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A1993-012 Other #: 20

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OFFICE MEMORANDUM

TO : Robert S. McNamara (through M.L. Hoffman) *WJH*
 FROM : Ernesto Franco-Holguin *[Signature]*
 SUBJECT : ACC Meetings - New York, April 17 p.m. - April 19

DATE : April 15, 1974

*There may - send - memo
 [bring together]
 1. Special Session 72a
 2. Inter Civil Service
 3. Economic Report 1768*

The ACC private meeting, which I understand is the only part of this ACC session that you will attend, will start at 3 p.m. on Wednesday, April 17 in Conference Room VIII in the basement of the UN Secretariat building. It will continue the next morning, Thursday the 18th, starting at 10 a.m. and will end sometime that morning. It will not go beyond 1 p.m. (The regular meeting will follow and will continue through Friday, the 19th. Mike Hoffman and I will attend that meeting.)

The Secretary General is giving a luncheon for the members of the ACC on Thursday at 1 p.m.. Narasimhan (now Under-Secretary General for Inter-Agency Affairs and Coordination) will give a reception that evening at 6 p.m.

It is presently planned that the "general discussion on recent developments in the world economy and their implications for the UN system", in which you are expected to participate, will take place on Wednesday afternoon. This is not yet definite, however. Other items may take up the entire afternoon and, in that case, the discussion will take place on Thursday morning.

It is expected that the following will be the main items to be taken up at the private meeting:

- (a) Statement by the Secretary General on recent political developments affecting the UN system.
- ① (b) Statement by the High Commissioner for Refugees on:
 - (i) exchange of war personnel in the Asian sub-continent, and
 - (ii) the problem of foreign and Chilean refugees in Chile.
- (c) Statements by Bradford Morse and, very likely Mr. Boerma of FAO, on medium and long-term assistance and emergency relief to the Sahelian countries.
- ② (d) Statement by Sir Robert Jackson on his office's activities to assist Zambia as a result of the border closing with Southern Rhodesia.

.../...

President has seen

- (e) Discussion on recent developments in the world economy and their implications for the UN system.
- (f) Discussion on the draft statute of the International Civil Service Commission.
- (g) Discussion of the relations between the United Nations and the specialized agencies.
- (h) Statement by Mr. McBride, UN Commissioner for Namibia.

The following are comments on those items that are of likely interest to the Bank.

Item (c): Sahel. We are not involved in the emergency relief activities in the Sahelian countries. Bradford Morse, Under-Secretary General for Political and General Assembly Affairs, is the head of the UN office in charge of coordinating medium and long-term assistance. Roger Chaufournier and his people have been in touch with that office and have kept it informed of our activities.

If the discussion warrants it, and if you wish to say something about this, the following would be sufficient for the purposes of this meeting.

Lending operations by the Group in the Sahelian countries have amounted to about \$290 million, mostly for transport, agriculture, education, telecommunications, mining and drought relief.

While the volume of our lending to Africa has tripled during the last five years, as compared with the previous five years, it has quintupled in the Sahelian countries during the same period. In 1973 our new commitments were particularly high, amounting to almost \$90 million.

The drought relief projects, which were approved last December, were processed rapidly, were devised to be disbursed promptly, and will be used for rural and stock water supplies; stock; hydrogeological investigations; land and water development; livestock disease control; afforestation and firebreaks; village warehouses; technical assistance surveys and studies; project management; and repair of feeder roads.

We intend to intensify our efforts in the regions which have been increasingly directed to support agriculture and livestock development. We are organizing this year a study of the Sahelian zone with special attention to soil conservation, irrigation and reforestation.

.../...

April 15, 1974

The Bank has contributed to Mr. Morse's office a study on the transport sector in the region. We will continue to keep Mr. Morse's office informed of our activities, including our economic and operational missions in the various countries involved.

A couple of months ago, Morse's office prepared a compendium of some 130 projects prepared by the Inter-State Committee in Ouagadougou with an estimated total cost of about \$800 million. (This does not include projects being considered by the Bank. For instance, the river blindness scheme was not listed.) These projects were to be presented to a meeting with donors on March 15. At a discussion held in the Bank in late January we warned Morse that it would be unrealistic to think that commitments from donors could be expected from just a list of projects, and that costs (which, in any event, were incomplete) would have to be reviewed as a result of, among other things, price increases for oil and fertilizers. Morse will likely report on the results of the March 15 meeting.

Item (d): Zambia. Sir Robert Jackson will report on this.

As you know, we supplied a transportation specialist to serve with the team of experts that were attached to the Security Council mission that visited Zambia early last year. We were told that he made a significant contribution to the report of that mission.

Our objectives in Zambia are to improve rural conditions to correct the rural-urban imbalance; to diversify the economy to reduce the country's overwhelming dependence on copper, and to improve levels of skill and training to make the country less dependent on expatriate personnel.

In connection with the border closing, it could be noted that the Bank has invested in Zambia a total of \$47.2 million in the transportation sector (our total lending to Zambia has been \$293.7 million).

Shortly after the border closing we made the \$30 million program loan. (Because of continuing high copper price levels the financial picture in Zambia has changed considerably. Out of the \$30 million program loan, about \$18 million are still undisbursed. We are considering the \$42 million supplementary loan for Kariba.)

Sir Robert Jackson has, on occasions, expressed his appreciation for the Bank's cooperation with his office.

.../...

Item (e): Recent Developments in the World Economy and their Implications for the UN System. The principal speakers on this item are expected to be Philippe de Seynes, Gamani Corea of UNCTAD, Mr. Long of GATT, Mr. Boerma, Mr. Maheu and yourself. Mr. Witteveen may not be able to be present at the private meeting. He may, however, address the ACC in the morning of Friday, April 19.

As you know, we sent to the heads of the specialized agencies and to the UN, on a confidential basis, copies of the March 5, 1974 paper on "The Additional External Capital Requirements of Developing Countries to Deal with the Effects of the Increased Prices of Oil and Other Commodities". We will have copies of the revised version in New York and can distribute them at the meeting.

Item (f): The International Civil Service Commission (ICSC). The proposed Commission will only deal with questions relating to international civil servants in the "common system". We are not, therefore, directly concerned with this.

The proposal that the ICSC be established was considered by the General Assembly last year and it was decided to postpone a decision on the Commission's statute until the Assembly's session next fall. The views of governments were requested, particularly, on the selection, composition and functions of the commissioners.

The statute of the ICSC, which had been endorsed by the ACC, provided for a thirteen-member Commission with three full-time members. There was much discussion at the General Assembly on the amount of delegation of powers to the full-time members (which several members of the ACC feel should be quite ample so that the Commission can exercise its executive functions); on the number of commissioners (which it is generally felt, should be as small as possible in the interest of efficiency, but which governments may wish to increase to meet the requirements of geographical distribution); on the number of full-time members (which the ACC feels should not be more than three, but should be more than one to assure continuity); and on the proposed procedure for the selection of the commissioners (which, among other things, assigns to the ACC the responsibility of compiling the roster of candidates after consultations with Member States, staff representatives and the Assembly's Advisory Committee on Administrative and Budgetary Questions).

The ACC will be asked to give Narasimhan and George Davidson (the UN Head of Administration) "oral and confidential authority", with some flexibility, to negotiate with governments, as their views become known, before the next session of the Assembly, to insure that the positions of the ACC members are maintained.

.../...

such subjects as the implementation of the Development Strategy; meetings of program planning officers with ECOSOC's Committee for Program and Coordination; and the attendance of government representatives at ACC sub-committee meetings when items of interest to them are being dealt with.

As to the relationship agreements, it should be pointed out that the fact that events have overtaken them does not mean that they should be altered. They have provided a good basis for the functioning of the system and there should not be change for the sake of change. A great many of the agreement's provisions have been and are being implemented and those that have become dead-letter have become so by mutual or general consent. This is the case, for instance, of budgetary controls, common headquarters and of the provision of program information (which is the subject of prior consultations among the agencies).

At the national level the UNDP resident representatives and the agency representatives play an important role in giving advice to governments and their actions should be coordinated further. It should be noted, however, that it is the governments who must play a key role. In the end it is for them to make the final decisions and coordinate their actions. Divergent views of different government officials should be noted.

One of the principal problems for the agencies is the shortage of resources - an appeal should be made for the widest possible contributions.

Summing up, Narasimhan said that there were "no glaring contradictions" or "fundamental differences of opinion" between the agencies' views contained in their responses and those of the UN Secretariat. The Secretary General will point out to the Council that his report is of an interim nature in view of the fact that the General Assembly will review the structure of the UN system at its special session in 1975. The Secretary General's report, which will consist of two parts (an evaluation of past and existing relationships and a historical account of the system's evolution), will be ready in mid-May and will be distributed to the agencies.

As you know, our position is, broadly speaking, that a) the agencies are achieving a considerable degree of coordination by themselves on an agency-to-agency or an inter-agency basis and b) that the appropriate role of ECOSCO is the one which it is already playing, of establishing goals for international development and

.../...

April 15, 1974

indicating the general directions in which the activity of the UN system should proceed. This is what it should continue to do and it should not try to look for unreal and unattainable goals. In general, this view is shared by the other agencies and it appears from what Narasimhan said at the Preparatory Committee that the UN is inclined to feel the same way.

In commenting on Narasimhan's suggestions for practical action mentioned above (closer contacts, attendance of government representatives at ACC sub-committee meetings, etc.), we all noted that it would be advisable to proceed cautiously on this to avoid, in particular, the dangers of "politicizing" technical bodies.

Attachments

cc: Messrs. W. Clark
L.P. Chatenay

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Secretary-General's meeting (implementation of decisions of the Sixth Special Session of the General Assembly) on Friday, 3 May 1974, at 4 p.m.

Those attending the meeting were:

Mr Robert S. McNamara, President, IBRD
Mr H. Johannes Witteveen, Managing Director, IMF
Mr Rudolph Peterson, Administrator, UNDP
Mr Gamani Corea, Secretary-General, UNCTAD

Messrs. de Seynes, Narasimhan, Jackson, Morse and Kittani;
Mr Cordovez, Secretary of ECOSOC

Mr Clark (IBRD) and Mr Zegers (IMF).

The Secretary-General outlined the main developments of the special session of the Assembly and its principal results. He added that the purpose of the meeting was to consider the immediate steps that may be necessary to ensure the co-operation of all concerned in discharging the very important and urgent tasks assigned to the United Nations and the other organizations concerned. The urgency of responding effectively and in time could not be over-emphasized for it was of crucial importance to ensure that the United Nations system meet the challenge inherent in the decisions of the General Assembly. The Secretary-General also said that there are two interconnected but distinct questions to be considered: (a) the establishment of a special fund to begin operations in January 1975; and (b) the request to the Secretary-General to launch an emergency operation to provide timely relief to the most seriously affected developing countries during the next twelve months. More specifically, the meeting should concentrate its attention on the special measures to help the most seriously affected countries.

1. The appeal by the Secretary-General

It was agreed that this should be the first step to set in motion the emergency operation. In considering the contents and scope of the appeal it was first considered whether it should contain an indication of the order of magnitude of the emergency operation that is being launched. It was agreed that it would be difficult to do so in view of the fact that the appeal should be issued as soon as possible but that, subsequently, information would be provided to the potential contributors regarding the magnitude and the more specific nature of the assistance required. It was also felt that, in order to conform to operative paragraph 3 of chapter IX, the appeal should be broad and thus cover in one way or another all the points mentioned in subparagraphs (a) to (1) thereof. The appeal should stress the urgency of the situation. It was also noted that the response to the appeal would depend, to no small degree, upon a good organization of the emergency operation which would indicate the capacity of the United Nations to fulfill the tasks

assigned to it. It was generally felt that the appeal should be addressed, in accordance with operative paragraph 2 of the chapter IX, to the industrialized countries (East and West) and to the OPEC countries, but that it would also be sent for information to all other Governments, some of which might consider themselves as potential contributors.

It was decided that the United Nations Secretariat would prepare forthwith a first draft of the appeal, the text of which would then be sent to the participating executive heads for their comments.

2. The appointment of a person to supervise the emergency operation and to co-ordinate the various activities to be undertaken

The Secretary-General noted that he must make this appointment as soon as possible and emphasized that the person appointed should not only be highly qualified to perform the functions to be entrusted to him, but should also enjoy the confidence and support of all concerned, Governments and Agencies alike. The person appointed will head a small Secretariat unit and be directly responsible to the Secretary-General. He would be assisted and advised by an inter-agency group comprising representatives of the World Bank, the IMF, UNDP, UNCTAD and, possibly, FAO.

The Secretary-General added that he thought that Dr Raúl Prebisch had the kind of experience as well as the stature that was required. There was broad support for the Secretary-General's suggestion. It was noted that Dr Prebisch has the political standing that would enable him to negotiate both with potential contributors and with the most seriously affected countries, in the latter case with regard to the allocation of relief assistance. It was also agreed that a small inter-agency group comprising representatives of the agencies mentioned above, including FAO, should be set up.

The President of the World Bank and the Managing Director of the IMF promised to provide technical support to the person in charge of the emergency operation for the performance of his functions.

It was decided that the Secretary-General will approach immediately Dr Raúl Prebisch and, if he is available, will announce his appointment.

3. Assessment of existing gaps and requirements and preparation of a definitive list of most seriously affected countries

It was generally felt that the assessment of needs and the establishment of the list of the most seriously affected countries are two questions which are closely intertwined -to such an extent, in fact, that they cannot be separated. It was also agreed that these are questions that have important

political facets and implications. In the course of the emergency operation the Secretary-General would no doubt be required to make difficult judgements, and take difficult decisions, for which purpose he would have to rely on the best technical support available, and on sound political advice. It would also be necessary periodically to revise existing assessments and evaluations, in the light of developments and changing circumstances.

A first preliminary assessment of needs and gaps, as well as a preliminary list of the most seriously affected countries were urgently needed. The President of the World Bank and the Managing Director of the IMF expressed their readiness to assume such responsibilities, drawing upon current studies by their respective organizations.

It was decided that the President of the World Bank and the Managing Director of the IMF would make available to the Secretary-General, hopefully within two weeks, a preliminary assessment of needs and a preliminary list of the most seriously affected countries.

4. Procedures to be adopted and criteria to be used for the provision of relief assistance

It was generally agreed that these would be two of the most difficult questions to be dealt with. It was also agreed that in the absence of the paper on assessment and of the list of countries, it would be premature to decide on the mechanisms and the criteria to be used. Moreover, these would also depend upon the views of the parties concerned as to the nature and scope of the contributions to the emergency operation as well as the kind of relief required. It was agreed, in principle, that the provision of relief assistance should be based on specific requests by Governments in accordance with established practices. The Managing Director of the Fund noted that the Fund has been trying to evolve a formula for eligibility which could be taken into account in addition to those used by their organizations, and others, in their normal operations. It was also noted, in this context, that the assistance to be provided under the emergency operation would, in fact, be additional to that provided under all other facilities. It was further observed that the resolution of the Assembly does not provide for approval by an inter-governmental body of the individual requests for, and provision of, relief assistance; operative paragraph 6(b), under the terms of which the ad hoc committee on the special fund will monitor the emergency operation, involves the need for reporting to the ad hoc committee on the evolution of the emergency operation. The Secretary-General is also required to present a progress report to the Economic and Social Council at its fifty-seventh session. (Operative paragraph 2).

It was decided that the mechanisms and procedures of the emergency operation, including the criteria for the allocation of relief assistance, would be evolved at a later stage, once the head of the emergency operation has assumed his functions.

5. Assistance to the Ad Hoc Committee

It was agreed that the Committee, which is an organ of the General Assembly, would be serviced by the United Nations Secretariat. All the participants expressed their readiness to assist in the preparation of any documentation that the Ad Hoc Committee may require.

OFFICE MEMORANDUM

TO: Files

DATE: June 5, 1974

FROM: Duncan S. Ballantine *DSB*SUBJECT: Visit of Mr. Amadou-Mahtar M'Bow, Assistant Director-General for Education, Unesco

1. Mr. M'Bow visited Mr. McNamara on May 10, 1974, during a general visit to the Bank. Also present at the meeting were Mr. Andre Varchaver, Director of Unesco Office for Liaison with the United Nations, New York, and Messrs. Ballantine and Hoffman of the Bank. Mr. M'Bow is widely considered a probable successor to Mr. Maheu as Director-General of Unesco following its General Conference in October. It was his first visit to the Bank.

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2. Mr. M'Bow expressed his concern regarding the proposed termination of the Supplementary Program, not so much for the program itself as for the apparent reduction in the number of posts for which the Bank would share costs. He argued that while the volume of Bank educational activity had steadily increased, Unesco's participation was decreasing. He suggested that current practice did not always follow procedures as defined in the Memorandum of Understanding of 1964, and that a comprehensive review of that document and of the program itself might be desirable. He was particularly concerned about the definition of responsibilities between the two agencies.

3. Mr. McNamara pointed out that there has been no reduction in the provision for the regular Cooperative Program, which is being budgeted by the Bank for FY75 at 33 posts, which is the currently authorized total. With regard to the Supplementary Program, he stated that this was an experiment which he and Mr. Maheu had agreed to try but that it had not worked satisfactorily. It had not produced the results foreseen and moreover there was a current deficit in Unesco service to the Cooperative Program of 38 percent.

4. Mr. McNamara also pointed out that the Bank is under very severe financial pressures at this time and must eliminate any activities which are not absolutely vital. He assured Mr. M'Bow that with respect to the regular program the Bank expected to continue to support it.

cc: Mr. Baum
cc and cleared with: Mr. Hoffman

DSBallantine/h1

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara DATE: May 8, 1974

FROM: M. Hoffman and D. S. Ballantine *DSB*

SUBJECT: Visit of Mr. Amadou M'Bow, Assistant Director General of Unesco

Mr. Amadou M'Bow is a Senegalese national in his early fifties. Since November 1970 he has been Assistant Director General for Education of Unesco. Before that he was Minister of National Education in Senegal (1966-68) and Minister of Culture and Youth (1968-70). He had also served on Unesco's Executive Board as a representative from Senegal.

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Mr. M'Bow is a declared candidate to succeed Mr. Maheu as Director General of Unesco. Elections will be held at the General Conference in October. It is widely assumed that his candidacy will be successful since he has the support of many developing and some developed countries. The United States has already declared in his favor.

