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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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President's Council Minutes,
July - Dec. 1972

The World Bank Group
Archives
1770823
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Records of President Robert S. McNamara President's Council minutes - Minutes 10

Folder 10

IBRD / IDA
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821/10/1

IBRD / IDA
WBG
821
ARCHIVES

President's Council Meeting, July 3, 1972

Present: Messrs. McNamara, Knapp, Shoaib, Stern, von Hoffmann, Chadenet, Clark, Hoffman, Nurick

Mr. McNamara asked Mr. Shoaib to make a plan well in advance for next year's holidays.

Mr. Knapp said that it was likely that disbursements would have to be suspended on the ($84 million) railroad loan to Argentina and that the loan would eventually have to be cancelled. The borrower was not performing in accordance with the plan agreed upon at the time of the signing of the loan. There was likely to be disappointment on the part of suppliers who have contracts pending to be awarded. The short-term economic outlook for Argentina is discouraging with an inflation rate of 60%-80%, but in the longer run increasing meat demand may induce a recovery.

Mr. von Hoffmann added that IFC may be forced to foreclose on a loan to Editorial CODEX because of a refusal on the part of the borrower and its mortgage bank to index a mortgage held by IFC.

The Government of Uruguay has been served notice by California contractors of a suit brought against it for failure to compensate under contracts. The lawsuit may be extended to the Bank for not disbursing on the loan. Mr. Nurick said that, if the Bank becomes involved, the case will be handled by a Federal Court in Washington.

Mr. Nurick reported that one full-time and one part-time lawyer are working on the expropriation study which would be completed before August 1. Mr. McNamara asked that special care be taken to bring out the inconsistencies in policy of the U.S. and others in connection with various expropriation cases.

Messrs. Knapp and Nurick had met with Michael Bradfield, Assistant General Counsel, and Jack Bennett filling in for Mr. Hennessy to discuss further the differences in opinion between the Bank and the U.S. Government on expropriation issues.

Mr. Chadenet reported from the visit of the representatives of the Tarbela Consortium. Their present claim is $23 million for a period of three years, which constitutes 14% of the contract sum. The total claim may run as high as $60 million over the construction period. Mr. McNamara pointed out that, due to the high overrun in relation to the net worth of the Consortium companies, they may well decide to walk off the job if no agreement can be reached.

Mr. Chadenet said that preliminary review of cost overruns on Bank projects showed that, of 95 projects, 55% had been completed within the cost estimates, and of $4 billion worth of contracts, total overrun was 5%. Mr. McNamara asked Mr. Chadenet to give a date when an analysis of bidding and actual costs of Bank projects could be completed. Mr. Chadenet promised to give such a date and proposed in addition that an annual study be made of the outcome of procurement during the past year and a detailed study by consultants or the Operations Evaluation Division of causes of overruns on Bank projects. Mr. McNamara agreed to put the latter study under Mr. Willoughby's supervision.

Mr. McNamara asked Messrs. Clark and Hoffman to coordinate the contacts made with various agencies during the preparation work for the Population Conference and Year in 1974.

AL
July 3, 1972

President has seen

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IBRD/IDA WBG 821 ARCHIVES

President's Council Meeting, July 10, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Demuth, Rickett, Shoaib, Stern, Adler, Clark, von Hoffmann, Nurick, Willoughby

Mr. Willoughby, who was to introduce the Operations Evaluation Report on Colombia said that he intended to review the previous reports and to stress that the Report is an independent evaluation from the Operations Evaluation Unit to the Board. Mr. McNamara asked Mr. Willoughby to mention the memo describing the Operations Evaluation Program for FY73 which would be distributed shortly.

Mr. Knapp said that action had been taken to suspend disbursements on the loan to the Argentine railroads.

He said his hopes for the meeting of Part I countries on Joint and Parallel Financing the following Wednesday were not high, since the level of representatives was low.

Mr. Wieczorowski had called Mr. Knapp to point out that South Africa is granting independence to its territories, implying that the Bank could become active there. Mr. Knapp said in ~~a~~ the meeting that this would be practically impossible since the Bank should not be financing apartheid. Mr. McNamara asked that Mr. Wieczorowski be told that at least we must wait until independence is a fact.

Mr. Demuth said that the ICRISAT Agriculture Research Center had just been launched in Hyderabad with the Bank and FAO as signatories and with a five square-mile land area leased by the Indian Government at its disposal. Mr. Bentley of Canada had been chosen as its Board Chairman, and the Director would be selected shortly.

He continued to say that the ACC meeting in Geneva had focused on procedure rather than substance. The U.S. statement to Geneva missions regarding limitations on U.S. contributions to international organizations had been distributed. WHO had just passed a supplementary budget and its Director, Dr. Candau, had criticized the FAO for not following suit but instead cutting its budget by 10%.

Mr. Demuth said that the Mason-Asher history of the Bank looked promising in draft form and was in the hands of a Brookings reading committee. He estimated that it would go to the printer at the end of the year to be published in mid-1973.

The IDB had, according to Mr. Demuth, taken a narrow point of view in expressing the policy that it would exclusively support research for the benefit of Latin America. Mr. McNamara asked Mr. Demuth to investigate the source of this information.

Mr. Nurick said that the Election Committee had recommended a 20-member Board and that one Director had advocated a study of the role of developing countries on the Board.

He also said that Mr. James Akins of State Department had been strongly critical of the U.S. position on Iraq but had expressed the hope that the Bank would not rush into bringing another project for Board consideration until substantive progress towards settlement has been made.

Mr. McNamara asked about the progress on Swiss membership and requested Mr. Nurick to enquire with the Fund what conditions would be placed on its membership and how it would be represented.

Mr. Aldewereld reported that the Italian issue seemed to be progressing well with a cost of 7.5% and favorable market outlook.

President has seen

Mr. McNamara said that he had decided to defer Board consideration of the transfer of Bank income to IDA for the time being, the main reason being a desire to increase pressure on the U.S. to ratify the Third IDA Replenishment.

