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THE WORLD BANK
Washington, D.C.

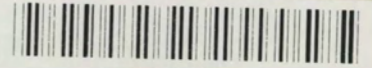
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PUBLIC DISCLOSURE AUTHORIZED

McNamara papers

Vol. 22
1971 (Aug. - Sept.)

The West Work Group
Archives



1771880

A1995-252 Other #: 2

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President's papers - Robert S. McNamara Chronological files - (outgoing) - Chron: 22

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MEMORANDUM TO FILES

September 27, 1971

489/7/94

The President of Mauritania, His Excellency Moktar Ould Daddah, currently Chairman of the OAU, will be arriving at the Sheraton-Park Hotel, Tuesday, September 28, at 4:25 p.m., for a joint meeting with Messrs. Schweitzer and McNamara in the VIP Lounge adjacent to the Sheraton-Park Ballroom. The President comes immediately from the White House where, at 3:30 p.m., he meets with President Nixon. The Mauritanian President is accompanied by an OAU delegation consisting of the Foreign Ministers of Cameroon, Kenya, Mali, Mauritania, and Zambia, and also the Secretary-General of the OAU. Mr. Schweitzer will be accompanied by Mr. Gordon Williams, Special Representative to the United Nations, and Mr. Mamoudou Toure, Director African Department, of the Fund staff. Mr. McNamara will be accompanied by Mr. Chauffournier, Director Western Africa Department, and Mr. Lejeune, Director Eastern Africa Department. The President will depart from the VIP Lounge no later than 4:50 p.m. in order to reach a press conference at Blair House scheduled for 5:00 p.m.

A welcoming committee consisting of Messrs. Williams, Touré, Chauffournier and Lejeune will be waiting at the back entrance to the VIP Lounge. As the President approaches the vicinity of the Hotel, Messrs. Smith and Christoffersen will be notified by the State Department Protocol Office. Messrs. Schweitzer and McNamara will then be notified at the podium.

The Liaison Officer at State Department's Protocol Office handling these arrangements is:

Mr. Leahy
632-1676

cc: Mr. Smith
Mr. Chauffournier
Mr. Lejeune
Mr. Mendels

L.E. Christoffersen

489/7/93

SEP. 25 1971

Dear Mr. Perez-Guerrero:

This is in reply to your letter of August 26, 1971, in which you ask whether we could release Mr. Dieter Elz for one year to assist in the preparation of a long-term tea agreement.

I have no doubt that Mr. Elz's experience, expertise and personality would make him highly useful in the role of "conciliator" that you have in mind in connection with the negotiation of a tea agreement, or that the negotiation of a satisfactory agreement would be of great importance to many of our common member countries. Unfortunately, Mr. Elz has recently moved to our Agriculture Projects Department where he has become deeply involved in operational work in agricultural projects, especially in Western Africa. For reasons that will be immediately apparent to you, this is an extremely important segment of the Bank Group's lending program and I do not believe we would be justified in taking Mr. Elz off this assignment for an extended period in the near future.

Nevertheless, I fully realize that you have a difficult and urgent problem facing your organization and I would like to be helpful if it is at all possible. I understand that Mr. Elz would be particularly useful during the preparatory phase of the consultative group of tea producing countries which is apparently to be held in the spring of 1972. Would it be of assistance to you if we could second him for approximately two months during and just prior to that conference? I certainly would be willing to consider this and would appreciate your letting me know at your earliest convenience if this would help meet your problem.

Sincerely,

ROBERT S. McNAMARA
Robert S. McNamara

Mr. Manuel Perez-Guerrero
Secretary-General
United Nations Conference on
Trade and Development
Palais des Nations
CH-1211 Geneva 10, Switzerland

WAWapenhans/MLHoffman/pnn
September 23, 1971

cc: Mr. McNamara's files (2)
Mr. E. Franco-Holguin
Cleared in substance and cc: Mr. R. A. Clarke

409/7/91

CHARTER
LONDON EC1

SEPTEMBER 23, 1971

TELEX 264791

ENGLAND

FOR SIDNEY SPIRO REFERENCE URLET FIFTEEN SEPTEMBER TO MR. MCNAMARA
STOP REGRET MR. MCNAMARA'S PROGRAM FULLY BOOKED STOP UNDERSTAND
YOU WILL BE SEEING GAUD REGARDING TENKE FUNGURUME PROJECT STOP
RESPECTING POWER PROBLEM MR. MCNAMARA SUGGESTS YOU SEE MICHAEL LEJEUNE,
DIRECTOR, EASTERN AFRICA DEPARTMENT, WHO IS FAMILIAR WITH PROBLEM
AND WOULD BE GLAD TO RECEIVE YOU

LEIF CHRISTOFFERSEN
PERSONAL ASSISTANT
TO THE PRESIDENT

Leif Christoffersen
Personal Assistant to the
President

cc: Messrs. Knapp, Gaud, Husain/Halbe

MLLejeune:neb

489/7/92

OFFICE MEMORANDUM

TO: Mr. A. Rinnooy Kan

DATE: September 21, 1971

FROM: Robert S. McNamara

SUBJECT: The Effect of Recent Monetary Events on the Bank's Financial Position

1. I have received your memorandum of September 10, 1971 on the effect of recent monetary events on the Bank's financial position. I shall deal with the points raised by you in the order in which they are stated in your memorandum.
2. Under a) you raise a number of questions regarding the formal interpretation by the Executive Directors in 1950 of Article II, Section 9, of the Bank's Articles. You appear to be concerned that this interpretation, coupled with the method of allocation of types of currencies to the Bank's assets followed since January 1, 1961, may have the effect that a member whose 18% currency has been loaned and has depreciated, will never be obliged to maintain the value of that part of its subscription. Although you do not mention the case of appreciation, the corollary of your hypothesis is that in that case the Bank would never be called upon to make a refund to the member whose currency had appreciated.
3. If you will refer to paragraph 43 and Annex E d) of the March 1968 memorandum of the General Counsel (R68-47, recirculated as SecM71-425), you will note that when a change in value of a member's currency occurs, the Bank will determine the respective amounts of unrestricted currency (i.e. 2%, borrowed funds and earnings) and 18% currency of such member then on loan, and that the first amount of such currency recovered thereafter (up to the total amount of unrestricted funds then on loan in that currency) would be deemed to be unrestricted funds and the subsequent amounts 18% funds. It is therefore clear that at some point of time the member whose 18% currency on loan has depreciated will be obliged to make additional payments required to maintain its value; likewise, a member whose currency has appreciated will be entitled to receive a refund from the Bank. When this settlement of accounts will be required to take place depends on the relative amounts of unrestricted and 18% funds in the currency of the member that were on loan at the time when the change of value of that currency occurred. For instance, in the case of a member which had released all or part of its 18% but in whose markets the Bank had not borrowed, the maintenance of value obligation would become implemented relatively soon, since the only unrestricted funds which would be deemed to be recovered first would be the earnings on loans made out of the 18%. On the other hand, in the case of a country where the Bank had issued large amounts of bonds in relation to the 18% portion of that country, the time at which the maintenance of value obligation would be implemented might be more remote. In no case, however, would this obligation be put off indefinitely. I should also note that while as a legal matter the obligation

President has seen

to maintain value need not be implemented until the Bank has recovered the 18% funds, the Bank and the member concerned have in some cases agreed to advance the settlement of accounts, in the case of depreciation as well as that of appreciation. For examples I refer you to Board documents R67-13, dated January 31, 1967 (depreciation) and R70-13, dated January 23, 1970 (appreciation). Such an anticipated settlement of accounts necessitates an agreement on the part of the member or the Bank, as the case may be, to return the funds received in the event and to the extent that the 18% funds are not recovered because the loan is written off: there is no obligation to maintain the value of currency which is lost.

4. While I believe that the foregoing explanation may remove the cause for your concern, I will nevertheless briefly advert to the two other questions you raised under a). The first is whether the method of allocation adopted as of January 1, 1961 was approved by the Board. The Board was informed of the intention to change the method of allocation by SecM240, Rev. 1, dated December 19, 1960, and no objections were voiced. The system thereupon was put into effect on January 1, 1961 and has been followed ever since.