We are not certain what questions Mr. M'Bow will raise with you but probably he will wish to discuss the long standing issue of "division of responsibilities" referred to in Mr. Maheu's letter to you of April 19, 1974. Unesco's position is that (a) sector study missions under the Cooperative Program should always be a Unesco responsibility, and (b) that the Bank should not undertake sector studies on its own. It bases this on the possible danger of conflicting advice to our member countries. This last fear underlay its concern about the current Iran and Saudi Arabia operations. The Bank has always declined to reserve to any specialized agency exclusive responsibility for services to member countries in connection with Bank operations. We do not feel this is consistent with our obligations to our borrowers or with the Bank's overall country program approach. For sector missions in particular we took this position with your approval during a similar flare-up with Unesco in August 1972. We do agree that we should keep Unesco fully informed of sector studies or other activities of ours that clearly affect their sphere of interest in our common member countries.

A second subject Mr. M'Bow may wish to discuss is the Supplementary Cooperative Program. (See our memorandum to you of March 29, 1974.) Briefly we are proposing to phase out the Supplementary Program as of December 31, 1974. This has been tied in with the Bank budget for FY75 fixing the total Unesco Cooperative Program strength at 33. The problem of arrears in provision of services in the Supplementary Cooperative Program amounting to 226 manweeks through December 1973 has recently come to Mr. M'Bow's attention and he is much concerned, but Maheu is probably not aware of it. We hope to handle this at a lower level before Mr. M'Bow sees you, but he may mention it.

DSBallantine/MHoffman/h1

Le Directeur général

4/22 To Mr. Ballantyne
PERSONAL "Duncan, please
investigate" &
draft a reply
for me!
Rene

19 April 1974

Dear Bob,

It was good to see you again. There was so much I would have wanted to discuss with you and so little time to do it in : thus, I omitted to mention one particular matter.

As I had occasion to convey to you recently again, our cooperative programme has been working well to what, I believe, is our mutual satisfaction. My people, however, have recently signaled to me one aspect of our cooperative effort which has been lately a source of some irritation and a cause of worry.

Apparently, the regional bureaux of the Bank dealing with Europe, the Middle East and North Africa, on one hand, and with East Africa, on the other, seem to involve themselves on occasion quite deeply in problems of education without keeping us in the picture.

Mr. M'Bow, my Assistant Director-General for Education, will review the situation with your senior colleagues concerned when he calls on the World Bank in the course of his forthcoming trip to the United States in mid-May.

Meanwhile, I thought I should bring the matter to your personal attention in the spirit of frank and cordial partnership in which we have been working over the years.

With kind personal regards,

Sincerely,

Rene -

René Maheu

Mr. Robert S. McNamara
President,
International Bank for
Reconstruction and Development
1818 H Street N.W.
Washington D.C. 20433

666

3484

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 29, 1974

FROM: M. Hoffman and D. S. Ballantine *DSB*

SUBJECT: Supplementary Bank Unesco Cooperative Program

The attached brief review of the Bank Unesco Supplementary Cooperative Program deals with the problem Mr. Ballantine mentioned to you in conversation some time back - that this Supplementary Program is not working and shows no prospect of improving. The recommendation to phase out the Program will not be a surprise to Unesco, although those affected will be reluctant to give up the subsidies.

We would like your approval to proceed along the lines suggested in the last four paragraphs of the attached note.

cc: Mr. Baum

DSBallantine/h1

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Crown
Drew*

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SUPPLEMENTARY COOPERATIVE PROGRAM

Early in 1970 Mr. Rene Maheu, Director General of Unesco, suggested to Mr. McNamara that it would be useful to expand the Bank/Unesco Cooperative Program so as to include Unesco staff outside the Education Financing Division (the special unit created for the Program) and thus achieve a more effective contact with the work of the Program for a wider number of Unesco staff. It was subsequently agreed that six additional posts would be created, financed as in the regular program, three of which would be in the Department of School and Higher Education (EDS) and three in the Division of Educational Planning and Administration (EPAD). A Supplementary Agreement to this effect was approved by the Governors of the Bank on June 30, 1970, and signed by Mr. McNamara on September 9, 1970.

As we understood it there were two principal reasons behind the initiative of Mr. Maheu (with which the Bank agreed at the time). First, there was a certain amount of resentment within Unesco that the benefits of cooperation with the Bank seemed to be reserved exclusively for the Educational Financing Division in the Department of Education Planning and a feeling that the Bank/Unesco relationship should be on a broader basis. A second, technical, factor was that although the Educational Financing Division did frequently request participation (in the Cooperative Program missions) from other parts of Unesco and could make ex-post compensation for the services rendered, it was very difficult for other departments to release the persons requested without having someone available in advance to carry on the regular duties of the staff member released. By making six additional posts available on a regular basis it was hoped to get around this difficulty.

The Supplementary Cooperative Program (SCP) began operations in 1971, following the terms of the Agreement (copy attached). Five of the six posts were filled during 1971, the sixth in 1972.

During the latter part of 1970 and the first half of 1971, a work program for the SCP was developed, made up of three principal activities: participation in missions organized under the CP by the Education Financing Division; special studies designed to make a contribution to the CP; and country profiles, short papers to provide material for the Bank country program papers.

Four special studies were agreed upon by the Bank and Unesco: a study of programmed learning and programmed teaching techniques; a study of comparative costs and effects of university-based teacher education versus non university-based; a study of the organization of curriculum development and a study on education indicators.

The study on programmed learning was to start in January 1972 and to be completed by December 1972 - the latest information on its status is that the study requires additional funding which the Bank has declined to provide, and that the study might therefore be continued as a joint venture of Unesco and ILO.

The study of comparative teacher education costs started in February 1972 and was to have been completed by April 1973. As of November 1973 the study had encountered unforeseen technical difficulties and was not expected to be completed.

The study on curriculum development began in April 1972, with an estimated completion date of January 1973. A first draft was expected by the end of 1973, but nothing has been received.

The Bank has received a first draft of the study on education indicators (in July 1973) and an additional technical note in February 1974.

It has been clear for many months that within the concerned divisions of Unesco the studies are not given high priority. During a review with Unesco of the status of special studies in June 1972, Mr. Hultin drew attention to the fact that SCP staff seemed to be given other assignments, with resulting delays in work on the studies.

Of the two other activities, participation in CP missions and drafting of country profiles, the Bank has now less need for the country profiles and has requested only three within the past year. Participation in CP missions is generally considered a question of internal Unesco scheduling. Such participation has remained at a fairly constant but low level, even though in the first year of the SCP it was agreed that mission work would occupy most of the SCP staff time.

A look at the account of services rendered under the SCP from May 1971 when the program became operative through December 1973 shows a total of 226 man-weeks not accounted for, out of a total of 593 man-weeks available, a deficit of 38 percent. This deficit has increased progressively and for the last six months of 1973 was just over 60 percent.

From this record we conclude that the enlarged program has not worked as Mr. Maheu and Mr. McNamara intended. Under the circumstances, it would be in the interest of both the Bank and Unesco to phase out the SCP program and rely on the regular CP for all jointly financed services to member countries.

During the recent preparations for submitting the Bank FY75 budget, the review of probable FY74 regular Cooperative Program manpower expenditure revealed a deficit of roughly six man-years, due to unfilled posts and recruitment difficulties. Of the 33 approved posts within the regular Cooperative Program, only 28 are now filled. We have suggested to Unesco that pending a decision on the SCP and pending further discussions on staffing within the regular CP, recruitment be suspended for these vacant posts in the regular CP.

We are also discussing with Unesco, subject to approval, a Bank budget for FY75 which might provide the Bank share of 34 man-years to cover both programs with the understanding that the SCP would be officially terminated as of December 31, 1974. This would be the same as the actual

strength of the two programs at present and thus reduce the personnel problems of phasing out the SCP. It should provide services for Bank lending operations substantially as requested by the Regional Offices for FY75.

If you approve, we will continue negotiations with Unesco along the lines indicated above.

D. S. Ballantine
March 28, 1974

Mr. McNamara

William hopes you will be
able to see Narasimhan briefly.

May 14, 1974

June 4
6:00 PM

Wth 9/10

Re: Visit to Mr. McNamara by Mr. Narasimhan (UN)

Mr. Ljungh (through Mr. William Clark):

1. I hear that Mr. Witteveen is now ready to see Mr. Narasimhan on June 4 in the late afternoon. Mr. Narasimhan would like to know whether he could make his courtesy call on Mr. McNamara in the morning of June 5.
2. Jan Zegers, the IMF Special Representative to the United Nations, has suggested that Mr. Narasimhan might talk to Mr. Witteveen about the review of the agreement between the Fund and the UN. Apparently Mr. Narasimhan handed a copy of the UN document on this subject to Mr. Witteveen and another to Mr. McNamara when they met in New York on Friday, May 3. If Mr. McNamara were to see Mr. Narasimhan, after his meeting with Mr. Witteveen, the subject of the Bank/UN agreement might be an item of conversation that Narasimhan might bring up.
3. Please let me know whether, in the circumstances, Mr. McNamara could receive Mr. Narasimhan.


L. Peter Chatenay

2, 3, 2

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. M.J. Hoffman) DATE: June 3, 1974
FROM: Ernesto Franco-Holguin
SUBJECT: Mr. C.V. Narasimhan's Visit - June 4, 1974

You are meeting with Mr. Narasimhan tomorrow evening.

6/3
Last Friday we received from him the report of the Secretary-General on the question of the review of the relationship agreements between the UN and the agencies. The report suggests the possibility of revising the existing agreements or of negotiating supplementary ones.

If Narasimhan raises the question of the agreements you may wish to tell him that we are considering the Secretary-General's report and that we also plan to submit to our Executive Directors a background paper on our relationships with the UN. (You will remember that you approved Mike Hoffman's suggestion to this effect. You will be receiving such a paper from him in the next day or two.)

cc: Mr. W.D. Clark
Mr. L.P. Chatenay
Mrs. S. Boskey

EFH:mmcd

OFFICE MEMORANDUM

TO: Mr. E. Stern

DATE: June 27, 1974

FROM: William Clark *me*SUBJECT: Recent News on the Prebisch Front

Just to bring you up-to-date on a few items that I think I have already mentioned to you on the phone. These items were derived from calls from Prebisch's office, mostly by Sidney Dell and partly by David Polak.

2. After Mr. McNamara's meeting with Waldheim on Wednesday, the S.G. spoke to Prebisch's office and said that Mr. McNamara had advised that Prebisch should go to Brussels as soon as possible and persuade them to firm up their offer in the light of promises of assistance from Venezuela and any other possible donors. Sidney Dell told me that he was in fact inclined to recommend to Dr. Prebisch that he should go first to Saudi Arabia and perhaps even to Tokyo before returning to Brussels, since at this moment he did not have many cards in his hands to influence the Europeans.

3. The plans for a Ministerial Meeting in July which would be in effect a pledging conference are still going ahead. The possible dates are July 11, 15 and 23. Dell was going to try Judith Hart and Eppler in the next few days to see if they could come to New York or Geneva at this time. If neither of them were able to do so, or if either did not think it a good idea he was inclined to move back to a meeting of Permanent Representatives in New York and try and use them as instruments on their governments.

4. While dictating that last paragraph I was rung by Sidney Dell to say that he had spoken to Judith Hart, who was very much in favour of the meeting, and to Erhard Eppler who was very dubious indeed. Eppler suggested that the only proper person to come to such a meeting was the President of the E.E.C. Council who in July would be the French representative. In the light of this Sidney Dell is proposing to the Secretary-General that there should be a meeting at Permanent Representative level on Monday, July 15. He understood that Mr. Witteveen and Mr. McNamara had agreed that they could be present and would lunch with the Secretary-General. We had some conversation about what was convenient, and I hope that the lunch is going to be at 1.30 p.m. and the meeting at 3.00 p.m.

5. I was also told that Dr. Prebisch was extremely pleased with his meeting with both Mr. McNamara and Mr. Witteveen. He had taken to heart Mr. McNamara's warning about not holding a meeting until there was some substantial offers on hand, and felt that the European offer did provide such a basis for action. I understand that his meeting with Mr. Witteveen was also very cordial though Mr. Witteveen made it clear that the IMF would co-operate where it could, but in general was dealing with a different set of countries than the MSAs.

WDClark:sf

cc. Mr. Robert S. McNamara

File

OFFICE MEMORANDUM

TO: Files

DATE: June 27, 1974

FROM: William Clark *WCC*SUBJECT: Meeting with Dr. Prebisch

The meeting took place in Mr. McNamara's room at 6 p.m. on Monday, June 24. There were present Mr. McNamara, Dr. Raoul Prebisch, Mr. David Polak (E.C.L.A.), Mr. William Clark and Mr. Ernest Stern.

Dr. Prebisch began by giving some account of his travels and his difficulties in getting firm commitments from nations to the Emergency Fund. He said that everyone was waiting on everyone else to see how much they would do. He had hopes that Europe would agree on the 25th of June to put \$500 million forward without too strict contingency restrictions. (Subsequently it emerged that indeed this sum was put forward but with strict contingency restrictions).

Dr. Prebisch said that he had found the Shah very resentful at the way the United Nations General Assembly had turned down his proposals for a Fund. Equally the Prime Minister was resentful that finally there was agreement in principle that some of the \$150 million would be contributed if there were other contributions.

Dr. Prebisch said that he was going to visit Venezuela in the next few days where he had a fairly firm promise of \$100 million, the King of Saudi Arabia on July 1 and the Japanese Government in Tokyo on July 11.

He wondered what Mr. McNamara would think of having a meeting in Geneva of ministers to try and get them to move forward into actual commitments. Mr. McNamara said a meeting would be possible only if you had pretty firm commitments from at least two major contributors, for instance Europe and Iran.

Dr. Prebisch asked whether a consortium on the lines of the Indian Consortium would help to allocate funds. Mr. McNamara said that he did not think that was a suitable medium, so Dr. Prebisch asked him what role did he think there should be for the Bank in helping with the allocation. Mr. McNamara said that the Bank should not be seen publicly to be recommending any allocation, since the decision must be taken by Dr. Prebisch and his associates in the U.N., and would involve judgments of factors other than that of human need on which the Bank generally speaking based its judgments. Dr. Prebisch pressed Mr. McNamara to give some form of O.K. to the Prebisch group figures but Mr. McNamara was wary and pointed out the difficulties that the Bank had in allocating its IDA funds and did not wish to involve itself or be seen to be involved in another benefit sharing exercise.

However from some further discussion in which Mr. Stern

participated it emerged that the Bank and Fund were producing figures that would cover fifteen countries with about 90% of the population of the most seriously affected countries. Mr. McNamara emphasised that the real problem was to decide what could be done for the very big populations in India and Bangladesh, the rest would follow comparatively easily. Mr. Stern said that a minimum 75% of the emergency funds would have to go to the Indian sub-continent, and therefore the question of what were the ^{income} limits in which help would be given to affected countries was not of great practical importance.

Finally Dr. Prebisch asked Mr. McNamara what his view was of the functions of the Bank-Fund Development Council, clearly implying that he feared it might overlap with his duties. Mr. McNamara reassured him that though no-one had thought out clearly what the functions of the Development Council would be, he hoped and expected that it would be dealing with the functions of the Bank and the Fund including what they could do as institutions to help in the present emergency. There followed considerable questions and answers about the nature of the Bank's Five Year Plan, of which Mr. McNamara gave Dr. Prebisch a copy. It was noticeable that Dr. Prebisch enquired particularly carefully about the exact extent of the Bank's additional lending to the MSAs. He seemed to be hinting that some of this might be described as additional amounts for the emergency fund which might help to persuade reluctant donors that others were doing something.

The conversation concluded by Mr. McNamara saying that the Bank's function was quite largely that of re-cycling money for the benefit of LDCs, and that the Development Council would be concerned with this aspect of both the Bank's and Fund's activities. Dr. Prebisch said "Ah, so the Development Council is long-term, and not competitive with us".

*c.c. Anders Ljung
E. Stern.*

WDClark:sf

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: June 24, 1974

FROM: William Clark *WOC*SUBJECT: Visit of Mr. Prebisch

I was told by Mr. David Polak (of ECLA) who will accompany Mr. Prebisch that he (Mr. Prebisch) regarded his visit to the Bank and Fund as the fulfilment of his promise to report back to them. This report is on his first set of travels, essentially to EEC and the Middle Eastern parts of OPEC. There will be further journies, e.g. to Japan.

2. Mr. Prebisch also wishes to find out how Mr. Witteveen and Mr. McNamara regard the Development Council and its relations with the U.N. bodies.

3. I attach some material on the discussions of the Group of 36 and Mr. Prebisch's speech to them.

6/24
WDClark:sf
cc. Mr. E. Stern

Ernesto Franco-Molguin

Statement by Dr. Raul Prebisch to the
Ad Hoc Committee on June 19, 1974

Dr. Prebisch's statement to the Committee added little information on the prospects for raising funds for the emergency operation launched by the Secretary-General pursuant to the General Assembly resolution at its last special session.

He recounted his visits to the Bank and the Fund where he found a spirit of cooperation. The two institutions are helping him at the technical level. On the basis of these initial contacts, his assessment of the emergency needs of the most seriously affected countries over the next 12 months is between \$3 billion and \$4 billion.

The foregoing figures, however, will have to be refined. Among other things, the UNDP has asked its resident representatives to prepare a more precise assessment of the needs of individual countries. When replies are received it will be easier to establish more definitive figures. Variations are likely to occur, mainly as a result of changes in import and export prices.

During his trip he found a clear notion of the vulnerability of the most seriously affected countries and also of the world economy. Interdependence has become a great deal clearer and there is an understanding of the fact that the LDC's difficulties will have a multiplier effect. Also, the emergency is not likely to be limited to 12 months. It will undoubtedly continue.

His contacts with the EEC revealed that the Community had been considering a contribution to the emergency operation of \$500 million (\$250 million in 1974 and \$250 million in 1975). This proposal is subject to approval by the Community's members but he sees good prospects for this.

In Algeria, Kuwait, Iraq and Iran, he found a sympathetic reception. There was, however, a great deal of reluctance to mention any specific figures and everywhere he went he was asked what other donors would do. He was not in a position to answer this question. This attitude has created a vicious circle and to break the impasse he believes that one solution might be to convene a meeting of potential donors.

He was gratified that substantial amounts of funds are being mobilized through bilateral and regional efforts in the middle east. The Scandinavian countries are taking a positive attitude. One of them (Norway) has already announced a contribution. Canada has done the same.

He expects to visit Venezuela shortly where, he believes, there are good prospects for obtaining a reasonably substantial amount of funds. Later he will visit Saudi Arabia, Qatar, Abu Dhabi and Libya and will make contacts with Japan after the elections.

The principal problem will be how to unify these efforts. A list of the most seriously affected countries will have to be prepared; their needs defined and the amounts to be allocated to them determined. In doing this account will be taken of the amounts obtained from bilateral or regional sources. Information on this is being gathered. He expects guidance from the ad hoc Committee on the criteria to be followed in all this.

