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IDA Meeting Briefings
January 1984 IDA 7



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ORIGINAL

TRANSCRIPT OF PROCEEDINGS

Press Conference

with

A.W. Clausen
President
World Bank

and

Hosen A. Gumbel
Senior Vice President, Finance
World Bank

Washington, D.C.
January 14, 1984

Pages 1 thru 32

MILLER REPORTING COMPANY, INC.
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Barham—

Press Conference

with

A. W. Clausen
President
World Bank

and

Moeen A. Qureshi
Senior Vice President, Finance
World Bank

2:55 p.m., Friday
January 14, 1984

The Eugene Black Room
World Bank
18th and H Streets, N.W.
Washington, D. C.

P R O C E E D I N G S

MR. VOGL: Good afternoon. Sorry we are a bit late.

The meeting started on Wednesday morning, and we have tried to hold this press conference literally at the earliest possible time. Therefore excuse us if we do not have a press release for you. We thought, rather than take up more time with trying to concoct a delicate and diplomatic press release, we would try and give you the news straightaway.

Mr. Clausen will have an opening statement which outlines the conclusions of this meeting, and we will have copies of all of that available for you very shortly.

Mr. Qureshi has chaired the meeting this week, and Mr. Qureshi and Mr. Clausen and Mr. Benjenk are here to answer your questions.

Thank you for coming this afternoon.

Mr. Clausen?

MR. CLAUSEN: Thank you, Frank. And, yes, good afternoon, ladies and gentlemen--we do thank you for coming out this afternoon.

We are happy to report that a number of decisions have been reached after exceptionally difficult and lengthy

negotiations on this Seventh Replenishment of IDA. Permit me to note the main features of these decisions first, and then to comment briefly on the situation in general.

A number of technical as well as an array of procedural and legislative steps must be taken before final agreements are signed, but the general framework for an IDA 7 has been established.

We have agreed on a replenishment of \$9 billion over three years, at this time, in order to ensure that IDA does not run out of commitment authority on July 1. At the same time, the deputies have provided management with a mandate to pursue efforts in the immediate months ahead to secure supplemental resources for IDA, and we shall, of course, vigorously pursue this course.

The deputies have also asked for a review of IDA's situation to be conducted at a suitable point in the replenishment period to assess the impact of this low volume of resources on recipient countries and to assess whether, with improved conditions in donor countries, we can again at that time raise further amounts.

As you know, the United States decided to limit its contribution to \$750 million per year, and to no more than 25 percent of the total sum of all contributions. This

implied an IDA of \$9 billion with a three-year period, starting in mid-1984.

Every other donor stated a willingness to support a \$12-billion replenishment, but there was a determination to maintain the principle of burden-sharing upon which all multilateral agreements of this kind are based, and no donor wished to see the U. S. share slip below a minimum of 25 percent.

Under the present circumstances, we felt it was unlikely that further negotiations would have produced more than \$9 billion. So we decided not to prolong a process which has already stretched over fourteen months, and felt that the time had come for a decision.

Legislation has to be approved in all donor countries in order to ensure that IDA has a commitment authority in place on July 1 of this year. This factor has also pressed us to reach some decisions now.

This agreement means that IDA will therefore have commitment authority for the start of the next fiscal year, and this is most important. Although the level may be lower than what we would have liked, we hope that we will be able to raise supplemental resources to increase it somewhat.

But let me leave you in no doubt about my own

feelings. I think that it is both sad and disappointing that we could not reach agreement on more than \$9 billion today.

We therefore consider this important decision as only ending the first phase of efforts to secure a strong IDA for the years to come. I say this because many donors encouraged us at this meeting to develop plans in the immediate weeks ahead that could serve as a basis for securing supplemental funds for IDA. We will spare no effort to secure such additional funds in the coming months. The task will be very difficult, but we are determined to exhaust every possible avenue in our effort.

The decision of the United States to limit its share to 25 percent, despite U. S. gross national product accounting for more than one-third of the combined GNP of all the other donors, made it essential that numerous donors provide IDA with more funds than their GNP share would demand. And the willingness of many donors to do this is a major achievement and underlines the respect that so many donor governments have for IDA and the value that they attach to IDA.

In this context let me draw your attention to decisions reached on the side of these negotiations.

Japan, the second largest industrial nation in the

world, requested that it become the second largest shareholder in IBRD, moving up from fifth place. Japan stated that it would be willing to raise its IDA share if this could be accomplished.

Agreements in principle have been reached under which Japan will contribute 18.7 percent of the IDA replenishment compared with 14.65 percent in IDA 6. Japan thus will assume the second place in IBRD behind the United States, with Germany remaining in third place and Great Britain and France sharing the fourth position in IBRD voting ranking.

The final details on this change, and on an IBRD-selective capital increase to facilitate the change, have yet to be worked out. But we are hopeful of this being completed within a few weeks--and by "being completed" I mean by Board action.

There have been immense efforts made by many IDA deputies and by our management team to conclude an IDA agreement, and it is difficult to say today what additional steps could have been taken to bring about a better result.

The \$9-billion sum is inadequate, set against the very great needs of the world's low-income nations. The situation in these countries is indeed serious.

But we shall use the resources available as best

we possibly can to secure higher living standards for the 2 and 1/2 billion poor people that IDA serves. In the weeks ahead we shall conduct an intense review of our lending plans to determine the wisest ways of using the limited IDA resources that will be available in the coming years.

I don't want to prejudge that review in any way now by speculating on what a \$9-billion IDA will mean, especially as we are determined to find ways to ensure over the next three years that IDA in fact does have more than \$9 billion at its disposal.

But it is clear that the amount of IDA assistance available for sub-Saharan Africa will be gravely inadequate.

The results of IDA credits to India have been substantial, and India has a real need for concessional assistance. But there can be no doubt that India will now receive less from IDA.

And there can also be no question that China, a nation of great poverty, will receive less from IDA than it expected.

The result is indeed less than we felt should have been done. But we shall ensure that IDA funds are used well, and we shall fight and campaign on every possible front to secure additional concessional funds for these poorest of

the poor countries.

A decision has been taken and we must accept it. But we see it as a first stage in an effort that will continue to strengthen the International Development Association in the years to come.

Now, Moeen Qureshi has chaired the meeting, and he is here, and he and I and the others are open to your questions, ladies and gentlemen.

QUESTION: How much do you expect to get as part of this supplemental exercise over the next ---

MR. VOGL: Jack, one second. I would appreciate it, when you ask a question, if you would give your name and publication, because we are making a transcript and it would help.

Mr. Norman.

QUESTION: Jack Norman, AP-Dow Jones. How much do you expect to get as part of this supplemental package over the next few months?

MR. CLAUSEN: Jack, as much as possible--and I think that the request that the IDA deputies gave to management is to work diligently in the weeks ahead on framework and ideas to try to close the gap between the \$12 billion that all the donors save one were willing to support, and

the \$9 billion that is now locked up, or in principle locked up, in IDA 7.

QUESTION: Mr. Clausen--Bart Roan (?), Washington Post--have any major nations said specifically that they will not participate in the supplemental fund?

MR. CLAUSEN: There are a number of nations that-- I think the fact that we are going after a supplemental fund indicates the answer to that question, because had all nations been willing to support a 12-billion, we would have been locking up \$12 billion instead of \$9 billion.

So the answer to your question is yes.

QUESTION: Well, let me ---

MR. CLAUSEN: Some have said conditional--and we don't see the conditions being susceptible to being met at the moment, but over the coming months we are hopeful that we can procure additional funds in whatever form, either in supplemental funds, additional grants, special grants to IDA--and that happened in 6--there are some nations that indicated that they will be doing the same for 7; or in a side account or fund, or whatever.

As multilateral as we can get it.

QUESTION: I intended to ask the question rather around the other way. Let me try it this way: some of us

have been told, for example, that the West Germans have said that they would not participate in a supplemental fund. Is that correct?

MR. CLAUSEN: Yes, Moeen?

MR. QURESHI: I think that that position--let me first say that the position that the West Germans have taken consistently has been that they would be able to provide additional resources, provided the United States did. I think that all countries other than the United States have indicated that they would be able to provide additional resources. There are differences amongst them at this stage as to the modalities according to which they would be able to provide those funds.

But I think this is precisely the issue that will need to be discussed in the weeks and months to come, as to what is the basis on which countries can join.

I might add here that the wish was expressed unanimously by all other donors, that is to say, donors other than the United States, that they hope very much that the U. S. would still reconsider and provide additional resources, because that would greatly facilitate their task in meeting their part of it.

QUESTION: Mr. Clausen, if you count China and India, how much money is left now for the rest of the poor countries, by your calculation?

MR. CLAUSEN: If you count all of them, not enough I guess is the direct answer.

QUESTION: But it must be much less.

MR. CLAUSEN: Much less--there is no question.

QUESTION: How much less?

MR. CLAUSEN: Well, that is the subject of the review that management--with now \$9 billion for IDA--that we will need to review our program and, clearly, it means less for India, it will mean less than what China had expected, it will mean less for sub-Saharan Africa than otherwise would be possible.

But, as I said, I don't want to prejudge that.

But that is the direction--and that has been mandated by the decision of the governments, the donor governments to IDA.

QUESTION: (Inaudible). Will reviewing the replenishment at a later stage dilute the effort for setting up an adequate supplemental fund in the meantime? May not some countries use this as an excuse and say: since in any case we are going to review in the coming months for the

main program, why should we rush ahead with the supplemental fund?

MR. CLAUSEN: Countries can use any reason or non-reason to determine their actions.

I don't believe that calling for a review during the next replenishment will lessen any effort--certainly will not lessen or tend to dilute our effort in trying to get additional funds. Nor do I believe it will be a handy excuse, as the way you put it, sir, for countries to say no. Rather I think review will merely tend to dramatize the needs. We are in the deepest recession of the last fifty years, and there is a tendency for the media, if you will excuse me, to put too much focus on the middle-income countries and not enough on the poorest of the poor countries, who have very few alternatives in these difficult times.

And I think that is the focus of the call for the review, is let's periodically take a look during the replenishment to see the real impact that a \$9-billion IDA is having on the poorest of the poor countries.

QUESTION: (Inaudible) from the PTA. What are the problems that prevented you from getting the supplemental at this meeting? It is not very clear to me why the

modalities prevented the resolution of this problem now.

MR. CLAUSEN: I think in general terms the problems are the problems of even getting a \$9-billion IDA agreed upon by the donor countries. It is a fact that there are budget constraints on all donor countries, save none.

And then the burden-sharing question vis-a-vis some of the strong countries--there are six countries that, subject to home country approval, will be dropping their percentage; seven countries will be increasing their percentages.

But I must say that the effort to get \$9 billion now, because time is running out, and agree in principle so that we can the legislation, to have commitment authority come July 1, took the priority, and therefore we needed some extra time to work out the modalities and the sums and the arrangements for the supplemental funds.

And that is the reason. It is difficult to begin with, and we need to lock something up so that we can go forward and get the legislation.

QUESTION: Don May with UPI. Mr. Clausen, you mentioned Japan is increasing its share of IDA 7 compared to IDA 6.

Is there an additional cash outlay that goes with

that, and, if so, how much is it? Is Japan putting in some extra money in addition to what would have been her share under the old burden-sharing formula? And, if so, how much is that?

MR. CLAUSEN: They have committed 18.7 percent of a \$9-billion IDA as compared with 14.85 percent for IDA 6. But there again there are no indications, no commitments of any country to additional funds, because that was not the purpose of this meeting.

That will be resolved in the coming months, and in the immediate months--say, over the next four, five, or six months.

QUESTION: Clyde Farnsworth, The New York Times. If there a commitment gap between the actual pledges of resources and the 9 billion, and could you say what that gap is and identify the countries that have been unwilling to go up?

MR. CLAUSEN: Moeen, can you take that?

MR. QURESHI: Yes. It is correct that we have a gap of about 3 percent that still remains. But for comparison purposes I would like to say that when we completed the IDA 6 exercise, at that time there was a gap of about 1.35 percent that was not really filled.

And we were able to reduce that gap in the IDA 6 exercise through requesting donors to make special additional contributions to fill that gap.

The gap that you see now of about 3 percent that I have mentioned includes a 2-percent reduction in the U. S. share, and there is great reluctance on the part of other donors to fill that gap.

And that leaves basically, if you wish, another 1-percent gap.

There are some countries--there are about six countries that have actually increased their share--perhaps seven countries, seven countries that have increased their share, and there are about six countries whose share has decreased. The gap, therefore, arises at this stage.

I think there was a very strong feeling at this meeting that the management should make efforts, and the President will be in fact communicating with donor governments to try to see how we can fill that gap in the next few weeks--or at least try to reduce it as much as is possible.

QUESTION: Can you identify the six and the seven, please?

MR. QURESHI: Yes. The countries that have increased their share are Canada, Finland, France, Italy,

Japan, Norway, and Spain; the countries--this is to say in relation to their shares in IDA 6--the countries that have reduced their shares are Germany, Kuwait, Sweden, the United Kingdom, the United States, and Brazil.

I would like you, however, to keep very much in mind that what I am saying to you are the indications of a very preliminary nature which have been given by these representatives; they are still subject to confirmation by their governments.

QUESTION: Jim Berger, from U. S. Export Weekly. Did you get a feeling that the donors are less enthusiastic about supplemental funding than they were last year, or would you expect the same amount of money to be given this year as last year in additional funds?

MR. CLAUSEN: Moeen, perhaps--Moeen has been spending most of the hours of the last two and a half days in this and has a very close feel.

MR. QURESHI: No, I think that--donors other than the United States have consistently, I might say, supported a larger figure, a much larger figure than we have been able actually to obtain at this agreement, at this meeting.

But you must recognize that they also support the principle of multilateral burden-sharing. And it is very

difficult for donors to go ahead and increase on a unilateral basis their shares, because they believe that their own bilateral programs, then, have to also to be taken care of.

Now, you will recall that in the Tokyo meeting a number of donors supported in fact a \$16-billion IDA; some others supported a \$14-billion IDA. But at several meetings of the Development Committee meeting, as well as at a meeting of European ministers held in Greece, there was broad support for a minimum of a \$12-billion IDA.

So I would say that that support has been there all the time. That support was very evident during this meeting at which the donors have gone on record, that is to say, donors other than the United States have gone on record in saying that they believe that a \$9-billion IDA is gravely inadequate, and they believe that we ought to try to achieve a \$12-billion IDA which they believe is necessary, especially in current circumstances.

QUESTION: Richard Nations, Far Eastern Economic Review.

What was the strength of support during the meeting for restricting procurement financed out of the supplemental fund to only those countries which contributed to the fund?

MR. QURESHI: We did not really discuss that

particular issue. We felt that at this particular time we ought to concentrate on trying to get full agreement on the \$9 billion, and the donors gave us a very clear mandate to go ahead and explore the possibility--but I can assure you that there were donors that have some very specific ideas as to how this should be done, and they include, for example, setting up of some facility along the same lines that was set up following the Toronto meeting. There are, on the other hand, other donors, as Mr. Clausen has already indicated, which feel that this should be done on a pro-rata basis with the United States coming in.

But I think that there are different shades. This matter was not discussed at all at any great length during this meeting.

QUESTION: (Inaudible), India. Mr. Clausen, has the 40-percent share which had been portioned out for India and China, will that be extended to a \$9-billion IDA 7 also as it was for IDA 7 (sic) of \$12 billion?

MR. CLAUSEN: Oh, very clearly, with a smaller magnitude aggregate sum for IDA's use for the coming three years, it puts pressure on the percentage that can come for those countries that are perceived to have a few more alternatives, poor countries, for sure, but have some

creditworthiness in the market place.

I believe that that is going to be part and parcel of our review. And, again, I do not wish to prejudge that, other than to say that India, China, everyone will suffer, including India and China, insofar as less funds being available.

QUESTION: Carl Hartman, AP. If limiting the procurement is not the basis of the special fund, what would be the basis of the special fund?

MR. CLAUSEN: There again I must say that in principle--I should say the details and the modalities and the techniques and the conditions of a special fund were not discussed in any detail at this, other than in principle there are countries that feel very strongly that additional funds must be obtained and therefore, as we stated in the release, the statement to the press--I think you all have it now--that we were given a mandate for the immediate months forward to go forward and try to shape additional sums.

And this can be an individual country preference, as has been in the past.

Our objective is to get it into as multilateral a form as we possibly can, and with as few conditions and strings as we possibly can.

QUESTION: (Inaudible), The Hindu, India. Is there any time frame by which the Bank management will be required to find supplemental resources; and, two, whether there will have to be a meeting of the supplemental donors, when do you expect that meeting to be held?

MR. CLAUSEN: Moeen, perhaps you could address that.

MR. QURESHI: Most donors who strongly supported the Bank should attempt to try to mobilize additional resources said that they hoped that the Bank would conclude its work by July 1; in other words, the beginning of the IDA replenishment period.

Now, the extent--whether or not that objective can be met, I can assure you that we, on our part, and the Bank's management, IDA management's part, we certainly intend to do our best. But this really depends upon what type of responses we are able to get and how quickly we can get the various donors to indicate what it is that they would be in a position to do.

I would like to make one small point just to indicate to you that, while views were expressed, this idea of a special fund was really not discussed at these meetings, because there are different objectives that different donors

have; for example, the Arab countries that were represented at this meeting indicated very clearly that, while they are very supportive of IDA and would be glad to participate in an exercise which is broadly based to provide additional resources, that take the IDA resources closer to \$12 billion, but they were not interested in procurement. For them this is merely providing additional resources to IDA, and therefore they would not be very interested in some kind of a special fund which merely provides procurement restrictions, since they do not participate in procurement in any event.

So there was a diversity of views, but there was a unanimity as to the support they were prepared to give to some effort which was multilateral, as multilateral as possible, to raise additional resources.

QUESTION: Mr. Clausen, do you expect that the maturities on IDA loans and non-interest rates on IDA loans will have to be changed before the end of the year as a result of this today?

MR. CLAUSEN: No, the short answer to that: no, I do not expect that.

QUESTION: Still do 50 and interest-free?

MR. CLAUSEN: I think there is a very strong rationale that if you are going to diminish the magnitude, sums,

to shorten the maturities and put tougher conditions in it as well is maybe putting too much burden.

Therefore, we do not intend--there is no strength for the move to shorten maturities, to increase the burden on the poorest countries.

QUESTION: Nelson Graves from BNA. In your upcoming review, how much attention will be paid to changing the eligibility requirements for recipient countries from an emphasis on per-capita GNP to a creditworthiness measure, as measured by balance-of-payments situation or level of external debt?

MR. CLAUSEN: Well, I think that already the threshold for receiving IDA funds is much lower than the practical aspects of those countries receiving--it is much lower than the threshold.

More than 90 percent of the commitments to IDA in recent years have gone to those countries that have under \$400 U.S. per capita per annum--the overwhelming bulk is there. There is not much room to lower that threshold any lower.

And we are not changing any guidelines. Creditworthiness is a consideration--that is in our charter. But we are not considering changing our guidelines for

recipients of IDA in any way.

QUESTION: Bob Jackson, Los Angeles Times. Mr. Clausen, what specific objections has the United States given to fuller funding on its part, and what is your own view as to those objections?

MR. CLAUSEN: Well, the principal objections that the United States Administration has put forward as to only being willing or wanting to recommend to Congress \$750 million a year, is that Congress will not approve and appropriate any more than \$750 million a year.

And I would merely point to the record that Congress has appropriated \$945 million for IDA in its fiscal year 1983, and \$945 million in its fiscal year 1982. And there are budget constraints, there is a tremendous effort on the part of the United States to reduce its budget deficit, and this is part of that effort.

I must say I find that very disappointing, particularly in the light of the fact that the United States exports to developing countries is around 40 percent, and it has been growing over the last decade, and it is very much in the interest of the United States to develop the economies and to contribute to the development of the economies of the third world on a self-interest argument.

But that is basically the argument of the Administration, is that Congress would not approve more than \$750 million a year. And then we are all aware of the problems in IDA 6 where there was a feeling that the Administration had accepted and agreed on an IDA replenishment in 6 which Congress could not deliver, and I think that there was maybe a counter effort to make sure that that would not happen on 7.

QUESTION: Mr. Clausen, can you tell what was promised to you when you were in Bonn in April?

MR. CLAUSEN: What was promised in April was to strongly support the effort of IDA. Germany has been one of the stalwarts through the years for the Bank, in IFC, in IBRD, and in IDA, and my going to Germany on that trip--my most recent trip was to try to explain any questions, to try to get as large a support as we possibly could from a very important country.

QUESTION: Does this mean they told you that they would try to get in total more than \$12 billion for IDA 7?

MR. CLAUSEN: In all candor, I must say that Germany did not over-promise when I was there in comparing with what they delivered now. They have lived up in every way, in the spirit and candor of the discussions that have

been behind the scenes these many months.

QUESTION: Robert Lyle, RFE News. Did the United States take any position in principle on any special funds being set up?

MR. CLAUSEN: Yes, in principle they supported that we should make an attempt to try to get extra funds. By the same token, they said that the United States cannot come up and contribute to any extra funds.

But they supported our effort and they encouraged others to support and contribute.

QUESTION: Rich Waffin (?), Development Bank Business Report.

Aren't you a little worried that things like the special fund or supplementary funds are going to start to undermine the multilateral character of the Bank?

MR. CLAUSEN: Well, very clearly, a \$9-billion IDA and a special fund of X is not as good as incorporating all of those sums in one IDA.

But if you look at it from the needs of the third-world countries, I think you have to look at not just IDA unto itself--we have to look to the mission that we must do everything we possibly can to help the poorest of the poor countries develop their economies.

And they cannot do it without capital flows and concessional monies; and, therefore, the magnitude of the funds that are available is extremely important. And that is what the donors are saying, and that is the rationale for the mandate to management to do everything it can to close the gap. And, as we say, to make the special funds as multilateral in form as we possibly can.

As Moeen has pointed out, there are different constituencies, and constituencies and donors have different rationales for it. But that is the purpose and that is the effort, and that is the hope.

QUESTION: Alex Brown of The Guardian. Just returning to the attitude of the United States again, there have been some accounts that the U. S. is also being difficult about the selective capital increase, there is a wide difference in the amount of money which the Bank would like to be contained in that selective capital increase and the amount of money which the U. S. is willing to support.