AL
July 17, 1972

Record Removal Notice

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File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
July 17, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, July 17, 1972

Exception(s)

Prerogative to Restrict

Additional Comments

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Withdrawn by	Date
Shiri Alon	24-Feb-17

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
July 28, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, July 24, 1972

Exception(s)

Prerogative to Restrict

Additional Comments

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Withdrawn by	Date
Shiri Alon	24-Feb-17

821/10/5

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821
ARCHIVES

President's Council Meeting, July 31, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Chenery, Rickett, Shoaib, von Hoffmann, Adler, Clark, Hoffman

Mr. McNamara asked that Mr. Demuth or Mr. Hoffman see him after the day's meetings of the International Consultative Group on Agricultural Research to report on progress.

Mr. Clark said that the Urbanization paper had just been published and that the book containing all the sector papers, a volume of some 500 pages, would be published in September by the Johns Hopkins University Press. Mr. McNamara asked that efforts be made to obtain the list of those who have received either one or several of the papers or the book itself.

Sir Denis reported that the Military Assistance Bill would most likely be delayed in reaching the House floor which in turn would mean that Mr. Passman would wait in reporting out his aid bill. Mr. McNamara feared further delays and said he would bring up the subject with Mr. Volcker at the following day's lunch.

Mr. Shoaib reported from his trip to the Middle East. In Kuwait there is still an interest to cooperate with the Bank and the authorities would discuss the matter at the Annual Meeting. In Beirut the Lebanese had shown considerable interest in a Bank bond issue denominated in Lebanese pounds. In Saudi Arabia he was not overly optimistic about raising funds except through two-year bonds. One problem was the fact that it may be desirable to make an unusual division between interest and commission. Mr. McNamara said that this would not pose any great problem. In this connection Mr. McNamara mentioned that he had met with Prince Saud, son of King Faisal. The Prince had confirmed projections that oil production, which had doubled between 1970-1972, would double again between 1972 and 1974 and again between 1974 and 1980, which could mean a total revenue, using the Bank's price projections, of $16 billion to Saudi Arabia in 1980. It would be important for the Bank both to provide technical assistance in the use of these tremendous resources and to develop Saudi Arabia as a source of borrowing. Mr. McNamara mentioned that the paper on the Bank's borrowing program which recommended a $500 million increase for FY73 would be discussed by the Board the following day. The U.S. had just refused to allow the Bank to raise some $200 million on the U.S. capital market in order to show Western Europe and Japan that it will not be a major capital exporter, no matter what the channel. This may necessitate a revision of the amounts to be borrowed from various countries but Mr. McNamara suggested that the subject of the U.S. refusal not be discussed for the time being, although it obviously would be by the U.S. Government.

Mr. Aldewereld reported from his recent trip to Japan that the 20 billion yen issue had been sold in ten minutes with great success and that the time was reserved in November for another Bank issue of a similar amount. Since the outlook was positive, it was agreed that the Bank should try for still another $100 million before the end of FY73, part of which could be obtained as private placements of 7-9 year maturity.

Mr. Aldewereld reported from a conversation with Mr. Inoue that Mr. Kashawagi was the first choice for a Japanese candidate for the Presidency of the Asian Development Bank and he the second, while the Indian Government had tried to advocate Mr. Krishna Moorthi as a candidate. Mr. Inoue asked and Mr. McNamara agreed that the Bank assist in improving the Asian Development Bank's planning, budgeting and control system.

President has seen

Mr. McNamara said that the U.S. had still taken no action to ratify the 3IDA Replenishment and that the transfer of net income to IDA had been postponed until September 5. He also mentioned that the United States is planning to oppose the whole of the paper on Preferences in Procurement.

Mr. McNamara said that from his conversation with Finance Minister Delfim Netto of Brazil he had concluded that the Minister felt under pressure to rectify income distribution and had issued a report on the subject but that it may be difficult to obtain the true figures of Brazilian income distribution even within the framework of the Bank's cooperative research projects, since the Minister also seemed intent on proving that he is doing all which is possible.

AL
July 31, 1972

821/10/6

IBRD/IDA WBG 821 ARCHIVES

MEMORANDUM FOR THE RECORD

President's Council Luncheon to Discuss McKinsey Recommendations Regarding the Bank's Organization, July 31, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Chenery, Demuth, Rickett, Shoaib, Adler and Clark; Messrs. Bower, Rohrbacher and Garrity of McKinsey & Company

Mr. Bower said that the Bank was a clear case for reorganization, that the McKinsey team had received excellent support from Bank staff and the Steering Committee, but that the recommendations were McKinsey's own.

He said that the increasing size and complexity of the Bank's activity required a change in organization structure and management style to achieve decentralization, accountability and fulfillment of the Bank's objectives, which he mentioned as stated in the report. Interviews had shown, however, that the Bank's objectives are not fully understood on all levels.

McKinsey presents an "in principle" plan which is to be implemented over a longer time period and is unrelated to persons but possible to accomplish with existing staff.

McKinsey's core recommendation is a combination of Area and Projects Departments. There is certain to be a feeling among Projects staff that their role will be diminished. This feeling must be minimized by objective orientation about the advantages of the proposed solutions.

Mr. Rohrbacher of McKinsey gave an outline of the report and said that more detailed recommendations will be worked out subsequently. Work is continuing on job descriptions.

SPECTRUM!

Mr. Garrity said that the Steering Committee had provided a wide specter of opinions and the team's visits to 11 countries had further increased their understanding of the Bank. Mr. Bower said that the titles used in organization charts are for communication only.

Mr. Clark asked whether in allocating activities under five regions the team had considered the role of Resident Missions. Mr. Bower said that several different solutions had been tried with three to five regions but that the specific role of Resident Missions had not yet been considered. Mr. McNamara underlined that this would be done at a later stage.

Mr. Chenery asked which regions would actually be considered. Mr. Rohrbacher said that Asia, Europe Middle East and North Africa, East Africa, West Africa and Latin America were the preliminary choice of regions. But this would depend on a closer study of the personnel available.

Mr. Aldewereld pointed out that, in the merging of Area and Projects Departments, the distinction between Area and Projects is still retained within each new region. He was concerned that quality of project preparation may be adversely affected and that the cross-fertilization of the Area/Projects interplay would disappear. He thought it would be difficult to find a project manager for each of those sectors which would be allocated to regions. He therefore recommended that less than five regions be chosen.

President has seen

Mr. Bower argued that the checks and balances system would remain in the proposed solution and Mr. Garrity said that the team had realized that it is not possible to merge Area and Projects down to the country level but the aim had been to go as low as possible.