He learned during his trip about the proposed Joint Bank-Fund ministerial committee which would consider the question of the transfer of resources but which, he understood, would also deal with the emergency situation. He had wondered at first whether this would involve duplication of what he and the ad hoc committee were doing. After reflection, however, his worries had been dissipated when he had recalled his discussions with Mr. McNamara and Mr. Witteveen. They had offered him full collaboration, were in fact providing it, and he saw a convergence of interests in both exercises. He did not expect any jurisdictional conflicts. He expected to visit Washington to clear this up.

(This morning we received a message from Dr. Frebisch that he would like to meet with Messrs. McNamara and Witteveen next Monday, June 24.)

cc: Mr. W.D. Clark ✓
Mr. M.L. Hoffman
Mr. E. Stern

EFR:mnd

Files

June 20, 1974

Ernesto Franco-Holguin

U.S. Position on the UN Special Fund

At a meeting of the ad hoc Committee, yesterday, following Dr. Prebisch's statement (see my memorandum to Files of this same date), Ambassador Ferguson of the United States said, in substance, the following.

The U.S. agrees that an immediate response to the Secretary-General's appeal for emergency assistance to the most seriously affected countries is necessary. The U.S. Government is actively considering what steps it should take. Regretfully, however, it is not in a position to make a response at this time but hopes it will be able to do so in the near future.

In considering the question, the U.S. believes that all viable channels should be used for the emergency, both bilateral and multilateral. Both the OPEC countries and the traditional donors should respond.

However, the U.S. Government is not ready to make any commitment to the Special Fund. It will assist in the technical work relating to the Fund's machinery but this should in no way be interpreted as a commitment to contribute.

The U.S. shares the view of other delegations (e.g., Brazil) that the Capital Development Fund is hardly a viable institution and that, therefore, it should not be used in connection with the special fund.

The Bank-Fund Ministerial Committee was not a U.S. initiative. It was, in effect, a continuation of the Technical Group created by the Committee of Twenty. In its work the Joint Committee would have to consider the emergency assistance but this function should not be considered as competing with the ad hoc committee. It should rather be viewed as complementary to it.

cc: Mr. W.D. Clark ✓
Mr. M.L. Hoffman
Mr. E. Stern

EFH:nmcd

UNITED NATIONS

Press Section
Office of Public Information
United Nations, N.Y.

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Ad Hoc Committee
on Special Programme
8th Meeting (AM)

Press Release GA/EC/18
20 June 1974

AD HOC COMMITTEE CONTINUES DIALOGUE WITH SPECIAL REPRESENTATIVE
ON EMERGENCY ASSISTANCE TO DEVELOPING COUNTRIES

The Ad Hoc Committee on the Special Programme of emergency assistance to developing countries most seriously affected by the economic crisis continued its dialogue this morning with Raul Prebisch, the Special Representative of the Secretary-General for the Special Programme. Mr. Prebisch had reported to the Committee yesterday on the initial steps taken in implementation of the emergency operation.

Questions were asked or statements were made by the representatives of India, Yugoslavia, Algeria, the Philippines, Argentina, Japan and the United States.

The Committee will meet again at 3 p.m. today.

Questions and Statements

THANGKIMA CHERPOOT (India) asked if Mr. Prebisch had so far contacted the potential donors to the Special Fund established by the General Assembly at its recent special session on raw materials and development.

In reply, Mr. PREBISCH said he had been sounding the views of the potential donors and that he would appreciate opinions from delegations.

NEVEN MADEY (Yugoslavia) asked when and at what stage an analysis would be available of the replies to questions sent to Governments. He would also like to know how and when the results of Mr. Prebisch's visit to other countries would be transmitted to the Special Committee.

Mr. PREBISCH, in response, said a questionnaire had been sent to Governments to assess the individual needs of the economically hard-hit countries. Two months had been set aside for the analysis of the replies, Mr. Prebisch said, adding that no reply had so far been received. That, he said, was "understandable" because the questions dealt with complicated issues.

He said he planned to visit Venezuela, certain Middle Eastern countries and Japan before the middle of July.

(more)

N.P. JAIN (India) asked, in view of the emergency situation, if Mr. Prebisch had any plans for channeling the fund as donations were received. He wondered when Mr. Prebisch expected to hold a joint meeting of the developing and oil-producing countries.

Mr. PREBISCH, in reply, said he saw the possibility of "different channels" -- bilateral, multilateral and others. He had no plans of centralizing all channels -- it would be inconvenient and, further, it would not be practical, he said.

The main objective was that all necessary assistance be given to the countries in need and that a proper framework be established to assure the convergence of all the existing assistance channels, he added.

As regards a possible meeting of the developing and oil-producing countries, he said it would be useful to assess the views of the potential donors and their intentions regarding the type of participation in the emergency operation. He would want guidance from the Committee on that matter and would welcome suggestions.

He said he was ready to convene a meeting -- but not in the nature of a pledging conference -- in Geneva around 8 July. The purpose of such a meeting would be to integrate more information and to stimulate participation, he said.

Asked by the representative of India regarding the possibility of extending the study by Mr. Prebisch to include the period beyond the initial 12 months of emergency operation, Mr. Prebisch acknowledged that the emergency would not terminate at the end of the twelfth month and that he anticipated continuing the study with a sense of responsibility.

Asked further by the representative of India whether a follow-up questionnaire might be sent out, Mr. Prebisch said he would do whatever the Committee advised him to do. He was, however, concerned at this moment with the first round of questionnaires.

Mr. Prebisch, in response to another question by the representative of India, stated that he duly recognized the urgent need for commodity assistance such as food, fertilizer and pesticides, and that he had been in close contact with the Food and Agriculture Organization (FAO) on that matter.

ARDELMADJID FASLA (Algeria) said his Government was ready to contribute to the emergency operation although it had not yet replied to the Secretary-General's appeal in writing.

He said that he was certain Mr. Prebisch would ensure a fair distribution of the assistance. His Government would participate in the consultative meeting envisaged for next month in Geneva, he stated.

A more "general appeal" should be made to potential donors and developing countries, he added.

NICASIO G. VALDERRAMA (Philippines) said his Government had been advised to send an observer to the consultative meeting in Geneva.

ANGEL MARIA OLIVERI-LOPEZ (Argentina) said he was confident that the outcome of Mr. Prebisch's efforts would be in line with the urgent situation affecting many nations. It was important for all organs concerned to work convergently so that effective work would be done to meet the emergency situation, he said.

MAKOTO TANIGUCHI (Japan) said his delegation understood the sentiment underlying the Special Programme. However, some technical difficulties existed in establishing the criteria of "the most seriously affected countries". If the seven criteria as given in General Assembly resolution 3202 (S-VI) were to be applied, almost all developing nations would be eligible for assistance under the Special Programme, he stated. He asked Mr. Prebisch if a clear-cut idea of the criteria had emerged as a result of his contacts with Governments.

Mr. PREBISCH replied that he was eager to obtain the replies to a questionnaire in order to have a clear-cut idea of the specific needs of each country.

MARTIN TANK (United States) noted that the Special Fund was one of the many ways aid could be extended to the economically hard-hit countries. He hoped the Organization of Petroleum Exporting Countries (OPEC) would participate actively in the assistance programme.

Contributions to the Fund would reflect the choice by donors in meeting the needs, he said.

Monetary functions as laid out in paragraph 6 (b), section X of General Assembly resolution 3202 (S-VI) should be set up by a working group, including representatives of the Organization for Economic Co-operation and Development (OECD), the International Bank for Reconstruction and Development and other organs of the United Nations, he proposed. In that way some guidelines would be established for Mr. Prebisch in the allocation and distribution of assistance, he said.

L. P. Vann

RECEIVED

Distribution: Mr. Wm. Clark
Mr. Hoffman
Mr. Masoni c/o Mr. Chatenay

JUNE 18 1974

INTBAFRAD PARIS

1148 W. CLARK COPY M. HOFFMAN AND MASONI CARE CHATENAY

RE: EEC CONTRIBUTION TO UN SPECIAL FUND

JUN 17 3 13 PM 1974
SECTION

1. AS I TOLD YOU IN MY TELEX 1121 OF JUNE 14, EEC COUNCIL OF MINISTERS WAS NOT ABLE TO REACH FORMAL AGREEMENT ON CHEYSSONS PROPOSAL WHEN IT MET IN LUXEMBOURG ON JUNE 13
2. APPARENTLY GERMANY WAS THE CAUSE OF THIS UNEXPECTED DELAY. BEFORE GIVING ITS FINAL AGREEMENTS TO CHEYSSONS PLAN GERMANY WANTED TO BE ASSURED THAT EEC CONTRIBUTION TO UN SPECIAL FUND COULD BE FINANCED FROM COMMUNITY'S OWN RESOURCES AND WOULD NOT REQUIRE ADDITIONAL BUDGETARY CONTRIBUTIONS FROM MEMBER STATES.
3. IT IS VERY LIKELY THAT EEC BUDGETARY SURPLUSES WILL ALLOW COMMUNITY TO PAY AT LEAST FIRST INSTALLMENT OF ITS CONTRIBUTION (250 MILLION DOLLARS IN 1974) OUT OF ITS OWN RESOURCES, BUT EEC COMMISSION CANNOT GIVE FORMAL ASSURANCE ON THIS TO COUNCIL. HOWEVER, IT IS EXPECTED THAT THE GERMANS WILL EVENTUALLY JOIN THE OTHER MEMBER STATES AND THAT A FORMAL DECISION ON THE PROPOSAL ~~CR~~ ^{will} BE MADE ON JUNE 25, WHEN COUNCIL MEETS AGAIN. INDEED MR WALDHEIM HAS BEEN TOLD ORALLY THAT SUCH A DECISION WAS ABOUT TO BE REACHED BY THE NINE

4. THE DECISION WILL PROBABLY MAKE THE EEC CONTRIBUTION "SUBJECT TO THE CONTRIBUTIONS OF OTHER INDUSTRIALIZED COUNTRIES AND POTENTIAL DONORS..." ACCORDING TO MY SOURCES IN BRUSSELS, THIS MEANS THAT EEC CONTRIBUTION MIGHT BE EVENTUALLY REDUCED IF OVERALL CONTRIBUTIONS TO UN SPECIAL FUND FELL SIGNIFICANTLY SHORT OF THE 3 BILLION TARGET
5. EEC COUNCIL WILL PROBABLY REFRAIN FROM MAKING SPECIFIC RECOMMENDATIONS AS TO THE IMPLEMENTATION MACHINERY OF UN SPECIAL FUND. BUT IN THE COMMISSION BACKGROUND PAPER, IT IS CLEARLY SAID THAT INTERVENTION OF THE WORLD BANK "WOULD BE PARTICULARLY APPROPRIATE"
6. AM AIRMAILING TODAY THIS BACKGROUND PAPER (FORMALLY, A "COMMUNICATION FROM THE COMMISSION TO THE COUNCIL") COM(74)815. CARRIERE

L. Peter Chatenay, IRD

United Nations; Meeting of the Committee of 36, June 17, 1974, a.m.

1. Members of the Committee were still unable to take the floor except to utter generalities about the Special Fund. The only specific item mentioned in the morning meeting was the Communique of the Fund's Committee of Twenty, specifically on the issues of the establishment of a joint Bank/Fund ministerial committee on the transfer of real resources.
2. The delegate of Iran who is the Iranian Executive Director in the Fund asked the Bank and Fund representatives to give a full account of the discussions in the C-20 and to describe the decision reached. He felt the Committee would also be interested in a description of the work to be done in the Bank and Fund to implement the decision. He also asked the US representative to explain why Treasury Secretary Simon had proposed the establishment of the joint ministerial committee, what the US expected from that committee and how it saw the relationship between the ministerial committee and the UN Committee of 36.
3. Mr. Zegers of the Fund read out paragraphs 8 and 9 of the detailed statement attached to the C-20 Communique of June 13. The US representative indicated, on his side, that he had no information with which to answer the questions of Mr. Amuzegar, but that he would request the necessary instructions.
4. Philippe de Seynes and the delegates of India, Pakistan and Brazil also took the floor. The delegates of India and Pakistan in short made the point that the Special Fund to be established should deal primarily with the emergency situations of the countries most seriously affected. The delegate of Brazil, on his side, insisted on the dual nature of the proposed Special Fund that should cover both emergency and development aid.
5. Philippe de Seynes, for the Secretary-General, introducing document A/AC.169/2 (Basic Premises and Issues Involved in the Establishment and Operation of an International Development Fund), stated that it was an error to think that the international community already had all the necessary financial institutions to meet the present situation. It needed a new body to supplement the work of the existing organizations. The first point for the Committee, he said, was to get agreement on the objectives of the new institution. For that purpose, it was important to define existing gaps, for instance for the financing of social infrastructure. He considered that the new fund would by its very existence stimulate the operations of other funds.
6. He made the point that the Committee should look beyond the short-term and indeed beyond 1980. It might then conclude that there was a need for a continuing institution to support the crash programs. In the food

June 17, 1974

sector for example, it was not unlikely that over the next 15-20 years there would be periodic crises. The new body might be primarily devoted to meeting these successive emergencies, perhaps by financing the development of new technology that would help open the main bottlenecks to development and offer novel solutions to continuing problems.

7. Philippe de Seynes then listed specific questions which he felt the Committee should take up. For example, since the Special Fund had to deal both with urgent and longer term development issues, should it have a single window or more? Should it attack the emergency problems first or operate on both fronts immediately? What would be the criteria for the designation of beneficiaries? All these questions had to be answered before the Secretariat could deal in greater detail with the necessary studies on the methods of operation of the Special Fund.

cc: Mr. William Clark, EXT ✓
Mr. M. Hoffman, IRD
Mr. E. Franco-Holguin, IRD
Mr. J. Zegers, IMF

P.S. Nothing worth reporting happened during the short afternoon meeting. Clearly delegations are waiting for the report by Mr. Prebish on June 19.

LPChatenay:ec

MEMORANDUM FOR THE RECORD

Meeting at the UN, July 15, 1974

Present: Messrs. Knapp
 Chenery
 Broches
 Clark

Mr. McNamara had met at lunch with Secretary-General Waldheim and Messrs. de Seynes, Kittani, Witteveen, Prebisch and Peterson. From the conversation, he had received the impression that most of the money which had been committed to Mr. Prebisch was conditional upon other contributions. Later they had met with a group of national representatives and Mr. McNamara had been surprised at the amount of unconditional money which seemed to be available. He had counted some 663 million dollars. A substantial part of this would be additional to the aid programs of donor countries. At Mr. McNamara's suggestion there had been a further meeting of the smaller group where Mr. McNamara had proposed that the fund be initiated and that work begin immediately on statutes, procedures and plans for its operation.

Mr. McNamara asked Mr. Clark to check the accuracy of the report that Mr. Maurice Williams had proposed a merging of the Tidewater Group with the high level DAC meeting.

AL

July 17, 1974

MEMORANDUM FOR THE RECORD

Meeting with Mrs. Sipilä, Assistant Secretary General for Social Development, and Human Affairs, September 16, 1974

Mrs. Sipilä was accompanied by Mr. Kantola, Technical Assistant in the Nordic Executive Director's office.

Mrs. Sipilä described the problem of women in developing countries as she saw it and the efforts which she and UN in general are making to speed up the increased participation of women in economic and social life. She urged Mr. McNamara to see that the Bank in its project work gives sufficient attention to the situation of women, particularly in training.

1975 will be International Women's Year and a conference is planned to mark the year. Mrs. Sipilä asked Mr. McNamara for his participation as keynote speaker at the conference and she requested that the Bank contribute to financing the conference. Mr. McNamara said that, for reasons of his crowded schedule, he would probably be unable to participate in the conference (end-June beginning of July 1975). Also the Bank would have difficulty to finance the conference, particularly since it should not impinge on the responsibilities of the UN.

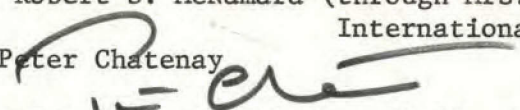
In the field of emancipation and training of women and family planning, he agreed that the Bank could and should do considerably more. Improved education and employment of women would probably affect fertility rates considerably.

Mr. McNamara said that the Bank could contribute to the financing of a research project if it were well-defined. He mentioned as an example a study of the obstacles to women's emancipation in a particular country. In response to Mrs. Sipilä's request, he also asked that Mrs. Boskey include reference to the problem of women in development in the draft speech which Mr. McNamara would eventually deliver to ECOSOC.

AL
September 18, 1974

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mrs. S. Boskey ^{SB} DATE: September 10, 1974
International Relations Dept.)

FROM: L. Peter Chatenay 

SUBJECT: Your Appointment with Mrs. Sipila, UN Assistant Secretary General for Social Development and Humanitarian Affairs, on Monday September 16 at 6 p.m.

1. Mrs. Sipila is also Secretary General-Designate of the International Women's Year Conference to be held in Bogota from June 23 to July 4, 1975. She will be visiting you, I am informed, on the subject of Bank assistance in preparing that Conference.
2. In Geneva on July 25 I attended the first day of a two-day inter-agency meeting about preparations for the Conference which is to be part of International Women's Year, 1975. The UN has provided neither adequate funding nor staff nor a clear enough agenda. In the Geneva meeting, Mrs. Sipila asked agencies to assist the UN on those three scores.
3. I did not speak in the meeting but only to Mrs. Sipila in private. I said the Bank could consider its potential role in Conference preparations only after it knew whether the agenda definitely contained items on which the Bank could usefully be involved.
4. On the subject of the agenda, I am arranging a seminar with staff members concerned, in the next two weeks, to consider what suggestions the Bank could make to the UN, for instance on the role of women in development.
5. Mrs. Sipila can expect some assistance from Unesco, UNICEF, FAO, WHO and ILO in getting staff seconded to the preparatory secretariat. She most certainly hopes the Bank will help financially. I told her I felt the UN had an obligation to provide adequate funds whenever it decided to set up a conference. I doubted the Bank could offer money because it had no funds for such a purpose and because of the precedent a contribution would establish.

cc: Mr. William Clark

LPChatenay:mmh

UNITED NATIONS

Press Section
Office of Public Information
United Nations, N.Y.

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Biographical Note

Press Release SG/A/119
BIO/919*
28 March 1972

MRS. HELVI SIIPIÄ

Mrs. Helvi Linnea Siiپیä, whose appointment as Assistant Secretary-General dealing with social and humanitarian matters was announced yesterday (see Press Release SG/A/113), has taken part in a number of United Nations activities concerned with the status of women and other social matters.

Mrs. Siiپیä, who has practised law in her country since 1943, will take up her position later this year.

She has been a member of the Finnish delegation to General Assembly sessions since 1966, and last year was Chairman of the Third Committee (Social, Humanitarian and Cultural).

