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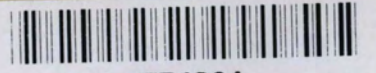
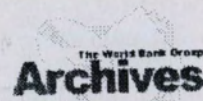
THE WORLD BANK  
Washington, D.C.

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McNamara papers

1969 (Apr. - May)  
Vol 6



1771864

A1995-252 Other #: 1

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President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 06



487/4/212

MAY 29 1969

Dear Mr. Ambassador:

Thank you for confirming in your letter of May 22, 1969, the President of Colombia's invitation to breakfast at 8:00 a.m. on Friday, June 13, at Blair House. I would propose to be accompanied by Mr. J. Burke Knapp, Vice-President and Mr. Gerald Alter, Director of Western Hemisphere Department.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Dr. Misael Pastrana Borrero  
Ambassador of Colombia  
2118 LeRoy Place, N.W.  
Washington, D.C. 20008

May 28, 1969  
RMFrost:eb/mdk



487/4/1211

MAY 28 1969

Dear Phil:

It was good to hear from you.

I wish I had some useful ideas about how you could best promote your project, but unfortunately, none occur to me at this time.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Philip S. Breck, Jr.  
President, The California Survey  
593 Market Street  
San Francisco, California 94105

DCF:lmt



487/4/210

MAY 29 1969

Son Excellence  
Pierre Werner  
Ministre d'Etat,  
President du Gouvernement, et  
Ministre des Finances  
2a, boulevard Emmanuel Servais  
Luxembourg-Ville, Luxembourg

Dear Mr. Minister:

I write to thank you for your letter of May 14th in which you tell me that the Luxembourg Parliament has adopted the draft law approving Luxembourg's participation in the replenishment of the resources of the International Development Association and that your Government is willing to pay the first instalment of its contribution in advance of the effectiveness of this replenishment.

These actions have been most welcome not only as an expression of Luxembourg's continuing support for IDA but also because the willingness of your Government to make a part of its contribution without regard to the effectiveness of the replenishment will help the Association to maintain its lending program.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

May 28, 1969

HNScott/dg

- cc: Mr. Knapp
- Mr. Broches
- Sir Denis Rickett
- Mr. van Campenhout
- Mr. Nurick
- Mr. Poore



487/4/ 209

MAY 29 1969

Dear Birch:

Thank you for your letter of May 19 regarding Mr. Herbert Hunsaker's interest in consulting appointments for the World Bank Group.

The review of loan applications for educational projects is normally handled by our regular staff. From time to time, we do employ individuals as consultants but such short-term assignments are generally used to try out the suitability of individuals for employment on our regular staff. This could hardly arise in Mr. Hunsaker's case. It is only rarely that we use consultants for other purposes but we will certainly bear his interests very much in mind whenever we are looking for specialists in his field.

Many thanks for drawing our attention to Mr. Hunsaker's interest in our organization. I am only sorry that my reply cannot be more positive.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Birch Bayh  
United States Senate  
Washington, D.C.

RAClarke/mg  
May 28, 1969

cleared with Mr. Twining



for Mr. McNamara's office

487/4/208

MAY 29 1969

Mr. Z.H.K. Bigirwenkya  
Secretary-General  
East African Community  
P.O. Box 1001  
Arusha, Tanzania

Dear Mr. Bigirwenkya:

Thank you for your letter of May 20, 1969. I would be grateful if you would convey my sincere appreciation to President Kenyatta, President Nyerere and President Obote for their kind invitation to visit East Africa. I am anxious to take advantage of this invitation at the earliest opportunity. Unfortunately, I am already heavily committed for some time ahead and cannot at the moment indicate the most convenient time for my visit. I will write to you again as soon as my schedule becomes clearer.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

RClements/OMyhrer:tj

cc: Mr. Kahangi



487/4/206

MAY 28 1969

Dear Ted:

Many thanks for your letter of May 20 regarding your son's interest in joining the World Bank Group.

From what you say, he seems to be a possible candidate for our Young Professional Program, the main features of which are described in the attached pamphlet. The Personnel Division has already asked him for a detailed resume and will follow this up when received.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Teodoro Moscoso  
GPO Box 4065  
San Juan  
Puerto Rico 00936

enclosure  
R.A. Clarke/mg  
May 26, 1969

cleared with Mr. Ripman



487/41 207

May 28, 1969

MEMORANDUM FOR MR. JEAN VAN HOUTTE

An amount of \$1,200 million has been provided for the replenishment of the resources of the International Development Association for the three fiscal years ending June 30, 1970.

To be effective, however, this arrangement must be ratified by at least twelve participants whose contributions total a minimum of \$950 million. This has not been achieved yet due mostly to the delay in the processing of the necessary legislation through the United States Congress. In the meantime, IDA has been able to make some loans thanks to the advance contributions made by a number of countries but, at present, all the resources at its disposal are committed.

The Belgian legislation provides authority for the Belgian Government to make such an advance for the first installment of its contribution. Provision for this payment has been made in the 1968 budget. It would be very much appreciated if the legislative procedure in Belgium and its ratification could be speeded up.

The Belgian contribution totals \$20.4 million to be paid in three installments of \$6.8 million each.

Robert S. McNamara

vanCampenhout:RMcN;mss



For the office of Mr. McNamara

487/4/205  
MAY 27 1969

Dear Mr. President:

Thank you very much for your letter of May 15, 1969. I was pleased to learn that you had agreed in your last meeting to establish the East African Harbours Corporation on June 1, 1969. Now that this date has been agreed upon as the "Appointed Day" I trust that further progress will soon be made with the proposed loan to help finance the 1969/72 development program of the East African Harbours Corporation.

I am very grateful for your invitation to visit Tanzania. I can assure you that I am anxious to meet you, to see your attractive country and to acquaint myself with Tanzania's development problems in order to enable the Bank Group to be of the best assistance to the Government in its development effort.

I am afraid that my commitments here do not permit me to make the trip to East Africa during the month of June, but I shall be writing you again suggesting a time which will meet your convenience.

With good wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Julius K. Nyerere  
President  
State House  
P.O.Box 9120  
Dar es Salaam, Tanzania

CTRichardson:dk

cc: Mr. Knapp  
Mr. Kahangi



487/4/203

MAY 26 1969

Dear Dr. Elliott:

I am pleased to hear that you have reached a tentative agreement with the International Monetary Fund to enable them to develop Square 120 to meet their and the Bank's expansion needs.

You have our assurance that neither the Bank nor its agents own, lease, or hold any options to purchase property in Squares 39, 40, 41, 42, 43, 54, 55, 56, 57, 75, 77, 79, 80, 101, 102, 103, 119 and 121 in the District of Columbia. Furthermore the Bank warrants and agrees with the University that neither it nor any one acting on its behalf will in the future acquire, lease or procure options to purchase any interest in property in the aforesaid squares without the written consent of the University.

I very much appreciate your cooperation in this matter.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Dr. Lloyd H. Elliott  
President  
The George Washington University  
Washington, D. C. 20006

cc: Mr. Thorson, IMF  
Mr. Ripman

JRCrowley:hm  
May 23, 1969  
For Office of President



487/4/201

MAY 26 1969

Dear Abdlatif:

Upon returning to Washington I am writing to thank you most sincerely for the kindness, hospitality and help you extended to me during my recent brief but truly enjoyable visit to Kuwait.

I do not think I need tell you how impressed I was by what I saw. The accomplishments of your country speak for themselves and cannot fail to be an example of the proper and efficient utilization of wealth. While I regret the brevity of my visit it has sparked a desire in me to return and I hope I can do so in the not too distant future.

I should like in particular to thank you for all the time you spent with me, for the lovely private lunch at your home and for the opportunity afforded me to meet your charming wife and daughter.

With many thanks again and kindest personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Abdlatif Y. Al-Hamad  
Director General  
Kuwait Fund for Arab Economic Development  
P.O. Box 2921  
Kuwait, Kuwait

cc: Mr. Shoaib, Mr. Steckhan, Mr. Lejeune  
ODajany:pa  
May 26, 1969



487/4/204

May 26, 1969

Dear Mr. Dale:

This is to acknowledge receipt of your letter dated May 20. I understand that our Assistant Director of Administration --Personnel has written to you on May 8, 1969, and I take the liberty of enclosing a copy of his letter to you. I understand also that Mr. McNamara has acknowledged Mr. Sonneck's letter to him dated April 16, copy of which you attached to your letter.

Sincerely,

Rainer B. Steckhan  
Personal Assistant to Mr. McNamara

Mr. M.B. Dale  
12 Promenade St. Antoine  
Geneva, Switzerland

cc: Personnel Files w/incoming

RBS:ml



487/4/202  
MAY 26 1969

Dear Mr. Eklund:

Thank you for your letter of May 14, 1969, recalling our discussion in Rome of the Bank's interest in nuclear power reactors and the potential of this source of power for economic development.

I particularly thank you for calling my attention to Dr. Fred de Hoffmann and his technical expertise in the field of atomic energy. I have referred your letter to my colleagues who have the responsibility for consultation with our member countries on technical energy matters. I assure you that Dr. de Hoffmann will be considered when the Bank has a need for a consultant with technical expertise in atomic energy.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Sigvard Eklund  
Director General  
International Atomic Energy Agency  
Kärntnerring 11  
Vienna 1  
Austria

HWMessenger/BChadenet:1fb  
May 23, 1969

cc: Mr. Piccagli (w/copy of incoming correspondence)  
Operational Files w/incoming letter of May 14, 1969



487/4/200

May 26, 1969

Dear Mr. Ateeqi:

Upon my return to Washington I am writing to thank you most sincerely for the hospitality and warm reception you extended to me during my brief but most enjoyable visit to Kuwait.

I am impressed indeed by what I have seen and by your country's accomplishments in such a relatively short period of time. You have literally transformed a desert land into a modern, booming and developing country and for this you are to be congratulated. Of equal significance is your genuine desire to share your wealth with other less fortunate Arab countries. My visit then, aside from being enjoyable, has benefited me in seeing for myself the utilization of wealth for local as well as regional development.

For your part in making this possible I am deeply grateful and for your hospitality, your lovely presents, and all the time you spent with me I am truly thankful. It is my hope that I can visit Kuwait again in the not too distant future but in the meantime I look forward to implementing the program of collaboration between Kuwait and the Bank along the lines we discussed last week.

With warm regards and best wishes for your continued success in developing your country.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Abdul Rahman Salem Al-Ateeqi  
Minister of Finance and Oil  
Kuwait, Kuwait

cc: Mr. Shoaib, Mr. Steckhan, Mr. Lejeune  
ODajany:pa  
May 29, 1969



487/4/199

May 26, 1969

Dear Mr. Adly:

Upon my return to Washington I am writing to thank you very much for the kindness and hospitality you extended to me during my recent visit to Kuwait.

It was very thoughtful of you to give a reception in my honor which provided me with the opportunity of meeting so many of Kuwait's personalities as well as foreign dignitaries residing in Kuwait. I also very much appreciated the effort and time you took to greet me at the airport when I arrived and seeing me off when I left.

In thanking you for all that you have done I should also like to wish you continued success in your important work in the United Nations Development Program.

With kindest personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Ibrahim Adly  
Resident Representative  
United Nations Development Program  
P.O. Box 2993  
Kuwait, Kuwait

cc: Mr. Shoaib, Mr. Steckhan, Mr. Lejeune  
ODajany:pa  
May 22, 1969



487/4/198

INTBAFRAD

MAY 26, 1969

PARIS

TELEX

FRANCE

626

FOR KARASZ MR. MCNAMARA WILL NOT REPEAT NOT GO TO TIDEWATER REGARDS

STECKHAN

Rainer B. Steckhan

Office of President

RBS:ml



487/4 197

MAY 26 1969

Dear U Thant:

I am writing in reply to your letter of May 7 requesting that the Bank agree to the continued secondment of Dr. P. S. N. Prasad to serve for a further period of one year, until the end of July 1970, as Director of the Asian Institute for Economic Development and Planning. I am glad to accede to this request.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

U Thant  
Secretary-General  
United Nations  
New York 10017

RHDamuth:tf  
May 22, 1969

cc: Dr. Prasad

Copy for Mr. McNamara's Office ✓



487/4/196

MAY 23 1969

His Excellency  
Francois Ortoli  
Minister of Economy and Finance  
93, rue de Rivoli  
Paris 1, France

Dear Mr. Minister:

I am writing to acknowledge receipt of your letter of May 16, 1969 in which you give the International Development Association formal notification that France will make the contribution authorized for it in accordance with the terms of the Resolution of the Board of Governors entitled "Additions to Resources; Second Replenishment." I confirm that drawings on the French contribution under such Resolution will be made on a pro rata basis in accordance with subparagraph II (a) of the Procedural Memorandum Regarding Use of Contributions under Second Replenishment.

I would like to express my warm thanks and appreciation for this action of your Government.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

HNScott/dg  
May 22, 1969

cc: Mr. Knapp  
Mr. Broches  
Sir Denis Rickett  
Mr. Plescoff  
Mr. Mendels  
Mr. Nurick  
Mr. Poore



487/4/195

May 22, 1969

Dear Mr. Minister:

I want to thank you for your letter of April 26 which arrived only a few days ago. I appreciate very much your keeping me informed about the settlements with foreign creditors, and I was glad to learn that agreements with some further countries have either been concluded or are expected to be concluded soon and that you stand ready to enter into negotiations with the United States as soon as they have made a proposal to your Government.

I should like to thank you also for your kind invitation to come to Cairo in connection with my visit to Kuwait earlier this month. Unfortunately my schedule was such that I had to be back in Washington before your return to Cairo. However, I hope you will be coming to the Bank's Annual Meeting in Washington in September and I look forward to seeing you then.

With best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Hassan Abbas Zaki  
Minister of Economy and Foreign Trade  
Ministry of Economy and Foreign Trade  
Cairo, United Arab Republic



487/4/194

May 22, 1969

Dear Mr. President.

Thank you for your letter of May 14, 1969. I should like to say how much I understand your concern about the proposals to construct a railway link between Zambia and the Benguela Railway in Angola, informally put to you by mining and railway interests. I am grateful to you for sending Mr. Chona to explain more fully your position in this matter.

Mr. Knapp made clear to the representatives of the mining companies who visited the Bank last September that there would be difficulties for the Bank in considering such a proposal even if it were presented officially by Zambia. It would certainly be necessary for any request from you to be both official and a matter of public knowledge before we could entertain it. But both from Mr. Chona's explanation and the Manifesto issued by the Heads of State in East and Central Africa, which I found interesting reading, I understand that, in the present circumstances, such a request from you is unlikely.