Mr. Knapp agreed that the time is ripe for reorganization but felt that alternative solutions had not been discussed in sufficient detail. Further consideration should have been given to the extent to which operations could be improved merely through improvements in procedures while retaining Projects and Area Departments separate. In particular, the authority of Projects central management would be largely diluted. It is also important to assure even-handed treatment of borrowers and continuity of high-lending standards. He asked how this conclusion was reached. Mr. Aldewereld interjected that he would agree with the proposed solution if it were possible to find people of the quality of Mr. Knapp and present Projects Departments Directors for each region.

Mr. Bower said that merely shifting more authority to Area Departments, while retaining Projects Departments, would not fully accomplish delegation and accountability and would not achieve the amount of disruption which would be healthy at this point in time. Even-handed treatment now depends on channeling a great number of decisions through the Loan Committee. As a substitute, the new solution would provide for technical review by the Central Technical Staff and a system of checks and balances within the new regional units. He suggested that Mr. Knapp be provided with the previous reports of the group in order to appreciate the detail in which alternatives had been considered. Mr. Garrity added that too much control in the hands of Area Departments would erode the authority of projects specialists, while the proposed solution provided both for internal and external check on project quality.

Mr. Demuth said that control must come from within the regional departments and feared that going immediately to five regions would affect lending quality adversely and, therefore, proposed three regions. He agreed with the necessity to use disruption as a means to strengthen the organization.

Mr. Rohrbacher said that the studies already performed showed that a solution between three and five regions can be staffed with existing personnel.

Mr. Chenery attached great importance to integration of sector specialists in the economic structure but said that the report is weak both in arguing this point and in explaining how planning and policy formulation would be carried out. He maintained that the success of decentralization will largely depend on the quality of policy guidelines. He asked whether there would be one IDA budget for each region and finally suggested that there be only one region for Africa.

Mr. Bower conceded that the report is thin on guidelines and policy formulation. Mr. McNamara added that the question of policy should be addressed during the implementation phase and that the Bank would certainly need an organizational unit dealing with organization and procedures development.

Mr. Adler agreed with Mr. Chenery that the report is thin on policy formulation but disagreed that sectoral policy formulation should be placed in Economics structure. Mr. Bower agreed that the report should be clarified on this point.

Mr. Broches agreed with the principle of restructuring but agreed with Mr. Adler regarding the allocation of responsibility for formulating sector policy.

Mr. McNamara said that he would plan to call the PC to a meeting later in the same week when they would hear the Steering Committee's recommendations. The Senior Staff Meeting in mid-week would provide an opportunity for the McKinsey team to present their recommendations to senior staff, and finally on August 8 they would do the same to the Board.

AL
August 3, 1972

821/10/7

IBRD/IDA WBG ARCHIVES 84

President's Council Meeting to Discuss Organizational Changes, August 7, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Demuth, Shoaib, von Hoffmann, Stern, Adler, Clark

Mr. Shoaib said that the Steering Committee agreed with most of the proposals in the McKinsey Report and in particular with its recommendations that five regional departments be created, with one member of the Committee dissenting. The Committee differed from McKinsey in one important respect in that it proposed that the responsibility for sector policy be placed under the Senior Vice President, Operations. The Committee also recommended that there be no assistant vice presidents but that holders of these posts would be called directors. Decisions regarding supporting departments and the relationship between IFC and the industrial arm of the Bank should be taken as part of the next phase. Likewise, no recommendations were made regarding procedures. These conclusions had been reached by the Committee after meeting on its own as well as with the McKinsey team and with Bank staff which had been seconded to the McKinsey team.

Mr. McNamara proposed to discuss tentative organization and distributed a plan showing five regional departments and the central Projects Department. He discussed briefly the reasoning behind the tentative plan. Since it was proposed to implement structural change, he said he would like to consult with the Board.

Mr. Stern said that he and Mr. Chenery agreed with the principle of regionalization. The division into five regional departments was acceptable, although he had previously supported four as being an ideal number. Contrary to previous statements by Mr. Chenery, they agreed that sector policy planning could be performed by the functional departments. He maintained, however, that economic research within the various sectors should remain directly under the Economics Vice Presidency.

Mr. Demuth agreed with the five-region structure but questioned whether it would be possible to staff on the lower levels with existing personnel. Mr. McNamara said that he recognized that the five-region solution would be more rigid than a smaller number of regions but, on the other hand, would provide a closer identification of regional departments with the client countries. Mr. Demuth supported the idea of allocating as much as possible of the responsibility for sectoral work within the projects unit under the Senior Vice President, Operations.

Mr. Adler found the proposed solution ingenious, especially as it provided for two directors of country programs within each regional department, which correctly reflected the heavy work-load on this function. Mr. McNamara emphasized that, in principle, there will be no deputies but that exceptions would have to be made. In Mr. Adler's view, the most important reason for regionalization was that the Bank must speak with one voice towards its member countries. He pointed out that the question of the role of country missions is unresolved. Mr. McNamara said that this would be deferred until a later phase. Mr. Adler asked about the arrangements for programming. Mr. McNamara said that a competent program officer would be attached as assistant to each regional vice president and that it was proposed that the Programming and Budgeting Department would remain under Mr. Aldewereld. Mr. Adler asked what the function of the planning and procedures department within the central projects unit would be. Mr. McNamara said that it would essentially perform the function of the front office of Projects Department, dealing with common issues.

Mr. Clark said that the plan should be put forward to the staff with emphasis that it had full support of the PC. He differed from Mr. Adler in maintaining that the main purpose of the reorganization was to bring the Bank closer to its member countries. Mr. McNamara outlined a sequence of presentation with a first announcement concerning regional vice presidents and their immediate subordinates (about 25 positions) on Thursday, August 10, with a second announcement following a week later

President has seen

concerning Division Chiefs and a third announcement showing all staff allocated to new positions after Labor Day, or about September 10. The complete reorganization should be effective by October 1. Mr. Aldewereld was requested to speak to Mr. Eugene Black and the Bank's contacts in the financial world before the official announcement was made. Mr. Clark proposed, and Mr. McNamara agreed, that the internal and the public announcements of the organizational changes should be almost identical.