Born on 5 May 1915 in Helsinki, she graduated from the Faculty of Law of the University of Helsinki in 1939. She served as acting judge in rural district courts in 1941 and 1942, and as an extra official in the Court of Appeal in Turku in 1941. Other legal posts between 1941 and 1951 were in the Supreme Court and the Supreme Administrative Court. She was a secretary in the Ministry of Supply in 1942 and 1943.

Since 1950 Mrs. Siiپیä has been a member of various committees appointed by the Finnish Government on such matters as matrimonial legislation, protection of children, social benefits for children, citizenship education and international development aid.

At the United Nations, she represented Finland on the Commission on the Status of Women from 1960 to 1968 and again in 1971 and 1972. She served as the Commission's Vice-Chairman from 1965 to 1966 and as Chairman in 1967. She has also been, since 1968, a United Nations Special Rapporteur on the "Status of women and family planning". She has attended several United Nations seminars on the status of women, and one on racial discrimination.

(more)

* This release supersedes Press Release BIO/879/Rev.2 of 4 October 1971.

28 March 1972

She has held office in several international non-governmental organizations, serving as member of the Council of the Human Rights Institute at Strasbourg since 1969, Vice-President of the International Council of Women since 1970, President of the International Federation of Women Lawyers from 1954 to 1956, member of the World Committee of the World Association of Girl Guides and Girl Scouts from 1957 to 1966, and President of Zonta International from 1968 to 1970.

Among her affiliations with Finnish organizations, she has been Chairman of the National Council of Women since 1967 and Chairman of the National Association of Women Lawyers from 1954 to 1956. She served as Chief Commissioner (President) of the Union of Finnish Girl Guides from 1951 to 1969.

She has been the Chairman of the Finnish Refugee Council since its foundation in 1965.

Mrs. Sipilä is married and has four children.

* * * * *

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OFFICE MEMORANDUM

TO: Mr. McNamara

FROM: Michael L. Hoffman *MLH*

SUBJECT: Your Meeting on October 22 with Francis Blanchard,
Director-General, ILO

DATE: October 14, 1974

16 / 14

Francis Blanchard, a lawyer by training, is a career French, and international, civil servant. I first knew him when he joined the International Refugee Organization in Geneva in 1947. He helped to organize the office of the UN High Commissioner for Refugees and the Intergovernmental Committee for European Migration and then, in 1951, joined the ILO as Deputy Chief of the Manpower Division. In 1956, he became Assistant Director-General, in which capacity he was responsible for the whole technical cooperation program and ILO's rapidly expanding activities as Executing Agency for the UNDP. He became one of the two Deputy Directors-General in 1958 and in February of this year, following the death in office of Wilfred Jenks, he became Director-General with a five-year term. He was very much a protege of David Morse and still consults Dave frequently.

Francis has not had a great deal to do with the relatively few direct operational relationships between the Bank and ILO. Most of these have developed out of my regular meetings with Abbas Ammar, the other Deputy Director-General under Jenks, who has now retired. But we have had excellent relations with him in the IACB/ACC medium, and he is by no means unfamiliar with the general policies and objectives of the Bank, though, like nearly all officials of other UN agencies, with very little understanding of how we actually go about our business.

At least since the time of Dave Morse, ILO has periodically pressed the Bank to enter into a cooperative agreement modeled on those with FAO and Unesco. We have just as regularly replied by pointing out that the cooperative programs are designed to carry out project identification, preparation and sector analysis which will lead to Bank lending operations. The Bank has not had and does not yet have a similar need for any significant volume of such work in any fields in which the ILO has competence. Nor has ILO, under its present organization, a structure that would make it feasible to establish a formal cooperative program.

We are using about one man-year of assistance from the division of ILO that specializes in training hotel people and, as ILO undoubtedly needs the money, I am trying to work out some arrangement for providing ILO with advance funding so that it can hire the necessary staff to meet our demands in addition to its own program requirements. This obviously does not of itself call for a formal cooperative program. Apart from that, our operational relations consist principally of having an

ILO employment or manpower specialist on an occasional Bank mission and lending a Bank staff member to ILO for one of the large missions ILO has been sending out under the World Employment Program, the latest being the mission to the Philippines. There is also good contact between the Development Research Center and ILO staff working on problems of income distribution, etc.

Blanchard may raise with you either the matter of ILO assistance to us in the tourist sector or the larger question of a formal cooperative program, although George Weaver, ILO's Representative in Washington, thinks that Blanchard recognizes that there is no point in pressing the latter. Otherwise, so far as I know Blanchard will simply emphasize the importance he attaches to good and expanded Bank/ILO relations.

ILO badly needs a reorganization. Blanchard is quite aware of this, has plans, but has been held up by the failure of the U.S. to nominate an acceptable person for the Assistant Director-General post to which it is entitled. I have heard that there is now substantial agreement in the U.S. Government and with George Meany (who holds the veto in this domain) on John McDonald of the State Department, whom you know. Blanchard may settle this when he is here. In any case, anything you could get him to tell us about how he intends to restructure ILO would be helpful.

MLHoffman:tsb

45

File

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: November 27, 1974

FROM: E. Peter Wright, Director, WAI *EPW*SUBJECT: Meeting with Dr. Candau

1. Dr. Candau, former Director General of the WHO, called on Mr. McNamara at 6.30 p.m. on Tuesday, November 19, in connection with the program for the control of riverblindness in the Volta River Basin. Mr. Hoffman and I were also present. Dr. Candau is to be Chairman of the Joint Coordinating Committee for riverblindness and will preside over the first meeting of the Committee to be held in Abidjan on February 11-12, 1975.

2. Mr. McNamara welcomed Dr. Candau's appointment as Chairman of the Joint Coordinating Committee and expressed the hope that he would take a close interest in the management of the riverblindness program. Dr. Candau said that he had already attended one meeting of the inter-agency Steering Committee and would be returning to Washington for the Steering Committee's next meeting which would take place on December 10. He was well satisfied with the arrangements made for the start of vector control operations, but felt that it might be necessary later on to allocate larger funds for research (e.g., on pesticides and drugs). Dr. Candau said that there was a problem of getting drug manufacturers interested in Africa, since the market was so small; long-range market possibilities for new drugs were more promising in Latin America, and the meeting on onchocerciasis in the Western Hemisphere currently taking place in Washington under the auspices of the Pan American Health Organization was important from this point of view.

3. Dr. Candau enquired about the possibility of extending the approach adopted by the Bank for the financing of the riverblindness program to the control of other diseases. He was particularly concerned about endemic diseases in Africa where the health services were traditionally focused on curative medicine and not on disease prevention. Mr. McNamara said that it might be worth looking at this possibility again in about a year's time.

4. Mr. McNamara mentioned that a paper discussing the Bank's role in the health field would shortly be considered by the Executive Directors. This was a sector in which the Bank's knowledge was extremely limited, and a rather minor involvement was accordingly proposed.

cc: Messrs. Chaufournier
Hoffman, International Relations
Delaume, Legal
Bazin, Division Chief, WAI

EPWright:erl

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: E. Peter Wright, Director, WAI *KPW*

SUBJECT: Visit of Dr. Candau

DATE: November 18, 1974

1. Dr. Candau, former Director General of WHO and now Chairman of the Joint Coordinating Committee for riverblindness in West Africa, will be coming to see you at 6.30 p.m. on Tuesday, November 19. Mr. Hoffman and I will also be present. Dr. Candau has just been to Brazil and is in Washington to attend a meeting on riverblindness in Latin America which is a by-product of the Volta River Basin program. Dr. Candau will preside at the first meeting of the JCC in Abidjan on February 11-12 and is already taking a close interest in the program; he attended the last meeting of the inter-agency Steering Committee in Rome and will be coming back to Washington in December for the Steering Committee's next meeting. A letter to you from Dr. Candau is attached.
2. Vector control operations are now getting under way in West Africa. The contract for aerial spraying has been awarded to an American firm (Evergreen Helicopters of Oregon), and the contractor is now mobilizing his equipment after some delay due to the rains. A WHO/IBRD mission headed by Dr. Bellerive is currently in the area to see how things are going on, and we should have a report from them early in December. Dr. Bellerive, a Haitian national, who was formerly Mike Hoffman's counterpart in WHO, has been retained by WHO as a consultant after his retirement to manage the riverblindness program from Geneva. Field operations are under the direction of Dr. Ziegler, another long-time WHO employee, who appears to be a competent and energetic manager.
3. So far as the Bank's role is concerned, our main problem at the moment is that we have more money than we need, and this may complicate somewhat the task of mobilizing additional funds that will be required to carry the program through 1975. I have just written to the six initial donors with proposals for their second year contributions -- the second \$1 million from the United States (part of their initial pledge), the second German installment of DM3 million (the only contributor from whom we have a binding commitment for six years) and a further \$500,000 each from Canada, France, the Netherlands and the United Kingdom. Several of these countries would be prepared to put up more, but we are hoping to persuade them to keep their contributions in reserve for later years when annual expenditures (in terms of current prices) are likely to increase fairly rapidly as a result of inflation. As you may recall, we received \$50,000 from Iraq in 1974, but we are not sure whether we shall get any more from this source. Japan is supposed to be including the equivalent of \$500,000 in its Budget for 1975, with a possibility of an additional \$5.5 million over the following four years. A proposal for a grant of \$5 million is expected to go before the Board of the Kuwait Development Fund, and Mr. Al Ahmad has told us that, if this grant is approved, the money will be available to draw at any time. We are still awaiting news of the small grant promised by the African Development Bank (Mr. Chauffournier was to discuss this with Mr. Labidi in

November 18, 1974

Abidjan last week); and we are assuming that the European Development Fund will come in with a major contribution after 1975. We have one other contributor already lined up (Belgium -- for \$125,000 this year and \$250,000 next year), and there are other possibilities which we may explore later on if the need arises (e.g., Algeria, Iran and Saudi Arabia).

4. A rather more complete, though still sketchy, picture of the financing is contained in the attached memorandum to Mr. Gabriel. You will recall that you agreed to the Bank Group's committing itself to cover up to 10 percent of the costs of the program, which on our present estimates would involve a grant of up to \$5.4 million over the six years. This undertaking was very important in persuading other contributors to come in, and we made a firm pledge of \$750,000 to the Advance Fund, of which the first \$375,000 was paid in last January and charged against the Bank's administrative expenses. The second \$375,000, which is due during the current Bank fiscal year, was to be provided as an IDA grant, and I propose that we should make this available towards the end of FY75. My objective is to avoid any further Bank Group contribution for 1975, since we should be able to get all the funds we need from other sources, and it makes sense to keep our money in reserve against possible shortfalls later on. However, we could still run into difficulties with some of the donors, and I would like to be able to keep our options open for the time being.

5. A budget for the second year of the program is being prepared by WHO and will be reviewed by the Steering Committee at its next meeting in December before it is presented to the Joint Coordinating Committee. We are having some difficulty in getting reliable expenditure estimates from WHO, and this is one of the matters to which I shall be asking Dr. Candau to give his personal attention. It looks as if disbursements by WHO during 1974 will work out at around \$2.5-3 million, as against the original estimate of \$4.5 million, and WHO is still expecting expenditures in 1975 to be around \$6.5-7 million, which would be in line with the estimates for the six years presented to the Paris meeting last June. Since advances are made to WHO by the Onchocerciasis Fund three months in advance, contributions to the Fund in 1975 must be sufficient to cover expenditures through the first quarter of 1976. I am therefore proceeding on the basis that cumulative payments to the Fund through December 1975 should aggregate approximately \$11-11.5 million. If our proposals for contributions in 1975 are accepted, costs over the first two years would then be shared roughly as follows: Germany \$2.3 million; U.S.A. \$2.0 mn; France \$1.5 million; the Netherlands \$1.5 million; the U.K. \$1.3 million; Canada \$1.0 million; IBRD \$0.75 million; UNDP \$0.6 million; Japan \$0.5 mn; Belgium \$0.375 million; Iraq \$0.05 million.

6. I would suggest that, at your meeting with Dr. Candau, you reiterate the importance which you attach to the riverblindness program and encourage the idea that he should take a close personal interest in its management. You might also say that the Bank is much concerned about the

Mr. Robert S. McNamara

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November 18, 1974

slow progress made to date in preparing for the economic development of the areas to be opened up to agriculture by the control of the blackfly; we have been having quite a lot of problems with UNDP and FAO about this, and a meeting is to be held here at the beginning of December to try to achieve more effective coordination between the activities of the three agencies at the project identification and preparation level.

Attachments

cc: Messrs. Adler (PAB), Hoffman (IRD), Delaume (LEGAL)

EPWright:erl

OFFICE MEMORANDUM

TO: Mr. K. G. Gabriel, Controller

FROM: E. Peter Wright, Director, WALDR *EPW*

SUBJECT: Funding of Riverblindness Program in 1975

DATE: November 15, 1974

1. As I mentioned to you on the telephone, we are currently engaged in rounding up money for financing the second year of the program for the control of riverblindness in West Africa, and a first shot at some sort of financing plan is set out in the table attached. There are several aspects of this operation which give rise to problems in assessing contributions and presenting accounts, and I would be interested in any comments you may have on the approach we are presently adopting.

2. Following are among the factors that have to be taken into account in mobilizing contributions to the Onchocerciasis Fund:

(a) The initial fund created at the beginning of this year was calculated on the basis of covering not only actual expenditures during the first year, but also commitments to be entered into during this period - so that if the program had been terminated at the end of the first year, WHO would have had the money needed to cover undisbursed commitments.

(b) Several of the Governments contributing to the Advance Fund have paid in the full amounts of their contributions in single instalments (Canada, Germany, Iraq, the Netherlands and the United States); France is paying in four pre-agreed instalments without regard to the cash position of the Fund; the United Kingdom, alone amongst the donors, is asking for proof of need before payments are made, while at the same time insisting that its payments should not exceed two-fifteenths of commitments for any given period. The Bank Group has paid in the first half of what it promised for 1974, but we have not yet made the second payment.

(c) Initial expenditures under the program have lagged considerably behind the estimates used in assessing first-year contributions - not in itself an unusual situation, but one which creates special problems in view of the way in which the contributions are being paid in.

(d) While most of the original donors have given a broad indication of what they expect to contribute to the financing of the first six-year phase of the program (estimated to cost \$54 million), Germany alone has entered into a binding commitment for the whole period. Meanwhile, we are bringing in additional donors who have contributed nothing for the first year, but who can be expected to assume an increasing share of the costs as the program develops (Belgium and the African Development Bank in a small way; Japan, Kuwait and the European Development Fund hopefully on a much larger scale). All this, of course, rules out any possibility of establishing a cost-sharing formula for use in assessing annual contributions.

(e) As a consequence of some of the factors described above, we already have a substantial cash surplus in the Advance Fund, and this could create problems in obtaining further contributions from some of the donors in 1975 (the United Kingdom is the most likely to create difficulties on this score).

(f) In principle, we are making quarterly advances from the Fund to WHO against program expenditures in the following quarter, so that disbursements from the Fund and disbursements by WHO relate to different periods. At the same time, different donors operate on the basis of different financial years, and we have to make allowance for this in assessing individual contributions when these go through national budgets.

(g) Advance estimates of expenditure by WHO have so far proved extremely unreliable, and while there should be an improvement as experience is gained of how the program works, this complicates the problem of fund-raising and might, if we are not careful, result in some donors questioning the need for the funds we are requesting.

(h) A small part of the vector control program (certain types of research and training) is being financed by UNDP outside the Onchocerciasis Fund, but UNDP attaches importance to being treated on a par with other donors. We have yet to establish a proper reporting system to cover expenditures financed in this way.

3. We are currently engaged in writing to the initial donors about their 1975 contributions, and the attached table generally reflects what we have requested rather than what they have promised. The position with respect to individual donors is as follows:

(a) Belgium was not an initial contributor, but a grant of the equivalent of about \$125,000 has been included in the 1974 budget (not yet paid to us), and we are led to expect that there will be a further provision of about \$250,000 equivalent in the budget for 1975.

(b) Canada has said that it will contribute Can.\$500,000 in each financial year beginning in April, and we are expecting it to do this on a more or less routine basis.

(c) France indicated that it would be paying FF5 million in four quarterly instalments in the calendar year 1974, and we are requesting the equivalent of a further \$500,000 for 1975 (within an overall allocation of FF18 million for the first six years, which we are trying to have converted into a 10 percent share of total costs, i.e., \$5.4 million).

(d) Germany, as already noted, has made a six-year commitment. This is in an amount of DM13 million, of which DM3 million has already been paid in and a second DM3 million is promised for 1975.

(e) Iraq made a token contribution of \$50,000 to the Advance Fund, and we are not counting on any more.

(f) Japan is expected to make an initial contribution equivalent to \$500,000 in 1975, and this could be increased in subsequent years of the program, with the total contribution for the six years possibly amounting to \$6 million.

November 15, 1974

(g) Kuwait is considering a grant of \$5 million which could be used at any time during the six years.

(h) The Netherlands paid in its first \$1 million right at the beginning, and the Minister of Development has indicated that we could expect a Dutch contribution of \$1 million in each of the remaining five years. However, this is more than we want in 1975, and we have therefore scaled down our request to \$500,000, which would keep the Netherlands more or less in line with France.

(i) While the United Kingdom pledged close to the equivalent of \$1 million for 1974, it is insisting that it can only release this as and when there is demonstrated need for the money, and subject to the condition that payments by the U.K. would not at any time exceed two-fifteenths of the total expenditures under the program. As a result, it is unlikely that we can get more than one payment of \$258,000 from the United Kingdom in 1974, and I am trying out a formula under which I calculate that we might get roughly another \$1 million in 1975 (part of it out of the budget for the U.K. financial year ending next April and the rest out of the budget for the following year).

(j) The United States has already paid in \$1 million and is pressing another \$1 million on us. A third \$1 million is to be included in the budget for FY76, and this we are planning to credit against expenditures to be incurred in the third year of the program (drawing on it only after January 1, 1976).

4. A submission will eventually have to be made to the Executive Directors with respect to the contribution from the Bank Group. I consider that we are committed to pay up the second part of the \$750,000 which we pledged in support of the Advance Fund. However, I am not sure that we need to go beyond that during FY75. I would propose to take the position that the Bank is still ready to cover up to 10 percent of the costs of the program during the first six years, but that no further contribution is needed at the moment beyond the original \$750,000 since adequate funds are available from other sources. I have not yet discussed this matter with Mr. Adler to whom I am sending a copy of this memorandum.

5. I would be grateful if Mr. Jones would make whatever adjustments may be needed to the figures in the attached table to take account of the actual contributions so far received and the variations that may result from exchange rate fluctuations. We may need to call on you further for advice when we are preparing a financial statement for presentation to the Joint Coordinating Committee at its first meeting, which is to be held in Abidjan on February 11-12.

