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THE WORLD BANK
Washington, D.C.

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Washington DC 20433
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PUBLIC DISCLOSURE AUTHORIZED

McNamara Papers

1972 (Final)
Vol. 28

The World Bank Group
Archives



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A1995-252 Other #: 2

309647B

President's papers - Robert S. McNamara Chronological files - (outgoing) Chrons 20

DECLASSIFIED

WBG Archives

490/5/265

BOOK OF TWO

GENERAL FIDEL SANCHEZ HERNANDEZ
PRESIDENTE REPUBLICA
SAN SALVADOR

JUNE 30, 1972

CORONEL ARTURO ARMANDO MOLINA
PRESIDENTE ELECTO
SAN SALVADOR
EL SALVADOR

FULL RATE

WARMEST THANKS FOR KIND INVITATION EXTENDED TO MRS. MCNAMARA AND MYSELF
TO ATTEND PRESIDENTIAL INAUGURATION CEREMONIES IN SAN SALVADOR JUNE 30
AND JULY 1 STOP I REGRET THAT PREVIOUS COMMITMENTS WILL PREVENT US FROM
BEING IN SAN SALVADOR AT THAT TIME STOP BEST WISHES

(Signed) Robert S. McNamara

ROBERT S. MCNAMARA
PRESIDENT
INTRAFRAD

Robert S. McNamara
President, IBRD

Cleared by and cc: Mr. Wright
Mr. Lari
cc: Mr. Ljungh
Mr. Gutierrez

McConella: jlg

T R A N S L A T I O N

Dear Mr. President,

I thank you for your letter of May 31, 1972, informing me of the appointment of His Excellency Baruti wa Ndwali as Minister of Finance and Governor of the World Bank for the Republic of Zaire.

I note that henceforth the Minister of Finance will ex officio be the Governor of the World Bank for Zaire. I think as you do that this formula will avoid exchanges of correspondence relating to the appointment of a Governor of the World Bank for Zaire.

Please accept, Mr. President, the assurance of my highest consideration.

Robert S. McNamara

His Excellency
Mobutu Sese Seko
President of the Republic
Kinshasa
Republic of Zaire

cc: Ambassador of the Republic of Zaire
Messrs. Kochman
Lejeune
Adomakoh
Mendels

LEMoreau:uw
June 22, 1972

490/5/264

✓
cc: For Mr. McNamara's Office

JUN 27 1972

Monsieur le Président,

J'ai l'honneur de vous remercier de votre lettre du 31 mai 1972, par laquelle vous avez bien voulu me faire part de la désignation de Son Excellence Baruti wa Ndwali en tant que Ministre des Finances et Gouverneur de la Banque Mondiale pour la République du Zaïre.

Je prends note de ce que dorénavant la personne remplissant la fonction de Ministre des Finances sera automatiquement Gouverneur de la Banque Mondiale pour le Zaïre. Je pense comme vous que cette formule aura pour avantage d'éviter à l'avenir des échanges de correspondance quant à la désignation d'un Gouverneur zaïrois auprès de la BIRD.

Je vous prie d'agréer, Monsieur le Président, l'assurance de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Mobutu Sese Seko
Président de la République
Kinshasa
République du Zaïre

cc: Son Excellence l'Ambassadeur de la République du Zaïre
Messrs. Kochman
Lejeune
Adomakoh
Mendels

L.E. Moreau:uw
June 22, 1972

490/5/263

June 26, 1972

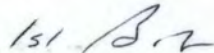
Dear Mr. Minister:

By now, you will have heard that the Bank's Executive Directors, in our meeting of June 20, decided to proceed as scheduled with the \$12.9 million loan to Iraq for an education project. Needless to say, this has been a difficult decision for all of us in the face of the mass dislocation of people and great misery which you have emphasized in recent cables, but as you will see from the attached copy of my statement at that meeting, my colleagues and I concluded, after very careful consideration, that this was not a situation which would properly come within the scope of the Bank's responsibility.

I do wish to take this occasion to thank you and your colleagues for the candid and understanding way in which you have laid your concerns before us these last few weeks. I am confident that we have all gained a better understanding of each other's problems and the hazards to be surmounted in pressing forward with meaningful economic development programs.

With warm regards,

Sincerely,



Robert S. McNamara

His Excellency
Jamshid Amouzegar
Minister of Finance
Avenue Nasser Khowrow
Tehran, Iran

Knapp:pay

June 23, 1972

4910/5/260

Dear Mr. Ledoux:

It was with great pleasure that I was looking forward to meeting with you yesterday, and I can only say that it was most unfortunate that our Board meeting here in the Bank should take so much longer than expected. Towards the end of the fiscal year our Board faces an increasing number of loan proposals, some of which give rise to discussion of important issues of policy. Please accept my apologies.

The World Bank's recent Eurofranc issue was expertly handled by your syndicate, both as to time and pricing, and was well received by investors. The participation of Banque Nationale de Paris contributed greatly to the success of the issue and I hope our cooperation may develop into a continuing relationship.

I was also pleased to learn that you will be coming to Washington for the Annual Meeting of the World Bank and the International Monetary Fund in September and I look forward to seeing you then.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

M. Pierre Ledoux
Chairman
Banque Nationale de Paris
16 Boulevard des Italiens
Paris 9, France

ALjungh:pay

OFFICE MEMORANDUM

490/5/259

TO: Mr. Abderrahman Tazi

DATE: June 22, 1972

FROM: Robert S. McNamara

SUBJECT: Your visit to Afghanistan

1. It is encouraging to learn from your memorandum of May 10, 1972 that His Majesty is eager to see Bank Group projects implemented in a satisfactory way in view of their impact throughout the country and on all sections of the population, and that, despite the obstacles facing it, the Government is determined to move ahead and work closely with the Bank. Your proposals for the Bank Group's greater involvement in Afghanistan's development process would, as you will agree, have to be considered in the context of the Government's efforts to assume a more effective role in the planning and management of the country's economy. A major test of the Government's determination to promote economic development would be in the administration of the Fourth Plan. The Plan holds out some promise of improvement over past performance, but little will be achieved unless a proper development administration is set up to ensure that programs are implemented effectively.

2. The proposal to set up a Planning Group under UNDP auspices is, therefore, of special significance. We would be favorably inclined to agree to act as Executing Agency, if the request is put to us, provided, however, that the Government, for its part, creates conditions which would permit the effective use of the advisory assistance. Specifically, this would require the setting up of an Afghan Planning Group at the highest level, perhaps in the Deputy Prime Minister's office, who would temper the programs to suit local conditions.