5. Secondly, you wonder whether the formal interpretation by the Executive Directors in 1950 of Article II, Section 9 "should be maintained". As you know, questions of interpretation of the Articles arising between members or between a member and the Bank are to be decided by the Executive Directors, subject to an appeal to the Board of Governors. Where no appeal is taken to the Board of Governors, the Executive Directors' decision is final. Such formal interpretations are not policy decisions but constitute authentic determinations of the meaning of the text of the Articles. A reversal of an interpretative decision would therefore have the same effect as an amendment of the Articles and I have grave doubts that it would be proper for the Executive Directors or the Board of Governors to reverse a formal interpretation of the Articles. Apart from that, I believe that interpreting Article II, Section 9 as they did, the Executive Directors went as far as they could reasonably go consistently with the language of the provision in question which speaks of the maintenance of value of currencies "held" by the Bank. It is true that Annex C to the 1968 Memorandum records that suggestions had been made that the interpretation might go further, but the Executive Directors rejected those suggestions in making their formal interpretation.

6. In point b) you deal with the 2% portion of the capital payable in gold or U.S. dollars. In paragraph 27 of his 1968 Memorandum, the General Counsel expressed the opinion that the 2% portion of the U.S. subscription is not subject to maintenance of value, and I understand that you accept this conclusion.

7. Under point c) you raise the question whether the Bank should now exercise its right under the "Philippine formula" to reverse the transactions

under which the member has furnished the Bank with U.S. dollars in exchange for its 18% currency. There are at present 22 countries which have released their 18% portion in U.S. dollars based on the "Philippine formula" and the total amount so released is \$104.6 million. In our opinion, the likely cost of a possible depreciation of the U.S. dollar in terms of gold is not large enough to incur the risks associated with a reversal of these transactions on the Bank's initiative. The members which released their 18% portion on this basis are all Part II countries still eligible for Bank assistance. Reversal of the transactions might lead them to invoke in turn their right to revoke the consent under Article IV, Section 2 of the Articles to let the Bank use their 18% portion in its operations.

8. Under d) of your memorandum you refer to the fact that as a result of the Bank's currency practices, the benefit or detriment of value changes are not evenly distributed among Borrowers and you wonder whether it would be feasible to revise these practices in order to realize a more equitable distribution of currency risks among Borrowers. We have been aware of this problem for some time and are looking for a solution. As you will understand this is an extremely complex problem and I am not sure that we shall be able to find a solution that is both equitable and practicable. However, we will continue to explore alternatives.

R. S. Vickman

489/7/90
157/1/90

SEP 21 1971

MR. JACQUES DE FOUCHIER

PARIBAS

TELEX 21041

PARIS

(FRANCE)

DELIGHTED TO RECEIVE YOUR ACCEPTANCE CABLE AND I LOOK FORWARD TO SEEING YOU ON
OCTOBER FOUR AT 3:45 PM. PLEASE LET US KNOW YOUR FLIGHT AND ARRIVAL TIME SO WE
CAN HAVE CAR AT THE AIRPORT. REGARDS.

MCMAMARA
CORINTYFIN

Robert S. McNamara

President, IFC

cc: Mr. Gaud
Mr. von Hoffmann

JMKearns:DW

489/7/89

SEP 21 1971

Mr. Rene Maheu
Director-General
United Nations Educational,
Scientific and Cultural Organization
Place de Fontenoy
Paris 7e, France

Dear Mr. Maheu:

Your kind invitation to comment on Unesco's future program has provided me with a welcome opportunity to observe the many similarities between Unesco's objectives and those of the World Bank Group in support of development of education in our member countries.

I was interested to note that many views expressed in your "Evaluation of the Results of the First Development Decade in Unesco's Field of Competence and Draft Programme of the Organization for the Second Decade" (Document 16 C/13) were common to those expressed in the Bank's Sector Working Paper on Education, a copy of which is enclosed with this letter. I share your concern that increasing education expenditures in the developing countries impose a considerable burden on the financial resources of those countries. It is therefore essential that means be found to improve internal efficiency and increase productivity, to identify new sources of educational finance, to help governments plan and control the size and structure of school and university systems, and to discover forms of education and training which will make a more direct and less costly contribution to rural education.

I would like to suggest for your consideration three main areas - on which Unesco has already done much valuable work - where I believe concentration of Unesco's efforts would make a particularly important contribution to progress in our member countries and incidentally to the cooperative efforts of Unesco and the World Bank.

First, education planning and management. In the Resolutions to which you directed my attention, I noted that the General Conference stressed the importance of the improvement of administrative structures and methods (Resolution 9.11, 3(a) and 4(g)). The Educational Planning and Administration Division, both in its own program and in its support for the Cooperative Program, is active in this field. The improved management of education systems is an essential factor in the optimum utilization of the scarce funds available for education development.

Second, the study and application of educational technology to produce qualitative improvements in both formal and nonformal education systems of developing countries at minimum cost and maximum efficiency (Resolution 9.11, 4(a)). I realize that this work is undertaken in many parts of your organization and that it was envisaged in the Supplement to the Memorandum of Understanding that the Department of School and Higher Education would be particularly concerned with this within the framework of the Cooperative Program. From the Bank's point of view, I would like to stress the importance of specific studies of concrete situations where the effects and costs of new technology (and new methods of management) can be measured.

The third area of interest to the Bank is that of education statistics. My staff have recently renewed contacts with the Director of your Office of Statistics. We believe that much of the work Unesco is continuing to do in this field will be of benefit to those agencies (including the World Bank) which have the responsibility of both analyzing the current state of education in member countries and considering their development strategies.

The expanded Cooperative Program, building on the extensive experience of the Educational Financing Division, is, in my view, one appropriate channel for the intensification of work in the first two of these priority areas. We are just beginning to see the first fruits of its work.

While I have addressed myself principally to the field of education, I fully recognize the relevance of Unesco's work in the fields of environment and population planning, both of which are also the concern of the World Bank.

I look forward to receiving Documents 17 C/4 and 17 C/5 in due course and I hope I may be able to offer further comments at that time.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Encls.

cc: Mr. Demuth

RFennell/DSBallantine/RDemuth:sfu

489/7/88

SEP 20 1971.

Mr. Robert V. Roosa
Brown Brothers Harriman & Co.
59 Wall Street
New York, N.Y. 10005

Dear Bob:

I'm delighted to learn that you have accepted our invitation to become a member of the IFC Advisory Panel. I know you'll make an important contribution to the Panel's work.

I very much hope you'll be able to make the meeting.

With best regards,

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

JMKearns:DW

cc: Mr. Gaud

489/7/87

SEP 20 1971

Dear Paul:

This note is simply to tell you that I am delighted to be able to accept the invitation you extended to me in your letter of August 18 to the dinner you are giving on October 20 for the members of the IACB. Dick Demuth is accompanying me to the IACB meeting, and if you would wish to extend an invitation to him, I am sure he would be pleased to come too.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Paul G. Hoffman
Administrator
United Nations Development Programme
United Nations, New York.

cc - Office of the President (2)

RHD:jg

489/7/86

SEP 20 1971

Dear Mr. Prime Minister:

Thank you for your letter of September 2. I am very glad that our proposals as to the Bank Group resident representative and his role in Ghana are acceptable to you.

Mr. Chausfournier will be ready to settle the details with the Minister of Finance at our Annual Meeting later this month.

We certainly look forward, Mr. Prime Minister, to continued cooperation with your Government and I am confident that the establishment of the resident mission will help us in this objective.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Right Honorable
Dr. K. A. Busia
Prime Minister of Ghana
The Castle
Osu, Accra
Ghana

SMDenning/tpl

cc: His Excellency
Ambassador E. M. Debrah
Embassy of Ghana

Mr. Demuth

489/7/85

SEP 20 1971

Dear Mr. Minister:

The International Bank for Reconstruction and Development (International Bank) proposes to borrow in October 1971 from Algemene Bank Nederland N.V. and Amsterdam-Rotterdam Bank N.V., Amsterdam, an aggregate amount not to exceed Netherlands guilders 60,000,000.

I hereby request the Government of the Kingdom of the Netherlands, in accordance with Article IV, Section 1(b) of the International Bank's Articles of Agreement, to approve this borrowing by the International Bank in the markets of the Kingdom of the Netherlands.

I hereby also request the Government of the Kingdom of the Netherlands, pursuant to the same provision of said Articles of Agreement, to agree that the proceeds of the borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
R. J. Nelissen
Minister of Finance
Ministry of Finance
22 Kneuterdijk
The Hague
The Netherlands

TMCasser:mr

Cleared with and cc: Messrs. Broches/Hittmair/Sella
cc: Mr. A. Rinnooy Kan (Executive Director for Netherlands)
Messrs. Rotberg, Asser, Rutland, Deely

489/7/84
43/15

September 15, 1971

Dear Stu:

Thank you for your letter enclosing an inquiry from the Columbia Union National Bank and Trust Company in Kansas City, Missouri. As you can appreciate, our deposits in commercial banks are made on the basis of competitive interest rates and with due regard to the size of depository bank and its capital structure. The decision as to where to invest the Bank's liquid resources is one which is also made with regard to the general market conditions at any given time and the prevailing level of interest rates in alternative investments.

