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Series: Chronological file (outgoing)

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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McNamara papers

1979 (Jan. - March)

The World Bank Group
Archives



1771957

A1995-252 Other #: 5

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Chronological files - (outgoing) - Chrons 70

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Record Removal Notice



File Title Chronological files - (outgoing) - Chrons 70	Barcode No. 1771957
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Document Date February 14, 1979	Document Type Notes
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Correspondents / Participants
 From: Robert S. McNamara

Subject / Title
 Note of Conversation with Mr. Murayama, February 14, 1979.

Exception No(s).

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 10 A-C
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 Prerogative to Restrict

Reason for Removal

Additional Comments
 Pending review by/consultation with relevant World Bank Unit(s).

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Withdrawn by Shiri Alon	Date Feb 4, 2013
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494/3/30

February 9, 1979

Dear *Jim*,
Mr. Johnson:

Thank you for your letter of January 18, 1979 enclosing correspondence from Mr. R. L. Thaemert, who is currently working as an engineering consultant for a World Bank-financed irrigation project in Indonesia. I read with particular interest his comment that "a dozen sedans were slated for purchase which had no relation to the execution of the contract."

You might be interested in the following facts regarding this matter:

The World Bank has not yet approved a vehicle procurement proposal for this project. Extensive discussions late last year led to a proposal from the Indonesian Government to buy nine field vehicles for use on site in Sumatra along with six sedans for the management unit in Jakarta. One factor considered in making this proposal is that government procedures often delay the purchase of vehicles at a time in the project cycle when mobility is essential for the consultants as well as Indonesian projects staff to carry out their tasks properly. Our decision on this proposal will be made only after the needs are thoroughly evaluated.

The World Bank has always been highly conscious of the dangers of corruption in the course of implementation of projects. It has, therefore, insisted on strict guidelines being followed at each phase of the project cycle to prevent misuse of funds.

Our financial controls and field supervision are enhanced when we receive timely and constructive comments such as those offered by Mr. Thaemert. We always welcome suggestions that will improve the effectiveness of our operations.

Mr. Thaemert and other consultants should feel free to discuss problems of this nature with World Bank staff, particularly those assigned to the Resident Mission in Jakarta.

I appreciate your thoughtfulness in bringing this letter to my attention.

*Enjoyed visiting
with you during the
holidays and hope we may
meet again soon.*

The Honorable
James P. Johnson
U. S. House of Representatives
Washington, D. C. 20515

PRiddleberger:bmm
Feb. 8, 1979

Sincerely,

(Signed) *Bob* Robert S. McNamara

Robert S. McNamara

494/3/24

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

Office of the President

JAN 31 1979

Mr. David Ibarra
Secretary of Finance and Public Credit
Palacio Nacional
Mexico City, D. F.
Mexico

Dear Mr. Minister,

I take this opportunity for thanking you and your colleagues for a most interesting program that was organized for me and my associates. During the four days and a half that I spent in Mexico, I was exposed to a wide range of rural areas in the Yucatan, in the humid tropics of Tabasco, in the central plateau states of Mexico, Queretaro, Hidalgo, and the semi-arid areas of Aguascalientes. I had the occasion of talking to your people who are participating in the PIDER program, setting up pilot projects in the humid tropics, and to those who have had experience with small irrigation works executed and operated through association of beneficiaries. I was impressed by what I saw; the Government's efforts in improving the rural economy are commendable, even though much remains to be done for making the rural population productive so as to enable them to participate in the market economy. I wish your Government success in this challenging task. We, in the Bank, shall be happy to work with your officials and provide such assistance as you may wish.

As I told you during our meeting, my primary purpose in visiting Mexico was to learn how the Bank can be of greater assistance to Mexico. You face one of the most formidable set of problems, but have an exciting prospect for the future. After talking to your President, your cabinet colleagues and you personally, I got a strong impression that you propose to tackle these difficult issues with determination and fortitude. Mr. Nicolas Ardito Barletta and his team will be available to work with you and your colleagues on the several areas of mutual interest, including: sectoral studies, pilot studies in South-East Mexico on the effect of oil production on the regional economy, employment oriented projects that we both agree are most important in the present stage of Mexican development, and PIDER III.

I was impressed by the confident and self-reliant stance of your PEMEX staff. I hope, in the coming years, PEMEX and the Bank can work together to help some of the developing countries struggling to establish and exploit their petroleum resources.

JAN 31 1979

Mr. David Ibarra

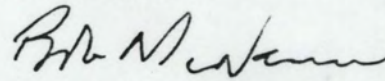
- 2 -

I was pleased with your support for the capital increase for the Bank and for the IDA-6 replenishment. We are looking forward to the participation of your Deputy in the March meeting of IDA donors. Mr. Knapp will contact you on details of the meeting.

Finally, Mr. Minister, I should like to take this occasion to express my deep appreciation for Eduardo Pesqueira's contribution to the planning and execution of the trip. I was highly impressed with his handling of the press conference and the numerous initiatives he took to make our stay pleasant as well as fruitful.

With renewed thanks and warm regards to you and Mrs. Ibarra

Sincerely,



Robert S. McNamara

494/3/23

cc: Mr. McNamara's Office (2)

JAN 31 1979

Dear Eduardo,

I am most thankful to Mechi and you for all the trouble you took in organizing our visit to Mexico. It was one of the most enjoyable and interesting trips that I had in recent years.

Thanks to your organization, within a short period of four and a half days we could visit 16 ejidos in six states and participate in nine meetings. I am glad that you had also included visits to the important Mayan, Tolteca, Olmec and Aztec archeological sites. They remind one of the grandeur that Mexico once enjoyed and could well enjoy again.

I know that with your characteristic energy and enthusiasm you elicited cooperation from a wide range of Mexican agencies and individuals in putting through the excellent arrangements. Please convey to them my appreciation and thanks, especially to Mr. Alejandro Barbajosa, who tirelessly interpreted for me, and to Major Casso Taller, who watched with uncanny precision that we keep to the schedule.

I also thank you for the way you conducted the press conference.

I found the visit most useful and I am writing to the Finance Minister on that, mentioning the part you played in making it a success.

Margaret and I send you renewed thanks and warm good wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Eduardo Pesqueira
Vereda 80
Mexico City 20, D. F.
Mexico

cc: Messrs. Ardito Barletta
Lari/Dutt
Clark

DDutt:crm
January 30, 1979

494/3/22

cc: Mr. McNamara's Office (2)

JAN 31 1979

Dear Governor:

My wife and I thank Mrs. Rovirosa and you for your hospitality during our recent trip to Tabasco.

I enjoyed our discussions regarding the impact of oil development on the economy of your State. I was impressed by your concern to contain the inflationary pressures and adverse ecological impacts of oil exploitation. I would like to congratulate you and your staff on the preparation of a comprehensive state development program. Mr. David Ibarra has much sympathy with your problems and has suggested that the Bank undertakes a pilot-study of your region. Mr. Nicolas Ardito Barletta is in contact with the Mexican Government authorities for arranging a Bank mission to study the relevant issues and I trust that the mission can count on your full support.

I should also like to congratulate you and your associates for the impressive performance of the ejidos of Sierra-Tabasco PIDER micro-region that we visited. I wish you continued success in improving the life and income of the people in your rural areas.

Finally, I should like to say how much I enjoyed visiting the La Venta museum and the informative exposition that you have organized to serve as an information center for the people of your State.

I wish you every success in your efforts to enrich the cultural, social and economic life of your people.

With renewed thanks and warm regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Leandro Rovirosa Wade
Governor of the State of Tabasco
Villahermosa, Tabasco
Mexico

cc: Messrs. Ardito Barletta
William Clark
Lari/Dutt

DDutt:crm
January 30, 1979

494/3/21

cc: Mr. McNamara's Office (2)

JAN 31 1979

Dear Mr. Romero Kolbeck,

I am most thankful to you for putting your aircraft at my disposal during my recent visit to Mexico. Only on my return I learnt that you cut short your own trip on Sunday, January 21, to enable me to reach Houston in time, another manifestation of your exceptional thoughtfulness. It was the excellent logistic support provided by you and your Government that enabled my associates and me to visit about 16 ejidos in 6 states, and also made it possible for me to participate in the meetings in Mexico City, within the short period of four and a half days. I was highly impressed by the efficiency of your crew and the attention during flight of Ophelia, the air hostess.

I enjoyed our discussions in Mexico City on January 19. My wife and associates join me in thanking you and the crew of the aircraft.

With warm regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Lic. Gustavo Romero Kolbeck
Director General
Banco de Mexico, S. A.
Av. 5 de Mayo 2, 5° piso
Mexico 1, D. F.
Mexico

DDutt:crm
January 30, 1979

494/3/20

JAN 29 1979

Office of the President

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount, not exceeding \$325,000,000 in markets outside the United States of America through an issue of Two-Year Bonds of the Bank. The bonds are to be dated March 15, 1979 and to mature March 15, 1981. The interest rate of the bonds has not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the borrowing by the Bank in markets outside the United States of America of such amounts as may be raised by the issue of not exceeding \$325,000,000 aggregate principal amount of bonds. The Government of the United States of America is further requested to agree, pursuant to the same provisions of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
W. Michael Blumenthal
Secretary of the Treasury
Washington, D.C. 20220

cc: Mr. Edward R. Fried, Executive Director

Mr. William P. Dixon, Alternate Executive Director

Mr. Robert S. Watson, U.S. Treasury
Mr. Bernard Zinman, U.S. Treasury

Cleared with and cc: Mr. David Mead, Legal Dept.
Messrs. I.P.M. Cargill, Senior Vice President, Finance
For Mr. McNamara's Office (2)
Eugene H. Rotberg, Vice President and Treasurer
M. Hattori, Controller
J.P. Uhrig/US\$ Bonds #126

JRadifera/fad
January 22, 1979

494/3/13

January 26, 1979

Dear Cesar:

In your letter of January 22 you asked for my assistance in placing within the Bank the staff of the Development Committee Secretariat who may be surplus following the reorganization. I will make every effort to do so.

Marg joins me in best wishes to both you and Joy.

Sincerely,

Robert S. McNamara

The Honorable
Cesar Virata
Secretary of Finance
Office of the Monetary Board
Manila, Philippines

RMcN:bmm

494/3/18

His Excellency
Dr. José A. Martínez de Hoz
Minister of Economy
Ministry of Economy
Buenos Aires, Argentina

JAN 24 1979

Dear Mr. Minister:

I was happy to learn that you have agreed to receive Mr. J. Burke Knapp on March 5, to discuss the possibility of Argentina joining in the next replenishment of our IDA resources.

As you will well know from your experience at the Bank's Annual Meeting in Washington in September, there is an increasingly widespread recognition, stimulated in part by the Bank's recent World Development Report, that the plight of the poorer developing countries makes pressing calls upon all of us in a position to do so to augment both the amount and the effectiveness of external assistance to these countries. The World Bank Group, because of its central position in the family of international development institutions, feels a sense of great responsibility in this matter. We are therefore bending every effort toward mobilizing more concessional funds for assistance to the poorer developing countries, and toward making further improvements in the administration of the funds provided to us. In particular, we are reorienting our activities toward a direct attack upon the appalling conditions of poverty that exist in these poorer developing countries.

IDA (the International Development Association) will play a key role in this program since the great bulk of its assistance is rendered to countries whose per capita income still remains below \$300 a year. Hence, there is nothing to which I attach higher priority than the successful conclusion of the international negotiations for the Sixth Replenishment of IDA Resources, which are now getting under way.

As you know, IDA will have committed all of its present resources and will require new commitment authority by June 30, 1980. In order to allow time for the process of ratification by national Parliaments and Congresses we feel that we must reach a firm inter-governmental agreement on the amount, terms and conditions of the Sixth Replenishment by the summer of 1979 or at the latest by the time of our next Annual Meeting.

The negotiations for IDA 6 were initiated at an opening meeting held in Paris last month and will be continued at a second meeting scheduled for March 21-22 in Paris. Twenty-six countries participated in the last IDA Replenishment and the Governors of IDA for each of these

JAN 24 1979

countries were represented again at the opening meeting last month. This list of contributors includes some of the more advanced developing countries such as Spain, Yugoslavia and Korea, and I feel that this is an appropriate occasion to try to enlist the participation of a number of other countries that might have a capacity to contribute in amounts related to their resources and capabilities. The main burden of IDA Replenishment must, of course, continue to be carried by the major donors, including the industrialized nations and the OPEC countries but I am sure that meaningful contributions by additional countries would be very warmly welcomed by the international community, first of all by the poorer developing countries and secondly by the principal donor countries, who will find their own position with their Parliaments and Congresses greatly strengthened by the participation of an increasing number of the more advanced developing nations. In this context I very much hope that Argentina will agree to make use of the IDA channel to render assistance to its poorer associates in the developing world.

I have asked Mr. Knapp to forward to you the documentation which was prepared for the December meeting and the papers which are presently being prepared for the meeting in Paris on March 21-22. I do express the hope that, after your discussions with Mr. Knapp, you will see fit to designate a representative to attend that meeting on behalf of Argentina.

With best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Alberto Sola

Messrs. Cargill
Ardito-Barletta
Gabriel
Vibert
D.R. Clarke
Scherer

JBKnapp:isk

494/3/17

JAN 24 1979

His Excellency
Mario Henrique Simonsen
Minister of Finance
Ministry of Finance
Brasilia (DF), Brazil

Dear Mr. Minister:

First of all may I express my great pleasure in learning that you have agreed to accept the critically important post of Minister of Planning in the new Administration in Brazil. I think your Government deserves congratulations in having been able to retain your services for the years ahead.

I have also been happy to learn that you and Mr. Rischbieter will be able to receive Mr. J. Burke Knapp on March 2, to discuss the possibility of Brazil's participation in the next replenishment of our IDA resources.

As you will well know from your experience at the Bank's Annual Meeting in Washington last September, there is an increasingly widespread recognition, stimulated in part by the Bank's recent World Development Report, that the plight of the poorer developing countries makes pressing calls upon all of us in a position to do so to augment both the amount and the effectiveness of external assistance to these countries. The World Bank Group, because of its central position in the family of international development institutions, feels a sense of great responsibility in this matter. We are therefore bending every effort toward mobilizing more concessional funds for assistance to the poorer developing countries, and toward making further improvements in the administration of the funds provided to us. In particular, we are reorienting our activities toward a direct attack upon the appalling conditions of poverty that exist in these poorer developing countries.

IDA (the International Development Association) will play a key role in this program since the great bulk of its assistance is rendered to countries whose per capita income still remains below \$300 a year. Hence, there is nothing to which I attach higher priority than the successful conclusion of the international negotiations for the Sixth Replenishment of IDA Resources, which are now getting under way.

