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Washington, D.C.

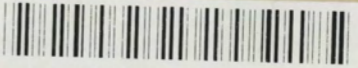
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McNamara papers

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President's papers - Robert S. McNamara Chronological files - (outgoing) Chrons 18

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489/5/86

February 26, 1971

Dear Dr. Birrenbach:

Thank you for your letter of February 19 and for the copy of your January 29 speech to the Bundestag. I am fully aware of the importance of this whole subject, and I shall look forward to studying it in more detail.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Dr. h.c. Kurt Birrenbach
Berliner Allee 33
4 Düsseldorf, Germany

489/5/85

February 26, 1971

Dear Secretary-General:

I wish to acknowledge your letter of February 1, 1971 with which you transmitted the texts of resolutions 2671 A-F (XIV) adopted by the General Assembly of the United Nations on December 8, 1970.

The text of the resolutions has been brought to the attention of the Bank's Executive Directors.

With reference to the first provision of the resolutions to which you call my attention in your letter, I can inform you that the Bank's Director of Information took part in the recent discussion in the C.C.P.I. on implementation of this resolution. We are fully cognizant of the efforts being made, though this is largely in fields where the Bank has little activity or expertise.

With reference to the second provision of the resolutions referred to specifically in your letter, I shall be glad to be informed of the timing and modalities of any consultation which the Special Committee on Apartheid would propose to conduct with the Bank, so that mutually convenient times and modalities may be arranged. I should add, however, that, in view of the specialized responsibilities assigned to it by its charter, I do not see at this point what action against apartheid the Bank might be expected to take as part of an international concept.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

U Thant
Secretary-General
United Nations
New York, 10017

Cleared with and cc: Legal Department
Mr. McNamara (2) ✓

PSella/FConsolo/WClark:da (Typed February 25, 1971)

489/5/84

February 25, 1971

Dear Secretary-General:

I have received your letter of January 20, 1971, enclosing a copy of resolution 2704 (XXV) of the General Assembly, concerning the "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations". The resolution is being brought to the attention of the Executive Directors of the International Bank.

In response to your request for information which will enable you to prepare the comprehensive report called for by the resolution, describing the activities of the specialized agencies and the other organizations within the U.N. system, I am pleased to enclose a note concerning the relevant activities of the Bank and the International Development Association. The information has been organized in accordance with the suggested list of headings enclosed with your letter.

Sincerely,

((Signed) Robert S. McNamara

Robert S. McNamara

U Thant
Secretary-General
United Nations
New York 10017

Cleared with and cc: Legal Department
cc: Mr. McNamara (2)

FConsolo/PSella:tb

Information on the Activities of the International Bank
and of the International Development Association

(As requested by the Secretary-General's letter of January 20, 1971 (TR 210 (3)))

I. Relief assistance does not fall within the scope of the activities of the International Bank or of the International Development Association. The Bank Group is expanding its lending and its technical assistance operations in the African countries, including those in which refugees from the territories in question have sought refuge. The results of the operations in these countries are expected to benefit the refugees, in some cases directly, in others indirectly.

Preliminary and informal discussions have been held between representatives of the UN High Commissioner for Refugees and representatives of the Bank with a view to exploring possible avenues of cooperation in fields of mutual interest in Africa.

II. The Organization of African Unity has been invited to be represented by an observer at the annual meetings of the Boards of Governors of the Bank and the Association. Informal contacts have been established by the staff of the Bank with the secretariat of the Organization. During his visit to Ethiopia in the fall of 1970, the President of the Bank met with the Deputy Secretary-General of the Organization and discussed problems of common interest in the field of economic development in Africa.

III. The Governments of Portugal and South Africa are members of the Bank, with a subscribed capital of US \$80,000,000 and US \$213,000,000 respectively. The Government of South Africa is also a member of the Association and has subscribed or contributed to the resources of the Association the equivalent of US \$17,080,000 in currencies freely usable by the Association for its lending operations. The Governors for Portugal and South Africa participate in the meetings of the Boards of Governors of the two institutions and in the election of their Executive Directors in accordance with the Articles of Agreement of the two institutions.

The Bank has made six loans to Portuguese power companies, with the guarantee of the Republic of Portugal, for electric power projects located in the European territory of Portugal, in an aggregate amount of US \$57,500,000 equivalent of which about \$52,500,000 is still to be repaid to the Bank. The last of these loans was granted in 1966. The Bank has made 11 loans to, or with the guarantee of, the Republic of South Africa for electric power and transportation projects in South Africa, in an aggregate amount of US \$241,800,000 equivalent of which about \$3,150,000 is still to be repaid to the Bank. The last of these loans was granted in 1966.

The Bank does not maintain any relations with the persons purporting to exercise governmental authority in Southern Rhodesia; the membership of the United Kingdom in the Bank and the Association includes, under the

Articles of Agreement of both institutions, the territory of Southern Rhodesia as a territory under the authority of the United Kingdom. The Bank and the Association have duly noted the obligations imposed on the members of the United Nations by resolution 253 (1968) of the Security Council.

In connection with two projects to be financed by loans of the Bank or the Association to the Governments of Botswana and Zambia, respectively, which inevitably require for their execution the use of certain facilities in Southern Rhodesia or contacts with agencies in Southern Rhodesia, the Governments concerned formally undertook appropriate consultations with the Security Council concerning these projects.

The question of withholding economic assistance from the Governments of Portugal and South Africa has been the subject of discussion by the Bank and the United Nations in the past; reference is made to the letter of Mr. George D. Woods, then President of the Bank, to the Secretary-General of the United Nations, dated August 18, 1967. The position of the Bank and the Association remains as described in that letter.

IV. There has been no occasion for the Bank or the Association to consider participating in a conference, seminar or other regional meeting of the kind described in paragraph 10 of resolution 2704 (XXV).

FConsolo/PSElla:tsb

48 9/5/83

February 24, 1971

Dear Mr. Wu:

Thank you for your interesting letter and its enclosures.

Your proposed Conference on Asian Environments will be dealing with important issues, and I very much applaud your efforts to organize it. While the Bank is prohibited from making a grant of the type you request, I should like to suggest an alternative. We would be pleased to arrange to bring to the United States, at the Bank's expense, one or two Conference participants of your choice. While technically they would serve as consultants to the Bank, their assignment would be that of participating in your Conference. Travel and subsistence costs, and a reasonable fee for their services, not to exceed \$3000 in total, would be borne by the Bank. We would welcome copies of the Conference proceedings and an invitation for one or more of the Bank staff to attend.

The objectives to be served by your Conference are significant, and I extend my best wishes for its success.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Yuh-jao Wu, Coordinator
Conference on Asian Environments
c/o Institute for Environmental Quality
2200 North Campus Boulevard
Ann Arbor, Michigan 48105

cc: Messrs. Chenery, Demuth, Shoaib, El Emary, Chadenet, Clark, Goodman,
Lee and Maddux

489/5/82

CENTRAL HIDROELECTRICA DE CALDAS SA

FEB 24 1971

MANIZALES

LT

COLOMBIA

THANK YOU FOR YOUR CABLE OF FEBRUARY 16 REMINDING US OF THE
TWENTIETH ANNIVERSARY OF OUR FIRST LOAN TO THE CENTRAL HIDROELECTRICA
DE CALDAS STOP THE PAST TWENTY YEARS HAVE BEEN A PERIOD OF DYNAMIC
GROWTH IN THE COLOMBIAN POWER SECTOR AND WE ARE GLAD TO HAVE HAD THE
OPPORTUNITY TO SHARE IN THIS DEVELOPMENT REGARDS

(Signed) Robert S. McNamara

ROBERT S. McNAMARA

INTBAFRAD

ROBERT S. McNAMARA

cc. Mr. Christoffersen

Froessler:mdk

489/5/79

FEB 19 1971

Dear Mr. Minister:

Thank you for your letter of January 19 informing me of your Government's actions to select a consulting firm for preparation of final plans and supervision of construction for the Chira-Piura irrigation project. I also appreciate your informing me of the discussions being held with Yugoslav representatives concerning this project.

We shall review the documents and convey to you any observations we may have concerning the project.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

General Francisco Morales Bermudez
Minister of Economy and Finance
Ministry of Economy and Finance
Lima, Peru

BZinman:sb
Typed: February 18, 1971

cc: Messrs. Golan
Cabezas
Kapur o/r
Guerra
Devaux

489/5/78

For Mr. McNamara's Office

FEB 17 1971

Dear Senator Burdick:

Thank you for your letter regarding Mr. Ellison J. Berg's interest in employment with the World Bank Group.

We have considered his candidacy most carefully. However, in view of the intense competition for the very limited number of opportunities for young men and women on our staff, I regret we do not have an opening for him at this time. In view of your strong recommendation, we will certainly keep him in mind should our situation change.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Quentin N. Burdick
United States Senate
Washington, D.C. 20510

RAClarke/sjs
February 11, 1971

(Cleared with Mr. Twining)

489/5/76

TRANSLATION

FEB 17 1971

Letter sent to H.E. Nicolas Mondjo
Permanent Representative People's Republic of
the Congo at the United Nations
New York, NY

Dear Mr. Ambassador:

It was with pleasure that I received your letter of January 12 with which you transmitted the expression of satisfaction by the Coordinator General of Planning about the cooperation between the People's Republic of Congo and the Bank Group.

I am happy to confirm that we plan to increase and diversify our contribution to the economic development of your country in the future. As you know, we hope to present to our Board of Executive Directors a credit of \$3.5 million equivalent for an education project; an appraisal mission for a maintenance project is scheduled to visit the People's Republic of Congo in March 1971. Preliminary studies are underway for the realignment of the CFCO railway and for livestock development. We are also pleased with the fruitful cooperation the Government gave to our economic mission whose report we plan to discuss with the Government in April 1971.

May I ask you to convey to the Coordinator General of Planning the expression of my gratitude for his thoughtful note.

Sincerely,

Robert S. McNamara

FEB 17 1971

Monsieur l'Ambassadeur,

Il m'a été particulièrement agréable de recevoir votre lettre du 12 janvier par laquelle vous avez bien voulu me faire part du témoignage de satisfaction de Monsieur le Coordonnateur Général des Services de Planification au sujet de la collaboration qui s'est instaurée entre la République Populaire du Congo et le Groupe de la Banque Mondiale.

Je suis heureux de confirmer que nous projetons d'accroître et de diversifier à l'avenir notre contribution au développement économique de votre pays. Comme vous le savez, nous espérons présenter très prochainement à notre Conseil d'Administration un crédit de 3,5 millions de dollars au titre d'un projet éducation. En outre, une mission d'évaluation d'un projet d'entretien doit se rendre dans la République Populaire du Congo en mars 1971. D'autre part, des études préliminaires sont en cours, les unes concernant la rectification du tracé du CFCO et les autres le développement de l'élevage. Nous nous félicitons également de la précieuse coopération que votre Gouvernement a apportée à notre mission économique. A ce propos, nous nous proposons de discuter le rapport de la mission avec les responsables du Gouvernement en avril prochain.

Je vous prie, Monsieur l'Ambassadeur, de bien vouloir transmettre à Monsieur le Coordonnateur Général des Services de Planification l'expression de ma gratitude pour sa lettre pleine d'attention.

Veillez agréer, Monsieur l'Ambassadeur, l'assurance de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Nicolas Mondjo
Représentant Permanent de la République
Populaire du Congo auprès des Nations Unies
444 Madison Avenue
New York, NY 10017

WPTalwitz:mam

489 / 5 / 75

Mr. Bulcha Demeksa

February 12, 1971

Robert S. McNamara

Local Cost Financing

I was interested to see your memorandum of February 4, 1971, on the above subject. My own feeling is that the Bank Group's practices with respect to local cost financing are reasonably liberal at the present time, and that nothing is likely to be gained (indeed something might even be lost) if the matter were brought up again for formal debate by the Executive Directors.

In response to your specific question as to whether the Bank/IDA could consider financing 100% of a project's costs, I must say that a great deal of opposition has been expressed to such proposals in past discussions by the Executive Directors, and I myself would be very hesitant to carry local expenditure financing to this extreme. Indeed, I think it is always important to assure that a country sponsoring a project makes some real contribution, even if it is only a token amount, in order to give assurance of its commitment to this project and the priority which it attaches to it.

When I say a "real contribution", I mean a contribution over and above the amount of import duties or excise taxes which may be derived by the borrowing country directly from the execution of the project. Sometimes, the agency concerned with the project enjoys a duty free status, in which case this issue does not arise but, if import duties or excise taxes are collected on materials used for the construction of the project, surely the least that the borrowing country can do is to contribute an equivalent amount to the financing of the project.

I recognize your point that some countries may be relying upon external grants-in-aid to cover part of their current budget expenditures, and in this sense, their capacity for generating "domestic savings" is necessarily very limited. But, in such cases, the amounts that we ask as a real contribution to project financing require only very insignificant sacrifices in the country's current budgetary expenditures. I think we are justified in asking such sacrifices to maintain the principle that the borrowing country has some financial stake in any project that it carries out.

JBKnapp:sk

cc: Mr. Lejeune
Mr. Chaufournier
Mr. Cope

489 / 5/74

February 11, 1971

Dear Mr. Williams:

Thank you for your letter of January 7, describing the arrangements for the meeting of the Commission on the morning of February 25. I welcome the occasion to discuss the opportunities that a judicious trade policy can open up for less developed countries to accelerate their economic progress, while reducing their dependence on international aid.

I plan to follow what I understand to be the general practice, namely to offer opening remarks lasting about 15 minutes, leaving 45 minutes for an exchange of views. I have read with keen interest the papers presented by the other three speakers and will have this context in mind in making my own remarks.

I look forward to seeing you then.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Albert L. Williams
Chairman
Commission on International Trade &
Investment Policy
1900 L Street, N.W.
Washington, D.C. 20036

JHulley:RSMcNamara:ml

489/5/72

For Mr. McNamara's Office

FEB 10 1971

Dear Dr. Prasad:

I have delayed replying to your request to me for permission to retire early until details of your next assignment were settled.

I am delighted to hear that you have been chosen by your Government to serve as Executive Director on the Board of the International Monetary Fund, a post you held with distinction before you joined the staff of the World Bank Group. I am particularly happy that your wisdom and experience will still be available to the Bretton Woods institutions whose purposes you have served so well.

May I take this opportunity formally to express the appreciation of the Bank Group for your long period of devoted service. I note you seem somewhat wistful about not having been able to do more towards shaping the activities of the Bank itself. However, as you well appreciate, the development effort is certainly not confined to whatever contribution the Bank Group itself is able to make. You should certainly derive great pride and satisfaction from your own achievements. In a most direct and positive manner you have contributed to the development of two important member nations and have served to establish the Asian Institute for Economic Development and Planning as an effective instrument of economic development. You have used your talents and abilities well and for high purpose and I think it a most fitting tribute to your distinguished career that your Government has chosen to ask you again to serve as its Executive Director.

I know that appropriate officers of the Administration Department are looking to the details of arranging for your early retirement from the Bank's service which I regretfully approve.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. P. S. N. Prasad
International Bank for
Reconstruction and Development
Washington, D.C.

RAClarke:sjs
February 9, 1971

(Cleared with Mr. Twining)

489/5/71

FEB 10 1971

Dear Secretary-General:

I acknowledge receipt of your letter of January 26 and thank you for having sent me General Assembly resolution 2664 (XXV) on "Implementation of the results of the Conference on Non-Nuclear-Weapon States".

Due note has been taken of para. 5 of this resolution, by which the Director-General of the IAEA has been asked to include, in his Annual Report, any developments in this field on the part of the Specialized Agencies. We find this new arrangement convenient as it will eliminate duplication of reporting.

I suppose that the Director-General of the IAEA will, in due course, be in touch with us on the above and we shall, of course, inform him of recent developments, if any, in this field.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

U Thant
Secretary-General
United Nations
New York. 10017

FConsole:da
Typed February 9, 1971.

cc: Mr. McNamara (2) ✓
Central Files

489/5/70

FEB 8 1971

Monsieur l'Ambassadeur,

J'ai l'honneur d'accuser réception du "Rapport Annuel 1969-70" de la Banque Nationale du Congo que vous avez eu l'obligeance de me faire parvenir par votre lettre du 21 janvier dernier. J'ai transmis le document à mes services concernés qui en feront un usage utile.

Je vous prie de croire, Monsieur l'Ambassadeur, à l'assurance de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence P. Ilaka
Ambassadeur de la République
démocratique du Congo
1800, New Hampshire Avenue NW
Washington D.C. 20009

A. Van Nimmen:flm
le 5 février 1971

Translation

Mr. Ambassador,

I hereby acknowledge receipt of the latest annual report of the National Bank of the Congo, which you have kindly sent me with your letter dated January 21.

I have transmitted the document to the Department in charge of the Congo, where it will certainly be put to good use.

Sincerely yours,

Robert S. McNamara

His Excellency P. Ileka
Ambassador of the Democratic
Republic of the Congo
1800, New Hampshire Avenue NW
Washington D.C. 20009

February 5, 1971

489/5/68

FEB 8 1971

Dear Mr. Vice President:

Upon my return to Washington I wrote to His Excellency the President of the Republic to express our gratitude for the hospitality we enjoyed in Cameroon. I would like to extend to you, Mr. Vice President, our deep appreciation for the warm welcome we received in West Cameroon.

I enjoyed in particular the meeting I had with you on the evening of my arrival in West Cameroon. Mrs. McNamara and I, as well as my associates, would also like to thank you for the gracious dinner you hosted at Buea.

I was most impressed to witness the progress achieved in promoting economic development in West Cameroon, and I am conscious of your eminent contribution to the reunification of Cameroon, which stands out as an inspiring example to other peoples of Africa.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Salomon Tandeng Muna
Vice President of the Federal
Republic of Cameroon
Yaoundé
Federal Republic of Cameroon

WPTHalwitz/FXLeDuc:mam

489/5/67

FEB 8 1971

Monsieur le Ministre,

De retour à Washington, je tiens à vous faire connaître, au nom de mon épouse, de mes collaborateurs et en mon nom propre, que je vous suis gré d'avoir tant contribué à la parfaite organisation de notre récente visite au Gabon.

Je vous suis obligé, en particulier, d'avoir pris sur vos activités quotidiennes pour m'accompagner, ainsi que mes collaborateurs, à l'intérieur du pays et d'avoir organisé les séances de travail avec vos collaborateurs et avec les représentants du secteur forestier. Je suis, pour ma part, avec un intérêt soutenu les efforts de votre pays en vue d'atteindre un développement économique satisfaisant grâce à la mobilisation des principales ressources naturelles, les minéraux et le bois en particulier. Je ne doute pas que nous aurons souvent l'occasion à l'avenir d'échanger des vues à ce sujet.

Veuillez agréer, Monsieur le Ministre, l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Edouard Alexis Nbouy-Boutsit
Ministre des Affaires Economiques, du
Commerce et de l'Industrie
Libreville
Gabon

FXLeduc/WPThalwitz/MLBazin:man

4/29/51

TRANSLATION

Letter sent to H.E. Edouard Alexis Mbouy-Boutzait
Gabon

Dear Mr. Minister,

Now that I am back in Washington, I want to let you know on behalf of my wife, my associates and myself how much I appreciate all that you did to make my recent visit to Gabon a masterpiece of organization.

