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Series: Chronological files - outgoing

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: February 13, 2013

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

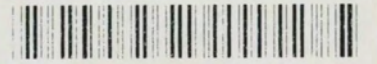
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McNamara Papers

198 (March - April)

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Archives



1771983

A1995-252 Other #: 6

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President Robert McNamara Chronological files - (outgoing) - Chrons 82

495/4/117

April 30, 1981

Dear Ken:

I shall be happy to serve on the Atlantic Council's Working Group on Military Service and I shall plan to attend the May 13 meeting, although I will have to leave before lunch.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Kenneth Rush
The Atlantic Council
1616 H Street, N.W.
Washington, D. C. 20006

RMcN:bmm

495/4/116

Office of the President

April 30, 1981

Mr. Prime Minister:

It was a pleasure for me to receive the Minister of Finance, Sir Veerasamy Ringadoo, during his recent visit to the Bank for the negotiation of a Structural Adjustment Loan to Mauritius. I would also like to acknowledge your letter of April 10, 1981, which he handed over to me along with your good wishes, the extraordinarily interesting book, and the kind invitation to again visit your lovely land.

The negotiations for the loan have, I understand, now been successfully concluded. I am confident your government will devote all its energies to the implementation of the impressive program which has been discussed with us. In this task, which you have so courageously undertaken, I wish you every success.

I also wish to convey to you once again, as when we last met, my warmest regards to you and the people of Mauritius.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. The Right Honourable
Sir Seewoosagur Ramgoolam, G.C.M.G.
Prime Minister and Minister of Defence and
Internal Security,
Minister of Reform Institutions and
Minister of Communications
Government House
Port Louis
Mauritius

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

495/4/115

Office of the President

April 30, 1981

Dear Mr. Minister:

When I wrote you on March 17, 1981 to thank you for your kind invitation to pay a farewell visit to Nigeria, I did not know whether I could accept it or not given a heavy schedule of commitments prior to my retirement.

I am very pleased, therefore, to find now that circumstances will indeed allow me to accept your invitation and to return to Nigeria for a visit. I would be happy to travel with you from Libreville to Lagos at the end of the Development Committee meeting on Friday, May 22, 1981 and to spend the weekend in Lagos. I would, however, have to leave Lagos on Sunday evening, May 24, 1981, in order to return to Washington.

Mr. Minister, I should like to express to you once again my sincere gratitude for inviting me back to Nigeria, and I am very much looking forward to the opportunity to learn first hand about the progress your country has made, and is making, in its development efforts.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency Victor I. Masi
Minister of Finance
Federal Ministry of Finance
New Secretariat, Ikoyi
P.M.B. 12591
Lagos, Nigeria

cc: His Excellency Olujimi Jolaoso
Ambassador of the Federal Republic
of Nigeria

4975/4/1111

April 29, 1981

Dear Mr. Kaplan:

My visit to Africa extends into May 23 and 24 and therefore I will not be able to accept your invitation to attend the Workshop in Geneva. I regret that I will miss a discussion of a topic which interests me greatly.

With best regards,

Sincerely,

Robert S. McNamara

Mr. M. M. Kaplan
Director-General
Pugwash Conferences
11A Avenue de la Paix
1202 Geneva
Switzerland

RMcN:bmm

495/4/113

Class of Service: TELEX Date: APRIL 24, 1981

Telex No.: 571528 I.U.E. Originators Ext: 72001

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DR. MAX KOHNSTAMM

EUROPEAN UNIVERSITY INSTITUTE

FLORENCE, ITALY

I HAVE TODAY SENT THE FOLLOWING CABLE TO THE
BILDERBERG SECRETARIAT QUOTE AFTER THIRTEEN YEARS
AS PRESIDENT OF THE WORLD BANK I WILL BE RETIRING
SIXTY DAYS FROM NOW. I AM BEING OVERWHELMED BY
THE PRESS OF BUSINESS IN THE LAST WEEKS OF MY
TERM. I MENTION THIS ONLY TO EXPLAIN WHY, WITH
DEEP REGRET, I MUST SAY THAT I WILL NOT BE ABLE
TO ATTEND THE BILDERBERG MEETINGS MAY 14 TO 17
IN LUCERNE. WITH BEST WISHES UNQUOTE I AM
MOST DISAPPOINTED THAT WE CANNOT MEET AT
BILDERBERG AS WE HAD PLANNED. PLEASE LET ME KNOW
WHEN YOU NEXT COME TO THIS COUNTRY. WITH BEST WISHES
BOB McNAMARA

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY: <i>Robert S. McNamara</i>
CLEARANCES AND COPY DISTRIBUTION:	AUTHORIZED BY (Name and Signature): Robert S. McNamara
	DEPARTMENT: President
SECTION BELOW FOR USE OF CABLE SECTION	
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495/4/112

Class of Service: _____ Date: **APRIL 24, 1981**
Telex No.: **236554** Originators Ext: **7 2001**

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PAUL B FINNEY
HONORARY SECRETARY-GENERAL
FOR THE U.S., AMERICAN FRIENDS OF BILDERBERG
39 E. 51st St
NEW YORK NY

I HAVE TODAY SENT THE FOLLOWING CABLE TO THE
SECRETARIAT OF THE BILDERBERG MEETINGS
QUOTE ATER THIRTEEN YEARS AS PRESIDENT OF THE
WORLD BANK I WILL BE RETIRING SIXTY DAYS FROM NOW.
I AM BEING OVERWHELMED BY THE PRESS OF BUSINESS
IN THE LAST WEEKS OF MY TERM. I MENTION THIS ONLY
TO EXPLAIN WHY, WITH DEEP REGRET, I MUST SAY THAT
I WILL NOT BE ABLE TO ATTEND THE BILDERBERG
MEETINGS MAY 14 to 17 IN LUCERNE. WITH BEST
WISHES ~~QUOQUE~~ I HOPE YOU WILL UNDERSTAND HOW
DISAPPOINTED I AM. ROBERT S. McNAMARA

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY:
CLEARANCES AND COPY DISTRIBUTION:	AUTHORIZED BY (Name and Signature): Robert S. McNamara President
	DEPARTMENT:
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Class of Service: _____

Date: _____

April 24, 1982

695/4/111

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Originators Ext: _____

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**BILDERBERG MEETINGS
L SMIDSWATER
P.O. BOX 30418
2500 GK THE HAGUE
NETHERLANDS**

AFTER THIRTEEN YEARS AS PRESIDENT OF THE WORLD BANK
I WILL BE RETIRING SIXTY DAYS FROM NOW. I AM BEING
OVERWHELMED BY THE PRESS OF BUSINESS
IN THE LAST WEEKS OF MY TERM. I MENTION THIS
ONLY TO EXPLAIN WHY, WITH DEEP REGRET, I MUST SAY
THAT I WILL NOT BE ABLE TO ATTEND THE BILDERBERG
MEETINGS MAY 14 to 17 IN LUCERNE. WITH BEST
WISHES. ROBERT S. McNAMARA

21 END
OF
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NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

Robert S. McNamara

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

President

DEPARTMENT:

copy: Mr. Paul Finney

SECTION BELOW FOR USE OF CABLE SECTION
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495/4/110

APR 24 1981

Dear Mr. Fowler:

Thank you for your letter of March 17, 1981 recommending Professor Claire M. Hubert for employment with the Bank.

One of our Senior Recruitment Officers has been asked to call Professor Hubert to discuss her application, as well as the requirements for the positions in which she has expressed an interest.

I appreciate your bringing Professor Hubert's name to my attention.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Wyche Fowler, Jr.
The House of Representatives
Washington, D.C. 20515

cleared by Mr. Pollan

cc: Mr. McNamara's Office
PMD Front Office Log No. 41190

FGStone:lhv

495/4/109

APR 23 1981

Dear Lord Shawcross:

Thank you for your letter of March 25, 1981 concerning a case of expropriation of foreign-owned private property by the Government of the People's Democratic Republic of Yemen. I subsequently received the letter from Mr. Abs to which you refer and am pleased to enclose a copy of the letter which I sent in reply.

As you will note from my letter to Mr. Abs, the World Bank has been informed by the Government that only three settlements now remain outstanding between the Government and other parties, one of which is compensation owed to the Government by a private party. The Government, to the best of our knowledge, still wishes to conclude mutually satisfactory agreements with respect to these outstanding settlements. With reference to the specific case you mention in your letter, the World Bank has not been made aware of a repudiation of liability by the Government in any case of expropriation of foreign-owned private property.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

enclosure

The Right Honourable Lord Shawcross, GBE QC
Morgan House
1 Angel Court
London EC2R 7 AE
England

Cl. with and cc: Mr. Jabri (LEG)

DJSteel/nbh
April 20, 1981

cc: for Mr McNamara's Office (2)

APR 23 1981

Dear Mr. Abs:

Thank you for your letter of March 19, 1981 concerning the present attitude of the Government of the People's Democratic Republic of Yemen towards compensation for expropriation of foreign owned private property.

The World Bank has been kept closely informed by the Government on the progress made towards settlement of all such cases. During the last such discussion, the Government informed us that only three settlements remain outstanding, one of which is compensation owed to the Government by a private party.

The World Bank, while it does not attempt to pass judgement on the merits of each particular dispute, is interested in seeing that the parties to such disputes reach a mutually satisfactory solution. As indicated by the record above, the Government has resolved a number of such disputes to the mutual satisfaction of the parties concerned, and to the best of our knowledge remains committed to concluding the outstanding settlements to the mutual satisfaction of the parties concerned.

I hope that this answers your query satisfactorily.

With best wishes,

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Hermann J. Abs
6 Frankfurt (Main)
Junghofstrasse 5-11

cc: The Right Honourable Lord Shawcross, GBE QC
Morgan House
London EC2R AE

Cl. with and cc: Mr. Jabri (LEG)

DJSteel/nbh
April 16, 1981

cc: for Mr. McNamara's Office (2)

Leon

495/4/108

April 22, 1981

Dear Mr. Ushiba:

As we discussed over the telephone yesterday, I will accept your invitation to speak on Monday, August 24, at the first meeting of the Global Symbiosis Forum. I suggest that I address the general topic of global financial relationships with particular emphasis on the financial needs of the developing countries. In your letter of March 27, you spoke of a one-hour address -- would it not be wise to limit the speech to perhaps forty minutes and use the remainder of the time to answer questions?

You also asked that I steer three scheduled panel discussions. If the panels are focussed on topics related to development I will be happy to participate in one or more of them but I would prefer not to chair or "steer" them. When you have developed the panel themes and time schedules in more detail please send them to me.

I look forward to being with you in August.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Nobuhiko Ushiba
Chairman, Global Symbiosis
Forum Steering Committee
23 Mori Building 1-23-7
Toranomom Minato-ku
Tokyo 105 Japan

RMcN:bmm

495/4/105

Office of the President

April 21, 1981

Dear Mrs. Inayatullah:

Upon my return to Washington, I wish to express to you my deep appreciation for the informative and stimulating discussions we had on the population issues in Pakistan.

Please accept my congratulations for your achievements and my best wishes for the success of your program.

Sincerely,

Robert S. McNamara

Mrs. Attiya Inayatullah
Adviser to the President on
Population Planning
Government of Pakistan
Room 209, Block P
Pakistan Secretariat
Islamabad, Pakistan

495/4/104

Office of the President

April 21, 1981

Dear Mr. Naik: -

Upon my return to Washington, I wish to express to you my deep appreciation for your assistance in making my visit to Pakistan a very interesting and informative one. I particularly enjoyed the stimulating discussions I had with you and your associates on several aspects of the development process of your country.

Please accept my congratulations for your achievements and my best wishes for the success of your development programs.

