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THE WORLD BANK
Washington, D.C.

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McNamara Papers

1975 (Sept. - Oct.)

The World Bank Group
Archives



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President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 49

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492/4/373

October 30, 1975

MEMORANDUM FOR MR. CARGILL

Please ask Georg Gabriel to send you and me a paper stating the way in which he (and Price Waterhouse) would propose to treat three classes of action affecting our receivables (moratoria, defaults, and reschedulings) in our balance sheets and income statements.

It would be helpful if the note would compare the treatment he proposes for IBRD with that recently followed by the Chase, the Morgan Guaranty, and the City Bank in similar circumstances.

Robert S. McNamara

cc: Messrs. Gabriel
J. Adler
J. Wood

RMcN:mss



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

492/4/372

OFFICE OF THE PRESIDENT

October 30, 1975

MEMORANDUM TO REGIONAL VICE PRESIDENTS

Planning and Control of FY76 and FY77 Lending Operations

1. FY76 and FY77 Regional Lending Programs as of October 31, 1975 are being established through the review and approval (and modification in certain cases) by Messrs. McNamara and Knapp of the submissions of the Regional Vice Presidents. These programs will form the base for all further programming of lending operations for FY76 and FY77. Every country's Country Lending Program for each of these two fiscal years is defined to be the specific projects and amounts listed for the country in the Regional Lending Program for the year.^{1/}
2. The Regional Vice Presidents have the authority to change the FY76 and FY77 Regional and Country Lending Programs through the revision of loan and credit amounts and the substitution of projects for those in the Program. However, certain types of changes will, because of their potential impact on overall World Bank lending, need to be considered in the broader context. Therefore, the prior approval of the Senior Vice President (who, at his discretion, will consult the President) will be needed for changes which:
 - Increase Regional Lending Programs in terms of dollar amounts or numbers of projects in either year, considering IBRD and IDA separately.
 - Decrease these Programs in such a way as to alter the relationship between the amounts to be loaned and the number of projects (i.e., the average loan size) by more than 5 percent, again considering IBRD and IDA separately.
 - Increase the amount of lending programmed for individual countries over the two-year period.
 - Increase the annual IBRD program for a country by more than 15 percent in the case of countries with IBRD Lending Programs exceeding \$200 million per annum.
 - Affect program loans.

^{1/} The FY76 and FY77 programs in CPPs approved prior to October 31, 1975 are hereby superseded by the Country Lending Programs for FY76 and FY77.

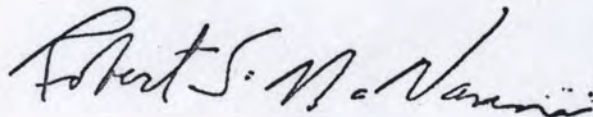
3. The FY76 and FY77 Regional and Country Lending Programs will be shown in a standard set of tables which will be issued as soon as possible. These tables will be used by Regional Office executives, Central Staff executives, and senior management for planning and control of FY76 and FY77 lending operations. It is hoped that the formats of the tables will satisfy the needs of the Regional Vice Presidents, who are invited to propose to P & B, for review by all parties concerned, any format changes which they believe should be made.

4. The Regional Vice Presidents will prepare monthly lending program status reports, including updated versions of the tables showing the programs at the end of each month as changed under the Regional Vice Presidents' own authority or with the approval of the Senior Vice President.^{2/} Covering memoranda should call attention to changes approved by the Regional Vice President during the month, and to other developments which have had or appear likely to have a significant impact on the progress of operations. The monthly reports should be presented to P & B within three working days of the end of the month. P & B will forward these reports, together with its comments thereon, to the President and Senior Vice President within three working days.

5. Requests for approval of changes by the Senior Vice President may be made in the Regions' monthly lending program status reports, or separately and at other times deemed advisable by the Regions. Copies of all such requests should be sent to P & B as well as to the President and Senior Vice President. If such a request is made in a Region's monthly lending program status report, the proposed change should not be shown in the accompanying tables submitted by the Region to show the approved program as of the end of the month; a separate set of these tables marked up to show the proposed change should, however, be included.

6. Until further notice, there will be monthly reviews of each Region's program with the President and the Senior Vice President. Revised programs and control procedures for the later years of the five-year program will be established in due course. Allocations to each Region of numbers of Board presentations for May and June of 1976 will also be established in due course.

cc: Messrs. Knapp
Baum
Cargill/Goodman
Chadenet/Kearns
Adler



^{2/} These tables, all proposals for changes in Regional and Country Lending Programs, and the weekly Board schedule for the next 90 days, should be reviewed by the Regional Vice Presidents and Department Directors before they are sent to P & B.

492/4/370

October 29, 1975

Dear Mr. Ambassador:

I acknowledge receipt of your letter of October 29, 1975 transmitting the proposal of the Government of the Swiss Confederation that the first paragraph of Section 10 of Article V of the Agreement on the Legal Status in Switzerland of the International Bank for Reconstruction and Development henceforth read as follows:

"The purchase and the placement by Swiss banks of obligations (including "Notes") of the International Bank for Reconstruction and Development are both subject to the full droit de négociation at the rate fixed for obligations issued by a person domiciled in Switzerland (at present one per mil of the counter value). This provision shall be applicable to all obligations issued from July 1, 1974."

I am writing to confirm the acceptance of the International Bank for Reconstruction and Development of the modification of the first paragraph of Section 10 of Article V.

Sincerely,

Robert S. McNamara

His Excellency
F. Schnyder
Ambassador of Switzerland
Washington, D.C.

cc: Mr. McNamara's office (2)
Legal Files

ABroches: csh
October 29, 1975

492/4/369

OCT 28 1975

Dear Mr. M'Bow:

Thank you for your letter regarding the conclusions of the Inter-Agency Round Table in Dakar to study possible forms of university cooperation in Africa and assistance to that end which might be provided by external agencies. In that connection you mention the members of the Bellagio Group on Education as possible sources of funding for a preliminary project, and indicate that this proposal would have been put forward by you at the Bellagio Meeting which was scheduled for last July. You ask whether the Bank would be prepared to lend financial assistance to the proposed undertaking.

As you know, discussion is now under way regarding the desirability of convening a Bellagio meeting of Chiefs of Agencies and, as I understand it, the consensus appears to be in favor of such a meeting but on a general basis and not for the consideration of specific projects. It is felt by most agencies that joint ventures within the Bellagio group of agencies can be dealt with at the staff level meetings.

Like Unesco, the Bank is concerned for the development of higher education in Africa and for this reason joined with other members of the Bellagio group in support of the study on Higher Education for Development. We believe that that study will make a significant contribution to stimulating university development in the right directions. We also believe that there is important follow-up work to be done, not only in Africa but also in Asia and Latin America, and we expect through our regular lending operations to assist higher education in our member countries to move in the directions indicated by the study. We feel that our assistance can be most effective if channelled through our regular project work and therefore the Bank representative joined with other agency representatives at the Geneva staff level meeting last February in not supporting further collective action by the group.

I can assure you that the Bank is concerned with the problems raised by the Dakar Round Table, and I hope that in the course of addressing these problems the Bank and Unesco will find opportunities to cooperate through the regular channels of our Cooperative Program.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Amadou-Mahtar M'Bow
Director-General
Unesco
7, Place de Fontenoy
75700 Paris, France

DSBallantine:hl/pa
Typed: October 24, 1975

COPY

INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.
Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INDEVAS

492/4 1364

OCT 24 1975

Dear Mr. Epstein:

Thank you for your letter of October 17, 1975, concerning the handling of bids for the Livestock Development Project in Afghanistan. I have asked Mr. Willi A. Wapenhans, Regional Vice President for Europe, Middle East and North Africa Region, to look into the matter, and he will be writing to you in greater detail shortly.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Raymond Epstein
Chairman of the Board
A. Epstein and Sons International Inc.
2011 West Pershing Road
Chicago, Illinois 60609

nwn
JSIjichi/NWNoon:orp
Cl. with and cc: Messrs. Haynes, Lithgow, Köpp
Hussain, Noon
cc: Messrs. Wyatt, Jabri, Helne, von Buelow/Imam
Ijichi/files
October 23, 1975
Mr. McNamara's office (2)

492/4/362

OCT 24 1975

Dear Mr. Diggs:

Thank you for your letter of October 16, 1975 enclosing a copy of the Report by Congressional Advisers to the Seventh Special Session of the United Nations.

I was greatly encouraged by the role you and other U.S. delegates played at that Special Session and look forward to an opportunity to discuss the issues raised.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Charles C. Diggs, Jr.
U.S. House of Representatives
Washington, D.C. 20515

PBRiddleberger:pam
October 24, 1975

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

492/4/360

OCT 24 1975

Dear Dr. Eklund:

Thank you for your letter of October 3, 1975 outlining the IAEA study project on regional fuel cycle centers and inquiring about possible cooperation from the World Bank in its implementation.

We agree with IAEA's views on the need for, and usefulness of the proposed study. Developing nations will benefit from an independent evaluation of the relative merits of regional and national centers.

The study project as described in IAEA's document #75-6977 of September, 1975 appears to focus exclusively on economic and technical aspects of this evaluation, and on the legal aspects of its implementation. However, as you have noted in your letter, regional facilities would also make a major contribution to international security. As this would be a critical factor for the broader international acceptance and implementation of the centers, it would seem desirable to include specifically in the scope of the study a thorough analytical discussion of international security aspects.

The World Bank is prepared to support this study in the two ways you have suggested and within the limits of our own resource constraints. I therefore propose to contribute \$10,000 and some staff assistance in guiding the study. This staff contribution would involve reviewing the project documents and commenting on them at critical points in the development of the study. It would be comparable in time and quality to our support of the Nuclear Power Market Survey for Developing Countries. Mr. Rovani will be responsible for this support.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Sigvard Eklund
Director General
International Atomic Energy Agency
Karltner Ring 11
P. O. Box 590
A-1011 Vienna, Austria

Cleared with Mr. Baum
cc: Mr. McNamara (2), Mr. Baum, Mr. Rovani

YRovani/EFriedmann:j
October 23, 1975

492/4/359

OCT 24 1975

Dr. Richard A. Cooley
Chairperson
Environmental Studies Board
University of California, Santa Cruz
California 95064

Dear Dr. Cooley:

I am very pleased to support the nomination of Stanley A. Cain to be the recipient of this year's John and Alice Tyler Ecology Award.

It is entirely fitting that Stan Cain be singled out for his many and varied activities that have over the years conferred lasting benefits on mankind both in the fields of ecology and, more generally, in environmental improvement.

I am particularly mindful of the extraordinary service that Stan performed as Chairman of the Committee on Multiple-use of the Coastal Zone, National Council on Marine Resources and Engineering Development, during the period 1967-68. The work of this Committee under Stan's leadership and direction resulted in the important presently enacted legislation governing the multiple-use of the nation's coastal zone, including the Great Lakes. Because of the close involvement of the Corps of Engineers, Department of Defense, in this undertaking, I personally know of Stan's strong interest in, and dedication to finding ways to achieve a balance between preservation and development in this biologically rich and economically important area of our environment. His unique ability to bring about a rational consideration of highly conflicting interests resulting in a Federal/State/local system for managing the nation's coastal areas reflects not only his extraordinary substantive knowledge but also his great political acumen and administrative skills.

Additionally, I was closely associated with Stan when he was Assistant Secretary of the Interior and I know of his tireless efforts on behalf of the nation's wildlife resources and parks during that period, 1965-68. One needs only to be aware of the many honors bestowed upon Stan for both his official and extracurricular accomplishments at that time to realize that here is an individual whose contributions to a better understanding and management of the nation's natural resources will long be conferred upon our people. Teacher, researcher, administrator, public servant -- Stan has been all of these but, more importantly, he has been a student of the environment, dedicated not only to its conservation and preservation, but, equally, to its development and wise use.

Others more closely associated with the professional aspects of ecology and the environmental sciences will undoubtedly speak to the specifics of his many-faceted contributions. I see his achievements and accomplishments more in the aggregate and, as such, they represent to me tangible evidence of his worthiness to receive the Tyler Award.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JALee:on

492/4/358

OCT 24 1975

Dear Mr. Ambassador:

I would like to thank you for your kind letter of September 29, advising us of your appointment as Ambassador to the Federal Republic of Germany.

On behalf of all your friends in the Bank, we wish to congratulate you on this important new assignment and to express our deep appreciation for the effective and pleasant cooperation we had with you during your term as Deputy Minister of Planning and Finance and Alternate Governor IBRD.

With my best regards and good wishes for success in your future duties.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
U Chit Moung
Ambassador of the Socialist
Republic of the Union of Burma
Embassy of Burma
Bonn
Federal Republic of Germany

cc: Messrs. Stern, Diamond, Shibusawa

AMCollicou:dp
October 22, 1975

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

492/4/357

October 24, 1975

His Excellency
Julius K. Nyerere
President of the Republic
of Tanzania
Dar es Salaam, Tanzania

Dear Mr. President:

May I take the liberty of sending you another letter about our mutual concern with the interests of the least developed countries?

During the Annual Meeting of the World Bank Governors I had conversations with several African Finance Ministers, including Minister Cleopa Msuya, and told them of the very worrying prospect we all face for the replenishment of our soft loan fund IDA. In the last month I have visited Europe and met most of the Ministers in charge of aid programs; this has confirmed my fears that the more conservative Governments are concentrating more and more on their internal economic problems and are less and less willing to concern themselves with the plight of the poorest countries, which IDA particularly serves.

