

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: UNDP - Correspondence 01

Folder ID: 1201418

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4539S

Series: Subject files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: February 01, 2013

To cite materials from this archival folder, please follow the following format:

[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: [www.worldbank.org](http://www.worldbank.org)

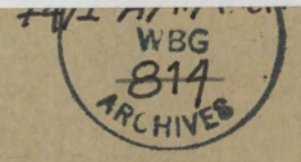
**PUBLIC DISCLOSURE AUTHORIZED**



UNDP

**DECLASSIFIED**  
WBG Archives

The World Bank Group  
**Archives**  
1201418  
A1995-256 Other #: 5 309661B  
UNDP - Correspondence 01





## OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: February 3, 1978

FROM: Shirley Boskey, Director, IRD *SB*SUBJECT: Your Meeting with Bradford Morse

After your luncheon on Tuesday with Bradford Morse (who will come to your office just before one o'clock and who will have been told that Tuesday is a Board day with a long agenda), you and he will be signing the Bank/UNDP Executing Agency Agreement in your office.

The Agreement sets the administrative, financial and policy framework for the Bank's Executing Agency activity. The Bank has been the only U.N. organization serving as Executing Agency which has not entered into such an agreement. Its unwillingness to do so had a technical basis, and the absence of an agreement had no substantive consequences for either the nature or volume of our Executing Agency work; it was simply administratively burdensome and awkward.

2/3  
On December 30, 1977, 186 UNDP-financed, Bank-executed projects had been completed; for these UNDP had allocated \$114 million. Another 51 projects were in progress.

UNDP is, at least for now, out of its financial difficulty. The last pledging conference, in November, brought an increase of 10% over the previous year's pledges, for a total of \$570 million. The rate of increase is quite respectable, although it is less than the 14% annually which UNDP's Governing Council and the U.N. General Assembly had endorsed. Last summer's Governing Council urged governments to consider multi-year commitments, in view of the obvious difficulty of planning five-year programs on the basis of annual voluntary contributions.

Since his financial preoccupations have been dissipated (although the question of what to do with accumulated and accumulating inconvertible currencies, especially rubles, has not been resolved), Morse has been putting before governments, and before agencies at the Inter-Agency Consultative Board (IACB), a number of grandiose and not especially thought-through proposals which would, if implemented, result in an expanded role and functions for UNDP as the coordinator of all technical assistance provided through the U.N. system. He has met with considerable resistance. The last IACB meeting in October was embarrassing in its sterility. Morse is trying very hard to turn the IACB into a policy-making organ and a forum for discussions of a wide range of aspects of technical cooperation. He has proposed a number of topics under this rubric for the April IACB which meets just before the ACC.

Other topics of current concern are agency overheads (governments consider the present flat 14% of disbursements charged by the other agencies too costly; the agencies are resisting change); costs of experts; project evaluation; government execution of projects.



February 3, 1978

UNDP is now marching under a banner marked "TCDC", standing for "Technical Cooperation Among Developing Countries". This is a concept under which the sharing of capacities and skills between two or more developing countries is being promoted. UNDP is organizing a TCDC conference to be held in August 1978. The Secretary-General of the conference, Abdel Meguid, is a former Bank staff member from Egypt. UNDP is devoting considerable time and money to preparatory work, in which we have been participating. We have prepared a paper on our own experience, which takes as its point of departure the building up of local capability through our policy of encouraging use of qualified local consultants and our procurement guidelines.

Morse's report to the Governing Council in June is to deal with the role of the technical cooperation programs of the U.N. system in helping governments to address problems of poverty, and we have provided him with some relevant material.

Morse has set up in New York, on an experimental basis, a standing inter-agency "Task Force" to function as a kind of think-tank. Among the large agencies, only UNESCO, WHO and ILO have assigned staff to the Task Force; the Bank and FAO declined. We were skeptical that there were any issues which warranted a permanent presence in New York (a view which I believe events have justified), but we offered to take part in any Task Force meeting at which there would be taken up an issue to the discussion of which we could contribute.

It is not very likely that Morse will get down to this point of detail, but you perhaps should know that at his request we have arranged for him to have the use of one of the Bank dining rooms for a luncheon he is giving for USAID and State Department officials on Wednesday. He proposed February 7 as the date for the signing because that afternoon he is to be a speaker at the 25th anniversary of the International Development Conference, at the Mayflower. The subject of the Conference is "Meeting Basic Human Needs: The U.S. Stake in a New Development Strategy". A number of Bank staff or associates are listed as also taking part in the program: Paul Streeten; Aklilu; Alan Berg; Ed Martin; Sir Richard King; Moise Mensah; Bob Asher; and Isaiah Frank.

SEBoskey/rob

cc: Mr. Loewen



PETERSON, RUDOLPH

8/14/4/5

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL FINANCE  
CORPORATION

OFFICE OF THE PRESIDENT



7/16

To Mr. Peterson

Andy I believe we sent copies  
of the attached report to UNDP,  
but on the chance that we did  
not, I am sending this along.