As you know, IDA will have committed all of its present resources and will require new commitment authority by June 30, 1980. In order to allow time for the process of ratification by national Parliaments and Congresses we feel that we must reach a firm inter-governmental

JAN 24 1979

agreement on the amount, terms and conditions of the Sixth Replenishment by the summer of 1979 or at the latest by the time of our next Annual Meeting.

The negotiations for IDA 6 were initiated at an opening meeting held in Paris last month and will be continued at a second meeting scheduled for March 21-22 in Paris. Twenty-six countries participated in the last IDA Replenishment and the Governors of IDA for all of these countries were represented again at the opening meeting last month. This list of contributors includes some of the more advanced developing countries such as Spain, Yugoslavia and Korea, and I feel that this is an appropriate occasion to try to enlist the participation of a number of other countries that might have a capacity to contribute in amounts related to their resources and capabilities. The main burden of IDA Replenishment must, of course, continue to be carried by the major donors, including the industrialized nations and the OPEC countries but I am sure that meaningful contributions by additional countries would be warmly welcomed by the international community, first of all by the poorer developing countries and secondly by the principal donor countries, who will find their own position with their Parliaments and Congresses greatly strengthened by the participation of an increasing number of the more advanced developing nations. In this context I very much hope that Brazil will agree to make use of the IDA channel to render assistance to its poorer associates in the developing world.

I have asked Mr. Knapp to forward to you the documentation which was prepared for the December meeting and the papers which are presently being prepared for the meeting in Paris on March 21-22. I do express the hope that, after your discussions with Mr. Knapp, you and Mr. Rischbieter will see fit to designate a representative to attend that meeting on behalf of Brazil.

With best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Alexandre Kafka
Mr. Franco-Holguin

Messrs. Cargill
Ardito-Barletta
Gabriel
Vibert
D.R. Clarke

JBKnapp:isk

494/3/16
JAN 23 1979

Monsieur le Président,

Je vous remercie vivement de votre très aimable lettre du 29 décembre au sujet des contacts que certaines de nos missions ont pu obtenir lors de leur passage à Dakar.

Je tiens à vous confirmer le sentiment que nous avons que nos experts ont toujours reçu un excellent accueil de la part des Ministres sénégalais et de leurs collaborateurs et qu'ils ont eu généralement accès à toutes les personnalités avec lesquelles ils souhaitaient évoquer certaines questions ou à qui ils voulaient faire part de leurs conclusions.

Nous vous remercions vivement de l'offre généreuse que vous nous faite de recevoir ces experts. Nous ne manquerons pas d'en profiter lorsque les sujets à évoquer nous paraissent d'une importance suffisante pour mériter votre attention personnelle.

Veillez agréer, Monsieur le Président, avec mes meilleurs vœux pour vous-même, votre famille et votre pays, l'expression de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Léopold Sédar Senghor
Président de la République
du Sénégal
Dakar, Sénégal

XdelaRenaudière:ja
January 18, 1979

cl and cc: Mr. Chauffournier, WANVP
cc: Mr. McNamara's office (2) ✓
Messrs. Gillette (WA2), de Leede (WA2), Brown (Res. Rep. Senegal)
Ambassador Coulbary, Mr. Razafindrabe

TRANSLATION

His Excellency
Léopold Sédar Senghor
President of the Republic of Senegal
Dakar, Senegal

Mr. President:

Thank you very much for your kind letter of December 29 regarding the officials our experts have had access to during their missionsto Dakar.

I should like to assure you that we feel our experts have always received an excellent welcome from Senegalese ministers and their staff and that they generally have had access to all the officials with whom they wished to discuss some issues or their findings.

We thank you very much for your generous offer to receive these experts. We shall avail ourselves of it when we feel that the issues to be discussed are sufficiently important to deserve your personal attention.

Accept, Mr. President, with my best wishes for yourself, your family and your country, the assurances of my highest consideration.

Robert S. McNamara

TRANSLATION

The President of the Republic

No 2520/PR/SP

Dakar, December 29, 1978

Dear Mr. President and Friend :

My special advisor for finances, Mr. Mamoudou Touré, has indicated to me that during their last mission to Dakar, World Bank experts were not able to see certain ministers. In fact, apart from those that were absent, the ministers were involved in Dakar's Third International Fair.

I wish to assure you that I shall always be ready to receive World Bank experts as long as I am notified 15 days in advance by cable.

I take this opportunity to wish you and Mrs. McNamara and all the members of your family my best wishes for a happy New Year.

Sincerely yours,

(signed)

Léopold Sédar Senghor

Mr. Robert S. McNamara
President of the World Bank
1818 H Street
Washington, D.C. 20433 (U.S.A.)

Le Président de la République

N° 2520/PR/SP.

Dakar, le 29 décembre 1978.

Monsieur le Président et cher Ami,

Mon conseiller spécial pour les finances, M. Mamoudou Touré, m'a dit que les experts de la Banque mondiale, au cours de leur dernière mission à Dakar, n'avaient pu voir certains ministres. En effet, ceux-ci étaient pris, quand ils n'étaient pas absents, par la III^e Foire internationale de Dakar.

Je tiens à vous affirmer que je serai toujours prêt à recevoir, en audience, les experts de la Banque mondiale. Il suffit, pour cela, que je sois prévenu par simple télégramme, quinze jours à l'avance.

Je profite de l'occasion pour vous prier, Monsieur le Président et cher Ami, d'accepter pour vous, pour Madame McNamara et pour tous les membres de votre famille, mes vœux de bonne et heureuse année.



Léopold Sédar SENGHOR.

Monsieur Robert S. McNAMARA
Président de la Banque mondiale
1818 H. Street
WASHINGTON, D.C. 20433
(U.S.A.)

494/3 115

JAN 23 1979

Monsieur le Président,

Je vous remercie vivement de votre lettre du 27 décembre et de vos vœux très chaleureux. Je suis heureux de vous adresser également mes meilleurs vœux pour vous-même et pour votre pays.

C'est toujours avec le plus grand plaisir que je me rends en Côte d'Ivoire, et j'espère vivement avoir l'occasion d'y retourner à l'occasion d'un éventuel voyage en Afrique de l'Ouest, et de pouvoir reprendre avec vous les très intéressants entretiens que nous avons eus lors de votre passage à Washington.

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

(Signed) Robert S. McNamara
Robert S. McNamara

S.E. Ph. Yace
Président de l'Assemblée Nationale
de la Côte d'Ivoire
Abidjan, Côte d'Ivoire

cc: Mr. McNamara's office (2 copies) ✓
Mr. Chaffey

XdelaRenaudière: film

TRANSLATION

His Excellency
Ph. Yace
President of the National Assembly
of Ivory Coast
Abidjan, Ivory Coast

Dear Mr. President:

Thank you very much for your letter of December 27 and your warm wishes. Please accept my best wishes to you and your country.

It is always a great pleasure for me to visit the Ivory Coast and I sincerely hope that the opportunity will present itself during a trip to West Africa, and for us to resume the interesting discussion we had during your visit to Washington.

Sincerely yours,

Robert S. McNamara

T R A N S L A T I O N

NATIONAL ASSEMBLY
OF THE IVORY COAST

Abidjan, December 27, 1978

Office of the President

No 154 SP/Pt

Dear Mr. President :

I would like to express my warmest wishes to you and your family for 1979.

May I take this opportunity to convey to you all my admiration and my encouragement for the success of the heavy and difficult mission you are carrying out.

I would like on this occasion to reiterate my invitation to visit the Ivory Coast. I shall be pleased to show you our country as soon as your schedule will allow you to undertake this trip.

Sincerely yours,

(signed)
Ph. Yace

Mr. R.S. McNamara
President
World Bank
1818 H Street, N.W.
Washington, D.C. 20433 (USA)

ABIDJAN, le 27 décembre 1978

Le Président

N° 154 SP/PT

Monsieur le Président,

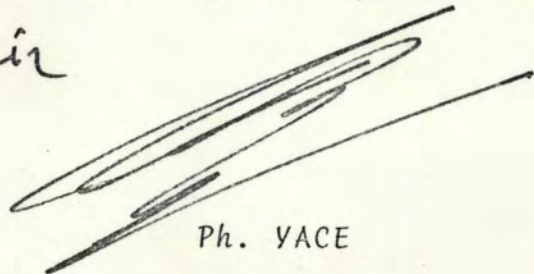
A l'aube de l'année 1979, je voudrais vous adresser mes vœux les plus chaleureux que je formule pour vous-même et tous ceux qui vous sont chers.

Permettez qu'en cette occasion, je vous adresse également le témoignage de toute mon admiration et de mes encouragements pour le succès de votre lourde et difficile mission.

Je me permets de vous réitérer mon invitation à venir visiter la Côte d'Ivoire. Je me tiens à votre disposition pour vous faire connaître mon pays dès que votre calendrier vous permettra d'effectuer ce voyage.

Veillez agréer, Monsieur le Président, l'assurance de ma haute considération et de mon

fidèle souvenir



Ph. YACE

Monsieur le Président MAC-NAMARA
World Bank
1818 H Street NW
WASHINGTON D.C. 20433

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

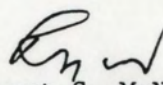
494/3/13

Office of the President

January 16, 1979

MEMORANDUM TO MR. STERN

We need, and the governments of each of the developing countries need, time series for income distribution data. Should we not appraise the data available for each major country and, where they are inadequate, work with the government to introduce sample surveys or other methods to obtain what is required.


Robert S. McNamara

cc: Mr. Chenery

494/3/11

Class of Service: _____

Date: JANUARY 12, 1979

Telex No.: _____

Originators Ext: 72001

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CITY/
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JOHN SHAD
EF HUTTON & CO
ONE BATTERY PARK PLAZA
NEW YORK NY 10004

I AM DEEPLY GRATEFUL FOR AND GREATLY HONORED BY YOUR SUGGESTION
THAT I ACCEPT PRESENTATION OF A PLAQUE IN BOSTON MAY 18TH or 19TH.
UNFORTUNATELY I EXPECT TO BE IN ROMANIA AND YUGOSLAVIA AT THAT
TIME AND THEREFORE COULD NOT BE PRESENT AT THE SCHOOL.
I REGRET VERY MUCH THAT BECAUSE OF COMMITMENTS TO HEADS OF STATE
IT WILL NOT BE POSSIBLE TO CHANGE MY TRAVEL PLANS. WITH BEST
WISHES, ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY: *Robert S. McNamara*
Robert S. McNamara

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

DEPARTMENT:

President

SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

494/3/10

JAN 11 1979

Dear Mr. Harbek:

Thank you very much for the invitation to participate in your seminar on Energy Policy and Decision Making. Unfortunately, already agreed to commitments and several matters which lie before our Board for discussion make it impossible for me to be away from Washington in the first half of February.

However, I would like to suggest that you consider inviting Mr. Raymond Goodman to participate for the World Bank. The expanded Bank program in energy development will be of interest to the other participants and we would benefit from their views on how to best assist the developing countries with the development of their energy resources. Mr. Goodman is the Assistant to our Vice President for Operations and has been heavily involved in formulating the expanded Bank program for assistance in energy development.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Odd Harbek
Secretary General
Energy Policy Foundation
of Norway
Post Office Box 1714 - Vikta
Oslo 1
Norway

bcc w/inc.: Mr. Goodman
bcc: Mr. Rovani

EStern/l
January 10, 1979

494/3/9

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

Office of the President

JAN 9 1979

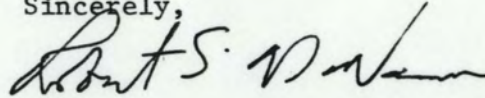
Dear Mr. Prime Minister:

I very much appreciate your kind invitation of last November to visit Thailand and am pleased to accept. I regret not having been able to give you a definite reply sooner, but have only just been able to arrange my schedule to include a visit to Thailand. I am very much looking forward to seeing your country again and particularly to the opportunity of discussing Thailand's development prospects with you and your officials. I am impressed with many aspects of Thailand's past record of growth and would welcome the chance to pursue discussion of pressing development issues that now need to be addressed.

I hope it will be convenient for your government if I spend about three days in Thailand during the month of March. I understand that Mr. van der Heijden in our Resident Mission in Bangkok is in contact with your officials to make the detailed arrangements for my visit.

I am looking forward to a most interesting and cordial visit.

Sincerely,



Robert S. McNamara

His Excellency
Gen. Kriangsak Chomanan
Prime Minister
Government House
Bangkok, Thailand

TSato:RM:js

404/3/8

January 9, 1979

Dear Mr. Ambassador:

I am grateful for the invitation from Mr. J. de Koning to participate in the 11th annual Tidewater Meeting on development policy, scheduled for the weekend of April 27-29, 1979 in the Netherlands.

On December 21, in response to Mr. de Koning's invitation, I sent him the following cable:

"Many thanks for your invitation to the April Tidewater Meeting. I shall plan on attending and will attend unless a crisis here intervenes. With best wishes to you for a very Merry Christmas and a Happy New Year. Robert S. McNamara".

With best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
A.R. Tammenoms Bakker
Ambassador to the Netherlands
4200 Linnean Ave. N.W.
Washington, D. C.

RSMcNamara:js

494/3/7

January 9, 1979

Dear Johannes:

I was delighted to learn that you are forming the Consultative Group on International Economic and Monetary Affairs, and that you agreed to serve as its chairman. As you proceed to explore the basic problems involving the structure and functioning of the international economic system, I hope you will call on us whenever you believe the Bank can be of assistance. Do allow time for a visit with me to report on the progress of your work when your travels bring you to Washington.

Margaret joins me in best wishes to you and Liesbeth,

Sincerely,

Robert S. McNamara

Mr. H. Johannes Witteveen
Waldeck Pyramontlaan 15
2243 H. L. Wassenaar
The Netherlands

RMcN:bmm

494/3/5

JAN 9 1979

Dear Don:

Thank you very much for your letter and for the accompanying summary report which outline Merrill Lynch's activities in connection with World Bank bonds and operations.

During the next several months extensive discussions will take place concerning a substantial increase in the capital of the World Bank. We look forward to obtaining substantial commitments which will permit us to expand our lending program in real terms into the mid-eighties. Therefore, it may be somewhat premature and possibly counterproductive to take financial steps which might be interpreted as preempting the decisions of governments before more definitive action is taken on the size and type of the capital increase. Further, as you may know, the Bank has essentially completed its borrowing program for the fiscal year ending June 30, 1979 and, indeed, if interest rates in U.S. dollars rise further, we may continue to use alternative sources of funds to finance our borrowing program. Nonetheless, I know quite well that decisions should be taken on the makeup of our management group well in advance of our entry into the U.S. market.

I was most impressed with the activities of Merrill Lynch in trading World Bank securities as outlined in Arthur Urciuoli's letter to Gene Rotberg. In particular, Merrill Lynch's increased trading in World Bank bonds and the considerable narrowing of spreads across the entire maturity range are very satisfactory developments. Gene also tells me that the overall volume in the secondary market has increased considerably (though we have not come to market for 18 months), that the secondary market has become quite competitive and that dealer spreads have narrowed somewhat. In this connection, leaving aside for a moment Merrill Lynch's interest in becoming a manager, I would very much like you to think about whether the absence of the World Bank from the market, at times of particularly high interest rates for, say, another year, would on balance be beneficial or detrimental to our best interests.