Mr. von Hoffmann said that he wished to consider adapting IFC's organization to the new Bank structure in such a fashion that each person on one side would need to deal with only one person on the other.

Mr. Broches warned against certain nationality problems in the proposed structure, especially in assigning a man from the Sub-Continent to hold a senior position in the East African region.

Mr. McNamara mentioned examples of persons who would not experience their reassignments as promotions and asked that these cases be kept in particular confidence. He stressed that it was necessary with responsibility towards the 3,000 member staff of the Bank that an attempt was made to assign people to levels and positions appropriate in relation to their competence. The reorganization would provide an opportunity to improve the situation in this regard.

Mr. McNamara also mentioned that he had spoken to Mr. Isbister who had raised the subject of changes in the Bank's Articles of Agreement. It was necessary to give this subject some thought, since an appropriate opportunity would probably arise as the Fund's Articles of Agreement would be changed within a few years' time as part of reform of the world's monetary system. He asked the Council members to give the subject some thought for a future discussion after the Annual Meeting.

AL
August 8, 1972

821/10/18

IBRD / IDA
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ARCHIVES

President's Council Meeting, September 5, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Rickett, Shoaib, von Hoffman, Demuth, Adler, Baum, Benjenk, Cargill, Chadenet, Chaufournier, Lind, Stern

At Mr. McNamara's request, Mr. Shoaib described the status of the organization work and said that the regional staffing is going on with a manpower list to be completed by the end of the week. Several regional offices had already requested additional staff. It was planned that all physical moving of staff would take place in October. A draft of a procedures document had been completed and the final version should be ready by October 2.

Mr. Baum said that reactions to the reorganization had been mixed with more favorable comments from the younger staff members. Although there had been a number of personal casulaties on the Projects side, he felt that once the dust had settled and relationships with the new regional departments had been established the complaints would subside.

Mr. McNamara asked that all Council members be aware of the importance of staff morale in all parts of their respective organization units and that they try to discuss with individuals all serious objections and complaints. He emphasized the need for all senior staff to be firmly behind the reorganization. He also stressed the need for a better internal organization and asked the Council to give thought to the role and composition of the President's Council and Senior Staff Meetings, and to share their thoughts with Mr. Shoaib. The establishment of efficient procedures is essential and the Regional Vice Presidents must give it priority attention. They should also monitor the program of action for FY73 in order to minimize slippage. The cornerstone of the approach to the Bank's work is the responsibility to assist member countries whose needs are greater than the total capacity of aid agencies and the need for the Bank to strike a balance between input and output. To achieve these two objectives, the Bank must have a program and all efforts must be made to achieve its targets. He offered to discuss this fundamental premise with anyone who so wished.

Mr. Adler said that allocation of manpower was underway and that so far there had been requests for 55 additional positions beyond the budget and its contingencies. Mr. McNamara said that certain budgeted positions would be deleted while others would be added, but that there should be no net increase. He asked that in particular Mr. Chadenet give thought to a policy of "selection out" in order to provide gracefully and equitably for the separation of individuals who, in their own interest and the Bank's, should move to other positions.

Messrs. Benjenk and Cargill said that in some cases operating staff is in fact being reduced and Mr. McNamara asked them to discuss this matter with Mr. Shoaib. To Mr. Cargill's suggestion that each region be left to determine its own rules of operation, Mr. McNamara asked that a minimum requirement be set that all procedures be codified.

Mr. McNamara said that a UN compensation study had come to the conclusion that the United Nations salaries are higher than most governments and 27% above those of the U.S. Government, and the outside committee had recommended that the salaries be no more than 15% above the U.S. Government. He said that, in order to deal with the remainder of the organization work and the compensation issue which still remains, he had asked Mr. Shoaib to stay beyond his retirement until at least June 1973.

President has seen

Mr. McNamara mentioned in confidence that Romania will discuss its interest in Bank/Fund membership with 12 other governments.

Mr. Aldewereld mentioned the results of the two-year bond issue which had been oversubscribed by approximately $40 million which had made a rationing procedure necessary.

Mr. McNamara asked about the situation in the Philippines after the flood catastrophe. Mr. Cargill said that two Bank staff members are presently participating in an AID mission. Mr. McNamara asked to be informed of the results of their mission by September 15.

Regarding the FY73 program, Mr. Aldewereld said that the first and second quarters looked very discouraging in terms of projects approved by the Board which would lead to bunching in the third and fourth quarters. For FY74 there were 334 planned projects and, if 50 projects were slipped from FY73, the total would be 384. Mr. McNamara said that this was obviously far too many but that attention should be focused on the FY73 program until the organization has stabilized in its new form.

AL
September 7, 1972

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File Title	Barcode No.
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Document Date	Document Type
September 12, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, September 11, 1972

Exception(s)

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Additional Comments

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Shiri Alon	24-Feb-17

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File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
September 20, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, September 18, 1972

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Withdrawn by	Date
Shiri Alon	24-Feb-17

821/10/11

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President's Council Meeting, September 22, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Chadenet, Chenery, Demuth, Rickett, Shoaib, Gaud, Adler, Clark

While the intention had been to discuss recommendations of the organization of the Economic Staff, Mr. McNamara felt that, since three different recommendations from McKinsey, the Steering Committee and Mr. Chenery respectively suggested quite different solutions, the discussion could not be productive at this point. He asked Mr. Shoaib to document the three alternatives clearly in cooperation with Messrs. Chenery, Kearns and Baum. Each alternative should include the organization structure and the number of personnel.

Mr. Knapp said that once the function of each organization unit is defined then the number of people can be deduced.

Mr. McNamara expressed relief for having received the U.S. ratification of the Third IDA Replenishment.

AL
September 23, 1972

President has seen

821/10/12

IBRD / IDA
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ARCHIVES

President's Council Meeting, September 27, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Broches, Chadenet, Chenery, Demuth, Rickett, Shoaib, Gaud, Adler, Clark, Maddux

Mr. McNamara said that he had convened the meeting mainly to discuss his concluding statement at the end of the Annual Meeting and in particular the references to the Link and the Fourth IDA Replenishment.