It was good to see you  
yesterday. I'll call sometime  
next week and ask you to  
advise me on the outlook for  
"recycling".  
Best wishes,  
Bob

"Prospects for the Developing Countries", Report No. 477, July 8, 1974



## OFFICE MEMORANDUM

TO: Mr. McNamara

FROM: Richard H. Demuth *RHD*

SUBJECT: UNDP Inter-Agency Consultative Board - October 27, 1972

DATE: October 20, 1972



The IACB will meet at 10:00 a.m. on Friday, October 27, in Conference Room 8 in the United Nations Headquarters building. The agenda for the meeting is attached (Annex I).

*10/20*

The first item on the agenda will be the report by Myer Cohen, who has been chairing the meetings of the Programme Working Group, held in New York October 18-20. UNDP's Summary Report on these meetings will be distributed at the ACC meeting on Wednesday morning. In addition, Messrs. Hoffman and Riley have been representing the Bank at the PWG, and they will prepare a supplementary note on the highlights of the discussions which took place. Much of the discussion has been concerned with the details of UNDP's operations and its working arrangements with the agencies. For the most part, we would not expect this to be discussed again at the IACB.

One topic at the PWG which may be brought up for further discussion at the IACB is "Special Measures for the Least Developed among the Developing Countries" - UNDP's Working Paper on this (DP/PWG/25) is attached as Annex II. *see notes on attached memo*

For the second agenda item (Guidelines for UNDP Assistance in Education and Training) UNDP has prepared an excellent paper (CB.14/2 = DP/PWG/26) which is attached as Annex III. As you will note, the bulk of this paper is the report of the Advisory Panel on Programme Policy, prepared after its review of the report of Edgar Faure's - International Commission on the Development of Education.

The other substantive matter on the agenda (Some major problems in development assistance) will be introduced by the Administrator. Advance copies of his statement also will be distributed at the ACC on Wednesday, and at that time, we will prepare any supplementary briefing that may be appropriate.

At this time, there is no indication of anything special to be brought up under "Other Matters".

The 15th session of the IACB, next Spring, will be held in Geneva, April 9 and 10. There is some feeling that IACB can complete its work in one day, in which case the meeting on the 9th would be dropped. The meeting will be immediately followed by the meeting of the Administrative Committee on Coordination (ACC) on April 11, 12, and possibly 13.



October 20, 1972

As additional background, we are also attaching the most recent figures on UNDP's financial projections, an updated version of P&B's table IXi, that incorporates UNDP's most recent estimates. As you will note, the refinements are minor and reflect no significant change from the earlier figures. Publication of a new table is planned following the next Pledging Conference, which will take place on November 1. Even at that time, however, there will still be some uncertainty in the figures since it is expected that the United States will not announce its 1973 pledge at that time. On the basis of the continuing resolution of the US Congress, UNDP expects to continue to receive interim payments from the US, based on a notional pledge of about \$75 million. In the Spring it expects the United States to be able to make a firm pledge of \$86 million, the approximate figure of the last three years.

Otherwise, UNDP is expecting substantial increases from a number of major donors. Nevertheless, even with these and a US pledge of \$86 million, UNDP is not optimistic that it will reach its 1973 target (which is based on a 9.6% annual rate of growth in resources).

Attachments

VJRiley/eb

ROUTING SLIP

Date

Nov. 12, 1969

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Demuth

XX

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

Remarks

Muriel Lee

From



UNITED NATIONS  
DEVELOPMENT PROGRAMME



PROGRAMME DES NATIONS UNIES  
POUR LE DEVELOPPEMENT

UNITED NATIONS  
NEW YORK

TELEPHONE: 754-1234

CABLE ADDRESS: UNDEVPRO, NEW YORK

8/14/4/3  
NOV 12 REC'D  
WBG  
8/14/9  
APR 1969

REFERENCE: DP 130 (3) IBRD

6 November 1969

Dear Bob,

It was a great pleasure to see you in Washington on Monday and to have an opportunity to talk with you about the plans for the IBRD's expanded programme of economic missions, and the role of UNDP in this important activity.

I have received a letter dated 24 October from Mr. Demuth attaching a schedule of the missions envisaged over the next twelve months and informing us generally about the plans for these missions. While I am grateful for the information contained in Mr. Demuth's letter, it seems to me that the arrangements relating to the organization of these missions and the respective roles of the IBRD, Specialized Agencies and the UNDP, are far from clear. I think it is important that we come to grips with this matter without further delay.

The formulation in the first paragraph of Mr. Demuth's letter of 24 October creates the impression that UNDP is an Agency in a category similar to the Specialized Agencies such as FAO, ILO, WHO, and UNESCO. I have hoped that we could agree that the UNDP has a special and unique role in the pre-investment field similar in character to the preeminent role of the IBRD in investment.

In planning the IBRD missions in which UNDP hopes very much to participate, I think you should also know that in addition to these missions, the UNDP has recently undertaken a number of programming missions and is planning certain others; and the UN Department of Economic and Social Affairs has mounted from time to time programming missions.

Mr. R.S. McNamara  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

/...