You may be assured, irrespective of whether the World Bank comes to market in the near future, we will continue to maintain our financial image in the institutional and public mind through seminars, financial meetings, etc., and of course we very much are aware of the assistance that you could offer us in this regard.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Donald T. Regan
Chairman of the Board
Merrill Lynch & Co. Inc.
New York, N.Y. 10006

EHRotberg:emk
1/8/79

emk

494/3/1

Robert S. McNamara

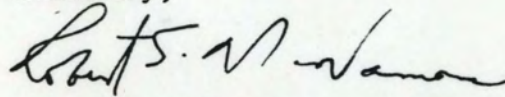
2412 Tracy Place, N. W., Washington, D. C. 20008

January 2, 1979

Dear Mr. Ellison:

I have just glanced at the galleys of THE BRINK by David Detzer. I note that on page 310 Mr. Detzer states "I would also like to thank those with whom I corresponded and those who were kind enough to read parts of the manuscript. These include: John C. Shea, Robert McNamara, Roger Hilsman, John Scali, and Gaddis Smith." I would be grateful if you would remove my name from the list. I do not wish to appear to be endorsing a text which on page 290 quotes me as saying "This means war with the Soviet Union", a statement I never made.

Sincerely,



Robert S. McNamara

Mr. Nick Ellison
Senior Editor
Thomas Y. Crowell Company
10 East 53rd Street
New York, N.Y. 10022

MAR 30 1979

494/3/75

DECLASSIFIED

FEB 04 2012
PERSONNEL ET CONFIDENTIEL

WBG ARCHIVES

Citoyen Président-Fondateur,

A mon grand regret je me trouve dans l'obligation de porter à votre attention personnelle une série de faits d'une extrême gravité qui se sont déroulés à Kinshasa le 24 octobre dernier et dont les victimes ont été l'un des agents de la Banque, travaillant pour l'Office de Gestion de la Dette Publique, et les membres de sa famille. La lettre jointe, adressée à M. le Commissaire d'Etat aux Finances, récapitule ces événements scandaleux et présente à la République du Zaïre, au nom de la Banque Mondiale, un certain nombre de demandes, dont chacune a mon appui total.

Je suis profondément choqué, tant par ce qui s'est passé que par ce qui ne s'est pas passé le 24 octobre, et je sais que vous partagerez mes sentiments.

Ce sont à la fois la grave préoccupation que lui inspirent le bien-être de cette famille en particulier, le moral de son personnel en général et la sécurité de ses agents au Zaïre et le souci de conserver avec votre pays des relations harmonieuses et constructives qui ont amené la Banque à demander à M. le Commissaire d'Etat aux Finances d'accorder immédiatement à sa requête toute l'attention qu'elle mérite.

Pour les mêmes raisons, je vous prie instamment d'intervenir à titre personnel et dans les meilleurs délais, afin que les mesures qu'appelle cette affaire soient prises au plus vite.

Veillez agréer, Citoyen Président-Fondateur, les assurances de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Pièce Jointe

S.E. Mobutu Sese Seko Kuku Ngbendu Wa Za Banga
Président-Fondateur du Mouvement Populaire
de la Révolution
Président de la République Zaïre
Kinshasa, Zaïre

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

EHaythorne/ABroches/as

494/3/74

MAR 30 1979

Dr. Ricardo Martinez
Ministro de Estado
Jefe de CORDIPLAN
Av. Urdaneta
Palacio Blanco, 2o. piso
Caracas, Venezuela

Dear Mr. Minister:

First of all may I extend to you my warm congratulations upon your designation as the Governor for Venezuela in the World Bank and in its affiliate, the International Finance Corporation. We greatly look forward to your participation in the affairs of these institutions and I hope that I may have the opportunity of seeing you at our Annual Meeting in Belgrade next October, if not before.

May I take this opportunity of calling your attention to a matter which has been under discussion from time to time between representatives of the Bank and officials of your Government, namely, the possible participation by Venezuela in another very important affiliate of the World Bank, the International Development Association (IDA). It so happens that Venezuela is one of the very few countries in the world that has not until now elected to join this organization, which is the instrumentality employed by the World Bank Group to provide highly concessional assistance to its most needy member countries. International negotiations are under way at the present time to replenish IDA's resources, and I very much hope that your Government will now give its most serious consideration to joining IDA and to making a modest contribution to this replenishment.

I am sure that you will agree that the plight of the poorer developing countries in the world makes a pressing call upon all of us in a position to do so to augment both the amount and the effectiveness of external assistance to these countries. The World Bank Group feels a sense of great responsibility in this matter, and we are therefore bending every effort toward mobilizing more concessional funds for assistance to the poorer developing countries and toward making further improvements in the administration of the funds provided to us. In particular we are re-orienting our activities toward a direct attack upon the appalling conditions of poverty that exist in these less developed countries. IDA will play a key role in this program since the great bulk of its assistance is rendered to countries whose per capita income still remains below \$300 a year. Hence, there is nothing to which I attach higher priority than the successful conclusions of the present negotiations to fortify its resources.

MAR 30 1979

Dr. Ricardo Martinez

- 2 -

I am well aware of the great tasks that lie ahead for your Government in developing the resources of your own great country, and the large claims that this will make upon your national budget. I am also well aware of the very important contributions that Venezuela has already made in support of the poor countries of the world - both within this Hemisphere, through bilateral channels and through the Inter-American Development Bank, and also, more widely, through its participation in the financing of the OPEC Fund and the International Fund for Agricultural Development. Nonetheless, in view of the World Bank Group's central position in the family of international development institutions, it seems to me that it would be very timely and appropriate for Venezuela to lend its support to IDA's efforts, in an amount consistent with its resources and capabilities.

The main burden of the IDA replenishment must, of course, continue to be carried by the major industrialized nations. However, three major OPEC nations are participating in the present negotiations (Saudi Arabia, Kuwait and the United Arab Emirates), and indeed these countries have supported IDA in the past. Furthermore, a number of other more advanced developing countries are also participating, including, for the first time, representatives from Argentina, Brazil and Mexico. While no final decisions have yet been made by these other Latin American countries I personally feel confident that they will be joining in the next IDA replenishment. Hence, if Venezuela were to come to a favorable decision in this matter, it would be acting in fraternal association both with its OPEC partners and with its Latin American neighbors.

I was very happy to note that, as a first step in this direction, your Government sent as an Observer to a preliminary meeting on the IDA replenishment that took place in Paris last week Mr. Alberto Dominguez, Counselor of your Embassy in France. It was understood that this did not in any way imply any commitment on your part but a gesture of this kind was very much appreciated.

As the next step in your consideration of this matter I would like to ask Mr. J. Burke Knapp, formerly the Senior Vice President for Operations of the World Bank and IDA, to visit you in Caracas some time in May to provide you with further information concerning IDA's program and to bring you up-to-date regarding the progress of our discussions with other IDA donors. Mr. Knapp will be getting in touch with you through Mr. Eduardo Mayobre, your present Executive Director in the World Bank Group, to arrange this visit at a time suiting your convenience. The next international meeting for consideration of the next IDA replenishment is scheduled to take place in Brussels in mid-June, and it would give me the greatest pleasure to learn that Venezuela has decided by that time to take part in these proceedings.

Dr. Ricardo Martinez

- 3 -

MAR 30 1979

I may add that one of your Cabinet colleagues, Mr. Luis Ugueto, has had a period of distinguished service as one of the Latin American Executive Directors in the World Bank Group and, in view of his knowledge of and interest in the subject of this letter, I am taking the liberty of sending a copy to him.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: H.E. Mr. Luis Ugueto
Mr. Eduardo Mayobre

bcc: Messrs. Cargill
Ardito-Barletta
Gabriel
Vibert
D.R. Clarke

JBKnapp:isk

494/3/73

Class of Service: _____

Date: March 30, 1979

Telex No.: _____

Originators Ext: 7 2001

12

10

0 START
HERE

1 TO

~~JAN de KONING, MINISTER FOR DEVELOPMENT COOPERATION~~

CITY/
COUNTRY

~~MINISTRY OF FOREIGN AFFAIRS~~

MESSAGE
NO.:

~~THE HAGUE NETHERLANDS~~

4

BECAUSE OF A CONFLICT WITH MY TRAVEL PLANS RELATED TO THE UNCTAD

5

MEETING IN MANILA I WILL NOT BE ABLE TO ATTEND TIDEWATER

6

APRIL 27-29. IF ACCEPTABLE TO YOU I WOULD BE MOST HAPPY TO HAVE

7

ERNEST STERN, VICE PRESIDENT, OPERATIONS ATTEND IN MY PLACE.

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REGARDS, ROBERT S. MCNAMARA

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END
OF

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TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

Robert S. McInamara

DEPARTMENT:

President

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH

494/3/72

MAR 26 1979

Son Excellence
Ahmed Sékou Touré
Président de la République Populaire
et Révolutionnaire de Guinée
Conakry
République Populaire et Révolutionnaire
de Guinée

Monsieur le Président,

Je vous remercie vivement de votre lettre du 15 février que vous avez bien voulu me faire parvenir par l'intermédiaire du Ministre du Domaine de l'Economie et des Finances, Monsieur Ismaël Touré.

J'ai pris note, avec le plus grand intérêt, de vos vues personnelles sur la priorité relative des principaux investissements miniers actuellement à l'étude en Guinée: d'une part Ayé-Koyé, d'autre part Mifergui-Nimba. Je comprends parfaitement votre désir de ne pas sacrifier le projet d'Ayé-Koyé au profit du projet de Mifergui-Nimba et je puis vous assurer que nous tiendrons le plus grand compte de cette indication dans toute décision que nous aurons à prendre au sujet de l'un ou l'autre des deux projets.

Pour notre part, nous n'avons pas pris de position définitive sur aucun des deux projets. Leur réalisation pose encore d'importants problèmes techniques, économiques, commerciaux et financiers et c'est seulement quand ces problèmes auront été résolus qu'un choix sera peut-être nécessaire. Pour l'instant, notre effort vise principalement à évaluer la rentabilité économique et financière des projets, sur la base des informations dont nous disposons, et à faire aux autorités guinéennes des recommandations sur les mesures permettant d'améliorer leurs chances de réalisation.

Le projet de Mifergui-Nimba est, cependant, à un stade de préparation plus avancé et nous sommes en train d'écrire au Ministre Ismaël Touré pour lui faire part de notre sentiment sur cet investissement et sur les dispositions qui doivent encore être prises pour achever sa mise au point. Mifergui-Nimba dispose, en effet, d'un certain nombre d'atouts majeurs: importance des réserves et qualité du minerai, existence d'une infrastructure ferroviaire et portuaire au Libéria pour l'évacuation du minerai, engagements d'achat de minerai par un grand nombre de pays et entreprises consommatrices. Nos remarques porteront donc principalement sur les moyens de réduire les coûts d'investissement et d'exploitation, d'améliorer la structure financière de la ou des sociétés responsables du projet, d'évaluer les débouchés, d'obtenir confirmation des garanties d'achat et d'attirer un partenaire technique capable d'assurer dans les meilleures conditions possibles l'exploitation de cet important projet.

MAR 26 1979

En ce qui concerne le projet d'Ayé-Koyé, c'est seulement depuis août 1978, qu'à la demande du Comité Technique Guinéo-Arabe chargé de sa promotion, nous avons examiné l'étude de factibilité préparée par Alusuisse. En octobre dernier nous avons envoyé une liste d'observations préliminaires sur le rapport d'Alusuisse au Comité Technique Guinéo-Arabe chargé de la promotion du projet. Nous pensons que la commercialisation de la production doit encore donner lieu à des études plus approfondies et nous attendons des renseignements techniques complémentaires d'Alusuisse. Un examen plus complet de l'étude de factibilité est en cours; quand il sera terminé, notre rapport sera transmis à la fois au Comité Technique et aux autorités guinéennes.

Telles sont donc les quelques réflexions que j'ai tenu à vous faire au sujet des deux grands projets miniers auxquels vous avez demandé de nous intéresser. Encore une fois, je suis parfaitement conscient de l'influence considérable que le secteur minier exerce déjà et pourra exercer à l'avenir sur le développement économique de votre pays. Je souhaite donc personnellement que la Banque Mondiale joue un rôle positif dans la préparation de nouveaux projets miniers et la mise au point de leur financement, et je puis vous assurer que c'est dans le cadre d'une vue globale de l'ensemble des investissements du secteur et en fonction des priorités du gouvernement guinéen que nous déciderons de nous associer au financement de chaque projet spécifique.

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

(Signed) Robert S. McNamara

Robert S. McNamara

RNoukelak/XdelaRenaudière:ja
March 21, 1979

cc: Mr. McNamara's office (2) ✓
Messrs. Chauffournier (WANVP), Fuchs (IPD), Cash (IPD), Clift (WAL),
Gillette (WA2), Bühler (LEG), de Selliers (IPD), Abdi (WAL),
Scanteie (WA2)
(Mr. Madinga (EDS), Ambassador of Guinea)

TRANSLATION OUTGOING LETTER

His Excellency
Ahmed Sékou Touré
President of the Revolutionary People's
Republic of Guinea
Conakry
Revolutionary People's Republic of Guinea

Dear Mr. President:

Thank you very much for your letter of February 15 which you sent through the intermediary of the Minister of Economy and Finance, Mr. Ismaël Touré.

I was very interested to read your personal thinking on the relative priority of the two major mining projects currently under study in Guinea: Ayé-Koyé and Mifergui-Nimba. I entirely understand your desire not to sacrifice the Ayé-Koyé project in favor of the Mifergui-Nimba project, and I can give you my assurance that we will take this fully into account in any decision we take on either of the projects.

At the present juncture, we have not yet adopted any definite position on either of the projects. There are still sizable technical, economic, commercial and financial problems involved in their realization, and it is only after these problems have been solved that a choice may have to be made. At the moment, all our efforts are primarily directed towards evaluating the prospective economic and financial rate of return on the two projects based on the information presently available to us, and providing the Guinean authorities with recommendations on steps intended to improve their chances of realization.

The Mifergui-Nimba project is, however, at a more advanced stage of preparation and we are currently writing to Mr. Ismaël Touré to advise him of

our views on this investment and on the steps that should still be taken to complete its preparation. Mifergui-Nimba has a number of important factors in its favor: size of the deposit and high grade of ore reserves, presence of a rail and port infrastructure in Liberia for shipment of the ore, and ore purchase commitments by a large number of consuming countries and enterprises. Our observations will therefore deal mainly with suggestions on how to reduce capital and operating costs, improve the financial structure of the company or companies running the project, evaluate possible markets, obtain confirmation of purchase guarantees and find a technical partner able to run this major project under the best possible conditions.