Attachment

cc: Messrs. Adler, Programming and Budgeting; Delaume, Legal;
Hoffman, International Relations; Bazin (o/r)/Garff, WALDC;
Mitchell/Jones, Controller's.

EPWright:erl

ONCHOCERCIASIS FUND

POSSIBLE FINANCING PLAN FOR 1974 AND 1975

(\$'000)

	1974	1975	First Quarter 1976	2-Year Total
Estimated Expenditure by WHO /a	<u>3,000</u>	<u>6,800</u>	<u>1,700</u>	<u>11,500</u>
Advances to WHO from Fund /a	<u>4,500</u>	<u>7,000</u>	<u>n.a.</u>	<u>11,500</u>
To be financed by:				
(a) Carry-over from previous year	-	1,129		
(b) Grants from --				
United States	1,000	1,000		2,000
Netherlands	1,000	500		1,500
Canada	514	500		1,014
France	1,000	500		1,500
Iraq	50	-		50
Germany	1,132	1,132		2,264
U.K.	258	1,000		1,258
Belgium	-	375		375
Japan	-	500		500
I.B.R.D.	375	375		750
UNDP	<u>300</u>	<u>300</u>		<u>600</u>
TOTAL	5,629	7,311		11,811
<u>less</u> Estimated Advances to WHO	<u>4,500</u>	<u>7,000</u>		<u>11,500</u>
End-Year Balance	<u>1,129</u>	<u>311</u>		<u>311</u>

/a Includes expenditures financed by UNDP outside Onchocerciasis Fund.

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WORLD HEALTH ORGANIZATION



ORGANISATION MONDIALE DE LA SANTÉ

1211 GENEVA 27 - SWITZERLAND
Telegr.: UNISANTE-Geneva

1211 GENÈVE 27 - SUISSE
Télégr.: UNISANTÉ-Genève

Tél. 34 60 61 Téléx. 27821

In reply please refer to:
Prière de rappeler la référence:

31 October 1974

Dear Mr McNamara,

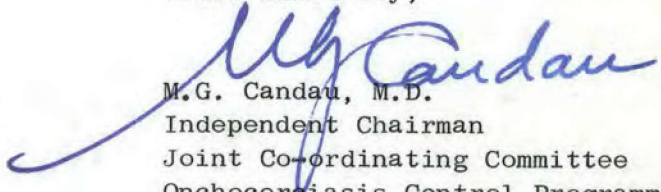
Many thanks for your letter of 13 September. As you have been informed, all the details of my appointment have now been settled and I am presently getting acquainted with the documentation relating to the Onchocerciasis Programme, and have had several meetings at WHO to obtain first-hand information. In mid-October I attended in Rome the meeting of the Steering Committee and availed myself of that opportunity to visit FAO to discuss developments of the Programme.

I shall be in Washington next month to attend the forthcoming Regional Conference on Onchocerciasis in the Western Hemisphere (18-21 November), organized by the Pan-American Sanitary Bureau/Regional Office for the Americas of WHO.

Dr Bellerive informed me of the telephone conversation he had with Mr Peter Wright and I was very glad to learn that I shall have the opportunity of seeing you and meeting with those of your staff more directly concerned with the Programme. I look forward to this visit.

With kind regards,

Yours sincerely,


M.G. Candau, M.D.
Independent Chairman
Joint Co-ordinating Committee
Onchocerciasis Control Programme

Mr Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington D.C., 20433
United States of America

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Adalbert Krieger

SUBJECT: Visit by Dr. Hector Acuña, Director,
Pan American Health Organization

DATE: March 18, 1975

Dr. Acuña was elected in October 1974 to be the Director of the Pan American Health Organization (PAHO) in succession to Dr. Horowitz, and has recently taken up his duties. A brief biographical note is attached. PAHO was founded in 1902, with headquarters in Washington, to deal with the health problems of the Americas; it later also became the regional office of the World Health Organization (WHO). Because of this historical background it enjoys a considerable degree of autonomy, and is strongly represented throughout Latin America, with professional staff in every country. It has had a close working relationship with the Bank in the water supply sector.

Possible Purpose of the Visit

Dr. Acuña wishes to change his predecessor's policy of looking primarily to the Inter-American Development Bank for the financing of health-related projects. Dr. Acuña has been a lifelong advocate of rural development, believing that only rural development will have a permanent impact on the health and well-being of the rural population. Undoubtedly, your own interest in this topic is encouraging Dr. Acuña to seek closer ties with the World Bank. He might wish to explore possible cooperative efforts in rural development; in particular, in the fields of rural water supply and sanitation, health, education, population control and nutrition.

Existing Cooperative Activities

PAHO is providing substantial support for the sector studies undertaken through the WHO/IBRD Cooperative Program. PAHO engineers stationed in the Latin American countries collect data, participate in the sector missions and review report drafts. The quality of the contribution varies, of course, reflecting the competence and resourcefulness of the country engineer. Countries in which sector reports have been prepared or are in the process of being prepared are Brazil, Bolivia, Chile, Costa Rica, El Salvador, Honduras, Mexico and Nicaragua.

Generally, we have been satisfied with the support provided by PAHO; however, further improvements are still necessary in the analysis and synthesis of the data by the Cooperative Program Staff.

PAHO has provided management consulting services on Bank-financed projects, such as in the Sao Paulo Water Supply Loan and in the Colombia Medium Size Cities and Palmira Water Supply and Sewerage Project.

PAHO and IDB have participated in staff training programs for sanitary engineers organized by the Bank.

March 18, 1975

Bank staff members are routinely invited to cooperate in seminars and training courses organized by PAHO for water supply personnel in Latin America. LAC Water Supply Division staff has presented papers at PAHO-organized seminars and will, for example, provide two lecturers for a course on water supply management and project evaluation in Mexico in April. PAHO staff routinely provides lecturers for EDI Water Supply and Sewerage Courses.

PAHO normally is the executing agency of UNDP-financed projects in the field of environmental health. Bank staff has been invited to participate in the supervision of such projects and Bank staff recommendations have been readily accepted.

PAHO has provided the Bank with background information on rural water supply and has recently established an office for rural water supply which could identify and assist in the preparation of rural water supply projects suitable for Bank financing.

Potential Future Cooperative Activities Dr. Acuña Might Wish to Explore

1) Water Supply and Sanitation Sector Studies, Project Identification and Preparation

The demands that the Region will make on the Cooperative Program are evolving, since most of the countries in which lending operations are foreseen have been covered by sector surveys, and future Cooperative Program support will therefore be more project-oriented or directed towards an examination of specific issues in the sector. Because of PAHO's close country links, it would be particularly well placed to undertake such tasks. Accordingly, Dr. Acuña may inquire about the possibility of modifying the present WHO/IBRD Cooperative Program Agreement so as to assign some staff positions to PAHO's Washington headquarters. This proposal, if made, would require detailed review before a commitment could be made. However, the Region would support such an arrangement, because tapping the sanitary engineering resources of PAHO for project preparation would increase its water supply project processing capacity without substantially increasing its own manpower.

2) Rural Housing

Dr. Acuña is very interested in the control and eradication of Chagas' disease, which is related to the quality of rural housing. He might wish to interest the Bank in financing rural housing.

3) Solid Waste and Pollution Control

PAHO believes that the Bank should undertake more pollution control projects because in both large and small cities of Latin America, the urban poor suffer most from polluted rivers and inefficient solid waste disposal. As a public health official, Dr. Acuña has, of course, been concerned with the danger a lack

of adequate facilities present to the health of those forced by economic necessity to live in an environment of crowded, inadequate housing, among a collection of garbage, along polluted streams.

We have financed water pollution control projects (Sao Paulo, Brazil, Cali, Colombia, are two examples) and will continue to do so. So far we have not been asked to finance solid waste disposal in Latin America. Because such projects usually require mostly mobile equipment and little in permanent facilities, they should probably be financed only as part of an environmental project, including two or more components, such as water, sewerage and solid waste disposal.

4) Water Quality Control

Another topic Dr. Acuña is personally interested in is water quality control. He might wish to interest the Bank in providing funds to establish water quality control laboratories and for the training of health technicians to man these laboratories. Water quality control in Latin America is generally deficient.

We are financing more and more water supply projects through central sector institutions (recent loans to Brazil and Colombia and the proposed Medium Size Cities Loan to Mexico, are examples) which could include funds for such laboratories.

5) Population Control and Nutrition

The Population Control and Nutrition Department has maintained informal contacts with PAHO and exchanged information on topics of common interest. In Trinidad and Tobago the Bank and PAHO cooperated on technical assistance for a population control project. Dr. Acuña might propose increased cooperation in these fields, including Bank financing of PAHO-prepared projects.

Attachment



PAN AMERICAN HEALTH ORGANIZATION
Pan American Sanitary Bureau, Regional Office of the
WORLD HEALTH ORGANIZATION

DR. HECTOR ACUÑA

DIRECTOR OF THE PAN AMERICAN SANITARY BUREAU

Biographical Note

Dr. Hector Acuña was born in the State of Sonora, Mexico, on 24 September 1921. He received his Medical Degree in 1947 at the Faculty of Medicine of the University of Mexico, and a Master's degree in public health at Yale University in 1951.

Early in his career, Dr. Acuña came in contact with international health problems as Epidemiologist of the Office for Inter American Cooperation in Public Health of Mexico's Ministry of Health and Welfare. Later, he was Medical Director of that Office.

He joined the Pan American Sanitary Bureau in 1954 and for the next eight years served successively as Chief Medical Adviser in the Dominican Republic, El Salvador and Guatemala. During the same period, in addition to his official duties, Dr. Acuña was Professor of Preventive Medicine and Public Health in the Universities of Santo Domingo, Puerto Rico, El Salvador and Guatemala. In 1962, he moved to the World Health Organization's Regional Office for the Eastern Mediterranean where he was WHO Representative and Chief Medical Adviser in Pakistan.

On returning to Mexico in 1964, he held various public and private posts, and in 1971 he was appointed Director of International Affairs in the Ministry of Health and Welfare. In October 1974, while occupying that position, Dr. Acuña was elected Director of the Pan American Sanitary Bureau by the 19th Pan American Sanitary Conference. He assumed his duties as the Bureau's fourth Director in February 1975.

Dr. Acuña is an active member of scientific and professional associations in Mexico, the Dominican Republic, the United States of America, Guatemala and Pakistan. His scientific and teaching work has earned him decorations from his own country and also the Dominican Republic and Guatemala. He is the author of many scientific publications.

He is married to Mrs. Beatriz Dolores Hallatt and has five daughters.

Washington, D. C., February 1975

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: E. Peter Wright, Director, WAL *EPW*

SUBJECT: Signing of Onchocerciasis Fund Agreement

DATE: May 2, 1975

1. The signing of the Onchocerciasis Fund Agreement is scheduled to take place in the Board Room at 11.00 a.m. next Wednesday, May 7. WHO will be represented by an Assistant Director General, Dr. L. Bernard, and the UNDP by Dr. I.G. Patel. Dr. Candau will be present as Chairman of the Joint Coordinating Committee for the program. The local representative of FAO, Mr. Kimmel, will attend but FAO is not a party to the Agreement.
2. The other parties to the Agreement are Belgium, Canada, France, Germany, Japan, Kuwait, Netherlands, United Kingdom, United States and the African Development Bank. A note on the financing of the program is attached at "A" to be read in conjunction with Article 3.02 of the Agreement. Expected contributions are much the same as I indicated in my memorandum of February 20. However, the Belgians have at the last minute reduced their 1975 contribution from BF10 million to BF5 million, while the Netherlands have now definitely indicated a six-year contribution of \$6 million.
3. All parties to the Agreement except the African Development Bank are expected to be represented at the signing by their Ambassadors, Executive Directors, or Alternates. Japan, however, will not be in a position to sign until June, and some of the other donors may have to sign separately because their authorized signatories will be otherwise engaged on Wednesday morning (Mr. Rawlinson may be tied up with the British Prime Minister and Mr. Isbister with the Canadian Finance Minister, who is seeing you later that morning). The Ambassadors of Belgium and the Netherlands are expected to sign for their countries and Mr. Parker or Mr. Adams of USAID for the United States. We will let you have a complete list of those attending the signing as soon as we have all the names.
4. The seven African Governments will be represented at the ceremony by their Ambassadors or Chargés d'Affaires, together with Mr. Razafindrabe (Mr. Gyasi-Twum will be away). These Governments are not parties to the Agreement.
5. Those attending the signing are being invited to take coffee in the lounge adjoining the Board Room from 10.30 a.m. onwards, so that the signing can start punctually at 11.00 a.m. I would suggest that I bring Drs. Candau, Bernard and Patel to your office around 10.40 a.m., and you could then proceed with them to join the others in the lounge a few minutes before 11.00 a.m. We have prepared a brief statement for you to open the proceedings (copy at "B"). Dr. Bernard may wish to say a few words for WHO, and the Ambassador of Mali will make a short statement on behalf of the African Governments. No other speeches are proposed. You would then

May 2, 1975

sign two copies of the Agreement, one in English and one in French, and these would also be signed by Dr. Bernard for WHO, Dr. Patel for UNDP and those donor representatives having the necessary authority to do so. A copy of the Agreement in English is attached at "C". The proceedings should not take more than fifteen or twenty minutes. Mr. Merriam is arranging for photographs to be taken of the signing but the Press will not be present.

6. It would be appreciated if I could have your approval of these arrangements by midday on Monday, as we would like to issue a notice to those taking part.

Attachments

cc: Messrs. William Clark	Damry
Hoffman, IRD	Delaume, Legal
Merriam, Public Affairs	Bazin, WAL

EPWright:erl

May 27, 1975

TO: Memorandum for the Record

From: Bernard R. Bell *BRB*

Subject: Visit of Mr. Raymond Aubrac with Mr. McNamara - May 16, 1975

1. At the request of Mr. Kurt Waldheim, Secretary General of the United Nations, Mr. McNamara saw Mr. Raymond Aubrac late Friday, May 16. Mr. William Clark and Mr. Bernard R. Bell were also present.
2. Mr. Aubrac said that he had just returned from a trip to Hanoi on behalf of the Secretary General of the U.N. where he had talked with officials of the Government of North Vietnam, including the Prime Minister, and also with officials of the then PRG, presumably now the RGV. Officials of both Governments had indicated that they were interested in aid from all sources although they preferred to receive it from United Nations' agencies.
3. The Hanoi officials had presented to him a very large list of their reconstruction needs, particularly in the fields of agriculture, food production and housing. He said that they particularly wanted help in these fields from non-bilateral sources. In his last talk with the Prime Minister, the latter had asked about the World Bank and the Asian Development Bank, indicating that his Government was interested in both institutions and wanted to know more about their policies and procedures. Mr. Aubrac said that in his judgment they would probably apply for membership in both. Mr. McNamara said that on two occasions in the past he had sent messages to them, once through Mr. Kissinger at the time of the Paris peace negotiations, and the other through Prime Minister Palme of Sweden at the time of the Environmental Conference in Stockholm. Mr. McNamara said to Mr. Bell that we should discuss the question of getting the message back to them again.
4. Mr. Aubrac said that the new Government of South Vietnam indicated that it was primarily interested at this time in relief and rehabilitation as distinguished from reconstruction. Mr. McNamara explained that North Vietnam was not at this time a member of the Bank and in order to become so would also need to become a member of the International Monetary Fund. He added that the procedures for accomplishing both these things were in fact not difficult or complicated. He also explained that although this was a matter on which legal analysis and judgment would be required, he was inclined to believe that South Vietnam's membership in the Fund and the Bank remains and that there was probably little question about the right of the present Government to represent it in the two institutions.
5. Mr. Aubrac expressed the personal view that unification of North and South Vietnam was probably some time off, but both sides were determined that it should come eventually.


BRBell:WClark:mjd

Meeting of Mr. McNamara with Gamani Corea, Secretary-General, UNCTAD,
August 31, 1975

The principal reason that Mr. Corea asked for the meeting was to explore whether there was any possibility of retaining the services of Mr. Avramovic. Mr. McNamara responded that Mr. Avramovic was needed in the Bank and that we had better adhere to our present plans.

Mr. Corea then asked whether he could call on Mr. Avramovic to participate in a number of important meetings on the UNCTAD agenda over the next year. Mr. McNamara said that, while we wanted to be as helpful as possible, we would have to look at each one of these requests individually.

The rest of the meeting was spent in a brief review of the status of UNCTAD's proposal for an integrated program on commodities. Mr. Corea thought that considerable progress had been made, the proposal was still actively under discussion, and a number of countries had expressed a serious interest.


Ernest Stern
September 9, 1975

50

OFFICE MEMORANDUM

TO: Files

DATE: October 22, 1975

FROM: D. S. Ballantine *D#B*SUBJECT: Meeting between Mr. McNamara and Mr. Najman, Unesco

1. Mr. McNamara met October 13 with Mr. D. Najman, Acting Assistant Director-General of Unesco (representing Mr. M'Bow) and Mr. Werner Moller, Acting Director of the Education Financing Division, Unesco. D.S. Ballantine was also present.
2. Mr. Najman confirmed that Unesco agreed to the Bank proposal of a management style review of the Bank/Unesco Cooperative Program, similar to that conducted for the Bank/FAO Program. Substance and procedures had been discussed and agreed at a staff level meeting that morning.
3. In addition, Mr. Najman raised the possibility of broadening the scope of Bank/Unesco cooperation to embrace more fully new concerns in world affairs as reflected in the recent Special General Assembly of the United Nations. Specifically he mentioned:
 - (a) The possibility of incorporating "cultural tourism", on which there is already ad hoc cooperation, into the Cooperative Program.
 - (b) Cooperation in the field of communications emphasizing the collection, management and use of information.
 - (c) Transfer of technology and more particularly development of local science capability as a basis for solution of local problems in the LDCs.
4. It was generally agreed that these questions might be raised during the Cooperative Program review. On the science question, Mr. McNamara stated that while he was satisfied with the Consultative Group on International Agricultural Research, he had some difficulty in defining objectives and means of achieving them in broader areas of science. Nevertheless, he would welcome any suggestions Unesco had or discussion of the question.
5. Mr. Najman suggested also that Unesco would like to contribute more fully to the supervision and implementation stage of Bank projects. He described the current status of Unesco's reorganization. No decision has been reached as to the ultimate location of the Cooperative Program unit and the Bank will be consulted before it is made. He did not mention the possibility of dividing the unit up.