1888 NOV 15 UN 0:31

RECEIVED  
RECEIVED



NOV 12 RECD

PROGRAMME DES NATIONS UNIES  
POUR LE DEVELOPPEMENT



DEVELOPMENT PROGRAMME  
UNITED NATIONS

UNITED NATIONS  
NEW YORK

TELEPHONE: 754-1234

6 November 1969

REFERENCE: DP 130 (3) IRRD

Dear Bob,

It was a great pleasure to see you in Washington on Monday and to have an opportunity to talk with you about the plans for the IRD's expanded program of economic missions, and the role of UNDP in this important activity.

I have received a letter dated 24 October from Mr. Demuth attaching a schedule of the missions envisaged over the next twelve months and informing us generally about the plans for these missions. While I am grateful for the information contained in Mr. Demuth's letter, it seems to me that the arrangements relating to the organization of these missions and the respective roles of the IRD, Specialized Agencies and the UNDP, are far from clear. I think it is important that we come to grips with this matter without further delay.

The formulation in the first paragraph of Mr. Demuth's letter of 24 October creates the impression that UNDP is an Agency in a category similar to the Specialized Agencies such as FAO, ILO, WHO, and UNESCO. I have hoped that we could agree that the UNDP has a special and unique role in the pre-investment field similar in character to the pre-investment role of the IRD in investment.

In planning the IRD missions in which UNDP hopes very much to participate, I think you should also know that in addition to these missions, the UNDP has recently undertaken a number of programming missions and is planning certain others; and the UN Department of Economic and Social Affairs has mounted from time to time programming missions.

Mr. R. S. McNamara  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

1969 NOV 12 AM 8:31

RECEIVED  
GENERAL FILES



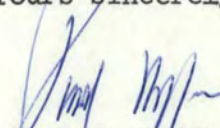


It seems to me, therefore, that we should reach a clearer understanding on the missions to be sent out as well as on their organization particularly with respect to the participation of the Agencies in the UN family working in the pre-investment and technical assistance fields.

Without wishing to review in detail the correspondence which has been exchanged between us during the last few months with regard to the IBRD missions, I would like to refer particularly to my letter to you of 18 September and your reply of 1 October. This exchange of letters was a joint effort on our part to clarify the situation, but in the light of subsequent correspondence and conversations which have taken place, I fear that our exchange may not have succeeded in its objective.

Since the time is rapidly approaching when the first of the IBRD missions are to go to the field, I would like to suggest that we get together at your earliest convenience and reach an understanding which can be couched in such clear language that all concerned, - the Agencies, the governments and ourselves, - will have a clear picture of what is to be done, when, and by whom.

Yours sincerely,



Paul G. Hoffman  
Administrator



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL FINANCE  
CORPORATION

OFFICE OF THE PRESIDENT

Nov. 17

*File*

Mr. McNamara:

Mr. Hoffman called and asked me to  
tell you he hopes you won't take the  
letter too seriously and that if you  
have any questions you will call him.

pay

*11/18  
called him & agreed to  
follow up marked (A).  
No further reply req'd.  
L. Brown*





October 30, 1969

Mr. Paul G. Hoffman  
Administrator  
United Nations Development  
Programme  
United Nations, N.Y. 10017

Dear Mr. Hoffman:

I am writing to you and to Mr. Boerma to propose that the UNDP, FAO and the World Bank jointly undertake to organize a long-term program of support for regional agricultural research institutes. I have in mind support not only for some of the existing institutes, including the four now being supported by the Ford and Rockefeller Foundations (the International Rice Institute in the Philippines, the Center for the Improvement of Maize and Wheat in Mexico, the International Institute of Tropical Agriculture in Nigeria and the International Center of Agriculture in Colombia), but also, as occasion permits, for a number of new ones.

The Ford and Rockefeller-supported institutes are in need of continuing financial support. I am told that the cost of running the institutes in the Philippines and Mexico is now at or about to reach a level beyond the capacity of the private foundations which have been their principal source of funds, and that the same will be true within a few years for the two newer institutes. There are a number of fields additional to those with which regional institutes are now concerned -- water management and livestock, to mention two likely candidates -- in which a well-organized research institute could make an important contribution to development. I have in mind that perhaps four to six new institutes or other regional programs might be started over the next five years.

The role which I envisage for our three agencies would not extend to active participation in the design or management of international research, although I would expect that we might be able to identify country and regional needs and priorities for research projects. I suggest, rather, that our role should be primarily to organize and administer a consortium, an international research fund or some other institutional mechanism, through which we could mobilize, on a long-term and continuing basis, the resources required to maintain the



October 30, 1969

existing institutions we decide to support and to develop new ones. Although I would hope that each of our agencies could make a contribution, financial or technical, to this effort, we would have to look primarily to interested donor governments and foundations for a major share of the financing.

As far as the Bank Group is concerned, one of the "decisions" taken by our Executive Directors in the context of the study on the problem of the stabilisation of prices of primary products was that we should be prepared to participate in financing agricultural research, as much as possible in cooperation with other national and international institutions. We have not yet focussed upon the question of the form which such finance could and should take. We recognize that loans, even on IDA terms, may be of limited utility in financing regional research institutions. We do not, however, rule out the possibility of Bank or IDA grants for this purpose, provided that they can be extended in a way which will insulate us from pressures for other grant financing.