Mr. Chona will have told you that I appreciate your kind invitation to visit Zambia and that as soon as my commitments here permit me, I shall suggest a date which will meet your convenience.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency Kenneth Kaunda  
President of the Republic of Zambia  
State House  
Lusaka  
Zambia

RMDean:ls



For the office of Mr. McNamara

487/4/193

MAY 22 1969

Dear Mr. President:

Thank you very much for your letter of May 12, 1969. I was pleased to hear that you had agreed in your last meeting to establish the East African Harbours Corporation on June 1, 1969. Now that June 1 has been settled as the "Appointed Day", I trust further progress will soon be made with the proposed loan to help finance the 1969-72 development program of the East African Harbours Corporation.

I am most grateful to you for inviting me to visit Uganda. I can assure you that I am anxious to meet you and to see your beautiful country. As soon as my commitments here permit me to make the trip I shall write to you suggesting a time which meets your convenience.

With my best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Dr. A. Milton Obote  
President  
P. O. Box 11  
Entebbe  
Uganda

CVRPanikar/AGE1 Emary/dk

cc: Mr. Knapp



487/4/192

MAY 22 1969

Dear Mr. Pré:

This is to thank you for your letter of May 8, 1969, in which you inform us that the inauguration of the mining and port facilities of the Compagnie des Potasses du Congo will be postponed until next fall. We have noted the proposed arrangements and will consider who could represent the Bank at the ceremonies when a new date has been determined.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Roland Pré  
Président de la Compagnie des  
Potasses du Congo  
31, avenue de l'Opéra  
Paris, France

XdelAR:gl



487/4/191

May 22, 1969

Your Highness:

Upon my return to Washington I hasten to write to thank you most sincerely for the gracious and warm reception you accorded me during my recent visit to your country.

I have not only benefited from my first visit to Kuwait but also enjoyed it immensely and, most of all, I was truly impressed with what your people have accomplished within a relatively short period.

At Your Highness's suggestion I did weigh myself before leaving Kuwait and, much as I would hate to upset your prediction, I found that I had gained and not lost weight. Both the Minister of Finance and Mr. Al-Hamad had done their best to see to that.

With kindest regards and renewed assurances of my highest esteem.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Highness  
Sheikh Sabah Al-Salim Al-Sabah  
Emir of Kuwait  
Seif Palace  
Kuwait, Kuwait

cc: Mr. Shoaib, Mr. Steckhan, Mr. Lejeune  
ODajany:pa  
May 21, 1969



487/4/190

May 22, 1969

Your Highness:

I am writing to thank you very much for the gracious and warm reception you accorded me during my recent visit with you.

It was an honor indeed meeting you and I benefited a great deal from your views on the topics we discussed concerning the welfare of and the Bank's activities in the Arab countries. Your genuine desire in promoting development in the Arab world is certainly shared by me and I look forward anxiously to a closer and more effective collaboration between Kuwait and the Bank in pursuing this objective.

With kindest regards and renewed assurances of my highest esteem.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Highness  
Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah  
Crown Prince and Prime Minister  
Dasman Palace  
Kuwait, Kuwait

cc: Mr. Shoaib, Mr. Steckhan, Mr. Lejeune  
ODajany:pa  
May 21, 1969



5/21/69 Draft

All figures subject to  
final check

To: Executive Directors, IBRD and IDA

From: The President

Subject: Administrative Budget and Operating Plan for the Fiscal Year 1970

487/4/189

1. Pursuant to Section 19 of the By-Laws of the Bank and Section 8 of the By-Laws of IDA, I present herewith for your review and approval the Administrative Budget of the two institutions for the fiscal year July 1, 1969 to June 30, 1970. The recommended FY70 budget is \$61.3 million, of which it is estimated that \$16.0 million represents costs appropriately chargeable to IDA as a management fee. <sup>a/</sup> The narrative sections in the proposed budget discuss in detail the various components of the total requests. My purpose in this memorandum is to present the budget against the background of Bank and IDA operations in FY69 and FY70, and within the framework of an overall program for the five-year period FY69-73.

I. Review of Operations in FY1969

2. The volume of lending operations is expected to approximate \$1,700 million in FY69, despite the delay in completing the Second IDA Replenishment. This is an increase of 78% over FY68, and of 51% over the FY64-68 average. The number of operations, which is a more accurate measure of work performed will increase from 62 in FY68 to about 110 in FY69, or 77%, with the Bank accounting for 85, and IDA for 25.

3. The increase in lending in FY69 extends to all areas. If the loans and credits scheduled for presentation to the Executive Directors before the end of the fiscal year are approved, lending to Africa and Asia will more than double compared with FY68, as a result of larger commitments by both IDA and the Bank. Bank lending has also increased to the Middle East and North Africa -- by one-half -- and to the Western Hemisphere -- by one-fourth.

4. The sectoral composition of FY69's lending activities is in line with indications given last year that a larger share of Bank/IDA lending would go to agriculture and education. Loans and credits to agriculture have increased from \$173 million in FY68 to some \$350 million in FY69, and education from \$24 million to \$80 million. As in earlier years, lending for transportation projects will account for the largest number of operations -- probably 33 -- and the largest sector allocation -- \$475 million. Although lending for power accounts for the third largest sector total, \$340 million, the 25% increase over FY68 is below the average for other sectors.

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<sup>a/</sup> Following approval by the Directors of the Administrative Budget of the Bank and IDA, a recommendation on the management fee to be charged to IDA will be submitted to the Board.



5. The FY69 administrative budget provided for substantial increases in the Bank's professional and non-professional staff to cope with the expanding workload. I am happy to report that, as a result of mounting a major recruitment drive, practically all positions authorized by the Executive Directors in the FY69 administrative budget will be filled by the end of the fiscal year.

6. I expect that on June 30 the Bank staff will consist of 915 professionals, (23% above the 741 on duty at the start of the fiscal year), and 927 non-professionals (13% above the 823 of a year ago). This sizable increase has been accomplished without sacrificing quality, and within the policy that the proportion of American and U.K. nationals in the Bank staff should not be permitted to rise above that existing at the beginning of the fiscal year: 49.5%. Since April 1, 1968, the shares of the two nationalities have in fact declined to 46.5%: from 31.2% to 29.5% for the U.S., and from 18.2% to 17.0% for the U.K. The budget document contains detailed figures and further comments on the nationality composition of the Bank staff.

7. In FY69, Bank borrowings were substantially increased for two purposes: to meet the excess of disbursements on loans, and amortization payments on the Bank's debt, over repayments to the Bank, and earnings; and to raise the Bank's holdings of cash and liquid securities. As the attached table on financial and operating data shows, the Bank's gross borrowings in FY69 -- \$1,187 million -- greatly exceeded those of any prior year. Net borrowings of \$664 million were also at an all time high. The average cost of the Bank's overall FY69 borrowings was 6.45%. Some 79% of the gross funds -- \$937 million -- and 75% of the net increase in funded debt were obtained outside the United States. This was made possible chiefly by favorable conditions in the German long-term capital market, where DM 1,450 million, equivalent to \$363 million, was obtained. Issues of \$15 million and the equivalent of \$42 million were placed in Saudi Arabia and Kuwait, and one long-term issue for 80 million Swiss Francs, equivalent to \$19 million, was sold in Switzerland. Substantial net borrowings of \$137 million resulted also from increases in the holdings of our two-year bond issues by central banks. In the New York market the Bank raised \$250 million.

8. Since disbursements reflected the lower volume of past commitments rather than the increased volume of lending in FY69, they rose only from \$765 million in FY68 to \$800 million in FY69. About 52% of the net borrowing was added to the cash balance <sup>a/</sup>, which by the end of FY69 will be some \$1,750 million, an increase of approximately \$350 million in the fiscal year.

9. Despite large increases in administrative expenses in FY69, Bank operations will produce a profit of about \$172 million <sup>b/</sup>, approximately the same as last year's net income of \$169 million before deduction of the \$22 million devaluation loss. The Bank's expected FY69 net income is equivalent to a rate of return of

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<sup>a/</sup> The "cash" balance includes marketable securities and delayed deliveries on bond issues.

<sup>b/</sup> This profit projection includes an estimate of \$45.5 million for administrative expenses, some \$350,000 more than was forecast at the time of the mid-year review.



5.43% on its paid-in capital and reserves, compared with a 5.47% average rate of return for the period FY64-68. a/

## II. The Operating Program for FY70

10. The lending program is obviously the most important part of the operating program for FY70 and bears directly on the size and composition of the administrative expense budget. The lending programs, which the individual Area Departments recommended in consultation with the Projects Departments, originally envisaged increases in the number and amount of operations for Bank and IDA substantially greater than we are now planning on. The initial recommendations were prepared on the basis of careful judgments regarding the absorptive capacity of the borrowing countries and their creditworthiness. However, when the programs for the individual departments were consolidated, it became apparent that the volume of operations proposed would be excessive in the light of the current size of the Bank staff and the limits on the rate at which the Staff could be expanded in the future. As a result, the lending program was reduced substantially below the level initially proposed by the operating departments.

11. The lending program currently planned for FY70 totals \$2,175 million (\$1,600 million for the Bank and \$575 million for IDA), up 28% from the \$1,700 million of FY69. Actually 165 operations, coming to a somewhat higher total, are now scheduled for processing during FY70, but it is probable that some of them will not materialize -- because of unsatisfactory developments in the borrowing country, because some projects will fail the tests of project evaluation, or because of delays in the processing or negotiating of a loan or credit. On the other hand, the lending program also takes account of the fact that some operations, originally scheduled for FY69, will be completed only in FY70.

12. The composition by sector of the FY70 lending program differs somewhat from that of FY69. Because of the inclusion of several large power projects, lending for power generation and distribution should increase by roughly 50%, and its share of total loan and credit volume should rise from about 20% in FY69 to some 25% in FY70. While the number of loans and credits in the agricultural sector should increase by about one-third, the amount of lending to agriculture is not expected to rise significantly, because many operations are planned for small projects in small countries. The expansion of lending for transportation will probably continue: a 25-30% increase in amount is expected in FY70. The largest proportionate increase -- perhaps by as much as 100% -- is expected in the field of education, although loans and credits for education will still account for only about 5% of all Bank and IDA lending.

13. In view of continuing unsettled conditions in the United States capital market, and increasing uncertainty as to the outlook in European capital markets, it is fortunate that the Bank will enter the new fiscal year with very substantial liquid assets. Long-term interest rates, moreover, have

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a/ Based on net income before subtracting the FY66 and FY68 losses from devaluation; if these losses are subtracted, the FY64-68 average rate of return is 5.29%.



risen sharply in the United States in recent months and are now inching upward in Germany, and demands for long-term capital from all sources appear to exceed the supply of funds available for long-term lending. Thus my present view is that it would be prudent to anticipate smaller net borrowings in FY70 -- of the order of \$400 million. On this assumption projected end-FY70 liquid assets will be \$1,660 million and provide, in my opinion, adequate protection against any financial contingency. But I intend to take advantage of opportunities which changes in market conditions may offer for borrowing more. I am convinced that on balance it is preferable to err on the high side of liquidity, since a comfortable position in this respect helps to insulate Bank lending operations from the vagaries of the capital markets.

14. On the basis of the lending, borrowing and disbursements projections shown in detail in the attached table, net income in FY70 would rise to approximately \$200 million or 6.1% on capital and reserves. Some \$12 million of the \$28 million increase over FY69 reflects the assumed increase in the management fee charged to IDA.

### III. The Five-Year Program FY69-73

15. The FY70 operating program and especially the administrative budget should not be considered in isolation but, rather, must be evaluated in the context of a longer time horizon. The attached table on Bank and IDA operating data shows, in addition to actual figures for past years and estimates for FY69 and FY70, projections for the five-year period FY69-73, and comparable five-year totals for FY64-68. The projections are based on the following assumptions:

- (a) Bank lending will continue to rise, though at a more modest rate than in FY69 and FY70.
- (b) After FY70 net Bank borrowing will gradually return to approximate FY69 levels. Borrowing projections are based on the assumptions that conditions in the major capital markets will improve after FY70.
- (c) The spread between the cost of money to the Bank and the lending rate on new commitments will be zero. This assumption provides a most conservative bias in the financial projections.
- (d) The Bank's liquid reserves will yield an average  $3/4$  of 1% below the cost of borrowing; this assumption is in line with past experience.

16. The five-year projections in the attached table, which are based on the foregoing assumptions, indicate that over FY69-73 the Bank's loan commitments would be more than double those of the preceding five years: \$8.9 billion versus \$4.3 billion (including IDA, total Bank Group lending should approximate \$11.5 billion compared to \$5.6 billion for the previous five years). On this basis the portfolio of loans outstanding would rise from \$5.2 billion at the beginning to \$8.9 billion, and the funded debt would increase from \$3.5 billion to \$6.7 billion.

17. Even on the very conservative assumption of a zero spread between borrowing and lending rates, and after taking account of the increase in administrative



expenses discussed below, the Bank's annual net income would continue to rise each year and the rate of return on capital and reserves would exceed past levels.

IV. The FY1970 Administrative Expenses Budget

18. The recommended FY70 Administrative Expenses Budget provides for a large increase in outlays resulting from the full year cost of the Staff recruited in FY69 and from a further substantial expansion of staff. The total budget of \$61.3 million is \$15.8 million more than in FY69.

19. Although the increase in the combined Bank/IDA budget total is large in both dollar and percentage terms, I consider it essential if the program for FY70 and beyond is to be carried out.

20. The budget provides 275 professional and 274 non-professional positions over the numbers estimated to be on duty on June 30, thereby increasing the Bank's total staff from 1,842 to 2,391, or by 29%. I consider this to be close to the limit of the Bank's annual capacity to recruit and absorb new staff. But on the basis of the experience of the current fiscal year, when professional recruitment resulted in a net staff increase of about 25%, although recruitment efforts did not become fully effective until September, 1968, I believe that we can obtain the staff which the expansion of lending and supporting activities in FY70 and subsequent years requires.

21. The personnel requirements for FY70 have been determined on the basis of workload estimates, in the first instance for the Area and Projects Departments, and indirectly also for the Economics, Treasurer's, Controller's, Legal and Administration Departments and for other supporting departments and offices. Provision has been made for the organization of an Industrial Projects Department in the Bank and for the initiation of regularly scheduled economic missions (annually to the major countries and biennially or triennially to the other developing nations).

22. The following shows how the proposed staff increases compare with the expected increases in the volume of IBRD/IDA operations, as measured by a number of statistics. Virtually without exception, the percentage changes in the workload exceed those of the increases in professional staff.