Sincerely,

Robert S. McNamara

Mr. Ejaz Ahmad Naik
Secretary, Economic Affairs Division
Room 305, Block C
Ministry of Economic Affairs
Islamabad, Pakistan

695/4/103

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

April 21, 1981

Dear Mr. Ranjan:

Upon my return to Washington, I wish to express to you my deep appreciation for your assistance in making my recent visit to Uttar Pradesh a very interesting and informative one.

Please accept my congratulations for your achievements and my best wishes for your future.

Sincerely,

Robert S. McNamara

Mr. J.N. Ranjan
Office of the Special Secretary, Planning
Government of Uttar Pradesh
Lucknow (U.P.)
India

495/4/102

Office of the President

April 21, 1981

Dear Mr. Bajaj:

Upon returning to Washington, I would like to express my deep appreciation for your assistance in making my visit to Uttar Pradesh very interesting and informative.

Please accept my congratulations for your achievements and best wishes for your future.

Sincerely,

Robert S. McNamara

Mr. J.L. Bajaj
Office of the Secretary, Planning
Government of Uttar Pradesh
Lucknow (U.P.)
India

495/4/101

Office of the President

April 21, 1981

Dear Mrs. Yatav:

Upon my return to Washington, I wish to express to you my deep appreciation for your assistance in making my visit to Jaunpur District a very interesting and informative one. I was particularly touched by the warm hospitality of the rural population at Senapur.

I especially enjoyed the stimulating discussions I had with you. Please accept my congratulations for your achievements and my best wishes for your future.

Sincerely,

Robert S. McNamara

Mrs. Neera Yatav
District Magistrate
Jaunpur, Uttar Pradesh
India

495/4/100

Office of the President

April 21, 1981

Dear Mr. Srivastava:

Upon my return to Washington, I wish to express to you my deep appreciation for your warm hospitality during my recent visit to Varanasi. I particularly enjoyed the remarkable musical performance which preceded the dinner party hosted by you.

I am also grateful for the very informative and stimulating discussions I had with you and your associates on the development problems of your region.

Please accept my congratulations for your achievements and my best wishes for the future.

Sincerely,

Robert S. McNamara

Mr. P.C. Srivastava
Commissioner
Varanasi, Uttar Pradesh
India

495/4/99

April 21, 1981

Dear Mr. von Schellenberg:

I regret that I must be in London on November 11, and therefore will not be able to accept your invitation to speak at the International Management Conference.

Sincerely,

Robert S. McNamara

Mr. Axel H.W. von Schellenberg
Postfach 10 50 60
Monchhofstrasse 3
D-6900 Heidelberg
Federal Republic of Germany

RMcN:bmm

495/4/98

Office of the President

April , 1981

Dear Mr. President,

It was a great pleasure to meet with Ministers Dogo, Tevi-Benisan and Barque from your Government, on April 6, and to receive from them your letters of March 25 and 27.

I would first like to express my appreciation of your kind remarks on the role that we have played in the economic development of Africa. As you are aware, during the period of my service as President of the World Bank, one of my principal objectives has been to promote the expansion and diversification of our assistance to the countries of the African continent, and I can assure you that we will pursue the efforts we have made in this direction, and that Togo, as in the case of other African countries, will continue to receive particular attention on the part of the World Bank Group.

In this context, I read with great interest in your letter of March 25 about the measures already undertaken and the actions envisaged by the Togolese Government gradually to restore stability to the balance of payments and to public finance, and to reinstitute economic growth, particularly in the agricultural and industrial sectors. I have also noted your request that we provide assistance for a program of structural adjustment which Togo intends to define and to execute in order to attain these goals.

I would like to assure you that this request will receive careful attention on our part and that the West African Regional Office of the Bank will keep in contact with your Government to define the components of the Program and the nature of the assistance we could provide. It would probably be most important to formulate a clear program of action in the areas of agricultural pricing and rural sector organization, parapublic enterprises, and the public investment program.

Furthermore, whatever form of structural adjustment assistance we might perhaps be able to provide, we will of course continue our efforts to prepare and to finance high-priority projects in rural development, mining and industry, and infrastructure. Mr. David Knox, Regional Vice President of West Africa Office, who will be in Lomé to attend the Annual Meeting of the African Development Bank will be at your disposal to continue discussions with your Government on these important questions.

Sincerely yours,
(Signed) Robert S. McNamara

Robert S. McNamara

Général Gnassingbé EYADEMA
Président de la République,
Ministre de la Défense du Togo
Lomé, Togo

APR 22 1981

Le avril 1981

Monsieur le Président,

J'ai été très heureux de rencontrer la délégation togolaise, conduite par les Ministres Dogo, Tevi-Benisan et Barque qui sont venus me rendre visite le 6 avril et ont bien voulu me transmettre vos deux lettres des 25 et 27 mars.

Je tiens tout d'abord à vous remercier des mots aimables que vous avez bien voulu m'adresser au sujet du rôle que nous avons joué dans le développement économique de l'Afrique. Comme vous le savez, pendant toute la durée de mes fonctions à la Présidence de la Banque Mondiale, l'un de mes principaux objectifs a été de promouvoir l'augmentation et la diversification de notre aide aux pays du continent africain, et je puis vous donner l'assurance que nous poursuivrons les efforts entrepris dans ce sens et que le Togo, comme les autres pays africains, continuera de recevoir une attention particulière de la part du Groupe de la Banque Mondiale.

Dans ce contexte, j'ai lu avec le plus grand intérêt les indications données dans votre lettre du 25 mars sur les mesures déjà prises et les actions envisagées par le Gouvernement togolais pour rétablir progressivement l'équilibre de la balance des paiements et des finances publiques et pour relancer la croissance économique, et notamment l'activité des secteurs agricoles et industriels. J'ai également noté votre souhait que nous apportions notre soutien aux programmes d'ajustement structurels que le Togo compte définir et exécuter pour atteindre ces objectifs.

Je tiens à vous assurer que ce souhait recevra de notre part toute l'attention désirable et que la Vice Présidence Afrique de l'Ouest de la Banque gardera le contact avec vos collaborateurs pour définir les éléments de ce programme et la nature de l'assistance que nous pourrons vous apporter en cette matière. Les points les plus importants seront vraisemblablement la possibilité de formuler un programme cohérent dans le domaine des prix agricoles et de l'organisation du secteur rural, dans le domaine des entreprises parapubliques et dans le domaine de l'investissement.

.../...

Général Gnassingbé EYADEMA
Président de la République
Ministre de la Défense Nationale
du Togo
Lomé, République Togolaise

En outre, quelle que soit la nature du soutien que nous pourrions peut-être vous apporter dans cette direction, il va de soi que nous continuerons nos efforts pour préparer et financer des projets prioritaires dans les secteurs du développement rural, de l'activité minière et industrielle et de l'infrastructure économique. M. David Knox, Vice Président Régional pour l'Afrique de l'Ouest, qui sera à Lomé à l'occasion de l'Assemblée Générale de la Banque Africaine de Développement, sera à votre disposition et à celle de vos collaborateurs pour poursuivre les discussions entreprises sur ces très importantes questions.

Veillez agréer, Monsieur le Président, l'assurance de ma haute considération.

Robert S. McNamara

495/4/97

APR 22 1981

Dear General Rikhye:

Thank you for your letter of April 6, inviting me or my representative to participate in the Round Table on Global Negotiations, to be held May 8-10 at Mohonk Mountain House.

I regret I myself am not able to accept your invitation. However, I am pleased to designate Mr. Julian Grenfell, the Bank's Special Representative, United Nations Organizations, to represent the Bank. It would be appreciated if details, travel instructions and any amendments to the agenda could be sent to Mr. Grenfell at the Bank office in the United Nations: Room 2435, Secretariat Building.

I hope the discussions at the Round Table will be fruitful.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

General Indar Jit Rikhye
President
International Peace Academy
777 United Nations Plaza
New York, New York 10017

cc: Mr. Grenfell

SEBoskey:di
April 21, 1981

495/4/96

April 21, 1981

Dear Dr. Zelen:

I have known and worked with David Bell for twenty years. Since 1968 we have been associated professionally in advising developing countries on population planning and primary health care. You will learn from his record and from others of the details of his work with the developing countries during those years and in earlier periods. Therefore, I will simply give you my judgment as to his competence: I know no other American whom I would consider better qualified to fill the newly-created Gamble Professorship of Population Sciences and International Health.

Sincerely,

Robert S. McNamara

Professor Marvin Zelen
Chairman, Search Committee
for Clarence Gamble Professor
Harvard University
Boston, MA 02115

RMCH: bms

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)

IMPORT (PLEASE READ INSTRUCTIONS BELOW BEFORE USING FORM.)

495/4/95

Class of Service: **TELEX** Date: **APRIL 21, 1981**

Telex No.: **885001** Originators Ext: **72228**

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ATTENTION THE RT. HON. GORDON RICHARDSON, M.B.E., GOVERNOR.
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (THE BANK) PROPOSES TO SELL IN THE MARKETS OF THE UNITED KINGDOM IN THE LAST WEEK OF APRIL 1981 SECURITIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING POUND STERLING 100,000,000. THIS BORROWING WOULD BE FOR 5 YEARS AND WOULD MATURE IN 1986. THE INTEREST RATE AND THE PRICE HAVE NOT YET BEEN FINALLY DETERMINED.
THE GOVERNMENT OF THE UNITED KINGDOM IS HEREBY REQUESTED TO APPROVE, PURSUANT TO SECTION 1(B) OF THE ARTICLE IV OF THE ARTICLES OF AGREEMENT OF THE BANK, THE BORROWING BY THE BANK IN THE MARKETS OF THE UNITED KINGDOM OF SUCH AMOUNTS AS SHALL BE RAISED THROUGH THE ISSUANCE AND SALE OF NOT EXCEEDING POUND STERLING 100,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS SECURITIES. THE GOVERNMENT OF THE UNITED KINGDOM IS ALSO REQUESTED TO AGREE, PURSUANT TO THAT SECTION, THAT THE PROCEEDS OF THE SALE OF SUCH SECURITIES MAY BE EXCHANGED WITHOUT RESTRICTION FOR THE CURRENCY OF ANY OTHER MEMBER OF THE BANK.
REGARDS. ROBERT S. MCNAMARA, PRESIDENT, WORLD BANK

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY: JRadifera:mb
CLEARANCES AND COPY DISTRIBUTION: Cleared with and cc: Mr. Scott cc: Mr. John Anson, Executive Director for United Kingdom cc: Messrs. Qureshi, Rotberg, H Uhrig, Harris, Gruss/Mead	AUTHORIZED BY (Name and Signature): ROBERT S. MCNAMARA
	DEPARTMENT: (signed) Robert S. McNamara
CHECKED FOR DISPATCH	

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

495/4/84
APR 20 1981

Office of the President

Dear Mr. Saouma:

Thank you for your letter of March 30, 1981 (Reference ESG/DG/81/445) transmitting a copy of the Feasibility Study on National and Regional Security Grain Stocks in the Sahel. Our technical services are reviewing the materials and will pass on their comments to your staff by the end of May 1981.

The problem of food security is a critical one for the development of this region. We shall certainly do whatever we can to assist in finding and implementing solutions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Edouard Saouma
Food and Agriculture
Organization (FAO)
Via delle Terme di Caracalla
00100 - Rome
Italy

cleared with and cc: Messrs. Alisbah, Tillier, Yudelman, Ms. Boskey
cleared with in substance: Mr. Donaldson

SDenning:db

695/4/93

April 20, 1981

Dear Jesse:

Your company and your Board intrigue me and I feel complimented by your invitation to join you. Unfortunately for me, that will be impossible, at least for the present. I have promised myself to join no more than the five Boards to which I am already committed until I can determine whether that number, along with public sector work, fully utilizes my capacity. In addition, the schedule of Philips' Board meetings conflicts with that of one of the companies I will be associated with.