Could you talk about that a little please?

MR. CLAUSEN: Yes. I believe that there is a strong support--let's say an overwhelming majority of the countries for supporting a selective capital increase of around \$8 billion. And that is the hope, that we will be

able to resolve that in the coming weeks, and to resolve that with action in our Executive Board.

QUESTION: Does the United States not think that \$3 billion would be a more appropriate figure?

MR. CLAUSEN: The United States has indicated that it would give every consideration to a selective capital increase in the magnitude that I have given it, and they have not said that under no circumstances are we only going to commit to a \$3-billion selective capital increase.

QUESTION: And one other question about the U. S. attitude.

As far as the special fund is concerned, are you aware of some accounts which have been circulating in the sideline meetings here at the IDA meeting that the U. S. deliberately obstructed efforts by some industrial countries to have a special fund established at this particular meeting?

MR. CLAUSEN: I think, if you are referring to the comments on that subject that appeared in The Guardian, I would say that probably everyone in this room, or most of us anyway, are aware of those comments.

But, on the other hand, I am not aware that that is the fact of the doing behind the door lobbying; in fact,

I would be very surprised.

To the contrary, I think in the discussion that the United States has encouraged--it has not discouraged in any way that there would be a special fund or an effort to the special fund, and they participated in requesting management to move forward in making the effort to get additional supplemental funds.

QUESTION: Will whatever supplemental funds that are (inaudible) formerly (formally?) earmarked for sub-Saharan Africa?

MR. CLAUSEN: That's premature to speculate on, and I would think that--the hope is that it would be generic, it would be as multilateral in form and conditions as it possibly can be.

I think that there is a general agreement among all the donors, as there is in management, because management has made it as a priority that the sub-Saharan African region presents the most challenge, the biggest challenge for development--and to take nothing away from the poverty-stricken countries in Asia and elsewhere--but as a region the sub-Saharan African country needs a focus.

And that is why we in the Bank have been moving up, say, in IDA, that last year 37 percent of IDA funds was

allocated to sub-Saharan Africa.

QUESTION: What other possibilities are there besides a special fund to increase the resources of IDA? There has been speculation about deposits by governments and things of that kind.

MR. CLAUSEN: Well, I can assure you, Mr. Hartman, that we in management will be as innovative and as creative as we possibly can, and we will want to look at a great many things.

And, of course, we have got to get the views of the donor countries, those that have indicated and those that have not indicated but hope that they will come forward with special funds.

And that is about all that I can say on that now. It is our hope that these extra funds come forward with as few restrictions as they possibly can be, as multilateral: now is the time to join forces and come up with additional funds to help the poorest of the poor countries.

But I will also say that in our discussion with the donor countries there will also be a discussion with them that a greater proportion of their bilateral funds should go to the least developed countries, because 70 percent of their funds go to the middle-income countries and only 30 percent

are going to the poorest of the poor.

And we think that that is disproportionate, given the needs of the least developed countries.

QUESTION: Jim Berger from Export Weekly again. The effect of this new IDA commitment, what will it be on IBRD in the future? Will you be forced to make some hard loans to countries that normally would get IDA financing and take away from both sides?

MR. CLAUSEN: Well, I would say that there are some countries now that are blend countries, that get some IBRD and some IDA.

And so the hardness of that blend will clearly come into consideration, and will be impacted. I think that is the other side of the coin, when we are saying that clearly India will be getting less with a smaller IDA replenishment--so will China--which merely says that the mix of IBRD and IDA will be a bit more IBRD and a bit less in IDA, or maybe a bit is in the eye of the beholder--maybe a bit more than a bit.

There are other blend countries, too.

But clearly the mandate and the charge in the charter is that we must verify and vouchsafe to our Board that countries are creditworthy, and that the loan that we

are recommending in IBRD can be repaid.

We can't breach that in any way.

QUESTION: Bob Jackson, LA Times again. Mr. Clausen, do you see the U. S. position as being inconsistent at all with any statements or assurances that President Reagan made at the Cancun, Mexico, summit meeting?

MR. CLAUSEN: No, I don't see any inconsistency. I would say that the United States as a government has from the very beginning taken an interest in third-world development that maybe is a little heavier on the bilateral than on the multilateral that we in management would like, and what we are presenting ourselves for and making the arguments for. Very clearly, the United States coming up with only \$750 million for multilateral for IDA is a disappointment. We have lobbied very hard in the Administration and made the argument--and very clearly we would be begging the point if we didn't say that we are keenly disappointed.

I would also say that I don't think the arguments are over, because management, the professionals in the organization, cannot give up on this. We are a multilateral institution and we believe that there is an eloquent case, the self-interest arguments, that can be made for the United States to be more forthcoming.

And we shall continue on that.

But we accept that now. We've got \$9 billion, we have no choice. And we will continue to campaign and to work hard, and to campaign more eloquently to make the story be told.

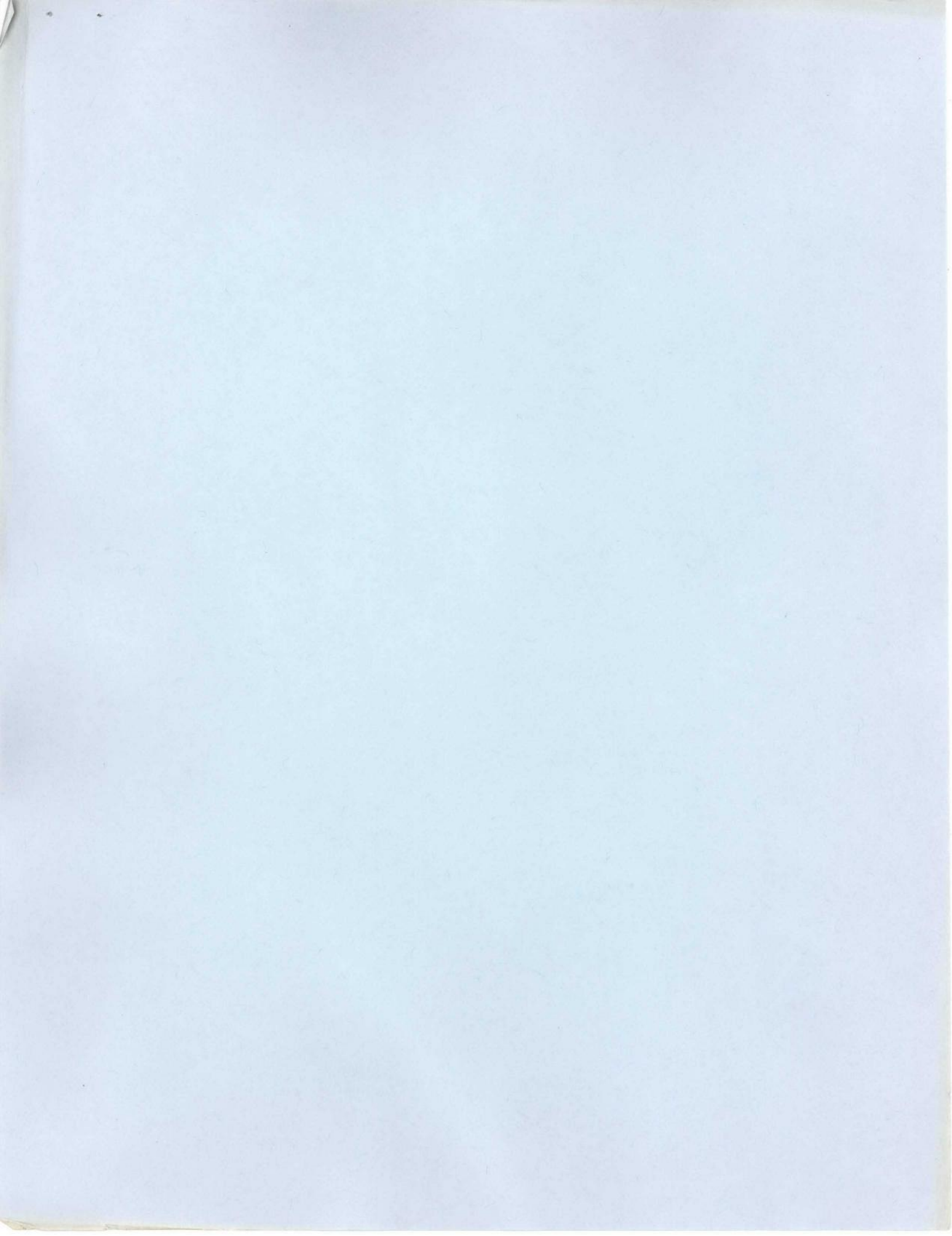
I must say that I compliment the press for its keen interest in IDA. And furthermore I compliment the press for its accuracy in its reporting, and its fairness in its reporting. That has not gone unnoticed by us.

And I would be remiss if I didn't say that we appreciate it.

MR. VOGL: Thank you very much. We had a last IDA press conference on a Saturday a few weeks ago, but we shan't make a habit of it.

But thank you very much for coming.

(The press conference concluded at 3:44 p.m.)



Washington, D.C., January 14, 1984.

PRESS CONFERENCE STATEMENT

By World Bank President A.W. Clausen

at the conclusion of the IDA Deputies' Meeting

Good afternoon ladies and gentlemen. A number of decisions have been reached after exceptionally difficult and lengthy negotiations on the seventh replenishment of IDA. Permit me to note the main features of these decisions first and then to comment briefly on the situation.

A number of technical, as well as an array of procedural and legislative steps must be taken before final agreements are signed, but the general framework for IDA-7 has been established. We have agreed on a replenishment of \$9 billion over three years at this time in order to ensure that IDA does not run out of commitment authority on July 1. At the same time the Deputies have provided management with a mandate to pursue efforts in the immediate months ahead to secure supplemental resources for IDA. We shall of course vigorously pursue this course.

The Deputies have also asked for a review of IDA's situation to be conducted at a suitable point in the replenishment period to assess the impact of this low volume of resources on recipient countries and to assess whether, with improved conditions in donor countries, we can again at that time raise further amounts.

As you know the United States decided to limit its contribution to \$750 million per year and to no more than 25 percent of the total sum of all contributions. This implied an IDA of \$9 billion for the three-year period starting in mid-1984. Every other donor stated a willingness to support a \$12 billion replenishment, but there was a determination to maintain the principle of burden-sharing upon which all multilateral agreements of this kind are based and no donor wished to see the U.S. share slip below a minimum of 25 percent.

Under the present circumstances we felt it was unlikely that further negotiations would have produced more than \$9 billion. So we decided not to prolong a process which has already stretched over 14 months and felt that the time had come for a decision. Legislation has to be approved in all donor countries in order to ensure that IDA has commitment authority in place on July 1 of this year. This factor has also pressed us to reach some decisions now.

This agreement means that IDA will therefore have commitment authority for the start of the next fiscal year and this is most important. Although the level may be lower than we would have liked, we hope that we will be able to raise supplemental resources to increase it somewhat. But let me leave you in no doubt about my feelings. I think that it is both sad and disappointing that we could not reach agreement on more than \$9 billion today. We therefore consider this important decision as only ending the first phase of efforts to secure a strong IDA for the years to come.

I say this because many donors encouraged us at this meeting to develop plans in the immediate weeks ahead that could serve as a basis for securing supplemental funds for IDA. We will spare no effort to secure such additional funds in the coming months. The task will be very difficult, but we are determined to exhaust every possible avenue in our effort.

The decision of the United States to limit its share to 25 percent, despite U.S. gross national product accounting today for over one-third of the combined GNP of all of the IDA donors, made it essential that numerous donors provide IDA with more funds than their GNP share would demand. The willingness of many donors to do this is a major achievement and underlines the respect that so many donor governments have for IDA and the value that they attach to IDA.

In this context let me draw your attention to decisions reached on the side of these negotiations. Japan, the second largest industrial nation in the world, requested that it become the second largest shareholder in IBRD, moving up from fifth place. Japan stated that it would be willing to raise its IDA share if this could be accomplished. Agreements in principle have been reached under which Japan will contribute 18.7 percent of the IDA replenishment, compared to 14.65 percent in IDA 6. Japan will assume second place in IBRD behind the United States, with Germany remaining in third place and Britain and France sharing fourth place. The final details on this change and on an IBRD selective capital increase to facilitate it have yet to be worked-out, but we are hopeful of this being completed within a few weeks by our Board.

There have been immense efforts made by many IDA Deputies and by our management to conclude an IDA agreement and it is difficult to say today what additional steps could have been taken to bring about a better result. The \$9 billion sum is inadequate set against the very great needs of the world's low income nations. The situation in these countries is serious indeed, but we shall use the resources available as best we possibly can to secure higher living standards for the 2-1/2 billion poor people that IDA serves.

In the weeks ahead we shall conduct an intense review of our lending plans to determine the wisest ways of using the limited IDA resources that will be available in coming years. I do not want to prejudge that review now by speculating on what a \$9 billion IDA will mean, especially as we are determined to find ways to ensure over the next three years IDA does have more than \$9 billion at its disposal.

But it is clear that the amount of IDA assistance available for Sub-Saharan Africa will be gravely inadequate. The results of IDA credits to India have been substantial and India has a real need for concessional assistance, but there can be no doubt India will now receive less from IDA. And there can also be no question that China, a nation of great poverty, will receive less from IDA than it expected.

The result is indeed less than we felt should have been done, but we shall ensure that IDA's funds are used well and we shall fight and campaign on every possible front to secure additional concessional funds for the poorest of the poor countries. A decision has been taken and we must accept it, but we see it as a first stage in an effort that will continue to strengthen the International Development Association in the years to come.

Mr. Moeen Qureshi has chaired the meeting here and he and I are now open to your questions.

MEETING OF IDA DEPUTIES

Washington, D.C., January 12 - 14, 1984

Chairman's Summary Note

1. A meeting of Deputies was held in Washington, D.C., on January 12-14, 1984 under the chairmanship of Mr. Moeen A. Qureshi to conclude negotiations on the Seventh Replenishment of resources of the International Development Association (IDA7).

2. At the meeting, Deputies reaffirmed their support for the Association and its activities. They felt that IDA was among the more effective multilateral mechanisms transferring concessional resources to the poorest countries and had a key role to play in assisting their development efforts. They recalled that at their previous meeting (in Paris on December 9-10, 1983) all donors, had expressed concern that the stated U.S. position on its contributions to IDA7 (a total of \$2.25 billion for three years with a share of 25%) would result in limiting IDA7 to \$9 billion, an amount they considered to be "gravely inadequate." They expressed regret and disappointment that the U.S. position had not changed since then but felt, in view of the pressing urgency of reaching a conclusive outcome and preventing a hiatus in IDA's commitment authority as of July 1, 1984, that a replenishment of \$9 billion should be agreed upon now, and that efforts aimed at mobilizing additional resources should continue to be made by themselves and the Association's management. The Deputies

agreed that the draft Report of the Executive Directors, together with the draft Resolution to be adopted by the Board of Governors, be transmitted to the Executive Directors for formal consideration.

3

3. There was broad agreement that the Association's management should be provided with a mandate to raise additional resources for the FY85-87 period. There was also ^{agreed} agreement that management's efforts should aim to close the gap between the \$9 billion--which donors other than the U.S. considered insufficient-- and the level of \$12 billion ~~(providing that the U.S. took up a share of at least 25%)~~ which all other donors regarded as a necessary replenishment level. Accordingly management undertook, with the support of ^{most} donors, to continue discussions for supplementing the agreed level of \$9 billion with arrangements which would lead to raising up to \$3 billion, ^{assuming} leaving open a share of 25% for the United States, which other donors ~~unanimously~~ hoped the U.S. would eventually agree to take up. Such discussions, which ~~all~~ Deputies agreed should be concluded by July 1, 1984, would aim at devising modalities and arrangements (under which additional contributions would be raised and applied) which would be acceptable to as ^{are possible + for multi-lateral admin.} large a number of donors as possible. ^{US deputy reaffirmed that US contribution to IDA 7 would include 2.25 billion}

5

4. There was widespread support for a proposal by the Deputy for Canada that a comprehensive review of the first eighteen months of experience under IDA7 should be undertaken by Management. ^{and IDA Deputies} Such a review would consider the extent to which the Association had been able to meet adequately the needs of IDA recipients as well as developments in the positions of donor countries which might result in improving prospects for mobilizing further resources at that time.

5.

Indications were provided by Deputies, subject to confirmation by their governments, of the shares which their countries would take up in IDA7 (Annex A). ^{It was noted that} Of particular note were the shares of France, Germany, Japan and the United Kingdom based on understandings reached between these countries which would result in meeting Japan's desire to harmonize its contributions in IDA with its position in the share capital of the IBRD. Subject to the agreement by the IBRD's Board of Executive Directors no later than February 7, 1984 to submit to the Governors a draft Resolution for a Selective Capital Increase in the amount of \$8.4 billion, Japan agreed to take up a share of 18.7 percent in IDA7; Germany a share of 11.5 percent; France agreed to substantially increase its share to 6.6 percent and the United Kingdom agreed to a share of 6.7 percent. ^{men} Reflecting the widespread concern of many Deputies about the need to accommodate volatility in exchange rate movements over a reasonably representative period of time, agreement was ^{finally} reached on a proposal to convert the dollar equivalents of the shares of individual countries in IDA7 into national currency amounts (which they would be obligated to pay) at the average rate of exchange between the dollar and the national currency of each contributor over the six-month period ending December 9, 1983.] The Deputy for Japan noted that the substantial increase in his country's share should be regarded as an extraordinary action which would be taken in connection with the change of Japan's ranking (from fifth to second position) in the share capital of the IBRD. Under normal circumstances, the Deputy for Japan stated that Japan's share would be more in line with its share in donors' adjusted GNP.

IDA6

18.7
 11.3
 6.5
 6.5

 43.0
 + 2
 + 1
 + 2

 43.5

 42.63

6. ¹ ~~announced~~ ^{indicated} that they would, subject to confirmation by their governments, increase their shares in IDA7 over those in IDA6. Along with the Deputies for Denmark, the Netherlands and Saudi Arabia who indicated that they would again make special contributions for IDA7 as they had for IDA6, [they noted that these additions to their shares were being made in the form of special ~~voluntary contributions~~ and should not be taken to mean a permanent increase in their "regular" shares in future IDA replenishments.] ^{Some} Several other Deputies noted that they would ^{have recommended} recommend to their authorities ^{with respect to the IDA7's} an increase in their respective IDA7 shares, ~~some noting that these increases were dependent on the period used for averaging exchange rates and the efforts of other donors toward making similar increases in their shares;~~ ^{or} many Deputies felt, however, that their willingness to increase shares in the \$9 billion replenishment could ^{would be likely} have a bearing on the eventual extent of their contributions to any supplemental funding arrangement that might emerge.

6-7 increase
3 special contributions

9/ 7. The outcome of Deputies' discussions on burden-sharing and contributions to IDA7 is shown in Annex A.

10/ 8. Deputies also reached agreement on arrangements for implementing the IDA7 Resolution and for advance contributions (~~for which a 30% trigger was accepted~~), which would be reflected in the Report of the Executive Directors. The Chairman noted that the comments made by Deputies on the question of allocation would be fully reflected in the detailed Chairman's Report of this meeting. Several Deputies emphasized their view that the

Executive Directors of the Association should continue to approve the policies and criteria which would guide the allocation of IDA resources and that management would continue to apply such policies and criteria in individual cases.

9. On the question as to whether the maturities of IDA credits should be shortened in order to enable quicker recycling of increasingly scarce resources the view of the large majority was that it would be imposing an excessive burden on recipient countries to reduce substantially the volume of resources being made available and at the same time harden the terms on which those resources were provided. They felt that while a reduction in maturities might have been considered if it had facilitated the mobilization of additional resources, in the light of present circumstances, the traditional maturities and grace periods of IDA credits should be maintained at the present time.

10. Deputies agreed that detailed comments and drafting revisions on the Report and Resolution would be communicated to IDA staff through their Executive Directors and expressed the hope that prior to submission of the IDA7 Resolution to the Board of Governors for approval, further efforts would be made by all donors to reduce the percentage of unallocated shares. In this connection, Management indicated that it would be contacting ~~all~~ donor governments once again immediately after this meeting in an effort to ^{further} reduce the unallocated amount.

INDICATIONS PROVIDED BY DEPUTIES SUBJECT TO CONFIRMATION BY
GOVERNMENTS CONCERNING CONTRIBUTIONS TO THE SEVENTH REPLENISHMENT

<u>Donor</u>	<i>IDA6</i> <u>Shares *</u>	<u>(%)</u>	<u>US Dollar Amount</u>	<i>IDA6</i> <u>National Currency **</u>
			<u>(million)</u>	<u>(million)</u>
Argentina	<i>0.21</i>	0.21 a/	18.75	243.64
Australia	<i>1.91</i>	1.91	171.90	192.44
Austria	<i>0.68</i>	0.68	61.20	1187.28
Belgium	<i>1.68</i>	1.68	151.20	8053.03
Brazil	<i>0.42</i>	0.25 a/	22.17	15804.44
Canada	<i>4.30</i>	4.50	405.00	500.05
Colombia		0.08 a/	7.50	619.13
Denmark		1.20	108.00	1026.99
Finland	<i>0.60</i>	0.70	63.00	357.73
France	<i>5.38</i>	6.60	594.00	4745.78
Germany	<i>12.50</i>	11.50	1035.00	2732.47
Greece		0.05	4.50	400.54
Iceland		0.03	2.70	75.38
Ireland		0.11	9.90	8.35
Italy	<i>3.85</i>	4.30	387.00	612873.9
Japan	<i>14.65</i>	18.70	1683.00	401424.6
Korea		0.03 b/	2.25	1768.71
Kuwait	<i>1.67</i>	0.70 c/	63.00	18.38
Luxembourg		0.05	4.50	239.72
Mexico		0.17 a/	15.00	1948.81
Netherlands		3.00	270.00	798.28
New Zealand		0.08	7.52	11.45
Norway	<i>1.20</i>	1.27	114.30	846.72
Portugal		0.06	5.25	642.55
Saudi Arabia	<i>3.50</i>	3.50 <i>3.25</i>	315.00	1091.53
South Africa		0.08 b/	7.50	8.49
Spain	<i>0.42</i>	0.46	41.09	6204.46
Sweden	<i>3.00</i>	2.30	207.00	1618.85
U.A.E.		0.66 c/	59.40	218.06
United Kingdom	<i>10.10</i>	6.70	603.00	402.41
United States	<i>27.00</i>	25.00	2250.00	2250.00
Venezuela		0.17 b/	15.00	118.33
Yugoslavia		0.17	15.00	1603.82
Unallocated	<i>1.01</i>	3.12	280.37	
Grand Total		<u>100.00</u>	<u>9000.00</u>	

* Rounded to two decimal points.