I have referred your letter to the Bank's Treasurer, Eugene H. Rotberg, who will request from Columbia Union relevant information concerning its operations.

Sincerely,

Bob

Robert S. McNamara

The Honorable Stuart Symington
United States Senate
Washington, D.C. 20510

EHRotberg:RSMcNamara:pay

Cleared w/&cc: Mr. Aldewereld
cc: Mr. John Merriam

689/7/72
489/7/83

ERIK TORNQUIST
C/O ASGEIRSSON
VIDSKIPTA
REYKJAVIK

SEPTEMBER 14, 1971

URGENT

ICELAND

FOLLOWING FROM OUR MEETING LAST FRIDAY MCNAMARA IS SENDING YOU ADVANCE COPY
ANNUAL MEETING SPEECH STOP MR EDWIN MOORE COMMA A BANK STAFF MEMBER COMMA
WILL MEET YOU ^{TOMORROW} AT COPENHAGEN AIRPORT ARRIVAL ICELAND AIR FLIGHT NUMBER 230
AT 1335 HOURS STOP IF CONTACT CANNOT BE MADE AS PLANNED THEN SEE MR JORGEN
NYBROE COMMA SAS PASSENGER SERVICES MANAGER AT AIRPORT STOP PLEASE CONFIRM
RECEIPT OF DOCUMENTS

CHRISTOFFERSEN

Leif E. Christoffersen
Office of the President

LEC;ak

489/7/82
489/7/82

ERIK TORNQUIST
C/O LOVOLD
UTGJELD
OSLO

SEPTEMBER 14, 1971

NORWAY

LEIF HAS TOLD ME OF MEETING HE HAD WITH YOU FRIDAY STOP AS YOU REQUESTED
EYE AM RELEASING TO YOU AN ADVANCE COPY OF MY SPEECH TO THE GOVERNORS
DURING THE ANNUAL MEETING AND IT IS BEING DISPATCHED BY SPECIAL COURIER
~~TO OSLO~~ STOP THE CURRENT UPHEAVALS IN THE INTERNATIONAL MONETARY SYSTEM
MAY DISTRACT THE WORLD'S ATTENTION AWAY FROM THE URGENT NEEDS OF
DEVELOPMENT STOP EYE THEREFORE WOULD WELCOME A STRONG SUPPORT FROM THE
NORDIC COUNTRIES FOR THE ACTION OUTLINED IN MY SPEECH STOP THE OUTLOOK
FOR EARLY RATIFICATION OF THE THIRD IDA REPLENISHMENT IS BLEAK AT THE
MOMENT STOP IT WILL BE VITAL FOR THOSE MEMBER COUNTRIES WHO ATTACH
IMPORTANCE TO THE PROPOSED EXPANSION OF IDA OPERATIONS THAT THEY SPEAK
UP STRONGLY AT THE ANNUAL MEETING FOR THE NEED TO RATIFY THE PARTICIPATION
IN THE THIRD REPLENISHMENT OF THOSE GOVERNMENTS WHO HAVE NOT YET DONE SO

ROBERT MCNAMARA

Office of the President

LEC:ak

489/7181

ALFREDO LAFFEE
PRESIDENTE
BANCO CENTRAL DE VENEZUELA
CARACAS

SEPTEMBER 11, 1971

TELEX

VENEZUELA

AS OUTLINED YESTERDAY IN YOUR CONVERSATION WITH EDGAR GUTIERREZ COMMA
WORLD BANK INTERESTED IN EXPLORING WITH VENEZUELAN AUTHORITIES AT TIME
OF ANNUAL MEETING IN WASHINGTON POSSIBILITY OF PLACING SPECIAL ISSUE OF
MEDIUM TERM WORLD BANK BONDS IN AMOUNT OF APPROXIMATELY FORTY MILLION
DOLLAR EQUIVALENT TO BE DENOMINATED PREFERABLY IN CONVERTIBLE BOLIVARES
OR POSSIBLY IN OTHER ~~HARD~~ CURRENCY STOP

BEST REGARDS 522

ROBERT S. McNAMARA
PRESIDENT
INTRAFRAD

Robert S. McNamara
President

cleared with and cc: Mr. Hittmair
cc: Mr. Christoffersen
Mr. Gutierrez o/r

EPwright:vr

480/7/80

SEP 14 1971

Mr. Philippe de Seynes
Under-Secretary-General for
Economic and Social Affairs
United Nations, New York 10017

Dear Mr. de Seynes:

I refer to your letter of August 16, 1971 (Ref: SO 326), in which you ask for comments on the report of the Ad Hoc Working Group recommending the establishment of a World Population Training Institute.

I am pleased to note that the earlier proposals in the Feasibility Report for establishing a World Population Institute are not being pursued now and that the Working Group has come up with a more limited and specific proposal for a training center.

Nevertheless, I am still not fully persuaded that the case has been made for creating such a training center. There is no question as to the need for training at all levels in the population field; my doubt is rather the extent to which that need can most effectively be met by creating a new institute of the kind suggested by the Working Group as against the alternative of strengthening existing regional and national training institutions. This is a difficult issue on which to reach a judgment, particularly in the absence of precise definition of the categories and levels of persons who are to be trained in the proposed new Institute, specification of the subjects to be included in the curriculum of the Institute, and any checks with the developing countries as to their willingness and ability to release persons of the desired level for training in the contemplated curriculum.

The report does state, in general terms, a purpose to train essentially those in top positions and with managerial responsibilities (Annex 2, page 6, para. 16b). In practice, given the relatively small number of such persons, their heavy duties and varied backgrounds, we have doubts about their availability to attend courses and seminars for sufficient length of time to receive adequate instruction at the Institute. Another category of persons who need training, the report states (Annex 2, page 7, para. 18), is the trainers. There does not appear in the report, however, any analysis of the value of a central training institute for this purpose, as compared with regional or local training institutes which have the advantage of being closer to the actual problems and less likely to face cross-cultural and similar difficulties.

Another question to which more consideration needs to be given, in my view, is the association that the Institute should have with the international institutions which have advisory or operational responsibilities in the population field. In the case of our own Economic Development Institute, for example, its strength derives largely from its close association with, and the availability to it of the staff resources of, the rest of the World Bank Group. Much the same is true, I believe, of the International Institute for Educational Planning established by Unesco. It is not clear that the World Population Training Institute, as presently proposed, would have comparable backing and support.

While I know that the intention is to move towards early approval of the Working Group's recommendation and therefore hesitate to suggest that further exploratory work be undertaken, I nevertheless feel that any final decision should await clarification on the essential issues mentioned above, in particular the availability of those for whom this training is intended and the specific nature of the subjects to be considered in the Institute's courses and seminars.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. McNamara's Office (2) ✓

Cleared with & cc: Dr. Kanagaratnam

cc: Mr. Chatenay

LPChatenay/KKanagaratnam/RHDemuth:mmcd
September 13, 1971

SEP 14 1971

Baron Guy de Rothschild
de Rothschild Freres
21 rue Laffitte
Paris, France

Dear Guy:

Many thanks for your kind assistance in arranging for Jacques de Fouchier to join the IFC Advisory Panel. I have sent him a cable today extending a formal invitation to become a member.

All of us in IFC deeply appreciate the generous assistance and strong support you have given the Corporation for these many years. Even though you'll no longer be a Panel member, I hope that you'll keep IFC in mind and let us have your wise counsel from time to time.

Needless to say, we'll miss you at the meeting.