Once an adequate volume of funds is assured on a long-term basis, we should, in my judgment, look primarily to the experienced foundations (e.g., Ford and Rockefeller) and national research organizations (e.g., the Commonwealth Scientific and Industrial Research Organization of Australia) to prepare plans for, establish and direct, as appropriate, the regional research institutes to be supported by these funds. To provide the necessary incentives for mobilization of talent on an international basis, it would probably be necessary to assure, among other things, creation of a permanent career structure for directors and research workers in these institutes. Further, provision would have to be made for appropriate links between the regional organizations and national research centers.

Sir John Crawford, Vice-Chancellor of the Australian National University and a consultant to the Bank, and Mr. L.J.C. Evans, Director of the Bank's Agriculture Projects Department, have had some preliminary talks with officials of the Rockefeller Foundation concerning this proposal. These officials welcomed the possibility that a joint effort to organize finance for agricultural research might be launched and expressed willingness to cooperate. The Rockefeller Foundation, in conjunction with the Ford Foundation, has in fact already instituted a preliminary study of whether and, if so, how a regional institute should be established for research on water management problems and is considering the possibility of undertaking a similar investigation in connection with livestock.



Mr. Paul G. Hoffman

- 3 -

October 30, 1969

I should welcome your reaction to this letter. If, as I hope, you are willing in principle to explore the possibilities for cooperation along the lines I have outlined, may I suggest that you designate a representative to participate in the discussions necessary to give a more concrete form to this proposal to organize support for international agricultural research, and to work out the manner in which it may be given effect. I have asked Mr. Richard H. Demuth, Director of Development Services, to take responsibility in this respect for the Bank Group. Mr. Demuth will be working in close cooperation with Mr. Evans and his staff.

Sincerely,

Robert S. McNamara

SEB/RHD:tsb

Cleared with Messrs. Wapenhans/Edwards

cc: Messrs. Evans; Wapenhans/Edwards; Sir John Crawford;  
Dr. W.M. Myers, Rockefeller Foundation; F.F. Hill, Ford Foundation

cc. (2) Office of the President ✓



8/14/44

## OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: November 14, 1969

FROM: Richard H. Demuth

SUBJECT: Letter of November 6 from Paul Hoffman

Attached is a rather disturbing letter to you from Paul Hoffman. Also attached is a copy of the letter from me to Paul, dated October 24, to which Paul refers in his letter to you.

You will remember that, when you saw Paul here before you left, you sensed that he was uneasy about the arrangements which had been agreed to between UNDP and the Bank. The attached letter demonstrates that this is in fact the case, but it gives no explanation of the reason for his uneasiness.

In order to get some background on the letter, I had a phone conversation yesterday with Myer Cohen. Myer said that the basic problem in their minds is the role of UNDP vis-a-vis the other specialized agencies in relation to the World Bank. UNDP thinks that we do not recognize UNDP's pre-eminence over those agencies in the pre-investment field and is highly suspicious of the fact that we intend to deal directly with the agencies in mounting our economic missions. Myer added, as he has said before, that the Bank seems to regard the UNDP as "just another agency."

I responded to Myer that this is all ground that we had covered before in the exchange of letters between Mr. Hoffman and yourself. Our relationship with the agencies extends far beyond the pre-investment field; it covers such major questions in the formulation of country development strategies as employment policies, price subsidy policies, allocation of investment resources as among sectors and within each sector, etc. I repeated that, while pre-investment was an essential part of any development strategy, it was only one part; therefore, while recognizing UNDP's primary responsibility for pre-investment, we could not agree to conducting our relations with the other specialized agencies entirely through UNDP.

Myer then said that they had been disappointed because we had sent them a list of missions already scheduled; they would like to have been consulted in planning this schedule. He admitted that neither he nor Mr. Hoffman had raised this question before. I responded that organization of the economic missions program was already complicated and that it would add a further complication to consult with UNDP. I pointed out that, if we did consult with UNDP on planning the schedule, FAO and the others would certainly assert an equal right to be consulted. Myer's immediate reaction to this was that I was again putting UNDP in the same category as the specialized agencies.



When I pressed Myer a little further on the background of the letter, he referred again to the fact that Sir Robert Jackson "has been raising hell" about the original Hoffman letter to you, and also to the fact that members of the UNDP staff felt that that letter undercut the UNDP's position. He added, however, "Let's not blow this into more than it is," and "Let's not have any more letters."

I told Myer that I thought that if we could only try out a few missions with the Resident Representative participating, as contemplated in the exchange of letters between you and Mr. Hoffman, we would quickly find out whether the arrangements were satisfactory to both parties and would then be in a better position to proceed. Myer did not disagree, but he suggested that perhaps the next step was to arrange a meeting between Mr. Hoffman and himself, on the one hand, and you and me, on the other, to have a further exchange of views.