6. Mr. Najman briefly described Unesco's current financial difficulties and asked if the Bank would be willing to advise it on how to secure short term funds at favorable rates. Mr. McNamara said that, if asked, the Bank would be happy to advise through its Treasurer, Mr. Rotberg.

cc: Mr. McNamara ✓
Mr. Baum
Mr. Hoffman
Mr. Kearns

DSBallantine/h1

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: D. S. Ballantine *DSB*

SUBJECT: Visit of Mr. D. Najman, October 13, 1975

DATE: October 9, 1975

Dragoljub Najman, a Yugoslav national, has been in Unesco since 1957 and in the education sector since 1965, where he has been responsible for UNDP programs in teacher training. With others in the education sector, Najman had always felt that the benefits of cooperation with the Bank were being reserved too exclusively for the Educational Financing Division and that the Bank/Unesco relationship should be on a broader basis. He was active in setting up the Supplementary Cooperative Program, which we all felt at the time could help meet that objective and others as well. As you know, the Supplementary Cooperative Program was abolished at the end of December 1974, against Unesco's wishes.

During M'Bow's tenure as Assistant Director-General for Education, Najman became a key man in M'Bow's team and since M'Bow became Director-General he has assumed a major role within Unesco. In the current Unesco reorganization, one of the few definite actions so far has been the creation of a new Sector for Cooperation for Development and External Relations, with responsibility for coordinating Unesco programs at the country level and with other agencies but at present without operational responsibility. Najman is Acting Assistant Director-General for this sector.

I believe Najman will wish to talk with you concerning the procedures for the agreed upon review of the Cooperative Program. In a letter of September 15 from Mr. Hoffman to Najman, the Bank proposed a management study approach similar to that used for the FAO/Bank Cooperative Program and we expect Najman to come to Washington with Unesco's reaction. In a letter to you of July 26, 1975, M'Bow expresses preference for "close consultations", presumably at high level, over a "formalistic evaluation". We have yet no idea whether this preference has decreased following the Bank's proposal.

The points raised by M'Bow in his July 26 letter reflect his principal concerns. These are:

- (1) That the Cooperative Program be "based on equal respect for each other's competence". In this connection he cites the current handling of a request from Saudi Arabia to the Bank for help in the field of literacy, which grew out of a Bank assisted manpower development study. The Bank has requested Unesco's participation, which it has agreed to give but at the same time they feel that the Bank's primary and controlling role does not "respect" Unesco's assigned role in the UN system or its substantial experience in the field of literacy training. Another current case, Indonesia Education IV, is a variant of this question. The Bank has

agreed to act as executing agent for a package of UNDP financed technical assistance included in the project and has requested three UN agencies, including Unesco, to act as sub-contractors. However, Unesco resents not having full executive responsibility for administering its portion of the technical assistance. A similar situation could arise in a forthcoming project in Morocco.

These specific cases reflect Unesco's broader conviction that it has primary responsibility within the UN family for education policy advice and development. The Bank has always declined to reserve to any specialized agency exclusive responsibility for services to member countries in connection with Bank operations since it would not be consistent with our obligations to our borrowers or with the Bank's overall country program approach. Even so, without benefit of any exclusive right, Unesco is currently administering \$12 million of Bank financed technical assistance.

- (2) M'Bow would like to see the 75/25 cost sharing formula applied also "to the planning and use of staff time". This means he wants a freer hand in assigning Cooperative Program (CP) staff to non-CP tasks and not subject to CP priorities. In return, he promises to make other Unesco staff available to CP work. These exchanges have taken place to a limited extent but the Bank has been unwilling to discard the principle of a full time "identifiable unit" in Unesco in favor of a drawing account for a certain number of man-years of service. That idea did not work in the Supplementary Program.
- (3) M'Bow also alludes to frequent changes in Bank operation schedules which seriously hamper efficient management by Unesco of its CP personnel. He has a point, although many of the changes originate with the borrower and not the Bank. This is a good subject for the review.
- (4) M'Bow would like Unesco to have a larger role in the supervision/implementation stage of Bank projects, partly as feedback for its identification and preparation work, partly because he thinks it has something to contribute. Without compromising the necessarily direct Bank/borrower relationship, I believe the review could profitably explore this question.
- (5) It is possible that Najman will also propose that the review consider broadening the scope of the CP to include, for example, cultural tourism and the transfer of technology.

October 9, 1975

On the first, Unesco and the Bank have cooperated on an ad hoc basis. On the second, the linkage between Unesco's very general promotional concerns and the Bank's very specific project concerns would need to be demonstrated.

On our side, the division chiefs are concerned over internal quality control of the work of the Cooperative Program. We have always felt that Unesco made inadequate provision for CP management and now during the lengthy transition and reorganization the management staffing is even reduced. Finally, Najman's relation to the CP has yet to be defined. As above, these questions can be dealt with during the course of the review.

We will be meeting with Najman and Moller, the Acting CP Director, before your meeting and should other significant items emerge I will inform you.

cc: Mr. Baum
Mr. Hoffman
Mr. Kearns

GLEBlanc/DSBallantine/hl

57

OFFICE MEMORANDUM

TO: Files

DATE: December 17, 1975

FROM: Harold B. Dunkerley, Transp.&Urban Projects

SUBJECT: Habitat Conference - Meeting of Mr. Penalosa, Secretary-General, Habitat, with Mr. McNamara, December 16, 1975; Mr. William Clark and Mr. Harold Dunkerley present

1. Mr. Penalosa had two requests
 - that Mr. McNamara speak at the Habitat Conference
 - that the Bank lend full support to the program of immediate action to follow the Habitat Conference that Mr. Penalosa hopes to develop in February to April 1976 (details as in the attached letter to Mr. Clark).
2. Mr. McNamara said he would be happy to speak at the Habitat Conference if he found by that time that he had anything of significance to add to his speech to the Board of Governors. He, however, doubted that this would be so. He stressed the much greater difficulty, both intrinsic and in developing a program, as compared with rural development.
3. Mr. McNamara indicated that while the Bank would certainly lend its support to any reasonable program of follow-up from the Vancouver Conference, much further precision was required before it would be possible to decide in which ways the Bank could best help. He suggested that Mr. Penalosa get in touch with Messrs. Clark and Dunkerley after the Preparatory Committee meeting in January to arrange for further discussions with Bank staff.

Attachment

HBDunkerley/pab

cc: Mr. W. Clark, Vice Pres., Ext'l Relations
Mrs. S. Boskey, Mr. Burney, IRD
Mr. Jaycox, TRU
Mr. Burmester, Off. of the Pres.

Habitat

United Nations Conference on Human Settlements
Conférence des Nations Unies sur les établissements humains
Vancouver 1976



Enrique Peñalosa
Secretary General/Secrétaire général

10 December 1975

Dear William,

According to our conversation, here are some of my ideas about the Bank's involvement in the Vancouver follow-up.

During the preparatory process of the Habitat Conference it has become obvious that, although the main responsibility in the field of human settlements will remain at the national level, continued international co-operation will play an important role in supporting national action.

Regardless of the global institutional machinery that may emerge ultimately, a number of countries including Canada, Poland, Sweden, USA and many others, seem to feel that some concrete programme should follow directly from the Habitat Conference. They feel that an immediate programme however limited is absolutely necessary to keep the momentum going. Eventually that programme could be integrated into a wider institutional framework.

One of the alternatives that have been mentioned and which seems to be of considerable interest both to the developed and the developing countries is the possibility of organizing, for example, four or five regional centres (in the sense of inter-country programmes in which several countries could participate) to support and supplement national efforts in human settlements. Such programmes, designed on a multi-country basis would help groups of countries to help themselves in solving their selected human settlements problems in a systematic manner.

Mr. William Clark
Vice President for External Relations
International Bank for Reconstruction and Development
1818 H Street NW,
Washington, D.C. 20433

Initially, such programmes could cover, for example, such important areas as:

- a) training in urban management
- b) applied research and
- c) information exchange

The actual content of the programmes would be formulated through mutual consultations among the countries and organizations concerned.

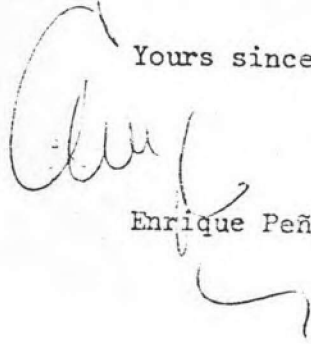
As regards financing of the international component of the programmes, we envisage the organization of a consortium of donor countries and organizations.

I have read with great interest the priorities highlighted by Mr. McNamara's address to the Board of Governors in connexion with the urban poor. It is clear that the activities of the World Bank in this field would be greatly enhanced by the programmes mentioned above.

I am planning to present this idea to the forthcoming second session of the Preparatory Committee in January 1976 with the hope that further consultations could be held during the period from February to May 1976 so that some concrete agreements could be reached in Vancouver at the time of the Conference which will be held from 31 May to 11 June 1976.

I very much hope that in the coming years the Bank will be prepared to assume a leadership role in the field of human settlements as it has, in fact, done in several other areas. I would, therefore, welcome any views on the above, especially as to the role that the Bank may be expected to play in the above mentioned programmes, should those programmes be accepted by the Governments concerned.

Yours sincerely,



Enrique Peñalosa

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 16, 1975

FROM: Harold B. Dunkerley *H.B.D.*SUBJECT: Visit of Mr. Penalosa, Secretary-General of UN Habitat
Conference, Vancouver, May 31-June 11, 1976

1. Mr. Penalosa (Colombian, ex-IBRD staff, ex-head of Colombian Agrarian Reform Agency, ex-IDB) has indicated he would like to discuss support for possible regional centers on human settlements. His major points are underlined in the attached letter to Mr. Clark. He will probably also

- raise the possibility of your attendance at Habitat and making a speech
- produce a report on possible future arrangements for international agencies cooperation to be presented to the Preparatory Committee in January including a new coordinating program agency
- stress the leading role which everybody seems ready to give us in this field.

12/16
2. Mr. Penalosa met with Mr. Knapp on April 3. General support was promised but nothing specific except three audio-visual presentations (sites and services, squatter upgrading, traffic restraint) now in preparation.

3. On the individual points:

- His proposal of regional centers presents the same kind of problem as Habitat itself. If the scope is all aspects of human settlements, effectiveness is likely to be limited. The ECE Housing Committee has been specialized and effective--and has great expertise to draw on. Our position could be, pending results of the Preparatory Committee, (i) to promise general support, (ii) somewhat more help on specialized topics and (iii) stress on revamping existing regional organizations rather than creating new ones.
- A new UN "program" on human settlements. The ad hoc working group in Geneva in September specifically voted against setting up a new agency. The idea is now being resurrected by the Habitat Secretariat.

- Cooperation between agencies. There is a conflict of mandates between the ailing UN Centre for Housing, Building and Planning in New York and the anaemic new UN Habitat and Human Settlements Foundation in Nairobi-- so far unsuccessful in garnering either staff or voluntary contributions. The FAO has entered the stakes with claims of a mandate for all rural settlements. We have
 - stayed out of the conflict of mandates
 - stressed our desire to cooperate wherever expertise can be found
 - emphasized the economies of informal and bilateral liaison as against many formal large conferences.

Attachment

HBDunkerley/pab

cc: Mr. W. Clark, Vice Pres., Ext'l Relations
Mrs. S. Boskey, Dir., IRD
Mr. E.V.K. Jaycox, Dir., TRU

Habitat

United Nations Conference on Human Settlements
Conférence des Nations Unies sur les établissements humains
Vancouver 1976



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Secretary-General/Secrétaire général

10 December 1975

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Regardless of the global institutional machinery that may emerge ultimately, a number of countries including Canada, Poland, Sweden, USA and many others, seem to feel that some concrete programme should follow directly from the Habitat Conference. They feel that an immediate programme however limited is absolutely necessary to keep the momentum going. Eventually that programme could be integrated into a wider institutional framework.

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Mr. William Clark
Vice President for External Relations
International Bank for Reconstruction and Development
1818 H Street NW,
Washington, D.C. 20433

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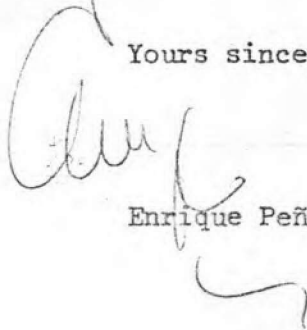
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Yours sincerely,



Enrique Peñalosa

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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 15, 1976

FROM: William Clark *mc*

SUBJECT: Visit of Dr. Hester

The White House has overruled Henry Kissinger's personal request for money for the U.N. University, and so they are existing primarily on Japanese money.

1/15
Dr. Hester wants to talk to you about their program of studies, and in particular seeks Hollis' help. You feel it is in our interest to try and get the U.N. to undertake some serious study of development. (You might care to make something of this in your U.N. speech).

The three topics on which they have begun are:

(i) Food and Nutrition, particularly the problem of "post-harvest losses" i.e. storage. (Do you want Monty Yudelman to attend?)

(ii) Education for Development, on which they want Hollis' guidance in particular.

(iii) Raw materials and global resources (I do not gather they have really got under way on this).

WDClark:sf

OFFICE MEMORANDUM

TO: Mr. McNamara *803* *not* DATE: January 19, 1976

FROM: Shirley Boskey, IRD (through Mr. William Clark)

SUBJECT: Meeting with Mr. Diego Cordovez

This note will give you some background for your 6:30 meeting tomorrow with Diego Cordovez. Cordovez will be spending tomorrow afternoon and Wednesday in the Bank; a number of meetings have been arranged with Bank and IFC staff.

We initiated the visit as part of an effort to develop contacts with key UN officials and national delegates in New York. Cordovez knows a lot about the Bank and is, in general, favorably disposed towards Bank staff and its commitment to development, the Bank's ability to make adjustments in policies and operations to suit the changing needs of the developing countries and its pragmatic and professional approach in all phases of our economic and project work. He is, however, regarded as difficult by the agency representatives. He does not hide his admiration for you as the leader in the development field and particularly the champion of the cause of the World's poor.

At 40, Cordovez, a national of Ecuador, is one of the most well-placed, shrewd and young but senior officers in New York. As the Secretary of ECOSOC and of the Second Committee (Financial and Economic) of the General Assembly, he is constantly in touch with all important national delegations. His knowledge of the UN system, and especially of political balance, is important to old-time delegates and Ambassadors as well as to transient first-secretary level delegates. In addition, the Secretary-General recently appointed him Secretary of the Ad Hoc Committee on Restructuring of the Economic and Social Sectors of the UN system, in which capacity he reports directly to the Secretary-General. He has a law degree from Chile. He spent a few years in his country's diplomatic service and then joined the U.N. Department of Economic and Social Affairs. For several years he worked on trade and UNCTAD matters. (He is a protege of Dr. Prebisch.) He has served as the Secretary of various U.N.-sponsored conferences, including those on Population and Food. He is now one of the close confidants of the Secretary-General and often serves as his special adviser on specific assignment. He is likely to play a key role for the U.N. at the North-South negotiations, if that becomes an important forum.

He has been very helpful to the Bank representatives at the U.N. on substantive issues, for instance on the IDA-IV replenishment resolution. If the Governments (especially the major powers) decide to make a serious attempt to improve the performance of ECOSOC as well as the UN Secretariat through the restructuring exercise, Cordovez is likely to play a key role. He is likely to remain an important as well as a useful individual for us, regardless of the job or jobs he may hold.

He may give you a brief run-down on how he sees the Bank at the U.N. and how we can gather greater support there and elsewhere. We know that he feels the Bank should be more visible and available to talk with delegations, help them out on issues of direct concern to the Bank, and explain Bank problems as well as its mode of operations. He feels the Bank stays much too aloof from the U.N. To him inter-agency coordination (including ACC) is not a meaningful exercise. He would like to see more direct contacts between professional staff and with delegations.

He also may touch on the question of the image of the Bank as a truly international institution -- the China issue and how it remains an obstacle. He knows that while China and its friends are vocal in New York, the matter has not been raised in the Bank Board.

He is very much in favor of your speaking in a UN forum once a year, especially ECOSOC. He may ask you to consider appearing before ECOSOC this summer. As you know, the summer ECOSOC is usually held in Geneva in July/August for about four weeks. The first week of the session is devoted to "general debate", when country delegates and heads of agencies speak. But the 1976 Summer ECOSOC will meet in Abidjan for general debate from July 1-9, with the remainder of the session in Geneva. The Ivory Coast has been lobbying for this and as the Ivorian Ambassador, Siméon Ake, has been elected the new President of ECOSOC, a compromise was reached (much to the annoyance of the Secretariat as well as many delegations). It is also possible that the ACC will meet in Abidjan during the first week of July.

Cordovez would of course be interested to know how you view the U.N., and how the U.N. can be of help to the Bank without changing the Bank's independent and professional character. Last but not least, he is likely to touch on the restructuring exercise and your February 12 appearance.

He has met you casually once or twice at the U.N., and also several years ago in your office, when he accompanied Dr. Prebisch. He is very much looking forward to the chance of more than a casual chat.

MBurney/SBoskey: tsb

54

OFFICE MEMORANDUM

TO: Files

DATE: February 26, 1976

FROM: Montague Yudelman *mt.*SUBJECT: Meeting between Mr. McNamara and Mr. Saouma, Director-General
of FAO on February 23, 1976

1. Mr. Saouma was accompanied by Dr. Kimmel, FAO representative in Washington, and Mr. Walton, Director of External Relations Department at FAO. Messrs. McNamara, Baum, William Clark and Yudelman represented the Bank. The meeting began at 6.00 p.m. and ended at 6.35 p.m.

2. The meeting was characterised by two seemingly conflicting concerns: Mr. Saouma's over-riding concern seemed to be to establish the supremacy and hegemony of FAO in matters relating to agricultural development and to extend its sphere of influence in these matters. Mr. McNamara's over-riding concern was to maintain the quality and integrity of the work now being undertaken by the two institutions where we have a joint concern. An increasing role for FAO in these joint operations is not necessarily compatible with maintaining quality and standards.

3. The basis for the discussion was an aide-memoire prepared by FAO and delivered on the morning of the meeting. (Copy attached). The aide-memoire focussed on three issues, each of which was discussed separately. These were:

a) The CGFPI. The President agreed with Mr. Saouma that the co-sponsors should re-examine the role of CGFPI and make recommendations about its future to the co-sponsors. This examination is to be completed by mid-May. The President designated Mr. Yudelman to represent the Bank in this matter.

b) The CGIAR-TAC. The President traced the history of the CGIAR stressing that its rapid growth, from \$9 m to \$68 m over five years, had been due, in good measure, to the confidence that the donors have in the system. One very important element of the system was the independence of TAC and the independence of the Chairman of TAC from national and institutional pressure. Another important element has been the autonomy of the Centers. The Boards of the Centers and the members of TAC are representative of a wide range of skills and nationalities including many from ldc's.