With regard to the Ayé-Koyé project, it was not until August 1978 that, at the request of the Guinea-Arab Technical Committee responsible for promoting this project, we started to examine the feasibility study prepared by Alusuisse. Last October, we sent the Guinea-Arab Technical Committee a list of our preliminary observations on the Alusuisse report. We think that further, indepth studies are needed on the marketing of production and we are waiting for additional technical information from Alusuisse. A more detailed appraisal of the feasibility study is underway; when it is completed, we will send our report to both the Technical Committee and to the Guinean authorities.

These are the comments I felt it useful to make on the two major mining projects for which you have asked us to provide assistance. Let me repeat that I am fully aware of the considerable role that the mining sector is already playing and can play in the future in the economic development of your country. Thus I personally hope that the World Bank will play a positive role in the preparation of new mining projects and the securing of financing for

them, and I can assure you that our decision to participate in the financing of any specific project will be taken against the background of an overall view of the total sectoral investment and in light of the priorities of the Guinean government.

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

Robert S. McNamara



REPUBLIQUE DE GUINÉE

Le Président

TRAVAIL - JUSTICE - SOLIDARITÉ

Conakry, le 15 février 1979

AU PRESIDENT DE LA BANQUE MONDIALE

WASHINGTON DC - U S A

Monsieur le Président,

Je saisis l'heureuse occasion de la mission qu'effectue le Comité de financement de la Société Mixte MIFERGUI-NIMBA auprès de la Banque Mondiale, sous la conduite du Camarade Ismaël TOURE, Ministre du Domaine de l'Economie et des Finances, pour vous adresser mes meilleures salutations et vous renouveler l'expression de ma haute estime et de mon amitié sincère.

Tout d'abord, je voudrais vous remercier pour le soutien permanent que la Banque Mondiale a toujours manifesté pour le développement de la Société MIFERGUI-NIMBA depuis 1975.

Par ailleurs, je ne suis pas prêt d'oublier l'importance et les résultats combien positifs de la visite que vous avez bien voulu rendre à mon pays et à

Moi-même en septembre 1977. Votre déplacement à l'intérieur du pays ainsi que nos entretiens à Conakry, ont permis à l'Institution Internationale aux destinées de laquelle vous présidez et à vous-même de saisir les réalités du Peuple Guinéen et de mieux comprendre ses aspirations profondes ainsi que les motivations de ses objectifs prioritaires de développement économique et social.

De notre côté, nous avons pu mesurer le grand intérêt que vous portez au progrès du Peuple Guinéen en particulier et à celui de tous les Peuples Africains en général.

Dans le cadre des contacts que je poursuis dans les Pays Africains et arabes, j'ai eu à effectuer tout récemment une visite en Lybie sur l'invitation de mon ami le Président KHADAFI. Au cours de nos entretiens, nous avons eu à parler de la coopération entre nos deux Pays et des projets prioritaires que

nos deux Gouvernements envisagent de réaliser en commun. C'est ainsi que nous avons accordé la priorité au Projet Ayé Koyé en raison même de sa liaison avec le projet du Complexe hydro-électrique du KOUNKOURE dont la réalisation permettra à la Guinée d'envisager la fabrication de l'aluminium sur place et de dynamiser son développement agro-industriel.

C'est pourquoi je voudrais, Monsieur le Président, en mon Nom Personnel et au Nom de mon Frère, le Président KHADAFI, réitérer auprès de vous notre souhait commun de voir la Banque soutenir le Projet AYE KOYE. J'en profite pour vous mettre à l'aise dans l'examen de la demande de financement du Projet MIFERGUI-NIMBA.

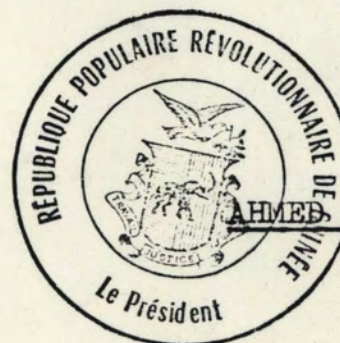
En effet, pour Moi-même et pour mon Gouvernement, l'engagement de la Banque dans le financement du Projet MIFERGUI-NIMBA ne doit nuire en rien à l'importance du financement que nous attendons de votre

Institution en faveur du Projet d'AYE KOYE.

En tout état de cause, le rôle de coordination pour la mise en place du financement de MIFERGUI-NIMBA que la Banque a si aimablement accepté de jouer, représenterait à nos yeux une contribution très appréciable pour le succès de ce Projet.

Pour terminer, en vous soulignant à nouveau la priorité que je voudrais voir accorder au Projet d'AYE KOYE, je vous remercie très sincèrement de l'intérêt que vous avez toujours manifesté à tous les Projets de développement de mon Pays et en même temps vous assurer de notre ferme volonté de coopération avec vous-même et la Banque Mondiale.

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



AS
AHMED SEKOU TOURE

TRANSLATION INCOMING LETTER

REPUBLIC OF GUINEA

The President

Conakry, February 15, 1979

To the President of the World Bank

Washington, D.C. - U.S.A.

Dear Mr. President:

On the occasion of the mission to the World Bank undertaken by the Financing Committee of the Mifergui-Nimba mixed investment company and led by Comrade Ismaël Touré, Minister of Economy and Finance, I take this opportunity to send you my kind regards and to convey to you the renewed expression of my high esteem and sincere friendship.

I would like first of all to thank you for the World Bank's continued support for the development of the Mifergui-Nimba Company since 1975.

I shall not forget the significance and the very positive results of the visit you paid to my country and myself in September 1977. Your trip in the interior of the country and our discussions in Conakry enabled both your institution and yourself to grasp the realities of the Guinean people and to better understand their deep aspirations and the motivations underlying their priority objectives in the field of economic and social development.

For our part, we were able to judge the extent of your interest in the progress of the Guinean people in particular and of all the peoples of Africa in general.

In my contacts with African and Arab countries, I have recently visited Libya at the invitation of my friend, President Khadafi. During our talks, we discussed the issue of cooperation between our two countries and the priority projects that our two Governments are considering carrying out jointly. In this context, we have given priority to the Ayé Koyé project in view of its relationship with the Kounkouré hydro-electric project whose implementation will enable Guinea to consider the local processing of aluminum and to accelerate its agro-industrial development.

This is why, Mr. President, in my name and on behalf of my brother, President Khadafi, I would like to reiterate our common wish to obtain the support of the Bank for the Ayé Koyé project. I take this opportunity to set your mind at rest in your ongoing appraisal of the request for financing of the Mifergui-Nimba project.

Both for myself and my Government, the Bank's commitment to finance the Mifergui-Nimba project should in no way prejudice the amount of the financing which we are expecting from your institution for the Ayé Koyé project.

In any case, the coordinating role that the Bank has kindly agreed to play in providing financing for the Mifergui-Nimba project would represent in our eyes a very substantial contribution for the success of this project.

In conclusion, while stressing again the priority that I would like the Ayé Koyé project to receive, I wish to express my sincere thanks

for the interest you have always shown in all my country's development projects and to assure you at the same time of our strong desire to cooperate with you and the World Bank.

Accept, Mr. President, the assurances of my highest consideration.

(signed) AHMED SEKOU TOURE
(Seal of the President of
the Revolutionary People's
Republic of Guinea)

494/3/71

MAR 23 1979

Dr. Bruno Kreisky
Chancellor
Bundeskanzleramt
Ballhausplatz 2
1014 Vienna, Austria

Dear Mr. Chancellor:

I was happy to receive a very interesting report from Mr. Burke Knapp regarding his talks with you and some of your senior officials in Vienna last week.

First of all I should like to express my profound appreciation for the great interest which you have always manifested in the plight of the developing countries and for your continuing efforts in both your national and international capacities to promote a constructive exchange of views in the "North-South dialogue". More specifically, I should like to take this occasion to extend my warm thanks for your consistent expressions of support for the work of the World Bank Group. Even this week, in the meeting held in Paris to discuss the next replenishment of the resources of IDA, the affiliate of the World Bank devoted to financing development projects in the poorest countries, your representative was advocating a high level for this replenishment and offering the participation of Austria with at least as high a share as in the past. I am sure that your support on this and other occasions has impressed the developing countries with Austria's deep concern for their situation, and has spurred on the major donor countries to more effective action.

I trust that Mr. Knapp was able, in his talk with you, to convey how close is the identity of views between you and the World Bank regarding the principles of development assistance, and the need for all of us to marshal even greater efforts in this field. I hope that Mr. Knapp was also able to contribute to your understanding of the critically important role that the World Bank, IDA and IFC are performing in fostering the sound development of basic infrastructure in the developing countries, which along with more direct approaches to the promotion of directly productive activities, especially of the poorer elements of the population, is an essential element in the World Bank's attack on the problems of global poverty.

Dr. Bruno Kreisky

- 2 -

MAR 23 1979

I am sure that the talks that Mr. Knapp was privileged to have with you will lead to further measures of cooperation between your Government and the World Bank Group in advancing our common cause and I hope that some practical steps in this direction may soon be taken, perhaps through the development of further co-financing arrangements between the World Bank Group and agencies of your Government. I understand that Mr. Knapp will be writing soon to Dr. Nussbaumer along these lines. I conclude by expressing the hope that we might find an opportunity before long to discuss these matters personally between us.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. Cargill
Stern
William Clark
Qureshi
Steckhan
Strobl

JBKnapp:isk

494/3/65

March 20, 1979

Dear Mr. Minister:

I want to thank you once again for your warm hospitality during my recent visit to Bonn.

I particularly appreciated the opportunity to discuss with you, with the Chancellor, and with your colleagues the future operations of the IBRD and IDA, as well as a number of related North-South questions.

My meeting with the media, with the Friedrich-Ebert Foundation, and with the Committee for Economic Cooperation of the Bundestag provided me with a fresh and candid view of current opinion in the Federal Republic on development issues, and my conversations at the Bundesbank on financial matters were detailed and informative.

It was a fruitful visit, and I am grateful to you, and to your colleagues, for all that you did to help make it so.

Sincerely,

Robert S. McNamara

His Excellency
Rainer Offergeld
Minister for
Economic Cooperation
Bonn, Federal Republic
of Germany

Address: D 53 Bonn 12
Karl-Marx-Strasse 4-6

494/3/64
MAR 20 1979

Office of the President

Excellency:

The International Bank for Reconstruction and Development proposes to borrow the principal amount of Yen 30,000,000,000 from The Bank of Japan by the issuance of one Obligation denominated in Japanese yen. The borrowing would have a term of 6-1/2 years. The interest rate has not yet been determined.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank, to approve the borrowing by the Bank from The Bank of Japan of Yen 30,000,000,000. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Ippei Kaneko
Minister of Finance
Ministry of Finance
Tokyo, Japan

cc: Mr. Susumu Murayama, Executive Director

Cleared with and cc: Mr. Sakuragi
cc: For Mr. McNamara's office (2)
Mr. Cargill
Mr. Rotberg
Mr. Hittmair
Mr. Kaya
Mr. Scott
Mr. Harris
Financial Operations Yen Bonds #28

HMoya:br
March 19, 1979

494/3/63

MAR 20 1979

Dear Mr. Nordlander:

I was most pleased to learn that the Sveriges Riksbank has subscribed for the first time to the World Bank's offerings of two-year bonds and that we were able to allot to Sveriges Riksbank \$1,300,000 of the Bank's recent issue of 9.85% Two-Year Bonds of 1979. As you may know, the issue was substantially oversubscribed and we sincerely regret that we were unable to allot you the full amount of your subscription.

The willingness on the part of the central banks, governmental institutions and international organizations to subscribe to these issues is very much appreciated. Your response not only expresses confidence in our bonds as instruments of investment, but also is regarded as a very valuable means of support for the World Bank and we look forward to a continuing relationship with the Sveriges Riksbank in these offerings.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Carl Hendrik Nordlander
Governor
Sveriges Riksbank
Box 16283
S-103 - 25 Stockholm 16
Sweden

494/3/62

March 19, 1979

Dear Mr. Prime Minister:

As I am sure you know, our African Governors have for long emphasized the importance they attach to African nationals being represented at senior management levels in the Bank. They have, however, also been at pains to make clear that they would not wish the Bank to appoint an African to a high level position unless he were in every respect well qualified to assume the high responsibility involved. Openings at senior levels, as you will appreciate, are rather infrequent but in the past two months we have been able to offer two African nationals appointments at the Director level. Unfortunately both felt obliged to decline our offers for personal reasons which we fully respected. An opening at an even more senior level will arise later this year when the Bank's Secretary, Mr. P. N. Damry, retires. We believe Mr. Timothy Thahane, whose strengths we came to know well during his four years service on our Board, would be an excellent choice to replace Mr. Damry.

We realize that you have only recently appointed Mr. Thahane as your Ambassador to the United States, a most important position indeed in the service of your country. Thus we recognize that we are posing you a very difficult problem. Nevertheless, I venture to ask whether you would be prepared to release him, assuming he himself is willing, to take up an appointment as Secretary of the Bank later this year. The Secretary holds a very senior position in the Bank's management team carrying the rank of Vice President. He not only serves as Secretary to the Board of Governors and to the Board of Executive Directors, with whom he maintains a continuing dialogue on all manner of major policy issues facing the Bank, but also participates fully in internal policy formulation at the highest level.

Whilst appreciating the loss which this would entail for your country, I certainly hope you will see your way to releasing Mr. Thahane for this post where he could be of service to the international community as a whole including, of course, the growing number of African nations in our membership.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Leabua Jonathan
Prime Minister of Lesotho
Maseru, Lesotho
cc: Mr. McNamara's Office (2)

RAClarke:jlb (March 1) 1979)

494 13/61
MAR 16 1979

Dear Mr. Block:

Your letter of March 2, transmitting a report on the current status of the African rhinoceros, has been received. I am most distressed to learn that in the past few years their numbers have been alarmingly reduced; and I share your concern that the current low density may further reduce the probabilities of reproduction. That the population has reached a threshold where for all practical purposes the species may soon cease to exist is a numbing thought. Be assured of both my continuing interest in the problem and support for a workable conservation strategy to save this magnificent animal.

I have asked our Environmental Officer, Jim Lee, to be in touch with Russ Train, who is now with WWF, to see what steps might appropriately be taken to counter this threat.

As you know, the Bank, through a recent loan, has mounted an effort to strengthen Kenya's anti-poaching capabilities, but it would seem the magnitude of the problem transcends even these endeavors.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. J. Block
World Wildlife Fund
Box 24603 Nairobi
KENYA

cc: Mr. Russell Train, WWF, Washington, D.C.
Dr. James A. Lee, World Bank

JALee:on

494/3/59

MAR 16 1979

Excellency:

Thank you very much for your kind letter dated February 13, 1979. We are pleased with the progress being made by the Government to strengthen Egypt's Family Planning Program. We also very much appreciate your kind remarks on the performance of Dr. Kanagaratnam and his staff in the assistance they have been able to give to your Government. I would like to assure you of the Bank's continued support of Egypt's efforts to limit population growth rates.