I am particularly obligated to you for having taken so much time from your daily schedule to accompany me and members of my staff on our visit to the interior and for organizing the working sessions with your colleagues and representatives of the forestry industry. It is with a special interest that I shall follow the progress of your country in its efforts to reach a satisfactory pace of economic development through the utilization of its main resources, in particular minerals and forest products. Without doubt we will often have the opportunity to exchange views on these matters in the future.

It is with great appreciation and my best wishes, that I remain,

Sincerely,

Robert S. McNamara

489/5/66

FEB 8 1971

Dear Mr. Chairman:

Upon my return to Washington, I would like to express my gratitude for the opportunity you provided for me to see at first hand the extensive activities and the important contribution which CAMDEV makes to the economic development of West Cameroon.

We appreciated the efficiency with which you organized our visit to the plantations and processing installations, as well as the explanations which you and your associates provided on the significance of your operations.

May I again thank you for a most fruitful visit and I only regret that it had to be so brief.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Chief V.E. Mukete
Chairman,
Cameroons Development Corporation
Bota, Victoria
Federal Republic of Cameroon

WPTalwitz/FXeduc:man

489 15/65

FEB 8 1971

Monsieur le Directeur,

Nous vous sommes obligés, mes collaborateurs et moi-même, d'avoir bien voulu organiser à notre intention une visite des installations minières de Moanda.

Cette visite nous a confirmés dans l'idée que la Compagnie Minière de l'Ogooué est appelée à jouer un rôle important dans le développement économique du Gabon et nous en avons gardé, ainsi que de l'agréable déjeuner auquel vous nous avez conviés, le meilleur souvenir.

En vous assurant à nouveau de mes remerciements, je vous prie, Monsieur le Directeur, de croire à l'expression de ma considération distinguée.

(Signed) Robert S. McNamara

Robert S. McNamara

Monsieur Pierre Silves
Directeur de la
Compagnie Minière de l'Ogooué
Moanda
Gabon

FXLeduc/WPThalwitz/MLBazin:man

489-54

TRANSLATION

Letter sent to Mr. Pierre Silvos, Director
Compagnie Minière de l'Ogoué
Moanda, Gabon

Dear Sir:

I wish to express my gratitude and that of my associates to you for having been so kind as to organize for us a visit of the Moanda mining installations.

This visit has confirmed my belief that the Compagnie Minière de l'Ogoué has a significant role to play in the economic development of Gabon. We shall certainly remember this visit with pleasure as well as the gracious luncheon that you hosted in our honor.

Thanking you once again for all your kindnesses, I remain,

Sincerely,

Robert S. McNamara

489/5/64

FEB 8 1971

Monsieur le Ministre,

C'est avec un réel plaisir que, de retour à Washington, je vous adresse, au nom de mon épouse, de mes collaborateurs et en mon nom propre, tous mes remerciements pour l'excellent accueil et la parfaite organisation de notre séjour dans votre pays.

J'ai en particulier apprécié d'avoir pu m'entretenir, aussi bien avec vos collègues du gouvernement, qu'avec de hauts fonctionnaires de l'Administration, des problèmes et perspectives du développement économique de votre pays.

Je ne doute pas, pour ma part, que la coopération entre le Cameroun et le Groupe de la Banque Mondiale, en vue des tâches qu'implique cet effort de développement, ne pourra que se renforcer à l'avenir. Nous aurons certainement, par suite, l'occasion d'échanger des vues à ce sujet.

Je vous prie de croire, Monsieur le Ministre, à l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Charles Onana Awana
Ministre du Plan et de l'Aménagement
du Territoire
Yaoundé
République Fédérale du Cameroun

FXLeduc/WPThalwitz/MBazin:mam

489/5/14

TRANSLATION

Letter sent to H.E. Charles Onana Avana
Federal Republic of Cameroon

Dear Mr. Minister:

It is with such pleasure, now that I am back in Washington, that I wish to express my thanks on behalf of my wife, my associates and myself, for the warm welcome extended to us and the excellent manner in which our visit to your country was organized.

I particularly appreciated the opportunity of discussing the problems and prospects of the economic development of your country, both with your colleagues and other senior officials of the government.

I am convinced that the cooperation between Cameroon and the World Bank Group in the tasks of development that lie ahead will be further strengthened. We shall no doubt have the opportunity for further exchanges of views on this subject.

Sincerely,

Robert S. McNamara

489/5/63

FEB 8 1971

Monsieur le Ministre,

Permettez-moi d'exprimer au nom de mon épouse, de mes collègues et en mon nom personnel toute notre gratitude pour l'accueil chaleureux qui nous a été récemment réservé en Mauritanie,

Je vous suis en particulier obligé de la remarquable organisation de ce séjour qui nous a permis, malgré le temps limité dont nous disposions, d'avoir des entretiens très utiles sur les problèmes et perspectives du développement économique de votre pays.

Il m'est agréable de vous assurer que nous continuerons de suivre avec un grand intérêt l'effort de développement que poursuit votre gouvernement et je reste persuadé que la coopération entre la Mauritanie et le Groupe de la Banque Mondiale ne pourra que se renforcer à l'avenir.

En vous renouvelant mes remerciements les meilleurs, je vous prie de croire, Monsieur le Ministre, à l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Mamadou Touré
Ministre du Plan et
du Développement Rural
Nouakchott, Mauritanie

February 5, 1971
RADams/MLBazin/dj
Translator: RASSA

989/51

TRANSLATION

Letter sent to His Excellency Mamadou Touré
Minister of Planning and Rural Development
Nouakchott, Mauritania

Dear Mr. Minister,

On behalf of my wife, my associates and myself I wish to express our sincere gratitude for the warm welcome extended to us during our recent visit to Mauritania.

I am especially grateful for the excellent manner in which you organized this visit. It enabled us, despite the limited time available, to have very useful discussions on the problems and prospects of your country's economic development.

I am pleased to assure you that we shall continue to follow with great interest the efforts made by your government to develop your country. I am convinced that the cooperation between Mauritania and the World Bank Group will be further strengthened in the future.

Thanking you once again for all your kindnesses, I remain,

Sincerely,

Robert S. McNamara

489/5/62

Copy for Office of the President

February 5, 1971

Dear M. Negre:

In response to your letter of January 8, I want you to know that your name has been brought to the attention both of the management of the U.N. Development Programme and of the Secretary-General of UNCTAD. I would be pleased if, as a result of these or other initiatives, an appropriate opportunity were to develop for you somewhere within the U.N. system.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

M. Louis Negre
Vice President
African Development Bank
P.O. Box 4089
Abidjan, Ivory Coast

RHDemuth:tf

cc: Personnel Files w/incoming correspondence

489/5/61

FEB 5 1971

Dear Senator Eagleton:

Thank you for your letter enclosing a press clipping on Dr. Borlaug's views on expanding food production and the uses of food reserves in development strategy. I am grateful to you for calling this to my attention.

Dr. Borlaug's proposals are extremely interesting. I have the greatest respect for him, his work and for his thinking. I would particularly agree with his idea of making use of increased food production as a means of gaining time to deal with the population explosion. In the last two years we have substantially expanded the agricultural financing program of the Bank as a step toward accomplishing this objective.

I do not believe that the World Bank Group is able as yet to talk about the food reserve concept definitively in all of its many aspects. I would suggest, therefore, that you consult the Director General of FAO, whose views on this subject are likely to be a good deal more helpful.

We are only beginning to understand the full importance of food and nutrition to development. Proposals like those of Dr. Borlaug deserve careful consideration both in institutions like the Bank and in the public dialogue. I am grateful to you for calling his views to my attention, and for taking an active interest in proposals of this kind.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

JEM:pam

The Honorable
Thomas F. Eagleton
United States Senate
Washington, D.C. 20510

489/5/59

Mr. Harry L. Morris
Alternate Delegate
25th Session
Mission of the Republic of
Liberia to the United Nations
235 East 42nd Street
New York, N.Y. 10017

FEB 4 1971

Dear Mr. Morris:

I returned from a visit to western Africa last week and found your letter of January 5 regarding the expansion of your rubber plantation in Liberia. In the meantime, my staff had again examined the possibility of the International Finance Corporation providing assistance for your project.

As we know it, your plans for the expansion are to triple your existing estate of 2,000 acres by developing an additional 4,000 acres at an estimated cost of one million U.S. dollars. You propose to finance this by raising a loan of US\$850,000 and providing the balance of US\$150,000 from internal cash generation. We have based our study of your project on this financing plan and on information on performance, yield, costs, prices, etc. gathered from you and from the rubber industry.

Our projections of the financial results of the expanded project show that, even on the best assumptions, cash generation would be negligible for the first seven years of the expansion - for some years even negative. Thus, not only would you not be able to finance US\$150,000 from this source but, indeed, over and above this you might have to introduce additional cash. It is our understanding that you think you will be unable to provide any part of the financing from your other resources; which means that you contemplate financing the expansion entirely by borrowing. Moreover, the projections show that you would not be able to service the loan for the first seven years and accrued interest during this period would have to be capitalized; thus greatly increasing the debt burden. Principal repayments would have to be postponed for the first eight years and then be spread over a period of more than ten years.

The terms of loan financing implied by these projections, as appropriate for your project, would be such as IFC could not provide.

Mr. Harry L. Morris

- 2 -

Besides, I would like to think that our projections would help you also to assess the precarious and burdensome implications from your standpoint.

I could wish that IFC were able to extend a loan to your project but, unfortunately, the foregoing summary of our study of the project does not provide us with a basis for taking a favorable view of it. I am sorry that we must come to this conclusion, but I am sure you will appreciate that it is based on an objective review of the facts and not on any prejudice against Liberia, of which there is none, within the Bank Group.

If, at any time, you should wish to discuss any aspects of this matter personally, Mr. Albert Adomakoh, the Director of Investments for Africa and the Middle East, would be glad to receive your visit.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

AA/rty

cc: Messrs. Gaud
Adomakoh
Reitter
Rowe

489/5/57

February 1, 1971

Dear Mr. Prime Minister:

Thank you for your letter of December 19, which reached me in Washington only a few days ago.

I was indeed pleased to learn that you find the proposal for the technical assistance team to be appropriate and helpful for meeting the long-term economic objectives of your country. I would like to assure you of the Bank Group's continuing interest in further assisting Yemen in its developmental goals. I entirely agree with the importance that you attach to the establishment of a sound and suitable system of education, as an essential base for the country's future. Mr. Dieter Hartwich, Deputy Director of the Europe, Middle East and North Africa Department and Mr. Adi Davar, the Division Chief for some Middle Eastern countries including Yemen, both of whom will be visiting your country very shortly, will be glad to discuss this and other priority proposals further with you and your colleagues and consider how the Bank Group can be of further assistance to Yemen.

Sincerely,

Robert S. McNamara

His Excellency
Mohsin Al-Aini
Prime Minister and
Minister of Foreign Affairs
Sana'a
Yemen Arab Republic

Cleared with and cc: Mr. D. Hartwich
cc: Mr. McNamara's office ✓

ADavar/MPBenjenk:pw
January 29, 1971

489/5/56

February 1, 1971

Dear Mr. Minister:

I am most grateful for the plaque and picture magazine you sent me, commemorating the opening of the Seoul-Pusan Expressway. They reminded me of the most interesting trip which Mrs. McNamara and I made to Korea last May. The Expressway is an impressive testimonial to the achievements of the Ministry of Construction and the Korean construction industry. Together with other roads now under construction it should play a vital role in Korea's future development.

With best wishes,

Sincerely,

Robert S. McNamara

His Excellency
Lee Han Lam
Minister of Construction
Seoul
Republic of Korea

DJFontein:gwh

cc: Mr. Baig

489/5/55

Copy for Office of the President

February 1, 1971

Dear Kermit:

Your letter of January 26 concerning the Brookings history of the Bank outlines a financial problem which none of us foresaw when work on the history began two years ago, and indicates a most generous approach on the part of Brookings toward the solution of that problem. For my part, I am glad to advise you that, in my budget recommendations for fiscal 1972, I will include provision for an additional contribution of \$15,000 in cash to the project, as well as for continuing services in kind.

Sincerely,

Robert S. McNamara

Mr. Kermit Gordon, President
The Brookings Institution
1775 Massachusetts Avenue, N.W.
Washington, D.C. 20036

HNGraves:REDemuth:tf
January 29, 1971

cc: Mr. J. H. Adler

489/5/54

Copy for Office of the President

February 1, 1971

Dear Mr. Maheu:

Thank you for your letter of January 21, inviting me to attend the special celebration of Unesco's twenty-fifth anniversary on November 4 and the proposed meeting at Ministerial level on November 5 to discuss the prospects of development assistance to education during the Second Development Decade. I greatly appreciate this invitation and hope to be able to attend.

Sincerely,

Robert S. McNamara

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

RHDemuth:tf
January 29, 1971

FEB 1 1971

Dear Mr. Ambassador:

I would like to acknowledge receipt of your letter of January 19, 1971 in which you inform me that you have been appointed by the President of the Republic of Guatemala as the authorized representative to sign the US\$4.0 million loan for the Livestock Development Project.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Lic. Julio Asensio Wunderlich
Ambassador of Guatemala
Washington D.C.

BRassmason:nsp
1/29/1971

cc: Mr. Lajous-Martinez
Mr. Gutierrez
Mr. Christoffersen

489/5/52

FEB 1 1971

Dear Mr. Jenks:

Thank you for your letter of January 14, 1971, transmitting your program and budget proposals for the 1972-1973 biennium and inviting my comments.

This is an impressive program which reflects the increasing recognition, which we in the World Bank share, that employment will be a critical issue in the Second Development Decade. Anything that the ILO can do to improve our understanding of how this problem manifests itself in different developing countries, and of various measures and policies designed to reduce unemployment and underemployment, would be a significant contribution to the whole international community.

In this connection, we are finding that the lack in most developing countries of reliable current statistics on the size, composition and deployment of the labor force presents an almost insuperable obstacle to a systematic evaluation of the employment problems faced by those countries. I very much hope that in the context of your program it will be possible for the ILO to provide substantial technical assistance to its member governments in improving the collection, organization and analysis of basic data on manpower and employment.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Wilfred Jenks
Director-General
International Labour Office
Ch 1211 Geneva 22
Switzerland

MLHoffman/pnn
January 29, 1971
cc: Mr. McNamara's files (2)

Cleared with Mr. Hawkins for Mr. Chenery

FEB 1 1971

Mr. Paul G. Hoffman
Administrator
United Nations Development Programme
United Nations, New York 10017

Dear Paul:

In accordance with the discussion at the last session of the Governing Council and in response to the request in Mr. Narasimhan's letter of December 7, we have been giving thought to IACB's basic functions and methods of work and its proper relationship with the Governing Council in the light of the changes now being made in UNDP.

First, it would seem that a break with the pattern of the past meetings, when a substantial portion of IACB's time was devoted to review of individual projects, is clearly in order. You have anticipated this by suggesting, in your letter of December 11, that the Programme Working Group (PWG) hereafter convene regularly just prior to the sessions of IACB to dispose of the Programme recommendations and such other related matters as could be dealt with by that group. We would hope, in fact, that once the provisions of the consensus, including the country programming procedures and the arrangements under which the Administrator will be able to approve most projects, are in effect, consideration of most project recommendations will no longer be required by the PWG either.

While these changes in UNDP operations will eliminate the need for IACB to review individual projects, they present a question as to the role of IACB in reviewing individual country programs. On this we believe inter-agency consultations may be valuable. How and when agency contributions can best be made will depend in part on the procedures you establish for country programming. There should, however, be a forum in which the agencies as a group can comment and exchange views on the overall pattern which emerges from the individual country programs. This may be the IACB although I believe it more logical that this be one of the functions performed by the PWG, leaving to IACB only such matters as need further consideration at the level of the agency heads.

With these changes the Board will have more time, as you point out, to devote its attention to major policy matters. In such a forum, agency heads will be able to bring to your attention and to the attention of their colleagues on the Board major developments affecting the UN system or likely to do so in the future. They will also be able to examine and

bring their experience and that of their agencies to bear on policy questions presented by your proposed Programme Analysis and Policy Planning Branch and your Advisory Panel.

This emphasis on policy discussion would make it particularly important that in the future the meetings of the IACB and the ACC, which have largely identical membership, be scheduled on consecutive dates. In fact, I believe there may be some occasions when the nature of the discussions in one body may make it unnecessary to have a separate meeting at all of the other body. Mr. Demuth has previously advanced the idea that it may be possible some day to establish a single body which could consider, under the chairmanship of the Secretary-General, political and other non-economic questions and under the Administrator's chairmanship, questions concerning economic development. This, of course, is not something for IACB to decide, but I believe there is merit in the idea, and it should be kept in mind in deciding on IACB's functions.

It would also be useful, I believe, to review the frequency of IACB meetings. In the past, a semi-annual pattern was established because of the need to review the projects prepared for submission to the semi-annual meetings of the Governing Council. Under the new UNDP procedure, this would no longer be necessary, and it may be that only one meeting at agency head level will now be required, with other questions being discussed at the PWB.

The points I have already made touch on the second matter concerning which you asked views, i.e., IACB's methods of work. Certainly for any policy discussion, preparatory work will be essential. For this purpose, we would consider it important for IACB to have, several weeks in advance of each meeting, the results of staff work already done, any views that your Advisory Panel might have prepared, and your own views, if these have already been formulated.

Finally, there is the question of the relationship of IACB to the Governing Council. It seems clear to me that the proper role of the IACB is as a consultative body to the Administrator, a body with which he can exchange views before finally formulating his recommendations to the Governing Council. It would, I believe, subvert this role and undermine the Administrator's own position to make IACB an alternate source of advice and recommendations to the Governing Council. Agencies have a right to attend Governing Council meetings and most are regularly

Mr. Paul G. Hoffman

3

represented by senior officials. The individual views of agencies can thus continue to be available to the Council as and when appropriate. In these circumstances, I believe there is no case for any formal relationship between IACB and the Council.

These views, given at this time, must be viewed as preliminary. Your proposals for major changes in the organization and procedures for UNDP are presently being discussed and will only be put into effect in stages over the coming months. These are bound to bring with them many problems and present for possible consideration by IACB a number of questions that cannot presently be foreseen. IACB's ultimate role will be determined by the problems which you must face and on which you feel the views of the agency heads will be helpful. It is thus easier to identify at this time some of the things IACB should not do than it is to identify all of the things that it should do.

With best personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

VJRiley:cbh

cc: Mr. Console
Mr. Demath
Mr. Riley
Mr. Gordon Williams, IMF

489/5/47

January 29, 1971

Dear Dr. Sanz de Santamaria:

I refer to our correspondence of March of last year and subsequent discussions which you had with Sir Denis Rickett regarding a study of the external debt of Latin American countries. I am pleased to enclose a preliminary version of a paper entitled External Indebtedness of Latin American Countries which has been prepared by the Bank staff. I understand that the paper is to be discussed informally at a meeting convened by the Atlantic Institute in Paris on March 1st, after which a final version will be prepared.