	FY 68	FY 69	FY 70	Percentage Change		
				69/68	70/69	70/68
No. of Loans/Credits processed	62	110	165	+ 77%	+ 50%	+166%
No. of Project Supervision Missions <sup>a/</sup>	275	305	448	+ 11%	+ 47%	+ 63%
Prof. Man-Years in field for Econ. Missions	14.2	19.8	25.9	+ 39%	+ 31%	+ 82%
Avg. No. of Prof. Staff	726	810	1,053	+ 12%	+ 30%	+ 45%
Prof. Staff at Year End	741	915	1,190	+ 23%	+ 30%	+ 61%
Total Staff at Year End	1,564	1,842	2,391	+ 18%	+ 29%	+ 53%
Avg. Prof. Staff per Operation Processed	11.7	7.4	6.4			
Avg. Prof. Staff per Supervision Mission	2.6	2.7	2.4			

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<sup>a/</sup> Excludes industry projects workload.



The most important single determinant of staff need is the number of lending operations processed. The ratio of increases in lending operations to staff increases, whether expressed in relation to FY68 or FY69, shows that the proposed staff increases are amply justified, even if allowance is made for improvements in efficiency and organization.

23. Increased efficiency of operations has already led, for example, to a reduction in the time required for project appraisal work and loan negotiations. The time from the departure of an appraisal mission to presentation of an operation for the approval of the Executive Directors has been reduced from an average of 12 months to 10-1/2 months. I am hopeful that other measurable improvements of this kind will be made in FY70.

24. Proposed increases in staff will cause FY70 personal service costs to rise \$10.3<sup>1/4</sup> above the FY69 level of \$28.5 million. Other expenses, chiefly for travel, consultants, and the cooperative programs with FAO and UNESCO, will account for an increase of \$5.5 million, causing the total for these categories to rise from \$17.0 million to \$22.5 million. In the table below the budget estimates for FY70 are compared with both FY69 and FY68 expenses.

	FY 68	FY 69	FY 70	Percentage Change		
				69/68	70/69	70/68
Personal Services Cost	23.2 <sub>a/</sub>	28.5	38.8	+ 23%	+ 36%	+ 67%
Increase over prior year		5.3	10.3			
Due to price increases		2.6	0.5	+ 11%	+ 2%	+ 13%
Due to volume increases		2.7	9.8	+ 12%	+ 34%	+ 54%
Other Costs	13.7	17.0	22.5	+ 24%	+ 32%	+ 64%
Increase over prior year		3.3	5.5			
Due to price increases		0.8	1.0	+ 6%	+ 6%	+ 14%
Due to volume increases		2.5	4.5	+ 18%	+ 26%	+ 50%
Total Admin. Expenses	36.9	45.5	61.3	+ 23%	+ 35%	+ 66%
Increase over prior years		8.6	15.8			
Due to price increases		3.4	1.5	+ 9%	+ 3%	+ 13%
Due to volume increases		5.2	14.3	+ 14%	+ 31%	+ 53%

a/ Excluding \$1.1 million paid to Retirement Fund for Services in prior years.

25. As can be seen, \$3.4 million (or 40%) of the total FY68-69 increase in administrative expenses of \$8.6 million was due to price increases; over the two years FY68-70, price increases (\$4.9 million) account for 20% of the total increase (\$24.4 million). Thus 80% of the increase over the two-year period is due to volume increases, measured, in the case of staff, in man-months. The increase in personal services cost between FY69 and FY70 includes provision of \$750,000 for FY70 merit increases, to be granted on January 1, 1970 to staff on duty on July 1, 1969. No provision has been made for a cost of living increase,



which at present is estimated to be of the order of 5 or 6%. If it goes into effect on September 1, one year after the last cost of living increase was granted, it would add another \$1.3 to \$1.7 million to FY70 administrative expenses.

26. Although lending operations in future years will no doubt rise about FY70 levels, the rate of increase is likely to be much smaller than in FY69 and FY70, and it now appears unlikely that we shall require large percentage staff increases in those periods.

27. The increases in staff and administrative expenses, proposed for FY70, are large in absolute terms when compared with the levels of either FY68 or FY69. But when compared with the increase in workload (a 53% staff increase from FY68 to FY70 versus a programmed 166% rise in lending operations) they appear modest indeed. I recommend them to you for your approval.

Attachment



1a. IBRD & IDA: FINANCIAL AND OPERATING DATA THROUGH FY1970 PLUS 5 YEAR COMPARISONS a/  
(Actual through FY1968, estimated FY1969, and projected FY1970-73)

(\$ millions)

	Through 1961 b/	1962	1963	1964	1965	1966	1967	1968	1969	Projected 1970	Actual 1964-68	Projected 1969-73
<b>IBRD BALANCE SHEET</b>												
Cash and Securities	1407	1797	1738	1589	1595	1417	1305	1167	1604	1635	1167	1506
Receivable from Delayed Deliveries	196	7	5	18	18	234	234	140	76	234	234	200
Receivable from Loans - Part I c/	1386	1244	1169	1177	1238	1292	1535	1504	1564	1450	1504	1238
- Part II	1545	1735	2016	2295	2593	2934	3316	3711	4113	4840	3711	7655
- Total	2931	2979	3185	3472	3831	4226	4751	5215	5677	6290	5215	8893
Receivable from Subscribed Capital	468	449	436	437	465	509	502	479	454	430	479	391
Land and Buildings	12	18	21	21	21	23	24	29	37	42	29	41
Accruals, Prepayments & Other Assets	61	71	79	79	95	103	118	125	144	158	125	212
<b>TOTAL ASSETS</b>	<b>5075</b>	<b>5321</b>	<b>5464</b>	<b>5598</b>	<b>6025</b>	<b>6278</b>	<b>6934</b>	<b>7249</b>	<b>8056</b>	<b>8631</b>	<b>7249</b>	<b>11243</b>
Due to IDA				50	115	154	102	118	168	234	118	367
Funded Debt d/	2424	2528	2524	2492	2742	2806	3309	3524	4176	4576	3524	6701
Miscellaneous Liabilities	34	43	46	42	43	49	53	59	70	77	59	109
Capital & - Special Reserve	194	224	255	288	289	290	290	291	291	291	291	291
Reserves - Retained Earnings e/	408	476	558	606	668	732	892	963	1048	1150	963	1472
- Paid-in Capital f/	2015	2050	2081	2120	2168	2247	2284	2294	2303	2303	2294	2303
- Total	2617	2750	2894	3014	3125	3269	3470	3548	3642	3744	3548	4067
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>5075</b>	<b>5321</b>	<b>5464</b>	<b>5598</b>	<b>6025</b>	<b>6278</b>	<b>6934</b>	<b>7249</b>	<b>8056</b>	<b>8631</b>	<b>7249</b>	<b>11243</b>
<b>IBRD INCOME AND EXPENDITURE</b>												
Income from - Securities	207	54	59	62	62	63	72	66	87	102	325	499
- Loans - Part I c/	542	71	72	64	68	70	76	84	91	76	362	372
- Part II	394	92	103	125	137	157	180	200	224	291	799	1761
- Total	936	163	175	189	205	227	256	284	315	367	1161	2133
- Other Sources	6	1	1	1	1	2	4	7	7	8	15	39
<b>GROSS INCOME</b>	<b>1149</b>	<b>218</b>	<b>235</b>	<b>252</b>	<b>268</b>	<b>292</b>	<b>332</b>	<b>357</b>	<b>409</b>	<b>477</b>	<b>1501</b>	<b>2671</b>
Administrative Expenses	98	13	16	19	22	30	31	34	41	42	136	233
Interest on Borrowings	432	97	102	100	106	116	129	151	195	227	602	1398
Financial Expenses	12	7	4	2	2	3	2	2	3	4	11	22
Net Losses from Devaluation	5	3				3		23			26	
<b>GROSS EXPENSES</b>	<b>547</b>	<b>120</b>	<b>122</b>	<b>121</b>	<b>130</b>	<b>152</b>	<b>162</b>	<b>210</b>	<b>239</b>	<b>273</b>	<b>775</b>	<b>1653</b>
<b>NET INCOME g/</b>	<b>602</b>	<b>98</b>	<b>113</b>	<b>131</b>	<b>138</b>	<b>140</b>	<b>170</b>	<b>147</b>	<b>170</b>	<b>204</b>	<b>726</b>	<b>1018</b>
<b>IDA BALANCE SHEET</b>												
Cash and Securities	58.7	72.3	75.0	90.0	44.3	35.3	34.4	52.2	50	50	52	50
Unrestricted Subscriptions h/	120.2	239.9	338.5	352.4	340.3	376.0	358.0	345.7	540	755	346	1321
Receivable from IBRD				50.0	114.6	153.9	102.3	117.7	168	234	118	367
Receivable from Credits		12.2	68.4	192.5	414.7	681.6	1023.7	1342.5	1603	1838	1343	3089
Restricted Subscr. & Other Assets	30.2	64.8	122.2	176.4	220.1	222.8	222.7	233.5	230	228	232	226
<b>TOTAL ASSETS</b>	<b>209.1</b>	<b>389.2</b>	<b>604.1</b>	<b>861.3</b>	<b>1134.0</b>	<b>1469.6</b>	<b>1741.1</b>	<b>2091.6</b>	<b>2591</b>	<b>3105</b>	<b>2091</b>	<b>5053</b>
Loan from Switzerland								12.1	12	12	12	12
Transfers from IBRD e/				50.0	125.0	200.0	210.0	285.0	370	472	285	794
Accumulated Net Income	.4	1.5	2.4	4.1	6.7	9.8	14.4	21.4	31	31	21	37
Paid Subscriptions & Supplements	208.7	387.7	601.7	807.2	1102.3	1259.8	1516.7	1773.1	2178	2590	1773	4210
<b>TOTAL LIABILITIES</b>	<b>209.1</b>	<b>389.2</b>	<b>604.1</b>	<b>861.3</b>	<b>1134.0</b>	<b>1469.6</b>	<b>1741.1</b>	<b>2091.6</b>	<b>2591</b>	<b>3105</b>	<b>2091</b>	<b>5053</b>
<b>IDA INCOME AND EXPENDITURE</b>												
Income from - Securities	.9	2.2	2.4	3.3	3.3	2.4	2.5	3.2	3	3	15	15
- Credits			.2	1.0	2.2	4.1	6.3	9.0	11	13	22	78
Less: Administrative Expenses i/	.5	1.1	1.6	2.6	2.9	3.4	4.2	5.2	4	16	18	77
<b>NET INCOME</b>	<b>.4</b>	<b>1.1</b>	<b>1.0</b>	<b>1.7</b>	<b>2.6</b>	<b>3.1</b>	<b>4.6</b>	<b>7.0</b>	<b>10</b>	<b>19</b>	<b>19</b>	<b>16</b>
<b>MEMO ITEMS</b>												
Number of - IBRD Loans	292	29	28	37	38	37	47	44	85	105	203	592
- IDA Credits	4	18	17	18	20	12	20	18	25	60	88	370
Amount - IBRD Loans to Countries	5791	882	449	810	1023	839	777	847	1350	1600	4296	8850
- IDA Credits	101	134	260	283	309	284	354	107	350	575	1337	2900
- IBRD/IDA Lending	5892	1016	709	1093	1332	1123	1131	954	1700	2175	5633	11750
- IBRD Loans to IFC							100				100	100
Undisbursed j/ - Loans Held by IBRD	1317	1702	1535	1731	2149	2314	2381	2371	2922	3470	2371	5216
- IDA Credits	101	223	427	586	671	684	671	446	536	876	446	1594
Repayment to - IBRD on Loans - Part I c/	158	11	15	7	20	35	41	68	75	88	171	436
- Part II	280	93	98	110	117	131	147	168	211	261	673	1452
- Total	438	104	113	117	137	166	188	236	286	349	844	1888
- IDA on Credits												6
Disbursements by - IBRD on Loans	4320	480	615	558	606	666	783	765	799	1052	3378	6105
- IDA on Credits		12	56	124	222	267	342	319	260	235	1274	1752
- Total	4320	492	671	682	828	933	1125	1084	1059	1287	4652	7857
Borrowing by IBRD (New Issues)	3592	271	121	100	598	288	730	735	1174	828	2451	5917
Less: Debt Retirement	1168	167	126	132	348	224	226	520	522	428	1450	2740
Net Borrowing by IBRD	2424	104	-5	-32	250	64	504	215	652	400	1001	3177
IBRD Cash, Securities & Delayed Deliveries:												
Change in Year		+201	-62	-154	+24	-196	+122	-138	+343	-33	-342	+305

- a/ Balance sheet entries, including related memo items, are as of the end of each fiscal year (June 30).  
b/ IBRD operations commenced on June 25, 1946; IDA operations on September 24, 1960.  
c/ Those loans which are guaranteed by Part I countries, as well as loans to IFC, are included in the Part I category.  
d/ Funded Debt includes amounts receivable from delayed delivery of bonds issued.  
e/ IBRD Transfers to IDA have been charged to IBRD Retained Earnings, and added to IDA's resources, in the year during which such transfers were "earned". Data for FY 1969-73 assume transfers of 50 percent of Net Income.  
f/ IBRD Capital subscribed but not called is \$20.7 billion.  
g/ For purposes of this table, IBRD Net Income is calculated before allocations to Special Reserve but after Net Losses from Devaluation.  
h/ IDA Unrestricted Subscriptions are contributions held in non-interest bearing notes and bank deposits. These amounts are immediately available for disbursement, but may not be invested in securities.  
i/ IDA Administrative Expenses include \$1 million in losses from devaluation in FY 1968; they assume a full sharing of IBRD/IDA joint costs effective July 1, 1969.  
j/ Undisbursed amounts include both effective and non-effective loans and credits, excluding amounts sold or agreed to be sold.

P & B  
5/14/69



487/4/188

May 20, 1969

Dear Mr. Chamberlain

I am grateful for your letter with its generous comments about my Notre Dame speech. Support such as yours provides encouragement for going forward with the necessary tasks ahead.

Thank you for taking the time to let me know your views.

Sincerely,

Robert S. McNamara

Mr. Thomas G. Chamberlain  
Chamberlain & Willi  
55 Liberty Street  
New York, New York 10005

/pay



487/4/187

May 20, 1969

Dear Mr. Niles:

It was kind of you to write me and I deeply appreciate your words of support. Letters such as yours are one of the rewards of public service.

Thank you for taking the time to let me know your views.

Sincerely,

Robert S. McNamara

Mr. Thomas Niles  
Capitol Hotel  
417 N. Clark Street  
Chicago, Illinois 60610

/pay



487/4/186

May 20, 1969

Dear Mrs. Gill:

I am grateful for your letter with its generous comments about my Notre Dame speech. Support such as yours provides encouragement for going forward with the necessary tasks ahead.