This morning Myer called me again and said he had a suggestion that he thought would constitute a "breakthrough." He proposed that we take the next three Bank economic missions which were to go into the field (i.e., Tunisia and Ethiopia in January, and Colombia in February) and use them as test cases. Myer would write to the UNDP Resident Representatives in these three countries advising them that the missions were coming and that the Resident Representatives would be expected to work with the missions on the pre-investment and technical assistance aspects of the report. We, for our part, would give similar advice to the mission chiefs. Myer read me the letter he proposed to send out, which he said had been cleared with both Paul Hoffman and C. V. Narasimhan. It is, I think, a great step forward because it calls specifically to the attention of the UNDP Resident Representatives that our missions are interested in the entire development strategy of the country and that technical assistance and pre-investment are only one part of this strategy. The letter requests the Resident Representatives to report to Mr. Hoffman on how effective the collaboration arrangements with the Bank mission prove to be, and what suggestions they have for improving those arrangements. A copy of this letter is being sent to us. Myer said that, in his view, after these experiments were tried and the reports received, and after we had the Jackson Capacity Study, we would all be in a better position to discuss the situation further. I agreed enthusiastically.

Under the circumstances, I suggest that, instead of replying to the attached letter in writing, you telephone to Paul and tell him that you have heard about their proposal to try out UNDP cooperation with Bank missions in specific cases and then to take another reading of the situation. You might tell him that you think this is a very good idea and that you would be glad to continue the discussion of this matter as soon as preliminary results of the three trial cases of cooperation are in.

\* \* \* \* \*



In the course of our conversation, Myer mentioned that Paul-Marc Henry of UNDP, Pierre Terver, Assistant Director-General of FAO, Malcolm Adiseshiah, Deputy Director-General of Unesco, and Francis Blanchard, Assistant Director-General of ILO, had recently gone to Tunisia on a "planning mission." Myer noted that we were planning to send a mission to Tunisia in January and suggested that this created a potential conflict which joint planning of the missions might have avoided. I said to Myer that, quite apart from the question whether a group of top officials from the agencies could, on a brief visit to a country, do any real development planning, I was surprised to learn that the UNDP and the other agencies had gone on such a mission to a country for which a consultative group was in active operation, under the chairmanship of the Bank, without any notification to the Bank. I pointed out that the Bank had been assisting Tunisia in its development planning for many years, that it had assumed responsibility for trying to help Tunisia in its efforts to obtain financing from the major bilateral agencies and that, to this end, it had regularly prepared comprehensive economic reports on the country. Myer agreed that it did not make much sense for this kind of mission to be organized without consultation with the Bank.

cc: Mr. Baum

Attachments (2)





October 24, 1969

Mr. Paul G. Hoffman  
Administrator  
United Nations Development  
Programme  
United Nations, N.Y. 10017

Dear Paul:

In Mr. McNamara's letter of October 1, informing you that FAO, ILO, WHO and Unesco, in addition to the UNDP, had agreed to cooperate in the World Bank's expanded program of economic missions, he said that we would soon send to each of these agencies a schedule of the missions which we planned to send out over the next 12 months. Enclosed you will find such a list.

As you know, it is our intention to organize an economic mission on a regular annual basis for each major developing country -- 32 in all -- and to send missions to the other developing countries on regular two- or three-year cycles. The enclosed list shows the departure dates for the annual missions only, since these are now reasonably firm. The dates for missions which will be on a biennial and triennial basis are still tentative. We shall endeavor to give you ample notice as the latter become firm.

Several countries to which we intend to send missions annually do not appear in the enclosed list. The missions to those countries for the current fiscal year have already departed or are about to leave, and since the purpose of sending you the schedule is to give you notice of future missions, it was not logical to include them on this list. Neither does the list include small "up-dating" missions. So that you will have a complete list of the "annual mission" countries, the names of those missing from the schedule are given at the foot of the list.



October 24, 1969

Some time in advance of the arrival of each mission, the mission chief will communicate directly with the Resident Representative concerned, to suggest the kind of information which the mission would hope to be able to obtain from him when it arrives. We shall keep you informed of any changes in or additions to the schedule indicated.

As you know, it is our intention that the economic missions should eventually be so organized as to enable them, with the help of your Resident Representatives, to suggest priorities for pre-investment as well as for investment activities. To accelerate this work, however, we also intend to send out a number of sector missions. Plans for these sector missions are being considered now. As they become more definite, we shall inform you of their schedule.

With kind regards,

Sincerely yours,

Richard H. Demuth  
Director  
Development Services Department

Enclosure

SEBoskey:tsb

Mission list cleared with Mr. Blaxall

cc: Mr. McNamara  
Area Department Heads  
Mr. Kamarck  
Mr. Baum





October 9, 1969

Dear Paul:

I have delayed replying to your letter of September 8 inviting me to the dinner you are giving for the Directors General on Monday evening, October 20, in the hope that I would be able to accept. Unfortunately, it is now clear that I will have to return to Washington at the conclusion of the IACB meeting Monday afternoon and ~~must~~, therefore, with regret, decline your invitation.

Dick Demuth tells me that you were kind enough also to invite him to the dinner and, as you know, he is planning to attend.

Sincerely,

Robert S. McNamara

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

RHD:tf  
October 8, 1969

Copy for President's Office ✓





October 1, 1969

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

Dear Paul:

Thank you for your letter of September 18. I appreciate greatly your warm and prompt reaction to the plan for a program of regular comprehensive World Bank economic missions to developing countries, and your readiness to associate the UNDP with the program. When you refer to "a coordinated development effort" in those countries, you put your finger precisely on the principal objective of the program which we hope to carry out in cooperation with you and with our colleagues in FAO, ILO, WHO and Unesco. I believe you know that each of those agencies has also responded favorably.