With best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JMKearns:DW

489/7/79
SEP 14 1971

MR. JACQUES DE FOUCHIER

PARIBAS

PARIS

(FRANCE)

THIS IS TO EXTEND TO YOU A CORDIAL INVITATION TO JOIN THE INTERNATIONAL ADVISORY PANEL OF THE INTERNATIONAL FINANCE CORPORATION STOP NO DOUBT YOU ARE BROADLY FAMILIAR WITH THE PURPOSES AND ACTIVITIES OF THE IFC WHICH IS DESIGNED SPECIFICALLY TO ASSIST THE PRIVATE SECTOR IN THE DEVELOPING COUNTRIES STOP THE PANEL OF ADVISERS WAS ESTABLISHED IN NINETEEN HUNDRED AND SIXTY ONE STOP THE IDEA IS THAT A FEW LEADING PEOPLE IN THE INTERNATIONAL FINANCIAL COMMUNITY AND FROM DIFFERENT COUNTRIES BE AVAILABLE TO MEET FROM TIME TO TIME WITH ME AND WITH THE OFFICERS OF IFC TO REVIEW IFCS INVESTMENTS AND POLICIES AND THAT THEY ALSO BE AVAILABLE FOR INDIVIDUAL CONSULTATION ON INVESTMENT OPPORTUNITIES OR PROBLEMS AS THEY ARISE STOP THE ADVISERS SERVE WITHOUT COMPENSATION BUT WITH REIMBURSEMENT OF EXPENSES STOP THE COMPOSITION OF THE PANEL HAS NOT CHANGED FOR MANY YEARS AND THERE IS UNANIMITY OF VIEW THAT THE TIME HAS COME TO RECONSTITUTE THE PANEL STOP DR WILFRIED GUTH OF GERMANY COMBA SIR ERIC ROLL OF THE UK AND DR SOHEI NAKAYAMA OF JAPAN HAVE ALREADY AGREED TO JOIN THE RECONSTITUTED PANEL STOP

MR. JACQUES DE FOUCHIER

PARIBAS

TELEX NO. 21041

PARIS

(FRANCE)

PAGE TWO

HELPING THE PRIVATE SECTOR PRESENTS A NUMBER OF PROBLEMS AND I THINK THAT YOU WOULD BRING TO THE ADVISORY GROUP AND TO THE AFFAIRS OF IFC A BACKGROUND OF KNOWLEDGE AND EXPERIENCE WHICH WOULD ENABLE YOU TO MAKE A VERY SIGNIFICANT CONTRIBUTION STOP THE ABILITY TO DRAW UPON YOUR EXPERIENCE WOULD BE MOST VALUABLE TO US SO I HOPE THAT YOU WILL AGREE TO ACCEPT STOP THE PANEL MEETS REGULARLY ONCE A YEAR AT ABOUT THE TIME OF THE ANNUAL MEETING OF THE WORLD BANK GROUP STOP THE NEXT MEETING OF THE PANEL IS SCHEDULED TO TAKE PLACE IN WASHINGTON ON OCTOBER FOUR FROM ~~10:30~~ 10:30 AM TO APPROXIMATELY THREE PM STOP BARON DE ROTHSCHILD TOLD ME THAT YOU WILL NOT BE FREE UNTIL THE AFTERNOON OF THE FOURTH STOP UNFORTUNATELY WE CANNOT RESCHEDULE THE MEETING TO A LATER TIME STOP HOWEVER WE WOULD HOPE THAT YOU COULD COME TO WASHINGTON FOR DISCUSSIONS WITH US EITHER AFTER THE MEETING ON THE FOURTH OR THE NEXT DAY STOP MR WILLIAM S. GAUD WHO IS THE EXECUTIVE VICE PRESIDENT WILL SEND YOU THE AGENDA FOR THE MEETING ALONG WITH BACKGROUND INFORMATION ON IFC.

MCNAMARA
CORINTFIN

Robert S. McNamara
President, IFC

cc: Mr. Gaud
Mr. von Hoffmann
Mr. Kearns

489/7/78

Copy for Office of the President

September 14, 1971

Dear Dr. Davies:

Thank you for your letter of August 18 transmitting the final report of the third meeting of the ACC Functional Group on the Human Environment, and the third draft of the consolidated paper on the U.N. System and the Human Environment.

I found the consolidated report to be a comprehensive overview of both the activities currently in progress and those planned or envisioned. As a survey of the technical resources available and knowledge existing in each of the specialized agencies for dealing with problems of the human environment, it should prove to be a useful document. I have no objection whatever to your forwarding a copy of the document to Mr. Strong.

The document as presently drafted is entirely silent on the environmental activities of the World Bank Group. Enclosed is a short factual statement about those activities which I suggest might be included in the introductory part of the Annex, where it would find its place alongside the other agency descriptions.

You ask whether I feel that the Functional Group could go further with proposals for future arrangements than is suggested by the technical level meetings. On this issue, I would wish to reserve judgment for the present.

I would be pleased to receive the suggested agenda for the October 19 meeting, if you should decide to hold it, and perhaps at that time say have some further views to offer.

With kind regards,

Sincerely,

Robert S. McNamara

Enc.

Dr. D. A. Davies
Secretary-General
World Meteorological Organization
Geneva, Switzerland

JALee/RHDemuth:tf

SUGGESTED NARRATIVE DESCRIPTION

In 1970, the World Bank Group announced that it was taking steps to ensure that projects receiving Bank Group financing would "... not have seriously adverse, ecological consequences or, if they are likely to have such consequences, that measures are taken to avoid or mitigate them." An Office of the Environmental Adviser was established and commenced operations toward the end of the year. The current activities of this office include: (1) examination of projects under preparation for Bank Group financing with a view to detecting and identifying their impact on the human environment, and on the health and well-being of peoples affected by their presence or operation, and recommending relevant remedies where necessary; (2) developing means to institutionalize environmental and related health/socio-cultural considerations as a routine aspect of project development within the Bank Group, including preparation of appropriate environment/health checklists relevant to several sectors of the Bank Group activities; and (3) coordination of policies and practices in this area within the Bank Group and with other multilateral and bilateral lending institutions.

In addition to conducting the necessary studies to identify the nature and scope of environmental problems and providing for their prevention or mitigation, the Office of the Environmental Adviser also provides surveillance over on-going projects to assess the adequacy of environmental and health protection measures. It also assists borrowers and member countries in their efforts to better understand environmental problems and their correction.

Some ancillary activities have included: consulting with the governments of member countries, at their request, on environmental matters and on ways and means to develop appropriate curricula and training for environmental disciplines; cooperating with U.N. agencies and others in the development of methodologies for identifying and quantifying social costs attributable to development projects; and establishing necessary operational linkages with international bodies important in the Bank Group's environmental endeavours.

September 10, 1971

489/7/77

SEP 14 1971

Dear Mr. Minister:

I write to thank you for your letter of 1st September in which you told me that, in view of the difficulties created for the International Development Association by the delay in the coming into effect of the Third Replenishment, the Government of Kuwait has decided to make available for commitment in IDA's current operations Kuwait's contribution to the Third Replenishment.

May I say how very greatly I appreciate this decision by your government both as a demonstration of your support for the International Development Association and because of the help which it will give us in maintaining the planned level of our lending operations.

I, too, shall look forward to meeting you during the Annual Meetings.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Abdul Rahman Salim Al-Ateeqy
Minister of Finance and Oil
Ministry of Finance and Oil
P. O. Box 64
Kuwait, State of Kuwait

Copy to Mr. Abdlatif Y. Al-Hamad
Director General
Kuwait Fund for Arab
Economic Development
P. O. Box 2921
Kuwait, State of Kuwait

cc: Messrs. Knapp
Adler
Nurick
Gabriel
Mendels (with original incoming)
Mr. McNamara's Office ✓

DHFRickett:emcc
IDA Third Replenishment

489/7/76

SEP 13 1971

Dear Chief Adebo:

Thank you for your letter of August 27, 1971, concerning financial support for the "core budget" of the proposed United Nations Staff College.

As I indicated in earlier correspondence, the Bank's training requirements for its staff are of a very specialized character, and these needs would not be met by the kind of courses and seminars which the College proposes to organize. In the circumstances, I find it difficult to see any basis on which I could recommend to the Bank's Executive Directors that they agree to Bank financial support for the operating budget of the College.

On the other hand, as I wrote you on September 8, I am quite prepared to have our Economic Development Institute assist the College in every practicable way, through the provision of teaching material, advice on the preparation of courses and, where appropriate, the secondment of lecturers. Moreover, if the Bank should at any time decide to send staff members to attend courses or seminars at the College, we would, of course, expect to meet in full the costs of that training.

With kind personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Chief S.O. Adebo
Executive Director
United Nations Institute for
Training and Research
801 United Nations Plaza
New York, 10017.

cc - Office of the President (2) ✓

LPChatenay:RHDemuth:jg

489/7/75

SEP 13 1971

Mr. Emmanuel Q. Yap
Secretary-General
Asian Development Center
Asian Parliamentarians' Union
11th Floor, Philbanking Building
Manila, Philippines

Dear Mr. Yap,

Thank you for your letter of August 23, 1971 and the enclosed copy of Resolution No. 12 adopted by the Governing Board of the Asian Development Center at its meeting in Manila on July 20, 1971.

As the Resolution notes, prevailing conditions in the Kmer Republic, the Kingdom of Laos and the Republic of Vietnam have adversely affected their economic development. These same conditions also seriously limit the possibilities for the Bank Group providing assistance of the type mentioned in the Resolution. We shall, however, continue to keep the situation under constant review, looking to the time when the Bank Group can play a more active role.