Do keep me informed of your progress.

My best wishes to you and Caryl.

Sincerely,

Robert S. McNamara

Mr. Jesse Philips
Chairman and
Chief Executive Officer
Philips Industries, Inc.
Dayton, Ohio

(4801 Springfield Street
P.O. Box 943
Dayton, OHIO 45401

RMcN:bmm

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)

IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

495/4/92

Class of Service: TELEX Date: APRIL 5, 1981

Telex No.: 401094 SAMAJD-SJ Originators Ext: 75978

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HIS EXCELLENCY
ABDUL AZIZ ALQURAISHI,
GOVERNOR, MARKAZI,
RIYADH, SAUDI ARABIA

/c

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THANK YOU FOR YOUR TELEXES OF MARCH 24 AND APRIL 15. I APPRECIATE
 VERY MUCH THE SUPPORT THAT THE GOVERNMENT OF SAUDI ARABIA HAS
 PROVIDED TO THE WORLD BANK GROUP AND AM SORRY FOR THE DELAY IN
 RESPONDING TO YOUR REQUEST FOR INFORMATION. THE AMOUNTS THAT
 NEED TO BE PROVIDED IN YOUR BUDGET FOR FY1401/02 FOR PAYMENTS
 TO THE WORLD BANK, IDA, AND IFC ARE AS FOLLOWS:
 AAA: IN THE CASE OF THE IBRD, THE KINGDOM IS AUTHORIZED TO
 SUBSCRIBE TO ADDITIONAL CAPITAL STOCK UNDER THREE SEPARATE
 RESOLUTIONS OF THE BANK'S BOARD OF GOVERNORS.
 (1) UNDER RESOLUTION NO. 335, THE KINGDOM IS AUTHORIZED TO
 SUBSCRIBE TO 763 ADDITIONAL SHARES OF CAPITAL STOCK. SUBSCRIPTION
 PRICE OF 763 SHARES AT ONE 1944 DOLLAR EQUALS 1.20635 CURRENT
 USDOLLARS IS USDOLLARS 92,044,505.00, OF WHICH TEN PERCENT MUST
 BE PAID IN. USDOLLARS 920,445.05 (ONE PERCENT) IS PAYABLE IN
 USDOLLARS IN CASH, AND EQUIVALENT OF USDOLLARS 8,284,005.45
 (NINE PERCENT) IS PAYABLE IN SAUDI ARABIAN RIYALS IN EITHER
 CASH OR NOTES. THE CURRENT TERMINAL DATE TO SUBSCRIBE TO THESE
 SHARES IS JUNE 30, 1981.
 (2) UNDER RESOLUTION NO.346 (1979 GCI), THE KINGDOM IS
 AUTHORIZED TO SUBSCRIBE TO A MAXIMUM OF 5300 SHARES, SUBJECT
 TO ADJUSTMENT. SUBSCRIPTION PRICE OF 5300 SHARES AT ONE

END OF TEXT

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1944 DOLLAR EQUALS 1.20635 CURRENT USDOLLARS IS
 USDOLLARS 639,365,500.00, OF WHICH SEVEN POINT FIVE PERCENT
 MUST BE PAID IN. USDOLLARS 4,795,241.25 (.75 PERCENT) IS
 PAYABLE IN USDOLLARS IN CASH, AND EQUIVALENT OF
 USDOLLARS 43,157,171.25 (6.75 PERCENT) IS PAYABLE IN SAUDI
 ARABIAN RIYALS IN EITHER CASH OR NOTES.
 (3) UNDER RESOLUTION NO. 347 (1979 ADDITIONAL INCREASE IN
 AUTHORIZED CAPITAL), THE KINGDOM IS ENTITLED TO SUBSCRIBE TO
 250 ADDITIONAL SHARES, NONE OF WHICH WOULD BE PAID IN. PLEASE
 NOTE THAT UNDER RESOLUTIONS NOS. 346 AND 347, NO SUBSCRIPTIONS
 MAY BE ACCEPTED BY THE BANK PRIOR TO SEPTEMBER 30, 1981, AND
 THAT UNDER ALL THREE RESOLUTIONS THE SUBSCRIPTION PRICE OF
 USDOLLARS 120,635 MAY BE SUBJECT TO ADJUSTMENT WHEN THE ISSUE
 OF THE VALUE OF THE BANK'S CAPITAL IS SETTLED. IN SUMMARY, IF
 THE KINGDOM DECIDES TO SUBSCRIBE TO THE ADDITIONAL SHARES
 AUTHORIZED UNDER THESE THREE RESOLUTIONS, IN ORDER TO COVER THE
 PAID IN REQUIREMENTS YOUR FY1401/02 BUDGET SHOULD MAKE
 PROVISIONS FOR USDOLLARS 5,715,686.30 TO BE PAID IN USDOLLARS
 IN CASH AND FOR THE EQUIVALENT OF USDOLLARS 51,441,176.70 TO
 BE PAID IN SAUDI ARABIAN RIYALS IN CASH OR NOTES.

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BBB: IN THE CASE OF IDA,
(1) THE PAYMENT OF THE KINGDOM'S CONTRIBUTION TO THE FIFTH REPLENISHMENT, AS YOU ARE AWARE, IS ON A FIXED SCHEDULE OF TEN INSTALLMENTS, THE FOURTH INSTALLMENT AMOUNTING TO USDOLLARS 68.3 MILLION BECAME DUE AND PAYABLE ON JULY 1, 1980 AND IS AWAITED. THE FIFTH INSTALLMENT AMOUNTING TO USDOLLARS 65.8 MILLION WILL BECOME DUE AND PAYABLE ON JULY 1, 1981.
(2) THE KINGDOM'S CONTRIBUTION TO THE SIXTH REPLENISHMENT TOTALS USDOLLARS 420 MILLION REPRESENTING AN ORDINARY CONTRIBUTION OF USDOLLARS 390 MILLION AND AN EXTRA CONTRIBUTION OF USDOLLARS 30 MILLION. IDA WILL DRAW ON THIS CONTRIBUTION ONLY AS DISBURSEMENTS TAKE PLACE ON CREDITS ENTERED INTO UNDER THE REPLENISHMENT. HOWEVER, AS AN INTERMEDIATE STEP, NOTE DEPOSITS REFLECTING DONORS' CONTRIBUTIONS ARE MADE IN THREE EQUAL INSTALLMENTS. PAYMENT FOR THE FIRST INSTALLMENT OF THE KINGDOM'S IDA6 CONTRIBUTION OF USDOLLARS 140 MILLION WAS ORIGINALLY SCHEDULED FOR PAYMENT ON NOVEMBER 8, 1980 BUT SINCE IDA6 IS NOT YET EFFECTIVE, IT WILL BECOME DUE 30 DAYS AFTER THE EFFECTIVENESS OF THE IDA6 AGREEMENT, WHICH IS EXPECTED TO OCCUR SOMETIME THIS SUMMER. PAYMENT OF THE REMAINING TWO INSTALLMENTS OF USDOLLARS 140 MILLION EACH WOULD BE DUE ON NOVEMBER 8, 1981

/c

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AND NOVEMBER 8, 1982. PLEASE NOTE THAT THESE INSTALLMENTS ARE
IN THE FORM OF NON-NEGOTIABLE, NON-INTEREST BEARING NOTES AND
DO NOT INVOLVE ANY ACTUAL DRAWING DOWN OF FUNDS OR ENCASHMENTS.
HOWEVER, A PROVISION FOR USDOLLARS 25 MILLION SHOULD BE MADE
IN YOUR FY1401/02 BUDGET TO COVER THE ESTIMATED PRORATA DRAW DOWN
ON YOUR IDA6 CONTRIBUTION.
IDA IS CURRENTLY MAKING CREDIT COMMITMENTS AGAINST ADVANCE
CONTRIBUTIONS PROVIDED BY 20 DONORS TALLING ABOUT
USDOLLARS 2.0 BILLION. THESE FUNDS ARE NEARLY EXHAUSTED.
IN VIEW OF THIS SITUATION, A MEETING OF IDA DEPUTIES WAS HELD
AT THE END OF MARCH. THE DEPUTIES, INCLUDING THE DEPUTY FROM
SAUDI ARABIA, EXPRESSED STRONG SUPPORT THAT ADDITIONAL ADVANCE
CONTRIBUTIONS BE PROVIDED TO IDA PENDING THE EFFECTIVENESS OF
THE SIXTH REPLENISHMENT. I VERY MUCH HOPE THAT, AS PART OF
SUCH A COLLECTIVE EFFORT, THE KINGDOM WILL BE ABLE TO MAKE AN
ADVANCE CONTRIBUTION EQUAL TO ITS FULL FIRST INSTALLMENT OF
USDOLLARS 140 MILLION. IF THE KINGDOM WERE TO DO SO, NO CHANGE
IN THE KINGDOM'S BUDGET WOULD BE NECESSARY, SINCE THIS ACTION
WOULD ONLY REQUIRE DEPOSITING A NOTE FOR THE FIRST INSTALLMENT
NOW RATHER THAN WAITING UNTIL THE IDA6 BECOMES EFFECTIVE. MR.
MOEEN QURESHI WILL BE FOLLOWING THIS UP WITH YOU AND YOUR

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ASSOCIATES MORE CLOSELY.

CCC: IN THE CASE OF IFC, NO PAYMENTS ARE PENDING FROM THE

KINGDOM. WITH BEST PERSONAL REGARDS ROBERT S. MCNAMARA

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SUBJECT: IDA6 ADVANCE CONTRIBUTIONS	DRAFTED BY: SMMartinez/JDuarte/PDeSantis:eok
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495/4/100

APR 9 1981

Dear Mr. Ishihara:

Thank you for your letter of March 2, 1981, informing me of your decision to retire as President of the Overseas Economic Cooperation Fund. I am sure it is a matter of great satisfaction to you that, over the nearly four years that you have held that position, OECF has been able to increase substantially its program of assistance to the developing countries. We in the Bank have greatly appreciated the close cooperation that has developed between our two institutions, and we look forward to working closely with your successor, Mr. Hosomi.

With best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Kaneo Ishihara
The Overseas Economic Cooperation Fund
Takebashi Godo Building
4-1, Ohtemachi 1-Chome
Chiyoda-ku
Tokyo 100
Japan

CARDALAN/MAQureshi:mr
April 9, 1981

495/4 189

Office of the President

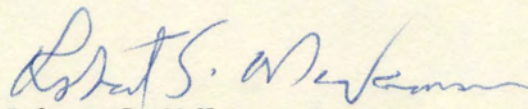
April 9, 1981

MEMORANDUM TO THE PRESIDENT'S COUNCIL

I shall be in Geneva on April 13 and 14.

During my absence, Mr. Moeen A. Qureshi

will be acting in my place.


Robert S. McNamara

Chen
495/4 188

April 8, 1981

Dear Alan:

Your letter regarding Flora Lewis' March 13 piece in the Times has arrived just as I am in the midst of making four trips to Europe in a period of 90 days, and as a result I am not able to give it the attention it deserves. However, the subject is so important and I share so fully the views put forward by Flora in her "An Economy of Brains" that I do want to answer your questions even though my answers are but short and too brief to do justice to the subject. The answers are attached.

As you proceed further in your inquiry into this matter I would enjoy discussing it with you.

With best wishes,

Sincerely,

Robert S. McNamara

The Honorable
Alan Cranston
United States Senate
Washington, D.C. 20510

RMcN:bmm

Original Correspondence in "Post-Retirement" File

Questions and Answers Relating to Flora Lewis' "An Economy of Brains"

Q. 1. Do you feel there is indeed a need for some such "Academy for National Policy"?

A. Yes.

Q. 2. Is this a practical way of providing for the kind of high-level thinking-advice-giving process envisioned?

A. Yes.

Q. 3. Would you agree that there are services which such an Academy could perform that are not now being adequately met in other ways?