** National currency obligations are calculated on the basis of a six-month average of exchange rates versus the U.S. dollar using the period June 10, 1983 - December 9, 1983. Figures are preliminary and subject to confirmation.

a/ Deputies reserved their positions subject to discussions with their authorities.

b/ Represents IDA6 share subject to adjustment. Deputies for South Africa and Venezuela were not present.

c/ Shares to be recommended by Deputies to their authorities.

Indications Concerning Shares in the Seventh Replenishment
as Provided by Deputies Subject to Confirmation by Governments

<u>Donors</u>	<u>IDA7 Shares</u> (%)	<u>IDA6 Shares</u> (%)	
Argentina	0.21	0.21	
Australia	1.91	1.91	
Austria	0.68	0.68	
Belgium	1.68	1.68	
Brazil	0.25	0.42 <u>y/</u>	- .17 (Brazil)
Canada	4.50	4.30	+ .20 (Canada)
Colombia	0.08 <u>a/</u>	0.08	
Denmark	1.20	1.20	
Finland	0.70	0.60	+ .10 (Finland)
France	6.60	5.38	+ 1.22 (France)
Germany	11.50	12.50	- 1.00 (Germany)
Greece	0.05	0.05	
Iceland	0.03	0.03	
Ireland	0.11	0.11	
Italy	4.30	3.85	+ 0.45 (Italy)
Japan	18.70	14.65	+ 4.05 (Japan)
Korea	0.03 <u>b/</u>	0.03	
Kuwait	0.70 <u>c/</u>	1.67	- 0.97 (Kuwait)
Luxembourg	0.05	0.05 <u>x/</u>	
Mexico	0.17	0.17	
Netherlands	3.00	3.00	
New Zealand	0.08	0.08	
Norway	1.27	1.20	+ 0.07 (Norway)
Portugal	0.06	0.06 <u>z/</u>	
Saudi Arabia	3.50	3.50 <u>x/</u>	
South Africa	0.08 <u>b/</u>	0.08	
Spain	0.46	0.42	+ 0.04 (Spain)
Sweden	2.30	3.00	+ 0.70 (Sweden)
U.A.E.	0.66 <u>d/</u>	0.66	
United Kingdom	6.70	10.10	- 3.4 (U.K.)
United States	25.00	27.00	- 2.00 (U.S.A.)
Venezuela	0.17 <u>b/</u>	0.17 <u>z/</u>	
Yugoslavia	0.17	0.17	
Unallocated	3.12	1.01	- 2.11
GRAND TOTAL	<u>100.00</u>	<u>100.00</u>	

- x/ Includes additional contributions by Luxembourg and Saudi Arabia, made after the IDA6 negotiations were completed, to close the unallocated gap.
- y/ Includes \$20.44 million equivalent released in usable form relating to the 90 percent portion of Brazil's initial subscription in the Association.
- z/ Portugal and Venezuela have not yet completed membership formalities in the Association.

- a/ Deputies reserved their positions subject to discussions with their authorities.
- b/ Represents IDA6 share subject to adjustment. Deputies for South Africa and Venezuela were not present.
- c/ Kuwait indicated that its IDA7 share was 0.36%, and that the Deputy would recommend to his authorities an additional 0.34% share to close the unallocated gap.
- d/ Shares to be recommended by Deputies to their authorities.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

<u>MajORITY</u>	<u>6 months</u>	<u>\$/SDR</u>	<u>1 year</u>
	Portugal	\$/SDR	
Saudi Arabia		SDR	
Spain		\$/SDR	
		\$	Sweden (C)
	UAE	\$/SDR	
	U.S.	\$	
		\$/SDR.	
Yugoslavia			

SDR - 10

\$ - 7

Doll Case - 9

FOR CONSULTATION PURPOSES: \$9 BILLION IDA7

Memo Items

Donor	IDA7 Contributions a/				Memo Items				
	IDA7 Share (%)	SDRs	National Currency	US Dollars	IDA6 Share (%)	1982 GNP Share (%)	1982 Adj.GNP Share (%)	Share in IBRD Capital (Donor Total) (%)	Adj.GNP/IDA6 Share (%)
Argentina	0.21	17.91	436.07	18.75	0.21	0.80	0.19	1.83	0.91
Australia	1.91	164.19	192.60	171.90	1.91	1.94	2.06	2.47	1.08
Austria	0.68	58.46	1183.67	61.20	0.68	0.82	0.75	1.06	1.10
Belgium	1.68	144.42	8412.77	151.20	1.68	1.17	1.16	2.78	0.69
Brazil	0.25	21.15	21675.06	22.14	0.42	3.15	0.68	2.10	1.63
Canada	4.30	369.64	481.58	387.00	4.30	3.10	3.28	4.23	0.76
Colombia	0.08	7.16	665.51	7.50	0.08	0.44	0.06	0.64	0.72
Denmark	1.14	98.00	1013.18	102.60	1.20	0.70	0.81	1.00	0.68
Finland	0.60	51.58	313.74	54.00	0.60	0.58	0.58	0.85	0.97
France	6.50	558.77	4883.29	585.00	5.38	6.98	7.52	6.65	1.40
Germany	11.30	971.39	2770.10	1017.00	12.50	8.51	9.83	6.67	0.79
Greece	0.05	4.30	444.02	4.50	0.05	0.46	0.18	0.40	3.60
Iceland	0.03	2.58	77.73	2.70	0.03	0.03	0.03	0.13	1.00
Ireland	0.11	9.46	8.72	9.90	0.11	0.20	0.09	0.52	0.82
Italy	3.85	330.96	575016.75	346.50	3.85	4.34	2.81	3.85	0.73
Japan	18.70	1607.53	390792.60	1683.00	14.65	13.04	12.02	6.64	0.82
Korea	0.03	2.15	1784.25	2.25	0.03	0.77	0.13	0.57	5.20
Kuwait	0.36	30.95	9.48	32.40	1.67	0.36	0.70	1.25	0.42
Luxembourg	0.05	4.30	250.38	4.50	0.05	0.06	0.08	0.16	1.60
Mexico	0.17	14.33	2157.43	15.00	0.17	1.82	0.38	1.70	2.28
Netherlands	3.00	257.89	827.42	270.00	3.00	1.74	1.77	2.93	0.59
New Zealand	0.08	7.18	11.52	7.52	0.08	0.28	0.20	0.76	2.40
Norway	1.20	103.16	836.19	108.00	1.20	0.65	0.87	0.95	0.73
Portugal	0.06	5.01	689.72	5.25	0.06	0.27	0.06	0.55	1.03
Saudi Arabia	3.25	279.38	1022.29	292.50	3.50	1.73	2.59	4.34	0.74
South Africa	0.08	7.16	9.16	7.50	0.08	0.92	0.23	1.35	2.76
Spain	0.42	35.81	5875.31	37.49	0.42	2.28	1.13	1.77	2.71
Sweden	2.20	189.12	1584.20	198.00	3.00	1.31	1.73	1.43	0.58
UAE	0.66	56.74	218.06	59.40	0.66	0.30	0.63	0.46	0.95
United Kingdom	6.50	558.77	403.30	585.00	10.10	5.89	5.18	7.46	0.51
United States	25.00	2149.10	2250.00	2250.00	27.00	34.07	41.91	29.50	1.55
Venezuela	0.17	14.33	189.41	15.00	0.17	0.57	0.17	2.08	1.02
Yugoslavia	0.17	14.33	1784.80	15.00	0.17	0.71	0.19	0.90	1.14
CAP	5.23	449.21		470.30	1.01				
GRAND TOTAL	100.00	8596.40		9000.00	100.00	100.00	100.00	100.00	

a/ At 12/30/1983 exchange rates, or latest available for December 1983.

FOR CONSULTATION PURPOSES: \$9 BILLION IDA7

Donor	IDA7 Contributions a/				Memo Items				
	IDA7 Share (%)	SDRs	National Currency	US Dollars	IDA6 Share (%)	1982 GNP Share (%)	1982 Adj.GNP Share (%)	Share in IBRD Capital (Donor Total) (%)	Adj.GNP/IDA6 Share (%)
Argentina	0.21	17.91	436.07	18.75	0.21	0.80	0.19	1.83	0.91
Australia	1.91	164.19	192.60	171.90	1.91	1.94	2.06	2.47	1.08
Austria	0.68	58.46	1183.67	61.20	0.68	0.82	0.75	1.06	1.10
Belgium	1.68	144.42	8412.77	151.20	1.68	1.17	1.16	2.78	0.69
Brazil	0.25	21.15	21675.06	22.14	0.42	3.15	0.68	2.10	1.63
Canada	4.30	369.64	481.58	387.00	4.30	3.10	3.28	4.23	0.76
Colombia	0.08	7.16	665.51	7.50	0.08	0.44	0.06	0.64	0.72
Denmark	1.14	98.00	1013.18	102.60	1.20	0.70	0.81	1.00	0.68
Finland	0.60	51.58	313.74	54.00	0.60	0.58	0.58	0.85	0.97
France	6.50	558.77	4883.29	585.00	5.38	6.98	7.52	6.65	1.40
Germany	11.30	971.39	2770.10	1017.00	12.50	8.51	9.83	6.67	0.79
Greece	0.05	4.30	444.02	4.50	0.05	0.46	0.18	0.40	3.60
Iceland	0.03	2.58	77.73	2.70	0.03	0.03	0.03	0.13	1.00
Ireland	0.11	9.46	8.72	9.90	0.11	0.20	0.09	0.52	0.82
Italy	3.85	330.96	575016.75	346.50	3.85	4.34	2.81	3.85	0.73
Japan	18.70	1607.53	390792.60	1683.00	14.65	13.04	12.02	6.64	0.82
Korea	0.03	2.15	1784.25	2.25	0.03	0.77	0.13	0.57	5.20
Kuwait	0.36	30.95	9.48	32.40	1.67	0.36	0.70	1.25	0.42
Luxembourg	0.05	4.30	250.38	4.50	0.05	0.06	0.08	0.16	1.60
Mexico	0.17	14.33	2157.43	15.00	0.17	1.82	0.38	1.70	2.28
Netherlands	3.00	257.89	827.42	270.00	3.00	1.74	1.77	2.93	0.59
New Zealand	0.08	7.18	11.52	7.52	0.08	0.28	0.20	0.76	2.40
Norway	1.20	103.16	836.19	108.00	1.20	0.65	0.87	0.95	0.73
Portugal	0.06	5.01	689.72	5.25	0.06	0.27	0.06	0.55	1.03
Saudi Arabia	3.25	279.38	1022.29	292.50	3.50	1.73	2.59	4.34	0.74
South Africa	0.08	7.16	9.16	7.50	0.08	0.92	0.23	1.35	2.76
Spain	0.42	35.81	5875.31	37.49	0.42	2.28	1.13	1.77	2.71
Sweden	2.20	189.12	1584.20	198.00	3.00	1.31	1.73	1.43	0.58
UAE	0.66	56.74	218.06	59.40	0.66	0.30	0.63	0.46	0.95
United Kingdom	6.50	558.77	403.30	585.00	10.10	5.89	5.18	7.46	0.51
United States	25.00	2149.10	2250.00	2250.00	27.00	34.07	41.91	29.50	1.55
Venezuela	0.17	14.33	189.41	15.00	0.17	0.57	0.17	2.08	1.02
Yugoslavia	0.17	14.33	1784.80	15.00	0.17	0.71	0.19	0.90	1.14
GAP	5.23	449.21		470.30	1.01				
GRAND TOTAL	100.00	8596.40		9000.00	100.00	100.00	100.00	100.00	

a/ At 12/30/1983 exchange rates, or latest available for December 1983.

Please find attached a statement that we issued at the conclusion of the latest round of IDA 7 negotiations this week-end.

The IDA Deputies agreed to a replenishment of \$ 9 billion, which ~~is~~ ^{feel fairly far short of the amount we felt was required. was} unfortunately, it was limited to ~~the~~ ^{this size because of the position taken by the larger donors. Nevertheless I am encouraged by the fact that} is most disappointing. ~~But~~ ^{IDA} the Deputies also provided management with a clear mandate to start immediate work on securing additional funds for IDA. We shall exhaust every possible avenue in our continuing efforts to ~~strengthen~~ ^{raise additional funds} IDA and ~~we shall campaign~~ ^{over the next few months and indeed during the course of} hard to convince IDA donors to provide additional resources. ~~The replenishment period,~~

There may have to be changes in a variety of country programs as a result of the decisions that have been taken by the IDA Deputies, but we do not see any significant impact on Bank staffing in the near term. Everyone will be needed in the great challenge before us to ~~assist~~ ^{meet the increased challenge of restoring development momentum in} the low income developing nations,

^{some of which face the most serious economic predicament in their history.}
A.W. Clausen
President

and which by the time of the final meeting had not changed.

FOR CONSULTATION PURPOSES: \$9 BILLION IDA7

Donor	IDA7 Share (%)	IDA7 Contributions a/			Memo Item IDA6 Share (%)
		SDRs	National Currency	US Dollars	
Argentina	0.21	17.91	436.07	18.75	0.21
Australia	1.91	164.19	192.60	171.90	1.91
Austria	0.68	58.46	1183.67	61.20	0.68
Belgium	1.68	144.42	8412.77	151.20	1.68
Brazil	0.25	21.15	21675.06	22.14	0.42
Canada	4.30	369.64	481.58	387.00	4.30
Colombia	0.08	7.16	665.51	7.50	0.08
Denmark	1.14	98.00	1013.18	102.60	1.20
Finland	0.60	51.58	313.74	54.00	0.60
France	6.50	558.77	4883.29	585.00	5.38
Germany	11.30	971.39	2770.10	1017.00	12.50
Greece	0.05	4.30	444.02	4.50	0.05
Iceland	0.03	2.58	77.73	2.70	0.03
Ireland	0.11	9.46	8.72	9.90	0.11
Italy	3.85	330.96	575016.75	346.50	3.85
Japan	18.70	1607.53	390792.60	1683.00	14.65
Korea	0.03	2.15	1784.25	2.25	0.03
Kuwait	0.36	30.95	9.48	32.40	1.67
Luxembourg	0.05	4.30	250.38	4.50	0.05
Mexico	0.17	14.33	2157.43	15.00	0.17
Netherlands	3.00	257.89	827.42	270.00	3.00
New Zealand	0.08	7.18	11.52	7.52	0.08
Norway	1.20	103.16	836.19	108.00	1.20
Portugal	0.06	5.01	689.72	5.25	0.06
Saudi Arabia	3.25	279.38	1022.29	292.50	3.50
South Africa	0.08	7.16	9.16	7.50	0.08
Spain	0.42	35.81	5875.31	37.49	0.42
Sweden	2.20	189.12	1584.20	198.00	3.00
UAE	0.66	56.74	218.06	59.40	0.66
United Kingdom	6.50	558.77	403.30	585.00	10.10
United States	25.00	2149.10	2250.00	2250.00	27.00
Venezuela	0.17	14.33	189.41	15.00	0.17
Yugoslavia	0.17	14.33	1784.80	15.00	0.17
GAP	5.23	449.21		470.30	1.01
GRAND TOTAL	100.00	8596.40		9000.00	100.00

a/ At 12/30/1983 exchange rates, or latest available for December 1983.

Financial Studies Division
Financial Policy and Analysis Department
01/12/1984

14.65
5.38
12.50
10.10
42.63

January 11, 1984

To: Messrs. Clausen, ✓ Qureshi, Benjenk
From : Frank Vogl TV
Subject: IDA Negotiations & the Press

Throughout the negotiations the media has been overwhelmingly supportive of a strong IDA and sternly critical of the U.S. Administration. Through a large series of briefings the media has been kept informed on developments and, as a consequence, our story has been faithfully and accurately published around the world. And, significantly, there have been no reports that have suggested that failure to reach a distinct IDA 7 target means failure on the part of A.W.Clausen - but there is a danger that this could be a theme in post-mortem-type articles. There is a danger, and I believe it is a remote one, that articles may appear that damage the President's credibility and standing and so serve to undermine his influence in future major problem areas, such as IBRD capital increases.

In view of the above it is necessary that Mr. Clausen meets with the press after the Deputies have concluded their negotiations on Friday and we suggest a full press conference, that we announce later today, to take place at 4.30 pm on Friday in the Eugene Black auditorium, given jointly by Mr. Clausen and Mr. Qureshi.

What follows are suggestions for the lines that should be taken by Mr. Clausen and Mr. Qureshi at the press conference :

1. Mr. Clausen should open the press conference with a forceful statement, copies of which will be distributed to the media following the press conference. The statement should state boldly that an IDA 7 agreement at \$ 9 billion is both " sad and disappointing. " And that it is also a cause for deep concern. The statement should then note the very serious situation in sub-Saharan Africa, the very substantial poverty in Asia and the harsh fact that IDA will be unable to be as responsive as it should be with resources as limited as those decided upon by the donors.
2. The statement should then stress that management has done all it could possibly have done to convince the donors to provide a larger IDA 7 and this particular part of the statement, involving some examples, noting the declarations of Summit meetings, could be phrased in quite a personal way.
3. The statement should then stress that in the months ahead the IDA management will review the full range of its operational plans for IDA recipient nations, striving to determine how best to use the very limited funds that will be available. It would be wrong to prejudge that review by stating now what level of funds will go to which nations. However, there can be little doubt that India will get less, that China will get less than

could have been expected and that the funds available for sub-Saharan Africa will be far below what is needed at this time of declining per capita incomes and real crisis.

4. The statement should then go on to stress that the decision on IDA 7 is not the end of the story of IDA funding for the next three years. Every effort will be made in the immediate weeks ahead to develop means whereby IDA will be able to obtain supplemental contributions. Every donor will be approached and further negotiations on supplemental arrangements may well take place.

5. The statement might then go on to note that there is mounting evidence of recovery in the industrial nations, that budget and foreign exchange pressures, which have constrained some donors, may ease and may open the way, in time, for additional contributions by all donors.

6. Finally, the statement should say that this is not the time to cast stones, to blame any donor: it is the time to search for still more resources and to ensure that every effort is made to make the maximum effective use of the resources IDA has to bring about higher living standards for the 2 1/2 billion people living in the world's poorest nations, the IDA recipient nations.

7. If questions should be asked about the efforts made to bring about a better settlement, Mr. Clausen might note that in the last few months he has been in touch personally with a very large number of national leaders, he has spoken to assorted top U.S. officials, he has been heartened by very strong support from the leadership of the Congress of both parties and that, as a result, he remains hopeful that additional IDA funds can be mobilized over time.

8. If asked specifically about the U.S. position, Mr. Clausen might respond that he has often stated that he believes a few hundred million dollars added to the development assistance budget can produce more benefits for all peoples, including the American people, than a few hundred million dollars added to a defence budget already running around one-quarter of a billion dollars. He is disappointed that the U.S. Administration has decided to so sharply reduce its IDA contribution and shall continue to use every opportunity to try and convince the Administration that a higher U.S. contribution is a most

valuable investment for the U.S. itself and the IDA management will continue to seek U.S. Administration support for a strong IDA.

9. Indian reporters are bound to ask for details of cuts and apart from a strong statement, a clear statement, stressing that there could be no doubt that India's IDA level will fall, no further details should be provided at this time, I suggest.


10. Reporters may recall that last November, after the first round of negotiations, it was decided to look again at questions of borrowing funds for IDA, shortening the IDA maturities, charging interest to some IDA borrowers, after a decision had been made on a basic size for IDA. Mr. Clausen and Mr. Qureshi should have a prepared answer for this -- indeed, even if the question is not asked it would be useful to comment on this matter as questions are bound to be asked in coming days by reporters on this subject.

11. Finally, Mr. Clausen might thank the press for the great interest it has shown in IDA and for the accuracy and fairness of the reporting.

OFFICE MEMORANDUM

DATE: January 13, 1984

TO: Messrs. Clausen, Stern, Qureshi and Paijmans (thru Mr. Benjenk)

FROM: Frank Vogl 

EXT: 72468

SUBJECT: Statement on IDA

We now anticipate a press conference on IDA on Saturday morning and we will strive to inform all staff on Monday. The attached drafts may change in the light of further developments in the IDA negotiations, but it would be helpful if you have any comments on the attached that you call me as soon as possible. The statements attached have been discussed in detail with Mr. Clausen.

FV:rgw

cc: Mr. Kaji
Mr. Koelle

A. W. CLAUSEN
President

D R A F T

To All Staff:

Please find attached a statement that we issued at the conclusion of the latest round of IDA 7 negotiations this week-end. *It has resulted in a \$9 billion replenishment is much less* ~~The outcome of the negotiations~~ is disappointing and we all now face major challenges to ensure that our work is still more effective. *The IDA* We shall seek additional resources for IDA. There may have to be changes in a variety of country programs, but we do not see any significant impact on Bank staffing in the near term. Everyone will be needed in the great challenge before us to assist the low income developing nations.

A.W. Clausen

President

The power continues need

January 13, 1984

DRAFT

PRESS CONFERENCE STATEMENT

A.W.Clausen/at conclusion of IDA meeting

Good afternoon ladies and gentlemen. A number of decisions have been reached after exceptionally difficult and lengthy negotiations on the seventh replenishment of IDA. Permit me to note the main features of these decisions first and then to comment most briefly on the situation.

A number of technical details, as well as an array of procedural and legislative steps must be taken before final agreements are signed, but general decisions have been taken now. These call for a replenishment of \$9 billion over three years, for periodic reviews in this time period of IDA's situation and for management to pursue efforts in the immediate months ahead to secure, if possible, supplemental resources for IDA.

As you know the United States decided to limit its contribution to \$750 million per year and to no more than 25 percent of the total sum of all contributions. This implied an IDA for three years of \$9 billion. Every other donor stated a willingness to support a \$12 billion replenishment, but there was a determination to maintain the principle of burden-sharing upon which all multilateral agreements of this kind are based and no donor wished to see the U.S. share slip below a minimum of 25 percent.