Thank you for taking the time to let me know your views.

Sincerely,

Robert S. McNamara

Mrs. Justin M. Gill  
217 Clinton Park  
San Francisco, Calif. 94103

/pay



487/4/185

May 19, 1969

Dear Mr. Muller:

You were most gracious to meet me at the airport and to host my visit to Copenhagen.

I was delighted to learn of your Government's plans for increasing the flow of economic aid to the developing countries. If we in the Bank can be of any assistance to you in connection with this program, please call upon us.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Otto Muller  
Permanent Under Secretary of State  
Ministry of Commerce  
Slotsholmsgade 12  
Copenhagen K. Denmark

cc: Mr. Hauge



487/4/184

May 19, 1969

Dear Governor Hoffmeyer:

I enjoyed very much our luncheon discussion which I hope we can resume during your visit here in September.

Because of your interest in the subject of population control, I am enclosing a copy of a speech I recently gave on this subject.

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. E. Hoffmeyer  
Governor of Danmarks Nationalbank  
Copenhagen, Denmark

cc: Mr. Hauge



487/4/183

May 19, 1969

Dear Mr. Minister:

I want to express to you again my deep gratitude for the cordiality and hospitality with which you and your colleagues greeted me during my brief stay in Copenhagen.

I was delighted to learn of your Government's plans for increasing economic aid to the developing countries. If at any time we in the Bank can be of assistance to you, in carrying out your program, please call upon us.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
K. Helveg Petersen  
Minister for Technical Cooperation  
with Developing Countries  
Copenhagen, Denmark

Enclosure

cc: Mr. Hauge



487/4/182  
MAY 19 1969

Dear Mr. Hidaka:

I want to thank you for your letter of May 8 informing me of your election to the post of President of the Bond Underwriters Association of Japan. I would like to congratulate you on this appointment and wish you success in your new position.

Sincerely,  
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Teru Hidaka  
President  
The Bond Underwriters Association  
(Koshasai Hikiuke Kyokai)  
Tokyo Shoken Kaikan  
1-14, Nihonbashi-Kayabacho, Chuo-Ku  
Tokyo, Japan

JKraske:rk  
IBRD-1h  
May 15, 1969



487/4/181

May 16, 1969

Dear Mr. Mehta:

I have just received, sent with your compliments, a copy of "Early Cola Bronzes" which you mentioned in your letter of February 13. This is an outstanding production and I appreciate the thought which lies behind your gift.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. G.L. Mehta  
The Industrial Credit and Investment  
Corporation of India, Ltd.  
163, Backbay Reclamation  
Bombay 1, India

Book to Mrs. McNamara

RBSteckhan:ml



487/4/180

HIS EXCELLENCY  
DR. B. J. UDINK  
MINISTER IN CHARGE OF DEVELOPMENT AID  
MINISTRY OF FOREIGN AFFAIRS  
THE HAGUE

MAY 16, 1969

FULL RATE

NETHERLANDS

I REGRET VERY MUCH THAT THE VOLUME OF BUSINESS NOW SCHEDULED FOR ACTION BY OUR BOARD IN JUNE, THE LAST MONTH OF OUR FISCAL YEAR, WILL MAKE IT IMPOSSIBLE FOR ME TO ATTEND THE SECOND TIDEWATER CONFERENCE. AM VERY PLEASED WILLIAM CLARK HAS BEEN INVITED; HE WILL BE PRESENT. BEST WISHES.

ROBERT S. MC NAMARA  
INTBAFRAD

Rainer B. Steckhan  
Office of the President

cc: William Clark, Information Dept.

RMcN:mss



487/4/178

May 15, 1969

Dear Mr. Petitpierre:

How very kind of you to send me a volume of photographs taken on the occasion of Mr. McNamara's visit to the SODELPALM plantations. On behalf of Mr. Clark and myself, I should like to thank you warmly for your kindness. I should also like to take this opportunity to tell you again how much I appreciated your hospitality.

With kind regards to Mrs. Petitpierre and yourself,

Sincerely,

Rainer B. Steckhan  
Personal Assistant to the President

Mr. Guy Petitpierre  
Societe Pour le Developpement et  
l'Exploitation du Palmier a Huile  
Direction Generale  
Boite Postal: 2049  
Abidjan, Ivory Coast

cc: Mr. Clark

RBS:ml



487/4/176

MAY 15 1969

Dear Mr. Antamoro:

Thank you for taking the time to visit with us last Wednesday. My colleagues and I very much enjoyed talking with you about your own and the Bank's work.

Unfortunately, we do not see just where you would fit into our staffing pattern right now. In the discussions, I think you became aware of some of the problems we have in placing a person of your seniority and experience. Nevertheless, I have asked our Personnel Department to keep you in mind and to get in touch with you should an appropriate vacancy materialize.

Again, many thanks for coming to see us.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Franco Antamoro  
530 Park Avenue  
New York, New York 10021

FGStone/KBusse:ss  
May 12, 1969

For Mr. McNamara's office



For: the Office of Mr. McNamara

487/4/175

MAY 15 1969

Dear Mr. Short:

Thank you very much for your letter of May 9, 1969.

I certainly expect to visit Uganda some time this year and I can assure you that I shall not miss the opportunity to see the Murchison Falls and acquaint myself with the prospective effects of the planned power development on the economy of Uganda.

In my letter of May 7, 1969 to you I mentioned that the Ugandans are aware of other possibilities for development of power and the Bank will naturally take these alternatives into account. I am sure that Uganda will favor the alternative which is deemed most economical from an overall point of view, not for power generation alone, but also for other sectors, in particular tourism.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Jeffrey R. Short, Jr.  
J.R. Short Milling Company  
20 North Wacker Drive  
Chicago 6, Illinois

AGE1 Emary/OMyhrer:rp

cc: Mr. Knapp



487/4/174

May 14, 1969

Dear Mr. Skillern:

Once again, may I say that I regret you have not had an answer to your letter of April 7 to Mr. McNamara requesting an interview on the subject of the Cuba missile crisis. Your letter has not been received here at the Bank.

Mr. McNamara is out of town. I know he would want me to tell you that since becoming President of the World Bank, an international, non-political organization, he has deemed it necessary to adopt a policy of not speaking on matters of a defense nature, either past or present. I am sorry that the response to your request cannot be more favorable for you.

Sincerely,

(Miss) Polly Yates  
Secretary to  
Mr. McNamara

Mr. William Skillern  
4442 N. Vacation Lane  
Arlington, Virginia 22207



487/4/173

MAY 14 1969

"For Mr. McNamara's Office"

U Thant  
Secretary-General  
United Nations  
New York, 10017

Dear Secretary-General:

I wish to acknowledge receipt of your letter of March 5, 1969, by which you transmit Resolution No. 2426 (XXIII), adopted by the General Assembly on December 18, 1968, 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.

In respect of operative paragraph 4, I would like to confirm that the Bank's position remains as set forth in the letter which my predecessor, Mr. Woods, wrote to you on August 18, 1967, a copy of which is attached for convenience.

Operative paragraph 5 recommends that the Bank "should withdraw the loans and credits it has granted to the Governments of Portugal and South Africa, which are being used by those Governments to suppress the national liberation movement in the Portuguese colonies and in Namibia, and against the African population of South Africa." The loans extended by the Bank to, or with the guarantee of, South Africa and Portugal, the most recent of which was made in 1966, were for specific projects of economic development and the Bank, in accordance with its normal practice, took appropriate steps to ensure that the proceeds of the loans would be used only for those projects.

The loans were made under formal loan or guarantee agreements which were entered into by the Bank with its Members in accordance with its Articles of Agreement and these agreements are registered with the United Nations Secretariat. There are no contractual or other legal grounds which would permit the Bank now to withdraw these loans.



You have drawn our attention to paragraph 8 of the resolution. While appreciating your kind offer of assistance pursuant to paragraph 8(a), we are unable under the circumstances to avail ourselves of it. We do not have, at this moment, any suggestions for the consideration of the Special Committee pursuant to paragraph 8(b).

Finally, I want to confirm that, as Mr. Woods assured you in the attached letter, it is the desire and intention of the Bank, despite its inability to comply with the particular resolution which is the subject of your letter, to cooperate with the United Nations to the maximum extent possible, consistent with its own mandate.

The resolution has been brought to the attention of the Executive Directors of the Bank and they have approved this letter.

Sincerely,

(Signed) Robert S. McNamara

Encl.

Robert S. McNamara

cc: Mr. Broches  
Mr. Consolo

Central Files with incoming correspondence

RHD:mmcd

May 12, 1969



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P  
Y

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

OFFICE OF THE PRESIDENT

August 18, 1967

My dear Secretary-General:

The Legal Counsel of the United Nations has, as your know, sent us a paper containing a closely reasoned legal argument why the World Bank should take certain actions under the General Assembly's requests for the withholding of economic assistance to Portugal and South Africa. The Bank's General Counsel has replied with legal arguments to show that, under the terms of its Agreement with the United Nations, the Bank is not obligated to comply with such requests and indeed, under the terms of its own Articles of Agreement, is not free to do so. The Legal Counsel of the United Nations has since written that he continues to adhere to his original views, to which the United Nations organs concerned will doubtless give great weight. However, the Executive Directors of the Bank who, as you know, are responsible for interpreting the Articles of Agreement, having carefully considered all the arguments advanced, have, although with some dissents, endorsed the position taken by the Bank's General Counsel. It seems to me unlikely that additional legal argumentation would change the situation.

In the circumstances, I should like at this point to leave legal argumentation aside and to assure you - and through you the various United Nations organs concerned - that the World Bank is keenly aware and proud of being part of the United Nations family. Its earnest desire is to cooperate with the United Nations by all legitimate means and, to the extent consistent with its Articles of Agreement, to avoid any action that might run counter to the fulfillment of the great purposes of the United Nations. I give you this assurance in the hope that it may be helpful in dissipating any misunderstanding of the Bank's attitude.

Sincerely yours,

/s/ George D. Woods

George D. Woods

U Thant  
Secretary-General of the  
United Nations  
United Nations, New York



487/4/172  
May 13, 1969

Meeting of Mr. McNamara and Messrs. Oris V. Wells (Deputy Director-General), Pierre Tervier (Director Development Department), Henry Ergas (Director Investment Center), Forbes-Watt and others, at FAO Headquarters, Rome, on Tuesday, April 29, 1969, from 11:00 a.m. to 12:00 noon.

Mr. Ergas welcomed Mr. McNamara to the Investment Center of FAO. Mr. McNamara in reply said he was delighted to meet with Mr. Ergas and the staff of the Bank/FAO Cooperative Program and to learn more about its work. At Mr. McNamara's request, Mr. Ergas outlined the organization and work of the Investment Center and explained that 99% of the work of the Center was devoted to the Cooperative Program. The Center was divided into four area divisions (Africa, Asia, Latin America and Middle East) and one pool of experts. At present 36 professionals were working for the Program and their number was expected to increase to 42 by June 30. Offers for staff positions had been made to six candidates and negotiations with them were well advanced. Mr. Ergas pointed out that the Cooperative Program was able to absorb new staff quickly since most of its staff were recruited from within FAO and was, therefore, already familiar with developmental work in the field of agriculture.

Mr. Ergas emphasized that the FAO staff liked to feel as part of the World Bank family and wished to be increasingly identified with its work. Jokingly, he added it might be worth considering whether his Center should be located in Washington or whether, alternatively, the Bank's Agricultural Projects Department should be stationed in Rome. Mr. McNamara commented that the present arrangement worked well and that, in fact, the FAO team was increasingly integrated in the Bank's work.

In this connection, Mr. Ergas urged Mr. McNamara to give his team a role in the Bank's policy formulation. The present practice of the Bank was to formulate its policies and agricultural lending programs without consulting FAO and FAO was only allowed to discuss with the Bank the allocation of personnel. He continued to say that FAO had started on its own to prepare policy papers on countries and that the need for more "harmonization" between the policies adopted in Rome and Washington had become more urgent. In reply, Mr. McNamara pointed out that a "harmonization" of policies would generally come through increased participation of FAO staff in Bank missions, especially in general economic review missions. Mr. McNamara explained that the Bank planned to send regular annual review missions to major countries and the FAO team would be increasingly called upon to provide staff for these missions. This would provide even more opportunities for FAO to state its views.

Mr. McNamara then referred back to the policy papers Mr. Ergas had previously mentioned. Mr. Forbes-Watt, who appeared exceedingly competent, explained FAO's approach using Thailand and Brazil as illustrations. In general, FAO reviewed in a given country the agricultural programs carried out in the past five years, the plans for development of agriculture in the future and the type and magnitude of external assistance needed to carry out sound plans. In the northeast of Thailand, for example, there was an obvious need for soil conservation and rice farming and possibly livestock. Thailand, however, had failed so far to develop an integrated plan for the development of the northeast and such a plan was badly needed.

Mr. Ergas intervened to say that it was difficult for FAO to make plans for the development of agriculture in Thailand as long as the extent of the contemplated Bank involvement in the Mekong Basin and its effect on Thailand was unknown to FAO.



He made this point only to illustrate the need for increased cooperation between IBRD and his team in general and for a joint Bank/FAO task force for Southeast Asia in particular. Mr. McNamara commented that any plans for the development of the Mekong Basin would not influence the northeast of Thailand, at least not for the next 10 years.

Mr. McNamara then enquired about FAO's views on the northeast of Brazil. Mr. Forbes-Watt thought that the San Francisco area was a promising one for Bank investment. Mr. McNamara interjected that the Bank could not invest in low-yielding projects and, during his visit to Petrolina, he was told that the return on agricultural projects there would not be high. The Bank would consider a rate of return of 12% as satisfactory but he, Mr. McNamara, would not recommend to the Board any projects with a rate of return below 8%. Mr. Ergas agreed that the Bank rightly insisted on a satisfactory rate of return and Mr. Forbes-Watt added that, in the case of the San Francisco River, the UNDP study which showed a low rate of return was actually wrong and had to be revised. Moreover, most of the present projects in that area were ill-defined and too small. FAO, Mr. Forbes-Watt explained, felt there was a need to build up a pipeline of large-scale agricultural projects especially in that area and preliminary investigations had shown that high-yielding projects could be found. Mr. McNamara welcomed that approach, especially since the Bank was willing to step up lending to Brazil, assuming her over-all performance was satisfactory, and therefore a pipeline of good projects, especially in the northeast, was needed.