A. Yes.

Q. 4. How could we ensure that its views would be taken seriously?

A. By organizing within the Academy the same thoughtful consideration of major public policy issues as was done by the Rockefeller Panels during the '50s.

Q. 5. Should the Academy attempt to arrive at conclusions? Or should just its deliberations be published?

A. It should attempt to arrive at conclusions. It should publish both the deliberations and the conclusions, if necessary stating minority views.

Q. 6. a. Would you be willing to serve if invited to do so? For how many days a year?

I would be willing to serve up to 50% of my time.

b. If yes, would a remuneration be necessary to secure your service?

No.

Q. 7. How should a body like this best be structured? What should be its relationship to the Congress and/or Executive Branch, size, frequency of meetings, staff support, location of meetings?

A. The Academy would agree on the issues to be examined and, for each issue, prepare discussion papers utilizing for that purpose its own staff and ad hoc "expert advisory groups". These papers would be debated by the members, revised, and issued to the Congress, Executive Branch, and public.

Q. 8. What subjects would you suggest for its first agenda?

A. a. U.S. stagflation and its cure.

b. The formulation of a U.S. national security policy, including where necessary discussion of military budgets, security treaties, arms control agreements, etc.

c. The extent to which interdependence among nations has increased during the past decade and is likely to continue to do so in the next, and the implications of such trends for national economic policy and national security policy.

d. Two narrowly focussed foreign policy issues which so directly affect national security interests as to require immediate attention:

(1) A solution to the Arab-Israeli conflict.

(2) A plan for replacing the apartheid policy of South Africa.

Q. 9. Should financing be totally federal or should all or partial support from foundation and other non-governmental sources be required from the outset?

A. I am inclined to believe federal support would be the most practical form of financing.

Q. 10. How should selection of members be made?

A. Nominations to the Congress could be made by a committee composed of the present President plus living ex-Presidents, assisted by advice from professional societies and others whom they might wish to call upon.

Because an Academy formally organized as outlined above may never come into existence and, in any event, would take years to put into place, it may be desirable to at least start with a more informal group financed by foundation and private funds to perform much the same purpose.

495/4 186

April 8, 1981

Dear Emile:

I do share your concern over the institutionalization of the process of Summitry and restricted meetings, and I agree with your approach to the problem.

I, too, enjoyed our recent visit and hope you will make a practice of lunching or dining with me during your frequent trips to Washington.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Emile van Lennep
Secretary-General
Organization for Economic
Co-operation and Development
Paris, France

2, rue Andre Pascal
75775 Paris CEDEX 16

RMcN:bmm

495/4/85

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HAVING JUST RETURNED FROM ASIA, I FIND I MUST ATTEND
A MEETING WITH THE UNITED NATIONS SECRETARY GENERAL
IN GENEVA NEXT WEEKEND. SHORTLY AFTER RETURNING FROM
I SHALL BE
THAT, GOING TO SOUTH AND WEST AFRICA FOR MEETINGS
THERE. THESE TRIPS, WHICH I CAN'T AVOID, MAKE IT
IMPOSSIBLE FOR ME TO ATTEND THE MEETING YOU ARE
PLANNING WITH THE FATHER GENERAL FOR MAY ONE THROUGH
THREE. I DO HOPE IF YOU MEET AGAIN IN A FUTURE YEAR
YOU WILL THINK OF ME, FOR FEW EVENTS HAVE BROUGHT ME
AS MUCH ENJOYMENT AS MY MEETING WITH ALL OF YOU IN
1980. WITH BEST WISHES FOR A SUCCESSFUL CONFERENCE
SINCERELY. ROBERT S. McNAMARA

END
OF
TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

copy: Mr. Shriver

Robert S. McNamara

DEPARTMENT: **President**

SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

495/4/83

APR 1 1981

Dear Sir Peter,

I wish to express my warm appreciation for your Government's approval of an advance contribution to the Sixth Replenishment of IDA in the amount of 92,495,800 pounds sterling.

As you are aware, the conditions required for effectiveness of the advance contribution scheme (as set out in Resolution No. IDA 80-8) have been satisfied and, as a result of the action taken by your Government and that of 17 other donors, the Association is currently making credit commitments to the poorest developing countries against resources of more than \$1.9 billion provided under this resolution.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Sir Peter Preston, K.C.B.
Permanent Secretary
Overseas Development Administration
Foreign and Commonwealth Office
London, SW1 5DH
England

cc. The Right Honourable
Gordon Richardson, M.B.E.
Governor, Bank of England

Mr. John Anson
Executive Director

bcc. Messrs. Qureshi, Wood, Applegarth, Ardalan

PDeSantis:es PDS

March 20, 1981

495/4/82

MAR 20 1981

His Excellency
A. M. Al-Sudeary
President
International Fund for Agricultural Development
Via Del Serafico No. 107
00142 Rome, ITALY

Dear Mr. President:

One of the most important fruits of the close collaboration that has been developed between IFAD and the World Bank has been the program of the Consultative Group on International Agricultural Research (CGIAR), to which we are both major contributors. I have been happy to learn that Mr. J. Burke Knapp, whom you know, and Mr. Peter Greening, the Deputy Executive Secretary of the CGIAR, will be calling upon you in Rome on April 16 to review the activities of the international agricultural research centers that are funded under the CGIAR, and to request your earnest consideration of a substantially increased contribution by IFAD to financing the work of these centers in calendar 1982.

I am sure you will agree with me that the success of our program for promoting both the quantitative and qualitative improvement of agricultural production in the developing countries is vitally dependent upon expanded research activities. We can and do support national research organizations through our respective lending programs but in the case of the international research centers sponsored by CGIAR, which provide the cutting edge of innovative and forward looking research projects, there is no alternative to the solicitation of grant contributions from governments and relevant international organizations. Despite the impressive progress that has been made by the international centers, the need for increased financial support is urgent. Obviously there is no organization in the world for which the CGIAR is more relevant than IFAD since the mandates of the various centers so closely complement the objectives of IFAD.

I therefore commend the mission of Mr. Knapp and Mr. Greening to your special attention and greatly look forward to hearing the results of their conversation with you.

With best regards,

Sincerely

c.c. Mr. Baum, Mr. Lejeune
JBKnapp/PGreening/WCBaum/ms
March 19, 1981

(Signed) Robert S. McNamara

Robert S. McNamara

495/4/81

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

March 20, 1981

Dear Mr. President:

Thank you for your gracious letter expressing regret over your being unable to attend David Rockefeller's dinner at the River Club.

I am moved by the warmth and generosity of your remarks. The truth is that I have been exceptionally fortunate to have had the opportunities to serve in public life. One of the greatest satisfactions of all, of course, has been to get to know so many outstanding and dedicated individuals, and I am deeply grateful for all the many kindnesses that you and Betty extended to Margaret and me over those wonderful years.

With warm appreciation and best wishes,

Sincerely,

Robert S. McNamara

The Honorable
Gerald R. Ford
P.O. Box 927
Rancho Mirage, California 92270

495/4/80

March 19, 1981

Dear Mr. Minister:

I recall the very kind letter you wrote to me last year on hearing of my decision to retire from the Bank. I did not realize at that time that you were also contemplating a similar move. I wrote to you on that occasion: "Long before Kuwait's income rose in the middle 1970s, your Government had organized the Kuwait Development Fund and you yourself were encouraging me and the Bank to increase the flow of assistance to the poorest nations. We could not have done so without your personal support--at critical times, it was crucial."

One of the nicest and most satisfying aspects of my work during the past 13 years has been the opportunity that it gave me to get to know leaders of other nations such as yourself, and to work with them closely in advancing the development process. The enormous progress that has been made within Kuwait during your tenure as Finance Minister and the leading role which your country has had in the field of international development during this period are a testimony to your own great contribution and commitment to development. The Arab world, and indeed the international community at large, is much in your debt for the wisdom and dedication with which you have served them for so long and so well. On my part, I have greatly valued your counsel, and your support and, above all, our warm friendship.

I very much hope that there will be opportunities for us to work together in the years to come and that you will continue to lend your support to the cause of development which both of us cherish.

With best wishes.

Sincerely,

Robert S. McNamara

His Excellency
Abdul Rahman Salim Al-Ateeqy
Advisor to His Highness the Amir of Kuwait
Saif Palace
Kuwait, Kuwait

ElFishawy:OLafourcade:ml

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

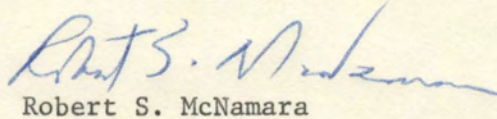
495/4/79

Office of the President

March 20, 1981

MEMORANDUM FOR THE PRESIDENT'S COUNCIL

I shall be traveling in Asia for the period
March 23 through April 1st. During my absence,
Mr. Ernest Stern will be acting in my place.



Robert S. McNamara

495/4/78

MAR 19 1981

His Excellency Turgut Ozal
Deputy Prime Minister
Prime Ministry
Ankara, Turkey

Excellency:

Karakaya Project

You are no doubt aware that the Government of Iraq has on several occasions over recent years raised objections against the participation of the Bank in the financing of Karakaya. However, based on the assurances received from the Turkish Government, and in particular its decision to fill and operate Karakaya according to the "Rule of 500", of which we informed Iraq, the Executive Directors approved a loan for Karakaya in May 1980.

Since then, the Government of Iraq has recently written to me, protesting once again against the Bank financing of the Karakaya project, providing additional information on the possible impact of Karakaya on water use in Iraq and suggesting that Turkey enters into discussions on the use of Euphrates waters with the other riparians.

Following a careful review by the Bank of this information, we still conclude that the application of the "Rule of 500" by Turkey for the filling and operation of the Karakaya reservoir, would not adversely affect the interests of any of the riparians, including Iraq. I have so informed the Government of Iraq.

However, I believe that the suggestion made in the Iraqi communication, is worthy of consideration by your Government. I am aware of all the attempts made in the past to tackle the Euphrates water issue and do not underestimate its complexity, including the conflicting claims on long-term uses. Given the common interests of the three riparians, it remains, nevertheless, that any initiative taken by Turkey in this field may help appease legitimate concerns and ultimately pave the way towards an agreement between the three riparians regarding the waters of the Euphrates. Let me assure you, as I have assured the Iraqi Government, that if requested by all the three riparians, the Bank still stands ready to help by providing its technical assistance, which might provide the basis for them to work out the longer term solution for the utilization of these waters.

May I add that I am seriously concerned by the problems faced in the construction of the Karakaya dam and that I hope that you will be able to resolve them soon.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with and cc: Messrs. Golsong, Haynes

cc: Messrs. Stern, Chauffournier, Picciotto, Reekie, Asser, Grossmann

cc: Mr. McNamara's Office (2)

AJDavar/MPBart:esf
3/18/1981

495/4/77
MAR 19 1981

Dear Mr. Minister:

I refer to your letter of December 7, 1980, attaching a Memorandum explaining Iraq's position regarding the financing of the Karakaya Dam in Turkey. As I had indicated in my cable of January 21, 1981, I had asked the Bank Departments concerned to review very carefully the issues raised in it.

A considered review of the technical and legal issues that you have raised, has now been completed. The evaluation is summarized in the attached Bank Memorandum. While I fully appreciate your Government's great concern on a matter that bears on the question of the utilization of the waters of the Euphrates River, our review of the points presented in your Memorandum still confirms that the application of the "Rule of 500" by Turkey for the filling and operation of the Karakaya reservoir, would not adversely affect the interests of downstream riparians, including Iraq.

Let me however once again reassure you, that if requested by all the three riparians, including Iraq, the Bank still stands ready to help by providing its technical assistance, which might provide the basis for them to work out a longer term solution for the utilization of the Euphrates waters.