As I am sure you are aware, the Bank has been the Administrator of a Fund established in 1966 to finance the construction of the Nam Ngum multipurpose project in Laos. Construction of the project is expected to be completed by the end of this year and the project should begin operation shortly thereafter. Through our association with this project the Bank Group has been able to follow developments in Laos over a number of years.

More recently, as part of our efforts to assist the work of the Mekong Committee, the Bank has agreed to serve as participating and executing agency with the Asian Development Bank, in association with FAO, of a UNDP project comprising a program of studies to investigate and prepare a number of pioneer agricultural projects in

Mr. H. Q. Yap

-2-

these countries as well as the Kingdom of Thailand. The preparation work is expected to begin in the next two to three months and should be completed in about two years. The Bank Group's involvement in this program of studies will enable us to gain a better understanding of the agricultural development prospects in these countries and, consequently, facilitate Bank Group lending operations when the situation permits.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with and cc: Messrs. Fontein
Maddux
Vergin

Wibbs/aga
September 10, 1971

489/7173

ARITOSHI SOEJIMA
INTBAFRAD
TOKYO

SEPTEMBER 10, 1971

JAPAN

229

PROPOSED TIMING OF VISIT TO JAPAN, OUTLINED IN YOUR AUGUST TWENTY LETTER,
ACCEPTABLE TO ME, ASSUMING IT REPRESENTS REAL DESIRE OF JAPANESE GOVERNMENT.
DETAILS OF VISIT CAN BE DISCUSSED FOLLOWING YOUR ARRIVAL IN WASHINGTON.
WILL PROBABLY PLAN VISITS TO OTHER COUNTRIES PRECEDING OR FOLLOWING JAPANESE
VISIT. DELAY IN THIS REPLY CAUSED BY MY ABSENCE FROM WASHINGTON. BEST
WISHES.

ROBERT S. McNAMARA

Robert S. McNamara
President

RMcN:mss

489/7/72

SEP 10 1971

Dear Mr. Minister:

I write to thank you for your letter of 25th August in which you were good enough to tell me that your government has taken all the necessary steps to put itself in a position to make to the International Development Association the subscriptions and contributions authorized for Belgium under the terms of the Resolution of the Board of Governors of the Association entitled "Additions to Resources: Third Replenishment".

I should be grateful if you would express to your government our appreciation of this action.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. R. Lion
Minister
Embassy of Belgium
3330 Garfield Street, N.W.
Washington, D.C. 20008

Copy to Mr. van Campenhout

cc: Mr. McNamara's Office (2)
Mr. Adler
Mr. Nurick
Mr. Gabriel
Mr. Mendels

DHFRickett:emcc
IDA

489/7/71

Copy for Office of the President

September 9, 1971

Dear Mr. Wallenberg:

On my return from a short holiday I found your letter of August 20 announcing the termination of your service as Co-Chairman of the ICC-UN/GATT Economic Advisory Committee and the assumption of this post by Mr. W. Baumgartner.

I believe that the Committee, under your leadership and that of Mr. de Seynes, has provided a useful and necessary link between international private business and the public international organizations working in the economic field. My regret at the conclusion of your period of service as Co-Chairman is tempered only by the outstanding quality of your successor. I can assure you that the World Bank Group will continue to participate in the work of the Committee and to benefit from the exchange of views which the Committee's meetings make possible.

With kind personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. M. Wallenberg
Kungstradgardsgatan 8
Stockholm 8, Sweden

cc: Mr. Lind

RHDemuth:tf
August 25, 1971

489/7/70

September 9, 1971

Mr. E. Reinhardt
President
International Association for the Promotion
and Protection of Private Foreign Investments
92 rue du Rhone
Geneva, Switzerland

Dear Mr. Reinhardt:

Thank you for your letter of August 11, expressing the concern of your Association at the adoption of policies detrimental to private foreign investment in a number of developing countries. I have also received and examined with interest the July 1971 APPI report entitled "Events affecting private foreign investment in some capital-receiving countries".

I share your belief that the developing countries need to make the best possible use of all resources potentially available to them, domestic and foreign, private and public, and that it would be unfortunate if governments which did not make reasonable efforts in good faith to settle disputes arising from the expropriation of foreign-owned property were able to turn to official sources as a substitute for private capital.

As you know, since its inception the World Bank has been concerned with disputes arising from defaults of publicly-owned external debt and from the expropriation of foreign-owned property by borrowing countries. Our traditional approach to these disputes, developed over the last twenty years, was codified into the operational guidelines for the Bank's staff formulated in 1966 and has remained essentially unchanged since then. Enclosed is a short note setting forth the relevant elements of our policy as formulated in these guidelines. I am aware of no case in which we have deviated from that policy.

As you recognize, we must take into account the specific circumstances of each case in determining the Bank's position. However, I believe there is no basis for the fear which you say has been expressed by many members of APPI, that we are interpreting our policy any more flexibly now than in the past. I would appreciate your drawing my attention to any cases where you believe that this has been done, or where, in your view, the application of our policy has been inappropriate or has encouraged borrowing countries, in the words of your letter, to "succumb to the temptation not to fulfil their international obligations".

Mr. E. Reinhardt

-2-

The Annual Meetings of the World Bank Group will be held late next month, and therefore, unfortunately, I will not be able to attend the meeting of your Directing Committee in Stockholm on September 23. However, I would be very pleased to consult with you or your representatives at any time you or they may be in Washington or on some occasion when I may be in Europe.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Enclosure

AEElmendorf/RHDemuth:lp

Cleared with and cc: Mr. Broches
cc: Sir Denis Rickett
Mr. Aldewereld
Mr. W. D. Clark
Mr. J. Merriam

Office of the President (2)

**POLICY OF THE WORLD BANK GROUP TOWARDS
DISPUTES OVER EXPROPRIATION**

The Bank Group has always taken an interest in disputes between a member country or a public body within it and nationals of other member countries arising out of certain international financial transactions. In recent years this interest has concentrated increasingly on disputes over compensation to aliens for property owned by them which has been expropriated. Such property may include direct and portfolio investment in real or personal property as well as concessions and franchises. Expropriation may be by direct transfer of ownership or by the state or other public body concerned taking effective possession or control without a transfer of ownership.

The Bank seeks to promote settlements of these disputes through a variety of actions, some of which are discussed below. When it is dissatisfied with the progress toward resolution of a dispute the Bank determines its own position with respect to lending and other activities in the country involved and, in doing so, it seeks to make a response graduated to suit the character and seriousness of the dispute and the progress toward its resolution.

A number of factors combine to make cases of expropriation less clear-cut than those involving other types of disputes, such as those arising from defaults on external public debt. These factors include possibilities for differences over (i) the amounts involved and how payment is to be made, (ii) the respective obligations of the parties, and (iii) the responsibility for opening and carrying on negotiations.

The Bank will not lend for projects in a country if it considers that the position taken by that country with respect to alien owners of expropriated property is substantially affecting its international credit standing. Nor will it appraise projects in such a country unless it has good grounds for believing that the obstacles to lending will soon be removed. Reasons for not proceeding with lending operations include:

- (1) A denial of liability for compensation coupled with a refusal to submit the dispute to judicial or quasi-judicial determination.
- (2) An admission of liability for compensation in general terms coupled with either an offer of compensation obviously inadequate in amount or terms of payment and not subject to negotiation, or else a failure to negotiate in good faith over such matters or to submit them to judicial or quasi-judicial determination.
- (3) A failure, in the Bank's judgment, to make reasonable efforts to arrive at settlements.
- (4) A failure to pay and, if required, to transfer abroad compensation in accordance with the terms of an agreed settlement, a judicial decree or an arbitral award.

In the absence of special circumstances, the fact that the expropriated alien may have received adequate compensation through an investment guarantee or insurance scheme or in some other way does not eliminate the Bank's concern with an expropriation, and the Bank's position with respect to the expropriating country may be determined as if such compensation had not been paid. In determining its position, the Bank will take into account

whether or not the expropriated alien's government seeks redress from the expropriating country. Normally the Bank will not refuse to lend if the expropriating country has agreed with the claimant country on a reasonable procedure for settling the claim and will consider a dispute resolved if a settlement is reached between the expropriating and claimant countries.

In carrying out the policy set forth above, the Bank seeks to promote prompt and adequate settlements, either negotiated between the parties on a mutually satisfactory basis or arrived at through conciliation, arbitration or judicial determination. Although it may eventually have to do so for the purpose of determining its own position, it initially tries to avoid passing on the merits of the dispute and to limit its role to improving communications between the parties and impressing them with the desirability of a settlement. The Bank does not take the position that all the demands of the claimants must necessarily be met. At the same time it will be concerned to see that its desire to get on with its main task of lending for development does not unfairly reduce the claimant's chance of reaching a satisfactory settlement.