In these circumstances we desperately need the full support of the more progressive Governments in the IDA negotiations which open on November 29. I have received promises of such support from several Governments, but last week at its Party Congress the Swedish Government Party voted "to review and reconsider the size of Sweden's contribution to IDA". This was in the context of bitter attacks on the World Bank's policies as reactionary and imperialist, and there was some further mention of our alleged attempts to subvert your country's chosen policies.

The effect of Sweden's lowering its IDA contribution would be disastrous because it could provide an excuse for others to do likewise and so lower the whole level of the international replenishment, with damaging consequences for the least developed countries.

It is because I wish to prevent that disaster that I am seeking to enlist your help in changing the Swedish attitude. I believe, from our earlier discussions, that you do recognize the importance of IDA to your own country and some of your neighbors, and I know that your opinion would carry great weight with Olof Palme.

I am sending this letter by the hand of my Vice President, Shahid Husain, who can discuss with you the possible terms of a letter to the Swedish Premier, if you were prepared to consider writing such a letter.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

WDClark:RMcN:mss

492/4/355

Washington, D.C.
October 22, 1975

Union Bank of Switzerland, Zurich
Swiss Bank Corporation, Basle
Swiss Credit Bank, Zurich

Dear Sirs:

In connection with the proposed issuance by the International Bank for Reconstruction and Development of 7-3/4% Swiss Franc Bonds of 1975, due 1990, we take pleasure in submitting to you herewith a summary of certain principal features of the Bank's purposes, organization and operations, and of its financial structure and condition, as well as its financial statements as of June 30, 1975.

Except as otherwise indicated, all information in this letter is given as of the date hereof. The capital stock of the Bank and the subscriptions thereto of members are expressed, under the Articles of Agreement of the Bank (the Articles), in terms of United States dollars of the weight and fineness in effect on July 1, 1944 (1944 dollars). Except as otherwise indicated, all amounts in this letter and in the financial statements annexed hereto are stated in current United States dollars (see Note A, Appendix G) and the sign "\$" refers to United States dollars.

THE BANK

The International Bank for Reconstruction and Development (the Bank) is an international institution, often called the World Bank, the members of which are governments. It was established and is operating under the Articles signed by those governments. The Bank officially began operations on June 25, 1946. The principal office of the Bank is located in Washington, D.C.

One hundred and twenty-six governments are now members of the Bank. A list of the members as of June 30, 1975 showing the voting power of each and the amount of subscription of each to capital stock is set forth in Appendix F.

The principal purposes of the Bank are as follows:

- (a) to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes, thereby promoting the long-range growth of international trade and the improvement of standards of living;
- (b) to promote private foreign investment by guarantees of or participations in loans and other investments made by private investors; and

- (c) when private capital is not available on reasonable terms, to supplement private investment by making loans for productive purposes out of its own resources or funds borrowed by it.

PURPOSE OF ISSUE

The aggregate net proceeds to the Bank of the issue of 7-3/4% Swiss Franc Bonds of 1975, due 1990, will be used in the general operations of the Bank, which are devoted mainly to the financing of projects in developing countries.

CAPITALIZATION

As of June 30, 1975, the borrowings of the Bank outstanding and adjusted to reflect (i) debt subsequently issued, matured or to be issued under contracts and (ii) the total amount of the Bonds of this issue, and the capital stock of the Bank, were as follows:

Borrowings: (1)

<u>Payable in</u>	<u>Outstanding</u>	<u>As Adjusted</u>
US dollars	\$ 5,692,485,000	\$ 6,422,485,000
Deutsche mark	2,858,678,000	2,571,480,000
Japanese yen	1,500,928,000	1,516,683,000
Swiss francs	673,107,000	758,036,000
Other currencies	<u>1,561,765,000</u>	<u>1,496,606,000</u>
Principal amounts at face value	\$12,286,963,000	\$12,765,290,000
Less-Net amounts of unamortized discounts and premiums	<u>11,942,000</u>	<u>11,533,000</u>
Totals	<u>\$12,275,021,000</u>	<u>\$12,753,757,000</u>

Capital Stock: (2)

Subscribed	\$30,820,879,000
Less-Uncalled portion of subscriptions	<u>27,738,791,000</u>
Capital Stock paid in	<u>\$ 3,082,088,000</u>

- (1) Expressed in United States dollars equivalent. For the currency distribution and other details of borrowings as of June 30, 1975, see Appendix E. At June 30, 1975 the weighted average effective interest rate on borrowings outstanding was 7.14%.
- (2) The equivalent figures expressed in 1944 dollars are as follows: subscribed, \$25,548,900,000; uncalled portion of subscriptions, \$22,994,010,000; and capital stock paid in, \$2,554,890,000. The subscriptions of the members as of June 30, 1975 are set forth in Appendix F.

Of the Bank's aggregate subscribed capital, \$19,251,995,000 (or about 62%) (\$15,958,900,000 in 1944 dollars) had been subscribed as of June 30, 1975 by the following member countries of the Bank comprising the Group of Ten (listed in order of size of subscription): United States, United Kingdom, Federal Republic of Germany, France, Japan, Canada, Italy, Netherlands, Belgium and Sweden. The uncalled portion of their subscriptions was \$17,326,796,000 (\$14,363,010,000 in 1944 dollars).

Capital Stock

The authorized capital of the Bank is \$32,571,411,000 (\$27,000,000,000 divided into 270,000 shares of the par value of \$100,000 each, in terms of 1944 dollars). At June 30, 1975, the total subscribed capital stock was \$30,820,879,000 (\$25,548,900,000 in 1944 dollars).

Of the subscribed capital at June 30, 1975:

- (1) \$429,736,000, which was initially paid in gold or United States dollars, or converted by the subscribing member into United States dollars, may, under the Articles, be freely used by the Bank in any of its operations.
- (2) The equivalent of \$2,652,352,000, which was paid in the currencies of the subscribing members, may, under the Articles, be lent only with the consent of the member whose currency is involved. As at June 30, 1975 the equivalent of \$2,144,912,000 had with such consent been used for lending purposes or allocated for such use. Under the Articles, these amounts are subject to maintenance of value obligations. (See Note B, Appendix G.)
- (3) The equivalent of \$24,656,703,000 may, under the Articles, be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount is thus not available for use by the Bank in making loans. Payment on any such call may be made, at the option of the particular member, either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for which the call is made. No calls have been made on this portion of the subscribed capital.
- (4) Pursuant to resolutions of the Board of Governors of the Bank, an additional amount equivalent to \$3,082,088,000 is to be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Of this amount, 10% would be payable in gold or United States dollars and 90% in the currencies of the subscribing members. While these resolutions are not legally binding on future Boards of Governors, they do record an understanding among members that such amount shall not be called for use by the Bank in its lending activities or for administrative purposes.

The uncalled amount of the subscribed capital referred to in (3) and (4) above, totaling the equivalent of \$27,738,791,000 (\$22,994,010,000 in 1944 dollars), is a part of the assets of the Bank of which it is bound to avail itself when and to the extent necessary to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Calls on unpaid subscriptions are required to be uniform, but the obligations of the members of the Bank to make payment on calls on this amount are independent of each other. A failure of one or more members to make payment on such a call would not excuse any other member from its obligation to make payment; and if on a call the amount received is insufficient to meet the obligations of the Bank for which the call is made the Bank has the right and is bound to make further successive calls until the aggregate amount received by it is sufficient to meet such obligations. However, no member may be required on any such call or calls to pay more than the unpaid balance of its capital subscription.

SUMMARY OF INCOME AND EXPENSES

The following is a summary of income and expenses relating to the operations of the Bank for the five fiscal years ended June 30, 1971 through June 30, 1975. The table should be read in conjunction with the more detailed Financial Statements and related notes appearing in Appendices A-G.

(Expressed in United States currency)
(in thousands)

Fiscal Year Ended June 30,

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
INCOME:					
Income from investments	\$187,246	\$187,159	\$214,615	\$267,387	\$ 382,712
Income from loans:					
Interest and commissions	359,265	421,094	499,827	610,483	709,749
Commitment charges	24,310	31,239	37,250	43,851	55,913
Other income	7,015	6,319	6,309	7,622	9,093
Total income	\$577,836	\$645,811	\$758,001	\$929,343	\$1,157,467
Less—Amount equivalent to commissions appropriated to Special Reserve (1)	286	195	109	53	9
Total income less reserve deduction	\$577,550	\$645,616	\$757,892	\$929,290	\$1,157,458
EXPENSES:					
Administrative expenses	\$ 56,394	\$ 66,320	\$ 78,567	\$ 91,020	\$ 109,937
Interest on borrowings and other financial expenses	309,094	396,625	493,697	622,505	772,550
Discount on sales of loans	315	25	19	-	-
Total expenses	\$365,803	\$462,970	\$572,283	\$713,525	\$ 882,487
NET INCOME:	<u>\$211,747</u>	<u>\$182,646</u>	<u>\$185,609</u>	<u>\$215,765</u>	<u>\$ 274,971 (2)</u>
DISPOSITION OF NET INCOME:					
Allocated to Supplemental Reserve Against Losses on Loans and from Currency Devaluations	\$101,747	\$ 72,646	\$ 75,609	\$115,765	\$ 164,971
Transferred to IDA (3)	110,000	110,000	110,000	100,000	110,000

(1) See Note D, Appendix G.

(2) See Note F, Appendix G.

(3) See "Affiliated Institutions - IDA."

At June 30, 1975, the Supplemental Reserve Against Losses on Loans and from Currency Devaluations amounted to the equivalent of \$1,609,324,000. The Bank by resolution of the Executive Directors adopted in July 1975, allocated the equivalent of \$164,971,000 from the net income earned in the fiscal year 1975 to the Supplemental Reserve Against Losses on Loans and from Currency Devaluations and, by resolution of the Board of Governors adopted in September 1975, decided that the equivalent of \$110,000,000, being the balance of the net income for the year, be transferred by way of grant to the Bank's affiliate, the International Development Association. (See "Transfers to IDA.") In addition, the equivalent of \$292,538,000 had as of June 30, 1975 accumulated in the Special Reserve. (See Note D, Appendix G.) The Bank has not declared or paid any dividends to its members.

OPERATIONS OF THE BANK

Loan Policies

The Bank's lending operations have conformed generally to five principles derived from the provisions of the Articles. They are:

- (a) The Bank makes loans either to member governments or governmental authorities or agencies or private enterprises in the territories of member governments. A loan which is not made directly to the government in whose territories the project being financed is located must be guaranteed as to principal, interest and other charges by the government or its central bank or a comparable agency of the government acceptable to the Bank. A guarantee by the government itself has been required in all such cases to date. (See, however, "Affiliated Institutions - IFC.")
- (b) Loans must be for productive purposes. Loans which, in the Bank's opinion, cannot be justified on economic grounds are excluded.
- (c) In making loans, the Bank must act prudently and pay due regard to the prospects of repayment, taking into account the necessity of the borrowers' obtaining the foreign exchange required for service of the loans.
- (d) The Bank does not make loans which are obtainable in the private market on reasonable terms. The Bank is intended to promote private investment, not to compete with it, and does not undertake business which private investors are willing to transact on a reasonable basis.
- (e) The use of loan proceeds is supervised. The Bank makes arrangements to ensure that funds loaned are used only for authorized purposes, with due attention to considerations of economy and efficiency.

Within the scope permitted by the Articles, these policies must necessarily be developed and adjusted in the light of experience and changing conditions.

Under the Articles, the total amount outstanding of guarantees, participations in loans and direct loans made by the Bank may not be increased at any time to an amount in excess of the total unimpaired subscribed capital, reserves and surplus of the Bank as at that time.

Loan Operations

From its establishment to June 30, 1975, the Bank had approved loan commitments in an aggregate principal amount equivalent to \$28,388,224,000 to finance programs or projects in 94 countries. The loan commitments effective and held by the Bank as of June 30, 1975 totaled \$19,863,283,000, of which the undisbursed balance was \$7,674,979,000.

The Bank estimates that disbursements in Switzerland for goods and services financed by Bank loans amounted as of June 30, 1975 to approximately the equivalent of \$517,710,000.

A summary statement of the loans held by the Bank as of June 30, 1975 is set forth in Appendix D. Such loans were made for the following purposes, expressed in broad categories: electric power, transportation and communications, industry, agriculture and forestry, water supply, education, family planning, tourism, general development and reconstruction.

Funds for disbursements under loans made by the Bank have been obtained from the Bank's paid-in capital, from funds derived from the Bank's operations, from the issuance of its own obligations, from principal repayments on loans and from sales of portions of loans. (See Appendix C.)

Loan Charges

The interest rate charged on loans presently being made by the Bank is 8-1/2% per annum. Interest is charged only from the time of disbursement. The Bank normally imposes a commitment charge (at present 3/4 of 1% per annum) on undisbursed portions of loans.