Mr. Shoaib cautioned that in discussing the Link there is a risk of preempting the work of the Fund. Mr. McNamara said that any statement should definitely be checked with the Fund in advance. Mr. Knapp advocated caution in statements about the form of the Link. He did suggest, however, that Mr. McNamara say that additionality to other aid flows is desirable.

It was agreed that a statement would be made concerning the Link after checking with the Fund. Council members would have an opportunity to comment on this part of the statement in final form.

Regarding the Fourth Replenishment, Mr. McNamara said that he would like to be more specific than suggested in a draft statement by Sir Denis. He would like to outline the steps required to achieve effectiveness by July 1974 leaving out reference to the Third Replenishment and in particular to its delay. One objective would be to tie down the Third IDA period to three years. Mr. Aldewereld suggested that Mr. McNamara propose an increase over the Third Replenishment in view of the needs of developing countries.

Mr. Chenery suggested that Mr. McNamara mention the favorable response from several Governors to the emphasis in Bank work on the distribution of income.

It was agreed that Messrs. Demuth, Clark and Maddux would prepare a draft for Mr. McNamara's statement.

Mr. Broches raised the question of a statement to the Joint Proceedures Committee regarding the transfer of IBRD income to IDA. It was agreed that the minutes would show in short form that the President will bring a proposal to the Directors in the near future.

AL
September 28, 1972

President has seen

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
October 4, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, October 2, 1972

Exception(s)

Prerogative to Restrict

Additional Comments

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Shiri Alon	24-Feb-17

Record Removal Notice

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File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
October 11, 1972	Minutes

Correspondents / Participants

Subject / Title
President's Council Meeting, October 10, 1972

Exception(s)
Prerogative to Restrict

Additional Comments

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Withdrawn by	Date
Shiri Alon	24-Feb-17

821/10/15

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October 20, 1972

President's Council Meeting, October 16, 1972

Present: Messrs. McNamara, Knapp, Stern, Broches, Hoffman, Rickett, Shoaib, Clark, Gaud, Chadenet, Alter, Baum, Benjenk, Cargill and Chaufournier

Mr. McNamara asked the Regional Vice Presidents to report on the state of morale and implementation of the new organization. The common reply was that there was no major change. Mr. Baum said that the moving of his staff to the same location had improved morale considerably and that productive work would be the most efficient cure. Mr. Chadenet said that the morale of the Central Economic Staff was still very low. Also, the staffs of the Departments not affected by the reorganization were uncertain about the future. Mr. Alter asked when the question of field offices would be addressed. Mr. McNamara said that he had not scheduled it for study. Until he does, he will consider individual cases cautiously. He asked Mr. Chadenet to work on a plan to improve the morale of the staff not affected by the reorganization.

Mr. Benjenk reported a rumor that certain categories of Bank staff would be required to travel tourist class. Mr. McNamara said that the whole travel policy was under study and that it, along with other benefits and discretionary items in general, are sensitive to outside scrutiny and must be kept under close control. However, he did not anticipate a downgrading of class of travel. He also said that he intended to focus on the conflict of interest policy of the Bank which was not well defined. Mr. Hoffman said that the other members of the UN system were interested in the Bank's eventual decision on field offices and that the Bank staff, to a certain extent, were looking for assignments abroad and were seeking temporary assignment as UNDP Resident Representatives.

Mr. Stern asked about the timetable for the compensation study. Mr. Shoaib reported that he had provided Mr. McNamara with a staff study of the McKinsey report. A decision would be taken sometime in January and it was agreed that the compensation study would not affect this year's salary review.

Mr. McNamara mentioned that he would be speaking to the ECOSOC and possibly meeting criticism by the Chilean Delegation. He distributed a draft response for comment by Messrs. Knapp, Alter, Hoffman and Clark.

Mr. Clark mentioned the planned U.S. Congressional trip to the developing countries. Mr. McNamara asked that the Regional Vice Presidents keep themselves informed of the plans for the trip and to be sure to obtain maximum exposure of the Bank's work in the countries visited, and, in particular, in Indonesia.

Mr. McNamara said that in the following day's discussion of the Annual Meeting in the Board mostly housekeeping matters would be discussed.

Mr. McNamara asked Messrs. Knapp, Shoaib, Baum, Chadenet, Stern and Kearns to meet with him that day to discuss the Bank's approach to Rural Development.

During the period November 8 to 20, Mr. McNamara would visit Sudan, Somalia, Zambia and, briefly, Zaire.

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President has seen

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Records of President Robert S. McNamara President's Council minutes - Minutes 10	1770823

Document Date	Document Type
November 1, 1972	Minutes

Correspondents / Participants

Subject / Title

President's Council Meeting, October 30, 1972

Exception(s)

Prerogative to Restrict

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by	Date
Shiri Alon	24-Feb-17

President's Council Meeting, November 6, 1972

821/10/17

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Present: Messrs. McNamara, Knapp, Adler, Alter, Aldewereld, Bell, Benjenk, Broches, Cargill, Chadenet, Chaufournier, Demuth, Gaud, Rickett, Shoaib, Mendels, Stern, Lind

Mr. McNamara asked about the Indonesian Government's reaction to the Bank's reorganization. Mr. Bell replied that the Indonesian officials were apprehensive because of the great number of changes which had taken place in several governments and organizations in the recent time period, but that this was likely to disappear in due course. He also mentioned that, because of the worst drought in 100 years, a severe rice shortage was expected and the rice price had already risen by 20% and would perhaps double. This in turn would affect the over-all price level and may lead to a loss of confidence and exodus of short-term capital with balance of payments problems to follow. Mr. McNamara asked Mr. Cargill about the rice situation in Bangladesh and the latter replied that Mr. Faaland expected that, during the months of November and December, Bangladesh would need to import 200,000 tons of rice. It was apparent that the rice shortage was global, since a number of countries (Bangladesh, Indonesia and Vietnam) were expecting shortages. Mr. Bell mentioned that the Japanese have about five million tons of surplus rice in stock but that the Japanese reaction to the current needs had been slow.

Regarding the meeting of country representatives to discuss IDA distribution, Sir Denis said that there had been a number of questions from the U.S. Director's office regarding the criteria for distribution of IDA funds.