You may recall that I announced at the Annual Meeting in Copenhagen that the staff of the Bank was preparing a study of the debt position of all developing countries. The general conclusions set out in the enclosed paper will be incorporated in that study.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Carlos Sanz de Santamaria
Chairman
Inter-American Committee on
the Alliance for Progress
1725 Eye Street, N.W.
Washington, D.C. 20006

JHADler/DHFRickett:emcc

cc: Mr. Adler

689/5/46

January 29, 1971

Dear Roger:

I would like to express my warm appreciation to you as well as your staff, particularly Mr. Thalwitz and Mr. Paijmans, for the excellent assistance you provided to Mrs. McNamara and myself during our visit to West Africa. The well-prepared briefing materials and the program which you helped to arrange made it possible for me to achieve the major purpose of my visit, which was to learn at firsthand about the problems facing economic and social development in that region. I was also pleased to notice the progress which the Bank Group has already achieved through our intensified operational involvement in these countries and am delighted to know that the staff work is under such dynamic leadership.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Roger Chaufournier
Director
Western Africa Department

489/5/45

January 29, 1971

Dear Nassim:

Mrs. McNamara and I greatly enjoyed our interesting visit to West Africa and we would like to express to you our warmest thanks for your very efficient assistance in making the trip so successful.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Mohamed Nassim Kochman
Executive Director
World Bank
Washington, D.C. 20433

LEChristoffersen

489/5/44

JAN 29 1971

Monsieur le Président,

Dès mon retour à Washington, je tiens à vous écrire pour vous exprimer ma gratitude, ainsi que celle de ma femme et de mes collaborateurs, pour le chaleureux accueil et l'hospitalité que vous avez bien voulu nous réserver lors de notre séjour dans votre pays. Ma femme et moi gardons le plus agréable souvenir du dîner auquel vous nous avez conviés et nous avons été très touchés par l'attention prévenante que vous avez eue en envoyant votre avion à Fort Lamy pour notre voyage de Fort Lamy à Garoua, puis à Yaoundé et Douala.

J'ai été très sincèrement impressionné par les progrès réalisés par votre pays et par le dévouement avec lequel vous-même et vos collaborateurs vous consacrez au développement de son économie. Le succès avec lequel vous avez su intégrer le Cameroun oriental et occidental en une seule nation constitue une des réalisations les plus remarquables en Afrique et je ne serais pas surpris d'apprendre que cette entreprise aura été une raison d'espérer et d'agir pour d'autres régions du continent africain.

En vous remerciant encore une fois, Monsieur le Président, de tout ce que vous avez fait pour rendre notre voyage particulièrement intéressant et agréable, je vous prie d'agréer l'assurance de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Ahmadou Ahidjo
Président de la République Fédérale du Cameroun
Yaoundé, Cameroun

LEChristoffersen/dj
Translation:Rassa

TRANSLATION

Letter sent to H.E. Mr. Ahmadou Ahidjo
Republic of Cameroon

Dear Mr. President:

Having just returned to Washington, I would like to express on behalf of my wife and myself, as well as my associates, our sincere gratitude for the generous hospitality which we enjoyed while visiting your country. The Federal Republic of Cameroon is indeed a most exciting country. I was most impressed to witness at firsthand the progress you have achieved, and also the dedication and commitment with which you and your colleagues in the Government pursue the objectives of development.

Mrs. McNamara and I shall long remember the gracious dinner which you hosted at your Palace. May I also say how particularly grateful I was, Mr. President, for your kindness in sending your plane to meet us in Fort Lamy and subsequently take us to Garoua, Yaoundé and Douala.

Your success in integrating West and East Cameroon into one nation stands out as one of the truly remarkable achievements in Africa, and I shall not be surprised to hear again in the future years how that achievement has given inspiration and hope to other parts of Africa. Allow me one again, Mr. President, to thank you for a most interesting and enjoyable visit to your lovely country.

Sincerely,

Robert S. McNamara

483/5/43

JAN 29 1971

Monsieur le Président,

Dès mon retour à Washington, je tiens à vous écrire pour vous dire combien j'ai apprécié le chaleureux accueil et l'hospitalité que vous-même et votre gouvernement avez bien voulu me réserver lors de mon séjour au Gabon. Ma femme, mes collaborateurs et moi gardons un excellent souvenir de ce séjour et nous tenons à vous remercier d'avoir eu l'obligeance de mettre à notre disposition l'avion présidentiel pour notre voyage de Douala à Libreville et pour le long vol de Libreville en Mauritanie.

J'ai été profondément impressionné en me rendant compte du potentiel économique de votre pays et des vastes ressources naturelles dont il dispose. Je conçois que le développement de ces ressources, de façon à assurer la participation du peuple gabonais à leur produit, soit une tâche passionnante et je puis vous assurer que le Groupe de la Banque Mondiale est prêt à contribuer à la réalisation de cet objectif. Je forme des vœux chaleureux pour que se renforce encore l'étroite collaboration qui existe entre le Gabon et nos institutions et pour que nous nous associons dans un effort commun en vue d'améliorer le bien-être économique et le progrès social du peuple gabonais.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Albert Bernard Bongo
Président de la République du Gabon
Libreville, Gabon

LEChristoffersen/DJ
Translation: RASSA

TRANSLATION

Letter sent to H.E. Mr. Albert Bernard Bongo
Republic of Gabon

Dear Mr. President:

The generous hospitality which you and your Government bestowed upon Mrs. McNasara and myself, and my associates, during our visit to Gabon will long be remembered. Allow me also to express my special thanks for your kindness in making available your Presidential plane for our use from Douala to Libreville and also for our long journey to Mauritania. We deeply appreciated your kindness in assisting us in this way.

I was immensely impressed to learn at firsthand about the potentials of the vast natural resources of your country. Developing these, and making the fruits of that endeavor available to the people of Gabon, provide exciting challenges for the future. We in the World Bank Group stand ready to help you achieve those objectives. It is my sincere hope that the close cooperation which already exists between Gabon and our institutions will be strengthened in the future and that we may together develop an effective partnership which may help to improve the economic well-being and social progress of the people of Gabon.

Sincerely,

Robert S. McNasara

489/5 /42

JAN 29 1971

Monsieur le Président,

Permettez-moi une fois encore de vous exprimer mes plus vifs remerciements pour la chaude hospitalité avec laquelle mon épouse et moi-même avons été accueillis lors de notre séjour dans votre pays. L'excellent programme que vous-même et vos collaborateurs aviez préparé à notre intention m'a permis d'accroître notablement mes connaissances sur la Mauritanie et de mieux apprécier les problèmes et les perspectives de développement de votre pays, ce qui a donc satisfait au plus haut point le but principal de ma visite. Permettez-moi également, Monsieur le Président, de vous dire combien nous gardons précieusement les souvenirs particuliers que nous a laissés notre visite à Boutilimit. La réception qui nous a été accordée, de même que l'agréable méchoui auquel nous avons été conviés en votre résidence au cours de la soirée ont certes constitué les événements saillants de notre voyage en Afrique de l'Ouest.

Je suis convaincu, pour ma part, que la Mauritanie parviendra à résoudre les problèmes économiques délicats avec lesquels elle est confrontée, de façon à pouvoir s'engager rapidement sur la voie d'un développement économique et social accéléré. Je puis vous assurer que le Groupe de la Banque Mondiale est disposé à prêter son concours à cette entreprise. J'espère que ma visite aura contribué à renforcer l'étroite collaboration qui existe entre votre pays et nos organisations et que nous pourrons continuer, pour notre part, à apporter notre soutien aux nobles objectifs que vous poursuivez pour procurer un bien-être accru au peuple mauritanien et lui assurer un avenir meilleur.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur Moktar Ould Daddah
Président de la République
Islamique de Mauritanie
Nouakchott, Mauritanie

TRANSLATION

Dear Mr. President:

May I once again express to you my most sincere thanks for the warm hospitality which my wife and I received during our visit to your country. The excellent program which you and your colleagues had arranged for us greatly expanded my knowledge about Mauritania and its development problems and prospects, thus superbly fulfilling the major purpose of my visit. May I also mention to you, Mr. President, how much we treasure the special memories we took with us from our visit to Boutilimit. The reception we received there, along with the gracious mechoui at your residence in the evening, were indeed among the highlights of our visit to West Africa.

I am convinced that your country will be able to overcome the difficult economic problems, which it faces, in such a way that it will soon benefit from rapid social and economic development. I can assure you that we within the World Bank Group are ready to assist you in this. It is my hope that my visit may have helped to strengthen the close cooperation which already exists between your country and our organizations, and that we may continue to support your noble objectives towards increasing the well-being and providing a better future for the people of Mauritania.

Sincerely,

Robert S. McNamara

489/5 /41

JAN 29 1971

Monsieur le Président,

A la suite de la visite que nous venons d'effectuer au Tchad, ma femme et mes collaborateurs se joignent à moi pour vous exprimer notre profonde gratitude pour le chaleureux accueil que vous avez bien voulu nous réserver pendant notre séjour dans votre pays.

Je profite de cette occasion pour vous prier de bien vouloir transmettre mes sincères remerciements à tous les membres de votre gouvernement ainsi qu'à leurs collaborateurs qui ont concouru au succès de ce voyage. J'ai beaucoup apprécié la clarté et la conviction avec laquelle les autorités tchadiennes ont su exposer les problèmes de développement de votre pays et je puis vous assurer, Monsieur le Président, que le Groupe de la Banque Mondiale est très désireux de contribuer aux efforts du gouvernement tchadien pour développer son économie et améliorer le niveau de vie et le bien-être social de sa population.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Monsieur François Tombalbaye
Président de la République du Tchad
Fort, Lamy, Tchad

LEChristoffersen:man
Translation - RAsa:jd

145/15

TRANSLATION

Letter sent to H.E. Mr. François Tombalbaye
Republic of Chad

Dear Mr. President:

Upon my return to Washington, I would like to take this opportunity to express my deep appreciation for the warm hospitality which my wife and I, and my associates, received during our visit to Fort Lamy. We returned with the most pleasant memories from our visit and shall long remember the lovely dinner you so graciously hosted for us.

Perhaps I could ask you to extend to your Ministers and their staff my warm thanks for the illuminating presentation which they gave me on the problems and potentials for development in Chad. Please be assured, Mr. President, that we in the World Bank Group are ready to help your country move towards a prosperous economic future, and provide meaningful social progress for the people of Chad.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

489/5/40

JAN 28 1971

Dear Mr. Prime Minister:

I wish to acknowledge and thank you for your letter dated December 17, 1970 in which you offer Singapore as one of the possible venues for the IBRD/IMF Annual Meetings in 1973.

I recall your mentioning this matter when you visited the Bank on November 4 last. As I mentioned on that occasion, both Mr. Schweitzer and I believe that Annual Meetings outside Washington should, as far as possible be held in developing countries.

For 1973, however, the first invitation came from Kenya and a joint IBRD/IMF mission which went there in November 1970 to inspect the available facilities, submitted a favorable report. As I believe I mentioned to you also, when you were here, there seems to be considerable support for the proposal to meet in Africa where the Annual Meetings have not yet been held.

I understand that on December 3 last, Mr. Hattori, the Executive Director for Singapore wrote to your Minister of Finance, the Honorable Hon Sui Sen, drawing attention to the problems for the Boards of Governors that arise from multiple invitations for Annual Meetings, since it is the Boards of Governors that must make a difficult choice.

Both Mr. Schweitzer and I are of the opinion that, since it is hoped that the decision as to the place of the 1973 meetings will be taken not later than at the 1971 meetings next September, you may wish to consider the foregoing before we proceed to advise the Executive Directors of the Bank and Fund of your kind offer, for which, in any event, we are most grateful.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Lee Kuan Yew
Prime Minister
Singapore, Singapore

cc: Mr. Hattori

4135
TRANSLATION OF LETTER WRITTEN BY MR. JEAN COLLIN TO MR. MC NAMARA

Dakar January 19, 1971

Mr. President:

I am pleased to inform you that following the expiration of the statutory terms of office of Mr. Tiémoko Marc GARANGO, the Board of Directors of the Central Bank for the States of Western Africa, elected me Chairman during its last meeting on December 16, 1970.

I express the wish that the excellent relations which have developed between our two institutions will improve further during my tenure of office.

Sincerely yours,

Jean COLLIN

409/5/38

JAN 28 1971

Monsieur le Président,

Veillez accepter mes plus vives félicitations
à l'occasion de votre élection à la Présidence du Conseil
d'administration de la Banque Centrale des Etats de
l'Afrique de l'Ouest.

Je forme le vœu pour que les excellentes
relations entre nos deux institutions continuent de se
développer comme dans le passé.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Monsieur Jean Collin
Président
Banque Centrale
des Etats de l'Afrique de l'Ouest
Boite Postale 3159
3 Dakar
Sénégal

JLenfant/RAssa:mo'h

489/5 136

January 27, 1971

Dear Mr. Boerma,

During my absence and following your cable Mr. Knapp telephoned you about the FAO Budget for 1972/73 in so far as the FAO/IBRD Cooperative Program is concerned. Subsequently Mr. Demuth spoke to you on the telephone and I now confirm that we have no objection to FAO including its share of a \$7 million Cooperative Program in its Budget, with the understanding that not more than 70 professional staff would be employed for the Cooperative Program without the Bank's prior agreement. The actual amount of the Bank's contribution within the limit of 75 percent of \$7 million will be determined from time to time when I submit our own Budget to our Executive Directors.

The reasons why we are unable at present to agree to more than 70 professional staff for the Cooperative Program were explained by Messrs. Chadenet, Evans and Wapenhans to Mr. Terver during his recent visit here.

I am glad to repeat the suggestion which Mr. Demuth made to you on the telephone that in the event that the Cooperative Program expends less than \$7 million you and we might consider the possibility of using the savings for purposes of supporting services for the Consultative Group on International Agricultural Research.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. A. Boerma
Director General
Food and Agriculture Organization
of the United Nations
Via delle Terme di Caracalla
Rome, Italy

Cleared with and cc: Messrs. Chadenet, Demuth

cc: Mr. Christoffersen (2) ✓

LJCEvans:lkt

489/5/35

JAN 27 1971

Dear Mr. Minister,

I am grateful to you for your letter of January 4 which I could not answer earlier because of my absence from Washington. Although I had been briefed about your efforts in Cairo, your letter has completed the picture for me and I am now fully aware of the difficulties of the situation. I hope that all these efforts to resolve the problem will be successful soon but, in the meantime, I cannot thank you enough for the interest that Kuwait and you personally are taking in assisting a fellow Arab country. I am particularly impressed at the extent to which you are going out of your way in your efforts to find a solution. We in the Bank are keenly interested in such a solution and are anxious to resume an active role in assisting the U.A.R. You will recall that during my visit to your country we agreed that close cooperation between Kuwait and the Bank would result in our being able to help the Arab countries substantially. I am gratified, indeed, by the efforts we have jointly undertaken in Yemen, Tunisia and now in the U.A.R. and I look forward to our continued and fruitful cooperation.

With kindest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

48915/34

JAN 26 1971

Dear Mr. Minister:

Thank you for your letter of January 12, by which you kindly informed me of recent Bolivian legislation defining the responsibilities of the various Government Departments. In particular, I have taken note that the Minister of Finance is in charge of financing arrangements for projects in the public sector and concentrates in his hands the relations with the international financial agencies.

You may rest assured that the staff of the International Bank and International Development Association will not consider any loan or credit request, which is not presented over the signature of the Minister of Finance. In fact, to conform to the new legislation, we have already amended those Agreements between Bolivia and the World Bank Group which originally specified another address for communications than the Ministry of Finance. Also, as you are well aware, the Bolivian delegation, which recently concluded the negotiation for the proposed third livestock credit with the IDA staff, was headed by Mr. Fernando Barthelemy, an official of the Ministry of Finance.

With kindest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Flavio Machicado Saravia
Minister of Finance
Ministry of Finance
La Paz, Bolivia

cc: Messrs. Wiese/Alter (o/r)
Christoffersen

JFajans:iap

UNOFFICIAL TRANSLATION

MINISTRY OF FINANCE
La Paz, Bolivia

Ref. No. 01-025

Department of Monetary Policy

January 12, 1971

To
Mr. Robert McNamara
President of the World Bank
Washington, D. C.

Mr. President:

My means of Decree Law 9195 of April 30, 1970, there was approved the Basic Law on the Executive Power changing the juridical and institutional structure of government. This Basic Law defines in Chapter V the areas of responsibility of the different Ministries. It thus establishes that the Ministry of Finance will be in charge, inter alia, of the financing of programs and projects in the public sector, and of internal and external public credit.

Supreme Decree 9293 of July 2, 1970 determines that only the Ministry of Finance may act on external credit agreements on behalf of the Republic. Furthermore, Decree Law No. 9428 of October 28, 1970 has approved the Law on the National Financial System, which reaffirms that the authorization of the Ministry of Finance is indispensable for external indebtedness of public sector entities, and that the Ministry must intervene in the opening and conduct of loan negotiations.

With this legislation there have been concentrated at the Ministry of Finance the relations of the Government with the international financial agencies and I therefore ask for your collaboration to make sure that no applications or consultations submitted by Ministries, enterprises or public entities to your Institution, will be processed or decided upon, unless such applications or consultations bear the signature of the Minister of Finance.

I take this opportunity to express to you, Mr. McNamara, my highest consideration.

(Signed) Lic. Flavio Machicado Saravia
Minister of Finance

January 26, 1971

JDeigeiro/JFajans:iap

499/10

Translation

Dear Mr. Minister:

Sincere thanks for your letter of December 28, 1970 and your kind words regarding our conversation.

This meeting was a great pleasure also to me, and I am very pleased that we got this opportunity to exchange views on current topics of mutual interest.

Sincerely

489/5/33

JAN 26 1971

Monsieur le Ministre,

Je vous remercie très vivement de votre lettre du 28 décembre 1970 et des aimables pensées que vous avez bien voulu formuler à l'occasion de nos entretiens.

Ce fut également pour moi un grand plaisir de vous rencontrer. J'ai été très heureux que nous ayons ainsi pu échanger nos points de vue sur des sujets d'actualité et d'intérêt commun.

Je vous prie de recevoir, Monsieur le Ministre, les assurances de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence Mohamed Masmoudi
Ministre des Affaires Etrangères
Ministère des Affaires Etrangères
Tunis, Tunisie

cc.: Son Excellence
Slaheddine El Goulli
Ambassadeur de la République Tunisienne
Ambassade de la Tunisie
Washington, D.C.

SJulin:ad
January 21, 1971

489/5/32

JAN 25 1971

Dear Mr. Watanabe:

I am grateful to you for sending me a copy of the Asian Development Bank's report on "Southeast Asia's Economy in the 1970's".

Even a hurried look at the Overall Report by Professor Hla Myint has been rewarding. His treatment of such topical subjects as the Green Revolution, Population Policy, Education and Manpower Planning is refreshingly candid. I am particularly happy to note that the report is basically oriented towards policy conclusions, attempts to provide clear economic rationale of these conclusions and help to clear up many misconceptions about development problems in a critical area. I have no doubt that the World Bank Group would find the entire document most helpful in its operations.

I must compliment you and your staff for arranging to produce a report of high quality and great policy relevance on economic problems of Southeast Asia.

With warm regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Takeshi Watanabe
President
Asian Development Bank
Commercial Center P.O. Box 126
Makati, Rizal D-708
Philippines

PHasan/RJGoodman:epa
IBRD/IDA
Jan. 12, 1971

489/5/31

HIS EXCELLENCY PRESIDENT YAHYA KHAN
PRESIDENT'S HOUSE
RAWALPINDI
PAKISTAN

JANUARY 12, 1971

BIF GOVT.