Perhaps further negotiations would have produced more than \$9 billion, but the time has been reached for a decision. Legislation has to be approved in numerous countries in order to ensure that IDA has commitment authority in place on July 1 of this year. This factor has meant that a decision could no longer be delayed.

IDA will therefore have commitment authority in place for the next three fiscal years and this is most important. But there can be no question that this decision is both sad and disappointing. We therefore consider this important decision as only ending the first phase of efforts to secure a strong IDA for the years to come.

I say this because many donors encouraged us at this meeting to develop plans in the immediate weeks ahead that could serve as a basis for securing supplemental funds for IDA. We will spare no effort to secure such additional funds in the coming months. The task will be very difficult, but we are determined to exhaust every possible avenue in our effort.

Moreover, a number of donors felt that perhaps an improvement in global economic conditions in the course of the three year replenishment period will permit donors to raise their contributions to IDA 7. Accordingly, there has been agreement at this meeting that there should be periodic reviews of the situation and we shall ensure that these are well prepared and we shall strive to use them to enhance IDA's resource base.

The decision of the United States to limit its share to 25 percent, despite U.S. GNP accounting today for over one-third of the combined GNP of all of the IDA donors, made it essential that numerous donors provide IDA with more funds than their GNP share would demand. The willingness of many donors to do this is a major achievement and underlines the respect that so many donor governments have for IDA and the value that they attach to IDA.

In this context let me draw your attention to decisions reached on the side of these negotiations. Japan, the second largest industrial nation in the world, requested that it become the second largest shareholder in IBRD, moving from fifth place and stated that it would be willing to raise its IDA share if this could be accomplished. Agreements in principle have been reached under which Japan will contribute 18.7 percent of the IDA replenishment, compared to 14.65 percent in IDA 6. Japan will assume second place in IBRD behind the United States, with Germany remaining in third place and Britain and France sharing fourth place. The final details on this and on an IBRD selective capital increase to facilitate this have yet to be worked-out, but we are hopeful of this being completed within a few weeks by our Board.

There have been immense efforts made by many IDA Deputies and by our management to conclude an IDA agreement and it is difficult to say today what additional steps could have been taken to bring about a better result. The \$9 billion sum is inadequate set against the very great needs of the world's low income nations. The situation in these countries is

serious indeed, but we shall use the resources available as best we possibly can to secure higher living standards for the 2-1/2 billion poor people that IDA serves.

In the weeks ahead we shall conduct an intense review of our lending plans to determine the wisest ways of using the limited IDA resources that will be available in coming years. I do not want to prejudge that review now by speculating on what a \$9 billion IDA will mean, especially as we are determined to find ways to ensure over the next three years IDA does have more than \$9 billion at its disposal.

This decision means that the amount of IDA assistance available for Sub-Saharan Africa will be gravely inadequate. The results of IDA credits to India have been substantial and India has a real need for concessional assistance, but there can be no doubt India will now receive less from IDA. And there can also be no question that China, a nation of great poverty, will receive less from IDA than it expected. *Th*

~~The result is~~ indeed sad and disappointing, but we shall ensure that IDA's funds are used well and we shall fight and campaign on every possible front to secure additional concessional funds for the poorest of the poor countries. A decision has been taken and we must accept it, but we see it as a first stage in an effort that will continue to strengthen the International Development Association in the years to come.

Mr. Moeen Qureshi has chaired the meeting here and he and I are now open to your questions.

EFFECT OF VARIOUS AVERAGE EXCHANGE RATES ON THE VALUE OF IDA7

(Using National Currency/ US\$ rate as the unit of conversion)

Country	IDA7 Shares	IDA7 Contributions (US\$ m)	Current National Currency Equiv. a/ (million)	US\$ Value Equivalent Using Average Exchange Rates for period				New Burden Sharing in a \$9 billion IDA7 Using Average Exchange Rates for the period			
				10/1/83	7/1/83	4/1/83	1/1/83	10/1/83	7/1/83	4/1/83	1/1/83
				to 12/30/83	to 12/30/83	to 12/30/83	to 12/30/83	to 12/30/83	to 12/30/83	to 12/30/83	to 12/30/83
ARGENTINA	0.21	18.75	436.07	25.00	31.13	36.51	41.94	0.28	0.35	0.41	0.47
AUSTRALIA	1.91	171.90	192.60	178.18	173.78	171.95	174.25	1.98	1.93	1.91	1.94
AUSTRIA	0.68	61.20	1183.67	62.81	62.69	64.27	65.60	0.70	0.70	0.71	0.73
BELGIUM	1.68	151.20	8412.77	154.52	156.49	160.62	164.57	1.72	1.74	1.78	1.83
BRAZIL	0.25	22.14	21675.06	25.17	28.93	32.93	37.68	0.28	0.32	0.37	0.42
CANADA	4.30	387.00	481.58	388.91	389.77	390.25	389.32	4.32	4.33	4.34	4.33
COLOMBIA	0.08	7.50	665.51	7.74	7.97	8.21	8.44	0.09	0.09	0.09	0.09
DENMARK	1.14	102.60	1013.18	104.74	105.65	108.40	110.81	1.16	1.17	1.20	1.23
FINLAND	0.60	54.00	313.74	54.62	54.96	55.72	56.35	0.61	0.61	0.62	0.63
FRANCE	6.50	585.00	4883.29	598.22	605.75	620.94	640.84	6.65	6.73	6.90	7.12
GERMANY	11.30	1017.00	2770.10	1035.17	1041.61	1064.92	1085.10	11.50	11.57	11.83	12.06
GREECE	0.05	4.50	444.02	4.80	4.90	5.02	5.09	0.05	0.05	0.06	0.06
ICELAND	0.03	2.25	64.78	2.30	2.31	2.43	2.61	0.03	0.03	0.03	0.03
IRELAND	0.11	9.90	8.72	10.13	10.26	10.52	10.84	0.11	0.11	0.12	0.12
ITALY	3.85	346.50	575016.8	354.04	359.63	368.97	378.63	3.93	4.00	4.10	4.21
JAPAN	18.70	1683.00	390792.6	1668.57	1639.43	1641.31	1645.39	18.54	18.22	18.24	18.28
KOREA	0.03	2.25	1784.25	2.25	2.26	2.28	2.30	0.03	0.03	0.03	0.03
KUWAIT	0.36	32.40	9.48	32.53	32.49	32.50	32.52	0.36	0.36	0.36	0.36
LUXEMBOURG	0.05	4.50	250.38	4.60	4.66	4.78	4.90	0.05	0.05	0.05	0.05
MEXICO	0.17	15.00	2157.43	15.63	16.34	17.11	17.97	0.17	0.18	0.19	0.20
NETHERLANDS	3.00	270.00	827.42	275.62	277.70	283.63	289.94	3.06	3.09	3.15	3.22
NEW ZEALAND	0.08	7.52	11.52	7.59	7.56	7.57	7.70	0.08	0.08	0.08	0.09
NORWAY	1.20	108.00	836.19	111.50	112.22	113.65	114.62	1.24	1.25	1.26	1.27
PORTUGAL	0.06	5.25	689.72	5.40	5.52	5.90	6.23	0.06	0.06	0.07	0.07
SAUDI ARABIA	3.25	292.50	1022.29	294.16	294.72	295.39	295.93	3.27	3.27	3.28	3.29
SOUTH AFRICA	0.08	7.50	9.16	7.80	8.03	8.15	8.23	0.09	0.09	0.09	0.09
SPAIN	0.42	37.49	5875.31	38.05	38.57	39.73	40.98	0.42	0.43	0.44	0.46
SWEDEN	2.20	198.00	1584.20	200.18	201.56	204.35	206.64	2.22	2.24	2.27	2.30
U.A.E.	0.66	59.40	218.06	59.40	59.40	59.40	59.40	0.66	0.66	0.66	0.66
UNITED KINGDOM	6.50	585.00	403.30	592.94	600.84	609.40	611.45	6.59	6.68	6.77	6.79
UNITED STATES	25.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	25.00	25.00	25.00	25.00
VENEZUELA	0.17	15.00	189.41	14.98	22.35	26.75	29.67	0.17	0.25	0.30	0.33
YUGOSLAVIA	0.17	15.00	1785.10	15.14	16.14	17.49	18.84	0.17	0.18	0.19	0.21
Unallocated	5.23	470.75		397.32	374.38	278.97	185.24	4.41	4.16	3.10	2.06
	<u>100.00</u>	<u>9000.00</u>		<u>9000.00</u>	<u>9000.00</u>	<u>9000.00</u>	<u>9000.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Table 1: \$9 Billion IDA7: Possible Incremental Shares

<u>Country</u>	<u>IDA7 Share (%)</u>	<u>1st Round</u>	<u>2nd Round</u>	<u>3rd Round</u>
Argentina	0.21			
Australia	1.91	+0.34		+0.06
Austria	0.68	+0.07		
Belgium	1.68			
Brazil	0.25			
Canada	4.30	<u>+0.50</u>		
Colombia	0.08			
Denmark	1.14	+0.06		
Finland	0.60	+0.20		+0.05
France	6.50		+0.20	+0.10
Germany	11.30			+0.20
Greece	0.05			
Iceland	0.03			
Ireland	0.11			
Italy	3.85	+0.40		+0.25
Japan	18.70			
Korea	0.03	+0.07		+0.05
Kuwait	0.36	+0.64		+0.20
Luxembourg	0.05			
Mexico	0.17			
Netherlands	3.00	+0.50		
New Zealand	0.08	+0.04		+0.03
Norway	1.20	+0.05		+0.05
Portugal	0.06			
Saudi Arabia	3.25	+0.25		
South Africa	0.08			+0.02
Spain	0.42			
Sweden	2.20	+0.30		+0.10
United Arab Emirates	0.66			
United Kingdom	6.50		+0.20	+0.10
United States	25.00			
Venezuela	0.17			
Yugoslavia	0.17			
Incremental Share Amount		+3.42	+0.40	+1.21
Remaining Gap	5.23	1.81	1.41	0.20
Grand Total	<u>100.00</u>			

Financial Studies Division
Financial Policy and Analysis Department
January 12, 1984

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

<u>Majority View</u>	<u>Compromise</u> <u>6 months</u>	<u>\$/SDR</u>	<u>Finance</u> <u>1 year.</u>
Argentina	Argentina	- SDR	
	Australia	- \$	
	Austria	- SDR	
	Belgium	- SDR/\$	
Brazil			
	Canada	- \$	
	Colombia	- SDR	
	Denmark	- \$/SDR	
	Finland	- <u>\$/SDR</u>	
		\$/SDR	France
		SDR (6)	
		\$	Greece
	Iceland	→ \$	
Ireland (?)		\$ →	Ireland
		SDR →	Italy
	Korea	- \$	
	Kuwait	- \$	
	Luxembourg	- SDR	
	Netherlands	- SDR	
	New Zealand	- \$/SDR	
	Norway	- SDR (%)	
	(additional to be reduced) →		

MEETING OF IDA DEPUTIES

Washington, D.C., January 12 - 14, 1984

Chairman's Summary Note

1. A meeting of Deputies was held in Washington, D.C., on January 12-14, 1984 under the chairmanship of Mr. Moeen A. Qureshi to conclude negotiations on the Seventh Replenishment of resources of the International Development Association (IDA7).

2. At the meeting, Deputies reaffirmed their support for the Association and its activities. They felt that IDA was among the more effective multilateral mechanisms transferring concessional resources to the poorest countries and had a key role to play in assisting their development efforts. They recalled that at their previous meeting (in Paris on December 9-10, 1983) all donors had expressed concern that the stated U.S. position on its contributions to IDA7 (a total of \$2.25 billion for three years with a share of 25%) would result in limiting IDA7 to \$9 billion, an amount they considered to be "gravely inadequate." They expressed regret and disappointment that the U.S. position had not changed since then, but felt that in view of the pressing urgency of reaching a conclusive outcome and preventing a hiatus in IDA's commitment authority as of July 1, 1984, a replenishment of \$9 billion should be agreed upon now, and that efforts aimed at mobilizing additional resources should continue to be made by themselves and the Association's management. The Deputies agreed that the

draft Report of the Executive Directors, together with the draft Resolution to be adopted by the Board of Governors, be transmitted to the Executive Directors for formal consideration.

3. Deputies agreed that detailed comments and drafting revisions on the Report and Resolution would be communicated to IDA staff through their Executive Directors and expressed the hope that prior to submission of the IDA7 Resolution to the Board of Governors for approval, further efforts would be made by all donors to reduce the percentage of unallocated shares. In this connection, Management indicated that it would be contacting donor governments once again immediately after this meeting in an effort to further reduce the unallocated amount.

4. There was broad agreement that the Association's management should be provided with a mandate to raise additional resources for the FY85-87 period. There was also broad agreement that management's efforts should aim to close the gap between the \$9 billion--which donors other than the U.S. considered insufficient--and the level of \$12 billion which all other donors regarded as a necessary replenishment level. Accordingly, management undertook, with the support of most donors, to continue discussions on supplementing the agreed level of \$9 billion with arrangements which would lead to raising up to \$3 billion, assuming a share of 25% for the United States, which other donors hoped the U.S. would eventually agree to take up. Such discussions, which Deputies agreed

should be concluded by July 1, 1984, would aim at devising modalities and arrangements (under which additional contributions would be raised and applied) which are generally acceptable and of a multilateral nature. A number of Deputies indicated that their contributions to such an additional facility would be contingent on the participation of a large number of donors, including major donors other than the United States. The U.S. Deputy reaffirmed that the U.S. contribution to IDA7 would be \$2.25 billion.

5. There was widespread support for a proposal by the Deputy for Canada that a comprehensive review of the first eighteen months of experience under IDA7 should be undertaken by Management and IDA Deputies. Such a review would consider the extent to which the Association had been able to meet adequately the needs of IDA recipients as well as developments in the positions of donor countries which might result in improving prospects for mobilizing further resources at that time.

6. Indications were provided by Deputies, subject to confirmation by their governments, of the shares which their countries would take up in IDA7 (Annex A). It was noted that the shares of France, Germany, Japan and the United Kingdom were based on understandings reached between these countries which would result in meeting Japan's desire to harmonize its position in the share capital of the IBRD with the level of its contributions to IDA. Subject to the agreement of the IBRD's Board of Executive Directors no later than February 7, 1984 to submit to the Governors a draft Resolution for a Selective Capital Increase in the amount of \$8.4 billion,

Japan agreed to take up a share of 18.7 percent in IDA7. The Deputy for Japan noted that the substantial increase in his country's share should be regarded as an extraordinary action which would be taken in connection with the change of Japan's ranking (from fifth to second position) in the share capital of the IBRD. Under normal circumstances, the Deputy for Japan stated that Japan's share would be more in line with its share in donors' adjusted GNP.

7. The Deputies for Canada, Finland, Italy, Norway and Spain indicated that they would, subject to confirmation by their governments, increase their shares in IDA7 over those in IDA6. Along with the Deputies for Denmark, the Netherlands and Saudi Arabia who indicated that they would again make special contributions for IDA7 as they had for IDA6, they noted that the additions should not be taken to mean a permanent increase in their shares in future IDA replenishments. Some Deputies noted that their recommendations to their authorities with respect to their IDA7 shares were dependent on the period used for averaging exchange rates and/or the efforts of other donors towards reducing the unallocated gap. Many Deputies felt that their willingness to take up their indicated shares in the \$9 billion replenishment would be likely to have a bearing on the eventual extent of their contributions to any supplemental funding arrangement that might emerge.

8. Reflecting the widespread concern of many Deputies about the need to accommodate volatility in exchange rate movements over a reasonably representative period of time, agreement was finally reached on a proposal

to convert the dollar equivalents of the shares of individual countries in IDA7 into national currency amounts (which they would be obligated to pay) at the average rate of exchange between the dollar and the national currency of each contributor over the six-month period ending December 9, 1983.

9. The results of Deputies' discussions during the meeting on burden-sharing and contributions to IDA7 are shown in Annex A.

10. Deputies also reached agreement on arrangements for implementing the IDA7 Resolution and for advance contributions which would be reflected in the Report of the Executive Directors. The Chairman noted that the comments made by Deputies on the question of allocation would be fully reflected in the detailed Chairman's Report of this meeting. Several Deputies emphasized their view that the Executive Directors of the Association should continue to approve the policies and criteria which would guide the allocation of IDA resources and that management would continue to apply such policies and criteria in individual cases.

11. On the question as to whether the maturities of IDA credits should be shortened in order to enable quicker recycling of increasingly scarce resources the view of most Deputies was that it would be imposing an excessive burden on recipient countries to reduce substantially the volume of resources being made available and at the same time harden the terms on which those resources were provided. They felt that while a reduction in

maturities might have been considered if it had facilitated the mobilization of additional resources, in the light of present circumstances, the traditional maturities and grace periods of IDA credits should be maintained at the present time.

Attachment

Washington Office

January 14, 1984

INDICATIONS CONCERNING SHARES IN THE SEVENTH REPLENISHMENT
AS PROVIDED BY DEPUTIES SUBJECT TO CONFIRMATION BY GOVERNMENTS

Donor	Shares *	US Dollar Amount	National Currency **	Memo Item: IDA6 Shares
	(%)	(million)	(million)	(%)
Argentina	0.21	18.75	243.64 e/	0.21
Australia	1.91	171.90	192.44	1.91
Austria	0.68	61.20	1187.28	0.68
Belgium	1.68	151.20	8053.03	1.68
Brazil	0.25	22.17	15804.44 e/	0.42 g/
Canada	4.50	405.00	500.05	4.30
Colombia	0.08 a/	7.50	619.13 e/	0.08
Denmark	1.20	108.00	1026.99	1.20
Finland	0.70	63.00	357.73	0.60
France	6.60	594.00	4745.78	5.38
Germany	11.50	1035.00	2732.47	12.50
Greece	0.05	4.50	400.54	0.05
Iceland	0.03	2.70	75.38	0.03
Ireland	0.11	9.90	8.35	0.11
Italy	4.30	387.00	612873.9	3.85
Japan	18.70	1683.00	401424.6	14.65
Korea	0.03 b/	2.25	1768.71	0.03
Kuwait	0.70 c/	63.00	18.38	1.67
Luxembourg	0.05	4.50	239.72	0.05 f/
Mexico	0.17	15.00	1948.81 e/	0.17
Netherlands	3.00	270.00	798.28	3.00
NEW Zealand	0.08	7.52	11.45	0.08
Norway	1.27	114.30	846.72	1.20
Portugal	0.06	5.25	642.55	0.06 h/
Saudi Arabia	3.50	315.00	1091.53	3.50 f/
South Africa	0.08 b/	7.50	8.49	0.08
Spain	0.46	41.09	6204.46	0.42
Sweden	2.30	207.00	1618.85	3.00
U.A.E.	0.66 d/	59.40	218.06	0.66
United Kingdom	6.70	603.00	402.41	10.10
United States	25.00	2250.00	2250.00	27.00
Venezuela	0.17 b/	15.00	118.33	0.17 h/
Yugoslavia	0.17	15.00	1603.82	0.17
Unallocated	3.12	280.37		1.01
Grand Total	100.00	9000.00		100.00

* Rounded to two decimal points.

** National currency obligations are calculated on the basis of a six-month average of exchange rates versus the U.S. dollar using the period June 10, 1983 - December 9, 1983. Figures are preliminary and subject to confirmation.

a/ Deputies reserved their positions subject to discussions with their authorities.

b/ Represents IDA6 share subject to adjustment. Deputies for South Africa and Venezuela were not present.

c/ Kuwait indicated that its IDA7 share was 0.36%, and that the Deputy would recommend to his authorities an additional 0.34% share to close the unallocated gap.

d/ Shares to be recommended by Deputies to their authorities.

e/ These countries are willing to undertake consultations with each other and their respective authorities in order to mitigate in some fashion the effects on the Association of using a six-month average exchange rate conversion method.

f/ Includes additional contributions by Luxembourg and Saudi Arabia, made after the IDA6 negotiations were completed, to close the unallocated gap.

g/ Includes \$20.44 million equivalent released in usable form relating to the 90 percent portion of Brazil's initial subscription in the Association.

h/ Portugal and Venezuela have not yet completed membership formalities in the Association.

AVERAGING & Interest Rate

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

Shares

A. In Favor of 1 year average : 12 (+1)

53.1%

[54.3]

B. In Favor of 3 months : 2

C. No Strong Views / Will go w/ majority : 10

D. In Favor of Current Rate : [9]

[of which prepared to
accept up to 3 months : 4.
compromise at 6 months : 1.
will accept 12 months : 1]

Increases conditional on 1 year average :

8 out
of 15.

In favor of dollars : 9. [4]

SDR : 9. [2]

no preference/views : 13

but lean toward \$: [4]

lean toward SDR : [2]

MEETING OF IDA DEPUTIES

Washington, D.C., January 12 - 14, 1984

Chairman's Summary Note

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2. At the meeting, Deputies reaffirmed their support for the Association and its activities. They felt that IDA was among the more effective multilateral mechanisms transferring concessional resources to the poorest countries and had a key role to play in assisting their development efforts. They recalled that at their previous meeting (in Paris on December 9-10, 1983) all donors had expressed concern that the stated U.S. position on its contributions to IDA7 (a total of \$2.25 billion for three years with a share of 25%) would result in limiting IDA7 to \$9 billion, an amount they considered to be "gravely inadequate." They expressed regret and disappointment that the U.S. position had not changed since then, but felt that in view of the pressing urgency of reaching a conclusive outcome and preventing a hiatus in IDA's commitment authority as of July 1, 1984, a replenishment of \$9 billion should be agreed upon now, and that efforts aimed at mobilizing additional resources should continue to be made by themselves and the Association's management. The Deputies agreed that the

agreed that the draft Report of the Executive Directors, together with the draft Resolution to be adopted by the Board of Governors, be transmitted to the Executive Directors for formal consideration.

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should be concluded by July 1, 1984, would aim at devising modalities and arrangements (under which additional contributions would be raised and applied) which are generally acceptable and of a multilateral nature. A number of Deputies indicated that their contributions to such an additional facility would be contingent on the participation of a large number of donors, including major donors other than the United States. The U.S. Deputy reaffirmed that the U.S. contribution to IDA7 would be \$2.25 billion.