Mr. McNamara then turned to Indonesia. Mr. Ergas emphasized that FAO had a very close and satisfactory relationship with the Bank's resident mission. At present FAO, in consultation with Bernie Bell, was preparing a tunafish project, a seed production project and might start to explore the possibilities for livestock.

Turning to another subject, Mr. McNamara asked about FAO's relationship with UNDP. Mr. Ergas explained that FAO was given an opportunity to comment on all requests submitted to UNDP for financing prior to a decision. In fact, in more than 50% of all cases FAO would have taken a different decision than UNDP on these requests. Mr. Ergas agreed with Mr. McNamara that the most important problem for the future was to influence UNDP to approve sound and project-oriented studies. Mr. Forbes-Watt added that UNDP had a tendency to look at vast areas, such as river basins, instead of concentrating on sound and well defined projects and sometimes UNDP went to the other extreme of working out projects which were too small to have any impact, for instance demonstration farms.

Mr. Ergas then called in the whole staff of the Cooperative Program and Mr. McNamara, at Mr. Ergas' request, outlined the Bank's program in the agricultural sector and the importance of FAO's contribution. He then concluded by saying that he was looking forward to an increased participation of FAO both in project preparation and in the formulation of agricultural development plans for member countries. Mr. McNamara's statement was followed by a very brief question and answer period.

Rainer B. Steckhan



487/4/171

May 13, 1969

Dear Mr. Hammoud:

This is to acknowledge receipt of a letter from His Excellency Hassan Abbas Zaki to Mr. McNamara. This letter will be submitted to Mr. McNamara as soon as he returns from his visit to Kuwait.

With kind regards,

Sincerely,

Rainer B. Steckhan  
Personal Assistant to Mr. McNamara

Mr. A. Hammoud  
Embassy of India  
United Arab Republic  
Interests Section  
2215 Wyoming Avenue, N.W.  
Washington, D.C. 20008

RBS:ml



487/4/170

May 7, 1969

His Excellency  
Dr. Carlos Lleras Restrepo  
President of Colombia  
Bogota, Colombia

Dear Mr. President:

As indicated in Mr. Wiese's letter of April 28, we have had under active consideration the proposal in your letter of April 11 for increased Bank lending in the highway sector. I have also reviewed your proposal in the light of the Bank's over-all lending program and of its lending to Colombia in particular.

On present plans, the Bank's lending for projects in Colombia will be about \$100 million in each of the fiscal years 1969, 1970, and 1971--by comparison, the Bank's lending to Colombia averaged about \$32 million annually in the previous five years, and in no year did it exceed \$50 million. Moreover, the lending we plan in Colombia for the fiscal years 1969, 1970 and 1971 will be about one-third of the total commitments that your Government intends to obtain from members of the Consultative Group. The Bank already holds one-third of Colombia's total external public debt. We feel that it would be inappropriate if this proportion were allowed to increase. One of the objectives of the Consultative Group is that Colombia should place the external financing of its development program on a broader base.

The composition of the Bank's original lending program for fiscal 1970 was largely settled in consultation with your Government at the time of the Consultative Group meeting last January. The principal alterations in the program since that time have been increases in the amount of Bank lending for highways, following our discussions with the Minister of Public Works in Bogota and the subsequent visit of the highway mission referred to in your letter. We can now foresee lending about \$30 million for highways in FY1970 and about \$25 million in FY1971. Of this, about \$20 million would be for a paving project in FY1970, which would have a high proportion of local costs and would be rapidly disbursing. This appears to be the maximum amount of lending which it would be feasible for the Bank to commit for highways in the next couple of years.

I understand that, in addition to the \$55 million of planned new Bank lending for highways, there is in prospect about another \$30 million of financing for highways in the coming year from the Inter-American Bank and from suppliers. This \$85 million of prospective new lending for highways, added to \$30 million of Bank and IDB loans for highways committed in 1968, constitutes a very substantial increase in the proportion of the Colombian highway program being financed externally.



We understand the concern of your Government to protect the level of development activity which has been built up in recent years, by adequate external financing. We ourselves intend to give our support to this program, as far as we can, and look forward to the continuation of Colombian policies appropriate as a basis for this support.

I look forward to discussing these matters with you during your forthcoming visit to Washington.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

cc: Ambassador Misael Pastrana

Cleared with and cc: Messrs. Knapp  
Wiese  
North

cc: Messrs. Leibert  
Teigeiro  
Dr. Virgilio Barco

RMFrost:MLWeiner:RSMcNamara:ml



487/4/169

MAY 7 1969

Dear Mr. Minister:

Thank you very much for the kind invitation you have sent to me and Mrs. McNamara on behalf of your Government to visit Iran. I accept this with great pleasure. My plans for traveling in the remainder of this year are not yet clear, but as soon as they become so I will write suggesting a time. It is my hope and expectation that the Bank's relations with your country will be even closer in the future than they have been in the past and I am anxious that I should have an opportunity as early as possible to acquire a deeper knowledge of your economic development plans.

My best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Dr. Jamshid Amouzegar  
Minister of Finance  
Ministry of Finance  
Tehran, Iran

cc: ✓ Mr. McNamara's Office (2), Mr. Eschenberg

IPMCargill:jgt



487/4/168

May 7, 1969

Dear Mr. Minister:

I write to thank you for your letter of May 2nd with which you sent me a formal notification that the Government of Japan would make its contribution to the Second Replenishment of IDA in accordance with the terms of the Resolution on Additions to IDA Resources: Second Replenishment. We are very glad, indeed, to receive this notification from the Japanese Government.

At the same time, I have been most gratified to learn from your Executive Director, Mr. Hideo Suzuki, that it is the intention of your Government to pay to IDA, in the form of a note or notes, the first instalment of Japan's contribution in advance of the date when the Second Replenishment becomes effective. The conditions which you attach to this action are entirely acceptable to me and we have circulated to the Executive Directors a draft resolution authorizing the Association to accept your contribution.

These actions by the Japanese Government have been most welcome not only as an expression of your continuing support for IDA but also because they will enable us to commit additional funds in the present fiscal year and thus maintain, so far as possible, the level of IDA's operations.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Takeo Fukuda  
Minister of Finance  
Ministry of Finance  
Tokyo, Japan

DHFRickett:emcc

For Mr. McNamara's office

c.c. Messrs. Knapp, Friedman, Broches/Nurick, Wm. Clark



For: the Office of Mr. McNamara

4874/167  
MAY 7 1969

Dear Mr. Short:

I am in receipt of your letter dated April 8 and the attachment. In reply I should like to reiterate what Mr. El Emery stated in his previous letters to you viz., that efforts are being made to ensure that, if the project is approved, the proposed power station at Murchison Falls would be designed and constructed in such a way that damage to wildlife and other attractions in the area is minimized.

I have been advised by my staff that, in recent months, the Uganda Government has taken a number of decisions aimed at preserving the various attractions in the Murchison Falls area. In the first place, studies have been commissioned by the Government by experts in the field, including scholars from abroad, on potential dangers of every kind - geological, zoological, ecological - which might be associated with the project.

It has also been decided that, in order to minimize the disturbance to wildlife, the labor force would live 20 miles from the site outside the park. Further, particular attention is being paid to the preservation of visual amenities by landscaping and possibly by regulating the flow of water over the falls. Trial drillings are being made to determine the feasibility of a power house underground.

You observe that power could be obtained elsewhere. The Ugandans are indeed aware of other possibilities and will explore them. That being said, in the light of measures already taken, I feel we have little evidence that the Uganda Government does not appreciate the importance of preserving the natural and wildlife attractions in the area or that it is indifferent to the need for taking appropriate measures in this regard.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Jeffrey R. Short, Jr.  
J.R. Short Milling Company  
20 North Wacker Drive  
Chicago 60606, Illinois

KGVKrishna/JHWilliams:rp



487/4/166

MAY 7 1969

Dear Mr. President:

Thank you very much for your letter of April 25 requesting that the International Development Association consider joining with the African Development Bank in helping to finance the Tedzani hydroelectric scheme.

Our examination of the Tedzani project in 1968 led us to conclude that it was a sound project. Our decision to postpone consideration of it was based, not on any doubt about its merits, but, as you yourself recall, on our desire to have a "clearer picture of development in the general economic and financial situation."

I am quite ready to have my staff review the economic and financial situation with your Ministers and officials as soon as possible, with a view to reconsidering our position on the Tedzani project. You have suggested that your Minister of Finance come to Washington. I appreciate that suggestion, but I believe that it may be more fruitful if in the first instance our staff go to Malawi. Accordingly I have asked Mr. El Emery to work out the appropriate arrangements with your Minister of Finance, to whom he will be writing shortly.

With my kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Dr. H. Kamuzu Banda  
President of the Republic of Malawi  
State House  
Zomba, Malawi

JHWilliams:mk  
May 6, 1969



487/4/165

BILDERBERG MEETINGS  
c/o HOTEL MARIENLYST  
ELSINORE

MAY 6, 1969

FULL RATE

DENMARK

MR. McNAMARA PLANS MEETINGS WITH DANISH GOVERNMENT OFFICIALS FOLLOWING  
ARRIVAL COPENHAGEN 0845 THURSDAY ON SK912. WOULD IT BE POSSIBLE TO ARRANGE  
FOR YOUR REPRESENTATIVE TO MEET MR. McNAMARA AT HOTEL ROYAL AT 1500 HOURS  
THURSDAY FOR TRANSFER TO MARIENLYST? PLEASE CONFIRM SOONEST.

RAINER B. STECKHAN  
PERSONAL ASSISTANT

Rainer B. Steckhan  
Office of the President

RBS:mss



487/4/163

MAY 5 1969

Dear Mr. Minister:

I thank you for your invitation to participate in the Symposium on Urban Development.

Unfortunately, due to previous commitments I shall not be able to attend. I will be glad, however, to have the Bank's staff review the documents to be presented in the Symposium and in particular the Urban Development Plan for San Salvador "METROPLAN 1980."

I would suggest that you send the relevant documentation to Mr. Humayun Mirza, Chief, Central American Division, Western Hemisphere Department, International Bank for Reconstruction and Development.

With kind regards.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Ing. Enrique Cuellar  
Ministro de Obras Publicas  
San Salvador, El Salvador

cc: Ing. Oscar Hostas Mesa,  
Coordinador Ejecutivo del  
Simposio de Desarrollo  
Metropolitano

Mr. Steckhan

Cleared in substance with and cc: Mr. Roth

ELari:rmf  
May 2, 1969



MAY 5 1969

487/4/162

Dear Mr. Wilson:

Thank you for your letter of April 23, 1969, regarding the proposed power station at Murchison Falls and studies to regulate the flow of water over the Falls for the benefit of tourists.

Let me reemphasize what I said to Judge Train in October 1968, that in considering this project we intend to weigh fully all the possible effects on wildlife and natural attractiveness of building a dam at Murchison Falls. In reference to your particular point about possible dangers to river life downstream from raising and lowering water levels, it is our present understanding that variation in the flow of water over the Falls itself would not affect the water level below the Falls. The discharge tunnels of the proposed hydro-electric power station would be located immediately below the Falls, and the combined flow through the tunnel and over the Falls would be maintained at a constant level, even if the distribution of water between them varies.

Please accept my assurance that we will consider all the ramifications of the proposed Murchison Falls project before decisions are taken in this important matter.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Gordon Wilson  
Executive Director  
African Wildlife  
Leadership Foundation  
1250 Connecticut Avenue, N.W.  
Washington, D. C. 20036

DGRitche:plp  
5/2/69



487/4 /161

Distribution Below

May 2, 1969

Robert S. McNamara

Improving Data on Agriculture, Education,  
Nutrition, and Population

You have recently received copies of tables, prepared at my request, giving data for less developed countries on the above subjects. The Comparative Data Unit of the Economics Department prepared these tables and will update and improve them from time to time. In order to help the Data Unit, I would like the chiefs of economic missions, before their departure, to discuss with Mr. Levy the possibility of the mission's obtaining better data in one or more of these areas. This practice should also be observed by other missions (e.g., agricultural and education projects) when they can obtain useful information without diverting a major part of their efforts to this purpose.

Distribution:

- Mr. Knapp
- Mr. Aldewereld
- Mr. Broches
- Mr. Demuth
- Mr. Friedman
- Mr. Rickett
- Mr. Shoab
- Mr. Alter
- Mr. Ballantine
- Mr. Baum
- Mr. Cargill
- Mr. Chadenet
- Mr. Chaufournier
- Mr. Diamond
- Mr. El Emery
- Mr. Evans
- Mr. Goodman
- Mr. Kamarck
- Mr. Knox
- Mr. Lejeune
- Mr. Sadove

cc: Mr. McNamara ✓

RCKValtzLaj



For: the Office of Mr. McNamara

487/4 / 160

MAY 2 1969

Dear Mr. President:

I am pleased to inform you that successful negotiations have recently taken place in Washington between the World Bank and a delegation from East Africa for a Bank loan of \$35 million to help finance the 1969-72 development program of the East African Harbours Corporation. This program, which provides for substantial expenditure on the expansion and modernization of port facilities at both Dar es Salaam and Mombasa, is urgently required for the continued economic progress of the three member states of the East African Community and their immediate, land-locked neighbors. In our view, no time should be lost in proceeding with the project, and we will do all we can to ensure that the arrangements for the proposed loan are finalized at the earliest possible date.

Since the East African Harbours Corporation would be the borrower and executing agency for the loan, however, you will appreciate that the loan could not be signed until after the new Corporation has been fully constituted on the "appointed day" to be set by the Heads of State of Kenya, Tanzania and Uganda. I very much hope, therefore, that the "appointed day" will be agreed and will occur in the near future. The processing of the loan proposal could then be quickly completed and the necessary finance made available for the harbors development program to go forward as soon as possible.

I understand that it is proposed that the Authority of the Community should meet shortly and that the question of the "appointed day" will then be considered. In conveying my hope that this meeting will be productive, I want to assure you that the Bank continues to stand ready to cooperate with the Community in every way possible to further its objectives.

With my kindest regards,

Sincerely,

ROBERT S. McNAMARA

Robert S. McNamara

The Honorable  
A. Milton Obote  
President  
P. O. Box 11  
Entebbe  
Uganda

RClements:rp



For: the Office of Mr. McNamara

MAY 2 1969

487/4 / 159

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With my kindest regards,

Sincerely,

ROBERT S. McNAMARA

Robert S. McNamara

The Honorable  
Julius K. Nyerere  
President  
The State House  
P. O. Box 9120  
Dar es Salaam  
Tanzania

RClements:rp



For: the Office of Mr. McNamara

487/4/158

MAY 2 1969

Dear Mr. President:

I am pleased to inform you that successful negotiations have recently taken place in Washington between the World Bank and a delegation from East Africa for a Bank loan of \$35 million to help finance the 1969-72 development program of the East African Harbours Corporation. This program, which provides for substantial expenditure on the expansion and modernization of port facilities at both Dar es Salaam and Mombasa, is urgently required for the continued economic progress of the three member states of the East African Community and their immediate, land-locked neighbors. In our view, no time should be lost in proceeding with the project, and we will do all we can to ensure that the arrangements for the proposed loan are finalized at the earliest possible date.