I AM VERY PLEASED TO INFORM YOU THAT EXECUTIVE DIRECTORS OF INTERNATIONAL DEVELOPMENT ASSOCIATION TODAY UNANIMOUSLY APPROVED A CREDIT OF \$25 MILLION TO PAKISTAN TO ASSIST IN RECONSTRUCTION OF CYCLONE DAMAGED COASTAL AREAS OF EAST PAKISTAN STOP TOGETHER WITH YOUR AUTHORITIES WE WILL MAKE ALL EFFORTS TO ASSURE SPEEDY UTILIZATION OF CREDIT PROCEEDS IN ORDER TO ALLEVIATE DAMAGE AND CARRY OUT MAJOR RECONSTRUCTION EFFORT CALLED FOR BY THIS TRAGIC DISASTER

[(Signed) Robert S. McNamara

ROBERT S. MC NAMARA
PRESIDENT
WORLD BANK

cc 1/15

I.P.M. Cargill

South Asia

MW:chen:shs

① LEC
② Chron

489/5/30

JAN 12 1971

Secretary Hugo B. Margain
Secretary of Finance and Public Credit
Palacio Nacional
Mexico 1, D.F.

Dear Secretary Margain:

I am happy to inform you that, in response to the request in your December 15 letter, the Bank is sending a mission to Mexico to identify and aid in preparing a port project suitable for subsequent consideration by the Bank. The mission will begin its work in Mexico on January 18 in accordance with an understanding which has been reached with Mr. Isquierdo. Mr. Hogg will lead the mission in its initial phase.

We had been planning to arrange a mission that would cover both railroads and ports, as had been suggested in your letter, in view of their close relationships and to economize on our staff input. Following the suggestion of Mr. Isquierdo, however, the mission we are now sending will focus exclusively on ports. It will be helpful for our staff schedule planning to receive confirmation regarding the most suitable timing of the railway mission at an early date.

We greatly appreciated the information in your letter regarding the decisions which have already been made toward strengthening the transport sector of Mexico and look forward to working closely with the Government in this important objective.

Sincerely,
(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Lajous (Executive Director) (with incoming letter)
cc: Messrs. Gutierrez/Wright ✓

RNelson/VHogg/eg

① LEC
② Chron

489/5/29

JAN 12 1971

Dear Mr. Minister:

I am writing in response to your letter of December 23, 1970, in which you asked for Bank assistance to strengthen the external aid coordination activities of your Ministry. We consider your Government's efforts to attract increased external assistance and achieve more effective aid utilization an essential factor in assuring accelerated growth of the Ghanaian economy. We have noted your acknowledgment at the recent Consultative Group meeting in Paris of the Government's intention to effect needed improvements in the coordination of external capital and technical assistance, both within your Government and in its relations with external donors. The Bank is therefore fully prepared to provide assistance in this area, and I have asked Mr. Chauffournier and his staff to work out appropriate and satisfactory arrangements with you.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. J.H. Mensah
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
Accra, Ghana

Cleared with and cc. Mr. Chauffournier
cc: Messrs. Demuth
Christoffersen

Preitter:VM

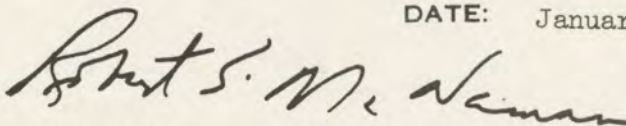
OFFICE MEMORANDUM

989/5/25

TO: Mr. Abderrahman Tazi

DATE: January 12, 1971

FROM: Robert S. McNamara

SUBJECT: Information to Executive Directors on Loan
Proposals Rejected by the Bank/IDA

At the meeting of Executive Directors on December 8, 1970, you suggested that the Executive Directors be informed of projects that had been proposed for Bank (and presumably IDA) financing but which it was decided could not be given favorable consideration. I agree in principle that this procedure should be followed and have given instructions to the staff to incorporate such references in our regular reports to the Executive Directors as far as practicable.

A distinction may be made between loan proposals which are rejected at the outset before they reach the stage of serious consideration in the Bank/IDA, and those that fail to survive the process of project appraisal and loan negotiation.

We already have a regular procedure for advising the Executive Directors of cases in the latter category. Loan proposals which reach the stage of serious consideration are entered in the "Monthly Operational Summary of Bank/IDA Proposed Projects" and the progress of these proposals is recorded in the Monthly Operational Summary from month to month until their consideration is terminated or culminates in the signing of a Bank loan or IDA credit. For example, in the Monthly Operational Summary issued on November 20, 1970 (SecM70/520) the following terminations were recorded on loan proposals previously under serious consideration:

| | |
|---|--|
| Thailand - (Industrial Finance Corp. of Thailand): Development Finance Company. | Supervisory Mission found loan not required. Project postponed indefinitely. |
| United Kingdom (Government of Fiji): Navua and Rewa Irrigation | Government considering other sources of finance. |

This practice will be continued, with more attention being given to providing a more communicative statement of the reasons for the termination.

This leaves the question of reporting the rejection of loan proposals which never reached the stage of serious consideration and which therefore do not get recorded in the Monthly Operational Summary. Here a problem arises from the fact that the Bank/IDA rarely receive formal loan requests which are thereupon accepted for serious consideration or rejected. In practice projects suitable for Bank/IDA financing evolve out of a continuous

dialogue between the Bank's staff and member countries in which informal inquiries and suggestions are passed back and forth until agreement is reached on proposed lending activities. If a project proposed by a member government appears unsuitable for Bank/IDA financing or cannot be accommodated within the Bank/IDA lending program to that country, the normal course of action by the Bank staff is to attempt to reshape the project, to identify higher priority projects, or to suggest alternative sources of financing. These actions are taken in close consultation with the borrowing country and in the great majority of cases mutual agreement is reached with the borrowing country. Hence only rarely does the occasion arise where a country makes a formal loan request and finds its proposal rejected. Even if this occurs, the borrowing country may not desire that its loan request, and the rejection thereof, be given wider dissemination through reports to the Executive Directors.

Nonetheless, I agree with you that it would be desirable to institute a more systematic procedure for informing the Executive Directors of formal loan proposals which are turned down before they reach the stage of being recorded in the Monthly Operational Summary, unless the country presenting the loan request prefers to withdraw it. I would propose to use the Semi-Monthly Report to the Executive Directors on Bank and IDA Operations as the vehicle for reporting such cases, which I believe will be few and far between.

Copies to Executive Directors

489/5/24

BOERMA

JANUARY 12, 1971

FOODAGRI

LT

ROME

ITALY

YOU PROPOSED AN INCREASE OF US\$1 MILLION IN THE FAO/IBRD COOPERATIVE PROGRAM FOR THE BIENNIUM 1972/73. I UNDERSTAND OUR STAFFS BELIEVE AN INCREASE OF US\$1.5 MILLION IS REQUIRED FOR THAT PERIOD ~~ARE~~ A TOTAL OF \$6.5 MILLION VS. \$5.0 MILLION FOR THE PREVIOUS PERIOD END PAREN TO SUPPORT STRENGTH OF SEVENTY PROFESSIONAL STAFF PLUS SUPPORT SERVICES AND SPECIALIZED CONSULTANTS THROUGHOUT THE COMING BIENNIUM STOP IF YOU APPROVE OF THIS LARGER AMOUNT, I AM PREPARED TO INCLUDE THE BANKS SHARE OF THAT AMOUNT IN THE BUDGETS COVERING THAT PERIOD WHICH I WILL SUBMIT TO OUR EXECUTIVE DIRECTORS FOR APPROVAL STOP

(Signed) Robert S. McNamara

BEST PERSONAL REGARDS

M McNAMARA

Richard H. Demuth
 Director
 Development Services Department

cc: Mr. Aldewereld
 Mr. Chadenet
 Mr. J. Adler
 Mr. Evans

RHDemuth/WAWapenhans:rs

His Excellency
Francisco Macias Nguema
President
Republic of Equatorial Guinea

① LEC
② Chron
489/5/28

JAN 12 1971

Dear Mr. President,

I should like to thank you for your letter of December 3, 1970 announcing your decision to apply for membership in the International Development Association and listing the economic sectors that in your view require development assistance most urgently.

As Mr. Knapp, Vice-President of the Bank, recently cabled you in my absence, we have been able to arrange for a technical highway mission to follow soon after Mr. Thalwitz' exploratory mission. I sincerely hope that this marks the beginning of a fruitful cooperation between your country and the Bank Group. I have taken note of your desire to receive technical and financial assistance for other sectors, in particular for the National Deposit and Development Bank and telecommunications, and we shall do our best to help in this regard as soon as appropriate staff are available.

You have mentioned in your letter, Mr. President, that your country does not possess all the data required for development planning. We are aware how difficult it is under these circumstances to provide project assistance, and I wish to assure you that in preparing projects with your Government, we would do so in a way designed to help build the necessary institutions parallel with our financial assistance.

I am also pleased to learn that you have decided to apply for membership in the International Development Association. The application is at present being processed, and I am looking forward to presenting Equatorial Guinea as a member to the Executive Directors of the Association. As you know, this part of the Bank Group provides financial assistance on favorable terms, and I trust that your country will benefit from its membership.

Finally, I should like to thank you for the hospitality that you have shown to earlier Bank missions. I am looking forward to the reports of others to come. Among them will be an economic mission which we plan to send later in 1971 and which would undertake a more comprehensive review of your country's economic position, its potential and its requirements for development assistance.

I share your desire, Mr. President, for timely progress in the relations between your country and the Bank Group.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

489/5/27

January 12, 1971

Dear Dr. Pastrana:

Thank you for your letter of December 28 which was conveyed to me by Dr. Roberto Arenas. I was also glad to have Dr. Arenas' assurance that the difficulties in the Planning Department were being resolved and that the orderly process of development planning would not be interrupted. We have come to depend increasingly upon the Planning Department to coordinate Colombia's external borrowing operations and its internal financing arrangements, as the financing of Colombia's development program grows in scale and complexity.

I was also most interested to learn from Dr. Arenas of the fiscal initiatives which your Government has presented to the Congress and those which it still has under study; and of your Government's confident expectation of the passage of these measures by the Congress.

Thank you for sending me your good wishes for the New Year. May I wish you every success in the tasks that lie ahead.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Dr. Misael Pastrana Borrero
President of the Republic of Colombia
Bogotá, D.E. Colombia

cc: Dr. Barco (2)

Cleared by Mr. Knapp.
January 12, 1971
RFrost/GAlter:pa.

489/5/26

January 12, 1971

Dear Dr. Pastrana:

Thank you for your letter of December 28 which was conveyed to me by Dr. Roberto Arenas. I was also glad to have Dr. Arenas' assurance that the difficulties in the Planning Department were being resolved and that the orderly process of development planning would not be interrupted. We have come to depend increasingly upon the Planning Department to coordinate Colombia's external borrowing operations and its internal financing arrangements, as the financing of Colombia's development program grows in scale and complexity.

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Thank you for sending me your good wishes for the New Year. May I wish you every success in the tasks that lie ahead.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Dr. Misael Pastrana Borrero
President of the Republic of Colombia
Bogotá, D.E. Colombia

cc: Dr. Barco (2)
Cleared by Mr. Knapp.
January 12, 1971
RMFrost/GALTERIPA.

489/5/21

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

11/1/71

To Mr. Manuel Strong
Herewith a note on
the relocation of the
transmission line in
Tanzania.
Best wishes.
RJB

DRAFT
RClements:bd
January 11, 1971

TANZANIA - KIDATU HYDROELECTRIC PROJECT:

SITING OF TRANSMISSION LINE THROUGH MIKUMI NATIONAL PARK

1. The World Bank has recently agreed to provide a loan of \$30 million to the Tanzania Electric Supply Company (TANESCO), in conjunction with a credit of \$12 million by the Kingdom of Sweden, to help finance the development of hydroelectric power on the Great Ruaha River at Kidatu in Southern Tanzania. The project, which is by far the largest power project so far undertaken in Tanzania, is intended to meet the rapidly growing demand for power through 1980 in the coastal region of the country where most commercial and industrial activity is concentrated. The main items in the project are:

- (a) construction of the first stage of a hydroelectric power complex at Kidatu, including a dam creating a reservoir and an underground generating station with a capacity of 100 MW and with provision for the addition of two more 50 MW units when required;
- (b) construction of a single circuit 220 KV transmission line from Kidatu to Ubungu, near Dar es Salaam, and related step-down substation at Ubungu;
- (c) extension by about 15 MW of an existing diesel generating station at Ubungu to provide additional power needed before the commissioning of the Kidatu Project; and
- (d) consulting services required for implementing the project and to study and make recommendations for dealing with the ecological effects of the project and subsequent stages of development.

The total cost of the project is estimated at \$59 million, of which the construction costs of the transmission line account for just over \$5 million. The foreign exchange component of the project is \$42 million, which will be financed by the Bank loan and the Swedish credit. The \$17 million local currency component will be provided by the Tanzanian Government in the form of a subscription to TANESCO's equity capital.

2. The detailed proposals for the project, which were prepared for TANESCO by a firm of Swedish engineering consultants, were appraised in the field by a mission from the Bank and a representative of the Swedish International Development Authority (SIDA) in April 1970. At that time, although a ground survey of the proposed route of the transmission line from Kidatu to Ubungu had not yet been carried out, it was evident from map studies that the transmission line would have to pass through Mikumi National Park, since the terrain to the south of the Park is extremely rugged and to the north extremely swampy, and to construct the line around this entire area would have been exorbitantly expensive. The line had in fact been plotted by the consultants to follow the route of the Tan-Zam Highway, the main road artery between Tanzania and Zambia, which also crosses the Park. Telephone wires already run parallel with the Highway (as also does the Tanzania-Zambia oil pipeline, though this is underground) and no objections were anticipated by TANESCO or Government officials immediately concerned to the proposal that a similar route should be adopted for the transmission line.

3. Prior to negotiations for the Bank loan and Swedish credit, which

were held in Washington in mid-September 1970, a preliminary reconnaissance of the possible ecological effects of the Kidatu Project was conducted by a team from Sweden. This study, which concentrated upon the effects of the construction works at Kidatu, revealed that certain questions - for example, vegetation and hydrologic changes, health problems, the need for population resettlement, new fishing and game opportunities - should receive close attention, and during negotiations it was agreed with the Government of Tanzania that these matters should be studied further with a view to ensuring that appropriate timely action would be taken to deal with them. The preliminary ecological study did not comment upon the proposed route of the transmission line; and the issue was not raised during negotiations, at which the Tanzanian Government, TANESCO and the consultants were represented.

4. The first indication received by the Bank that any dispute existed about the proposed route of the transmission line was contained in a letter to Mr. McNamara in late September 1970 from Mr. John Owen, Director of Tanzania National Parks. In his letter Mr. Owen stated that the proposed route of the line passed directly through the best game-viewing areas of Mikumi National Park and close to a new Government-owned Game Lodge. The park authorities had suggested that the alignment be moved so that the pylons would be hidden to a large extent by some hills and so minimize the damage to the beauty of the Park. Mr. Owen stated that TANESCO had declined to make this re-alignment on the grounds of extra cost. Subsequently Prince Bernhard of the Netherlands also wrote to Mr. McNamara about the

the transmission line, supporting Mr. Owen's hope that the line could be placed so as not to affect adversely Mikumi's aesthetic qualities.

5. Following the receipt of Mr. Owen's letter a member of the Bank's staff who was visiting East Africa in mid-October on other business was instructed to contact the General Manager of TANESCO to enquire about the matter. He learnt that the General Manager had been away on holiday in Europe when this issue had been raised by the park authorities; it is not known with whom in the company the park officials had discussed their complaint about the route of the transmission line and their proposed alternative, but it was apparently not one of the top management. However, the General Manager stated that the park authorities' complaint had been brought to the notice of the Minister of Commerce and Industries, to whom TANESCO is responsible. Because of the objection, the Minister had written on August 4, 1970, to the Minister of Tourism to seek his consent to the proposed route of the line through Mikumi Park, pointing out that TANESCO claimed that a re-alignment as suggested by Mr. Owen would raise some financial and technical problems and might in any case actually worsen the effect on the scenery rather than improve it. The Minister of Tourism, in his reply dated August 18, 1970, had given his approval to the proposed route. He requested, however, that every effort be made by TANESCO to minimize the effect of the line on the scenery in the Park.

6. At this point the Bank itself did not have the facts to judge the validity of Mr. Owen's complaint, the feasibility of his proposed solution, or the force of the counter arguments which had been put forward

by TANESCO. At the same time, there was a danger that, since the matter had already been the subject of consultation at Ministerial level, the issue might be a sensitive one in Tanzania, particularly as there appeared to be irritation in some circles in Dar es Salaam at what was regarded as unwarranted interference by the conservation lobby and an attempt to preserve the natural amenities of Tanzania for foreign visitors at the expense of economic development. Nonetheless, on the basis of the available information, it seemed likely that a minor deviation could be made to the proposed route of the line which would make it less aesthetically objectionable without detriment to the project. The Bank therefore decided that a two-man mission should investigate in the field what steps were being or might be taken to comply with the Minister of Tourism's request that the effect of the line on Mikumi Park should be minimized in the interests of conservation.

7. The mission visited Mikumi in mid-November 1970 accompanied by the General Manager of TANESCO, the Project Consultant's line surveyor, the Chief Park Warden responsible for Mikumi and Mr. Owen. The Chief Park Warden indicated two alternative routes to the proposed route of the transmission line. His preference was for a route just outside the northern and eastern boundaries of the Park, leaving the route of the Tan-Zam Highway just before it entered the northern end of the Park and rejoining it about two miles beyond the point where it left the eastern boundary. This diversion, however, involved the crossing of several miles of swamp which would not only have been extremely expensive but would have made maintenance difficult and reduced the reliability of the line as a whole. It was also remote

from any road or track and would have involved the construction of 20-30 miles of access roads. The Chief Park Warden's second alternative was a deviation of about eight miles in the immediate vicinity of the new Game Lodge to the south of the Tan-Zam Highway. This had the disadvantage that the line might still be visible from the Lodge or from the game-viewing roads laid out in the Park. It was found, however, that the proposed diversion could be improved and shortened by locating the line behind a range of small hills a little further south where it would be completely hidden from the view of tourists.

8. Mr. Owen enthusiastically supported this proposal. The General Manager of TANESCO also had no objections to it, since the Project Consultant's surveyor estimated that the new route of the transmission line would involve an insignificant increase in construction costs. In addition, there would be no difficulties in maintenance. The Chief Game Warden offered to construct access roads and to provide armed game scouts at any time to protect maintenance gangs working in the Park - an important consideration, since the Park contains a high concentration of dangerous animals including several large herds of buffalo, about 400 elephants and 100 lions. It was agreed by TANESCO and the park authorities that, as the diversion to the proposed route was in accordance with the Minister of Tourism's expressed wishes and would have a minimal effect on project costs, there was no need to refer the matter to Ministerial level for approval. The outcome was a reflection of the good sense of the senior officials involved, their joint recognition of the broader issues raised by the matter, and the cooperative

spirit among them. The agreed diversion to the proposed route of the transmission line was reported in the Tanzania "Standard" at the same time as the announcement of the signing of the Bank loan and Swedish credit for the Kidatu Project on December 14, 1970.