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Attachment

Washington Office

January 14, 1984

SHARES IN A \$9 BILLION IDA REPLENISHMENT

Donor	January 12	Additional Pledge	January 13
	IDA7 Share		IDA7 Share
	(%)	(%)	(%)
Argentina	0.21	a/	0.21
Australia	1.91		1.91
Austria	0.68	a/	0.68
Belgium	1.68		1.68
Brazil	0.25	b/	0.25
Canada	4.30	b/	4.30
Colombia	0.08		0.08
Denmark	1.14	0.06	1.20
Finland	0.60	0.10 c/	0.70
France	6.50	0.10	6.60
Germany	11.30	0.20 c/	11.50
Greece	0.05		0.05
Iceland	0.03		0.03
Ireland	0.11		0.11
Italy	3.85	0.35	4.20
Japan	18.70		18.70
Korea	0.03		0.03 a/
Kuwait	0.36	* 34 c/	0.36
Luxembourg	0.05		0.05
Mexico	0.17		0.17
Netherlands	3.00		3.00
New Zealand	0.08		0.08
Norway	1.20	0.07	1.27
Portugal	0.06		0.06
Saudi Arabia	3.25	0.25 a/	3.50
South Africa	0.08		0.08
Spain	0.42	0.04	0.46
Sweden	2.20	0.10	2.30
UAE	0.66		0.66
United Kingdom	6.50	0.20 c/	6.70
United States	25.00		25.00
Venezuela	0.17		0.17
Yugoslavia	0.17		0.17
GAP	5.23	1.47	3.75
GRAND TOTAL	100.00	1.81	100.00
Canada	2.11	0.21	
Italy	3.12	0.10	
		2.11	

a/ These countries have indicated their willingness to increase their shares in order to maintain equivalence should average exchange rates be adopted.

b/ These countries reserved the right to readjust their shares upward to compensate for the use of an exchange rate average.

c/ These countries indicated that they would recommend this share to their authorities.

d/ These countries reserved their positions on the matter of shares.

* The representative from Kuwait indicated that he would urge his authorities to reconsider Kuwait's share in IDA7.

INDICATIONS PROVIDED BY DEPUTIES SUBJECT TO CONFIRMATION BY
GOVERNMENTS CONCERNING CONTRIBUTIONS TO THE SEVENTH REPLENISHMENT

<u>Donor</u>	<u>Shares *</u>	<u>US Dollar Amount</u>	<u>National Currency **</u>
	(%)	(million)	(million)
Argentina	0.21 ^d a/	18.75	243.64
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Austria	0.68	61.20	1187.28
Belgium	1.68 ^d	151.20	8053.03
Brazil	0.25 a/	22.17	15804.44
Canada	4.50	405.00	500.05
Colombia	0.08 a/dj	7.50	619.13
Denmark	1.20	108.00	1026.99
Finland	0.70	63.00	357.73
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Venezuela	0.17 b/	15.00	118.33
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Unallocated	3.12	280.37	
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* Rounded to two decimal points.

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a/ Deputies reserved their positions subject to discussions with their authorities.

b/ Represents IDA6 share subject to adjustment. Deputies for South Africa and Venezuela were not present.

c/ Shares to be recommended by Deputies to their authorities. In the case of Kuwait the Deputy stated that its share would be 0.36% but indicated that he was prepared to recommend increasing this share by a further 0.34% to his authorities in order to reduce the amount that would otherwise remain unallocated.

French suggestion

The agreement reached on a \$ 9 billion level for IDA 7 obviously raises the issue of funds allocation among countries. The modest amount of the replenishment leads to reserve the bulk of un-blended IDA financing for the lowest-income eligible countries, chiefly sub-saharan Africa countries and a few south-east Asia countries such as Bangladesh. Their current economic and social situation warrant that they receive a steadily increasing flow of IDA resources.

An intermediate financing scheme, which would be part of the final IDA 7 agreement, could be devised in favor of those countries which - like India and China - would otherwise be directly and substantially penalized by the concentration of IDA resources upon the poorest present recipients. Such a scheme would combine IBRD loans with a subsidy provided by IDA. Through the establishment of a \$ 1.5 billion subsidy account which would be administered by IDA, it would thus be feasible, over the replenishment period, to supply those countries with \$ 3 billion new loans, the conditions of which would be intermediate between those of IBRD loans and IDA credits (annual rate : 5 % ; maturity : 25 years with a 7 years grace period).

The adoption of such a formula would :

- first, secure an increasing flow of un-blended IDA financing for the poorest countries ;

- second, preserve the overall volume of resources that India and China would have received from IDA under a 12 billion replenishment as well as make sure that the terms of the lending they will be granted is still very concessional, although slightly less favorable than IDA credits.

The setting up of this account which would be a special fund supplementing IDA 7 implies that :

1 - Donors supply IDA with an extra \$ 1.5 billion, amount which would have to be distributed along the burden-sharing proportions agreed upon for the 7 th replenishment.

2 - IDA member-countries trust the administration of the account to the Association.

3 - The IBRD Executive Board decide to increase by \$ 3 billions the Bank's new commitments for the next three years, period during which a new general capital increase is Forecast.

On the basis of the above principles, other solutions could be examined : for example a reduction in the lending volume associated to a softening of conditions or vice-versa. A mixing of subsidized loans with IBRD usual loans could also be contemplated.

EFFECT OF VARIOUS AVERAGE EXCHANGE RATES ON THE VALUE OF IDA7

(Using National Currency/ US\$ rate as the unit of conversion)

Country	IDA7 Shares	IDA7 Contri- butions (US\$ m)	Current National Currency Equiv. a/ (million)	National Currency Equivalent Using Average Exchange Rates for period				Current US\$ Value Equivalent Using Average Exchange Rates for period a/				New Burden Sharing in a \$9 billion IDA7 Using Average Exchange Rates for the period				Percentage Fluctuations in US\$ Value of Contributions Using 12/30/83 Exchange Rate Base			
				10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83
ARGENTINA	0.21	18.75	436.07	327.04	262.60	223.93	194.91	14.06	11.29	9.63	8.38	0.16	0.13	0.11	0.09	-25.00	-39.78	-48.65	-55.30
AUSTRALIA	1.91	171.90	192.60	185.81	190.52	192.54	189.99	165.84	170.04	171.85	169.58	1.84	1.89	1.91	1.88	-3.52	-1.08	-0.03	-1.35
AUSTRIA	0.68	61.20	1183.67	1153.27	1155.48	1127.21	1104.35	59.63	59.74	58.28	57.10	0.66	0.66	0.65	0.63	-2.57	-2.38	-4.77	-6.70
BELGIUM	1.68	151.20	8412.77	8231.76	8128.35	7919.54	7729.20	147.95	146.09	142.34	138.91	1.64	1.62	1.58	1.54	-2.15	-3.38	-5.86	-8.13
BRAZIL	0.25	22.14	21675.06	19063.66	16589.22	14571.55	12735.47	19.47	16.95	14.88	13.01	0.22	0.19	0.17	0.14	-12.05	-23.46	-32.77	-41.24
CANADA	4.30	387.00	481.58	479.22	478.16	477.58	478.72	385.10	384.25	383.78	384.70	4.28	4.27	4.26	4.27	-0.49	-0.71	-0.83	-0.60
COLOMBIA	0.08	7.50	665.51	644.96	625.70	607.92	591.14	7.27	7.05	6.85	6.66	0.08	0.08	0.08	0.07	-3.09	-5.98	-8.65	-11.18
DENMARK	1.14	102.60	1013.18	992.48	983.93	959.00	938.13	100.50	99.64	97.11	95.00	1.12	1.11	1.08	1.06	-2.04	-2.89	-5.35	-7.41
FINLAND	0.60	54.00	313.74	310.16	308.25	304.06	300.65	53.38	53.05	52.33	51.75	0.59	0.59	0.58	0.57	-1.14	-1.75	-3.08	-4.17
FRANCE	6.50	585.00	4883.29	4775.39	4716.04	4600.67	4457.78	572.07	564.96	551.14	534.03	6.36	6.28	6.12	5.93	-2.21	-3.42	-5.79	-8.71
GERMANY	11.30	1017.00	2770.10	2721.49	2704.65	2645.45	2596.26	999.15	992.97	971.23	953.18	11.10	11.03	10.79	10.59	-1.75	-2.36	-4.50	-6.28
GREECE	0.05	4.50	444.02	416.18	408.02	398.28	392.39	4.22	4.14	4.04	3.98	0.05	0.05	0.04	0.04	-6.27	-8.11	-10.30	-11.63
ICELAND	0.03	2.25	64.78	63.39	63.07	59.98	55.91	2.20	2.19	2.08	1.94	0.02	0.02	0.02	0.02	-2.14	-2.63	-7.40	-13.69
IRELAND	0.11	9.90	8.72	8.52	8.42	8.21	7.96	9.67	9.55	9.32	9.04	0.11	0.11	0.10	0.10	-2.28	-3.49	-5.89	-8.69
ITALY	3.85	346.50	575016.8	562776.3	554025.8	539998.1	526227.5	339.12	333.85	325.40	317.10	3.77	3.71	3.62	3.52	-2.13	-3.65	-6.09	-8.48
JAPAN	18.70	1683.00	390792.6	394172.4	401178.1	400719.4	399725.8	1697.56	1727.73	1725.75	1721.47	18.86	19.20	19.18	19.13	0.86	2.66	2.54	2.29
KOREA	0.03	2.25	1784.25	1784.25	1775.53	1760.84	1744.43	2.25	2.24	2.22	2.20	0.03	0.02	0.02	0.02	0.00	-0.49	-1.31	-2.23
KUWAIT	0.36	32.40	9.48	9.44	9.45	9.45	9.44	32.28	32.31	32.30	32.28	0.36	0.36	0.36	0.36	-0.39	-0.28	-0.29	-0.37
LUXEMBOURG	0.05	4.50	250.38	244.99	241.92	235.70	230.04	4.40	4.35	4.24	4.13	0.05	0.05	0.05	0.05	-2.15	-3.38	-5.86	-8.13
MEXICO	0.17	15.00	2157.43	2070.30	1981.21	1891.91	1801.59	14.40	13.78	13.16	12.53	0.16	0.15	0.15	0.14	-4.04	-8.17	-12.31	-16.49
NETHERLANDS	3.00	270.00	827.42	810.54	804.46	787.66	770.51	264.49	262.51	257.03	251.43	2.94	2.92	2.86	2.79	-2.04	-2.77	-4.80	-6.88
NEW ZEALAND	0.08	7.52	11.52	11.40	11.45	11.44	11.24	7.44	7.47	7.46	7.34	0.08	0.08	0.08	0.08	-1.01	-0.61	-0.72	-2.39
NORWAY	1.20	108.00	836.19	809.92	804.73	794.60	787.92	104.61	103.94	102.63	101.77	1.16	1.15	1.14	1.13	-3.14	-3.76	-4.97	-5.77
PORTUGAL	0.06	5.25	689.72	670.42	655.15	613.69	581.17	5.10	4.98	4.67	4.42	0.06	0.06	0.05	0.05	-2.80	-5.01	-11.02	-15.74
SAUDI ARABIA	3.25	292.50	1022.29	1016.53	1014.60	1012.29	1010.42	290.85	290.30	289.64	289.10	3.23	3.23	3.22	3.21	-0.56	-0.75	-0.98	-1.16
SOUTH AFRICA	0.08	7.50	9.16	8.80	8.55	8.42	8.35	7.20	7.00	6.89	6.83	0.08	0.08	0.08	0.08	-3.90	-6.62	-8.05	-8.86
SPAIN	0.42	37.49	5875.31	5789.85	5711.91	5544.54	5376.11	36.95	36.45	35.38	34.31	0.41	0.41	0.39	0.38	-1.45	-2.78	-5.63	-8.50
SWEDEN	2.20	198.00	1584.20	1566.93	1556.25	1534.94	1517.97	195.84	194.51	191.84	189.72	2.18	2.16	2.13	2.11	-1.09	-1.76	-3.11	-4.18
U.A.E.	0.66	59.40	218.06	218.06	218.06	218.06	218.06	59.40	59.40	59.40	59.40	0.66	0.66	0.66	0.66	0.00	0.00	0.00	0.00
UNITED KINGDOM	6.50	585.00	403.30	397.90	392.67	387.15	385.86	577.16	569.58	561.57	559.70	6.41	6.33	6.24	6.22	-1.34	-2.64	-4.00	-4.33
UNITED STATES	25.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	2250.00	25.00	25.00	25.00	25.00	0.00	0.00	0.00	0.00
VENEZUELA	0.17	15.00	189.41	189.74	127.13	106.22	95.76	15.03	10.07	8.41	7.59	0.17	0.11	0.09	0.08	0.17	-32.88	-43.92	-49.44
YUGOSLAVIA	0.17	15.00	1785.10	1768.70	1659.25	1531.59	1421.77	14.87	13.95	12.87	11.95	0.17	0.15	0.14	0.13	-0.92	-7.05	-14.20	-20.35
Unallocated	5.23	470.75		540.52	553.68	634.26	709.49	540.52	553.68	634.26	709.49	6.01	6.15	7.05	7.88	14.82	17.62	34.73	50.71
	100.00	9000.00		9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	100.00	100.00	100.00	100.00	0.00	0.00	0.00	0.00

a/ Using a national currency/US\$ rate at 12/30/83.

EFFECT OF VARIOUS AVERAGE EXCHANGE RATES ON THE VALUE OF IDA7

(Using National Currency/ SDR rate as the unit of conversion)

Country	IDA7 Shares	IDA7 Contri- butions (SDR m)	Current National Currency Equiv. a/ (million)	National Currency Equivalent Using Average Exchange Rates for period				Current SDR Value Equivalent Using Average Exchange Rates for period a/				New Burden Sharing in the SDR Equiv. of a \$9 billion IDA7 Using Average Exchange Rates for the period				Percentage Fluctuations in SDR Value of Contributions Using 12/30/83 Exchange Rate Base			
				10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83
ARGENTINA	0.21	17.91	436.07	328.36	264.23	227.04	199.00	13.48	10.85	9.32	8.17	0.16	0.13	0.11	0.10	-24.70	-39.41	-47.94	-54.37
AUSTRALIA	1.91	164.19	192.60	186.81	191.70	195.22	193.98	159.26	163.43	166.42	165.37	1.85	1.90	1.94	1.92	-3.00	-0.46	1.36	0.72
AUSTRIA	0.68	58.46	1183.67	1159.14	1162.68	1142.86	1127.51	57.24	57.42	56.44	55.68	0.67	0.67	0.66	0.65	-2.07	-1.77	-3.45	-4.74
BELGIUM	1.68	144.42	8412.77	8273.79	8178.98	8029.47	7891.27	142.03	140.41	137.84	135.47	1.65	1.63	1.60	1.58	-1.65	-2.78	-4.56	-6.20
BRAZIL	0.25	21.15	21675.06	19153.12	16692.56	14773.80	13002.52	18.69	16.29	14.41	12.69	0.22	0.19	0.17	0.15	-11.64	-22.99	-31.84	-40.01
CANADA	4.30	369.64	481.58	481.73	481.14	484.20	488.75	369.76	369.30	371.66	375.15	4.30	4.30	4.32	4.36	0.03	-0.09	0.54	1.49
COLOMBIA	0.08	7.16	665.51	648.27	629.60	616.36	603.53	6.98	6.77	6.63	6.49	0.08	0.08	0.08	0.08	-2.59	-5.40	-7.39	-9.31
DENMARK	1.14	98.00	1013.17	997.54	990.06	972.31	957.80	96.49	95.76	94.05	92.64	1.12	1.11	1.09	1.08	-1.54	-2.28	-4.03	-5.47
FINLAND	0.60	51.58	313.74	311.75	310.17	308.28	306.96	51.25	50.99	50.68	50.46	0.60	0.59	0.59	0.59	-0.63	-1.14	-1.74	-2.16
FRANCE	6.50	558.77	4883.29	4799.77	4745.41	4664.53	4551.25	549.21	542.99	533.73	520.77	6.39	6.32	6.21	6.06	-1.71	-2.82	-4.48	-6.80
GERMANY	11.30	971.39	2770.10	2735.37	2721.50	2682.17	2650.70	959.21	954.35	940.56	929.52	11.16	11.10	10.94	10.81	-1.25	-1.75	-3.17	-4.31
GREECE	0.05	4.30	444.01	418.17	410.57	403.81	400.62	4.05	3.97	3.91	3.88	0.05	0.05	0.05	0.05	-5.82	-7.53	-9.06	-9.77
ICELAND	0.03	2.15	64.78	63.72	63.46	60.81	57.08	2.11	2.11	2.02	1.89	0.02	0.02	0.02	0.02	-1.63	-2.03	-6.12	-11.89
IRELAND	0.11	9.46	8.72	8.57	8.47	8.32	8.13	9.29	9.18	9.02	8.81	0.11	0.11	0.10	0.10	-1.78	-2.89	-4.58	-6.78
ITALY	3.85	330.96	575016.7	565650.3	557477.1	547493.3	537262.1	325.57	320.87	315.12	309.23	3.79	3.73	3.67	3.60	-1.63	-3.05	-4.79	-6.57
JAPAN	18.70	1607.53	390792.6	396241.4	403677.2	406281.4	408107.7	1629.94	1660.53	1671.24	1678.75	18.96	19.32	19.44	19.53	1.39	3.30	3.96	4.43
KOREA	0.03	2.15	1784.25	1793.65	1786.59	1785.28	1781.01	2.16	2.15	2.15	2.15	0.03	0.03	0.03	0.02	0.53	0.13	0.06	-0.18
KUWAIT	0.36	30.95	9.48	9.49	9.51	9.58	9.64	30.99	31.05	31.28	31.48	0.36	0.36	0.36	0.37	0.14	0.34	1.09	1.72
LUXEMBOURG	0.05	4.30	250.38	246.24	243.42	238.97	234.86	4.23	4.18	4.10	4.03	0.05	0.05	0.05	0.05	-1.65	-2.78	-4.56	-6.20
MEXICO	0.17	14.33	2157.43	2080.84	1993.55	1918.17	1839.36	13.82	13.24	12.74	12.22	0.16	0.15	0.15	0.14	-3.55	-7.60	-11.09	-14.74
NETHERLANDS	3.00	257.89	827.41	814.67	809.47	798.59	786.66	253.92	252.30	248.91	245.19	2.95	2.93	2.90	2.85	-1.54	-2.17	-3.48	-4.93
NEW ZEALAND	0.08	7.18	11.52	11.46	11.52	11.59	11.48	7.14	7.18	7.23	7.15	0.08	0.08	0.08	0.08	-0.49	0.01	0.66	-0.34
NORWAY	1.20	103.16	836.19	814.05	809.74	805.63	804.44	100.43	99.89	99.39	99.24	1.17	1.16	1.16	1.15	-2.65	-3.16	-3.66	-3.80
PORTUGAL	0.06	5.01	689.72	673.82	659.23	622.21	593.36	4.90	4.79	4.52	4.31	0.06	0.06	0.05	0.05	-2.30	-4.42	-9.79	-13.97
SAUDI ARABIA	3.25	279.38	1022.29	1021.89	1020.92	1026.34	1031.61	279.27	279.01	280.49	281.93	3.25	3.25	3.26	3.28	-0.04	-0.13	0.40	0.91
SOUTH AFRICA	0.08	7.16	9.16	8.85	8.61	8.54	8.52	6.92	6.73	6.68	6.66	0.08	0.08	0.08	0.08	-3.42	-6.04	-6.77	-6.95
SPAIN	0.42	35.81	5875.31	5819.60	5747.49	5621.50	5488.85	35.47	35.03	34.27	33.46	0.41	0.41	0.40	0.39	-0.95	-2.18	-4.32	-6.58
SWEDEN	2.20	189.12	1584.20	1575.01	1565.95	1556.24	1549.80	188.02	186.94	185.78	185.01	2.19	2.17	2.16	2.15	-0.58	-1.15	-1.76	-2.17
U.A.E.	0.66	56.74	218.06	219.21	219.42	221.08	222.63	57.04	57.09	57.52	57.93	0.66	0.66	0.67	0.67	0.53	0.62	1.39	2.10
UNITED KINGDOM	6.50	558.77	403.30	399.94	395.11	392.52	393.95	554.11	547.42	543.84	545.81	6.45	6.37	6.33	6.35	-0.83	-2.03	-2.67	-2.32
UNITED STATES	25.00	2149.10	2250.00	2250.00	2250.00	2250.00	2250.00	2149.10	2149.10	2149.10	2149.10	25.00	25.00	25.00	25.00	0.00	0.00	0.00	0.00
VENEZUELA	0.17	14.33	189.41	190.75	127.92	107.69	97.77	14.43	9.68	8.15	7.40	0.17	0.11	0.09	0.09	0.71	-32.47	-43.14	-48.38
YUGOSLAVIA	0.17	14.33	1785.10	1777.89	1669.59	1552.85	1451.58	14.27	13.40	12.47	11.65	0.17	0.16	0.15	0.14	-0.40	-6.47	-13.01	-18.68
Unallocated	5.23	449.64		485.61	491.98	524.74	556.69	485.61	491.98	524.74	556.69	5.65	5.72	6.10	6.48	8.00	9.42	16.70	23.81
	100.00	8596.40 b/		8596.40	8596.40	8596.40	8596.40	8596.40	8596.40	8596.40	8596.40	100.00	100.00	100.00	100.00	0.00	0.00	0.00	0.00

a/ Using a national currency/SDR rate at 12/30/83.

b/ Equivalent to \$9 billion at 12/30/83.

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

A. W. CLAUSEN
President

January 16, 1984

To All Staff:

Please find attached a statement that we issued at the conclusion of the latest round of IDA 7 negotiations this week-end. The IDA Deputies agreed to a replenishment of \$9 billion, which is most disappointing. But the Deputies also provided management with a clear mandate to start immediate work on securing additional funds for IDA. We shall exhaust every possible avenue in our continuing efforts to strengthen IDA and we shall campaign hard to convince IDA donors to provide additional resources.