Intermediate Financing Facility ("Third Window")

On July 29, 1975, the Executive Directors of the Bank authorized the establishment of an intermediate financing facility ("Third Window") which would enable the Bank to make loans at an effective interest rate intermediate between the standard terms of the Bank and the International Development Association. Lending through this facility would be additional to the Bank's present lending operations and would be subsidized by an interest subsidy fund that would supplement interest payments due the Bank from

borrowers. To that end the fund would pay the Bank semi-annually an amount equal to 1% per annum on the outstanding principal of loans under this facility. The difference between the 1% paid by the fund and the Bank's standard interest rate would be paid by the borrowers. The resources of the fund would be supplied on a voluntary basis by contributions from governments. The interest subsidy fund will become effective when contributors shall have given the Bank contributions, or formal notification that they will make contributions, whose value shall total not less than the equivalent of \$100 million. This amount would be sufficient to subsidize an estimated \$400 to \$500 million of loans under this facility. Such loans would be made to poorer developing countries meeting creditworthiness and performance standards. As of September 30, 1975, four countries (Canada, the Netherlands, Saudi Arabia and the United Kingdom) have made contributions or have formally notified the Bank that they will make contributions to this interest subsidy fund for a total equivalent to \$75 million.

Other Activities

In addition to its financial operations, the Bank has furnished technical assistance to its member countries, both in connection with and independently of loan applications. Such assistance has taken a variety of forms, including the assignment of qualified technicians to survey development possibilities of member countries, to analyze their fiscal and economic problems, to appraise projects suitable for investment and to assist member countries in drawing up development programs. To assist the developing countries the Bank has also established an Economic Development Institute which provides for selected groups of key government officials an intensive course in economic policy and administration. Furthermore, the Bank has on a number of occasions, at the request of member governments concerned, lent its good offices in connection with the settlement of international economic and financial problems.

AFFILIATED INSTITUTIONS

The activities of the Bank are supplemented by those of two affiliated international institutions, the International Finance Corporation (IFC) and the International Development Association (IDA). Membership in these institutions is open only to member governments of the Bank. Executive Directors of the Bank serve *ex officio* on the Board of Directors of IFC and as Executive Directors of IDA if they represent at least one government which is a member of these institutions. The President of the Bank is also the President of IFC and IDA. IDA and the Bank have the same staff, and IFC, although employing its own staff, shares some staff members with the Bank. However, IFC and IDA are each legal entities which are separate and distinct from the Bank.

IFC

IFC's purpose is to encourage the growth of productive private enterprises in its member countries and make investments in such enterprises without government guarantee. As of June 30, 1975, 100 governments were members of IFC with subscriptions totaling \$107,331,000.

Under its Articles the Bank is permitted to make loans to IFC without government guarantees, subject to the limitation that the Bank may not lend IFC any amount which would increase IFC's total outstanding debt incurred from any source to an amount exceeding four times the total of IFC's unimpaired subscribed capital and surplus, such total at June 30, 1975 being \$178,050,000. At June 30, 1975 IFC had borrowings outstanding of \$272,880,000 of which \$267,880,000 was loaned by the Bank.

IDA

IDA's purpose is to promote economic development in the less developed areas of the world included within IDA's membership by providing finance on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans. IDA currently requires only a 3/4 of 1% per annum service charge on its credits. As of June 30, 1975, 114 governments were members of IDA. Their subscriptions and supplementary contributions totaled the equivalent of \$10,773,777,000, of which \$3,383,718,000 is payable at various dates to June 30, 1979. Transfers to IDA by the Bank have been made as indicated below. In addition, the Swiss Confederation has made loans to IDA in the amount of SwF 182,000,000 repayable over 50 years without interest.

For each of the fiscal years 1964 through 1974, the Bank decided that its financial position made it unnecessary to retain in the business all the earnings for such fiscal year, and that it would transfer a portion thereof as a grant to IDA. Such grants have aggregated the equivalent of \$915,000,000 for those fiscal years. In addition the Bank, by resolution adopted by the Board of Governors in September 1975, decided that the equivalent of \$110,000,000 from the net income for the fiscal year 1975 be transferred to IDA by way of grant. These grants were made in accordance with the following statement of policy which was adopted by the Bank in September 1964:

"Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect of which the transfer is made and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, accordingly, could prudently be distributed as dividends."

ADMINISTRATION OF THE BANK

The Bank's administration is composed of the Board of Governors, the Executive Directors and the President, other officers and staff.

All the powers of the Bank are vested in the Board of Governors which consists of a Governor and an Alternate Governor appointed by each member of the Bank, who exercise the voting power to which that member is entitled. Each member is entitled to 250 votes plus one vote for each share held. The Board holds regular annual meetings.

There are, at present, twenty Executive Directors. Five are appointed, one by each of the five members having the largest number of shares of capital stock (United States, United Kingdom, Federal Republic of Germany, France and Japan), and the remaining fifteen are elected by the Governors representing the other members. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of the Bank except those reserved to the Governors under the Articles. The Executive Directors function as a board and each Executive Director is entitled to cast the number of votes of the member or members by which he was appointed or elected.

The President is selected by the Executive Directors. Subject to their direction on questions of policy, he is responsible for the conduct of the ordinary business of the Bank and for the organization, appointment and dismissal of its officers and staff.

Executive Directors

The following is a list as at October 1, 1975 of the Executive Directors of the Bank and the member governments by which they were appointed or elected:

<u>Executive Directors</u>	<u>Member Governments</u>
Charles A. Cooper	United States
Anthony K. Rawlinson	United Kingdom
Hans Janssen	Federal Republic of Germany
Jacques Henri Wahl	France
Taro Hori	Japan
Giorgio Rota (Italy)	Italy, Portugal, Spain
Earl G. Drake (Canada)	Bahamas, Barbados, Canada, Guyana, Ireland, Jamaica

S. R. Sen (India) Bangladesh, India, Sri Lanka

Peter C. Witte (Netherlands) Cyprus, Israel, Netherlands, Romania,
Yugoslavia

Jacques de Groot (Belgium) Austria, Belgium, Luxembourg, Turkey

Choi Siew Hong (Malaysia) Burma, Cambodia, Fiji, Indonesia, Korea,
Laos, Malaysia, Nepal, Singapore, Thailand,
Viet-Nam

Muhammad Al-Atrash (Syrian Arab
Republic) Bahrain, Arab Republic of Egypt, Iraq,
Jordan, Kuwait, Lebanon, Pakistan, Qatar,
Saudi Arabia, Syrian Arab Republic, United
Arab Emirates, Yemen Arab Republic

Jon Sigurdsson (Iceland) Denmark, Finland, Iceland, Norway, Sweden

Ismael El Misbah Mekki (Sudan) ... Botswana, Burundi, Equatorial Guinea,
Ethiopia, The Gambia, Guinea, Kenya,
Lesotho, Liberia, Malawi, Nigeria, Sierra
Leone, Sudan, Swaziland, Tanzania, Trinidad
and Tobago, Uganda, Zambia

Yahia Khelif (Algeria) Afghanistan, Algeria, Ghana, Greece, Iran,
Libyan Arab Republic, Morocco, Oman, Tunisia,
People's Democratic Republic of Yemen

V. Amado Cavidia H. (El Salvador) Costa Rica, El Salvador, Guatemala, Haiti,
Honduras, Mexico, Nicaragua, Panama, Peru,
Venezuela

Armand Razafindrabe (Malagasy
Republic) Cameroon, Central African Republic, Chad,
People's Republic of Congo, Dahomey, Gabon,
Ivory Coast, Malagasy Republic, Mali,
Mauritania, Mauritius, Niger, Rwanda,
Senegal, Somalia, Togo, Upper Volta, Zaire

W. A. E. Green (New Zealand) Australia, New Zealand, Western Samoa

Ernesto Franco Holguin (Colombia) Brazil, Colombia, Dominican Republic,
Ecuador, Philippines

Luis Barrios Tassano (Uruguay) ... Argentina, Bolivia, Chile, Paraguay,
Uruguay

Principal Officers

The following is a list as at October 1, 1975 of the principal officers of the Bank:

Robert S. McNamara President

J. Burke Knapp Senior Vice President, Operations

A. Broches Vice President and General Counsel

I. P. M. Cargill Vice President, Finance

Bernard Chadenet Vice President, Organization Planning and
Personnel Management

Hollis B. Chenery Vice President, Development Policy

William Clark Vice President, External Relations

Mohamed Shoaib Vice President

Mervyn L. Weiner Director-General, Operations Evaluation

Warren C. Baum Vice President, Projects Staff

Bernard R. Bell Regional Vice President, East Asia and
Pacific

Roger Chaufourmier Regional Vice President, Western Africa

S. S. Husain Regional Vice President, Eastern Africa

Adalbert Krieger Regional Vice President, Latin America
and the Caribbean

Ernest Stern Regional Vice President, South Asia

Willi A. Wapenhans Regional Vice President, Europe, Middle
East and North Africa

Munir P. Benjenk Regional Vice President*

John H. Adler Director, Programming and Budgeting
Department

P. N. Demry Secretary

K. Georg Gabriel Controller

Eugene H. Rotberg Treasurer

* On sabbatical leave.

THE ARTICLES OF AGREEMENT

The Articles constitute the Bank's governing charter. They establish the status, privileges and immunities of the Bank, prescribe the Bank's purposes, capital structure and organization, authorize the operations in which it may engage and prescribe limitations on the carrying on of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, the increase of the authorized capital stock of the Bank, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by the Bank, the distribution of the net income of the Bank to its members, the withdrawal and suspension of members and the suspension of operations of the Bank.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and the Bank or between members of the Bank shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors, whose decision is final. Pending the result of such reference the Bank may act on the basis of the decision of the Executive Directors.

LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles contain provisions which accord to the Bank, in the territories of each of its members, legal status and certain immunities and privileges. The following is a summary of the more important of these provisions.

1. The Bank has full juridical personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against the Bank in the territories of any member in which the Bank has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities, but no actions against the Bank may be brought by its members or persons acting for or deriving claims from its members.
2. The Governors and Executive Directors, and their Alternates, and the officers and employees of the Bank are immune from legal process for acts performed by them in their official capacity, except when the Bank waives such immunity.
3. The archives of the Bank are inviolable. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against the Bank; they are also exempt from restrictions, regulations, controls and moratoria of any nature, to the extent necessary to carry out the operations provided for in the Articles and subject to the provisions of the Articles.

4. The Bank, its assets, property and income, and its operations and transactions authorized by the Articles, are immune from all taxation and from all customs duties. No taxation of any kind may be levied on any obligation issued by the Bank and the interest thereon which discriminates against such obligation solely because it is issued by the Bank, or if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank. The Bank is also immune from liability for the collection or payment of any tax or duty.

The legal status of the Bank in Switzerland is governed by the Agreement of June 29, 1951 between the Bank and the Swiss Federal Council. Under this Agreement, the Bank possesses in Switzerland full juridical personality and legal capacity; it also enjoys privileges and immunities substantially similar to those described in 2 and 3 above. The Agreement provides moreover that actions may be brought against the Bank in Swiss courts provided that the Bank (i) shall have established an office in Switzerland; or (ii) shall have appointed an agent in Switzerland for the purpose of accepting service or notice of process; or (iii) shall have issued or guaranteed securities in Switzerland. However, no actions may be brought against the Bank in Switzerland by members or persons acting for or deriving claims from members.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Robert S. McNamara
President

Enclosures:

Balance Sheet - June 30, 1975 and June 30, 1974	Appendix A
Statement of Income and Expenses for the Fiscal Years ended June 30, 1975 and June 30, 1974	Appendix B
Statement of Accumulated Net Income and Allocation of Net Income of Previous Fiscal Year for the Fiscal Years ended June 30, 1975 and June 30, 1974	Appendix B
Statement of Changes in Supplemental Reserve against Losses on Loans and from Currency Devaluations for the Fiscal Years ended June 30, 1975 and June 30, 1974	Appendix B
Statement of Changes in Financial Position for the Fiscal Years ended June 30, 1975 and June 30, 1974	Appendix C
Summary Statement of Loans - June 30, 1975 and June 30, 1974	Appendix D
Summary Statement of Borrowings - June 30, 1975 and June 30, 1974	Appendix E
Statement of Subscriptions to Capital Stock and Voting Power - June 30, 1975	Appendix F
Notes to Financial Statements - June 30, 1975 and June 30, 1974	Appendix G
Report of Independent Accountants	

492/4/352

October 14, 1975

The Honorable
Jan P. Pronk
Minister of Development Cooperation
The Hague, The Netherlands

Dear Jan:

I enjoyed seeing you at the Tidewater meeting and our conversations regarding the relations of the advanced countries to the developing world and the role which the Bank Group, and especially IDA, must play in making these relations mutually beneficial.

The purpose of this letter is to follow up our discussion of the forthcoming negotiations of the Fifth Replenishment (IDA 5) and your indication that you were prepared to help pave the way for a replenishment at a satisfactory level. I attach a Memorandum on the Fifth Replenishment of IDA which outlines the approach which we intend to take to secure a replenishment at an acceptable level. But in order to get negotiations for IDA 5 started with some prospect of success we need the strong support of countries like yours and leaders like yourself who recognize the importance, on political as well as economic grounds, of increasing the flow of highly concessionary aid to the poorest and least developed countries, and who are willing to take the lead.

There is no need to convince you of the increase in the aid requirements of the low-income countries: this is the second year in which the per capita GDP of our low-income member countries is likely to decline--by about 1.2% for the two years together--after having increased by less than 3% in the previous five-year period. Even with fairly optimistic assumptions regarding the volume of exports of LDCs and their terms of trade, their per capita GDP will grow by 1.2% a year only in the remainder of this decade--unless concessionary aid flows are increased. A substantial increase in IDA commitments at the end of the decade can help, at least marginally, to get the process of growth restarted--after a ten-year period in which the per capita income in countries with per capita income of under \$200 will have risen by \$3--from \$105 to \$108.

