1386 | 1853 | 2072 | 2378 | 2726 | 3123 | 3475 | 3867 | 4303 |
| Multilateral as % of GNP | .04 | .07 | .12 | .08 | .07 | .11 | .08 | .09 | .09 | .09 | .10 | .10 | .10 |
| Bilateral as % of GNP | .34 | .25 | .28 | .23 | .20 | .19 | .22 | .22 | .23 | .24 | .23 | .23 | .23 |
| Total as % of GNP | .38 | .32 | .40 | .31 | .27 | .30 | .30 | .31 | .32 | .33 | .33 | .33 | .33 |
| Italy | | | | | | | | | | | | | |
| Multilateral | 31 | 84 | 123 | 148 | 151 | 246 | 273 | 279 | 292 | 346 | 401 | 411 | 481 |
| Bilateral | 67 | 63 | 59 | 78 | 35 | 9 | 7 | 6 | 23 | 17 | 6 | 42 | 37 |
| Total | 98 | 147 | 182 | 226 | 186 | 255 | 280 | 285 | 315 | 363 | 407 | 453 | 518 |
| Multilateral as % of GNP | .05 | .09 | .07 | .09 | .08 | .11 | .11 | .10 | .09 | .10 | .11 | .10 | .10 |
| Bilateral as % of GNP | .10 | .07 | .04 | .04 | .02 | .00 | .00 | .00 | .01 | .01 | .00 | .01 | .01 |
| Total as % of GNP | .15 | .16 | .11 | .13 | .10 | .11 | .11 | .10 | .10 | .11 | .11 | .11 | .11 |

Table 2: FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE: PATTERN FOR DAC DONORS a/
(Calendar Years, US\$ million and % of GNP)

| | 1965-67 Average | 1970 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|--------------------------|--------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Japan | | | | | | | | | | | | | |
| Multilateral | 38 | 86 | 297 | 352 | 525 | 635 | 716 | 772 | 788 | 800 | 1168 | 1180 | 1215 |
| Bilateral | 267 | 372 | 851 | 753 | 899 | 1362 | 1677 | 2076 | 2491 | 3126 | 3293 | 3889 | 4545 |
| Total | 305 | 458 | 1148 | 1105 | 1424 | 1997 | 2393 | 2848 | 3279 | 3926 | 4461 | 5069 | 5760 |
| Multilateral as % of GNP | .03 | .04 | .06 | .06 | .08 | .07 | .07 | .07 | .06 | .05 | .07 | .06 | .05 |
| Bilateral as % of GNP | .26 | .19 | .17 | .14 | .13 | .14 | .15 | .17 | .18 | .20 | .18 | .19 | .20 |
| Total as % of GNP | .29 | .23 | .23 | .20 | .21 | .21 | .22 | .24 | .24 | .25 | .25 | .25 | .25 |
| Netherlands | | | | | | | | | | | | | |
| Multilateral | 35 | 42 | 239 | 224 | 256 | 300 | 332 | 374 | 415 | 468 | 552 | 608 | 668 |
| Bilateral | 57 | 154 | 365 | 496 | 644 | 815 | 991 | 1138 | 1278 | 1409 | 1529 | 1698 | 1889 |
| Total | 92 | 196 | 604 | 720 | 900 | 1115 | 1323 | 1512 | 1693 | 1877 | 2081 | 2306 | 2557 |
| Multilateral as % of GNP | .17 | .13 | .30 | .25 | .24 | .24 | .24 | .24 | .24 | .25 | .27 | .26 | .26 |
| Bilateral as % of GNP | .27 | .48 | .45 | .57 | .61 | .66 | .72 | .75 | .76 | .75 | .73 | .74 | .74 |
| Total as % of GNP | .44 | .61 | .75 | .82 | .85 | .90 | .96 | .99 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| New Zealand c/ | | | | | | | | | | | | | |
| Multilateral | - | 3 | 16 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 24 | 27 | 30 |
| Bilateral | - | 11 | 50 | 43 | 42 | 44 | 46 | 48 | 52 | 59 | 64 | 70 | 78 |
| Total | 11 | 14 | 66 | 53 | 53 | 56 | 59 | 62 | 67 | 75 | 88 | 97 | 108 |
| Multilateral as % of GNP | - | .05 | .13 | .08 | .08 | .07 | .07 | .07 | .07 | .06 | .09 | .09 | .09 |
| Bilateral as % of GNP | - | .18 | .39 | .33 | .31 | .26 | .25 | .23 | .23 | .24 | .23 | .23 | .23 |
| Total as % of GNP | .20 | .23 | .52 | .41 | .39 | .33 | .32 | .30 | .30 | .30 | .32 | .32 | .32 |
| Norway | | | | | | | | | | | | | |
| Multilateral | 9 | 22 | 82 | 112 | 130 | 168 | 187 | 216 | 240 | 264 | 317 | 345 | 375 |
| Bilateral | 4 | 15 | 102 | 106 | 165 | 200 | 250 | 289 | 341 | 403 | 443 | 513 | 594 |
| Total | 13 | 37 | 184 | 218 | 295 | 368 | 437 | 505 | 581 | 667 | 760 | 858 | 969 |
| Multilateral as % of GNP | .12 | .20 | .29 | .36 | .36 | .42 | .41 | .42 | .41 | .40 | .43 | .41 | .40 |
| Bilateral as % of GNP | .05 | .12 | .37 | .34 | .46 | .49 | .55 | .56 | .59 | .62 | .60 | .62 | .63 |
| Total as % of GNP | .17 | .32 | .66 | .70 | .82 | .91 | .96 | .98 | 1.00 | 1.02 | 1.03 | 1.03 | 1.03 |
| Sweden | | | | | | | | | | | | | |
| Multilateral | 30 | 54 | 193 | 206 | 293 | 316 | 337 | 412 | 434 | 458 | 572 | 592 | 612 |
| Bilateral | 22 | 63 | 373 | 401 | 486 | 505 | 572 | 603 | 711 | 820 | 840 | 969 | 1113 |
| Total | 52 | 117 | 566 | 608 | 779 | 821 | 909 | 1015 | 1145 | 1278 | 1412 | 1561 | 1725 |
| Multilateral as % of GNP | .13 | .18 | .28 | .28 | .37 | .37 | .37 | .41 | .39 | .37 | .42 | .39 | .37 |
| Bilateral as % of GNP | .10 | .20 | .54 | .54 | .62 | .60 | .62 | .59 | .63 | .66 | .61 | .64 | .66 |
| Total as % of GNP | .23 | .38 | .82 | .82 | .99 | .97 | .99 | 1.00 | 1.02 | 1.03 | 1.03 | 1.03 | 1.03 |
| Switzerland | | | | | | | | | | | | | |
| Multilateral | 5 | 12 | 33 | 45 | 50 | 62 | 73 | 79 | 87 | 91 | 102 | 114 | 128 |
| Bilateral | 8 | 18 | 71 | 67 | 69 | 85 | 93 | 109 | 124 | 148 | 165 | 181 | 198 |
| Total | 13 | 30 | 104 | 112 | 119 | 147 | 166 | 188 | 211 | 239 | 267 | 295 | 326 |
| Multilateral as % of GNP | .03 | .06 | .06 | .06 | .08 | .08 | .08 | .08 | .08 | .08 | .08 | .08 | .08 |
| Bilateral as % of GNP | .05 | .09 | .13 | .12 | .11 | .10 | .11 | .11 | .11 | .12 | .12 | .12 | .12 |
| Total as % of GNP | .08 | .15 | .19 | .19 | .19 | .18 | .19 | .19 | .19 | .20 | .20 | .20 | .20 |
| United Kingdom | | | | | | | | | | | | | |
| Multilateral | 54 | 48 | 297 | 254 | 359 | 422 | 453 | 538 | 620 | 707 | 924 | 1022 | 1137 |
| Bilateral | 427 | 399 | 566 | 581 | 545 | 687 | 794 | 868 | 980 | 1080 | 1052 | 1143 | 1235 |
| Total | 481 | 447 | 863 | 835 | 914 | 1109 | 1247 | 1406 | 1600 | 1787 | 1976 | 2165 | 2372 |
| Multilateral as % of GNP | .05 | .04 | .13 | .12 | .15 | .14 | .14 | .15 | .16 | .16 | .20 | .20 | .20 |
| Bilateral as % of GNP | .40 | .32 | .24 | .26 | .22 | .24 | .24 | .24 | .25 | .26 | .22 | .22 | .22 |
| Total as % of GNP | .45 | .36 | .37 | .38 | .37 | .38 | .38 | .39 | .41 | .42 | .42 | .42 | .42 |
| United States | | | | | | | | | | | | | |
| Multilateral | 115 | 393 | 1066 | 1496 | 1262 | 1343 | 1460 | 1635 | 1751 | 1896 | 2485 | 2692 | 2946 |
| Bilateral | 3298 | 2657 | 2941 | 2838 | 2897 | 3481 | 3702 | 4137 | 4887 | 5756 | 6030 | 6783 | 7598 |
| Total | 3413 | 3050 | 4007 | 4334 | 4159 | 4824 | 5162 | 5772 | 6638 | 7652 | 8515 | 9475 | 10544 |
| Multilateral as % of GNP | .02 | .04 | .07 | .09 | .07 | .07 | .06 | .06 | .06 | .06 | .07 | .07 | .07 |
| Bilateral as % of GNP | .43 | .27 | .19 | .16 | .15 | .16 | .16 | .16 | .17 | .18 | .17 | .17 | .17 |
| Total as % of GNP | .45 | .31 | .26 | .25 | .22 | .23 | .22 | .22 | .23 | .24 | .24 | .24 | .24 |
| Total DAC | | | | | | | | | | | | | |
| Multilateral | 475 | 1124 | 3770 | 4161 | 4612 | 5582 | 5931 | 6691 | 7282 | 7855 | 10006 | 10846 | 11715 |
| Bilateral | 5643 | 5667 | 9815 | 9506 | 10084 | 12462 | 14371 | 16340 | 18981 | 22178 | 23584 | 26624 | 30071 |
| Total | 6118 | 6791 | 13585 | 13665 | 14696 | 18044 | 20302 | 23031 | 26263 | 30033 | 33590 | 37470 | 41786 |
| Multilateral as % of GNP | .03 | .06 | .10 | .10 | .10 | .10 | .10 | .10 | .09 | .09 | .10 | .10 | .10 |
| Bilateral as % of GNP | .39 | .28 | .25 | .23 | .21 | .23 | .23 | .23 | .25 | .26 | .25 | .25 | .25 |
| Total as % of GNP | .42 | .34 | .35 | .33 | .31 | .33 | .33 | .33 | .34 | .35 | .35 | .35 | .35 |

a/ Source: Figures through 1977 are from OECD/DAC. Figures for 1978-85 are projections by Bank Staff. Projections for 1983-85 are based on the assumption that the ODA/GNP ratio achieved in 1982 will be maintained.

b/ Finland became a member of DAC in January 1975.

c/ New Zealand became a member of DAC in 1973.

Table 3: CONCESSIONARY FLOWS TO MULTILATERAL INSTITUTIONS BY DONOR COUNTRY a/
(Calendar Years; US\$ million)

| | FRANCE * | | | | | | | | | | | | |
|--|--------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| | 1965-67 Average | 1970 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
| CAPITAL SUBSCRIPTION PAYMENTS <u>b/</u> | | | | | | | | | | | | | |
| IBRD: <u>c/</u> Past Increases | | | | | | | | | | | | | |
| Selective Increase | | | | | 20.3 | | 13.9 | 10.4 | 10.4 | | | | |
| General Increase | | | | | | | | 22.9 | | 36.4 | 36.4 | 36.5 | 36.5 |
| IDA: <u>d/</u> Payments For 1-4 | 20.6 | 32.4 | 83.2 | 74.7 | 72.7 | | | | | | | | |
| 5 | | | | | | 119.7 | 194.5 | 160.1 | | | | | |
| 6 | | | | | | | | | 233.1 | 233.1 | 233.1 | | |
| 7 | | | | | | | | | | | | 322.8 | 322.8 |
| IFC: <u>e/</u> | | | | | | | 4.8 | 4.7 | 4.8 | 4.7 | 4.7 | | |
| Sub-Total Bank Group | 20.6 | 32.4 | 83.2 | 74.7 | 93.0 | 119.7 | 213.2 | 198.1 | 248.3 | 274.2 | 274.2 | 359.3 | 359.3 |
| IDB: Ordinary Capital | | | | 2.1 | 3.4 | 3.4 | 4.7 | 1.3 | 1.3 | 1.3 | 2.0 | 2.0 | 2.0 |
| Concessional Capital | | | | | 20.8 | 20.5 | 41.1 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 |
| ADB: Ordinary Capital | | 2.5 | 7.2 | 4.4 | - | 2.5 | 2.5 | 2.5 | 2.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Concessional Capital | | | | | - | - | 26.2 | 26.2 | 26.2 | 26.2 | 39.3 | 39.3 | 39.3 |
| Other | | | | 2.9 | 16.6 | 20.9 | 20.3 | 20.4 | 21.2 | 20.3 | 29.5 | 30.4 | 30.4 |
| TOTAL CAPITAL SUBSCRIPTIONS | 20.6 | 34.9 | 90.4 | 84.1 | 133.8 | 167.0 | 308.0 | 269.0 | 320.0 | 344.0 | 367.0 | 453.0 | 453.0 |
| GRANTS | | | | | | | | | | | | | |
| UN Agencies | 12.3 | 7.5 | 20.1 | 20.7 | 20.6 | 27.0 | 27.0 | 29.0 | 33.0 | 36.0 | 40.0 | 44.0 | 50.0 |
| EEC | | 49.8 | 189.9 | 174.8 | 180.1 | 232.0 | 225.0 | 240.0 | 262.0 | 290.0 | 315.0 | 342.0 | 375.0 |
| Other | | 0.9 | 1.3 | 1.4 | 1.1 | 4.0 | 2.0 | 3.0 | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 |
| TOTAL GRANTS | 12.3 | 58.2 | 211.2 | 196.9 | 201.8 | 263.0 | 254.0 | 272.0 | 299.0 | 330.0 | 359.0 | 391.0 | 430.0 |
| CONCESSIONAL LENDING | 2.5 | 9.8 | 2.9 | 18.8 | 14.3 | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| TOTAL MULTILATERAL ODA | 35.4 | 102.9 | 304.5 | 299.9 | 349.9 | 444.0 | 576.0 | 556.0 | 634.0 | 689.0 | 741.0 | 859.0 | 898.0 |
| - As % of Total ODA | 5 | 11 | 14 | 14 | 15 | 15 | 18 | 15 | 16 | 15 | 14 | 15 | 14 |
| MEMO ITEM | | | | | | | | | | | | | |
| TOTAL MULTILATERAL ODA (CALLS BASIS) | 28.5 | 82.1 | 301.9 | 273.9 | 349.9 | 402.0 | 416.8 | 455.1 | 506.3 | 550.8 | 691.3 | 752.0 | 824.8 |
| KEY RATIOS | | | | | | | | | | | | | |
| Bank Group Subscriptions | | | | | | | | | | | | | |
| - As % of Total ODA | 3 | 3 | 4 | 3 | 3 | 4 | 7 | 5 | 6 | 6 | 5 | 6 | 6 |
| - As % of GNP | .02 | .02 | .03 | .02 | .02 | .03 | .04 | .03 | .04 | .04 | .03 | .04 | .04 |
| IDA | | | | | | | | | | | | | |
| - As % of Total ODA (As Reported) | 3 | 3 | 4 | 3 | 3 | 4 | 6 | 4 | 6 | 5 | 5 | 6 | 5 |
| - As % of GNP | .02 | .02 | .03 | .02 | .02 | .03 | .04 | .03 | .04 | .03 | .03 | .04 | .03 |
| - As % of Total ODA (Calls Basis) | 2 | 1 | 4 | 3 | 3 | 2 | 2 | 3 | 3 | 3 | 3 | 4 | 4 |
| MEMO ITEMS (Fiscal Years) <u>f/</u> | | | | | | | | | | | | | |
| IDA Cash/Note Deposits (\$m) | 20.6 | 35.8 | 88.3 | 75.3 | 72.5 | 119.7 | 194.5 | 160.1 | 233.1 | 233.1 | 233.1 | 322.8 | 322.8 |
| Fm | 101.8 | 198.8 | 356.8 | 356.8 | 356.8 | 540.0 | 835.6 | 687.8 | 1001.5 | 1001.5 | 1001.5 | 1386.9 | 1386.9 |
| IDA Calls (\$m) - 5 | | | | | | | 15.0 | 64.2 | 87.2 | 86.5 | 65.3 | 45.8 | 32.6 |
| 6 | | | | | | | | | 7.3 | 34.5 | 81.5 | 124.6 | 128.5 |
| 7 | | | | | | | | | | | | 11.0 | 52.0 |

* In reporting multilateral ODA, France uses cash/note deposits made to IFIs rather than calls on contributors.

a/ Source: Historical figures through 1977 from DAC. All other figures are projections made by Bank staff after consultation with IDB and ADB staff.

b/ Capital subscription payments are not reported uniformly by DAC countries. While some donors report cash/note deposits; others report draw-down of notes (calls). Capital subscription payments reported here reflect the reporting system used by the individual country. However, for comparison purposes, the memo item projects multilateral ODA adjusted so that capital subscription payments are based on calls.

c/ Assumes: (1) a Selective Capital Increase of about \$8.5 billion approved with 10% paid in and released over the three-year period FY78-80; (2) a Selective Increase of 1900 shares for France paid in FY80; and (3) a General Capital Increase of \$40 billion with 7.5% paid in and released over the four-year period FY82-85.

Assumes: (1) contributions to IDA5 will total \$8,700 million; (2) IDA6 will be \$13 billion and IDA7 \$18 billion; (3) country shares in IDA6 and IDA7 will be the same as in IDA5 as of 3/14/77; and (4) all contributions to IDA5, IDA6 and IDA7 will be paid in three approximately equal annual installments, will be drawn pro rata, and IDA6 contributions will begin in FY81 and IDA7 in FY84.

e/ Assumes: France will participate in an IFC Capital Increase of \$480 million paid in over a five-year period. The exact amount remains under consideration.

f/ Projected using exchange rates of 3/30/79. Differences in dollar figures reported by DAC and by IBRD result from DAC's use of the annual average exchange rate and IBRD's use of the end-period rate for the quarter in which payment is made.

TABLE 4: ESTIMATED EFFECT OF IBRD AND IDA OPERATIONS ON FRANCE'S
BALANCE OF PAYMENTS THROUGH FY78
(US\$ millions: Fiscal Years)

| | Through 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 |
|---|-----------------|------------|------------|------------|------------|------------|------------|-------------|-------------|------------|
| IBRD EFFECT | | | | | | | | | | |
| Current Account | | | | | | | | | | |
| Procurement of Goods <u>a/</u> | 502 | 37 | 47 | 62 | 57 | 81 | 135 | 160 | 129 | 150 |
| Interest to Bond Holders <u>b/</u> | 16 | 1 | 2 | 2 | 1 | 3 | 3 | 3 | 3 | 3 |
| Interest to Loan Holders <u>b/</u> | 3 | 1 | 1 | | | | | | | 5 |
| Administrative Expenses including Issuance Costs of Bonds | 14 | 2 | 2 | 2 | 3 | 3 | 2 | 2 | 1 | 1 |
| Less: IBRD Investment Income | | | 1 | 2 | 3 | 6 | 9 | 9 | 10 | 8 |
| Less: Loan Charges | 156 | | | | | | | | | |
| Equals: Balance on Current Account | <u>379</u> | <u>41</u> | <u>51</u> | <u>64</u> | <u>58</u> | <u>81</u> | <u>131</u> | <u>156</u> | <u>123</u> | <u>151</u> |
| Capital Account | | | | | | | | | | |
| Loans Disbursed and Outstanding | | | | | | | | | | |
| Less: 1% Subscription | 10 | | | 3 | | | | | | |
| 9% Subscription | 95 | | | 20 | | | | | | |
| Net IBRD Bond Sales <u>b/</u> | 36 | | 3 | 3 | -30 | | | -3 | -2 | -2 |
| Net IBRD Loan Sales <u>b/</u> | 24 | -4 | -7 | -1 | -5 | -5 | -2 | 12 | 42 | |
| Equals: Balance on Capital Account | <u>-165</u> | <u>4</u> | <u>4</u> | <u>-25</u> | <u>35</u> | <u>5</u> | <u>2</u> | <u>-9</u> | <u>-40</u> | <u>2</u> |
| Balance on Current and Long-term Capital Account | <u>214</u> | <u>45</u> | <u>55</u> | <u>39</u> | <u>93</u> | <u>86</u> | <u>133</u> | <u>147</u> | <u>83</u> | <u>153</u> |
| IDA EFFECT | | | | | | | | | | |
| Current Account | | | | | | | | | | |
| Procurement of Goods <u>a/</u> | 58 | 17 | 24 | 25 | 43 | 45 | 74 | 97 | 86 | 68 |
| Administrative Expenses | | | | 1 | 1 | 1 | 1 | 1 | | |
| Less: IDA Investment Income | | | | | | | | | | |
| Equals: Balance on Current Account | <u>58</u> | <u>17</u> | <u>24</u> | <u>26</u> | <u>44</u> | <u>46</u> | <u>75</u> | <u>98</u> | <u>86</u> | <u>68</u> |
| Capital Account | | | | | | | | | | |
| Contributions to IDA | 94 | 12 | 12 | 24 | 30 | 39 | 68 | 109 | 61 | 69 |
| Equals: Balance on Capital Account | <u>-94</u> | <u>-12</u> | <u>-12</u> | <u>-24</u> | <u>-30</u> | <u>-39</u> | <u>-68</u> | <u>-109</u> | <u>-61</u> | <u>-69</u> |
| Balance on Current and Long-Term Capital Account | <u>-36</u> | <u>5</u> | <u>12</u> | <u>2</u> | <u>14</u> | <u>7</u> | <u>7</u> | <u>-12</u> | <u>25</u> | <u>-1</u> |
| COMBINED IBRD/IDA EFFECT | | | | | | | | | | |
| Current Account | 437 | 58 | 75 | 90 | 102 | 127 | 206 | 254 | 209 | 219 |
| Capital Account | <u>-259</u> | <u>-8</u> | <u>-8</u> | <u>-49</u> | <u>5</u> | <u>-34</u> | <u>-66</u> | <u>-118</u> | <u>-101</u> | <u>-67</u> |
| Balance on Current and Long-term Capital Account | <u>178</u> | <u>50</u> | <u>67</u> | <u>41</u> | <u>107</u> | <u>93</u> | <u>140</u> | <u>136</u> | <u>108</u> | <u>152</u> |

a/ Includes procurement specifically identified as originating in France and the same proportion of procurement not identifiable by country of origin.

b/ US\$ Bonds and loans in other than francs are included; the issue in 1972 in French francs has been excluded from bond sales. Repatriation sales are excluded from net loan sales.

GENERAL NOTE: The amounts shown are in US\$ equivalents, using the exchange rates prevailing at the time the transactions took place, therefore they will not necessarily agree with those shown in the Bank's financial statements.

TABLE 5: FLOW OF RESOURCES FROM DAC MEMBERS
(Net Disbursements, US\$ millions)

| Ranking ^{a/} | Country | ODA | | | | Total Flows | | |
|-----------------------|----------------|-------------|--------------|-------------------|--------------|--------------|--------------|--------------|
| | | Actual | | Preliminary | Projected | Actual | | |
| | | 1971 | 1976 | Estimates 1977 | 1982 | 1971 | 1976 | 1977 |
| 1 | United States | 3324 | 4334 | 4123 | 7652 | 6867 | 12344 | 11910 |
| 2 | France | 1075 | 2146 | 2267 | 4569 | 1624 | 5316 | 5212 |
| 3 | Japan | 511 | 1105 | 1424 | 3926 | 2141 | 4003 | 5535 |
| 4 | Germany | 734 | 1384 | 1386 | 3123 | 1915 | 5314 | 5754 |
| 5 | Canada | 391 | 887 | 992 | 1752 | 924 | 2471 | 2423 |
| 6 | United Kingdom | 561 | 835 | 914 | 1787 | 1342 | 2176 | 5929 |
| 7 | Netherlands | 216 | 720 | 900 | 1877 | 438 | 1727 | 2013 |
| 8 | Sweden | 159 | 608 | 779 | 1278 | 244 | 1134 | 1555 |
| 9 | Australia | 202 | 385 | 427 | 889 | 530 | 527 | 624 |
| 10 | Belgium | 146 | 340 | 371 | 909 | 317 | 1222 | 913 |
| 11 | Norway | 42 | 218 | 295 | 667 | 65 | 462 | 547 |
| 12 | Denmark | 74 | 214 | 258 | 568 | 153 | 485 | 451 |
| 13 | Italy | 183 | 226 | 186 | 363 | 871 | 1476 | 1989 |
| 14 | Switzerland | 28 | 112 | 119 | 239 | 245 | 1350 | 3928 |
| 15 | Austria | 12 | 48 | 118 | 261 | 93 | 372 | 503 |
| 16 | New Zealand | 17 | 53 | 53 | 75 | 26 | 60 | 76 |
| 17 | Finland | 13 | 51 | 49 | 98 | 31 | 66 | 70 |
| | Total DAC | <u>7688</u> | <u>13666</u> | <u>14696</u> | <u>30033</u> | <u>17826</u> | <u>40505</u> | <u>49492</u> |

a/ Ranking is by ODA Flows for 1977.

Source: Historical figures through 1977 from DAC/OECD; 1982 figures are Bank Staff projections.