I am impressed by the continued commitment of the Government and especially your personal interest and involvement in implementing an effective population program. We are happy to note that the Supreme Council on population will be chaired by you and that the First Lady is now a member. We are very much encouraged by the achievements that can be made with the help of the second population project, and I look forward to hearing about continued progress toward reducing Egypt's population growth.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Professor Dr. M. Gabr
Minister of Health
Ministry of Health
Magless El Umma Street
Garden City
Cairo, Egypt

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

Cleared with and cc: Messrs. K. V. Ranganathan, Kanagaratnam (POP)

KVRanganathan/TSwayze:mbw

March 14, 1979

494/3/58

MAR 16 1979

Dear Professor Badran:

Thank you very much for your kind letter dated February 8, 1979. We are happy to note the progress being made and appreciate your kind remarks on the performance of Dr. Kanagaratnam and his staff in the processing of the second population project.

We are glad to note that your successor, His Excellency Dr. Gabr, is continuing the excellent leadership that you gave the Ministry of Health and, in particular, the country's population policies and program. With the active commitment of the nation's leaders and strong staff support, I am confident that Egypt will be successful in limiting population growth, improving health status, and increasing economic growth leading to a better quality of life for the Egyptian people.

We are prepared to continue to assist the Government in this difficult but vital task of economic and social development.

I look forward to meeting you again in the not too distant future, and I very much hope you are enjoying your return to University work.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Professor Dr. Ibrahim Badran
Rector
Cairo University
Cairo, Egypt

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

Cleared with and cc: Messrs. K. V. Ranganathan, Kanagaratnam (POP)

KVRanganathan/TSwayze:mbw

March 13, 1979

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

494/3/57

Office of the President

DECLASSIFIED
FEB 19 1983
MARCH 15, 1979

Today, during a discussion with Mr. Looijen, I stated that it was not my intention to prejudge the decision that would be taken with respect to the valuation of the Bank's capital and that I would act to ensure that there would be nothing in the Resolution in the Capital Increase that would in any way prejudge such a decision.

R.S.McN
Robert S. McNamara

RSMcNamara:js
cc: Mr. Looijen
Messrs. Cargill, Broches,
Damry, Stern

494/3/55

March 13, 1979

Dear Dr. Huda:

Thank you for your letter of February 20, 1979, outlining your Government's program for fertilizer and other commodity imports in the fiscal years 1979 and 1980 and expressing your concern that the volume of IDA lending presently proposed for the financing of such imports might be less than you had expected. I recognize that your Government is making strong efforts to increase fertilizer supplies and was also pleased to learn of the continued attention being given to the acceleration of project aid disbursements. I welcome the action taken by you in this regard.

My associates and I have carefully reviewed the import requirements of Bangladesh and your program for financing these purchases. Rather than responding to your concerns in specific terms, I feel it best if this complex subject were discussed in detail when Mr. David Hopper, Regional Vice President, visits Dacca later this month.

I am sure that we will be able to reach agreement on how the available IDA resources can be utilized most effectively toward the economic development of the people of Bangladesh.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
M. N. Huda
Minister for Planning and Finance
Government of the People's
Republic of Bangladesh
Dacca, Bangladesh

Wiehen:Stern:McNamara:bmm
March 13, 1979

cc: Mr. Hopper (w/orig. correspondence)
Mr. Stern

494/3/54

MAR 12 1979

Dear Mr. Kostic:

Thank you very much for your letter of January 25, 1979 which was handed to me by Ambassador Belovski when he visited me on March 1.

I am indeed most grateful to you for the formal invitation and, as I told you when we met in September last year, I very much look forward to visiting Yugoslavia again and learning from you and your colleagues the developments that have taken place since my last visit. Regrettably, however, as I informed Ambassador Belovski, I am still not in a position to firmly commit myself on a timing for the visit. Recent developments that have taken place, relating to Bank's capital increase, IDA Replenishment and serious matters concerning staff compensation, make it imperative that I be available in Washington. In fact, I have had to postpone already firmed-up visits and all I can say now is that it is most likely that my visit would have to be later than May this year. I am sure that you and your colleagues in the Government will understand the reasons why I must maintain some flexibility on my travel schedule at this critical juncture but please be assured that not only do I plan to visit Yugoslavia but indeed I am very eager to do so at the earliest possible opportunity.

I mentioned to Ambassador Belovski that as soon as developments permit I will be in touch immediately to work out a mutually convenient schedule for the visit. In the meantime, please accept my sincere thanks and best personal regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Petar Kostic
Federal Secretary for Finance
Federal Secretariat for Finance
Bulevar Avnoja 104
11070 Belgrade
Yugoslavia

GKaji/MPaijmans:11j
March 8, 1979

494/3/53

MAR 12 1979

Mr. Emile van Lennep
Secretary General
Organisation for Economic
Cooperation and Development
2, rue Andre Pascal
Paris XVIe, France

Dear Emile:

I am sorry I was not in Washington during your visit, but I am glad that you and Ernie Stern could meet so that you have our reactions to your paper.

As you know, we believe that an expansion of cofinancing is highly desirable and we are, and have been for some time, actively engaged in promoting the concept. You can see from the attached table that the number of cofinanced operations continues to grow; if our estimates for the current fiscal year materialize, the amount of cofinancing with official and private sources will be almost twice any level previously achieved.

While we are committed to an expansion of our cofinancing activities, we would caution against raising exaggerated expectations about what can realistically be achieved in the next two or three years. In particular, it is unlikely that the proposed expanded program would result in substantial additional investment in the short term. It would take some time for countries to develop projects which are not now in the preparatory pipeline and a good many would find it difficult in their present economic situation to quickly raise domestic savings rates to associate with the increased inflow of project assistance. Meanwhile it would, of course, be possible to continue to expand our cofinancing with both official and private sources by associating more private and official capital with projects already in the pipeline. As far as the private sector is concerned, however, the limitations that banks necessarily put on their portfolio exposure in particular countries and their assessment of the creditworthiness of individual countries, makes it uncertain that such financing will be additional and not simply a re-arrangement in the pattern of commercial bank commitments for many countries.

In our work with the private banks we have not found that they limit their cofinancing to specific sectors. Our cofinanciers are more interested in the creditworthiness of the country and the quality of the project. If these are satisfactory, they are prepared to lend for agricultural as well as for mining projects or infrastructure. I think you are right, therefore, not to propose that cofinancing be limited to pre-selected sectors. To do so would not add to the total supply of resources available and would run the danger of skewing the investment priorities of individual countries.

Our commitment to expand cofinancing, particularly with the private sector, is of course based on the proposition that this will be of benefit to our borrowers. We see these benefits essentially as strengthening the links between the borrower and the banking system, broadening developing country exposure to different financial institutions, assisting countries in presenting sound projects to the investment community and obtaining better terms, especially longer maturities, than could be obtained in the market. But I think our role, as defined in para 6 of your paper, overstates the reduction in risk that is, or can be, brought about by cofinancing. It would be unfortunate to give the wrong impression on this important point.

Although cofinancing can provide important benefits, we do not believe that cofinancing per se improves the creditworthiness of the borrower. As you well know, the fact that a project has a high rate of return does not necessarily assure that there will be no transfer problem. Creditworthiness depends not only on profitable projects but also on the overall economic management of the economy and the proper balance between export development and domestic production. This is particularly relevant in regard to the paper's suggestion on possible cofinancing in the low income countries. With few exceptions creditworthiness of these countries is highly limited and they often are already under pressure to accept more supplier credits than is good for them. While we do a great deal of cofinancing with official sources in these countries, and are prepared in individual cases to identify additional opportunities for cofinancing with the private sector, we do not believe that there is a significant scope for non-concessional lending to this group of countries.

I agree with your suggestion that the private banks might provide a general indication of the volume of cofinancing which they would be willing to undertake. Our own efforts in this regard have thus far failed and it would be helpful to list the promotion of this approach as one of the areas in which OECD member governments might be helpful.

Since the paper is directed primarily to OECD members, it would be useful to add some suggestions as to how governments might encourage the private banks to increase their cofinancing. For instance, governments could be asked to explicitly recognize the desirability of cofinancing and urge their banks to participate to the maximum extent feasible. Endorsement of cofinancing by OECD member governments at the level of national policy has been missing so far. There may also be ways in which

these governments can provide incentives for cofinancing through their banking system. If the OECD Secretariat has not yet identified such possible incentives, the paper could perhaps suggest that further study in this area be undertaken. Governments might also be asked to consider insurance for cofinanced credits similar to those now available for supplier credits. Also the scope for increased cofinancing between bilateral official and private sources might be explored. Since almost half of ODA still goes to the middle income countries, it might be feasible to associate private capital with such commitments.

Finally, I think it is important to recognize, and for the paper to make clear, that cofinancing with the private sector is essentially determined by market conditions. The services that the multilateral development institutions provide are not of the same degree of importance to all banks. The smaller banks which have less experience in the international arena value these services more highly than the larger international banks which frequently have their own contacts and project lending capability. Nonetheless, the cofinancing arrangement provides some increased degree of security and offers investment opportunities of which all investors might not otherwise be aware. But the decision on whether or not to cofinance is heavily influenced by the current spreads in the market, the debt profile of individual countries, the exposure of the banks in a particular country and the alternative investment opportunities that the banks might have. This point is, I think, insufficiently stressed in the paper, so that the impression is given that increased cofinancing is merely a matter of increasing the supply of projects and improving the dissemination of information about them.

I believe our efforts at increasing cofinancing are bearing fruit and will enable us to continue to expand this type of operation in future years. I look forward to learning how the paper fares at the Senior Officials meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachment

EStern:dpw

494/3/52

March 6, 1979

My dear Treasurer:

Thank you for your letter of February 28. I am sorry that my engagements in Germany will prevent me from seeing you on your arrival. However, if it is possible to arrange the meeting next week I will be delighted to do so. I fully understand the cause of your concern with regard to the representation on the Board. I believe that a solution to this problem can be worked out and I shall look forward to getting a report from Mr. Cargill on his discussions with you.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable
John W. Howard, M.P.
Treasurer
Commonwealth of Australia

IPMCargill:fs

Class of Service: TELEX Date: MARCH 5, 1979
Telex No.: _____ Originators Ext: 73585

494/3/51

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HERE
1 TO
CITY/
COUNTRY
MESSAGE
NO.:
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OF
22 TEXT

~~DR. KLAUS VON DOHNANYI, MINISTRY OF FOREIGN AFFAIRS~~

~~BONN, GERMANY~~

~~FOR STAATSMINISTER VON DOHNANYI. MR. MCHAMARA HAS ASKED ME TO
CONVEY TO YOU THAT HE WOULD BE DELIGHTED TO MEET WITH YOU DURING
HIS VISIT TO BONN FROM MARCH SEVEN ELEVEN AM TO MARCH NINE TEN AM,
IF SCHEDULE WITH THE GERMAN AUTHORITIES PERMITS. YOU CAN REACH US
AT HOTEL KONIGSHOF. SINCERELY, CAIO KOCH WESER, PERSONAL ASSISTANT
TO THE PRESIDENT.~~

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:
Caio Koch-Weser *CW*

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):
Caio Koch-Weser *Koch-Weser*

DEPARTMENT: *S.M.M.*

Office of the President

SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

TELEX

MARCH 5, 1979
73585

494/3/50

DR. KLAUS VON DOHNANYI, MINISTRY OF FOREIGN AFFAIRS

BONN, GERMANY

FOR STAATSMINISTER VON DOHNANYI. MR. MCNAMARA HAS ASKED ME TO
CONVEY TO YOU THAT HE WOULD BE DELIGHTED TO MEET WITH YOU DURING
HIS VISIT TO BONN FROM MARCH SEVEN ELEVEN AM TO MARCH NINE TEN AM,
IF SCHEDULE WITH THE GERMAN AUTHORITIES PERMITS. YOU CAN REACH US
AT HOTEL KONIGSHOF. SINCERELY, CAIO KOCH WESER, PERSONAL ASSISTANT
TO THE PRESIDENT.

Caio Koch-Weser

Caio Koch-Weser

Office of the President

*CW
Koch-Weser*

200

Dr. Klaus von Dohnanyi
Staatsminister im Auswärtigen Amt

5300 BONN 1, den 23.02.1979
Postfach
Adenauerallee 99-103 (Eingang Wörthstraße 5)
Fernruf: Durchwahl 17/2921

Mr. Robert S. McNamara
President of the International Bank
for Reconstruction and Development
1818 H. Street North West
Washington, D.C. 20433
U.S.A.

Dear Bob,

W/S

I heard from the Friedrich Ebert Stiftung that you will come to Bonn on the invitation of this foundation at March 8th. I would have liked to see you on this occasion, but unfortunately I will be out of town this day.

Please let me know whether you will stay longer so we can meet one of these days.



RECEIVED
23 FEB 21 1979
BONN

494 B/48

March 1, 1979

Dear Mr. Greve:

I would like to join Lady Jackson in proposing Mother Teresa of Calcutta for the Nobel Peace Prize.

Many public personalities -- government officials, diplomats, members of international communities, and others -- advance the cause of peace, and deserve recognition. But I believe Mother Teresa merits the unique honor of the Nobel Peace Prize because she advances peace in the most fundamental way possible: by her extraordinary reaffirmation of the inviolability of human dignity.

She does this by serving the needs of the absolute poor -- the poor who are so disadvantaged that they have nowhere else to turn. She serves them irrespective of their religion, their race, their nationality, or their political beliefs. She serves them simply because of their intrinsic worth as individual human beings.

Her work is not sentimental. It is realistic and effective. And it is expanding. A growing number of others around the world -- in an international ecumenical association, the Co-Workers of Mother Teresa -- are undertaking similar efforts under her inspiration.

But more important than the organizational structure of her work is the message it conveys: that genuine peace is not the mere absence of hostilities, but rather the tranquility that arises out of a social order in which individuals treat one another with justice and compassion. The long history of human conflict suggests that without greater recognition of that fact -- a fact which Mother Teresa's concern for the absolute poor so strikingly illustrates -- the prospects for world peace will remain perilously fragile.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Tim Greve
Nobel Institute of Norway
Oslo 2, Norway

cc: Lady Jackson

J.Maddux/RMcN:bmm

Mr. McNamara

494/3/46

Class of Service: Telex

Date: February 8, 1979

Telex No.:

Originators Ext: 72283

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0 START
HERE

1 TO

THE HONORABLE LEE KUAN YEW, PRIME MINISTER

CITY/COUNTRY

PRIME MINISTER'S OFFICE, SINGAPORE, REPUBLIC OF SINGAPORE

MESSAGE
NO.:

4

EYE WAS PLANNING TO VISIT SINGAPORE ON MARCH 18, AND WAS LOOKING
 FORWARD TO THE DINNER TO WHICH YOU HAD SO GRACIOUSLY INVITED ME,
 MY WIFE AND MY ASSOCIATES. HOWEVER, DISCUSSIONS IN THE BANK BOARD
 AND WITH MEMBER GOVERNMENTS ON FUTURE CAPITAL OF THE BANK AND
 REPLENISHMENT OF IDA HAVE REACHED SUCH A CRISIS THAT MY PRESENCE
 IN WASHINGTON IS ESSENTIAL. RESOLUTION OF THESE ISSUES IS CRUCIAL
 TO THE FUTURE OF BANK AND IDA AND TO THE CAPACITY OF THESE
 INSTITUTIONS TO ASSIST THE DEVELOPING COUNTRIES.