3. Considering the ineffectiveness of previous efforts to improve economic management through outside planning assistance, I am hesitant about supporting the suggestion that the Bank should not insist on the setting up of the Afghan Group as a pre-condition to the Bank's acting as Executing Agency for the UNDP project. However, if we obtain firm evidence that the Government has made the decision to create conditions conducive to effective planning, we would probably not need to wait for the Afghan Planning Group to be fully staffed and established.

4. The suggestion that an IDA line of credit be made available to Afghanistan is not a new one. The main reason for the request for such a line of credit is presumably that this would enable the

Government to obtain general borrowing authority from the Afghan Parliament, thus eliminating the need for specific approval of individual projects which has caused considerable delay hitherto. This would involve an advance commitment by IDA in the form of a frame agreement under which the Afghan Government would be able to draw up to an agreed amount for financing unspecified projects. The Bank's staff have previously explained to the Afghan authorities that it would not be possible to agree to such an arrangement. Moreover the problems encountered in the implementation of Bank Group financed projects in Afghanistan are not merely legislative ones. Project implementation has been frustrated primarily by cumbersome and complicated administrative procedures and, unless these are changed, the pace and effectiveness of project implementation are not likely to be improved.

5. With regard to the suggestion that an IDA credit be provided to cover the cost of identifying and preparing projects, I understand that the Afghan authorities have indicated, in connection with the Bank Group's on-going projects, that they do not wish to have consultancy and advisory services financed out of IDA credits. They prefer to use UNDP grant funds for these purposes, although it has been demonstrated to them that the terms of IDA Credits are equally advantageous. It is unlikely, therefore, that the proposal would be acceptable to them. Furthermore, much of this work would fall within the purview of the UNDP operation.

6. Finally, as far as the strengthening of the Bank's office in Kabul is concerned, I shall review the position at the end of this year when the present resident representative will have completed his first year in Afghanistan.

Robert S. Medsker

June 22, 1972

Mr. Adrian Lajous
Executive Director for Mexico

Dear Mr. Lajous:

I would like to thank you for the album which you have handed to me on President Echeverria's behalf containing an outline of Mexico's "Plan de Caminos de Mano de Obra, 1973-1976." This is a very interesting program, and one which conforms to the conclusions of the Bank's transport mission that, "as Mexico has built a fairly well developed system of main highways, the emphasis must now shift more to the development of secondary and feeder roads."

However, I would like to add one word of caution. The total investment program for the Secretariat of Public Works for the four years 1973-76, as presented in the album, provides for an average annual expenditure of close to Mex\$13 billion (over US\$1 billion), or the equivalent of nearly 3 percent of the country's present Gross Domestic Product. For roads alone, the proposed expenditures would be over 2-1/2 times the actual level of investment achieved in recent years and more than double the level contemplated for the current sexennio at the time of our transport study. Taking into account the many other demands for public investment in Mexico, the Bank is inclined to doubt that a road program of these dimensions would be within the country's administrative or financial capacity. If there is to be a large increase in expenditures on rural roads, it would be natural to expect other road investments to be held down, but according to the album large increases are also planned in expenditure on toll roads and other federal highways, as well as in most other areas of infrastructural investment for which the Secretariat of Public Works is responsible.

As you know, when the Secretary of Finance visited Washington three weeks ago to sign the loans for the railways and the industrial fund, he handed me a list of projects that might be suitable for financing by the World Bank over the next three years. This list included further loans for federal highways, railways and ports and two airport projects, but there was no reference to agricultural feeder roads. Since the Bank cannot consider all these projects, in addition to those proposed in other sectors, it would be helpful if the Government could clarify for us its own priorities in transport investment. In principle, the Bank would be

Mr. Adrian Lajous

- 2 -

June 22, 1962

very interested in exploring the possibility of lending for feeder roads with a high labor content, but we should first need to know a great deal more in detail about the program outlined in the album -- for instance, about the organization for implementing the program, the methods of construction and design standards to be employed, the wages to be paid for labor, the criteria to be followed in the economic evaluation of individual road investments, and so forth.

I should be grateful if you would express my thanks to President Echeverria for sending me the album and convey to him the Bank's interest in considering assistance to the Mexican Government for the construction of agricultural feeder roads as part of a coordinated program of rural development.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

EPWright:RMcN:mss

490/5 258

June 21, 1972

Dear Professor Myrdal:

When Mr. McNamara visited Stockholm recently to speak at the U.N. Conference on the Environment, he received both SIPRI documents and a message from you that you would be pleased to meet with him. Unfortunately his visit was extremely short with a full pre-arranged schedule and he asked me to convey to you his regrets, with the hope that you could perhaps reserve time for an evening with him on one of your future trips to the U.S.

Sincerely,

Anders Ljungh
Personal Assistant to Mr. McNamara

Professor Gunnar Myrdal
Chairman
Stockholm International Peace
Research Institute
Sveavagen 166
S-11346 Stockholm, Sweden

ALjungh:mlee

490/5/257

JUN 20 1972

Dear Maurice:

Now that the Environment Conference is over I want to send you my congratulations on the way you prepared and handled it, and my very best wishes for the future organization, which I trust you will head.

I have enjoyed our collaboration in the past, and particularly valued your conversation in Stockholm. Now I look forward to our working together again, and assure you of the full support of myself and the Bank.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Maurice Strong
Secretary General
United Nations Conference on the
Human Environment
Palais des Nations
CH-1211 Geneva 10
Switzerland

490/5/256

JUN 20 1972

Dear Mr. de Seynes:

Thank you for your letter of June 9, 1972 and for the invitation to attend the fourth session of the ICC-UN, GATT Economic Consultative Committee to be held in Paris on January 17 and 18, 1973.

At this time, I am not in a position to give you a definite answer. I look forward, however, to receiving the agenda and, closer to the date of the meeting, I will communicate with you again as to whether I will be able to attend.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

cc: Mr. McNamara (2)

Central Files with incoming letter

LPChatenay/RHDemuth:mmcd
June 19, 1972

490/5/255

HIS EXCELLENCY
ABDUL RAHMAN SALIM AL-ATREQI
MINISTER OF FINANCE AND OIL
MINISTRY OF FINANCE AND OIL
KUWAIT

JUNE 20 1972

FULL RATE

KUWAIT

FURTHER OUR EXCHANGE OF CABLES BOARD TODAY APPROVED IRAQ LOAN
WITH SOME OPPOSITION (STOP) WOULD BE MOST GRATEFUL FOR ANY EFFORTS
YOU CAN MAKE AND ANY INFORMATION NEXT FEW WEEKS REGARDING PROMPT
COMPENSATION ARRANGEMENTS FOR NATIONALIZED PROPERTIES BEARING IN
MIND ADDITIONAL LENDING TO IRAQ FORESEEN IN ENSUING WEEKS (STOP)
BEST REGARDS

(Signed) Robert S. McNamara

McNAMARA

M.P. Benjenk

Europe, Middle East and North Africa

Robert S. McNamara -

490/5/254

JUN 19 1972

Dear Mr. Minister:

Thank you very much for your letter of June 7, 1972, in which you were kind enough to authorize a borrowing by the International Bank for Reconstruction and Development of 150,000,000 Netherlands guilders in the markets of The Netherlands.