Mr. McNamara mentioned that the U.S. had responded negatively to the proposal of drawing last on the Bank transfer to IDA. He requested that a paper be sent to the Governors proposing a pro rata drawing without mentioning the U.S. opposition. The negative U.S. reply was significant since it would mean an additional $500 million borrowing necessary on the part of IBRD and a $30 million reduction in annual profits. Mr. McNamara said that he would probably wish to make a new proposal for drawing on Bank funds last when the subject comes up next year.

There had been little response so far to the letters sent out regarding the start of negotiations for the Fourth IDA Replenishment. The position of the United States was not yet known but it was expected that the level rather than timing of the Replenishment would be the main issue. Mr. Benjenk asked what assumptions were being made about the U.S. contribution as a percentage of the total. Mr. McNamara said that it was very difficult to predict and that he would not wish to make any premature estimates.

During the Directors' discussion of the Annual Meeting, Mr. Knight and others had suggested limiting the size of the Meeting. It was agreed that Mr. Mendels and his counterpart in the Fund would try to influence governments informally to limit the size of their delegations. Representatives from French-speaking countries had been dissatisfied with the service of translating speeches from English into French. It was agreed that a formula would be worked out by Messrs. Shoaib and Mendels whereby speeches could be translated on short notice during the Annual Meeting. The ideas of distributing Mr. McNamara's speech in advance and to set a theme for the Meeting were considered impracticable. Mr. Knapp mentioned that there had been a suggestion to limit the number of observers. Mr. McNamara asked Mr. Mendels to consult with the Fund Secretary and review the matter with him within the next few months.

President has seen

Mr. Chadenet was asked to suggest measures which would minimize the disruption of Bank operations during the Annual Meeting. Mr. McNamara asked that Messrs. Chadenet and Kearns review the Bank's policy regarding reply to letters and other communications to remind the staff of the policy to be followed and to review this periodically.

Mr. McNamara mentioned the itinerary of his upcoming trip and said that Mr. Knapp would be in charge of the Bank in his absence.

Mr. McNamara said that the Department Managers Meeting would be convening for the first time that day and he asked the PC to do their utmost to further communications in the Bank.

Mr. Benjenk commented that the organization seems to be on the track but that there was some confusion about Mr. McNamara's reaction to slippage as a result of the reorganization. Mr. McNamara said that he did not believe that the reorganization caused the major delays since signs of delay in slippage of the FY74 program had been apparent already, long before the organization came into effect. Secondly, only the Regional Vice Presidents were in a position to establish and implement budgets successfully.

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November 7, 1972

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President's Council Meeting, November 27, 1972

Present: Messrs. McNamara, Knapp, Adler, Alter, Baum, Bell, Benjenk, Broches, Chadenet, Chaufournier, Chenery, Clark, Diamond, Hoffman, von Hoffmann

Mr. Chadenet reported from the negotiations with the Fund and the Staff Association regarding the McKinsey Compensation Report. The Staff Association had been opposed to several points suggested by McKinsey. The negotiations with the Fund had not proceeded well at the outset, since the Fund was not ready for the principle of parallelism. Mr. McNamara said that he would insist on parallelism with the Fund and that, if necessary, decisions would have to be postponed until as late as May 1973. He would greatly favor a joint study by the Bank and Fund on compensation issues. In response to Mr. Alter's question, he said that, in the long run, the Fund does have an incentive to establish the principle of parallelism with the Bank. The planned Board discussion of the compensation on December 19 would have to be postponed.

Mr. McNamara told of the results of his recent visits to Sudan, Somalia, Zambia and Zaire. In this context he asked Mr. Bell to investigate whether Mr. George Harrar could be employed as a consultant to the Sudanese Government in order to study the possibilities of increasing wheat production. If this were the case, then Mr. McNamara offered to make the arrangements with Mr. Harrar.

Mr. Adler reported that a $1 million overrun on the FY73 budget was projected and that the total of $1.5 million contingency had been committed. One of the reasons for the overrun was the unusual increase in tax reimbursements to U.S. nationals due to a more rapid than expected increase in U.S. staff. Another was the increasing size of missions. Mr. McNamara commented that some cuts could be made, for example in the budget for consultants. He asked Mr. Chadenet to make recommendations regarding the policy in the choice between U.S. and foreign nonprofessional staff.

Mr. McNamara asked Mr. Chaufournier to investigate the details of the French offer made by President Pompidou to several West African countries to write off their debts to France.

Mr. Chenery said that the new review procedure for country program papers, with a meeting chaired by the Regional Vice President performing the task previously done by the Economic Committee, is working well. His Policy Planning Department has been reoriented in order to produce "issue memoranda" for the final review of country program papers.

He also mentioned that difficulties were being encountered in negotiations with the Fund on the joint computer purchase. Mr. McNamara stressed the importance of a joint computer operation and asked Mr. Chenery to continue pressing for such a solution.

Mr. Adler reported from his trip to Japan where he had discussed the 4th IDA Replenishment and, in particular, the possibilities of an increase in Japanese contributions in case the U.S. insisted on reducing its share. The Japanese had been very cooperative in this regard.

Mr. McNamara said that several questions had been posed to the Bank regarding its policy in Southeast Asia, if and when the hostilities end. He reply had been that he would wish to cooperate with the Asian Development Bank in the reconstruction work and that the World Bank stands ready to provide assistance when requested by governments. He asked that all such sensitive questions be referred to Messrs. Cargill, Knapp or himself.

President has seen

Mr. Hoffman mentioned that the Secretary-General of the United Nations would recommend to the General Assembly to incorporate the UN Population Fund more closely into the UN family.

AL
November 30, 1972

821/10/19

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President's Council Meeting, December 4, 1972

Present: Messrs. McNamara, Knapp, Baum, Bell, Benjenk, Broches, Cargill, Chadenet, Chaufournier, Chenery, Demuth, Shoaib, Clark, Wiese

Mr. Clark mentioned that he had had a seminar on the Annual Report with the EDs.

Mr. Chadenet said that a statement on the policy regarding compensation would be circulated to the Board.

Mr. Broches said that he had circulated a draft of standards of conduct for Bank staff and Directors for comment by the PC. Mr. McNamara asked that Mr. Broches compile a brief statement of standards imposed by other organizations on their staff.

Mr. Shoaib reported from his trip to Indonesia that Mr. Gordon had succeeded in appeasing the apprehensions of the Indonesian Government and that relations with the Bank were now satisfactory.