I am in full agreement with your suggestion that in most cases UNDP's contribution might most effectively be made by associating the UNDP Resident Representative with the work of the mission. In practice, as I see it, the Resident Representative would work alongside of the members of the mission in preparing the draft of the mission's report, the Resident Representative to be concerned specifically with the technical assistance and pre-investment aspects. No doubt in many cases the mission would also seek the Resident Representative's contribution to other aspects of the report, drawing upon his experience and knowledge of the country. In performing this work, the Resident Representative would, as you say, necessarily operate under the over-all guidance and supervision of the Chief of the Bank mission. I am sure you will agree that it would be best, within these general guidelines which have been agreed between us, to leave the details of association to be worked out in the light of the experience we gain in specific cases.

Within the near future we expect to send to you and to the specialized agencies which will be cooperating with us a list of the missions we plan to mount within the next 12 months. We



Mr. Paul G. Hoffman

- 2 -

October 1, 1969

would hope, thereafter, to send you periodic forecasts of the mission schedule.

I look forward to this new aspect of the cooperative relationship between the UNDP and the Bank. It will, I feel sure, enable both our organizations to achieve more effectively the purposes for which they were established and to be of increasing help to the developing countries.

Sincerely,

Robert S. McNamara

SEB:RHD:tf

October 1, 1969

Cleared with and cc: Messrs. Chadenet and Kamarck

cc: President's Council and Area and Project Department Directors

Copy for President's Office ✓



8/4/4/1

## OFFICE MEMORANDUM

TO: Mr. McNamara

DATE: June 25, 1968

FROM: Richard H. Demuth

SUBJECT: United Nations Development Programme - Supplemental Information

1. The United Nations Development Programme (UNDP) was created by the General Assembly through the merger in January 1966 of two existing institutions, the Expanded Programme of Technical Assistance (EPTA) and the United Nations Special Fund (UNSF). However, its constituent parts trace their history back to 1948 (EPTA) and 1958 (UNSF) respectively.

2. The Administrator of the UNDP is Paul G. Hoffman who previously had been Managing Director of the Special Fund. The Co-Administrator is David Owen, who served as Executive Chairman of EPTA from its organization until the merger.

3. EPTA grew out of an initiative by President Truman, who announced in 1949 that the United States would be willing to pledge a voluntary contribution to the United Nations program for technical assistance, provided other member countries would make similar contributions. This proposal was subsequently adopted by the General Assembly.

4. At the inception of EPTA, available resources for the initial 18-month budget for 1950-51 amounted to U.S.\$20 million. For the current calendar year, resources for the technical assistance component of UNDP total U.S.\$72.5 million. Under the technical assistance scheme, individual experts and technicians are furnished to requesting countries to provide training and advice to local personnel as well as to carry out some operational assignments. A small amount of supporting equipment and overseas scholarships for nationals of the developing countries also are provided. The Bank has not been a participating member of EPTA, since it had resources out of which to finance its own technical assistance experts. However, it has, of course, cooperated with EPTA-financed experts in many fields.

5. The Special Fund was created by a General Assembly resolution in the fall of 1958 and came into existence in January 1959. It was designed to fill a gap that the EPTA did not meet, viz., to carry out sectoral investigations and feasibility studies, establish training institutions and engage in similar pre-investment activities. The Special Fund projects typically called for a large input of manpower and funds, often over an extended period of time, and thus they lay beyond the capacity of EPTA to provide. These projects run in cost from several hundred thousand dollars to several million. The average UNDP contribution is almost U.S.\$1 million and the average project duration



June 25, 1968

is about four years. The recipient government is expected to provide counterpart facilities, staff, etc. This may be provided in kind, or in some cases the government may provide cash for these purposes. At its first year, the amount contributed to UNSF was U.S.\$26 million; for the current year, resources for the Special Fund sector of UNDP total U.S.\$164.2 million.

6. The merger of EPTA and UNSF provided for the preservation of the distinct characteristics and operations of each program. However, with the merger of the administration and staff and with a growing variety of operating techniques under each of the two programs, the management can now provide a flexible response much more closely tailored to the needs of the requesting governments.

7. UNDP does not itself carry out any of the projects or activities which it supports. Rather, it acts as a screening and financing agency with actual execution left in the hands of the Specialized Agencies and the U.N. Secretariat; they are called, for this purpose, the "Participating and Executing Agencies." The Bank is presently Executing Agency for 32 Special Fund projects. Another 16 are completed. With few exceptions, these projects have been in the transportation or power fields. The current projects are listed in the Quarterly Technical Assistance Report, the most recent edition of which is attached.

8. Almost all of the UNDP-financed studies for which the Bank has been Executing Agency originated with a government request addressed to the Bank or as a result of a recommendation to a government by a Bank mission. However, in accordance with its consistent policy since 1959, the Bank refers all such requests initially to the UNDP for "first refusal." Only if UNDP is unwilling or unable to finance such studies within the time required has the Bank considered financing under its own technical assistance program. This position was strengthened by the Bank policy decision in 1966 to limit its own financing, on a grant basis, to only \$200,000 on any project. Although reimbursable aid on modified IDA terms is available for larger sector and feasibility studies, only one request - a Korean highway study - has so far been prepared for presentation to our Executive Directors.