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2/14/79

TABLE 6: COMPARATIVE AID PERFORMANCE OF DAC MEMBER COUNTRIES
(ODA as % of GNP)

| Ranking ^{a/} | Country | ODA | | | | Total Flows | | |
|-----------------------|-------------------|------------|------------|------------|------------|-------------|------------|-------------|
| | | Actual | | Estimated | Projected | Actual | | |
| | | 1971 | 1976 | 1977 | 1982 | 1971 | 1976 | 1977 |
| 1 | Sweden | .44 | .82 | .99 | 1.03 | .67 | 1.53 | 1.98 |
| 2 | Netherlands | .58 | .82 | .85 | 1.00 | 1.18 | 1.96 | 1.96 |
| 3 | Norway | .33 | .70 | .82 | 1.02 | .50 | 1.51 | 1.53 |
| 4 | France | .66 | .62 | .60 | .65 | 1.00 | 1.53 | 1.37 |
| 5 | Denmark | .43 | .56 | .60 | .75 | .88 | 1.27 | 1.05 |
| 6 | Canada | .42 | .46 | .51 | .56 | 1.00 | 1.28 | 1.24 |
| 7 | Belgium | .50 | .51 | .46 | .62 | 1.09 | 1.83 | 1.13 |
| 8 | Australia | .53 | .42 | .45 | .50 | 1.38 | .57 | .66 |
| 9 | United Kingdom | .41 | .38 | .37 | .42 | .96 | .99 | 2.42 |
| 10 | New Zealand | .23 | .41 | .39 | .30 | .36 | .48 | .56 |
| 11 | Germany | .34 | .31 | .27 | .33 | .88 | 1.19 | 1.12 |
| 12 | Austria | .07 | .12 | .24 | .30 | .56 | .92 | 1.04 |
| 13 | United States | .32 | .25 | .22 | .24 | .65 | .72 | .63 |
| 14 | Japan | .23 | .20 | .21 | .25 | .95 | .72 | .81 |
| 15 | Switzerland | .12 | .19 | .19 | .20 | 1.00 | 2.28 | 6.20 |
| 16 | Finland | .12 | .18 | .17 | .20 | .28 | .24 | .24 |
| 17 | Italy | .18 | .13 | .10 | .11 | .86 | .87 | 1.02 |
| | All DAC Countries | <u>.35</u> | <u>.33</u> | <u>.31</u> | <u>.35</u> | <u>.80</u> | <u>.97</u> | <u>1.05</u> |

a/ Ranking is by ODA/GNP ratio for 1977.

Source: Historical figures through 1977 from DAC/OECD; 1982 figures are Bank Staff projections.

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2/14/79

TABLE 7: CONCESSIONALITY OF ODA COMMITMENTS

| Ranking ^{a/} | Country | Overall Grant Element of the ODA Program ^{b/} | | | Grants as a % of Total ODA Commitments ^a | | |
|-----------------------|-------------------------------|---|-------------|-------------|--|-------------|-------------|
| | | 1975 | 1976 | 1977 | 1975 | 1976 | 1977 |
| 1 | Australia | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2 | Norway | 99.8 | 100.0 | 100.0 | 99.6 | 100.0 | 100.0 |
| 3 | New Zealand | 99.1 | 97.4 | 100.0 | 98.2 | 95.7 | 100.0 |
| 4 | Sweden | 99.2 | 99.9 | 99.8 | 95.4 | 98.4 | 98.1 |
| 5 | Belgium | 98.1 | 98.2 | 98.3 | 92.2 | 91.7 | 90.9 |
| 6 | Canada | 96.4 | 97.3 | 97.5 | 72.7 | 80.7 | 77.3 |
| 7 | Italy | 90.5 | 93.1 | 97.4 | 83.5 | 85.4 | 93.4 |
| 8 | Denmark | 96.0 | 96.6 | 97.1 | 74.1 | 81.0 | 82.8 |
| 9 | Finland | 91.5 | 90.8 | 97.0 | 63.5 | 70.9 | 89.9 |
| 10 | United Kingdom | 96.9 | 97.6 | 96.9 | 91.1 | 94.8 | 94.6 |
| 11 | Switzerland | 91.2 | 90.9 | 95.0 | 66.6 | 77.0 | 87.3 |
| 12 | Austria | 92.3 | 95.8 | 94.8 | 84.9 | 90.7 | 92.3 |
| 13 | France | 90.7 | 90.6 | 91.4 | 83.1 | 83.4 | 84.8 |
| 14 | Netherlands | 93.9 | 87.0 | 91.1 | 83.9 | 70.6 | 77.3 |
| 15 | United States | 85.4 | 85.6 | 88.6 | 58.1 | 58.8 | 67.0 |
| 16 | Germany | 84.8 | 85.2 | 85.7 | 55.8 | 55.9 | 58.9 |
| 17 | Japan | 70.2 | 74.9 | 70.2 | 35.4 | 48.2 | 37.7 |
| | Average, All DAC Countries | <u>88.6</u> | <u>88.5</u> | <u>89.0</u> | <u>69.3</u> | <u>69.6</u> | <u>71.5</u> |

a/ The grant element of the ODA program is obtained by converting all loans and grants to their grant equivalent. For loans, the grant element is calculated as: $1 - \frac{\text{The present value of all repayments (at 10\%)}}{\text{Face value of the loan}}$

b/ Ranking is based on the grant element of ODA commitments made in 1977.

Source: DAC/OECD

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8/2/78

TABLE 8: DISTRIBUTION OF ODA TO HIGHER INCOME LDC'S, 1976
(% of Bilateral ODA, Net)

| <u>Ranking</u> ^{a/} | <u>Country</u> | <u>Share to Countries with Per Capita Income > \$521</u> | <u>Share to Countries with Per Capita Income \$521 - \$1074</u> | <u>Share to Countries with Per Capita Income > \$1075</u> |
|------------------------------|----------------|---|---|--|
| 1 | France | 60.4 | 8.6 | 51.8 |
| 2 | Italy | 55.8 | 41.0 | 14.8 |
| 3 | Netherlands | 43.3 | 9.4 | 33.9 |
| 4 | United States | 38.6 | 12.9 | 25.7 |
| 5 | Austria | 37.3 | 29.3 | 8.0 |
| 6 | Germany | 35.6 | 22.0 | 13.6 |
| 7 | New Zealand | 28.8 | 26.8 | 2.0 |
| 8 | Finland | 27.9 | 26.4 | 1.5 |
| 9 | United Kingdom | 20.3 | 16.0 | 4.3 |
| 10 | Canada | 18.0 | 16.3 | 1.7 |
| 11 | Norway | 17.7 | 15.0 | 2.7 |
| 12 | Japan | 17.3 | 13.9 | 3.4 |
| 13 | Switzerland | 16.7 | 10.1 | 6.6 |
| 14 | Belgium | 15.8 | 12.1 | 3.7 |
| 15 | Sweden | 10.3 | 10.2 | 0.1 |
| 16 | Denmark | 6.1 | 4.3 | 1.8 |
| 17 | Australia | 3.6 | 2.9 | 0.7 |
| | All DAC | <u>35.1</u> | <u>13.0</u> | <u>22.0</u> |

a/ Ranking is by share to countries with per capita income > \$521 in 1975.

Source: DAC/OECD

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8/2/78

TABLE 9: DISTRIBUTION OF ODA TO THE POOREST COUNTRIES - 1976
(% of Bilateral ODA, Net)

| <u>Ranking</u> ^{a/} / <u>Country</u> | <u>Share to the Poorest Countries Per Capita Income ≤ \$265</u> | <u>Share to Countries with Per Capita Income \$266 - \$520</u> | <u>Share to LLDC's</u> ^{b/} | <u>Share to MSA's</u> ^{c/} | |
|---|---|--|--|---|-------------|
| 1 | Sweden | 79.3 | 10.3 | 30.0 | 60.0 |
| 2 | Belgium | 74.2 | 10.0 | 23.7 | 30.0 |
| 3 | Denmark | 73.9 | 20.1 | 45.8 | 63.6 |
| 4 | Switzerland | 72.4 | 10.8 | 19.6 | 67.7 |
| 5 | Finland | 68.1 | 3.7 | 57.9 | 65.2 |
| 6 | Canada | 63.8 | 18.2 | 27.6 | 66.3 |
| 7 | United Kingdom | 60.5 | 19.1 | 19.6 | 59.0 |
| 8 | Japan | 59.1 | 23.5 | 8.1 | 32.9 |
| 9 | Norway | 58.9 | 23.3 | 37.3 | 65.8 |
| 10 | Netherlands | 48.0 | 8.7 | 17.3 | 42.2 |
| 11 | Austria | 47.3 | 15.3 | 9.3 | 54.7 |
| 12 | Germany | 37.6 | 26.8 | 23.4 | 51.4 |
| 13 | United States | 36.1 | 26.8 | 11.0 | 41.5 |
| 14 | Italy | 31.7 | 12.4 | 12.5 | 17.3 |
| 15 | New Zealand | 20.6 | 50.9 | 10.9 | 13.4 |
| 16 | France | 19.8 | 19.8 | 10.4 | 26.5 |
| 17 | Australia | 19.1 | 77.2 | 4.5 | 10.4 |
| | Total DAC | <u>41.3</u> | <u>23.6</u> | <u>15.6</u> | <u>41.0</u> |

a/ Ranking is by percentage of aid to countries with per capita income ≤ \$265 in 1975.

b/ Least developed countries.

c/ Most seriously affected countries.

Source: DAC/OECD

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8/2/78

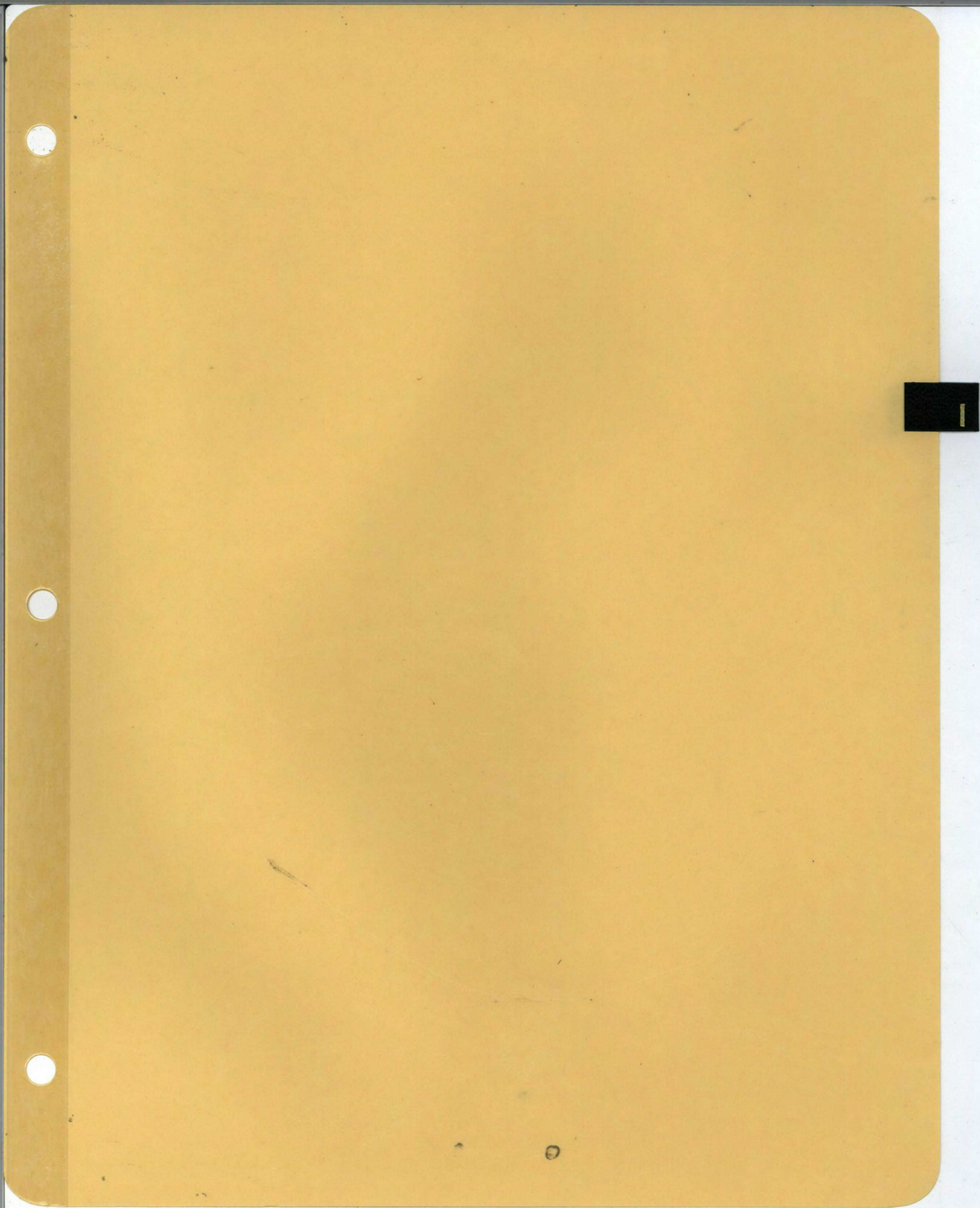
TABLE 10: NET ODA FLOWS TO MULTILATERAL AGENCIES, 1976

| Ranking ^{a/} | Country | Net Multilateral ODA | | IDA as a % of Total Net Multilateral Flows | Multilateral Aid as a % of Total DAC Multilateral ^a |
|-----------------------|----------------|----------------------|--------------------|---|---|
| | | \$ Million | % Total Net ODA | | |
| 1 | Italy | 148.0 | 65.4 | 6 | 3.6 |
| 2 | Norway | 112.1 | 51.4 | 16 | 2.7 |
| 3 | Denmark | 97.3 | 45.4 | 13 | 2.3 |
| 4 | Finland | 22.2 | 43.8 | 27 | 0.5 |
| 5 | Canada | 357.8 | 40.4 | 21 | 8.6 |
| 6 | Switzerland | 45.3 | 40.3 | - | 1.1 |
| 7 | Austria | 18.6 | 38.6 | 46 | 0.4 |
| 8 | United States | 1496.0 | 34.5 | 51 | 36.0 |
| 9 | Sweden | 206.3 | 34.0 | 28 | 5.0 |
| 10 | Belgium | 111.0 | 32.6 | 22 | 2.7 |
| 11 | Japan | 352.0 | 31.9 | 42 | 8.5 |
| 12 | Netherlands | 223.7 | 31.1 | 18 | 5.4 |
| 13 | United Kingdom | 254.0 | 30.4 | 42 | 6.1 |
| 14 | Germany | 339.9 | 24.6 | - | 8.2 |
| 15 | New Zealand | 9.7 | 18.2 | 5 | 0.2 |
| 16 | Australia | 67.1 | 17.4 | 30 | 1.6 |
| 17 | France | 299.9 | 14.0 | 25 | 7.2 |
| Total DAC | | <u>4160.9</u> | <u>30.5</u> | <u>33</u> | <u>100.0</u> |

^{a/} Ranking is by percentage of net ODA multilateral flows in total net ODA flows for 1976.

Source: DAC/OECD

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8/2/78



April 3, 1979

IFC Note for Mr. McNamara's Brief
for his pending French visit

IFC Capital Increase - Subscription of France

France was allocated 23,713 (\$23.713 million) additional shares at par in IFC capital increase.

On November 10, 1976, the French authorities notified IFC that France would subscribe to 5,815 shares (\$5.815 million), an amount equal to the French present participation to IFC capital.

France has not officially revised that position nor contributed effectively to IFC capital increase.

Mr. Qureshi discussed the subject of French subscription to IFC capital increase on several occasions with Mr. de Larosiere who was at the time the head of French Treasury. In addition, in the past 18 months, Mr. Qureshi has discussed the French position with the previous and current directors on IFC Board, Mr. Wahl (now occupying the important office of Secretaire General a la Presidence de la Republique) and Mr. Mentre de Loye. Mr. Qureshi has also discussed this matter with relevant officers within French Treasury such as Mr. Baquiast, Deputy Director in charge of Multilateral Affairs and several of his associates.

Past reluctance from the French government seems to have been based on the general belief that IFC might not need all the equity resources it was raising and on a "wait and see" attitude regarding IFC's progress along the lines of the Five-Year Program in particular in Africa. Recently, however, this position has been opening.

In February 1979, African Ministers of Zone Franc have expressed to the French authorities their wish that France exercise the entirety of its rights to IFC capital increase. In this connection, Mr. Bedie has been very helpful and last summer, he met with the senior officials of the French Government including Prime Minister Barre and Minister of Finance Monory.

In addition, the Government of France seems to have become more receptive to IFC's request for a capital increase particularly after examining the African Program in the IFC Five-Year Plan. French authorities now appear to agree that IFC needs all of the capital increase and may be persuaded to subscribe to all 23,713 (\$23.713 million) shares offered to them but no official decision has yet been taken.

In the light of its discussions with the French authorities about IBRD capital increase, Mr. McNamara may want to point out that in the case

of IFC, France is the only major country not taking their full allocation. If France kept to their November 1976 decision, this would in fact result in a drop of its share in IFC capital from 5.36% to 1.98% and a corresponding drop in country rank from No. 3 to No. 11. Furthermore, IFC has embarked on a program which is responsive to the French concerns and this program is being implemented. Partly as a result of the new directions taken (e.g. African program) and in line with the growing volume of operations, the participation of French interests in projects assisted by the Corporation has considerably increased in the last two years. This increase is also reflected in IFC's project pipeline. Finally, it is becoming more and more evident that IFC will need the money and that full subscription and timely payments of capital subscriptions will be critical to provide the Corporation with the resources needed to carry through its Five-Year Program.

J

Brinall Commission

Stress: Mutuality of interests

What lies ahead in 80's & end of century: continuing to assess prospects for improvement

Responsibility of LDC govts for initiating sound macro-economic policies + need for structural restructuring

Fundamental importance of trade

Need for more "scholarly" examination of international issues, particularly development issues, by both N & S-

Stress the need for particular attention to the problems of the poorest countries, especially sub-Saharan Africa.

OFFICE MEMORANDUM

DECLASSIFIED

APR 10 2013

DATE: March 12, 1979
WDG ARCHIVES

TO: Files

FROM: William Clark *W.C.*

SUBJECT: Note of Conversation between R.S. McNamara and Willy Brandt in Bonn, March 7, 1979

Willy Brandt, who appeared in good but slightly less vigorous health, greeted R. McNamara warmly and there followed 90 minutes of extremely good humoured exchange of views.

Willy Brandt began by saying that the Commission had quarrelled in Kuala Lumpur but had been more friendly and positive in Switzerland. He had raised the question of disarmament because he believed that a reduction in arms was a moral necessity if man was to survive. He recalled that RSM had spoken on the same theme in Montreal in 1966.

RSM agreed that even if the money saved were wasted there should be less expenditure on arms; it was a double benefit if the savings by rich and poor countries were spent on development.

W.B. picked up the point that there would be savings by LDCs and emphasised the importance of that for peace "probably the safest place for arms is Europe, and the least safe Africa or Asia".

W.B. said that the non-economic sides of development were of particular interest to him, but he found the Secretariat too economist minded. They had said they could not consider population, he felt his Commission could not fail to consider population; he intended to do so with help from Bob Cassen. He found the Third World rather cowardly about population repeating the Bucharest formula that nothing could be done till they had been helped to raise their standards of living. W.B. had talked with Mahler of WHO about this and he was going to provide a paper (possibly a chapter in the final report) on health in relation to development. Also about women and the family structure in relation to development.

RSM assured W.B. that he thought it was quite realistic to imagine that programs started in early 1980s would have a major impact on development by end of century. The Bank had decided to invest in health, but in preventive rather than curative and along far less sophisticated lines than modern western hospital medicine.

W.B. described his timetable and plans for the Report. It would consist of a foreword by himself which he alone would sign, then more detailed recommendations probably signed by the whole Commission. There would be something like 18-20 recommendations of a fairly broad nature. This volume would be short, some 150-200 pages and he would be helped in drafting it, by Antony Sampson whom he already found very sympathetic and useful. There would be a further volume - probably later -

containing secretariat papers intended for experts.

The first volume would begin to be drafted between now and the May meeting. It would be brought forward officially at the July (Vienna) meeting and redrafted in the light of that meeting. It would be finally discussed at the October meeting; signed and dated about January 1st, 1980; presented to Secretary-General Waldheim about January 10, and published in the main languages from Zurich almost simultaneously. Members of the Commission would personally take it to Heads of Governments with whom they were personally acquainted and try to "sell it" to those countries. One climax to all this would be the Special General Assembly of May (?) 1980.

RSM welcomed this program and said that he agreed with W.B.'s comment that essential to any selling job was the moral basis for action. Both agreed in a friendly exchange that the moral basis must be fundamental and one must build on that a sense of cooperation in a mutual interest.

W.B. mentioned that he had been very impressed by the revival of moral interest e.g. the German churches' proclamation about Unctad; the World Council of Churches' emphasis on this for Protestants, Pope Paul's emphasis for Catholics, the reception of Pope John Paul II in Mexico - a developing country; even the moral/religious basis of the revolution in Iran.

W.B. said the Report would rest on three legs: Survival, Justice, Jobs. Olof Palme had suggested that Jobs be put first; Ramphal had said no put Justice (and so moral basis) first because that could be sold to LDCs and the U.S.

On the financial and monetary aspects W.B. said that he leaned strongly to some form of automatic transfer of resources from North to South, but he hesitated to use the word Tax.

RSM said he favoured the report using the word tax; it was what the world would be coming to by year 2000 anyway. W.B. said could it be a tax on trade without discouraging trade? In any case it was agreed the 0.7% of G.N.P. was a sort of tax, it should be so labelled and greater efforts made to meet the target. W.B. said he was considering a 'tax' on all - rich and poor - which would produce funds redistributed towards the poor. R.S.M. favoured this idea.

On Bretton Woods institutions W.B. said there was a good deal of hostility shown to the I.M.F., which had not emerged at the New York Meeting attended by de Larosiere. Both Part I and Part II countries were critical of its failure to take proper account of development needs. RSM said that the Fund was not unimprovable, in general it was a guardian of financial common sense, and in so far as it was failing

it should be changed and strengthened.

W.B. said the Bank was generally praised - though not in Drag Avramovic's paper. But there was a feeling that there were certain gaps in the transfer of resources, e.g. program loans, medium term funds, debt restructuring etc. And there was the feeling that Bretton Woods institutions were founded before the Third World had emerged, and were basically Anglo-American, and how could they be expected to meet the current needs of LDCs? W.B. said that in the choice between creating a new institution and reforming the present ones, the Commission was oddly divided; for instance, Palme and Yaker were for reform, Heath was for a new institution (preferably in Europe, most preferably in London!). In any case Peterson and Botero and perhaps one or two other Commissioners would come to Washington on March 26 to examine this problem and report back to the May meeting.

RSM responded by saying that the real need was for more finance and better terms for the LDCs. To create a new institution to do this would take a very long time and would detract from the support and effectiveness of existing institutions - which were under strain in getting support from the OECD countries at this moment. It would be far better to argue toughly for such reform as would largely satisfy the LDCs but could be accepted by the OECD countries. If this was not acceptable to Bank or Fund or the major shareholders then a new institution might be justified, though if it could not command the support of the OECD powers nor the confidence of the private financial markets it might be a dead duck.

W.B. said that one objection raised to the Bank was that it was too big and too centralised. RSM responded by pointing to the importance of a critical mass which could really do the job of research and monitoring effectively for the Third World and indeed for the global economy. There was not enough work done on the crucial issue of mutual interest, for instance on commodity prices. The South was very concerned by this lack of a firm basis for cooperation.

W.B. "The South is concerned and suspicious". It suspects that both Basic Needs and Mutual Interest are plots to deprive them of their due by the North.

RSM. There is not enough examination of international economics, too much emphasis on purely national problems. How national policies affect the global economy, e.g. national effects on international inflation, the U.S.\$ overhang etc. need examination. Probably the Third World does need a Secretariat of its own, but it should not be used just for confrontation with OECD.

W.B. said there was need for much more research on energy - where is coal or solar power not being used fully? How much energy has mankind to spare? RSM mentioned the Board discussion on our energy paper.

The Soviet East. W.B. spoke confidentially of his contacts with the Soviet and China. Breznev is a very sick man really run by a group of aides; he does feel that arms expenditure is a waste, the money should be used better. The experts he told to meet Ohlin and Egon Bahr showed some interest in trade; so especially did the Poles and Hungarians.

The Report will try, without polemics, to move the Russians and Chinese forward (W.B. will show it to Russians and Chinese before publication). It will try to show that the industrial world is not just the North-West but includes the Soviet and Eastern Europe.

Both then discussed East-West relations and Salt II. It was agreed that the failure of Salt II, if negotiated, to be ratified would be a great disaster.

WDClark:sf

K

FRANCE

1. North-South dialogue - a new French initiative

At his mid-February press conference, President Giscard d'Estaing suggested "a new framework for the relations between Europe, Africa and ... the Arab States" and added that "it would be useful for the leaders of these states to meet one day". The French President puts this initiative for trilateral cooperation against the background of a major "revamping of international relations, as evidenced by the Treaty between Japan, China and the US". This leaves in his view the continents of Europe and Africa "which together represent half of the UN member states" somewhat in the open. President Giscard considers the Arab states as the link between the two continents; the purpose of trilateral cooperation would be to promote security and development, especially in Africa South of the Sahara. Chancellor Schmidt endorsed President Giscard's proposal in principle during his visit last week to Paris. The President is now planning to present his proposals to the EEC at the European Council meeting in Paris on March 12 and 13, to OAU President Nimeiry in Khartoum in May and subsequently to the member states of the Franco-African Conference in Kigali, Rwanda.

Extract from the European Office Bulletin (March 30, 1979)

North-South dialogue - Proposed tripartite conference

Replying to a question on his proposed Europe-Africa-Arab conference, President Giscard d'Estaing confirmed that the subject had been discussed by the European Council heads of EEC governments meeting in Paris on March 12. The reactions were positive, said the President, who in turn informed his colleagues of the steps he planned to take, notably an approach to the President of the OAU (Mr. Niemeiri of Sudan) and to Arab League leaders, to determine how to organize such a conference in a climate of confidence. Mr. Giscard d'Estaing will report on this to the next European Council in June.

Extract from an article in The Economist (March 17, 1979) on EEC Summit:

President Giscard d'Estaing, in the chair, had a rough time at the summit. He had been in Mexico and Rumania for much of the preceding fortnight and had not prepared properly. And the two initiatives he proposed did not go down too well with the other leaders. His first idea was to hold a jumbo summit of the EEC, Arab and African countries. One prime minister called it "interesting, but totally unrealistic". Mr. Schmidt tactfully suggested that the president pursue the idea further on his own before it was considered again.