As you may know, an issue of 150,000,000 guilders has been the subject of discussions with representatives of your Ministry, the Nederlandsche Bank and our underwriting bankers in The Netherlands for some time. During discussions in Amsterdam on May 29, 1972, between the underwriting bankers and a representative of the World Bank it was mutually agreed that, because of the increase in interest rates that had taken place recently in The Netherlands capital market, it would be wise to postpone the proposed issue. I trust that you will share our view that this postponement was the right decision.

We are keeping this matter under continued consideration, of course, and when conditions in The Netherlands capital market are improved we would like to contact you again in the hope that we can then avail ourselves of your approval for a World Bank issue.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

SAldewereld:mc:ldb

cc: Mr. Aldewereld
Mr. Rotberg

TRANSLATION

His Excellency
Mr. Gaston-Robert Bouckat-Bou-Nziengui
Ambassador of the Republic of Gabon
4900 - 16 th Street N.W.
Washington D.C. 20011

Mr. Ambassador:

I wish to refer to your letter of June 13 concerning the establishment of a permanent mission in Central Africa. As indicated to you during our recent meeting, we do not intend at this time to open a new regional office in Africa but we are endeavoring to increase the effectiveness of the existing missions.

I have noted, however, the interest expressed by your government in this respect.

Sincerely,

Robert S. McNamara

EMBASSY OF THE GABONESE REPUBLIC
TO THE UNITED STATES

Washington, June 13, 1972

No. 000.05/AW/CF72

The Ambassador of the Gabonese Republic
to the United States of America

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

Subject: Regional office of the
IERD in Central Africa

Dear Mr. President,

I am pleased to inform you that my government has learned of the intention of the World Bank Group to establish a permanent mission in Central Africa. I am personally aware that this question was raised on several occasions during the Annual Meetings of the Governors of the World Bank and by our Executive Director with your institution. The Gabonese Chief of State, President Albert Bongo, has always taken a keen personal interest in this matter.

On the basis of information which he has received and which I believe to be correct, the President has therefore requested me to get in touch with Bank officials and in particular with yourself to convey the wishes of the Gabonese Government to become host of the future regional office of the World Bank Group for Central Africa.

We are certain that the request of the Gabonese Republic will meet with your approval, based as it is on valid reasons.

Sincerely yours,

S/ Gaston Robert Boukat-Bou-Nziengui

(Seal of the Embassy of the
Gabonese Republic to the
United States)

490/5/253

JUN 19 1972

Monsieur l'Ambassadeur,

Je me réfère à votre lettre du 13 juin concernant la création d'une mission permanente en Afrique Centrale. Comme je vous l'ai indiqué au cours de notre récente réunion, nous n'avons pas l'intention pour le moment d'ouvrir une nouvelle mission régionale en Afrique mais nous nous employons à renforcer l'efficacité des missions existantes.

J'ai pris cependant bonne note de l'intérêt manifesté par votre Gouvernement et je vous prie de croire, Monsieur l'Ambassadeur à l'assurance de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Gaston-Robert Bouckat-Bou-Nziengui
Ambassadeur de la République Gabonaise
4900 - 16th Street N.W.
Washington D.C. 20011

RChaufournier:mo'h

490/5/252

BOISE CASCADE CORPORATION
BOISE, IDAHO, 83707

JUNE 14, 1972

FULL RATE

ATTENTION: MR. ROBERT HANSBERGER
PRESIDENT

DEAR BOB:

THANK YOU FOR YOUR CABLE OF JUNE SEVEN ABOUT THE PANAMA POWER AND LIGHT COMPANY WHICH ARRIVED DURING MY ABSENCE IN STOCKHOLM STOP AS YOU MENTION COMMA FOLLOWING YOUR REPRESENTATION IN MAY LAST YEAR WE REVIEWED THE MATTER YOU RAISED WITH US THEN AND CONCLUDED THAT THE GOVERNMENT WAS NOT IN BREACH OF ITS COMMITMENTS MADE TO US AT THE TIME OF THE LOAN FOR THE BAYANO PROJECT STOP AS YOU ARE PROBABLY AWARE THIS COMMITMENT WAS TO THE EFFECT THAT RATE ADJUSTMENTS SHOULD BE MADE PROMPTLY TO PRIVATE AND PUBLIC ELECTRIC ENTITIES SO AS TO ENABLE THEM TO EARN A RATE OF RETURN SPECIFIED IN THE ELECTRICITY LEGISLATION COMMA THAT IS NOT LESS THAN EIGHT AND THREE QUARTER PERCENT ON NET FIXED ASSETS PLUS WORKING CAPITAL AND OTHER ITEMS INCLUDING DEBIT OR CREDIT STABILIZATION ACCOUNT STOP WE EXAMINED THIS QUESTION AGAIN IN APRIL THIS YEAR WHEN WE RECEIVED A MEMORANDUM FROM BOISE CASCADE DESCRIBING EVENTS DURING THE PRECEDING YEAR STOP THE EVIDENCE PRESENTED IN THAT MEMORANDUM WAS NOT SUCH AS TO JUSTIFY ALTERING OUR EARLIER CONCLUSIONS STOP

PAGE TWO

YOUR CABLE STATES THAT THE GOVERNMENT FAILURE TO PAY ITS OWN UTILITY BILLS HAS RESULTED IN THE GOVERNMENT CURRENTLY OWING YOUR SUBSIDIARY APPROXIMATELY DOLLARS 2.5 MILLION STOP PERHAPS YOU COULD PROVIDE US WITH MORE DETAILS ABOUT THIS FOR EXAMPLE COMMA THE PERIOD AND SERVICES THE BILLS COVER COMMA WHEN THEY WERE PRESENTED AND WHETHER THE GOVERNMENT HAS INDICATED TO YOU WHY THE BILLS HAVE NOT BEEN PAID STOP