There may have to be changes in a variety of country programs as a result of the decisions that have been taken by the IDA Deputies, but we do not see any significant impact on Bank staffing in the near term. Everyone will be needed in the great challenge before us to assist the low income developing countries.



Washington, D.C., January 14, 1984

PRESS CONFERENCE STATEMENT

By World Bank President A.W. Clausen
at the conclusion of the IDA Deputies' Meeting

Good afternoon ladies and gentlemen. A number of decisions have been reached after exceptionally difficult and lengthy negotiations on the seventh replenishment of IDA. Permit me to note the main features of these decisions first and then to comment briefly on the situation.

A number of technical, as well as an array of procedural and legislative steps must be taken before final agreements are signed, but the general framework for IDA-7 has been established. We have agreed on a replenishment of \$9 billion over three years at this time in order to ensure that IDA does not run out of commitment authority on July 1. At the same time the Deputies have provided management with a mandate to pursue efforts in the immediate months ahead to secure supplemental resources for IDA. We shall of course vigorously pursue this course.

The Deputies have also asked for a review of IDA's situation to be conducted at a suitable point in the replenishment period to assess the impact of this low volume of resources on recipient countries and to assess whether, with improved conditions in donor countries, we can again at that time raise further amounts.

As you know the United States decided to limit its contribution to \$750 million per year and to no more than 25 percent of the total sum of all contributions. This implied an IDA of \$9 billion for the three-year period starting in mid-1984. Every other donor stated a willingness to support a \$12 billion replenishment, but there was a determination to maintain the principle of burden-sharing upon which all multilateral agreements of this kind are based and no donor wished to see the U.S. share slip below a minimum of 25 percent.

Under the present circumstances we felt it was unlikely that further negotiations would have produced more than \$9 billion. So we decided not to prolong a process which has already stretched over 14 months and felt that the time had come for a decision. Legislation has to be approved in all donor countries in order to ensure that IDA has commitment authority in place on July 1 of this year. This factor has also pressed us to reach some decisions now.

This agreement means that IDA will therefore have commitment authority for the start of the next fiscal year and this is most important. Although the level may be lower than we would have liked, we hope that we will be able to raise supplemental resources to increase it somewhat. But let me leave you in no doubt about my feelings. I think that it is both sad and disappointing that we could not reach agreement on more than \$9 billion today. We therefore consider this important decision as only ending the first phase of efforts to secure a strong IDA for the years to come.

I say this because many donors encouraged us at this meeting to develop plans in the immediate weeks ahead that could serve as a basis for securing supplemental funds for IDA. We will spare no effort to secure such additional funds in the coming months. The task will be very difficult, but we are determined to exhaust every possible avenue in our effort.

The decision of the United States to limit its share to 25 percent, despite U.S. gross national product accounting today for over one-third of the combined GNP of all of the IDA donors, made it essential that numerous donors provide IDA with more funds than their GNP share would demand. The willingness of many donors to do this is a major achievement and underlines the respect that so many donor governments have for IDA and the value that they attach to IDA.

In this context let me draw your attention to decisions reached on the side of these negotiations. Japan, the second largest industrial nation in the world, requested that it become the second largest shareholder in IBRD, moving up from fifth place. Japan stated that it would be willing to raise its IDA share if this could be accomplished. Agreements in principle have been reached under which Japan will contribute 18.7 percent of the IDA replenishment, compared to 14.65 percent in IDA 6. Japan will assume second place in IBRD behind the United States, with Germany remaining in third place and Britain and France sharing fourth place. The final details on this change and on an IBRD selective capital increase to facilitate it have yet to be worked-out, but we are hopeful of this being completed within a few weeks by our Board.

There have been immense efforts made by many IDA Deputies and by our management to conclude an IDA agreement and it is difficult to say today what additional steps could have been taken to bring about a better result. The \$9 billion sum is inadequate set against the very great needs of the world's low income nations. The situation in these countries is serious indeed, but we shall use the resources available as best we possibly can to secure higher living standards for the 2-1/2 billion poor people that IDA serves.

In the weeks ahead we shall conduct an intense review of our lending plans to determine the wisest ways of using the limited IDA resources that will be available in coming years. I do not want to prejudge that review now by speculating on what a \$9 billion IDA will mean, especially as we are determined to find ways to ensure over the next three years IDA does have more than \$9 billion at its disposal.

But it is clear that the amount of IDA assistance available for Sub-Saharan Africa will be gravely inadequate. The results of IDA credits to India have been substantial and India has a real need for concessional assistance, but there can be no doubt India will now receive less from IDA. And there can also be no question that China, a nation of great poverty, will receive less from IDA than it expected.

The result is indeed less than we felt should have been done, but we shall ensure that IDA's funds are used well and we shall fight and campaign on every possible front to secure additional concessional funds for the poorest of the poor countries. A decision has been taken and we must accept it, but we see it as a first stage in an effort that will continue to strengthen the International Development Association in the years to come.

Mr. Moeen Qureshi has chaired the meeting here and he and I are now open to your questions.

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IDA/SecM84-10

FROM: Vice President and Secretary

January 16, 1984

IDA SEVENTH REPLENISHMENT

Meeting of IDA Deputies
Washington, D.C., January 12-14, 1984

Chairman's Summary Note

Attached for the information of the Executive Directors is a note issued by the Chairman, Mr. Moeen A. Qureshi, summarizing the proceedings and outcome of the meeting of IDA Deputies held in Washington, D.C., January 12-14, 1984.

Distribution:

Executive Directors and Alternates
President
Senior Vice Presidents
Senior Management Council

MEETING OF IDA DEPUTIES
Washington, D.C., January 12 - 14, 1984

Chairman's Summary Note

1. A meeting of Deputies was held in Washington, D.C., on January 12-14, 1984 under the chairmanship of Mr. Moeen A. Qureshi to conclude negotiations on the Seventh Replenishment of resources of the International Development Association (IDA7).

2. At the meeting, Deputies reaffirmed their support for the Association and its activities. They felt that IDA was among the more effective multilateral mechanisms transferring concessional resources to the poorest countries and had a key role to play in assisting their development efforts. They recalled that at their previous meeting (in Paris on December 9-10, 1983) all donors had expressed concern that the stated U.S. position on its contributions to IDA7 (a total of \$2.25 billion for three years with a share of 25%) would result in limiting IDA7 to \$9 billion, an amount they considered to be "gravely inadequate." They expressed regret and disappointment that the U.S. position had not changed since then, but felt that in view of the pressing urgency of reaching a conclusive outcome and preventing a hiatus in IDA's commitment authority as of July 1, 1984, a replenishment of \$9 billion should be agreed upon now, and that efforts aimed at mobilizing additional resources should continue to be made by themselves and the Association's management. The Deputies agreed that the draft Report of the Executive Directors, together with the draft Resolution to be adopted by the Board of Governors, be transmitted to the Executive Directors for formal consideration.

3. Deputies agreed that detailed comments and drafting revisions on the Report and Resolution would be communicated to IDA staff through their Executive Directors and expressed the hope that prior to submission of the IDA7 Resolution to the Board of Governors for approval, further efforts would be made by all donors to reduce the percentage of unallocated shares. In this connection, Management indicated that it would be contacting donor governments once again immediately after this meeting in an effort to further reduce the unallocated amount.

4. There was broad agreement that the Association's management should be provided with a mandate to raise additional resources for the FY85-87 period. There was also broad agreement that management's efforts should aim to close the gap between the \$9 billion--which donors other than the U.S. considered insufficient--and the level of \$12 billion which all other donors regarded as a necessary replenishment level. Accordingly, management undertook, with the support of most donors, to continue discussions on supplementing the agreed level of \$9 billion with arrangements which would lead to raising up to \$3 billion, assuming a share of 25% for the United States, which other donors hoped the U.S. would eventually

agree to take up. Such discussions, which Deputies agreed should be concluded by July 1, 1984, would aim at devising modalities and arrangements (under which additional contributions would be raised and applied) which are generally acceptable and of a multilateral nature. A number of Deputies indicated that their contributions to such an additional facility would be contingent on the participation of a large number of donors, including major donors other than the United States. The U.S. Deputy reaffirmed that the U.S. contribution to IDA7 would be \$2.25 billion.

5. There was widespread support for a proposal by the Deputy for Canada that a comprehensive review of the first eighteen months of experience under IDA7 should be undertaken by Management and IDA Deputies. Such a review would consider the extent to which the Association had been able to meet adequately the needs of IDA recipients as well as developments in the positions of donor countries which might result in improving prospects for mobilizing further resources at that time.

6. Indications were provided by Deputies, subject to confirmation by their governments, of the shares which their countries would take up in IDA7 (Annex A). It was noted that the shares of France, Germany, Japan and the United Kingdom were based on understandings reached between these countries which would result in meeting Japan's desire to harmonize its position in the share capital of the IBRD with the level of its contributions to IDA. Subject to the agreement of the IBRD's Board of Executive Directors no later than February 7, 1984 to submit to the Governors a draft Resolution for a Selective Capital Increase in the amount of \$8.4 billion, Japan agreed to take up a share of 18.7 percent in IDA7. The Deputy for Japan noted that the substantial increase in his country's share should be regarded as an extraordinary action which would be taken in connection with the change of Japan's ranking (from fifth to second position) in the share capital of the IBRD. Under normal circumstances, the Deputy for Japan stated that Japan's share would be more in line with its share in donors' adjusted GNP.

7. The Deputies for Canada, Finland, Italy, Norway and Spain indicated that they would, subject to confirmation by their governments, increase their shares in IDA7 over those in IDA6. Along with the Deputies for Denmark, the Netherlands and Saudi Arabia who indicated that they would again make special contributions for IDA7 as they had for IDA6, they noted that the additions should not be taken to mean a permanent increase in their shares in future IDA replenishments. Some Deputies noted that their recommendations to their authorities with respect to their IDA7 shares were dependent on the period used for averaging exchange rates and/or the efforts of other donors towards reducing the unallocated gap. Many Deputies felt that their willingness to take up their indicated shares in the \$9 billion replenishment would be likely to have a bearing on the eventual extent of their contributions to any supplemental funding arrangement that might emerge.

8. Reflecting the widespread concern of many Deputies about the need to accommodate volatility in exchange rate movements over a reasonably representative period of time, agreement was finally reached on a proposal

to convert the dollar equivalents of the shares of individual countries in IDA7 into national currency amounts (which they would be obligated to pay) at the average rate of exchange between the dollar and the national currency of each contributor over the six-month period ending December 9, 1983.

9. The results of Deputies' discussions during the meeting on burden-sharing and contributions to IDA7 are shown in Annex A.

10. Deputies also reached agreement on arrangements for implementing the IDA7 Resolution and for advance contributions which would be reflected in the Report of the Executive Directors. The Chairman noted that the comments made by Deputies on the question of allocation would be fully reflected in the detailed Chairman's Report of this meeting. Several Deputies emphasized their view that the Executive Directors of the Association should continue to approve the policies and criteria which would guide the allocation of IDA resources and that management would continue to apply such policies and criteria in individual cases.

11. On the question as to whether the maturities of IDA credits should be shortened in order to enable quicker recycling of increasingly scarce resources the view of most Deputies was that it would be imposing an excessive burden on recipient countries to reduce substantially the volume of resources being made available and at the same time harden the terms on which those resources were provided. They felt that while a reduction in maturities might have been considered if it had facilitated the mobilization of additional resources, in the light of present circumstances, the traditional maturities and grace periods of IDA credits should be maintained at the present time.

Attachment

Washington Office
January 14, 1984

- 4 -

INDICATIONS CONCERNING SHARES IN THE SEVENTH REPLENISHMENT
AS PROVIDED BY DEPUTIES SUBJECT TO CONFIRMATION BY GOVERNMENTS

Donor	Shares *	US Dollar Amount	National Currency **	Memo Item: IDA6 Shares
	(%)	(million)	(million)	(%)
Argentina	0.21	18.75	243.64 <u>e/</u>	0.21
Australia	1.91	171.90	192.44	1.91
Austria	0.68	61.20	1187.28	0.68
Belgium	1.68	151.20	8053.03	1.68
Brazil	0.25	22.17	15804.44 <u>e/</u>	0.42 <u>g/</u>
Canada	4.50	405.00	500.05	4.30
Colombia	0.08 <u>a/</u>	7.50	619.13 <u>e/</u>	0.08
Denmark	1.20	108.00	1026.99	1.20
Finland	0.70	63.00	357.73	0.60
France	6.60	594.00	4745.78	5.38
Germany	11.50	1035.00	2732.47	12.50
Greece	0.05	4.50	400.54	0.05
Iceland	0.03	2.70	75.38	0.03
Ireland	0.11	9.90	8.35	0.11
Italy	4.30	387.00	612873.87	3.85
Japan	18.70	1683.00	401424.62	14.65
Korea	0.03 <u>b/</u>	2.25	1768.71	0.03
Kuwait	0.70 <u>c/</u>	63.00	18.38	1.67
Luxembourg	0.05	4.50	239.72	0.05 <u>f/</u>
Mexico	0.17	15.00	1948.81 <u>e/</u>	0.17
Netherlands	3.00	270.00	798.28	3.00
New Zealand	0.08	7.52	11.45	0.08
Norway	1.27	114.30	846.72	1.20
Portugal	0.06	5.25	642.55	0.06 <u>h/</u>
Saudi Arabia	3.50	315.00	1091.53	3.50 <u>f/</u>
South Africa	0.08 <u>b/</u>	7.50	8.49	0.08
Spain	0.46	41.09	6204.46	0.42
Sweden	2.30	207.00	1618.85	3.00
U.A.E.	0.66 <u>d/</u>	59.40	218.06	0.66
United Kingdom	6.70	603.00	402.41	10.10
United States	25.00	2250.00	2250.00	27.00
Venezuela	0.17 <u>b/</u>	15.00	118.33	0.17 <u>h/</u>
Yugoslavia	0.17	15.00	1603.82	0.17
Unallocated	3.12	280.37		1.01
Grand Total	<u>100.00</u>	<u>9000.00</u>		<u>100.00</u>

* Rounded to two decimal points.

** National currency obligations are calculated on the basis of a six-month average of exchange rates versus the U.S. dollar using the period June 10, 1983 - December 9, 1983. Figures are preliminary and subject to confirmation.

a/ Deputies reserved their positions subject to discussions with their authorities.

b/ Represents IDA6 share subject to adjustment. Deputies for South Africa and Venezuela were not present.

c/ Kuwait indicated that its IDA7 share was 0.36%, and that the Deputy would recommend to his authorities an additional 0.34% share to close the unallocated gap.

d/ Shares to be recommended by Deputies to their authorities.

e/ These countries are willing to undertake consultations with each other and their respective authorities in order to mitigate in some fashion the effects on the Association of using a six-month average exchange rate conversion method.

f/ Includes additional contributions by Luxembourg and Saudi Arabia, made after the IDA6 negotiations were completed, to close the unallocated gap.

g/ Includes \$20.44 million equivalent released in usable form relating to the 90 percent portion of Brazil's initial subscription in the Association.

h/ Portugal and Venezuela have not yet completed membership formalities in the Association.



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MEETING OF IDA DEPUTIES

Washington, D.C., January 12 - 14, 1984

Chairman's Summary Note

1. A meeting of Deputies was held in Washington, D.C., on January 12-14, 1984 under the chairmanship of Mr. Moeen A. Qureshi to conclude negotiations on the Seventh Replenishment of resources of the International Development Association (IDA7).

2. At the meeting, Deputies reaffirmed their support for the Association and its activities. They felt that IDA was among the more effective multilateral mechanisms transferring concessional resources to the poorest countries and had a key role to play in assisting their development efforts. They recalled that at their previous meeting (in Paris on December 9-10, 1983) all donors had expressed concern that the stated U.S. position on its contributions to IDA7 (a total of \$2.25 billion for three years with a share of 25%) would result in limiting IDA7 to \$9 billion, an amount they considered to be "gravely inadequate." They expressed regret and disappointment that the U.S. position had not changed since then, but felt that in view of the pressing urgency of reaching a conclusive outcome and preventing a hiatus in IDA's commitment authority as of July 1, 1984, a replenishment of \$9 billion should be agreed upon now, and that efforts aimed at mobilizing additional resources should continue to be made by themselves and the Association's management. The Deputies agreed that the

draft Report of the Executive Directors, together with the draft Resolution to be adopted by the Board of Governors, be transmitted to the Executive Directors for formal consideration.

3. Deputies agreed that detailed comments and drafting revisions on the Report and Resolution would be communicated to IDA staff through their Executive Directors and expressed the hope that prior to submission of the IDA7 Resolution to the Board of Governors for approval, further efforts would be made by all donors to reduce the percentage of unallocated shares. In this connection, Management indicated that it would be contacting donor governments once again immediately after this meeting in an effort to further reduce the unallocated amount.

4. There was broad agreement that the Association's management should be provided with a mandate to raise additional resources for the FY85-87 period. There was also broad agreement that management's efforts should aim to close the gap between the \$9 billion--which donors other than the U.S. considered insufficient--and the level of \$12 billion which all other donors regarded as a necessary replenishment level. Accordingly, management undertook, with the support of most donors, to continue discussions on supplementing the agreed level of \$9 billion with arrangements which would lead to raising up to \$3 billion, assuming a share of 25% for the United States, which other donors hoped the U.S. would eventually agree to take up. Such discussions, which Deputies agreed

should be concluded by July 1, 1984, would aim at devising modalities and arrangements (under which additional contributions would be raised and applied) which are generally acceptable and of a multilateral nature. A number of Deputies indicated that their contributions to such an additional facility would be contingent on the participation of a large number of donors, including major donors other than the United States. The U.S. Deputy reaffirmed that the U.S. contribution to IDA7 would be \$2.25 billion.

5. There was widespread support for a proposal by the Deputy for Canada that a comprehensive review of the first eighteen months of experience under IDA7 should be undertaken by Management and IDA Deputies. Such a review would consider the extent to which the Association had been able to meet adequately the needs of IDA recipients as well as developments in the positions of donor countries which might result in improving prospects for mobilizing further resources at that time.

6. Indications were provided by Deputies, subject to confirmation by their governments, of the shares which their countries would take up in IDA7 (Annex A). It was noted that the shares of France, Germany, Japan and the United Kingdom were based on understandings reached between these countries which would result in meeting Japan's desire to harmonize its position in the share capital of the IBRD with the level of its contributions to IDA. Subject to the agreement of the IBRD's Board of Executive Directors no later than February 7, 1984 to submit to the Governors a draft Resolution for a Selective Capital Increase in the amount of \$8.4 billion,

Japan agreed to take up a share of 18.7 percent in IDA7. The Deputy for Japan noted that the substantial increase in his country's share should be regarded as an extraordinary action which would be taken in connection with the change of Japan's ranking (from fifth to second position) in the share capital of the IBRD. Under normal circumstances, the Deputy for Japan stated that Japan's share would be more in line with its share in donors' adjusted GNP.

7. The Deputies for Canada, Finland, Italy, Norway and Spain indicated that they would, subject to confirmation by their governments, increase their shares in IDA7 over those in IDA6. Along with the Deputies for Denmark, the Netherlands and Saudi Arabia who indicated that they would again make special contributions for IDA7 as they had for IDA6, they noted that the additions should not be taken to mean a permanent increase in their shares in future IDA replenishments. Some Deputies noted that their recommendations to their authorities with respect to their IDA7 shares were dependent on the period used for averaging exchange rates and/or the efforts of other donors towards reducing the unallocated gap. Many Deputies felt that their willingness to take up their indicated shares in the \$9 billion replenishment would be likely to have a bearing on the eventual extent of their contributions to any supplemental funding arrangement that might emerge.

8. Reflecting the widespread concern of many Deputies about the need to accommodate volatility in exchange rate movements over a reasonably representative period of time, agreement was finally reached on a proposal

to convert the dollar equivalents of the shares of individual countries in IDA7 into national currency amounts (which they would be obligated to pay) at the average rate of exchange between the dollar and the national currency of each contributor over the six-month period ending December 9, 1983.

9. The results of Deputies' discussions during the meeting on burden-sharing and contributions to IDA7 are shown in Annex A.

10. Deputies also reached agreement on arrangements for implementing the IDA7 Resolution and for advance contributions which would be reflected in the Report of the Executive Directors. The Chairman noted that the comments made by Deputies on the question of allocation would be fully reflected in the detailed Chairman's Report of this meeting. Several Deputies emphasized their view that the Executive Directors of the Association should continue to approve the policies and criteria which would guide the allocation of IDA resources and that management would continue to apply such policies and criteria in individual cases.

11. On the question as to whether the maturities of IDA credits should be shortened in order to enable quicker recycling of increasingly scarce resources the view of most Deputies was that it would be imposing an excessive burden on recipient countries to reduce substantially the volume of resources being made available and at the same time harden the terms on which those resources were provided. They felt that while a reduction in

maturities might have been considered if it had facilitated the mobilization of additional resources, in the light of present circumstances, the traditional maturities and grace periods of IDA credits should be maintained at the present time.

Attachment

Washington Office

January 14, 1984

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Washington, D.C., January 14, 1984.

PRESS CONFERENCE STATEMENT

By World Bank President A.W. Clausen

at the conclusion of the IDA Deputies' Meeting

Good afternoon ladies and gentlemen. A number of decisions have been reached after exceptionally difficult and lengthy negotiations on the seventh replenishment of IDA. Permit me to note the main features of these decisions first and then to comment briefly on the situation.

A number of technical, as well as an array of procedural and legislative steps must be taken before final agreements are signed, but the general framework for IDA-7 has been established. We have agreed on a replenishment of \$9 billion over three years at this time in order to ensure that IDA does not run out of commitment authority on July 1. At the same time the Deputies have provided management with a mandate to pursue efforts in the immediate months ahead to secure supplemental resources for IDA. We shall of course vigorously pursue this course.

The Deputies have also asked for a review of IDA's situation to be conducted at a suitable point in the replenishment period to assess the impact of this low volume of resources on recipient countries and to assess whether, with improved conditions in donor countries, we can again at that time raise further amounts.

As you know the United States decided to limit its contribution to \$750 million per year and to no more than 25 percent of the total sum of all contributions. This implied an IDA of \$9 billion for the three-year period starting in mid-1984. Every other donor stated a willingness to support a \$12 billion replenishment, but there was a determination to maintain the principle of burden-sharing upon which all multilateral agreements of this kind are based and no donor wished to see the U.S. share slip below a minimum of 25 percent.