Mr. Saouma responded that he "hosted" TAC and provided one-third of the operating budget yet he was denied access to all TAC meetings. Furthermore he wondered whether TAC was necessary; FAO had a staff of 7,500 and is the world organization entrusted with food and agriculture. Could not FAO advise the CGIAR instead of TAC; furthermore he believed that FAO was an "independent" body.

Finally if there was to be a TAC then FAO should nominate, say, two candidates for Chairman of TAC and let the co-sponsors choose from these nominees. He felt very strongly that FAO should be the lead agency when it came to technical aspects of agriculture.

Mr. McNamara responded by suggesting that each of the sponsoring agencies should recommend two candidates; he felt very strongly that an independent TAC of outstanding individuals was necessary to give the best advice to the donors of the CGIAR. Indeed the Bank as a donor might find it very difficult to support CGIAR unless it had a guiding technical group who were totally independent and free to speak their minds. This part of the discussion ended with agreement that the co-sponsors should examine the role of TAC, its membership, and how it is functioning. This should be completed by mid-May.

The President directed Mr. Yudelman and Mr. Lejeune to represent the Bank in this activity.

c) Investment and the Cooperative Program. Mr. Saouma said that the FAO/IBRD Cooperative Program (CP) had worked well. He stated that FAO proposed to be more active in promoting investment for agricultural development in the future. He foresaw increased opportunities for providing services to the IFAD, Islamic Bank and Kuwait Fund; in addition there were increasing demands from the private Bankers program. At the same time he expected the CP would continue to provide services to the IBRD. The nucleus of future services to the investment community would be provided by the CP which had acquired considerable expertise over the past decade.

Mr. McNamara agreed with the Director-General of FAO that the Program had worked well. He went on to say he was pleased to hear about FAO's interest in helping other institutions expand their investments in agriculture. The Bank would be quite willing to reduce the present size of the CP in order to "free" some staff members to do work on behalf of other institutions. The FAO Program could be reduced to a clearly identified group of say 50, 40 or 30 staff members, or any number agreed upon; whatever was most reasonable. However the Bank needed ample lead time to make necessary adjustments. These would involve helping country's expand their own capacity to prepare projects and possibly to supplement our own staff or to increase the use of consultants in lieu of the CP for project preparation.

February 26, 1976

Mr. Saouma responded that he had been misunderstood. He wished to expand FAO's efforts in this field and was prepared to expand the CP. He proposed to use the existing CP as the basis for a substantial expansion of the service; this expansion would come about by transferring people from other parts of FAO to be support staff for the experienced staff now in the CP. In this way, by using experienced members of the CP as a nucleus of mission chiefs, the Program could mount many more missions than at present. The change would also involve a change in Bank-FAO operating procedures. The Bank would no longer have an identified CP nor a claim on the services of a particular set of individuals for specific tasks. Rather the Bank would be asked to specify the services it required e.g. 30 or 40 missions over a year and these would be provided on a reimbursable basis, i.e. the Bank would be one of several clients using the available pool of expertise.

The President stressed that the Bank wanted to use the personnel we had helped to train who were already in the Program, and that the Bank was prepared to reduce its claims to enable FAO to help others. However this was an issue which would be discussed by the two agencies over the next year. In the interim he hoped that nothing would be done to impair the Program for the rest of this and for the next fiscal year. The Bank would need lead time to make alternative arrangements if this should be necessary.

Mr. Saouma agreed that there should be no substantial reduction in the Program without a year's notice and that the Program should not be substantially modified, if at all, before July 1 1977. The budget situation should be kept as planned for FY1977. The two organizations should discuss his proposed changes at the senior staff working level.

Mr. McNamara agreed to this and designated Mr. Yudelman to represent the Bank in these discussions.

Attachment

Cleared with and cc: Mr. Warren C. Baum

cc: Mr. Robert S. McNamara
Mr. J. Burke Knapp
Mr. William Clark
Mr. Michael Lejeune

MYudelman:lkt



23 February 1976

To: Mr. Montague Yudelman

From: *K* D. C. Kimmel

Mr. Saouma suggests that the attached informal aide-memoire might be a starting point for his discussions with Mr. McNamara.

Agree in the - how many who work program. and the 12 RR

FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS
Liaison Office for North America
1776 F Street, Northwest
Washington, D.C. 20437

AIDE MEMOIRE

Co-operation between FAO and the World Bank

red line of

Introduction

The FAO Conference in November 1975 requested the Director-General to review the programmes, structures and policies of the Organization, and to prepare proposals which will be considered by the FAO Council in July 1976. This review necessarily covers certain fields of co-operation between FAO and the World Bank, and the Director-General wishes to consult the President of the World Bank before formulating his proposals in these areas.

Investment

The Director-General believes that the FAO/World Bank Co-operative Programme has worked well. In calendar year 1974, projects prepared by the Co-operative Programme accounted for 40% of the Bank's total lending to agriculture, and close to 75% in terms of new projects (i.e. excluding "repeater" projects for which relatively little preparation is needed). While the Director-General is anxious to maintain and, if feasible, increase co-operation between FAO and the World Bank in this field, certain new elements call, in his view, for a re-examination of the structures and modalities of collaboration between the two Organizations.

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The most important new factor is the impact on FAO's investment work likely to result from the establishment of the International Fund for Agricultural Development. To a lesser extent, the Director-General expects the pattern of this work to be affected by requests for co-operation with new investment partners such as the Kuwait Development Fund, and possibly also by requests for stepped-up collaboration with the Regional Banks.

Although the Director-General recognizes the restricted role which FAO has hitherto played, and is likely to play in the near future, in the field of investment, he nevertheless believes that the Organization possesses a valuable store of a rare and precious commodity: expertise in the identification and preparation of viable agricultural projects. While the largest part of this expertise is contained in the FAO/World Bank Co-operative Programme, other sectors of FAO are also in a position to contribute. The Director-General envisages a systematic mobilization of all relevant knowledge and experience in the Organization, with a view to shifting the emphasis of much of FAO's work gradually towards the promotion of investment. As part of this pattern, he plans a major strengthening of FAO's country offices, which, in his view, should be able to make a significant substantive (and not merely administrative) contribution to the Organization's effort.

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The work of the country offices will be backed up, under his proposals, by an operational fund financed out of the Organization's assessed budget, part of which will be available to assist in the preparation of investment projects.

In this perspective, the present arrangements governing the FAO/World Bank Co-operative Programme seem to the Director-General undesirably rigid from the point of view of both Organizations. The Bank should be able to benefit from all investment-oriented activities of FAO. And FAO should be able to use the expertise in the Co-operative Programme more flexibly than is at present the case.

The Director-General therefore tentatively proposes that, instead of taking the form of identified posts and specific amounts for consultants and travel, the FAO/World Bank Co-operative Programme should be crystallized in terms of specific work to be carried out by FAO, with payment by the Bank according to work actually accomplished. The exact financial formula and administrative arrangements would need to be worked out in detail. The findings of the recent FAO/World Bank Joint Management Survey could be taken into account. If agreement were reached on a new formula of this type, it might come into effect (subject on FAO's side to the approval of the Council next July) in 1977.

would need more lead time

CGFPI

The Director-General believes that the results of the first two sessions of the CGFPI have been disappointing and he is anxious to re-examine the costs and benefits for FAO of co-sponsorship. However, he believes it would be more logical for such a re-examination to be made in the framework of a review of CGFPI by all three co-sponsors. If the World Bank and UNDP agree, he suggests that each of the co-sponsors nominate a senior official to participate in a tripartite review of the role, functioning and utility of the Consultative Group. This review should, of course, take into account the potential implications of the establishment of the International Fund for Agricultural Development.

study OK

The Director-General suggests that such a review be completed not later than mid-May, and that the question of the chairmanship of the Consultative Group be handled in the meantime on an interim basis.

CGIAR

While the Director-General believes that the CGIAR is fulfilling a valuable purpose, he has reservations as to the way in which the Technical Advisory Committee is functioning. To some extent, these reservations derive from a basic ambiguity in the role of FAO vis-à-vis TAC. Here again he is anxious to explore possible solutions with the co-sponsors, and suggests that the World Bank, UNDP and FAO each designate a senior official to carry out a tripartite review, which should be completed by mid-May.

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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: February 20, 1976

FROM: Warren C. Baum, William Clark and M. Yudelman

SUBJECT: Your Meeting with the New Director General of FAO

1. Mr. Saouma is unsure of himself and therefore likely to be aggressive during this visit, which he regards as crucial in his campaign to make the FAO the central moving force in agricultural development. It is our hope that you can convince him that the Bank is anxious to cooperate in any activities that are of benefit to the Third World. We would support efforts to make FAO a more effective instrument for carrying out its mandate, and are prepared to collaborate with Saouma on the basis of partnership and equality in areas of common interest. At the same time, we must ensure the ability of the Bank to carry out its own responsibilities in the field of food and agriculture.

2. The new Director General sees his election as a victory for the Group of 77, and for the radical Arab wing of it. (Whether this is in fact the case is somewhat debatable). He believes he has a mandate to make FAO more responsive to these Groups, as the focal point for all major initiatives in agricultural development. In particular he wishes the FAO to take the lead in agricultural investment, as opposed to research and other aspects of food and agriculture. He attempted to make IFAD his investment arm, but so far has been thwarted by the OECD.

3. Saouma is presently reviewing FAO's program and budget so that he can present a revised program of work to the Council in June. All recruiting has stopped and most new activities are "frozen" pending the ongoing review. This review is being undertaken by selected staff members - excluding most of his senior staff whom he distrusts, as representing the "old" economic order.

4. Though Saouma has not yet publicly articulated his new strategy for FAO certain aspects are becoming clear:

- (i) The Development Department is to be the largest Department in FAO. Within the Department the Investment Centre is to be expanded (the Centre includes the Bank's Cooperative Program, but its future is less clear, see below). This expansion will be at the expense of work which is regarded as of academic or pure research interest.
- (ii) Investment in Third World agriculture is the sine qua non of agricultural development. This should be the function of FAO, and Saouma believes he can raise funds through his Arab connections from OPEC.

5. Clearly these views place Saouma on a collision course with the Bank, which we should seek to avoid, if possible. The new D.G. is a very insecure man, he is very suspicious of the existing establishment, which he sees as an Anglo Saxon Goliath (McNamara, Hannah, Hopper, Martin, Crawford) now being challenged by a Lebanese David. In particular he feels that the Bank has treated the FAO as a junior partner rather than as an equal, in the Cooperative Program, the CGIAR/TAC and CGFPI. He is determined to redress this situation, by making the FAO much more vital and the "lead" agency in all matters to do with agricultural development. This is consistent with Bank interests to the extent that he concentrates on improving FAO rather than taking away responsibilities from the Bank. But he does need to be shown the difficulty of converting the FAO into an investment organisation.

6. Mr. Saouma is unlikely to be in a position to discuss detail. You may wish to suggest further meetings to discuss certain crucial topics (you need to beware of seeming to fob him off with people below his rank). However there follow some notes on specific subjects he may raise, or you should raise:

- (a) CGFPI - Saouma feels FAO was not adequately consulted about Martin's recent re-appointment. He does not like Martin as Chairman and he would prefer to see Mensah (Martin's Deputy, from Benin) as Chairman. He would also like to see the CGFPI move to Rome. The FAO representative at the recent CGFPI meeting was very negative about the CGFPI and will probably recommend a cosponsor meeting to discuss the future of this group. We should accommodate Saouma on this and accept a cosponsor meeting to examine the progress and orientation of the CGFPI. The cosponsors could also examine the question of the Chairman at that time, but we think it would be a mistake to replace Martin at this early stage and while Mensah is very able have no reading on how he would perform as Chairman. (Attached is a note by Mr. Yudelman on the recent meeting of CGFPI).
- (b) CGIAR/TAC - Saouma may also feel that FAO does not have an appropriate voice in this venture. At present he vacillates between considering that the CGIAR is not an important activity and desiring that FAO control more of it. He does not seem aware of the fact that FAO is not a donor and that the Bank finances all the costs of the CGIAR Secretariat and one-third of the cosponsors share of TAC and TAC Secretariat costs. He resents the fact that Sir John Crawford has recommended Hopper to succeed him as Chairman of TAC because he sees this as by-passing him and strengthening the Anglo Saxon circle that encloses him - what is more Hopper is the man he has just defeated in the election, which generated considerable ill-will. You should make clear that the chairmanship of TAC is an important matter to be jointly decided by the three cosponsors, and that while we are inclined to follow Sir John's recommendation we would be

amenable to considering other well qualified candidates. (We should not press Hopper's candidacy at this time). The members of TAC are also selected by the cosponsors on the basis of their ability, specialisation and nationality. Thus far there has been a careful balance and all members have been approved unanimously by the cosponsors. It is also necessary that Saouma permit the TAC Secretariat to strengthen its staff by adding another person as had been previously agreed by the cosponsors. A detailed note on CGIAR by Mr. Lejeune is attached.

- (c) The Cooperative Program - It is possible that the D.G. envisages the CP as the nucleus of his plans for expanding FAO's investment capacity. He is counting on this program to provide the investment expertise that he wants. We need to protect our interests and we need to know whether or not the program will continue. Mr. Saouma has agreed to its continuation for another year - which we understand to mean fiscal year 77. (The relationship between the investment centre and CP is shown on the attached note).

If necessary you should make clear that while we appreciate the CP and would like to continue it we can readily curtail the CP and use the funds for our purposes. (In fact some of our agricultural managers would prefer an expansion of their own staffs to a continuation of the CP). Saouma believes that FAO is subsidising the Bank through the CP. This is based on the Kearns report's analysis that while FAO contributes 25% to the CP it does not control 25% of the CP's time. This view is irrelevant - the purpose of the program is to facilitate the flow of resources to developing countries.

The FAO CP is also disgruntled because it does not determine policy on lending and because it is confined largely to project preparation and is denied the opportunity to lead sector surveys (a long-standing bone of contention). We believe that there may be scope for using CP members on other work in the future but its main function will have to continue to be project preparation.

If the CP is to continue in an expanded Investment Centre we will need to safeguard our interests by ensuring that the program is responsive to our needs rather than those of other potential donors. This may necessitate the posting of a manager from the Bank in Rome.

- (d) It is possible that Saouma may raise the question of training FAO staff for investment work. This might be done on the job in Rome, or he may suggest that the EDI run some special course for FAO. The Director of EDI would be glad to accept some FAO candidates in the five agricultural courses held in Washington next year - or help FAO set up a training course of their own, by training in EDI the people who would run the courses in FAO.

Consultative Group on Food Production and Investment

The CGFPI emerged from the World Food Conference as a forum for encouraging external resource flows for food production in the developing countries, and co-ordinating the activities of the various bilateral and multilateral donors in promoting food production. The Group is sponsored jointly by UNDP, FAO and the World Bank.

The Secretariat has a professional staff of 6 - two each paid for by the three donor agencies - who work out of the World Bank offices in Washington. The Chairman is Mr. Edwin M. Martin. The Deputy Chairman and Executive Secretary is Mr. Moise C. Mensah, a citizen of Benin, who has previously been an Assistant Director General of FAO.

The budget for the CGFPI amounted to \$697,200 for the period March 1975 - June 1976. It is expected that the budget for the next year will be approximately the same as this, being met by three equal payments of \$232,400 from each of the sponsoring agencies.

The first meeting of the CGFPI was held in Washington from July 21-23, 1975 and attended by 28 members and 7 observers. The second meeting was held at the Bank between February 10 and February 12, 1976 which was attended by 24 member countries, 8 member agencies and 6 other groups with observer status. The general level of representation in terms of seniority, however, was below that of the inaugural session; a point noted with concern by some of the delegates. Apart from a delegate from Indonesia, no OPEC representatives were present. (Nigeria was represented on a regional basis by the Ambassador for Sierra Leone.)

The meeting was organized around several documents prepared under CGFPI Secretariat auspices with substantial contributions from the Bank, FAO, OECD and USAID; the basic thrust of the meeting was to define further the role of the Group. Since the first meeting there has been a welcome narrowing of this focus, with greater concentration on the investment aspects of LDC food production. However, led by the Bank, FAO and the larger bilateral donors, participants were in general agreement that additional narrowing of the range of activities was required if the Group was to produce results which were operationally useful to both donors and recipients.

Donors continued to stress the need for larger domestic investment in LDC agriculture, institutional reform, appropriate pricing policies and measures to increase the availability of trained manpower for agriculture. The Bank suggested a continued need for the CGFPI to focus on aggregate investment flows and constraints to increased food production within an analytical framework provided by national food and nutrition plans. There was interest in the Bank's suggestion that multilateral donors could usefully provide assistance to the LDCs in the preparation of food plans which could serve as the basis for a dialogue between donors and recipients on food-related issues.

Among recipient countries a common theme was the need for larger external resource flows, easier terms and less cumbersome, time-consuming procedures in project development and funding. While recognizing the substantially-increased flows of external assistance to their agricultural sectors within the past two years and generally appreciative of the smaller-farm focus by donors, recipients voiced concern over the extent to which these aid flows had been offset to a large degree by sharply higher import prices for capital and intermediate goods, particularly fuel and fertilizers. A common concern was whether and how the CGFPI could influence significantly the magnitude and character of external resource flows. The Canadian suggestion that the CGFPI Secretariat prepare a paper on these operational linkages was widely supported.

The Asian Development Bank has invited the CGFPI to hold its next meeting in Manila in early September 1976, just prior to the Bank/Fund meeting. A decision on the venue was postponed, pending further consideration of budgetary implications. As possible items for the agenda of the next meeting, Mr. Martin suggested several topics including pre- and post-harvest losses, local currency financing, investment requirements to meet global food deficits and progress reports with respect to work on resource flows and availabilities of trained manpower for LDC agriculture. We believe this proposed agenda is unduly broad.

About one year has passed since the CGFPI was established. Some progress has been made in attempting to establish itself as a useful organization, although comments by participants and post-meeting discussion continued to reflect scepticism with respect to the likely contribution which the Group can make toward its original objectives of improving the magnitude and effectiveness of investment in LDC food production. My observations of the CGFPI operation to date and the apparent similarity between its recent agenda and that proposed for the forthcoming World Food Council meeting, pose the question of what unique role the CGFPI can be expected to play. The new managements of both the UNDP and FAO have indicated their intent to review their relationship to the CGFPI. I believe this provides a good opportunity to undertake a more comprehensive review of the Group by all sponsoring agencies with a view to determining what future support they may wish to provide. I recommend a review of this nature.

Note on CGIAR

1. It is too soon to gauge what Mr. Saouma's considered attitude toward the Consultative Group on International Agricultural Research will be. He is still learning about it. Following his meetings with Mr. Yudelman and Sir John Crawford in the week of February 1, he has had several meetings with individual members of his senior staff on the subject.