12

EYE AM DISAPPOINTED THAT EYE WILL NOT BE ABLE TO VISIT SINGAPORE IN
 MARCH AND VERY MUCH REGRET INCONVENIENCE TO YOU AND YOUR OFFICIALS.
 EYE DO HOPE, HOWEVER, TO BE ABLE TO RESCHEDULE MY VISIT AT A TIME
 CONVENIENT TO YOU, BEFORE TOO LONG. BEST PERSONAL REGARDS,
 ROBERT S. MCNAMARA

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END
OF
TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

SSHusain/RSMcNamara:bce

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

Robert S. McNamara *RSMc*

cc: Mr. Zain
Mr. Husain

DEPARTMENT:

President

SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

Mr. McNamara

Class of Service: Telex

Date: February 28, 1979

694/3/45

Telex No.: _____ Originators Ext: 72283

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0 START
HERE
1 TO

PROFESSOR WIDJOJO NITISASTRO, CHAIRMAN, BAPPENAS

CITY/COUNTRY

JAKARTA, INDONESIA

MESSAGE
NO.:

4 EYE HAD LOOKED FORWARD TO VISITING INDONESIA IN THE THIRD WEEK OF MARCH.

5 HOWEVER, DISCUSSIONS IN THE BANK BOARD AND WITH MEMBER GOVERNMENTS
6 ON FUTURE CAPITAL OF THE BANK AND REPLENISHMENT OF IDA HAVE
7 REACHED SUCH A CRISIS THAT MY PRESENCE IN WASHINGTON IS ESSENTIAL.
8 RESOLUTION OF THESE ISSUES IS CRUCIAL TO THE FUTURE OF BANK AND
9 IDA AND TO THE CAPACITY OF THESE INSTITUTIONS TO ASSIST DEVELOPING
10 COUNTRIES INCLUDING INDONESIA. KNOWING YOUR PERSONAL INTEREST IN
11 THE DISCUSSIONS SCHEDULED FOR MY INDONESIA VISIT, EYE VERY MUCH
12 REGRET INCONVENIENCE TO YOU AND YOUR OFFICIALS. EYE DO HOPE,
13 HOWEVER, TO BE ABLE TO RESCHEDULE MY VISIT AT A TIME CONVENIENT
14 TO YOU, BEFORE TOO LONG. BEST PERSONAL REGARDS, ROBERT S. MCNAMARA

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END
OF
TEXT

NOT TO BE TRANSMITTED

SUBJECT:

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Zain
Mr. Baneth
Mr. Husain

DRAFTED BY:
SSHusain/RSMcNamara:bce
AUTHORIZED BY (Name and Signature):
Robert S. McNamara
DEPARTMENT:
President
SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

494/3/43

February 27, 1979

MEMORANDUM FOR MR. VOYADZIS

I appreciate the concerns expressed in your memorandum of January 26, 1979. I am very conscious of the effects which any changes in our policies as a result of the Kafka Committee recommendations might have on the staff of the Bank, and we will propose appropriate transitional arrangements to minimize these effects.

I understand the concern of staff members about their ability to obtain legal redress if they believe their rights have been violated. As you point out in your memorandum, this is one of the matters being considered by the Round Table Conference on Legal Rights. To facilitate discussion on this issue, I have asked the Legal Department to make a study on a priority basis of technical questions that would be involved in establishing such a channel of recourse. The product of this study would, of course, be made available to the Conference.

Finally, I would like to assure you that the Board is, and will be kept, informed of developments in the Round Table Conference on Legal Rights.

(Signed) Robert S. McNamara

Robert S. McNamara

Nurick/RSMcNamara:bmm
February 27, 1979

cc: Mr. Chadenet
Mr. Nurick
Mr. Damry (for distribution to the Executive Directors)

OFFICE MEMORANDUM

1/19 5:27. Chadenet
Please draft
with [unclear]
DATE: January 26, 1979

TO: Mr. Robert S. McNamara, President

FROM: Spiros Voyadzis, Chairman, Staff Association #

SUBJECT: Legal Implications of the Kafka Report

1. It is our understanding that implementation of some of the recommendations of the Report of the Joint Committee on Staff Compensation Issues might entail adverse modifications in the financial situations or legitimate expectations of certain groups of Staff members, if not all.
2. It is also our understanding that, as a result of the ongoing work of the Round Table Conference on Legal Rights, there are strong possibilities that an appropriate channel of recourse with decisions binding upon the Bank and the Staff will be established within a reasonable time period.
- 1/29
3. We therefore trust that, in your capacity as President of the Bank, you will take due consideration of this matter and that it is only as and when such channel of recourse is available to Staff that you will consider steps to implement any recommendation or decision which might be construed as a breach of acquired rights of Staff members.
4. We have to stress the utmost importance to the Staff at large of being in a position to seek legal redress for any perceived breach of written or implied rights, especially in view of the position formally taken by the Bank that national courts do not enjoy jurisdiction over employment matters in the Bank.
5. The Staff Association is also confident that you will keep the Board fully informed of the progress made by the Round Table Conference on Legal Rights, the work of which is of great interest to many member governments.

cc: Members of the President's Council
Members of the Delegate Assembly
Members of the Round Table Conference
on Legal Rights
Mr. R.A. Clarke, Director, PER

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FEBRUARY 27, 1979
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494/3/42

HIS EXCELLENCY GENERAL KRIANGSAK CHOMANAN
PRIME MINISTER, GOVERNMENT HOUSE, BANGKOK, THAILAND
DURING OUR MEETING IN WASHINGTON EARLIER THIS MONTH, EYE HAD
MENTIONED THAT EYE WOULD TAKE ADVANTAGE OF YOUR INVITATION AND
VISIT THAILAND IN THE SECOND WEEK OF MARCH. HOWEVER, DISCUSSIONS
IN THE BANK BOARD AND WITH MEMBER GOVERNMENTS ON FUTURE CAPITAL
OF THE BANK AND REPLENISHMENT OF IDA HAVE REACHED SUCH A CRISIS
THAT MY PRESENCE IN WASHINGTON IS ESSENTIAL. RESOLUTION OF THESE
ISSUES IS CRUCIAL TO THE FUTURE OF BANK AND IDA AND TO THE
CAPACITY OF THESE INSTITUTIONS TO ASSIST DEVELOPING COUNTRIES
INCLUDING THAILAND. KNOWING YOUR EXCELLENCY'S PERSONAL INTEREST
IN THE DISCUSSIONS SCHEDULED FOR MY THAILAND VISIT, EYE VERY MUCH
REGRET INCONVENIENCE TO YOU AND YOUR OFFICIALS. EYE DO HOPE,
HOWEVER, TO BE ABLE TO RESCHEDULE MY VISIT AT A TIME CONVENIENT
TO YOU, BEFORE TOO LONG. BEST PERSONAL REGARDS, ROBERT S. MCNAMARA

R McNamara
SSHusain/RSMcNamara:bma

Robert S. McNamara
President

cc: Mr. Husain

OFFICE MEMORANDUM

494/3/40

TO: Mr. Robert S. McNamara
 (through Mr. Ernest Stern) *ES.*
 FROM: Roger Chaufoffier *RC*

DATE: February 26, 1979

SUBJECT: Your Response to the Memorandum Presented by
 the African Governors at the 1978
Annual Meetings

1. I am attaching a final draft of your response to the African Governors' memorandum. This draft has been delayed since December, awaiting comments from the Executive Directors. Although we have not received their comments directly, I believe that your meeting with the African Contact Group, at which time you essentially summarized the memorandum's points, can replace formal clearance.
2. The original draft was cleared by the responsible Regions/Departments. Minor revisions were needed to update timing information and to reflect your meeting with the African Contact Group.
3. May we have your approval of the attached memorandum? *✓*

Attachment

cc: Messrs. Wapenhans
 Benjenk
 Koch-Weser

Approved
Law

CSMiller/ss

M E M O R A N D U M

TO: The Governors of the African Group Countries

FROM: Robert S. McNamara

SUBJECT: Reply to Your Memorandum Delivered at the 1978 Annual Meetings

1. As always, it was my pleasure to meet with you on the occasion of the 1978 African Caucus and to study the memorandum you distributed prior to that meeting. My colleagues and I have carefully reviewed the points raised in your memorandum as well as questions voiced during the Caucus. This memorandum endeavors to respond to each of the issues presented by you.

2. As proposed by your Chairman in his introductory statement, I was happy to have had the opportunity of meeting with an African Contact Group in January. I believe the quite candid discussion was useful in summarizing the Bank's progress in responding to the issues raised in your Caucus memorandum. Needless to say, these issues will be kept under constant review during the coming year.

Volume of Bank/IDA Financing

3. Your memorandum correctly indicates that the financing requirements of developing countries, and in particular Africa, far exceed available external aid resources. I welcome all the comments made in your paper on the need to ensure an adequate replenishment of Bank Group resources.

4. As you know, I fully share your views on this matter and just want to reiterate that I believe it is both realistic and necessary to obtain formal agreement from the Board of Executive Directors on the size of the general capital increase early in calendar 1979. In addition, in order to reach a timely negotiated agreement on the Sixth Replenishment of IDA, one meeting of donors has taken place and another is scheduled for mid-March. I am sure that both you and I share the conviction that IDA VI must be supported by an increase large enough to fully offset inflation and provide for a substantial increase in real terms.

5. I recognize that in view of present limitations on the volume of Bank/IDA lending, the determination of criteria for the distribution of these resources among member countries has become particularly critical, and we understand your concern that Africa should receive an adequate share of total Bank loans and IDA credits. With respect to the criteria for allocation of Bank/IDA resources, you made two comments in your memorandum. You point out that non-economic considerations should not be allowed to influence our lending programs, and you make specific suggestions on some of the cri-

teria which you think should be taken into consideration in the overall distribution of IDA funds.

6. I fully agree with you on the first point. As I said during our meeting, I have been encouraged by evidence of a lessening pressure in this area. I am very hopeful that the forthcoming discussions on IBRD and IDA financial resources will be held in an atmosphere conducive to the development aims of our institutions.

7. On the IDA allocations, you recommend that we should not base our lending programs solely on per capita income, but should also take into consideration such other factors as the geographic location of each country, literacy rates, and dependency on expatriate personnel. Like you, I realize that present statistics on per capita income do not always reflect adequately the real level of poverty and development requirements of some of our member countries. Although it is very difficult to make an appropriate use of some of the criteria mentioned in your memorandum, we recognize that IDA allocations should take into account the specific needs of each country and the particular difficulties encountered by each member government in its efforts to promote growth, improve income distribution and remove existing constraints to the development of the country's economic potential and human resources.

8. In this regard, I believe that we have in fact taken into consideration the special nature of the development problems of our African member countries. As you know, Africa receives a volume of IDA assistance which far exceeds the levels which would correspond to the size of its population. In FY78, IDA commitments to Africa equalled about \$3.10 per capita compared to about \$1.70 per capita to IDA recipients world-wide. Also, the exceptionally rapid progress in recent years of IDA lending to the Sahel and other landlocked and very poor African countries indicates our desire to adapt our assistance to the particular circumstances of these nations, which have been severely handicapped by poor ecological conditions, the recurrence of disastrous droughts, the embryonic nature of their basic infrastructure, their low literacy rates and their serious domestic savings problems.

9. Concerning the share of Africa in past, present and future Bank/IDA lending, I should like to emphasize several points. As I have often said, you should not attach too much importance to annual variations in the volume of Bank/IDA lending to specific countries or continents. In particular, our operations in Africa include not only a wide variety of small to medium-size projects, but also a smaller number of very large operations, the timing of which influence considerably, and perhaps somewhat distort, the results of a given year. For FY78, a decrease in IBRD commitments to Africa was largely offset by a corresponding increase in IDA commitments. However, as you correctly noted in your memorandum, Africa's share in world-wide commitments was lower than in past years. I should like to examine this issue by discussing IBRD and IDA funds separately.

10. As you know, lending on IBRD terms is based on creditworthiness

considerations, economic performance and project availability. Since these criteria are applied on a country basis, Africa's share of IBRD resources does not represent a Regional share, but rather a sum of country allocations. Several African countries experienced severe financial and economic problems during this past year - problems which made it difficult to maintain levels of lending achieved in previous years. While the World Bank continues to give whatever economic and technical advice requested by these member countries, the most difficult initiatives must be taken by the Governments involved. I am hopeful that these problems are of a temporary nature, and that the Bank can resume past levels of lending during the coming year.

11. IDA lending to Africa in FY78 totalled \$705 million - a 57 percent increase over FY77 and a 38 percent increase over the previous record high achieved in FY75. However, Africa's share of global IDA lending fell to 30.5 percent in FY78 from the high 34.4 percent received in FY77. This percentage share decrease was due to the skewed effect caused by abnormally low lending to India in FY77 followed by a sharp rise in IDA lending to this country in FY78.

12. Far more important than these annual fluctuations in Regional lending is the overall trend of Bank/IDA lending to Africa during the past fifteen years. During each of the three 5-year periods since FY64, Bank/IDA lending to Africa has increased faster than in any other Region of the world and the share of Africa in IDA lending which was 21 percent during FY64-68 and 26 percent during FY69-73 reached 31 percent during the past five years.

13. Africa's proposed share during the next five-year period will remain at a high level although it may be slightly lower than that received between FY74 and FY78 for the following reasons. As a result of a marked improvement in its creditworthiness following the increase in oil prices, Indonesia was graduated from access to IDA's resources during the Fourth Replenishment period. However, in view of the large increase in its development program, the sharp rise in its external debt, and the rapid expansion of Bank exposure in the country, the Bank will resume some IDA financing in Indonesia during the coming five years. In addition, a new member country - Vietnam - will need an IDA allocation in the FY79-83 period.

14. To conclude my remarks about the volume of Bank/IDA lending to Africa, I should like to deal with the points you made concerning co-financing. As you correctly point out in paragraph 13 of your memorandum, the co-financing of Bank Group projects by other lenders has become an important source of additional resource transfer. The level of resources obtained from co-financing for projects in Africa (\$958.6 million in FY78) increased the volume of external resources extended by the Bank Group for these same projects by 40 percent. This proportion, which is much higher than in any other part of the world, has been steadily increasing over the past few years and shows our determination to maximize the financial resources available to African borrowers.