L

Mr. McNamara:

March 21, 1979

Re: IDA VI in Paris

I. POSITIONS EXPRESSED BY GOVERNMENTS

| <u>Country</u> | <u>Total Amount (Billions)</u> | <u>Share</u> |
|----------------|--------------------------------|--|
| Denmark | 13.0 | Keep share |
| Norway | 13.0 | Keep share |
| U.K. | 12.5 (possibly 13.0) | Keep share |
| Japan | 13.0 | Cumulative parity with Germany (expects U.S. to keep share; France to increase share) |
| Netherlands | 14.0 | Keep share |
| U.S. | No level given | Important reduction of share as far as possible towards 25%; amount and share linked |
| Italy | 12.5-13.0 | Keep share |
| Kuwait | 13.0 | Openminded on share; praised IDA (Al-Hamad) |
| France | No level given | Maintain IDAV share provided amount not excessively high, amount of share to <i>And no</i> decrease <i>Slight. US</i> |
| Sweden | 12.0 | 3% (down from 3.82%) |
| or | 13.0 | With further reduction |
| Finland | 12.0 (range) | Keep share |
| Yugoslavia | 14.5-15.0 | \$20 million |
| Germany | No level given | No share given <i>(1429) 14 m at maximum</i> |
| Canada | No level given | Share to go down <i>considering 1327 13 m)</i> |
| UAE | 12.0-15.0 | Keep share |

II. The general atmosphere is very friendly; three points have been made repeatedly: (a) Parliaments are (increasingly) important not only in the U.S.; (b) IDA should strongly defend its case in public; and (c) the regional banks compete increasingly for scarce resources.

CKW

CONTRIBUTORS TO IDA: BY COUNTRY AND BY REPLENISHMENT

| | Initial Subscription ^{a/} | | First Replenishment ^{a/} | | Second Replenishment ^{a/} | | Special Contributions ^{a/} | | Third Replenishment ^{a/} | | Fourth Replenishment ^{b/} | | Fifth Replenishment ^{c/} | | Special Contributions | | Total ^{d/} | | Total ^{d/} | |
|------------------------------------|------------------------------------|---------------|-----------------------------------|---------------|------------------------------------|---------------|-------------------------------------|---------------|-----------------------------------|---------------|------------------------------------|----------------------|-----------------------------------|---------------|-----------------------|---------------|---------------------|---------------|---------------------|---------------|
| | \$m | % Total | \$m | % Total | \$m | % Total* | \$m | % Total** | \$m | % Total | \$m | % Total | \$m | % Total* | \$m | % Total** | \$m | % Total | \$m | % Total |
| Australia | 20.18 | 2.67 | 19.80 | 2.66 | 24.00 | 2.00 | 1.89 | 48.00 | 1.97 | 90.00 | 2.00 | 146.90 | 1.91 | 9.00 | 2.02 | 348.88 | 2.01 | 357.88 | 2.05 | |
| Austria | 5.04 | .67 | 5.04 | .68 | 8.16 | .68 | .64 | 16.32 | .67 | 30.00 | .68 | 49.70 | .65 | .64 | .66 | 114.86 | .66 | 114.86 | .66 | |
| Belgium ^{e/} | 8.25 | 1.09 | 8.25 | 1.11 | 20.40 | 1.70 | 1.60 | 40.80 | 1.67 | 76.50 | 1.70 | 124.60 | 1.62 | 1.61 | 1.61 | 278.80 | 1.61 | 278.80 | 1.60 | |
| Canada | 37.83 | 5.00 | 41.70 | 5.60 | 75.00 | 6.25 | 5.90 | 150.00 | 6.15 | 274.50 | 6.10 | 447.90 | 5.83 | 5.79 | 1026.93 | 5.93 | 1026.93 | 5.89 | | |
| Denmark | 8.74 | 1.16 | 7.50 | 1.01 | 13.20 | 1.10 | 2.22 | 26.40 | 1.08 | 54.00 | 1.20 | 87.80 | 1.14 | 1.14 | 197.64 | 1.14 | 212.64 | 1.22 | | |
| Finland | 3.83 | .51 | 2.30 | .31 | 4.08 | .34 | .32 | 12.24 | .50 | 25.20 | .56 | 41.00 | .53 | .53 | 88.65 | .51 | 88.65 | .51 | | |
| France | 52.96 | 7.00 | 61.87 | 8.31 | 97.20 | 8.10 | 7.64 | 150.00 | 6.15 | 253.55 | 5.63 | 413.30 | 5.38 | 5.35 | 1028.88 | 5.94 | 1028.88 | 5.90 | | |
| Germany | 52.96 | 7.00 | 72.60 | 9.75 | 117.00 | 9.75 | 9.20 | 234.00 | 9.59 | 514.50 | 11.43 | 838.80 | 10.91 | 10.85 | 1829.86 | 10.56 | 1829.86 | 10.49 | | |
| Iceland ^{f/} | .10 | .01 | | | | | | .45 | .02 | 1.35 | .03 | 2.20 | .03 | .03 | .03 | 4.10 | .02 | 4.10 | .02 | |
| Ireland ^{g/} | 3.03 | .40 | | | | | | 4.00 | .16 | 7.50 | .17 | 8.59 | .11 | 1.41 | .13 | 23.12 | .13 | 24.53 | .14 | |
| Israel | .17 | .02 | | | | | | | | 1.00 | .02 | | | | | 1.17 | .01 | 1.17 | .01 | |
| Italy | 18.16 | 2.40 | 30.00 | 4.03 | 48.36 | 4.03 | 3.80 | 96.72 | 3.96 | 181.35 | 4.03 | 295.90 | 3.85 | 3.83 | 670.49 | 3.87 | 670.49 | 3.84 | | |
| Japan | 33.59 | 4.44 | 41.25 | 5.54 | 66.48 | 5.54 | 5.23 | 144.00 | 5.90 | 495.00 | 11.00 | 792.00 ^{h/} | 10.30 ^{h/} | 10.24 | 1572.32 | 9.07 | 1572.32 | 9.01 | | |
| Korea | .13 | .02 | | | | | | | | | | 1.00 | .01 | .01 | 1.13 | .01 | 1.13 | .01 | | |
| Kuwait | 3.36 | .44 | 3.36 | .45 | 5.40 | .45 | .42 | 10.80 | .44 | 27.00 | .60 | 180.00 ^{h/} | 2.34 ^{h/} | 20.00 | 2.59 | 229.92 | 1.33 | 249.92 | 1.43 | |
| Luxembourg ^{e/} | .38 | .05 | .37 | .05 | .60 | .05 | .05 | 1.20 | .05 | 2.25 | .05 | 3.60 | .05 | .05 | .05 | 8.40 | .05 | 8.40 | .05 | |
| Netherlands | 27.74 | 3.67 | 16.50 | 2.22 | 29.28 | 2.44 | 2.30 | 67.56 | 2.77 | 132.75 | 2.95 | 216.70 | 2.82 | 8.60 | 2.91 | 490.53 | 2.83 | 499.13 | 2.86 | |
| New Zealand ^{i/} | | | | | | | 5.60 | .44 | 11.74 | .26 | 7.65 | .10 | | .10 | 19.39 | .11 | 24.99 | .14 | | |
| Norway | 6.72 | .89 | 6.60 | .89 | 10.68 | .89 | 1.32 | .94 | 24.00 | .98 | 49.50 | 1.10 | 80.60 | 1.05 | 5.00 | 1.11 | 178.10 | 1.03 | 184.42 | 1.06 |
| Saudi Arabia | .37 | .05 | | | | | | | | | | 350.00 | 4.56 | 4.53 | 350.37 | 2.02 | 350.37 | 2.01 | | |
| South Africa | 10.09 | 1.33 | 3.99 | .54 | 3.00 | .25 | .24 | 3.00 | .12 | 9.00 | .20 | 10.00 | .13 | .13 | 39.08 | .23 | 39.08 | .22 | | |
| Spain | 1.01 | .13 | | | | | | 2.50 | .10 | 13.33 | .30 | 21.00 | .27 | .27 | 37.84 | .22 | 37.84 | .22 | | |
| Sweden | 10.09 | 1.33 | 15.00 | 2.01 | 29.64 | 2.47 | 49.50 ^{l/} | 6.22 | 102.00 | 4.18 | 180.00 | 4.00 | 293.80 | 3.82 | 3.80 | 630.53 | 3.64 | 680.03 | 3.90 | |
| Switzerland | | | | | 12.10 | 1.01 | | .95 | 31.80 | 1.30 | [66.18] ^{k/} | [1.47] | | | | 110.08 | .64 | 110.08 | .63 | |
| United Arab Emirates ^{l/} | | | | | | | | | | | | 50.75 | .66 | | .66 | 50.75 | .29 | 50.75 | .29 | |
| United Kingdom | 131.14 | 17.33 | 96.60 | 12.97 | 155.52 | 12.96 | 12.23 | 311.04 | 12.74 | 499.50 | 11.10 | 814.30 | 10.60 | 1.50 | 10.55 | 2008.10 | 11.59 | 2009.60 | 11.52 | |
| United States | 320.29 | 42.34 | 312.00 | 41.89 | 480.00 | 40.00 | 37.75 | 960.00 | 39.33 | 1500.00 | 33.32 | 2400.00 | 31.22 | 31.04 | 5972.29 | 34.46 | 5972.29 | 34.23 | | |
| Yugoslavia | .40 | .05 | | | | | | 4.04 | .17 | 5.00 | .11 | 8.10 | .11 | | .10 | 17.54 | .10 | 17.54 | .10 | |
| Total | 756.56 | 100.00 | 744.73 | 100.00 | 1200.10 | 100.00 | 71.42 | 100.00 | 2440.87 | 100.00 | 4501.30 | 100.00 | 7686.19 | 100.00 | 45.51 | 100.00 | 17329.75 | 100.00 | 17446.68 | 100.00 |

Note:

- * Excludes special contributions
- ** Includes special contributions

Contributions are shown in 1960 U.S. dollars.

Contributions are expressed in U.S. dollar equivalents as of September 27, 1973.

^{e/} Amounts are shown in U.S. dollar equivalents as of March 14, 1977. Includes Saudi Arabia's increased contribution from \$250 million at Vienna to \$350 million in April 1978.

^{d/} This column combines the 1960 dollar amounts for Initial subscription through Third Replenishment together with the amounts for the Fourth and Fifth Replenishment dollars as of the date when the agreement was concluded.

^{e/} Belgium and Luxembourg joined IDA in 1964. At that time, it was agreed that their contributions would be divided equally between an initial subscription and a contribution to the First Replenishment.

^{f/} Iceland was a Part II member of IDA from 1961 to 1971, and became a Part I member thereafter. The initial subscription shown in Table I was that fixed for Iceland as a Part II member.

^{g/} Ireland was a Part II member of IDA from 1960 to 1974, and became a Part I member thereafter. The initial subscription shown in Table I was that fixed for Ireland as a Part II member.

^{h/} Includes "extra" contributions of Japan and Kuwait to the Fifth Replenishment of \$144 million (1.87% of the total) and \$136.1 million (1.77% of the total) respectively.

^{i/} New Zealand became a Part I member of IDA in 1975.

^{j/} This includes supplementary contributions made by Sweden over the period 1962-69.

^{k/} The intended loan from Switzerland under the Fourth Replenishment was rejected in a referendum in June 1976.

^{l/} United Arab Emirates is not yet a member of IDA but is expected to become a Part I member.

April 16, 1979

French GNP projections and IDA6

In current prices, French GNP is projected at Fr7,132,646.4 million for 1978-80, and at Fr9,907,916.2 million for 1981-83.

For the three-year period, GNP in the latter is projected to be 38.91% higher than in the former.

In constant prices (1975=100.00) French GNP is projected at Fr5,009,859.4 million for 1978-80 and at Fr5,641,216.2 million for 1981-83. In real terms, the increase in GNP from 1978-80 to 1981-83 is projected to be 12.60%.

1. The French franc commitment to IDA5 was Fr2,063.4 million.
2. If increased at the rate projected for nominal GNP the commitment to IDA6 would be Fr2,866.3 million.
3. Converted to US dollars at the exchange rate of 4/10/79 (Fr4.3505 = \$1) the dollar equivalent of the commitment to IDA6 would be \$658.8 million.

Assuming a French share in IDA6 of 5.38%, the same share as in IDA5, the total value of IDA6 would be \$12,246 million.

BURDEN SHARING IN AN IDA6 REPLENISHMENT OF \$13 BILLION

| | GDP | | IDA5 | | | | IDA6 ^{3/} | | | | | |
|-------------------|---------|--------------------------|--------------------|-----------------------|----------------------------------|---------|--------------------|-----------------------|----------------------------------|---------|---|-----------------------------|
| | p.c. 1/ | % of Total ^{2/} | Nat'l Curr. (mil.) | Exchange Rate 3/14/77 | US\$ Equiv. as of 3/14/77 (mil.) | % Share | Nat'l Curr. (mil.) | Exchange Rate 1/31/79 | US\$ Equiv. as of 1/31/79 (mil.) | % Share | % Increase ^{4/} in Nat'l Curr. | IDA6 as % GDP ^{5/} |
| Decreasing | | | | | | | | | | | | |
| United States | 8720 | 26.1 | 2,400.000 | 1.0000 | 2400.00 | 31.22 | 3,666.000 | 1.0000 | 3666 | 28.2 | 53 | .041 |
| Canada | 8500 | 3.7 | 470.788 | 1.0511 | 447.90 | 5.83 | 686.686 | 1.2005 | 572 | 4.4 | 46 | .069 |
| Sweden | 9500 | 1.5 | 1,239.102 | 4.2175 | 293.80 | 3.82 | 1,591.517 | 4.3723 | 364 | 2.8 | 28 | .101 |
| Italy | 3430 | 4.4 | 262,307.953 | 886.4750 | 295.90 | 3.85 | 338,923.000 | 841.0000 | 403 | 3.1 | 29 | .040 |
| France | 7120 | 8.8 | 2,063.400 | 4.9925 | 413.30 | 5.38 | 2,889.562 | 4.2745 | 676 | 5.2 | 40 | .033 |
| Sub-Total | | 44.5 | | | 3850.90 | 50.10 | | | 5681 | 43.7 | | |
| Increasing | | | | | | | | | | | | |
| Japan | 6020 | 19.8 | 223,462.800 | 282.1500 | 792.00 | 10.30 | 340,197.000 | 201.3000 | 1690 | 13.0 | 52 | .039 |
| Germany | 8360 | 10.8 | 2,006.913 | 2.3926 | 838.80 | 10.91 | 3,146.104 | 1.8616 | 1690 | 13.0 | 57 | .064 |
| Austria | 6380 | 1.1 | 844.279 | 16.9875 | 49.70 | 0.65 | 1,417.260 | 13.6275 | 104 | 0.8 | 68 | .041 |
| Belgium | 8080 | 1.8 | 4,582.009 | 36.7738 | 124.60 | 1.62 | 6,475.300 | 29.3000 | 221 | 1.7 | 41 | .051 |
| Denmark | 8470 | 1.0 | 515.167 | 5.8675 | 87.80 | 1.14 | 803.634 | 5.1515 | 156 | 1.2 | 56 | .068 |
| Netherlands | 7650 | 2.3 | 540.775 | 2.4955 | 216.70 | 2.82 | 757.582 | 2.0095 | 377 | 2.9 | 40 | .067 |
| Norway | 8860 | 0.8 | 423.714 | 5.2570 | 80.60 | 1.05 | 797.316 | 5.1110 | 156 | 1.2 | 82 | .084 |
| Sub-Total | | 37.6 | | | 2190.20 | 28.49 | | | 4394 | 33.8 | | |
| New Donors | | | | | | | | | | | | |
| | | | | | | | | | 130 | 1.0 | | |
| Unchanged | | | | | | | | | | | | |
| Australia | 7190 | 2.1 | 133.764 | 0.9106 | 146.90 | 1.91 | 217.928 | 0.8823 | 247 | 1.9 | 63 | .051 |
| Finland | 6270 | 0.6 | 156.169 | 3.8090 | 41.00 | 0.53 | 258.635 | 3.9790 | 65 | 0.5 | 66 | .048 |
| Iceland | 8140 | * | 421.190 | 191.4500 | 2.20 | 0.03 | 1,287.600 | 321.9000 | 4 | * | 206 | .063 |
| Ireland | 2890 | 0.2 | 5.000 | 0.5820 | 8.59 | 0.11 | 6.514 | 0.5011 | 13 | 0.1 | 30 | .025 |
| Korea | 870 | 1.0 | 484.000 | 484.0000 | 1.00 | 0.01 | 968.000 | 484.0000 | 2 | * | 100 | .001 |
| Kuwait | 11640 | 0.3 | 51.942 | 0.2886 | 180.00 | 2.34 | 82.016 | 0.2743 | 299 | 2.3 | 58 | .410 |
| Luxembourg | 4960 | 0.1 | 132.386 | 36.7738 | 3.60 | 0.05 | 205.100 | 29.3000 | 7 | * | 55 | .047 |
| New Zealand | 4550 | 0.3 | 8.000 | 1.0462 | 7.65 | 0.10 | 12.284 | 0.9449 | 13 | 0.1 | 54 | .018 |
| Saudi Arabia | 9010 | 2.5 | 1,235.500 | 3.5300 | 350.00 | 4.55 | 2,000.310 | 3.3450 | 598 | 4.6 | 62 | .099 |
| South Africa | 1420 | 0.9 | 8.696 | 0.8696 | 10.00 | 0.13 | 11.305 | 0.8696 | 13 | 0.1 | 30 | .006 |
| Spain | 3200 | 2.8 | 1,444.464 | 68.7840 | 21.00 | 0.27 | 2,726.022 | 69.8980 | 39 | 0.3 | 89 | .005 |
| UAE | 22570 | 0.4 | 200.000 | 3.9405 | 50.75 | 0.66 | 349.258 | 3.8380 | 91 | 0.7 | 75 | .095 |
| United Kingdom | 4380 | 5.6 | 473.899 | 0.5820 | 814.30 | 10.59 | 697.030 | 0.5011 | 1301 | 10.7 | 47 | .105 |
| Yugoslavia | 1810 | 1.1 | 143.995 | 18.3944 | 8.10 | 0.11 | 242.228 | 18.6329 | 13 | 0.1 | 63 | .005 |
| Sub-Total | | 17.9 | | | 1645.09 | 21.39 | | | 2795 | 21.5 | | |
| GRAND TOTAL | | 100.00 | | | 7686.19 | 100.00 | | | 13000 | 100.0 | 50 | |

* Less than 0.1%.

1/ GDP at market prices converted to current US\$ at average 1977 exchange rates divided by mid-1977 population estimates. The results have been rounded to the nearest ten.

2/ Shares in FY81-83 US \$ GDP at market prices.

3/ The US\$ equivalents for IDA6 result from the given shares of a \$13b Replenishment.

4/ The weighted average increase in national currencies was obtained by using the US\$ equivalents in IDA6 as weights.

5/ Possible contributions to the Sixth Replenishment in national currencies expressed as a percent of the estimated or projected GDP of contributors in national currencies for the three years FY81-83.

SVP
3/3/79

March 2, 1979

THE SIXTH REPLENISHMENT OF IDA--AIDE MEMOIRE

Background to the IDA Sixth Replenishment

1. IDA is currently committing resources provided by the 26 countries that contributed to the Fifth Replenishment of IDA on which agreement was reached in Vienna in March 1977. In the first year of the Fifth Replenishment commitment period (IDA's fiscal year 1978), credits totalling \$2.3 billion were made and in IDA's current fiscal year 79, a further amount of about \$3.0 billion is expected to be committed. The balance of Fifth Replenishment resources will be committed in fiscal 80 so that by July 1, 1980, IDA will be in need of fresh commitment authority. Since governments have to take legislative action before this date, it would be desirable to reach an executive agreement among the Deputies appointed by Governors to negotiate the Replenishment during the summer of 1979.
2. The negotiations have already commenced and a first meeting was held in Paris in December 1978, and a second meeting will be held, also in Paris, on March 21 and 22, 1979. It will probably be necessary to have at least one further meeting to conclude the negotiations.
3. Although IDA needs fresh commitment authority by July 1980, the budget outlays associated with the Sixth Replenishment are spread out over the 10 or so years during which credits disburse on projects. Therefore, the cash impact on Germany and other contributors will fall mainly in the middle of the 1980s, as shown in the table below:

Timing of Outlays on the Sixth Replenishment of IDA

| <u>Percentages</u> | | | |
|--------------------|----|------|----|
| FY81 | 1 | FY86 | 15 |
| 82 | 5 | 87 | 10 |
| 83 | 13 | 88 | 7 |
| 84 | 20 | 89 | 5 |
| 85 | 20 | 90 | 4 |

Handwritten annotations: A bracket groups the percentages for FY81-85 with the number 692. Another bracket groups the percentages for FY86-90 with the number 412. An arrow points from the right side of the table towards the text above.

The Main Issues in the Negotiations

4. The two most important issues in the IDA negotiations are first, the total size of the Replenishment and, second, the question of what share in the total each country will take up (burden sharing). On the question of the total size of the Sixth Replenishment there seems to be general agreement that IDA's commitment authority should grow significantly in real terms and at the first meeting of Deputies the United Kingdom, the Netherlands, Denmark and Norway supported a replenishment ranging between \$12.5 billion and \$15 billion. Although Japan was not in a position to support a specific figure, we have reason to believe that it too could support a figure in this range as part of its efforts to honor the Fukuda pledge (repeated by Ohira) and double its ODA by 1980. The Deputy for the United States stated that the Administration was prepared to consider participation within the range mentioned by other Deputies and preliminary Treasury planning appears to envisage a US commitment about 50% above the US contribution to IDA 5 which would be consistent with a replenishment of between \$12.5-13.0 billion. Therefore, among major contributors to IDA, the position of Germany may well be crucial in consolidating support for a high level of IDA commitment authority.

5. A detailed discussion of burden sharing has not yet begun and will start at the next meeting of Deputies. However, we know that some countries may wish to reduce their share in the Replenishment. Certain contributors, such as Canada, face very severe budgetary difficulties while in the case of Sweden the aid budget is not growing so rapidly now that ODA is reaching the 1% of GNP level. In the case of the United States, the Administration has to take into account the 'sense of Congress' Resolution calling for a reduction in the US share in IDA. We will be doing our best (with the support of other

contributors) to keep any such decreases to the minimum, particularly in the case of the United States. However, in order to bring the negotiations to a successful conclusion and to have room for manoeuvre in adjusting shares, IDA will need to find countries ready if necessary to increase their share in the total for the Sixth Replenishment. Japan has stated its willingness to increase its share in IDA 6 to a level which will result in cumulative parity with Germany. This increase by Japan is linked to approval of a corresponding increase in Japan's share of IBRD capital to near parity with Germany. There are few, if any, other countries that will be able to increase their shares in IDA by more than a fractional amount. Germany's position is therefore critical to the success of the negotiations. If Germany were willing to increase its share in IDA 6 to at least 13% (from 10.9% in IDA 6), this would have a doubly beneficial impact. First, it would contribute directly to a viable distribution of shares in IDA 6. Secondly, under the principle of cumulative parity stated by Japan, it would induce an additional increase of equal magnitude by Japan.

6. A share of 13% in a \$13 billion Replenishment would amount to a 57% increase in Germany's IDA 5 contribution of DM 2 billion and would total approximately DM 3.15 billion. The table below shows the cash outlays which would be associated with a contribution of DM 3.15 billion.

| | <u>DM Million</u> |
|------|-------------------|
| FY81 | 32 |
| 82 | 160 |
| 83 | 410 |
| 84 | 630 |
| 85 | 630 |
| 86 | 460 |
| 87 | 316 |
| 88 | 224 |
| 89 | 160 |
| 90 | 128 |
| | <u>3,150</u> |

A contribution at the level of DM 3.15 billion could be an integral part of an effort by Germany to increase its level of ODA in the 1980s significantly above its present proportion to GDP of 0.27%.

7. In order to preserve the momentum of the IDA negotiations, it would be most desirable if the Deputy for Germany could make such a commitment at the next meeting of IDA Deputies scheduled for March 21-22. It would then be possible for the main lines of the IDA 6 Replenishment agreement to emerge at that meeting. Such an achievement would strengthen the position of the industrialized countries of OECD on North-South issues before the UNCTAD meeting and the Tokyo summit.

International Development Association

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IDA/RPL/78-5

November 3, 1978

THE AMOUNT OF IDA 6

Introduction

1. IDA is currently committing resources provided under the Fifth Replenishment for the three fiscal years FY78-80. This commitment authority will be fully used by June 1980. This note reviews a number of benchmarks found useful in previous IDA replenishment negotiations and which might provide points of reference for discussions on the size of the Sixth Replenishment to provide IDA with commitment authority for the further three years FY81-83 starting in July 1980.

2. There are two main benchmarks;

- a purchasing power calculation showing to what extent allowance must be made for price increases in the IDA 6 period in order to compare IDA 5 and IDA 6 commitment authority in real terms;
- expressing commitments to IDA as a proportion of the GDP of contributors as a group (which is a way of relating contributions to IDA to the capacity of the donor countries to contribute).

3. In this connection, it is important to note that the Replenishment Resolutions call for the deposit of notes in three equal annual instalments during the replenishment period,^{1/} and in many cases it is the notes which enter into national budget processes and in some cases in the reporting of ODA flows. On the other hand, the actual cash impact on contributors arises only as IDA draws upon these notes over a much longer period of about ten years to meet its disbursements under the replenishment. Taking into account this difference between commitment authority, note deposits and cash disbursements, this note contains a tentative assessment of the relationship between different illustrative levels of the Sixth Replenishment and the aid budgets and resource transfer policies of contributing countries.