I HAVE REVIEWED THE POSITION OF YOUR SUBSIDIARY IN PANAMA WITH MY STAFF AND CONCLUDE THAT ON THE BASIS OF THE SITUATION AS IT NOW STANDS THERE ARE NO GROUNDS UPON WHICH A BANK INTERVENTION WOULD BE JUSTIFIED STOP HOWEVER COMMA THE BANK HAS A CLOSE INTEREST IN THE SITUATION OF YOUR SUBSIDIARY SINCE WE ARE CONCERNED COMMA PARTICULARLY IN RELATION TO THE BAYANO PROJECT COMMA THAT THE POWER DISTRIBUTION SYSTEM IN THE PANAMA COLON AREA BE EXPANDED ON A SOUND BASIS STOP THIS IS AN OBJECTIVE WHICH I AM SURE BOTH YOUR SUBSIDIARY AND THE GOVERNMENT SHARE AND I VERY MUCH HOPE THAT IT WILL PROVE POSSIBLE FOR YOU AND THE GOVERNMENT TO RESOLVE THE DIFFICULT ISSUES NOW OUTSTANDING BETWEEN THE TWO PARTIES

BEST WISHES

MCNAMARA
INTBAFRAD

Robert S. McNamara
President

Cleared with & cc: Messrs. Nurick
Sheehan
cc: Messrs. Gutierrez (o/r)
Wright (o/r)

Hwyss/AJClift:jmd Typed: June 12, 1972

490/5/251

JUN 19 1972

Dear Mr. Minister,

I was very pleased to have your letter of May 31, 1972, which referred to your Government's plans for the study of agricultural development and included a request for Bank assistance in this respect. I am pleased to respond that we would be prepared to send an agricultural sector survey mission in September, 1972, if this is an appropriate time, to look at the requirements for an effective agricultural development program, generally and with special reference to the agro-industrial components of such a program. In order to begin the preparation for this sector mission, we would like to send two representatives from our Agriculture Projects Department to Cairo during the last week in June to meet with you, other staff of your Ministry and other agencies concerned with agriculture. At that time final arrangements could be concluded for the mission in September, as well as a start made toward the assembly of data necessary for the study itself.

We look forward to this opportunity to work closely together with you on problems of agricultural development in Egypt, and I hope that the timing outlined above will prove convenient from your standpoint.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Dr. Mustafa El Gabaly
Minister of Agriculture
Ministry of Agriculture
and Agrarian Reform
Arab Republic of Egypt

JBHendry:ja
IBRD - June 15/72

Cleared with and cc: Messrs. Benjenk/Davar, Evans
cc. Mr. Ljungh

490/5/250

JUN 19 1972

Dear Tom:

In answer to your letter of May 30, 1972,
I am arranging to have Dr. Furtado receive an
invitation to attend this year's Annual Meetings
of the Fund and Bank.

With best regards,

Sincerely,

Robert S. McNamara

Mr. Thomas S. Gates
Morgan Guaranty Trust Company
of New York
23 Wall Street
New York, N.Y. 10015

MMendels;MTC:plm

cc: Mr. McNamara's Office (2)

Mr. McNamara's copy

490/5/249

JUN 19 1972

Dear Professor Tinbergen:

Thank you so much for your letter of June 1, 1972 and for letting me know about some of the organizations interested in trying to provide assistance for the Calcutta region.

Ever since my visit to India in 1968, when I spent two days in Calcutta, I have been considering how the Bank might be able to assist the redevelopment effort there. But up until quite recently, administrative and political conditions in Calcutta made it difficult for us to become involved. Recently, however, there have been some significant changes, the most important of which has been the performance of the Calcutta Metropolitan Development Authority in using its wide powers to coordinate and implement meaningful development programs. Members of my staff visited the Authority in February and confirmed other reports on the high quality of the staff and their sense of purpose. In these circumstances, I have agreed that we should now proceed to identify and prepare a project suitable for IDA financing, and a mission will visit Calcutta next month to begin the appraisal. I am hoping that the appraisal can be completed in the fall.

As we now expect to be active in Calcutta Metropolitan Development, I will certainly ensure that our activities are coordinated with the interests of the others you mentioned and have instructed Mr. Kraske, who is chief of the India Division, to keep you posted on the progress of our project as it develops.

Sincerely,

Robert S. McNamara

Professor J. Tinbergen
Havildaan 31
The Hague
The Netherlands

EBCunningham/GBVotaw:rsr

June 15, 1972

490/5/248
JUN 19 1972

Dear Mr. Ambassador:

Thank you for your letter of May 22 regarding the request of the Government of Afghanistan for planning assistance.

I agree that the request described by you is well formulated and that implementation of the project would have a significant impact in accelerating Afghanistan's development. I know from Bob Nathan, Greg Votaw and others that your personal interest in the proposed planning assistance project has helped give it the proper emphasis within Afghanistan. Therefore, I attach special significance to your report that the Government is of the view, which you share, that the Bank would be the ideal Executing Agency, and I am encouraged by the wholehearted support you give it.

Informally, we have already made clear to Afghan authorities and to the UNDP that the Bank would accept the role of Executing Agency, if it is asked to do so, provided only that we are satisfied that the Government, for its part, has created conditions which would permit the effective use of this advisory assistance. Mr. Tazi is also well aware of our position. Your letter, reporting support in the highest levels of the Afghan Government, suggests that the only proviso which could delay the project at our end is recognized and will be dealt with effectively by His Majesty's Government. If that proviso is satisfied, you may rest assured that I shall have no hesitation in agreeing to the project when the UNDP requests us to consider it.

I am most grateful for your continued interest in this matter and in the whole gamut of Bank Group activities in Afghanistan. I am also deeply appreciative of your kind remarks on the performance of our Resident Representative, Dr. Kyaw Myint.

With best personal regards to you and Mrs. Neumann,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Robert G. Neumann
Ambassador to Afghanistan
Embassy of the United States of America
Kabul, Afghanistan

GVOTAW:bg

4910/5/247

JUN 19 1972

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

Dear Mr. Maheu:

Thank you for your letter of May 10, 1972 and kind invitation to the Bank to comment on the Unesco's Draft Medium Term Outline Plan for 1973-78 (Document 17 C/4) and Draft Programme and Budget for 1973-74 (Document 17 C/5) which were enclosed with your letter.

We have studied these documents with great interest and, once again, are pleased to observe the similarity of approach between Unesco and the World Bank Group in their efforts to accelerate development of education in their member countries. We note that a "global approach to education" stands as one of the major themes of both the Draft Medium Term Outline Plan for 1973-78 and the Draft Programme and Budget for 1973-74. As stated in the Bank's recent Education Sector Working Paper, such a comprehensive approach to educational development provides the basic framework of our activities and I fully agree with the views expressed in the Unesco documents that, even if, for reasons of practical necessity, we have to concentrate on some particular aspect, level, instrument or goal of education and training, we must always bear in mind that the various elements of the learning system of a country are closely interdependent and interrelated.