Where a dispute over expropriation exists but the Bank decides to lend on the grounds that reasonable efforts to resolve the dispute are being made, the Bank will be concerned to see that (a) progress toward a settlement or, if the dispute has been submitted to judicial or quasi-judicial determination, progress toward a decision continues after the loan commitment is made, and (b) if there are different groups of claimants, progress is made with all of them, to the extent that the nature of the claims so permits, so that the Bank does not discriminate between them.

489/7/70

Inevitably, investment disputes involve many different factors, requiring the Bank to deal with them on a case-by-case basis. In doing so the Bank seeks to treat its member countries consistently, but from time to time the case-by-case approach may give decisions in particular cases an appearance of inconsistency. The risk of inconsistency is enhanced by the fact that the Bank's position may be affected by the position taken by the claimant's country with respect to the dispute. Since the country's reasons for its position may differ from those which arouse the Bank's concern over these disputes, the Bank will examine these reasons and take them into account in determining its position.

459/7/69

cc: Messrs. Aldewereld
Rotberg
Hittmair
Nurick
Clyde
Deely/SecDivFiles

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Gentlemen:

Pursuant to paragraph 3 of the Fiscal Agency Agreement between the International Bank for Reconstruction and Development and the Federal Reserve Bank of New York, you are hereby authorized and instructed to authenticate and to deliver on or after September 15, 1971 to a representative of each of the purchasers set forth in Schedule A hereto the respective principal amount of Two Year Bonds of 1971, due September 15, 1973 of the International Bank for Reconstruction and Development, set forth in said Schedule with respect to such purchaser. Each such delivery is to be made upon receipt by you of 8% Two Year Bonds of 1969, due September 15, 1971, of the Bank or of Federal Reserve Bank of New York funds for our account of an amount equal to the principal amount of Bonds allotted to each such purchaser as set forth in said Schedule plus, in the event all or a portion is to be paid in Federal Reserve Bank of New York funds, accrued interest on such portion at 6-1/2% per annum from September 15, 1971 to the date of delivery of the Bonds in each instance.

Authorized denominations and numbering of such Bonds are as follows: registered Bonds without coupons in denominations of \$1,000 and any multiple thereof, to be numbered WWRB 1 and upwards; and \$1,000, \$10,000 and \$100,000 denomination coupon Bonds to be numbered, respectively, WWM 1, WWX 1 and WWC 1, and upwards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara
President

DEHarris/mr
9/8/71

Eugene H. Rotberg
Treasurer

489/7/68

September 8, 1971

Dear Chief Adebo:

I thank you for your letter of August 23, 1971, in which you ask for comments on the suggested composition of a Management Committee for the proposed United Nations Staff College.

A principal contribution from the Bank Group is likely, I believe, to be in the form of support by the Economic Development Institute in the preparation of courses or parts of courses by the Staff College on development economics or on sector and project appraisal. Should you feel that this type of assistance makes participation of a Bank representative on the Management Committee desirable, it might be best to specify that EDI rather than the Bank itself would have a seat on the Committee.

As I understand it, the terms of reference of the Management Committee are still not final. Therefore, I would ask you to consider these comments also as tentative, pending a final decision on the precise mandate of the Committee.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Chief S. O. Adebo
Executive Director
United Nations Institute
for Training and Research
801 United Nations Plaza
New York, 10017

cc: Mr. McNamara's Office

Cleared with & cc: Mr. Krishnaswamy
cc: Mr. G. Williams

Central Files with incoming letter

LPChatenay/RHDemuth; RSMcN:ak

489/7/67

September 8, 1971

Mr. McNamara:

The Indian Executive Director's Office has requested that you meet with Mr. C. Subramanian, Head of the Indian Planning Commission, who will be visiting Washington during the period September 23-25. Since you will be out of town on the 23rd and 24th, and since Peter Cargill strongly recommends that you see him, may we schedule a meeting early in the morning of Saturday, September 25 (he can be available between 9 and 10 a.m.).

LEC

489/7/66

SEP 8 1971

Dear Mr. Djermakoye:

I wish to acknowledge and thank you for your letter of August 25, 1971 (TR 100(2) SORH) with which you transmitted to us the text of the resolution on the question of Southern Rhodesia (A/AC.109/380), adopted by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples at its 820th meeting, on August 24, 1971.

The resolution is being brought to the attention of the Bank's Executive Directors.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. I.S. Djermakoye
Under-Secretary-General for
Trusteeship and Non-Self-
Governing Territories
United Nations
New York, 10017

cc: Mr. McNamara's Office (2) ✓
Mr. Suratgar (with copy of incoming correspondence)

Central Files with incoming correspondence

LPChatenay:mmcd
September 2, 1971

489/7/62

AUG 13 1971

Dear Mr. Ambassador:

Thank you very much for your letter of July 31. I was very glad to learn of your views on the changing political scene in Afghanistan and the awareness at the highest level in the Government of the gravity of the economic situation. Your optimistic assessment of probable greater determination on the part of the Government to manage the development process is encouraging. As you may have learned from our economic mission, we are in the process of reassessing the Bank's program of assistance to Afghanistan. To this end, your comments were most helpful.

If you visit Washington this fall, I will be glad to meet with you.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Robert G. Neumann
American Ambassador
Embassy of the United States of America
Kebul, Afghanistan

HEschenberg:cj
August 13, 1971

Copies for use by the Office of the President

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DECLASSIFIED

SEP 19 2012
August 13, 1961

WBG ARCHIVES

489/7/61

MEMORANDUM FOR THE RECORD

Mr. McNamara met today briefly with Dr. Sen, the Indian Executive Director. He said he would be happy to accept the invitation extended to him by the Government to visit India and he suggested that Dr. Sen explore the possibility of a visit sometime in the first half of November for about 4-5 days. The exact dates could be determined during Mr. McNamara's meeting with the Indian Delegation at the time of the Annual Meeting.

cc: Mr. Knapp
Mr. Cargill
Mr. Goodman

W

L.E. Christoffersen

489/7158

AUG 13 1971

Dear Mr. Jenks:

Thank you for your letter of August 9, 1971, informing us of the progress of your plans for a major employment strategy mission to Iran.

There have already been several discussions between the Bank staff and your Washington staff of the proposed mission in relation to the Bank's own economic work in Iran, and I understand that Mr. George Weaver intends to let us know, as soon as possible, what sort of association with your mission you would like the Bank to try to arrange.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. C. W. Jenks
Director-General
International Labor Office
154 rue de Lausanne
Geneva, Switzerland

MLHoffman:lp

cc: Office of the President (2)
Messrs. Demuth, Eschenbach, Hawkins, Elmendorf

489/7/57

August 12, 1971

My dear Governor:

Thank you for your letter of July 30, 1971, informing me that you have been appointed Permanent Representative to the United Nations.

In congratulating you on your appointment to this post, which I am sure you will fill with distinction, we take some satisfaction in knowing that a Governor of the World Bank has been so honored, and will be stationed relatively close at hand. I look forward to close association with you, in your Government's efforts to solve the development problems of Yemen.

Please be good enough to convey my thanks to your President, His Excellency Al Qadhi Abdulrahman Al Eryani and His Excellency Professor Ahmed Noaman for their kind greetings which I cordially reciprocate.

I am looking forward to seeing you at the Annual Meeting.

Sincerely,

Robert S. McNamara

His Excellency
Yahya H. Ghehman
Governor of IERD and
Permanent Representative
Permanent Mission of the
Yemen Arab Republic
to the United Nations
211 East 43rd Street
New York, N.Y. 10017

TDaCosta/MPBenjenk/sr
August 12, 1971

489/7/55

Dated August 6, 1971

Translation of Cable to Mr. McNamara from Mr. Alberto Galeano Bantral

I would like to inform you that my appointment as President of the Central Bank of Honduras was effective yesterday. I hope that your institution will provide me with the same confidence and cooperation granted to Lic. Ramírez, so that I can continue the work he has been performing for so many years. Best regards.

Alberto Galeano M. Bantral

489/7/54

AUG 9 1971

Dear Mr. Minister:

Kindly refer to your letter of June 9 requesting that the services of Mr. Renato Rossi be loaned to the Government of Peru in connection with the planning of certain agricultural development activities.

I replied to your letter by cable of June 15, saying that we would consider the matter further, and would let you know in early August whether it is possible for Mr. Rossi to be of further assistance to you. As a result of a thorough review of the situation, I regret that I have reluctantly come to the conclusion it would not be possible to second Mr. Rossi to the Government of Peru while serving as a Bank staff member. However, should you so wish, we would be glad to assist you in finding a suitable alternative outside the Bank.