4. Contributions to IDA 5 have been made in national currencies. At the time when agreement was reached at Vienna on the Fifth Replenishment in March 1977, these contributions were worth US\$7.7 billion at the exchange rates then prevailing. Since then the value of the US dollar has declined and the contributions were equivalent to \$8.7 billion at the exchange rates

1/ Subject to exceptions of which very few contributors avail themselves.

prevailing in mid-October 1978. Retaining the US dollar as the common unit in making the purchasing power and GDP calculations, the point of departure in making the calculations is the current US dollar value of the contributions to the Fifth Replenishment, i.e., \$8.7 billion.^{1/} However, since from the budgetary point of view of contributors it is the impact of a replenishment in domestic currencies which is crucial, this note also examines the increases in national currency contributions, compared with the Fifth Replenishment, corresponding to various illustrative levels of IDA 6 arrived at on the basis of the US dollar calculations.

5. The calculations contained in this paper show that for contributors to make an equal effort in the Sixth Replenishment as in the Fifth Replenishment and collectively maintain their commitments to IDA at the same proportion of their GDP (0.046%) in the IDA 6 period as in the IDA 5 period, would imply a replenishment level of about \$12 billion. It is hoped that many contributors will be successful in raising their assistance levels as a proportion of their GDP in future. Increasing their contributions to IDA will provide an attractive means for achieving a larger flow of concessionary assistance. If, for example, contributors were to increase their efforts for the Sixth Replenishment and raise their contributions to IDA as a proportion of their GDP to 0.050%, a replenishment level of \$13 billion would result.

6. The purchasing power calculations given below show that a replenishment level of \$12 billion would enable IDA to increase its lending in FY81-83 by only 4-5% per annum in real terms (depending upon the assumption regarding future inflation) as compared with FY78-80. An increase in IDA commitment authority to a level of \$13 billion would permit an increase in IDA lending in real terms of 7-8% per annum (again depending on the assumptions regarding future inflation). The Fourth and Fifth Replenishments each supported a growth in lending in real terms of 12% per annum. The maintenance of this rate of growth would require a Sixth Replenishment of \$14.5-15.0 billion.

7. With respect to the needs of the poorest countries for a high level of IDA replenishment, a separate paper, 'IDA Lending and Prospects for the Poorest Countries,' has been prepared placing IDA in the context of the development prospects of those countries. The analysis shows clearly that the poorest countries have a critical need for concessionary assistance far in excess of the currently projected availabilities, including either one of the IDA 6 levels mentioned above. A further paper is being prepared describing the record IDA has had in building up the scale of operations and contributing to economic and social advance in the poorest countries. As for the capacity of IDA to handle higher levels of operations, with appropriate advance preparation IDA can certainly build up its capacity to process a volume of lending corresponding to the levels mentioned above.

1/ If the contributions to IDA 5 are measured in terms of SDRs instead of US dollars, their value is virtually the same on October 16, 1978, as on March 14, 1977, that is SDR 6.7b.

The Purchasing Power of the Sixth Replenishment ^{1/}

8. In order to calculate the purchasing power of the commitment authority provided under a replenishment, it is necessary to allow for the price increases which take place during the ten-year period over which the replenishment funds are actually used to purchase goods and services. At the time the Fifth Replenishment was agreed (in March 1977), it was expected that the \$7.7 billion in resources committed would purchase goods and services worth \$5.5 billion in FY76 prices (\$6.7 billion in FY79 prices). (The details of the original calculation are shown in Annex Table 1.)

9. In the period between March 1977 and the present, three things have happened to alter this calculation. First of all, inflation expressed in terms of US dollars has been much higher than had been expected for FY78 and now looks as though it will be somewhat higher in FY79 and future years as well. Secondly, the weakening of the US dollar in relation to other currencies has increased the nominal value of the resources committed to the Fifth Replenishment measured in terms of US dollars. Thirdly, disbursements have been slower than originally expected. As a result, the value of goods and services now expected to be purchased with Fifth Replenishment contributions is \$5.5 billion in FY76 prices and \$7.2 billion in FY79 prices. (The details of these calculations are shown in Annex Tables 1 and 2.)

10. For purposes of determining a benchmark for the Sixth Replenishment, it seems sensible to take as a starting point the currently expected value of goods and services to be purchased with the resources committed to the Fifth Replenishment. The question then becomes: how large should IDA 6 be in order that it can finance a real volume of goods and services at least as large as IDA 5 (i.e., at least equivalent to \$7.2 billion in FY79 prices)? The answer depends upon the assumption made regarding the future rate of international inflation. Two sets of figures are presented below, the first based on the assumption that price increases will moderate from a recent annual rate in excess of 7% per annum to 6% per annum by FY81 when disbursements under the Sixth Replenishment will start; and further to a 5% per annum rate in the last one-third of the disbursement period. The second set of figures presents the results that would emerge if a 7% rate of price increase were to persist throughout the disbursement period.

^{1/} The eventual US dollar equivalent of each replenishment is determined only after disbursement of the replenishment funds is completed, and depends upon changes in exchange rates throughout the period of disbursement. For purposes of this memorandum, comparisons between the US dollar values for successive IDA replenishments are made in terms of the US dollar equivalents of disbursements to date--for future disbursements we have assumed a continuation of the 10/16/78 exchange rates.

11. The calculations ^{1/} based upon the first price assumption show that in order to provide IDA 6 with commitment authority at the same level in real terms as the current commitment authority of the Fifth Replenishment, a replenishment level of \$10.3 billion would be required for the three years FY81-83; this amount would purchase the same \$7.2 billion worth of goods and services which can be purchased from the Fifth Replenishment commitment authority level of \$8.7 billion. On the second assumption about the future evolution of prices, a level of IDA 6 of \$10.7 billion would be required if IDA 6 were to have the same purchasing power as IDA 5.

12. The table below shows on conservative price assumptions that if IDA commitment authority in real terms were to grow at 8% per annum, a level of IDA 6 of \$13 billion would be needed. However, if price increases do not moderate as assumed but persist at 7% per annum, this level would result in IDA commitment authority growing only at 7% per annum in real terms and a level of \$13.4 billion would be required to restore 8% per annum real growth.

Levels of IDA 6 Corresponding to Alternative Real Rates of Growth
(current \$ billion)

| | Real Rates of Growth: IDA 5 to IDA 6 | | | | |
|--|--------------------------------------|------|------|------|------|
| | 0% | 6% | 8% | 10% | 12% |
| Assuming inflation declines to 6% and then 5% | 10.3 | 12.3 | 13.0 | 13.7 | 14.5 |
| Assuming inflation stays at 7% | 10.7 | 12.7 | 13.4 | 14.2 | 15.0 |

13. Contributors will wish to look at possible rates of increases in IDA commitment authority against the broader considerations of the external assistance needs of the poorest countries and the composition of their aid programs. In addition, they will wish to recall for reference purposes that the Fourth and Fifth Replenishment provided IDA with commitment authority growing at 12% per annum in real terms.

Commitments to IDA as a Percentage of GDP

14. The ratio of commitments to IDA in current prices to the total GDP of contributing countries in current prices is another benchmark which has

1/ The calculations are based on FY79 prices, the year in which negotiations for IDA 6 are taking place, assume that IDA 6 funds are committed in ascending amount over FY81-83, that the disbursement profile is the same as that now expected for IDA 5 and that the mid-October 1978 exchange rates will prevail during the IDA 6 disbursement period.

-5-

been used in past replenishments. This measure puts replenishment levels of IDA in the perspective of price increases and real growth occurring in the economies of contributing countries.

15. Much of the increase in nominal GDP that has taken place between the year FY76 when IDA 5 negotiations started and the current year FY79 when IDA 6 negotiations are commencing, reflects price increases rather than real growth in the economies of contributors. Nevertheless, in real terms, following the years of economic stagnation in the OECD area in 1974 and 1975, the GDP of contributors is estimated to be about 12% higher in aggregate in FY79 compared with FY76. For the IDA 6 commitment period as a whole (FY81-83), the GDP of contributors in real terms is projected to be about 13% higher than in the IDA 5 replenishment period, reflecting a projected 4% per annum real growth in the total GDP of contributors as a group. Price increases reflected in GDP deflators are projected to moderate somewhat but nominal GDP is projected to be about 38% larger in the IDA 6 commitment period than in the IDA 5 commitment period.

Percent Increases in GDP for Contributors

| | Negotiating Years | | IDA 5/IDA 6 Commitment Periods | |
|--------------|----------------------------|-----------|-----------------------------------|-----------|
| | <u>FY79</u> <u>FY76</u> | Per Annum | <u>FY81-83</u> <u>FY78-80</u> | Per Annum |
| Increases in | | | | |
| GDP deflator | 33% | 10% | 21% | 7% |
| Real GDP | <u>12%</u> | <u>4%</u> | <u>13%</u> | <u>4%</u> |
| Nominal GDP | 50% | 15% | 38% | 11% |

16. The commitment authority provided for the Fifth Replenishment amounts to 0.046% of the estimated GDP of the contributing countries in the period FY78-80. If contributors maintained this level of effort for the Sixth Replenishment and if this ratio of commitments to GDP were sustained for IDA 6, the implied level of IDA 6 would amount to \$12 billion. The table below shows this summary calculation and also illustrates the replenishment levels that would result if contributors were to increase their efforts in the Sixth Replenishment. In view of the critical importance of IDA in channelling assistance to the poorest countries and the widely acknowledged need of the poorest countries for assistance at levels considerably in excess of the currently projected availability of ODA, it is hoped that raising contributions to IDA in the Sixth Replenishment as a proportion of the GDP of contributors will be seen as an essential means of augmenting the flow of concessionary assistance in the next decade.

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Commitments to IDA Expressed as Percent of GDP of Contributors
(at October 16, 1978 exchange rates)

| | <u>IDA 5</u> | | <u>IDA 6</u> | |
|--|--------------|---------|--------------|---------|
| | FY78-80 | | FY81-83 | |
| Commitments to IDA (\$ million) | 8,685 | 11,960 | 13,010 | 14,310 |
| Aggregate GDP of Contributors (\$ billion) | 18,900 | - - - - | 26,020 | - - - - |
| Commitments % GDP | 0.046 | 0.046 | 0.050 | 0.055 |

Note: Fiscal year estimates of GDP made to correspond with the fiscal years of IDA 5 and IDA 6 replenishment periods have been derived by averaging the detailed calendar year GDP estimates given in Annex Table 3

17. Obviously, contributors will wish to consider a much broader set of considerations in arriving at the appropriate level for IDA 6 than the benchmarks given so far. One such consideration mentioned by several Deputies at the London meeting was the question of arriving at a replenishment level that would provide for a suitable balance in the structure of future ODA budgets taking account of the efforts being made by several contributors to increase or sustain their ODA programs. This raises the question of the impact in terms of the deposit of notes and the eventual cash disbursements of different levels of IDA replenishment.

Contributions to IDA and ODA Budgets

18. A replenishment of IDA resources provides commitment authority to IDA to make credits to borrowers. As these credits are disbursed on the projects financed, IDA draws down on member contributions to the replenishment over a period of about ten years. Contributors normally make their contributions by depositing notes in three equal annual instalments during the commitment period which are then drawn upon to meet these disbursement requirements. This is illustrated with respect to IDA 6 in the following table.

Payments Profile for IDA 6 ←
(Percentages)

| | FY81 | FY82 | FY83 | FY84 | FY85 | FY86 | FY87 | FY88 | FY89 | FY90 |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| Note deposits % | 33.3 | 33.3 | 33.3 | | | | | | | |
| Cash drawings % | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 |

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19. The table shows that the main cash impact of commitments to IDA 6 will occur in the mid-1980s with over two-thirds of the replenishment being disbursed in the four years FY83-86. For those contributors that budget on a cash basis and report the flow of ODA on a disbursement basis, the main effect of commitments to IDA 6 will correspondingly occur in the mid-1980s. For those contributors where note deposits are a key item in the budget process or that report their ODA on a note deposit basis, the budgetary impact (but not the cash impact) of IDA 6 will fall in the first years of the decade.

20. The table below illustrates this distinction further by comparing note deposits for IDA 5 and IDA 6, and cash disbursements at their peak for each replenishment, with projections of ODA for the contributors to IDA. The table illustrates the different level of note deposits and cash disbursements corresponding to illustrative IDA 6 replenishments of \$12.5 billion, and \$13.5 billion, respectively. The table shows that on this basis, if all countries included note deposits in their reporting on the flow of ODA, note deposits for IDA 6 would account for about 12-13% of the flow of ODA in 1980-82. The illustration assumes that total ODA will be rising only modestly as a proportion of GDP in the early 1980s (see footnote 1/ to the table) and that higher levels of IDA 6 replenishment will not significantly affect the total. In fact, it is hoped that ODA will be rising faster than projected and that contributions to the Sixth Replenishment will be an important means of augmenting the total flow.

IDA 6 as a Proportion of ODA Programs 1/

| Illustrative Ranges of IDA 6 Replenishment | Note Deposits as % ODA | | Cash Drawings % ODA | |
|--|------------------------|---------|---------------------|------------|
| | 1977-79 | 1980-82 | 1980-82 | 1983-85 2/ |
| \$b | | | | |
| 12.5 | | 12.3 | | 4.7 (7.2) |
| 13.5 | | 13.3 | | 5.1 (7.7) |
| Memo IDA 5 \$8.7b | 12.3 | | 4.5 (5.6) | |

1/ ODA from DAC members is projected to increase from 0.31% of GNP in 1977 to 0.33% by 1980 and 0.35% of GNP by 1983. These projections in the context of the development prospects of the poorest countries are shown in IDA/RPL/78-4, entitled 'IDA Lending and Prospects for the Poorest Countries', distributed separately.

2/ Figures in parenthesis include cash drawings on previous replenishments being disbursed in the same period.

21. On a cash basis the proportions are significantly lower, even including disbursements on previous replenishments that will be taking place in the same years as IDA 6 disbursements. This is because disbursements are not bunched in the same way as note deposits and because the GDP and ODA programs of contributors are projected to have grown larger by the time of the peak disbursement period. The table above shows that in the two cases illustrated, cash disbursements on account of IDA 6 would account for about 5% of projected ODA in the mid-1980s when disbursements will be at their peak, and about 7-8% including cash drawdowns on prior replenishments which will be disbursed in the same period. These proportions, whether looked at on a note basis or a cash basis appear broadly in line with the place that IDA currently has in the development assistance programs of contributors.

Replenishment Levels in National Currencies

22. So far the discussion of the reference points for the level of IDA 6 has been in terms of a total figure expressed in current US dollars. In fact, since the Fourth Replenishment contributions are fixed in national currencies. Because the currencies of most IDA contributors have appreciated against the US dollar since the time of the Vienna Agreement, a level of IDA 6 of \$13 billion could be attained by contributors on average increasing their national currency contributions by 50% over the IDA 5 level (a 60% average increase would raise the level of \$13.8 billion). This would involve a change in burden sharing arrangements as negotiated for IDA 5. If, however, IDA 5 shares were to be maintained unchanged, the increases in national currency contributions would be quite different for individual countries as illustrated in the table below, depending on how a particular currency has moved relative to the US dollar. For example, it can be seen that for the six currencies that have depreciated against the US dollar since the time of the Vienna Agreement, the increases in national currencies would be larger (82% on average to achieve an unchanged share in a \$13.0 billion total replenishment in US dollar terms). Conversely, for those six currencies that have appreciated on average by 27% against the US dollar, only an average 24% increase in the level of national currency contributions would be required to attain an unchanged share in a \$13.0 billion IDA 6 replenishment. This question will doubtless need to be addressed in discussions on ad hoc adjustments to burden sharing arrangements.

Currency Movements for Contributors to IDA and Changes
vis-a-vis US dollar ^{1/}

| | Number of Currencies | % Average Change vis-a-vis US\$ | % Share in IDA 5 | % Increases in national currencies necessary to achieve illustrative US dollar increases in IDA 6 ^{2/} | |
|--------------|----------------------------|--|------------------------|--|-----------|
| | | | | 50% | 60% |
| US\$ | 1 | - | 31 | 69 | 80 |
| Appreciated: | | | | | |
| within 7.5% | 8 | + 6 | 15 | 58 | 69 |
| 7.6-15.0% | 5 | +13 | 17 | 46 | 56 |
| over 15.1% | 6 | +27 | 26 | 24 | 32 |
| Depreciated | 6 | - 8 | 11 | 82 | 94 |
| | <u>26</u> | <u>+11</u> | <u>100</u> | <u>50</u> | <u>60</u> |

- 1/ Change from date of Vienna Agreement 3/14/77 to 10/16/78. For further details see Annex Table 4.
- 2/ Increases from the US dollar level at 10/16/78 to levels of \$13.0b and \$13.8b respectively. (IDA 5 shares unchanged.)

Attachments:

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CALCULATIONS OF PURCHASING POWER OF IDA 5

| | IDA 5 level as estimated at time of negotiations /1 | | | | | | IDA 5 levels as currently estimated /2 | | | | | |
|------|---|------------|----------------------|-------------|------------------|-------------|--|------------|----------------------|----------------|------------------|----------------------|
| | Disbursement Deflator | | Disbursement Profile | | Negotiated Level | | Revised Disbursement Deflator | | Disbursement Profile | | Negotiated Level | |
| | Annual | Cumulative | Current \$ | Constant \$ | 3/14/77 \$ | Constant \$ | Annual | Cumulative | Current \$ | Constant \$ | 10/16/78 \$ | Constant \$ |
| FY76 | | 100.0 | | | | | | 100.0 | | | | |
| FY77 | 7.3 | 107.3 | | | | | 9.7 | 109.7 | | | | |
| FY78 | 6.8 | 114.6 | 2.7 | 2.4 | 208.8 | 182.2 | 12.5 | 123.4 | 1.1 | 0.9 | 95.7 | 77.6 |
| FY79 | 6.2 | 121.7 | 13.3 | 10.9 | 1,028.4 | 845.0 | 6.5 | 131.4 | 5.4 | 4.1 | 469.8 | 357.5 |
| FY80 | 5.5 | 128.4 | 17.0 | 13.2 | 1,314.4 | 1,023.7 | 6.0 | 139.3 | 12.7 | 9.1 | 1,104.9 | 793.2 |
| FY81 | 5.0 | 134.8 | 16.1 | 11.9 | 1,244.9 | 923.5 | 6.0 | 147.7 | 19.5 | 13.2 | 1,696.5 | 1,148.6 |
| FY82 | 5.0 | 141.6 | 15.6 | 11.0 | 1,206.2 | 851.8 | 6.0 | 156.5 | 20.1 | 12.8 | 1,748.7 | 1,117.4 |
| FY83 | 5.0 | 148.6 | 12.0 | 8.1 | 927.8 | 624.4 | 6.0 | 165.9 | 15.1 | 9.1 | 1,313.7 | 791.9 |
| FY84 | 5.0 | 156.1 | 8.1 | 5.2 | 626.3 | 401.2 | 6.0 | 175.9 | 10.0 | 5.7 | 870.0 | 494.6 |
| FY85 | 5.0 | 163.9 | 5.7 | 3.5 | 440.6 | 268.8 | 6.0 | 186.4 | 7.0 | 3.8 | 609.0 | 326.7 |
| FY86 | 5.0 | 172.1 | 4.0 | 2.3 | 309.3 | 179.7 | 5.5 | 196.7 | 5.3 | 2.7 | 461.1 | 234.4 |
| FY87 | 5.0 | 180.7 | 2.8 | 1.5 | 216.5 | 119.8 | 5.0 | 206.5 | 3.8 | 1.8 | 330.6 | 160.1 |
| FY88 | 5.0 | 189.7 | 2.7 | 1.4 | 208.8 | 110.1 | 5.0 | 216.9 | | | | |
| | | | 100.0 | 71.4 | 7,732.0 | 5,530.2 | | (242.8) | 100.0 | 63.2 (61.1) | 8,700.0 | 5,502.0 (5,317.1) |

Note: Figures in parentheses show the effect of a constant 7% per annum price increase from FY79 onwards.

/1 See IDA/RPL/76-17 dated April 6, 1976.

/2 Three changes are involved in the recalculation of IDA 5 purchasing power: (i) a slower than anticipated rate of disbursement reflecting a smaller volume of program loans; (ii) an upward revision in the disbursement deflator to incorporate an actual figure for FY77, a new estimate for FY78 and a revised projection for future years; (iii) a higher current US dollar value of national currency contributions to IDA 5.

SVP
11/8/78

PURCHASING POWER OF IDA 6 ^{/1}

(Current and Constant FY79 dollars)

| | FY78 | FY79 | FY80 | FY81 | FY82 | FY83 | FY84 | FY85 | FY86 | FY87 | FY88 | FY89 | FY90 | Total |
|---|------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-------|---------|
| Case A: Declining rate of inflation in the Disbursement Deflator | | | | | | | | | | | | | | |
| IDA 5 | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | 8,700 | | | | | | | | | | | | |
| Disbursement: Deflator (FY79=100) | 93.9 | 100.0 | 106.0 | 112.4 | 119.1 | 126.3 | 133.8 | 141.9 | 149.7 | 157.1 | | | | 100 |
| Profile (%) | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | | | | 8,700 |
| Current (\$m) | 87.0 | 435.0 | 1,131.0 | 1,740.0 | 1,740.0 | 1,305.0 | 870.0 | 609.0 | 435.0 | 348.0 | | | | 7,228.5 |
| Constant (FY79;\$m) | 92.7 | 435.0 | 1,067.0 | 1,548.0 | 1,461.0 | 1,033.3 | 650.2 | 429.2 | 290.6 | 221.5 | | | | |
| Memo: Deflator (Annual;%) | 12.5 | 6.5 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.5 | 5.0 | | | | |
| IDA 6 | | | | | | | | | | | | | | |
| Equivalent Purchasing Power to IDA 5 | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 10,305 | | | | | | | | | | |
| Disbursement: Deflator (FY79=100) | | | | 112.4 | 119.1 | 126.3 | 133.8 | 141.9 | 149.7 | 157.1 | 165.0 | 173.2 | 181.9 | 100 |
| Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 103.1 | 515.3 | 1,339.7 | 2,061.0 | 2,061.0 | 1,545.8 | 1,030.5 | 721.4 | 515.3 | 412.2 | 10,305 |
| Constant (FY79;\$m) | | | | 91.7 | 432.7 | 1,060.7 | 1,540.4 | 1,452.4 | 1,032.6 | 656.0 | 437.2 | 297.5 | 226.6 | 7,227.8 |
| Memo: Deflator (Annual;%) | | | | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.5 | 5.0 | 5.0 | 5.0 | 5.0 | |
| 6% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 12,274 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 122.7 | 613.7 | 1,595.6 | 2,454.8 | 2,454.8 | 1,841.1 | 1,227.4 | 859.2 | 613.7 | 491.0 | 12,274 |
| Constant (FY79;\$m) | | | | 109.2 | 515.3 | 1,263.3 | 1,834.7 | 1,730.0 | 1,229.9 | 781.3 | 520.7 | 354.3 | 269.9 | 8,608.6 |
| 8% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 12,982 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 129.8 | 649.1 | 1,687.7 | 2,596.4 | 2,596.4 | 1,947.3 | 1,298.2 | 908.7 | 649.1 | 519.3 | 12,982 |
| Constant (FY79;\$m) | | | | 115.5 | 545.0 | 1,336.3 | 1,940.5 | 1,829.7 | 1,300.8 | 826.4 | 550.7 | 374.8 | 285.5 | 9,105.2 |
| 10% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 13,717 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 137.2 | 685.9 | 1,783.2 | 2,743.4 | 2,743.4 | 2,057.6 | 1,371.7 | 960.2 | 685.9 | 548.7 | 13,717 |
| Constant (FY79;\$m) | | | | 122.1 | 575.9 | 1,411.9 | 2,050.4 | 1,933.3 | 1,374.5 | 873.1 | 581.9 | 396.0 | 301.6 | 9,629.7 |
| 12% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 14,479 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 144.8 | 724.0 | 1,882.3 | 2,895.8 | 2,895.8 | 2,171.9 | 1,447.9 | 1,013.5 | 724.0 | 579.2 | 14,479 |
| Constant (FY79;\$m) | | | | 128.8 | 607.9 | 1,490.3 | 2,164.3 | 2,040.7 | 1,450.8 | 921.6 | 614.2 | 418.0 | 318.4 | 10,155 |
| Case B: Constant 7% rate of inflation in the Disbursement Deflator | | | | | | | | | | | | | | |
| IDA 5 | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | 8,700 | | | | | | | | | | | | |
| Disbursement: Deflator (FY79=100) | 93.5 | 100.0 | 107.0 | 114.4 | 122.5 | 131.1 | 140.3 | 150.1 | 160.6 | 171.8 | | | | 100 |
| Profile (%) | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | | | | 8,700 |
| Current (\$m) | 87.0 | 435.0 | 1,131.0 | 1,740.0 | 1,740.0 | 1,305.0 | 870.0 | 609.0 | 435.0 | 348.0 | | | | 7,021.1 |
| Constant (FY79;\$m) | 93.0 | 435.0 | 1,057.0 | 1,521.0 | 1,420.4 | 995.4 | 620.1 | 405.7 | 270.9 | 202.6 | | | | |
| Memo: Deflator (Annual;%) | 12.5 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | | | | |
| IDA 6 | | | | | | | | | | | | | | |
| Equivalent Purchasing Power to IDA 5 | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 10,661 | | | | | | | | | | |
| Disbursement: Deflator (FY79=100) | | | | 114.4 | 122.5 | 131.1 | 140.3 | 150.1 | 160.6 | 171.8 | 183.8 | 196.7 | 210.5 | 100 |
| Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 106.6 | 533.1 | 1,385.9 | 2,132.2 | 2,132.2 | 1,599.2 | 1,066.1 | 746.3 | 533.1 | 426.4 | 10,661 |
| Constant (FY79;\$m) | | | | 93.2 | 435.2 | 1,057.1 | 1,519.7 | 1,420.5 | 995.8 | 620.5 | 406.0 | 271.0 | 202.6 | 7,021.6 |
| Memo: Deflator (Annual;%) | | | | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | |
| 6% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 12,696 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 127.0 | 634.8 | 1,650.5 | 2,539.2 | 2,539.2 | 1,904.4 | 1,269.6 | 888.7 | 634.8 | 507.8 | 12,696 |
| Constant (FY79;\$m) | | | | 111.0 | 518.2 | 1,259.0 | 1,809.8 | 1,691.7 | 1,185.8 | 739.0 | 483.5 | 322.7 | 241.2 | 8,362.0 |
| 8% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 13,429 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 134.3 | 671.5 | 1,745.8 | 2,685.8 | 2,685.8 | 2,014.4 | 1,342.9 | 940.0 | 671.5 | 537.2 | 13,429 |
| Constant (FY79;\$m) | | | | 117.4 | 548.2 | 1,331.7 | 1,914.3 | 1,789.3 | 1,254.3 | 781.7 | 511.4 | 341.4 | 255.2 | 8,844.9 |
| 10% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 14,189 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 141.9 | 709.5 | 1,844.6 | 2,837.8 | 2,837.8 | 2,128.4 | 1,418.9 | 993.2 | 709.5 | 567.6 | 14,189 |
| Constant (FY79;\$m) | | | | 124.0 | 579.2 | 1,407.0 | 2,022.7 | 1,890.6 | 1,325.3 | 825.9 | 540.4 | 360.7 | 269.6 | 9,345.4 |
| 12% real growth over IDA 5 level | | | | | | | | | | | | | | |
| Commitment Authority (\$m) | | | | 14,977 | | | | | | | | | | |
| Disbursement: Profile (%) | | | | 1 | 5 | 13 | 20 | 20 | 15 | 10 | 7 | 5 | 4 | 100 |
| Current (\$m) | | | | 149.8 | 748.9 | 1,947.0 | 2,995.4 | 2,995.4 | 2,246.6 | 1,497.7 | 1,048.4 | 748.9 | 599.1 | 14,977 |
| Constant (FY79;\$m) | | | | 130.9 | 611.3 | 1,485.1 | 2,135.0 | 1,995.6 | 1,398.9 | 871.8 | 570.4 | 380.7 | 284.6 | 9,864.3 |

/1 For a description of commitment and disbursement deflators, see technical note 'Deflators' dated November 29, 1976 (SecM76-803).