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With my kindest regards,

Sincerely,

ROBERT S. McNAMARA

Robert S. McNamara

The Honorable  
Mzee Jomo Kenyatta  
President and Minister of State  
for Foreign Affairs  
State House  
P. O. Box 530  
Nairobi  
Kenya

RClements:rp



487/4/156

MAY 2 1969

Dear Mr. President:

Thank you for your letter of April 24, Number 8690, about the education project that we now have under consideration. I can assure you that our mission's Appraisal Report, now in preparation, will receive prompt and careful study within the Bank so that we can move ahead rapidly toward negotiation of a loan for the project which, I realize, is of great importance to your country's future development.

I am most interested in the views you have expressed in your letter about the educational television part of the project. I am glad to confirm that the Bank will be represented at the meeting in Paris on May 13 at which your Government and all other interested parties will be present and that our representative will be ready to discuss all the issues involved.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Felix Houphouët-Boigny  
President of the Republic  
Abidjan  
Ivory Coast

SNMcIvor:ptv  
April 30, 1969

Cleared with and cc: Mr. Ballantine  
(Education Proj. Dept.)



487/4/155

May 2, 1969

Dear George:

On my return to the United States I am anxious to thank you most warmly for the pleasures of the Conference at Bellagio.

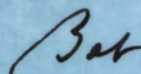
Partly, of course, these were the beauty of the spot and the air of relaxation that accompanied the Conference, but I must say that I have very rarely been to any Conference at which I was given more food for thought. I also hope that some of the ideas that emerged from this Conference will be put into effect before too long.

As I assured you at the meeting, the World Bank is most interested in the establishment of institutes, like the IRRI, which will carry forward knowledge of the best ways in which development can be achieved.

When I see what an impact the new seeds have had on the world in which we now live, I feel envious of the security of your place in history.

With renewed thanks,

Sincerely,



Robert S. McNamara

Mr. J. George Harrar  
President  
Rockefeller Foundation  
111 West 50th Street  
New York, N.Y. 10020

WDC:RMcN:mss



487/4 152

MAY 1 1969

To: Mr. Mohamed Nassim Kochman  
From: Robert S. McNamara (Signed) Robert S. McNamara  
Subject: Community Development

Thank you for your thoughtful memorandum of April 10 on the subject of community development. The materials attached to your memorandum make a strong case that both economic and social development can be accelerated by well-planned and well-executed community programs designed to train village people how to improve their environment and improve the efficiency of their labors and perhaps also to help them financially to start small businesses, to install community services, etc.

I have considerable doubt, however, as to the practicability of the Bank's becoming directly involved in financing these programs. The amounts of money needed are relatively small; the foreign exchange requirements are even smaller. Moreover, it would be extremely difficult for the Bank effectively to supervise the use of proceeds of a loan given to support a program involving community development in numerous small villages. In those few instances in the past when we have investigated projects of the community development kind we have found them unlikely to provide returns to the economy as good as those available from alternative investments.

Nonetheless, in connection with the staff study being undertaken of our policies in the field of education, we will be giving consideration to the problems of training rural populations. After that study is completed, we may have a clearer picture concerning what, if anything, we can and should do in support of community development programs.

RHDemuth:tf

Cleared with and cc: Mr. Evans

For Mr. McNamara's Office ✓



487/4/151

April 30, 1969

Dear Henry:

Just a brief note of thanks for your hospitality. I have talked to Reginald Clarke, Assistant Director of Personnel, who will be delighted to supply you with information on the low turnover of Young Professionals when you are next in Washington.

As you know, Mr. McNamara found the FAO meeting with you very interesting and came away much impressed by the caliber of your staff. I am looking forward to receiving from you a little note on the names of the participants of this meeting.

Sincerely,

Rainer B. Steckhan  
Personal Assistant to Mr. McNamara

Mr. Henry Ergas  
Director Investment Center  
Food and Agriculture Organization  
of the United Nations  
Via delle terme di Caracalla  
Rome, Italy

cc: Mr. Clarke

RBS:ml



RES 4/30  
487/4/150

April 30, 1969

MEMORANDUM FOR MR. ALDEWERELD

When you have time (preferably before 7/1/69), please organize a meeting of Messrs. Knapp, Alter, Chadenet, Evans, yourself and myself to review our plans for agricultural projects in Northeast Brazil.

Robert S. McNamara



RBS 4/30  
487/4/49

April 30, 1969

MEMORANDUM FOR MR. FRIEDMAN

Have you read the recent statements on agriculture by Lester Brown (a speech at Kansas State University on 12/3/68) and Clifton R. Wharton, Jr. (April '69 Foreign Affairs)? Do we have the capacity within the Bank to prepare such reports in the field of agricultural economics? If not, should we not develop such a capacity -- where should it be placed?

Robert S. McNamara



RBS 4/30

487/4/147

April 30, 1969

MEMORANDUM FOR MR. ALDEWERELD

Have you or Gene Rotberg had an opportunity to contact the man Gene Black recommended for the New York office?

Robert S. McNamara



487/4/146

RAINER STECKHAN

APRIL 22, 1969

HANNOVER--KIRCHRODE

FULL RATE

BORCHERSSTRASSE 33

GERMANY (TELEPHONE 52-13-33)

1

MR ROTA ADVISES MINISTER COLOMBO WILL RECEIVE MR MCNAMARA TUESDAY  
APRIL TWENTYNINE AT TEN A.M. PLEASE CONFIRM

MURIEL LEE

INTBAFRAD

Muriel Lee

cc: Mr. Rota

Office of President



487/4/44

April 22, 1969

Dear Mr. Pré:

This is to thank you for your letter of April 8, and the invitation to attend the inauguration of the mining and port facilities of the Compagnie des Potasses du Congo.

I should like to congratulate you for the completion of the work and the start of potash production on schedule. However, I regret that I shall not be able to attend the inaugural celebrations.

Please accept my best wishes for the success of your undertaking and the future of your company.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Roland Pré, Chairman  
Compagnie des Potasses du Congo  
31 Avenue de l'Opera  
Paris, France.

AMaillard/Lenfant:gl  
cc: Mr. Chauffournier



487/4/143

APR 21 1969

Dear Mr. President:

I have read with great interest and concern your letter of February 17, which unfortunately reached me only on April 15, informing me of the status of the fight being waged against Onchocercosis in seven countries of Western Africa and of the plans for continuing and extending the campaign. I have also taken note of the special emphasis you lay on the problems affecting the western regions of your country.

I am very conscious of the human and economic problems raised by this disease and you are no doubt aware that on several occasions the Bank has been in touch with various competent organizations which are keenly interested in this problem.

The documents enclosed with your letter do not enable us to assess fully all aspects of the question, nor to make specific comments on the measures which are envisaged. Before we can evaluate in a positive way the scope for action by the World Bank Group, we would want to study the problem more closely. May I therefore ask you to send me the report of the preliminary study now under way in Western Africa as soon as it becomes available.

At this stage, it is my wish to assure you that the problem has my attention and sympathetic interest, and that I shall be writing to you again after the above-mentioned study has been reviewed in the Bank.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Yoro Diakité  
President of the Republic  
Bamako  
Mali

MJPaijmans :pmc  
April 18, 1969

cc: Messrs. Kahangi (with copy of incoming letter)  
Shoaib  
Rist o/r



1 - RBS <sup>RBS 4/21</sup>  
2 - Chron  
487/4/142

April 21, 1969

MEMORANDUM FOR MR. FRIEDMAN

The monthly report on professional staff personnel shows a total strength in the Economics Staff, as of March 31, 1969, of 89 against a June 30, 1969 budget of 123, including the 3 budgeted positions in Avramovic's group. In comparison with these figures, I understand you have proposed a budgeted strength for June 30, 1970 of 186. I doubt very much whether it would be possible for you and Andy to absorb within the Economics Staff an increase of more than 40% (123 minus 89) during the next 15 months. Therefore, while I am away this week, please develop for my review upon my return a distribution of a total budgeted strength of 123 as of June 30, 1970 among the divisions of the Economics Department and the Economics Study Groups. Allot from the total a strength of 18 to the "sector and project" division, an increase of 4 above the currently budgeted level, to insure that its strength is adequate to support the expanded workload of the Projects Department.

I realize you would be reluctant to accept a budget of 123 for June 30, 1970, but I think we must recognize that our most important problem in the Economics Staff at present is to put in place the 40% expansion presently authorized and to administer the resultant group of 123 highly qualified economists in such a way that they make a maximum contribution to the operations of the Bank. That should be our objective the next 15 months. If we accomplish it, it will be a magnificent performance indeed.

Robert S. McNamara

cc: Mr. Adler



487/4/141

APR 21 1969

His Excellency  
Albert Bernard Bongo  
President of the Republic of Gabon  
President, Union Douanière et  
Economique de l'Afrique Centrale

Dear Mr. President:

This is to thank you for your letter of March 27, 1969 concerning the letter from his Excellency Jean-Bedel Bokassa of January 11, 1968 supporting the request made by UDEAC to set up a regional office of the World Bank in Central Africa.

As my predecessor, Mr. George Woods pointed out in his answer of February 1, 1968, we understand and share the wish of the Governments of the UDEAC for an expansion of our work in the area. It is with this purpose in mind that the World Bank strengthened its Africa Department originally created in 1962, by setting up two Permanent Missions in Western and Eastern Africa with offices in Abidjan and Nairobi respectively with the view to helping member countries to identify and prepare projects for possible Bank or IDA financing.

Within the limit set by available staff, the two Permanent Missions are at the disposal of all the member countries of their region. Abidjan and Nairobi were selected because of their central location and the convenience of air connections with the other capital cities in these regions.

Anxious to improve the collaboration between the World Bank and the Permanent Missions on the one hand, and the African Governments on the other, we considered a new approach. In order to improve the efficiency of our work and after reviewing the best means of carrying out our responsibilities towards all our members in Africa, we decided at the end of last year to divide the Africa Department of the Bank into two new Departments. In so doing, we naturally reconsidered the functions of our two Permanent Missions together with the possibility of creating other resident missions, in the light of the needs of our member countries and of the assistance which we are able to give them.

As a result of this review, it was decided to strengthen the work of the Bank by increasing its staff both in Abidjan and Nairobi, and in Washington. Mr. Kochman, the Executive Director of the Bank for your country has often brought up in discussions we have had the matter of the creation of a third mission. He is being kept closely informed of the steps we are taking to make our operations more effective.



His Excellency  
Albert Bernard Bongo

- 2 -

As a result of our current recruiting efforts, our staff in Abidjan will increase substantially and we shall be able to help more effectively our member countries in the area. In addition, we are planning to increase the number of missions sent out from Washington to carry out sector studies and identify and prepare projects. These missions are naturally intended to supplement the work of our Permanent Mission in Abidjan. In so doing, one of our primary concerns will be to improve cooperation and coordination between ourselves and the other Institutions which provide technical assistance, in particular the UNDP.

For the time being, the expansion of our activities is still limited by availability of staff. However, we are confident that our recruitment efforts will gradually improve this state of affairs.

It is only after a period of time that, in the light of the results of the new policy we have just introduced, we will be able to judge the possible merits of a new approach such as that involving the creation of another Permanent Mission.

You may rest assured, Mr. President, that our primary purpose is to intensify the work of project identification and preparation in order to enable the Bank and IDA to increase their contribution to the financing of development in Africa. I would be grateful if you would inform the other Governments of UDEAC of this objective and of the methods of our policy towards Africa.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JLenfant:hpb

Discussed with Mr. Kochman

cc: Mr. Knapp  
Mr. Kochman  
Mr. Demuth  
Mr. El Emary (Cleared with Mr. Williams)  
Mr. Lejeune



487/4/140

APR 21 1969

Dear Pierre-Paul:

Thank you for sending me a copy of Minister Bonvin's letter to you concerning the bridging of the Bosphorus. I am attaching a copy of my reply for your information.

As you will note, I am unable to be of much encouragement regarding the construction in the near future of a railway link across the Bosphorus between Europe and Asia.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Pierre-Paul Schweitzer  
Managing Director  
International Monetary Fund  
Washington, D.C.

c.c. Mr. McNamara's office (2)

IMWright/MPBenjen:ls  
April 18, 1969



487/4/139  
APR 21 1969

Dear Mr. Minister:

Pierre-Paul Schweitzer has passed on to me a copy of your letter to him of February 18, 1969, concerning the possibility of constructing a European/Asian rail link across the proposed Bosphorus bridge.

The Government of Turkey has not approached the World Bank for assistance in financing this bridge, and it is our understanding that the authorities wish to seek funds for its construction through an international consortium of other donors. Our knowledge of this project and the state of the design engineering is limited, but we understand that it is well advanced, and that a railway crossing has not been included.

Since no financing has been requested from the Bank and we know little about it, we are not in a position to express a view on the question.