Mr. McNamara mentioned that he had received a draft of a policy paper regarding IDA for Board discussion and he asked in particular that the Board paper exclude reference to the allocation of IDA resources among nations since, although Part I countries would want to discuss the principles of allocation, it was important to avoid a dévisive discussion before the negotiations for the Fourth IDA Replenishment were underway. He mentioned the difficulties encountered in negotiating the Third Replenishment, where the U.S. had effectively tried to reduce its share to 25% by extending the period of the Replenishment from three to four years, and he anticipated that something similar would be attempted in the negotiations of the Fourth Replenishment. Mr. Chenery mentioned that he had met with the Regional Vice Presidents to discuss the allocation of IDA funds among countries.

Mr. McNamara mentioned that he had heard that the issues and decisions papers and meetings under the new procedures were taking an undue amount of staff time and creating increased paper work. He had also been told that the reorganization had resulted in additional layer of management, possibly due to Regional Vice Presidents not delegating sufficient responsibility to lower levels. He asked that these issues be discussed with the appropriate staff and that such problems be brought to his attention when they became known. Mr. Knapp said that he would review these and other problems concerning the new organization with his regional staff in the near future.

Two other problems had been brought to Mr. McNamara's attention. First, it was apparent that the Kenya office was not functioning as well as it could and was under criticism by the Kenyan Government. Second, a DAC report had stated that it was questionable whether loans, as opposed to grants, would be appropriate for population projects and has also mentioned the problems of relations between the Bank and other organizations in the population field.

President Allende would be speaking to the General Assembly of the UN that day and Mr. McNamara asked to be informed of his statements regarding the Bank. He asked that all criticism by outsiders on the Bank be brought to his attention since this needed to be handled carefully, particularly in the case of expropriations disputes. Mr. Chenery said he wished it were possible to formulate a stronger statement of the Bank's policy on expropriation.

Mr. Carriere had made a proposal for the reorganization of the Paris Office. Mr. McNamara stressed the need for a transmittal of "intelligence" through the Paris

President has seen

Office and said that he had asked Mr. Kearns to work with Mr. Carriere on a somewhat revised proposal for the Paris Office. In general he said the question of the role of Regional Offices was still unsettled and that he would like to start with a case study of the East African Office in order to determine eventually their proper role.

Mr. McNamara said that work would soon have to start on the FY74 Budget and the FY74-FY78 revised program. A more systematic approach than previously would be required and he had asked P&B and McKinsey to work on a set of guidelines for the preparation of the budget. He asked the members of the PC to start thinking about their budgeting work and he asked that P&B supply a date for submitting a draft set of guidelines for the review of the PC.

AL
December 7, 1972

821/10/20

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ARCHIVES

President's Council Meeting, December 11, 1972

Present: Messrs. McNamara, Knapp, Aldewereld, Baum, Bell, Benjenk, Broches, Cargill, Chadenet, Chaufournier, Demuth, Gaud, Shoaib, Clark, Blaxall, Stern, Wiese

The British Director had protested the placing on the Agenda of a loan to Ghana, since the Ghanaian Government had issued a decree announcing the takeover of 51% of mining operations which had been the subject of negotiations. Mr. Knapp had taken the hard line and convinced the British that this was not a case where the Bank should refrain from lending. Mr. McNamara added that papers would be issued the following day for a loan to Iraq to be discussed by the Directors on January 2. Some opposition was expected.

Mr. Chaufournier had learned further details of the French writing off of loans to West Africa during his visit to Paris. Most of the loans had been incurred before independence and benefitted French interests rather than the former colonies. He also mentioned that some change had been agreed upon in the French West African monetary system and that Mauritania had decided to withdraw from the system.

Mr. Chaufournier reported from a meeting with the European financing agencies to reconcile differences in joint financing of projects. There had also been a meeting to discuss livestock projects which had served to remove some differences among the donors. This had been preceded by a similar meeting some time ago on education and would be followed next year by a meeting on transportation. The subject of aid from the community had not been much discussed since the EEC was focusing on monetary and trade problems and the relations with the U.S. and other developed countries.

Mr. McNamara remarked that the FED would compete with IDA for its fourth replenishment and he asked that the Bank Office in Paris provide maximum information about this and other problems concerning the European community. Mr. Chaufournier said that the EIB and the FED had requested information in return for what they were asked to provide to the Bank. Mr. McNamara asked Mr. Demuth to pass on the gist of this conversation to Mr. Carriere who should be in charge of contacts with the EIB and FED.

Mr. Demuth reported that Mr. Maurice Strong had submitted his resignation to the Secretary-General, due to conflicts with the UN bureaucracy. He had been talked out of resigning but was expected to wage a continuous battle for independence for his Environmental Agency.

In response to Mr. McNamara's question, Mr. Cargill said that the food grain situation remained precarious. The approximate needs of the major countries in Asia were two million tons for India, two million tons for Bangladesh, and half a million tons to Indonesia, and it was also reported that North China was short of wheat. Mr. Clark said that he had visited St. Louis recently where the effects of the strong demand for U.S. grain abroad was apparent and reported comments to the effect that this would provide a means for pressure for the U.S. on other countries.

Mr. Gaud said that he would shortly be forwarding a draft of an IFC policy paper for Mr. McNamara's review.

Mr. Baum said that the Bank's procurement policy had been under criticism lately, especially from the Canadians who had lost a number of large contracts. There were two main problems: first, suppliers from developed countries were losing to the local contractors of the developing countries who enjoyed export incentives.

President has seen

Two examples were Mexico and Argentina where railroad contracts had recently gone to local suppliers. The second was the issue of the Thai procurement of locomotives, a major contract for a total of some $100 million, where the first order had been placed with the 15th from the lowest bidder and where financial terms and other considerations had played a strong role. Since the Thai Government had wished to have the option of Bank financing, the procurement had been done according to Bank guidelines. However, when the Government had opted not to seek Bank financing and made the choice as mentioned, the lower bidders had been quite dissatisfied and this had reflected on the Bank. Mr. McNamara said that the Bank should under no circumstances be involved in procurement unless it had as much control over the procedures as if it were financing the project. He asked whether GATT would review such cases. It was thought that GATT was quite lenient on the subject of incentive schemes in developing countries. It also must be taken into consideration that incentive schemes are often designed to offset unrealistic exchange rates.