GDP ESTIMATES 1975-85 /a

(nominal and real: billions)

| | Actual | | Provisional Estimate | | | Projection | | | | | | |
|--------------------|--------|-----------|----------------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | |
| Australia | | | | | | | | | | | | |
| GDP - Nominal | SA | 71.3 | 82.2 | 91.1 | 101.2 | 111.8 | 122.6 | 134.3 | 147.3 | 161.4 | 177.0 | 194.0 |
| Real | SA | 71.3 | 74.0 | 74.4 | 77.0 | 80.1 | 83.5 | 87.0 | 90.6 | 94.4 | 98.4 | 102.5 |
| Nominal | US\$ | 93.3 | 100.7 | 101.1 | 115.9 | 128.9 | 141.3 | 154.9 | 169.8 | 186.1 | 204.1 | 223.7 |
| Austria | | | | | | | | | | | | |
| GDP - Nominal | S | 654.4 | 728.7 | 793.4 | 840.7 | 918.1 | 1,004.4 | 1,099.0 | 1,202.4 | 1,315.5 | 1,439.3 | 1,574.7 |
| Real | S | 654.4 | 688.6 | 712.7 | 721.2 | 750.1 | 781.6 | 814.4 | 848.6 | 884.2 | 921.4 | 960.1 |
| Nominal | US\$ | 37.6 | 40.6 | 48.0 | 57.4 | 64.4 | 70.5 | 77.1 | 82.3 | 92.3 | 101.0 | 110.5 |
| Belgium | | | | | | | | | | | | |
| GDP - Nominal | BF | 2,305.2 | 2,603.5 | 2,849.1 | 3,101.6 | 3,370.7 | 3,687.9 | 4,034.9 | 4,414.6 | 4,830.0 | 5,284.5 | 5,781.8 |
| Real | BF | 2,305.2 | 2,427.2 | 2,470.9 | 2,537.6 | 2,626.4 | 2,736.7 | 2,851.6 | 2,971.4 | 3,096.2 | 3,226.2 | 3,361.7 |
| Nominal | US\$ | 62.7 | 67.4 | 79.5 | 97.6 | 108.5 | 118.7 | 129.9 | 142.2 | 155.5 | 170.2 | 186.2 |
| Canada | | | | | | | | | | | | |
| GDP - Nominal | Can.\$ | 166.7 | 191.9 | 210.7 | 234.2 | 258.0 | 284.9 | 314.7 | 347.6 | 383.9 | 424.0 | 468.4 |
| Real | Can.\$ | 166.7 | 175.4 | 180.1 | 187.7 | 195.0 | 203.2 | 211.7 | 220.6 | 229.9 | 239.6 | 249.6 |
| Nominal | US\$ | 163.9 | 194.6 | 198.1 | 205.9 | 221.1 | 244.2 | 269.8 | 298.0 | 329.1 | 363.5 | 401.5 |
| Denmark | | | | | | | | | | | | |
| GDP - Nominal | DKr | 203.8 | 232.9 | 258.9 | 282.9 | 310.2 | 341.3 | 375.6 | 413.2 | 454.7 | 500.3 | 550.4 |
| Real | DKr | 203.8 | 214.6 | 218.5 | 220.7 | 225.1 | 233.7 | 242.5 | 251.8 | 261.3 | 271.3 | 281.6 |
| Nominal | US\$ | 35.5 | 38.5 | 43.1 | 50.8 | 57.1 | 62.8 | 69.1 | 76.1 | 83.7 | 92.1 | 101.3 |
| Finland | | | | | | | | | | | | |
| GDP - Nominal | Fmk | 98.0 | 108.8 | 119.8 | 130.6 | 143.7 | 157.2 | 171.7 | 187.5 | 204.7 | 223.1 | 243.2 |
| Real | Fmk | 98.0 | 98.3 | 97.5 | 98.5 | 101.9 | 105.6 | 109.4 | 113.4 | 117.4 | 121.7 | 126.0 |
| Nominal | US\$ | 26.6 | 28.1 | 29.7 | 31.6 | 35.3 | 38.6 | 42.1 | 46.0 | 50.2 | 54.7 | 60.0 |
| France | | | | | | | | | | | | |
| GDP - Nominal | F | 1,437.2 | 1,657.4 | 1,855.6 | 2,098.6 | 2,319.4 | 2,552.1 | 2,808.2 | 3,090.0 | 3,400.0 | 3,741.2 | 4,116.6 |
| Real | F | 1,437.2 | 1,517.2 | 1,562.7 | 1,609.6 | 1,659.5 | 1,727.6 | 1,798.4 | 1,872.1 | 1,948.9 | 2,028.8 | 2,112.0 |
| Nominal | US\$ | 335.3 | 345.6 | 377.7 | 463.5 | 531.7 | 585.1 | 643.8 | 708.4 | 779.5 | 857.7 | 943.8 |
| Germany | | | | | | | | | | | | |
| GDP - Nominal | DM | 1,030.0 | 1,122.8 | 1,191.1 | 1,267.3 | 1,360.2 | 1,464.2 | 1,576.0 | 1,698.4 | 1,826.0 | 1,965.5 | 2,115.7 |
| Real | DM | 1,030.0 | 1,087.5 | 1,113.6 | 1,144.7 | 1,187.1 | 1,234.6 | 1,284.0 | 1,335.3 | 1,388.8 | 1,444.3 | 1,502.1 |
| Nominal | US\$ | 418.6 | 445.9 | 513.0 | 623.5 | 690.2 | 742.9 | 799.7 | 860.8 | 926.5 | 997.3 | 1,073.5 |
| Iceland | | | | | | | | | | | | |
| GDP - Nominal | IKr | 191.6 | 265.0 | 359.3 | 484.8 | 536.5 | 590.3 | 648.3 | 712.0 | 782.0 | 857.2 | 939.6 |
| Real | IKr | 191.6 | 198.0 | 204.9 | 212.7 | 221.5 | 230.8 | 240.4 | 250.5 | 261.1 | 272.0 | 283.5 |
| Nominal | US\$ | 1.2 | 1.5 | 1.8 | 1.8 | 1.8 | 1.0 | 2.1 | 2.3 | 2.5 | 2.8 | 3.1 |
| Ireland | | | | | | | | | | | | |
| GDP - Nominal | £Ir | 3.6 | 4.4 | 5.3 | 6.2 | 6.8 | 7.4 | 8.1 | 8.9 | 10.0 | 10.5 | 11.5 |
| Real | £Ir | 3.6 | 3.7 | 3.9 | 4.1 | 4.3 | 4.4 | 4.6 | 4.8 | 4.9 | 5.1 | 5.3 |
| Nominal | US\$ | 8.0 | 8.0 | 9.2 | 11.8 | 13.3 | 14.5 | 15.9 | 17.3 | 18.9 | 20.6 | 22.5 |
| Italy | | | | | | | | | | | | |
| GDP - Nominal | Lit | 114,215.0 | 142,128.0 | 170,995.8 | 196,566.5 | 219,085.1 | 242,192.0 | 267,736.0 | 296,974.1 | 327,190.5 | 361,699.3 | 399,847.7 |
| Real | Lit | 114,215.0 | 120,648.2 | 122,699.2 | 125,153.2 | 129,158.1 | 134,066.1 | 139,160.6 | 144,448.7 | 149,937.8 | 155,635.4 | 161,549.6 |
| Nominal | US\$ | 174.9 | 170.8 | 193.8 | 231.8 | 264.0 | 291.8 | 322.6 | 358.6 | 394.2 | 435.8 | 481.8 |
| Japan | | | | | | | | | | | | |
| GDP - Nominal | Y | 145,827.0 | 164,604.0 | 183,897.7 | 201,373.5 | 220,115.4 | 245,450.6 | 273,702.0 | 305,205.1 | 340,334.2 | 379,506.7 | 423,187.9 |
| Real | Y | 145,827.0 | 154,588.1 | 162,472.1 | 171,895.5 | 179,630.8 | 190,767.9 | 202,595.5 | 215,156.5 | 228,496.2 | 242,662.9 | 257,708.0 |
| Nominal | US\$ | 491.3 | 555.1 | 684.9 | 957.3 | 1,157.6 | 1,290.8 | 1,439.4 | 1,605.0 | 1,789.8 | 1,995.8 | 2,225.5 |
| Korea | | | | | | | | | | | | |
| GDP - Nominal | W | 9,239.2 | 12,278.8 | 15,316.0 | 18,697.8 | 22,418.6 | 26,879.9 | 32,290.0 | 38,291.3 | 44,454.2 | 51,371.3 | 59,364.7 |
| Real | W | 9,239.2 | 10,622.5 | 11,663.0 | 12,712.7 | 13,856.8 | 15,103.9 | 16,463.3 | 17,945.0 | 19,470.3 | 21,027.9 | 22,710.2 |
| Nominal | US\$ | 19.1 | 25.4 | 31.6 | 38.6 | 46.3 | 55.5 | 66.6 | 79.1 | 91.8 | 106.1 | 122.7 |
| Kuwait | | | | | | | | | | | | |
| GDP - Nominal | KD | 3.3 | 3.2 | 3.7 | 4.3 | 4.8 | 5.5 | 6.2 | 7.0 | 8.0 | 9.0 | 10.3 |
| Real | KD | 3.3 | 3.0 | 3.2 | 3.4 | 3.6 | 3.8 | 4.0 | 4.2 | 4.4 | 4.6 | 4.8 |
| Nominal | US\$ | 11.5 | 10.7 | 12.8 | 15.4 | 17.5 | 19.8 | 22.5 | 25.5 | 28.9 | 32.8 | 37.2 |
| Luxembourg | | | | | | | | | | | | |
| GDP - Nominal | Lux.F | 80.8 | 86.5 | 95.3 | 103.8 | 114.8 | 126.3 | 138.8 | 152.4 | 167.4 | 183.5 | 201.1 |
| Real | Lux.F | 80.8 | 83.1 | 85.2 | 87.5 | 91.1 | 94.9 | 98.9 | 103.0 | 107.4 | 111.9 | 116.6 |
| Nominal | US\$ | 2.2 | 2.2 | 2.7 | 3.3 | 3.7 | 4.1 | 4.5 | 4.9 | 5.4 | 5.9 | 6.5 |
| Netherlands | | | | | | | | | | | | |
| GDP - Nominal | f | 208.9 | 236.7 | 260.1 | 280.7 | 305.1 | 331.9 | 361.0 | 392.7 | 427.2 | 464.7 | 505.5 |
| Real | f | 208.9 | 218.6 | 224.1 | 229.7 | 237.7 | 246.3 | 255.1 | 264.3 | 273.8 | 283.7 | 293.9 |
| Nominal | US\$ | 82.6 | 89.5 | 106.0 | 128.2 | 142.5 | 155.0 | 168.6 | 183.5 | 199.6 | 217.1 | 236.1 |

| | Actual | | Provisional Estimate | | | Projection | | | | | |
|---------------------------------|---------|---------|----------------------|----------|----------|------------|----------|----------|----------|----------|----------|
| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
| New Zealand | | | | | | | | | | | |
| GDP - Nominal NZ\$ | 11.2 | 12.9 | 14.8 | 16.5 | 18.0 | 19.6 | 21.4 | 23.3 | 25.3 | 27.5 | 29.9 |
| Real NZ\$ | 11.2 | 11.2 | 11.2 | 11.2 | 11.5 | 11.9 | 12.3 | 12.7 | 13.1 | 13.5 | 13.9 |
| Nominal US\$ | 13.4 | 12.9 | 14.3 | 17.1 | 19.0 | 20.7 | 22.5 | 24.5 | 26.7 | 29.0 | 31.6 |
| Norway | | | | | | | | | | | |
| GDP - Nominal Nkr | 148.2 | 170.8 | 190.8 | 214.3 | 240.8 | 268.5 | 299.4 | 333.9 | 372.3 | 415.2 | 463.0 |
| Real Nkr | 148.2 | 157.1 | 163.4 | 169.9 | 178.4 | 188.2 | 198.6 | 209.5 | 221.0 | 233.2 | 246.0 |
| Nominal US\$ | 28.4 | 31.3 | 35.8 | 40.5 | 46.2 | 51.5 | 57.4 | 64.0 | 71.4 | 79.6 | 88.8 |
| Saudi Arabia | | | | | | | | | | | |
| GDP - Nominal SRls | 144.6 | 226.8 | 292.1 | 361.5 | 437.4 | 519.6 | 617.3 | 720.1 | 839.9 | 979.5 | 1,142.6 |
| Real SRls | 144.6 | 162.0 | 181.4 | 200.5 | 220.5 | 238.2 | 257.2 | 277.8 | 300.0 | 324.0 | 349.9 |
| Nominal US\$ | 41.1 | 64.2 | 82.9 | 104.9 | 127.0 | 150.8 | 179.2 | 209.0 | 243.8 | 284.4 | 331.7 |
| South Africa | | | | | | | | | | | |
| GDP - Nominal R | 26.3 | 29.6 | 33.8 | 38.3 | 43.2 | 48.9 | 54.7 | 61.1 | 68.3 | 76.4 | 85.4 |
| Real R | 26.3 | 26.6 | 26.8 | 27.3 | 28.0 | 28.8 | 29.8 | 30.9 | 32.0 | 33.1 | 34.3 |
| Nominal US\$ | 35.9 | 34.0 | 38.9 | 44.0 | 49.6 | 56.3 | 62.9 | 70.3 | 78.6 | 87.8 | 98.2 |
| Spain | | | | | | | | | | | |
| GDP - Nominal Ptas | 5,909.7 | 6,999.4 | 8,797.4 | 10,484.3 | 12,094.6 | 13,969.3 | 15,992.0 | 18,307.7 | 20,958.6 | 23,993.5 | 27,467.7 |
| Real Ptas | 5,909.7 | 6,031.1 | 6,188.1 | 6,249.9 | 6,437.4 | 6,759.2 | 7,164.8 | 7,594.7 | 8,050.4 | 8,533.4 | 9,045.4 |
| Nominal US\$ | 102.9 | 104.6 | 115.8 | 132.0 | 152.3 | 175.9 | 201.4 | 230.5 | 263.9 | 302.1 | 345.9 |
| Sweden | | | | | | | | | | | |
| GDP - Nominal SKr | 286.5 | 323.3 | 351.4 | 385.4 | 415.7 | 455.2 | 498.4 | 546.7 | 597.6 | 654.3 | 716.5 |
| Real SKr | 286.5 | 290.7 | 283.5 | 285.2 | 288.0 | 297.5 | 307.3 | 317.5 | 328.0 | 338.8 | 350.0 |
| Nominal US\$ | 69.0 | 74.2 | 78.4 | 84.9 | 94.0 | 102.9 | 112.7 | 123.4 | 135.2 | 148.0 | 162.0 |
| United Arab Emirates | | | | | | | | | | | |
| GDP - Nominal Dh | 33.5 | 50.0 | 61.6 | 70.8 | 83.3 | 97.0 | 113.1 | 130.6 | 150.9 | 171.1 | 194.0 |
| Real Dh | 33.5 | 38.5 | 41.2 | 41.2 | 43.8 | 45.4 | 47.7 | 50.1 | 52.6 | 55.2 | 57.9 |
| Nominal US\$ | 8.4 | 12.7 | 15.8 | 18.3 | 21.5 | 25.0 | 29.2 | 33.7 | 38.9 | 44.1 | 50.0 |
| United Kingdom | | | | | | | | | | | |
| GDP - Nominal £ | 103.1 | 122.0 | 140.0 | 159.4 | 176.7 | 193.3 | 211.4 | 231.2 | 252.8 | 276.5 | 302.4 |
| Real £ | 103.1 | 105.8 | 106.6 | 109.8 | 112.3 | 115.0 | 117.7 | 120.6 | 123.5 | 126.4 | 129.5 |
| Nominal US\$ | 228.2 | 220.3 | 244.4 | 304.6 | 346.0 | 378.4 | 413.8 | 452.6 | 494.9 | 541.3 | 592.0 |
| United States | | | | | | | | | | | |
| GDP - Nominal US\$ | 1,526.5 | 1,702.0 | 1,890.8 | 2,117.7 | 2,345.3 | 2,585.4 | 2,836.7 | 3,112.5 | 3,415.0 | 3,729.2 | 4,072.3 |
| Real US\$ | 1,526.5 | 1,615.6 | 1,694.8 | 1,760.9 | 1,822.5 | 1,895.4 | 1,971.2 | 2,050.1 | 2,132.1 | 2,217.4 | 2,306.1 |
| Yugoslavia | | | | | | | | | | | |
| GDP - Nominal Din | 503.0 | 592.6 | 716.5 | 858.5 | 1,019.2 | 1,210.0 | 1,436.5 | 1,705.4 | 2,024.6 | 2,403.6 | 2,853.6 |
| Real Din | 503.0 | 521.0 | 557.5 | 593.7 | 629.3 | 667.1 | 707.1 | 749.5 | 794.5 | 842.2 | 892.7 |
| Nominal US\$ | 28.9 | 32.6 | 39.2 | 45.7 | 54.2 | 64.3 | 76.4 | 90.7 | 107.7 | 127.8 | 151.8 |
| Total (All Contributors) | | | | | | | | | | | |
| GDP - Nominal (US\$) | 4,047.0 | 4,413.4 | 4,989.3 | 5,944.1 | 6,739.0 | 7,448.7 | 8,220.8 | 9,071.0 | 10,010.1 | 11,030.8 | 12,160.2 |
| Real (US\$) | 4,047.0 | 4,261.5 | 4,417.7 | 4,580.4 | 4,747.4 | 4,952.4 | 5,168.2 | 5,393.9 | 5,630.1 | 5,876.7 | 6,135.1 |

/a Real GDP in constant 1975 prices and exchange rates.

Note: The basic series given for each country in this table are in national currencies. The data for 1975-76 are actual data for most countries and for 1977 are estimates. For 1978 the figures shown for most members of OECD are based on OECD short-term forecasts. For other countries the 1978 estimates are based on national estimates where available. The projections of real growth from 1979-85 for the members of OECD are the same as those contained in the World Development Report and are believed to be within the range of estimates being discussed in the Working Party 2 of OECD. For other countries, figures contained in national plans are shown where available. The price projections are illustrative and assume that countries have some success in reducing inflation from present levels. For purposes of aggregation and cross-country comparisons, the series are converted into US dollars at average exchange rates for 1975-77 and at end September 1978 exchange rates for 1978 and the projection period. The figures are purely illustrative and should be interpreted with caution since there is great uncertainty about long-run growth prospects, and the future course of price increases and exchange rate movements.

DIFFERENCES BETWEEN RATES OF INCREASE IN US DOLLAR EQUIVALENTS AND NATIONAL CURRENCY CONTRIBUTIONS AT ILLUSTRATIVE LEVELS OF IDA 6

| Contributors | Exchange Rates /a | | | Fifth Replenishment Contributions /b | | | Illustrative Sixth Replenishment Levels /c | | | | | | |
|--|-------------------|----------|----------|--------------------------------------|----------------------------|---------------|--|----------|----------------------------|---------|----------|--------------|-------|
| | 3/14/77 | 10/16/78 | % change | National Currency mil. | US dollar equivalent as of | | % Increase in Nat. /d | | % Increase in US dollar /e | | (Memo) | | |
| | (1) | (2) | (3) | (4) | 3/14/78 mil. | 10/16/78 mil. | 50% | 60% | (9) % share | 13.0\$b | 13.8\$b | (12) % share | |
| United States | \$ | 1.0000 | | 2,400.000 | 2,400.00 | 2,400.00 | 68.5 | 79.8 | 31.22 | 50.0 | 60.0 | 27.79 | |
| Currencies Appreciating vis-a-vis US \$ | | | | | | | | | | | | | |
| By 0 - 7.5% | | | | | | | | | | | | | |
| Australia | SA | 0.9106 | 0.8586 | 5.7 | 133.764 | 146.90 | 155.79 | 58.8 | 69.4 | 1.91 | 59.6 | 69.4 | 1.80 |
| Italy | Lit | 886.4750 | 819.5000 | 7.6 | 262,307.953 | 295.90 | 320.08 | 55.8 | 66.2 | 3.85 | 62.8 | 72.8 | 3.71 |
| Korea | W | 484.0000 | 484.0000 | - | 484.000 | 1.00 | 1.00 | 68.5 | 79.8 | 0.01 | 50.0 | 60.0 | 0.01 |
| Kuwait (Ordinary Contribution) | KD | 0.2886 | 0.2720 | 5.8 | 12.668 | 43.90 | 46.57 | 58.8 | 69.4 | 0.57 | 59.7 | 69.5 | 0.54 |
| (Extra Contribution) | KD | 0.2886 | 0.2720 | 5.8 | 39.274 | 136.10 | 144.39 | 58.8 | 69.4 | 1.77 | 59.7 | 69.5 | 1.67 |
| Norway | NKr | 5.2570 | 4.9760 | 5.3 | 423.714 | 80.60 | 85.15 | 59.8 | 70.4 | 1.05 | 59.0 | 68.8 | 0.99 |
| Saudi Arabia | SRls | 3.5300 | 3.3050 | 6.4 | 1,235.500 | 350.00 | 373.83 | 57.7 | 68.2 | 4.55 | 60.8 | 70.6 | 4.33 |
| South Africa | R | 0.8696 | 0.8696 | - | 8.696 | 10.00 | 10.00 | 68.4 | 79.7 | 0.13 | 50.0 | 60.0 | 0.12 |
| United Arab Emirates | Dh | 3.9405 | 3.8780 | 1.6 | 200.000 | 50.75 | 51.57 | 65.8 | 76.9 | 0.66 | 52.9 | 62.4 | 0.60 |
| Total | | | (6.2) | | 1,115.15 | 1,188.38 | | (58.1) | (68.7) | 14.50 | (60.4) | (70.3) | 13.78 |
| By 7.6 - 15% | | | | | | | | | | | | | |
| Denmark | DKr | 5.8675 | 5.2100 | 11.2 | 515.167 | 87.80 | 98.88 | 49.4 | 59.3 | 1.14 | 69.5 | 79.9 | 1.14 |
| France | F | 4.9925 | 4.2770 | 14.3 | 2,063.400 | 413.30 | 482.44 | 44.5 | 54.1 | 5.38 | 75.7 | 86.5 | 5.59 |
| Ireland | Ir | 0.5820 | 0.5059 | 13.1 | 5.000 | 8.59 | 9.88 | 44.2 | 53.8 | 0.11 | 73.2 | 83.8 | 0.11 |
| New Zealand | NZ\$ | 1.0462 | 0.9414 | 10.0 | 8.000 | 7.65 | 8.50 | 52.5 | 62.6 | 0.10 | 67.2 | 77.5 | 0.10 |
| United Kingdom | £ | 0.5820 | 0.5059 | 13.1 | 473.899 | 814.30 | 936.74 | 46.5 | 56.2 | 10.59 | 73.1 | 83.8 | 10.84 |
| Total | | | (13.3) | | 1,331.64 | 1,536.44 | | (46.0) | (55.8) | 17.32 | (73.7) | (84.3) | 17.79 |
| By over 15% | | | | | | | | | | | | | |
| Austria | S | 16.9875 | 13.7050 | 19.3 | 844.279 | 49.70 | 61.60 | 36.7 | 45.8 | 0.65 | 86.6 | 98.0 | 0.71 |
| Belgium | Bf | 36.7738 | 29.6000 | 19.5 | 4,582.009 | 124.60 | 154.80 | 35.6 | 44.6 | 1.62 | 87.0 | 98.5 | 1.79 |
| Germany | DM | 2.3926 | 1.8700 | 21.8 | 2,006.913 | 838.80 | 1,073.22 | 31.7 | 40.5 | 10.91 | 92.6 | 104.4 | 12.42 |
| Japan (Ordinary Contribution) | Y | 282.1500 | 186.2000 | 34.0 | 182,833.200 | 648.00 | 981.92 | 11.2 | 18.6 | 8.43 | 128.1 | 142.1 | 11.37 |
| (Extra Contribution) | Y | 282.1500 | 186.2000 | 34.0 | 40,629.600 | 144.00 | 218.20 | 11.2 | 18.6 | 1.87 | 128.1 | 142.1 | 2.53 |
| Luxembourg | Luxf | 36.7738 | 29.6000 | 19.5 | 132.386 | 3.60 | 4.47 | 32.9 | 43.5 | 0.05 | 87.0 | 98.5 | 0.05 |
| Netherlands | f | 2.4955 | 2.0385 | 18.3 | 540.775 | 216.70 | 265.28 | 37.7 | 46.9 | 2.82 | 84.2 | 95.6 | 3.07 |
| Total | | | (26.6) | | 2,025.40 | 2,759.49 | | (23.7) | (32.0) | 26.35 | (105.1) | (117.7) | 31.95 |
| Currencies Depreciating vis-a-vis US \$ | | | | | | | | | | | | | |
| Canada | Can\$ | 1.0511 | 1.1826 | -12.5 | 470.788 | 447.90 | 398.10 | 89.7 | 102.4 | 5.83 | 33.8 | 42.0 | 4.61 |
| Finland | Fmk | 3.8090 | 3.9670 | - 4.1 | 156.169 | 41.00 | 39.37 | 74.4 | 86.1 | 0.53 | 44.5 | 53.4 | 0.46 |
| Iceland | IKr | 191.4500 | 307.9000 | -60.8 | 421.190 | 2.20 | 1.37 | 179.6 | 193.0 | 0.03 | - 6.4 | - 0.7 | 0.02 |
| Spain | Ptas | 68.7840 | 70.5800 | - 2.6 | 1,444.464 | 21.00 | 20.47 | 70.9 | 82.3 | 0.27 | 46.7 | 55.7 | 0.24 |
| Sweden | SKr | 4.2175 | 4.3320 | - 2.7 | 1,239.102 | 293.80 | 286.03 | 73.0 | 84.6 | 3.82 | 46.5 | 55.5 | 3.31 |
| Yugoslavia | Din | 18.3944 | 18.7746 | - 2.1 | 148.995 | 8.10 | 7.94 | 72.3 | 83.6 | 0.11 | 47.5 | 56.5 | 0.09 |
| Total | | | (- 8.1) | | 814.00 | 753.28 | | (82.1) | (94.3) | 10.59 | (62.6) | (72.6) | 8.72 |
| TOTAL | | | (11.0) | | 7,686.19 | 8,637.59 /b | | (50.0) | (60.0) | 100.00 | (69.1) | (79.5) | 100.0 |
| TOTAL (Illustrative IDA 6 levels:\$m) | | | | | | | | 12,956.4 | 13,820.1 | | 13,000.0 | 13,800.0 | |

Note: Average for the group is shown in parentheses.