Sincerely,  
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Roger Bonvin  
Conseiller Fédéral  
Département Fédéral des Transports  
et Communications, et de l'Energie  
Berne, Switzerland

c.c. Mr. McNamara's office (2)

MPBenjenk/MLLejeune:ls  
April 21, 1969



487/4/138

HIS EXCELLENCY  
Jamshid Amouzegar  
MINISTER OF FINANCE  
TEHRAN

APRIL 18, 1969

LT

IRAN

IT WAS MY GREAT PLEASURE TO SIGN THE DEZ IRRIGATION LOAN TODAY STOP LOOK  
FORWARD TO CONTINUED CLOSE RELATIONS WITH IRAN STOP HAVE ALSO CABLED SIMILAR  
MESSAGES TO MINISTER OF WATER AND POWER STOP REGARDS

MCNAMARA

Rainer B. Steckhan

cc: Messrs. Cargill, Lejeune, Cancio  
Darnell



487/4/137

HIS EXCELLENCY  
MEHDI SAMII  
BARNAMEH  
TEHRAN

APRIL 18, 1969

LT

IRAN

GLAD TO INFORM YOU DEZ IRRIGATION LOAN SIGNED TODAY STOP MESSAGE  
ALSO CABLED TO MINISTER OF FINANCE AND MINISTER OF WATER AND POWER STOP  
LOOKING FORWARD TO MEETING YOU IN WASHINGTON REGARDS

MCHAMARA

Rainer B. Steckhan

cc: Messrs. Cargill, Lejeune, Cancio  
Darnell



497/4/136

HIS EXCELLENCY  
MANSUR ROHANI  
MINISTER OF WATER AND POWER  
TEHRAN

APRIL 18, 1969

LT

IRAN

IT WAS MY GREAT PLEASURE TO SIGN THE DEZ IRRIGATION LOAN TODAY STOP HAVE  
CABLED SIMILAR MESSAGE TO FINANCE MINISTER AS GOVERNOR OF IERD STOP GRATEFUL  
YOU CONVEY NEWS TO VAHIDI STOP WISH YOU AND HIM EVERY SUCCESS IN EXECUTION  
OF PROJECT REGARDS

MCNAMARA

Rainer B. Steckhan

cc: Messrs. Cargill, Lejeune,  
Cancio, Darnell



487/4/135

April 18, 1969

MEMORANDUM FOR MR. RAJ

As part of my review of the Bank Group program for fiscal 1970, and for the five-year period 1970 through 1974, I shall want to examine IFC data. Therefore, will you please bring up to date the IFC figures on the attached Table I and add data for 1974. In addition, please provide me with IFC personnel data as of the end of each fiscal year for the fiscal years 1967 through 1974 in the following categories: professional personnel on duty; the number of additional positions to which professional personnel are firmly committed but not yet on duty; and the same categories for non-professional personnel. Further, may I have for each of the fiscal years 1967 through 1974 actual or estimated personnel separations broken down into professional and non-professional categories.

Would it be possible for me to receive the data referred to above by April 29?

Robert S. McNamara

Enclosure

(Table I: World Bank Group: Financial and Operating Data by Fiscal Year)

RMcN:mss

cc: Mr. Adler



487/4/134

For Mr. McNamara's Office

April 18, 1969

Your Imperial Majesty:

It gave me great personal pleasure today to sign the \$30 million Loan for Stage I of the Dez Irrigation Project. We are proud to have been able to participate in the earlier phase of this development in the Khuzestan which was begun in the mid-1950's and assisted by a \$42 million loan from the Bank in 1960. Now a new stage of development is beginning and, once again, we have been able to provide financial assistance. The proposed introduction of large-scale commercial farming provides a new dimension in the modernization of agriculture in the area and will complement the parallel, and equally important, efforts to raise the productivity of the smaller farmers.

I certainly welcome the opportunity I had to meet Your Imperial Majesty in Washington earlier this month, and I am looking forward to visiting Iran later this year.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Imperial Majesty  
The Shahanshah of Iran  
Tehran  
Iran

GBVotaw:vr  
cc:Mr. S. Osman Ali



4874/133  
APR 18 1969

His Excellency  
Tsehafe Tezaz Aklilu Habte Wold  
Prime Minister  
Addis Ababa, Ethiopia

Dear Mr. Prime Minister:

I was glad to receive your letter of April 2 setting out your Government's preliminary assessment of the financial and economic problems facing Ethiopia and the directions in which you are seeking solutions. Mr. Burney has also reported on his recent talks with you and your colleagues.

I note the immediate actions that have been taken to resume work on development projects and I share your hope that time lost can be speedily recovered. The steps already taken or being taken in accordance with the advice of the IMF will help to ease the immediate financial strain but I recognize that the policy and institutional changes required to tackle its underlying causes will take time and, I might add, considerable determination. I was therefore encouraged to read of your own conviction that Ethiopia must both find new sources of taxation and learn to control current expenditure in favor of development projects.

The generation of an adequate level of public savings I regard as crucial, for not only will it govern the size of Ethiopia's own development effort: it will determine the extent to which Ethiopia can find and employ external capital assistance. I shall personally attach great importance to your Government's success in generating public savings in judging the level of development financing that the World Bank Group can commit in Ethiopia.

In the desire to support you in your determination to resolve Ethiopia's development problems, I have agreed to your request for the secondment of a senior and experienced Bank economist to work for the Planning Office. I have also decided to reestablish a Bank representative in Addis Ababa. Mr. El Emary will be in touch with your officials to work out the necessary arrangements.



Let me turn now to the loans we have negotiated. I agree that both EELPA and the IBTE have performed creditably and are not directly involved in the Government's financial difficulties. In consideration of the assurances you have given me about the Government's actions and intentions, Mr. Prime Minister, I am now prepared to recommend the proposed power and telecommunications loans to our Executive Directors for their approval at a meeting in the first half of May.

Other possible Bank Group projects on which work is well advanced are in agriculture and education. These are sectors to which we attach particular importance. We have to recognize however that projects in both sectors are directly dependent on the budget for part of their capital cost and, perhaps more importantly, of their recurrent expenses. Before taking final decisions on their financing we must be satisfied that continued progress is being made towards the reestablishment of a sound budget. Mr. El Emery and his colleagues will consequently remain in close contact with your Minister of Finance and other ministers and officials concerned in order to reach agreement on the financial and administrative conditions under which these projects can go ahead.

Let me repeat my appreciation, Mr. Prime Minister, of the terms in which you have written to me and my sincere desire to see Ethiopia surmount her present problems.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

MABurney:JHWilliams:mk



487/4/132

APR 18 1969

Dear Mr. Maheu:

I have just received the volume entitled "Birth-right of Man," which you were kind enough to send me. The volume contains a very interesting selection of texts and is a most appropriate means of commemorating the twentieth anniversary of the Universal Declaration of Human Rights.

My many thanks to you for your thoughtfulness in sending me this volume.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. Rene Maheu, Director-General  
United Nations Educational,  
Scientific and Cultural Organization  
Place de Fontenoy  
Paris VII<sup>e</sup>, France

RHD:tf  
April 15, 1969

Copy for Mr. McNamara's Office ✓



487/4/130

April 17, 1969

SPECIAL DELIVERY

Dear Fred:

Your letter dated April 14 and all your cables, including cable No. 6, have reached me. I trust you received my cable No. 7 which should answer the questions raised in your letter. Attached please find Mr. McNamara's itinerary. I shall accompany Mr. McNamara to Milan-Linate and then go on to Germany and rejoin Mr. McNamara in Rome. I plan to arrive in Rome on Saturday, April 26, on LH-330 at 1145 coming from Frankfurt. I am staying, as you know, at the Hassler.

Mr. and Mrs. McNamara will arrive Rome on Sunday, April 27, at 1540 on AZ-401.

As far as my attendance at the Papal Audience is concerned, I am perfectly ready not to go unless absence appears discourteous. But we can talk this over in Rome.

With kind regards,

Sincerely,

Rainer B. Steckhan

Mr. Federico Consolo  
12 Corso Indipendenza  
Milan, Italy

P.S. You might save a trip to Bellagio by handing the briefing to Mr. McNamara when he arrives in Milan-Linate on Tuesday, April 22.

cc: Mr. Demuth  
Mr. Wm. Clark

RBS:ml



487/4/128

CONSOLO

APRIL 15, 1969

HOTEL DES BERGUES

~~FULL RATE~~ NLT

GENEVA

SWITZERLAND

6

REURCAES

ONE MCNAMARA ATTENDANCE ACC MONDAY AND POSSIBLY TUESDAY MORNING

TWO MCNAMARA AVAILABLE FOR SPECIAL PRIVATE MEETING SUNDAY AFTERNOON  
APRIL TWENTYSEVEN STARTING 1730 OR IF NEED BE 1500 STOP MCNAMARA  
PRESENTLY PLANS ROME ARRIVAL 1540 FROM ZURICH

STECKHAN

Rainer B. Steckhan  
Office of President

cc: Mr. Demuth

RBS:ml



487/4/127  
CONFIDENTIAL

15 avril, 1969

Excellence:

Je tiens à vous manifester, une fois de plus, ma satisfaction d'avoir eu l'occasion de visiter votre pays et de faire votre connaissance.

Je garde un souvenir inoubliable de ce séjour qui m'a permis de mieux saisir les réalités congolaises et d'examiner avec vous les problèmes d'intérêt commun.

J'aimerais me prévaloir de cette occasion pour vous dire que j'ai remis à Son Excellence l'Ambassadeur ADOULA, aujourd'hui le diamant que vous aviez eu la gentillesse d'offrir à mon épouse lors de notre séjour à Kinshasa. Il a eu l'amabilité de m'indiquer qu'il vous le donnera personnellement dans les meilleurs délais.

Mon épouse et moi-même avons été extrêmement touchés par votre geste plein de générosité. Cependant, les dispositions de mon contrat avec la Banque mondiale et l'existence d'une longue tradition établie par mes prédécesseurs m'imposent, malheureusement, de ne pas accepter, à quelque titre que ce soit, de cadeaux de grande valeur.

Telles sont les raisons qui m'ont obligé à rendre, non sans regret, ce diamant. Mais l'intention qui vous a animée en faisant ce cadeau représentera toujours pour nous l'expression de vos grandes qualités humaines.

Veillez agréer, Excellence, l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence  
Lieutenant-Général J.D. Mobutu  
Président de la République  
Democratique du Congo  
KINSHASA

cc: Mr. Kochman

Mr. Broches



487/4/126

April 15, 1969

Dear Mr. Gianani:

I shall be in Rome accompanying Mr. McNamara who will attend the ACC meetings on Monday, April 28, and Tuesday, April 29. I plan to arrive in Rome on Saturday, April 26, in the afternoon. I was wondering whether you would be free for a drink that Saturday night. You could let me know c/o Hotel Hassler Villa Medici. I am looking forward to seeing you again.

Warm personal regards.

Sincerely,

Rainer B. Steckhan  
Personal Assistant to Mr. McNamara

Mr. Felice Gianani  
Head of Foreign Financing Department  
Istituto Di Credito Per Le Imprese  
Di Pubblica Utilita  
Via Quintino Sella  
Rome, Italy



487/4/125

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION      INTERNATIONAL FINANCE CORPORATION  
OFFICE OF THE PRESIDENT      April 15, 1969

Members of the President's Council:

Mr. McNamara asked that I send this to you for information and in anticipation of scheduling a discussion of the recommendations at next Monday's Council meeting.


Margaret S. Stroud



## OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: April 14, 1969

FROM: Richard H. Demuth SUBJECT: Development Finance Companies - Diamond's Memorandum of March 14

1. In his memorandum of March 14, Mr. Diamond raises the question of responsibility within the Bank Group for dealing with intermediary institutions which are not primarily industrial financing organizations. He points out that the Tourism Projects Department is preparing a loan to a hotel financing intermediary in Morocco and is studying a similar loan in East Africa, and that IFC is promoting a hotel financing company in Tunisia, a merchant bank in India, a company to finance investment in Yugoslavia and a Utilities Development Finance Company in the Philippines. He recommends that, at the least, there be an effective mechanism established to assure that all departments of the Bank dealing with financial intermediaries are fully informed of related activities of other departments so that a coordinated approach can be taken by the Bank Group in dealing with institutions of this kind and, at best, that primary responsibility for dealing with such institutions (except agricultural credit institutions) should, for the time being, be vested in the Development Finance Companies Department.

2. Where the intermediary institutions being proposed for Bank Group financing are primarily development financing institutions - i.e., institutions specializing in providing medium- and long-term finance for useful investment, primarily in the private sector - I believe that they should normally be considered as development finance companies and as such within the responsibility of the Development Finance Companies Department, whether or not they operate within a specialized sector of the economy. An exception should be made, as Mr. Diamond suggests, for agricultural credit institutions since their appraisal depends more upon specialized knowledge of agriculture than upon specialized knowledge of financial institutions and can therefore better be handled by the Agriculture Projects Department than by the Development Finance Companies Department. Messrs. Aldewereld and Chadenet believe that a similar exception may be warranted in the future for loans to hotel financing companies if there is a substantial volume of such loans. They agree, however, that for the present at least loans to hotel financing companies should be dealt with by the Development Finance Companies Department since the Tourism Projects Department is not equipped to handle them.

3. IFC's activities present a more difficult problem. Of the four intermediary institutions being promoted by IFC, only one (the Tourism Holding Company in Tunisia) has as its primary activity the provision of



medium- and long-term finance. While no Bank/IDA financing for that company is presently contemplated, it might well become a Bank/IDA borrower in the future. The other three intermediary institutions are all heavily service-oriented, each is tailored to meet a unique situation, and none is likely to involve Bank/IDA financing now or in the future.

- a) The International Investment Corporation for Yugoslavia is envisaged as a multi-national private investment company to promote, facilitate and participate in foreign joint ventures in Yugoslavia. The principal function of the company is to bring together foreign industrial companies and independently managed Yugoslav enterprises interested in joint ventures. Its character as primarily a promoter of joint ventures, rather than as a financing institution, is indicated by the fact its initial capital resources will be only \$10 million.
- b) Merchant Bank in India. The proposal here is for an equity-based, service-oriented institution to provide financial planning advice to private Indian industries, to work out mergers and reorganizations, to put together deals, to help clients obtain foreign financing, to arrange underwritings, to provide consulting and investment management services, etc. In addition, it is authorized to underwrite securities issues itself on a highly selective basis, and to provide "marginal finance" in the operations it would handle. The authorized capital of the Bank is proposed at only \$5 million, with only half of that amount to be initially subscribed. By far the largest part of the Bank's income is expected to be realized from fees for services rather than from investments.
- c) Philippines Utilities Development Finance Company (UDFC). The proposal here is to establish a company to service 300 very small utility companies, most of which have less than 200 KW installed capacity. UDFC is to promote an over-all development program for the utility industry, to provide financial, technical and management consulting services, act as an investment banker, give financial assistance in the form of equity investments and loans, and provide central procurement services for its clients. Ultimately, it is intended to serve as a vehicle for combining the small utility companies into larger, operationally efficient units. The authorized capital of UDFC has been tentatively fixed at just over \$5 million, of which just over \$1 million would be initially subscribed.

4. I believe that future projects similar to the Tourism Holding Company in Tunisia should be the responsibility of the DFC Department, unless and until responsibility for hotel financing intermediaries is



April 14, 1969

shifted to the Tourism Projects Department. The fact that no Bank loan is immediately involved is not decisive. It is the responsibility of the DFC Department under Organization Bulletin No. 1.12 of March 27, 1969, to investigate all proposals for IFC investments in private development finance companies whether or not a Bank loan is contemplated; and, as indicated in paragraph 2, I believe a hotel financing company such as that proposed for Tunisia should be regarded as a development finance company for purposes of the Organization Bulletin.