Although, as the attached Memorandum indicates, there is widespread and strong support for a replenishment which would increase the resources of IDA in real terms, I am afraid that the replenishment negotiations may bog down at the outset in misunderstandings and recriminations--unless the donor countries can agree on three points. One is that, in view of the increased need for development assistance, the level of IDA 5 should be large enough to provide for some increase of IDA resources in real terms. Secondly, agreement

on the over-all level of contributions by traditional donors to IDA 5 should be reached independently of the amount of contributions from OPEC countries and should not be made conditional on OPEC contributions of a certain amount, or of a certain share of the total replenishment. Thirdly, although I will make every effort to obtain the largest possible contributions from OPEC countries, the traditional donors must be disabused of the idea that even under the best conceivable circumstances the contributions of those OPEC countries which may be expected to take part in the replenishment will constitute a substantial part of the total replenishment.

The attached Memorandum provides background information, data and calculations on these points; I trust you will find it useful. I intend to make use of much of the material in a background paper which we are preparing for the first meeting of the IDA Deputies to be held in Paris in the last week of November. It would be inappropriate for me, of course, to propose explicitly a strategy of two separate "targets"--for OECD and OPEC contributions--or to recommend specific amounts.

I hope, however, that you will instruct the representative of your Government to propose a figure of \$3 billion a year, twice the annual replenishment of IDA 4, as an appropriate target for contributions of OECD countries, apart from, and irrespective of, contributions from OPEC countries. You also may have an opportunity to plead the case for IDA 5 at an increased real level in the Councils of the European Community; needless to say, if such an opportunity arises, your intervention could be most helpful.

Our experience with the third and fourth replenishments indicates it would be of tremendous help if we were to get an "opening bid" of this order of magnitude. I am confident that other countries who are well disposed toward IDA could be persuaded to follow such a lead and that with persistence and skillful negotiations we may reach agreement on a replenishment level close to that target.

I am looking forward to your reaction to this letter and the attached Memorandum. I am of course ready to provide you with any additional information which you may consider useful. Two of my associates have already had informal discussions with officials of your Government regarding IDA 5. But I shall be only too glad to ask Mr. Cargill who, as Vice President for Finance, will chair the IDA negotiations, to call on you (or to come myself) if you consider such visits would be helpful.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JAdler:RSMcNamara:ml

10/14/75

MEMORANDUM REGARDING THE FIFTH REPLENISHMENT OF IDA

Introduction

The International Development Association (IDA) was established in 1960 in order to provide development assistance on highly concessionary terms to those developing countries whose need for external resources, and ability to put them to effective use, exceeded the flow of aid from bilateral sources and the amounts of loans on commercial and intermediate terms for which they were creditworthy. Beginning in 1964, IDA has received resources through a series of replenishments intended to provide financing for three-year periods. The last one, the fourth, was agreed on at the Annual Meeting in Nairobi in September 1973, with donor governments contributions for commitment in the three fiscal years 1975-77 totalling \$4.5 billion.

These resources, which together with the allocation of part of World Bank net income permit annual commitments of approximately \$1600 million, have made the Association the most important source of development aid to the poorest and least developed countries, mostly in Asia and in Africa; 92% of all IDA credits, at 0.75% interest for 50 years, go to countries with per capita incomes of less than \$200.

The resources of IDA are expected to be exhausted at the end of the fiscal year 1977, i.e., on June 30 of that year. In order to assure that the commitment of IDA resources will not be interrupted, it is paramount that the next (the fifth) replenishment will have become effective by that date. In order to allow time for legislative action by the donor countries, preparations for the negotiations of the fifth replenishment (IDA 5) have started and a first meeting of representatives of donor countries has been scheduled to be held in Paris on November 24. It is hoped that agreement on the replenishment can be reached by July 1, 1976.

Support for IDA 5

The Bank Group will start negotiations for IDA 5 against the background of assurances of strong and widespread support for the Fifth Replenishment. The Development Committee (officially the Joint Ministerial Committee of the International Bank and the International Monetary Fund on the Transfer of Real Resources) agreed in its meeting held in Paris on June 12, 1975 that "in view of the requirement for additional capital . . . a replenishment providing for an expansion in real terms would be most helpful." The report of the Chairman of the Committee, adopted on September 4, 1975, referred to the "replenishment of IDA, providing for an expansion in real terms" as an "important objective" of official development assistance.

The most important endorsement of IDA 5 is contained in the Resolution adopted by consensus at the Seventh Special Session of the United Nations General Assembly on September 16, 1/ which states in para. 5 of the Section on the Transfer of Real Resources:

"In order to enlarge the pool of resources available for financing development, there is an urgent need to increase substantially the capital of the World Bank Group, and in particular the resources of the International Development Association, to enable it to make additional capital available to the poorest countries on highly concessional terms."
(Underscoring provided.)

The need for a speedy replenishment of IDA at a high level was also stressed at the Annual Meetings by a large number of Governors representing both donor countries (e.g., Australia, Belgium, Canada, Denmark speaking for the Nordic Countries, Germany, Italy, Netherlands, New Zealand, and the United States) and recipients of IDA credits (e.g., India, Kenya). For example, Mr. J. Zijlstra, the President of the Nederlandsche Bank, stated:

"Potential donor countries--which I hope will be more numerous than last time--will soon start their discussions on a new replenishment of IDA. I do not need to stress the importance of this exercise at a moment when there is such a need for very concessional aid. We were looking forward to the proposals which Mr. McNamara will make in this regard."

A large number of contributors as well as recipients of IDA funds also supported Mr. McNamara's proposal that contributions to IDA should be made not only by its traditional donors but also by "those additional countries which, since the last replenishment, have benefitted from major increases in their national incomes and foreign exchange reserves," i.e., the OPEC countries with balance of payments surpluses.

The Major Issues Affecting IDA 5

Notwithstanding these indications of support for IDA 5, and the reassertion at the UN General Assembly of the commitment by the majority of the developed countries to reach before the end of the decade a level of ODA equivalent to 0.7% of GNP, it is expected that negotiations for IDA 5 will be extremely difficult.

1/ Resolution A/RES/3362 (S-VII).

The difficulties stem from two causes: one, that the "traditional" contributors to IDA (all of the OECD countries, excluding Portugal) have not yet fully realized that even a small increase in real terms in IDA resources will require a very substantial increase in money terms, partly because of the very large price increases which have taken place since 1973 when agreement on IDA 4 was reached, and which must be expected to continue, though presumably at a slower rate, over the next few years; and two, that several of the OECD contributors to IDA appear to have greatly exaggerated expectations of the amounts which may be reasonably expected by way of contributions from OPEC countries.

Before elaborating on these two points, it must be stressed that as a matter of tactics and equity it is essential to distinguish clearly between the replenishment "target" of the OECD contributors and the contributions which OPEC countries may be persuaded to make. The aggregate contributions to IDA 5 from OECD countries should be related to their contributions to IDA 4 ^{1/}; they should not in any way be related to the size of the contributions from OPEC countries. The factors which should be taken into account in determining the appropriate level of contributions are essentially different for the two sets of countries. Moreover, the willingness of OPEC countries to contribute to IDA 5, and the size of their contributions will be enhanced by considering their contributions in fact and in appearance as additional to the replenishment provided by the traditional IDA donors. Conversely, the Bank Group's position vis-a-vis OPEC countries and other new donors would be greatly weakened if their contributions to IDA 5 were to be treated, in fact or in appearance, as substitutions for OECD contributions.

Replenishment Level of Traditional Donors

In negotiating the amount of IDA 5 replenishment to be provided by the traditional donors it is to be hoped that it will be possible to get agreement on two general principles:

- (i) that IDA 5 provide for a full offset to price inflation, including the greater than anticipated inflation between the date of the Nairobi negotiations and the disbursement of IDA 4;
- (ii) in addition, that IDA 5 contributions result in an appropriate increase in the real purchasing power of IDA replenishment.

^{1/} \$1485 million, or 99%, out of the IDA annual total of \$1500 million, came from OECD countries. The difference is accounted for by contributions of Kuwait (\$9 million), and of three "Part II countries"-- Israel, Spain and Yugoslavia.

To determine an "appropriate increase" in real terms two factors should be considered:

- the needs of IDA recipient countries which have increased greatly since the time of the Nairobi agreement;
- the significant real increases in wealth the contributing countries will generate between the fourth and fifth replenishment periods -- IDA 5 should take into account this growth in the capacity of Part I countries to contribute to the developing countries.

IDA 4 Intentions - The agreement reached at Nairobi in September 1973 on a level of contributions to IDA 4 from OECD countries, equivalent to \$1485 million p.a. was clearly intended to provide for an increased level of replenishment in real terms. The report of the Executive Directors to the Board of Governors (dated October 30, 1973) stated, "there was a wide measure of support for the view that an annual amount of about \$1,140 million in 1975 would represent the same constant effort as annual contributions to the Third Replenishment--that is, if Part I countries made contributions at that level, they would contribute exactly the same percentage (0.035%) of their GNP in 1975 as in 1972, and that an increase above this level was justified by the growing needs of the poorest countries for these resources." In the event, the annual level of replenishment finally agreed upon for IDA 4 represented 0.041% of the then anticipated combined GNP of Part I countries, during the 1975, 1976 and 1977 commitment period, thus providing for an increase in effort in real terms.

The Nairobi approach, referred to above, estimated that prices (as measured by the GNP deflator) would rise by 4.5% per year over the IDA 4 commitment period FY75-77 compared with the IDA 3 commitment period (FY72-74). With the advantage of hindsight it is clear that this adjustment was quite inadequate.

IDA 5 Level - The inflation adjustment to apply to IDA 4 in order to move to the price level of IDA 5 would range between 50% and 65%, depending on which price deflator one selects. In addition, the increasing needs of the developing countries and the expanding national incomes of the OECD countries would seem to justify growth in the constant dollar value of IDA of at least 5% per year. The two factors combined lead to an IDA 5 figure of \$2800 million per year compared to the \$1485 million level of IDA 4. \$2800 million per year would approximate 0.044% of the anticipated OECD GNP during the years 1978, 1979 and 1980 -- 0.044% would represent but a modest increase in the level of effort agreed upon at Nairobi for IDA 4 (0.041% of GNP).

Experience in previous replenishment negotiations shows that for a variety of reasons in the course of negotiations downward adjustments of the initial target, or of contributions of individual countries, are

inevitable. Therefore it would be preferable if the "opening bid" for OECD contributions to IDA 5 were higher than \$2.8 billion a year--say, \$3 billion. This figure would constitute a doubling of the annual contributions to IDA 4; this fact in itself could be taken as prima facie evidence that the contributions of OPEC countries to IDA would be additional.

Contributions of OPEC Countries

As mentioned earlier, for reasons which are not quite clear (but obviously have something to do with the idea that the oil price increases are directly and indirectly a major factor contributing to the balance of payments problems of the developing countries and to their difficulties of financing development outlays) some of the OECD countries feel strongly that OPEC countries should make up a "substantial" proportion of IDA 5. An official of one OECD country mentioned 25% as the "OPEC share." Although large contributions to IDA 5 from OPEC countries would obviously be most welcome, and every effort must be made to obtain sizable contributions from them, it must be recognized at the outset that expectations of contributions of this order of magnitude are clearly unrealistic.

As already mentioned, the factors which must be considered in determining the size of contributions appropriate for OPEC countries are quite different from those which were used as a basis for calculating the IDA 5 equivalent of IDA 4 contributions of OECD countries. It is clear, however, that whatever factor, or combination of factors, is taken as a basis for determining the size of contributions, none of them justifies the expectation of contributions of more than, say, 10% of the suggested level of the combined OECD contributions.

There are several reasons why it would be a mistake to expect larger contributions from OPEC countries. In the first place, there are only five OPEC countries with a per capita income of the same order of magnitude as the average for OECD countries--Kuwait, Qatar, Saudi Arabia, the United Arab Emirates, and, marginally, Libya. Largely for political reasons it is most unlikely that Libya will participate in IDA 5; this leaves the four Gulf countries which have per capita incomes comparable to (Saudi Arabia), or substantially larger than, those of the traditional donors. But because the population of these countries is small (7.8 million in 1975) their total projected GNP in the IDA 5 commitment period 1978-80, even assuming continuing high growth rates, will be only a fraction -- less than 2% -- of the combined GNP of the OECD donors. If these countries were to contribute the same share of their GNP as the traditional donors do, on average their

contribution would amount to less than \$50 million a year, with approximately two-thirds coming from Saudi Arabia. Strong arguments can be advanced, however, to justify substantially higher contributions. The four Gulf countries are not expected to absorb for many years their oil revenues through productive investment and higher consumption, and their foreign exchange reserves^{1/} are large and expected to grow further.

On the other hand, these countries already provide concessionary aid at a scale substantially larger, in relative terms, than the OECD countries--more than 2% GNP, compared to 0.32% (in 1975) for the OECD countries. Nevertheless, it is hoped that they can be persuaded to contribute amounts substantially larger than \$50 million a year. If contributions to IDA 5 from all OPEC members were to reach \$200 million to \$300 million a year, these four countries would have to contribute at least \$100 million to \$150 million. (The data on which this conclusion is based are shown in Table 2.)