With kind regards.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

General Enrique Valdez Angulo
Minister of Agriculture
Lima, Peru

Cleared with and cc: Mr. Evans

SSKapur:ean
Typed July 14, 1971

MINISTRY OF AGRICULTURE

Lima, June 9, 1971

Mr. Robert McNamara
President World Bank
1818 H St. N.W.
Washington D.C., 20433
U.S.A.

Dear Mr. McNamara:

I am pleased to inform you that my Ministry appreciates the valuable cooperation that the Bank under your presidency is giving us by making it possible for Engineer Renato Rossi, to help us in the advisory activities related to:

- 1.- Chira-Piura project negotiation
- 2.- San Lorenzo drainage (Loan 418 PE)
- 3.- Implementation program for development of deficit agricultural crops (Crash Program as mentioned in the Bank's last Economic Report).

With due consideration to the World Bank's interest in the above activities and the necessity for Engineer Rossi to finish the tasks already initiated, I am requesting your valuable assistance so that you authorize Mr. Rossi's stay in the country for the time that may be required, which is estimated in approximately two years.

Thanking you for your attention, I take this opportunity to extend the sentiments of my highest consideration.

Sincerely,

(sgd.) Brigadier General PA., Enrique Valdez A.,
Minister of Agriculture



MINISTERIO DE AGRICULTURA

JUN 14 REC'D

Lima, 09 JUN' 71.

Sr. Robert Mc Namara,
Presidente del Banco Mundial
1818 H Str. N.W.
Washington D.C., 20433, U.S.A.

Estimado señor Mc Namara:


Tengo el agrado de dirigirme a Ud. a fin de manifestarle, que mi Despacho aprecia la valiosa colaboración que viene prestando el Banco de su Presidencia, haciendo posible que el Ing. Renato Rossi L. preste su apoyo en las tareas de asesoramiento en relación con:

- 1.-Negociación del Proyecto Chira-Piura
- 2.-Drenaje de San Lorenzo (Préstamo 418 PE)
- 3.-Implementación del programa para el fomento de productos agrícolas deficitarios ("Crash Program" incluido en el último informe económico del Banco Mundial).

Teniendo en consideración que el Banco Mundial, tiene especial interés en acciones de esta índole, y siendo necesario que el Ing. Renato Rossi L. termine las labores que viene prestando, solicito su valiosa colaboración, para que se autorice la permanencia del citado Ing. en el país, durante el tiempo que sea indispensable, que se estima, sea de aproximadamente dos años.

Agradeciendo la atención que se digne prestar a la presente, aprovecho la oportunidad para expresarles los sentimientos de mi mas alta consideración.

Atentamente,


Gral. Brig. EP. Enrique Valdez A.,
Ministro de Agricultura.

GA

BRIGADIER GENERAL ENRIQUE VALDEZ ANGULO

JUNE 15, 1971

MINISTER OF AGRICULTURE

NLT

LIMA

PERU

AM PLEASED TO LEARN OF USEFUL ASSISTANCE PROVIDED BY RENATO ROSSI STOP
 AS AGREED WITH PERUVIAN EMBASSY JUNE TEN WE FELT OBLIGED REQUEST ROSSI'S
 RETURN WASHINGTON JUNE SEVENTEEN COMMA IN ORDER FOR HIM TO JOIN MISSION
 TO KOREA WHICH HAS ALREADY LEFT AND OF WHICH HE IS KEY MEMBER STOP IN
 CONSIDERATION YOUR IMPORTANT DEVELOPMENT ACTIVITIES EYE WILL CONSIDER ON
 COMPLETION MR. ROSSI'S KOREAN ASSIGNMENT IN EARLY AUGUST WHETHER IT IS
 POSSIBLE FOR HIM TO BE OF FURTHER ASSISTANCE TO YOU AFTER THAT DATE
 REGARDS

(Signed) Robert S. McNamara

ROBERT S. MCNAMARA

INTBAFRAD

Robert S. McNamara

President

LJCEvans:mlec

Cleared with Mr. Knapp
 cc: Mr. Alter/Mr. Kapur ✓
 Mr. Goffin

489/7/53

AUG 6 1971

Dear Mr. Linares:

I acknowledge receipt of your letter of July 23, 1971 suggesting some possible fields and forms of technical cooperation in which the Bank may assist the Andean Development Corporation towards our common objectives of fostering the economic development of the Andean countries and supporting their efforts towards economic integration.

I note your satisfaction at the interest shown by the Bank since our meeting last November in establishing closer contact with CAF and getting better acquainted with your organization, activities and programs. The discussions that took place in Lima with members of our staff on the occasion of the Annual Meeting of the Inter-American Development Bank, and later in Caracas during the visit of Bank and IFC officials to CAF, have been most useful to us in that respect.

Your letter is, therefore, most opportune and raises some interesting possibilities for collaboration between our institutions. Your visit to Washington in September will provide an opportunity for further discussions on these matters.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Ing. Adolfo Linares
Executive President
Andean Development Corporation
Caracas
Venezuela

cc: Messrs. Gaud
Fuchs
Diamond
Escobar
Gutierrez
Sapir

JAGuerra/ab

Typed August 5, 1971

For Mr. McNamara's Office

49/7/52

AUG 6 1971

Dear Mr. Gibbons:

Many thanks for your letter of July 27, regarding Mr. William Withrow's interest in employment with the World Bank Group.

We have considered his candidacy most carefully. In view of the intense competition for the very limited number of opportunities for young men and women on our staff, however, I regret that we do not have an opening for him at this time.

I very much appreciate your warm endorsement of Mr. Withrow and we shall certainly keep him in mind for any suitable position which may develop at a future date.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Sam M. Gibbons
House of Representatives
Washington, D.C. 20515

^{ZAS}
F. Aguirre-Sacasa:sjs
August 5, 1971

(Cleared with Mr. Twining)

489/7/51

PRESIDENT FUSATARO IIDA
HAZAMAGUMI
TOKYO

AUG 6 1971

JAPAN

THANK YOU FOR YOUR KIND CABLE OF AUGUST 2 STOP PLEASED
LEARN NAMNGUM PROJECT NEARING COMPLETION STOP I SEND MY
GOOD WISHES ALL CONCERNED ~~WITH THIS PROJECT OF VITAL~~
~~IMPORTANCE LAC ECONOMY~~

(Signed) Robert S. McNamara

ROBERT S. MCNAMARA
PRESIDENT
INTBAPRAD

Robert S. McNamara
President
Office of the President

cc: Mr. L.E. Christoffersen
cc & c: Mr. S.S. Kirmani
Mr. K.M. Gyi

Nam Ngum Project

GHHoms1:jt

489/7/50

AUG 6 1971

Mr. Wilfred Jenks
Director-General
International Labor Office
154, rue de Lausanne
Geneva, Switzerland

Dear Mr. Jenks:

Thank you for your letter of July 22, 1971 concerning the proposed World Employment Programme mission to Kenya to be headed by Professor Hans Singer.

Our own recent economic missions have highlighted the seriousness of the chronic structural unemployment in Kenya. Your proposals to draw up a comprehensive employment promotion program are, therefore, most welcome, and I would like to assure you of our wish to cooperate with Professor Singer's mission.

Bank staff members have already been in contact with Professor Singer. We are also mounting a staff economic mission to Kenya to be in the field from August 23 to September 24. At the suggestions of your Washington office, and of Mr. Abbas Ammar, the head of the Bank mission, Mr. John R. Burrows, met with Professor Singer at Sussex University shortly before Professor Singer's recent visit to Geneva. This was a most useful first contact and they have agreed to keep in touch and meet personally whenever the opportunity arises over the coming months. Specifically, it was agreed that useful discussions could be held between the Bank mission and Professor Singer during his proposed visit to Kenya in August/September, and it was also tentatively proposed that Mr. Burrows, together with the consultant to the Bank mission on small scale business, would call at ILO headquarters on his way back from Kenya at the end of September. We have also arranged for Professor Singer to receive directly copies of our most recent economic report on Kenya and other relevant documents.