We note that the Draft Outline Plan 1973-78 refers to the "right of education" which, as we understand it, is intended not so much to advocate a linear expansion of educational opportunities as the adoption of integrated systems of life-long education in harmony with changing population targets. We also note the concept of "renewal of education" as both the establishment of a close relationship between educational planning and national overall plans for socio-economic development and the internal improvement of the education systems themselves. I am glad to say that these general concepts are in harmony with our own thinking. Indeed, in evaluating education projects for assistance by the Bank, we have been

giving increased attention to questions of access to education and to encouragement of changes which would improve the relevance, efficiency and economy of the education systems.

I am pleased to learn that Unesco intends to expand its work in the field of education for rural development and that this would entail, in addition to assistance to pilot and experimental projects, three major comparative studies on the experiences in Africa, Latin America and the Arab States. These studies, we understand, would follow the pattern of the study on education for rural development in Africa which was published in 1971. This is also an area of particular interest to the Bank which, as you may know, is sponsoring a research project on non-formal education for rural development, being carried out by the International Council for Educational Development under the leadership of Mr. Philip H. Coombs. We in the Bank believe that this is an area where much remains to be learned and we warmly support the proposed Unesco comparative studies on this subject.

We also welcome the increased emphasis that Unesco plans to place on educational planning and management and on the study and application of educational technologies. In these areas, Unesco's contribution to the educational development of our member countries has already been considerable and, as I stated in my letter to you of September 21, 1971, we believe that increased efforts in this field are very desirable.

In addition to Unesco's activities in the field of education, I am fully aware of the important work being done or planned by your organization in other areas of special concern to the Bank. I have in mind particularly your work in the fields of population planning and environment; the problems encountered in these fields by Unesco are very similar to those faced by the Bank. We are also very much interested in your proposed intersectoral program of studies in the area of environment and rational use of natural resources and will look forward to the end results of these studies.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

GPennisi/OHCalika/jf

Cleared with and cc: Mr. Demuth

490/5/246

JUN 19 1972

Mr. Guillermo Martinez Dominguez
Director General
Nacional Financiera, S.A.
Isabel la Catolica 51
Mexico 1, D.F.

Dear Mr. Martinez Dominguez:

I have received your letter of May 20 in which you submitted to the Bank the request of the Mexican Government for a loan of \$75 million to finance part of the integrated steel project Lazaro Cardenas - Las Truchas.

As you know, staff of the Bank have been in close contact for over a year with officials of the Government of Mexico and with the management of SICARTSA about this project, and we welcome the important steps recently taken in connection with its development, notably the appointment of technical and operating advisors for the project and the establishment of a national steel commission to prepare a program for the expansion of Mexico's steel industry as a whole.

The management of SICARTSA, accompanied by their technical advisors, visited Washington at the end of May to discuss with this Bank and with the Inter-American Development Bank the work that remains to be done during the next few months to produce a revised feasibility study of Las Truchas, including a review of plant design and layout, a market survey for the end-products proposed, a survey of raw material supplies and transport facilities, detailed estimates of construction and operating costs and financial projections. In addition, and parallel to this project review, we have suggested that the Government should immediately commission an overall study of the market for Mexican steel, the present capacity of the steel industry and the most economical ways of expanding this capacity to meet the demand for different types of steel over the next 5-10 years. Such a study, which could be carried out within six months, would be indispensable for completion of the Bank's technical and economic appraisal of the Las Truchas project.

Mr. Guillermo Martinez Dominguez

- 2 -

It will be necessary to have both these studies before the World Bank will be in a position to consider any definite commitment with respect to the financing of Las Truchas. In the meantime, I can assure you of our continued interest in the project and of the Bank's readiness in principle to consider participating in its financing provided that its economic justification can be clearly established.

I am attaching a check-list which covers the main points discussed with SICARTSA representatives at the end of May and indicates the work to be done between now and the next full-scale review of the project which has been tentatively set for mid-September. A copy of this list was given to Mr. Flores de la Pena when he visited the Bank last week, and I am copying this letter to him, to Mr. Margain and to Mr. Orive Alba.

With my best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachment

cc: Messrs. Horacio Flores de la Pena (Patrimonio Nacional)
Hugo Margain (Ministry of Finance)
Adolfo Orive Alba (SITSA)

cc: Messrs. Aldewereld
Broches
Chadenet
Nelson
Cash (Industrial Projects)
Pigossi (" ")
Meier
Ruof
Kuczynski
Pfeffermann

cc: Mr. Ljungh (2) ✓

EPwright/HMeier/eg

Typed June 15, 1972

CHECKLIST OF MAJOR ISSUES AND
WORK TO BE DONE

1. National Steel Commission - Banks will wish to be assured that Commission can become a viable unit capable of undertaking sound industry-wide planning. A strong competent Executive Director considered essential.
2. Market Analysis - Intended to be carried out on several fronts: by SICARTSA, with major input from British Steel, by NAFINSA, and eventually by the Commission's Secretariat with the help of a consulting firm. Banks' draft report on overall market already under discussion with SICARTSA and NAFINSA. Essential in short-term are (i) better definition of specific markets by product type and (ii) background on cost/price relationships in existing industry.
3. Other Producers - Cost structures of present producers by product type not known to Banks but are necessary if proper analysis of SICARTSA's impact on industry is to be made. Expansion plans also not fully known but fundamental to SICARTSA's timing and Banks' evaluation of present project schedule. Banks recommending to Government that initial evaluation of steel industry be undertaken by experienced consultants prior to build-up of Commission's activities. Draft terms of reference have been suggested.
4. Plant Design/Layout - Feasibility work of John Miles and Partners being reviewed and revised by British Steel. No major changes are expected, but this work, leading to a specific project plan, necessary for Banks' appraisal. Report of British Steel expected in September.
5. Ore Body/Mining/Beneficiation - Primary concern is economic viability of beneficiating and pelletizing Las Truchas ore and determination whether imports might be needed for blending and/or initial operations. Initial laboratory-scale tests verify technical feasibility, but extensive drilling and testing necessary, especially to determine extent of trace elements. Conclusions promised by October, but Banks will begin initial evaluation in August.
6. Revised Capital/Operating Costs - Feasibility estimates being reviewed and revised figures promised in September report.
7. Financing Plan - SICARTSA initially suggested 65/35 debt/equity ratio, but Banks suggested 50/50 target. External financing of \$250 million contemplated, half from bilateral agencies and half from IBRD/IDB joint financing. Borrower was informed that our terms are likely to be similar to Brazil steel loans. Bilateral lending terms are still tentative with considerable negotiation and redefinition ahead. Other financing sources, including form and terms of Government/NAFINSA funds are still undefined.