Note on methodology

/a Expressed in National Currency units per US dollar.

/b Since the IDA 5 Agreement in Vienna, additional contributions from six members totalling \$45.5m have been made to eliminate the originally 'unallocated' amount bringing IDA 5 contributions from \$7,686.2m to \$7,731.7m.

/c The illustrative levels of the Sixth Replenishment shown in the example of \$13.0b and \$13.8b are respectively 50% and 60% larger than the IDA 5 level of \$8,637.6m of 10/16/78.

/d The equivalence of a 50% increase in the total IDA 5 contributions as at 10/16/78 is \$13.0b. The underlying shares in the total contribution to IDA 6 will be the same as originally agreed for IDA 5 as in col.(9).

For example: (Share in the TOTAL given in parentheses).

Germany
 Contribution to IDA 5 = \$838.8m (10.91%)
 Increased contribution to IDA 6 = 10.91% of \$12,956.4m = \$1,413.5m = DM 2,643.3 at 10/16/78 exchange rate
 Contribution to IDA 5 = DM 2,006.9m
 % increase in DM amount = 31.7%

/e To achieve a level of \$13.0b, national currency contributions of each member need to be increased by 50% (the resulting shares in the total contribution to IDA 6 will be as shown in col. (12)).

For example: (Share in the TOTAL given in parentheses).

Japan
 Contribution to IDA 5 = ¥223,462.8m
 Increased contribution to IDA 6 = ¥336,322.7m = \$1,806.2m = (13.9%) at 10/16/78 exchange rate
 Contribution to IDA 5 = \$792.0m (10.3%)
 % increase in the US dollar equivalence = 128.1%

SVP
11/8/78

M

FD, future

Estab. of anti-growth policies in 35 LDCs with 8029 LDC pop.

pro-family plan "30" "152" " + weak program

Fertility is declining in developing world as a whole: generally in Asia + LA; selectively in NE + N Africa; not in Sub-Saharan Africa or many modern countries:

| CBR's | '65 | '75 | % change | FD Growth | '65 | '75 | % change |
|-----------|------|------|----------|-----------|------|------|----------|
| Asia | 39.4 | 33.1 | -16.12 | | 2.42 | 2.02 | -14.62 |
| LA | 39.9 | 35.2 | -11.8 | | 2.9 | 2.6 | -9.7 |
| NA + NE | 45.0 | 41.0 | -8.7 | | 2.8 | 2.7 | -1.6 |
| Sub-S Afr | 48.1 | 47.3 | -1.6 | | 2.5 | 2.7 | +9.8 |
| TOTAL LDC | 40.7 | 35.4 | -13.7 | | 2.5 | 2.2 | -10.7 |

Causes of decline: marital patterns (35-452); "development"; family plan
 mid century: substantial demographic momentum: doubling rate 40-50 yrs
 pop: '78 4.2B; 2000 5.9B 6.6B 40-602 inc. (LDC 38745-5.2 5070)
 Serious Prob in 2000 (CBR 35+) Bang, Pak, Nigeria, Sen, Zaire, Morocco,
 Afghan, Sudan, Algeria, Kenya -

Objective: by action between now + 2000 reduce steady state pop level from 11.5B to 8.5B -
 then: Improved family planning prog.
 Accelerate level of improved contraceptives - e.g. implant
 Increased demand: info + Educ.
 Restructured level - e.g. inc. of females in schools
 Restraint: peer pressure; disincentives;

5. (cont) requires sound domestic policies: 102 m in food prices in developing world could lead to 582 m in production.

Food

1. Situation has improved in past 5 yrs: 30 billion 2027 env. cons. or 102-

2. Important problems:

- a. structural changes are leading importers of grain to rely on ^{more + more} single source: 40. bn - provides 80% of grain exports - vulnerable to weather as most grown on rain-fed land
 - b. increases in prod. not matched by improv. in food cons.: no. of people who are critically malnourished is increasing.
 - c. As incomes rise many LDC's will inc. meat cons. which will inc. pressure of demand on cereal grain supply
 - d. Future production increases will be more expensive ^(higher cost labor intensive farming methods)
- ∴ World hunger problems could well worsen between now + end of century unless greater efforts are made to inc. food prod.

3. W.B.K. is now largest single source of external financing for grain food prod: 402 of all official com. to agr.

grown from 1.46 in '74 to 3.38 in '78 - 102 for 5 yrs: approx 35% of total - total value of Bk loans 245 15,252 of total prod. in agr. LDC's over 75% of this agr. invest to inc. food prod. in food prod. LDC's at full level. Bk loans should contribute approx 1/3 of annual inv.

4. Bk is committed to assist LDC's to raise total national food prod + to inc. prod. of malnourished small farmer: In past 5 yrs projects approved which are designed to approx double inv. of 60 on rural poor.

5. In sum, must be sub. inv. in food prod. in India, Bangla, Pak, Nigeria to achieve this there is a substantial case for inv. in grain collaborative projects in '75 total inv. in agr. in LDC's was about 1.6

about 403 will be req'd in '85 if prod. is to be raised to meet needs Bk's loans will provide 15-20% of the total sources 102 - poorer countries invest more + more more + more inv. in agr. prod. from 82 to 192 I

Notes on China

last 4 yrs: profound change in econ, social, + political policies
a switch from Maoist egalitarian policies, cont. class struggle +
high priority to ideological + pol. goals -
a swing almost to the extreme - i.e. on acceleration of growth
we shaken loose on a lot of dogma + ideals - pragmatism
a move to liberalise economic market - socialism
shift from self-reliance to turning outward
higher level of trade (30 + 402 inc. last yr)
greater imports of exp. goods + technology
external financing
in '78 signed contracts for '76 of plant imports for '79-85 -
and block in negs on other deals of '85-306 + might be
contract between now + '85 for '75-85 -

shipping the world for financing
the deal will apply to 1984 + 85

- direction of change has strong support in leadership + among major sectors - 7/86
- trying to do too much too fast. signs that people in China feel this way (note cancellation of '86 contracts in Japan)
- something going on in Chinese leadership: not a stable situation; Deng Xiaoping has strengthened position but ferment in leadership; some of opposition remains

Foreign Policy

No fundamental change in foreign policy or geo-pol. assum.
Sov. Union the threat of an active threat to China + must deal up
all the support region - eastern spread Vietnam can be seen in that context
Sov. may push Viet. for base in Hainan Bay: a serious loss.
But not impossible that leadership would at some pt decide
supportational policy is not to their advantage -
→ military aid does not appear to have increased + request for a non-combat policy

Yard - he close to a steady age with 1006 -
Must complete 3 yr. Part 2. They before C.G. only
Food imports continued very high because of inflation. price policies
Food up in last 8k + Turkey for 2 yr moving in right direction but
uncertainty re effectiveness
3800 tons; need whole of freshies + add foreign 4 parts (400+)

Turkey - from 25 to 26.50 on general decline; sometimes + tourism from
25 to 37 + 10 add for 1st - 2 5 for 2nd - large notes likely to stay
may justify a bit 12 mos steady + possible prog loan by E.C.
could trigger loan E.C. (400 m new + rec'd 7332) + DEC (500 m new)
+ 1206 long (700 m)

FRG's keep has been influ. in obtaining exceptions 7 months of note.
de 200000 net 600 m Zurich last then agreed to send 1000 m new

UAR - free: pos strong due to: rem.; tourism; land; + oil
bulk of Saudi aid is fin. 7 mil eq. + are likely to meet their com.
new aid from S.A. should not be expected for at least 6 mos
That Dev Plan is very weak: poorly conceived; poorly admin.;
+ facing serious stg. of local curr - latter could be
met in part by Food Aid - Eur + 115 -
Arab boycott not likely to have major effect in next 12 mos

Vietnam - Proj: agr rehab; coal -
Proj (1, 100 irrig) under implementation going well -
Before Cambodia, Viet were promising level effort very seriously;
focusing on eff. of food prod;
Not much for assist (apart from E. Bloc) is coming thru
+ an external assist. gap remains
Food imports (last yr 1 1/2 m tons) continued to be a serious problem

Brunei - Sumsion staying with greater power, coordinating the whole team -
Debt situation manageable if some keep efforts growing -
Life rate Mar 6 2.10 -
Very much content with serious inflat + social inequalities
Bertman to the 1000 - very credit questions but should be manageable

TABLE 1. PRELIMINARY PROJECTIONS OF NON-OPEC DEVELOPING COUNTRIES' (NODCs) ENERGY BALANCE 1975-85 1/
(million barrels per day of oil equivalent)

| | 1975 | 1980 | 1985 | Growth Rates (% per annum) | | |
|---|------|-------|---|----------------------------|---------|---------|
| | | | | 1976-80 | 1981-85 | 1976-85 |
| OIL-IMPORTING DEVELOPING COUNTRIES (OIDCs) | | | | | | |
| Consumption: Oil | 4.33 | 5.35 | 7.20 | 4.3 | 6.2 | 5.2 |
| Non-Oil | 3.73 | 4.95 | 7.30 | 5.8 | 8.1 | 6.9 |
| Total | 8.06 | 10.30 | 14.50 | 5.0 | 7.1 | 6.0 |
| Production: Oil | 1.21 | 1.66 | 2.85 <i>could be 5.4%</i> | 6.5 | 11.4 | 8.9 |
| Non-Oil | 3.62 | 4.88 | 7.35 <i>+2.5%</i> | 6.2 | 8.5 | 7.3 |
| Total | 4.83 | 6.54 | 10.20 | 6.2 | 9.3 | 7.8 |
| Net Energy Imports 3/ | 3.23 | 3.76 | 4.30 | 3.3 | 2.7 | 3.0 |
| Oil Imports | 3.12 | 3.69 | 4.35 <i>could be 1.5%</i> | 3.4 | 3.4 | 3.4 |
| Oil Imports as % of Total Imports | 14.4 | 12.6 | 7.2 | 1.50 | | |
| Value of Oil Imports (current \$ billion/year) | 14.3 | 24.3 | 38.3 <i>could be 15.2, as 7 m. 7 b pa</i> | | | |
| NON-OPEC OIL-EXPORTING DEVELOPING COUNTRIES 4/ | | | | | | |
| Consumption: Oil | 1.14 | 1.36 | 1.88 | 3.6 | 6.7 | 5.2 |
| Non-Oil | 0.49 | 0.85 | 1.37 | 11.6 | 10.0 | 10.8 |
| Total | 1.63 | 2.21 | 3.25 | 6.3 | 8.0 | 7.1 |
| Production: Oil | 2.36 | 4.09 | 5.55 | 11.6 | 6.3 | 8.9 |
| Non-Oil | 0.61 | 1.14 | 1.91 | 13.3 | 10.9 | 12.1 |
| Total | 2.97 | 5.23 | 7.46 | 12.0 | 7.4 | 9.6 |
| Net Energy Exports | 1.30 | 3.02 | 4.21 | 18.4 | 6.9 | 12.5 |
| Oil Exports | 1.22 | 2.73 | 3.67 | 17.5 | 6.1 | 11.6 |
| Oil Exports as % of Total Exports | 22.0 | 29.6 | 32.1 | | | |
| Value of Oil Exports (current \$ billion/year) | 4.3 | 13.8 | 25.0 | | | |
| TOTAL NON-OPEC DEVELOPING COUNTRIES | | | | | | |
| Consumption: Oil | 5.47 | 6.71 | 9.08 | 4.2 | 6.3 | 5.2 |
| Non-Oil | 4.22 | 5.80 | 8.67 | 6.6 | 8.4 | 7.5 |
| Total | 9.69 | 12.51 | 17.75 | 5.2 | 7.2 | 6.2 |
| Production: Oil | 3.57 | 5.75 | 8.40 | 10.0 | 7.9 | 8.9 |
| Non-Oil | 4.23 | 6.02 | 9.27 | 7.3 | 9.0 | 8.2 |
| Total | 7.80 | 11.77 | 17.67 | 8.6 | 8.5 | 8.5 |
| Net Energy Imports | 1.90 | 0.75 | 0.08 | -17.0 | -36.1 | -27.2 |
| MEMO ITEM 5/ | | | | | | |
| Bunkers (all oil) | 0.46 | 0.57 | 0.67 | 4.4 | 3.3 | 3.8 |

1/ Refers to commercial energy sources only and assumes that OPEC crude oil prices remain constant in real terms through 1985 (\$11.50 per barrel in 1975). OIDCs are projected to grow at 5.3% per annum in 1976-80; 6.4% in 1981-85; and 5.8% per annum for the whole of the decade. Corresponding growth rates for non-OPEC oil exporters are 5.5%, 6.6%, and 6.1% and for all NODCs the growth rates assumed are 5.4%, 6.4% and 5.9%. Totals may not add due to rounding.

2/ Non-oil includes coal, gas, and hydropower, nuclear and geothermal. The breakdown for energy from these sources for all NODCs is:

| | Non-Oil Energy Consumption and Production (Million BDOE) | | | |
|--------------------------------|--|-------------|------------|-------------|
| | 1975 | | 1985 | |
| | Production | Consumption | Production | Consumption |
| Coal | 2.17 | 2.30 | 3.74 | 3.75 |
| Gas | 0.85 | 0.71 | 2.53 | 1.92 |
| Hydro, Nuclear, and Geothermal | 1.20 | 1.21 | 3.00 | 3.00 |
| Total Non-Oil | 4.23 | 4.22 | 9.27 | 8.67 |

3/ As indicated, the bulk of energy imports is in the form of oil; coal and gas account for almost all of the remainder.

4/ Non-OPEC oil exporters include: Angola, Bahrain, Bolivia, Congo, Egypt, Malaysia, Mexico, Syria, Oman, Trinidad and Tobago, Tunisia, and Zaire.

5/ Deliveries to bunkers (for fuelling vessels) are excluded from net imports and net exports.

ANNEX TABLE 1

SIZE OF POTENTIAL PETROLEUM RESOURCES, EXPLORATION ACTIVITY AND ACTIONS NEEDED
IN 70 DEVELOPING COUNTRIES

| Country | Size of Potential Resources | | | | Exploration Activity | | | Actions Needed | | | | | | | |
|--|-----------------------------|------|------|-----|----------------------|----------|------------|----------------|----|----|---|----|----|----|----|
| | Very High | High | Fair | Low | Adequate | Moderate | Inadequate | S | T | U | V | W | X | Y | Z |
| A. Oil Producer/Net Importer | | | | | | | | | | | | | | | |
| Afghanistan | | H | | | | | I | S | T | U | | | | | Z |
| Argentina | | | | | | | I | S | T | U | | | | | Z |
| Bangladesh | | H | | | A | | I | S | T | U | | | X | | Z |
| Brazil | VH | | | | | | I | S | T | U | | | | | Z |
| Burma | | | F | | A | | | S | T | U | | | X | | Z |
| Chile | VH | | | | | | | S | T | U | | | | | Z |
| Colombia | VH | | | | | M | | S | T | U | | | | | Z |
| India | VH | | | | | M | | S | T | U | | | X | | Z |
| Morocco | | | | L | | M | | S | T | U | | | | | Z |
| Pakistan | | | F | | | M | | S | T | U | | | | Y | Z |
| Peru | VH | | | | | | I | S | T | U | | | | | Z |
| Turkey | | | | | | | I | S | T | U | | | | | Z |
| Sub-Total | 6 | 3 | 2 | 1 | 2 | 4 | 6 | 6 | 6 | 11 | 0 | 0 | 1 | 1 | 10 |
| B. Proven Reserves/Non-Producer | | | | | | | | | | | | | | | |
| Benin | | | F | | | | I | S | | | | | | | Y |
| Cameroon | | H | | | A | | | | | | | | | | |
| Chad | VH | | | | A | | | | | | | | | | |
| Guatemala | | H | | | A | M | | S | T | U | | | | | Y |
| Ivory Coast | | | F | | | M | | | | | | | | | |
| Papua NG | | | | L | | M | | S | | U | V | W | | | Y |
| Philippines | VH | | | | | M | | S | | U | | | | | Y |
| Tanzania | | | F | | A | | I | | | U | | | | | Y |
| Thailand | VH | | | | | | | | | U | | | | | Z |
| Vietnam | VH | | | | | | I | S | T | U | | | X | | Z |
| Sub-Total | 4 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 1 | 1 | 1 | 1 | 2 |
| C. Non-Producer/No Discoveries | | | | | | | | | | | | | | | |
| Burundi | | | | L | | | I | | | U | | W | | | |
| C.A.E. | | | | L | A | | | | | | | | | | Z |
| Costa Rica | | | | L | | | I | | | U | | | | | Y |
| Cyprus | | | F | | | | I | S | T | U | | | | | Y |
| Dominican Rep. | | | | L | | | I | S | T | U | | | | | Y |
| El Salvador | | | | L | | | I | S | T | U | | W | | | Y |
| Eq. Guinea | | | | L | | | I | S | T | U | | | | | Y |
| Ethiopia | | | | L | | | I | | | | | | | | Y |
| Fiji | | | F | | | | I | | | | | | X | | Y |
| Gambia | | | | L | | | I | S | | | | | | | Y |
| Ghana | | H | | | A | | | | | U | V | | | | |
| Guinea | | | F | | | | I | | | U | | | | | Y |
| Guinea Bissau | | | F | | | | I | S | T | U | | | | | Y |
| Guinea Rep. | | | | L | | | I | | | U | | | | | Y |
| Guyana | | | | L | | M | | S | T | U | | | | | Y |
| Haiti | | | | L | | M | | S | T | U | | | | X | Y |
| Honduras | | | | L | | M | | S | T | U | | | | | Y |
| Jamaica | | | F | | | | I | S | T | U | | W | X | | Z |
| Jordan | | | | L | | M | | S | T | U | V | | X | | Y |
| Kenya | | | | L | | M | | S | T | U | | | | | Z |
| Korea | | H | | L | | | I | S | T | U | | | X | | Y |
| Lebanon | | | | L | | | I | S | T | U | | | | | Y |
| Liberia | | | F | | | | I | S | T | U | | | | | Y |
| Madagascar | | | | L | | | I | S | T | U | | V | W | | Z |
| Mali | | | | L | | | I | S | T | U | | V | W | | Z |
| Mauritania | | | F | | | | I | S | T | U | | | | | Y |
| Mauritius | | | | L | | M | | S | T | U | | | | | Y |
| Mozambique | | | | L | | | I | S | T | U | | W | | | Y |
| Nepal | | | | L | | M | | S | T | U | | | | | Y |
| Nicaragua | | | F | | | M | | S | T | U | | | | | Y |
| Niger | VH | | | | A | | I | S | T | U | V | W | | | Y |
| Panama | | | | L | | M | | S | T | U | | V | W | | Y |
| Paraguay | | | | L | | | | S | T | U | | | | | Y |
| Rwanda | | | | L | | | | | | | | | | | |
| Senegal | | | F | | A | | I | | | U | V | | | | |
| Sierra Leone | | H | | L | | | I | S | T | U | | | | | Y |
| Somalia | | | | L | | M | | S | T | U | | | | | Z |
| Sri Lanka | | | | L | | | I | S | T | U | | | | | Y |
| Sudan | | H | | L | | | I | S | T | U | | | | | Y |
| Surinam | | | F | | | M | | S | T | U | | | | | Y |
| Togo | | | | L | | M | | S | T | U | | | | | Y |
| Upper Volta | | | | L | | | I | | | U | | | | | Y |
| Uruguay | | | | L | | | I | | | | | | | | Y |
| Yemen A.R. | | | | L | | M | | S | T | U | | | X | | Y |
| Yemen P.D.R. | | | | L | | | I | S | T | U | V | W | X | | Z |
| Sub-Total | 1 | 4 | 10 | 10 | 1 | 11 | 20 | 20 | 20 | 20 | 6 | 7 | 10 | 20 | 26 |
| D. Non-OPEC/Exporters | | | | | | | | | | | | | | | |
| Congo | VH | | | | | M | | S | | U | | | | | Y |
| Syria | VH | | | | | | I | S | | | | | | | Z |
| Zaire | | H | | | | M | | S | T | U | V | W | | | Y |
| Sub-Total | 2 | 1 | 0 | 0 | 0 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 0 | 2 | 1 |
| TOTAL | 13 | 10 | 15 | 22 | 10 | 22 | 28 | 41 | 21 | 21 | 8 | 10 | 12 | 33 | 19 |

CODES:

Size of Potential Resources
 VH = Very High -- over 1,500 million barrels
 H = High -- 750-1,500 " "
 F = Fair -- 100-750 " "
 L = Low -- under 100 " "

Exploration Activity Code:

A = Adequate
 M = Moderate
 I = Inadequate

Actions Needed Code:

S = Possibility of increased exploration.
 T = Increased cooperation with foreign interests.
 U = Reappraisal of past exploration data.
 V = Additional geophysical surveys.
 W = Drill stratigraphic test well.
 X = Negotiate new contracts; positive action to be taken by Bank.
 Y = Assistance to government.
 Z = Assistance to State Oil Company.

EWT 11/17/78 Based on study by consulting arm of the French Petroleum Institute

TABLE 6: PETROLEUM PROSPECTS OF SEVENTY DEVELOPING COUNTRIES

| Type of Country | No. of countries | Size of Potential Resources | | | |
|-----------------------------|------------------|-----------------------------|---------------|-----------------|-----------------|
| | | Very High | High | Fair | Low |
| Oil producer/net importer | 12 | 6 | 3 | 2 | 1 |
| Non-producer/known reserves | 10 | 4 | 2 | 3 | 1 |
| Non-producer/no discoveries | $\frac{45}{67}$ | $\frac{1}{11}$ | $\frac{4}{9}$ | $\frac{10}{15}$ | $\frac{30}{31}$ |
| Non-OPEC producer/exporter | <u>3</u> | <u>2</u> | <u>1</u> | <u>0</u> | <u>0</u> |
| TOTAL | 70 | 13 | 10 | 15 | 32 |

TABLE 7: ADEQUACY OF EXPLORATION IN SEVENTY DEVELOPING COUNTRIES

| Type of Country | No. of Countries | Exploration Activities | | |
|-----------------------------|------------------|------------------------|-----------------|----------------|
| | | Inadequate | Moderate | Adequate |
| Oil producer/net importer | 12 | 6 | 4 | 2 |
| Non-producer/known reserves | 10 | 3 | 3 | 4 |
| Non-producer/no discoveries | $\frac{45}{67}$ | $\frac{28}{37}$ | $\frac{13}{20}$ | $\frac{4}{10}$ |
| Non-OPEC producer/exporter | <u>3</u> | <u>1</u> | <u>2</u> | <u>0</u> |
| TOTAL | 70 | 38 | 22 | 10 |

TABLE 8: ANNUAL EXPLORATION EXPENDITURE /a

| Developing Countries | 1976 | | Desirable (mid-80s) | | % |
|---------------------------|----------------|------------|---------------------|---------------|------------|
| | Actual (\$ m.) | % | 1976 \$ m. | 1985 \$ m. | |
| Oil exporters /b | 1,150 | 16 | 2,000 | 3,333 | 17 |
| Oil importers - producers | 600 | 8 | 1,200 | 2,000 | 10 |
| non-producers | 300 | 4 | 800 | 1,333 | 7 |
| Sub-total | <u>2,050</u> | <u>28</u> | <u>4,000</u> | <u>6,666</u> | <u>33</u> |
| Industrialized countries | <u>5,250</u> | <u>72</u> | <u>8,000</u> | <u>13,334</u> | <u>67</u> |
| Total | <u>7,300</u> | <u>100</u> | <u>12,000</u> | <u>20,000</u> | <u>100</u> |

/a Excludes centrally planned economies.