9. Thus far, these arrangements with the UNDP have worked well. Since 1966, the Bank has been able to finance on a grant basis, and out of its own resources, projects requiring less than \$200,000; the UNDP has been able to accept those sponsored by the Bank in excess of this amount. This is not to say, however, that the UNDP will continue to accept all projects proposed by the Bank, either at the existing or at an increased level. The UNDP receives more requests for assistance than it can finance, and it has at present a considerable backlog of projects which it cannot approve because it lacks sufficient funds.



June 25, 1968

10. In addition to projects financed by the UNDP and by Bank grants, technical assistance is sometimes included in Bank loans and IDA credits; in fact, this is a growing trend. Such assistance has included feasibility studies, management training, reorganization of government departments and fellowships abroad.

11. Pledges to the UNDP for the current year total U.S.\$183.7 million. These funds are raised each year from voluntary contributions offered at an annual pledging conference held in the late fall. Most of the funds are freely convertible or in currencies for which the UNDP needs exceed their supply. However, nonconvertibility, particularly in the case of some eastern European currencies, occasionally raises problems. The U.S. contribution is defined not only by the dollar amount pledged, but by a limitation that the U.S. payment cannot exceed 40 per cent of all payments to the UNDP. To date, 40 per cent of the total contribution to UNDP has always been less than the dollar limit of the U.S. pledge. For the current year, the U.S. pledge is limited to \$75 million.

12. Policy direction of the UNDP is in the hands of a Governing Council of 37 members.<sup>1/</sup> The Council meets twice each year, in January and June. The January meeting is held in New York; the June meeting is usually held in Europe although Mr. Hoffman has been urging, because of lower cost and less administrative disruption, that all meetings be held at U.N. Headquarters. Representatives of the Specialized Agencies participate in these meetings but without a vote.

13. About two months in advance of the Governing Council meeting, the Administrator meets with the Inter-Agency Consultative Board (IACB), made up of the executive heads of each of the Specialized Agencies or their representatives. The October meeting is in New York, the April meeting in Geneva. Mr. Hoffman attaches great importance to these meetings and has generally been successful in having the executive head of each Agency present at these meetings. The Bank has usually been represented by its President. The IACB reviews the program which the Administrator proposes to submit to the Governing Council and advises him both on the program and on any policy issues which are scheduled for debate at the Governing Council.

14. While the Bank has never participated in the Technical Assistance program of UNDP, it has had an active role in the Special Fund from the beginning. Our execution of a small number of projects, primarily in the transportation and power fields, has already been mentioned. However, there is a much larger number, totaling about 200 projects a year,

---

<sup>1/</sup> The Council consists of 14 western countries; three eastern European; seven Asian; six Latin American; six African; and one seat which is rotated among the various groupings. The current members are: Algeria, Austria, Belgium, Brazil, Bulgaria, Cameroon, Canada, Chile, Congo (Kinshasa), Denmark, Germany, Finland, France, India, Iraq, Italy, Jamaica, Japan, Jordan, Liberia, Malaysia, Netherlands, Norway, Pakistan, Paraguay, Peru, Poland, Romania, Senegal, Switzerland, Thailand, Tunisia, U.S.S.R., United Arab Republic, United Kingdom, United States, Venezuela.



To: Mr. McNamara

- 4 -

June 25, 1968

on which we comment, sometimes in considerable detail, during UNDP's evaluation. These comments have frequently resulted in a substantial reshaping of the studies financed. In addition, for many of these studies, in the fields of agriculture, education and water supply, where we believe the result may be a project or program appropriate for Bank Group financing, the Bank plays an active follow-up role through consultations with the designated Executing Agency - FAO, Unesco, or WHO.

15. Bank/IDA investment resulting from the pre-investment projects and studies financed by UNDP now totals approximately U.S.\$600 million.



## TECHNICAL ASSISTANCE

1. Ever since the Bank entered the field of development lending, it has found itself called upon to give technical aid and advice to member governments. It has undertaken these activities in accordance with the obligation under its Articles to arrange loans so that consideration is given to priorities and the more useful and urgent projects are dealt with first. The Articles also identify the Bank's obligation to ensure that loan proceeds are used for the purpose intended and with due attention to considerations of economy and efficiency.

2. The Bank's Articles contain no specific mention of technical assistance. In fact, the members of the Bank Group are alone among the Specialized Agencies of the United Nations in having in their charters no specific provision for technical assistance. Nevertheless there has developed in the Bank a wide-ranging program of technical assistance.

3. The methods most frequently employed by the Bank/IDA in providing technical assistance are the following:

- (a) assistance in project identification and project preparation;
- (b) sector and feasibility studies;
- (c) resident assignments;
- (d) general survey missions; and
- (e) administration of United Nations Development Programme (Special Fund) projects.

The Bank's relations with the United Nations Development Programme are described in a separate paper. The other technical assistance arrangements are discussed below.