8. Financial Projections - Promised in September report. Projections to be done for both initial stage (1.5 million raw steel tons) and second stage (additional 1.5 million tons) under varying assumptions of second stage timing. Financial viability of Stage I, upon which loans must be based, needs to be examined closely.
9. Economic Justification - Mexican parties fully aware of Banks' primary concern with economic viability of project. Have been briefed on methodology and rationale of our analysis. Attempt will be made, by NAFINSA, with Banks' assistance, to examine regional impact of project for inclusion in our analysis.
10. Procurement - SICARTSA/British Steel's basic approach to allocation of packages to Banks and bilaterals, as well as their ideas on standardization, appear appropriate. Procedures for prequalification not fully agreed. SICARTSA plans civil works contracts to be submitted to national competition in Mexico, with perhaps 6-8 packages. Banks' will not finance civil works, but wishes assurance that they will be bid competitively.
11. Schedule and Work Program - SICARTSA basing entire schedule on a plant start-up date of May 1976, and planning backwards from that date. Degree to which Bank procurement procedures can be adapted to this schedule can only be determined following completion of the Adviser's initial project review. Some long lead-time items might be allocated to bilateral financing. This issue will be more easily resolved after completion of initial pre-qualification of suppliers, who are being asked to provide likely delivery periods.
12. Staffing - Preliminary project organization seems appropriate. Primary need is for experienced Mexican counterpart for British Steel's project manager; i.e. man to be given primary responsibility for project execution.
13. Ecology - Information supplied to date indicates that appropriate effluent control will be carried out. Air pollution effects still unknown, as well as any possibility of water pollution. Effect on Bank tourism project at Zihuatanejo, 70 miles down the coast, likely to be negligible.
14. Port - Overall function of port unclear. Some parts of Government indicate it is primarily to serve Las Truchas and others maintain it will become major new Pacific outlet for Mexico City. Question important for economic analysis. Physical work underway on schedule that is said to allow SICARTSA's schedules for import of equipment and, later, raw materials to be met. Entire port effort needs detailed examination by Bank specialists.
15. Railway - Present Government plans for railway from plant site to main system at Nueva Italia still not final and line possibly will not be available for Phase I of the steel project. Actual need for railway during Phase I not established and needs examination.

Unofficial translation

His Excellency Aug. Munyaneza
Minister of International Cooperation
Kigali
Rwanda

Dear Mr. Minister,

I wish to refer to your letter of May 18, 1972 which was transmitted to me by your Ambassador in Washington, His Excellency Fiddle Nkundabagenzi.

I thank you very much for the kind invitation which your Government extended to me to visit your country. I do regret that my previous commitments do not permit me to accept your invitation but I will be glad to envisage such a visit at an opportune time and as soon as practicable.

I have taken note of your Government's request concerning the paving of a road which would connect Kigali, your capital city, with the cities of Gisenyi and Gysnika. I have asked Mr. Lejeune, Director of the Eastern Africa Department and to examine the priority which could be given to such a project in the general context of your country's needs in road transportation.

I would like to take this opportunity to assure you of my wish and that of my associates, to strengthen the fruitful cooperation that has been established between your Government and the Bank Group.

Yours sincerely,

Robert S. McNamara

cc: For Mr. McNamara's Office

490/5/245

JUN 16 1972

Monsieur le Ministre,

J'ai l'honneur de me référer à votre lettre du 18 mai 1972 qui m'a été transmise par votre Ambassadeur à Washington, Son Excellence Fidèle Nkundabagenzi.

Je vous remercie infiniment de l'aimable invitation que votre Gouvernement a bien voulu m'adresser de me rendre dans votre pays. Malheureusement mon calendrier est trop chargé actuellement pour me permettre d'accepter votre invitation, mais je ne manquerai pas d'envisager en temps opportun et dès que cela sera possible, une telle visite.

J'ai pris note de la requête de votre Gouvernement relative à la construction d'une route asphaltée qui relierait votre capitale, Kigali, aux villes de Gisenyi et Gyanika, et j'ai demandé à Monsieur Lejeune Directeur du Département Afrique de l'Est de faire étudier la priorité qui pourrait être accordée à un tel projet dans le contexte général des besoins du pays en infrastructure routière.

Je saisis cette occasion pour vous assurer, Monsieur le Ministre, de mon vif désir, ainsi que de celui de mes collaborateurs, de renforcer les liens étroits de coopération qui se sont établis si heureusement entre votre Gouvernement et le Groupe de la Banque Mondiale.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence Aug. Muryaneza
Ministre de la Coopération
Internationale
Kigali
Rwanda

cc: Mr. Kochman
Mr. H. Young

OUTGOING WIRE

490/5/244

TO: HIS EXCELLENCY
ABDUL RAHMAN SALIM AL-ATEEQI
MINISTER OF FINANCE AND OIL
MINISTRY OF FINANCE AND OIL
KUWAIT

DATE: JUNE 15 1972

CLASS OF SERVICE: FULL RATE

COUNTRY: KUWAIT

TEXT:
File No.: THANK YOU FOR YOUR CABLE OF JUNE 11 CONCERNING THE PROPOSED LOAN TO IRAQ (STOP) CONSIDERATION OF THIS ITEM ON TODAY'S AGENDA WAS POSTPONED IN ACCORDANCE WITH THE BANK'S RULE THAT ONE EXECUTIVE DIRECTOR CAN ASK FOR A SINGLE 48 HOUR POSTPONEMENT OF CONSIDERATION OF PROPOSED LOAN (STOP) MY RECOMMENDATION TO THE BOARD WILL THUS BE CONSIDERED AT THE NEXT BOARD MEETING ON TUESDAY JUNE 20 (STOP) I AM KEENLY AWARE OF THE MATTERS RAISED IN YOUR CABLE AND CAN ASSURE YOU THAT BOARD WILL CONSIDER THIS ITEM ON A STRICTLY NONPOLITICAL BASIS AND IN CONFORMITY WITH THE BANK'S POLICIES (STOP) YOUR CABLE IS BEING CIRCULATED TO THE EXECUTIVE DIRECTORS TOGETHER WITH THIS REPLY (STOP) WITH BEST REGARDS

Robert S. McNamara
McNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY: M.P. Benjenk *MB*
AREA: Europe, Middle East & North Africa

NATURE: (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
REFERENCE: Robert S. McNamara

CLEARANCES AND COPY DISTRIBUTION:

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

490/5/232

For Mr. McNamara's office

JUN 12 1972

JUN 13 1972

Dear Mr. Watanabe:

I was very sorry to learn from a recent press report of your resignation from the Presidency of the Asian Development Bank. Your inspired and dedicated leadership in the formative years has been of utmost importance in making ADB the very successful institution which it is today. I would particularly like to express my deep appreciation for your continued efforts directed to ensuring the close cooperation of our two institutions on many fronts and the effective coordination of our respective lending programs.