/b Includes OPEC and non-OPEC exporters.

ANNEX TABLE 2

WORLD BANK OIL AND GAS PROGRAM^{/a}Tentative Estimate of Sector Work, Lending
Programs and Staffing Requirements

| | Fiscal Years | | | | |
|---|-----------------|------|------|------|--------------------|
| | 1979 | 1980 | 1981 | 1982 | 1983 |
| (Amounts in 1978 dollars) | | | | | |
| A. <u>Professional Staff</u> | 16 | 25 | 35 | 45 | 54 |
| B. <u>Oil and Gas Sub-Sector Studies</u> | 11 | 16 | 25 | 25 | 25 |
| C. <u>Geological and Geophysical Surveys</u> | | | | | |
| No. of countries | 1 | 4 | 8 | 10 | 10 |
| Amount (\$ m.) | 3 | 10 | 20 | 25 | 25 |
| D. <u>Exploratory Drilling</u> | | | | | |
| No. of loans | - | 3 | 5 | 7 | 9 |
| Amount (\$ m.) | - | 60 | 100 | 130 | 160 |
| E. <u>Appraisal Drilling</u> | | | | | |
| No. of loans | - | 3 | 6 | 9 | 10 |
| Amount (\$ m.) | - | 45 | 90 | 135 | 190 |
| F. <u>Production</u> | | | | | |
| No. of Projects | 6 ^{/b} | 9 | 9 | 10 | 11 |
| Loan amounts (\$ m.) | 138 | 432 | 450 | 500 | 550 |
| G. <u>SUMMARY OF PROPOSED PROGRAM</u> ^{/c} | | | | | |
| <u>No. of Activities</u> | | | | | |
| Surveys (countries) | 1 | 4 | 8 | 10 | 10 |
| Exp. Drilling | - | 3 | 5 | 7 | 9 |
| Appraisal Drilling | - | 3 | 6 | 9 | 10 |
| Production | 6 | 9 | 9 | 10 | 11 |
| Total Bank | 7 | 19 | 28 | 36 | 40 |
| <u>Amounts</u> | | | | | |
| Bank loans/credits (\$ m.) | 141 | 547 | 660 | 790 | 925 |
| Current dollars ^{/d} | 150 | 615 | 785 | 995 | 1230 ^{/e} |

^{/a} To be revised annually based on the Bank's evolving experience in the Sector.

^{/b} Includes 2 engineering loans.

^{/c} IFC activities will be in addition to this program.

^{/d} Based on World Bank commitment deflator.

^{/e} Deducting operations in OPEC countries in FY83, say \$230 m., leaves \$1,000 m. of financing in non-OPEC countries. Assuming Bank share of financing is 1/5 in production and 2/3 in pre-development, the activities and projects supported by the Bank cost about \$4,200 m. (in current dollars). This represents one third to two fifths of the investment requirement of the NODCs, depending on the extent to which Bank assistance raises the level of oil and gas investment in these countries above that assumed in Table 4.1

March 79

AGRICULTURE AND FOOD IN THE DEVELOPING WORLD

by Montague Yudelman, World Bank

The international community can derive some comfort from the fact that the world food situation is less ominous than it was some five years ago. At present global supplies of staple foods are adequate to meet any sudden shortfall - some 20% of annual consumption is presently held in reserve which compares favorably with the the critically low 10% level held only five years ago. This improved situation has arisen from a combination of factors. Perhaps the two most important of these has been reasonably good weather in rich and poor countries alike and a sustained effort in many parts of the globe to increase food production.

In our view this improvement should not lull the international community into losing its high level of concern about the prevalence of hunger in the world at large. The recent improvement in food supplies masks some important problems both for the present and for the future. These include:

First: The structural changes that have taken place in world grain trade are leading to an extreme reliance on a single major source of supply. Today almost every region in the world is a net importer of grains; the major exception is North America which has recently become the granary of the world -- providing fully 80% of all grain exports. Most of this grain is grown under rainfed conditions. A series of poor harvest in North America could place much of the world in jeopardy, making the diversification of supply an important consideration.

Second: While there has been a fairly low rate of increase in food production in most countries in the world this is far less significant for the richer countries than poorer ones. The developed world started at a much higher level of output per capita and with a low rate of population growth. The converse is true for the poorer countries. Consequently even though some developing countries have the same rate of growth as the industrialized countries, there remains little slack between supply and demand in poorer areas, many of which lie in climatic zones of extreme variability.

Third: The progress which has been made on increasing food production has not been matched by improvement in food consumption. Even as bumper crops are harvested on farms in areas as diverse as the Middle West of the US, the Ukraine of USSR and the Punjab of India, the number of people who are critically malnourished increases. Some studies have indicated that in the low income countries as a group, the proportion of the total population with an inadequate diet has actually increased over the last decade. As stock-piles of food grow, effective demand is pitifully low and in many parts of the world we have actually been losing ground.

Fourth: Looking ahead over the next 25 years, we expect that the more affluent developing countries will shift food consumption to wheaten and meat diets. Provided growth rates are not affected by protectionist trade restrictions, these countries should face little problem in meeting their food requirements either through domestic production or imports. The poorer developing countries which include the most populous regions of South Asia and much of Africa face a much different situation. Even the most optimistic analyses indicate the likelihood of only a marginal increase in per capita food output. Further, future production increases will prove much more expensive than those registered in the last five years because incremental output will have to come primarily through a shift to higher cost more intensive farming methods. Even if the poorer countries are successful in increasing food output, they will have little margin for error. Food imports could well cost \$10-15 billion annually by 1985, to provide 11% of total consumption (double the proportion in the middle 70s) merely to maintain existing levels of consumption. Recent World Bank studies also indicate that even with substantial production gains and national per capita income growth there will only be a marginal decline in the number of people who are malnourished. Thus a realistic analysis indicates that the world hunger problem could well worsen over the next twenty-five years unless there are greater efforts by all concerned with this issue.

In summary the world food situation is one in which the world at large is becoming more and more dependent on North America for a growing volume of marginal supplies - either to meet higher consumption levels in richer societies or to sustain subsistence in poorer countries. However, the poor countries cannot afford to use their scarce resources to purchase food which they could grow themselves. Thus it is essential that these countries with more than half the population in the developing world, make every effort to increase their output. At the same time there are a very large number of people in the world - mostly in the rural areas of poor countries - who are malnourished because they cannot afford to purchase basic staples.

The World Bank

The World Bank has responded to the food crisis of the early 1970s in a very positive way. The World Bank and its affiliate the International Development Assoc. have given agriculture and food production high priority over the past five years. The Bank is now by far and away the largest single source of external funding for this purpose; according to FAO we provide over 40% of all official commitments to agriculture. Over the last five years Bank lending for agricultural development has grown from \$1.4 billion per year to \$3.3 billion in 1978, totalling \$10 billion over this five year period. As a percentage of total lending it has increased from 22% of the total in 1973 to 39% in the year just ended. Since each dollar invested by the Bank is supplemented by local investment the total value of Bank projects in the last five years exceeds \$24 billion, a figure which represents anywhere from 15-25% of total public investment in agriculture in the developing world.

Over 75% of this investment is oriented towards increasing food production and it is our expectation that at full development, Bank projects may well contribute as much as a third of the annual increase in food production in developing countries.

Bank lending for agriculture and rural development has been predicated upon the realization that this sector has been relatively neglected, and of the importance of growth in this sector for balanced development. In many regions the scale of new investment has barely matched the rate of physical depreciation for irrigation works, soil erosion and related capital investments. Domestic policies, often oriented towards building up indigenous manufacturing, resulted in large transfers of capital out of agriculture to be used for investment in other sectors. Under-capitalizing agriculture in rural areas has contributed to the emergence of the food and productivity gaps noted above. A recent study sponsored by the Trilateral Commission dramatically illustrated the capital requirements of increasing agricultural output. It was estimated that \$3 billion a year - double present expenditures - would be required to improve and expand irrigation systems so as to double rice production in Asia by 1995. The World Bank's experience indicates that this figure may well be too conservative an estimate and be excessively optimistic regarding capabilities to implement such a program.

The Bank's program in agriculture and rural development is consistent with the changing pattern of grain production, utilization and trade. The Bank recognizes the productive capacity of the grain surplus nations, most notably the US, and takes account of the needs of developing countries. In this context the objectives of Bank lending for agriculture can be divided into three broad categories:

First: The Bank has shifted its efforts to encourage production of staples for domestic consumption rather than emphasizing export crops. Most of the Bank's current lending program is directed towards increasing cereal production, with about three-quarters of all project induced output consisting of staples, most of which is consumed domestically. A classic illustration of this has been the shift in Bank lending to India where the government and Bank staff jointly concluded that, despite the substantial increase in wheat production, rice production in the sub-continent's rice areas in the river delta regions need be increased to raise incomes and to limit imports. As a result the Bank and the Government have invested \$1.8 billion in rice producing projects in the past five years which may well lead to an increase of 1-1.5 million tons of milled rice in output enough to provide basic nutritional needs for 4-6 million people or provide an important 400 calories (usually the difference between nourished and malnourished) for 25-38 million people.

Second: The Bank has continued to emphasize and expand support for the inputs that contribute most to increases in cereal production. Specific inputs financed by the Bank include:

- a) Fertilizers - It has been estimated that perhaps 40% of recent increases in yields in cereal production in developing

countries is the result of increased fertilizer use; the World Bank group has been the most important source of technical and financial support for fertilizer manufacturing in the developing world. It has loaned over \$1 billion from 1974-77, for this purpose, and expects that Bank financed plants will provide almost one-third of all incremental fertilizer production in less developed countries in the 1978-85 period.

- b) Irrigation - The relationship between increasing rice output and irrigation has been widely recognized. When the rice economy countries of Asia are divided into groupings according to the percentage of total paddy area irrigated, the importance of water control becomes obvious. Countries with less than 35% of irrigated farmland have yields of 2.0 MT/ha; countries with 75% farmland irrigated have yields of +4.0MMT/ha; while Japan, with 98% of its farmland irrigated, realized yields of over 6.0 MT/ha. Perhaps 40% of total increases in yields over the past decade and well over half of total increase in output can be attributed to "irrigation" and this is the largest single component of Bank lending in agriculture. In the past five years the Bank has generated approximately \$8 billion investment in rehabilitating or developing new irrigation systems, which I estimate to represent about 25% of the total worldwide investment in irrigation in developing countries.
- c) Research - Many Bank projects involve introducing higher yielding varieties of grains whose productivity lies in their responsiveness to fertilizers or irrigation. The Bank serves as chairman of the Consultative Group for International Agricultural Research and provides 10% of total funding for the international research system which is in the forefront of developing new high yielding varieties of seeds. The Bank also provides support for national research programs; in recent years we have assisted in the development of at least eight national programs - last year the Bank invested \$100 million for this purpose and we expect this to be the fastest growing element in Bank lending for agriculture.
- d) Infrastructure - Bank financing has also involved large investments in building infrastructure and land clearance - in the last five years some \$1 billion has been loaned for the latter alone. I estimate that a fifth of total investment in rural road networks in developing countries is Bank induced, with 40,000 km of construction annually (in the past three years the Bank has helped to finance a rural

road system larger than the entire interstate highway system of the US). The Bank has been equally important in other areas, such as rural electrification with 40 million people benefiting from the last five years of projects.

e) Institution Building - Institution building is the least quantifiable but arguably most important aspect of the Bank's work. Innovative projects in India, Turkey and Thailand have pointed out the impact of reforming agricultural extension services and other supporting services. Bank projects designed to improve existing extension services have, at a cost equal to \$.50 to \$1.50 per ha, resulted in substantial increases in yields - with no additional inputs or irrigation. Elsewhere the Bank has had to work, sometimes initially on a very small scale, to create and then build up institutional capabilities so that increased capital can be used effectively.

Third: The Bank is attempting to reach malnourished people who live in pockets of rural poverty and marginal productivity in middle and upper income developing countries, as well as improve the situation in the poorer countries where nutritional deprivation is endemic. To this end the Bank is committed to assisting small farmers many of whom have such low levels of productivity that they are too poor to have adequate diets. Overall, the last five years of lending were expected to help raise the productivity and incomes of as many as 60 million low income rural inhabitants of the developing world. This impact should be seen in the context of the estimate that a total of 500 million live in absolute poverty and most of them live in rural areas.

The alleviation of food problems has usually been sought, by the World Bank and others, through the increased production of food staples. However we now know that increased production - even when it benefits poor farm households which are themselves malnourished - is a necessary but not sufficient way to meet national security (preventing famine when harvests fail) and to reduce the incidence of malnutrition (an objective which is not necessarily met through food security, or production schemes). It is personal income that is the major factor that determines nutritional well being. Most of the malnourished are landless laborers and small farmers who make up the bottom of the income distribution ladder. Programs which provide more employment for unskilled laborers in rural and urban areas are most important. So are special efforts to support food consumption by the poor. Hitherto the World Bank has had little experience in these kinds of programs. Clearly they will be more important in the future.

Looking ahead

All the analysis indicates that there will be growing pressure on supplies of grain. It will be important to diversify the source of world supply as well as to increase output. There will have to be substantial increases in domestic production, especially in the poorer countries of Asia, Africa and Latin America which cannot afford to use scarce foreign exchange to import food. All the indications are that the marginal cost of expanding agricultural production is rising in real terms and that substantial investments will be required to increase production. For example, rehabilitating existing irrigation works to manage water resources more efficiently and increase yields costs around \$800/ha (with yields increasing perhaps a ton per ha). To construct totally new works may cost eight times as much without including the social and infrastructure costs required to assist farmers to take full advantage of their new assets. These costs are escalating quickly, far faster than general inflation rates; and will continue to do so as we move into new and progressively more undercapitalized regions. Based on our experience and given the needs, there would appear to be a strong case for a level of investment in agriculture which is well above present levels.

The future volume of our lending for agriculture will depend in large measure on the resources available to the Bank. This is presently being discussed in other fora, in the context of a general capital increase for IBRD and IDA VI. If we assume that enough resources will be forthcoming for lending to expand by 5% a year in real terms then, taking inflation into account, this would be more than a doubling of current Bank annual investment in 1985 in nominal terms. If agriculture's share of total Bank investment remains at around one-third of all lending, then total annual commitments in 1983 to agriculture could be as much as \$6 billion per annum; a cumulative total of \$20 to \$25 billion between 1978 and 1983 or a total of \$50 billion including locally financed elements in Bank projects.

The total investment requirements of the developing world are difficult to calculate, however estimates based on partial data indicate that total investment in agriculture in the developing world was around \$12-13 billion in 1975. The great bulk of this was used to maintain and expand rural infrastructure. We would estimate that if food production in the lower income countries is to meet future demand - even while allowing for increased imports by middle and upper income countries who will be expanding and shifting their own agricultural sectors - then something like \$40 billion of investment in all developing countries will be needed in 1985. The Bank's projects may well continue to provide 15-20% of this, with other external sources meeting 10% of the need. However, the greatest increases must come from the developing countries themselves.

The poor countries must raise their investment rates in agriculture - which are now running at about 50% of the investment rates for their economies as a whole. Judging from the successful experiences of Taiwan, the Republic of Korea, Ivory Coast, and others, this should prove possible. Overall, investment as a percentage of total agricultural product must rise from the current 7-8% to 11-12% in 1985. Studies have shown that marginal savings rates in rural areas exceed those of urban areas with small farmer marginal saving rates equal to that of larger operations. This implies that, given the correct mix of domestic policy incentives and investment opportunities, the estimated \$28 billion to be provided by farmers - large and small - can be realized. If it is, then projected annual increases in food production could rise by perhaps a third, from 2.3% to 3.3%. While this would have a marginal impact on trade (particularly because it would primarily affect rice production consumed directly by malnourished inhabitants in relatively isolated rural areas) the nutritional and income effects would be substantial.

Confining my remarks to five aspects of a vastly increased investment program for agriculture, I would like to say:

First: We and governments have learned that it is possible to devise projects that can help make small-scale producers more productive. There can be no doubt about this. However, such projects usually involve higher administrative costs and are more manpower intensive than are projects intended to benefit larger-scale producers. Thus it has been easier for those governments with a plentiful supply of skilled manpower and relatively strong administrative services to undertake these projects on a large scale than for governments with weak services and low levels of trained manpower. Some countries have shown how to build up an effective institutional and infra-structural framework to assist the small farmers who account for the bulk of total production and population. Continuing this task will become increasingly expensive as we expand our reach but returns will more than justify costs. Bank projects which directly assist low income farmers in the poorer developing countries demonstrate this trend. Although per capita benefits seem small in absolute terms, they represent substantial proportions of the poor's income - often projects bring about a 100% increase in living standards. It has taken roughly \$3 of investment to increase small farmer output by \$1. Our analysis indicate that this investment ratio may well rise by 1980 for reasons indicated above. Even if costs do rise though this will still be lower than the incremental costs for increasing production in Western Europe and Japan.

Second: Looking ahead, there is a need to devise a strategy which can meet future needs of rural areas. It is clear now that the "agricultural problem" is not only a production problem - even where there are adequate

supplies of grain there are substantial numbers who are not adequately fed. There is thus a need to think of strategies that link production and consumption. As the current Indian situation illustrates - where many million remain malnourished even as the country accumulates a 20 million ton stockpile of "surplus production" - much must be done to raise incomes and minimal diets of those actually living in food producing areas. This is why the Bank is moving into new areas such as non-farm employment and development of small scale rural industries. Today perhaps a third of all rural inhabitants are engaged in non-farm activities and in many countries the problem of landless agricultural workers have proven most difficult to alleviate. New ways to increase the productivity of these groups, enabling them to support needed services and food consumption, will have to be found in the future. The projections of the Bank and others indicate that the problem of absolute poverty in rural areas is far from marginal. Its resolution will call for a new approach to distribution systems of food and increasing the incomes of particular groups in society.

Third: There is a need for a continued and sustained effort to develop the basis for technological change at the farm level. Most research intended for these purposes is financed by the public sector and despite the efforts of the Bank and other external donors there has been a lag in domestic investment in this important area. There will have to be substantial increases in expenditure on research if there are going to be the yield increases necessary to produce the foods needed in the future. For example there will have to be much more multiple cropping on a year round basis in the future - this will take considerable effort by researchers in many parts of the world. In addition there is a need for much more work to be done in the rainfed areas of the world if these large areas are to be more productive. Post harvest technology must be made more efficient to reduce waste that is reported to account for as much as 25% of total production in some countries.

Fourth: Most important of all is the requirement for sound domestic policies. Increasing investment and the supply of external capital to agriculture are important but in our view making better use of existing investments, with comparatively modest incremental outlays to improve efficiency, can be much more important than a program of major new investments. Furthermore, the World Bank has found that there is no substitute for sound domestic policies to ensure agricultural production. National policies on pricing, land reform, taxation and so forth are at least as important in influencing production as the total flow of resources to a particular country.

Increased investment in itself is seldom, if ever, a substitute for suitable price policies. Elaborate infrastructure and equipment will not substitute for price incentives. Determining effective producer incentives is often difficult considering the matrix of subsidized inputs, private credit and land tenure systems, but we have found that very often a first requirement

The third relates to the importance of ensuring that more be done about the linkage between available supplies and actual consumption levels for increasing production by small farmers is a change in prices - without which little will be gained from costly investments. In the Ivory Coast, for example, production increased over 50% in the two year period after prices, in real terms, went up approximately 45%. Similar experiments in Argentina, Taiwan, The Republic of Korea, Kenya and even the Peoples' Republic of China show the efficacy of price incentives. We have estimated that, in the aggregate, a 10% increase in producer food prices in the developing world could well lead to a 5-8% increase in production. The International Rice Research Institute has shown that pricing policies for fertilizer, improved seeds and farmgate produce are directly related to yields on even the smallest Asian farms.

The limited capabilities of operating agencies within developing countries is often a bottleneck which most governments are trying to overcome. A concerted effort to improve agricultural training is urgently needed to overcome the specific manpower and institutional limitations affecting services designed to benefit farmers and the capacity to prepare and implement projects. The current quality and size of the project pipeline for food and agriculture needs to be increased. More needs to be done to lay the groundwork for large scale investments which will have to come on stream in the middle and late 80s, to sustain and increase production. The decline in technical assistance effort, has exacerbated problems of absorptive capacity and project preparation. Possible solutions to this set of problems are: new approaches to large scale lending, especially sector lending and a greater reliance on domestic authorities; better sector work; coordination of technical assistance and training efforts; flexible small scale projects to build up institutions capable of implementing large projects and which test technical packages. Overall, we at the Bank believe that agencies and governments must begin planning on the basis of sector needs, as opposed to rationalizing present budget allocations.

In conclusion I would like to emphasize four items which may be of special interest to this group.

The first relates to the need for an increase in external resources for food production. We remain confident that substantially larger investments are needed and can be effectively utilized; we would be very hesitant to endorse a precise estimate of requirements without much further analysis.

The second relates to the importance of both external donors and domestic authorities focusing a larger effort on establishing appropriate conditions and institutions for the effective use of external capital flows. This means a much greater effort to expand the institutional capacity to utilize these resources.

The third relates to the importance of ensuring that more be done about the linkage between available supplies and actual consumption levels among low income groups. We in the Bank are considering how security schemes based on decentralized storage systems, perhaps in the context of an international grains agreement, could benefit the malnourished. Overall, the World Bank will consider how it can expand and support for more efficient food distribution that must be the centerpiece of any international effort at reaching the malnourished.

Finally we would like to emphasize the Bank's support for government efforts to develop specific strategies for overcoming their food problems. We stand ready to assist governments wishing to plan programs aimed at turning the Declarations of the World Food Conference into realities. It is clear that there is no task more important than meeting the most basic human need for an adequate diet. We believe that if others follow the World Bank and devote increased resources to solving this problem, the critical food situation could well be alleviated by the end of the century.

In conclusion I would like to emphasize four items which may be of special interest to this group.

The first relates to the need for an increase in external resources for food production. We remain confident that substantially larger investments are needed and can be effectively utilized; we would be very hesitant to endorse a precise estimate of requirements without much further analysis.

The second relates to the importance of both external donors and domestic authorities focusing a larger effort on establishing appropriate conditions and institutions for the effective use of external capital flows. This means a much greater effort to expand the institutional capacity to utilize these resources.

Table 9: INVESTMENT IN OIL AND GAS BY NON-OPEC DEVELOPING COUNTRIES
- Estimated Annual Requirements 1976-85

| <u>Developing Countries with per capita Incomes in 1976 of:</u> | <u>Annual Average</u> | |
|---|--------------------------------|--------------------------------|
| | <u>Oil /a</u> (1977 US\$ m) | <u>Gas /b</u> (1977 US\$ m) |
| <u>\$1051 and Above</u> | | |
| Net Oil Exporters | 1,000 | 450 |
| Net Oil Importers | <u>1,575</u> | <u>225</u> |
| | <u>2,575</u> | <u>675</u> |
| <u>\$626 - 1050</u> | | |
| Net Oil Exporters | 200 | 152 |
| Net Oil Importers | <u>750</u> | <u>100</u> |
| | <u>950</u> | <u>252</u> |
| <u>\$251 - 625</u> | | |
| Net Oil Exporters | 930 | 50 |
| Net Oil Importers | <u>420</u> | <u>100</u> |
| | <u>1,350</u> | <u>150</u> |
| <u>Below \$250</u> | | |
| Net Oil Exporters | 100 | 10 |
| Net Oil Importers | <u>650</u> | <u>138</u> |
| | <u>750</u> | <u>148</u> |
| Sub-Total: Net Oil Exporters | 2,230 | 662 |
| Sub-Total: Net Oil Importers | <u>3,395</u> | + <u>563</u> = <i>4.26</i> |
| GRAND TOTAL | <u>5,625</u> | <u>1,225</u> |

Source: World Bank Staff Working Paper 289, April 1978
(Per capita income limits are expressed in 1976 \$).

- /a Includes investment requirements in oil and gas exploration, development of oil, production of oil and associated gas, and crude oil pipelines in all non-OPEC developing countries. The exploration stage is assumed to account for 25 to 30% of total investment requirements in the upstream phase. The relative costs of the various exploration activities are approximately 5 to 10% for geological surveys, 15 to 30% for geophysical prospecting and 60 to 75% for drilling.
- /b Refers only to investment in development of non-associated gas and gas pipelines: excludes investment in LNG projects except in Malaysia.

Note: Investment Requirements for oil relate to the projected output in the non-OPEC developing countries of 8.40m bdoe (of which 2.85m bdoe in OIDCs) by 1985 (see Table 1 and paragraph 10). They are not comparable with the estimates given in the Minerals and Energy Report because: (a) they are expressed in 1977 rather than 1975 dollars; (b) they cover only upstream investment (including crude oil pipelines); (c) the real costs of petroleum development are now estimated to be significantly higher; and (d) the earlier estimates were related to a level of output that was considered feasible if maximum efforts were made.