Moreover, as you have suggested in the concluding paragraph of your Memorandum, I will inform the Turkish authorities of your serious concern on this matter and urge them to enter into serious discussions with the riparian countries, in order to arrive at an agreement between themselves concerning the waters of the Euphrates.

I should like, finally, to take this opportunity for telling you how much I appreciated the kind wishes expressed in your letter.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency Thamer Rezooki
Minister of Finance
Ministry of Finance
Baghdad, Iraq

Cl. with & cc: Messrs. Golsong, Bart, Haynes, Davar, Reekie, Asser, Grossmann
cc: Messrs. Stern, Chaufournier, Picciotto, Mr. McNamara's Office (2)

AJDavar/MPBart:esf
3/10/1981

MEMORANDUM

1. The "Memorandum on Financing Karakaya Dam on Euphrates in Turkey" (hereinafter referred as the Memorandum) sent by His Excellency the Minister of Finance under cover of his letter of December 7, 1980 to Mr. McNamara, concludes that the completion of the Karakaya project on the Euphrates in Turkey, would adversely affect the interests of Iraq. Therefore, Iraq is opposed to this project and its financing by the World Bank, until a joint solution is reached between the riparian countries on the subject. Iraq asks the World Bank to urge Turkey to enter into negotiations with the riparian countries in order to reach agreement between themselves concerning the Euphrates waters. This Memorandum examines the technical and legal aspects of the issues raised in Iraq's abovementioned Memorandum.
2. The Karakaya Project involves primarily re-regulation of waters stored and then released from the existing Keban reservoir, for power generation. It would therefore be a non-consumptive project, once the Karakaya reservoir has been filled. Hence, after it has been filled, within an estimated period of about 3 to 7 months depending on water flow conditions, Iraq would get the normal flows in the Euphrates, unless water is abstracted for development other than Karakaya, by the upper riparian countries.
3. The Bank group has consistently followed the policy that projects on international waterways, for which its financing is sought, should not adversely affect the interests of any riparians involved. In line with this, the Bank carefully evaluated Turkey's proposals for the filling and operating of the reservoir, using a simulation model developed in 1976, following the "Preliminary Study of Reservoir Filling and Operation for Projects on the Euphrates River" undertaken in 1974 in consultation with the three riparian countries, and communicated to them in February 1975. Thereafter in July 1976, the Bank informed Iraq and Syria of the principles Turkey intended to apply to the operation of the Karakaya Dam, essentially the "Rule of 500", and requested quantified and substantiated comments. We understand that Turkey also informed Iraq, as it did Syria, of its proposal to fill the Karakaya reservoir in accordance with the "Rule of 500", through a Turkish Aide Memoire dated September 10, 1976. The Bank did not receive any quantified comments from Iraq, until the Memorandum forwarded in December 1980. In the meantime, based again on very careful scrutiny of the data and consideration of alternatives developed in the simulation model, the Bank made a determination, under its normal practice, that the undertaking by Turkey to observe the "Rule of 500" would meet the projected requirements of both Syria and Iraq for power generation as well as for irrigation during construction and initial filling and that the application of that Rule would not adversely affect the interest of any of the riparians. Subsequently, in May 1980, it proceeded with the financing of the Karakaya project. It might be noted, that the Bank had followed the same practice, and made a similar determination, when processing the Lower Khalis project in Iraq, which was a water abstractive project.
4. To support its conclusion that Karakaya adversely affects Iraq's interests, Iraq's Memorandum rests on the following premises:
 - a) the flow of the Khabur in Syria is only 1.50 billion cubic meters per year;
 - b) the utilization of the Euphrates waters by Syria at the time of Karakaya's filling would be 6 billion cubic meters annually;

c) the year of filling of the Karakaya Reservoir would be 1983 or 1984;

d) and therefore, taking all these factors into account, the application of the proposed "Rule of 500" by Turkey, would not assure Iraq's estimated requirements by 1983/84 of 15.88 billion cubic meters annually for agricultural use and its estimated non-agricultural use of an additional 3 billion cubic meters per year.

5. As mentioned before, the validity of that Rule was very carefully reviewed by the Bank through the simulation model, based, in turn, on available historical and ascertainable data provided by the riparians. From such data, it appears that the long-term average "Khabur flows" in Syria (as defined in para. 2.10 of the 1974 Preliminary Study, i.e. including the Balikh and Khabur rivers as well as other inflows between Thawra and Hit) will not be 1.50 billion cubic meters annually as mentioned in Iraq's Memorandum, but rather, 4.8 billion cubic meters. Further, while Syria has longer-term plans to increase utilization of the Euphrates basin waters eventually to 6 billion cubic meters per annum, its utilization at the originally anticipated time of Karakaya's filling (1983/84), was estimated in the simulation model to be only 3 billion cubic meters. Indeed, based on our information of current developments, it would appear to the Bank that Syria's utilization beyond this figure, is likely to increase very slowly indeed.

6. In any case, because of the delays in construction, the filling of the Karakaya reservoir is now likely to be delayed at least until 1985/86. If, therefore, allowances are made for all these factors, especially the much larger "Khabur flows" and a lower Syrian requirement, the waters available to Iraq on the basis of the "Rule of 500", at the time the Karakaya filling would really begin, i.e. around 1985/86, would be about 16.5 billion cubic meters. This should be adequate to meet Iraq's stated agricultural needs of 15.88 billion cubic meters. The annual non-agricultural needs of 3 billion cubic meters, stated in Iraq's Memorandum, could be met from other water resources in Iraq, as implicitly assumed in the Bank's simulation model.

7. The acceptance of the "Rule of 500" does not imply the establishment of any long-term water sharing allocation. For this reason, the "Rule of 500" would need to be modified by agreement amongst the 3 riparians, at the start of any new large consumptive project on the Euphrates. Meanwhile, Iraq might like to take advantage of Turkey's offer, communicated in its above-mentioned Aide-Memoire of September 1976, to initiate tripartite discussions with Iraq and Syria.

8. In evaluating the impact of the "Rule of 500", the Bank's simulation model does take into account alternative flow sequences in the years preceding the Karakaya filling. Turkey's undertaking to observe the "Rule of 500" would ensure a minimum flow, irrespective of the volume of the river flows in each year, and would avoid the difficulties of the type Iraq faced during the filling of Keban. Further, it was assumed in the model, that Karakaya's filling would not coincide with that of Haditha in Iraq. Since Karakaya is now expected to be filled around 1985/86 rather than the originally planned 1983/84 date, it is possible that Karakaya's filling may now not coincide with that of Haditha as seems to be implied in the Memorandum. If so, that would mitigate the impact on Iraq. It would be useful for the Bank to know the latest situation regarding Haditha.

9. Iraq's Memorandum also expresses concern at the impact on Iraq of any possible adverse operation of the Thawra Dam by Syria. However, it must be accepted that this risk exists for Iraq, irrespective of the Karakaya Dam. The Bank has assumed that the Thawra Dam would be operated to generate maximum energy, consistent with the Bank's understanding of the needs of Syria's power system. With the assurance provided by the Turkish observance of the "Rule of 500", Syria should be able to meet Iraq's needs, without hardship to its own operations. Further, as indicated to the Iraqi Government in the Bank's letter of July 2, 1976, the benefits in Iraq would be further enhanced, if Syria were to operate the Euphrates dam according to the Rule of +60. The Bank's study shows, that Syria could further maximize its own benefits, if it were to operate the Euphrates dam according to that Rule. However, in case it does not do so for whatever reasons, the impact on Iraq is likely to be small and can be overcome through the operation of the Haditha reservoir by Iraq. In fact, the combined reservoir operation of Keban and Karakaya in Turkey would benefit Iraq in dry years.

10. From the Bank's understanding of international law bearing on this subject, it would also appear that Turkey's undertaking to observe the Rule of 500, would not violate principles of international law, with regard to water rights. It would also not be out of line with the recommendations of the UN Conference on Water referred to in Iraq's Memorandum.

Cleared with and cc: Messrs. Bart, Golsong, Haynes, Davar, Reekie, Asser, Moini, Grossmann

495/A/76

MAR 18 1981

Dear Sil:

I have read with interest and gratitude your recent remarks about the World Bank and multi-lateral aid.

I realize this will be a very difficult year in Congress for programs dealing with development assistance. It is therefore all the more important that a thoughtful debate be encouraged. Your comments will certainly help.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Silvio O. Conte
2300 Rayburn House Office Bldg.
U.S. House of Representatives
Washington, D.C. 20515

PR:sb

495/4/75

MAR 17 1981

Dear Mr. Minister:

I am deeply touched by your Government's gesture. Nothing would please me more than being able to see with my own eyes the progress that Nigeria is making. However, as I explained to the Ambassador and Mr. Abdulai when they delivered your letter, there are still a number of outstanding issues critical to the future of the World Bank which I hope to settle before my retirement. Consequently, until around April 20 I am not going to be in a position to know whether I can accept your kind invitation. I hope it does not inconvenience you to leave this question open until then.

You can rest assured that irrespective of whether I can return to Nigeria before my retirement, my prayers are with you for the continued success of your development effort.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency Victor I. Masi
Minister of Finance
Federal Ministry of Finance
New Secretariat, Ikoyi
P.M.B. No. 12591
Lagos, Nigeria

cc: His Excellency Olujimi Jolaoso
Ambassador
Embassy of the Federal Republic of Nigeria

Mr. Yesufu S. Abdulai

bcc: Messrs. Knox o/r, Reitter o/r, Fennell

BAlisbah:sh

495 14/74

March 17, 1981

Dear Mr. Swing:

I understand from Mr. Stern, my Senior Vice President for Operations, that he has nominated Ms. Althea Duersten to be a term member of the Council. Ms. Duersten has been Mr. Stern's personal assistant until recently and he had therefore a direct opportunity to assess her professional abilities and interests. I endorse his judgment that Ms. Duersten would be an excellent addition to the Council's term membership.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. John Temple Swing
Vice President and Secretary
Council on Foreign Relations
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

RMcN:bmm

cc: Mr. Stern

495/4/73

MAR 17 1981

Dear Mr. Secretary General:

On behalf of our staff member, Mr. Jeffrey Balkind, who was one of the hostages aboard the Pakistan International Airlines plane--and indeed on behalf of all of us here in the World Bank--I want to thank you for your persistent efforts to help resolve the crisis without additional bloodshed.

We are indebted to you for your effective intervention with all the parties involved.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Kurt Waldheim
Secretary General of the United Nations
United Nations
New York, N.Y. 10017

cc: For Mr. McNamara's Office (2)

JLMaddux/MJWMPaijmans:gbo

March 17, 1981

495/4/72

Office of the President

MAR 16 1981

Excellency:

The International Bank for Reconstruction and Development proposes to borrow the principal amount of Yen 30,000,000,000 from The Bank of Japan by the issuance of one Obligation denominated in Japanese yen. The borrowing would have a term of 6-1/2 years. The interest rate has not yet been determined.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank, to approve the borrowing by the Bank from The Bank of Japan of Yen 30,000,000,000. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Michio Watanabe
Minister of Finance
Ministry of Finance
Tokyo, Japan

cc: Mr. Seiji Morioka, Executive Director for Japan

cc: Messrs. Qureshi, Rotberg, Hittmair, Uhrig, Nozaki

Cleared with and cc: Mr. Sakuragi, Legal

Fin.Ops.Div.File #

RKarsenti:mkp
March 13, 1981
EMC

OFFICIAL FILE COPY

495/4/71

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

March 12, 1981

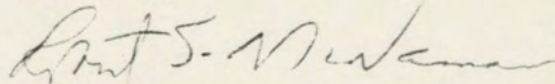
Dear Mr. Finney:

I thank you for your invitation to attend the 1981 Bilderberg Meeting to be held in Lucerne from May 14 to 17. I am happy to accept.