489/5/19

January 11, 1971

MEMORANDUM FOR MR. BROCHES

Mr. Eynon's letter to me of December 20, 1970, suggests my immediate resignation from the World Bank Group. His reasons for this suggestion relate in part to charges of "poor management, bad judgment and a seeming lack of propriety in the conduct of the affairs of the (International Finance) Corporation over a period from March 1968 to March 1970" set forth in his letter to Mr. Gaud of March 28, 1970.

I have asked you, as an officer of the World Bank Group independent of IFC, to investigate the charges of impropriety contained in Mr. Eynon's March 28, 1970, letter. Your investigations should include an interview with Mr. Eynon, and any other steps you consider necessary or desirable.

I have instructed IFC to cooperate completely with you in your investigations. You are to carry on the investigation free of instructions from anyone, including myself, and in reaching and presenting your conclusions should consider yourself entirely independent from IFC and its officers, including myself.

(Signed) Robert S. McNamara

Robert S. McNamara

TMC:AB:ml

Sent to Lucy - designate
Carmally 1/12/71

January 11, 1971

489/5/20

THE WORLD BANK - PAST, PRESENT, AND FUTURE

Introduction

1. At the international conference at Bretton Woods in 1944, it was decided to create two new institutions: the International Monetary Fund and the International Bank for Reconstruction and Development (or World Bank). Both opened for business in 1946. The Fund's objective was to prevent the recurrence of disruptions by devaluations and exchange restrictions which had characterized the inter-war period, and to ensure the orderly conduct of financial affairs among member countries. Under carefully prescribed circumstances, members can draw on the Fund for foreign exchange when they are faced with temporary difficulties in meeting international payments; recently the Fund facilities have been further expanded through the introduction of Special Drawing Rights. The World Bank was conceived as a supplement to the Fund arrangements, and was designed to channel investment funds, first into reconstruction of the damaged economies of Europe, and subsequently into economic development generally. It obtained part of its resources from capital subscriptions paid by its members but for most of its funds it was expected to rely on the sale of its securities in private capital markets.

2. The Bank's earliest loans, in 1947, were made to provide foreign exchange for the reconstruction efforts of Denmark, France, Luxembourg, and the Netherlands. With the introduction of the Marshall Plan in 1948 to supply this type of finance, the focus of the Bank's lending shifted gradually toward development projects and developing countries (although loans were made to Italy as recently as 1965 and Japan in 1966). Much of the Bank's lending in the 1950s was for basic infrastructure projects - railroads, highways, dams and power plants. While the transportation and power sectors still account for about half of the Bank's lending, there has been a steady increase during the 1960s, and more especially in the last few years, in financing for other sectors such as agriculture, industry, and education. This shift has been paralleled by a broadening concern for the overall problems of development, and increased attention to the whole set of policies and external factors which affect the economic prospects of individual developing countries. The Bank recognizes a country's right to set its own development pattern and objectives. The Bank does not try to impose any prescribed set of policies on its borrowers, for example in such controversial areas as the ownership of industry or the organization of agriculture, nor does it oppose nationalization of properties as long as equitable compensation is provided. On the other hand, the Bank does expect the most effective possible management of a country's scarce resources, both physical and human, irrespective of the government's political ideology.

3. Virtually all independent developing countries are members of the Bank, as are all the Western advanced countries except Switzerland; the only present member with a communist government is Yugoslavia. Each of the 113 members has subscribed to shares in the Bank's capital, the number of shares held by each member being determined according to a formula which takes into account the size of the member's economy and the relative importance of its foreign trade. Voting power in the Board of Executive Directors is roughly proportional to shares held. The Board now has 20 members, one each appointed by the five shareholders with the largest number of votes (US 24%, UK 10%, Germany 5%, France 4%, and India 3%), and the remaining 15 elected by groups of member countries. Owing to a recently authorized adjustment in capital subscriptions, Japan will become the fifth largest shareholder on February 1, 1971, and will therefore be entitled to appoint an Executive Director, increasing the size of the Board temporarily to 21. Each Board member votes the shares of the country or group of countries he represents. Developing countries taken together hold close to 40% of the votes. The Executive Directors function in continuous session at the Bank's headquarters, meeting as often as required, and their salaries (now \$35,000 per year, net of tax) and staff are provided by the Bank. The President is Chairman of the Board and senior executive of the institution; he has by tradition been a US citizen, while the Managing Director of the International Monetary Fund has been a European.

4. The Bank is by far the largest multilateral lending institution, although there are a number of regional banks, some of them patterned after and established with the assistance of the World Bank. The African Development Bank has been formally in operation since 1967, but has limited its membership to countries on the African continent and has, therefore, had to rely for its resources on capital subscriptions from the countries it is designed to serve; very few loans have been made. The Asian Development Bank commenced operations in 1968, and has achieved rapid growth in commitment levels (nearly \$100 million in 1969 and about \$175 million in 1970). The developed country members include the US and Japan, each of which holds 17% of the voting power, and most countries in Western Europe; the developing countries of the region hold 35% of the votes. The oldest regional bank is the Inter-American Development Bank, which started lending in 1961, and made commitments totalling \$645 million in 1970. The US holds 42% of the voting power; all other members are developing countries in Latin America and the Caribbean.

5. The World Bank coordinates its activities with those of the regional banks, and provides them with much of the country economic analysis they need in assessing requests for loans. Questions have occasionally arisen as to whether the World Bank or the regional bank should take up a particular project, but with improved programming and coordination by all parties such issues are normally resolved without difficulty. Coordination is equally important within member governments to ensure that policies pursued by an Executive Director on one of the regional institution's Boards are consistent with those pursued by the same country's representative on the Bank's Board. In a recent case the US Executive Director at the Inter-American Development Bank voted in favor of lending to Peru, while the US has indicated to the World Bank that the Bank should not lend to that country.

The World Bank Group

6. The World Bank Group comprises three lending institutions, the Bank itself, the International Finance Corporation (IFC) which was established in 1956, and the International Development Association (IDA) founded, with strong US support, in 1960. All share the same general objectives and organizational structure, and approximately the same membership and voting systems (although not all members of the Bank are also members of IFC and IDA). But they differ significantly in their sources of financing, and IFC differs from the Bank and IDA in the nature of the projects for which commitments are made.

7. IFC's objective is to stimulate the flow of private capital for investment projects in developing countries. The Corporation can make equity investments as well as loans for this purpose, and seeks through its participation to ensure that a project is well conceived from technical and economic standpoints, and that it is appropriately managed and financed by local and foreign investors. The local investors may include the government of the country, provided that the government is not in a majority position among the shareholders (if the government wishes to assume the dominant role in a project, a loan from the Bank or IDA may be an alternative possibility). The climate for IFC's operations varies from country to country and over time, but the level of new commitments has risen steadily, especially in the last two fiscal years. Last year for the first time it exceeded the \$100 million mark. IFC's resources are its paid-in capital (\$107 million), its retained earnings which have been allocated to reserves (\$65 million), and an authority to borrow up to four times its unimpaired capital and surplus (\$200 million has already been borrowed from the Bank under this authority). Only capital and reserves are available to finance IFC's equity investments. If the recent expansion is to be sustained and advantage taken of all the investment opportunities which present themselves, IFC's resources both for lending and equity investment will have to be increased within the next two years.

8. IDA was established as the soft loan counterpart of the Bank, to lend to countries which offer opportunities for productive development investment, but which because of either their poverty or their heavy external debts are not creditworthy for Bank loans. Except for the financial resources on which they depend, and the corresponding terms on which they lend (the Bank typically for 25 years at a standard lending rate which is now 7.25%, and IDA for 50 years at a service charge of .75% a year), the two institutions are identical in objectives and procedures. The Bank staff also serves as the staff of IDA. Loans are made exclusively to governments or with a government guarantee, and the technical and economic evaluation of a project is completely independent of whether Bank or IDA funds may eventually be used to finance it. The decision to employ Bank or IDA funds (or a blend of both) is made solely on the basis of the country's economic situation. All projects financed by the Bank and IDA have therefore been appraised with the same strict standards. Whenever possible, as part of the appraisal process, the Bank measures the economic benefits of a project and calculates the rate of return on the

investment. Despite the difficulties inherent in this kind of calculation, it could be made for over \$1.4 billion of the \$2.2 billion financed last fiscal year, and for these projects the economic return averaged just over 20%. It is the Bank's current policy not to finance any project with a rate of return below 9%.

9. In addition to work on projects, the Bank and IDA staff conduct regular intensive surveys of the economies, and sectors within economies, of developing member countries. On the basis of these studies, advice is given to the governments concerned, and studies are prepared for the use of the country and interested aid donors, meeting usually under the sponsorship of the Bank and IDA in "consortia" or "consultative groups". Such meetings, convened periodically for about 20 major developing countries, provide an occasion for interested bilateral aid sources to consider among themselves and with the government the country's development plans, prospects, and financing requirements. Bilateral aid programs can then be formulated within the framework of a coordinated international effort.

10. The recent growth in volume and scope of the Bank and IDA is reflected in the Bank's five-year financial and operating program. The five-year program covers the period FY1969-73, and its goal is to double Bank Group lending compared with the previous five years FY1964-68 when it totalled \$5.6 billion. Within this general objective, the program calls for a doubling of lending to Latin America and a threefold increase to Africa, and on a sectoral basis for a threefold increase in lending for education and a quadrupling for agriculture. Since the program started, the volume of activity has been built up to well over \$2 billion a year, and there is every expectation that the goal of doubling lending will be met. As to the specific area and sector targets, lending to Africa in the past two and a half years has been at a rate 145% higher than for the previous five, and it has grown rapidly also in Latin America; loans for education in the past two and a half years are at a rate 160% higher than for the previous five, and for agriculture at a rate 190% higher. Lending has started in new fields such as population and tourism projects, and loans have been made to fourteen of the very poor countries which had no financing from the Bank or IDA in the previous five years. On the basis of the results of the first half of the program, it is likely that the program objectives will be reached. Work is starting on the formulation of a second five-year lending program for the period FY1974-78, taking into account the development plans, indebtedness situation, and economic prospects of individual member countries.

Bank Resources

11. The Bank's resources are derived from paid-in capital (\$2.3 billion), retained earnings (\$1.6 billion), and borrowings in the capital markets of the world (\$4.9 billion funded debt outstanding as of December 31, 1970). The doubling of lending volume together with a parallel rise in liquid assets of 70% since FY1968 has required a greatly expanded borrowing program. Attachment

A is a preliminary long-term financial projection for the Bank. Attachment B sets out the corresponding minimum required borrowing program through FY1978. It shows that net borrowings in FY1969-73 will be more than three times the level in FY1964-68, and another 20% higher in FY1974-78. It should be emphasized that the minimum borrowing requirements are estimated extremely conservatively, assuming no further increase in the annual commitment level after FY1975, and a substantial drawing down of liquid assets during the period FY1972-78. Either of these assumptions may turn out to be wrong; it may well prove desirable to continue the rise in commitments after FY1975, or to maintain or even increase the amount of liquid assets held.

12. Faced with these enlarged borrowing requirements the Bank has made a conscious effort to diversify the sources of its funds. Attachment C summarizes the net borrowing program by type of issue. The proportion of total net borrowings raised outside the US rose from under 40% in FY1964-68 to 60% in FY1969-73, and is likely to be somewhat over 50% in FY1974-78. Diversifying the source of funds is made more difficult by the necessity to obtain the government's permission before any borrowing can be arranged in a country. The US Treasury has very recently granted the Bank permission to offer a \$200 million medium-term issue in January, following a \$200 million long-term issue last July. As Attachment B shows, the borrowing program includes new issues in the US of approximately \$450 million a year for the next five years; in granting permission for the forthcoming January issue, the Treasury indicated that it was not thereby committing itself to particular amounts for future years.

13. In addition to finding new markets in Europe for public bond issues, the Bank has broadened the volume and range of securities it offers through private placement. A series of two-year bonds held and in most cases regularly rolled over by over 70 central banks has been increased to the point where more than \$700 million in bonds are outstanding. In the past year the central bank of Japan has agreed to purchase three to five year notes amounting to \$400 million, and it is expected that these will be rolled over as they fall due in a similar way to the Bank's notes held by the Deutsche Bundesbank, amounting to nearly \$650 million outstanding. Issues have been placed in the Middle East - in Kuwait, with the Saudi Arabian monetary authority, and most recently with the central bank of Libya; and in the last two years \$275 million has been borrowed from various savings institutions in Germany.

14. New ways of increasing the Bank's resources are being explored, including delaying disbursements on the amounts transferred to IDA each year out of the Bank's net income until IDA has drawn down the funds committed to it from all other sources under each replenishment. One eventual source of new funds would be an increase in the Bank's capital. A small capital increase, designed to adjust countries' shares so as to keep them roughly in line with their quotas in the International Monetary Fund, has just become effective. It is expected to raise capital available for lending by some \$160 million, of which the US share is \$24.6 million. But it was agreed during the recent

negotiations on IDA resources that the Bank would not propose any scheme requiring additional capital payments during the IDA Third Replenishment period, FY1972-74.

15. The Bank's net income has risen very rapidly in the last two years, partly as a result of exceptionally high earnings on liquid assets. As can be seen in Attachment A, the level is expected to remain for two or three years at approximately the same level as last year (\$216 million after exchange adjustments). In recent years about half the net income has been transferred as a grant to IDA, and the rest retained for the Bank's operations.

IDA Resources

16. Grants to IDA out of the Bank's net income total \$485 million to date. Apart from them, IDA depends for its resources entirely on contributions from the governments of its more developed members, the so-called Part I countries. Resources contributed by them up to now amount to \$2.8 billion. Negotiations among the Part I governments have been arranged periodically to agree on both a total amount for the Replenishment of IDA funds to cover each successive three year period, and also the share to be contributed by each government. The Second Replenishment period comes to an end in June 1971, by which time all resources available to IDA will be exhausted. With this in mind, negotiations were started a year ago for the Third Replenishment. The US government played a most important and constructive role in the negotiations, urging adoption of the highest Replenishment amount discussed by governments, \$1 billion a year or \$3 billion for the whole Third Replenishment period (the Second Replenishment amount was \$400 million a year or \$1.2 billion for the whole period). Other governments would not accept such a high figure, however, and agreement was reached among their representatives last summer on an amount for the Third Replenishment of \$800 million a year, or \$2.4 billion over the period FY1972-74. Some minor adjustments in shares were made, but the US share remains 40% as in previous Replenishments, resulting in a commitment of \$320 million a year.

17. The process of ratification by legislatures is now under way, in the US and other countries. Action by the Congress before June 30, 1971, is of critical importance to the effectiveness of the Replenishment Agreement, since if the US contribution is not made the minimum amount required to make the Replenishment effective will not be reached, and other countries will be under no obligation to put up the remaining 60% of the contributions. Passage of the necessary legislation may well present problems in view of other proposals in the area of foreign assistance, but this is a matter of utmost urgency if IDA's lending activities are not to be cut off at the end of June. Effectiveness of the Second Replenishment was delayed for well over a year because of US Congressional inaction, with the result that IDA commitments were sharply reduced for two successive years. Such an outcome would have substantially more damaging consequences in the developing world today because of the larger share in total aid flows which IDA lending now constitutes.

Bilateral Aid Flows

18. The bilateral economic aid program of the US declined significantly after the immediate post-war period (in 1949, for example, it constituted 2.8% of GNP). After rising in the early 1960s, disbursements have fallen steadily since 1964 (with the exception of 1967); the reduction is even more dramatic in relation to GNP, from 0.5% in 1960 to 0.3% in 1969. The size of the US economy and therefore the absolute amounts involved in US aid are so large that even marginal reductions in the US program have a very substantial impact on the total flow of aid to developing countries. Attachment D shows the flow of official development assistance and total net disbursements from the members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) to developing countries for the past decade and projected over the next five years. The projections are based on statements by officials of the governments concerned (in some cases these statements had to be supplemented by additional assumptions in order to arrive at the figures shown). Financing flows from DAC members cover well over 95% of all inflows received by developing countries.

19. For all DAC members combined except the US, the proportion of GNP flowing to developing countries declined during the early 1960s, but in the past two or three years there has been a reversal of the trend, and the amount reached 1% of GNP in 1969. Some decline is expected in the next year or so, but by the mid 1970s this level should be achieved year by year. With the US included, however, the record and the prospects are both much worse. On present indications, the current level of about 0.7% of the combined GNP of all DAC members flowing to developing countries is not likely to rise at all through 1975, because of the projected decline in the US component. The picture is even gloomier when considering Official Development Assistance, in many ways a far better measure of a country's aid efforts than total net disbursements, since it includes only government programs with a concessional element and a developmental purpose, and therefore leaves out government loans on commercial terms, export credits, and private investment flows. For all DAC members except the US, Official Development Assistance as a proportion of GNP fell from 0.5% to 0.4% early in the 1960s, but has recently shown signs of rising again, and is expected to reach 0.5% once more by the mid 1970s. But the steady decline in the official US aid flow, to approximately .28% of GNP in FY1971, depresses the grand total for all DAC members so that the proportion is barely expected to rise at all in the next few years.

20. The Pearson Commission, which included among its members Douglas Dillon, Wilfried Guth, a leading German investment banker, and Roberto Campos, a Brazilian finance minister turned investment banker, recommended in its report a year ago the establishment of a target for Official Development Assistance of 0.7% of each advanced country's GNP. This target would complement that already generally accepted by DAC members (including the US) of 1% of GNP as the target for total net disbursements. The Commission urged

that the 0.7% target be reached by the middle of the decade, but in no case later than 1980. Several countries in Europe have publicly committed themselves to meet the target by 1975 or earlier, including Belgium, the Netherlands, Norway, and Sweden, as can be seen in Attachment D; and Canada and the UK have agreed to the target in principle even while being unable to set a firm date. France is now meeting the target. Germany and Japan have both stated they will move towards it, but in both cases although aid programs are expected to increase rapidly in absolute amounts, their low initial level combined with rapid growth in GNP make quick achievement difficult. In 1969, the US ranked 11th among the 16 DAC members in the proportion of GNP devoted to Official Development Assistance; on the basis of present trends it will rank 14th in 1975.

21. The Pearson Commission also recommended that one-fifth of all Official Development Assistance be channelled through multilateral aid institutions. This proposal contrasts with more dramatic suggestions that have been put forward for immediate and wholesale multilateralization of all aid programs, suggestions that are clearly impractical from a political point of view. The Commission's proposal, however, would entail an increase from the current proportion of about one-tenth; if total development assistance grows at the rate shown in Attachment D, there would be an increase of more than three times in the absolute amount between 1969 and 1975. An expansion of this magnitude is not beyond reach, though it will require a major effort by all the multilateral agencies, and increase the importance of close coordination among them.

22. In the summer of 1969 President Nixon established a Task Force headed by Rudolph Peterson to reexamine US aid policies. Many of the recommendations of the Task Force have since been endorsed by the Administration and incorporated into its proposals for reform in the field of foreign aid. The President, in his message to Congress last September on Foreign Assistance for the Seventies, mentioned specifically his intention to:

- channel an increased share of development assistance through the multilateral institutions;
- provide bilateral development assistance within a framework established by the multilateral institutions; and
- support measures to improve the access of developing countries to the markets of the rich countries, and to reduce aid tying restrictions.

These proposals are completely in line with the objectives of the World Bank Group.