2. Two factors seem to underlie his initial attitude. First he considers unsatisfactory those enterprises which appear to be within FAO's area of responsibility but which are not subject to its control. In his view it is not enough that FAO should be a "co-sponsor" of such independent bodies as CGIAR and CGFPI; he would wish FAO to have an important voice -- probably the dominant voice -- in their affairs. Second, he believes FAO should confine itself to action programs and he is not yet convinced that research is action. With respect to research as supported by the CGIAR, he may be under some misapprehension. He is reported to have understood that the CGIAR was promoting basic research, whereas in fact it is concerned with applied research, training and, to some degree, technical assistance. In the view of the members of the Consultative Group, its program is very much an action program. Perhaps as Mr. Saouma becomes better informed about the activities of the CGIAR, he too will appreciate the significance of its activities in an overall plan of action for meeting the food gap. If he does so, however, he is all the more likely to seek to ensure that FAO will have a strong voice in it. It is recommended that you (a) take the opportunity to emphasize the practical, production-oriented character of the programs of the Centers in applied research, the development of improved farming systems and the training of scientists and technicians from the developing countries and (b) welcome FAO's full participation in the CGIAR as one of the three co-equal Co-Sponsors.

3. Mr. Saouma has already shown a wish to exercise influence over the CGIAR's Technical Advisory Committee. The most sensitive point is the selection of a new chairman to replace Sir John Crawford upon his retirement. He had planned to retire following Centers Week in July 1976. He had recommended to the three Co-Sponsors of the CGIAR that his successor be Dr. Hopper. The representatives of the Bank and the UNDP agreed with this recommendation, but the representative of the FAO withheld his concurrence pending getting the approval of Mr. Saouma. This approval has not yet been forthcoming. Sir John and Mr. Yudelman have both discussed this question with Mr. Saouma, and it is clear that at the time they spoke to him he was not ready to agree to Dr. Hopper's selection. He told Sir John that in due course he intended to put three names to the Co-Sponsors for consideration, but he did not divulge who they would be, nor is it known to what extent he intends to discuss questions of the TAC chairmanship with you and to suggest specific names. It is recommended

you do not make an issue of this question at this initial meeting, but that this problem be given some time to work itself out. Sir John Crawford has volunteered to stay as Chairman until the end of 1976, and believes that with the passage of time Mr. Saouma might yet agree to the selection of Dr. Hopper. Even if Sir John's assessment is wrong, Mr. Saouma may still be willing to settle on an alternative candidate fully acceptable to the Bank and UNDP. However, it is also recommended that you take the opportunity to state the principles (a) that TAC as an advisory technical body should have a high degree of independence, (b) that the Chairman should be chosen from among highly-qualified candidates put forward by any of the three Co-Sponsors and (c) that the decision on the chairman should be made by agreement among the Co-Sponsors.

4. It is unlikely that any question of the composition of the membership of TAC will arise, but if it does you should know that we have been careful to maintain a balance between the members drawn from developing countries and those from the developed countries. Of the twelve members (excluding the chairman) there are six from each group of countries. The members are, of course, also selected to give a balance between the various fields of expertise.

5. Mr. Saouma appears to wish to exercise more control over the TAC Secretariat (which is provided and accommodated by FAO, but which is funded by equal contributions from the three Co-Sponsors plus about \$150,000 contributed by Australia). At the recent TAC meeting in Rome, there was evidence that at least his staff felt that reports prepared by the TAC Secretariat, or on its behalf, should be vetted by the FAO before being given to the members of TAC. Sir John Crawford resisted this, however, in the interest of maintaining TAC's objectivity and independence. Nevertheless, the Secretariat, along with the rest of FAO, has been subject to a hiring freeze, and as a consequence has been unable to hire a recruit (to whom an offer had been made) to fill a much needed vacant position which had been established at the urging of the Bank, UNDP and the Australians. Despite this evidence of an initial wish to exercise greater control over the TAC Secretariat, it is recommended you do not refer to these occurrences or make issues of them. It is possible that as Mr. Saouma comes to understand the operations of the CGIAR better, he too will appreciate the wisdom of maintaining TAC's independence.

6. Mr. Saouma may raise a question about the assignment of Mr. Oram as TAC's Executive Secretary. Oram exercises two functions: he is chief of FAO's Research Development Center while at the same time heading the TAC Secretariat. Mr. Saouma is uncomfortable with an arrangement under which an FAO staff member "wears two hats", as he puts it, owing allegiance to an outside body like TAC as well as to FAO. From the practical standpoint of

getting TAC's work done expeditiously, this division of Oram's time has had some disadvantages, but the arrangement has provided TAC with a more competent Executive Secretary spending three-quarters of his time than it might have got from someone else provided by FAO full time. There has been no evident conflict of interest except in terms of the allocation of Oram's time. In addition to the question of dual allegiance, there are questions of FAO personnel policy in the establishment of the level of the job (D2 vs D1) and personal relations between Oram and Saouma in the past. You should avoid becoming involved. At the same time, however, it is recommended you emphasize the need to have a strong, and well-managed Secretariat responsible to an objective and independent TAC which is in turn responsible to the CGIAR as a whole.

February 20, 1976

The Investment Center and the Cooperative Program

This table indicates the "size" of the Investment Center which houses the FAO/IBRD Cooperative Program. The Bank provides US\$9 million out of US\$15.3 million for the Center, and the Cooperative Program provides more than 80% of the man-years available to the Center.

The Cooperative Program has prepared about one-third of the Bank's projects in agriculture.

For comparative purposes we have 275 authorized positions in agriculture at headquarters, 121 in field offices or 396 man-years excluding the Cooperative Program.

Investment Center

Biennium Budgets (Calendar Years)
(US Million)

	<u>70-71</u>	<u>72-73</u>	<u>74-75</u>	<u>76-77</u>
FAO/IBRD	5.0	7.0	9.1	12.0
Central Office*	<u>0.6</u>	<u>1.0</u>	<u>1.3</u>	<u>3.3</u>
Total	5.6	8.0	10.4	15.3
IBRD Contribution	3.8	5.3	6.9	9.0

Staffing

	<u>70-71</u>		<u>72-73</u>		<u>74-75</u>		<u>76-77</u>
	<u>Budget</u>	<u>- Actual</u>	<u>Budget</u>	<u>- Actual</u>	<u>Budget</u>	<u>- Actual</u>	<u>Budget</u>
FAO/IBRD	70	56	70	60	75	68	78
Central Office*	<u>9</u>	<u>8</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>17</u>
Total	79	64	80	69	85	68	95

*Includes Cooperative Programs with Regional Banks as well as the Bankers (private) Program.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: February 20, 1976

FROM: Montague Yudelman *myd*SUBJECT: General background information on agricultural development
and aid to agriculture1. Current situation

In the last year there were record harvests in the USA and very good harvests in South Asia. However overall foodgrain production increased modestly, largely because of the staggering failure of the Russian harvest (the shortfall of the Russian crop, 27 million tons, is equal to enough food for more than 100 million people and represents more than 2% of world grain production). Despite the modest increase in total output and stepped up demand for imports by the USSR there has been a pronounced softening in grain prices. This is largely because the industrial recession has led to a falling off of demand in Western Europe and Japan. As the table below indicates prices of wheat and rice have fallen sharply. At the same time - contrary to earlier expectations - the price of urea has fallen even more rapidly so resulting in a more favorable fertilizer-grain price ratio than before.

<u>Price levels and ratios</u>	<u>Oct.-Dec.</u> <u>1974</u>	<u>Oct.-Dec.</u> <u>1975</u>	<u>Percentage</u> <u>Price Changes</u> <u>1975</u>
	(US\$ per metric ton)		
A. Commodity			
Rice, Thai, 5% fob Bangkok	466	331	-29%
Wheat, US No. 1, soft red winter, fob Atlantic ports	185	135	-27%
Urea, bagged, fob Europe	335	116	-65%
B. Price ratio,			
rice to urea	1.4	2.9	2.6

2. Structural change

Despite annual variations in harvests a fundamental change has taken place in the structure of world trade in foodgrains. The major characteristic of this change - as shown in the table below - is the absolute dominance of North America as an exporter, the turn-around of Latin America from exporter to importer and the dismaying growth of Asian imports.

North America as the World's breadbasket

	<u>1934-38</u>	<u>1948-52</u>	<u>1960</u>	<u>1970</u>	<u>1976*</u>
	(million tons)				
N. America	+5	+23	+39	+56	+94
Latin America	+9	+1	-	+4	-3
W. Europe	-24	-22	-25	-30	-17
E. Europe & USSR	+5	-	-	-	-27
Africa	+1	-	-2	-5	-10
Asia	+2	-6	-17	-37	-47
Australia & New Zealand	-3	+3	+6	+12	+8

*Estimates

3. The dependence on the USA

The dominance of the US is highlighted by:

a) Corn - US produces 45% of world corn and 50% of all corn that moves into world markets comes from the USA.

b) Wheat - the USSR is the world's largest wheat producer producing about one-third more than the USA. Most Soviet wheat is consumed domestically, but around 65% of US wheat is shipped abroad.

c) Soybeans - US produces 75% of world's soybeans and exports about 40% of the crop - more than half of world trade in soybeans comes from the USA.

d) Rice - The USA produces less than 5% of the world's rice but is the largest single exporter. Most of the world's rice is consumed where it is produced and only 3 to 5% of output enters international trade. The US provides more than half of the volume traded.

US total food exports were \$22 billion in 1974 - a major factor in the US balance of trade with the rest of the world.

4. Vulnerability of dependence on US production

The dependence on the US has location specific elements that give some cause for concern. Iowa produces 10% of the world's corn output - more than China (second largest producer) and more than Russia and Brazil together (third and fourth largest producers). Kansas and North Dakota annually produce almost as much wheat as Canada (third largest producer) and more than Australia (fourth largest producer). The point to be borne in mind is that these States depend largely on rain-fed agriculture. Poor weather in these three States could wreak havoc in world markets. This can well happen at any time.

5. Longer term outlook

The background paper for the World Food Conference estimated an 85 million ton food deficit for ldc's by 1985. The largest part of this deficit would be from South Asia and would be in rice. (Rice accounts for 36% of food produced in ldc's, coarse grains 36%, wheat 22% and millets 6%).

The recent IFPRI study gives a more sombre picture. The study indicates that foodgrain production in the ldc's grew by 2.50% p.a. in 1960-74 but only by 1.69% p.a. in 1967-74. (Most rapid growth was in wheat 4.26% p.a. and rice only increasing by 1.67% p.a. over 1960-74). If the 1960-74 trend is used then the food deficit will be close to that projected by the World Food Conference. However if the 1967-74 production rates were to prevail cereal production rates would be almost 100 million tons less than the 1960-74 rate and the projected cereal deficit would be close to 200 million tons. Most of the projected increase in demand comes from increases in population though projected incomes in OPEC countries also accelerated demand. Assuming a 2.50% growth rate from 1960-74, a 4.25% growth rate would be required from 1975 to 1985/86 to close the deficit. This rate is well above recent rates of growth but is below the rate of growth of food production in Mexico and Pakistan in 1967-74.

6. Aid flows into agriculture

There has been a substantial increase in aid flows into agriculture in recent years. In calendar 1973, total bilateral and multilateral aid for agriculture was \$2.4 billion, in 1974 it was \$3.8 billion and, on the basis of rough estimates, close to \$5 billion in 1975. In 1973 and 1974 aid to agriculture represented 15.3% and 19.4% of all aid; 8.9% and 13.5% of all bilateral aid and 25.5% and 27.5% of all multilateral aid.

The Bank is the largest source of aid for agriculture. Taking calendar 1973 and 1974 together then the annual average lending for agriculture was \$2.6 billion of which 50.7% came from the World Bank 36.5% from bilateral aid and 12.8% from the regional banks.

The Bank's lending for agriculture on a fiscal year basis has been as follows:

Bank/IDA Lending for Agriculture

<u>FY</u>	<u>US Million</u>
1970	412.9
1971	419.1
1972	436.3
1973	937.7
1974	955.9
1975	1,857.5

MYudelman:lkt

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

DATE: February 20, 1976

FROM: Ernest Stern, ^{VP}, South AsiaSUBJECT: FAO/IBRD CP and the India Agriculture Operations Program

Although your meeting on Monday with the new Director General of FAO, Mr. Saouma, is to cover broad issues in Bank-FAO relations, I hope it will be possible to raise an issue which, though apparently small, is vital to our agricultural program in India and FAO's role in it.

A major thrust of the Bank's operations program in India is to encourage GOI to tackle key food production and rural development issues more effectively through carefully designed projects. With the assistance of Sir John Crawford we have identified a large number of opportunities for investment and, increasingly, project preparation capacity has become a bottleneck. Sir John has pushed hard on this, as have we, and during my recent visit to India the Minister of Agriculture informed Sir John and me that a decision had been taken to establish several project planning cells. Detailed proposals along these lines were discussed with the new Secretary of Agriculture, Dr. Narang, when he visited Washington for the CGFPI meeting. Thus, I am hopeful that concrete steps will be taken in the next months to create and staff these project preparation units in the Ministry of Agriculture and Irrigation.

In order to assist GOI in the preparation of agricultural projects, the Bank and the FAO/CP must utilize their resources more effectively. In January 1975, as an essential step toward this objective, you agreed with a proposal to strengthen the agricultural skills of our Resident Mission in India. The proposal, which Mr. Weiner put to you at that time and which you endorsed, provided for the posting of an FAO/CP staff member in New Delhi to work on (i) project formulation particularly in the field of command area development and irrigation, and (ii) to facilitate overall coordination with the Cooperative Program in Rome.

This was discussed and agreed with Mr. Huyser by June 1975. A suitable CP staff member was then selected. Mr. Huyser agreed to pay the salary provided the Bank would pay the post allowance, a request which our Personnel Department accepted. Unfortunately, the staff member was not posted to Delhi by FAO before the Fall, when Dr. Boerma felt the final approval should be left to his successor. Mr. Saouma refused to go along with this arrangement when he took office pending his overall review of Bank/FAO relations.

In short, more than year has passed since we initiated this proposal. Our agriculture project pipeline buildup in India is in danger of substantial slippage because of the inadequacy of FAO/CP's efforts which is related directly to the lack of an FAO/CP presence in New Delhi.

February 20, 1976

Mr. Picciotto and I have discussed this matter with Mr. Yudelman. He has tried to resolve the issue through discussions in Rome, at the level of Mr. Huyser. I also discussed it with Mr. Huyser when he was here. These efforts have been fruitless since Mr. Huyser does not have the authority to decide this. Although it involves only one person the impact on one of our largest programs, in which we must count heavily on the FAO/CP, is substantial. I hope, therefore, that you can raise the matter in the context of the broader discussion as we are unlikely to get a response any other way.

In case Mr. Saouma will not approve this arrangement soon the only alternative I see is to request an extra budget position to fund the required addition of an agricultural position in the New Delhi Office from our side instead of from FAO as we would not wish to reduce our objective in supporting Indian agriculture.

RPicciotto/EStern:cta

Cleared in substance and cc: Messrs. Blobel
Alisbah


cc: Messrs. Yudelman
Veraart

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OFFICE MEMORANDUM

TO: Files

DATE: June 17, 1976

FROM: William Clark 

SUBJECT: Dr. Adebayo Adedeji's Meeting with
Mr. McNamara - June 15, 1976

The new (Nigerian) head of ECA paid a courtesy call on Mr. McNamara accompanied by two assistants.

He told us of the work of ECA which has some 200 professionals in Addis, and deals with various Pan African matters such as Trans African highways, and telecommunications (which are also dealt with by the African Development Bank).

He raised the matter of economic reporting in Africa where ECA is supposed to produce an annual report on each member country, but has little capacity to do so. He wished for better liaison with Bank economic report teams. Mr. McNamara told him that he would be glad to arrange this and asked me to follow up.

The interview was cordial but revealed the terrible lack of skilled personnel, funds and technical liaison with other African bodies that exists in the ECA.

WDClark:sf

cc. Mr. Chenery
Mr. Chauffournier
Mr. Please
Mr. Wapenhans

OFFICE MEMORANDUM

TO: Mr. McNamara

FROM: Shirley Boskey, IRD (through Mr. Clark)

SUBJECT: Visit of Dr. Adebayo Adedeji, Executive Secretary
of Economic Commission for Africa (ECA)

DATE: June 14, 1976

You will be meeting with Dr. Adedeji tomorrow, June 15, at 6:00 p.m.

Dr. Adedeji is a distinguished Nigerian, who has held a variety of posts as a public servant and in professional societies in the economic field, has taught public administration and is a published author. He succeeded Robert Gardiner as Executive Secretary of ECA in June of 1975.

He has held a number of economic posts in the Western Nigeria Government: Assistant Secretary in the Ministry of Economic Planning and Principal Assistant Secretary (Revenue) in the Finance Division of the Treasury. In 1971 he was appointed Commissioner for Economic Development and Reconstruction in Nigeria's Federal Government and since 1972 he has been (and still is) Chairman of the National Economic Advisory Council of Nigeria.

Dr. Adedeji has also had an academic career: Director of the Institute of Administration at the University of Ife (Nigeria), Professor of Public Administration at that University, and visiting professor at the University of Dar es Salaam.

He has been a consultant to Unesco and in 1970 headed an ECA team which surveyed the manpower and training needs of African countries.

This trip to Washington is Dr. Adedeji's first official visit since his appointment to the ECA post. We have no indication of what he proposes to discuss with you, and we believe that it is a purely courtesy visit. There are, however, two matters which he might raise.

1. A three-year program of project analysis courses was organized jointly by ECA, the EDI, the African Development Bank (ADB) and the African Institute for Development and Economic Planning (IDEP) in 1973. The courses were conducted at the headquarters of the ADB in Abidjan. ECA provided an officer who handled administrative matters and EDI did most of the teaching. The courses themselves were well received, but the small initial participation of the ADB and the IDEP rapidly became negligible. When Gardiner retired in 1975 and the ECA administrative officer was withdrawn from Abidjan, EDI suggested that the program be reviewed. The ADB agreed in January 1976 to undertake the review, but ECA did not endorse the idea until April, and the IDEP has not yet reacted. EDI does not plan to commit further resources to the Abidjan program at least until the review is completed and

the ADB has demonstrated greater willingness to make a substantial contribution. ADB has so far said only that it will assign an official to work on the joint program; that official has recently arrived in Washington to attend an EDI course.

2. Dr. Adedeji might also refer to a five-year plan for socio-economic development in Africa which, according to a Reuters dispatch, was adopted earlier this month by an ECA Executive Committee meeting. Reportedly, the objectives of the program are the reduction of poverty and unemployment with emphasis on African countries' need for greater economic self-reliance. The program is said to emphasize industry and agriculture, including rural development. *Forney*

SBoskey:tsb

cc: Mr. Clark