Because I shall be retiring from the World Bank a few weeks after that date and may face unexpected problems requiring my presence here in Washington, I may have to ask you later to permit me to change my plans. Should that be necessary I will make every effort to give you as much warning as possible.

With best wishes,

Sincerely,



Robert S. McNamara

Mr. Paul B. Finney
Honorary Secretary-General
for the United States
American Friends of Bilderberg, Inc.
39 E. 51st Street
New York, N.Y. 10022

RSMcNamara:js

495/4/70

MAR 12 1981

Dear Mr. Secretary General:

Thank you for your letter of February 19 and for the report attached thereto which I have read with interest.


I was pleased to hear from you that the exchanges between our staffs have been fruitful, and would like to assure you that we will be glad to continue such exchanges of views in the future in all the appropriate circumstances.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. J.M.A.H. Luns
Secretary General
North Atlantic Treaty Organization
Brussels, Belgium


MPBenjenk:sf

7/11/81
495/4/69
MAR 11 1981

Office of the President

Dear Don:

Thank you for your letter of March 6 which provides the details of the decisions made by the United States government regarding its participation in the Bank and the International Development Association.

The decision on IDA is a significant and reassuring message to the international community. Negotiations for IDA VI were prolonged and difficult because of the pressures on national budgets to which you refer. Basically, donor governments agreed to finance high quality projects to increase the productivity of the poorest countries on the basis of fair burden-sharing. It is urgent, of course, that the United States move quickly to implement this decision in order to avoid disruptions in IDA's commitment authority.

The decision to take up the remaining shares of the United States subscription to the Selective Capital Increase to the Bank, at the same time that full participation in the General Capital Increase is set in train, is also most welcome. We are particularly pleased to receive this reaffirmation of continuing support by the United States for the World Bank at the time that we prepare to re-enter the US capital markets. As you know, the paid-in funds are a quite small portion of the capital increase and callable funds may not be used to finance Bank lending activities or operations. Thus, your support for the capital increase is seen fundamentally as a vote of confidence in the operations of the Bank and the purposes we promote.

In sum, I welcome your decisions and your support. My colleagues look forward to substantial cooperation with the United States as we face the extraordinary economic problems of the next few years.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Donald T. Regan
Secretary of the Treasury
Washington, DC 20220

Clearance and cc:
Mr. Qureshi

EHRotberg:ldm
03-10-81

FORM NO. 27 (11-78) **WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)**
 IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

495/4/68

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TO HIS EXCELLENCY ABDLATIF Y. AL-HAMAD,
CITY/COUNTRY MINISTER OF FINANCE AND PLANNING
MESSAGE NO MINISTRY OF FINANCE, KUWAIT, KUWAIT

I WAS DELIGHTED TO LEARN OF YOUR APPOINTMENT AS MINISTER OF FINANCE AND PLANNING OF KUWAIT. I AM PARTICULARLY PLEASED AT THIS RECOGNITION OF YOUR BRILLIANT LEADERSHIP AS HEAD OF THE KUWAIT DEVELOPMENT FUND AND OF YOUR MANY CONTRIBUTIONS TO THE CAUSE OF INTERNATIONAL DEVELOPMENT. I SHOULD LIKE TO JOIN YOUR MANY FRIENDS IN THE DEVELOPMENT COMMUNITY IN EXTENDING TO YOU MY BEST WISHES. WARM PERSONAL REGARDS, ROBERT S. MCNAMARA

END OF TEXT

NOT TO BE TRANSMITTED

SUBJECT:		DRAFTED BY: MAQureshi:gmb	
CLEARANCES AND COPY DISTRIBUTION: cc Messrs. El Naggar Qureshi		AUTHORIZED BY (Name and Signature): Robert S. McNamara	
		DEPARTMENT: President	
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495/4/67

Class of Service: **CABLE** Date: **MARCH 10 1981**

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BOOK OF 3 MESSAGES

(1) CENBANK

LAGOS, FEDERAL REPUBLIC OF NIGERIA

FOR THE HONORABLE O. O. VINCENT, GOVERNOR

(2) FEDMINFIN

LAGOS, FEDERAL REPUBLIC OF NIGERIA

FOR THE HONORABLE V. I. MASI, MINISTER OF FINANCE,

THE HONORABLE ADEMOLA THOMAS, MINISTER OF STATE FOR

FINANCE, AND ALHAJI ABUBAKAR ALHAJI, PERMANENT SECRETARY

(WE HAVE SENT THE FOLLOWING CABLE TODAY TO THE CENTRAL BANK

OF NIGERIA, FOR THE HONORABLE O. O. VINCENT, GOVERNOR)

(3) INTBAFRAD

LAGOS, NIGERIA

FOR MR. RONALD H. S. FENNEL

(WE HAVE SENT THE FOLLOWING CABLE TODAY TO THE CENTRAL BANK

OF NIGERIA, FOR THE HONORABLE O. O. VINCENT, GOVERNOR)

END OF TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

EHRotberg/JPUhrig/LHaltmann/ajk

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

cc: Messrs. Qureshi, Rotberg, Hittmair, Uhrig, Harris, van Opstal and Gruss Fin.Ops.Div. # *order*

ROBERT S. MCNAMARA

DEPARTMENT:

PRESIDENT

SECTION BELOW FOR USE OF CABLE SECTION

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WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)

IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

Class of Service: **TELEX** Date: **MARCH 10 1981**

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OUR BOARD OF EXECUTIVE DIRECTORS APPROVED TODAY OUR TWO
TRANSACTIONS WITH THE CENTRAL BANK OF NIGERIA, NAMELY A SWF 200
MILLION AND DUTCH GUILDERS 100 MILLION. I WOULD LIKE TO EXPRESS
TO YOU AND YOUR INSTITUTION OUR APPRECIATION FOR YOUR SUPPORT
OF THE WORLD BANK'S FINANCIAL OPERATIONS.
BEST REGARDS/ROBERT S. MCNAMARA, PRESIDENT/WORLD BANK.

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY: EHRotberg/JPUhrig, LHalfmann/ajk
CLEARANCES AND COPY DISTRIBUTION: cc: Messrs. Qureshi, Rotberg, Hittmair, Uhrig, Harris, van Opstal and Gruss Fin.Ops.Div. # <i>an</i>	AUTHORIZED BY (Name and Signature): ROBERT S. MCNAMARA
	DEPARTMENT: PRESIDENT
	SECTION BELOW FOR USE OF CABLE SECTION CHECKED FOR DISPATCH

495/4/66

Class of Service: **TELEX** Date: **MARCH 10, 1981**
Telex No.: **20659** Originators Ext.: **74297**

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START HERE TO **CENTRAL BANK OF LIBYA**

CITY/COUNTRY **TRIPOLI, SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA**

MESSAGE NO _____
FOR H. E. REGEB A. MISELLATI, GOVERNOR

**OUR BOARD OF EXECUTIVE DIRECTORS APPROVED TODAY OUR SPECIAL ISSUE
OF GUILDER BONDS WITH BANKLIBYA. I WOULD LIKE TO EXPRESS TO YOU
AND YOUR INSTITUTION OUR APPRECIATION FOR YOUR CONTINUED SUPPORT
OF THE WORLD BANK'S FINANCIAL OPERATIONS.**

BEST REGARDS/ROBERT S. MCNAMARA, PRESIDENT/WORLD BANK.

END
OF
TEXT
→

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY: EHRotberg/ajk
CLEARANCES AND COPY DISTRIBUTION: cc: Messrs. Qureshi, Rotberg, Hittmair, Uhrig, Harris, Moya Karsenti Fin.Ops.Div. #	AUTHORIZED BY (Name and Signature): ROBERT S. MCNAMARA
	DEPARTMENT: PRESIDENT
	SECTION BELOW FOR USE OF CABLE SECTION
	CHECKED FOR DISPATCH

495/4/64

MAR 10 1981

Dear Mr. Minister:

On February 27, 1981 World Bank bonds were, for the first time, listed on The Stock Exchange of Singapore Limited. Let me first thank you for providing the Bank access to Singapore's capital market through this issue (the 8-3/4% Yen Bonds of 1981, due February 20, 1991). We are also grateful for the cooperation and assistance you and your colleagues extended to the Bank in connection with the offering of these bonds, particularly as regards exemptions from provisions of the Companies Act of Singapore which were granted to enable us to offer these bonds in Singapore on the same basis as our bonds are offered in other capital markets.

When my staff were discussing these exemptions with your Attorney General, Mr. Tan Boon Teck, they raised the question whether it might be appropriate to exempt the World Bank from these provisions by statute, as has been done in the case of the Asian Development Bank. I would therefore be grateful if you would give favorable consideration to proposing an amendment to the Bretton Woods Agreements Act, 1966 which would exempt the Bank and issues of its securities from the provisions of the Companies Act.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Hon Sui Sen
Minister of Finance
Singapore 0106

cc: Tan Boon Teck, Esq.
Attorney General
Singapore

bcc: Mr. McNamara's Office (2)
Mr. Golsong
Mr. Qureshi
Mr. Rotberg

PHeininger:rm
March 9, 1981

495/4/63

MAR 10 1981

Dear Mr. Chairman:

I am pleased to send you the attached reply to the Memorandum prepared by the African Governors which you presented to me during the 1980 Annual Meetings. I have addressed those issues raised in the Memorandum, emphasizing those points reiterated in our discussions.

I welcome these opportunities to exchange views on our mutual development concerns and look forward to our continuing dialogue.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Togba-Nah Tipoteh
Chairman of the African Group
Ministry of Planning and Economic Affairs
Monrovia, Liberia

SKpognon/it
March 3, 1981

cc: Mr. McNamara's Office (2)

M E M O R A N D U M

TO: The Governors of the African Group Countries

FROM: Robert S. McNamara

SUBJECT: Reply to Your Memorandum Delivered at the 1980 Annual Meetings

1. I had great pleasure in meeting with you at the 1980 African Caucus. Following the discussions we had on that occasion, my colleagues and I have carefully reviewed the issues raised in your memorandum. As promised, I am responding now to each of these issues.

Development Prospects for Sub-Sahara Africa

2. Careful attention has been given to your proposal that the Bank prepare a study on the economic development problems of the sub-Sahara African countries and come up with a special Action Program. As you know such a study is now underway and it will take into account the underlying economic objectives of the discussions of the African Heads of State which took place in Lagos last year. The study team has also greatly benefitted from its extensive consultations with governments, African organizations and individual African scholars. We expect to have an opportunity to discuss the status and the main thrust of the study with the Contact Group in due course.

3. I have had the opportunity to exchange views on the Lagos Plan of Action with the Secretary General of the OAU on the occasion of his visit to the Bank last September. A Bank mission visited Addis Ababa in October 1980 and discussed with OAU staff possible areas of future collaboration.

Structural Adjustment Lending (SAL)

4. We welcome that the Bank's Board of Executive Directors adopted a policy of structural adjustment lending (SAL) in March 1980. Since then, out of five SAL loan/credits approved by the Executive Directors, two, amounting to \$115 million, were made to Kenya and Senegal. Moreover, two other sub-Sahara African countries (Sudan and Uganda) were the beneficiaries of non-project assistance (totalling \$137 million) for agricultural rehabilitation and reconstruction efforts including elements of structural reform. Although it is difficult to estimate the volume of structural adjustment

lending in advance, the Bank will continue to lend, in support of soundly conceived structural programs that the African governments may wish to propose. In that connection, the Bank will work closely with the IMF, which has been equipped by the international community with substantial resources - especially under the Extended Fund Facility (EFF) - to help member countries adjust their balance of payments. We consider Bank lending for structural adjustment and expanded IMF lending to be complementary.