5. The other three projects are all sui generis, involve financing only as a secondary aspect, and require primarily from the Bank Group a promotional effort to put the deals together. I believe IFC is in at least as good a position as the DFC Department to provide that promotional effort because of its wide contacts with private investment and business interests. DFC's specialized knowledge of financing institutions is not particularly relevant to an appraisal of these institutions because of their service orientation and small capitalization. On balance, therefore, I would favor leaving responsibility for projects such as these with IFC.

6. On the other hand, it is clearly desirable that the DFC Department be informed by the other Projects Departments of the Bank and by IFC concerning all loan, credit and investment operations in support of an intermediary institution, in whatever field, which has financing as one of its functions and that the Director of the DFC Department be given an early opportunity to comment on the proposal under consideration. This should apply to loans to agricultural credit organizations as well as to the kinds of IFC operations described earlier in this memorandum.

cc: Mr. Knapp  
Mr. Aldewereld/Mr. Chadenet  
Mr. Rosen/Mr. Raj  
Mr. Diamond



487/4/12a

Copy for Mr. McNamara's hon. file

HIS EXCELLENCY  
POTE SARASIN  
MINISTER OF NATIONAL DEVELOPMENT  
MINISTRY OF NATIONAL DEVELOPMENT  
BANGKOK  
(THAILAND)

APRIL 15, 1969

LT

MY COLLEAGUES AND I HAVE LEARNED WITH DEEP REGRET OF THE DEATH  
OF VICE MINISTER M.L. XUJATI KAMBHU STOP PLEASE ACCEPT OUR  
SINCERE CONDOLENCES STOP M.L. XUJATI HAS BEEN ASSOCIATED WITH  
THE WORLD BANK FOR ALMOST TWENTY YEARS AND HIS PASSING IS A  
PERSONAL LOSS TO US AS WELL AS TO THAILAND STOP PLEASE CONVEY  
OUR SYMPATHIES TO HIS FAMILY

(Signed) Robert S. McNamara

ROBERT S. MCHAMARA

William Diamond, Director  
Development Finance Companies.

cc Mr. Suzuki (ED)  
Mr. Goodman  
Mr. Southall

WDiamond:us



487/4/121

April 11, 1969

Dear Mr. Tennekoon:

Thank you for your letter of April 1, 1969, enclosing a copy of the Report of the Central Bank of Ceylon for 1968. All of us here who have been following recent economic developments in Ceylon are both heartened and impressed by what you have achieved in 1968. To obtain a growth rate of over 8 percent in a year when export earnings actually fell, is indeed remarkable. It seems to us a good demonstration of what a country can accomplish when sound economic policies are combined with reasonable levels of foreign assistance.

I, too, am convinced that Ceylon's growth momentum can be sustained provided foreign assistance continues at adequate levels and on reasonable terms. To this end, we continue to work on projects that will enable the Bank Group to make substantial commitments in Ceylon over the next few years.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. W. Tennekoon  
Governor  
Central Bank of Ceylon  
Colombo, Ceylon

GBVotaw:ml



487/4/120

APR 11 1969

Translation

Monsieur Zanife Toumbona  
Président  
Union Africaine et Malgache  
de Banques pour le Développement  
Boite Postale 814  
Yaounde  
Cameroon

Dear Mr. President:

I acknowledge receipt of your letter dated March 28 and I take note with pleasure of your interest in the relations between the World Bank and national development banks.

For a long time now, the World Bank has recognized the particular role of such financial institutions in the development of their countries, and the financial and technical assistance which has been provided to them account for a large part of our activities. I nevertheless think that an increase in our efforts in that field should be possible, and we are now reinforcing our organization for that purpose.

Our policy of intervention in development banks is flexible in character and we try to adapt ourselves to the particular conditions of each country. In the past, we have concentrated our assistance on institutions specializing in the financing of particular economic sectors, such as manufacturing and agriculture. In many African countries the size of the economy does not allow such specialization and we are consequently prepared to assist multi-purpose development banks, whether government-owned, private or mixed. To do so, we must satisfy ourselves, firstly, that there is a sufficient demand for the services of the institution concerned; secondly, that its operations are of such a nature as to accelerate the economic growth of the country; thirdly, that it is well run, with competent management and staff; and fourthly, that Bank Group financing is necessary to provide it with capital and can be effectively used.

I thank you for the interest you are showing in the activities of the Bank.

With best regards,

(Signed) Robert S. McNamara

Robert S. McNamara



APR 11 1969

Monsieur Zanife Touambona  
Président  
Union Africaine et Malgache  
de Banques pour le Développement  
Boite Postale 811,  
Yaounde  
Cameroun

Monsieur le Président,

J'ai bien reçu votre lettre du 28 mars et pris note avec plaisir de l'intérêt que vous portez aux relations de la Banque Mondiale avec les banques nationales de développement.

Depuis longtemps déjà la Banque Mondiale a reconnu le rôle tout particulier joué par les institutions financières de ce type dans le développement de leur pays, et les concours financiers et techniques qui leur ont été accordés constituent une part importante de l'ensemble de nos activités. J'estime néanmoins qu'une accélération de nos efforts à cet égard devrait être possible, et nous sommes en train de renforcer notre organisation dans ce but.

Notre politique d'intervention dans les banques de développement est de caractère flexible et nous nous efforçons de nous adapter aux conditions particulières de chaque pays. Dans le passé, nous avons accordé l'essentiel de notre assistance à des institutions spécialisées dans le financement de secteurs économiques particuliers, tels que l'industrie et l'agriculture. Or, dans beaucoup de pays Africains les dimensions de l'économie ne permettent pas une telle spécialisation et nous sommes par conséquent prêts à accorder nos concours financiers à des banques de développement à caractère polyvalent, qu'elles soient publiques, privées ou d'économie mixte. Pour ce faire, nous devons d'abord vérifier qu'il existe une demande suffisante pour les concours accordés par l'institution en question; deuxièmement que ses opérations sont de nature à accélérer la croissance économique du pays; troisièmement qu'elle est bien gérée par une direction compétente et un personnel de qualité; quatrièmement enfin qu'un financement par le Groupe de la Banque Mondiale est nécessaire pour compléter son capital et peut être utilisé efficacement.



487/4/120

Monsieur Touanboua . . . .  
Président de l'U.A.M.B.D.

-2-

En vous remerciant pour l'intérêt que vous portez aux  
activités de la Banque, je vous prie d'agréer, Monsieur le  
Président, l'assurance de ma considération distinguée.

(Signed) Robert S. McNamara

Robert S. McNamara

BCGirin/ESekse:ci

Cleared with and cc: Mr. El Emary  
Mr. Chauffournier



487/4/119  
APR 11 1969

Dear Professor Liassouba:

I was glad to receive your comments on the Ninth Meeting of the Economic Commission for Africa. I regretted being unable to attend the session myself but, as you note in your letter, the Bank was represented and I have had reports on the proceedings.

I share your hope that the working relationship between the Secretariat of the ECA and the World Bank will contribute to the acceleration of Africa's development. As you are probably aware, we are already working with the Commission, the African Development Bank, and the United Nations Development Programme on a series of studies of the potential for developing regional projects in Africa in road transportation, electric power and telecommunications.

You refer to the desirability of my exchanging views with African ministers on problems of external assistance to African countries. Such discussions do, in fact, take place regularly at the time of the Annual Meeting of the Governors of the Bank when, following a practice established by my predecessors, I meet with the caucus of African Governors. These discussions are both frank and fruitful and provide an occasion for just such an exchange of ideas as you have in mind.

If the Economic Commission for Africa should decide to convene a special ministerial meeting to discuss general problems of external assistance to African countries, the Bank would certainly hope to participate actively in such a meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Professor P. Liassouba  
Minister of State  
Chairman of the IX Meeting and of the  
Executive Committee of the Economic  
Commission for Africa  
Africa Hall  
Addis Ababa, Ethiopia

MLHoffman/pnn  
April 9, 1969

Cleared with: Messrs. Demuth, Chaufournier, El Enary, Banjenk



*Mr. McNamara*  
487/4/11  
APR 11 1969

Dear Baron Kronacker,

Thank you for your letter of March 26, for the two notes on the Ruzizi Valley and Katobo Dam and the offer of additional information from your Managing Director, Mr. Braine. May I also thank you for the welcome that the leader of our recent FAO/IBRD Cooperative Program mission received when he visited SUCRAF.

Sincerely,

(Signed) *Robert S. McNamara*  
Robert S. McNamara

Baron Kronacker  
Président  
Sucrierie et Raffinerie  
de l'Afrique Centrale  
Anvers



INTERNATIONAL BANK FOR  
CONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL FINANCE  
CORPORATION

OFFICE OF THE PRESIDENT

April 1, 1969

This is the final schedule for  
Mr. Postel-Vinay. For your information, please.

April 2                    0930 Mr. Diamond  
                             1030 Mr. Chauffournier  
                             1200 Mr. McNamara

                             1430 Mr. El Emary  
                             1530 Mr. Chadenet  
                             1630 Mr. Wapenhans

April 3                    0915 Messrs. Demuth/Hoffman  
                             1015 Mr. Rist

*Rainer B. Steckhan*  
Rainer B. Steckhan

cc:

Mr. Chadenet  
Mr. Chauffournier  
Mr. Diamond  
Mr. El Emary  
Mr. Demuth  
Mr. Hoffman  
Mr. Rist  
Mr. Wapenhans  
  
Mr. Plescoff



487/4/177

March 11, 1969

Dear George:

I was delighted to read your letter and Juliane and I are very much looking forward to seeing you and--hopefully--Molly in April.

Mr. McNamara has asked me to tell you that he will be very happy to see you during your stay here but it is a little difficult to set up a precise time now.

With warm personal regards,

Sincerely,

Rainer B. Steckhan

Mr. G.C. Wishart  
International Bank for Reconstruction  
and Development  
4, Avenue d'Iena  
Paris 16<sup>e</sup>, France



487/4/116

April 9, 1969

Dear Mr. Devine:

Mr. Robert McNamara has asked me to thank you for your letter inviting him to express his own opinion on certain matters raised by Admiral Sharp in his Reader's Digest article.

Mr. McNamara feels it would be inappropriate for him to comment from his present position and will let the record speak for itself.

Sincerely,

(Miss) Margaret S. Stroud  
Secretary to Mr. McNamara

Mr. C. R. Devine  
Vice President  
Reader's Digest  
200 Park Avenue  
New York, N.Y. 10017



48 7/4/115

APR 8 1969

Dear Mr. Tennekoon:

Thank you for your letter of March 22, 1969, about the proposed National Development Bank in Ceylon. Mr. Cargill will be replying to your letter to him shortly. For myself, I was glad to note that the proposed National Development Bank in Ceylon would not be influenced by extraneous factors and would be insulated from political pressures. I think we both agree that the lending policies of development institutions of the kind you propose to set up should relate entirely to the economic and financial viability of the projects to be financed.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. W. Tennekoon  
Governor  
Central Bank of Ceylon  
Colombo, Ceylon

WSHumphrey:jgt *W*  
April 7, 1969



487/4/174

April 7, 1969

Dear Mr. Treasurer:

I am writing to advise you that the resolution authorizing the acceptance by the International Development Association of Australia's advance contribution has now been approved by the Executive Directors in the form agreed between Mr. John Stone and ourselves.

I would like to express my warm thanks and appreciation for this generous action of your Government. The willingness of your Government to make this advance contribution without regard to the effectiveness of the Second Replenishment will be a very significant aid to the Association in maintaining its lending program.

With my warm personal regards,

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Rt. Hon. William McMahon, M.P.  
Treasurer  
Parliament House  
Canberra, A.C.T. 2600  
Australia

LNurick:vv *gn*

cc: Mr. Stone  
Sir Denis Rickett



c.c. Mr. McNamara's office

487/4/113  
APR 7 1969

The Honorable John J. Williams  
United States Senate  
Washington, D.C. 20510

Dear Senator Williams:

I believe that in your letter of March 31, you are referring to a borrowing by the World Bank in the United States investment market, since only in such borrowings is an option involved in Bank transactions.

The Bank's most recent borrowing in this country consisted of a public offering of \$250,000,000 of 6-3/8% Bonds, due October 1, 1992. The issue was offered to the public at a price of 99 1/2% on September 17, 1968, through a nationwide syndicate of banking and dealer firms managed by The First Boston Corporation and Morgan Stanley & Co.

The issue was fully subscribed with \$179,100,000 being sold to investors for immediate delivery and payment, and \$79,100,000 being sold under delayed delivery "purchase contracts" to institutional investors for delivery and payment on the following specified dates and in the following amounts:

January 15, 1969	..	..	..	\$22,675,000
July 9, 1969	..	..	..	13,325,000
January 14, 1970	..	..	..	6,375,000
July 8, 1970	..	..	..	28,525,000
				<u>\$70,900,000</u>

By including arrangements for delayed delivery purchase contracts in a bond issue, the Bank gives an option to institutional investors either to purchase the bonds for immediate delivery or to enter into a firm contract to purchase the bonds at the specified later date or dates at the same price and on the same terms at which the securities are offered. This practice enables the institutional investors to arrange the timing of their payment to a date or dates that coincide with their forward investment schedule.



The Honorable John J. Williams

The practice of including delayed delivery arrangements in the sales of its bonds in the United States was started by the Bank in 1957, and has been included in all issues since that year. In every instance the contracts have been fully satisfied. The institutional investors include savings banks, insurance companies, educational and charitable institutions, and commercial banks purchasing for their own account or for accounts of institutions similar to those named above.

Your inquiry might also relate to a series of transactions between the World Bank and the Westdeutsche Landesbank Girozentrale, a Central Savings Bank in the Federal Republic of Germany. In December 1968 the World Bank entered into negotiations with the Westdeutsche Landesbank Girozentrale to borrow DM 400 million in three tranches under terms and conditions to be set in December 1968 (DM 150 million); approximately 45 days thereafter (DM 125 million); and approximately 45 days thereafter (DM 125 million). It should be emphasized that these borrowings were to be negotiated separately at prevailing interest rates. There was no commitment by the World Bank to borrow or by the Westdeutsche Landesbank to lend unless the negotiations in each instance were satisfactory to both parties. On December 16, 1968 the Bank borrowed DM 150 million at a cost to the Bank of 6.54%; on January 24, 1969, the Bank borrowed a further DM 125 million at a cost of 6.54%; and in March 1969 the Bank borrowed the final tranche of DM 125 million at a cost of 6.52%. Again, it should be noted that neither the World Bank nor the Westdeutsche Landesbank held any options to require the other party either to supply the funds or to be bound by any particular interest rate.

I hope that this answers your question adequately. If not, please do not hesitate to write me again.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

WLBennett:EHRotberg:lm

c.c. to Mr. Rotberg  
(cleared with Mr. Rotberg)