Mr. Chadenet said that there had been no comments on the Board paper on compensation. The U.S. had submitted a memorandum earlier saying that U.S. and not UN salaries should be the benchmark for Bank salaries, and the gross and net calculations of salaries for U.S. staff members was unrealistic. Mr. McNamara asked Messrs. Shoaib and Chadenet to give thought to how the apparent inconsistency between the Bank's practice and the principle used for comparing salaries in the compensation study could be justified.

Mr. Aldewereld reported from his recent trip to Europe that the dollar is firm in the European capital markets and the interest rate for non-resident issues is increasing. German bond issues had been floated with higher interest rates than before, approximately 8.5%. The market would be quite accessible but at higher interest rates than previously. He had introduced Mr. Carriere to a number of finance ministers, central bankers and commercial bankers in order to improve the information flow from the European scene.

AL
December 12, 1972

821/10/21

President's Council Meeting, December 18, 1972

Present: Messrs. McNamara, Knapp, Adler, Aldewereld, Alter, Baum, Bell, Benjenk, Broches, Cargill, Chadenet, Chaufournier, Clark, Gaud, Ricket, Shoaib, Hoffman, Stern

Sir Denis summarized the results of the first meeting of the Fourth IDA Replenishment negotiations. The atmosphere had been friendly and there had been no major U.S. obstruction of the discussion, although there had been bilateral contacts by the U.S. with other donors in advance. The Germans were favorable and the Japanese were progressing as well as could be expected, thanks to Mr. Soejima's excellent preparatory work. The Japanese were expected to hold back until Mr. McNamara had spoken to the Prime Minister. Sir Denis recommended that he visit Tokyo ten days before the meeting of the IDA negotiations which would take place there on May 1 and 2. Before that there would be a short meeting in London on March 13-14. Mr. Hennessy had tried to have it canceled, probably because he felt that the U.S. would have nothing more to say then.

Sir Denis said that the most firm support so far had come from the British and the Dutch. The British are favorable to a figure of $1.5 billion per year and the Canadians had supported this as well, at least in the form of personal intervention by Mr. Isbister. The French had reserved their position through a 45-minute critical speech. However, Sir Denis felt that a range of $1.2 to $1.5 billion per year had been established.

The French had opposed replenishment over five years as being too arduous in the early years if there were to be equal annual instalments. Mr. Odt had introduced the idea of an ascending scale and Mr. McNamara said that this idea should be pursued, even if the period were reduced to three years.

A proposed lengthening of the payment period had been abandoned since the U.S. had said it would not be helped by such an arrangement.

The Swedes had proposed a freezing of voting power at 50-50 division between the Part I and the Part II countries. The Swedes had not appeared willing to increase their share and were as always concerned about IDA policies and wished to be satisfied on this score.

There had been some reference to allocation between countries and to eventual assistance to Indochina.

The allocation of responsibilities for aid within the German Government was still uncertain. Mr. Schmidt would stay as Minister of Finance and the Ministries of Finance and Economics would still be separated. Mr. Eppler would remain as Minister of Economic Cooperation, but it was uncertain whether the Money and Credit Department of the Ministry of Finance would be transferred to Mr. Eppler's Ministry. Mr. McNamara asked Mr. Hoffman to provide a note on this subject. (Later that day a cable from the Paris Office said that all responsibility for bilateral and multilateral aid would be allocated to the Eppler Ministry.)

Mr. McNamara said that the paper to the Board regarding compensation policies would be discussed the following day, and he asked Mr. Chadenet what news there was on the subject. Mr. Chadenet told of the previous week's Fund Board discussion of parallelism with the Bank. For that Meeting Mr. Dale had circulated a paper on the level

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President has seen

of salaries, mostly concerning IBRD. The statement in the Fund Board had triggered a discussion on compensation where the U.S. and Indonesia had proposed austerity in Bank and Fund salaries and linking them to U.S. Government salaries, while the Canadians had offered mild support. Mr. Shoaib added that the Fund has employed consultants who will provide three persons to work with the Fund on its compensation review. Mr. van Campenhout had been strongly against the U.S. proposal in the Fund and would be preparing a paper on the subject for the next Bank Board Meeting.

Mr. Broches reported that borrowers are beginning to complain about the currency of disbursements, particularly Mark and Yen. Some had expressed the desire to pay back specific currencies. Contractors had been expressing their bids in Yen, contrary to Bank procurement guidelines. Mr. Broches proposed that a scheme to equalize exchange risks among the Bank's borrowers be reconsidered. Mr. McNamara asked that Messrs. Knapp, Aldewereld and Broches review the paper which had been prepared, and make recommendations.

Mr. Isbister had been critical of Bank procurement practice, mostly because Canadian bidders had recently lost several large contracts. Since this may result in loss of Canadian support for IDA, Mr. McNamara had asked Mr. Davidson Sommers to act as Ambassador-at-Large to deal with procurement, and, in this connection, travel to Ottawa to meet with Trade Ministry officials and representatives of contractors.

Mr. McNamara mentioned that he would be away the following week and would make a trip to West Africa January 9-19, followed by a visit to the Middle East in early February. Mr. McNamara told of an interesting visit to a Staff Meeting of Mr. Husain's Department. In addition to his discussion of his recent visit to East African countries, participants had complained about the alleged increase in cumbersome bureaucracy due to the reorganization with increased paper work and large meetings. Mr. McNamara encouraged the Regional Vice Presidents to assume their responsibility to make decisons where necessary and to inspire their managers to do the same. Staff departments reviewing project work would always have recourse to appeal with Mr. Knapp or Mr. McNamara.

Mr. McNamara had received a proposal from the Task Force on the Bank's Planning, Programming, Budgeting and Control activities, but he asked that Messrs. Knapp, Aldewereld and Stern review the proposal before discussing it with him. Mr. Benjenk said that he and other Regional Vice Presidents disagreed with certain points in the proposal. It was agreed that they have an opportunity to discuss it with Mr. McNamara before it was decided upon. Mr. McNamara emphasized that, in the meantime, the Bank should operate according to its existing procedures.

AL
December 20, 1972