5. As regards conditionality of SAL, the types of programs we intend to support should have as their objective structural changes designed to reduce in the medium-term, the current account deficit of the country and to sustain, to the maximum extent feasible, its rate of economic growth and development. We would expect that, in formulating its adjustment programs, each government will consider policy measures and organizational changes aimed at improving efficiency and raising production, notably in the agricultural, industrial and energy sectors. These measures should help generate income and create employment opportunities in particular for the poorest.

6. We agree with you that structural adjustment lending should be based on programs worked out by the developing countries themselves. The Bank would be willing to provide or help governments obtain assistance for designing effective programs.

7. With respect to additionality of SAL operations, such additionality can be assured only through an increase of the Bank Group's resources beyond previously contemplated levels. As you know, I have placed before our Executive Directors proposals to that effect. I count on your active support in this regard.

Volume of Bank/IDA Financing

8. The gloomy growth prospects of the sub-Saharan African economies over the medium-term and the large net external financing requirements (\$74 billion) of oil-importing developing countries in 1980 suggest the need for an urgent response on the part of the international community including the World Bank.

9. Your memorandum stresses the very slow growth rate of total Bank lending world-wide. As you know I share your views. The proposals I have referred to above, and which our Board of Executive Directors has considered, are designed to correct this situation.

10. Your memorandum also expresses the concern that the provision of IDA funds to any new members should not be at the expense of Africa. I understand that you are referring to China's potential claims on IDA. I have little doubt that we ultimately will be lending to China on a scale that is commensurate with its large population, which represents an increase of 45 percent of the population that the Bank serves at present. However, in so far as IDA VI is concerned, China appreciates that these negotiations did not make any provision for China's requirements. Beyond IDA VI, as I mentioned to the African Caucus last October, we will try to protect lending programs that are planned especially for small and poor countries. In addition, we will carefully review the creditworthiness and the absorptive capacity for IBRD funds for all IDA recipients to ensure maximum use of the lending facilities of both institutions in an equitable and fair manner. Over the next five-year period, our objective is to expand the resource base for our lending program in such a way as to accommodate China, offset the impact of inflation, meet structural adjustment lending requirements and finance energy needs. As already mentioned, your strong continuing support in various international forums will be invaluable for the expansion of the IBRD/IDA lending program beyond currently planned levels.

11. Concerning the share of Africa in IBRD lending in FY80, your memorandum correctly points out the decline in both absolute and relative commitments (US\$1,290.7 million (16.8%) in FY80 as against US\$1,387.1 million (19.8%) in FY79). As I have often said, too much importance should not be attached to annual variations in the volume of Bank lending to specific countries or continents. In particular, our operations in Africa include not only a wide variety of small to medium-size projects, but also a smaller number of very large operations, the timing of which considerably influences, and perhaps somewhat distorts, the results in a given year. Furthermore, I should emphasize that IBRD lending is based on creditworthiness considerations in addition to criteria of economic performance and project justification. As a result of severe financial and economic problems confronting several African countries during this past year, significant shifts occurred between IBRD and IDA commitments because of deteriorating creditworthiness. Also, project processing was sometimes delayed or postponed because of political changes or the volatile political situation in a few countries.

12. As regards IDA lending to Africa in FY80, an increased level of commitment was achieved: \$1,172 million (30.5% of total IDA lending), which compares with \$759 million in FY79 (24.9%). We too are encouraged by this development, which reflects our willingness to pay special attention to the difficulties encountered by Africa and in particular by sub-Saharan African countries.

13. In a five-year perspective, total IBRD/IDA lending to Africa as currently planned would increase from \$9.3 billion (21.5% share of global lending) during 1976-80 to \$17.3 billion (23.4%) during 1981-85. Provided that requisite resources are available, IDA lending is planned to increase from \$3.5 billion to \$6.9 billion over these two five-year periods, resulting in a share of global lending of 29.1 percent and 31.6 percent, respectively. I hope that the adoption of our expanded Bank/IDA lending program will permit even greater absolute increases in the amount of our operations in Africa.

IDA VI Replenishment

14. I, too, share your concern that the Sixth Replenishment of IDA has not yet become effective. As you know, our efforts in obtaining advance contributions from donor countries have yielded positive results. Some 16 countries have pledged in excess of \$1.7 billion. However, the commitment authority resulting from the bridging arrangements will be used up soon and a very serious situation could arise unless legislative action is taken quickly in one of the major donor countries. You and I should combine our efforts to ensure that such legislative action is taken as soon as possible.

15. I fully share the point you made that the value of the \$12 billion pledged under this replenishment has already been much reduced by the prevailing high rate of inflation. But given IDA's difficulties in obtaining the level of resources already negotiated, it would seem unrealistic to expect from donor countries additional contributions during the IDA VI period that would restore the real contribution of the currently planned program for IDA financing.

16. Your suggestion to have representatives of Part II countries, beneficiaries of IDA resources, participate in future IDA negotiations could be helpful in enlightening donors on the financial needs of developing countries. At the same time, we must avoid adding to the complexity of an already very complex negotiation process. I will urge my successor to give careful consideration to the manner in which the beneficiaries can assist in the negotiations of future IDA replenishment.

International Finance Corporation (IFC)

17. I am pleased to note the satisfaction expressed in your memorandum concerning the growth of IFC's operations in Africa.

18. In FY80, 15 new investments were approved in Africa, amounting to a total of \$107.4 million (gross), compared to \$49.2 million in FY79; eleven countries were covered including, for the first time, Sierra Leone. IFC's emphasis on financial institutions was continued by investments in a

development finance corporation in Kenya and a housing bank in Senegal. In addition, non-project related technical assistance was provided to five countries (Nigeria, Zambia, Mauritania, Mauritius and Morocco).

19. As of the end of FY80, IFC had approved a cumulative total of 104 investments in 26 African countries (representing 81 percent of the 32 member countries) for an aggregate gross investment level of about \$297 million. In the five-year period FY76-80, the number of investments (56) more than doubled compared to the preceding five-year period FY71-75. In current terms, the absolute level of IFC's gross investments also increased from about \$36 million to about \$274 million over the same periods. More significantly, the Africa Region's share in the global volume of IFC approvals more than tripled from 4.6 percent in the FY71-75 period to 14.1 percent in the FY76-80 period. IFC's activities in Africa are thus receiving special and increasing emphasis and we will continue this effort.

20. Under the IFC's Five-Year Program for FY81-85, the total number of approvals is expected to almost double to 106, with a level of 23 commitments a year being achieved by FY85. Africa's annual net investment volume is also expected to double (in current terms), from about \$97 million in FY80 to about \$172 million in FY85, when this would represent 24 percent of IFC's projected global net investment activity. IFC will expand its investment activity to 36 African countries, including new member countries, by FY85.

21. The Corporation will continue its promotional and investment efforts in its African member countries and will need their strong and continuing support in this endeavour. In the same vein, IFC will continue to play its catalytic role in inducing other private investors to ensure a larger transfer of resources for productive projects in Africa.

Energy

22. I am heartened by the importance you attach in your memorandum to the activity of the World Bank Group in the energy sector. We will do our utmost to respond effectively to the needs of the African countries in this critical area.

23. Many African countries heavily depend on imported oil for their commercial supplies, and the effects on their balance of payments have been dramatic. Their energy potential needs to be explored further so as to reduce the dependence on oil or ensure self-sufficiency. The development of alternative sources of energy (fuel wood, biomass, solar energy, etc.) holds the promise of abundant energy in the poorest countries at lower costs. The Bank's support of oil exploration and production in Africa will gain momentum and as the Bank acquires operational experience in the field of renewable energy, its assistance should prove beneficial to African countries.

24. In FY80, the Bank Group lent \$191 million for petroleum resource development (notably oil, gas) in Africa as compared to \$75 million in FY79. Eleven projects are in preparation for consideration in FY81, totalling over \$220 million in power, oil and gas, plus 4 projects for fuelwood development. Exploration and development of both oil and gas potential have entailed assistance to governments efforts in energy planning, assessment of heavy oil deposits, geophysical and geological data collections and review, appraisal drilling, training of staff in local institutions etc. In the next several years the Bank Group will accelerate its petroleum exploration and exploitation efforts in Africa.

25. As you know, we are currently developing a detailed proposal for the creation of an Energy Affiliate to carry out this expanded energy program. We expect to submit a proposal to the Executive Directors for consideration at an early date. Work is under way examining all aspects of the feasibility of the Affiliate, and preliminary consultations including Saudi Arabia and Kuwait, are encouraging. I am glad you support this important initiative and I expect the African Executive Directors at the Bank Board to also support it.

26. Over the five-year period 1982-86, the Affiliate will need a lending capacity of about \$30 billion: \$16 billion will be incremental to the currently planned lending of \$13 billion. If the Energy Affiliate could mobilize new financing for the expanded program, \$13 billion of "additional" resources would be released to increase lending for other projects.

Africa's Representation on World Bank Group Board

27. I have had the opportunity to take up this matter with your Contact Group in January 1979 and I understand your concern that your representation might be reduced in number as a result of (a) the decline in the relative strength of African membership votes brought about by general capital increases, and (b) selective capital increases in favour of some Latin American and OPEC countries.

28. My view is that the issue of protecting the representation of the sub-Saharan African countries should be kept under constant and close watch. You will recall that in March 1979 the Board, in considering the IBRD General Capital Increase, agreed to protect the Board representation of the sub-Saharan African countries. Paragraph 14 of the report of the Executive Directors to the Board of Governors recommending the General Capital Increase states that "... The Directors have agreed that special efforts should be made to preserve a broad geographic pattern of representation and that all major groups of countries should be represented. The Directors therefore recommend that at the time of elections of Executive Directors, the Governors take special note of the risk that the representation of the

sub-Saharan African and Latin American countries could be reduced and take whatever steps are necessary to ensure that these countries along with other groups of countries, especially the Asian and Pacific countries, are adequately represented on the Executive Board".

29. As you are aware, the Board of Governors decided last October to increase the number of elected Directors from 15 to 16 in connection with China's participation in the 1980 regular elections. In a sense, this increase of seats is also to protect the representation of the sub-Saharan African countries.

Recruitment and Condition of Employment of African Staff in the Bank Group

30. This is a subject in which, as you know, I have taken a close personal interest. The enclosed note describes both the progress that we have already made and the procedures that we have developed to ensure that such progress is sustained.

Recruitment and Conditions of Employment of African Staff in the
World Bank Group

1. We very much appreciate the African Caucus Governors' supportive statement on our efforts to improve communications with African staff and to foster an internal environment in the Bank which treats all staff with equal sensitivity and appreciation of merit. The communication between Executive Directors representing African Caucus countries and management representatives of the Bank Group is a valuable means to ventilate issues and find understanding on matters which affect the situations and prospects of African staff as a group. Additionally, African staff themselves have, as you know, constituted an African Club which presents issues from a staff perspective on a regular basis to the administrative departments of the Bank including contacts at very senior levels concerned with organizational and personnel development.

2. The regular contacts between Bank managers and African Club representatives also provide an occasion to follow up where appropriate on the concerns expressed some years ago by several African staff members about the occurrence or possibility of inequitable treatment vis-a-vis that of other members of the Bank Group staff. Although our investigations have not yielded any evidence of discrimination against African staff as such, we are particularly watchful that no further occasion be provided to enhance such a perception among African staff. Our principal tools to overcome any perception of that kind are twofold:

- (a) one is the actual development of and advances made in the relative position of African Caucus staff in the Bank to which we revert in paragraphs 3 to 7 below;
- (b) the other is an active stance which translates into an active recruitment program in Africa, the use of the Young Professionals Program as an important channel for the recruitment of qualified Africans at a young age, and a continuous mandate on Bank group managers, to ensure that staff members, especially those from countries not strongly represented, be given appropriate opportunities for assignments with a view to enhancing their career development. The corollary to that mandate are standing instructions to Personnel Officers and Recruitment Officers to monitor and facilitate the actions taken by Bank line managers to foster the career development of such staff.