IBRD Authorized Capital
(as of March 14, 1979)

Number of Shares

| | | |
|---|--------------|-------------------------|
| Present Authorized Capital | | 340,000 |
| Less: Present Subscribed Capital | | <u>288,165</u> |
| | | 51,835 |
| Less: Amounts required under Resolution No. 258, dated July 31, 1970: | | |
| - For members that have not yet taken or completed action <u>a/</u> | 1,176 | |
| - For members that have indicated they will not subscribe <u>b/</u> | 245 | |
| - For members that have not yet fully subscribed <u>c/</u> | <u>1,754</u> | <u>3,175</u> |
| | | 48,660 |
| Less: Amounts required under Resolutions Nos. 313, dated Jan. 3, 1977, and 314, dated February 9, 1977: | | |
| - For members that have not yet taken or completed action | 29,466 | |
| - For members that have indicated they will not subscribe <u>d/</u> | 591 | |
| - For members that have not yet fully subscribed <u>e/</u> | <u>8,584</u> | <u>38,641</u> |
| | | 10,019 |
| Less: Amounts needed for pending memberships <u>f/</u> | | <u>47</u> |
| Balance now available for subscription | | 9,972 |
| Less: Proposed special increases: | | |
| - Parallel action to IMF Seventh Quota Review | 2,107 | |
| - Increases for Japan, Yugoslavia and France | <u>6,654</u> | <u>8,761</u> |
| | | <u>1,211</u> |
| Addition to Authorized Capital proposed to support General Capital Increase and action on outstanding requests for Special Increases | | 331,500 <u>g/</u> |
| Less: Amount that may be required for outstanding requests for Special Increases | | <u>22,000</u> |
| Balance available for General Capital Increase (to be allocated as approximately 95% of present allocations including "Proposed Special Increases") <u>h/</u> | | <u>309,500</u> |
| Special authorization and allocation of 250 shares per member | | <u>33,500</u> <u>i/</u> |

- a/ Members (and number of shares) affected are: Cameroon (95); Congo, P.R. (4); Ivory Coast (73); Lebanon (358); Liberia (34); Libya (364); Portugal (198); Sierra Leone (50).
b/ Members (and number of shares) affected are: Singapore (209); Tunisia (36).
c/ Members (and number of shares) affected are: Kuwait (523); United States (1,231).
d/ Members (and number of shares) affected are: Singapore (591).
e/ Members (and number of shares) affected are: New Zealand (80); United States (8,504).
f/ Members (and number of shares) affected are: Djibouti (31); Dominica (16).
g/ Equivalent to \$40.0 billion at a provisional price per share of \$120.635.
h/ The percentage calculation assumes that no additional shares would be allocated to Taiwan and that the only further subscription under Resolution No. 258 are those of Portugal (198 shares) and Kuwait (523) shares.
i/ These shares would be authorized on the understanding that they would involve no paid-in contribution and would not be counted as part of subscribed capital and reserves for purposes of determining the limit on loans outstanding and disbursed.

(P&B, MARCH 14, 1979)

IBRD - PROJECTED CAPITAL SUBSCRIPTION AND VOTING POWER

| | INCLUDING ALREADY APPROVED INCREASES | | | AFTER GENERAL INCREASE OF 94.3 PERCENT | | | AFTER ADDITIONAL 250 SHARES | | |
|--------------------------------|--------------------------------------|--------------------------|------------|--|--------------------------|------------|-----------------------------|--------------------------|------------|
| | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL |
| DIRECTORS APPOINTED BY: | | | | | | | | | |
| 1. UNITED STATES | 21.68 77735 | 77985 | 21.12 | 151039 | 151289 | 22.29 | 151289 | 151539 | 21.28 |
| 2. UNITED KINGDOM | 7.30 26000 | 26250 | 7.11 | 50518 | 50768 | 7.48 | 50768 | 51018 | 7.16 |
| 3. GERMANY | 4.97 17612 | 17862 | 4.84 | 34220 | 34470 | 5.08 | 34470 | 34720 | 4.88 |
| 4. FRANCE | 4.44 17567 | 17817 | 4.83 | 34133 | 34383 | 5.07 | 34383 | 34633 | 4.86 |
| 5. JAPAN | 3.83 17539 | 17789 | 4.82 | 34078 | 34328 | 5.06 | 34328 | 34578 | 4.86 |
| ELECTED DIRECTORS: | | | | | | | | | |
| 6. DRAKE (CANADA) | | | | | | | | | |
| BAHAMAS | 270 | 520 | .14 | 525 | 775 | .11 | 775 | 1025 | .14 |
| BARBADOS | 139 | 389 | .11 | 270 | 520 | .08 | 520 | 770 | .11 |
| CANADA | 11122 | 11372 | 3.08 | 21610 | 21860 | 3.22 | 21860 | 22110 | 3.10 |
| GRENADA | 24 | 274 | .07 | 47 | 297 | .04 | 297 | 547 | .08 |
| GUYANA | 205 | 455 | .12 | 398 | 648 | .10 | 648 | 898 | .13 |
| IRELAND | 1266 | 1516 | .41 | 2460 | 2710 | .40 | 2710 | 2960 | .42 |
| JAMAICA | 596 | 846 | .23 | 1158 | 1408 | .21 | 1408 | 1658 | .23 |
| SUB-TOTAL | 13622 | 15372 | 4.16 | 26468 | 28218 | 4.16 | 28218 | 29968 | 4.21 |
| 7. EL-NAGGAR (EGYPT) | | | | | | | | | |
| BAHRAIN | 163 | 413 | .11 | 317 | 567 | .08 | 567 | 817 | .11 |
| EGYPT | 1650 | 1900 | .51 | 3206 | 3456 | .51 | 3456 | 3706 | .52 |
| IRAQ | 956 | 1206 | .33 | 1858 | 2108 | .31 | 2108 | 2358 | .33 |
| JORDAN | 233 | 483 | .13 | 453 | 703 | .10 | 703 | 953 | .13 |
| KUWAIT | 3203 | 3453 | .94 | 6223 | 6473 | .95 | 6473 | 6723 | .94 |
| LEBANON | 178 | 428 | .12 | 346 | 596 | .09 | 596 | 846 | .12 |
| MALDIVES | 6 | 256 | .07 | 12 | 262 | .04 | 262 | 512 | .07 |
| PAKISTAN | 2519 | 2769 | .75 | 4894 | 5144 | .76 | 5144 | 5394 | .76 |
| QATAR | 361 | 611 | .17 | 701 | 951 | .14 | 951 | 1201 | .17 |
| SAUDI ARABIA | 5662 | 5912 | 1.60 | 11001 | 11251 | 1.66 | 11251 | 11501 | 1.61 |
| SYRIAN ARAB REPUBLIC | 508 | 758 | .21 | 987 | 1237 | .18 | 1237 | 1487 | .21 |
| UNITED ARAB EMIRATES | 1103 | 1353 | .37 | 2143 | 2393 | .35 | 2393 | 2643 | .37 |
| YEMEN ARAB REPUBLIC | 106 | 356 | .10 | 206 | 456 | .07 | 456 | 706 | .10 |
| SUB-TOTAL | 16648 | 19898 | 5.39 | 32347 | 35597 | 5.25 | 35597 | 38847 | 5.45 |
| 8. NARASIMHAM (INDIA) | | | | | | | | | |
| BANGLADESH | 1242 | 1492 | .40 | 2413 | 2663 | .39 | 2663 | 2913 | .41 |
| INDIA | 11333 | 11583 | 3.14 | 22020 | 22270 | 3.28 | 22270 | 22520 | 3.16 |
| SRI LANKA | 961 | 1211 | .33 | 1867 | 2117 | .31 | 2117 | 2367 | .33 |
| SUB-TOTAL | 13536 | 14286 | 3.87 | 26300 | 27050 | 3.99 | 27050 | 27800 | 3.90 |
| 9. LOOIJEN (NETHERLANDS) | | | | | | | | | |
| CYPRUS | 278 | 528 | .14 | 540 | 790 | .12 | 790 | 1040 | .15 |
| ISRAEL | 1673 | 1923 | .52 | 3251 | 3501 | .52 | 3501 | 3751 | .53 |
| NETHERLANDS | 7679 | 7929 | 2.15 | 14920 | 15170 | 2.24 | 15170 | 15420 | 2.17 |
| ROMANIA | 2001 | 2251 | .61 | 3888 | 4138 | .61 | 4138 | 4388 | .62 |
| YUGOSLAVIA | 2263 | 2513 | .68 | 4397 | 4647 | .68 | 4647 | 4897 | .69 |
| SUB-TOTAL | 13894 | 15144 | 4.10 | 26996 | 28246 | 4.16 | 28246 | 29496 | 4.14 |
| 10. DE GROOTE (BELGIUM) | | | | | | | | | |
| AUSTRIA | 2696 | 2946 | .80 | 5238 | 5488 | .81 | 5488 | 5738 | .81 |
| BELGIUM | 7268 | 7518 | 2.04 | 14122 | 14372 | 2.12 | 14372 | 14622 | 2.05 |
| LUXEMBOURG | 297 | 547 | .15 | 577 | 827 | .12 | 827 | 1077 | .15 |
| TURKEY | 1631 | 1881 | .51 | 3169 | 3419 | .50 | 3419 | 3669 | .52 |
| SUB-TOTAL | 11892 | 12892 | 3.49 | 23106 | 24106 | 3.55 | 24106 | 25106 | 3.53 |
| 11. MAYOBRE (VENEZUELA) | | | | | | | | | |
| COSTA RICA | 131 | 381 | .10 | 255 | 505 | .07 | 505 | 755 | .11 |
| EL SALVADOR | 141 | 391 | .11 | 274 | 524 | .08 | 524 | 774 | .11 |
| GUATEMALA | 167 | 417 | .11 | 324 | 574 | .08 | 574 | 824 | .12 |
| HAITI | 174 | 424 | .11 | 338 | 588 | .09 | 588 | 838 | .12 |
| HONDURAS | 109 | 359 | .10 | 212 | 462 | .07 | 462 | 712 | .10 |
| MEXICO | 3156 | 3406 | .92 | 6132 | 6382 | .94 | 6382 | 6632 | .93 |
| PANAMA | 216 | 466 | .13 | 420 | 670 | .10 | 670 | 920 | .13 |
| PERU | 938 | 1188 | .32 | 1823 | 2073 | .31 | 2073 | 2323 | .33 |
| SPAIN | 4551 | 4801 | 1.30 | 8843 | 9093 | 1.34 | 9093 | 9343 | 1.31 |
| SURINAME | 162 | 412 | .11 | 315 | 565 | .08 | 565 | 815 | .11 |
| VENEZUELA | 3776 | 4026 | 1.09 | 7337 | 7587 | 1.12 | 7587 | 7837 | 1.10 |
| SUB-TOTAL | 13521 | 16271 | 4.41 | 26273 | 29023 | 4.28 | 29023 | 31773 | 4.46 |

IBRD - PROJECTED CAPITAL SUBSCRIPTION AND VOTING POWER

| | INCLUDING ALREADY APPROVED INCREASES | | | AFTER GENERAL INCREASE OF 94.3 PERCENT | | | AFTER ADDITIONAL 250 SHARES | | |
|--------------------------------------|---|--------------------------------|---------------|---|--------------------------------|---------------|--------------------------------|--------------------------------|---------------|
| | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL |
| 12. MAGNUSSEN (NORWAY) | | | | | | | | | |
| DENMARK | 2524 | 2774 | .75 | 4904 | 5154 | .76 | 5154 | 5404 | .76 |
| FINLAND | 2140 | 2390 | .65 | 4158 | 4408 | .65 | 4408 | 4658 | .65 |
| ICELAND | 222 | 472 | .13 | 431 | 681 | .10 | 681 | 931 | .13 |
| NORWAY | 2410 | 2660 | .72 | 4683 | 4933 | .73 | 4933 | 5183 | .73 |
| SWEDEN | 3676 | 3926 | 1.06 | 7142 | 7392 | 1.09 | 7392 | 7642 | 1.07 |
| SUB-TOTAL | 10972 | 12222 | 3.31 | 21318 | 22568 | 3.33 | 22568 | 23818 | 3.34 |
| 13. JOHNSTON (AUSTRALIA) | | | | | | | | | |
| AUSTRALIA | 6450 | 6700 | 1.81 | 12532 | 12782 | 1.88 | 12782 | 13032 | 1.83 |
| KOREA, REPUBLIC OF | 1393 | 1643 | .45 | 2707 | 2957 | .44 | 2957 | 3207 | .45 |
| NEW ZEALAND | 1887 | 2137 | .58 | 3666 | 3916 | .58 | 3916 | 4166 | .58 |
| PAPUA NEW GUINEA | 246 | 496 | .13 | 478 | 728 | .11 | 728 | 978 | .14 |
| SOLOMON ISLANDS | 17 | 267 | .07 | 33 | 283 | .04 | 283 | 533 | .07 |
| WESTERN SAMOA | 24 | 274 | .07 | 47 | 297 | .04 | 297 | 547 | .08 |
| SUB-TOTAL | 10017 | 11517 | 3.12 | 19463 | 20963 | 3.09 | 20963 | 22463 | 3.15 |
| 14. ROTA (ITALY) | | | | | | | | | |
| GREECE | 945 | 1195 | .32 | 1836 | 2086 | .31 | 2086 | 2336 | .33 |
| ITALY | 10120 | 10370 | 2.81 | 19663 | 19913 | 2.93 | 19913 | 20163 | 2.83 |
| PORTUGAL | 1324 | 1574 | .43 | 2573 | 2823 | .42 | 2823 | 3073 | .43 |
| SUB-TOTAL | 12389 | 13139 | 3.56 | 24072 | 24822 | 3.66 | 24822 | 25572 | 3.59 |
| 15. MADINGA (MALAWI) | | | | | | | | | |
| BOTSWANA | 74 | 324 | .09 | 144 | 394 | .06 | 394 | 644 | .09 |
| BURUNDI | 174 | 424 | .11 | 338 | 588 | .09 | 588 | 838 | .12 |
| EQUATORIAL GUINEA | 77 | 327 | .09 | 150 | 400 | .06 | 400 | 650 | .09 |
| ETHIOPIA | 146 | 396 | .11 | 284 | 534 | .08 | 534 | 784 | .11 |
| GAMBIA, THE | 65 | 315 | .09 | 126 | 376 | .06 | 376 | 626 | .09 |
| GUINEA | 239 | 489 | .13 | 464 | 714 | .11 | 714 | 964 | .14 |
| KENYA | 550 | 800 | .22 | 1069 | 1319 | .19 | 1319 | 1569 | .22 |
| LESOTHO | 58 | 308 | .08 | 113 | 363 | .05 | 363 | 613 | .09 |
| LIBERIA | 260 | 510 | .14 | 505 | 755 | .11 | 755 | 1005 | .14 |
| MALAWI | 182 | 432 | .12 | 354 | 604 | .09 | 604 | 854 | .12 |
| NIGERIA | 2941 | 3191 | .86 | 5714 | 5964 | .88 | 5964 | 6214 | .87 |
| SIERRA LEONE | 178 | 428 | .12 | 346 | 596 | .09 | 596 | 846 | .12 |
| SUDAN | 702 | 952 | .26 | 1364 | 1614 | .24 | 1614 | 1864 | .26 |
| SWAZILAND | 98 | 348 | .09 | 190 | 440 | .06 | 440 | 690 | .10 |
| TANZANIA | 439 | 689 | .19 | 853 | 1103 | .16 | 1103 | 1353 | .19 |
| TRINIDAD & TOBAGO | 667 | 917 | .25 | 1296 | 1546 | .23 | 1546 | 1796 | .25 |
| UGANDA | 398 | 648 | .18 | 773 | 1023 | .15 | 1023 | 1273 | .18 |
| ZAMBIA | 1151 | 1401 | .38 | 2236 | 2486 | .37 | 2486 | 2736 | .38 |
| SUB-TOTAL | 8399 | 12899 | 3.49 | 16319 | 20819 | 3.07 | 20819 | 25319 | 3.56 |
| 16. RAZAFINDRABE (MADAGASCAR) | | | | | | | | | |
| BENIN | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| CAMEROON | 246 | 496 | .13 | 478 | 728 | .11 | 728 | 978 | .14 |
| CAPE VERDE | 16 | 266 | .07 | 31 | 281 | .04 | 281 | 531 | .07 |
| CENTRAL AFRICAN EMPIRE | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| CHAD | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| COMOROS | 16 | 266 | .07 | 31 | 281 | .04 | 281 | 531 | .07 |
| CONGO | 125 | 375 | .10 | 243 | 493 | .07 | 493 | 743 | .10 |
| GABON | 230 | 480 | .13 | 447 | 697 | .10 | 697 | 947 | .13 |
| GUINEA-BISSAU | 27 | 277 | .08 | 52 | 302 | .04 | 302 | 552 | .08 |
| IVORY COAST | 511 | 761 | .21 | 993 | 1243 | .18 | 1243 | 1493 | .21 |
| MADAGASCAR | 274 | 524 | .14 | 532 | 782 | .12 | 782 | 1032 | .14 |
| MALI | 203 | 453 | .12 | 394 | 644 | .09 | 644 | 894 | .13 |
| MAURITANIA | 126 | 376 | .10 | 245 | 495 | .07 | 495 | 745 | .10 |
| MAURITIUS | 221 | 471 | .13 | 429 | 679 | .10 | 679 | 929 | .13 |
| NIGER | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| RWANDA | 174 | 424 | .11 | 338 | 588 | .09 | 588 | 838 | .12 |
| SAO TOME & PRINCIPE | 14 | 264 | .07 | 27 | 277 | .04 | 277 | 527 | .07 |
| SENEGAL | 448 | 698 | .19 | 870 | 1120 | .17 | 1120 | 1370 | .19 |
| SOMALIA | 189 | 439 | .12 | 367 | 617 | .09 | 617 | 867 | .12 |
| TOGO | 182 | 432 | .12 | 354 | 604 | .09 | 604 | 854 | .12 |
| UPPER VOLTA | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| ZAIRE | 1236 | 1486 | .40 | 2402 | 2652 | .39 | 2652 | 2902 | .41 |
| SUB-TOTAL | 4828 | 10328 | 2.80 | 9378 | 14878 | 2.19 | 14878 | 20378 | 2.86 |
| 17. ZAIN (MALAYSIA) | | | | | | | | | |
| BURMA | 591 | 841 | .23 | 1148 | 1398 | .21 | 1398 | 1648 | .23 |
| FIJI | 147 | 397 | .11 | 286 | 536 | .08 | 536 | 786 | .11 |
| INDONESIA | 3888 | 4138 | 1.12 | 7554 | 7804 | 1.15 | 7804 | 8054 | 1.13 |
| LAOS | 118 | 368 | .10 | 229 | 479 | .07 | 479 | 729 | .10 |
| MALAYSIA | 2066 | 2316 | .63 | 4014 | 4264 | .63 | 4264 | 4514 | .63 |
| NEPAL | 146 | 396 | .11 | 284 | 534 | .08 | 534 | 784 | .11 |
| SINGAPORE | 402 | 652 | .18 | 781 | 1031 | .15 | 1031 | 1281 | .18 |
| THAILAND | 1478 | 1728 | .47 | 2872 | 3122 | .46 | 3122 | 3372 | .47 |
| VIETNAM | 755 | 1005 | .27 | 1467 | 1717 | .25 | 1717 | 1967 | .28 |
| SUB-TOTAL | 9591 | 11841 | 3.21 | 18635 | 20885 | 3.08 | 20885 | 23135 | 3.25 |

(P&B, MARCH 14, 1979)

IBRD - PROJECTED CAPITAL SUBSCRIPTION AND VOTING POWER

| | INCLUDING ALREADY APPROVED INCREASES | | | AFTER GENERAL INCREASE OF 94.3 PERCENT | | | AFTER ADDITIONAL 250 SHARES | | |
|--------------------------------------|--------------------------------------|--------------------------|---------------|--|--------------------------|---------------|-----------------------------|--------------------------|---------------|
| | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL | NUMBER OF SHARES | VOTING POWER TOTAL VOTES | % OF TOTAL |
| 18. FRANCO-HOLGUIN (COLOMBIA) | | | | | | | | | |
| BRAZIL | 5401 | 5651 | 1.53 | 10494 | 10744 | 1.58 | 10744 | 10994 | 1.54 |
| COLOMBIA | 1175 | 1425 | .39 | 2283 | 2533 | .37 | 2533 | 2783 | .39 |
| DOMINICAN REPUBLIC | 175 | 425 | .12 | 340 | 590 | .09 | 590 | 840 | .12 |
| ECUADOR | 368 | 618 | .17 | 715 | 965 | .14 | 965 | 1215 | .17 |
| PHILIPPINES | 1715 | 1965 | .53 | 3332 | 3582 | .53 | 3582 | 3832 | .54 |
| SUB-TOTAL | 8834 | 10084 | 2.73 | 17164 | 18414 | 2.71 | 18414 | 19664 | 2.76 |
| 19. BELKHODJA (TUNISIA) | | | | | | | | | |
| AFGHANISTAN | 349 | 599 | .16 | 678 | 928 | .14 | 928 | 1178 | .17 |
| ALGERIA | 2327 | 2577 | .70 | 4521 | 4771 | .70 | 4771 | 5021 | .71 |
| GHANA | 856 | 1106 | .30 | 1663 | 1913 | .28 | 1913 | 2163 | .30 |
| IRAN | 5645 | 5895 | 1.60 | 10968 | 11218 | 1.65 | 11218 | 11468 | 1.61 |
| LIBYAN ARAB REPUBLIC | 1587 | 1837 | .50 | 3084 | 3334 | .49 | 3334 | 3584 | .50 |
| MOROCCO | 1220 | 1470 | .40 | 2370 | 2620 | .39 | 2620 | 2870 | .40 |
| OMAN | 192 | 442 | .12 | 373 | 623 | .09 | 623 | 873 | .12 |
| TUNISIA | 469 | 719 | .19 | 911 | 1161 | .17 | 1161 | 1411 | .20 |
| YEMEN, PDR | 336 | 586 | .16 | 653 | 903 | .13 | 903 | 1153 | .16 |
| SUB-TOTAL | 12981 | 15231 | 4.13 | 25221 | 27471 | 4.05 | 27471 | 29721 | 4.17 |
| 20. SOLA (ARGENTINA) | | | | | | | | | |
| ARGENTINA | 4701 | 4951 | 1.34 | 9134 | 9384 | 1.38 | 9384 | 9634 | 1.35 |
| BOLIVIA | 264 | 514 | .14 | 513 | 763 | .11 | 763 | 1013 | .14 |
| CHILE | 1240 | 1490 | .40 | 2409 | 2659 | .39 | 2659 | 2909 | .41 |
| PARAGUAY | 70 | 320 | .09 | 136 | 386 | .06 | 386 | 636 | .09 |
| URUGUAY | 518 | 768 | .21 | 1006 | 1256 | .19 | 1256 | 1506 | .21 |
| SUB-TOTAL | 6793 | 8043 | 2.18 | 13198 | 14448 | 2.13 | 14448 | 15698 | 2.20 |
| COUNTRIES NOT REPRESENTED | | | | | | | | | |
| CHINA | 7500 | 7750 | 2.10 | 7500 | 7750 | 1.14 | 7750 | 8000 | 1.12 |
| KAMPUCHEA, DEMOCRATIC | 254 | 504 | .14 | 494 | 744 | .11 | 744 | 994 | .14 |
| NICARAGUA | 110 | 360 | .10 | 214 | 464 | .07 | 464 | 714 | .10 |
| SOUTH AFRICA | 3463 | 3713 | 1.01 | 6729 | 6979 | 1.03 | 6979 | 7229 | 1.02 |
| SUB-TOTAL | 11327 | 12327 | 3.34 | 14937 | 15937 | 2.35 | 15937 | 16937 | 2.38 |
| GRAND TOTAL | 335697 | 369197 | 100.00 | 645183 | 678683 | 100.00 | 678683 | 712183 | 100.00 |
| OF WHICH: | | | | | | | | | |
| PART I COUNTRIES | 216210 | 220960 | 59.85 | 420094 | 424844 | 62.60 | 424844 | 429594 | 60.32 |
| PART II COUNTRIES | 108160 | 135910 | 36.81 | 210152 | 237902 | 35.05 | 237902 | 265652 | 37.30 |
| COUNTRIES NOT REPRESENTED | 11327 | 12327 | 3.34 | 14937 | 15937 | 2.35 | 35937 | 16937 | 2.38 |

Memorandum 3/30

Re: BK books in France

307 + 577 in francs (100m⁺) at 112 value
costs + 15 yrs (3 yr grace)

attracted to diversify currencies

Other "rates in Fr may decline - i.e. sold
want

essential: important for BK to diversify
currencies. [will maintain base
IDA] - "worth to announce Fr will
open to BK asset -"

He doesn't know how rates will move -
mkt is regulated + Frs may shift
frontiers rapidly: may be glut in mkt.

I said I would state our appreciation
of their offer, but we should not do so
now + I couldn't say now we would
do so in 6480 -

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 13, 1979

FROM: H.C. Hittmair *HCH*SUBJECT: Market Yields in 5 Major Capital Markets

As requested, the matrix below represents our best estimates as of today for market yields of high quality bonds (or borrowings by top rated borrowers) in five major currencies. They are based on (a) yields on recent issues provided they were successfully placed, (b) indications received for possible IBRD borrowings, and (c) representative secondary market yields in all other places. The matrix concentrates on markets which the Bank would be able to enter.

Capital Market Yields

| <u>Maturity (years)</u> | 2 | 5 | 10 | 20-25 |
|-------------------------|-------------------------|-------|-------|-------|
| | ----- Yields in % ----- | | | |
| <u>US\$</u> | | | | |
| (a) U.S. Treasury | 9.85 | 9.30 | 9.20 | 9.12 |
| (b) Hypothetical IBRD | 9.95 | 9.90 | 9.75 | 9.65 |
| <u>Swiss Franc</u> | | | | |
| Foreign market | n.a. | 3-1/2 | 4 | n.a. |
| <u>German Mark</u> | | | | |
| (a) Foreign market | n.a. | 6-5/8 | 7 | n.a. |
| (b) Domestic " | 6.50 | 7 | 7-1/4 | n.a. |
| <u>Yen</u> | | | | |
| | n.a. | 7 | 7.50 | 7.80 |
| <u>French Franc</u> | | | | |
| Foreign market | 9.30 | 9.50 | 9.75 | n.a. |

4/13
HCHittmair:mb

1. WORLD BANK GROUP: FINANCIAL AND OPERATING DATA THROUGH FY83 (\$ millions, fiscal years)

Table with columns for years 1963-1983 and rows for IBA, Cash & Securities, Receivable from Loans, and various asset and liability categories.

Table with columns for years 1963-1983 and rows for IBA, Unrestricted Subscriptions, Receivable from IBA, and various asset and liability categories.

Table with columns for years 1963-1983 and rows for IFC, Balance Sheet, Cash & Securities, Investments - Loans, and various asset and liability categories.

Table with columns for years 1963-1983 and rows for Memorandum Items, Number of Operations, Amount of Commitments, Disbursements, and various operational metrics.

Annotations and notes on the right side of the page, including 'Projections assume', 'Real growth in IBA lending of 5% per year', and 'FY 79 return on investments: 7.42'.