15. We will certainly continue to actively seek co-financing for our projects. Two recent examples of this interest are IDA's agreement to administer the Special Action Fund's credits for the European Communities, and the Bank's cooperation agreement with the International Fund for Agricultural Development. Both of these financial flow instruments are directed at helping to meet the needs of the poorest developing nations - a matter of special importance to the African continent which has 18 of the 26 Bank-member countries designated as "least-developed".

Terms and Conditions of Bank/IDA Lending

16. Since the adoption of a new interest rate policy during FY77, the interest rate on Bank loans has decreased from 8.85 percent in June 1976 to 8.20 percent in June 1977 to 7.50 percent in June 1978 and to 7.35 percent during the last quarter of 1978. It is true that pending the proposed general increase in the capital of the Bank, grace and amortization periods on Bank loans had to be shortened, and in some cases may prove to be harder than would be justified by the nature of the project and the situation of the country. However, the impact of these new lending policies on the poor countries in Africa was minimized by providing them with loans on the most favorable terms available.

17. Concerning onlending policies, the Bank attempts to encourage the adoption of an interest rate structure in member countries which will (1) induce a greater flow of capital for development, while (2) pricing the use of this capital to ensure that it does not artificially favor capital-intensive investments over those which would create more employment. In applying these principles, we have tried to be pragmatic and have taken into account the circumstances prevailing in particular countries and groups of countries.

18. For example, last year the Chairman of the Council of Ministers of the Union Monetaire Ouest Africaine (UMOA) pointed out a conflict between the Organization's legislation and the Bank's practice in interest rate matters. Their legislation which set low preferential discounts on onlending rates to small-scale enterprises was in conflict with the higher onlending rates set by the Bank for sub-loans to such enterprises under loans and credits we were granting to development banks. Following discussions of the matter with the authorities of the Central Bank of the Monetary Union (BCEAO), we agreed to accept their lower onlending rates for small-scale enterprises as defined by the Central Bank for an interim period. This action enabled both the Central Bank and us to determine the best way of promoting small-scale enterprises, while allowing us to proceed with a number of loans and credits in this sector which will contribute to the growth of small-scale African enterprises. We believe that this type of dialogue and accommodation can best meet the interests of all parties concerned.

19. I understand your desire to ensure a more adequate distribution of the burden that some countries face in the disbursement of hard currencies. As noted in your memorandum, a paper on this subject was

finalized and discussed by the Board in February. We are hopeful that the "currency pooling scheme" which emerged from this discussion will resolve any previous inconsistencies.

20. Because of their high dependence on imports, African countries were particularly hard hit by the acceleration of world-wide inflation during the 1974-77 period. A large number of Bank Group projects in Africa, which were financed in the period immediately before the acceleration of inflation, experienced large cost overruns which could not possibly be covered by the governments. In consideration of these special circumstances, the Bank Group provided more supplementary loans and credits to African countries than to any other part of the world. In addition, several new operations financed by the Bank Group during the past several years included the refinancing of project components that had been approved in earlier Bank projects, but had to be dropped to adapt project costs to available financial resources. Since all projects presented to our Executive Directors during the past four years include larger price contingencies, the need for cost overrun financing has decreased sharply. While we hope to avoid the necessity for supplementary financing in the future, we will continue to evaluate cases of cost overruns should they arise and attempt to meet the particular needs of the countries concerned.

21. I can assure you that the Bank is very sensitive to the issues you have raised regarding recurrent cost financing. Like you, we realize that the development process can be most seriously hindered when governments are unable to provide the resources required to operate and maintain existing investments. The Bank has in recent years devoted much time in its operational work to defining and refining forecasts of recurrent cost needs associated not only with Bank-financed projects, but also with the overall capital investment plans of your countries. Secondly, we have consistently tried to adapt the scope and design of our projects to the financial resources which the country and the agency can realistically allocate to operation and maintenance.

22. Finally, many of our operations include incremental maintenance and operating costs whenever they are required to achieve the purposes of the project. For instance, several of our transport, public utilities and agricultural projects involve the rehabilitation and maintenance of existing facilities that have suffered from neglect due to the lack of foreign exchange and budgetary resources, or inadequate technical and financial performance of the project authority. Maintenance absorbs a substantial proportion of our highway lending, and most of our rural development projects include the training and salaries of operating staff, input supply and credit facilities, maintenance of feeder roads and water supply systems, and other operating expenditures during the project implementation period.

23. While we shall continue to give the highest priority to this aspect of our economic and project work, particularly in the case of the neediest African countries, our objective in this area is essentially to develop the maintenance capacity and upgrade the operational performance of our borrowers, and to help set up effective cost recovery mechanisms to deal with future recurrent cost financing problems.

24. I share your concern regarding lower than anticipated levels of disbursements in FY78. This is an area that the Bank has been studying for sometime and will continue to review in the immediate future. Not only do disbursement shortfalls mean a reduced resource transfer to your countries, but such shortfalls also make it more difficult to justify increased IBRD and IDA commitments which we all feel are so greatly needed.

25. There are several sometimes conflicting dimensions to this problem which need to be emphasized. Since we are planning to discuss this issue at length with the Executive Directors during the FY80 Budget exercise, I shall only summarize our points of reference here.

26. We are investigating several factors in this area. Some relate to the Bank - its financial, operational and administrative policies and practises; and some to country factors - budget constraints, foreign exchange shortages and administrative capacity. While all of these factors have been reviewed in the Bank in the context of our monitoring of implementation work, we are currently preparing a systematic, Bank-wide review. Initial indications show that changes in project design, sectoral composition and country distribution were the primary causes of the slower disbursement patterns at the Bank. However, we also hope that corrective measures can be identified so that disbursements can proceed on schedule, and indeed be accelerated.

27. In your memorandum, you suggest that restrictive lending policies in the area of program loans and local cost financing may be responsible for slow disbursements of Bank loans and IDA credits. Quickly changing conditions concerning terms of trade, export growth and import volumes have had in recent years a very serious impact on the balance of payments and public savings situation of a number of African countries which may justify program lending. We are presently working on a number of cases, in cooperation with the International Monetary Fund and other aid donors who are willing to provide debt relief and program aid to assist governments in implementing well-conceived stabilization programs.

28. With respect to local cost financing, I should like to emphasize that a high proportion of our loans and credits in FY78 are financing local costs. Under three-fourths of IDA credits to the least-developed countries of Africa, the Bank Group and its co-donors are financing local cost expenditures. This financing amounted to 37 percent of the total local costs of those projects - a significant increase from 22 percent in FY77.

Sectoral Composition of Bank/IDA Programs

29. We have attempted through the past five years to alleviate the acute problems created by the natural environment in Africa in several different ways. Emergency drought relief was financed by the Bank Group in FY74 in Ethiopia and the six Sahelian countries of Western Africa through quickly prepared and quickly disbursing IDA credits.

We believed that the magnitude of that drought and the resulting famine necessitated this type of assistance.

30. Since that time, we have focused our agricultural project work on preventive rather than curative measures in those countries affected by recurring droughts. A large proportion of the agricultural projects in these countries have contained irrigation, grazing control and grain production/storage components. Beyond direct project assistance, the Bank as one sponsor of the Consultative Group on International Agricultural Research is attempting to promote and maintain research directed towards solving a wide range of problems associated with agricultural production in African countries.

31. One of the Bank's major technical assistance efforts continues to be the Onchocerciasis Control Program. Since the Program's first six-year phase will end in 1979, WHO and the Bank have begun a comprehensive review of the Program's health and economic development aspects. Evaluation reports on these two aspects were submitted to the meeting of the Joint Coordinating Committee which was held in Lome in December, the proceedings of which augur well for a successful continuation of the Program.

32. Our concern about the recent invasion of desert locusts in several countries prompted us to send staff from our Central Projects Department to evaluate the problem. We are currently ascertaining what role the Bank can play in addressing this problem. A report detailing the dimensions of the problem and making recommendations for Bank intervention in this area is now being discussed within the Bank.

33. The decision to phase out the Tourism Department and to reorganize our work in this sector does not reflect dissatisfaction with the benefits obtained from financing projects in this sector. It is true that tourism is or could be an important source of foreign exchange earnings and employment in some developing countries - but this is not the case for many others. Faced with a wide variety of requests for development assistance, we had to make difficult choices and concentrate our efforts on those activities which are of highest priority in the majority of our member countries. Beyond this consideration, the high manpower costs of processing tourism projects, especially at a time when we are trying to contain the growth of our administrative budget, and the continuing availability of private capital for commercially profitable hotel ventures in the developing countries supported the decision.

34. We will continue the processing of several projects which were already under consideration last year. Thereafter, we will continue to take tourism requirements fully into account as we design our regular infrastructure, IFC and DFC operations. The latter operations will assist the mobilization of local private capital for promising tourism projects while minimizing Bank staff involvement in the project process. Moreover, a Tourism Advisory Group will be established to offer advice to member governments on policies and investment strategies in this sector.

35. You mentioned the beginnings that the Bank has made in lending

for afforestation and urged us to provide increased assistance in this area. I am pleased to note that the Bank's activity in forestry projects in Africa is evolving quite rapidly.

36. During FY78, the Bank prepared a Forestry Sector Paper which was published in February following circulation to the Executive Directors. The Paper concluded that a larger share of resources must be allocated to rural afforestation programs designed to bring a halt to dwindling forest resources and directly benefit small farmers.

37. During this year, the Bank is processing 8 forestry projects in Africa - 3 of which are in Sahelian countries. These projects are aimed at addressing a wide array of problems in the sector: establishment of pulpwood plantations and village woodlots for fuelwood; institution-building; training and research; as well as the exploitation and transformation of wood production.

38. During the next several years, another 11 forestry projects throughout Africa are scheduled for consideration. This represents a substantial expansion over past levels of forestry lending to Africa. Moreover, beyond these projects specifically focussing on forestry, many rural development projects address the issue in countries where forest denudation poses a problem.

39. As I am sure you can appreciate, the changing direction of Bank lending in this sector necessitates a flexible, evolving series of pilot projects. Thus, while the share of forestry in total agricultural and rural development lending will remain modest, the developmental impact of these projects/components can be great.

40. As stated in your memorandum, the training of project personnel is indeed a crucial matter and one to which the Bank has given increasing attention. We are approaching the problem by emphasizing technical assistance, specific project lending and direct training.

41. The inclusion of training components within projects is a growing aspect of technical assistance. One-third of total technical assistance included in FY78 projects was again committed to overseas training under the technical assistance components of 44 projects. This represented a total of \$31 million in FY78.

42. As examples of this type of lending in FY79, a highways project to Comoros provided for on-the-job training and fellowships to assist Comorians in establishing and implementing a road improvement and maintenance program. In Kenya, the financing of a rural water supply project included provision for a training officer who would assess the manpower requirements of the Ministry of Water Development and set-up training programs accordingly.

43. While the need for training components exists in virtually all sectors, project management is often the most difficult problem facing agricultural/rural development projects. In response to this

problem, the Western Africa Region established a task force last year to examine the issues and present recommendations for increasing the supply of agricultural project managers. The task force drew up terms of reference for a consultant study to be undertaken in FY79. This study which is designed to be carried out in close cooperation with African governments and institutions will identify the essential skills required to manage the different facets of agricultural projects, and will recommend the most appropriate mode of in-service and formal management training.

44. As examples of specific project lending in this area, the FY77 Mauritania SONADER technical assistance project included a special training component to provide both formal and on-the-job training to Mauritanian staff working with SONADER. In Senegal, the government organizations overseeing the para-public sector will be strengthened through an FY78 IDA credit to that country. During the current year, we hope to complete processing of a project which will establish an agricultural and rural development management training institute in Nigeria.

45. Direct Bank-sponsored training has been provided and is being provided through Economic Development Institute courses and on-the-job training. The courses offered by EDI in Washington have had an increasing number of participants from African countries. Since FY55, 889 or about 28 percent of the total number of participants from all member countries have come from Africa. In recent years, the number of Africans attending EDI courses in Washington has increased from 32 in FY70 to 89 in FY78. In addition, EDI conducted 38 courses in Africa between FY67 and FY78 which included a total of 916 participants.

46. The Bank is also providing a growing amount of on-the-job training to African men and women working for national or regional organizations. During the past year, 10 officials from 6 African countries received special training, ranging from two weeks to six months in duration, primarily at the Bank headquarters.

47. Thus, we are trying in various ways to meet your expressed needs in the area of training. If you believe that there are other appropriate mechanisms for providing training, I would welcome your suggestions.

International Finance Corporation

48. In regard to IFC, we were glad to note the satisfaction expressed in your memorandum concerning the growth of IFC's operations in Africa. We are giving high priority to expanding the country coverage of IFC's activities in African member countries and to diversifying the range of its financial and technical assistance. For FY79, IFC's operations are proceeding in accordance with the objectives established in the Five Year Program.

49. You referred in your memorandum to the Corporation's objective of increasing the share of Africa in the total volume of its invest-

ments from 7 percent in FY73-77 to 18 percent during the period FY79-83. However, this estimate should be read in conjunction with the target of undertaking over the same period 27 percent of all investments, by number, in Africa. In other words, because of the early stage of economic development, and the smaller market size of many African economies, the average size of IFC investments in African member countries will tend to be lower than that in other Regions. Indeed, it is precisely because of these considerations that IFC expressed its willingness to finance, where necessary, smaller projects than was customary in the past. This greater flexibility in IFC's policies should be particularly helpful in expanding IFC activities in the smaller and least-developed countries of Africa.

50. IFC will, of course, continue to seek ways of assisting its African members in the identification and development of larger projects as well, whenever such investments are consistent with the country's strategy of economic development. Such opportunities should arise, in particular, in the field of natural resources development, such as energy, mining and agriculture, where many African countries have considerable potential.

51. IFC has already embarked on major efforts to increase its role in Africa and intends to expand its promotional activities in African member countries in cooperation with the World Bank and other international institutions. IFC's promotional work will be focussed on the one hand on project preparation and development so that an adequate pipeline of projects can be developed and, on the other hand, on developing a more effective dialogue with its member countries so that priority investments are identified and implemented effectively. In this task, IFC's staff will need the strong and continuing support of its African member governments. Early action by your Governments to contribute to the Corporation's capital increase, for which you have already expressed your support, will also be helpful in providing IFC with the resources that are essential to the achievement of its Five Year Program.

Support of Regional Cooperation

52. The Bank has been actively supporting the aims of Regional cooperation and economic integration for many years, certainly through the period of my tenure, and in many different ways. The most visible, perhaps, has been Bank lending to the East African Community through the years. It is with deep regret that I have watched the erosion of this extraordinary institution.