Attachments

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ATTACHMENT A

SECRET
CONFIDENTIAL

SEP 19 2012

IBRD FINANCIAL DATA ^{a/}

(Actual through FY70 and projected FY1971-78)

WBG ARCHIVES

(\$ millions)

| | Thru 1961 ^{b/} | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | Actual 1964-68 | Projected 1969-73 | Projected 1974-78 |
|---|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|-------------------|-------------------|
| Balance Sheet | | | | | | | | | | | | | | | | | | | | | |
| Cash & Securities | 1407 | 1797 | 1738 | 1589 | 1595 | 1417 | 1305 | 1167 | 1707 | 2049 | 2439 | 2552 | 2276 | 2026 | 1829 | 1667 | 1558 | 1482 | 1167 | 2276 | 1482 |
| Receivable from Delayed Deliveries | 196 | 7 | 5 | | 18 | | 234 | 234 | 141 | 43 | 17 | 67 | 100 | 100 | 100 | 133 | 150 | 150 | 234 | 100 | 150 |
| Receivable from Loans <u>c/</u> - Part I | 1673 | 1550 | 1301 | 1377 | 1552 | 1552 | 1589 | 1456 | 1562 | 1285 | 1193 | 1135 | 1072 | 1008 | 951 | 880 | 819 | 763 | 1456 | 1072 | 763 |
| - Part II | 2575 | 3131 | 3419 | 3826 | 4428 | 4988 | 5443 | 6030 | 6975 | 8394 | 9824 | 11237 | 12723 | 14274 | 15831 | 17322 | 18728 | 20029 | 6030 | 12723 | 20029 |
| - IFC | | | | | | | 100 | 100 | 100 | 200 | 300 | 400 | 497 | 590 | 580 | 556 | 534 | 509 | 100 | 497 | 509 |
| - Total | 4248 | 5681 | 4720 | 5203 | 5980 | 6540 | 7132 | 7586 | 8637 | 9879 | 11317 | 12772 | 14292 | 15872 | 17362 | 18758 | 20081 | 21301 | 7586 | 14292 | 21301 |
| Receivable from Subscribed Capital | 468 | 449 | 436 | 437 | 465 | 509 | 502 | 479 | 462 | 432 | 564 | 504 | 444 | 397 | 391 | 391 | 391 | 391 | 479 | 444 | 391 |
| Land & Buildings Net of Deprec. Res. | 12 | 18 | 21 | 21 | 21 | 23 | 24 | 29 | 34 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 29 | 37 | 37 |
| Accruals, Prepayments & Other Assets | 61 | 71 | 79 | 79 | 95 | 103 | 118 | 125 | 163 | 198 | 218 | 231 | 244 | 257 | 270 | 285 | 300 | 315 | 125 | 244 | 300 |
| TOTAL ASSETS | 6392 | 7023 | 6999 | 7329 | 8174 | 8592 | 9315 | 9620 | 11144 | 12638 | 14592 | 16163 | 17393 | 18689 | 19989 | 21271 | 22517 | 23676 | 9620 | 17393 | 23676 |
| Due to IDA | | | | | 40 | 79 | 92 | 43 | 92 | 163 | 239 | 306 | 373 | 439 | 505 | 537 | 607 | 700 | 43 | 373 | 700 |
| Undisbursed Loans | 1317 | 1702 | 1535 | 1731 | 2149 | 2314 | 2381 | 2371 | 3007 | 3905 | 4706 | 5339 | 5847 | 6311 | 6654 | 6870 | 7020 | 7104 | 2371 | 5847 | 7104 |
| Funded Debt <u>d/</u> | 2424 | 2528 | 2524 | 2492 | 2742 | 2806 | 3309 | 3524 | 4222 | 4612 | 5371 | 6118 | 6659 | 7304 | 8046 | 8892 | 9691 | 10411 | 3524 | 6659 | 10411 |
| Miscellaneous Liabilities | 34 | 43 | 46 | 42 | 43 | 49 | 53 | 59 | 89 | 100 | 122 | 120 | 130 | 142 | 155 | 170 | 185 | 198 | 59 | 130 | 198 |
| Capital & - Special Reserves | 194 | 224 | 255 | 288 | 289 | 290 | 291 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 292 | 291 | 292 | 292 |
| Reserves - Retained Earnings <u>e/</u> | 408 | 476 | 558 | 656 | 743 | 807 | 902 | 1038 | 1135 | 1250 | 1362 | 1469 | 1573 | 1682 | 1818 | 1991 | 2203 | 2452 | 1038 | 1573 | 2452 |
| - Paid-in Capital | 2015 | 2050 | 2081 | 2120 | 2168 | 2294 | 2307 | 2316 | 2500 | 2519 | 2519 | 2519 | 2519 | 2519 | 2519 | 2519 | 2519 | 2519 | 2294 | 2519 | 2519 |
| - Total | 2617 | 2750 | 2894 | 3064 | 3200 | 3344 | 3480 | 3623 | 3734 | 3858 | 4154 | 4280 | 4384 | 4493 | 4629 | 4802 | 5014 | 5263 | 3623 | 4384 | 5263 |
| TOTAL LIABILITIES & CAPITAL | 6392 | 7023 | 6999 | 7329 | 8174 | 8592 | 9315 | 9620 | 11144 | 12638 | 14592 | 16163 | 17393 | 18689 | 19989 | 21271 | 22517 | 23676 | 9620 | 17393 | 23676 |
| Income from - Securities | 207 | 54 | 59 | 62 | 62 | 63 | 72 | 66 | 88 | 149 | 188 | 181 | 154 | 131 | 118 | 107 | 98 | 93 | 325 | 760 | 547 |
| - Loans: Part I <u>f/</u> | 542 | 71 | 72 | 64 | 68 | 70 | 76 | 84 | 91 | 92 | 75 | 77 | 79 | 79 | 80 | 81 | 81 | 79 | 362 | 414 | 400 |
| Part II | 394 | 92 | 103 | 125 | 137 | 157 | 180 | 200 | 224 | 253 | 310 | 365 | 446 | 520 | 599 | 701 | 797 | 892 | 799 | 1598 | 3509 |
| Total | 936 | 163 | 175 | 189 | 205 | 227 | 256 | 284 | 315 | 345 | 385 | 442 | 525 | 599 | 679 | 782 | 878 | 971 | 1161 | 2012 | 3909 |
| Other Income | 6 | 1 | 1 | 1 | 1 | 2 | 4 | 7 | 8 | 11 | 8 | 11 | 11 | 11 | 12 | 12 | 16 | 16 | 15 | 49 | 67 |
| Less: Administrative Expenses | 98 | 13 | 16 | 19 | 22 | 30 | 31 | 34 | 41 | 45 | 58 | 62 | 68 | 74 | 76 | 76 | 76 | 76 | 136 | 274 | 378 |
| Interest on Borrowings | 432 | 97 | 102 | 100 | 106 | 116 | 129 | 151 | 195 | 242 | 307 | 362 | 413 | 452 | 491 | 544 | 597 | 647 | 602 | 1519 | 2731 |
| Financial Expenses | 12 | 7 | 4 | 2 | 2 | 3 | 2 | 2 | 3 | 4 | 4 | 4 | 5 | 5 | 6 | 7 | 7 | 8 | 11 | 20 | 33 |
| Net Losses on Devaluation | 5 | 3 | | | | 3 | | 23 | | -2 | | | | | | | | | 26 | -2 | |
| NET INCOME | 602 | 98 | 113 | 131 | 138 | 140 | 170 | 147 | 172 | 216 | 212 | 207 | 204 | 209 | 236 | 273 | 312 | 349 | 726 | 1011 | 1379 |
| SOURCES AND APPLICATION | | | | | | | | | | | | | | | | | | | | | |
| Net Income | 602 | 98 | 113 | 130 | 138 | 141 | 170 | 147 | 172 | 216 | 212 | 207 | 204 | 209 | 236 | 273 | 312 | 349 | 726 | 1011 | 1379 |
| Less: Transfer to IDA | | | | | 50 | 75 | 75 | 10 | 75 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 210 | 475 | 500 |
| Net Income Retained | 602 | 98 | 113 | 130 | 88 | 66 | 95 | 137 | 97 | 116 | 112 | 107 | 104 | 109 | 136 | 173 | 212 | 249 | 516 | 536 | 879 |
| Receipts of Capital Subscriptions | 1547 | 54 | 44 | 38 | 20 | 32 | 50 | 29 | 30 | 39 | 52 | 79 | 60 | 47 | 6 | | | | 169 | 260 | 53 |
| Repaid to IBRD on Loans - Part I | 158 | 11 | 15 | 7 | 20 | 35 | 41 | 68 | 87 | 109 | 88 | 90 | 94 | 98 | 112 | 108 | 107 | 109 | 171 | 468 | 534 |
| - Part II | 280 | 93 | 98 | 110 | 117 | 131 | 147 | 168 | 211 | 220 | 235 | 295 | 336 | 372 | 448 | 521 | 595 | 695 | 673 | 1297 | 2631 |
| - Total | 438 | 104 | 113 | 117 | 137 | 166 | 188 | 236 | 298 | 329 | 323 | 385 | 430 | 470 | 560 | 629 | 702 | 804 | 844 | 1765 | 3165 |
| Borrowing by IBRD | 3592 | 271 | 121 | 100 | 598 | 288 | 730 | 735 | 1224 | 735 | 1309 | 1350 | 1267 | 1450 | 1605 | 1853 | 1783 | 1905 | 2451 | 5885 | 8596 |
| Less: Debt Retirement | 1168 | 163 | 126 | 132 | 348 | 224 | 226 | 514 | 526 | 436 | 550 | 603 | 726 | 805 | 863 | 1008 | 984 | 1185 | 1444 | 2841 | 4845 |
| Net Borrowing | 2424 | 108 | -5 | -32 | 250 | 64 | 504 | 221 | 698 | 299 | 759 | 747 | 541 | 645 | 742 | 845 | 799 | 720 | 1007 | 3044 | 3751 |
| Exchange Adjustments on Funded Debt | | -4 | | | -6 | | 90 | | | | | | | | | | | | -6 | 90 | |
| Receipts from Sale of Loans | 951 | 328 | 296 | 155 | 110 | 105 | 69 | 65 | 52 | 195 | 52 | 60 | 50 | 50 | 50 | 75 | 75 | 75 | 504 | 409 | 325 |
| Increase in Misc. Liabilities | 34 | 9 | 3 | -4 | 1 | 6 | 4 | 6 | 30 | 11 | 22 | -2 | 10 | 12 | 13 | 15 | 15 | 13 | 13 | 71 | 68 |
| Payments to IDA over (-) or under (+) Transfer to IDA | | | | | +40 | +39 | +13 | -49 | +49 | +71 | +76 | +67 | +67 | +66 | +66 | +32 | +70 | +93 | +43 | +330 | +327 |
| TOTAL SOURCES | 5996 | 697 | 564 | 404 | 646 | 478 | 923 | 639 | 1254 | 1150 | 1396 | 1443 | 1262 | 1399 | 1573 | 1770 | 1874 | 1954 | 3090 | 6505 | 8571 |
| Disbursement on Loans | 4320 | 485 | 620 | 559 | 606 | 668 | 790 | 772 | 762 | 772 | 1012 | 1267 | 1492 | 1636 | 1757 | 1884 | 1951 | 2016 | 3395 | 5305 | 9244 |
| Exchange Adjustments on Loans | | -5 | -5 | -1 | -2 | -7 | -7 | -7 | -2 | 96 | | | | | | | | | -17 | 98 | |
| Real Estate Investment | 12 | 6 | 3 | | 2 | 1 | 5 | 5 | 3 | 3 | | | | | | | | | 8 | 8 | |
| Increase in Accrued & Prepaid Exp. | 61 | 10 | 8 | | 16 | 6 | 17 | 7 | 38 | 35 | 20 | 13 | 13 | 13 | 13 | 15 | 15 | 15 | 46 | 119 | 71 |
| TOTAL APPLICATION | 4393 | 496 | 626 | 558 | 622 | 674 | 801 | 777 | 807 | 906 | 1032 | 1280 | 1505 | 1649 | 1770 | 1899 | 1966 | 2031 | 3090 | 6505 | 8571 |
| Cash, Securities & Delayed Deliveries: Year End Balance | 1603 | 1804 | 1743 | 1589 | 1613 | 1417 | 1539 | 1401 | 1848 | 2092 | 2456 | 2619 | 2376 | 2126 | 1929 | 1800 | 1708 | 1632 | 1401 | 2367 | 1632 |
| MEMO ITEMS | | | | | | | | | | | | | | | | | | | | | |
| Commitments - IBRD Loans <u>g/</u> | 5791 | 882 | 449 | 810 | 1023 | 839 | 777 | 847 | 1399 | 1580 | 1800 | 1800 | 1900 | 2000 | 2100 | 2100 | 2100 | 2100 | 4296 | 8479 | 10400 |
| - IDA Credits | 101 | 134 | 260 | 283 | 309 | 284 | 354 | 107 | 385 | 606 | 588 | 920 | 920 | 942 | ----- | 1/ | ----- | ----- | 1337 | 3419 | |
| - Total | 5892 | 1016 | 709 | 1093 | 1332 | 1123 | 1131 | 954 | 1784 | 2186 | 2388 | 2720 | 2820 | 2942 | | | | | 5633 | 11898 | |
| Net Transfer to Part II Countries <u>h/</u> | 1494 | 112 | 195 | 147 | 164 | 158 | 156 | 147 | 142 | 167 | 299 | 442 | 532 | 587 | 566 | 528 | 438 | 351 | 772 | 1582 | 2470 |
| - IBRD Loans | | | | | | | | | | | | | | | | | | | | | |
| - IDA Credits | | 12 | 56 | 123 | 220 | 263 | 336 | 310 | 245 | 130 | 236 | 283 | 366 | 497 | ----- | 1/ | ----- | ----- | 1252 | 1260 | |
| - Total | 1494 | 124 | | | | | | | | | | | | | | | | | | | |