Please accept my personal best wishes and those of your many friends at the World Bank for continued success in the future.

With warm regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Takeshi Watanabe
President
Asian Development Bank
Commercial Center, P. O. Box 126
Makati, Rizal D708
Philippines

MAGould:mfb

Cleared with Mr. Street

490/5/231

JUN 13 1972

Excellency:

Thank you for your kind letter about the Bank's part in helping Botswana with the Shashe Project and the efforts made by our staff. This was indeed a particularly complicated project, but we were well aware of its importance and wished to ensure that Botswana would be able to gain the maximum benefit from an important natural resource.

On our part I should like to say that we were very impressed with the dedication and skill displayed by your officials throughout and the wise leadership which you and your ministerial colleagues gave them.

Thank you also for your kind words about the conduct of the Bank. It is heartening to have your support and good wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Sir Seretse Khama, KBE
President of the
Republic of Botswana
State House
Gaborone, Botswana

cc: Mr. McNamara (2) ✓
Mr. Knapp
Mr. Fuchs

MLLejeune:neb

June 9, 1972

490/5/228

June 6, 1972

Dear Host:

This is an interim response to your letter of May 19, inviting the Bank to be represented at the SRI-Singapore Meeting to be held in January of next year as a part of the SRI International Associates Plan. Thank you for making the opportunity available to us. Somewhat closer to the time of the meeting, and well before the November 1 deadline mentioned in your letter, we shall let you know whether it is feasible to accept the invitation and, if so, who our representative will be.

Sincerely,

Robert S. McNamara

Mr. Weldon B. Gibson
Executive Vice President
Stanford Research Institute
Menlo Park, California 94025

SEBoskey:tsb
June 2, 1972

cc: Office of the President (2) ✓

MAY 22 REC'D

*5/22 To Mr. Deane
Please draft reply
Loren*



STANFORD RESEARCH INSTITUTE
MENLO PARK, CALIFORNIA 94025
(415) 326-6200

Executive Offices

May 19, 1972

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

Dear Bob:

This letter pertains to the SRI-Singapore Meeting to be held on January 17-20, 1973, as a part of the Institute's International Associates Plan. The event will include about 125 senior executives from 25 or more countries around the world. It will deal with business in Southeast Asia and will be held in cooperation with the Southeast Asia Business Council.

We are in a position to extend invitations for this Meeting to a few organizations not now affiliated with SRI through its International Associates Plan. I am pleased on behalf of SRI to invite your participation. A description of the event including the policy on attendance appears in the enclosed pamphlet. Also enclosed is a pamphlet on the SRI International Associates Plan.

We would appreciate receiving a reply to this invitation at your early convenience but in any case before November 1, 1972. The Meeting promises to be a significant international event and we hope you will be able to attend.

Sincerely yours,

Weldon B. Gibson
Executive Vice President

Enclosures

490/5/227

JUN 6 1972

Dear Mr. Minister:

Thank you for your letter of April 21 concerning the possibility of a Bank loan for education in Peru. Your letter appears to have been dispatched by surface mail with the result that it has reached me only now. In the meantime, as you probably know, a joint IBRD/UNESCO Cooperative Program mission visited Lima in the first half of May, and a UNESCO mission is presently in Peru to assist your Government in preparing an education project for Bank consideration. We will plan further action after we have received the report of the UNESCO mission.

I am also in receipt of your letter of May 25, and thank you for your very kind remarks concerning the recent economic mission led by Dr. Guerra.

With my warm personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

General Francisco Morales Bermudez
Minister of Economy and Finance
Avenida Abancay
Lima - Peru

Copy: Mr. Carlos Santistevan

cc: Messrs. Alter
Wiese
Ballantine
Guerra

SSKapur:ean
Typed June 2, 1972

490/5/225

JUN 5 1972

My dear I.G.:

I want to acknowledge with thanks your letter of May 6 on the question of procedures for civil works contracting. I was pleased to learn of the Government of India's principle willingness to employ international competitive bidding procedures in the award of major civil works contracts in certain circumstances. I have noted in particular your proposal to allow a price preference of 15% in favor of local bidders in lieu of our suggestion of shadow pricing for labor costs. Your letter is at present under review by the staff of the Bank and I hope to be able to react to your proposals after my return from the meeting in Stockholm.

With warm personal regards.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Dr. I.G. Patel
Secretary
Department of Economic Affairs
Ministry of Finance
New Delhi, India

JKraske:rk
IBRD-lh
June 2, 1972

490/5/223

June 2, 1972

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

Dear Mr. Jenks:

I am replying to your letter of May 8, sent to all members of the Administrative Committee on Coordination, with which you enclosed a copy of a paper dated March 15 on employment policy in the Second Development Decade. You asked for comments on the paper as a whole and in particular on the questions of substance raised in paragraphs 5-9.

As your letter notes, the ACC has decided that it should be the main initial task of the Functional Group on Employment Policy to determine what issues should be taken up by the ACC. The paper enclosed with your letter was prepared originally to serve as the basis for a document which the Functional Group might submit to the ACC and which the ACC might in turn decide to submit to the Economic and Social Council. The paper is, accordingly, very broad in scope. I consider that this breadth of scope, while suited to the original purpose, makes the paper a less appropriate vehicle for carrying out the immediate task of the Functional Group. Clearly, however, it should be part of the documentation for the Functional Group, since it is a most useful summary of the general thinking on employment questions which has emerged from the activities of the World Employment Program. In this connection, it has been helpful for the Bank's own work on employment, having first reached us when we were completing our paper on the employment problem. A draft of this paper was made available some time ago for the use of ILO officials. I am pleased to enclose a copy of the version submitted to the Bank's Executive Directors, dated April 21.