It is much more difficult to determine what an appropriate level of contributions to IDA 5 of other OPEC countries should be. It is clear that the OPEC countries at the lower range of per capita income (Nigeria, Indonesia), or with relatively small earnings from oil exports (Algeria, Gabon, Ecuador) should not be expected to make substantial contributions to IDA 5 although, in view of their large foreign exchange holdings and the desperate plight of the poorer countries, caused in part by the oil price increase, one or the other may be persuaded to make token "solidarity" contributions. This leaves only the three remaining OPEC countries shown in Table 2: Iran, Venezuela and Iraq. Iraq is unlikely to become a "regular" contributor to IDA 5 both on account of its low per capita income and because of its political orientation. In the case of Iran the low per capita income and the rapid increase in absorptive capacity make it likely that the large foreign exchange holdings will be drawn down quickly; the Government of Iran is already contemplating borrowings from external sources. Nevertheless, every effort should be made to persuade Iran to make a sizable contribution to IDA 5, in part because on previous occasions the Iranian authorities have taken the initiative in proposing various cooperative schemes of concessionary development assistance to LDCs.

Although Venezuela has a higher income per capita than Iran, it is still substantially lower than OECD average and Venezuela is already engaged in providing development assistance to low-income countries, especially in Latin America. Still it should be possible to obtain a Venezuelan contribution to IDA 5.

In summary, every effort must be made to obtain sizable contributions to IDA 5 from OPEC countries. Nevertheless, and counting on their full cooperation--an expectation which still needs to be confirmed--it seems prudent not to expect OPEC contributions to the replenishment which constitute more than a small fraction of OECD contributions.

^{1/} The figures shown in Table 2 understate for a number of OPEC countries the size of their foreign exchange assets because they are not held in the form of holdings which are regularly reported to the IMF.

GNP Projections Underlying IDA 4 NegotiationsCurrent Estimates Of GNP And Deflator

Calendar Years	Deflator		GNP ^{a/}		Deflator		GNP	
	Annual %	Cumulative %	Constant 72\$ billions	Current \$ billions	Annual %	Cumulative %	Constant 72\$ billions	Current \$ billions
72		100.0	2500 ^{b/}	2500		100.0	2553	2553
73	4.5	104.5	2625	2740	13.5	113.5	2742	3112
74	4.5	109.2	2760	3015	10.4	125.3	2729	3420
75	4.5	114.1	2900	3300 ^{b/}	12.1	140.5	2675	3758
76	4.5	119.3	3040	3630	9.7	154.1	2812	4333
77	4.5	124.6	3190	3975	8.4	167.0	2973	4965
78	4.5	130.2	3350	4360	8.0	180.4	3136	5657
79	4.5	136.1	3520	4790	7.5	193.9	3302	6403
80	4.5	142.2	3700	5260	7.0	207.5	3476	7213

^{a/} Assumed real growth rate of 5.0% per annum.

^{b/} As shown in "Amount of Fourth Replenishment" (IDA/RPL/72-2 dated 11/20/72) (para. 19).

10/14/75

Table 11

IDA 5 Contributions: Projections for OPEC And Selected OECD Countries

	1975 GNP p.c. (US \$)	Reserves ^{a/} (\$ billions)	GNP Average CY78-80 (\$ billions)	Annual IDA 5 Contrib. ^{b/} (\$ millions)	Adjusted Annual IDA 5 Contrib. (\$ millions)
Kuwait	13,333	1.5	18.2	8.0	17 - 25
Qatar	11,500	1.2	3.9	1.7	4 - 6
Saudi Arabia	5,524	21.3	70.7	31.1	63 - 95
United Arab Emirates	<u>24,167</u>	<u>0.9</u>	<u>18.5</u>	<u>8.1</u>	<u>16 - 24</u>
Subtotal	<u>7,448</u>	<u>24.9</u>	<u>111.3</u>	<u>48.9</u>	<u>100 - 150</u>
Iran	1,690	9.3	135.6	59.7	50 - 75
Venezuela	<u>2,455</u>	<u>8.8</u>	<u>54.2</u>	<u>23.8</u>	<u>40 - 60</u>
Subtotal	<u>1,889</u>	<u>18.1</u>	<u>189.8</u>	<u>83.5</u>	<u>90 - 135</u>
Iraq	1,369	2.3	34.1	15.0	
Libya	<u>4,250</u>	<u>2.0</u>	<u>21.1</u>	<u>9.3</u>	
Subtotal	<u>1,881</u>	<u>4.3</u>	<u>55.2</u>	<u>24.3</u>	<u>10 - 15</u>
Total OPEC	<u>2,530</u>	<u>47.3</u>	<u>356.3</u>	<u>156.7</u>	<u>200 - 300</u>
Total OECD	5,811	126.5	6424 ^{c/}	2800	
of which					
France	6,281	10.5	569	159 ^{d/}	
Germany	6,815	31.5	695	323 ^{d/}	
United Kingdom	4,022	6.1	362	314 ^{d/}	
United States	6,793	15.9	2516	943 ^{d/}	

a/ As of 8/75, except Qatar (12/74 estimate) and Iraq (as of 7/75).

b/ Equivalent to 0.044% of average CY78-80 GNP.

c/ Excluding Iceland, Luxembourg and Portugal.

d/ Based on shares in IDA 4.

10/14/75

Smith office

492/4/351

October 13, 1975

Dr. John H. Knowles
President
The Rockefeller Foundation
1133 Avenue of the Americas
New York, N. Y. 10036

Dear John:

In your letter of September 12 you asked for my reactions on the proposal to hold a Bellagio IV - Population. The consensus of the discussions with a group of representatives from the agencies, summarized in your letter, appears to reflect adequately the principal issues and concerns that need to be considered in this regard.

I do support the holding of a Bellagio IV and agree that late spring 1976 would be a suitable time.

A positive feature of the Bellagio Population meetings has been the extensive documentation which preceded the meetings. The background papers have provided excellent documentation by donors and experts on the state of the art, issues of strategy in population policy, and directions of population assistance. I agree that we do need at this time a full review of what it means to place the population field "squarely in the context of development" and what its implications are for future action. This review should be based on carefully prepared discussion papers that sharply focus on the critical issues.

Since misunderstandings between donors and developing countries appear to be prevalent in the population field, I think it particularly appropriate to have both donors and knowledgeable people from developing countries participate not only in the meeting but also in the necessary preparatory work. This should provide a forum for a meaningful dialogue that may lead to better understanding of objectives and alternative new courses of action in population policy and assistance programs. Such expanded participation in the meeting is all the more important as the widely different perceptions that emerged at Bucharest still persist and donor influence will be enhanced by a constructive exchange of views.

Dr. John H. Knowles

- 2 -

I propose to ask Timothy King to participate as the Bank representative in the preparatory consultations.

I wish you a successful preparation for Bellagio IV and look forward to participation in the meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

KKanagaratnam/TKing/HGvanderTak/ R. S. McNamara:bmm
October 13, 1975

cc: Messrs. Chenery
Baum
Gulhati/King
Hoffman

2 cc: Mr. McNamara's Office

492/2/350

OCT 10 1975

His Excellency
Yehoshua Rabinowitz
Minister of Finance
Ministry of Finance
Jerusalem
Israel

Dear Mr. Minister:

It was again a pleasure to meet with you and the members of your Delegation at the Annual Meeting last month in Washington.

As I promised during our meeting I have looked at your proposal for an agricultural development project which you handed to me and which you suggested that the Bank may want to finance in the current fiscal year. The project is indeed most interesting and I very much hope the new technology you are developing for dry farming will soon become available to less developed countries once it has been successfully tested in Israel.

However, as I explained during our discussion, the decision whether the Bank can help finance this project must be taken in the wider context of the Bank's resource availability and its character as a lender of last resort. Whatever methods of calculation one adopts, and even allowing for Israel's specific economic problems, we have to conclude that Israel's per capita GDP is among the highest of the developing countries who presently borrow from this institution. With this year's lending set at a ceiling of \$4.7 billion by our Board of Executive Directors and increased borrowing needs of our poorer member countries, that have less or no access to alternative sources of finance, the Bank has no choice but to continue phasing out its lending to the group of higher income countries among its developing members. As I pointed out in our meeting, Israel's is only one country among several -- though the one with the highest GDP per capita -- where the Bank has phased out its operations or is in the process of doing so. It is with my sincere regrets that I have to confirm what I told you during our meeting that I see at present, no possibility of recommending to the Bank Executive Directors the financing of future projects in Israel. I would, however, like to add that IFC will continue to participate in the development of Israel's industrial sector.

His Excellency
Yehoshua Rabinowitz

- 2 -

Let me conclude by saying that we hope to maintain a close contact with your Government and to receive your precious support in our efforts to meet the economic challenges of the developing world.

With best personal regards,

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

4912/4/349

October 9, 1975

His Excellency
General Suharto
President of the Republic
of Indonesia
Jakarta

Dear Mr. President:

Minister of Finance Ali Wardhana and the Governor of the Bank of Indonesia, Rachmat Saleh, have no doubt reported to you their discussion in Washington with me, Mr. Bell, and Mr. Baneth, the new director of our resident staff in Indonesia. I would like to summarize and emphasize our thinking in this personal letter to you. I have asked Mr. Bell to deliver it to you, to discuss it with you, and to report back to me your own thinking.

I have been, as you know, enormously impressed and gratified by the economic progress which has been made under your leadership in Indonesia in the past seven years. I am happy that we in the Bank have been able to make a contribution toward this. We have, to the maximum possible within the limits of our resources, provided financial and technical assistance and advice for the formulation and execution of development programs and projects, and have continuously reported on economic developments and policies to member governments of the IGGI. We believe that the confidence we have expressed to them has encouraged them, as well as other friendly governments also to provide assistance and it has also increased the willingness of the world financial and business community to invest in Indonesia.

In this past year, I have been much impressed by the objectives set forth in Indonesia's current five-year plan and especially by the great emphasis put on attacking the poverty problem. We welcomed your plans to do this by providing improved work and income-earning opportunities for the large part of Indonesia's population which is still very poor, which has inadequate land and other resources, inadequate opportunities for productive work and, correspondingly, little access to such essentials as clean water, decent housing, adequate education opportunities.

However, I was also deeply concerned by reports indicating that adequate control was not being maintained over the use of the resources which were becoming currently or prospectively available from oil production. I appreciate that in some instances this reflected the desire to take quick advantage of the opportunity to accelerate Indonesia's development. The reports indicated, however, that quite a number of inadequately planned and considered projects were being undertaken or proposed, that many of them were of doubtful priority, many involved disadvantageous contractual arrangements and excessive costs, and many had inadequate or overly costly financing arrangements. Furthermore, there also appeared to be a somewhat reckless accumulation of short-term external financial obligations which seemed to threaten not only present financial stability but also to impair the confidence in Indonesia developed abroad in recent years and thereby to endanger the prospects for continued future capital inflows from official and private sources abroad.

It seemed to us that these developments were seriously endangering Indonesia's most essential programs. I was therefore greatly heartened and relieved when I was informed of the firm and decisive steps which you have taken to deal with the problem which had been created. I appreciate the difficult nature of many of the decisions involved, and I applaud the comprehensive and systematic way in which you have moved to reestablish appropriate priorities, to reorder plans and arrangements for the investment program and to meet financial problems. I am reassured by the action you have taken to ensure that there will not be a recurrence in the future of the recent unfortunate events. I am confident that the immediate problems will be overcome and that there will be effective coordination and control over the use of all the resources which become available to Indonesia. I am expressing this confidence to member governments of the Bank and to the international financial and business community. I am especially happy that the important social objectives and emphasis of the Plan will be preserved, as I share with you the conviction that these are critically important for economic development and for social stability in Indonesia.

It is on this basis that I have been able to inform your ministers that, as compared to \$400 million in our previous fiscal year, in our current fiscal year, which ends June 30, 1976, we are planning to make loans aggregating \$500 million to Indonesia for 11 projects, representing approximately ten percent of the Bank's total lending program. In subsequent fiscal years, we expect that our total lending program will increase and that we shall be able to continue devoting a like proportion of it to Indonesia. I am sure you will understand that our Board must approve each project loan and that they would not support such a high level of lending unless Indonesia met reasonable standards of economic performance.

We in the World Bank are confident that the unfortunate events of the past year will not be allowed to recur and that Indonesia will use all its resources, including those it obtains from abroad, prudently, for sound projects and programs, integrated into a realistic and balanced development plan, capable of providing additional income and employment to the bulk of Indonesia's population. We are encouraged by your intention to make vigorous export promotion an important part of these programs, as this is needed not only to allow Indonesia to repay its debts, but also to provide a dynamic source of incomes and employment. We are also confident that foreign borrowing will be carefully considered and controlled, to avoid the incurring of debt on excessively hard terms in excessive amounts. Otherwise, despite vigorous export promotion, such borrowing might endanger Indonesia's capacity to finance the programs needed to provide employment and income-earning opportunities, while simultaneously having to support the burden of repaying the debt incurred. The increased lending program to which I referred earlier is based on this confidence, as is our intention to continue to urge others to provide assistance.

Dear Mr. President, please accept my best wishes and my assurance that you can continue to count on the World Bank's and my own personal support for the effective economic and social development of Indonesia. I hope that we may meet at some not too distant time and that in the meantime we can continue to communicate through Mr. Jean Baneth, who has just arrived, and Mr. Bell, whom you know so well, here on my immediate staff.