III. IBRD: BORROWINGS, REPAYMENTS AND COST OF BORROWINGS FY1961-78
(\$ millions and percentages)

| | Outstanding 6/30/70 | Through 6/30/78 | Fiscal Years | | | | | | | | | | | | | | | | Total 1964-68 | Total 1969-73 | Total 1974-78 | | |
|----------------------------------|------------------------|--------------------|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------------------|------------------|------------------|------|------|
| | | | 1961 ^{a/} | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | | | | 1977 | 1978 |
| BORROWINGS AND REPAYMENTS | | | | | | | | | | | | | | | | | | | | | | | |
| ISSUES TO GOVERNMENTS | | | | | | | | | | | | | | | | | | | | | | | |
| 2 Yr. Central Bank | - Borrowings | | 350 | 100 | 100 | 100 | 100 | 200 | 200 | 225 | 337 | 350 | 375 | 400 | 400 | 400 | 400 | 500 | 500 | 500 | 825 | 1862 | 2300 |
| Issues | - Repayments | | 150 | 100 | 100 | 100 | 100 | 100 | 100 | 200 | 200 | 225 | 337 | 350 | 375 | 400 | 400 | 400 | 400 | 500 | 600 | 1487 | 2100 |
| | - Net | 687 | 1000 | 200 | 0 | 0 | 0 | 0 | 100 | 100 | 25 | 137 | 125 | 38 | 50 | 25 | 0 | 100 | 100 | 0 | 225 | 375 | 200 |
| Bundesbank | - Borrowings | | 1156 | | | | 198 | 70 | 64 | 91 | 161 | 148 | 144 | 121 | 122 | 158 | 185 | 123 | 122 | 140 | 423 | 696 | 728 |
| | - Repayments | | 553 | | | | 198 | 70 | 64 | 91 | 161 | 148 | 144 | 121 | 122 | 158 | 185 | 123 | 122 | 140 | 423 | 696 | 728 |
| | - Net | 648 b/ | 648 b/ | 603 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank of Japan | - Borrowings | | | | | | | | | | 200 | 200 | 100 | 40 | 120 | 190 | 132 | 82 | 117 | | 540 | 641 | |
| | - Repayments | | | | | | | | | | 0 | 0 | 0 | 40 | 120 | 190 | 132 | 82 | 117 | | 40 | 641 | |
| | - Net | 200 | 500 | | | | | | | | 200 | 200 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | | 500 | 0 | |
| Other Governments ^{c/} | - Borrowings | | 81 | 24 | 5 | | | 0 | 0 | 32 | 15 | 0 | 28 | | 5 | 28 | 25 | 53 | 25 | 53 | 32 | 48 | 184 |
| | - Repayments | | 42 | 0 | 0 | | | 12 | 6 | 17 | 4 | 4 | 4 | | 5 | 0 | 0 | 28 | 0 | 0 | 35 | 17 | 28 |
| | - Net | 72 | 252 | 39 | 24 | 5 | | -12 | -6 | 15 | 11 | -4 | 24 | | 0 | 28 | 25 | 25 | 25 | 53 | -3 | 31 | 156 |
| OTHER ISSUES | | | | | | | | | | | | | | | | | | | | | | | |
| Austria | - Borrowings | | | | | | | | | | | | | 6 | 0 | 0 | 0 | 0 | 0 | | 6 | 0 | 0 |
| | - Repayments | | | | | | | | | | | | | 1 | 1 | 1 | 1 | 1 | 1 | | 1 | 4 | 4 |
| | - Net | | | | | | | | | | | | | -5 | -1 | -1 | -1 | -1 | -1 | | -5 | -4 | -4 |
| Belgium | - Borrowings | | 10 | | | | | | | | 0 | | 15 | | 15 | | 20 | | 20 | | 30 | 40 | 40 |
| | - Repayments | | 0 | | | | | | | | 10 | | 0 | | 0 | | 0 | | 0 | | 10 | 0 | 0 |
| | - Net | | 70 | | | | | | | | -10 | | 15 | | 15 | | 20 | | 20 | | 20 | 40 | 40 |
| Canada | - Borrowings | | 54 | 0 | 0 | 23 | 18 | 19 | 14 | 0 | | | | 25 | | 20 | | 30 | | 30 | 75 | 25 | 80 |
| | - Repayments | | 18 | 5 | 1 | 11 | 1 | 1 | 15 | | | | | 0 | | 0 | | 0 | | 0 | 15 | 15 | 0 |
| | - Net | 73 | 178 | 36 | -5 | -1 | -1 | 12 | 17 | 18 | 13 | -15 | | 25 | | 20 | | 30 | | 30 | 60 | 10 | 80 |
| Germany | - Borrowings | | 50 | 0 | | 63 | 0 | 0 | 30 | 400 | 37 | 96 | 140 | 140 | 140 | 196 | 196 | 196 | 196 | 196 | 93 | 813 | 924 |
| | - Repayments | | 0 | 3 | | 5 | 9 | 7 | 5 | 7 | 6 | 11 | 29 | 39 | 8 | 11 | 22 | 25 | 25 | 26 | 26 | 92 | 142 |
| | - Net | 587 d/ | 1666 d/ | 50 | -3 | | 58 | -9 | -7 | 25 | 393 | 31 | 85 | 111 | 101 | 132 | 185 | 174 | 171 | 120 | 67 | 721 | 782 |
| Gulf States | - Borrowings | | | | | | | | | | | | | 5 | 5 | | 10 | 10 | 10 | 10 | 10 | 10 | 40 |
| | - Repayments | | | | | | | | | | | | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | - Net | | 50 | | | | | | | | | | | 5 | 5 | | 10 | 10 | 10 | 10 | 10 | 10 | 40 |
| Japan | - Borrowings | | | | | | | | | | | | | 50 | 50 | 75 | 75 | 100 | 100 | 150 | 100 | 500 | 500 |
| | - Repayments | | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | - Net | | 550 | | | | | | | | | | | 50 | 50 | 75 | 75 | 100 | 100 | 150 | 100 | 500 | 500 |
| Kuwait | - Borrowings | | | | | | | | | | 42 | | | 42 | | 42 | | 42 | | 42 | | 84 | 126 |
| | - Repayments | | | | | | | | | | 0 | | | 0 | | 0 | | 0 | | 0 | | 0 | 0 |
| | - Net | 42 | 210 | | | | | | | | 42 | | | 42 | | 42 | | 42 | | 42 | | 84 | 126 |
| Netherlands | - Borrowings | | 36 | 0 | 11 | 0 | 0 | 0 | 11 | 0 | 0 | 34 | 0 | 17 | 0 | 26 | 0 | 26 | 0 | 26 | 11 | 51 | 52 |
| | - Repayments | | 3 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 | 3 | 3 | 19 | 2 | 2 | 2 | 2 | 9 | 28 | 28 |
| | - Net | 40 | 108 | 33 | -2 | 9 | -2 | -2 | -1 | -2 | -1 | -1 | -2 | -2 | -3 | -3 | -3 | -3 | -3 | -2 | -2 | 42 | 24 |
| Switzerland | - Borrowings | | 154 | 23 | 0 | 0 | 14 | 0 | 22 | 17 | 19 | 0 | 17 | 17 | 17 | 28 | 17 | 28 | 17 | 28 | 53 | 70 | 107 |
| | - Repayments | | 10 | 31 | 8 | 9 | 1 | 3 | 0 | 32 | 2 | 3 | 29 | 26 | 27 | 4 | 17 | 3 | 3 | 3 | 22 | 92 | 54 |
| | - Net | 144 | 190 | 144 | -8 | -8 | -9 | 5 | -1 | 19 | 17 | -13 | -2 | 14 | -12 | -9 | -10 | -24 | 0 | 25 | 31 | -22 | 53 |
| UK | - Borrowings | | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | - Repayments | | 4 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 6 | 1 | 1 | 6 | 1 | 1 | 1 | 1 | 9 | 12 | 10 |
| | - Net | 31 | 13 | 52 | -1 | -1 | -1 | -2 | -2 | -2 | -2 | -2 | -2 | -6 | -1 | -1 | -6 | -1 | -1 | -1 | -9 | -12 | -10 |
| Other Countries ^{e/} | - Borrowings | | 64 | 24 | | | | | | | 14 | | | | | | | | 24 | | 14 | 24 | 24 |
| | - Repayments | | 59 | 3 | | | | | | | 0 | | | | | | | | 24 | | 0 | 24 | 24 |
| | - Net | 38 | 14 | 5 | 21 | | | | | | 14 | | | | | | | | 0 | | 14 | 0 | 0 |
| TOTAL NON-US | - Borrowings | | 2011 | 171 | 121 | 100 | 398 | 288 | 305 | 435 | 974 | 735 | 909 | 900 | 817 | 1000 | 1155 | 1203 | 1133 | 1255 | 1526 | 4335 | 5746 |
| | - Repayments | | 839 | 145 | 112 | 113 | 327 | 196 | 185 | 319 | 432 | 387 | 507 | 532 | 612 | 718 | 800 | 743 | 660 | 839 | 1140 | 2470 | 3760 |
| | - Net | 2567 | 5528 | 1172 | 26 | 9 | -13 | 71 | 92 | 120 | 542 | 348 | 402 | 368 | 205 | 282 | 355 | 460 | 473 | 416 | 386 | 1865 | 1986 |
| US Market | - Bonds Issued | | 1585 | 100 | 0 | 200 | 0 | 425 | 300 | 250 | 0 | 450 | 450 | 450 | 450 | 450 | 650 | 650 | 650 | 650 | 925 | 1600 | 2850 |
| | - Repayments | | 333 | 22 | 14 | 19 | 21 | 34 | 41 | 195 | 94 | 49 | 43 | 71 | 114 | 87 | 63 | 315 | 324 | 346 | 310 | 371 | 1135 |
| | - Net | 2045 | 4882 | 1252 | 78 | -14 | -19 | 179 | -34 | 384 | 105 | 156 | -49 | 407 | 379 | 336 | 387 | 335 | 326 | 304 | 615 | 1229 | 1715 |
| TOTAL ISSUES TO GOVERNMENTS | - Rollovers | 1607 b/ | 2400 b/ | | 100 | 100 | 100 | 298 | 170 | 164 | 308 | 361 | 373 | 481 | 471 | 542 | 678 | 775 | 683 | 604 | 757 | 1040 | 2228 |
| | - Net Increase | | | 842 | 24 | 5 | | 88 | 94 | 40 | 148 | 321 | 262 | 150 | 25 | 28 | 25 | 125 | 125 | 53 | 222 | 906 | 356 |
| TOTAL OTHER ISSUES | - Borrowings | | 2009 | 147 | 16 | 0 | 300 | 18 | 466 | 386 | 711 | 37 | 612 | 729 | 700 | 744 | 805 | 1045 | 1054 | 1095 | 1170 | 2789 | 4743 |
| | - Repayments | | 427 | 67 | 26 | 32 | 50 | 48 | 56 | 211 | 161 | 60 | 65 | 132 | 184 | 127 | 88 | 375 | 380 | 428 | 397 | 602 | 1398 |
| | - Net | 3005 d/ | 8010 d/ | 1582 | 80 | -10 | -32 | 250 | -30 | 410 | 175 | 550 | -23 | 547 | 597 | 516 | 617 | 717 | 670 | 674 | 667 | 773 | 2187 |
| GROSS BORROWINGS | - Non-US | | 2011 | 171 | 121 | 100 | 398 | 288 | 305 | 435 | 974 | 735 | 909 | 900 | 817 | 1000 | 1155 | 1203 | 1133 | 1255 | 1526 | 4335 | 5746 |
| | - US | | 1585 | 100 | 0 | 200 | 0 | 425 | 300 | 250 | 0 | 450 | 450 | 450 | 450 | 450 | 650 | 650 | 650 | 650 | 925 | 1600 | 2850 |
| | - Total | | 3596 | 271 | 121 | 100 | 598 | 288 | 730 | 735 | 1224 | 735 | 1359 | 1350 | 1267 | 1450 | 1605 | 1853 | 1783 | 1905 | 2451 | 5935 | 8596 |
| NET BORROWINGS | - Non-US | 2567 | 5528 | 1172 | 26 | 9 | -13 | 71 | 92 | 120 | 116 | 542 | 348 | 402 | 368 | 205 | 282 | 355 | 460 | 473 | 416 | 386 | 1865 |
| | - US | 2045 | 4882 | 1252 | 78 | -14 | -19 | 179 | -34 | 384 | 105 | 156 | -49 | 407 | 379 | 336 | 387 | 335 | 326 | 304 | 615 | 1229 | 1715 |
| | - Total | 4612 | 10410 | 2424 | 104 | -5 | -32 | 250 | 58 | 504 | 221 | 698 | 299 | 809 | 747 | 541 | 645 | 742 | 795 | 799 | 720 | 1001 | 3094 |
| SALES OF LOANS | - Participations | | 314 | 32 | 12 | 47 | 30 | 10 | 14 | 54 | 8 | 3 | 20 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 155 | 81 | 125 |
| | - Portfolio Sales | | 428 | 146 | 170 | 44 | 49 | 24 | 16 | | | | | | | | | | | | | | |

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WBG ARCHIVES

111b. IBRD: NET BORROWINGS BY TYPE OF ISSUE

| FY | Non-Governmental Borrowings ^{a/} | | Borrowings from Governments | | | | Total Net Borrowings | | |
|--------------|---|--------|-----------------------------|---------------------|---------------|---------------------|----------------------|--------|-------|
| | US | Non-US | 2 Yr. Central Bank Issues | Deutsche Bundesbank | Bank of Japan | Other ^{b/} | Total | | |
| | | | | | | | US | Non-US | Total |
| Through 1961 | 1252 | 330 | 200 | 603 | - | 39 | 1252 | 1172 | 2424 |
| 1962 | 78 | 2 | - | - | - | 24 | 78 | 26 | 104 |
| 1963 | -14 | 4 | - | - | - | 5 | -14 | 9 | -5 |
| 1964 | -19 | -13 | - | - | - | - | -19 | -13 | -32 |
| 1965 | 179 | 71 | - | - | - | - | 179 | 71 | 250 |
| 1966 | -34 | 4 | 100 | - | - | -12 | -34 | 92 | 58 |
| 1967 | 384 | 26 | 100 | - | - | -6 | 384 | 120 | 504 |
| 1968 | 105 | 76 | 25 | - | - | 15 | 105 | 116 | 221 |
| 1969 | 156 | 394 | 137 | - | - | 11 | 156 | 542 | 698 |
| 1970 | -49 | 27 | 125 | - | 200 | -4 | -49 | 348 | 299 |
| 1971 | 407 | 140 | 38 | - | 200 | 24 | 407 | 402 | 809 |
| 1972 | 379 | 218 | 50 | - | 100 | - | 379 | 368 | 747 |
| 1973 | 336 | 180 | 25 | - | - | - | 336 | 205 | 541 |
| 1974 | 363 | 254 | - | - | - | 28 | 363 | 282 | 645 |
| 1975 | 387 | 330 | - | - | - | 25 | 387 | 355 | 742 |
| 1976 | 335 | 335 | 100 | - | - | 25 | 335 | 460 | 795 |
| 1977 | 326 | 348 | 100 | - | - | 25 | 326 | 473 | 799 |
| 1978 | 304 | 363 | - | - | - | 53 | 304 | 416 | 720 |
| 1964-68 | 615 | 164 | 225 | - | - | -3 | 615 | 386 | 1001 |
| 1969-73 | 1229 | 959 | 375 | - | 500 | 31 | 1229 | 1865 | 3094 |
| 1974-78 | 1715 | 1630 | 200 | - | - | 156 | 1715 | 1986 | 3701 |

^{a/} Non-governmental borrowings are public issues except for the following private placements: Bank for International Settlements (\$4m in 1948, \$25m in 1958, \$5m in 1959), four Swiss banks (\$7m in 1950), sixteen private institutions (\$24m in 1955), European Investment Bank (\$5m in 1960), five Swiss banks (\$8m in 1967), Westdeutsche Landesbank (\$200m in 1969), Deutsche Girozentrale (\$38m in 1969), and Deutsche Genossenschaftskasse (\$38m in 1970).

^{b/} Other issues to governments include: seventeen central banks (\$26m in 1955), Swiss Confederation (\$47m in 1957, partially rolled over in 1962 and 1968), Austrian Central Bank (\$5m in 1963, rolled over in 1968 and 1973), Saudi Arabian Monetary Agency (\$15m in 1968 and 1969, \$25m p.a. 1975-78), and Bank of Libya (\$28m in 1971, rolled over in 1976, and \$28m in 1974 and 1978).

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DAC MEMBER COUNTRIES: FLOWS OF OFFICIAL DEVELOPMENT ASSISTANCE AND TOTAL NET DISBURSEMENTS IN RELATION TO GNP
(\$ millions and percentages)

SEP 19 2012

WBG ARCHIVES

| | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| AUSTRALIA | | | | | | | | | | | | | | | | | |
| Development Assistance | 59 | 71 | 74 | 96 | 100 | 119 | 126 | 157 | 160 | 175 | 190 | 205 | 220 | 240 | 260 | 280 | |
| - As % GNP | .38% | .44% | .43% | .51% | .48% | .52% | .53% | .60% | .57% | .56% | .59% | .60% | .60% | .60% | .60% | .60% | |
| Total Net Disbursements | 59 | 71 | 74 | 97 | 119 | 145 | 151 | 194 | 206 | 232 | 245 | 255 | 275 | 295 | 320 | 345 | |
| - As % GNP | .38% | .44% | .43% | .51% | .57% | .64% | .63% | .74% | .73% | .74% | .77% | .74% | .74% | .74% | .74% | .74% | |
| AUSTRIA | | | | | | | | | | | | | | | | | |
| Development Assistance | | 3 | 7 | 2 | 12 | 32 | 31 | 26 | 23 | 16 | 26 | 28 | 31 | 34 | 37 | 40 | |
| - As % GNP | | .04% | .10% | .03% | .14% | .34% | .31% | .24% | .20% | .12% | .20% | .20% | .20% | .20% | .20% | .20% | |
| Total Net Disbursements | 6 | 20 | 31 | 6 | 21 | 47 | 49 | 48 | 74 | 81 | 86 | 93 | 100 | 109 | 118 | 127 | |
| - As % GNP | .09% | .30% | .43% | .08% | .25% | .51% | .49% | .44% | .65% | .65% | .65% | .65% | .65% | .65% | .65% | .65% | |
| BELGIUM | | | | | | | | | | | | | | | | | |
| Development Assistance | 101 | 92 | 70 | 80 | 71 | 102 | 76 | 89 | 88 | 116 | 123 | 143 | 166 | 192 | 225 | 266 | |
| - As % GNP | .88% | .76% | .54% | .57% | .45% | .59% | .42% | .45% | .42% | .51% | .50% | .53% | .57% | .60% | .65% | .70% | |
| Total Net Disbursements | 182 | 164 | 118 | 175 | 164 | 221 | 178 | 164 | 243 | 257 | 267 | 290 | 314 | 340 | 368 | 398 | |
| - As % GNP | 1.59% | 1.35% | .91% | 1.24% | 1.04% | 1.29% | .97% | .84% | 1.17% | 1.12% | 1.10% | 1.10% | 1.10% | 1.10% | 1.10% | 1.10% | |
| CANADA | | | | | | | | | | | | | | | | | |
| Development Assistance | 75 | 61 | 35 | 65 | 78 | 97 | 187 | 198 | 175 | 245 | 300 | 363 | 430 | 508 | 596 | 684 | |
| - As % GNP | .20% | .16% | .09% | .16% | .18% | .20% | .35% | .34% | .28% | .34% | .41% | .45% | .49% | .53% | .57% | .60% | |
| Total Net Disbursements | 145 | 87 | 110 | 131 | 142 | 169 | 267 | 272 | 308 | 364 | 407 | 492 | 572 | 662 | 763 | 866 | |
| - As % GNP | .39% | .24% | .29% | .32% | .32% | .35% | .49% | .47% | .49% | .50% | .55% | .61% | .65% | .69% | .73% | .76% | |
| DENMARK | | | | | | | | | | | | | | | | | |
| Development Assistance | 6 | 8 | 8 | 9 | 10 | 13 | 21 | 26 | 29 | 54 | 63 | 75 | 93 | 114 | 139 | 170 | |
| - As % GNP | .09% | .12% | .10% | .11% | .11% | .13% | .19% | .21% | .23% | .41% | .42% | .45% | .51% | .57% | .65% | .70% | |
| Total Net Disbursements | 38 | 33 | 15 | 11 | 32 | 15 | 21 | 25 | 83 | 151 | 113 | 132 | 155 | 180 | 210 | 240 | |
| - As % GNP | .64% | .50% | .20% | .13% | .35% | .15% | .19% | .20% | .67% | 1.13% | .75% | .80% | .85% | .90% | .95% | 1.00% | |
| FRANCE | | | | | | | | | | | | | | | | | |
| Development Assistance | 848 | 943 | 976 | 852 | 828 | 752 | 745 | 826 | 874 | 965 | 978 | 1050 | 1110 | 1175 | 1240 | 1310 | |
| - As % GNP | 1.38% | 1.41% | 1.30% | 1.01% | .89% | .75% | .69% | .71% | .69% | .69% | .69% | .68% | .66% | .64% | .62% | .60% | |
| Total Net Disbursements | 1325 | 1406 | 1395 | 1242 | 1360 | 1299 | 1320 | 1341 | 1720 | 1742 | 1700 | 1820 | 1950 | 2090 | 2240 | 2400 | |
| - As % GNP | 2.15% | 2.10% | 1.86% | 1.48% | 1.46% | 1.37% | 1.22% | 1.16% | 1.36% | 1.24% | 1.20% | 1.18% | 1.16% | 1.14% | 1.12% | 1.10% | |
| GERMANY | | | | | | | | | | | | | | | | | |
| Development Assistance | 237 | 330 | 398 | 393 | 460 | 431 | 440 | 528 | 553 | 595 | 665 | 750 | 815 | 900 | 990 | 1090 | |
| - As % GNP | .33% | .41% | .45% | .41% | .44% | .38% | .37% | .43% | .41% | .39% | .36% | .38% | .38% | .39% | .40% | .41% | |
| Total Net Disbursements | 628 | 847 | 609 | 621 | 706 | 724 | 782 | 1141 | 1664 | 2046 | 1925 | 2070 | 2200 | 2330 | 2565 | 2700 | |
| - As % GNP | .88% | 1.04% | .69% | .66% | .68% | .64% | .65% | .94% | 1.24% | 1.33% | 1.03% | 1.04% | 1.03% | 1.02% | 1.05% | 1.03% | |
| ITALY | | | | | | | | | | | | | | | | | |
| Development Assistance | 77 | 60 | 80 | 70 | 48 | 60 | 78 | 155 | 146 | 130 | 150 | 165 | 180 | 195 | 210 | 230 | |
| - As % GNP | .22% | .15% | .18% | .14% | .09% | .10% | .12% | .19% | .16% | .17% | .17% | .17% | .17% | .17% | .17% | .17% | |
| Total Net Disbursements | 298 | 258 | 390 | 321 | 237 | 266 | 632 | 287 | 550 | 848 | 620 | 675 | 735 | 800 | 870 | 945 | |
| - As % GNP | .85% | .66% | .89% | .64% | .43% | .45% | .99% | .41% | .73% | 1.03% | .70% | .70% | .70% | .70% | .70% | .70% | |
| JAPAN | | | | | | | | | | | | | | | | | |
| Development Assistance | 105 | 108 | 85 | 138 | 116 | 244 | 283 | 384 | 356 | 436 | 544 | 712 | 895 | 1115 | 1380 | 1660 | |
| - As % GNP | .24% | .20% | .15% | .20% | .15% | .28% | .28% | .32% | .25% | .26% | .29% | .33% | .36% | .39% | .42% | .44% | |
| Total Net Disbursements | 246 | 381 | 286 | 267 | 290 | 486 | 625 | 798 | 1030 | 1263 | 1520 | 1835 | 2210 | 2665 | 3210 | 3800 | |
| - As % GNP | .57% | .71% | .49% | .40% | .36% | .55% | .62% | .67% | .73% | .76% | .81% | .85% | .89% | .93% | .98% | 1.00% | |
| NETHERLANDS | | | | | | | | | | | | | | | | | |
| Development Assistance | 35 | 56 | 65 | 38 | 49 | 70 | 94 | 114 | 123 | 143 | 200 | 229 | 262 | 300 | 324 | 350 | |
| - As % GNP | .31% | .45% | .48% | .26% | .28% | .36% | .45% | .49% | .49% | .53% | .68% | .72% | .76% | .81% | .81% | .81% | |
| Total Net Disbursements | 239 | 200 | 114 | 134 | 118 | 239 | 254 | 228 | 276 | 369 | 353 | 380 | 410 | 445 | 480 | 520 | |
| - As % GNP | 2.11% | 1.61% | .85% | .92% | .69% | 1.24% | 1.22% | .99% | 1.09% | 1.36% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | |
| NORWAY | | | | | | | | | | | | | | | | | |
| Development Assistance | 5 | 7 | 7 | 10 | 10 | 11 | 14 | 15 | 27 | 30 | 38 | 48 | 61 | 77 | 99 | 126 | |
| - As % GNP | .11% | .14% | .14% | .17% | .15% | .16% | .18% | .17% | .29% | .31% | .36% | .42% | .49% | .57% | .68% | .75% | |
| Total Net Disbursements | 10 | 27 | 7 | 22 | 23 | 38 | 17 | 30 | 59 | 75 | 86 | 98 | 110 | 125 | 140 | 160 | |
| - As % GNP | .23% | .55% | .13% | .37% | .36% | .55% | .22% | .36% | .65% | .78% | .81% | .85% | .89% | .93% | .96% | 1.00% | |
| PORTUGAL | | | | | | | | | | | | | | | | | |
| Development Assistance | 37 | 44 | 41 | 51 | 62 | 21 | 24 | 47 | 35 | 58 | 44 | 48 | 53 | 59 | 65 | 72 | |
| - As % GNP | 1.45% | 1.63% | 1.41% | 1.65% | 1.83% | .57% | .59% | 1.02% | .68% | 1.04% | .71% | .70% | .70% | .70% | .70% | .70% | |
| Total Net Disbursements | 37 | 44 | 41 | 51 | 62 | 31 | 40 | 78 | 48 | 98 | 62 | 68 | 75 | 85 | 95 | 105 | |
| - As % GNP | 1.45% | 1.63% | 1.41% | 1.65% | 1.83% | .81% | .97% | 1.71% | .96% | 1.74% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| SWEDEN | | | | | | | | | | | | | | | | | |
| Development Assistance | 7 | 8 | 19 | 23 | 33 | 38 | 57 | 60 | 71 | 121 | 145 | 180 | 225 | 280 | 350 | 425 | |
| - As % GNP | .05% | .06% | .12% | .14% | .18% | .19% | .26% | .25% | .28% | .44% | .48% | .55% | .64% | .74% | .85% | .95% | |
| Total Net Disbursements | 47 | 52 | 37 | 53 | 67 | 73 | 108 | 121 | 128 | 212 | 238 | 280 | 315 | 375 | 450 | 530 | |
| - As % GNP | .36% | .36% | .24% | .32% | .36% | .35% | .48% | .50% | .50% | .77% | .78% | .85% | .89% | .99% | 1.10% | 1.20% | |
| SWITZERLAND | | | | | | | | | | | | | | | | | |
| Development Assistance | 4 | 8 | 5 | 6 | 9 | 12 | 13 | 13 | 24 | 30 | 31 | 37 | 44 | 49 | 57 | 66 | |
| - As % GNP | .04% | .08% | .05% | .05% | .07% | .08% | .08% | .08% | .14% | .16% | .16% | .18% | .20% | .21% | .23% | .25% | |
| Total Net Disbursements | 157 | 211 | 161 | 203 | 110 | 192 | 110 | 136 | 242 | 119 | 140 | 150 | 165 | 175 | 188 | 200 | |
| - As % GNP | 1.83% | 2.19% | 1.51% | 1.74% | .86% | 1.38% | .73% | .85% | 1.41% | .64% | .73% | .73% | .75% | .75% | .75% | .75% | |
| UNITED KINGDOM | | | | | | | | | | | | | | | | | |
| Development Assistance | 407 | 457 | 421 | 415 | 493 | 472 | 486 | 485 | 413 | 431 | 480 | 518 | 566 | 650 | 720 | 800 | |
| - As % GNP | .56% | .59% | .52% | .48% | .53% | .47% | .46% | .44% | .40% | .39% | .41% | .42% | .43% | .46% | .48% | .50% | |
| Total Net Disbursements | 881 | 899 | 744 | 721 | 919 | 1032 | 911 | 803 | 760 | 1069 | 935 | 1044 | 1166 | 1300 | 1445 | 1600 | |
| - As % GNP | 1.22% | 1.17% | .92% | .84% | .99% | 1.03% | .85% | .73% | .74% | .97% | .80% | .84% | .88% | .92% | .96% | 1.00% | |
| TOTAL DAC EXCLUDING U.S. | | | | | | | | | | | | | | | | | |
| Development Assistance | 1991 | 2255 | 2289 | 2245 | 2379 | 2472 | 2676 | 3121 | 3097 | 3544 | 3977 | 4551 | 5151 | 5888 | 6692 | 7569 | |
| - As % GNP | .50% | .52% | .48% | .43% | .40% | .39% | .39% | .42% | .38% | .39% | .41% | .43% | .44% | .46% | .48% | .49% | |
| Total Net Disbursements | 4297 | 4700 | 4132 | 4053 | 4371 | 4975 | 5464 | 5666 | 7390 | 8926 | 8697 | 9682 | 10752 | 11976 | 13662 | 14936 | |
| - As % GNP | 1.07% | 1.06% | .86% | .78% | .76% | .78% | .79% | .76% | .92% | 1.01% | .90% | .91% | .92% | .94% | .98% | .97% | |
| UNITED STATES | | | | | | | | | | | | | | | | | |
| Development Assistance | 2702 | 2943 | 3232 | 3627 | 3636 | 3465 | 3459 | 3567 | 3303 | 3163 | 3000 | 3000 | 3000 | 3100 | 3200 | 3300 | |
| - As % GNP | .53% | .56% | .57% | .60% | .57% | .50% | .45% | .44% | .38% | .33% | .30% | .28% | .26% | .25% | .25% | .24% | |
| Total Net Disbursements | 3818 | 4549 | 4355 | 4579 | 4771 | 5445 | 4884 | 5644 | 5723 | 4645 | 4785 | 4800 | 4900 | 5100 | 5200 | 5400 | |
| - As % GNP | .75% | .86% | .77% | .76% | .74% | .78% | .64% | .70% | .65% | .49% | .48% | .45% | .43% | .42% | .40% | .39% | |
| GRAND TOTAL DAC | | | | | | | | | | | | | | | | | |
| Development Assistance | 4703 | 5198 | 5521 | 5872 | 6015 | 5937 | 6135 | 6688 | 6400 | 6707 | 6977 | 7551 | 8151 | 8988 | 9892 | 10869 | |
| - As % GNP | .52% | .54% | .53% | .52% | .49% | .45% | .42% | .43% | .38% | .36% | .35% | .35% | .35% | .36% | .37% | .37% | |
| Total Net Disbursements | 8115 | 9249 | 8487 | 8632 | 9142 | 10420 | 10348 | 11310 | 13113 | 13571 | 13482 | 14482 | 15652 | 17076 | 18862 | 20336 | |
| - As % GNP | .89% | .95% | .81% | .77% | .75% | .78% | .71% | .73% | .78% | .74% | .69% | .68% | .68% | .68% | .70% | .69% | |