53. The Bank has lent its support to various Regional bodies, currently exemplified by the Onchocerciasis Control Program. In addition, we maintain a constant dialogue with and on occasion provide technical assistance to Regional institutions such as the African Development Bank, BOAD, BCEAO, BDEAC and others.

54. In terms of project lending, the CIMAO project in Western Africa is an integration effort for Togo, Ghana and the Ivory Coast. This past year, the Bank helped fund a railway project jointly

sponsored by the Ivory Coast and Upper Volta. In the coming years, there are several other rail and highway projects which join the infrastructure of two countries. And, of course, many of the infrastructure projects in the coastal countries are directed at improving access for the neighboring land-locked countries, such as the improvement and expansion of the port of Dar es Salaam in Tanzania.

55. The expansion and strengthening of sub-Regional development banks provides a further avenue for the development of Regional projects. We certainly stand ready to continue our discussions with Regional institutions concerning any practical way in which the Bank can support their efforts in developing Regional programs/projects.

Employment of Africans at the World Bank

56. Your memorandum expresses concern regarding three aspects of employment of Africans in the Bank Group: (a) the total number of African staff members, (b) the number of African staff in senior level grades, and (c) the career prospects of African staff. I share your concern about these matters for the same reasons. Better Regional representation in our recruitment serves to both enrich the institution and strengthen its international character. Here, I want to reiterate and expand upon my remarks made during the Caucus.

57. Between June of 1974 and June of 1978 - during which time we made special efforts to increase the recruitment of Africans for professional staff positions in the Bank - the number of African staff members increased from 74 to 113. In FY78, alone, 17 Africans joined the World Bank Group. Moreover, an additional 13 Africans have reported for duty since July 1, 1978.

58. We have increased our promotional efforts to obtain qualified candidates from African countries through recruitment missions and advertising. Thus far in FY79, twelve countries have been visited specifically for recruitment purposes and an additional official recruitment contact was established. As in previous years, I want to stress the importance of your help in identifying qualified candidates and continue to ask for your help in strengthening our activities and supporting our progress in this area.

59. Beyond the total number of African staff, you expressed concern about the "one or two" African staff in the Division Chief and above levels. Here, my numbers are different from those you mention. There are 8 African staff at Senior Management levels and 7 at the "N" level (Division Chief or equivalent) from those countries representing the African Caucus. The recruitment of three senior level African nationals this past year was evidence of progress in this area. We were unfortunately not successful in persuading other senior officials to whom we made offers in the course of the year. However, I can assure you that we will continue to seek senior level African staff, and I propose to keep in touch with your Executive Directors on this matter.

60. The alternative of staffing senior positions through outside recruitment or promotion from within the Bank will always be a delicate issue, as it affects Bank staff members who look forward to satisfactory career development opportunities based on varied experience and superior performance in the service of the Bank. As I indicated previously, its staff is the Bank's most valuable resource, and I am determined to both maintain a compensation structure which will attract qualified staff and provide optimum career development opportunities which will encourage all staff to pursue a career in the service of the Bank.

Western Africa Region
February 1979

494/3/38

Office of the President

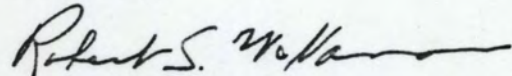
February 16, 1979

Dear Mr. Saouma:

I refer to the recent correspondence between the Personnel Division of the FAO and the Personnel Department of the World Bank concerning Mr. Nurul Islam's participation in the General Research Advisory Panel that was established to review the Bank's Research Program. There seems to have been a misunderstanding on the part of the Bank's Personnel Department as regards the extent of Mr. Islam's commitment in the work of the Panel. As indicated in my letter of June 22, 1978 there would be three meetings of the Panel, of about two or three days duration, between October 1978 and June 1979.

The first meeting of the Panel was held on October 26 to 28, 1978. The next two meetings will take place on March 5 to 7 and June 6 to 8, 1979. Mr. Islam made an important contribution to the first meeting of the Panel and we would greatly appreciate having him participate in the next two meetings. This would be the full extent of his commitment to the work of the Panel.

Sincerely,



Robert S. McNamara

Mr. Edouard Saouma
Director General
Food and Agriculture Organization
Via della Terme di Caracalla
001000 Rome, Italy

Karaosmanoglu/RSMcNamara:js

494/3/37

FEB 16 1979

Dear Barbara:

Thank you very much for sending me a copy of the IIED report on Energy. I have only had time so far to read the summary in the New Scientist but it seems a very worth while study.

I am so glad to learn that your Institute is flourishing and being productive. I hope this means that you too are in better health and that we shall see you again over here.

Thank you again for the outline of the Chicago speech that you so nobly produced from a hospital bed. It is proving very helpful to me.

Marg joins me in all best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Baroness Jackson of Lodsworth, D.B.E.
President, International Institute for
Environment and Development
10 Percy Street
London, W1P 0DR
England

WDClark:sf

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

494/3/36

Office of the President

FEB 16 1979

Dear Mr. President,

Thank you very much for your letter of January 10 in which you compliment the World Bank on its activities in Senegal and also express your concern about the legal structure and financial management of two training institutes to be financed as part of our forthcoming education project.

I am happy that in your opinion our economic and operational work in Senegal meets the needs of your people and the expectations of your Government. I am also aware of the difficult economic and financial problems the country faces. Please rest assured that we want to persevere in our development efforts in a country endowed with such remarkable economic and human resources like yours.

Minister Alexandrenne will have informed you by now of the outcome of our amiable discussions in Washington with respect to the education project. I believe, we have the same objectives of flexibility and efficiency in mind as to how to organize the two institutes in question and I am convinced that a mutually satisfactory solution to problems will be found.

Very truly yours,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Léopold Sédar Senghor
President
Republic of Senegal
Dakar, Senegal

FEB 16 1979

Monsieur le Président,

Je vous remercie vivement de votre lettre du 10 janvier par laquelle vous me faites part de vos vues sur les activités du Groupe de la Banque Mondiale au Sénégal et de vos préoccupations au sujet de l'organisation juridique et financière de deux instituts de formation qui doivent être financés dans le cadre de notre futur projet éducation.

Je suis heureux que les directions actuelles de notre travail économique et opérationnel au Sénégal vous paraissent conformes aux besoins de votre pays et aux vœux de votre gouvernement et je puis vous assurer que notre souhait le plus grand est de continuer cette oeuvre qui nous paraît très importante pour le développement d'un pays dont le potentiel économique et humain est remarquable, mais qui connaît actuellement des problèmes économiques et financiers difficiles dont mes collègues n'ont pas manqué de me faire part.

En ce qui concerne le projet éducation, le Ministre Alexandrenne a dû vous rendre compte des résultats de ses entretiens avec nous, qui nous font espérer une solution rapide aux problèmes posés. Nous avons je crois les mêmes objectifs de souplesse et d'efficacité en ce qui concerne les modalités de la gestion des deux instituts en question et nous sommes persuadés qu'une formule peut être trouvée qui satisfera nos préoccupations communes.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence
Léopold Sédar Senghor
Président de la République
du Sénégal
Dakar, Sénégal

Cleared with and cc: Mr. Chauffournier (WAN)
cc: Mr. McNamara's office (2)
Messrs. Gillette (WA2), Verspoor (WAP), Ms. Brathwaite (WA2)

Xdelarenaudière: flm

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

494/3/35

Office of the President

February 16, 1979

MEMORANDUM FOR MEMBERS OF THE PRESIDENT'S COUNCIL

I plan to be away on annual leave from Tuesday, February 20, through Friday, February 23.

Mr. Stern will act for me in my absence until such time as Mr. Cargill returns.

R McN/b

Robert S. McNamara

RMcN:bmm

494/3/32

FEB 12 1979

Major Abdul Salam Jalloud
Member of the General Secretariat
of the People's Congress
General Secretariat of the People's General Congress
Tripoli, Libya

Dear Major Jalloud:

It has now been almost five years since I had the pleasure of meeting with you in Tripoli during my visit to Libya in August 1974. I still remember the compassion you expressed during our discussions for assisting the poor developing countries in their efforts towards economic and social development. I remember you saying that, although there was a long way ahead of Libya itself to go on the road of economic development, you in Libya felt it was more of a moral obligation and duty to extend a helping hand to the poor fellow nations.

I am writing to you now because we are presently engaged in a multi-national cooperative effort towards this goal, and I think Libya would want to participate in such a most-worthy effort. This concerns the Sixth Replenishment of the resources of the International Development Association (IDA).

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

IDA is now the biggest and most significant single source of economic aid to the poorest countries. Up to the end of the last fiscal year (June 30, 1978), it has extended credits totalling about \$14 billion to assist in financing some 860 high-priority projects in 70 countries. The total investments in these projects amount to more than \$25 billion. About 10% of these credits were allocated to countries members of the Arab League.

To ensure continuity of IDA commitments after the Fifth Replenishment period, it is essential that negotiations for the Sixth Replenishment be completed before the Bank's next Annual Meeting in October 1979. Negotiations for this Sixth Replenishment have already started. Each of the prospective contributing countries appoints a deputy to represent it in the negotiating meetings. The next meeting will be held in Paris on March 21 and 22, 1979. We hope that Libya will be present among the prospective contributing countries and will play its due role in this forthcoming meeting. We therefore hope that you will appoint a deputy for Libya to represent it at the meeting.

Mr. El Fishawy, my Special Adviser, who will be handing over this letter to you, will be prepared to answer questions you may have on the subject.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with and cc: Mr. Cargill

cc: Mr. McNamara's Office (2)

SEFishawy/rh
February 8, 1979

494/3/31

FEB 9 1979

The Honorable
Dr. Eric E. Williams
Prime Minister and the Minister of
Finance
Ministry of Finance
Trinidad House
Port of Spain, Trinidad & Tobago

Dear Mr. Prime Minister:

I am addressing you in your capacity as Governor for Trinidad and Tobago in the World Bank Group and would like to raise with you the possibility of your country joining in the next Replenishment of IDA resources.

As you will well know, there is an increasingly widespread recognition that the plight of the poorer developing countries makes pressing calls upon all of us in a position to do so to augment both the amount and the effectiveness of external assistance to these countries. This was highlighted in the recent publication of the "World Development Report" by the Bank. Because of its central position in the family of international development institutions, the World Bank Group feels a sense of great responsibility in this matter. We are therefore bending every effort toward mobilizing more concessional funds for assistance to the poorer developing countries, and toward making further improvements in the administration of the funds provided to us. In particular, we are gearing our activities towards a direct attack upon the appalling conditions of poverty that exist in these poorer developing countries.

IDA (the International Development Association) will play a key role in this program since the great bulk of its assistance is rendered to poor countries. Hence, there is nothing to which I attach higher priority than the successful conclusion of the international negotiations for the Sixth Replenishment of IDA Resources, which are now getting under way.

IDA 5 will have committed all of its present resources and will require new commitment authority by June 30, 1980. In order to allow time for the process of ratification by national Parliaments and Congresses we feel that we must reach a firm inter-governmental agreement on the amount, terms and conditions of the Sixth Replenishment by the summer of 1979 or, at the latest, by the time of our next Annual Meeting.

The negotiations for IDA 6 were initiated at an opening meeting held in Paris in December and will be continued at a second meeting scheduled for March 21-22 in Paris. Twenty-six countries participated in the last IDA

The Honorable
Dr. Eric E. Williams

- 2 -

Replenishment and the Governors of IDA for each of these countries were represented again at the opening meeting in December. This list of contributors includes some of the more advanced developing countries such as Spain, Yugoslavia and Korea, and I feel that this is an appropriate occasion to try to enlist the participation of a number of other countries that might have a capacity to contribute in amounts related to their resources and capabilities.

The main burden of IDA Replenishment must, of course, continue to be carried by the major donors, including the industrialized nations and some of the OPEC countries but I am sure that meaningful contributions by additional countries would be very warmly welcomed by the international community, first of all by the poorer developing countries and, secondly, by the principal donor countries who will find their own position with their Parliaments and Congresses greatly strengthened by the participation of an increasing number of the more advanced developing nations. In this context I very much hope that Trinidad and Tobago will agree to make use of the IDA channel to render assistance to its poorer associates in the developing world.

I would be glad to arrange for a visit to Trinidad and Tobago between March 8th and 9th by Mr. D.R. Clarke, Senior Adviser to the Vice President, External Relations, to discuss this matter further with Minister De Souza and Mr. Barsotti, your Alternate Governor, hopefully, with a view to the designation of a representative to attend our next IDA Meeting in Paris on March 21st. We will be forwarding to the Ministry of Finance the documentation for the last meeting of the IDA Deputies in December and the papers prepared for the forthcoming Paris Meeting.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. William Clark
J. Burke Knapp
Ardito-Barletta
Vibert

DRClarke:ls

494/28

FEB 8 1979

Dear Mr. Al-Sudeary:

Thank you very much for your letter of January 26. I, like you, attach the greatest importance to the excellent cooperation which has developed between the World Bank and IFAD. Both our institutions are urgently interested in supporting the efforts of the lower income developing countries to improve their agriculture production, which deserves the highest priority. I was therefore pleased to learn that Mr. Stern and Mr. Birnbaum were able to work out a mutually satisfactory cost basis on the principles you had suggested. As to the program of work, I am sure you understand that it is difficult for us to schedule appraisals on short notice in view of our own heavy commitments to an expanding program and our continuing effort to improve our pipeline. We would therefore be grateful if within the next few months you could give us an indication of the number of projects which you would like us to appraise on your behalf in 1980. The projects for 1979 are under discussion and we shall do all we can to accommodate your requests.

I look forward to our continued close collaboration.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. A.M. Al-Sudeary
President
International Fund for
Agricultural Development
107, Via del Serafico
00142 Rome, Italy

ES:dpw

494/3/26

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

Office of the President

February 2, 1979

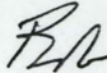
Dear Gerry:

I regret very much that a long planned trip to the Far East will make it impossible for me to attend the annual meeting of the I.C.C.-U.N./G.A.T.T. Consultative Committee in Paris April 5 and 6. I wish it were otherwise.

Do allow time for a visit with me when you next come to Washington.

With best wishes,

Sincerely,



Robert S. McNamara

Mr. G. A. Wagner
30, Carel van Bylandtlaan
The Hague
Netherlands

494/3/25

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

Office of the President

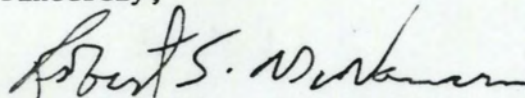
February 1, 1979

Dear President Gray:

You were most kind to invite Mrs. McNamara and me to spend the evening of May 22 at the President's House. Unhappily, we have already promised friends to stay with them that evening. I hope we may have an opportunity to meet you and your husband at dinner.

With best wishes,

Sincerely,



Robert S. McNamara

President Hanna Holborn Gray
The University of Chicago
5801 Ellis Avenue
Chicago, Illinois 60637