Under the present circumstances we felt it was unlikely that further negotiations would have produced more than \$9 billion. So we decided not to prolong a process which has already stretched over 14 months and felt that the time had come for a decision. Legislation has to be approved in all donor countries in order to ensure that IDA has commitment authority in place on July 1 of this year. This factor has also pressed us to reach some decisions now.

This agreement means that IDA will therefore have commitment authority for the start of the next fiscal year and this is most important. Although the level may be lower than we would have liked, we hope that we will be able to raise supplemental resources to increase it somewhat. But let me leave you in no doubt about my feelings. I think that it is both sad and disappointing that we could not reach agreement on more than \$9 billion today. We therefore consider this important decision as only ending the first phase of efforts to secure a strong IDA for the years to come.

I say this because many donors encouraged us at this meeting to develop plans in the immediate weeks ahead that could serve as a basis for securing supplemental funds for IDA. We will spare no effort to secure such additional funds in the coming months. The task will be very difficult, but we are determined to exhaust every possible avenue in our effort.

The decision of the United States to limit its share to 25 percent, despite U.S. gross national product accounting today for over one-third of the combined GNP of all of the IDA donors, made it essential that numerous donors provide IDA with more funds than their GNP share would demand. The willingness of many donors to do this is a major achievement and underlines the respect that so many donor governments have for IDA and the value that they attach to IDA.

In this context let me draw your attention to decisions reached on the side of these negotiations. Japan, the second largest industrial nation in the world, requested that it become the second largest shareholder in IBRD, moving up from fifth place. Japan stated that it would be willing to raise its IDA share if this could be accomplished. Agreements in principle have been reached under which Japan will contribute 18.7 percent of the IDA replenishment, compared to 14.65 percent in IDA 6. Japan will assume second place in IBRD behind the United States, with Germany remaining in third place and Britain and France sharing fourth place. The final details on this change and on an IBRD selective capital increase to facilitate it have yet to be worked-out, but we are hopeful of this being completed within a few weeks by our Board.

There have been immense efforts made by many IDA Deputies and by our management to conclude an IDA agreement and it is difficult to say today what additional steps could have been taken to bring about a better result. The \$9 billion sum is inadequate set against the very great needs of the world's low income nations. The situation in these countries is serious indeed, but we shall use the resources available as best we possibly can to secure higher living standards for the 2-1/2 billion poor people that IDA serves.

In the weeks ahead we shall conduct an intense review of our lending plans to determine the wisest ways of using the limited IDA resources that will be available in coming years. I do not want to prejudge that review now by speculating on what a \$9 billion IDA will mean, especially as we are determined to find ways to ensure over the next three years IDA does have more than \$9 billion at its disposal.

But it is clear that the amount of IDA assistance available for Sub-Saharan Africa will be gravely inadequate. The results of IDA credits to India have been substantial and India has a real need for concessional assistance, but there can be no doubt India will now receive less from IDA. And there can also be no question that China, a nation of great poverty, will receive less from IDA than it expected.

The result is indeed less than we felt should have been done, but we shall ensure that IDA's funds are used well and we shall fight and campaign on every possible front to secure additional concessional funds for the poorest of the poor countries. A decision has been taken and we must accept it, but we see it as a first stage in an effort that will continue to strengthen the International Development Association in the years to come.

Mr. Moeen Qureshi has chaired the meeting here and he and I are now open to your questions.

Key Issues for Second Day of IDA7 Negotiations

I. Shares in the Basic \$9 billion Agreement

- A. Reducing the Unallocated Gap. The attached Table 1 shows how the Bank could conceivably work to fill the current gap of 5.23% of the \$9 billion agreement, equal to \$470.75 million. Gap-filling is shown for three hypothetical "rounds" of discussions, during which donors would express their willingness to pick up incremental share amounts. Note that the second round would involve parallel increases of 0.2% for both France and the United Kingdom, bringing their shares to 6.7% each. Also note that to fill the gap by relying on small donors requires very large percentage increases on their part.
- B. The Trade-off Between Closing the Gap and Attaining a Supplemental Arrangement. There is a maximum unallocated amount in the \$9 billion agreement that donors are likely to find acceptable, perhaps 2-3%. Below this amount, however, it would be counterproductive to squeeze down the unallocated portion by another percentage point or two, perhaps at the cost of losing support for a supplemental scheme. This maybe especially true for the Nordic countries and for other strong traditional IDA supporters, such as the Netherlands and Canada.

II. Exchange Rates Issues

A. Average Exchange Rate versus U.S. Dollar

a. Averaging Period

If we average in dollars up to 6 months, the percentage reduction in total IDA7 resources is less than one percent. However, at 9 months, the reduction approaches two percent and at 12 months, it is 2.65 percent.

The total unallocated share would grow from 5.67% (3 months) and 5.75% (6 months) to 6.15% (9 months) and 6.55% (12 months).

b. Shares

In any averaging process, the shares will change, in particular the U.S. share rises above 25 percent and the United States may not accept this.

Japan's share also rises above 19 percent in all cases, while those of France, the United Kingdom, and Germany fall below the levels agreed upon by "the four."

For those donors who have a fixed national currency amount to offer, the effect of reducing the value of the replenishment by averaging should lead to marginally larger shares.

For some of the Part II countries, however, averaging results in precipitous drops in dollar values.

B. Averaging National Currencies versus the SDR

a. Averaging Period

In averaging versus the SDR, we have assumed that the United States will not provide more than \$2.25 billion in any case. If other donors provided resources based on assumed IDA7 shares and average exchange rates, the Association would be indifferent between 3 or 6 months (which means about a 1/2 percentage point loss); for 9 months, the volume lost approaches one percent and for one year, it is 1.25 percent.

For the weak currencies, averaging vis-a-vis the SDR costs them more in national currency to maintain a predetermined share. Since the SDR is a basket, the benefits of averaging are reduced compared to the use of the dollar.

b. Shares

The same issue raised above concerning the U.S. and Japanese shares still applies.

In the SDR case, the unallocated share does not increase very much, even at 9 or 12 months.

Table 1: \$9 Billion IDA7: Possible Incremental Shares

<u>Country</u>	<u>IDA7 Share (%)</u>	<u>1st Round</u>	<u>2nd Round</u>	<u>3rd Round</u>
Argentina	0.21			
Australia	1.91	+0.34		+0.06
Austria	0.68	+0.07		
Belgium	1.68			
Brazil	0.25			
Canada	4.30	+0.50		
Colombia	0.08			
Denmark	1.14	+0.06		
Finland	0.60	+0.20		+0.05
France	6.50		+0.20	+0.10
Germany	11.30			+0.20
Greece	0.05			
Iceland	0.03			
Ireland	0.11			
Italy	3.85	+0.40		+0.25
Japan	18.70			
Korea	0.03	+0.07		+0.05
Kuwait	0.36	+0.64		+0.20
Luxembourg	0.05			
Mexico	0.17			
Netherlands	3.00	+0.50		
New Zealand	0.08	+0.04		+0.03
Norway	1.20	+0.05		+0.05
Portugal	0.06			
Saudi Arabia	3.25	+0.25		
South Africa	0.08			+0.02
Spain	0.42			
Sweden	2.20	+0.30		+0.10
United Arab Emirates	0.66			
United Kingdom	6.50		+0.20	+0.10
United States	25.00			
Venezuela	0.17			
Yugoslavia	0.17			
Incremental Share Amount		+3.42	+0.40	+1.21
Remaining Gap	5.23	1.81	1.41	0.20
Grand Total	<u>100.00</u>			

EFFECT OF VARIOUS AVERAGE EXCHANGE RATES ON THE VALUE OF IDA7

(Using National Currency/SDR Rate as the unit of conversion)

Country	IDA7 Shares	IDA7 Contributions (SDR m)	Current National Currency Equiv. (million)	National Currency Equivalent Using Average Exchange Rates for period				Current SDR Value Equivalent Using Average Exchange Rates for period a/				New Burden Sharing in the SDR Equiv. of a \$9 billion IDA7 Using Average Exchange Rates for the period				Percentage Fluctuations in SDR Value of Contributions Using 12/30/83 Exchange Rate Base			
				10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83	10/1/83 to 12/30/83	7/1/83 to 12/30/83	4/1/83 to 12/30/83	1/1/83 to 12/30/83
AFGHANISTAN	0.21	17.91	436.07	528.36	264.23	227.04	199.00	13.48	10.85	9.32	8.17	0.16	0.13	0.11	0.10	-24.70	-39.41	-47.94	-54.37
ALGERIA	1.91	164.19	192.60	186.81	151.70	195.22	193.98	159.26	163.43	166.42	165.37	1.86	1.91	1.95	1.95	-3.00	-0.46	1.36	0.72
ARGENTINA	0.68	58.46	1183.67	1159.14	1162.68	1142.86	1127.51	57.24	57.42	55.44	55.68	0.67	0.67	0.66	0.66	-2.07	-1.77	-3.45	-4.74
BALEAREN	1.68	144.42	8412.77	8273.79	8178.98	8029.47	7891.27	142.03	140.41	137.84	135.47	1.66	1.64	1.62	1.60	-2.07	-1.77	-3.45	-4.74
BANGLADESH	0.25	21.15	21675.06	19153.12	16692.56	14773.80	13002.52	18.69	16.29	14.41	12.69	0.22	0.19	0.17	0.15	-11.64	-22.99	-31.84	-40.01
BENIN	4.30	369.64	481.58	481.73	481.14	484.20	488.75	369.76	369.30	371.66	375.15	4.32	4.32	4.36	4.42	0.03	-0.09	0.54	1.49
BHARAT	0.08	7.16	665.51	648.27	629.60	616.36	603.53	6.98	6.77	6.63	6.49	0.08	0.08	0.08	0.08	-2.59	-5.40	-7.39	-9.31
BURUNDI	1.14	98.00	1013.17	997.54	990.06	972.31	957.80	96.49	95.76	94.05	92.64	1.13	1.12	1.10	1.09	-1.54	-2.28	-4.03	-5.47
CHINA	0.60	51.58	313.74	311.75	310.17	308.28	306.96	51.25	50.99	50.68	50.46	0.60	0.60	0.59	0.59	-0.63	-1.14	-1.74	-2.16
COLOMBIA	6.50	558.77	4883.29	4799.77	4745.41	4664.53	4551.25	549.21	542.99	533.73	520.77	6.42	6.35	6.26	6.13	-1.71	-2.82	-4.48	-6.80
CUBA	11.30	971.39	2770.10	2735.37	2721.50	2682.17	2650.70	959.21	954.35	940.56	929.52	11.21	11.16	11.04	10.95	-1.25	-1.75	-3.17	-4.31
CYPRUS	0.05	4.30	444.01	418.17	410.57	403.81	400.62	4.05	3.97	3.91	3.88	0.05	0.05	0.05	0.05	-5.82	-7.53	-9.06	-9.77
DEMOCRATIC REPUBLIC OF CONGO	0.03	2.15	64.78	63.72	63.46	60.81	57.08	2.11	2.11	2.02	1.89	0.02	0.02	0.02	0.02	-1.78	-2.03	-6.12	-11.89
EGYPT	0.11	9.46	8.72	8.57	8.47	8.32	8.13	9.29	9.18	9.02	8.81	0.11	0.11	0.11	0.10	-1.78	-2.89	-4.58	-6.78
FINLAND	3.85	330.96	575016.7	565650.3	557477.1	547493.3	537262.1	325.57	320.87	315.12	309.23	3.80	3.75	3.70	3.64	-1.63	-3.05	-4.79	-6.57
FRANCE	18.70	1607.53	390792.6	396241.4	403677.2	406281.4	408107.7	1629.94	1660.53	1671.24	1678.75	19.04	19.41	19.61	19.77	1.39	3.30	3.96	4.43
GERMANY	0.03	2.15	1784.25	1793.65	1786.59	1785.28	1781.01	2.16	2.15	2.15	2.15	0.03	0.03	0.03	0.03	0.53	0.13	0.06	-0.18
GHANA	0.36	30.95	9.48	9.49	9.51	9.58	9.64	30.99	31.05	31.28	31.48	0.36	0.36	0.37	0.37	0.14	0.34	1.09	1.72
HONG KONG	0.05	4.30	250.38	246.24	243.42	238.97	234.86	4.23	4.18	4.10	4.03	0.05	0.05	0.05	0.05	-1.65	-2.78	-4.56	-6.20
INDONESIA	0.17	14.33	2157.43	2080.84	1993.55	1918.17	1839.36	13.82	13.24	12.74	12.22	0.16	0.15	0.15	0.14	-3.55	-7.60	-11.09	-14.74
ITALY	3.00	257.89	827.41	814.67	809.47	798.59	786.66	253.92	252.30	248.91	245.19	2.97	2.95	2.92	2.89	-1.54	-2.17	-3.48	-4.93
JAPAN	0.08	7.16	11.52	11.46	11.52	11.59	11.48	7.14	7.18	7.23	7.15	0.08	0.08	0.08	0.08	-0.49	0.01	0.66	-0.34
KENYA	1.20	103.16	836.19	814.05	809.74	805.63	804.44	100.43	99.89	99.39	99.24	1.17	1.17	1.17	1.17	-2.65	-3.16	-3.66	-3.80
KOREA	0.06	5.01	689.72	673.82	659.23	622.21	593.36	4.90	4.79	4.52	4.31	0.06	0.06	0.05	0.05	-2.30	-4.42	-9.79	-13.97
LIBERIA	3.25	279.38	1022.29	1021.89	1020.92	1026.34	1031.61	279.27	279.01	280.49	281.93	3.26	3.26	3.29	3.32	-0.04	-0.13	0.40	0.91
NETHERLANDS	0.08	7.16	9.16	8.85	8.61	8.54	8.52	6.92	6.73	6.68	6.66	0.08	0.08	0.08	0.08	-3.42	-6.04	-6.77	-6.95
NEW ZEALAND	0.42	35.81	5875.31	5819.60	5747.49	5621.50	5488.85	35.47	35.03	34.27	33.46	0.41	0.41	0.40	0.39	-0.95	-2.18	-4.32	-6.58
NORWAY	2.20	189.12	1584.20	1575.01	1565.95	1556.24	1549.80	188.02	186.94	185.78	185.01	2.20	2.19	2.18	2.18	-0.58	-1.15	-1.76	-2.17
PARAGUAY	0.66	56.74	218.06	219.21	219.42	221.08	222.63	57.04	57.09	57.52	57.93	0.67	0.67	0.68	0.68	0.53	0.62	1.39	2.10
PERU	6.50	558.77	403.30	399.94	395.11	392.52	393.95	554.11	547.42	543.84	545.81	6.47	6.40	6.38	6.43	-0.83	-2.03	-2.67	-2.32
RUSSIA	25.00	2149.10	2250.00	2250.00	2250.00	2250.00	2250.00	2149.10	2149.10	2149.10	2149.10	25.11	25.12	25.22	25.32	0.00	0.00	0.00	0.00
SENEGAL	0.17	14.33	189.41	190.75	127.92	107.69	97.77	14.43	9.68	8.15	7.40	0.17	0.11	0.10	0.09	0.71	-32.47	-43.14	-48.38
SIERRA LEONE	0.17	14.33	1765.10	1777.89	1669.59	1552.85	1451.58	14.27	13.40	12.47	11.65	0.17	0.16	0.15	0.14	-0.40	-6.47	-13.01	-18.68
UNION OF SOVIET REPUBLICS	5.23	449.64	449.64	449.64	449.64	449.64	449.64	449.64	449.64	449.64	449.64	5.25	5.26	5.28	5.30	0.00	0.00	0.00	0.00
UNDEVELOPED COUNTRIES	100.00	8596.40	8596.40	8560.43	8554.05	8521.30	8489.35	8560.43	8554.05	8521.30	8489.35	100.00	100.00	100.00	100.00	-0.42	-0.49	-0.87	-1.25

a/ Using national currency/SDR r
 b/ Equivalent to \$9 billion at 1
 c/ Equivalent to \$8,962.35 million
 d/ Equivalent to \$8,955.67 million
 e/ Equivalent to \$8,921.38 million
 f/ Equivalent to \$8,887.93 million

IDA SEVENTH REPLENISHMENT

Meeting of IDA Deputies

Washington, D.C., January 12-13, 1984

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 - The Size of IDA7
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IDA SEVENTH REPLENISHMENT - MEETING OF DEPUTIES

Washington, January 12-13, 1984

Countries that will not be represented:

South Africa
and
Venezuela

IDA SEVENTH REPLENISHMENT - MEETING OF DEPUTIES

Washington, January 12-13, 1984

LIST OF DELEGATES

<u>IDA</u>	Mr. Moeen A. Qureshi Mrs. Eva Meigher Mr. Percy S. Mistry	Chairman
<u>ARGENTINA</u>	Mr. Alfredo Chiaradia First Secretary Embassy of Argentina, Washington Mr. Eduardo Zalduendo Executive Director World Bank Mr. Felix A. Camarasa Assistant to the Executive Director World Bank	Deputy
<u>AUSTRALIA</u>	Mr. L. Corkery First Assistant Secretary Australian Development Assistance Bureau Mr. R.H. Dean Executive Director World Bank Mr. J.W. Keany Minister (Economic) Embassy of Australia, Washington Mr. William Bowen Assistant to the Executive Director World Bank	Deputy
<u>AUSTRIA</u>	Mr. H. Lust Alternate to the Executive Director World Bank	Deputy

<u>BELGIUM</u>	<p>Mr. Jean-Pierre Arnoldi Deputy Counsellor Ministry of Finance - Treasury</p>	Deputy
<u>BRAZIL</u>	<p>Mr. Osvaldo Morgira De Souza Deputy Head Department for International Organization and Agreements Central Bank of Brazil</p>	Deputy
<u>CANADA</u>	<p>Mr. G. E. Shannon Assistant Deputy Minister for Finance Department of Finance</p> <p>Mr. Morris Miller Executive Director World Bank</p> <p>Mr. Jean-Marc Metivier Director General Canadian International Development Agency</p> <p>Mr. D. Hobson Deputy Director, Aid Policy Department of External Affairs</p> <p>Mr. Brian Hunter Department of Finance</p> <p>Mr. Roy Culpeper Advisor to the Executive Director World Bank</p> <p>Mr. Charles Wilson Assistant to the Executive Director World Bank</p>	Deputy
<u>COLOMBIA</u>	<p>Mr. Jorge Salazar Ministerial Counsellor Embassy of Colombia, Washington</p> <p>Mr. Hector Echeverri Alternate Executive Director World Bank</p>	Deputy

DENMARK

Mr. Boerge Bloend
Head of Division
Ministry of Foreign Affairs

Deputy

Mr. Erik Hedegaard
Head of Section
Ministry of Foreign Affairs

Mr. Claus Wintop
First Secretary
Embassy of Denmark, Washington

FINLAND

Mr. Risto Kauppi
Deputy Director
Ministry of Foreign Affairs

Deputy

Mr. Pekka Korpinen
Executive Director
World Bank

Mrs. Taina Teravainen
Counsellor
Ministry for Foreign Affairs

Mr. Veikko Kantola
Financial Counsellor
Ministry of Finance

FRANCE

Mr. Denis Samuel-Lajeunesse
Sous-Directeur
Direction du Tresor
Ministere de l'Economie et des Finances

Deputy

Mr. Thierry Moulonguet
Head, Division of Aid to Developing Countries
Ministry of Economy, Finance and Budget

Mrs. Mireille Guigaz
Head, Department of Development Policies
Ministry of External Relations

Mr. Francies Mayer
Alternate Executive Director
World Bank

GERMANY

Mr. Gebhard Kerckhoff
Deputy Assistant Secretary
Federal Ministry for Economic Cooperation

Deputy

Mr. Reinhard Munzberg
Executive Director
World Bank

Mr. Wilfried Koschorreck
Ministerial Counsellor
Federal Ministry of Finance

Mr. Gerhard Boehmer
Division Chief
Federal Ministry for Economic Cooperation

Mr. Gerhard Nourney
Advisor
Foreign Office

Mr. Klaus Rohland
Advisor to the Executive Director
World Bank

Mr. Diethard Hubatsch
Assistant to the Executive Director
World Bank

GREECE

Mrs. Julia Panourgia Clones
Economic Minister
Embassy of Greece
Washington

Deputy

ICELAND

Mr. Gunnlaugur Sigmundsson
Assistant to the Executive Director
World Bank

Deputy

IRELAND

Mr. Dermot Quigley
Principal Officer
Department of Finance

Deputy

ITALY

Dr. Fernanda Forcignano
Joint Ministerial Counsellor
Ministry of Treasury

Deputy

Mr. Giorgio Ragazzi
Executive Director
World Bank

JAPAN

Mr. Seigo Nozaki
Deputy Director General
International Finance Bureau
Ministry of Finance

Deputy

Mr. Kenji Yamaguchi
Executive Director
World Bank

Mr. Daisuke Kotegawa
Deputy Director, Overseas Investment Division
Ministry of Finance

Mr. Toshihiro Yamakawa
Alternate Executive Director
World Bank

Mr. Kenjiro Suzuki
Advisor to the Executive Director
World Bank

KOREA

Mr. You Kwang Park
Alternate Executive Director
World Bank

Deputy

Mr. Young Bin Kim
Financial Attache
Korean Embassy
Washington, D.C.