Sincerely,

Robert S. McNamara
President

432/4/347

OCT 8 1975

Dear Mr. President:

I was most pleased that we were able to allot to the Central Bank of Peru \$2.0 million of the World Bank's latest issue of two-year bonds. As you know, the issue was successfully placed and in fact oversubscribed.

The continuing willingness on the part of the central banks, governmental institutions and international organizations to subscribe to these issues is very much appreciated. Peru's response not only expresses confidence in our bonds as instruments of investment but also is regarded as a very valuable means of support for the World Bank.

I wish to take this opportunity to congratulate you for your appointment as President of the Central Bank and to express our appreciation for your dedicated work in the Board of Directors of the Bank. Your participation in the Board has significantly contributed to our better understanding of the problems and needs of the countries which you represented and to strengthening the policies of this institution.

I look forward to seeing you towards the end of October to reiterate personally our best wishes for you in carrying out your new and important responsibilities.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. C. Santistevan
President
Banco Central de Reserva
del Peru
Jr. Ucayali s/n.
Lima, PERU

PMendoza:scg
Typed: October 7, 1975
cc: Messrs. A. Gavidia, Exec. Dir.
H. Hittmair, TRE
A. Krieger
Mr. McNamara's office (2)

Chun

492 / 4 / 346

BERNARD BELL
RESIDENT MISSION IBRD
DJAKARTA
INDONESIA

OCTOBER 8, 1975

TELEX (Ext. 2001)

Page 1 of 1 page

YOU ARE AUTHORIZED TO SIGN MY NAME TO THE LETTER TO PRESIDENT SUHARTO CMA COPIED
IN YOUR CABLE DATED OCTOBER SEVEN CMA AFTER CHANGING THE PARAGRAPH WHICH BEGINS
QUOTE IT IS ON THIS BASIS THAT EYE HAVE BEEN ABLE TO INFORM YOUR MINISTERS
UNQUOTE TO READ QUOTE IT IS ON THIS BASIS THAT EYE HAVE BEEN ABLE TO INFORM
YOUR MINISTERS THAT CMA AS COMPARED TO DOLLARS FOUR HUNDRED MILLION IN OUR
PREVIOUS FISCAL YEAR CMA IN OUR CURRENT FISCAL YEAR CMA WHICH ENDS JUNE THIRTY
SEVENTYSIX CMA WE ARE PLANNING TO MAKE LOANS AGGREGATING DOLLARS FIVE HUNDRED
MILLION TO INDONESIA FOR ELEVEN PROJECTS CMA REPRESENTING APPROXIMATELY TEN
PERCENT OF THE BANKS TOTAL LENDING PROGRAM STOP IN SUBSEQUENT FISCAL YEARS WE
EXPECT THAT OUR TOTAL LENDING PROGRAM WILL INCREASE AND THAT WE SHALL BE ABLE TO
CONTINUE DEVOTING A LIKE PROPORTION OF IT TO INDONESIA STOP EYE AM SURE YOU WILL
UNDERSTAND THAT OUR BOARD MUST APPROVE EACH PROJECT LOAN AND THAT THEY WOULD
NOT SUPPORT SUCH A HIGH LEVEL OF LENDING UNLESS INDONESIA MET REASONABLE STANDARDS
OF ECONOMIC PERFORMANCE END OF QUOTE STOP YOUR NEXT PARAGRAPH BEGINNING QUOTE WE
IN THE WORLD BANK ARE CONFIDENT THAT THE EVENTS OF THE PAST YEAR WILL NOT BE
ALLOWED TO RECUR UNQUOTE FOLLOW ON QUITE NATURALLY STOP IF YOU HAVE ANY QUESTIONS
CONCERNING MY CHANGES PLEASE TELEPHONE ME STOP BEST WISHES

MCMAMARA INTBAFRAD

(Signed) Robert S. McNamara

Robert S. McNamara

President

cc: Mr. Knapp
Mr. Votaw

RMcN:bmm

492/4/344

OCT 3 1975

Dear Mr. Minister:

I have written to His Excellency the Governor of the Bank for the United Arab Emirates, His Highness Sheikh Hamdan Ibn Rashid Al-Maktoom, asking him whether he would be good enough to appoint a Deputy to represent your government in the discussions for the Fifth Replenishment of the International Development Association (IDA), (copy attached).

I am writing to you personally because of the strong, keen interest Your Excellency takes in the cause of economic development aid. This I have clearly sensed during the enjoyable discussions I have had with you on the occasions of my past two visits to Abu Dhabi. Under the wise and farsighted guidance of His Highness the Ruler, Sheikh Zayed, UAE is playing an important role among other OPEC countries in the field of economic development aid. This has been demonstrated by its bilateral aid efforts through the Abu Dhabi Fund for Arab Economic Development. This leads me to write to you now about the IDA Fifth Replenishment hoping that, here again, UAE will play an important role.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Encl.

His Excellency
Sheikh Ahmad Khalifa Al-Sweidi
Minister of Foreign Affairs
The Palace of the Ruler
Abu Dhabi, United Arab Emirates

SELFishawy/rh
September 30, 1975

cleared with and cc: Mr. Cargill cc: Dr. Al-Atrash/Mr. Aldoasary
cc: Messrs. Goodman, Adler/Schulmann, Gabriel, Kochman, Nurick

492/4/343

OCT 1 1975

His Excellency
Mohammad Zarrouh Ragab
Minister of Treasury
Ministry of Treasury
Tripoli, Libyan Arab Republic

Dear Mr. Minister:

You will remember that in my concluding remarks at our recent Annual Meeting I referred to the stress put by many Ministers in their statements on the priority which their Governments gave to maintaining a high level of operations of the International Development Association (IDA) and to ensuring that the Fifth Replenishment provides a full offset to inflation as well as an appropriate measure of real growth. I also referred to the wide agreement among Ministers that the Fifth Replenishment should be supported both by its traditional donors and by those additional countries which have benefitted since the Fourth Replenishment from major increases in their natural resources and their foreign exchange reserves.

The need for IDA became apparent by the late nineteen fifties when it was realized that the Bank's assistance in helping the economic development process in member countries could not be adequately extended to those members who need assistance more, i.e., the poorer countries. They could not afford to borrow from the Bank on Bank terms. To enable these very poor countries to borrow on soft terms (repayment over a 50-year period with no repayment in the first 10 years and at no interest, but only a service charge of 3/4 of 1%), IDA was established in 1961. In order to be able to lend at these concessionary terms and to continue to do so, IDA relies on governmental contributions made over three-year periods. Contributions for the next three-year period beginning July 1, 1977 will be the Fifth in IDA's history. The First Replenishment was in 1964, the Second in 1968, the Third in 1971 and the Fourth in 1974.

To ensure continuity of IDA commitments after the Fourth Replenishment period, it is essential that negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24.

My immediate purpose in writing to you is to ask that you be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SELFishawy/rh
September 29, 1975

Cleared with and cc: Mr. Cargill
cc: Messrs. Khélif and Gyasi-Twum
cc: Messrs. Adler
Gabriel
Goodman
Hattori
Kochman
Nurick
Wapenhans
Bart

692/4/342

October 1, 1975

Dear Mr. Fuchs:

Your letter of August 15, offering me an opportunity to respond to the statement made by Mr. Murray Kempton over the facilities of the CBS radio network on August 11, has only today come to my attention. As the press reported, I testified before the Church Committee in late July. Both to the Committee, and at the conclusion of the hearing to the press, I stated my firm conviction that no member of the Kennedy Administration advocated the assassination of Fidel Castro. Mr. Kempton's remarks, therefore, are not only totally inaccurate but highly damaging to me personally. I understand the Church Committee's report, which will be out shortly, will have some comments on this matter. I would urge that CBS pay attention to this point when the findings are announced.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. David Fuchs
Vice President
Public Affairs Broadcasts
CBS News
524 West 57th Street
New York, N. Y. 10019

JEMerriam:RMcN:mss

492/4 /339

OCT 1 1975

Dear Halfdan:

Thank you for your letter of September 12th, renewing your invitation that I personally attend the Geneva meeting on Research and Training in Tropical Diseases. As I anticipated when I last wrote to you, I am sorry that my schedule continues to make it impossible for me to attend.

It is also unfortunately the case that Mr. Baum will not be able to be at meetings on October 6th and 7th. There is a meeting of our Executive Directors on October 7th which will be discussing proposals for important changes in project documentation and procedure with which Mr. Baum is directly concerned. He plans to leave for Geneva on Tuesday evening, following the Board meeting and he, Mr. Hoffman and Mr. Lee will be available for the remainder of the week to discuss the follow-up of the meeting with you and your associates. I will ask them to brief me fully on the meeting when they return so that we may then consider together what further steps should be taken.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. H. Mahler, M.D.
Director-General
World Health Organization
1211 Geneva 27
Switzerland

Cleared with and cc: Mr. M. Hoffman

WCBaum:da

492/4 /338

SEP 25 1975

Monsieur le Président,

Je vous remercie vivement de votre lettre du 4 septembre 1975 au sujet d'un projet de ranch qui serait géré par la société mixte Agropastorale Centrafricaine.

Comme nous l'avons récemment exposé à votre Délégation à notre Assemblée Générale Annuelle, nous souhaitons vivement développer nos opérations dans votre pays et faire mieux que ce que nous avons pu accomplir dans ce domaine au cours des dernières années. Les secteurs de l'agriculture et de l'élevage auxquels vous accordez une haute priorité nous intéressent particulièrement et une mission agriculture/élevage pourrait se rendre en République Centrafricaine en novembre prochain pour identifier des projets dans ces deux secteurs.

En ce qui concerne le projet préparé par la Société African Land and Cattle Company, nous avons eu l'occasion de nous en entretenir avec ses promoteurs. Dans le domaine de l'élevage, notre expérience de ce secteur nous a jusqu'à présent surtout porté à financer des projets qui visent plus à améliorer les pratiques des éleveurs nationaux qu'à implanter des techniques relativement coûteuses qui n'auraient pas encore été testées dans les conditions du pays. Néanmoins, notre mission de novembre ne manquera pas d'examiner en détail les propositions qui seront faites sur les types de projets que nous pourrions financer et s'efforcera de parvenir à un accord avec les autorités centrafricaines sur les orientations futures de notre programme d'opérations dans l'agriculture et l'élevage.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Jean-Bedel Bokassa
Président à vie,
Maréchal de la République
Centrafricaine
Bangui
République Centrafricaine

XdelaRenaudière:cm:mtc
September 24, 1975

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

492/4 /336

September 23, 1975

His Excellency
Hushang Ansari
Minister of Economic Affairs
and Finance
Ministry of Economic Affairs
and Finance
Avenue Nasser Khosrow
Teheran, Iran

Dear Mr. Minister,

At our recent Annual Meeting I referred to the stress put by many Ministers in their statements on the priority which their Governments gave to maintaining a high level of operations of the International Development Association (IDA) and to ensuring that the Fifth Replenishment provides a full offset to inflation as well as an appropriate measure of real growth. I also referred to the wide agreement among Ministers that the Fifth Replenishment should be supported both by its traditional donors and by those additional countries which have benefited since the Fourth Replenishment from major increases in their national incomes and their foreign exchange reserves.

The need for IDA became apparent by the late 1950s when it was realized that the Bank's assistance in helping the economic development process in member countries could not be adequately extended to those members who need assistance more, i.e., the poorer countries. They could not afford to borrow from the Bank on Bank terms. To enable these very poor countries to borrow on soft terms (repayment over a 50-year period with no repayment in the first 10 years and at no interest, but only a service charge of 3/4 of 1%) IDA was established in 1961. In order to be able to lend at these concessionary terms and to continue to do so, IDA relies on governmental contributions made over three-year periods. Contributions for the next three-year period beginning July 1, 1977 will be the fifth in IDA's history. The First Replenishment was in 1964, the Second in 1968, the Third in 1971 and the Fourth in 1974.

To ensure continuity of IDA commitments after the Fourth Replenishment period, it is essential that negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time, he will arrange to come to Teheran, probably on or about October 20 if this date is convenient to you, to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask that you be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

RJGoodman/GdeLusignan:gg

cc: Messrs. Cargill, Adler, Damry, Gabriel, Goodman, Nurick/Fontein
Benjenk, Wapenhans, Paijmans, de Lusignan

H.E. Jahangir Amuzegar
Mr. Yahia Khelif

Mr. McNamara's Office (2)

492/4 /335

September 23, 1975

His Excellency
Gunsersindo Rodriguez
Minister of Planning
Presidency of the Republic
Caracas, Venezuela

Dear Mr. Minister:

You will remember that in my concluding remarks at our recent Annual Meeting I referred to the stress put by many Ministers in their statements on the priority which their Governments gave to maintaining a high level of operations of the International Development Association (IDA) and to ensuring that the Fifth Replenishment provides a full offset to inflation as well as an appropriate measure of real growth. I also referred to the wide agreement among Ministers that the Fifth Replenishment should be supported both by its traditional donors and by those additional countries which have benefitted since the Fourth Replenishment from major increases in their national incomes and their foreign exchange reserves.