In view of the various contacts which have already been arranged, it does not seem to me that it is essential for us to send a representative to your meeting proposed for September 16-17, particularly as our most logical participant, Mr. Burrows, will still be in Kenya at the

Mr. Wilfred Jenks

- 2 -

time. However if, in addition to the arrangements already made, there are other ways in which the Bank can assist in the work of your mission please do not hesitate to let me know.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc - Mr. G. Weaver, ILO
Messrs. Henderson/Hawkins
Messrs. Collier/Burrows

Office of the President (2) ✓

JRBurrows:MLHoffman:jg

489/7/49

AUG 6 1971

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount, not exceeding \$200,000,000, in markets outside the United States of America through an issue of Two Year Bonds of the Bank. The bonds are to be dated September 15, 1971 and to mature September 15, 1973. The interest rate of the bonds has not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the borrowing by the Bank in markets outside the United States of America of such amounts as may be raised by the issue of not exceeding \$200,000,000 aggregate principal amount of bonds. The Government of the United States of America is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
John B. Connally
Secretary of the Treasury
Treasury Department
Washington, D.C. 20220

Cleared with and cc: Mr. Hugh Scott

cc: Messrs. Wleczorowski
Rotberg
Clyde
Hittmair
Gabriel
Deely/Harris

DEHarris/mr
8/5/71

489/714B
489/714B

FINDING BY PRESIDENT

TANZANIA: THIRD HIGHWAY PROJECT

I find that the International Development Association has available to it the resources required to meet disbursements under the development credit named above, that no substantial change in the overall situation on which the Executive Directors' decision was made has occurred, and thus the credit agreement now complies with the Articles of Agreement of the Association.

(Signed) Robert S. McNamara

Robert S. McNamara

Date: August 6, 1971



489/7/47

AUG 6 1971

Dear Mr. Minister:

Thank you for your letter of July 12, in which you requested a new credit by International Development Association to help finance the expansion of electricity services in Bolivia.

We used the opportunity of a visit to Washington last week by Mr. Enrique Mariaca, Minister of Energy and Hydrocarbons, to discuss with him the present situation of the power sector and the issues raised in your letter.

Following on these discussions, Mr. Alter is writing to you today. I very much hope that it will be possible to reach agreement as to the basis on which IDA can continue its long association with power development in Bolivia.

With kindest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Flavio Machicado Saravia
Minister of Finance
Ministry of Finance
La Paz, Bolivia

cc: Dr. Vega Lopez
Messrs Knapp
Alter/Wiese
Weiner

JFajans:rh
August 3, 1971

August 5, 1971

489/7/46

MEMORANDUM FOR MR. CHENERY

At present our appraisal reports for DFC projects do not express an overall economic and/or financial rate of return for each project similar to what is done in most other fields of Bank/IDA lending. Perhaps your staff can look into this practice and advise whether such rates of return calculations are meaningful for DFC projects. In case you conclude that they are, which rate of return calculation would then best represent our judgment as to the developmental quality and effectiveness of the DFC project? Can it tell us something about the merit of the project relative to other Bank/IDA lending alternatives in the recipient country?

(Signed) Robert S. McNamara

Robert S. McNamara

LEC:pay

cc: Mr. Knapp
Mr. Aldewereld
Mr. Diamond
Mr. Henderson

489/7/45

August 4, 1971

Sir Eric Roll, K.C.M.G., C.B.
B2 Albany
Piccadilly
London, W.1
England

Dear Sir Eric:

I am writing to extend to you a cordial invitation to join the international advisory panel of the International Finance Corporation.

From the time when you were an Executive Director of the World Bank and a Director of IFC, you will be broadly familiar with the purposes and activities of IFC which is designed specifically to assist the private sector in the developing countries.

You may also recall the establishment of the panel of advisers in 1961. The idea is that a few leading people in the international financial community, and from different countries, be available to meet from time to time with me and with the officers of IFC to review IFC's investments and policies; and that they also be available for individual consultation on investment opportunities or problems as they arise. The advisers serve without compensation but with reimbursement of expenses.

The composition of the panel has not changed for many years; it presently consists of Hermann Abs, Bill Harcourt, Raffaele Mattioli, André Meyer and Guy de Rothschild. All of us think that the time has come to reconstitute the panel. I expect Wilfried Guth of Deutsche Bank to join the panel in place of Hermann Abs and I plan to ask Dr. Schei Nakayama also to join the group. Bill Harcourt is to retire and I would very much like you to serve in his place.

Helping the private sector presents a number of problems and I think that you would bring to the advisory group and to the affairs of IFC a background of knowledge and experience which would enable you to make a very significant contribution. The ability to draw upon your help would be most valuable to us, so I hope that you will be disposed to accept.

The panel meets regularly once a year at about the time of the annual meeting of the World Bank Group. The next meeting of the panel is scheduled to take place in Washington on October 4 and if - as I hope - you accept this invitation, it would be useful if you could be at this meeting.

Sir Eric Roll

- 2 -

August 4, 1971

Naturally I shall be very pleased to answer any questions that you may have regarding the affairs of IFC. If you are willing to join the panel, I shall ask Bill Gaud, who is the Executive Vice President, to send to you some more background on IFC and also details of the program for October 4.

With best regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara
President

cc: Mr. Gaud
Circulation

RBJRichards/jn

August 4, 1971

489/7/44

Dr. Schei Nakayama
The Industrial Bank of Japan, Ltd.
1-1, Yaesu 5-chome
Chuo-ku
Tokyo 104
Japan

Dear Dr. Nakayama:

I am writing to extend to you a cordial invitation to join the international advisory panel of the International Finance Corporation.

No doubt Mr. Nishihara has talked with you and you are broadly familiar with the purposes and activities of IFC, which is designed specifically to assist the private sector in the developing countries.

The panel of advisers was established in 1961. The purpose is that a few of the leading people in international banking circles, and from different countries, be available to meet from time to time with me and with the officers of IFC to review IFC's investments and policies; and that they also be available for individual consultation on investment opportunities or problems as they arise. The advisers serve without compensation but with reimbursement of expenses.

The composition of the panel has not changed for many years. Its present members are Dr. Hermann J. Abs, Chairman of the Supervisory Board of the Deutsche Bank, A.G., Frankfurt; Viscount Harcourt, Managing Director, Morgan Grenfell & Company, Limited, London; Dr. Raffaele Mattioli, Chairman, Banca Commerciale Italiana, Milan; André Meyer, Senior Partner, Lazard Freres & Company, New York; and Baron Guy de Rothschild, Partner, de Rothschild Freres, Paris. We all think that the time has come to reconstitute the panel and I would very much welcome your becoming a member.

Development of the private sector in the capital importing countries is not an easy task and I think that the ability to draw upon your knowledge and resource, and through you upon the Japanese financial and industrial community, would be most valuable to us, so I hope that you will be disposed to accept.

The panel meets regularly once a year at about the time of the annual meeting of the World Bank Group. The next meeting of the panel is scheduled to take place in Washington on October 4 and if - as I hope - you accept this invitation, it would be useful if you could be at this meeting. Please feel free to bring an interpreter, if you wish.

Dr. Schei Nakayama

- 2 -

August 4, 1971

If you are willing to join the panel, I shall ask Mr. William S. Gaud, who is the Executive Vice President of IFC, to send you some more background on IFC and also details of the program for October 4.

I look forward to hearing from you.

With best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara
President

cc: Mr. Gaud
Circulation

RBJRichards/jn

August 4, 1971

489/7/43

Dr. Wilfried Guth
Deutsche Bank A.G.
Jungbuhstrasse 5-11
Frankfurt (Main) Germany

Dear Dr. Guth:

I am writing to extend to you a cordial invitation to join the international advisory panel of the International Finance Corporation.

No doubt you are broadly familiar with the purposes and activities of IFC, which is designed specifically to assist the private sector in the developing countries; and no doubt you know of IFC's panel of advisers, of which Dr. Abs has been a member for some years.

The panel of advisers was established in 1961. The concept is that a few of the leading people in international banking circles, and from different countries, be available to meet from time to time with me and with the officers of IFC to review IFC's investments and policies; and that they also be available for individual consultation on investment opportunities or problems as they arise. The advisers serve without compensation but with reimbursement of expenses.

The composition of the panel has not changed for many years and there is unanimity of view that the time has come to reconstitute its membership. Development of the private sector in the capital importing countries is not an easy task and I think that the ability to draw upon your knowledge and resource would be most valuable to us, so I would very much welcome your becoming a member.

The panel meets regularly once a year at about the time of the annual meeting of the World Bank Group which, I believe, you normally attend. The next meeting of the panel is scheduled to take place in Washington on October 4 and if - as I hope - you accept this invitation, it would be useful if you could be at this meeting.

If you are willing to join the panel, I shall ask Mr. William S. Gaud, who is the Executive Vice President of IFC, to send you some more background on IFC and also details of the program for October 4.

I look forward to hearing from you.

With best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara
President

Enclosures

cc: Mr. Gaud, Circ.
RBJRichards/jn