3. The representation in the Bank Group's professional^{1/} staff of nationals from African Caucus countries continued an upward trend in FY80, both in absolute terms and as a proportion of total staff. Thirty-two African Caucus countries are now represented:

	<u>No. of African Caucus Nationals</u>			<u>As % of total staff</u>		
	<u>End FY76</u> ^{2/}	<u>End FY79</u>	<u>End FY80</u>	<u>End FY76</u>	<u>End FY79</u>	<u>End FY80</u>
Bank Group	<u>96</u>	<u>126</u>	<u>141</u>	<u>4.2</u>	<u>4.8</u>	<u>5.1</u>

In the first quarter of FY81 the upward trend continued and the total number of African Caucus staff in the Bank is now 146, or 5.2%.

4. At senior levels of professional staff, i.e. Division Chief equivalent and above, the number and proportion of African Caucus nationals is still lower than the share occupied by African Caucus staff in the Bank Group's staff as a whole. But, as shown in the table below, significant gains were made in particular also in FY80 as to Africans in senior ranks; notably among them, one vice-presidential appointment:

	<u>No. of African Caucus Nationals at Division Chief equivalent and above</u>			<u>As % of total level Division Chief equivalent and above staff</u>		
	<u>End FY76</u>	<u>End FY79</u>	<u>End FY80</u>	<u>End FY76</u>	<u>End FY79</u>	<u>End FY80</u>
Bank Group	<u>10</u>	<u>17</u>	<u>22</u>	<u>2.7</u>	<u>4.0</u>	<u>5.0</u>

5. Generally the grade profile of staff from African Caucus countries has become increasingly aligned with that of total Bank Group staff. The development reflects the seasoning within the Bank of African Caucus staff of whom a substantial number was recruited at a relatively young age.

^{1/} For the purpose of this brief, figures refer to staff considered in a career relationship with the Bank Group: e.g. those on regular, fixed-term and part-time appointments regardless of whether their positions are funded by the Bank's budget or otherwise (e.g. IFAD).

^{2/} Fiscal year ends on June 30.

	Percent Distribution					
	African Caucus Nationals			Total Bank Group Staff		
	End FY76	End FY79	End FY80	End FY76	End FY79	End FY80
Working Levels	69	60	57	60	58	56
Sr. Working Level	17	22	21	19	23	25
Division Chief equivalent and above	10	13	16	16	16	16
Young Professionals	4	5	7	4	3	3
Total ^{1/}	100	100	100	100	100	100

As a result of the developments in FY80 referred to in paragraph 4, the trend has been most marked among African Caucus nationals at senior ranks, Division Chief equivalent and above. Over the years there has also been a growth in the proportion of African Caucus nationals at the senior working level, the staff position characterized by a high level of experience and responsibility. The slight FY80 drop of the African Caucus percentage is linked to the aforementioned promotions. Thus, the Bank needs to concentrate on replenishing the numbers of more junior African Caucus staff, especially the working level from which promotion to more senior levels normally occurs, which in turn is the main group for appointments to managerial levels.

6. Very importantly, the discipline profile of African Caucus staff is undergoing a significant change: of the 141 staff on board at end FY80, 28 or 20% are technical specialists, 18 or 13% are Project Economists, 14 or 10% are Loan Officers and 9 or 6% are Country Economists. Of the remainder 9 are presently in the Young Professionals Program and the others are scattered in various disciplines through the Bank. In FY76 only 13% of African staff were technical specialists and 18% were Loan Officers. Generally, the shift in African staff has been from Loan Officers and Economists to Technical Specialists.

7. As in past years, the Bank's primary recruitment needs have been for technical specialists, economists, and financial analysts normally for assignment to the Projects Departments. We continue to encounter problems among African Caucus countries due to constraints on the number of skilled personnel available in a number of them and competing recruitment interests from elsewhere. We will maintain our promotional efforts in FY81. While we will continue sending recruitment missions and advertise in appropriate journals, we are also giving our recruitment effort more focus with a view to achieving specific results in the near term. Rather than undertaking general recruitment drives, our Recruitment Division is devising a program which focusses its efforts on specific sources for qualified professionals such as for example, agricultural research institutes for certain agricultural specialists, with a view to "pin-point" recruitment for specific skills in Africa which are in line with specific attributes of professional vacancies in the Bank.

^{1/} Totals may not add due to rounding.

8. Success has been particularly noticeable in locating very qualified African candidates and in selecting participants from African Caucus countries for the Young Professionals Program. During FY80, over 13% of these young professionals selected were nationals from the African Caucus countries, the highest ratio ever. We are attempting to match this high ratio in the period ahead as the graduating young staff have proven to be highly qualified and successful in career growth.

495/4/62

MAR 10 1961

Dear Mr. Minister:

Thank you very much for your letter of February 17 concerning our common concerns in Africa. As you know we share very much the view expressed in your letter as to the very serious economic prospects in that continent. I am sorry to have missed you during your recent stay in Washington but I understand that you were able to discuss these matters with Mr. Stern.

The Special Study on Africa conducted by Mr. Berg and his associates is proceeding apace but we will still need some time to complete it. While the complete study will probably not be ready in time for the meeting at Libreville, we do hope to have an executive summary which will be made available by that time. We certainly intend that the completed study should propose concrete policies and priorities and general orders of magnitude of the investments that are required, and of the international assistance which would be desirable.

I also note what you say about Africa's share in a forthcoming seventh replenishment of IDA. As you know we have been too pre-occupied with the difficulties concerning the sixth replenishment to make definite plans yet for the negotiations for the seventh replenishment, but I quite agree with you that the matters which you raise, including the needs of China, must certainly be amongst the subjects which governments will have to resolve when these negotiations begin.

With kind regards,

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Rene Monory
Minister of Finance
93 Rue de Rivoli
75056 Paris R.P., France.
Mr Benjenk:sf
cc and cleared Mr. E. Stern

495/4/61

MAR 10 1981

His Excellency
Dr. Herbert Salcher
Vizekanzler und Bundesminister
der Finanzen
Himmelpfortgasse 8
A-1010 Vienna, Austria

Dear Mr. Minister:

I am addressing you in your capacity as the Governor for Austria in the World Bank to call your attention to one of the activities in which the Bank is engaged which, although relatively modest in scale, is directed toward a very high priority purpose, namely, the promotion of research designed to expand the quantity and quality of world food production, especially in the developing countries.

I refer to the Consultative Group on International Agricultural Research (CGIAR), sponsored by the World Bank together with the United Nations Development Programme and the Food and Agriculture Organization.

The CGIAR is an informal group of aid donors, both multilateral and bilateral, and of private foundations, which provides external financing for 13 international agricultural research institutes around the world, dealing with food crops that are of vital importance to the populations of the poorest countries of the world. There are at present more than 30 donor members of the Consultative Group contributing about \$140 million in support of the budgets of these institutes during the calendar year 1981. I attach a pamphlet that gives a brief description of the Group's activities and which lists on the final page the countries, international organizations and private foundations that supported the Group's activities in 1979. Since that time Mexico, the Philippines and Spain have joined as donors.

The CGIAR-supported institutes have already had a major impact on food production and standards of nutrition in many of the world's poorest countries, but much remains to be done and complex challenges lie ahead. It is becoming increasingly important to widen the circle of donors, and I am therefore writing to ask that you give your most earnest consideration to having Austria participate in this activity on a scale commensurate with its capabilities.

In this connection I would greatly appreciate it if you could receive a special mission from the Bank in Vienna on April 9 next, for a preliminary discussion of this possibility. The mission would consist of Mr. J. Burke Knapp, formerly the Senior Vice President of the World Bank and now a

H.E. Dr. Herbert Salcher

- 2 -

Consultant to us on special assignments, and Mr. Peter Greening, the Deputy Executive Secretary of the CGIAR. They are already planning to be in Vienna on April 10 for discussions with the OPEC Special Fund, which has been one of the important participants in and supporters of the Consultative Group.

I should greatly appreciate hearing from you whether a call from Mr. Knapp and Mr. Greening at this time would meet with your convenience.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Encl.

bcc: Mr. Jacques de Groote, Executive Director

Clearadd with and copies to:

Mr. Baum
Mr. Lejeune

JBKnapp:isk

495/4/60

MAR 10 1981

His Excellency
Stavros Dimas
Minister Without Portfolio
Ministry of Coordination
Plateia Syntagmatos
Athens, Greece

Dear Mr. Minister:

I am addressing you in your capacity as the Governor for Greece in the World Bank to call your attention to one of the activities in which the Bank is engaged which, although relatively modest in scale, is directed toward a very high priority purpose, namely, the promotion of research designed to expand the quantity and quality of world food production, especially in the developing countries.

I refer to the Consultative Group on International Agricultural Research (CGIAR), sponsored by the World Bank together with the United Nations Development Programme and the Food and Agriculture Organization.

The CGIAR is an informal group of aid donors, both multilateral and bilateral, and of private foundations, which provides external financing for 13 international agricultural research institutes around the world, dealing with food crops that are of vital importance to the populations of the poorest countries of the world. There are at present more than 30 donor members of the Consultative Group contributing about \$140 million in support of the budgets of these institutes during the calendar year 1981. I attach a pamphlet that gives a brief description of the Group's activities and which lists on the final page the countries, international organizations and private foundations that supported the Group's activities in 1979. Since that time Mexico, the Philippines and Spain have joined as donors.

The CGIAR-supported institutes have already had a major impact on food production and standards of nutrition in many of the world's poorest countries, but great challenges lie ahead and it is becoming increasingly important to widen the circle of donors.

As you will see from the final page of the pamphlet, Greece has been participating in CGIAR activities as a non-donor representative of the developing countries in the Southern and Eastern European region. However, especially with the accession of Greece to membership in the European Common Market, I would very much hope that it would become a donor to the CGIAR. I therefore ask that you give your most earnest consideration to having Greece participate in the support of these activities on a scale commensurate with its capabilities.

H.E. Stavros Dimas

- 2 -

In this connection I would greatly appreciate it if you could receive a special mission from the Bank in Athens next month for a preliminary discussion of this possibility. The mission would consist of Mr. J. Burke Knapp, formerly the Senior Vice President of the World Bank and now a Consultant to us on special assignments, and Mr. Peter Greening, the Deputy Executive Secretary of the CGIAR. I understand that Mr. Knapp will be getting in touch with you to arrange a convenient time for this visit.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Encl.

bcc: Mr. Costa P. Caranicas, Alternate Director, IMF
Mr. Giorgio Ragazzi, Executive Director, IBRD

Cleared with and cc:

Mr. Baum
Mr. Lejeune

cc: Mr. Chauffournier

JBKnapp:isk

495/4/59

MAR 10 1981

Dear Mr. Secretary General:

Thank you for your letter of January 15, 1980 in which you invite me to attend as an observer, the next Annual Meeting of the Board of Governors of the African Development Bank and the African Development Fund.

I myself would not be able to attend your meeting. I have asked Messrs. Knox, Vice President for Western Africa, D.R. Clarke, Senior Adviser to the Vice President, External Relations, Takahashi, Assistant to the Vice President for Eastern Africa, Kpognon, Special Adviser to the Vice President for Western Africa to represent the World Bank at this important meeting.

Let me wish you all the success for the meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Yuma Morisho Lusambia
Secretary General
African Development Bank
P. O. Box 1387
Abidjan, Ivory Coast

SKpognon/it
March 5, 1981

cc: Mr. McNamara's Office (2)

cc: Mr. Knox
Mr. Clarke
Mr. Takahashi
Mr. Kpognon