KUWAIT

Mr. Faisal Al-Khaled
Director General
Operations and Finance
Kuwait Fund for Arab Economic Development

Deputy

Dr. Abdu-karim Sadik
Economic Advisor
Kuwait Fund for Arab Economic Development

LUXEMBOURG

Mr. Serge Kolb
Assistant to the Executive Director
World Bank

Deputy

MEXICO

Mr. Jose Luis Flores
Ministry of Finance and Public Credit

Deputy

Mr. Patricio Ayala-Gonzalez
Executive Director
World Bank

NETHERLANDS

Mr. Paul Arlman
Deputy Director for Foreign Financial
Relations
Ministry of Finance

Deputy

Mr. Ferdinand van Dam
Executive Director
World Bank

Mr. Bert J. Meins
Ministry of Foreign Affairs

Mr. Gustaaf Heim
Assistant to the Executive Director
World Bank

Ms. Kieke Okma
Assistant to the Executive Director
World Bank

NEW ZEALAND

Mr. M.C. Wintringham
Counsellor (Economic)
Embassy of New Zealand, Washington

Deputy

Mr. Michael Curran
Advisor to the Executive Director
World Bank

NORWAY

Mr. T. P. Svennevig
Director General
Ministry of Development Cooperation

Deputy

Mr. Erik Leikvang
Counsellor
Ministry of Foreign Affairs

Mr. Sven Svedman
Assistant to the Executive Director
World Bank

PORTUGAL

Mr. Rodrigo Guimaraes
Alternate Executive Director
World Bank

Observer

SAUDI ARABIA

Mr. Abdulrahman M. Sehaibani
Alternate Executive Director
World Bank

Deputy

SPAIN

Mr. Alberto Pico Deputy
Deputy Director, General Multilateral Affairs
Ministry of Economy and Finance

Mr. Luis Ruiz-Arbeloa
Division Chief, International Multilateral
Development Banks
Ministry of Economy and Finance

Mr. Ramiro Nunez-Villaveiran
Advisor to the Executive Director
World Bank

SWEDEN

Mr. Per Joedahl Deputy
Assistant Under-Secretary
Ministry of Foreign Affairs

Ms. Inga Bjoerk-Klevby
Head of Section
Ministry of Foreign Affairs

Mr. Per Taxell
Alternate Executive Director
World Bank

Ms. Ulla-Britt Croner
Advisor to the Executive Director
World Bank

U.A.E.

Mr. Hussain Al-Midfa Deputy
Assistant Director
Abu Dhabi Fund for Arab Economic Development

UNITED KINGDOM

Mr. Rex Browning Deputy
Deputy Secretary
Overseas Development Administration

Mr. E. T. Barnes
United Nations, Department B
Overseas Development Administration

Mr. Derek Smith
Alternate Executive Director
World Bank

Mr. Adam Wood
Assistant to the Executive Director
World Bank

UNITED STATES

Mr. Marc E. Leland Deputy
Assistant Secretary for International Affairs
U.S. Department of the Treasury

Mr. James Burnham
Executive Director
World Bank

Mr. Thomas C. Dawson
Deputy Assistant Secretary for Developing Nations
U.S. Department of the Treasury

Mr. John Donaldson
Special Assistant to the Assistant Secretary
for Legislative Affairs
U.S. Department of the Treasury

Mr. James W. Conrow
Director
Office of Multilateral Development Banks
Department of the Treasury

Mr. Gerald Lamberty
Director
Office of Development Finance
U.S. Department of State

Mr. Brian Crowe
Office of Multilateral Development Banks
Department of the Treasury

Mr. Richard Goodman
Office of Assistant General Counsel
for International Affairs
Department of the Treasury

Ms. Barbara Upton
Office of Donor Coordination
Agency for International Development

Mr. Ron Woody
Financial Economist
Department of State

Mr. Hugh W. Foster
Alternate Executive Director
World Bank

Ms. Jane Hallow
Assistant to the Executive Director
World Bank

UNITED STATES
(Cont.)

Ms. Suellen Lazarus
Assistant to the Executive Director
World Bank

Mr. Matthew P. Hennesey
Director, Office of Development Policy
U.S. Treasury Department

YUGOSLAVIA

Mr. Branko Radivojevic Deputy
Ministerial Counsellor for Economic Affairs
Embassy of Yugoslavia, Washington

Mr. Vadamir Petkovisk
Counsellor for Scientific and Economic Affairs
Embassy of Yugoslavia, Washington

IDA Staff
Attending:

Mrs. Pina De Santis
Mr. Saad El-Fishawy
Mr. Robert Hecht
Mr. Khalid Ikram
Mr. Danny Leipziger
Mr. Rudy Van Puymbroeck
Mr. Gerard Rice
Mr. J. William Stanton
Mrs. Ines Thoumi

Washington Office
January 11, 1984

Agenda

International Development Association
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IDA/RPL/83-24

FROM: The Deputy Secretary

WBG ARCHIVES

December 30, 1983

IDA SEVENTH REPLENISHMENT

Notice of Meeting and Agenda

1. A meeting of the Deputies will be held at the World Bank's Office in Washington, on Thursday, January 12 and Friday, January 13, 1984.
2. Attached for the information of the Deputies are the following:
 - (a) The Agenda; and
 - (b) Note on Administrative Arrangements.

Distribution

Messrs. Ayala-Gonzalez, Brand, Burnham, Dean, de Groote, de Maulde, El-Naggar, Korpinen, Miller, Munzberg, Ragazzi, Romualdez, van Dam, Wicks, Yamaguchi, Zalduendo

Information

President
Senior Vice Presidents
Senior Management Council
European Office
Tokyo Office

For transmission to the IDA Deputies or Observers to the IDA Deputies' Meeting of Argentina, Australia, Austria, Belgium, Brazil, Canada, Colombia, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Saudi Arabia, South Africa, Spain, Sweden, United Arab Emirates, United Kingdom, United States, Venezuela and Yugoslavia

IDA SEVENTH REPLENISHMENT

Washington, January 12 and 13, 1984

THE AGENDA

1. Continuation of discussion on:
 - (i) Size of the Seventh Replenishment.
 - (ii) Burden-Sharing Arrangements.
2. Consideration of the Draft IDA7 Report and the Draft IDA7 Resolution.
3. Other business.

IDA SEVENTH REPLENISHMENT

Washington, January 12 and 13, 1984

NOTE ON ADMINISTRATIVE ARRANGEMENTS

LOCATION

1. The meeting of the Deputies will be held in the Eugene Black Auditorium (C-1114) of the Bank's Washington Office, on Thursday, January 12 and Friday, January 13, 1984. The opening session will begin at 10:00 a.m.

GENERAL INFORMATION

2. Information about the meeting and other arrangements may be obtained at the Meeting Reception Desk located outside the Meeting Room. Outside meeting hours, information may be obtained at the Bank's Washington Office (Tel. 477-4786 or 477-8014).

SIMULTANEOUS INTERPRETATION

3. Simultaneous interpretation from and into Arabic, English, French, and Spanish will be in operation during the meeting. Any Deputy who intends to speak from a prepared text is asked to give a copy of his statement to the Meeting Secretary in advance for the guidance of the interpreters.

DOCUMENTATION

4. Basic documentation for the meeting will be the Draft IDA7 Report and the Draft IDA7 Resolution (IDA/RPL/83-23, dated December 30, 1983). Additional copies of this paper will be available at the meeting.

HOSPITALITY

5. The Chairman invites all members of Delegations to lunch on Thursday and Friday, January 12 and 13, respectively. All these engagements will take place at the Executive Dining room, World Bank, Washington.

IDA7 DEPUTIES MEETING

WASHINGTON, DC
JANUARY 12, 1984

CHAIRMAN'S OPENING REMARKS

TO BEGIN WITH, LET ME WELCOME YOU ALL TO WASHINGTON.
THE WEATHER IS COLD BUT LESS CHILLY THAN IT WAS A FEW WEEKS
AGO. AND I HOPE THAT THE WARMING TREND WILL CONTINUE AND
SPILL OVER INTO THIS ROOM TODAY.

GIVEN SOME OF THE DEVELOPMENTS THAT HAVE OCCURRED
SINCE ALL OF YOU MET LAST MONTH IN PARIS I WAS SORELY TEMPTED
TO MAKE AN IMPASSIONED STATEMENT WHICH FOCUSED SPECIFICALLY
ON THE SITUATION THAT NOW CONFRONTS IDA AND MORE GENERALLY
ON HOW IT HAS AFFECTED THE SPIRIT OF MULTILATERAL COOPERATION
AT LARGE. BUT, I HAVE ESCHEWED THAT TEMPTATION BECAUSE I

SINCERELY BELIEVE THAT ALL OF YOU IN THIS ROOM TODAY ARE HERE BECAUSE YOU BELIEVE FIRMLY IN THE CRITICAL IMPORTANCE OF THIS INSTITUTION, THE ROLE IT PERFORMS AND THE IMMENSE CHALLENGES IT FACES IN PROMOTING ECONOMIC DEVELOPMENT IN ITS RECIPIENT COUNTRIES. YOU DO NOT NEED TO BE LECTURED TO ON THE SEVERITY OF THE CRISES WHICH THESE COUNTRIES CONFRONT NOR INDEED WHICH THIS INSTITUTION WILL CONFRONT IF FACED WITH A LEVEL OF RESOURCES WHICH IS SIMPLY INADEQUATE TO DO THE JOB WHICH YOU HAVE, OVER THE LAST 24 YEARS, ENTRUSTED TO IT.

SO I SHALL GET TO THE BOTTOM LINE WITHOUT FURTHER ADO. THIS IS NOW THE FOURTH MEETING YOU ARE ATTENDING ON THE CRITICAL ISSUE OF THE SIZE OF IDA7 AND THE INSEPARABLY RELATED ISSUE OF BURDEN-SHARING. THERE ARE OF COURSE OTHER ISSUES WHICH WE MUST DEAL WITH IN THE COURSE OF OUR MEETING. THESE INCLUDE THE QUESTION OF HOW TO DEAL WITH EXCHANGE RATE MOVEMENTS WHICH HAVE BEDEVILED THE BURDEN THAT MANY OF YOU MUST BEAR IN MAKING YOUR CONTRIBUTIONS. THEY ALSO INCLUDE THE QUESTION OF ALLOCATION

AND OF THE TERMS OF IDA CREDITS AS WELL AS SOME LOOSE ENDS WHICH NEED TO BE KNOTTED ON THE IMPLEMENTATION ARRANGEMENTS. ALL OF THESE HAVE BEEN HIGHLIGHTED FOR YOU IN THE DRAFT REPORT AND RESOLUTION WHICH YOU ALL HAVE.

BUT IT IS THE ISSUES OF SIZE AND BURDEN-SHARING ON WHICH I WOULD LIKE TO FOCUS YOUR ATTENTION FIRST AND EXPRESS THE HOPE THAT OUR DELIBERATIONS WILL RESULT IN CONCLUSIVE OUTCOMES ON KEY MATTERS WHICH WE MUST RESOLVE. WE HAVE ALREADY BREACHED OUR DEADLINES FOR SETTLEMENT ON IDA7 AND WE RUN THE RISK OF IMPERILLING THE AVAILABILITY OF COMMITMENT AUTHORITY FOR IDA FROM JULY THE FIRST ONWARDS IF WE DO NOT TAKE SOME FIRM DECISIONS IN THE NEXT TWO DAYS.

TO AVOID THE INCONVENIENCE OF HAVING EVERYONE REPEAT THEMSELVES I WOULD LIKE TO BEGIN WHERE YOU LEFT OFF IN PARIS ON THE QUESTION OF SIZE AND BURDEN-SHARING. THE FIRST POINT I WOULD LIKE TO STRESS IS THAT THE POSITION OF THE UNITED STATES ON IDA7 IS CLEAR AND UNEQUIVOCAL. IT WILL PROVIDE AN AMOUNT OF \$2.25 BILLION FOR THE THREE FISCAL YEARS 1985-87.

THIS AMOUNT, COMBINED WITH A FIRM POSITION ON NOT EXCEEDING A SHARE OF 25%, AND INDEED COMBINED WITH A VIRTUALLY UNANIMOUS RELUCTANCE ON THE PART OF OTHER DONORS TO ACCEPT A U.S. SHARE OF LESS THAN 25%, WILL RESULT IN AN IDA7 OF 9 BILLION DOLLARS.

ALL OF THE OTHER DONORS EXPRESSED THE VIEW IN PARIS THAT THIS AMOUNT WAS "GRAVELY INADEQUATE" AND INDICATED THEIR COMMITMENT TO CONTRIBUTE TO A REPLENISHMENT OF 12 BILLION DOLLARS PROVIDING THE UNITED STATES CONTRIBUTED ITS FAIR SHARE OF THAT AMOUNT. CONTRARY TO WHATEVER HOPES WE MAY HAVE HAD, THE UNITED STATES HAS NOT CHANGED ITS POSITION AND THIS IS A REALITY WITH WHICH WE MUST ALL, HOWEVER RELUCTANTLY, NOW COME TO GRIPS WITH.

THE SECOND POINT I WOULD LIKE TO MAKE IS THAT OUT OF THE 32 OTHER DONORS WHO HAVE CONTRIBUTED TO IDA, ABOUT 20 - BY ANY MEASURE THE VAST MAJORITY IN TERMS OF NUMBER - INDICATED THAT THEY WOULD BE PREPARED TO MAINTAIN OR IN A FEW CASES

SLIGHTLY INCREASE THEIR SHARES IN IDA7 OVER THEIR SHARES IN IDA6. EXCLUDING THE UNITED STATES, FOUR OR FIVE DONORS INDICATED THAT IN VIEW OF CONTRIBUTIONS TO IDA6 WHICH THEY FELT WERE WELL IN EXCESS OF A FAIR SHARE THEY WOULD LIKE TO SEE A DOWNWARD ADJUSTMENT IN THEIR SHARES FOR IDA7. AND THESE INDICATIONS WERE PROVIDED IN THE CONTEXT OF A REPLENISHMENT SIZE OF UPTO 12 BILLION DOLLARS.

TO SIMPLIFY OUR DELIBERATIONS TODAY SOMEWHAT, AND TO SAVE TIME AS WELL, I HOPE YOU WILL EXCUSE ME IF I DIFFERENTIATE THE THIRTY-TWO OTHER DONORS INTO TWO GROUPS. THE FIRST GROUP COMPRISES 28 DONORS WHOSE SHARES IN IDA6 WERE BELOW 5%. THESE COUNTRIES HAVE, FROM THEIR STATEMENTS IN PARIS - AND WITH ONLY ONE OR TWO EXCEPTIONS - INDICATED THAT THEY WOULD BE WILLING TO MAINTAIN OR EVEN INCREASE SLIGHTLY THEIR SHARES IN IDA7. COLLECTIVELY, THESE DONORS ACCOUNTED FOR A SHARE OF NEARLY 29.4% IN IDA6. I WOULD HOPE FROM THE INDICATIONS ALREADY PROVIDED BY INDIVIDUAL DONORS IN THIS LARGE GROUP THAT THEIR COLLECTIVE

SHARE CAN BE MAINTAINED IN IDA7 IF NOT SLIGHTLY INCREASED.

I MUST STRESS THAT IN RESORTING TO THIS SHORTHAND DICHOTOMY

I DO NOT MEAN TO IMPLY THAT GROUPS OF DONORS HAVE COLLECTIVE

OBLIGATIONS. THEY DO NOT. IT IS MERELY TO FACILITATE OUR

DISCUSSIONS THAT I HAVE RESORTED TO THIS CLASSIFICATION

BECAUSE I BELIEVE IT IS HELPFUL TO ALL OF US TO PUT THINGS

IN CONTEXT.

THE SECOND GROUP COMPRISES FOUR MAJOR DONORS WHOSE
AGGREGATED SHARES IN IDA6 AMOUNTED TO OVER 42.6%. THESE
COUNTRIES INCLUDE FRANCE, GERMANY, JAPAN AND THE UNITED KINGDOM.
FROM THE FORMAL STATEMENTS THAT REPRESENTATIVES OF THESE
COUNTRIES MADE IN PARIS IT WOULD APPEAR THAT THERE COULD BE
A SIGNIFICANT GAP IN SHARES FOR IDA7 RESULTING FROM WHAT THESE
COUNTRIES SAID THEY WERE PREPARED TO PROVIDE. SINCE THAT
MEETING INFORMAL CONSULTATIONS HAVE TAKEN PLACE BETWEEN
THESE COUNTRIES IN WHICH THE QUESTION OF INDIVIDUAL SHARES

HAS BEEN DISCUSSED SIMULTANEOUSLY WITH THE QUESTION OF HOW THE SPECIFIC CONCERN OF JAPAN - NAMELY THAT ITS SHARE OF CONTRIBUTIONS TO IDA BE HARMONIZED WITH ITS SHARE OF CAPITAL IN IBRD - COULD BE ACCOMMODATED. IT WOULD BE HELPFUL TO ALL OF US IF THE REPRESENTATIVES OF THESE COUNTRIES COULD INFORM THE DEPUTIES OF WHERE THEY PRESENTLY STAND.

THE THIRD AND FINAL POINT I WOULD LIKE TO PUT BEFORE YOU FOR THE MOST SERIOUS AND CAREFUL DELIBERATION IS THE ALL IMPORTANT QUESTION OF HOW WE CAN COOPERATIVELY ATTEMPT TO RECONCILE THE TWO CONFLICTING CONCERNS WHICH, WITH THE EXCEPTION OF THE U.S., ALL OF YOU HAVE EXPRESSED AND WHICH I MIGHT ADD IS A DILEMMA THAT MANAGEMENT VERY MUCH SHARES YOUR CONCERNS ABOUT. THE FIRST CONCERN IS THAT YOU WISH TO PRESERVE THE FUNDAMENTAL PRINCIPLE OF FAIR BURDEN-SHARING IN MULTILATERAL COOPERATIVE ENTERPRISES OF WHICH IDA IS PERHAPS THE LARGEST AND MOST VISIBLE UNDERTAKING. AND SOME OF YOU ARE PREPARED TO GO TO GREAT LENGTHS TO DO SO.

THE SECOND CONCERN WHICH CONFLICTS WITH THE FIRST IS THAT ALL OF YOU, WITH, OF COURSE, THE EXCEPTION OF THE U.S., HAVE EXPRESSED YOUR BELIEF IN PARIS AND BEFORE THAT AN IDA⁷ OF 9 BILLION DOLLARS IS "GRAVELY INADEQUATE!" WE OF COURSE AGREE. THE QUESTION THAT I WISH TO PUT BEFORE YOU, AND IT SHOULD COME AS NO SURPRISE TO ANY, IS WHETHER WE CAN GO SOME DISTANCE AT THIS MEETING TOWARD RESOLVING HOW WE MIGHT DEVISE AND PUT IN PLACE, ARRANGEMENTS WHICH ARE BROADLY ACCEPTABLE TO AS MANY OF YOU AS POSSIBLE - INDEED I HOPE ALL OF YOU - FOR RECONCILING THESE CONCERNS AND THEREBY PROVIDING IDA WITH SUPPLEMENTAL RESOURCES TO COVER AS MUCH IF NOT ALL OF THE GAP BETWEEN THE 9 BILLION DOLLARS THAT WE ARE LIMITED TO BY VIRTUE OF THE U.S. CONTRIBUTION AND SHARE AND THE 12 BILLION DOLLARS THAT ALMOST ALL THE OTHERS AMONG YOU FEEL IS THE MINIMUM LEVEL OF REPLENISHMENT WHICH WE SHOULD STRIVE TO ATTAIN. I MUST CONFESS FROM BILATERAL CONTACTS AND THE INFORMAL CONSULTATIONS THAT I HAVE HAD WITH MANY OF YOU IN THE LAST FEW DAYS THAT I DO NOT SEE ANY EASY SOLUTIONS. BUT THEN NONE

OF US HERE IN THIS ROOM ARE HERE BECAUSE WE COULD ONLY HANDLE TASKS THAT WERE EASY. I SHALL ONLY APPEAL TO YOUR GOODWILL, COOPERATION AND THE SUPPORT THAT YOU HAVE PROVIDED TO IDA THROUGH GOOD TIMES AND BAD TO ENSURE THAT WE LEAVE NO MUSCLE UNEXERTED AND NO STONE UNTURNED IN OUR EFFORTS TO FIND SUCH A SOLUTION AND AT LEAST REACH AGREEMENTS ON HOW TO PROCEED IN PRINCIPLE EVEN IF WE CANNOT TIE UP EVERY LOOSE END BY TOMORROW. WHILE I FULLY REALIZE THE EXTREMELY SERIOUS BUDGETARY AND MONETARY PROBLEMS THAT VIRTUALLY ALL DONORS HERE TODAY FACE I CANNOT BRING MYSELF TO BELIEVE THAT THE OBSTACLES TO FINDING A SOLUTION ARE ISSUES OF BUDGETS OR OF AFFORDABILITY. INDEED SOME OF YOU WITH THE WORST PROBLEMS ARE INCLINED TO BE THE MOST FORTHCOMING. THE OBSTACLES ARE IN FACT ISSUES OF WILLINGNESS AND PRIORITIES. WHETHER WE CAN COLLECTIVELY FIND A SOLUTION DOES NOT DEPEND ON ANY ABSOLUTE, INSUPERABLE AND BINDING CONSTRAINTS.

IT DEPENDS ON HOW PRAGMATIC AND FLEXIBLE WE ARE WILLING TO BE IN REACHING A SATISFACTORY BALANCE BETWEEN

PRESERVING PRINCIPLES AND PROTECTING THE BASIC REASONS WHICH LED YOU TO CREATE AND SUPPORT IDA IN THE FIRST PLACE. IT WOULD INDEED BE TRAGIC IF IN THE END THE ONLY THING THAT COUNTED WAS THE DEPENDENCE OF ONE DONOR'S BEHAVIOR ON ANOTHER DONOR'S ACTIONS ESPECIALLY IF THE FINAL RESULT WAS TO IGNORE THE SERIOUS IMPACT OF SUCH POSITIONS ON THE INSTITUTION AND ITS RECIPIENTS.

I HAVE PERHAPS SAID TOO MUCH AND SHALL LEAVE THE FLOOR OPEN TO YOU. THE TIME IS LONG PAST FOR FORMAL STATEMENTS AND I HOPE THAT IN THE NEXT TWO DAYS WE WILL DEPART FROM THIS TRADITION AND ENGAGE IN THE KIND OF EXCHANGES WHICH WILL SOLVE OUR PROBLEMS AND WHICH WILL ENABLE US TO CONCLUDE ARRANGEMENTS FOR (1) A 9 BILLION DOLLAR REPLENISHMENT WITH UNIVERSAL PARTICIPATION AND MUTUALLY ACCEPTABLE BURDEN-SHARING, AND (2) TO REACH SOME CONSENSUS ON HOW WE MIGHT PUT IN PLACE A MECHANISM FOR SUPPLEMENTARY FUNDING IN ORDER TO COME AS CLOSE AS POSSIBLE TO OUR MINIMUM OBJECTIVE OF \$12 BILLION DOLLARS.

THANK YOU.