My suggestion for the revised ILO paper is that it be confined to the single and key issue now briefly treated under "The Employment Approach to Development Policy and Planning". The ACC might

Mr. Wilfred Jenks

-2-

June 2, 1972

well consider what international action is needed and feasible to assist countries to take account of employment questions in designing and carrying out their development strategy. It might also consider where international action may be called for because countries are not able, acting individually, to achieve the desired result -- for example, acquiring technology appropriate to their limited capital and abundant labor resource situation.

In the light of this general comment, I am refraining from commenting in detail on particular paragraphs of the paper.

You also asked that each agency designate a point of contact for future agency cooperation and technical work which may be required in connection with preparation of the paper for submission to the ACC. For this purpose, I designate Mr. Richard Demuth, Director of the Bank's Development Services Department. Mr. Demuth will concern himself with inter-agency cooperation and will draw upon the services of the Bank's employment specialists on technical aspects.

I enjoyed talking with you in Washington following the ACC meeting, and I can assure you of the Bank's continuing cooperation.

Sincerely,

Robert S. McNamara

Enclosure

SEBoskey/EKHawkins:tsb

June 1, 1972

Cleared with and cc: Messrs. Franco and Hawkins
cc: Office of the President (2) ✓

490/5/222

JUN 2 1972

Dear Mr. Ateegy:

I have recently learnt that as a result of your assessment of Kuwait's exploitable oil reserves your Government is now considering the appropriate measures to ensure the continuation of the prosperous growth of Kuwait. To this end, it is my understanding, that the Government is considering legislation whereby Kuwait's receipts of royalty payments from oil companies would be allocated to the State's general reserve commencing in April 1972.

While I am in complete agreement with you regarding the need for broadening the base of your economy and diversifying your investments both overseas and at home I believe that the Bank can be of great help to you in attaining these goals. As you know the Bank is planning on a substantial annual lending program for the years 1973-1978 which requires gross borrowings during the period of approximately \$12.8 billion. We would be very interested to explore various possibilities in which a part of your general reserves could be utilized to the mutual benefit of Kuwait and the Bank.

I should like also to reconfirm to you the Bank's willingness to help by providing technical assistance and exploring other channels of diversification to ensure the growth and productivity of Kuwait.

I have discussed this matter with my most senior associates here in the Bank and we all feel there is a good possibility of great mutual interest which should be explored further. For this reason I have asked Dr. Omar Dajany to carry this letter to you and to obtain your views on how best we could be of assistance to you and how we might cooperate in this highly important matter.

With warm regards,

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Abdel Rahman Salem Al-Ateegy
Minister of Finance and Oil
Kuwait, Kuwait

ODajany/EHRotberg:dlh

Clearances and cc: Messrs. Aldewereld, Shoaib, Rotberg, Benjenk, Dajany

490/5/221

JUN 1 1972

Dear Mr. Minister:

Thank you for your letter of April 21 concerning the possibility of a Bank loan for education in Peru. Your letter appears to have been dispatched by surface mail with the result that it has reached me only now. In the meantime, as you probably know, a joint IBRD/UNESCO Cooperative Program mission has already visited Lima in the first half of this month to assist your Government in preparing an education project for Bank consideration. We are awaiting the report of this mission and will plan further action on its receipt.

With my warm personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

General Francisco Morales Bermudez
Minister of Economy and Finance
Avenida Abancay
Lima - Peru

cc: Messrs. Alter o/r
Ballatine

SSKapur:ean
Typed June 1, 1972

490/5/220

JUN 1 1972

Son Excellence
Monsieur Félix Houphouët-Boigny
Président de la République
Abidjan
République de Côte d'Ivoire

Monsieur le Président,

J'ai lu avec le plus grand intérêt et toute l'attention qu'elle mérite votre lettre du 17 mai relative au projet de chemin de fer Transgabonais qui m'a été remise la semaine dernière par votre Ambassadeur à Washington. J'ai relevé avec un plaisir tout particulier vos remarques si obligeantes sur l'excellence des relations qui existent entre le Groupe de la Banque Mondiale et nos pays membres d'Afrique.

L'un des objectifs les plus importants que je me suis fixé lorsque j'ai assumé la présidence du Groupe de la Banque Mondiale a été de veiller à ce que notre assistance réponde toujours davantage aux besoins pressants du continent africain. C'est ainsi qu'au fil des ans, nous avons pu réaliser de réels progrès dans ce sens et accroître sensiblement le volume des prêts que le Groupe de la Banque Mondiale accorde aux pays africains.

Toutes nos interventions dans votre région ont été dictées par notre désir de collaborer plus étroitement avec les pays intéressés aux efforts qu'ils déploient pour tirer le meilleur parti de leur potentiel. En particulier, nous nous sommes attachés à répondre efficacement à l'aptitude croissante dont font preuve ces pays dans la mobilisation et la gestion de leurs ressources, et à veiller à ce que l'exploitation de leurs ressources naturelles les fassent bénéficier d'avantages satisfaisants.

Ce sont là essentiellement les raisons qui nous ont incités à nous intéresser de très près au chemin de fer Transgabonais car ce projet constitue un moyen de développer, au bénéfice du Gabon, les importantes réserves forestières et minières que recèle ce pays. Aussi, l'an dernier, je me suis rendu personnellement au Gabon pour me faire une idée directe de ce projet et du rôle que la Banque Mondiale pourrait continuer de jouer dans ce domaine.

Le Transgabonais est l'un des projets les plus importants que les bailleurs de fonds étrangers, y compris la Banque Mondiale, étudient actuellement en Afrique de l'Ouest, et les besoins financiers de cette entreprise dépassent de loin le volume des fonds que toute source de financement pourrait apporter à titre individuel. C'est pourquoi il s'avérera nécessaire de mobiliser des ressources nationales et étrangères en quantités suffisantes, outre le concours que la Banque pourrait être à même d'apporter.

Pour ce qui est de la Banque, son intervention sera comme toujours dictée par les résultats d'une évaluation approfondie et objective, et je suis heureux de pouvoir vous annoncer que cette évaluation est actuellement en cours.

Votre lettre a renforcé la conviction que j'ai acquise de l'importance de ce projet et je vous suis très reconnaissant d'avoir attiré mon attention sur la valeur qu'il revêt pour le développement économique de vos régions. A cette occasion, je voudrais vous renouveler les assurances, que j'ai déjà données à Son Excellence le Président Songo, de notre ferme détermination à faire tout ce qui est en notre pouvoir pour aider son gouvernement à réaliser un projet ferroviaire viable.

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

(Signed) Robert S. McNamara

Robert S. McNamara

RBSteckhan/Rassa/aws

cc: Mr. Knapp, Mr. Aldewereld
cc: Mr. A.E.E. Ljungh