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I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IBA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time, one of his senior associates will visit Caracas to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask that you be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Dr. V. Amado Gavidia H.

cc: Messrs. Cargill
Krieger
Adler, Director, P & B
Lerdau, Director, LACI
Damry, Secretary
Gabriel, Controller
Gaud, Consultant
Nurick/Fontein
Guerra, Resident Representative, Caracas
RJGoodman/RGonzalez-Cofino:cc

492/4/334

SEP 23 1975

**His Excellency
Mahmoud El Ayoubi
Prime Minister of Syria
Damascus, Syria**

Dear Mr. Prime Minister:

It has been a great pleasure to have the Syrian Delegation with us during the recent General Annual Meetings of the Bank and the Fund which included Their Excellencies, the Ministers of Finance and of Economy and Foreign Trade. I was particularly pleased by the election of Dr. Inady as Chairman of next year's General Annual Meetings to take place in Manila, Phillipines. This, to me, underlined very fittingly the role that your country is now playing in the international effort to resolve the economic problems of the underdeveloped world.

I am writing to you today in order to inform you of a problem that your delegation at the Annual Meeting extensively discussed with Bank staff and for which we will shortly send a high level Bank mission to Syria. This is the procurement problem we have encountered in the implementation of the Balikh Irrigation Project for which the Bank Group lent \$73 million in April 1974.

As you know, two international bids for a first contract to be executed under this project were received in December of last year. Because of very high bid prices, your Government very recently decided to turn these bids down and to retender. With some hesitation, for reasons explained to your delegation, we agreed to this procedure, but requested that the new bid invitations, which were issued in late August, be amended so as to eliminate technical uncertainties and over-design which may have caused the high bid prices and to allow maximum participation of local and foreign bidders.

Our mission, which will include Mr. Maurice Bart, Director of the Programs Department, and Mr. David Haynes, Assistant Director of the Projects Department, will arrive in Damascus on September 27. I very much hope that it will be possible to agree during this mission on a solution acceptable to the Syrian authorities and to the Bank so as to enable us to assist this important project. I should be very grateful if you could receive the mission members during their visit so that they may inform you of the outcome of their discussions and of any problems which may be left unresolved.

I thought I should write you on this matter in order not to let a technical problem stand in the way of the Bank's support to Syria's economic development, to which I hope we can continue to contribute on a substantial scale.

Please accept the expression of my highest consideration.

Sincerely,

(Signed) Robert S. McNamara'

Robert S. McNamara

cc: Mr. McNamara's Office (2)

Cleared + cc: Mr. Haynes

cc: Messrs. Bart, Lithgow, Fontein, LeMoigne, Siebeck

WESiebeck:cek 9-22-75

692/4/333

BOOK OF TWO

22
18

(1) HIS EXCELLENCY
MOHAMMED ABA AL-KHAYL
MINISTER OF STATE FOR FINANCIAL
AFFAIRS AND NATIONAL ECONOMY
RIYADH

September 17, 1975

TELEX: 20021 FINANCE SJ
20018 UNDP RSA SJ

SAUDI ARABIA (2) SIR GORDON MACKAY
UNDEVPRO
RIYADH SAUDI ARABIA

THANK YOU FOR YOUR EXCELLENCY'S CABLE SEPTEMBER 14 REFERENCE SIGNING MEMORANDUM OF TECHNICAL COOPERATION BETWEEN SAUDI ARABIA AND THE BANK. THREE COPIES OF MEMORANDUM OF UNDERSTANDING IN BOTH ENGLISH AND ARABIC HAVE BEEN DISPATCHED TO SIR GORDON MACKAY WHO WILL TRANSMIT THEM TO YOU. IF ARABIC TEXT MEETS WITH YOUR APPROVAL AS AN ACCURATE TRANSLATION OF ENGLISH TEXT WOULD APPRECIATE YOUR THEN SIGNING COPIES ON BEHALF OF SAUDI GOVERNMENT. DOCUMENTS CAN THEN BE BROUGHT BACK TO WASHINGTON FOR SIGNATURE ON BEHALF OF BANK. A SET SIGNED BY BOTH PARTIES WILL THEN BE SENT TO YOU FOR SAUDI GOVERNMENT KEEPING. COPIES OF THE ANNUAL PROGRAM FOR 1975-76, INCLUDING THE AGREEMENT ON THE BASIS OF BILLING, AND THE PROJECT DOCUMENT CONCERNING RESIDENT MISSION, AS AGREED BETWEEN YOUR GOVERNMENT AND OURSELVES, HAVE BEEN SENT AT SAME TIME FOR YOUR SIGNATURE. IF YOU WISH THESE DOCUMENTS TO BE SIGNED IN ARABIC AND ENGLISH PLEASE LET US KNOW SO TRANSLATIONS CAN BE PREPARED AND SENT TO YOU. BEST WISHES AND WARM REGARDS

(Signed) Robert S. McNamara

ROBERT S. MCNAMARA
INTBAFRAD

Robert S. McNamara
President

Paijmans,
Cleared with and cc: Messrs./El-Darwish,
Stewart, Asfour, Hassan

cc: Mr. Wapenhans
Mr. Cargill

PBlay:cdh

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

492/4/332

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit The Hague to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Dr. W. F. Duisenberg
Minister of Finance
Ministry of Finance
The Hague, The Netherlands

cc: Mr. Peter C. Witte, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/pc

492/4/331

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

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My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Heikki Tuominen
Minister of Finance
Ministry of Finance
SF-00170 Helsinki 17, Finland

cc: Mr. Jon Sigurdsson, Director
cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/pc

692/4/330

September 18, 1975

Dear Governor:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Dr. T.W. de Jongh
Governor
South African Reserve Bank
P.O. Box 427
Pretoria
Republic of South Africa

cc: Mr. R. Van S. Smit
cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/rf

492/4 /329

September 18, 1975

Dear Mr. Treasurer:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

The Honorable
W.G. Hayden, M.P.
Treasurer of the Commonwealth
of Australia
Parliament House
Canberra, A.C.T., 2600, Australia

cc: Mr. W.A.E. Green, Director

Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/rf

h92/4/328

September 18, 1975

Dear Governor:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

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My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Mr. Gordon Richardson
Governor
Bank of England
Threadneedle Street
London, EC2R 8AH, England

cc: Mr. Anthony K. Rawlinson, Director
cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:pc

692/4/327

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

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My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

The Honorable
C.M. Drury
Acting Minister of Finance
Department of Finance
Ottawa, Ontario K1A 0G5
Canada

cc: Earl G. Drake, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel,
Gaud, Nurick/Fontein

RJGoodman:ed

492/4 1326

September 18, 1975

Dear Mr. Secretary:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

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My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Mr. H.G. Lang
Secretary to the Treasury
The Treasury
P.O. Box 5010
Wellington, New Zealand

cc: Mr. W.A.E. Green, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein

RJGoodman/rf

492/4/325

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

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My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

As I am sure you know, Mr. J. Burke Knapp, the Senior Vice President, Operations of the Bank, will be visiting Tokyo in November for the annual discussions with OECF and EXIMBANK which have been arranged for the 10th and 11th of that month. He will take this opportunity to consult with you and officials of the Ministry of Finance on the key issues that will have to be considered in connection with the Fifth Replenishment of IDA and to have the benefit of your views.

Sincerely,

Robert S. McNamara

His Excellency
Masayoshi Ohira
Minister of Finance
Ministry of Finance
Tokyo, Japan
cc: Mr. Taro Hori, Director

Messrs. Knapp, Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/rf

492 / 4/324

September 18, 1975

Dear Governor:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Rome to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Dr. Paolo Baffi
Governatore
Banca d'Italia
Via Nazionale 91
I-00184 Rome, Italy

cc: Mr. Giorgio Rota, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein

RJGoodman/rf

492/4/323

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Bonn to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Seine Exzellenz
Herrn Dr. Hans Apel
Bundesminister der Finanzen
Bundesministerium der Finanzen
D-5300
Federal Republic of Germany

cc: Mr. Hans Janssen, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein

492/4/322

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Reykjavik to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Olafur Johannesson
Minister of Commerce
Ministry of Commerce
Reykjavik, Iceland

cc: Mr. Jon Sigurdsson, Director

4912/4/321

September 18, 1975

His Excellency
Shiekh Abdul Aziz Althani
Minister of Finance and Petroleum
P. O. Box 83
Doha, Qatar

Dear Mr. Minister:

You will remember that in my concluding remarks at our recent Annual Meeting I referred to the stress put by many Ministers in their statements on the priority which their Governments gave to maintaining a high level of operations of the International Development Association (IDA) and to ensuring that the Fifth Replenishment provides a full offset to inflation as well as an appropriate measure of real growth. I also referred to the wide agreement among Ministers that the Fifth Replenishment should be supported both by its traditional donors and by those additional countries which have benefitted since the Fourth Replenishment from major increases in their natural resources and their foreign exchange reserves.

The need for IDA became apparent by the late nineteen fifties when it was realized that the Bank's assistance in helping the economic development process in member countries could not be adequately extended to those members who need assistance more, i.e., the poorer countries. They could not afford to borrow from the Bank on Bank terms. To enable these very poor countries to borrow on soft terms (repayment over a 50-year period with no repayment in the first 10 years and at no interest, but only a service charge of 3/4 of 1%) IDA was established in 1961. In order to be able to lend at these concessionary terms and to continue to do so, IDA relies on governmental contributions made over three-year periods. Contributions for the next three-year period beginning July 1, 1977 will be the Fifth in IDA's history. The First Replenishment was in 1964, the Second in 1968, the Third in 1971 and the Fourth in 1974.

To ensure continuity of IDA commitments after the Fourth Replenishment period, it is essential that negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he will arrange to visit Doha to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask that you be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SELFishawy:lgf

Cleared with and cc: Messrs. Cargill/Goodman
Adler/Schulmann

cc: Dr. Muhammad Al-Atrash

Messrs. Gabriel
Kochman
Nurick

492/4/320

September 18, 1975

His Highness
Prince Mossaed Ibn Abdel-Rahman
Minister of Finance
Riyadh, Kingdom of Saudi Arabia

Dear Mr. Minister:

I have written to Dr. Zaki Saad, the Governor of the Bank for the Kingdom of Saudi Arabia, asking him to be good enough to appoint a Deputy to represent your government in the discussions for the Fifth Replenishment of the International Development Association (IDA), (copy attached).

The need for IDA became apparent by the late nineteen fifties when it was realized that the Bank's assistance in helping the economic development process in member countries could not be adequately extended to those members who need assistance most, i.e., the poorer countries. They could not afford to borrow from the Bank on Bank terms. To enable these very poor countries to borrow on soft terms (repayment over a 50-year period with no repayment in the first 10 years and at no interest, but only a service charge of 3/4 of 1%) IDA was established in 1961. In order to be able to lend at these concessionary terms and to continue to do so, IDA relies on governmental contributions made over three-year periods. Contributions for the next three-year period beginning July 1, 1977 will be the Fifth in IDA's history. The First Replenishment was in 1964, the Second in 1968, the Third in 1971 and the Fourth in 1974.

During the Bank's Annual Meetings this year, Minister after Minister of our member countries stressed the priority which his government gives to the maintenance of a high level of IDA operations. There was wide agreement that the Fifth Replenishment should be supported both by its traditional donors and by the additional countries which, since the last replenishment, have benefitted from increases in their national incomes and in their foreign exchange reserves.

To ensure continuity of IDA commitments after the Fourth Replenishment period, it is essential that negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that discussions on the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he will arrange to visit Riyadh to consult with you on the key issues that will have to be considered and to have the benefit of your views.

Saudi Arabia has played an important role among other OPEC countries in the field of economic development aid. This has been demonstrated by both bilateral aid efforts through the Saudi Fund for Development and multilateral cooperation through, for example, the Islamic Development Bank and your important contribution to the "Third Window" Subsidy Fund. We hope that Saudi Arabia will play an important role among OPEC countries in the Fifth Replenishment.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SE1Fishawy:lgf
Enclosure

Cleared with and cc: Messrs. Cargill/Goodman
Adler/Schulmann

CC: Dr. Muhammad Al-Atrash

Messrs. Gabriel
Kochman
Nurick

492/4/319

September 18, 1975

His Highness
Sheikh Hamdan Bin Rashid Al Maktoom
Deputy Prime Minister and Minister
of Finance, Economy and Industry
Abu Dhabi, United Arab Emirates

Dear Mr. Minister:

You will remember that in my concluding remarks at our recent Annual Meeting I referred to the stress put by many Ministers in their statements on the priority which their Governments gave to maintaining a high level of operations of the International Development Association (IDA) and to ensuring that the Fifth Replenishment provides a full offset to inflation as well as an appropriate measure of real growth. I also referred to the wide agreement among Ministers that the Fifth Replenishment should be supported both by its traditional donors and by those additional countries which have benefited since the Fourth Replenishment from major increases in their natural resources and their foreign exchange reserves.

The need for IDA became apparent by the late nineteen fifties when it was realized that the Bank's assistance in helping the economic development process in member countries could not be adequately extended to those members who need assistance more, i.e., the poorer countries. They could not afford to borrow from the Bank on Bank terms. To enable these very poor countries to borrow on soft terms (repayment over a 50-year period with no repayment in the first 10 years and at no interest, but only a service charge of 3/4 of 1%) IDA was established in 1961. In order to be able to lend at these concessionary terms and to continue to do so, IDA relies on governmental contributions made over three-year periods. Contributions for the next three-year period beginning July 1, 1977, will be the Fifth in IDA's history. The First Replenishment was in 1964, the Second in 1968, the Third in 1971 and the Fourth in 1974.