Note: All past data are taken from reports of the OECD Development Assistance Committee (DAC). The donor countries listed are the members of DAC, and provide more than 95% of the resources flowing to developing countries. Following DAC usage, Official Development Assistance is defined to include all net flows to developing and multilateral institutions from a government or its agencies which are intended to be both concessional and for developmental purposes; Total Net Disbursements include all net financial flows from donors to developing countries or multilateral institutions, i.e. Official Development Assistance plus other official flows (such as loans on commercial terms, export credit guarantees, and so on) plus all private flows. Projections have been made taking into account OECD estimates of future growth of GNP for donor countries and various official statements by their governments in so far as they are available.

489/5/17

January 11, 1971

U Thant
Secretary-General
United Nations
New York

Dear U Thant:

I am writing in reply to your letter of December 16, 1970, transmitting a copy of the "Report on the Need for a World Population Institute," prepared by the United Nations Feasibility Mission headed by Mr. David A. Morse, and requesting my appraisal of the report and of the Mission's recommendations.

I am in full accord with the views of the Mission regarding the importance of increased and more effective action by the United Nations system in the population field. I also agree with the Mission's views with respect to the desirability of a multidisciplinary approach to population policies and programs. And I concur that the present population training, research and advisory activities of the United Nations system are both too small and too fragmented and that there is therefore an urgent need for effective coordination of those activities by some organization or institution in a position to provide dynamic leadership to the system.

However, the creation of a World Population Institute, in the form and with the functions and general order of magnitude of funds envisaged by the Mission raises several questions in my mind:

1. The Mission envisages the Institute as a center of excellence which, by reason of the outstanding quality and expertise of its Director and staff, would be able to enhance the capacity of all parts of the United Nations system to provide advice and assistance in the population field. It could perform this function, of course, only if it were successful in attracting outstanding personnel to its service. Would the authority vested in the Director and staff, and the level of budgetary resources proposed to be put at their disposal, put the Institute in a good competitive position to recruit such personnel?
2. Despite the modesty of its budget, the Institute is envisaged as a decentralized agency, relying heavily on regional offices, of which there would be at least three initially. While such decentralization would have a number of advantages, it would certainly be an expensive mode of operation and would involve considerable

administrative overhead. Even assuming that the Institute could attract top-quality officers, could it play an effective leadership role if its staff talent were spread so widely?

3. Would it be better to aim at a greater concentration of effort than to add a new facility to the many U.N. agencies now active in the population field? For example, has consideration been given to creation, within the U.N. system, of a population agency to which would be entrusted, to the greatest extent feasible, the demographic work of the United Nations, the family planning advisory functions of WHO, and the resources of the UNFPA? If a facility such as the Institute is to be created, would it be desirable to give it at least the responsibility for administering the UNFPA and the U.N. Population Program Officers? The addition of these functions and resources to those envisaged by the Mission might make the Institute more directly involved with population problems and programs and increase the likelihood that it would attract the kind of high-quality talent necessary for its successful operation.

My associates and I will be happy to support whatever action you take to increase the effectiveness of the United Nations system in the population field.

Sincerely,

Robert S. McNamara

RHDemuth:jg
January 8, 1971

Cleared with and cc: Dr. Kanagaratnam

489/5/76

JAN 11 1971

Lic. Guillermo Martinez Dominguez
Director General
Nacional Financiera, S.A.
Mexico, D.F.

Dear Lic. Martinez Dominguez:

It was a pleasure to receive your thoughtful letter of December 17 expressing appreciation for the assistance of the World Bank to Comision Federal de Electricidad. In turn, all of us in the World Bank who have worked on the Mexico power sector have appreciated the opportunity to cooperate closely with you and your colleagues in CFE during the past six years in the rapid and sound development of the power sector and wish to congratulate you on the progress which has been achieved under your leadership.

I would also like to extend all good wishes to you in your new position as Director General of Nacional Financiera. I look forward to further discussions with you and hope that there will be an opportunity in the near future.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

cc: Messrs. Gutierrez/Wright ✓
Sheehan/Ribi (o/r) (PUP)
RNelson/eg

489/5/15

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

1/11/71

To Mr. Isbister

Clark, if you believe the
attached White Memorandum addresses
the questions of the Government of
Jamaica regarding the
attitude of IBRD toward the
Jamaican Public Service Company,
I would be happy to have you
transmit the White Memorandum to
the Government. Clark

Aide Memoire

Jamaica Power Sector

The Bank made a loan to the Jamaica Public Service Company, Ltd. (JPSC) of \$22 million on June 20, 1966 (Loan 454-JM) for a power generation transmission and distribution project. This loan confirmed the Bank's interest in the expansion and efficient operation of the power sector which is essential for the development of Jamaica's economy.

In order to ensure the ability of JPSC to meet the needs of an expanding economy, it has been recognized that the company must be operated on a financially sound basis. This is reflected in the License and Public Utilities Commission Act of 1966 and incorporated in the loan documents for Loan 454-JM. Section 3.07 of the Guarantee Agreement requires a reasonable rate of return during the life of the loan. The supplementary letter on electricity rates includes a specific rate of return covenant for the period of completion of the Bank-financed project, which has now expired.

In May 1970 JPSC applied to the Public Utilities Commission (PUC) for a rate increase of about 11 percent. At that time the Public Utilities Commission Act provided that the PUC must act within six months on an application for a rate increase or the increase would automatically become effective. Subsequent to this application by JPSC the six-month requirement was removed by an amendment to the Act. There is no question but that JPSC needs some rate increase if the rate of return which is permitted under the License and Public Utility Commission Act (and which is required under Section 3.07 of the Guarantee Agreement) is to be met. At present, there is no time limit within which the PUC must act and, since any increase would not be retroactive, the company's financial position is continuing to deteriorate. At present the

company is collecting an 8 percent surcharge on electricity bills. This surcharge was established under a special law to enable JPSC to recover certain frequency conversion expenditures. This law is due to lapse in February 1971. Should the Government extend the surcharge until the rate request is acted upon, it might alleviate the financial pressures on the company, but it would not remove the need for a decision by PUC based on the needs of the company.

The Minister of Public Utilities has proposed legislation under which utility companies such as JPSC would be liable by civil suit for liquidated damages resulting from interruption of services. Legislation of this type is unprecedented and could open up the public utility companies, including JPSC, to unlimited claims. The existence of such legislation on the statute book, even if not immediately made effective by the Minister, would preclude the Bank and probably other prospective lenders from considering future loans to any utility companies operating in Jamaica.

The present situation with the Power Company's finances getting weaker and management problems accentuated by government policies carries considerable dangers for Jamaica's economy. The financial uncertainty, which makes it virtually impossible for JPSC to raise equity or borrow externally, will force the company to limit expansion and cause a further deterioration of service due to forced economies in repairs and maintenance. The Government should decide as soon as possible how it intends to deal with the situation; for example (i) by assisting the existing company through constructive regulations and other measures to improve its financial position and management; or (ii) by purchasing a controlling interest in the company; or (iii) by fully

nationalizing it with payment of suitable compensation and making the necessary reforms. Delays in taking such a decision are likely to make the present unsatisfactory situation much worse.

It is the Bank's understanding that the Government wishes to have an independent appraisal made of the financial and administrative condition of the company in order to assist the Government in reaching a decision. If this understanding is correct, such an appraisal should be undertaken as expeditiously as possible. It should include a review of all the implications of a decision to take over the company.

Should the Government eventually decide to nationalize the company under satisfactory compensation arrangements, public ownership would not in itself be a bar to future Bank lending. However, the Bank would not finance the acquisition of the company whether by nationalization or by purchase of shares.

January 11, 1971

489/5/12

JAN 11 1971

Dear High Commissioner:

Thank you for your letter of December 18, 1970, referring to the question we discussed last November of the possibility of the Bank Group participating in the financing of a water supply scheme at the Qala en Nahal settlement for Ethiopian refugees in the Sudan.

I am happy to accept your suggestion that Mr. Jacques Cuenod, Inter-Agency Programme Coordinator, and Mr. Homann-Herimberg, as your Representative at the United Nations Headquarters, come to Washington early in February to discuss the Bank's lending policies and practices and the criteria applied in selecting projects for financing. We will do all we can to make their visit useful.

I suggest that Mr. Cuenod should telephone Mr. Cope (telephone 477-4501) towards the end of the month about his plans so that we can make definite arrangements.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Prince Sadruddin Aga Khan
High Commissioner for Refugees
Office of the United Nations High
Commission for Refugees
United Nations
New York, New York 10017

SRCope:umr
cc: Mr. Richard H. Demuth

689/5/19

January 8, 1971

Dear Andy:

Thank you for your letter of January 6 enclosing a copy of the amended foreign investment guidelines for banks and other financial institutions and a related press release. We announced our intermediate term issue yesterday afternoon and I feel sure that the exemption of World Bank securities from the guidelines applying to banks will be an important factor in the success of this issue. I particularly appreciate your own efforts in helping us work this out.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
Andrew F. Brinner
Member of the Board of Governors
of the Federal Reserve
System
Washington, D.C. 20551

DHFRickett:ml

489/5/10

January 8, 1971

MEMORANDUM FOR MR. TORNVIST

Thank you for your suggestion, contained in your memorandum of December 9, that project documentation for Board meetings include information on borrowing countries' external aid availabilities. We will consider how best to meet this request as a part of the review we are now making of changes in the format of project reports.

Robert S. McNamara

bcc: Sir Denis Rickett
Mr. Shoaib
Mr. Demuth

*12/15 to Mr. Christopher
 Reif, please draft
 a reply after
 determining when
 you believe we
 should do.
 End*

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 9, 1970

FROM: Erik Tornqvist

SUBJECT: Information on Borrowers' Foreign Loans and Aid

489/5/9

During Tuesday's Board Meeting I suggested that in the project documentation there should always be included, to the extent possible, a statement of all the financial assistance currently put at the disposal of the borrower whose project we are considering. As I possibly did not make myself quite clear, I would like to stress that it is quite a different thing to read the usual statistics in an economic report, possibly written one-to-two years earlier, on the amount of borrowing and debt of the country concerned, than to have an appraisal of their importance and relation to development programs in the President's Report at the time we consider extending additional assistance. The evaluation of a new project can be quite different if we know such details as are available with regard to the purposes and intentions of foreign loans and aid at the time we are deciding upon financing the project. A statement in your Report on the basis of a possible condensed table would amply add to our knowledge of what the country is doing in order to develop its economy and where our help might be best placed and how it fits into the general financial and economic picture.

I, therefore, hope that you will seriously consider the possibility of supplying such additional information.

ET:my

489/5/8

DP 240/10 GLO

JAN 8 1971

Dear Mr. Hoffman:

Thank you very much for your invitation to the Global Meeting of Resident Representatives to be held in New Delhi from February 14 to 28, 1971.

I have asked Mr. Michael L. Hoffman, Associate Director, Development Services Department, and Mr. Vincent J. Riley, Chief, Technical Assistance Division, Development Services Department, to represent the Bank Group on this occasion. I realize that this meeting will be very important from the point of view of the restructuring of the UNDP to meet its enlarged responsibilities in the years ahead. I have instructed Mr. Hoffman and Mr. Riley to make themselves fully available to you and your associates for discussions and clarifications of the Bank Group's program and activities as they relate to those of your organization. I am also instructing them to be on the alert for ideas and suggestions for improving our already-close collaboration with the UNDP and its Resident Representatives.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Paul G. Hoffman
Administrator
United Nations Development Programme
United Nations, New York 10017

MIHoffman:cbh

cc: Mr. Riley

489/5/2

OUTGOING WIRE

TO: ABDULRAHMAN SALIM ATEEQI
MINISTER OF FINANCE AND OIL

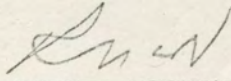
DATE: JANUARY 5, 1971

CLASS OF
SERVICE: LT

COUNTRY: KUWAIT

TEXT:
Cable No.:

ELEMARY REPORTED ON HIS MEETINGS WITH YOU AND SHOWED ME YOUR CABLE
JANUARY THREE STOP I AM APPRECIATIVE OF YOUR COOPERATION AND ASSISTANCE
STOP KINDEST REGARDS


ROBERT MCNAMARA

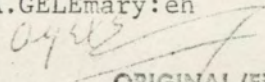
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AUTHORIZED BY:

NAME Robert S. McNamara
President

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