### Project Identification and Project Preparation

4. The earliest and most common form of Bank technical assistance falls within this category. Much of it is so closely related to lending operations as to be difficult to distinguish. In some of its forms, however, it is readily identifiable; e.g., the activities of the permanent Bank missions in east and west Africa fall largely in this area. Also, the Bank's cooperative programs with UNESCO and FAO are substantially devoted to Project Identification and Project Preparation. This also is frequently an objective of the Bank's sector and feasibility studies (discussed below) and of the projects carried out as Executing Agency for the United Nations Development Programme.

### General Survey Missions

5. These in-depth studies of the economy and development programs of a number of member governments have now largely been superseded by other Bank



economic studies and missions. However between 1949 (Colombia) and 1964 (Morocco), twenty-five general survey missions were undertaken by the Bank, using outside consultants as well as Bank staff for this purpose. The reports of most of these missions have been published by Johns Hopkins Press.

#### Resident Assignments

6. The Bank is occasionally asked by its member governments to provide expert advisers to assist the government in various aspects of its development program. Most commonly this assistance is given in planning, either across all economic sectors or, less frequently, within a single sector such as transportation. Because of the limited availability of suitably qualified people to do this work, as well as the Bank's own need for such people, there are at any one time only a few such advisers serving in resident assignments with member governments. At the present time the Bank is providing resident advisers to Ethiopia and Peru. A planning adviser to Haiti, and an adviser to Indonesia to assist in planning and coordinating technical assistance have recently been authorized.

7. The Bank considers that a resident adviser is temporarily assigned to the service of a member country, acts independently of directions by the Bank, and advises on matters of government policy for which the Bank cannot take responsibility. He is expected to keep the Bank informed only of any developments bearing on his ability effectively to discharge his responsibility or otherwise relevant to the question whether his assignment should be continued or modified -- e.g., the character of his relations with government officers and agencies, the extent to which his services are being used as originally contemplated, etc. He is not, however, expected to report to the Bank on substantive matters with which he is concerned in his advisory capacity. For seconded advisers, the Bank meets all foreign exchange costs, and the local currency costs are borne by the government (or institution) benefiting from the assignment.

#### Sector and Feasibility Studies

8. This program dates back to 1960. At the end of that year, the Bank was casting about for a developmental purpose to which part of the excess of Bank income over reserve requirements could be devoted. As a form of technical assistance, we had already provided funds for a few sector and feasibility studies. Since we were also looking for ways to increase the number of good projects coming forward for Bank/IDA financing, a stepping up of sector and feasibility study activity financed on a grant basis seemed both a desirable undertaking in itself and a good solution to the use-of-net-earnings problem. The Special Fund gave grants for this purpose but, at that time, normally not for studies costing less than \$250,000. The decision to expand and intensify Bank activity in this field was made in 1961. Initially it was contemplated that most of the studies for which we would provide assistance would be small studies, falling below the Special Fund's customary \$250,000 minimum.

9. It was not possible to keep this program to the small scale intended. The Bank received numerous requests for grants for sector and feasibility studies, some for very substantial amounts. Some of these proposals arose out of Bank economic or operational missions. Consistent with the policy the Bank had adopted at the time of the institution of the United Nations



Special Fund (UNSF) in 1959, all of these proposals were referred to that organization for "first refusal." However because of its financial limitations or the delay inherent in its somewhat cumbersome approval procedures, UNSF had to decline a number of these requests, and the Bank financed them. The number and cost of sector and feasibility studies financed by the Bank grew until 1966 at which time a new Bank policy was adopted.

10. The reasons for this change of policy were that (a) adoption of the policy of transfers to IDA had taken care of the need to find a use for net income; (b) the current and prospective level of commitments and disbursements for sector and feasibility studies was such that rationing might become necessary if grants continued, unless we embarked on a very large grant program, which seemed inadvisable; and (c) a change in the Special Fund policies enabled that organization to considerably shorten the time needed to provide funds for initiating pre-investment studies.

11. The present Bank policy came into force in April 1966. It limits Bank grants for sector and feasibility studies to a maximum of \$200,000 and restricts them to IDA eligible countries. Provision was made to finance more costly studies on modified IDA terms; however, to date, no request of this nature has been presented to the Executive Directors. One, in Korea, is in the process of preparation. Since April 6, 1966, when the new policy was adopted, we have made only eight grants for a total of just over \$1.3 million, in contrast to the 34 grants aggregating almost \$12.9 million made in the period from January 1961 to April 6, 1966. However, our sector and feasibility study activity has not fallen off. We are now doing much more as Executing Agency for the UNDP, a consequence which we hoped for from the change in our financing policy. The principal current technical assistance activities of the Bank are set out in the Bank's Quarterly Technical Assistance Report, a copy of which is attached to the briefing paper on the United Nations Development Programme.

12. The Bank has never tried to isolate and identify the full cost of all its activities which can be classified as technical assistance. The close relation to lending operations has always meant that much technical assistance passes as part of the operations work which precedes and follows its project lending. Moreover, many loans themselves include provision for activities, particularly feasibility studies, that are in reality technical assistance. A new system of classifying disbursements in a manner that will identify technical assistance components in loans and credits is to be put into effect shortly.