To ensure continuity of IDA commitments after the Fourth Replenishment period, it is essential that negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

I have asked Mr. Cargill, the Bank's Vice President for Finance, to take the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he will arrange to visit Abu Dhabi to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask that you be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SELFishawy:lgf

Cleared with and cc: Messrs. Cargill/Goodman
Adler/Schulmann

cc: Dr. Al-Atrash
Messrs. Gabriel
Kockman
Nurick

September 18, 1975

4012/4/318

Dear Dr. Saad:

You will remember that during our Annual Meetings this year we heard Minister after Minister stress the priority which his government gives to the maintenance of the high level of the International Development Association (IDA) operations. The Bank's management has to move promptly towards negotiations of the Fifth Replenishment in order to insure continuity of IDA commitments at the end of the Fourth Replenishment period. To achieve this goal it is essential that the negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

Saudi Arabia has played an important role among other OPEC countries in the field of economic development aid. This has been demonstrated by both bilateral aid efforts through the Saudi Fund for Development and multilateral cooperation through, for example, the Islamic Development Bank, and Saudi Arabia's important contribution to the "Third Window" Subsidy Fund. We hope that Saudi Arabia will play an important role among OPEC countries in the Fifth Replenishment and I now write to ask you whether you will be good enough to appoint a Deputy to represent the Saudi Government in discussions on this subject which will be held at the Bank's European Office in Paris beginning Monday, November 24, 1975.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. A. Z. Saad
Governor for Saudi Arabia
International Monetary Fund
700 19th Street, N. W.
Washington, D. C. 20431

SElFishawy:lgf

Cleared with and cc: Messrs. Cargill/Goodman, Adler, Schulmann
cc: Messrs. Al-Atrash, Gabriel, Kockman and Nurick

492/4/317

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Sweden to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
G. D. Strang
Minister of Finance
Kungl. Finansdepartementet
Pack 103 10 Stockholm 2, Sweden

cc: Mr. Jon Sigurdsson, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:ed

492/4/316

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Reykjavik to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Olafur Johannesson
Minister of Commerce
Ministry of Commerce
Reykjavik, Iceland

cc: Mr. Jon Sigurdsson, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:ed

492/4/315

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Paris to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Son Excellence
Monsieur Jean-Pierre Fourcade
Ministre de l'Economie et des
Finances
93, rue de Rivoli
F-75056 Paris 1^{er} France

cc: Mr. Jacques Henri Wahl, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/rf

492/4/1312

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Oslo to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Per Kleppe
Minister of Finance
Ministry of Finance
Oslo - Dep., Norway

cc: Mr. Jon Sigurdsson, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman/rf

492/4/B3

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Copenhagen to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

His Excellency
Ivar Norgaard
Minister for Foreign Economic Affairs
Ministry for Foreign Economic Affairs
DK-1218 Copenhagen K, Denmark

Mr. Jon Sigurdsson, Director

cc: Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontein

RJGoodman/rf

492/4/312

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Luxembourg to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Son Excellence
M. Raymond Vouel
Vice-President du Gouvernement et
Ministre des Finances
Luxembourg
Grand-Duche de Luxembourg

cc: Mr. Jacques de Groote, Director
cc: Messrs. Cargill/Adler/Damry/Gabriel, Gaud, Nurick/Fontein

RJGoodman/pc

492/4/311

September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Vienna to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November, I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Seine Exzellenz
Dr. Hannes Androsch
Bundesminister für Finanzen
Bundesministerium für Finanzen
Postfach 2
A-1015 Vienna, Austria

cc: Mr. Jacques de Groote, Director
cc: Messrs. Adler, Cargill, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:pat
September 16, 1975

492/4/310

September 18, 1975

Dear Mr. Secretary:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

The Honorable
William E. Simon
Secretary of the Treasury
Department of the Treasury
Washington, D.C. 20220

cc: Mr. Charles A. Cooper, Director
Messrs. Cargill, Adler, Damry, Gabriel, Gaud, Nurick/Fontain

RJGoodman/pc

492/4 /309
September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Dublin to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

The Honorable
Richie Ryan
Minister for Finance
Department of Finance
Upper Merrion Street
Dublin 2, Ireland

cc: Mr. Earl G. Drake, Director
cc: Messrs. Cargill, Adler, Benjenk, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:pat
September 16, 1975

492/4 1308
September 18, 1975

Dear Mr. Minister:

At our recent Annual Meeting many Ministers stressed in their statements the importance which their Governments attach to ensuring that the operations of IDA continue at a high level and that the Fifth Replenishment provide not only a full offset to inflation but an appropriate increase in real terms as well. There was also wide agreement among the Ministers that the Fifth Replenishment should be supported both by the traditional donors and by those additional countries which have recently benefited from major increases in their national incomes and their foreign exchange reserves. I alluded to these statements in my concluding remarks.

The period of the Fourth Replenishment ends on June 30, 1977. In order to avoid a hiatus in IDA commitments, negotiations for the Fifth Replenishment should be completed before the next Annual Meeting in Manila in order to allow time for the necessary legislative action to be completed. For that to be possible, discussions should begin immediately. I have asked Mr. Cargill, the Bank's Vice President for Finance, to undertake the principal responsibility for these discussions on behalf of IDA, and it is his intention to call a meeting of Deputies at the Bank's European Office in Paris during the week beginning Monday, November 24. Before that time he or one of his senior associates will arrange to visit Brussels to consult with you on the key issues that will have to be considered and to have the benefit of your views.

My immediate purpose in writing to you is to ask you to be good enough to appoint a Deputy to represent your Government in the Fifth Replenishment discussions and to attend the Paris meeting in November. I am sending a similar request to all the other Ministers of Part I countries, as well as Ministers of the capital surplus members of OPEC.

I would appreciate receiving an early reply to this letter so that arrangements for the visits and the Paris meeting may be confirmed.

Sincerely,

Robert S. McNamara

Son Excellence
M. Willy De Clercq
Vice Premier Ministre
et Ministre des Finances
Rue de la Loi, 12
B-1000 Bruxelles, Belgium
Mr. Jacques de Groote, Director
cc: Messrs. Adler, Cargill, Damry, Gabriel, Gaud, Nurick/Fontein
RJGoodman:pat
September 16, 1975

492/4 1307

SEP 17 1975

Dear ^{Paul} ~~Mr. Gérin-Lajoie~~:

Thank you very much for sending me a copy of your "Strategy for International Development Cooperation - 1975-1980."

It is a concise and positive state paper of the sort one has come to expect from your Government in the development field.

Naturally, I am particularly pleased by the strong support expressed for the World Bank and IDA in a document likely to be read by many who are not as aware as we are how strong and how consistent that support has been. I was also glad to see the stress on priority for the poorest countries on highly concessional terms. May I also take this occasion to say what a significant contribution the International Development Research Center, so generously supported by your Government, is now making to our common development efforts. The IDRC is certainly one of the most enlightened and flexible institutions on the international scene.

With best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Paul Gérin-Lajoie
President
Canadian International Development
Agency
122 Bank Street
Ottawa, Canada

cc: Mr. Drake, Executive Director.

MLHoffman:pa
Typed: September 16, 1975

492/4 1305

SFP 16 1975

Dear Mr. Prime Minister:

I have written to His Excellency the Governor of the Bank for Kuwait, Minister Abdul Rahman Alateeqy, asking him whether he would be good enough to appoint a Deputy to represent your government in the discussions for the Fifth Replenishment of the International Development Association (IDA), (copy attached).

I am writing to you personally because of the strong, keen interest Your Highness takes in the cause of economic development aid. This I have clearly sensed during the enjoyable discussions I have had with you on the occasions of my past three visits to Kuwait. Under your wise and farsighted guidance Kuwait has played a leading pioneering role among other OPEC countries in the field of economic development aid. This has been demonstrated by both bilateral aid efforts through the Kuwait Fund and multilateral cooperation through, for example, contribution to the "Third Window" Subsidy Fund and past contributions to the Third and Fourth IDA Replenishments. Actually, Kuwait has been the first and, until now, the only OPEC country to contribute to IDA replenishments since November 1971. All of this leads me to write to you now about the IDA Fifth Replenishment hoping that, here again, Kuwait will play a leading role.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Enclosure

His Highness
Sheikh Jabir Al-Ahmad
Crown Prince and Prime Minister
Kuwait, Kuwait

Cleared with
and cc: Cargill
Goodman
Schulmann

SE1:lgf:rv1 9/15/75

September 16, 1975

492/4 1302

Dear Mr. Minister:

You will remember that during our Annual Meetings this year we heard Minister after Minister stress the priority which his government gives to the maintenance of the high level of the International Development Association (IDA) operations. The Bank's management has to move promptly towards negotiations of the Fifth Replenishment in order to insure continuity of IDA commitments at the end of the Fourth Replenishment period. To achieve this goal it is essential that the negotiations for the Fifth Replenishment be completed before the Bank's next Annual Meetings in October 1976.

I cannot exaggerate the sense of urgency with which we must approach this task. I have, therefore, proposed that such negotiations for the IDA Fifth Replenishment should begin in earnest so that by June 1976 the Executive Directors of the Bank could consider a formal plan for submission to the Governors.

Kuwait has played a leading pioneering role among other OPEC countries in the field of economic development aid. This has been demonstrated by both bilateral aid efforts through the Kuwait Fund and multilateral cooperation through, for example, contribution to the "Third Window" Subsidy Fund and past contributions to the Third and Fourth IDA Replenishments. Actually, Kuwait has been the first and, until now, the only OPEC country to contribute to IDA replenishments since November 1971. We hope Kuwait will continue to play a leading role among OPEC countries in the Fifth Replenishment and I now write to ask you whether you would be good enough to appoint a Deputy to represent your government in the discussions on this subject, which will be held at the Bank's European Office in Paris beginning Monday November 24.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

It was good to see you in such good health during your visit to Washington.

His Excellency
Abdul Rahman Salim Alateeqy
Minister of Finance
Kuwait, Kuwait

Best wishes,

Bob

SE1:lgf:rv1:9/15/75

Cleared with & cc: Messrs. Cargill

Goodman

Schulmann ✓

492/4/302

September 16, 1975

MEMORANDUM FOR MR. CARGILL

I concur in the positions you have taken in your memorandum
"Selective Capital Increase", dated September 12, 1975.

Robert S. McNamara

RMcN:bmm

492/4/300

September 15, 1975

MEMORANDUM FOR MR. HOFFMAN

Mr. Hannah has requested and I have agreed that the World Bank will continue to carry Mr. Walters on its payroll while he is on assignment with the World Food Council serving with Mr. Hannah. It is anticipated that such service will extend through March 1976 -- in any event it would terminate by December 31, 1976. While Walters remains with the Food Council, we will cover his travel expenses, those other expenses we are presently paying, and we will reimburse Walters for U. S. income taxes levied on his compensation.

Mr. Hannah has asked that we finance a second person to work with the Food Council in the rank of P-5 through March 1976. I am prepared to do so if he or we find a man qualified to carry out the assignment.

Robert S. McNamara

cc: Messrs. Chadenet
Baum
Yudelman
Adler
Hannah

RMN:mss

September 5, 1975

492/4/298

Dear Governor:

Now that the 1975 Annual Meetings are over, I would like to express my warm appreciation for the admirable manner in which the proceedings of the Meetings were conducted under the able chairmanship of yourself and your fellow Chairman from Venezuela.

I am certain that we can all look back upon a most successful and eventful week with satisfaction at having completed a heavy schedule smoothly and efficiently.

Mrs. McNamara and I were delighted to make the acquaintance of your charming wife and we look forward to renewing our acquaintance in the future.

Sincerely,

Signed by RMcN

Robert S. McNamara

The Honorable
Alfredo Lafae
Chairman, Boards of Governors
International Monetary Fund
Room B-424
Sheraton Park Hotel
Washington, D. C.

PNDamry:mss

492/4/297

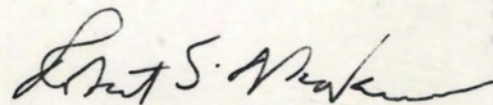
Office of the President

September 5, 1975

(To Department Heads, Conference Officers and
Annual Meetings' Secretariat)

With the close of the 1975 Annual Meetings of the Boards of Governors, I wish to express my deep appreciation to the members of the staff who were associated with the Annual Meetings for their hard and effective work.

The smooth and efficient organization of the events of the week reflects great credit on the many staff members involved. I congratulate and thank them all.



Robert S. McNamara

492/4296

September 5, 1975

Dear Governor:

Now that the 1975 Annual Meetings are over, I would like to express my warm appreciation for the admirable manner in which the proceedings of the Meetings were conducted under the able chairmanship of yourself and your fellow Chairman from Venezuela.

I know that we can all look back upon this past eventful week with a feeling of satisfaction at a heavy schedule being completed smoothly.

Mrs. McNamara and I were delighted that your charming wife accompanied you and we look forward to meeting again.

Sincerely,

Signed by RSN

Robert S. McNamara

The Honorable
Gumersindo Rodriguez
Chairman, Boards of Governors
International Bank for Reconstruction
and Development
Room M-485
Sheraton Park Hotel
Washington, D. C.

PNDamry:mss

4012/4/294

September 4, 1975

To Mr. Danry .

Purvis,

Please prepare for use by Peter Cargill and me extracts from Governors' speeches, quoting exact words where possible, of remarks relating to VIDA, IBRD's Capital Increase, and the recapitalization of IFC.

R. S. McNamara

RMcN:bmm